

**CALIFORNIA HORSE RACING BOARD - RULES NOTICED TO THE PUBLIC:**

**NOTIFICATION OF POSTPONEMENT  
OF REGULATORY HEARINGS  
FOR THE  
PROPOSED AMENDMENT OF  
RULE 1876. FINANCIAL RESPONSIBILITY  
AND THE  
PROPOSED ADDITION OF  
RULE 1581.2. SUSPENDED TRAINER MAY ENTER HORSES**

Pursuant to the requirements of Government Code section 11346.8 (b) of the California Code of Regulations, the California Horse Racing Board is providing notice that the regulatory hearings for the proposed adoption of Rule 1876, Financial Responsibility, and Rule 1581.2, Suspended Trainer May Enter Horses, have been postponed. The regulatory hearings will be held on **Tuesday, November 9, 2010, at the Hollywood Park Race Track, 1050 South Prairie Avenue, Inglewood, California, at 9:30 a.m.**, or as soon there after as the business before the Board will permit.

The proposals to amend Rule 1876 and to add Rule 1581.2 were originally noticed to the public on August 27, 2010. The regulations were to be heard on Thursday, October 14, 2010, however, the hearings have been postponed until November 9, 2010, at the Hollywood Park Race Track, Inglewood, California.

Any interested person who has questions regarding this notice of postponement should contact

Harold Coburn, Regulations Analyst  
California Horse Racing Board  
Policy and Regulation Unit  
1010 Hurley Way, Suite 300  
Sacramento, CA 95825

Phone: (916) 263-6397  
E-mail: [HaroldC@chr.ca.gov](mailto:HaroldC@chr.ca.gov)

**NOTICE OF PROPOSAL TO ADD  
RULE 1581.2. SUSPENDED TRAINER MAY ENTER HORSES**

The California Horse Racing Board (Board) proposes to add the regulation described below after considering all comments, objections or recommendations regarding the proposed action.

**PROPOSED REGULATORY ACTION**

The Board proposes to add Rule 1581.2, Suspended Trainer May Enter Horses. The proposed regulation provides that a trainer whose license has been suspended may enter horses to race, provided the race(s) will start after the final day of the trainer's term of suspension, unless the Board or the stewards deny the privilege.

## PUBLIC HEARING

The Board will hold a public hearing starting at **9:30 a.m., Thursday, October 14, 2010**, or as soon after that as business before the Board will permit, at the **Santa Anita Park Race Track, 285 West Huntington Drive, Arcadia, California**. At the hearing, any person may present statements or arguments orally or in writing about the proposed action described in the informative digest. It is requested, but not required, that persons making oral comments at the hearing submit a written copy of their testimony at the hearing.

## WRITTEN COMMENT PERIOD

Any interested persons, or their authorized representative, may submit written comments about the proposed regulatory action to the Board. The written comment period closes at **5:00 p.m. on October 11, 2010**. All comments must be received by that time at the Board; however, written comments may still be submitted at the public hearing. Submit comments to:

Harold Coburn, Regulations Analyst  
California Horse Racing Board  
1010 Hurley Way, Suite 300  
Sacramento, CA 95825  
Telephone: (916) 263-6397  
Fax: (916) 263-6022  
E-mail: [HaroldC@chr.ca.gov](mailto:HaroldC@chr.ca.gov)

## AUTHORITY AND REFERENCE

Authority cited: sections 19420, 19440 and 19460, Business and Professions Code.

Reference cited: sections 19440, 19460 and 19461, Business and Professions Code.

Business and Professions Code sections 19420, 19440 and 19460 authorize the Board to adopt the proposed regulation, which would implement, interpret, or make specific sections 19440, 19460 and 19461 of the Business and Professions Code.

## INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

Business and Professions Code section 19420 states 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, is vested in the California Horse Racing Board. Business and Professions Code section 19440 provides that the Board shall have all powers necessary and proper to enable it to carry out fully and effectually 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. Business and Professions Code section 19460 states all licenses granted under this chapter shall be in writing and are subject to all rules, regulations, and conditions from time to time prescribed by the Board. Business and Provisions Code section 19461 provides that every license granted under this chapter is subject to suspension or revocation by the Board in any case where the Board has reason to believe that any condition regarding it has not been complied with, or that any law, or any rule or regulation of the Board affecting it has been broken or violated.

A Board licensed trainer who violates CHRB regulations may receive a term of suspension in lieu of or in conjunction with other sanctions. This means the trainer may not participate in a race meeting because his license is invalid, and he is ruled off the grounds. To provide for the horses under his care the suspended trainer may transfer his horses to his assistant trainer (if he has one) or to another trainer. That person would continue to train and care for the horses until the original trainer is no longer suspended. Upon the end of the trainer's term of suspension, the horses are transferred back into the name of the trainer who was suspended, so that he may resume his duties as trainer. A typical term of suspension may last from five to 15 days. However, because a trainer who is serving a term of suspension can not conduct his business during the suspension, he is unable to enter horses to race. Entries are taken in advance of a race, and they typically close 48 hours before the race is run. Races that run on a Saturday will often close for entry on the preceding Friday. This means the suspended trainer is unable to enter horses to run in races that will occur one or two days after his suspension has ended, which can be looked upon as having the effect of "extending" the term of suspension. The Board has determined it wishes to add Rule 1581.2 to allow a trainer whose license is suspended to enter a horse to race, provided the race will occur after the last day of the trainer's term of suspension. The proposed Rule 1581.2 states that during the term of a suspension, a trainer may enter horses to race provided the race(s) will occur after the last day of the term of suspension. This will allow the trainer to resume his stable operations immediately after his term of suspension has lapsed. It will also ensure the suspension is not effectively "extended" because the suspended trainer lost the opportunity to enter horses in races that would occur in the days following the term of suspension. Rule 1581.2 also provides that the Board or the stewards may deny a suspended trainer the privilege of entering a horse. This preserves the Board's authority over the entry of horses in races.

#### DISCLOSURES REGARDING THE PROPOSED ACTION

Mandate on local agencies and school districts: none.

Cost or savings to any state agency: none.

Cost to any local agency or school district that must be reimbursed in accordance with Government Code sections 17500 through 17630: none.

Other non-discretionary cost or savings imposed upon local agencies: none.

Cost or savings in federal funding to the state: none.

The Board has made an initial determination that the proposed addition of Rule 1581.2 will not have a significant statewide adverse economic impact directly affecting business including the ability of California businesses to compete with businesses in other states.

Cost impacts on representative private persons or businesses: The Board is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Significant effect on housing costs: none.

The adoption of the proposed addition of Rule 1581.2 will not (1) create or eliminate jobs within California; (2) create new businesses or eliminate existing businesses within California; or (3) affect the expansion of businesses currently doing business within California.

Affect on small businesses: none. The proposal to add Rule 1581.2 does not have an effect on small businesses because it does not apply to small businesses. Rule 1581.2 will allow a suspended trainer to enter horses to race, provided the races in which the trainer enters the horses occur after the last day of the trainer's term of suspension.

#### CONSIDERATION OF ALTERNATIVES

In accordance with Government Code Section 11346.5, subdivision (a)(13), the Board must determine that no reasonable alternative it considered, or that has otherwise been identified and brought to the attention of the Board, would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

The Board invites interested persons to present statements or arguments with respect to alternatives to the proposed regulation at the scheduled hearing or during the written comment period.

#### CONTACT PERSONS

Inquiries concerning the substance of the proposed action and requests for copies of the proposed text of the regulation, the initial statement of reasons, the modified text of the regulation, if any, and other information upon which the rulemaking is based should be directed to

Harold Coburn, Regulation Analyst  
California Horse Racing Board  
Policy and Regulation Unit  
1010 Hurley Way, Suite 300  
Sacramento, CA 95825  
Telephone (916) 263-6397  
E-mail: [HaroldC@chr.ca.gov](mailto:HaroldC@chr.ca.gov)

If the person named above is not available, interested parties may contact:

Andrea Ogden, Regulation Analyst  
Telephone: (916) 263-6033

#### AVAILABILITY OF STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATION

The Board will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its office, at the above address, as of the date this notice is published in the Notice Register. The rulemaking file consists of this notice, the proposed text of the regulation, and the initial statement of reasons. Copies may be obtained by contacting Harold Coburn, or the alternate contact person, at the address, phone numbers, or e-mail address listed above.

## AVAILABILITY OF MODIFIED TEXT

After holding the hearing and considering all timely and relevant comments received, the Board may adopt the proposed regulation substantially as described in this notice. If modifications are made which are sufficiently related to the originally proposed text, the modified text – with changes clearly marked – shall be made available to the public for at least 15 days prior to the date on which the Board adopts the regulation. Requests for copies of any modified regulations should be sent to the attention of Harold Coburn at the address stated above. The Board will accept written comments on the modified regulation for 15 days after the date on which it is made available.

## AVAILABILITY OF FINAL STATEMENT OF REASONS

Requests for copies of the final statement of reasons, which will be available after the Board has adopted the proposed regulation in its current or in a modified form, should be sent to the attention of Harold Coburn at the address stated above.

## BOARD WEB SITE ACCESS

The Board will have the entire rulemaking file available for inspection throughout the rulemaking process at its web site. The rulemaking file consists of the notice, the proposed text of the regulation, and the initial statement of reasons. The Board's web site address is [www.chrb.ca.gov](http://www.chrb.ca.gov).

## INITIAL STATEMENT OF REASONS

### RULE 1581.2. SUSPENDED TRAINER MAY ENTER HORSES

#### SPECIFIC PURPOSE OF THE REGULATION

The Board proposes to add Rule 1581.2, Suspended Trainer May Enter Horses. The proposed regulation provides that a trainer whose license has been suspended may enter horses to race, provided the race(s) will start after the final day of the trainer's term of suspension, unless the Board or the stewards deny the privilege.

