

CALIFORNIA HORSE RACING BOARD
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NOTICE OF PARI-MUTUEL OPERATIONS COMMITTEE MEETING

Notice is hereby given that a meeting of the **California Horse Racing Board's Pari-mutuel Operations Committee** will be held on **Friday, February 20, 2004**, commencing at **10:00 a.m.**, at the **Holiday Inn**, 924 West Huntington Drive, **Monrovia**, California. Non-committee members attending the Board's committee meeting may participate in the public discussion, but shall not participate in any official committee vote or committee executive session.

AGENDA

1. Discussion regarding the **effect on the Fairgrounds handle from the Lewiston hub (and RGS) since Fairgrounds began sending a stop betting signal to the Lewiston hub at zero minutes to post.**
2. Discussion regarding the **proposal to have all California racing associations send a stop betting signal to the Lewiston hub at zero minutes to post.**
3. Staff update on the **status of the proposal to require California racing associations to make their signal available to all ADW providers licensed in California.**
4. Staff report on the **performance of the Scientific Games Racing (SGR – formerly Autotote) tote operations, with regard to the week of January 12, 2004, when wagering information from an SGR system in Pennsylvania was dumped into the California northern wagering hub without warning or prior authorization.**
5. Presentation **regarding ADW and Xpressbet by racing fan, Aron Wellman.**

Further information regarding the committee meeting may be obtained from John Reagan, Senior Management Auditor, at the CHRB Administrative Office, 1010 Hurley Way, Suite 300, Sacramento, California, 95825; telephone (916) 263-6000 or fax (916) 263-6042. A copy of this notice can be located on the CHRB website at www.chrb.ca.gov

PARI-MUTUEL OPERATIONS COMMITTEE

Commissioner Alan W. Landsburg, Chairman
Commissioner Roger H. Licht, Member

Date of Notice: February 9, 2004

**STAFF ANALYSIS
FAIRGROUNDS AND THE LEWISTON HUB**

**PARI-MUTUEL OPERATIONS COMMITTEE MEETING
FEBRUARY 20, 2004**

Background:

In January of this year the Fairgrounds in Louisiana began sending a stop-betting signal for their pools to the Lewiston, Maine simulcast wagering hub at zero minutes to post. The immediate impact of that procedural change was that the dollars bet on the Fairgrounds through Lewiston decreased by 80+ % and have stayed at that level as of this date. This situation is being closely monitored by the Fairgrounds but has not caused a great deal of concern because it appears that the "lost handle" has simply moved to other simulcast sites.

Oddly enough, those other sites appear to be processing the additional wagers quickly and the incidents of significant late money (during the short time of this change) has diminished. It appears at first blush that the late money problem might be a technical/structural problem. Which leads into the next agenda item.

Recommendation:

This item is for information and discussion.

STAFF ANALYSIS
PROPOSAL TO CLOSE THE LEWISTON HUB EARLY
PARI-MUTUEL OPERATIONS COMMITTEE MEETING
FEBRUARY 20, 2004

Background:

For the last couple of years significant late money coming through the Lewiston, Maine hub has created some sensational last second odds changes. As indicated in the previous agenda item, the Fairgrounds recently began sending their stop-betting signal to Lewiston at zero minutes to post. So far the result has been encouraging. Although the Lewiston handle has dropped dramatically, it appears to have only shifted to other simulcast sites. In addition, the incidents of large late money have diminished for the short time this change has been in place.

Since the Scientific Games Racing (SGR) tote system (formerly Autotote) used in California has the ability to customize the timing of the stop-betting signal to simulcast locations, staff believes that the zero minutes to post option for Lewiston should be implemented in the California tote systems. If this Committee so directs, staff will work with the SGR personnel to implement this option.

Recommendation:

Staff recommends the Committee consider adjusting the stop-betting signal for the Lewiston hub.

STAFF ANALYSIS
UPDATE ON ADW PROPOSAL

PARI-MUTUEL OPERATIONS COMMITTEE MEETING
FEBRUARY 20, 2004

Background:

At the October and December meetings of this Committee, a proposal to require all California racing associations to provide their simulcast signal to any California-licensed ADW provider was put forward and discussed. The proposal received a cool reception from the industry and further discussion seemed unlikely. In addition, the new governor has put a moratorium on the promulgation of new rules and regulations so that any proposal would not be able to move forward at this time.

Recommendation:

This item is for information and discussion.

**STAFF ANALYSIS
TOTE OPERATIONS IN CALIFORNIA**

**PARI-MUTUEL OPERATIONS COMMITTEE MEETING
FEBRUARY 20, 2004**

Background:

During the week of January 12, 2004 the Northern California tote located at Bay Meadows experienced an unusual problem. At first it appeared that additional ADW handle was being sent from Pennsylvania for Xpressbet accounts that are maintained at the Bay Meadows tote location. However, after a few days of making this assumption it became apparent that that was not the case. The moneyroom at Bay Meadows could not balance using that assumption and the data being delivered to the CHRB official pari-mutuel database, CHRIMS, was likewise corrupted. Long story short – Scientific Games Racing (SGR) and its customer, MEC, in Pennsylvania had redirected a bank of Tiny Tims (individual on track wagering devices) into the Bay Meadows tote. This redirection was done without warning or prior authorization.

It should be noted that throughout 2003, discussions had been taking place between SGR, Magna, CHRB staff and others interested in the operations of the northern hub (CARF and NOTWINC). It had been made abundantly clear that any additional load on the hub would need to be documented and discussed with the interested parties. After appropriate arrangements and guarantees had been made then the California racing interests would consider working with other states in order to have their tote processing done on the California hub. None of these arrangements were done prior to the January debacle.

Recommendation:

This item is for information and discussion.

**STAFF ANALYSIS
PATRON INPUT ON ADW**

**PARI-MUTUEL OPERATIONS COMMITTEE MEETING
FEBRUARY 20, 2004**

Background:

At the January Board meeting racing fan Aron Wellman spoke to the Board concerning his thought and concerns regarding ADW. The Board asked Mr. Wellman to discuss his issues with this Committee.

Recommendation:

This item is for information and discussion.