

STAFF ANALYSIS  
DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR  
APPROVAL TO CONDUCT ADVANCE DEPOSIT WAGERING OF DK HORSE LLC  
DBA DRAFTKINGS RACING, AN OUT-OF-STATE MULTI-JURISDICTIONAL  
WAGERING HUB, FOR A PERIOD OF TWO YEARS

Board Meeting  
May 13, 2026

An approved out-of-state advance deposit wagering (ADW) provider may accept wagers from California residents on races conducted by an association or fair if an agreement is executed that allows said wagers, and the appropriate horsemen's organization approves the agreement. Such agreements and horsemen's approvals are submitted by the association or fair as part of its race meet application.

Breeds of racing on which wagers will be accepted from California residents on races conducted **out-of-state**: Thoroughbred

Required Information	Status	Comments	CHRB Rule/Law
Surety Bond	<input checked="" type="checkbox"/> Accepted <input checked="" type="checkbox"/> Follow-Up Required <input type="checkbox"/> Outstanding	Term of \$500,000 surety bond is continuous beginning on 02/17/26.	<a href="#">Rule 2072(b)</a>
Financial Statements	<input checked="" type="checkbox"/> Accepted <input type="checkbox"/> Follow-Up Required <input type="checkbox"/> Outstanding	Review of financials completed on 04/07/26.	<a href="#">Rule 2072(e)</a>
Profit & Loss Statements for California Operations	<input checked="" type="checkbox"/> Accepted <input type="checkbox"/> Follow-Up Required <input type="checkbox"/> Outstanding	N/A	<a href="#">Rule 2072(e)</a>
Business Plan	<input checked="" type="checkbox"/> Accepted <input type="checkbox"/> Follow-Up Required <input type="checkbox"/> Outstanding	Received on 03/24/26.	<a href="#">Rule 2072(e)</a>
Plan of Operation	<input checked="" type="checkbox"/> Accepted <input type="checkbox"/> Follow-Up Required <input type="checkbox"/> Outstanding	Received on 03/24/26.	<a href="#">Rule 2073</a>
Security Access Policy	<input checked="" type="checkbox"/> Accepted <input type="checkbox"/> Follow-Up Required <input type="checkbox"/> Outstanding	Received on 03/24/26.	<a href="#">Rule 2072(c)</a>

Required Information	Status	Comments	CHRB Rule/Law
Hub Agreements	<input checked="" type="checkbox"/> Accepted <input checked="" type="checkbox"/> Follow-Up Required <input type="checkbox"/> Outstanding	Not required for approval of application. Thoroughbred hub agreement with LATC and TOC valid through 12/31/26.	<a href="#">BPC § 19604(b)(2)(B)</a>
Other – Management Personnel Licenses	<input checked="" type="checkbox"/> Accepted <input type="checkbox"/> Follow-Up Required <input type="checkbox"/> Outstanding		<a href="#">Rule 1481(b)(6)</a>
Other – Officers and Directors Licenses	<input checked="" type="checkbox"/> Accepted <input type="checkbox"/> Follow-Up Required <input type="checkbox"/> Outstanding		<a href="#">Rule 1481(b)(2)</a>
Other – Totalizator Contract	<input checked="" type="checkbox"/> Accepted <input type="checkbox"/> Follow-Up Required <input type="checkbox"/> Outstanding	Agreement with United Tote for 10-year term from ADW approval.	

**RECOMMENDATION:** Staff recommends approval of the application. The application as submitted satisfactorily meets all requirements for approval.



## **Alternative Selections for Scratches**

*DK Horse LLC d/b/a DraftKings Racing will not have functionality to accept alternate selections for scratched horses at launch but will shortly thereafter begin the scoping exercise to determine the work necessary and plan to offer this functionality in the future.*

STATE OF CALIFORNIA  
 CALIFORNIA HORSE RACING BOARD (CHRB)  
**APPLICATION FOR APPROVAL TO CONDUCT ADVANCE DEPOSIT WAGERING**  
**CHRB-133 (Rev. 12/22)**

Application is made to the CHRB for approval to conduct Advance Deposit Wagering in accordance with the California Business and Professions Code and CHRB Rules and Regulations (Rule) and the provisions of the Interstate Horseracing Act, 15 U.S.C. 3001 to 3007.