#### NECESSITY

A Board licensed trainer who violates CHRB regulations may receive a term of suspension in lieu of or in conjunction with other sanctions. This means the trainer may not participate in a race meeting because his license is invalid, and he is ruled off the grounds. To provide for the horses under his care the suspended trainer may transfer his horses to his assistant trainer (if he has one) or to another trainer. That person would continue to train and care for the horses until the original trainer is no longer suspended. Upon the end of the trainer's term of suspension, the horses are transferred back into the name of the trainer who was suspended, so he may resume his duties as trainer. A typical term of suspension may last from five to 15 days. However, because a trainer who is serving a term of suspension can not conduct his business during the suspension, he is unable to enter horses to race. Entries are taken in advance of a race. They typically close 48 hours before a race is run, but depending on the type of race, may close up to ten days before the event. This means the suspended trainer is unable to enter horses to run in races that will occur one or two days after his suspension has ended. The trainer's inability to run his horses despite the good standing of his license can be seen as an "extension" of his



**NOTICE OF PROPOSAL TO AMEND  
RULE 1844. AUTHORIZED MEDICATION**

The California Horse Racing Board (Board) proposes to amend the regulation described below after considering all comments, objections or recommendations regarding the proposed action.

**PROPOSED REGULATORY ACTION**

The Board proposes to amend Rule 1844. Authorized Medication. The proposed amendment would increase the amount of procaine that may be present in an official urine test sample from 10 nanograms per milliliter to 50 nanograms per milliliter. The proposed amendment also adds a new subsection 1844(h), which states procaine, following administration of procaine penicillin, is an authorized medication. There may be no more than 25 nanograms per milliliter in the official blood test sample, provided the procaine penicillin administrations was reported pursuant to Rule 1842, Veterinarian Report. In addition, the procaine penicillin can not have been administered after entry to race, and the horse has to have been under surveillance for a minimum of six hours prior to racing. The horse owner shall be responsible for all costs associated with testing for procaine and for surveillance.

**PUBLIC HEARING**

The Board will hold a public hearing starting at **9:30 a.m., Thursday, September 16, 2010**, or as soon after that as business before the Board will permit, at the **Los Angeles County Fair, Fairplex Park, 1101 West McKinley Avenue, Pomona, California**. At the hearing, any person may present statements or arguments orally or in writing about the proposed action described in the informative digest. It is requested, but not required, that persons making oral comments at the hearing submit a written copy of their testimony.

**WRITTEN COMMENT PERIOD**

Any interested persons, or their authorized representative, may submit written comments about the proposed regulatory action to the Board. The written comment period closes at **5:00 p.m., on September 13, 2010**. The Board must receive all comments at that time; however, written comments may still be submitted at the public hearing. Submit comments to:

Harold Coburn, Regulation Analyst  
California Horse Racing Board  
1010 Hurley Way, Suite 300  
Sacramento, CA 95825  
Telephone (916) 263-6397  
Fax: (916) 263-6022  
E-Mail: [haroldc@chr.ca.gov](mailto:haroldc@chr.ca.gov)

**AUTHORITY AND REFERENCE**

Authority cited: Sections 19440 and 19562, Business and Professions Code. Reference: Sections 19580 and 19581, Business and Professions Code.

Business and Professions Code sections 19440 and 19562 authorize the Board to adopt the proposed regulation, which would implement, interpret or make specific sections 19580 and 19581, Business and Professions Code.

## INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

Business and Professions Code section 19440 provides that the Board shall have all powers necessary and proper to enable it to carry out fully and effectually the purposes of this chapter. Responsibilities of the Board shall include, but not be limited to, adopting rules and regulations for the protection of the public and the control of horse racing and pari-mutuel wagering. Business and Professions Code section 19562 states the Board may prescribe rules, regulations, and conditions, consistent with the provisions of this chapter, under which all horse races with wagering on their results shall be conducted in this State. Business and Professions Code section 19580 requires the Board to adopt regulations to establish policies, guidelines, and penalties relating to equine medication to preserve and enhance the integrity of horse racing in the State. Business and Professions Code section 19581 provides that no substance of any kind shall be administered by any means to a horse after it has been entered to race in a horse race, unless the Board has, by regulation, specifically authorized the use of the substance and the quantity and composition thereof.

The Board proposes to amend Rule 1844 to modify the permitted levels for procaine from procaine penicillin. Procaine penicillin is one of the most effective antibiotics for the treatment of equine infections, but its use creates an ongoing problem for those treating the horse because the procaine in the penicillin sometimes shows up as a positive in post-racing drug testing – and there is no way for the tests to distinguish between procaine residue from penicillin and procaine illegally administered as a pain blocker. In other words, if procaine penicillin is administered to a horse, the procaine and the penicillin will show in the official urine test sample, and there is no way to determine if the procaine was administered as “procaine” or as “procaine penicillin.” Procaine as a local anesthetic is better known as Novocain. To comply with the Board’s medication regulations, the administration of procaine penicillin must be stopped far enough in advance of a race to allow time for the procaine to clear the horse’s system to a permitted level.

Under the proposed amendment to Rule 1844, subsection 1844(e)(7) has been modified to increase the allowed administrative level of procaine permitted in the post-race official urine test sample from 10 nanograms per milliliter to 50 nanograms per milliliter. A new subsection 1844(h)(1) also allows procaine in the official blood test sample at a level not to exceed 25 nanograms per milliliter. A new subsection 1844(h) provides that procaine, following the administration of procaine penicillin, is authorized under specified conditions. The conditions are listed in subsections 1844(h)(1) through 1844(h)(4). Subsection 1844(h)(1) sets the level for procaine or its analogs in the official blood test sample. Although subsection 1844(e)(7) has been changed to allow 50 nanograms per milliliter of procaine in the official urine test sample, it is difficult to determine when the procaine was administered, as the drug may be expelled from horses’ systems at different rates. Levels of procaine can be regulated more effectively through blood samples, and its administration can be identified within a certain time frame. This means levels identified in serum or plasma are more rigorous and defensible. If excessive levels of procaine are found in the official urine test sample, the official blood test sample can establish if the drug was administered within the guidelines of the Board’s rules. A new subsection 1844(h)(2) requires that the procaine administration is reported pursuant to Rule 1842, Veterinarian Report. This means the veterinarian who treats the horse within the inclosure must report in writing to the official veterinarian the name of the horse treated; the name of the trainer of the horse and the time of treatment. Subsection 1844(h)(3) states procaine penicillin may not be administered to a horse after entry to race, which is consistent with the Board’s medication regulations. Subsection 1844(h)(4) requires the horse to be under surveillance for a

minimum of six hours prior to racing. The local anesthetic effect of procaine is no longer present beyond three hours after administration. Six-hour surveillance would eliminate any chance of improper use of procaine. A new subsection 1844(i) requires that the owner pay all expenses related to surveillance and testing for procaine under subsection 1844(h). This ensures the racing association and the Board are not burdened with the expense of surveillance for horses that have been administered procaine. Currently, the Board routinely tests for procaine, but if additional testing becomes necessary, subsection 1844(h) will allow the Board to require the owner to pay for such testing.

#### DISCLOSURE REGARDING THE PROPOSED ACTION

Mandate on local agencies and school districts: none.

Cost or savings to any state agency: none.

Cost to any local agency or school district that must be reimbursed in accordance with Government Code Section 17500 through 17630: none.

Other non-discretionary costs or savings imposed upon local agencies: none.

Cost or savings in federal funding to the state: none.

The Board has made an initial determination that the proposed amendment of Rule 1844 will not have a significant statewide adverse economic impact directly affecting business including the ability of California businesses to compete with businesses in other states.

Cost impact on representative private persons or businesses: The Board is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Significant effect on housing costs: none.

The adoption of the proposed amendment of Rule 1844 will not (1) create or eliminate jobs within California; (2) create new businesses or eliminate existing businesses within California; or (3) affect the expansion of businesses currently doing business within California.

Effect on small businesses: none. The proposal to amend Rule 1844 does not affect small businesses because horse racing is not a small business under Government Code Section 11342.610.

#### CONSIDERATION OF ALTERNATIVES

In accordance with Government Code Section 11346.5, subdivision (a)(13), the Board must determine that no reasonable alternative considered, or that has otherwise been identified and brought to the attention of the Board, would be more effective in carrying out the purpose for which the action is proposed, or would be as effective and less burdensome on affected private persons than the proposed action.

The Board invites interested persons to present statements or arguments with respect to alternatives to the proposed regulation at the scheduled hearing or during the written comment period.

#### CONTACT PERSON

Inquiries concerning the substance of the proposed action and requests for copies of the proposed text of the regulation, the initial statement of reasons, the modified text of the regulation, if any, and other information upon which the rulemaking is based should be directed to:

Harold Coburn, Regulation Analyst  
California Horse Racing Board  
1010 Hurley Way, Suite 300  
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If the person named above is not available, interested parties may contact:

Andrea Ogden, Regulation Analyst  
Telephone: (916) 263-6033  
E-mail: [andreaogden@chr.ca.gov](mailto:andreaogden@chr.ca.gov)

#### AVAILABILITY OF INITIAL STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATION

The Board will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its offices at the above address. As of the date this notice is published in the Notice Register, the rulemaking file consists of this notice, the proposed text of the regulation, and the initial statement of reasons. Copies may be obtained by contacting Harold Coburn, or the alternative contact person at the address, phone number or e-mail address listed above.

#### AVAILABILITY OF MODIFIED TEXT

After holding a hearing and considering all timely and relevant comments received, the Board may adopt the proposed regulation substantially as described in this notice. If modifications are made which are sufficiently related to the originally proposed text, the modified text, with changes clearly marked, shall be made available to the public for at least 15 days prior to the date on which the Board adopts the regulation. Requests for copies of any modified regulations should be sent to the attention of Harold Coburn at the address stated above. The Board will accept written comments on the modified regulation for 15 days after the date on which it is made available.

#### AVAILABILITY OF STATEMENT OF REASONS:

Requests for copies of the final statement of reasons, which will be made available after the Board has adopted the proposed regulation in its current or modified form, should be sent to the attention of Harold Coburn at the address stated above.

## BOARD WEB ACCESS

The Board will have the entire rulemaking file available for inspection throughout the rulemaking process at its web site. The rulemaking file consists of the notice, the proposed text of the regulation and the initial statement of reasons. The Board's web site address is: [www.chrb.ca.gov](http://www.chrb.ca.gov).

## INITIAL STATEMENT OF REASONS

### RULE 1844. AUTHORIZED MEDICATION.

#### SPECIFIC PURPOSE OF THE REGULATION

The proposed amendment to Rule 1844, Authorized Medication, would allow for the horse to receive the best medical treatment without compromising the integrity of racing, and return procaine penicillin to a first-choice option as an antibiotic for racetrack veterinarians. The proposed amendment increases the amount of procaine that may be present in an official urine test sample from 10 nanograms per milliliter to 50 nanograms per milliliter. It also adds a new subsection 1844(h), which states procaine, following administration of procaine penicillin, is an authorized medication. There may be no more than 25 nanograms per milliliter in the official blood test sample, and the procaine penicillin administrations have to have been reported pursuant to Rule 1842, Veterinarian Report. In addition, the procaine penicillin can not have been administered after entry to race, and the horse has to have been under surveillance for a minimum of six hours prior to racing. The horse owner shall pay all expenses related to surveillance and testing for procaine.

