

CALIFORNIA HORSE RACING BOARD
1010 HURLEY WAY, SUITE 300
SACRAMENTO, CA 95825
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SPECIAL MEETING

by Teleconference

a special meeting by teleconference of the **California Horse Racing Board** will be held on, **Monday, May 15, 2006** commencing at **1:00 p.m.**, at the **Headquarters Office of the California Horse Racing Board, 1010 Hurley Way, Suite 300, Sacramento, California** and at **the additional teleconference locations identified** below. The teleconference locations, each of which will be accessible to the public, are as follows:

CHRB HQ-1010 Hurley Way Ste. #300, Sacramento; CTBA-201 Colorado Place, Arcadia; Hollywood Park-1050 S. Prairie Ave., Inglewood; Chairman Shapiro-5000 N. Parkway Calabasas, Calabasas; Commissioner Harris-23300 West Oakland Ave. Coalinga; Commissioner Andreini-220 West 20th Street, San Mateo; Bay Meadows-2600 S. Delaware Street, San Mateo; Santa Anita-Baldwin Terrace Room 285 W. Huntington Drive, Arcadia; Los Alamitos-Stewards Office 4961 Katella Ave., Los Alamitos; Del Mar-Surfside Race Place 2260 Jimmy Durante Blvd., Del Mar

AGENDA

Action Items:

1. Discussion and action by the Board on the temporary suspension of the following rules for the Hollywood Park and Bay Meadows 2006 Spring Race Meetings:

CHRB Rule 1606 – Coupling of Horses; Rule 1974 – Wagering Interest.

CHRB Rule 1420 – Definitions; Rule 1954.1 – Parlay Wagering on Win, Place or Show; Rule 1957 – Daily Double; Rule 1959 – Special Quinella (Exacta); Rule 1976 – Unlimited Sweepstakes; Rule 1976.8 – Place Pick (n); Rule 1976.9 – Pick (n) Pool; Rule 1977 – Pick Three; Rule 1978 – Select Four; Rule 1979 – Trifecta; and Rule 1979.1 – Superfecta.

Additional information regarding this meeting may be obtained from Roy Minami, at the CHRB Administrative Office, 1010 Hurley Way, Suite 300, Sacramento, CA 95825; telephone (916) 263-6000; fax (916) 263-6042. A copy of this notice can be located on the CHRB website at www.chrb.ca.gov. *Information for requesting disability related accommodation for persons with a disability who requires aids or services in order to participate in this public meeting, should contact Roy Minami.

CALIFORNIA HORSE RACING BOARD

Richard B. Shapiro, Chairman
Marie G. Moretti, Vice Chairman
John Andreini, Member
William A. Bianco, Member
John C. Harris, Member
Jerry Moss, Member
Ingrid Fermin, Executive Director

STAFF ANALYSIS
PROPOSED TEMPORARY SUSPENSION OF
RULE 1606. COUPLING OF HORSES
AND
RULE 1974. WAGERING INTEREST

Special Board Meeting
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BACKGROUND

Business and Professions (B&P) Code Section 19420 provides that the Board shall have jurisdiction and supervision over meetings in this State where horse races with wagering on their results are held or conducted, and over all persons or things having to do with the operation of such meetings. B&P Code Section 19440 states the Board shall have all powers necessary and proper to enable it to carry out the purposes of this chapter. Responsibilities of the Board shall include adopting rules and regulations for the protection of the public and the control of horse racing and pari-mutuel wagering. B&P Code Section 19562 provides the Board may prescribe rules, regulations, and conditions under which all horse races with wagering on their results shall be conducted in this State. At the December 2005 Pari-Mutuel Operations Committee meeting the practice of coupling was reviewed. The issue was discussed again at the January 2006 Regular Board Meeting where staff was directed to notice for a 45-day public comment period a proposed repeal of Rule 1606, Coupling of Horses; a proposed repeal of Rule 1974, Wagering Interest; and a proposed amendment of Rule 1420, Definitions. The proposal also included the amendment of a number of pari-mutuel wagering rules that would be affected by the repeal of Rule 1606. A hearing for the adoption of the proposed repeal of rules 1606 and 1974, and the amendment of related pari-mutuel regulations, was held at the April 2006 Regular Board Meeting. The Board determined it would not act on the proposal; instead, it proposed holding a Special Meeting of the Board to discuss waiving the coupling requirement by invoking Rule 1406, Suspension of Rule, to conduct an experiment at the spring race meetings at Hollywood Park Race Track (HPRT) in the south and Bay Meadows Race Track (BMRT) in the north. At the same time, staff was instructed to put out a 45-day notice regarding the proposal to repeal rules 1606 and 1974, and amendment of related pari-mutuel regulations.

ANALYSIS

The proposal to waive Rule 1606 at HPRT and BMRT would temporarily eliminate the practice of coupling two or more horses as a single wagering interest when the same person or persons own such horses in whole or in part. Such an experiment would also necessitate the temporary waver of provisions regarding coupling in a number of pari-mutuel regulations.

