

CALIFORNIA HORSE RACING BOARD  
NOTIFICATION OF MODIFICATION TO THE TEXT OF THE  
PROPOSED AMENDMENT OF  
RULE 1481, OCCUPATIONAL LICENSES AND FEES  
RULE 2071, LICENSE TO CONDUCT ADVANCE DEPOSIT WAGERING BY A  
CALIFORNIA APPLICANT

Pursuant to the requirements of Government Code Section 11346.8(c) and Section 44 of Title 1 of the California Code of Regulations, the California Horse Racing Board (CHRB or Board) is providing notice of changes that have been made to the text of the proposed amendment of Rule 1481, Occupational Licenses and Fees; and Rule 2071, License to Conduct Advance Deposit Wagering by a California Applicant.

The text of Rule 1481, Occupational Licenses and Fees, has been modified to add a comma to subsection (b)(6). The proposed amendment to the text of Rule 2071, License to Conduct Advance Deposit Wagering by a California Applicant, currently sets the term of license at “up to two years.” Subsection 2071(b) has been changed to remove the words “up to,” which will have the effect of leaving the term of license to conduct ADW by a California applicant at two years. The form Application For License To Conduct Advance Deposit Wagering, CHRB-132 (Rev. 02/19) (CHRB-132), which is incorporated by reference in Rule 2071, has been modified to: 1) change subsection 3.B.10. to remove “California Corporations Commission,” which no longer exists, and insert “Department of Business Oversight”; 2) change subsection 3.B.11. to require that the prior two year’s annual profit and loss statements for California operations only be submitted; 3) change subsection 3.C.8. to remove “California Corporations Commission,” which no longer exists, and insert “Department of Business Oversight”; 4) changed subsection 3.C.9. to require that the prior two year’s annual profit and loss statements for California operations only be submitted; 5) change subsection 3.D.3. to require the submission of the prior two year’s annual financial statements for the partnership/sole proprietor, and a copy of all reports issued during the preceding 24 months to shareholders/and or the Security and Exchange Commission and/or the Department of Business Oversight; 6) change subsection 3.D.4. to require the prior two year’s annual profit and loss statements for the California ADW operations only be submitted. All other changes to the CHRB-132 were for the purposes of clarity and consistency. The form Application For Approval to Conduct Advance Deposit Wagering, CHRB-133 (Rev. 02/19) (CHRB-133), which is incorporated by reference in Rule 2072, has been modified to: 1) add a period to subsection 3.B.4.; 2) in subsection 3.B.5. add an “s” to the word “share” and a closing parenthesis; 3) in subsection 3.B.10. change the period the required annual financial statements for the corporation must cover from the preceding 12 months to the preceding 24 months; 4) in subsection 3.B.11. clarify that two year’s annual profit and loss statements are required by adding the word “two”; 5) modify subsection 3.C.4. to collect the CHRB occupational license number of the ADW provider’s officers and directors; 6) modify subsection 3.C.8. to require the submission of the prior two years annual financial statements, and copies of all reports issued during the preceding 24 months; 7) modify subsection 3.C.9. to

require that the prior two year's annual profit and loss statements for the California ADW operations only be submitted; 8) modify subsection 3.C.9. To require two year's annual financial statements and all reports for the preceding 24 months be submitted; 9) modify subsection 3.D.3. to require that the prior two year's annual financial statements and a copy of all reports issued during the preceding 24 months be submitted; 10) modify subsection 3.D.4. to require the prior two year's annual profit and loss statements for California ADW operations only be submitted. All other changes to the CHRB-133 were for the purposes of clarity and consistency.

The original amendments were noticed to the public on March 1, 2019 and were the subject of a public hearing on April 18, 2019. The modifications reflected in this Notice are in response to recommendations made by the Office of Administrative Law.

A copy of the full text of the regulations with the proposed changes indicated is attached for your review. Additions to the originally proposed language appear in double underlined text and deletions are shown in ~~double strikeout~~.

Any interested person may submit a written statement relating to the modified language during the public comment period from **August 5, 2019 to August 19, 2019**. The written comment period will close **August 19, 2019**. Submit written comments to:

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

All written comments received by the CHRB by **August 19, 2019**, which pertain to the indicated changes, will be reviewed and responded to by the Board's staff as part of the completion of the rulemaking file. Please limit your comments to the modifications to the text, which appear either in double underline or in ~~double strikeout~~.