#### NECESSITY

The proposed amendment to Rule 1844 will modify the permitted levels for procaine from procaine penicillin. Procaine penicillin is one of the most effective antibiotics for the treatment of equine infections, but its use creates an ongoing problem for those treating the horse because the procaine in the penicillin sometimes shows up as a positive in post-racing drug testing – and there is no way for the tests to distinguish between procaine residue from penicillin and procaine illegally administered as a pain blocker. In other words, if procaine penicillin is administered to a horse, the procaine and the penicillin will show in the official urine test sample, and there is no way to determine if the procaine was administered as “procaine” or as “procaine penicillin.” Procaine as a local anesthetic is better known as Novocain. To comply with the Board's medication regulations, the administration of procaine penicillin must be stopped far enough in advance of a race to allow time for the procaine to clear the horse's system to a permitted level.

Under the proposed amendment to Rule 1844, subsection 1844(e)(7) has been modified to increase the allowed administrative level of procaine permitted in the post-race official urine test sample from 10 nanograms per milliliter to 50 nanograms per milliliter. A new subsection 1844(h)(1) also allows procaine in the official blood test sample at a level not to exceed 25 nanograms per milliliter. A new subsection 1844(h) provides that procaine, following administration of procaine penicillin, is allowed under specified conditions. The conditions are listed in subsections 1844(h)(1) through 1844(h)(4). Subsection 1844(h)(1) sets the level for procaine or its analogs in the official blood test sample. Although subsection 1844(e)(7) has been changed to allow 50 nanograms per milliliter of procaine in the official urine test sample, it is difficult to determine when the procaine was administered, as the drug may be expelled from horses' systems at different rates. Levels of procaine can be regulated more effectively through blood samples, and its administration can be identified

within a certain time frame. This means levels identified in serum or plasma are more rigorous and defensible. If excessive levels of procaine are found in the official urine test sample, the official blood test sample can establish if the drug was administered within the guidelines of the Board's rules. A new subsection 1844(h)(2) requires that the procaine administration is reported pursuant to Rule 1842, Veterinarian Report. This means the veterinarian who treats the horse within the inclosure must report in writing to the official veterinarian the name of the horse treated; the name of the trainer of the horse and the time of treatment. This informs the official veterinarian that the drug has been administered, and that surveillance will have to be arranged. Subsection 1844(h)(3) states procaine penicillin may not be administered to a horse after entry to race, which is consistent with the Board's medication regulations. Subsection 1844(h)(4) requires the horse to be under surveillance for a minimum of six hours prior to racing. The local anesthetic effect of procaine is no longer present beyond three hours after administration. Six-hour surveillance would eliminate any chance of improper use of procaine. A new subsection 1844(i) requires that the owner pay all expenses related to surveillance and testing for procaine under subsection 1844(h). This ensures the racing association and the Board are not burdened with the expense of surveillance for horses that have been administered procaine. Currently, the Board routinely tests for procaine, but if additional testing becomes necessary, subsection 1844(h) will allow the Board to require the owner to pay for such testing.

#### **TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS OR DOCUMENTS.**

The Board did not rely on any technical, theoretical, and/or empirical study, reports or documents in proposing the amendment of the regulation.

The amendment of Rule 1844 has no significant adverse economic impact on small business.

The amendment of Rule 1844 has no significant economic impact on business.

#### **ALTERNATIVE TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE IMPACT ON AFFECTED PRIVATE PERSONS OR BUSINESSES.**

The Board has determined that there were no alternatives considered which would be more effective in carrying out the purposes of the proposed regulation or would be more effective and less burdensome to affected private persons or businesses than the proposed regulation.

#### **PROPOSED TEXT**

1844. Authorized Medication.

Consistent with the intent of these rules, drug substances and medications authorized by the Board for use may be administered to safeguard the health of the horse entered to race provided that:

(a) No person shall administer a drug substance to any horse entered to race except upon authorization of the official veterinarian in conformance with these rules.

(b) No drug substance, other than authorized bleeder medication, shall be administered to a horse entered to race within 24 hours of the race in which entered.

(c) Not more than one approved non-steroidal anti-inflammatory drug substance (NSAID) may be administered to a horse that is entered to race and shall be only one of the following authorized drug substances:

(1) Phenylbutazone in a dosage amount that the test sample shall contain not more than 5 micrograms of the drug substance per milliliter of blood plasma or serum.

(2) Flunixin in a dosage amount that the test sample shall contain not more than 50 nanograms of the drug substance per milliliter of blood plasma or serum.

(3) Ketoprofen in a dosage amount that the test sample shall contain not more than 10 nanograms of the drug substance per milliliter of blood plasma or serum.

(4) Metabolites or analogues of approved NSAIDs may be present in post race test samples.

(d) If the official chemist reports that a blood test sample contains an authorized NSAID in excess of the limit for that drug substance under this rule, the official veterinarian shall, in conjunction with the veterinarian who administered or prescribed the authorized drug substance, establish a dosage amount or time of administration of the drug substance that will comply with the limits under this rule; or the official veterinarian may, if in his/her judgment no such reduced dosage amount or amendment to time of administration will result in a test sample level within the limits of this rule, withdraw authorization for the use of any one NSAID.

(e) Official urine test samples may contain one of the following drug substances, their metabolites or analogs, in an amount that does not exceed the specified levels:

(1) Acepromazine; 25 nanograms per milliliter

(2) Mepivacaine; 10 nanograms per milliliter

(3) Promazine; 25 nanograms per milliliter

(4) Albuterol; 1 nanograms per milliliter

(5) Atropine; 10 nanograms per milliliter

(6) Benzocaine; 50 nanograms per milliliter

(7) Procaine; ~~40~~ 50 nanograms per milliliter

(8) Salicylates; 750 micrograms per milliliter

(9) Clenbuterol; 5 nanograms per milliliter

(10) Stanazolol; 1 nanograms per milliliter

(11) Nandrolone; 1 nanograms per milliliter for geldings, fillies and mares; 45 nanograms for males other than geldings.

(12) Boldenone; 15 nanograms per milliliter in males other than geldings.

(13) Testosterone; 20 nanograms per milliliter in geldings.

(A) Testosterone at any level in males other than geldings is not a violation of this regulation.

(14) Testosterone; 55 nanograms per milliliter in fillies or mares

(f) Official blood test samples may contain clenbuterol in an amount not to exceed 25 picograms per milliliter of serum or plasma.

(g) Official blood test samples shall not contain any of the drug substances, or their metabolites or analogs listed in subsection (e)(1)-(8), and (e)(10)-(14).

(h) Procaine, following administration of procaine penicillin, is an authorized medication provided:

(1) Official blood test samples shall not contain any procaine, or its metabolites or analogs in excess of 25 nanograms per milliliter.

(2) all procaine penicillin administrations have been reported pursuant to Rule 1842 of this division,

(3) procaine penicillin was not administered after entry to race,

(4) the horse was under surveillance for a minimum of six hours prior to racing.

(i) All expenses related to surveillance and testing for procaine under subsection (h) of this regulation shall be paid by the owner of the horse.

Authority: Sections 19440 and 19562,  
Business and Professions Code.

Reference: Sections 19580 and 19581,  
Business and Professions Code.

**NOTIFICATION OF POSTPONEMENT  
OF REGULATORY HEARINGS  
FOR THE  
PROPOSED AMENDMENT OF  
RULE 1876. FINANCIAL RESPONSIBILITY  
AND THE  
PROPOSED ADDITION OF  
RULE 1581.2. SUSPENDED TRAINER MAY ENTER HORSES**

Pursuant to the requirements of Government Code section 11346.8 (b) of the California Code of Regulations, the California Horse Racing Board is providing notice that the regulatory hearings for the proposed adoption of Rule 1876, Financial Responsibility, and Rule 1581.2, Suspended Trainer May Enter Horses, have been postponed. The regulatory hearings will be held on **Tuesday, November 9, 2010, at the Hollywood Park Race Track, 1050 South Prairie Avenue, Inglewood, California, at 9:30 a.m.**, or as soon there after as the business before the Board will permit.

The proposals to amend Rule 1876 and to add Rule 1581.2 were originally noticed to the public on August 27, 2010. The regulations were to be heard on Thursday, October 14, 2010, however, the hearings have been postponed until November 9, 2010, at the Hollywood Park Race Track, Inglewood, California.

Any interested person who has questions regarding this notice of postponement should contact

Harold Coburn, Regulations Analyst  
California Horse Racing Board  
Policy and Regulation Unit  
1010 Hurley Way, Suite 300  
Sacramento, CA 95825

Phone: (916) 263-6397  
E-mail: [HaroldC@chr.ca.gov](mailto:HaroldC@chr.ca.gov)

**NOTICE OF PROPOSAL TO AMEND  
RULE 1876. FINANCIAL RESPONSIBILITY**

The California Horse Racing Board (Board) proposes to amend the regulation described below after considering all comments, objections or recommendations regarding the proposed action.

**PROPOSED REGULATORY ACTION**

The Board proposes to amend Rule 1876, Financial Responsibility, to require that all financial responsibility complaints, except those submitted as horse racing related wage disputes, include a California civil court judgment. The proposed amendment would also provide that financial responsibility complaints from equine

medical hospitals, horse farms and Board authorized thoroughbred horse auctions will be considered if the debts are directly related to the California horse racing operations of a person licensed by the Board. The proposed amendment to Rule 1876 provides for the acceptance of financial responsibility complaints that are horse racing related wage disputes originating between persons licensed by the Board.

## PUBLIC HEARING

The Board will hold a public hearing starting at **9:30 a.m., Thursday, October 14, 2010**, or as soon after that as business before the Board will permit, at the **Santa Anita Park Race Track, 285 West Huntington Drive, Arcadia, California**. At the hearing, any person may present statements or arguments orally or in writing about the proposed action described in the informative digest. It is requested, but not required, that persons making oral comments at the hearing submit a written copy of their testimony.