The proposed experiment would impact the following regulations:

1954.1, Parlay Wagering on Win, Place or Show
1957, Daily Double
1959, Special Quinella (Exacta)
1976, Unlimited Sweepstakes
1976.8, Place Pick (n)
1976.9, Pick (n) Pool
1977, Pick Three
1978, Select Four
1979, Trifecta
1979.1, Superfecta

RECOMMENDATION

This item is presented for discussion.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 6. ENTRIES AND DECLARATIONS
PROPOSED SUSPENSION OF
RULE 1606. COUPLING OF HORSES

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1606. Coupling of Horses.

Two or more horses shall be coupled as a single wagering interest and as an entry when such horses are owned in whole or in part by the same person or persons.

Authority: Sections 19420, 19440 and 19590,
Business and Professions Code.

Reference: Section 19401,
Business and Professions Code.

**CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 18. PARI-MUTUEL WAGERING
PROPOSED SUSPENSION OF
RULE 1974. WAGERING INTEREST**

**Special Board Meeting
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1974. Wagering Interest.

A wagering interest may be any one horse in a race, or may be two or more horses coupled as a single wagering interest as an "Entry" or the "Field." A declaration or withdrawal of one horse from a wagering interest which consists of more than one horse shall have no effect on any wagers made on such wagering interest.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 18. PARI-MUTUEL WAGERING
PROPOSED SUSPENSION OF
RULE 1954.1(H). PARLAY WAGERING ON WIN, PLACE OR SHOW

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1954.1. Parlay Wagering on Win, Place or Show.

(a) The parlay is not a separate mutuel pool, it is a series of wagers (consisting of legs) combining wagering entries in Win, Place or Show pools. The initial amount wagered constitutes the wager on the first leg, and if successful, the payout from the first leg constitutes the wager on the second leg, etc.

(b) A parlay wager is limited to Win, Place or Show which have a corresponding pool conducted on the race selected. The wager must combine at least two races but not more than six races. The races in a parlay must be in chronological order but do not need to be consecutive races or combine the same type pool.

(c) A parlay wager may only be on one pool and one wagering interest per leg and cannot combine wagers on races on other days.

(d) Payouts included as wagers in subsequent races and the final payout to the parlay wagerer shall be broken to the nearest dime. Parlay breakage shall be reported separately and added to regular breakage at the end of the day for the purpose of taxation and distribution.

(e) Parlay payouts will be included as wagers in subsequent pools by the track operator so the amount of such wagers, including their impact on the wagering odds, will be displayed. Wager totals in such pools shall be displayed in truncated fashion, to the lowest dollar.

(f) Parlay wagers may be cancelled by the ticket holder, in accordance with track policy, only before the start of the first parlay leg in which a parlay selection starts. Parlay wagers not cancelled must be completed or terminated by operation of these rules in order to be entitled to a payout.

(g) If a race, pool or wagering entry in a parlay is scratched, which includes an entry being declared a non-starter for wagering purposes, or a race or pool is cancelled, the parlay shall consist of the remaining legs. The parlay terminates if there are no remaining legs.

(h) A wager on a coupled entry or field is considered a wager on the remaining part of the coupled entry or field if any part of the coupled entry or field starts for parimutuel purposes in accordance with Rule 1974 of this Article.

Authority: Section 19590,
Business and Professions Code.

Reference: Sections 19594, 19597 and 19598,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 18. PARI-MUTUEL WAGERING
PROPOSED SUSPENSION OF
RULE 1957(J). DAILY DOUBLE

Special Board Meeting
May 15, 2006

1957. Daily Double.

(a) The Daily Double is a separate parimutuel pool established on two (2) races. The pool consists of amounts wagered on the selection of the winning horse of both races. It is not a parlay and has no connection with or relation to other pools conducted by the association or to rules governing the distribution of other pools.

(b) A valid Daily Double ticket shall be evidence of a binding contract between the holder of the ticket and the association and shall constitute an acceptance of Daily Double provisions and rules contained in this Article.

(c) The association shall distribute the net pool to holders of valid tickets that correctly selected the winner of both races. If no ticket selected the winner of both races, the net pool shall be distributed as a place pool among tickets that included the winner of the first race and tickets that included the winner of the second race.

(d) If no ticket included the winner of the first race the net pool shall be distributed equally among tickets that included the winner of the second race; and, if no ticket included the winner of the second race the net pool shall be distributed equally among tickets that included the winner of the first race.

(e) If no ticket included the winner of either race the net pool shall be distributed equally among tickets selecting the second place finishers of both races.

(f) The association shall refund the entire pool if no ticket requires a payout or if the first race is cancelled.

(g) If the second race is cancelled after the first race has been completed, the net pool shall be distributed as a single price pool among tickets selecting the winner of the first race.

(h) Before the first race is run, any money wagered on a horse in either race that is scratched, excused by the Stewards or prevented from racing shall be deducted from the pool and refunded.

