

MEETING  
STATE OF CALIFORNIA  
HORSE RACING BOARD

In the Matter of:                    )  
  )  
Regular Meeting                        )  

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  )

SANTA ANITA RACE TRACK PARK  
BALDWIN TERRACE ROOM  
285 WEST HUNTINGTON DRIVE  
ARCADIA, CALIFORNIA

THURSDAY, FEBRUARY 21, 2019

9:30 A.M.

Reported by:  
Martha Nelson

APPEARANCES

COMMITTEE MEMBERS

Chuck Winner, Chair  
Madeline Auerbach, Vice Chair  
Fred Maas, Commissioner  
Alex Solis, Commissioner  
Debra Reed-Klages, Commissioner  
Dennis Alfieri, Commissioner

STAFF

Rick Baedeker, Executive Director  
Jacqueline Wagner, Assistant Executive Director  
John McDonough, Chief Counsel  
Robert Brodnick, Staff Counsel  
Mike Marten, Associate Analyst  
Rick Arthur, Equine Medical Director

ALSO PRESENT

Darrell Haire, Jockeys' Guild  
Eric Sindler, Golden Gate Fields  
George Haines, Southern California Off-Track Wagering, Inc.  
Tony Allevato, NYRA Bets  
John Valenzuela, Pari-Mutual Guild Local 280  
Cliff Goodrich, Thoroughbred Horsemen's Foundation

APPEARANCES

ALSO PRESENT

Greg Avioli, Thoroughbred Owners of California

Russell Fine, Game Play Network

Joe Hasson, Game Play Network

John Ford, Lien Games Racing, LLC

Justin Hurt, Churchill Downs Technology Initiatives Company

Whitney Stevens, Churchill Downs Technology Initiatives  
Company

Christopher Schick

Ed Cummings, Watch and Wager

Gene Chabrier, XpressBet

John Hindman, TVG

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confer with and receive advice from its legal counsel regarding the pending administrative licensing or disciplinary matters described in the attachment to this agenda captioned "Pending Administrative Adjudications," as authorized by Government Code section 11126(e).

- C. The Board may convene a Closed Session for the purposes of considering personnel matters as authorized by Government Code section 11126(a).



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P R O C E E D I N G S

9:40 A.M.

ARCADIA, CALIFORNIA, THURSDAY, FEBRUARY 21, 2019

CHAIR WINNER: Ladies and gentlemen, this meeting of the California Horse Racing Board will please come to order. Please take your seats. This is the regular noticed meeting of the California Horse Racing Board on Thursday, February 21, 2019 at Santa Anita Race Track, 285 West Huntington Drive, Arcadia, California.

Present at today's meeting are myself, Chuck Winner, Chairman; Madeline Auerbach, Vice Chairman; Dennis Alfieri, Commissioner; Fred Maas, Commissioner; Debra Reed-Klages, Commissioner; Araceli -- not Araceli -- Alex Solis, Commissioner.

Before we go on to the business of the meeting, I need to take a few moments. The Board invites public comment on matters appearing on the meeting agenda. The Board also invites comments from those present today on matters not appearing on the agenda during a public comment period if the matter concerns horse racing in California.

In order to ensure all individuals have an opportunity to speak and the meeting proceeds in a timely fashion, I'll strictly enforce the three-minute time limit rule for each speaker. The three-minute time limit rule

1 will be enforced during discussion of all matters as stated  
2 on the agenda, as well as during the public comment period.

3           There's a public comment sign-in sheet for each  
4 agenda matter on which the Board invites comments. Also,  
5 there's a sign-in sheet for those wishing to speak during  
6 the public comment period for matters not appearing on the  
7 agenda if it concerns horse racing in California. Please  
8 print your name legibly on the public comment sign-in sheet.

9           When a matter is open for public comment, your  
10 name will be called. Please come to the podium. Introduce  
11 yourself by stating your name and organization clearly.  
12 This is necessary for the court reporter to have a clear  
13 record of all who speak. When your three minutes are up  
14 I'll ask you to return to your seat so others can be heard.

15           When all the names have been called, I'll ask if  
16 there's anyone else who would like to speak on the matter  
17 before the Board. Also, the Board may ask questions of  
18 individuals who speak on all matters. If a speaker repeats  
19 himself or herself, the Chairman will ask if the speaker has  
20 any new comments to make. If there are none, the speaker  
21 will be asked to let others make comments to the Board.

22           Okay, let's go through and try to approve -- we  
23 have three former meeting minutes to approve, because of the  
24 fact that we didn't have a -- or the people who attended  
25 meetings were not available to vote. So let's start with

1 the minutes of the November 29th meeting. And only those, I  
2 think, who were present at that meeting can vote; is that  
3 correct?

4 EXECUTIVE DIRECTOR BAEDEKER: That's correct.

5 CHAIR WINNER: Okay. So I'm not sure we have  
6 enough.

7 Commissioner Solis, were you at the November  
8 meeting?

9 COMMISSIONER SOLIS: Yup.

10 CHAIR WINNER: Commissioner Maas?

11 COMMISSIONER MAAS: I was not.

12 CHAIR WINNER: You were not?

13 COMMISSIONER MAAS: I was not.

14 VICE CHAIR AUERBACH: And I don't remember.

15 CHAIR WINNER: I was and I think you were --

16 VICE CHAIR AUERBACH: There was one meeting I  
17 missed.

18 CHAIR WINNER: -- but that's not enough. So --

19 VICE CHAIR AUERBACH: Oh, wait, I was. I was.

20 CHAIR WINNER: We'll pass on that one.

21 The December meeting, December 13th, Commissioner  
22 Maas was there.

23 Commissioner Solis?

24 COMMISSIONER SOLIS: Yes.

25 CHAIR WINNER: Yes? Okay. Is there a motion?

1 Any additions or changes to the December 13th --

2 VICE CHAIR AUERBACH: Don't even remember --

3 CHAIR WINNER: -- minutes?

4 VICE CHAIR AUERBACH: -- the meeting.

5 CHAIR WINNER: The minutes are in here.

6 VICE CHAIR AUERBACH: Yeah, I know.

7 COMMISSIONER MAAS: I'll move approval.

8 VICE CHAIR AUERBACH: Second.

9 CHAIR WINNER: Commissioner Maas moves approval.

10 Vice Chair Auerbach seconds.

11 Commissioner Solis?

12 COMMISSIONER SOLIS: Yes.

13 COMMISSIONER MAAS: Yes.

14 CHAIR WINNER: Commissioner Maas, yes.

15 Chairman votes yes.

16 VICE CHAIR AUERBACH: Yes.

17 CHAIR WINNER: Vice Chair Auerbach votes yes. The

18 motion carries.

19 Approval of the minutes from the January 24th

20 meeting. I was not at that meeting but I think the rest of

21 you were.

22 VICE CHAIR AUERBACH: Right.

23 CHAIR WINNER: So is there a motion to approve?

24 EXECUTIVE DIRECTOR BAEDEKER: May I just point out

25 one thing? Just a correction to the spelling of

1 Commissioner Reed-Klages name. It should be C-L-A-G-E-S.

2 That's a couple of times there.

3 COMMISSIONER REED-KLAGES: It should be K.

4 VICE CHAIR AUERBACH: It's K.

5 COMMISSIONER REED-KLAGES: It's K.

6 EXECUTIVE DIRECTOR BAEDEKER: That's correct.

7 What I wanted to say is that it's correct in the minutes and  
8 that my understanding of it was just so that everybody  
9 knows.

10 CHAIR WINNER: Well, that was very clear.

11 COMMISSIONER REED-KLAGES: Thank you very much for  
12 that.

13 EXECUTIVE DIRECTOR BAEDEKER: Never mind.

14 CHAIR WINNER: Thank you. Thank you for  
15 clarifying.

16 Any changes, corrections, deletions to the minutes  
17 of the December meeting -- or the January meeting, aside  
18 from the one that Rick --

19 EXECUTIVE DIRECTOR BAEDEKER: I think I sent out a  
20 notice to all the stewards making sure that they spelled it  
21 C-L-A-G-E-S, so we'll retract that notice.