## WRITTEN COMMENT PERIOD

Any interested persons, or their authorized representatives, may submit written comments about the proposed regulatory action to the Board. The written comment period closes at **5:00 p.m., on October 11, 2010**. The Board must receive all comments at that time; however, written comments may still be submitted at the public hearing. Submit comments to:

Harold Coburn, Regulation Analyst  
California Horse Racing Board  
1010 Hurley Way, Suite 300  
Sacramento, CA 95825  
Telephone (916) 263-6397  
Fax: (916) 263-6022  
E-Mail: [haroldc@chr.ca.gov](mailto:haroldc@chr.ca.gov)

## AUTHORITY AND REFERENCE

Authority cited: Sections 19440 and 19460, Business and Professions Code.  
Reference: Sections 19440, 19460 and 19461, Business and Professions Code.

Business and Professions Code sections 19440 and 19460 authorize the Board to adopt the proposed regulation, which would implement, interpret or make specific sections 19440, 19460 and 19461, Business and Professions Code.

## INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

Business and Professions Code section 19440 provides that the Board shall have all powers necessary and proper to enable it to carry out fully and effectually 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. Business and Professions Code section 19460 provides that all licenses granted under this chapter are subject to all rules, regulations, and conditions from time to time prescribed by the Board and shall contain such conditions as are deemed necessary or desirable by the Board for the purposes of this chapter. Business and Professions Code section 19461 states Every license granted under this chapter is subject to

suspension or revocation by the Board in any case where the Board has reason to believe that any condition regarding it has not been complied with, or that any law, or any rule or regulation of the board affecting it has been broken or violated.

The Board proposes to amend Rule 1876 to clarify the circumstances under which a financial responsibility complaint will be accepted, and the procedures for submitting such a complaint. Board Rule 1876 provides that no licensee shall willfully and deliberately fail or refuse to pay any moneys when due for any service, supplies or fees related to his or her operations as a licensee. The proposed amendment to Rule 1876 amends subsection 1876 (a) to describe the type of debts that may result in a licensee gaining the attention of the Board. The debts must be directly related to the licensee's California racetrack operations. This is in keeping with the Board's jurisdiction over horse racing and persons who are required to obtain an occupational license to participate in horse racing. Subsection 1876 (b) has been amended to require that a civil court judgment accompany any financial responsibility complaint against a licensee. The Board has determined that it wishes vendors to make every effort to collect debts before they turn to the Board. A civil court judgment against a licensee demonstrates that the vendor has used other venues for collecting debts, and it legitimizes the claim. A new subsection 1876 (d) (3) expands on the Board's requirements regarding civil court judgments. The civil court judgment must have been issued in California; the time for appeal of the judgment must have lapsed; and it must have been issued within one year of the filing of the complaint. This provides the complainant with a firm timeline, and prevents the Board's investigators and the stewards from having to deal with actions that occurred well in the past. A new subsection 1876 (e) provides that financial responsibility complaints submitted by equine medical hospitals, horse farms and thoroughbred horse auction sales authorized by the Board in accordance with Rule 1807, Authorized Horse Sales, will be considered. The Board determined it wished to add the three horse racing related businesses to the text of Rule 1876 to ensure financial responsibility complaints submitted by such businesses will be accepted. In the past, there has been confusion as to whether the services provided by such enterprises were required to be heard. The addition of subsection 1876 (e) provides clarity. Subsection 1876 (e) requires that financial responsibility complaints submitted by equine medical hospitals, horse farms and thoroughbred horse auction sales must comply with subsections (b), (c) and (d) (1) through (d) (3) of Rule 1876. This will ensure that the entities provide the correct documentation, obtain a civil court judgment, and that they will follow the timelines provided under Rule 1876. Subsection 1876 (e) also states the financial responsibility complaints must be directly related to the licensee's California horse racing operations. This ensures the Board will only receive financial responsibility complaints regarding services provided to equines that are race horses. Subsection 1876 (e) (1) has been added to provide that no horse farm may file a financial responsibility complaint where the debt is less than one thousand dollars. This is not a high level of debt for the boarding and training of horses at farms, but it does put in place a minimum so the Board is not inundated with financial responsibility complaints from such facilities.

The Board understands that many persons licensed to work within the restricted areas of the inclosure, including grooms, stable employees, stable assistants and exercise riders may be reluctant to obtain a civil court judgment for unpaid wages. Subsection 1876 (f) has been added to exempt financial responsibility complaints that are horse racing related wage disputes between persons licensed by the Board from subsection (d) (3) of the regulation, which requires a civil court judgment. This will allow persons licensed by the Board who might otherwise refrain from filing a financial responsibility complaint to seek the help of the Board in obtaining unpaid wages.

## DISCLOSURE REGARDING THE PROPOSED ACTION

Mandate on local agencies and school districts: none.

Cost or savings to any state agency: none.

Cost to any local agency or school district that must be reimbursed in accordance with Government Code sections 17500 through 17630: none.

Other non-discretionary costs or savings imposed upon local agencies: none.

Cost or savings in federal funding to the state: none.

The Board has made an initial determination that the proposed amendment of Rule 1876 will not have a significant, statewide adverse economic impact directly affecting business including the ability of California businesses to compete with businesses in other states.

Cost impact on representative private persons or businesses: The Board is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Significant effect on housing costs: none.

The adoption of the proposed amendment of Rule 1876 will not (1) create or eliminate jobs within California; (2) create new businesses or eliminate existing businesses within California; or (3) affect the expansion of businesses currently doing business within California.

Effect on small businesses: none. The proposal to amend Rule 1876 does not affect small businesses because horse racing is not a small business under Government Code section 11342.610.

## CONSIDERATION OF ALTERNATIVES

In accordance with Government Code section 11346.5, subdivision (a)(13), the Board must determine that no reasonable alternative considered, or that has otherwise been identified and brought to the attention of the Board, would be more effective in carrying out the purpose for which the action is proposed, or would be as effective and less burdensome on affected private persons than the proposed action.

The Board invites interested persons to present statements or arguments with respect to alternatives to the proposed regulation at the scheduled hearing or during the written comment period.

## CONTACT PERSON

Inquiries concerning the substance of the proposed action and requests for copies of the proposed text of the regulation, the initial statement of reasons, the modified text of the regulation, if any, and other information upon which the rulemaking is based should be directed to:

Harold Coburn, Regulation Analyst  
California Horse Racing Board  
1010 Hurley Way, Suite 300  
Sacramento, CA 95825  
Telephone: (916) 263-6397  
E-mail: [haroldc@chr.ca.gov](mailto:haroldc@chr.ca.gov)

If the person named above is not available, interested parties may contact:

Andrea Ogden, Regulation Analyst  
Telephone: (916) 263-6033

#### AVAILABILITY OF INITIAL STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATION

The Board will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its offices at the above address. As of the date this notice is published in the Notice Register, the rulemaking file consists of this notice, the proposed text of the regulation, and the initial statement of reasons. Copies may be obtained by contacting Harold Coburn, or the alternative contact person at the address, phone number or e-mail address listed above.

#### AVAILABILITY OF MODIFIED TEXT

After holding a hearing and considering all timely and relevant comments received, the Board may adopt the proposed regulation substantially as described in this notice. If modifications are made which are sufficiently related to the originally proposed text, the modified text, with changes clearly marked, shall be made available to the public for at least 15 days prior to the date on which the Board adopts the regulation. Requests for copies of any modified regulations should be sent to the attention of Harold Coburn at the address stated above. The Board will accept written comments on the modified regulations for 15 days after the date on which they are made available.

#### AVAILABILITY OF STATEMENT OF REASONS:

Requests for copies of the final statement of reasons, which will be made available after the Board has adopted the proposed regulation in its current or modified form, should be sent to the attention of Harold Coburn at the address stated above.

#### BOARD WEB ACCESS

The Board will have the entire rulemaking file available for inspection throughout the rulemaking process at its web site. The rulemaking file consists of the notice, the proposed text of the regulation and the initial statement of reasons. The Board's web site address is: [www.chrb.ca.gov](http://www.chrb.ca.gov).

## **INITIAL STATEMENT OF REASONS**

### **RULE 1876, FINANCIAL RESPONSIBILITY**

#### **SPECIFIC PURPOSE OF THE REGULATION**

The Board proposes to amend Rule 1876, Financial Responsibility, to require that all financial responsibility complaints, except those submitted as horse racing related wage disputes, include a California civil court judgment. The proposed amendment would also provide that financial responsibility complaints from equine medical hospitals, horse farms and Board authorized thoroughbred horse auctions will be considered if the debts are directly related to the California horse racing operations of a person licensed by the Board. The proposed amendment to Rule 1876 provides for the acceptance of financial responsibility complaints that are horse racing related wage disputes originating between persons licensed by the Board.

#### **NECESSITY**

The Board proposes to amend Rule 1876 to clarify the circumstances under which a financial responsibility complaint will be accepted, and the procedures for submitting such a complaint. Board Rule 1876 provides that no licensee shall willfully and deliberately fail or refuse to pay any moneys when due for any service, supplies or fees related to his or her operations as a licensee. The proposed amendment to Rule 1876 amends subsection 1876 (a) to describe the type of debts that may result in a licensee gaining the attention of the Board. The debts must be directly related to the licensee's California racetrack operations. This is in keeping with the Board's jurisdiction over horse racing and persons who are required to obtain an occupational license to participate in horse racing. The Board does not wish its investigators and stewards to assume the role of bill collectors for any and all debts its licensees may incur. The purpose of Rule 1876 is to ensure licensees conduct responsible horse racing operations. Subsection 1876 (b) has been amended to require that a civil court judgment accompany any financial responsibility complaint against a licensee. The Board has determined that it wishes vendors to make every effort to collect debts before they turn to the Board. A civil court judgment against a licensee demonstrates that the vendor has used other venues for collecting debts, and it legitimizes the claim. Additionally, a civil court judgment allows the complainant to serve the paymaster of purses and levy a horseman's account, which would not require a steward's hearing. A new subsection 1876 (d) (3) expands on the Board's requirements regarding civil court judgments. The civil court judgment must have been issued in California; the time for appeal of the judgment must have lapsed; and it must have been issued within one year of the filing of the complaint. This provides the complainant with a firm timeline, and prevents the Board's investigators and the stewards from having to deal with actions that occurred well in the past. A new subsection 1876 (e) provides that financial responsibility complaints submitted by equine medical hospitals, horse farms and thoroughbred horse auction sales authorized by the Board in accordance with Rule 1807, Authorized Horse Sales, will be considered. The Board determined it wished to add the three horse racing related businesses to the text of Rule 1876 to ensure financial responsibility complaints submitted by such businesses will be accepted. In the past, there has been confusion as to whether the services provided by such enterprises were required to be heard. The addition of subsection 1876 (e) provides clarity. Subsection 1876 (e) requires that financial responsibility complaints submitted by equine medical hospitals, horse farms and thoroughbred horse auction sales must comply with subsections (b), (c) and (d) (1) through (d) (3) of Rule 1876. This will ensure that the entities provide the correct documentation, obtain a civil court judgment, and that they will follow the timelines provided under Rule 1876. Subsection 1876 (e) also states the financial responsibility complaints must be directly related to the licensees California horse racing operations. This ensures the Board will only

receive financial responsibility complaints regarding services provided to equines that are race horses. Subsection 1876 (e) (1) has been added to provide that no horse farm may file a financial responsibility complaint where the debt is less than one thousand dollars. This is not a high level of debt for the boarding and training of horses at farms, but it does put in place a minimum so the Board is not inundated with financial responsibility complaints from such facilities.