(i) If any horse is scratched, excused by the Stewards or prevented from racing because of the failure of the stall doors or starting gate to open in the second race, after the first race has been completed, all tickets including such horse(s) shall be deducted from the pool, and the pool(s), thus formed shall be distributed as a straight pool(s) among tickets combining the winner of the first race with such horse(s).

(j) A wager on a coupled entry or field is considered a wager on the remaining part of the coupled entry or field if any part of such entry starts for parimutuel purposes in accordance with Rule 1974.

(j) If a dead heat occurs in either race the net pool is figured as a place pool. Example: Number eight (8) and five (5) dead heat in the first race, and number three (3) wins the second race, the pool would be divided and apportioned to tickets bearing eight (8) and three (3) and five (5) and three (3).

Authority: Sections 19440 and 19590,
Business and Professions Code.

Reference: Section 19590,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 18. PARI-MUTUEL WAGERING
PROPOSED SUSPENSION OF
RULE 1959(D). SPECIAL QUINELLA (EXACTA)

Special Board Meeting
May 15, 2006

1959. Special Quinella (Exacta).

(a) The Special Quinella is not a parlay and has no connection with or relation to the win, place and show pools shown on the totalizator board. All tickets on the Special Quinella will be calculated in a separate pool.

(b) A Special Quinella race shall be given a distinctive name to be selected by the association conducting such race, such as "Perfecta" or "Exacta," subject to the approval of the Board.

(c) All Special Quinella tickets will be for the win and place combination only. Each person purchasing a Special Quinella ticket shall designate the exact order in which the first two horses will finish in a Special Quinella race. For example, if number 3 is selected to finish first and number 6 is selected to finish second, they must come in number 3, first and number 6 second in order to win.

(d) Entries or field horses in a race comprising the Special Quinella shall race as single wagering interests for the purposes of mutuel pool calculations and payouts to the public. If, in the event that any part of the entry or the field is a starter, there shall be no refund to persons wagering on such entry or field. In the event any part of an entry or the field finishes first, the order of finish of all other horses making up such entry or field will be disregarded in determining which horse finished second for the purpose of this rule.

(e) Should any horse or horses entered in a Special Quinella race be scratched or excused by the Stewards after wagering has commenced or should any horse or horses be prevented from racing because of the failure of the stall doors of the starting gate to open, all tickets including such horse or horses shall be deducted from the Special Quinella Pool and money refunded to the purchasers of tickets on the horse or horses so excused or prevented from racing.

(f) In the event that no ticket is sold on the winning combination of a Special Quinella Pool, the net pool shall be distributed equally among holders of tickets selecting the winning horse to finish first and holders of tickets selecting the second place horse to finish second.

(g) In the event of a dead-heat between two horses for first place, the net pool shall be calculated and distributed as a place pool to holders of the winning combinations.

(h) In the event of a dead-heat between two or more horses for place, all tickets designating the proper first horse to win which are coupled with any of the place horses involved in a dead-heat shall be the winners of the Special Quinella race and payouts calculated according to their respective interest in the net pool.

(i) In the event of a dead-heat for second place, if no ticket is sold on one of the two winning combinations, the entire net pool shall be calculated as a win pool and distributed to those holding tickets on the other winning combinations. If no tickets combine the winning horse with either of the place horses in the dead-heat the Special Quinella Pool shall be calculated and distributed to holders of tickets designating the winning horse or either of the place horses according to their respective interest in the net pool.

(j) In the event of a dead-heat among three or more horses for first place, the net pool shall be calculated and distributed to holders of tickets designating any two of the horses participating in the dead-heat according to their respective interest in the net pool.

(k) In the event that no ticket is sold that would require distribution to any winner as above defined the Special Quinella shall be deemed "No Contest" and all money in the Special Quinella shall be promptly refunded.

Authority: Sections 19440 and 19590,
Business and Professions Code.

Reference: Section 19590,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 18. PARI-MUTUEL WAGERING
PROPOSED SUSPENSION OF
RULE 1976(E). UNLIMITED SWEEPSTAKES

Special Board Meeting
May 15, 2006

1976. Unlimited Sweepstakes.

(a) The Unlimited Sweepstakes parimutuel pool is not a parlay and has no connection with or relation to any other parimutuel pool conducted by the association, nor to any win, place and show pool shown on the totalizator, nor to the rules governing the distribution of such other pools.

(b) An Unlimited Sweepstakes parimutuel ticket shall be evidence of a binding contract between the holder of the ticket and the association and the said ticket shall constitute an acceptance of the Unlimited Sweepstakes provisions and rules contained in Article 18.

(c) An Unlimited Sweepstakes may be given a distinctive name by the association conducting the meeting, subject to approval of the Board.

(d) The Unlimited Sweepstakes parimutuel pool consists of amounts contributed for a selection for win only in each of nine races designated by the association with the approval of the Board. Each person purchasing an Unlimited Sweepstakes ticket shall designate the winning horse in each of the nine races comprising the Unlimited Sweepstakes.