22 COMMISSIONER REED-KLAGES: That's funny.

23 CHAIR WINNER: Is there a motion?

24 COMMISSIONER REED-KLAGES: I move.

25 CHAIR WINNER: Commissioner Reed-Klages moves.

1 VICE CHAIR AUERBACH: With a K.  
2 COMMISSIONER SOLIS: Second.  
3 CHAIR WINNER: With a K. Commissioner Solis  
4 seconds.  
5 Commissioner Solis?  
6 COMMISSIONER SOLIS: Yes.  
7 CHAIR WINNER: Commissioner Maas?  
8 COMMISSIONER MAAS: Yes.  
9 CHAIR WINNER: The Chairman votes yes.  
10 Vice Chair?  
11 VICE CHAIR AUERBACH: Yes.  
12 CHAIR WINNER: Commissioner Reeds-Klages --  
13 COMMISSIONER REED-KLAGES: Yes.  
14 CHAIR WINNER: -- with a K? Yes.  
15 COMMISSIONER REED-KLAGES: You can just call me  
16 Reed.  
17 CHAIR WINNER: Okay. The minutes are approved  
18 from the January meeting.  
19 And now the Executive Director's report.  
20 EXECUTIVE DIRECTOR BAEDEKER: All right, thank  
21 you, Mr. Chairman.  
22 And just as a follow-up, these statistics I'm  
23 about to give come from Dr. Arthur, so they're not, so don't  
24 worry about them, okay? They're accurate. This regards  
25 testing over the last few months. I meant to make it a

1 monthly part of my report but it fell a little bit behind.  
2 So this includes December, January -- November, December and  
3 January.

4           We've performed 385 out-of-competition tests.  
5 Post-race tests, we have conducted 2,350, that's blood and  
6 urine post-race. Post-race blood only, we've conducted 225.  
7 Hair testing, whether out-of-competition or post-race, 130.  
8 And then we've conducted miscellaneous tests, 103. That  
9 includes pre-race screening, evidence testing, and  
10 postmortem testing.

11           And the only other thing I have is the financials  
12 for the month, which are difficult given the many inches of  
13 rain here in Southern California and Northern California.  
14 As a result, daytime racing, even though there was one  
15 additional day of racing compared to last year, 17 versus  
16 16, daytime racing was down 2.7 percent, nighttime racing  
17 down 7.1 percent, and all together the numbers shows a  
18 decline of 3.17 for January. Hopefully the drier weather  
19 will bring those back up where they -- we hope they will be.

20           And that's my report, Mr. Chairman.

21           CHAIR WINNER: Thank you very much, Rick.

22           I don't have any cards for public comment. Is  
23 there anyone who would like -- Darrell, you didn't fill out  
24 a card.

25           MR. HAIRE: Yeah, I did.

1 CHAIR WINNER: Oh, you did. You're supposed to  
2 give it to Mike. That's all right, I know who you are.

3 MR. HAIRE: Good morning, Mr. Chairman --

4 CHAIR WINNER: Good morning.

5 MR. HAIRE: -- Members of the Board. Darrell  
6 Haire, Western Regional Manager for the Jockeys' Guild.

7 I'd like to introduce the 360 GT. It's the new  
8 equine-friendly foam riding crop. The purpose of this crop  
9 is to -- we've been perfecting it. And Hall of Fame jockey,  
10 retired jockey, Ramon Dominguez, has been working hard on  
11 this riding crop to make it just more equine friendly.  
12 Because as you'll see, with the one currently used it's --  
13 if you hit it's --

14 VICE CHAIR AUERBACH: (Off mike.)

15 (Indiscernible.)

16 MR. HAIRE: Yeah. Cylindrical is the one that's  
17 kind of round, Madeline, yes. That's the new one. And with  
18 the one that's currently being used, if you hit them flush  
19 it's okay, but when you switch sticks and you hit them with  
20 the side of it, sometimes it can, you know, hurt them or  
21 even cut them.

22 So it's still a work in progress. So it's  
23 seamless, therefore, there's no edges that can cut a horse.  
24 The foam that the popper it made of, it's extremely durable,  
25 waterproof, chemical resistant, and boasts excellent shock



1 absorbent properties.

2           So again, it's a work in progress. When it's  
3 finished, and it's going to be pretty soon, Ramon Dominguez  
4 will be out here to present it to you.

5           So thank you for your time.

6           CHAIR WINNER: Darrell, a couple of questions, if  
7 I might, and then others may ask.

8           Number one, what was the year in which we  
9 implemented the softer and more equine-friendly crop that we  
10 have that they're using now, which is the leather one?

11          MR. HAIRE: Well, it was introduced initially at  
12 Del Mar, and it's got to be six or seven years now.

13          CHAIR WINNER: Right.

14          MR. HAIRE: It's been that long.

15          CHAIR WINNER: Right.

16          MR. HAIRE: And it's been a process but it's  
17 working well. What they're doing here in California, we're  
18 leading the way and --

19          CHAIR WINNER: Yeah, the number of welts and cuts  
20 have gone way, way down since we started using that.

21          The new one, you say it's a work in progress.  
22 What is -- what has not been resolved yet? Why is it still  
23 a work in progress?

24          MR. HAIRE: Just the shaft, and they're still  
25 working out the kinks. I talked to Mike Smith this morning.

1 He's used it and he's -- and the information that they're  
2 receiving from the riders, Chairman Winner, has been, you  
3 know, very helpful, of course. So --

4 CHAIR WINNER: It doesn't have a pop, though;  
5 right?

6 MR. HAIRE: Does it have a pop?

7 CHAIR WINNER: Yeah. It doesn't?

8 MR. HAIRE: It still does.

9 CHAIR WINNER: It does?

10 MR. HAIRE: Yes.

11 CHAIR WINNER: Even with that foam rubber?

12 MR. HAIRE: Yeah, but it's not a loud pop.

13 CHAIR WINNER: That's good.

14 MR. HAIRE: Yeah.

15 CHAIR WINNER: Not a lot of pop is good as far as  
16 I'm concerned.

17 MR. HAIRE: Yes, sir.

18 COMMISSIONER SOLIS: And I like the idea of  
19 waterproof because when the other popper gets wet, it gets  
20 very heavy.

21 CHAIR WINNER: It gets heavy?

22 COMMISSIONER SOLIS: Yes.

23 CHAIR WINNER: And harder on the horse?

24 COMMISSIONER SOLIS: And harder on the horse. And  
25 this one, it makes --

1 CHAIR WINNER: Yeah.

2 COMMISSIONER SOLIS: -- it makes a lot of sense.

3 MR. HAIRE: Yeah. Ramon is spending a lot of  
4 time, Alex, on this. And it's going to be -- when he's  
5 finished, he'll be out to really present it the way it  
6 should be presented.

7 CHAIR WINNER: Well, for me, I'm excited about it  
8 and I hope it comes sooner, rather than later.

9 Any other comments, questions?

10 Alex?

11 COMMISSIONER SOLIS: I'm just very grateful that  
12 Ramon is doing this because, I mean, every little thing that  
13 we can do to improve racing and for our horses, I really  
14 appreciate that.

15 MR. HAIRE: Absolutely.

16 EXECUTIVE DIRECTOR BAEDEKER: It will require a  
17 change in the current rule, so Staff has already got some  
18 language that they'll present to the Board, if the Board  
19 chooses to adopt it.

20 CHAIR WINNER: Maybe we could -- you know, we  
21 don't want to delay it once it's ready. Is it possible to  
22 pass language pending completion?

23 EXECUTIVE DIRECTOR BAEDEKER: I think that the --  
24 and Rob will correct me if I'm wrong, or John, but I think  
25 that the Board could suspend the current language that only

1 relates to the popper part of it that talks about it being  
2 fold-over and sewn or something like that. So I think that  
3 the Board could spin that language, right --

4 MR. BRODNIK: Yes.

5 EXECUTIVE DIRECTOR BAEDEKER: -- and then move the  
6 new language. And so it could be used as soon as the Board  
7 took that action and within a short period thereafter.