The Board understands that many persons licensed to work within the restricted areas of the inclosure, including grooms, stable employees, stable assistants and exercise riders may be reluctant to obtain a civil court judgment for unpaid wages. English is not the first language of many backstretch workers, and the small claims court does not provide interpreters. It is up to the claimant to pay for an interpreter, or they may supply a friend or relative. In addition, such persons may not understand how the civil court system works, or trust that they will be heard. Backstretch workers are familiar with the racetrack environment, and may place more trust in the stewards. The Board has added subsection 1876 (f) to exempt financial responsibility complaints that are horse racing related wage disputes between persons licensed by the Board from subsection (d) (3) of the regulation, which requires a civil court judgment. This will allow persons licensed by the Board who might otherwise refrain from filing a financial responsibility complaint to seek the help of the Board in obtaining unpaid wages.

#### TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS OR DOCUMENTS.

The Board did not rely on any technical, theoretical, and/or empirical study, reports or documents in proposing the amendment of the regulation.

The amendment of Rule 1876 has no significant adverse economic impact on small business.

The amendment of Rule 1876 has no significant adverse economic impact on business.

#### ALTERNATIVE TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE IMPACT ON AFFECTED PRIVATE PERSONS OR BUSINESSES.

The Board has determined that there were no alternatives considered which would be more effective in carrying out the purposes of the proposed regulation or would be more effective and less burdensome to affected private persons or businesses than the proposed regulation.

#### **PROPOSED TEXT**

1876. Financial Responsibility.

(a) No licensee shall willfully and deliberately fail or refuse to pay any moneys when due for any service, supplies or fees ~~connected with~~ directly related to his or her California racetrack operations ~~as a licensee~~, nor shall he or she falsely deny any such amount due or the validity of the complaint thereof with the purpose of hindering or delaying or defrauding the person to whom such indebtedness is due.

(b) Any financial responsibility complaint against a licensee shall be in writing, signed by the complainant, and accompanied by documentation of the services, supplies or fees alleged to be due, ~~or~~ and by a judgment from a civil court as required under subsection (d) (3) of this regulation ~~which has been issued within one year of the date of the complaint.~~

(c) The Board will not consider a financial responsibility complaint made by the complainant against the same accused within twenty-four months of the filing of the instant complaint.

(d) The Board will consider only those financial responsibility complaints which meet the following criteria:

(1) The complaint involves services, supplies or fees that are directly related to the licensee's California racetrack operations; and

(2) The debt ~~or cause for action~~ originated, ~~or the civil court judgement was issued,~~ in this State within one year of the filing of the complaint.

(3) A civil court judgment was issued in this State; the time for appeal of the civil court judgment has elapsed; and it is within one year of the filing of the complaint.

(e) Financial responsibility complaints submitted by equine medical hospitals, horse farms, and thoroughbred horse auction sales authorized by the Board in accordance with Rule 1807 of this Division will be considered, provided such complaints comply with subsections (b), (c) and (d) (1) through (d) (3) of this regulation, and are directly related to the California horse racing operations of a person licensed by the Board.

(1) In the case of horse farms, no financial responsibility complaint for less than one thousand dollars will be considered.

(f) Financial responsibility complaints that are horse racing related wage disputes originating between persons licensed by the Board will be considered and are exempt from subsection (d) (3) of this regulation.

Authority: Sections 19440 and 19460,  
Business and Professions Code.

Reference: Sections 19440, 19460 and 19461,  
Business and Professions Code.

**NOTICE OF PROPOSAL TO AMEND  
RULE 1974. WAGERING INTEREST  
RULE 1954.1. PARLAY WAGERING ON WIN, PLACE OR SHOW  
RULE 1957. DAILY DOUBLE  
RULE 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**

The California Horse Racing Board (Board) proposes to amend the regulations described below after considering all comments, objections or recommendations regarding the proposed action.

**PROPOSED REGULATORY ACTION**

The Board proposes to amend Rule 1974, Wagering Interest to provide for the circumstances under which a horse may be designated to run in a race for purse only. The Board also proposes to amend pari-mutuel

wagering rules to provide direction in cases where horses that are entered to race, and may have been selected for wagering by horse racing fans, are instead designated to run for purse only. Designating a horse to run for purse only will affect a number of pari-mutuel wagering regulations, which will necessitate their amendment. The pari-mutuel regulations the Board proposes to amend are: Rule 1957, Daily Double; Rule 1959, Special Quinella (Exacta); Rule 1954.1, Parlay Wagering on Win, Place or Show; 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.

## PUBLIC HEARING

The Board will hold a public hearing starting at **9:30 a.m., Thursday, December 16, 2010**, or as soon after that as business before the Board will permit, at the **CHRB Headquarter Offices, 1010 Hurley Way, Suite 300, Sacramento, California**. At the hearing, any person may present statements or arguments orally or in writing about the proposed action described in the informative digest. It is requested, but not required, that persons making oral comments at the hearing submit a written copy of their testimony at the hearing.

## WRITTEN COMMENT PERIOD

Any interested persons, or their authorized representative, may submit written comments about the proposed regulatory action to the Board. The written comment period closes at **5:00 p.m. on December 6, 2010**. The Board must receive all comments at that time; however, written comments may still be submitted at the public hearing. Submit comments to:

Harold Coburn, Regulation Analyst  
California Horse Racing Board  
1010 Hurley Way, Suite 300  
Sacramento, CA 95825  
Telephone: (916) 263-6397  
Fax: (916) 263-6042  
Email: [HaroldC@chr.ca.gov](mailto:HaroldC@chr.ca.gov)

## AUTHORITY AND REFERENCE

Rule 1974: Authority Cited: sections 19420 and 19440, Business and Professions Code. Reference: section 19562, Business and Professions Code.

Business and Professions Code sections 19420 and 19440 authorize the Board to adopt the proposed regulation, which would implement, interpret or make specific section 19562, Business and Professions Code.

Rule 1954.1: Authority Cited: sections 19440 and 19590, Business and Professions Code. Reference: sections 19594 and 19597, Business and Professions Code.

Business and Professions Code sections 19440 and 19590 authorize the Board to adopt the proposed regulation, which would implement, interpret or make specific sections 19594 and 19597, Business and Professions Code.

Rules 1957, 1959, 1976, 1977, 1978, 1979 & 1979.1: Authority Cited: sections 19440 and 19590, Business and

Professions Code. Reference: section 19594, Business and Professions Code.

Business and Professions Code sections 19440 and 19590 authorize the Board to adopt the proposed regulations, which would implement, interpret or make specific section 19594, Business and Professions Code.

Rules 1976.8 & 1976.9: Authority Cited: sections 19440 and 19590, Business and Professions Code. Reference: sections 19593 and 19594, Business and Professions Code.

Business and Professions Code sections 19440 and 19590 authorize the Board to adopt the proposed regulations, which would implement, interpret or make specific section 19593 and 19594, Business and Professions Code.

#### INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

Business and Professions Code section 19420 provides that jurisdiction and supervision over meetings in California where horse races with wagering on their results are conducted, and over all persons or things having to do with the operation of such meetings, is vested in the Board. Business and Professions Code section 19440 states the Board shall have all powers necessary and proper to enable it to carry out the purposes of Chapter 4, Business and Professions Code. Responsibilities of the Board include adopting rules and regulations for the protection of the public and the control of horse racing with pari-mutuel wagering, and administration and enforcement of all laws, rules and regulations affecting horse racing and pari-mutuel wagering. Business and Professions Code section 19562 states the Board may prescribe rules, regulations and conditions, consistent with the provisions of Chapter 4, Business and Professions Code, under which all horse races with wagering on their results shall be conducted in California. Business and Professions Code section 19563 states the Board may adopt any rules and regulations of the United States Trotting Association, not inconsistent with Chapter 4, Business and Professions Code, for the regulation of harness racing. Business and Professions Code section 19590 provides that the Board shall adopt rules governing, permitting, and regulating pari-mutuel wagering on horse races under the system known as the pari-mutuel method of wagering. Pari-mutuel wagering shall be conducted only by a person licensed under Chapter 4 to conduct a horse racing meeting. Business and Professions Code section 19593 states no method of betting, pool making, or wagering other than by the pari-mutuel method shall be permitted or used by any person licensed under this chapter to conduct a horse racing meeting. Business and Professions Code section 19594 states any person within the inclosure where a horse racing meeting is authorized may wager on the result of a horse race held at that meeting by contributing his money to the pari-mutuel pool operated by the licensee under Chapter 4, Business and Professions Code. Business and Professions Code section 19597 provides that a person licensed under Chapter 4 to conduct a horse racing meeting shall, as to any payment made to a person who has wagered by contributing to a pari-mutuel pool operated by such licensee, also deduct the applicable breakage, as defined by section 19405.