(e) Those horses constituting an entry of coupled horses or those horses coupled to constitute the field in a race comprising the Unlimited Sweepstakes shall race as a single wagering interest for the purpose of the Unlimited Sweepstakes parimutuel pool calculations and payouts to the public. However if any part of either an entry or the field racing as a single

wagering interest is a starter in a race the entry or the field selection shall remain as the designated selection to win in that race for the Unlimited Sweepstakes calculation and the selection shall not be deemed a scratch.

(f) The Unlimited Sweepstakes parimutuel pool shall be calculated as follows:

(1) One hundred percent (100%) of the net amount in the parimutuel pool subject to distribution among winning ticket holders shall be distributed among the holders of parimutuel tickets which correctly designate the official winner in each of the nine races comprising the Unlimited Sweepstakes.

(2) In the event there is no parimutuel ticket properly issued which correctly designates the official winner in each of the nine races comprising the Unlimited Sweepstakes, twenty-five percent (25%) of the net amount in the parimutuel pool shall be distributed among the holders of parimutuel tickets which correctly designate the most official winners, but less than nine, in each of the nine races comprising the Unlimited Sweepstakes, and the remaining seventy-five percent (75%) of the net amount in the parimutuel pool shall not be distributed as provided above but shall be retained by the association as distributable amounts and shall be carried over and included in the Unlimited Sweepstakes parimutuel pool for the next succeeding racing date as an additional net amount to be distributed as provided in subsection (f)(1).

(g)(1) Except as provided in subsection (k) and subsection (m), should no distribution be made pursuant to subsections (f)(1), then the distributable pool and all monies accumulated therein shall be carried over until that amount equals or exceeds five million dollars (\$5,000,000) or such lesser amount as the racing association designates to the Board at the time it files its license application with the Board.

(2) Once the pool and all monies accumulated therein equals or exceeds five million dollars, or such lesser amount designated by the racing association pursuant to subsection (g)(1), that amount shall be distributed on the next racing day as provided in subsection (f)(1); but if no holder of parimutuel tickets correctly designates the official winner in each of the nine races comprising the Unlimited Sweepstakes, then seventy-five percent (75%) of the pool shall be distributed among the holders of parimutuel tickets which correctly designate the most official winners, but less than nine, in each of the nine races comprising the Unlimited Sweepstakes. The remaining twenty-five percent (25%) of the pool shall be distributed to those holders of parimutuel tickets which correctly designate the next greatest number of official winners.

(h) In the event an Unlimited Sweepstakes ticket designates a selection in any one or more of the races comprising the Unlimited Sweepstakes and that selection is scratched, excused or determined by the Stewards to be a nonstarter in the race, the actual favorite, as evidenced by the amounts wagered in the win pool at the time of the start of the race, will be substituted for the nonstarting selection for all purposes, including pool calculations and payouts.

(i) In the event of a dead heat for win between two or more horses in any Unlimited Sweepstakes race, all such horses in the dead heat for win shall be considered as winning horses in the race for the purpose of calculating the pool.

(j)(1) In the event that all nine races comprising the Unlimited Sweepstakes are cancelled or declared as no contest, all parimutuel tickets held on the Unlimited Sweepstakes for that day or night shall be refunded and the Unlimited Sweepstakes shall be cancelled in its

entirety for that day or night and any retained distributable amounts carried over from any prior Unlimited Sweepstakes pool pursuant to subsection (f)(2) shall be carried over to the next succeeding racing date of that meeting.

(2) In the event that fewer than nine, but no more than three, races comprising the Unlimited Sweepstakes are completed due to the cancellation of one or more races or the Stewards declaring one or more races as no contest, the pool for that racing day shall be refunded and the Unlimited Sweepstakes shall be cancelled in its entirety as provided in subsection (j)(1).

(3) In the event that fewer than nine, but no fewer than four, races comprising the Unlimited Sweepstakes are completed due to the cancellation of one or more races or the Stewards declaring one or more races as no contest, one hundred percent (100%) of the net amount in the parimutuel pool for that day or night, exclusive of any retained distributable amounts carried over from any prior Unlimited Sweepstakes pool pursuant to subsection (f)(2), shall be subject to distribution among holders of parimutuel tickets which correctly designate the most winners in the completed races of the Unlimited Sweepstakes. The retained distributable amounts carried over from any prior Unlimited Sweepstakes pool pursuant to subsection (f)(2) shall be carried over to the next succeeding racing date of that meeting.

(k) (1) Should no distribution be made pursuant to subsection (f)(1) on the last day of the association's race meeting, then the distributable pool and all monies accumulated therein shall be distributed on that day. Seventy-five percent (75%) of the pool shall be distributed among holders of parimutuel tickets which correctly designate the most official winners, but less than nine, in each of the nine races comprising the Unlimited Sweepstakes. The remaining

twenty-five percent (25%) of the pool shall be distributed to those holders of parimutuel tickets which correctly designate the next greatest number of official winners.