8 CHAIR WINNER: So let's put it on the agenda. Can  
9 we put it on the agenda for the next meeting?

10 MR. BRODNIK: We can discuss.

11 CHAIR WINNER: Okay. All right. Thank you,  
12 Darrell, very much.

13 MR. HAIRE: Yes, sir.

14 CHAIR WINNER: Thank you.

15 Anyone else have a public comment to make? Okay.

16 Number eight on the agenda has been removed and  
17 moved to the next meeting.

18 EXECUTIVE DIRECTOR BAEDEKER: We're on number  
19 seven.

20 CHAIR WINNER: I know. I'm just making that point  
21 because I didn't make it earlier.

22 EXECUTIVE DIRECTOR BAEDEKER: Okay.

23 CHAIR WINNER: Okay. Moving on then to number  
24 six, discussion and action by the Board regarding the  
25 distribution of race day charity proceeds of the Public

1 [sic] Racing Association, dba Golden Gate Fields, combined  
2 2018 race meetings in the amount of \$40,585 to nine  
3 beneficiaries.

4 MR. SINDLER: Good morning. Eric Sindler on  
5 behalf of Golden Gate Fields.

6 As the Chairman stated, all is being donated to  
7 horse racing-related charities and we ask for your approval.

8 Thank you.

9 CHAIR WINNER: Any comments or questions? Are you  
10 going to abstain from this?

11 VICE CHAIR AUERBACH: Yes.

12 CHAIR WINNER: Yes. Is there a motion?

13 COMMISSIONER SOLIS: Moved.

14 CHAIR WINNER: Commissioner Alfieri moves.  
15 Commission Maas seconds.

16 COMMISSIONER ALFIERI: He moved. Alex moved.

17 CHAIR WINNER: Sorry.

18 COMMISSIONER ALFIERI: It's okay.

19 CHAIR WINNER: How do you vote Commissioner  
20 Alfieri?

21 COMMISSIONER ALFIERI: Here -- oh, yes.

22 CHAIR WINNER: Commissioner Solis?

23 COMMISSIONER SOLIS: Yes.

24 CHAIR WINNER: Commissioner Maas?

25 COMMISSIONER MAAS: Yes.

1 CHAIR WINNER: The Chairman votes yes.

2 Vice Chair?

3 VICE CHAIR AUERBACH: Yes.

4 CHAIR WINNER: Commissioner Reed-Klages?

5 COMMISSIONER REED-KLAGES: Yes.

6 CHAIR WINNER: -- votes yes. It passes  
7 unanimately.

8 Thank you very much, Eric.

9 MR. SINDLER: Thank you.

10 CHAIR WINNER: Discussion and action by the Board  
11 on the Renewable Application for License to Operate a  
12 Minisatellite Wagering Facility from S&S Venues California,  
13 LLC, dba Striders Sports Bar, Grill and Race Lounge in San  
14 Diego, California for a period of up to five years.

15 Good morning.

16 MR. HAINES: Good morning. George Haines,  
17 Southern California Off-Track Wagering.

18 We're asking for a license renewal for S&S to  
19 conduct minisatellite operations at their facility in San  
20 Diego.

21 CHAIR WINNER: What are -- are missing anything,  
22 George or Jackie?

23 MR. HAINES: I believe that we have everything  
24 required now.

25 MS. WAGNER: Jackie Wagner, CHRB Staff.

1           That is correct. We have received everything for  
2 this application. There a couple of items that will need to  
3 be renewed during the timeframe, but this application is  
4 ready to go.

5           CHAIR WINNER: Okay. Any questions, discussion?

6           VICE CHAIR AUERBACH: I think we should thank  
7 someone for coming up from Del Mar to give us a wet  
8 signature. I don't see him. I'm looking for him.

9           EXECUTIVE DIRECTOR BAEDEKER: Joe's here.

10          CHAIR WINNER: Joe's here.

11          VICE CHAIR AUERBACH: Yeah. No, I know. I was  
12 looking for him. And I wanted to add the Board's  
13 congratulations to --

14          CHAIR WINNER: Oh, yes.

15          VICE CHAIR AUERBACH: -- his Eclipse Award. So  
16 while he's giving us wet signatures, he's also getting  
17 Eclipse Awards.

18                 Thank you, Joe.

19          CHAIR WINNER: Yeah. I think that's something  
20 that we all ought to congratulate Joe for was the Eclipse  
21 Award, well deserved. Well deserved.

22                 (Applause.)

23          CHAIR WINNER: Okay. Do you want to mention that?

24          EXECUTIVE DIRECTOR BAEDEKER: Yeah. I'll take the  
25 opportunity to also recognize Jeremy Balan, who received an

1 Eclipse Award, outstanding work. Right-Down-the-Middle

2 Jeremy, we call him.

3           Congratulations, Jeremy.

4           CHAIR WINNER: Congratulations, Jeremy.

5           (Applause.)

6           VICE CHAIR AUERBACH: The only reason I didn't  
7 mention you, Jeremy, is because you didn't have to give us a  
8 wet signature but Joe did, so --

9           CHAIR WINNER: Thank you both for all you do for  
10 racing.

11           All right, so is there a motion with respect to  
12 Striders?

13           COMMISSIONER MAAS: I'll move.

14           CHAIR WINNER: Commissioner Maas moves.

15           COMMISSIONER REED-KLAGES: Second.

16           CHAIR WINNER: Commissioner Reed-Klages seconds.

17           Commissioner Reed-Klages, how do you vote?

18           COMMISSIONER REED-KLAGES: Yes.

19           CHAIR WINNER: Commissioner Auerbach --

20           VICE CHAIR AUERBACH: Yes.

21           CHAIR WINNER: -- Vice Chair Auerbach?

22           Chairman votes yes.

23           COMMISSIONER MAAS: Yes.

24           CHAIR WINNER: Yes.

25           Commissioner Solis?



1 COMMISSIONER SOLIS: Yes.

2 COMMISSIONER ALFIERI: Yes.

3 CHAIR WINNER: Commissioner? All right. The  
4 motion carries unanimously.

5 Thanks, George.

6 MR. HAINES: Thank you.

7 CHAIR WINNER: Eight is off; right?

8 EXECUTIVE DIRECTOR BAEDEKER: Yes.

9 CHAIR WINNER: Okay, we go to nine, discussion and  
10 action by the Board on the Renewal Application for License  
11 to Operate a Minisatellite Wagering Facility from the  
12 Commerce Casino in Commerce, California for a period of up  
13 to five years.

14 Do we have all -- I think we have all the  
15 documentation on that?

16 MR. HAINES: I believe we do.

17 CHAIR WINNER: George?

18  
19 MR. HAINES: Asking for a five-year renewal for  
20 our largest minisatellite, Commerce. They're the fourth  
21 largest satellite in STOCWINC. They did \$22 million last  
22 year. They're an extremely well-run operation now. They  
23 expanded their area for pari-mutual wagering, so we expect  
24 even more this coming year in 2019.

25 CHAIR WINNER: Okay. Any questions? Is there a

1 motion?

2 VICE CHAIR AUERBACH: So moved.

3 CHAIR WINNER: Vice Chair Auerbach moves. I'll  
4 second.

5 COMMISSIONER ALFIERI: Second.

6 CHAIR WINNER: Commissioner Alfieri?

7 COMMISSIONER ALFIERI: Yes.

8 CHAIR WINNER: Yes.

9 Commissioner Solis?

10 COMMISSIONER SOLIS: Yes.

11 CHAIR WINNER: Commissioner Maas?

12 COMMISSIONER MAAS: Yes.

13 MR. SCHICK: Chair votes yes.

14 Vice Chair?

15 VICE CHAIR AUERBACH: Yes.

16 CHAIR WINNER: And --

17 COMMISSIONER REED-KLAGES: Yes.

18 CHAIR WINNER: Yes. The motion carries.

19 Good luck.

20 MR. HAINES: Thank you.

21 CHAIR WINNER: Thank you.

22 Okay, now we're going to go on to the ADWS.

23 And before we do that, I want to mention that

24 yesterday, Commissioner Maas, myself and Staff met with

25 every one of the ADWs that are on the agenda individually

1 and confidentially to go over their California numbers as  
2 broken out from their global numbers. Some of them did it  
3 certain ways, some of them did it other ways by allocating  
4 certain numbers to California.