**NOTICE** – By submitting the Application, the out-of-state Applicant consents to the jurisdiction of California courts and the application of California law as to all California wagers and operations.

Application must be filed not later than 90 days in advance of the date scheduled to conduct Advance Deposit Wagering and must be accompanied by a bond from a surety company admitted in the state of California or other form of financial security in the amount of \$500,000.

**1. OUT-OF-STATE MULTI-JURISDICTIONAL WAGERING HUB (out-of-state Hub)**

- A. Name, mailing address, and telephone and fax numbers:
- B. Name, title, license number, and racing jurisdiction where licensed for all management personnel. Identify which management staff is responsible for California operations.

**NOTICE:** Rule 1481 provides that all management personnel responsible for California operations must hold a CHRB license.

Name and title	Racing Jurisdiction Where Licensed	License Number	Responsible for California Operations
Chris Cipolla - GM, New Verticals	Oregon	Applied / Pending	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
			<input type="checkbox"/> Yes <input type="checkbox"/> No
			<input type="checkbox"/> Yes <input type="checkbox"/> No
			<input type="checkbox"/> Yes <input type="checkbox"/> No
			<input type="checkbox"/> Yes <input type="checkbox"/> No
			<input type="checkbox"/> Yes <input type="checkbox"/> No
			<input type="checkbox"/> Yes <input type="checkbox"/> No

- C. Name, title, and mailing address of the California agent for receipt of service of process: CT Corporation  
 330 N Brand Boulevard, Glendale, CA 91203

**EXHIBIT 1A****SECTION 1: Out-Of-State Multi-Jurisdictional Wagering Hub (Out-of-State Hub)****1A. Name, mailing address, and telephone and fax numbers**

<b><i>Name</i></b>	<b><i>Mailing Address</i></b>	<b><i>Telephone Number</i></b>	<b><i>Fax Number</i></b>
<i>DK Horse LLC dba DraftKings Racing</i>	<i>222 Berkeley Street, 5th Floor Boston, MA 02116</i>	<i>617-986-6744</i>	<i>Does not apply</i>



## EXHIBIT 1C

### **SECTION 1:** Out-Of-State Multi-Jurisdictional Wagering Hub (Out-of-State Hub)

#### **1C. Name, title and mailing address of the California agent for receipt of service of process**

*CT Corporation  
330 N Brand Boulevard  
Glendale, CA, 91203*

- D. Attach the contract with the California association or fair and/or horsemen's organization, pursuant to Business and Professions Code section 19604(b)(2)(B), that permits you to provide advance deposit wagering services on races conducted outside of California for a specific breed of horse.

**Note:** Applicant may accept wagers on races conducted by a California association or fair if the Board approves a race meet application submitted by the association or fair that includes an agreement allowing Applicant to accept wagers on the races pertaining to the race meet application, along with the appropriate horsemen's approval, pursuant to Business and Professions Code section 19604(b)(1).

## 2. DATES OF OPERATION

- A. Dates Advance Deposit Wagering will be conducted:
- B. Hours Advance Deposit Wagering will be conducted:

## 3. BUSINESS STRUCTURE

- A.  Corporation (complete subsection B)
- LLC (complete subsection C)
- Other (specify, and complete subsection D)

Complete the applicable subsection.