(2) In the event that an association is unable to distribute the retained distributable amount carried over from any prior Unlimited Sweepstakes pool established pursuant to subsection (f)(2) by the end of its race meeting due to cancellation of the final day(s) or night(s) of racing or any other reason, the retained distributable amount shall be carried forward to the next race meeting having an Unlimited Sweepstakes at the same location and of the same breed of horse as the racing association that generated the retained distributable amount. The retained distributable amount shall be included in the Unlimited Sweepstakes pool for the first day or night of racing at the subsequent race meeting.

(l) No parimutuel ticket for the Unlimited Sweepstakes pool shall be sold, exchanged or cancelled after the time of the closing of wagering in the first of the nine races comprising the Unlimited Sweepstakes, except for such refunds on Unlimited Sweepstakes tickets as required by this regulation, and no person shall disclose the number of tickets sold in the Unlimited Sweepstakes pool or the number or amount of tickets selecting winners of Unlimited Sweepstakes races until such time as the Stewards have determined the last race comprising the Unlimited Sweepstakes each day to be official.

(m) The racing association may, at its election, designate to the Board, at the time it files its license application with the Board, one or more racing days (nights) during its racing meeting on which the retained distributable amount carried over from any prior Unlimited Sweepstakes pool established pursuant to subsection (f)(2), shall be distributed as provided in

subsection (g)(2), even though the retained amount is less than the amount specified in or designated by the racing association pursuant to subsection (g)(1).

Authority: Sections 19420, 19440 and 19590,
Business and Professions Code.

Reference: Section 19590,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 18. PARI-MUTUEL WAGERING
PROPOSED SUSPENSION OF
RULE 1976.8(D). PLACE PICK (N)

Special Board Meeting
May 15, 2006

1976.8. Place Pick (n).

(a) The Place Pick (n) is a separate parimutuel pool established by the association on a designated number of races. The pool consists of amounts wagered on the horse to finish first or second in each of the races. It is not a parlay and has no connection with or relation to other pools conducted by the association, except for the provisions in subsection (e), or to rules governing the distribution of other pools.

(b) A valid Place Pick (n) ticket shall be evidence of a binding contract between the holder of the ticket and the association and shall constitute an acceptance of Place Pick (n) provisions and rules contained in this Article.

(c) A Place Pick (n) may be given a distinctive name by the association conducting the meeting, subject to Board approval.

(d) A wager on a coupled entry or field is considered a wager on the remaining part of the coupled entry or field if any part of such entry starts for parimutuel purposes in accordance with Rule 1974.

(e) If a ticket in any race designates a selection that was scratched, excused or determined by the Stewards to be a nonstarter in the race, the association may designate the actual favorite, which is determined by the amounts wagered in the win pool at the time of the start of the race, or may allow patrons the option of selecting an alternate betting interest. The

actual favorite or the alternate betting interest will be substituted for the non-starting selection for all purposes.

(f) Except as provided in subsection (f)(1), in a dead heat for win between two (2) or more horses, only the horses in such dead heat shall be considered winning horses.

(1) In a dead heat for win between two (2) or more coupled horses, all such horses together with the horse(s) which finishes next in order shall be considered winning horses.

(2) Except as provided in subsection (f), a dead heat for second between two (2) or more horses, all such horses together with the horse which finished first shall be considered winning horses.

(g) The association shall distribute the net pool to holders of valid tickets that correctly selected the most first or second place finishers.

(h) All tickets shall be refunded if all races comprising the Place Pick (n) are cancelled or declared as no contest. The entire pool shall be refunded if less than four (4) races are completed and if four (4) or more races are completed the net pool shall be distributed pursuant to subsection (g).

(i) After wagering closes on the first race comprising the Place Pick (n) no ticket shall be sold, exchanged or cancelled. No person shall disclose the number of tickets sold in the Place Pick (n) or the number or amount of tickets that selected winners of Place Pick (n) races until the Stewards declare the last race official.

Authority: Sections 19440, 19590 and 19593,
Business and Professions Code.

Reference: Sections 19440, 19590, and 19593,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 18. PARI-MUTUEL WAGERING
PROPOSED SUSPENSION OF
RULE 1976.9 PICK (N) POOL(C)(1)

Special Board Meeting
May 15, 2006

1976.9. Pick (n) Pool.

(a) The Pick (n) requires selection of the first-place finisher in each of a number of races designated by the association. The association shall designate the percentage of the net pool considered the major share, and the percentage of the net pool considered the minor share, if any. The number of races comprising a Pick (n) must be at least four but no more than ten. Subsequent changes to the Pick (n) shall be requested in writing by the association. The Board or its designated representative shall respond in writing to requests within five working days of their receipt at Board headquarters.

(b) The major share of the net Pick (n) pool, along with the Pick (n) carryover, shall be distributed to ticket holders that selected the first-place finisher in each of the Pick (n) races, based upon the official order of finish, and the minor share of the net Pick (n) pool shall be distributed as a win pool to ticket holders whose selection finished first in the second greatest number of Pick (n) races; if there are no wagers selecting the first place finisher in each of the Pick (n) races, then:

(1) The minor share of the net pool shall be distributed as a win pool to ticket holders whose selection finished first in the greatest number of Pick (n) races, and

(2) The major share of the net Pick (n) pool shall be retained by the association and added to the corresponding Pick (n) pool of the next performance. The additional Pick (n) pool resulting from such a carryover shall be termed the “Pick (n) carryover.”

