STAFF ANALYSIS
DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR APPROVAL TO CONDUCT ADVANCE DEPOSIT WAGERING OF CHURCHILL DOWNS TECHNOLOGY INITIATIVES COMPANY DBA TWINSPIRES AND DBA BETAMERICA, AN OUT-OF-STATE MULTI-JURISDICTIONAL WAGERING HUB, FOR A PERIOD OF TWO YEARS

Board Meeting
November 18, 2026

ISSUE

Churchill Downs Technology Initiatives Company dba TwinSpires and dba BetAmerica (CDTIC), an out-of-state multijurisdictional wagering hub, is requesting renewal of its California Horse Racing Board (Board) approval as an advance deposit wagering (ADW) provider for the period of January 1, 2027, through December 31, 2028.

BACKGROUND

Business and Professions Code (BPC) §19604 states that "the board may authorize a racing association, racing fair, betting system, or multijurisdictional wagering hub to conduct advance deposit wagering in accordance with this section."

BPC §19604(b)(1) provides that an approved out-of-state 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 organization approvals are submitted by the association or fair as part of its race meet application.

BPC §19604(b)(2) provides that an approved out-of-state ADW provider may accept wagers from California residents on races conducted outside of California if there is a hub agreement between the ADW provider and a racing association or fair conducting racing on the breed on which wagering is conducted, or the appropriate horsemen's organization.

ANALYSIS

CDTIC's current ADW approval is active through December 31, 2026.

Required Information	Status	Comments	Board Rule/Law
Surety Bond	☒ Accepted ☒ Follow-Up Required ☐ Outstanding	Term of $500,000 surety bond is from 10/16/24 to 12/30/26.	Rule 2072(b)
Financial Statements	☒ Accepted ☐ Follow-Up Required ☐ Outstanding		Rule 2072(e)

Required Information	Status	Comments	Board Rule/Law
Profit & Loss Statements for California Operations	☒ Accepted ☐ Follow-Up Required ☐ Outstanding		Rule 2072(e)
Business Plan	☒ Accepted ☐ Follow-Up Required ☐ Outstanding		Rule 2072(e)
Plan of Operation	☒ Accepted ☐ Follow-Up Required ☐ Outstanding		Rule 2073
Security Access Policy	☒ Accepted ☐ Follow-Up Required ☐ Outstanding		Rule 2072(c)
Hub Agreements	☒ Accepted ☒ Follow-Up Required ☐ Outstanding	Agreements not required for approval of application.	BPC § 19604(b)(2)(B)
Other – Management Personnel Licenses	☒ Accepted ☒ Follow-Up Required ☐ Outstanding	Occupational license(s) must be obtained/renewed prior to and/or renewed during the term of the proposed approval.	Rule 1481(b)(6)
Other – Officers and Directors Licenses	☒ Accepted ☒ Follow-Up Required ☐ Outstanding	Occupational license(s) must be obtained/renewed prior to and/or renewed during the term of the proposed approval.	Rule 1481(b)(2)
Other – Totalizator Contract	☒ Accepted ☐ Follow-Up Required ☐ Outstanding	Agreement with United Tote expires 10/31/32.	

RECOMMENDATION

Staff recommends the Board approve the application as submitted.

Memorandum

From: Churchill Downs Technology Initiatives Company
Re: "Pick 'N'" alternate selections

Although it is not required by California regulation, at the request of the California Horse Racing Board, TwinSpires developed the capability to offer alternate selections on "Pick 'N'" pools at California racetracks. This functionality was offered starting in early 2025.

TwinSpires has enabled players wagering in "Pick 'N'" pools on California tracks to select a single alternate for each leg in pools hosted by AmTote with the "ALT" flag set to available. This alternate can be passed with the wager submission and visible on the bet slip as an alternate by being displayed in parentheses (i.e. $0.50 Pick4 1,(3)/2/3,(5)/4 indicates that runner #3 is the alternate selection in leg 1, and runner #5 is the alternate selection in leg 3). In the event that a primary selected runner is scratched after the ticket has been submitted, the alternate runner will be substituted in for the scratched runner at no additional cost to the player. This utilizes the United Tote Group Pool Configuration- (ALT) Alternate Runner capability to merge these tickets with the host track's pool. This feature is accessible to players who are wagering using the web platform.