Questions concerning the proposed amendment may be addressed to Harold Coburn at (916) 263-6026, or at [haroldc@chrb.ca.gov](mailto:haroldc@chrb.ca.gov), or at the address above. If Harold Coburn is not available, questions concerning the proposed amendment may be directed to Robert Brodник, Staff Counsel, at (916) 263-6025.

CALIFORNIA HORSE RACING BOARD  
August 5, 2019

CALIFORNIA HORSE RACING BOARD  
TITLE 4. CALIFORNIA CODE OF REGULATIONS  
ARTICLE 4. OCCUPATIONAL LICENSES  
PROPOSED AMENDMENT OF  
RULE 1481. OCCUPATIONAL LICENSES AND FEES

1481. Occupational Licenses and Fees.

No person required to be licensed shall participate or attempt to participate in a race meeting without holding a valid license authorizing that participation.

(a) A person acting in any capacity within the restricted area of an inclosure, simulcast facility or auxiliary stabling area shall procure the appropriate license(s) and pay the fee required.

(b) A person acting in any of the following capacities shall procure the appropriate license(s) and pay the fee required:

- (1) Horse Owner by Open Claim ..... \$250
- (2) Officer, Director, Partner, or any individual or person who holds 5% or more of the outstanding shares of an advance deposit wagering, mini-satellite wagering or exchange wagering provider, racing association, simulcast service supplier, or totalizator company ..... \$200
- (3) Horse Owner..... \$150
- (4) Trainer, Assistant Trainer, Driver, Jockey, Apprentice Jockey, Jockey Agent ..... \$150
- (5) Veterinarian ..... \$150

- (6) Steward, Associate Steward, Steward (Veterinary Service), Simulcast Facility Supervisor, Assistant Simulcast Facility Supervisor, Racing Official, Administrative or Managerial personnel including General Manager of a racing association, advance deposit wagering, mini-satellite wagering or exchange wagering provider, simulcast organization or an intrastate guest association, who exercise control over other licensees, horse racing, pari-mutuel wagering, ~~or~~ simulcast operations, or whose duties routinely require access to restricted areas of the inclosure ..... \$150
- (7) Bloodstock Agent ..... \$150
- (8) Valet, Jockey Room or Drivers' Room Attendant or Custodian or Service Person, Colors  
 Attendant, Paddock Attendant ..... \$75
- (9) Assistant to a Racing Official or Official, Assistant General Manager of a racing association, simulcast organization or an intrastate guest association, Assistant Starter, Assistant to the Veterinarian, Assistant Manager, Announcer, Paymaster of Purses, Superintendent, Starting Gate Driver, Flagman, Marshal, Stewards' Aide ..... \$75
- (10) Exercise Rider, Pony Rider, Outrider ..... \$75
- (11) Horseshoer, Stable Agent, Vendor or Vendor's Employee when duties require access to the restricted area, Stable Foreman ..... \$75
- (12) Pari-mutuel Employee, Totalizator Technician, Video Operator, Photofinish Operator ..... \$75
- (13) Security Officer, Security Guard, Stable Gateman, Fire Guard, Security Investigator \$75

(14) Clerical Employee or Uncategorized Employee of a racing association, intrastate guest association, simulcast organization, simulcast service supplier, totalizator company, horsemen's organization or concessionaire when employed in a restricted area..... \$75

(c) A person acting in the capacity of Backstretch Event Personnel, Groom, Provisional Exercise\_Rider, Stable Employee or Stable Assistant shall procure the appropriate annual license. The fee for an original license is \$35, and the annual renewal of license is \$20.

(d) A person acting in the capacity of Authorized Agent shall register an authorized agent agreement and registration of authorized agent and pay a fee of \$25 for each registration.

(e) A person or persons electing to conduct racing operations by use of a Stable Name, or stable name group, shall register the Stable Name, or stable name group, and pay a fee of \$300.

(f) A person or persons conducting racing operations as a syndicate, an entity running under a stable name group or as a partnership having more than ten general partners or having one or more limited partners shall register the syndicate, entity running under a stable name group or partnership as a multiple ownership and pay a fee of \$300.

(g) A person participating in any capacity required to be licensed under this rule who participates or attempts to participate at a mule racing meeting shall procure an annual Mule Racing Participant license and pay an annual fee of \$25. A license for participating

in a mule racing meeting is valid only at mule racing meetings and any license otherwise valid for horse racing meetings is not valid for mule racing meetings.