(c) In a dead heat for first in any of the Pick (n) races involving:

(1) Coupled horses or horses coupled to constitute the field, the Pick (n) pool shall be distributed as if a dead heat had not occurred, or

(2) Horses representing two or more wagering interests, all horses in the dead heat for win shall be considered winning horses to calculate the pool.

(d) If a wagering interest in any of the Pick (n) races is scratched, the association may designate the favorite, determined by total amounts wagered in the win pool at the close of wagering on that race, or allow patrons the option of selecting an alternate wagering interest. The favorite or alternate wagering interest shall be substituted for the scratched wagering interest for all purposes. If the association elects to designate the favorite and the win pool total is identical for two or more horses, the horse with the lowest program number is used. The totalizator shall produce written reports showing each of the wagering combinations with substituted wagering interests that became winners as a result of the substitution, in addition to the normal winning combination, at the end of each race where substitutions occur.

(e) The Pick (n) pool shall be canceled and all Pick (n) wagers for the individual performance shall be refunded if:

(1) Three or more races included as part of a Pick 4, Pick 5 or Pick 6 are canceled or declared no contest; or

(2) Four or more races included as part of a Pick 7, Pick 8 or Pick 9 are canceled or

declared no contest; or

(3) Five or more races included as part of a Pick 10 are canceled or declared no contest.

(f) If at least one race included as part of a Pick (n) is canceled or declared no contest, but fewer than the number specified in subsection (e), the net pool shall be distributed as a win pool to ticket holders whose selection finished first in the greatest number of Pick (n) races for that performance. Such distribution shall include the portion ordinarily retained for the Pick (n) carryover but not the carryover from previous performances.

(g) The Pick (n) carryover may be capped at an amount designated by the association, with Board approval. If, at the close of any performance, the carryover equals or exceeds the designated cap, it will be frozen until it is won or distributed under other provisions of this rule. After the carryover is frozen, 100% of the net pool shall be distributed to ticket holders whose selection finished first in the greatest number of Pick (n) races for that performance.

(h) Permission to distribute the Pick (n) carryover on a specific date and performance shall be obtained from the Board. The mandatory payout request must contain the intended date and performance for the distribution.

(i) If the Pick (n) carryover is designated for distribution on a specified date and performance in which no wagers selects the first-place finisher in each of the Pick (n) races, the entire pool including the carryover shall be distributed as a win pool to ticket holders whose selection finished first in the greatest number of Pick (n) races. The Pick (n) carryover shall be designated for distribution on a specified date and performance only under the following circumstances:

(1) With written approval from the Board as provided in subsection (h); or

(2) With written approval from the Board when there is a change in the carryover cap, a change from one type of Pick (n) wagering to another, or when the Pick (n) is discontinued;
or

(3) On the closing performance of the meet or split meet.

(j) If the Pick (n) carryover must be carried over to the corresponding Pick (n) pool of a subsequent meet, it shall be deposited in an interest-bearing account approved by the Board. The Pick (n) carryover plus accrued interest shall then be added to the net Pick (n) pool of the following meet on a date and performance designated by the association, with Board approval.

(k) With Board approval, the association may contribute to the Pick (n) carryover a sum of money up to the amount of any designated cap.

(l) No ticket for the Pick (n) pool shall be sold, exchanged or canceled after the close of wagering in the first race comprising the Pick (n), except for refunds required by this rule.

(m) Providing information to any person regarding covered combinations, amounts wagered on specific combinations, number of tickets sold, or number of live tickets remaining is prohibited. The totalizator will be programmed to suppress all information related to Pick (n) wagering activity until the conclusion of the final race except for the following:

(1) Total amount of the net pool at the close of Pick (n) wagering.

(2) Information regarding possible Pick (n) payouts for each of the runners when the last race of the Pick (n) pool is the only race remaining to be run.

(n) If the racing surface changes from turf to dirt or dirt to turf in any race of a Pick (n) pool, and such change was not announced to the public before the close of wagering on the

Pick (n) pool, all wagers on such race shall be considered winning wagers for the purposes of the Pick (n) pool.

Authority: Sections 19440 and 19590,
Business and Professions Code.

Reference: Sections 19440, 19590 and 19593,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 18. PARI-MUTUEL WAGERING
PROPOSED SUSPENSION OF
RULE 1977(C). PICK THREE

Special Board Meeting
May 15, 2006

1977. Pick Three.

(a) The Pick Three is a separate parimutuel pool established on three (3) consecutive races. The pool consists of amounts wagered on the winning horse in each of the races. It is not a parlay and has no connection with or relation to other pools conducted by the association, except for the provisions in subsection (h), or to rules governing the distribution of other pools.

(b) A valid Pick Three ticket shall be evidence of a binding contract between the holder of the ticket and the association and shall constitute an acceptance of Pick Three provisions and rules contained in this Article.