5           And what we'll want to know from all of you that  
6 did it that way, one what basis you did it? And we're not  
7 going to put that in a motion, or at least I won't recommend  
8 putting it in a motion, but I'd like, within the next month,  
9 for you to inform Staff on which of the numbers are  
10 allocated, which of them are actual for California, and on  
11 what basis you did the allocation?

12           And with that, I'm going to turn it over to  
13 Commissioner Maas to give a report on yesterday's meeting.

14           COMMISSIONER MAAS: Thank you, Mr. Chairman.

15           As the Chairman mentioned, we spent a long day  
16 yesterday with, I guess, seven of the ADW providers in  
17 California. And I want to thank all of them for the amount  
18 of time they spent and their patience in waiting for us  
19 because it was a long day and sometimes we went over. But  
20 they were forthcoming and made their numbers available to  
21 us. Obviously, we need to protect the sanctity of that both  
22 legally, I think, and morally.

23           I also want to thank the staff who spent a really  
24 long day and did a lot of work, Francisco and Robert and  
25 Rick and the whole team that's here for all the hard work

1 they did in preparing the materials for us, so thank you  
2 very much.

3           You know, obviously, it was a fascinating  
4 opportunity to kind of delve into this business and it's a  
5 growing aspect of racing. And if you look at what the  
6 numbers look like over the years, this is going to be the  
7 future of racing, not just in California but everywhere.  
8 And so appreciate the collaboration, their willingness to be  
9 forthcoming with us.

10           The other thing I will just note for, I think, for  
11 the staff and for the public, as well, one of the really  
12 fascinating things is that we spent a lot of time talking  
13 about was the data and the names that they collect. And I'm  
14 pleased to say that virtually all of them maintain the  
15 utmost confidentiality with all their names. But it's  
16 something, I think, that's going to be monetizable and a  
17 very valuable commodity as we move forward into sports  
18 betting. And it's something I think this Board ought to be,  
19 you know, just paying attention to as we move forward.

20           But I think both the Chairman and I are prepared  
21 to recommend to the Committee [sic] that we support all of  
22 the ADW and recommend approval through the end of 2020.  
23 Obviously, there's some nuances in materials that may be on  
24 individual applications that might be required but that  
25 would be our recommendation.

1 Thank you, Mr. Chairman.

2 CHAIR WINNER: Thank you, Commissioner Maas.

3 I would also like to say that we were pleased,  
4 quite pleased with the -- what most of the ADWs are doing  
5 with respect to charities, and California charities  
6 specifically. And the ones that aren't currently  
7 contributing to California charities, we're certainly open  
8 to discussing those and listening to recommendations. So  
9 that was really a positive. And as Commissioner Maas said,  
10 the openness and the transparency during the discussions was  
11 quite positive.

12 So what I'd like to do is call each of them based  
13 on the agenda items. And at that point, Jackie can tell us  
14 what's missing from each application. And then we'll leave  
15 it up to any Board Member to ask any questions that they  
16 would choose to ask.

17 So we'll start with, I think number ten, I think,  
18 is next; is that right?

19 EXECUTIVE DIRECTOR BAEDEKER: Yeah.

20 VICE CHAIR AUERBACH: Yeah.

21 CHAIR WINNER: Okay. So NYRA Bets would be the  
22 first one up, Tony?

23 And for those that traveled to California from  
24 other places in the country for the meeting yesterday and  
25 for today's meeting, we appreciate that as well.

1 MR. ALLEVATO: Tony Allevato, President, NYRA  
2 Bets. We're here to look for a license through 2020.

3 CHAIR WINNER: Jackie?

4 MS. WAGNER: Jackie Wagner, CHRB Staff.

5 The only item missing here is the labor agreement  
6 which none --

7 CHAIR WINNER: Which we're missing on all of them?

8 MS. WAGNER: Yes. None of the ADW providers have  
9 a labor agreement.

10 CHAIR WINNER: Okay, and I will ask, John, are you  
11 going to want to speak on any of these?

12 MR. VALENZUELA: No, sir.

13 CHAIR WINNER: Okay. Thank you.

14 MR. VALENZUELA: Well, I did want -- should I go  
15 to the podium?

16 CHAIR WINNER: You have to. If you're going to  
17 say anything, you'll have to come to the podium and  
18 introduce yourself.

19 MR. VALENZUELA: John Valenzuela, Pari-Mutual  
20 Employees Local 280 President.

21 I was instructed by the Board not to sign any  
22 agreements, and we've been through this in the past, as you  
23 know, so at this point --

24 CHAIR WINNER: Instructed by your Board, not this  
25 Board?

1 MR. VALENZUELA: My board.

2 CHAIR WINNER: Yeah.

3 MR. VALENZUELA: Not you.

4 CHAIR WINNER: Not this Board. Right.

5 MR. VALENZUELA: My own board. So there's nothing  
6 much else I could say.

7 CHAIR WINNER: Okay. Thank you, John.

8 Tony? Anybody have any questions?

9 Dennis?

10 COMMISSIONER ALFIERI: Well, with regards to the  
11 Local 280 and the fact that all of them do not -- and the  
12 way it's worded, "unable to come to terms with," is that  
13 correct? I mean, what's -- maybe Rick can explain that to  
14 me.

15 EXECUTIVE DIRECTOR BAEDEKER: Yeah. This is an  
16 issue that comes before the Board every time a licensee for  
17 ADW is here, and that is that the law stipulates that if  
18 there are jobs in California, pari-mutual clerk jobs, that  
19 the ADW must enter into collective bargaining negotiations  
20 with the union. There are no such jobs, so it doesn't kick  
21 in until there are jobs here. And --

22 COMMISSIONER ALFIERI: Just the way it was  
23 worded --

24 EXECUTIVE DIRECTOR BAEDEKER: Yeah. John has  
25 been, you know, John has been in a very difficult place over

1 the years trying to explain to his constituency the letter  
2 of the law but the Board is clear on it. And so as you will  
3 then see, you know, what applies to one applies to all of  
4 them.

5 CHAIR WINNER: It gets into, Dennis, you almost  
6 have to go back in time and look at the various statutory  
7 decisions that were made and how they were made and the  
8 compromises were made. And there are legitimate points on  
9 all sides of it but the point that Rick made is correct.

10 John, is that a fair?

11 MR. VALENZUELA: Well, the best thing I can say is  
12 that back in 2001 when ADW was asked to be brought into the  
13 state of California, to be quite clear, it was the ADW  
14 companies at that time reached out to Local 280 for their  
15 support to bring in ADW in the state of California. And at  
16 the time, they were promised jobs. And as it unfolded, as  
17 time went by no jobs came to the state of California, they  
18 were all sent to Oregon or Pennsylvania or North Dakota, and  
19 it's outside of the state of California.

20 The Board has no control outside of the state of  
21 California. There was, from what I understand, a neutrality  
22 card agreement with all the ADW companies. And what drives  
23 the union is membership, which creates revenue. So when  
24 there's no jobs, there's no revenue.

25 So the board wants jobs but at this time, ADW



1 companies are not coming into the state of California and  
2 they're not building hubs here, everything's been  
3 outsourced.

4 So that's where we're at. My hands are tied at  
5 this point.

6 COMMISSIONER ALFIERI: Thank you. I think the  
7 only other question I had was why do we pick two years? Is  
8 there --

9 CHAIR WINNER: Well, it's been traditionally two  
10 years. And the reason that we felt that we'd go through the  
11 end of 2020 --

12 COMMISSIONER ALFIERI: Full years, yeah.

13 CHAIR WINNER: -- is because they already got a  
14 three-month, at least month of them go a three-month, some  
15 of the new ones got up to that same period. So we thought  
16 just taking it through the calendar year made sense.

17 COMMISSIONER ALFIERI: Got it.

18 MR. VALENZUELA: And if I may speak, Commissioner  
19 Alfieri, is that in the past I was signing the agreements  
20 because our previous president was signing these agreements.  
21 And the reason they were signing those agreements with all  
22 the ADW companies was in hopes that we were going to get  
23 jobs. So at this point, unless something happens that would  
24 support jobs, then -- personally, the union is openminded  
25 to -- the union is actually open to any jobs that are

1 created, so --

2 COMMISSIONER ALFIERI: Thank you. Thank you.

3 MR. VALENZUELA: Thank you.

4 COMMISSIONER REED-KLAGES: I have a question.

5 CHAIR WINNER: Please.

6 COMMISSIONER REED-KLAGES: The language in the  
7 document that we were given says, "The following items are  
8 outstanding and will need to be submitted and/or resolved  
9 before ADW wagers can be accepted," and then it refers to  
10 the labor agreement.