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: Churchill Downs Technology Initiatives Company, 600 N Hurstbourne Pkwy. Suite 400; Louisville, KY 40222. Phone: (502) 636-4400; Fax (502) 394-1180

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.

			☐Yes ☐No
Andrew Silver	See Exhibit 1.B	409829	☒Yes ☐No
Benjamin C Murr	See Exhibit 1.B	320172	☒Yes ☐No
Marcia A Dall	See Exhibit 1.B	323322	☐Yes ☒No
William E Mudd	See Exhibit 1.B	323323	☐Yes ☒No
William C Carstanjen	See Exhibit 1.B	323321	☐Yes ☒No
Ashley Donaldson	N/A (employee in new role)	App. forthcoming	☐Yes ☐No
			☐Yes ☐No

C. Name, title, and mailing address of the California agent for receipt of service of process: CT Corporation System; 818 W. Seventh St. Suite 930; Los Angeles, CA 90017.
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: Every day of the year.

B. Hours Advance Deposit Wagering will be conducted: 24 hours per day.

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: Churchill Downs Technology Initiatives Company

2. State where incorporated: Delaware

3. Registry or file number for the corporation: 4284783

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. President – Benjamin C. Murr – License #320172; Treasurer – Marcia A. Dall – License #323322; Secretary – Andrew Silver – License #409829; Director – William C. Carstanjen – License #323321; Director – Marcia A. Dall – License #323322; Director – William E. Mudd – License #323323. No officer or

director directly holds any shares of applicant. Applicant is wholly-owned by its parent company, Churchill Downs Incorporated (publicly traded as CHDN on NASDAQ).

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). None. Applicant is 100% owned by Churchill Downs Incorporated.

6. Number of outstanding shares in the corporation: 100

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: Andrew J. Silver

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. Churchill Downs Incorporated holds 100% of the shares of applicant.

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:

2. State where articles of organization are filed:

3. Registry or file number for the LLC:

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.
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. See Exhibit 4.A – Plan of Operations, Section 2.1

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: LexisNexis: 100 Alderman Drive, Alpharetta Atlanta, GA 30005. IDology: 2018 Powers Ferry Rd. SE, Suite 2780, 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. See Exhibit 4.A – Plan of Operations

C. Identify any fees or transaction-related charges and the amount that will be assessed. See Exhibit 4.A – Plan of Operations, Section 2.1.1.3

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: See Exhibit 4.A – Plan of Operations, Section 2.1.1.1

2. Description of the technology to ensure confidentiality of the Means of Personal Identification: See Exhibit 4.A – Plan of Operations, Section 2.1.5

3. Methods and locations available for Account Holders to withdraw funds from their Account: See Exhibit 4.A – Plan of Operations, Section 2.1.1.4

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. 801 Corporate Drive, Suite 200, Lexington, KY 40503. Phone # (877) 774.7371. Hours of Operation: 9:00am to 10:00pm (EST).

7. PARI-MUTUEL

A. Name, address, and telephone number of the pari-mutuel audit firm: PriceWaterhouseCoopers LLP, 500 W Main St. Suite 1800; Louisville, KY 40202. Phone # (502) 589-6100.

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: Totalizer services are provided by United Tote Company. Expires 10/31/2032

C. List the locations of the racing venues on which Advance Deposit Wagering will be accepted. See Exhibit 7.C – Tracks. Tracks listed are subject to annual simulcast agreements.

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.*

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. See Exhibit 8 - Vendors

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

9. ADVERTISING

Name and address of the advertising agency you will use: Does not apply.

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 Andrew Silver

Signature

Andrew Silver	Sr. Counsel/Corp. Secretary	9/28/26
Print Name	Print Title	Date