(c) A wager on a coupled entry or field is considered a wager on the remaining part of the coupled entry or field if any part of such entry starts for parimutuel purposes in accordance with Rule 1974.

(d) The association shall distribute the net pool to holders of valid tickets that correctly selected the winners in all three (3) races.

(e) In a dead heat for win between two (2) or more horses in any of the Pick Three races, all such horses shall be considered winning horses in that race for calculating the pool. The payout shall reflect the proportionate amount of money wagered on each winning combination.

(f) If no ticket selected the winner in all three (3) races, the net pool shall be paid for tickets that selected the winner in any two (2) races; and if no ticket selected two (2) winners the net pool shall be paid for tickets that selected the winner of any one (1) race. The association shall refund the entire pool if no ticket selected the winner of any one (1) race.

(g) If one (1) of the races is cancelled, the net pool shall be distributed as provided in subsection (f). If more than one (1) race is cancelled the association shall refund the entire pool.

(h) A ticket designating a selection that was scratched, excused or determined by the Stewards to be a nonstarter in the race, shall have the favorite, which is determined by the amounts wagered in the win pool at the time of the start of the race, substituted for the nonstarting selection for all purposes.

(i) After wagering closes on the first race of the Pick Three no ticket shall be sold, exchanged or cancelled. No person shall disclose the number of tickets sold in the Pick Three races or the number or amount of tickets that selected winners of Pick Three races until the Stewards declare the last race official. After the second of the three (3) races, the association may display potential distributions dependent upon the outcome of the third race.

Authority: Sections 19440 and 19590,
Business and Professions Code.

Reference: Section 19590,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 18. PARI-MUTUEL WAGERING
PROPOSED SUSPENSION OF
RULE 1978(E). SELECT FOUR

Special Board Meeting
May 15, 2006

1978. Select Four.

(a) The Select Four parimutuel pool is not a parlay and has no connection with or relation to any other parimutuel pool conducted by the association, nor to any win, place and show pool shown on the totalizator board, nor to the rules governing the distribution of such other pools.

(b) A valid Select Four ticket shall be evidence of a binding contract between the holder of the ticket and the racing association, and the said ticket shall constitute an acceptance of Select Four provisions and rules contained in Article 18.

(c) A Select Four may be given a distinctive name to be selected by the association conducting such races, such as "PICK 4", subject to the approval of the Board.

(d) The Select Four parimutuel pool consists of amounts contributed for a selection for win only in each of four races designated by the association with the approval of the Board. Each person purchasing a Select Four ticket shall designate the winning horse in each of the four races comprising the Select Four.

(e) Those horses constituting an entry of coupled horses or those horses coupled to constitute the field in a race comprising the Select Four shall race as a single wagering interest for the purpose of the Select Four parimutuel pool calculations and payouts to the public. However, if any part of either an entry or the field racing as a single interest is a starter in a

race, the entry or the field selection shall remain as the designated selection to win in that race for the Select Four calculation, and the selection shall not be deemed a scratch.

(f) The net amount in the parimutuel pool subject to distribution among winning ticket holders shall be distributed among the holders of tickets which correctly designate the winners in all four races comprising the Select Four.

(g) If no ticket is sold combining the four winners of the Select Four, the net amount in the parimutuel pool shall be distributed among the holders of tickets which include the winners of any three of the four races comprising the Select Four.

(h) If no ticket is sold combining at least three winners of the Select Four, the net amount in the parimutuel pool shall be distributed among holders of tickets which include the winner of any two races comprising the Select Four.

(i) If no ticket is sold combining at least two winners of the Select Four, the net amount in the parimutuel pool shall be distributed among holders of tickets which include the winner of any one race comprising the Select Four.

(j) If no ticket is sold that would require distribution of the Select Four pool to a winner under this rule, the association shall make a complete and full refund of the Select Four pool.

(k) If for any reason one of the races comprising the Select Four is cancelled, the net amount of the parimutuel pool shall be distributed as provided above in subsections (g), (h), (i) and (j).

(l) If for any reason two or more of the races comprising the Select Four is cancelled, a full and complete refund will be made of the Select Four pool.

(m) In the event a Select Four ticket designates a selection in any one or more of the races comprising the Select Four and that selection is scratched, excused or determined by the Stewards to be a non-starter in the race, the actual favorite, as evidenced by the amounts wagered in the win pool at the time of the start of the race, will be substituted for the non-starting selection for all purposes, including pool calculations and payouts.

(n) In the event of a dead heat for win between two or more horses in any Select Four race, all such horses in the dead heat for win shall be considered as winning horses in the race for the purpose of calculating the pool.

(o) No ticket for the Select Four pool shall be sold, exchanged or cancelled after the time of the closing of wagering in the first of the four races comprising the Select Four, except for such refunds on Select Four tickets as required by this regulation, and no person shall disclose the number of tickets sold in the Select Four pool or the number or amount of tickets selecting winners of Select Four races until such time as the Stewards have determined the last race comprising the Select Four to be official. Notwithstanding the above, at the conclusion of the third of the four races comprising the Select Four, an association may with the approval of the Board display potential distribution to ticket holders depending upon the outcome of the fourth race of the Select Four.