11 The fact that they've negotiated, is that  
12 considered then resolution, and so the ADW wagers can be  
13 submitted or accepted?

14 CHAIR WINNER: Yeah. It's --

15 COMMISSIONER REED-KLAGES: I just worry. I'm  
16 wondering about the language here.

17 CHAIR WINNER: Do you understand the question?  
18 The question is, because it says, "until they are  
19 submitted" --

20 COMMISSIONER REED-KLAGES: And it says the labor  
21 agreement is missing, so --

22 CHAIR WINNER: Yeah.

23 COMMISSIONER REED-KLAGES: -- and it's missing on  
24 all.

25 EXECUTIVE DIRECTOR BAEDEKER: I think, as a matter

1 of fact, the wording used by Staff is arguably  
2 inappropriate. Staff can't make that determination. That's  
3 a legal determination. It's probably been picked up, you  
4 know, every time that the ADWs come before us.

5 But this Board -- dating way back, as John said or  
6 somebody said, you know, the law was passed in 2001. And  
7 I'm not sure how many times the ADW companies have come  
8 before the Board to be relicensed. And every time that  
9 they've come before the Board, I believe this issue has been  
10 raised.

11 And the Board has determined that it has not been  
12 in the best interest of racing to refuse a license over this  
13 issue, particularly based on the legal interpretation that  
14 the language applies to jobs, existing jobs in California.  
15 If there are none, then the language is inapplicable.

16 CHAIR WINNER: And any change that would take  
17 place would have to take place statutorily because we're  
18 dealing with how the statute was written. And whether it  
19 was written as was agreed to or not is not up to us. And it  
20 goes back to 2001. And then again, I think, in 2008 or  
21 something like that it was renewed. So the problem is a  
22 legislative problem and would have to be dealt with.

23 I would recommend, Jackie, that in the future, we  
24 change that language so it's -- because I think the point  
25 that Commissioner Reed-Klages makes is a very, very good

1 point and we need to fix that. Thank you.

2 Thank you, John.

3 I have a few other --

4 MR. VALENZUELA: Thank you for addressing that.

5 Thank you.

6 CHAIR WINNER: Thank you.

7 MR. VALENZUELA: Thank you.

8 CHAIR WINNER: We have a few others, I think, on  
9 this item.

10 Cliff Goodrich? Good morning, Cliff.

11 MR. GOODRICH: Thank you. Good morning. My name  
12 is Cliff Goodrich. I represent the California Thoroughbred  
13 Horsemen's Foundation that serves the medical needs for the  
14 people who take care of the horses on the backstretch.

15 A little in the scheme things that often gets  
16 lost, we get various slivers of the handle which does  
17 translate to a lot of money. One of those slivers is  
18 interest money on ADW accounts. It's in Rule 2082, which  
19 provides that we and the CTT Pension Fund receive half the  
20 interest. It doesn't amount to a lot of money but often  
21 it's overlooked by the ADW providers. I think everybody is  
22 pretty much up to date, as far as I know.

23 And then the other thing, when we do get checks,  
24 often there's no support. And so when an auditor says,  
25 what's this for, we have to go run it down. Most of the

1 larger companies provide how much interest they generated in  
2 total in the country, take a pro rata share of California's  
3 30 percent of the handle, we get 30 percent of the interest,  
4 split with the CTT.

5 So all we're asking is if Staff could remind,  
6 especially any new applicants or ones that haven't been  
7 around for a while, it's usually the smaller companies, to  
8 realize 2082 is there in the rules, it would be much  
9 appreciated.

10 CHAIR WINNER: Thank you, Cliff.

11 Greg Avioli? Good morning.

12 MR. AVIOLI: Hi. Good morning. Greg Avioli with  
13 the Thoroughbred Owners of California.

14 I just wanted to clarify point. It came up last  
15 time when we did the mini extensions, is extending the ADW  
16 agreements -- or licenses through 2020, there's still a  
17 pretty big part that will have to come next before they can  
18 become active on January 1st on 2020. Because all of our  
19 hub agreements, which is basically the agreements where we  
20 agree on the financial deal between the horsemen, the tracks  
21 and the ADWs, those expires on 12/31 of '19.

22 So I just want to make sure that everyone -- we  
23 had a little confusion last time, that in granting these  
24 licenses, they're all, by law, subject to having the hub  
25 agreements in place.

1 VICE CHAIR AUERBACH: Greg, wouldn't that be up to  
2 you guys to make sure it happens prior to us having to get  
3 involved?

4 MR. AVIOLI: No, absolutely. And we intend to and  
5 we've already started some conversations. I just --

6 VICE CHAIR AUERBACH: Oh, good.

7 MR. AVIOLI: -- I didn't want there to be any  
8 misunderstanding and I thought there was some last time.

9 VICE CHAIR AUERBACH: Okay.

10 MR. AVIOLI: Okay. Thank you.

11 CHAIR WINNER: Thank you.

12 MR. AVIOLI: Thank you.

13 CHAIR WINNER: Tony, NYRA Bets is a nonprofit;  
14 correct?

15 MR. ALLEVATO: Not for profit.

16 CHAIR WINNER: Not for profit, yeah.

17 VICE CHAIR AUERBACH: Which means they make plenty  
18 of money.

19 CHAIR WINNER: Pardon me?

20 VICE CHAIR AUERBACH: Which means they make plenty  
21 of money.

22 CHAIR WINNER: Yeah. Are there any questions?  
23 Please.

24 COMMISSIONER MAAS: No, I'll just wait until  
25 you're done. I just have one comment but let you to finish,

1 Mr. Chairman.

2 CHAIR WINNER: Pardon me?

3 COMMISSIONER MAAS: I'll let you finish. I just  
4 have one comment.

5 CHAIR WINNER: No. Go ahead.

6 COMMISSIONER MAAS: So, Tony, one of the things  
7 that you mentioned yesterday, and I don't think this would  
8 be violative of any of the closed session rules, that I  
9 thought was fascinating is what you guys are doing for NYRA  
10 with Fox Sports and how it obviously benefits New York but  
11 also benefits California. And if you don't mind taking a  
12 couple of seconds and feel comfortable relating all that, I  
13 think it would be instructive for the Board and for others  
14 to hear what you're doing.

15 MR. ALLEVATO: Yeah. This is okay. I mean, you  
16 know, we've used a very heavy televisions strategy to try  
17 and promote thoroughbred racing, not just in New York but  
18 around the country. We started by doing 80 hours on MSG  
19 Network, which is the equivalent of Fox Sports Prime Ticket  
20 in New York. It's the biggest regional network in the  
21 country, and 80 hours on Fox Sports 2, which is a sister  
22 station to Fox Sports 1. They're in about 55 million homes,  
23 all HD. And this past year we entered into an agreement  
24 with Fox Sports which will see racing get 500 years this  
25 year on national television, 600 hours next year, and then

1 700 the year after that. It's a multi-year agreement and  
2 we're really excited about it.

3           As part of the deal, we are doing 13 shows during  
4 the winter called Fox Sports Saturday at the Races, which  
5 we're modeling the old Wide World of Sports tv shows where  
6 we point around from the top races around the country,  
7 including races from Santa Anita on several of the days.  
8 And we do have one day which will be the Santa Anita  
9 Handicap, which we're doing a three-hour telecast on  
10 national television which, actually, will not have any races  
11 from New York. We're just mostly focused on California.

12           So we look at national television as an  
13 opportunity to help the industry grow, especially at a time  
14 where sports betting is now becoming prevalent throughout  
15 the country. More and more states are going to start to  
16 become licensed for sports betting and we see it as an  
17 opportunity to capture new fans. As people open accounts  
18 across the country to bet on sports and they're betting at  
19 games -- on games at night, there's really a lack of live  
20 sports content during the day for these people to bet on.  
21 So why not present horse racing in a form that helps educate  
22 and entertain them and, hopefully, they can become horse  
23 racing fans.

