

CALIFORNIA HORSE RACING BOARD
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NOTICE OF PARI-MUTUEL/ADW AND SIMULCAST COMMITTEE MEETING

Notice is hereby given that a meeting of the **California Horse Racing Board Pari-Mutuel Operations Committee** will be held on **Friday, October 19, 2007**, commencing at **10:00 a.m.**, in the **Baldwin Terrace Room at the Santa Anita Race Track, 285 West Huntington Drive, Arcadia, California**. Non-committee Board members attending the committee meeting may not participate in the public discussion, official committee vote, or committee closed session.

The agenda for the meeting will consist of the following matters:

Action Items

1. Discussion regarding **late odds changes and steps that can be taken to reduce their occurrence while protecting the integrity of the pari-mutuel pools in California.**
2. Discussion regarding **simulcast wagering facilities in California and what can be done to attract new fans to these facilities.**
3. Discussion and action regarding the feasibility of amending **CHRB Rule 1979, Trifecta, and 1979.1 Superfecta**, to lower the minimum number of wagering interests that must be scheduled to start when the trifecta and superfecta pools open for wagering in California.
4. Presentation and discussion regarding a proposal to **lower the minimum wager on the Pick 6 to \$1 on non-carryover days and to lower the minimum on carryover days to 10 cents.**
5. Discussion regarding **Pari-Mutuel Employees Guild (SEIU Local 280) position concerning representation of Advance Deposit Wagering employees.**
6. Discussion regarding **Pari-Mutuel Employees Guild (SEIU Local 280) concerns about superfecta wagering and the problems experienced with the superfecta box bet type.**
7. Discussion of **technical difficulties in implementing the proposed rule changes to CHRB Rule 1978, Pick Four**, which would provide for consolation polls when a horse is scratched, and **CHRB Rules 1976, Unlimited Sweepstakes, Rule 1976.9, Pick (n) Pool and Rule 1978, Pick Four**, which would provide for payouts proportionally based on the odds for each horse involved in a dead heat.

Notice of Pari-Mutuel/ADW
And Simulcast Committee Meeting
October 9, 2007

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Additional information regarding this meeting may be obtained from Mike Marten at the CHRB Office at Los Alamitos Race Course, 4961 E. Katella Avenue, Los Alamitos, CA, 90720; telephone (714) 820-2748; cell (714) 240-1870; fax (714) 821-6232. 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 Mike Marten.

PARI-MUTUEL OPERATIONS COMMITTEE

Commissioner Jerry Moss, Chairman
Commissioner John Andreini, Member
Commissioner Jesse Choper, Member
Ingrid Fermin, Executive Director

Date of Notice: October 9, 2007

STAFF ANALYSIS
LATE ODDS CHANGES
AND STEPS THAT CAN BE TAKEN
TO REDUCE THIS OCCURRENCE
WHILE PROTECTING THE INTEGRITY OF
THE PARI-MUTUEL POOLS IN CALIFORNIA

Pari-Mutuel/ADW and Simulcast Committee
October 19, 2007

BACKGROUND

Over the last six or seven years, the Pari-Mutuel/ADW and Simulcast Committee (PMO) has discussed the issue of late odds changes. The Board at its August 22, 2007, meeting directed that the this matter again be addressed by the PMO Committee to determine what steps might be taken in California to deal with the continuing problem of late odds changes.

ANALYSIS

Late odds changes refers to the odds changing after the race has begun – sometimes more than a minute into the race. CHRB auditors have conducted numerous investigations into individual occurrences, and in all cases the late odds changes were determined to be caused by technical delays in the processing of wagers that were legally placed before the start of the race. Participants at the recent International Simulcast Conference (ISC) in Kansas City, MO, reaffirmed this conclusion. It was noted during the ISC conference that the Wagering Transfer Protocol (WPT) currently under development should effectively reduce late odds changes, but WPT is at least two years away from being fully implemented in North America.

RECOMMENDATION

This item is presented for discussion.