Authority: Sections 19420, 19440 and 19590,
Business and Professions Code.

Reference: Section 19594 19590,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 18. PARI-MUTUEL WAGERING
PROPOSED SUSPENSION OF
RULE 1979(C). TRIFECTA

Special Board Meeting
May 15, 2006

1979. Trifecta.

(a) The Trifecta is a separate pari-mutuel pool established on a single race. The pool consists of amounts wagered on horses to finish first, second and third in that exact order. It is not a parlay and has no connection with or relation to other pools conducted by the association or to rules governing the distribution of other pools.

(b) A valid Trifecta ticket is evidence of a binding contract between the holder of the ticket and the association and constitutes acceptance of Trifecta provisions and rules contained in this article.

(c) No Trifecta pool shall be established for a race with less than six wagering interests scheduled to start when the Trifecta pool opens for wagering in California. A wager on a coupled entry or field is considered a wager on the remaining part of the coupled entry or field if any part of such entry starts for pari-mutuel purposes in accordance with Rule 1974.

(d) After the stewards' official order of finish is posted, the association shall distribute the net pool to holders of valid tickets that correctly selected the first, second and third finishers.

(e) In a dead heat for first or second position, only tickets selecting the correct order of finish for the first three finishers shall be winning tickets; that is, two horses in a dead heat for

first shall be first and second, in either position; and two horses in a dead heat for second shall be second and third, in either position. In a triple dead heat for first, the three horses shall be the winning combination regardless of the order of selection. In a triple dead heat for second, tickets with the correct first selection and two of the three horses shall be winning tickets. In a triple dead heat for third, tickets with the correct first and second selection and one of the three horses shall be winning tickets.

(f) If no ticket correctly selected the first, second and third position, the net pool shall be paid for tickets that selected first and second. If no ticket selected first and second the net pool shall be paid for tickets that selected first. The association shall refund the entire pool if no ticket selected first.

(g) If the stewards scratch a horse before wagering is closed, the association may exchange any ticket that includes the scratched horse. After wagering is closed, tickets selecting a scratched horse or a horse the stewards declared a nonstarter shall be eliminated from the pool and the purchase price refunded.

Authority: Sections 19440, and 19590,
Business and Professions Code.

Reference: Section 19594 19590,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 18. PARI-MUTUEL WAGERING
PROPOSED SUSPENSION OF
RULE 1979.1. SUPERFECTA

Special Board Meeting
May 15, 2006

1979.1. Superfecta.

(a) The Superfecta is a separate pari-mutuel pool established on a single race. The pool consists of amounts wagered on horses to finish first, second, third, and fourth in that exact order. It is not a parlay and has no connection with other pools conducted by the association or to rules governing the distribution of other pools.

(b) A valid Superfecta ticket is evidence of a binding contract between the holder of the ticket and the association and constitutes acceptance of Superfecta provisions and rules contained in this article.

(c) No Superfecta pool shall be established for a race with less than eight wagering interests scheduled to start when the Superfecta pool opens for wagering in California. A wager on a coupled entry or field is considered a wager on the remaining part of the coupled entry or field if any part of the entry starts for pari-mutuel purposes under Rule 1974 of this division.

(d) After the stewards' official order of finish is posted, the association shall distribute the net pool to holders of valid tickets that select the first, second, third, and fourth finishers.

(e) In a dead heat for first, second, or third position, only tickets selecting the correct order of finish for the first four finishers shall be winning tickets; that is, two horses in a dead heat for first shall be first and second, in either position; two horses in a dead heat for second

shall be second and third, in either position; and two horses in a dead heat for third shall be third and fourth, in either position. In a dead heat for fourth, tickets with the correct first, second, and third selection and one of the two horses in the dead heat for fourth shall be winning tickets. In a triple dead heat for first, tickets selecting the three horses in the dead heat, regardless of the order of selection, and the horse finishing fourth shall be winning tickets. In a triple dead heat for second, tickets with the correct first selection and all three horses in the dead heat shall be winning tickets. In a triple dead heat for third, tickets with the correct first and second selection and two of the three horses in the dead heat shall be winning tickets. In a triple dead heat for fourth, tickets with the correct first, second, and third selection and one of the horses in the dead heat shall be winning tickets.

(f) If no ticket selects the first, second, third, and fourth position, the net pool shall be paid for tickets that select first, second, and third. If no ticket selects first, second, and third position, the net pool shall be paid for tickets that select first and second. If no ticket selects first and second, the net pool shall be paid for tickets that select first. The association shall refund the entire pool if no ticket selects first.

(g) If the stewards scratch a horse before wagering is closed, the association may exchange any ticket that includes the scratched horse. After wagering is closed, tickets selecting a scratched horse or a horse the stewards declared a nonstarter shall be eliminated from the pool and the purchase price refunded.

Authority: Sections 19440 and 19590,
Business and Professions Code.

Reference: Section 19590,
Business and Professions Code.