24           We don't need to get a lot of these fans to cross  
25 over and start watching and betting on horse racing, coming



1 to the track, eventually owning horses, to really make a big  
2 impact on the sport.

3 And that's the philosophy that we've adapted and  
4 we've made a heavy investment in it, and hopefully it's  
5 going to work. It will be -- we think it will benefit not  
6 just New York racing but racing across the country.

7 COMMISSIONER MAAS: Thank you very much.

8 CHAIR WINNER: One other question, Tony. We  
9 talked, I think we talked with you, as well, yesterday about  
10 dormant accounts and how you handle --

11 MR. ALLEVATO: Um-hmm.

12 CHAIR WINNER: -- accounts that are basically dead  
13 and no activity.

14 MR. ALLEVATO: So in California, we go by the  
15 Unclaimed Property Law, which after three years, if a  
16 property is unclaimed, it goes back to the state.  
17 Currently, we have not been operating for three years in  
18 California, this will be our third year, so at that time the  
19 funds would go back to the state. But we do not hold those  
20 funds and we do not charge any fees to customers who have  
21 dormant accounts.

22 CHAIR WINNER: And you do reach out to them?

23 MR. ALLEVATO: Yes. Yeah. We have to make  
24 multiple attempts to get ahold of them first. It's in our  
25 best interest for them to --

1 CHAIR WINNER: Yeah.

2 MR. ALLEVATO: -- continue to keep playing.

3 CHAIR WINNER: Right. Okay. Any other questions?

4 VICE CHAIR AUERBACH: I just would like to comment  
5 on what NYRA is doing and I think it's wonderful. I know  
6 that racing kind of lost its way when we had ESPN, which  
7 kind of buried us. And then NBC stepped in with, obviously,  
8 with Derby stuff. And now this with NYRA is just such a  
9 welcome, welcome move.

10 And I know that you were here for a while with one  
11 of the competitors and so you have a feel for what goes on  
12 in California. And I, for one, really appreciate what you  
13 guys are doing and wish you the best of success because your  
14 success will be our success, and just to say, thank you.

15 MR. ALLEVATO: Thank you.

16 CHAIR WINNER: Any other comments or questions?  
17 Is there a motion?

18 VICE CHAIR AUERBACH: So moved.

19 CHAIR WINNER: Vice Chair Auerbach moves approval  
20 of the license through 2020.

21 COMMISSIONER REED-KLAGES: Second.

22 CHAIR WINNER: Seconded by Commissioner Reed-  
23 Klages.

24 COMMISSIONER MAAS: Shouldn't we condition on the  
25 hub agreements being submitted or --

1 CHAIR WINNER: Do we need to say that?

2 EXECUTIVE DIRECTOR BAEDEKER: I don't think you  
3 need to say that.

4 CHAIR WINNER: I don't think we need to say that.  
5 Commissioner Alfieri?

6 COMMISSIONER ALFIERI: Yes.

7 CHAIR WINNER: Commissioner Solis?

8 COMMISSIONER SOLIS: Yes.

9 COMMISSIONER MAAS: Yes.

10 CHAIR WINNER: Commissioner Maas, yes.

11 Chuck -- or Commissioner Winner votes --

12 VICE CHAIR AUERBACH: Commissioner Chuck.

13 CHAIR WINNER: -- yes.

14 VICE CHAIR AUERBACH: Yes.

15 CHAIR WINNER: Commissioner Auerbach?

16 VICE CHAIR AUERBACH: Yes.

17 CHAIR WINNER: Okay.

18 COMMISSIONER REED-KLAGES: Yes.

19 CHAIR WINNER: It unanimously passes.

20 Congratulations. Good luck and thank you --

21 MR. ALLEVATO: Thank you.

22 CHAIR WINNER: -- for all your help. Keep in mind  
23 the charities that we talked about.

24 MR. ALLEVATO: Yes. Thank you.

25 CHAIR WINNER: Moving on to item number 11,

1 discussion and action by the Board on the Application for  
2 Approval to Conduct Advance Deposit Wagering of Game Play  
3 Network, Inc., for an out-of-state multi-jurisdictional  
4 wagering hub for a period of up to two years.

5           Gentlemen, it would be helpful, I think, in your  
6 case to kind of explain to the Board what you're about and  
7 how you go about it and what your future looks like.

8           MR. FINE: Sure.

9           CHAIR WINNER: First of all, identify yourselves  
10 and then go ahead.

11           MR. FINE: I'm Russell Fine. I'm the President of  
12 Game Play Network.

13           MR. HASSON: Joe Hasson.

14           MR. FINE: Also with Game Play Network.

15           CHAIR WINNER: Yeah.

16           MR. FINE: So we are -- Game Play Network was  
17 created by the founding group from Youbet.com, which we  
18 started in the '90s. And in 2012, we developed an idea to  
19 bring players who wanted to play casual games, who are not  
20 horse racing fans, to essentially allow them to wager on  
21 horse racing and horse racing pools while having an  
22 interface that was more about games than it was about horse  
23 racing directly.

24           And we've spent the last seven years building this  
25 concept. The first five, five-and-a-half, actually, were

1 spent primarily on legal, regulatory, infrastructure, and  
2 partnering. So there was a great deal of work to ensure  
3 that we could legally, within all of the ADW states, operate  
4 a game that looks more like a game than horse racing, and to  
5 ensure that that would be licensed.

6 And then once licensing was complete, to ensure we  
7 could build a platform, that it would be marketable, and  
8 then gain partnerships with all of the industry groups that  
9 are necessary to deploy any form of gaming or wagering, such  
10 as payment processors, like Vantiv or First Data, who we  
11 work with, Visa, Mastercard, Facebook, Apple, Google, all of  
12 these had to be aligned into -- on our licenses for  
13 something which is, essentially, a new style of gaming on  
14 horse racing. So we spent about five years doing that.

15 Last year, we launched our first product that we  
16 felt would be marketable. It was a set of games that we  
17 thought really aligned with what casual gamblers wanted to  
18 play. We have about 30 games right now on our app. And  
19 over the last 12 months, we've seen tremendous growth.

20 So in January of 2018 -- 2019, our total wagering  
21 has gone up eight times. Our number of players has gone up  
22 ten times. Our wagering per player has gone up three times.  
23 So we now have, effectively, on a per-player basis a  
24 profitable product in most of the states, and still growing.

25 This year, we're going to be launching three new

1 initiatives. Right now it's an Apple iPhone-based product  
2 because we felt that was the initial most, I want to say,  
3 desirable market because of their demographics. In the next  
4 six months, we're going to be launching it online, web and  
5 Android products, so we can broaden the market appeal. And  
6 that will also drop our per-player cost.

7 We anticipate in the next 12 months, that I think  
8 the economic impact of what we're doing is actually going to  
9 be noticeable. Today we're very small. I consider what  
10 we're doing, market testing, we're testing with about 1,000  
11 to 1,500 player a month, active cash wagers, enough for us  
12 to have statistical significance and ensure that the  
13 business model is functioning. And we think in the next 12  
14 months, we're going to have some fairly explosive growth and  
15 we look forward to it.