(h) A person whose license-identification card is lost, destroyed or mutilated shall procure a replacement license-identification card and pay a fee of \$15.

(i) A person who elects to participate in the Association of Racing Commissioners International (ARCI) Licensing Reciprocity Program shall pay the associated costs charged by the ARCI and the Federal Bureau of Investigation.

(j) The date the payment of the required fee is received and recorded by the Board is the effective date of issuance of a continuous occupational license for the capacity in which licensed. The fees required herein are for the entire period for which the issued license is to be valid.

Authority: Sections 19440, 19510, 19520 and 19704,  
Business and Professions Code.

Reference: Sections 19510, 19520 and 19704,  
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD  
TITLE 4. CALIFORNIA CODE OF REGULATIONS  
ARTICLE 26. ADVANCE DEPOSIT WAGERING  
PROPOSED AMENDMENT OF  
RULE 2071. LICENSE TO CONDUCT ADVANCE DEPOSIT WAGERING  
BY A CALIFORNIA APPLICANT

2071. License to Conduct Advance Deposit Wagering by a California Applicant.

(a) Prior to an Account being established or wagering being conducted the Applicant located in California must be licensed by the Board. All licenses granted shall be subject to the provisions of Business and Professions (~~B&P~~) Code ~~Section~~section 19460 et. seq.

(b) An Applicant for license shall complete an Application for License to Conduct Advance Deposit Wagering, CHRB-132 (~~New Rev. 029/019~~), hereby incorporated by reference, which is available at the Board's administrative office. The Application must be filed not later than 90 days in advance of the scheduled start date of operation. A bond from a surety company admitted in the state of California or other form of financial security in the amount of \$500,000 must accompany the Application. The term of the license shall be ~~up to~~ two years from the date the license is issued.

(c) Applicants shall establish security access policies and safeguards pursuant to ~~B&P~~ Business and Professions Code Section 19604.

(d) Applicants that accept wagers from California residents shall provide a full accounting and verification of the source of the wagers, and a detailed wagering information file that includes, but is not limited to, dollar amount wagered, pool on which the wager was placed, race number and racing venue, zone, breed, zip code of the Account Holder, time wagering stopped, and time of the wager in the form of a daily download of pari-mutuel data to the Board designated database, ~~California Horse Racing Information~~

~~Management System~~ CHRIMS, Inc., that is compatible with a Comma Delimited Text File.

(e) Applicants shall provide financial information that demonstrates the financial resources to operate Advance Deposit Wagering and provide a detailed budget that shows anticipated revenue, expenditures and cash flows by month projected for the term of the license.

(f) The Board may conduct investigations, inspections or request additional information from the Applicant as it deems appropriate in determining whether to approve the license.

(g) The Board, or its designee, shall be given access for review and audit of all records. The Applicant shall, at their location during hours of operation, make such information available. The Board may require the Applicant to annually submit audited financial statements.

(h) All advertisements shall contain a statement that persons under 18 are not allowed to open or have access to Accounts. All advertisements shall contain contact information for a recognized problem-gambling support organization.

(i) Applicants shall enter into a written contractual agreement with the bona fide labor organization that has historically represented the same or similar classifications of employees at the nearest horse racing meeting.

(j) The Board shall notify the Applicant in writing within 30 calendar days from the receipt date by the Board's administrative office if the Application is complete or deficient. If the Application is deficient, the notice shall include:

(1) Instructions as to what is required of the Applicant to complete the Application.

(2) Instructions for requesting additional time to satisfy the requirements listed in the notification, if needed.

(k) The Board shall approve or deny an Application within 90 calendar days from the receipt date by the Board unless the Applicant requests and is granted additional time to supply information.

(l) If the Board denies an Application, the Applicant has 30 calendar days, from the receipt date of the Board's denial notification, to request a reconsideration of the Board's decision. The request must be in writing and sent to the Board's administrative office. The Board shall respond in writing to the reconsideration request within 30 working days from the receipt date of the request. If reconsideration is denied, the Applicant may file for judicial review in accordance with ~~Section~~section 11523 of the Government Code.

(m) Subsequent to the issuance of a license to conduct Advance Deposit Wagering under this article, changes or amendments to information or operating procedures contained in an Application will be permitted by order of the Board or by Board approval of a request submitted in writing by the Applicant.

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

Reference: Sections 19460 and 19604,  
Business and Professions Code.