### B. CORPORATION

1. Registered name of the corporation:
2. State where incorporated:
3. Registry or file number for the corporation:
4. List names and CHRB license numbers of all officers and directors. Include titles and the number of shares of the corporation held by each.
5. List names (true names) of all persons, **other than the officers and directors listed above**, that hold 5% or more of the outstanding shares in the corporation and the number of shares held by each. Include each person's CHRB license number (Notice: per Rule 1481, all persons that hold 5% or more of outstanding shares must hold a CHRB license).
6. Number of outstanding shares in the corporation:



## EXHIBIT 2A

### SECTION 2: Dates of Operation

#### **2A. Dates Advance Deposit Wagering will be conducted**

*Advance Deposit Wagering will be conducted year-round, subject to regulatory approval .*



## EXHIBIT 2B

### SECTION 2: Dates of Operation

#### **2B. Hours Advance Deposit Wagering will be conducted**

*Advance Deposit Wagering will be available 24 hours per day, subject to racing schedules and system availability.*

7. Are the shares listed for public trading?  Yes  No  
If yes, on which exchange, and how is the stock listed?
8. Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation:
9. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity.
10. Attach the prior two years' annual financial statements for the corporation, including balance sheets and profit and loss statements, and a copy of all reports issued during the preceding 24 months to shareholders in the corporation and/or the Securities and Exchange Commission and/or the corresponding state where you registered your corporation.
11. Applicants not previously licensed by the CHRB to conduct ADW, proceed to subsection 12. Applicants previously licensed by the CHRB to conduct ADW: Attach the prior two years' annual profit and loss statements for the California ADW operations only. Include the methodology used to determine the cost allocation for the profit and loss statements.
12. Attach a business plan that includes a detailed budget showing anticipated revenue, expenditures, and cash flow by month projected for the term of the approval.

#### C. LLC

1. Registered name of the LLC: DK Horse LLC
2. State where articles of organization are filed: Delaware
3. Registry or file number for the LLC: 7202491
4. List names and CHRB license numbers of all officers and directors. Include titles and the membership interest held by each.
5. List names (true names) of all members, **other than the officers and directors listed above**, that hold a 5% or more membership interest in the LLC and the membership interest held by each. Include each person's CHRB license number.
6. If a membership interest greater than 50% is held by a parent corporation or is paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity.



## EXHIBIT 3-C1

### SECTION 3: Business Structure

#### **C1. Registered name of the LLC**

*The registered name of the LLC is DK Horse LLC.*



## EXHIBIT 3-C2

### SECTION 3: Business Structure

#### **C2. State where articles of organization are filed**

*DK Horse LLC is organized under the laws of the State of Delaware.*



## **EXHIBIT 3-C3**

### **SECTION 3: Business Structure**

#### **C3. Registry or file number for the LLC**

*The Delaware registry or file number for DK Horse LLC is 7202491*

**EXHIBIT 3-C4****SECTION 3: Business Structure**

**C4. List names and CHRB license numbers of all officers and directors. Include titles and membership interest held by each.**

*DK Horse LLC does not issue corporate shares. The individuals listed below do not hold ownership interests in the applicant.*

<b>Name</b>	<b>Title</b>	<b>CHRB License Number</b>	<b>Membership Interest</b>
<i>Paul Liberman</i>	<i>CEO &amp; President</i>	<i>Application to be submitted</i>	<i>0%</i>
<i>Alan Ellingson</i>	<i>CFO &amp; Treasurer</i>	<i>Application to be submitted</i>	<i>0%</i>



## EXHIBIT 3-C5

### SECTION 3: Business Structure

**C5. List names (true names) of all members, other than the officers and directors listed above, that hold a 5% or more membership interest in the LLC and the membership interest held by each. Include each person's CHRB license number**

*DK Horse LLC is a single-member limited liability company. All membership interests of the applicant are held by:*

*DK Crown Holdings Inc.  
222 Berkeley Street, 5th Floor  
Boston, MA 02116  
Membership Interest: 100%*

*DK Crown Holdings Inc. is a corporate entity and not a natural person; therefore no individual CHRB license number is applicable.*



## EXHIBIT 3-C6

### SECTION 3: Business Structure

**C6. If a membership interest greater than 50% is held by a parent corporation or is paired with any other corporation entity, give the name of the parent and/or paired corporation entity.**