16 So that's what we do.

17 CHAIR WINNER: Thank you.

18 Questions? Comments? Anybody?

19 MR. FINE: I wore everybody out yesterday?

20 CHAIR WINNER: Is there a motion?

21 COMMISSIONER MAAS: So moved.

22 CHAIR WINNER: Commissioner Maas --

23 COMMISSIONER ALFIERI: Second --

24 CHAIR WINNER: -- moves.

25 COMMISSIONER ALFIERI: Second.

1 CHAIR WINNER: Commissioner Alfieri seconds.  
2 Commissioner Reed-Klages?  
3 COMMISSIONER REED-KLAGES: Yes.  
4 CHAIR WINNER: Commissioner Auerbach?  
5 VICE CHAIR AUERBACH: Yes.  
6 CHAIR WINNER: Chairman votes yes.  
7 COMMISSIONER MAAS: Yes.  
8 CHAIR WINNER: Commissioner Solis?  
9 COMMISSIONER SOLIS: Yes.  
10 CHAIR WINNER: And Commissioner Alfieri?  
11 COMMISSIONER ALFIERI: Yes.  
12 CHAIR WINNER: Good luck.  
13 MR. FINE: Thank you.  
14 MR. HASSON: Thank you.  
15 CHAIR WINNER: Keep up --  
16 MR. FINE: And, Ladies and Gentlemen --  
17 CHAIR WINNER: -- the good work --  
18 MR. FINE: -- thank you for your time.  
19 CHAIR WINNER: -- and let's make it work.  
20 MR. FINE: Thank you.  
21 CHAIR WINNER: Thank you.  
22 Number 12, discussion and action by the Board on  
23 the Application for Approval to Conduct Advance Deposit  
24 Wagering of Lien Games Racing, LLC, dba Off Track  
25 Betting.com, for an out-of-state multi-jurisdictional

1 wagering hub for a period of up to -- for a period, we  
2 should say, through 2020.

3 John?

4 MR. FORD: Good morning. My name is John Ford.  
5 I'm here on behalf of Lien Games Racing for the renewal of  
6 their permission to operate account wagering.

7 Just for clarity's sake, we understand well the  
8 requirements for accepting wagers from California residents.  
9 Currently, we are not and we seek the continuation of our  
10 license for future wagering. We have a hub agreement for  
11 harness racing which would permit us to conduct harness  
12 racing wagering from California customers but have been  
13 working on obtaining a hub agreement for thoroughbred, which  
14 I'm optimistic we'll complete shortly. And then we'll be  
15 able to offer a full complement of wagering for California  
16 customers.

17 CHAIR WINNER: Thank you.

18 VICE CHAIR AUERBACH: So right now --

19 CHAIR WINNER: Go ahead.

20 VICE CHAIR AUERBACH: -- you only do harness?

21 MR. FORD: Yeah. Actually, right now we're not  
22 offering in California because the product is only harness  
23 and we didn't think we'd be, you know, a viable product  
24 without the thoroughbred. So we're working on a hub  
25 agreement for thoroughbred, expect to conclude that shortly,



1 and then we'll offer both in California.

2 CHAIR WINNER: And when you say you're working on  
3 a thoroughbred hub agreement, it can be with CARF or with  
4 Stronach or --

5 MR. FORD: Those are the two.

6 CHAIR WINNER: Yeah.

7 VICE CHAIR AUERBACH: That's it.

8 CHAIR WINNER: Jackie, any outstanding documents?  
9 Sorry.

10 MS. WAGNER: As Chairman noted, there are  
11 outstanding documents. He has -- we have only received the  
12 hub agreement that allows him to -- Lien Games to accept  
13 wagers from harness. We do not have the documents that will  
14 allow them to accept wagers for thoroughbreds.

15 VICE CHAIR AUERBACH: Well, that's what he was  
16 just explaining.

17 CHAIR WINNER: Yeah.

18 MS. WAGNER: Um-hmm.

19 CHAIR WINNER: So the --

20 VICE CHAIR AUERBACH: What about --

21 CHAIR WINNER: -- motion ought to be contingent  
22 with respect to thoroughbred on receiving that hub  
23 agreement?

24 MR. FORD: It could. The law really provides  
25 that --

1 CHAIR WINNER: It provides --

2 MR. FORD: -- we can't accept thoroughbred wagers  
3 until we have a hub agreement, just the same with Quarter  
4 horse. We can't accept Quarter horse wagers unless we have  
5 a hub agreement.

6 COMMISSIONER REED-KLAGES: And what about the bond  
7 that was noted in here, that it had expired. Is that --

8 MS. WAGNER: We have received the bond.

9 COMMISSIONER REED-KLAGES: You have received the  
10 bond.

11 MS. WAGNER: (Off mike.) (Indiscernible.)

12 COMMISSIONER REED-KLAGES: Okay. Great. Thanks.

13 CHAIR WINNER: Any other questions?

14 John, what do you do with dormant accounts,  
15 understanding not California but in general?

16 MR. FORD: Yeah. There's currently no fee for  
17 dormant accounts.

18 CHAIR WINNER: And how do you --

19 MR. FORD: We follow the --

20 CHAIR WINNER: What do you do with them over --  
21 after a year or two years or whatever?

22 MR. FORD: Yeah. We follow the rules of --

23 CHAIR WINNER: Whatever the state is?

24 MR. FORD: -- I forget the legal term, I should  
25 know that, but forfeiture into the state.

1 CHAIR WINNER: Okay. Any other questions?

2 MR. FORD: (Off mike.) (Indiscernible.) Yeah.

3 Thank you.

4 CHAIR WINNER: Is there a motion?

5 COMMISSIONER MAAS: Move.

6 CHAIR WINNER: Commissioner Maas moves. I'll  
7 second.

8 Commissioner Alfieri?

9 COMMISSIONER ALFIERI: Yes.

10 CHAIR WINNER: Commissioner Solis?

11 COMMISSIONER SOLIS: Yes.

12 COMMISSIONER MAAS: Yes.

13 CHAIR WINNER: Commissioner Maas? Chair votes  
14 yes.

15 VICE CHAIR AUERBACH: Yes.

16 CHAIR WINNER: Vice Chair votes yes.

17 COMMISSIONER REED-KLAGES: Yes.

18 CHAIR WINNER: Commissioner Reed-Klages votes yes.

19 Good luck, John.

20 MR. FORD: Thank you very much.

21 CHAIR WINNER: I hope you work it all out.

22 Moving on, discussion and action by the Board on  
23 the Application for Approval to Conduct Advance Deposit  
24 Wagering of Churchill Downs Technology Initiatives Company,  
25 dba Twinpires and BetAmerica, for an out-of-state multi-

1 jurisdictional wagering hub for a period of up to two years.

2 Ladies and Gentlemen?

3 MR. HURT: Yeah. Hi. Good morning. My name is  
4 Justin Hurt, H-U-R-T.

5 MS. STEVENS: And Whitney Stevens.

6 CHAIR WINNER: Do you want to give us a little  
7 background?

8 MR. HURT: Yeah. We're here for a renewal of our  
9 multi-state wagering license through 2020.

10 VICE CHAIR AUERBACH: Who are you? We don't know  
11 you, so tell us who you are.

12 MR. HURT: Yeah. Hi. I'm the VP of Business  
13 Development for Twinspires and BetAmerica.

14 VICE CHAIR AUERBACH: Okay.

15 MS. STEVENS: And I'm the Senior Director of  
16 Finance for Twinspires.

17 VICE CHAIR AUERBACH: Thank you.

18 CHAIR WINNER: And they flew out from Louisville  
19 for our meetings --

20 VICE CHAIR AUERBACH: Yeah.

21 CHAIR WINNER: -- which we appreciate.

22 MR. HURT: Happy to be here.

23 CHAIR WINNER: Let's ask you a couple other  
24 questions.

25 We talked yesterday about California charities.

1 And my understanding is you're doing charitable  
2 contributions but there are some questions about the parent  
3 company, et cetera. And hopefully you'll look into helping  
4 us in California with some of our California charities that  
5 others are participating with. Again, we're not making that  
6 a requirement, at least I'm not making it a requirement, but  
7 we would really like you to strongly consider that as we go  
8 forward.

9 And also, I think you were here when we talked  
10 about clarifying allocated funds and how you reached those  
11 determinations versus actual California revenue and expense.

12 So we'd appreciate that, as well, within the next 30 days.

13 Again, we're not making it a requirement. We're asking you  
14 to do that.

15 Also, if you could just give us a quick answer to  
16 the same question about dormant funds? How do you deal with  
17 dormant funds?

18 MR. HURT: I believe we are currently charging an  
19 account maintenance fee. But based on our conversation  
20 yesterday, we are going to go back and review that.

21 CHAIR WINNER: Okay. We appreciate it. It's -- I  
22 mean, from our standpoint, to charge a fee for people on  
23 their own money, basically, you're using their money and  
24 charging them a fee to do it, or you have their money and  
25 you're charging them a fee to do that, we don't -- we would

1 prefer that you not do that. But again, we'd ask that you  
2 go back and take a look, as you're doing, and we appreciate  
3 that.