CALIFORNIA HORSE RACING BOARD

OCTOBER 19, 2007
PARI-MUTUEL/ADW AND SIMULCAST
COMMITTEE MEETING

There is no committee package material for Item 2

STAFF ANALYSIS
FEASIBILITY OF AMENDING
CHRB RULE 1979, TRIFECTA, AND RULE 1979.1, SUPERFECTA,
TO LOWER THE MINIMUM NUMBER OF WAGERING INTERESTS
THAT MUST BE SCHEDULED TO START WHEN
THE TRIFECTA AND SUPERFECTA POOLS
OPEN FOR WAGERING IN CALIFORNIA

Pari-Mutuel/ADW and Simulcast Committee
October 19, 2007

BACKGROUND

At the July 20, 2007, meeting of the Pari-Mutuel/ADW and Simulcast Committee (PMO) the feasibility of amending CHRB Rules 1979 (Trifecta) and 1979.1 (Superfecta) to lower the minimum number of wagering interests that must be scheduled to start when the trifecta and superfecta pools open for wagering in California was raised. The current minimum numbers are six for the trifecta and eight for the superfecta. Ron Charles, president of Santa Anita Park, offered to ask members of the Santa Anita Fans Committee for their input. Feedback from the Santa Anita Fans Committee will be presented to the Committee.

RECOMMENDATION

This item is presented for discussion.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 18. PARI-MUTUEL WAGERING
RULE 1979. TRIFECTA

Pari-Mutuel/ADW and Simulcast Committee Meeting
October 19, 2007

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 19590,
Business and Professions Code.

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

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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.

STAFF ANALYSIS
DISCUSSION REGARDING A PROPOSAL
TO LOWER THE MINIMUM WAGER ON THE PICK 6
TO \$1 ON ON-CARRYOVER DAYS
AND TO LOWER THE MINIMUM ON CARRYOVER DAYS TO 10 CENTS

Pari-Mutuel/ADW and Simulcast Committee
October 19, 2007

BACKGROUND

In a letter to the Board, Roger Way, a devoted fan of horse racing, expressed concerns about the Pick Six wager and suggested alternatives that he feels would improve the wager. Mr. Way is prepared to make a presentation to the Committee.

RECOMMENDATION

Staff recommends the Committee hear from Mr. Roger Way.

STAFF ANALYSIS
DISCUSSION REGARDING PARI-MUTUEL EMPLOYEES GUILD
POSITION CONCERNING REPRESENTATION OF
ADVANCE DEPOSIT WAGERING EMPLOYEES

Pari-Mutuel/ADW and Simulcast Committee
October 19, 2007

BACKGROUND

The Pari-Mutuel Employees Guild (SEIU Local 280) requested that the Pari-Mutuel/ADW and Simulcast Committee (PMO) consider the Guild's letter regarding the licensing of Advance Deposit Wagering operators relating to employee representation. The Guild is prepared to make a presentation to the Committee.

RECOMMENDATION

Staff recommends the Committee hear from the Pari-Mutuel Employees Guild representative.

STAFF ANALYSIS
DISCUSSION REGARDING PARI-MUTUEL EMPLOYEES GUILD
CONCERNS ABOUT SUPERFECTA WAGERING
AND PROBLEMS EXPERIENCED WITH
THE SUPERFECTA BOX BET TYPE

Pari-Mutuel/ADW and Simulcast Committee
October 19, 2007

BACKGROUND

The Pari-Mutuel Employees Guild (SEIU Local 280) requested that the Pari-Mutuel/ADW and Simulcast Committee (PMO) consider the Guild's letter regarding superfecta wagering and the Guild's concerns with that wager. The Guild is prepared to make a presentation to the Committee.

RECOMMENDATION

Staff recommends the Committee hear from the Pari-Mutuel Employees Guild representative.

STAFF ANALYSIS
DISCUSSION REGARDING TECHNICAL DIFFICULTIES
IN IMPLEMENTING PROPOSED RULE CHANGES TO
CHRB RULE 1978, PICK FOUR, RULE 1976, UNLIMITED SWEEPSTAKES
AND RULE 1976.9, PICK (N) POOL

Pari-Mutuel/ADW and Simulcast Committee
October 19, 2007

BACKGROUND

At the request of the National Players Panel and others, the California Horse Racing Board (CHRB) began the rulemaking process to amend CHRB Rules 1978, Pick Four, Rule 1976 Unlimited Sweepstakes and Rule 1976.9 Pick (n) Pool to allow for consolation pools for scratched horses and provide for proportional payouts when there are dead heats for first. Initially, representatives of Scientific Games advised the CHRB that there were no technical obstacles to these changes. However, upon further review, they have advised the Board there are technical limitations that make implementation of those proposed rule changes impractical if not impossible. Representatives of Scientific Games will provide an update to the Committee.

RECOMMENDATION

Staff recommends the Committee hear from the Scientific Games representative.