Rule 1974 provides a definition of wagering interest, which may be any one horse entered in a race, or one or more horses coupled as a single wagering interest. When horses are coupled they are referred to as an “entry” or the “field.” Under Board Rule 1606, Coupling of Horses, two or more horses must be coupled as a single wagering interest and as an entry (or field) when they are owned in whole or in part by the same person or persons. Rule 1606 provides exemptions for certain partnerships and for quarter horse races. If a horse racing fan places a wager on a horse that is part of a coupled entry or field, he or she is – in effect – placing a wager on the entire entry. As an example, if the wager is a conventional “win-place-show” on the coupled entry or field, any one horse in the coupled entry or field may place for the wager to be successful. If the horse racing fan

places an exotic wager such as a Select 4, and the Select 4 ticket designates a coupled entry in one leg of the wager, any horse in the coupled entry may place first in that race for the fan to be successful in that leg of the wager. (However, the fan must successfully select winners in each of four races to win a portion of the Select 4 pool.) There may be advantages to wagering on a coupled entry, but many horse racing fans also see disadvantages. This is especially true when the “good horse,” or the horse they actually wanted to wager on, is scratched or declared from the race. In such instances Rule 1974 currently provides that a declaration or withdrawal of one horse from a wagering interest that consists of more than one horse shall have no effect on any wagers made on such wagering interest. If a horse is withdrawn or declared from a multiple entry, racing fans have no recourse because the wager is still valid. If patrons are in a position to cancel their wagers the problem can be avoided, but many wagers involve multiple races, so the wagers cannot be canceled once the sequence has begun. Also, many patrons make wagers and become otherwise occupied, only to learn later about the scratch. To provide patrons with alternatives if a horse is declared or withdrawn from a coupled entry or a field the Board proposes to amend Rule 1974. Subsection 1974(b) has been modified to provide that a declaration or withdrawal of one horse from a wagering interest that consists of more than one horse shall constitute the declaration or withdrawal of the coupled entry or field. This will prevent those who wagered on the coupled entry or field from being “stuck” with the remaining horses in that wagering interest. Persons who have made selections that include the coupled entry or the field will be treated as if the entire entry was declared or withdrawn. Depending on the regulation that governs the wager, such persons may make an alternate selection, may receive the actual favorite as a substitute, or may receive a refund on the cost of their tickets. Subsection 1974(b) has been further modified to provide that any horses remaining in the coupled entry or field which have not been declared or withdrawn shall start in the race as non-wagering interests for the purse only, and shall be disregarded for pari-mutuel purposes. This protects horse owners, because the horses that remained in the coupled entry or field will still be allowed to run for the purse. A new subsection 1974(c) has been added to provide additional protection for owners and trainers whose entered horse has been removed from the wagering pool due to a totalizator error or any other error that was not of the owner or trainer’s making. Occasionally human error will cause the wrong information to be entered in the totalizator system when a horse is declared or scratched from a race. This will cause the public to believe a different horse has been withdrawn. As a remedy to such situations subsection 1974(c) will allow the horse that has been removed from the wagering pool in error to start in the race as a non-wagering interest for purse only. In accordance with the type of wager, patrons who hold tickets that selected such horses will have the opportunity to select an alternative wagering interest, or will receive a refund.

Board rules governing specific types of pari-mutuel wagers contain subsections that address horses coupled as an entry or the field in accordance with Rule 1974. In each case the rules provide that wagers selecting entries comprised of multiple horses will not be affected if a horse from such a wagering interest is declared or withdrawn from a race. This is because under Rule 1974 a wager on a coupled entry or the field is considered a wager on the remaining part of the entry if any part of the entry starts for pari-mutuel purposes. The Board has determined it is necessary to amend a number of rules governing pari-mutuel wagering to accommodate the proposed amendment of Rule 1974, which would cause the horses remaining in the coupled entry or the field, or horses removed from the wagering pool in error, to run for purse only. The proposed amendments mirror the provisions set forth in each regulation for wagering interests that are scratched, declared or prevented from running. Depending on the regulation, if a horse were to be designated to run for purse only and disregarded for pari-mutuel purposes, then any tickets selecting such horses may be canceled, or the association may provide a substitute, or the holder of the ticket may select an alternative wagering interest. The Board proposes to amend Rule 1954.1, Parlay Wagering on Win, Place or Show, to provide that if a wagering interest is designated to run for purse only in accordance with Rule 1974, the parlay shall consist of the remaining legs. In addition,

subsection 1954.1(h) has been amended to require that the entire coupled entry or field start in a race for a wager on the entry to be considered a wager on the remaining part of the entry. Rule 1957, Daily Double, has been amended to provide that if a horse is designated to run for purse only before the first race is run, any tickets selecting the entry will be deducted from the pool and refunded. In addition, subsection 1957(i) has been amended to provide that if a horse is designated to run for purse only after the first race is completed, all tickets selecting such horses shall be deducted from the pool, and if they combine the winner of the first race with the designated horse, they shall be paid as a straight pool. Subsection 1957(j) has also been amended to require that the entire coupled entry or field start in a race for a wager on the entry to be considered a wager on the remaining part of the entry. Rule 1959, Special Quinella (Exacta) has been amended to add a new subsection 1959(d) (1), which provides that if any horse in a coupled entry or the field is declared or withdrawn from a race comprising the Special Quinella, the remaining horses in the entry or the field will be designated to run for purse only, and all tickets selecting such horses shall be withdrawn from the pool and refunded. In addition, subsection 1959(e) has been amended to provide that if a horse that is entered in a Special Quinella race is designated to run for purse only after the wagering has commenced, tickets selecting such horses shall be deducted from the pool and shall be refunded. Rule 1976, Unlimited Sweepstakes, has been amended to provide that the actual favorite will be substituted for any selection that is designated to run for purse only in a race comprising the Unlimited Sweepstakes. Rule 1976.8, Place Pick (n) has been amended to provide that the racing association or the patron may substitute an alternate wagering interest if a ticket in any Place Pick (n) race selects a horse that is designated to run for purse only. Rule 1976.9, Pick (n) Pool, has been amended to allow the racing association to substitute the favorite for a horse in a Place Pick (n) race that has been designated to run for purse only. Rule 1977, Pick Three, has been amended to provide that if a horse is designated to run for purse only from any leg of the Pick Three prior to the running of the first leg, tickets selecting such horse shall be refunded. In addition, subsections 1977(i), 1977(j) and 1977(k) have been modified to provide for consolation payouts that if a wagering interest is designated to run for purse only in the second or the third leg of the wager, or in both the second and the third legs of the wager. Rule 1978, Select Four, has been amended to allow the racing association to substitute the actual favorite for any horse that is designated to run for purse only in any of the races comprising the Select Four wager. Rule 1979, Trifecta, has been amended to state the racing association may exchange any ticket that includes a horse designated to run for purse only if such designation takes place before wagering is closed. If a horse is designated to run for purse only after wagering on the Trifecta is closed, any ticket selecting the designated horse shall be eliminated from the pool and the purchase price refunded. Rule 1979.1, Superfecta, has been amended to provide that before wagering on the Superfecta closes the racing association may exchange any ticket selecting a horse that is designated to run for purse only. If wagering on the Superfecta has closed, tickets selecting a horse that is designated to run for purse only shall be eliminated from the pool and refunded. Additional changes to the regulations are for purposes of consistency and clarity.

#### DISCLOSURE REGARDING THE PROPOSED ACTION

Mandate on local agencies and school districts: none.

Cost or savings to any state agency: none.

Cost to any local agency or school district that must be reimbursed in accordance with Government Code Section 17500 through 17630: none.

Other non-discretionary cost or savings imposed upon local agencies: none.

Cost or savings in federal funding to the state: none.

The Board has made an initial determination that the proposed amendment of Rule 1974, and the amendment of Rules 1954.1; 1957; 1959; 1976; 1976.8; 1976.9; 1977; 1978; 1979 and 1979.1 will not have a significant statewide adverse economic impact directly affecting business including the ability of California businesses to compete with businesses in other states.

Cost impacts on representative private persons or business: The Board is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Significant effect on housing costs: none.

The adoption of the proposed amendment of Rule 1974, and of Rules 1954.1; 1957; 1959; 1976; 1976.8; 1976.9; 1977; 1978; 1979 and 1979.1 will not (1) create or eliminate jobs within California; (2) create new businesses or eliminate existing businesses within California; or (3) affect the expansion of businesses currently doing business within California.

Effect on small businesses: none. The proposed amendment of Rule 1974, and of Rules 1954.1; 1957; 1959; 1976; 1976.8; 1976.9; 1977; 1978; 1979 and 1979.1 does not affect small businesses because horse racing associations in California are not classified as small businesses under Government Code Section 11342.610. Rule 1974 addresses coupling of horses and the definition of wagering interest. Rules 1954.1; 1957; 1959; 1976; 1976.8; 1976.9; 1977; 1978; 1979 and 1979.1 authorize specific types of pari-mutuel wagering in California.

## CONSIDERATION OF ALTERNATIVES

In accordance with Government Code Section 11346.5, subdivision (a)(13), the Board must determine that no reasonable alternative that is considered, or that has otherwise been identified and brought to the attention of the Board, would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

The Board invites interested persons to present statements or arguments with respect to alternatives to the proposed regulations at the scheduled hearing or during the written comment period.

## CONTACT PERSONS

Inquiries concerning the substance of the proposed action and requests for copies of the proposed texts of the regulations, the initial statement of reasons, the modified texts of the regulations, if any, and other information upon which the rulemaking is based should be directed to

Harold Coburn, Regulation Analyst  
California Horse Racing Board  
1010 Hurley Way, Suite 300  
Sacramento, CA 95825

Telephone: (916) 263-6397  
E-Mail: [HaroldC@chr.ca.gov](mailto:HaroldC@chr.ca.gov)

If the person named above is not available, interested parties may contact:

Andrea Ogden,  
Policy and Regulation Unit  
Telephone: (916) 263-6033

#### AVAILABILITY OF INITIAL STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATION

The Board will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its office at the above address. As of the date this notice is published in the Notice Register, the rulemaking file consists of this notice, the proposed texts of the regulations, and the initial statement of reasons. Copies may be obtained by contacting Harold Coburn, or the alternate contact person at the address, phone number or e-mail address listed above.

#### AVAILABILITY OF MODIFIED TEXT

After holding a hearing and considering all timely and relevant comments received, the Board may adopt the proposed regulations substantially as described in this notice. If modifications are made which are sufficiently related to the originally proposed texts, the modified texts – with changes clearly marked – shall be made available to the public for at least 15 days prior to the date on which the Board adopts the regulations. Requests for copies of any modified regulations should be sent to the attention of Harold Coburn at the address stated above. The Board will accept written comments on the modified regulations for 15 days after the date on which they are made available.