*DK Horse LLC is a single-members limited liability company. Pursuant to its Operating Agreement, the company has authorized 1,000 units of membership interest, all of which have been issued and are outstanding.*

*All membership units of DK Horse LLC are held by its sole member, DK Crown Holdings Inc., which owns 100% of the equity interests of the applicant.*

7. Attach the prior two years' annual financial statements for the LLC, including balance sheets and profit and loss statements, and a copy of all reports issued during the preceding 24 months to members in the LLC and/or the corresponding state where you registered your LLC.
8. Applicants not previously licensed by the CHRB to conduct ADW, proceed to subsection 9. Applicants previously licensed by the CHRB to conduct ADW: Attach the prior two years' annual profit and loss statements for the California ADW operations only. Include the methodology used to determine the cost allocation for the profit and loss statements.
9. Attach a business plan that includes a detailed budget showing anticipated revenue, expenditures, and cash flow by month projected for the term of the approval.

#### D. OTHER

1. Name(s) of partners/sole proprietor:
  2. If a partnership, attach partnership agreement.
  3. Attach the prior two years' annual financial statements for the partnership/sole proprietorship. Include balance sheets, profit and loss statements, and a copy of all reports issued during the preceding 24 months to partners and/or the corresponding state where you registered your partnership, if required.
  4. Applicants not previously licensed by the CHRB to conduct ADW, proceed to subsection 5. Applicants previously licensed by the CHRB to conduct ADW: Attach the prior two years' annual profit and loss statements for the California ADW operations only. Include the methodology used to determine the cost allocation for the profit and loss statements.
  5. Attach a business plan that includes a detailed budget showing anticipated revenue, expenditures, and cash flow by month projected for the term of the approval.
4. **ESTABLISHING ADVANCE DEPOSIT WAGERING ACCOUNTS** – must comply with Rule 2075.
- A. List the procedures to establish an Account.
  - B. If an application form is used to establish an Account, attach a copy of the form.
  - C. Name and address of the third party you will use to verify identity, residence, and age:



## EXHIBIT 3-C8

### SECTION 3: Business Structure

**C8. Applicants not previously licensed by the CHRB to conduct ADW, proceed to subsection 9. Applicants previously licensed by the CHRB to conduct ADW: Attach the prior two years' annual profit and loss statements for the California ADW operations only. Include the methodology used to determine the cost allocation for the profit and loss statements.**

*Does not apply.*

**EXHIBIT 4-C****SECTION 4: Establishing Advance Deposit Wagering Accounts**

**4C. Name and address of the third party you will use to verify identity, residence and age:**

<b>Name</b>	<b>Address</b>
LexisNexis Risk Solutions FL Inc.	1000 Alderman Drive, Alpharetta, GA 30005
Socure Inc.	885 Tahoe Boulevard, Suite 1, Incline Village, NV 89451
IDology, Inc.	2018 Powers Ferry Road SE, Suite 720, Atlanta, GA 30339

**5. OPERATION OF ADVANCE DEPOSIT WAGERING ACCOUNTS** – must comply with Rule 2073.

- A. Submit a copy of your plan for operation.
- B. List the type of deposits you will accept.
- C. Identify any fees or transaction-related charges and the amount that will be assessed.

**6. SECURITY ACCESS**

- A. Attach your security access policy and safeguards pursuant to Business and Professions Code section 19604(c)(2). Policy must include the following:
  - 1. Description of the technology to ensure identity, residence, and age verification when an Account is established:
  - 2. Description of the technology to ensure confidentiality of the Means of Personal Identification:
  - 3. Methods and locations available for Account Holders to withdraw funds from their Account:
  - 4. If the Advance Deposit Wagering records will be maintained at a site other than the out-of-state Hub, provide the name, address, telephone and fax numbers, and the hours of operation.

**7. PARI-MUTUEL**

- A. Name, address, and telephone number of the pari-mutuel audit firm:
- B. Type(s) of pari-mutuel or totalizator equipment to be used and the simulcast organization, name of the entity supplying equipment, and expiration date of the service contract:
- C. List the locations of the racing venues on which Advance Deposit Wagering will be accepted.

**NOTICE** – *The pari-mutuel system used must use a device or combination of devices authorized and operated exclusively for placing, receiving, or otherwise making a wager and by which a person must subscribe to in order to place, receive, or otherwise make a wager; an effective customer and age verification system; and the appropriate data security standards to prevent unauthorized access by any person who has not subscribed or who is under the age of 18.*



**EXHIBIT 5-B**

**SECTION 5:** Operation of Advance Deposit Wagering Accounts

**5B. List the type of deposits you will accept.**

*Debit card, ACH/Online banking; PayPal; Venmo; Apple Pay; and Wire transfer*



## EXHIBIT 5-C

### SECTION 5: Operation of Advance Deposit Wagering Accounts

**5C. Identify any fees or transaction-related charges and the amount that will be assessed.**

*The Applicant does not charge fees for deposits.*



## EXHIBIT 7A

### SECTION 7: Pari-Mutuel

#### **7A. Name, address, and telephone number of the pari-mutuel audit firm:**

*BDO USA, P.C.  
One International Place  
Boston, MA 02110  
617-422-0700*



## EXHIBIT 7B

### SECTION 7: Pari-Mutuel

**7B. Type(s) of pari-mutuel or totalizator equipment to be used and the simulcast organization, name of the entity supplying equipment, and expiration date of the service contract:**

*Totalizator services are provided through Churchill Downs Technology Initiatives Company utilizing the United Tote central totalizator system pursuant to a services agreement between the parties.*

*The agreement has an initial term of ten (10) years from the Go-Live Date, with automatic renewal provisions thereafter. Accordingly, the specific expiration date is dependent upon the Go-Live Date and any subsequent renewals.*

**8. CONTRACTS AND AGREEMENTS**

- A. List name and address of all organizations you will contract with to facilitate Advance Deposit Wagering that are not provided in other sections of this application.
- B. List each contract or agreement to facilitate Advance Deposit Wagering that is not finalized and signed.

**9. ADVERTISING**

Name and address of the advertising agency you will use:

**NOTICE** – Pursuant to Rule 2072(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. Additionally, pursuant to Business and Professions Code section 19604(d)(3), advertisements shall not be deceptive to the public.

**10. CERTIFICATION**

I hereby certify under penalty of perjury that I have examined this Application, that all the foregoing statements in this Application are true and correct, and that I am authorized to attest to this Application.

X 

Signature

Alan Ellingson

CFO & Treasurer

3/17/26

Print Name

Print Title

Date

**EXHIBIT 8A****SECTION 8: Contracts and Agreements**

**8A. List name and address of all organizations you will contract with to facilitate Advance Deposit Wagering that are not provided in other sections of this application**

<b><i>Name</i></b>	<b><i>Address</i></b>
<i>GeoComply USA, Inc.</i>	<i>8400 W Sunset Road, Suite 215 Las Vegas, NV 89113</i>
<i>PayPal, Inc.</i>	<i>8 Fremont Street Las Vegas, NV 89101</i>
<i>PayPal, Inc. d/b/a Venmo</i>	<i>2211 North First Street San Jose, CA 95131</i>
<i>Amazon Web Services, Inc. (AWS)</i>	<i>PO Box 81207 Seattle, WA 98108</i>



## EXHIBIT 8B

### SECTION 8: Contracts and Agreements

**8B. List each contract or agreement to facilitate Advance Deposit Wagering that is not finalized and signed.**

*Does not apply.*



## EXHIBIT 9

### SECTION 9: Advertising

#### 9. Name and address of the advertising agency you will use:

*DraftKings Inc.  
222 Berkeley Street, 5th Floor  
Boston, MA 02116*