#### AVAILABILITY OF FINAL STATEMENT OF REASONS

Requests for copies of the final statement of reasons, which will be available after the Board has adopted the proposed regulations in their current or modified form, should be sent to the attention of Harold Coburn at the address stated above.

#### BOARD WEB ACCESS

The Board will have the entire rulemaking file available for inspection throughout the rulemaking process at its web site. The rulemaking file consists of the notice, the proposed text of the regulations, and the initial statement of reasons. The Board's Internet address is: [www.chrb.ca.gov](http://www.chrb.ca.gov).

#### INITIAL STATEMENT OF REASONS

RULE 1974. WAGERING INTEREST  
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  
RULE 1979.1. SUPERFECTA

## SPECIFIC PURPOSE OF THE REGULATIONS

The Board proposes to amend Rule 1974, Wagering Interest, to provide the circumstances under which a horse may be designated to run in a race for purse only and disregarded for pari-mutuel purposes. The amendment to Rule 1974 also changes the status of the horses remaining in a coupled entry or the field upon the withdrawal of one or more horses from a coupled entry or the field. The Board also proposes to amend pari-mutuel wagering rules to provide direction when a horse that is entered in a race that comprises a particular pari-mutuel wager is designated to run for purse only. The pari-mutuel regulations the Board proposes to amend are: 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.

## NECESSITY

Board Rule 1974 provides a definition of “wagering interest,” which can be one horse entered in a race, or two or more horses that are coupled as a single wagering interest as an entry or the field. A wager on a coupled entry or field includes every horse in the wagering interest, so the wager remains valid if one or more horses is declared or withdrawn from a race. Under Rule 1974, the patron whose wager includes a selection on an entry or field is left with a wager on the remaining horse(s) in that selection if a horse is withdrawn or declared. If the declaration or withdrawal occurs prior to the race, patrons may have time to cancel any tickets that selected the multiple horse entry; but that is often not the case. Many patrons place wagers then become otherwise involved and may not pay attention to the race program, or the declaration or withdrawal of the horse is made after the first leg of the wager has been run. This can leave a patron who has made a multiple race wager with a ticket they cannot cancel, and a horse he might not have selected if it had been a single wagering interest. A number of patrons consider this practice “unfair” and complain about being left with an inferior horse.

The Board proposes to amend Rule 1974 to provide patrons with wagering alternatives if a horse is withdrawn or declared from their wagering selections that involve coupled entries or the field. Subsection 1974(b) has been modified to provide that a declaration or withdrawal of one horse from a wagering interest that consists of more than one horse shall constitute the declaration or withdrawal of the coupled entry or field. This will prevent those who wagered on the coupled entry or field from being “stuck” with the remaining horses in that wagering interest. Persons who have made selections that include the coupled entry or the field will be treated as if the entire entry was declared or withdrawn. Depending on the regulation that governs the wager, such persons may make an alternate selection; may receive the actual favorite as a substitute; or may receive a refund on the cost of their tickets. Subsection 1974(b) has been further modified to provide that any horses remaining in the coupled entry or field which have not been declared or withdrawn shall start in the race as non-wagering interests for the purse only, and shall be disregarded for pari-mutuel purposes. Not only does this allow patrons to modify any wagers that include the coupled entry or field, it also protects horse owners, because the horses that remained in the coupled entry or field will still be allowed to run for the purse. A new subsection 1974(c)

has been added to provide additional protection for the owner and trainer whose horse has been removed from the wagering pool due to a totalizator error or any other error that was not of the owner or trainer's making. Occasionally human error will cause the wrong information to be entered in the totalizator system when a horse is declared or scratched from a race. Instead of reporting the declared or withdrawn horse, the totalizator will identify another horse as declared or withdrawn. This will cause the public to believe a different horse has been withdrawn. As a remedy, subsection 1974(c) will allow the horse that has been removed from the wagering pool in error to start in the race as a non-wagering interest for purse only. In accordance with the type of wager, patrons who hold tickets that selected such horses will have the opportunity to select or be assigned an alternative wagering interest, or will receive a refund (as provided under the regulation governing the pari-mutuel wager). A new subsection 1974(d) requires that if a horse is removed from the wagering pool to start in a race as a non-wagering interest for purse only, the circumstances shall be announced over the public address system when the action is taken, and the racing association shall also inform off-track wagering outlets. This is necessary to inform the wagering public that they may need to exchange tickets that selected the horses removed from the wagering pool, or that the provisions of the regulations governing their wagers will be enacted. Informing the off-track wagering outlets is necessary, as it will inform persons who place wagers at satellite wagering facilities, or via advance deposit wagering outlets.

Board rules governing specific types of pari-mutuel wagers contain subsections that address horses coupled as an entry or the field in accordance with Rule 1974. In each case the rules provide that wagers selecting entries comprised of multiple horses will not be affected if a horse from such a wagering interest is declared or withdrawn from a race. This is because under the current Rule 1974 a wager on a coupled entry or the field is considered a wager on the remaining part of the entry if any part of the entry starts for pari-mutuel purposes. The Board has determined it is necessary to amend a number of rules governing pari-mutuel wagering to accommodate the proposed amendment of Rule 1974, which would cause the horses remaining in the coupled entry or the field, or horses removed from the wagering pool in error, to run for purse only. The proposed amendments mirror the provisions set forth in each regulation for wagering interests that are scratched, declared or prevented from running. Depending on the regulation, if a horse were to be designated to run for purse only and disregarded for pari-mutuel purposes, then any tickets selecting such horses may be canceled, or the association may provide a substitute, or the holder of the ticket may select an alternative wagering interest. The Board proposes to amend Rule 1954.1, Parlay Wagering on Win, Place or Show, to modify subsection 1954.1(g) to provide that if a wagering interest is designated to run for purse only in accordance with Rule 1974, the parlay shall consist of the remaining legs. This is consistent with how Rule 1954.1 treats wagering interests that are scratched or declared a non-starter for wagering purposes. In addition, subsection 1954.1(h) has been amended to state that the entire coupled entry or field must start in a race for a wager on the entry to be considered a wager on the remaining part of the entry. This is necessary because if a horse were declared or withdrawn from the coupled entry or the field, the remaining horses would be designated to run for purse only (under the amended Rule 1974). Rule 1957, Daily Double, has been amended to modify subsection 1957(h) to provide that if a horse is designated to run for purse only before the first race is run, any tickets selecting the entry will be deducted from the pool and refunded. This is consistent with how Rule 1957 treats horses that are scratched or excused by the stewards before the first leg of the Daily Double runs. In addition, subsection 1957(i) has been amended to provide that if a horse is designated to run for purse only after the first race is completed, all tickets selecting such horses shall be deducted from the pool, and if they combine the winner of the first race with the designated horse, they shall be paid as a straight pool. This is consistent with how subsection 1957(i) works with horses scratched or excused by the stewards in the second race of the Daily Double. Subsection 1957(j) has also been amended to state that the entire coupled entry or field must start in a race for a wager on the entry to be considered a wager on the remaining part of the entry. This will bring Rule

1957 in line with the amended Rule 1974. Rule 1959, Special Quinella (Exacta) has been amended to modify subsection 1959(d) to remove the provision that states if any part of the entry or the field is a starter, there shall be no refund to persons wagering on such entry or field. This provision is not consistent with the proposed amendment to Rule 1974. A new subsection 1959(d)(1) has been added to provide that if any horse in a coupled entry or the field is declared or withdrawn from a race comprising the Special Quinella, the remaining horses in the entry or the field will be designated to run for purse only, and all tickets selecting such horses shall be withdrawn from the pool and refunded. This is consistent with how Rule 1959 provides for horses that are scratched or withdrawn. In addition, subsection 1959(e) has been amended to provide that if a horse that is entered in a Special Quinella race is designated to run for purse only after the wagering has commenced, tickets selecting such horses shall be deducted from the pool and shall be refunded. This is consistent with the provisions of Rule 1959 regarding horses that are scratched or excused after wagering has commenced. Rule 1976, Unlimited Sweepstakes, has been modified to amend subsection 1976(e) to remove the provision that states if any part of an entry or the field racing as a single wagering interest is a starter in a race the entry or the field shall remain as the designated selection to win in that race. This was necessary as the provision was not consistent with the proposed amendment to Rule 1974, which requires all horses in a coupled entry or field to start for pari-mutuel purposes for a wager on the coupled entry or field to be considered a wager on the remaining horses in the entry. Subsection 1976(h) has been modified to provide that the actual favorite will be substituted for any selection that is designated to run for purse only in a race comprising the Unlimited Sweepstakes. This is consistent with how Rule 1976 treats selections in the Unlimited Sweepstakes that are scratched, excused or determined to be nonstarters. Rule 1976.8, Place Pick (n), subsection 1976.8(d), has been amended to provide that the entire entry comprising a coupled entry or the field must start for pari-mutuel purposes for a wager on a coupled entry or field to be considered a wager on the remaining part of the couple entry or field. This brings the subsection in line with the amended Rule 1974. Subsection 1976.8(e) has been amended to provide that the racing association or the patron may substitute an alternate wagering interest if a ticket in any Place Pick (n) race selects a horse that is designated to run for purse only. This is consistent with how the regulation provides for wagering interests that are scratched, excused or determined to be non-starters. Subsection 1976.9(d) of Rule 1976.9, Pick (n) Pool, has been amended to allow the racing association to substitute the favorite for a horse in a Place Pick (n) race that has been designated to run for purse only. Under subsection 1976.9(d) the racing association may also allow patrons to select an alternate wagering interest. This is consistent with how Rule 1976.9 resolves Pick (n) Pool tickets that select wagering interests that are scratched. Subsection 1977(c) of Rule 1977, Pick Three, has been amended to provide that the entire entry must start for pari-mutuel purposes for a wager on a coupled entry or field to be considered a wager on the remaining part of the coupled entry or field. This will bring Rule 1977 in line with the amended Rule 1974. Subsection 1977(h) has been amended to provide that if a horse is designated to run for purse only from any leg of the Pick Three prior to the running of the first leg, tickets selecting such horse shall be refunded. This is consistent with the provisions of Rule 1977 regarding tickets that selected horses that are scratched or declared non-starters from any leg of the Pick Three prior to the running of the first leg of the wager. In addition, subsections 1977(i), 1977(j) and 1977(k) have been modified to provide for consolation payouts that if a wagering interest is designated to run for purse only in the second or the third leg of the wager, or in both the second and the third legs of the wager. This ensures that Pick Three tickets selecting horses to run for purse only will be treated in a manner consistent with horses scratched or declared non-starters in the second or third leg of the wager. Subsection 1978(e) of Rule 1978, Select Four, has been amended to remove language that states if any part of a coupled entry or the field is a starter for pari-mutuel purposes, the selection shall not be considered a scratch. This has the effect of requiring the entire coupled entry or field to start in the race for pari-mutuel purposes, which is consistent with the provisions of the amended Rule 1974. Under the amended Rule 1974, if a horse is withdrawn from the coupled entry or the field, the remaining horses will be designated

to run for purse only, and removed from the Select Four pari-mutuel pool. Subsection 1978(m) has been amended to allow the racing association to substitute the actual favorite for any horse that is designated to run for purse only in any of the races comprising the Select Four wager. This is consistent with the manner in which the regulation handles Select Four tickets that designate wagering interests that are scratched, excused or determined to be non-starters. Subsection 1979 (c) of Rule 1979, Trifecta, has been amended to require the entire coupled entry or field to start in a Trifecta race for a wager to be considered a wager on the entire entry. This is consistent with the amended Rule 1979, which states that if a horse is declared or withdrawn from a coupled entry or field, the remaining horses must run for purse only and will not be considered for pari-mutuel purposes. Subsection 1979(g) has been amended to state that the racing association may exchange any ticket that includes a horse designated to run for purse only if such designation takes place before wagering is closed. If a horse is designated to run for purse only after wagering on the Trifecta is closed, any ticket selecting the designated horse shall be eliminated from the pool and the purchase price refunded. This is consistent with Rule 1979's provisions for Trifecta tickets selecting wagering interests that are scratched or declared a non-starter. Subsection 1979.1(c) of Rule 1979.1, Superfecta, has been amended to provide that the entire coupled entry or field must start in a race before a wager on the coupled entry or field is considered a wager on the remaining part of the entry. This is consistent with the amended Rule 1974, which designates the remaining horses in a coupled entry or field to run for purse only if a horse is withdrawn or declared from the entry. Subsection 1979.1(g) has been amended to state that before wagering on the Superfecta closes the racing association may exchange any ticket selecting a horse that is designated to run for purse only. If wagering on the Superfecta has closed, tickets selecting a horse that is designated to run for purse only shall be eliminated from the pool and refunded. This is consistent with Rule 1979.1's provisions for Superfecta tickets selecting wagering interests that are scratched or declared non-starters. Additional changes to the regulations are for purposes of consistency and clarity.

#### TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS OR DOCUMENTS.

The Board did not rely on any technical, theoretical, and/or empirical study, reports or documents in proposing the repeal and amendment of these of these regulations.

#### ALTERNATIVE TO THE PROPOSED REGULATORY ACTIONS THAT WOULD LESSEN ANY ADVERSE IMPACT ON AFFECTED PRIVATE PERSONS OR BUSINESSES.

The Board has determined that there were no alternatives considered which would be more effective in carrying out the purposes of the proposed regulations or would be more effective and less burdensome to affected private persons or businesses than the proposed regulations.

#### PROPOSED TEXTS

1974. Wagering Interest.

(a) 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."

(b) A declaration or withdrawal of one horse from a wagering interest ~~which~~ that consists of more than one horse shall constitute the declaration or withdrawal of the coupled entry or field, have no effect on any wagers made on such wagering interest. ~~and any horses remaining in the coupled entry or field which have not~~



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

#### 1957. Daily Double.

(a) The Daily Double is a separate ~~parimutuel~~ pari-mutuel 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~~ or is designated to run for purse only in accordance with Rule 1974 of this article shall be deducted from the pool and refunded.

(i) If, after the first race is completed, 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, or designated to run in the second race for purse only in accordance with Rule 1974 of this article, 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~~ the entire coupled entry or field starts for ~~parimutuel~~ pari-mutuel purposes in accordance with Rule 1974 of this article.

(k) 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.

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 pari-mutuel 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 pari-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.

(1) If any horse in a coupled entry or the field is declared or withdrawn from a race comprising the Special Quinella, horses remaining in the coupled entry or field shall be designated to run for purse only in accordance with Rule 1974 of this article, and all tickets including such horses shall be deducted from the Special Quinella pool and money refunded to the purchaser of such tickets.

(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, or if a horse is designated to run for purse only, 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 designated, 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.

1976. Unlimited Sweepstakes.

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

(b) An Unlimited Sweepstakes ~~parimutuel~~ pari-mutuel 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~~ pari-mutuel 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~~ pari-mutuel 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~~ pari-mutuel pool shall be calculated as follows:

(1) One hundred percent (100%) of the net amount in the ~~parimutuel~~ pari-mutuel pool subject to distribution among winning ticket holders shall be distributed among the holders of ~~parimutuel~~ pari-mutuel 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~~ pari-mutuel 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~~ pari-mutuel pool shall be distributed among the holders of ~~parimutuel~~ pari-mutuel 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~~ pari-mutuel 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~~ pari-mutuel 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~~ pari-mutuel 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~~ pari-mutuel 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~~ pari-mutuel tickets which correctly designate the next greatest number of official winners.

(h) In the event an Unlimited Sweepstakes ticket ~~designates~~ includes 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, or if any horse is designated to run for purse only in a race comprising the Unlimited Sweepstakes, 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, or the designated horse, 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~~ pari-mutuel 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~~ pari-mutuel 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~~ pari-mutuel 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~~ pari-mutuel 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~~ pari-mutuel 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~~ pari-mutuel 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.

#### 1976.8. Place Pick (n).

(a) The Place Pick (n) is a separate pari-mutuel pool established by the association on a designated number of races. The pool consists of amounts wagered on a 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~~ the entire entry starts for pari-mutuel purposes in accordance with Rule 1974 of this article.

(e) If a ticket in any Place Pick (n) race ~~selects a wagering interest designates a selection~~ that is scratched, excused or determined by the Stewards to be a nonstarter in the race, or a selection that is designated to run for purse only, the association may substitute 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~~ wagering interest. The actual favorite or the alternate ~~betting~~ wagering interest will be substituted for the ~~nonstarting~~ non-starting or the designated selection for all purposes.

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

(1) In a dead heat for win between two 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 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 races are completed and if four 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.

(j) If the racing surface changes from turf to dirt or dirt to turf in any race of a Place Pick (n), and such change is not announced to the public before the close of wagering on the Place Pick (n) pool, all wagers on such race shall be considered winning wagers for the purposes of the Place Pick (n).

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

Reference: Sections 19593 and 19594,  
Business and Professions Code.

#### 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, or if a horse is designated to run for purse only in accordance with Rule 1974 of this article, the association may ~~designate~~ substitute the favorite for the scratched or designated wagering interest, 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, or horse designated to run for purse only, for all purposes. If the association elects to ~~designate~~ substitute 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 wager 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.

#### 1977. Pick Three.

(a) The Pick Three is a separate pari-mutuel pool established on three 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, 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~~ the entire entry starts for pari-mutuel purposes in accordance with Rule 1974 of this article.

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

(e) In a dead heat for win between two 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 races, the net pool shall be paid for tickets that selected the winner in any two races; and if no ticket selected two winners the net pool shall be paid for tickets that selected the winner of any one race. The association shall refund the entire pool if no ticket selected the winner of any one race.

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

(h) If a wagering interest is scratched (which hereinafter includes being declared a non-starter) from any leg of the Pick Three prior to the running of the first leg, or if a wagering interest is designated to run for purse only in accordance with rule 1974 of this article, all wagers containing such scratched or designated wagering interests shall be refunded.

(i) If a wagering interest is scratched or designated to run for purse only from the second leg after the start of the first leg, a consolation payout shall be computed for those wagers combining the winners of the first and third legs with such scratched or designated horse(s) as follows: The amount represented by wagers on combinations involving horse(s) scratched or designated to run for purse only from the second leg shall be deducted from the gross pool. The resulting pool, net of takeout, shall be distributed as a win pool among tickets combining the winners of the first and third legs with horse(s) designated to run for purse only or scratched from the second leg.

(j) If a wagering interest is designated to run for purse only or scratched from the third leg after the start of the second leg, a consolation payout shall be computed for those wagers combining the winners of the first and second legs with such designated or scratched horse(s) as follows: The amount represented by wagers on combinations involving horse(s) designated to run for purse only or scratched from the third leg shall be

deducted from the gross pool. The resulting pool, net of takeout, shall be distributed as a win pool among tickets combining the winners of the first and second legs with horse(s) designated to run for purse only or scratched from the third leg.

(k) If wagering interests are designated to run for purse only or scratched from both the second and third legs after the start of the first leg, a consolation payout shall be computed for those wagers combining the winner of the first leg with horse(s) designated to run for purse only or scratched from both the second and third legs as follows: The amount wagered on the winner of the first leg combined with all other horse(s) designated or scratched from the second and third legs shall be deducted from the gross pool. The resulting pool, net of takeout, shall be distributed as a win pool among tickets combining the winner of the first leg with horse(s) designated to run for purse only or scratched from both the second and third legs.

(l) 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 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.

#### 1978. Select Four.

(a) The Select Four ~~parimutuel~~ pari-mutuel pool is not a parlay and has no connection with or relation to any other ~~parimutuel~~ pari-mutuel 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~~ 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~~ pari-mutuel 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~~ pari-mutuel 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~~ pari-mutuel 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~~ pari-mutuel 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~~ pari-mutuel 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~~ pari-mutuel 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~~ pari-mutuel 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~~ includes 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, or if the Select Four ticket includes a selection that is designated to run for purse only in accordance with Rule 1974 of this article, 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 or designated 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 ~~parimutuel~~ pari-mutuel 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.

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 four 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~~ the entire entry starts for pari-mutuel purposes in accordance with ~~Section~~ Rule 1974 of this article.

(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 or designate a horse to run for purse only in accordance with Rule 1974 of this article before wagering is closed, the association may exchange any ticket that includes the scratched or designated horse. After wagering is closed, tickets selecting a scratched or designated 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.

#### 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 six 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~~ entire entry starts for pari-mutuel purposes under Rule 1974 of this article ~~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 or designate a horse to run for purse only in accordance with Rule 1974 of this article before wagering is closed, the association may exchange any ticket that includes the scratched or designated horse. After wagering is closed, tickets selecting a scratched or designated 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.