4 Any other questions or comments?

5 VICE CHAIR AUERBACH: I just, I'm curious, if  
6 you're charging a fee and no one else is, then the public --

7 CHAIR WINNER: They're not -- I don't think  
8 they're the only ones.

9 VICE CHAIR AUERBACH: Okay.

10 CHAIR WINNER: But --

11 VICE CHAIR AUERBACH: All right.

12 CHAIR WINNER: -- there are --

13 VICE CHAIR AUERBACH: There are others who charge  
14 a fee --

15 CHAIR WINNER: I believe so.

16 VICE CHAIR AUERBACH: -- for dormant accounts?

17 CHAIR WINNER: We'll hear when they come up.

18 VICE CHAIR AUERBACH: I see.

19 MR. HURT: Yeah. Let me --

20 CHAIR WINNER: But we're asking that --

21 VICE CHAIR AUERBACH: That they --

22 CHAIR WINNER: -- them to not do that.

23 VICE CHAIR AUERBACH: -- that they find a  
24 different revenue source?

25 MR. HURT: Yeah. We certainly do not wish to

1 charge those fees. Our preference is for the customer to  
2 come back and continuing wagering with us.

3 VICE CHAIR AUERBACH: Well, obviously. No --

4 MR. HURT: And we do --

5 VICE CHAIR AUERBACH: -- I get that.

6 MR. HURT: -- send them notifications --

7 VICE CHAIR AUERBACH: I get that.

8 MR. HURT: -- and let them know of the balance and  
9 let them know about the dormancy fee. But, yeah, we're  
10 going to take that back --

11 CHAIR WINNER: Yeah. But what we'd like to do --

12 MR. HURT: -- under review.

13 CHAIR WINNER: -- is, you know, it's not just to  
14 get them to come back, but if they're not going to come  
15 back, they should get their money back one way or another,  
16 or it should go to a state or a charity or whatever is  
17 required in that jurisdiction.

18 VICE CHAIR AUERBACH: The only other thing I  
19 wanted to say to these folks, because we have not really  
20 seen folks at this particular level from Churchill. I mean,  
21 this is nice to have boots-on-the-ground people who actually  
22 deal with what we're talking about coming to us. So thank  
23 you for being here and, you know, establishing this  
24 communication so we can -- because we've had some  
25 communication issues with Churchill and I think this is

1 really nice. Thank you.

2 CHAIR WINNER: Yeah. And I would say --

3 MR. HURT: Thank you.

4 CHAIR WINNER: -- that in yesterday's meeting,  
5 just like with all the other representatives of the ADWs, we  
6 had, I think, a very, very positive give and take and  
7 discussion. And we appreciate your considering the things  
8 that we raised.

9 Is there a motion?

10 COMMISSIONER MAAS: Move.

11 CHAIR WINNER: Commissioner Maas moves. I'll  
12 second.

13 COMMISSIONER REED-KLAGES: Yes.

14 CHAIR WINNER: Commissioner Reed-Klages votes yes.

15 VICE CHAIR AUERBACH: Yes.

16 CHAIR WINNER: Commissioner Auerbach? Chairman  
17 votes yes.

18 COMMISSIONER MAAS: Yes.

19 CHAIR WINNER: Commissioner Maas votes yes.

20 Commissioner Solis?

21 COMMISSIONER SOLIS: Yes.

22 CHAIR WINNER: And Commissioner Alfieri?

23 COMMISSIONER ALFIERI: Yes.

24 CHAIR WINNER: Good luck.

25 MR. HURT: Thank you.



1 VICE CHAIR AUERBACH: Thank you.

2 CHAIR WINNER: Keep us informed as to whatever  
3 changes you make with respect to those issues.

4 MR. HURT: Yeah. Absolutely.

5 CHAIR WINNER: Thank you again. Travel safely  
6 home.

7 Thirteen? Or is it 14?

8 EXECUTIVE DIRECTOR BAEDEKER: Fourteen.

9 CHAIR WINNER: Fourteen, discussion and action by  
10 the Board on the Application for Approval to Conduct Advance  
11 Deposit Wagering of Watch and Wager.com, LLC, for an out-of-  
12 state multi-jurisdictional wagering hub for a period up to  
13 the -- up to the end of 2020.

14 Good morning, Chris.

15 MR. SCHICK: Good morning, Chairman Winner,  
16 Members of the Board.

17 CHAIR WINNER: Good morning.

18 MR. SCHICK: I'm Christopher Schick. I'm with  
19 Watch and Wager but I'm involved in the Standard Bred  
20 Division up at Cal Expo.

21 CHAIR WINNER: Ed?

22 MR. CUMMINGS: Ed Cummings, President, Watch and  
23 Wager. Obviously, responsible for the ADW and the overall  
24 company.

25 CHAIR WINNER: Do you want to gives us a little

1 background, Ed, on the company and --

2 MR. CUMMINGS: Yeah. We've --

3 CHAIR WINNER: -- what you're doing in California?

4 MR. CUMMINGS: -- well, as you know, we've been  
5 here some time now, nearly seven years. We're a British  
6 company, listed on the London Stock Market on the  
7 Alternative Investment Market, Webis Holdings, which fully  
8 owns Watch and Wager, LLC. Watch and Wager has three main  
9 businesses, Cal Expo, obviously, where we've been running  
10 for seven years, seventh year currently, where we have a  
11 management agreement with Chris Schick and Ben Kenney from  
12 Golden Bear Racing to run it on our behalf, which is going  
13 very well, the ADW which is growing, and we also, within the  
14 ADW, we have a sort of unit for high-volume wagering,  
15 algorithmic trading, computer wagering, whichever you want  
16 to call it, that's mainly international.

17 Business is good and looking to grow it and expand  
18 more in the U.S., as many British gaming companies are  
19 trying go to do at the moment.

20 CHAIR WINNER: Okay. Any questions?

21 EXECUTIVE DIRECTOR BAEDEKER: If you want to get  
22 an update on the outstanding items, there's --

23 CHAIR WINNER: Oh, yes. I'm sorry, Jackie.  
24 Outstanding items for Watch and Wager.

25 MS. WAGNER: Jackie Wagner, CHRB Staff.

1 To date the outstanding items are still  
2 outstanding, with the exception of the labor agreement,  
3 which we don't expect to rec.

4 CHAIR WINNER: So which ones are they, Jackie?

5 MS. WAGNER: I don't have a copy of the hub  
6 agreement. I do not have a copy of the verification and  
7 written notice about the hub agreement, or the contracts  
8 between Watch and Wager and the horsemen.

9 Did you receive those?

10 MR. CUMMINGS: Yeah. I sent them in. Yeah.

11 MS. WAGNER: Okay. That's what I thought.

12 MR. CUMMINGS: Yeah.

13 MS. WAGNER: I may not have received them.

14 MR. CUMMINGS: But the --

15 MS. WAGNER: If they've been received by Staff --

16 MR. CUMMINGS: -- the hub agreement with the TOC,  
17 obviously, we don't have --

18 MS. WAGNER: Right.

19 MR. CUMMINGS: -- a hub agreement for  
20 thoroughbred, as I said yesterday.

21 The verification was verified to me by the TOC. I  
22 don't know if Greg wants to confirm that, and Mary Forney,  
23 that that had been sent in? So --

24 MS. WAGNER: What we can do is I will double  
25 check --

1 MR. CUMMINGS: Yeah.

2 MS. WAGNER: -- with Staff when I get back --

3 MR. CUMMINGS: Here's Greg.

4 MS. WAGNER: -- to the office. And then we'll  
5 report on that.

6 MR. AVIOLI: Hi. It's Greg Avioli, TOC. We did  
7 sign it and send it in.

8 MS. WAGNER: Okay.

9 MR. AVIOLI: So if it didn't get there, maybe it's  
10 our fault but we did approve it and sign it.

11 MS. WAGNER: Excellent.

12 CHAIR WINNER: Thank you.

13 MR. AVIOLI: Okay.

14 MS. WAGNER: Thank you.

15 CHAIR WINNER: Okay. Motion?

16 COMMISSIONER MAAS: Move.

17 CHAIR WINNER: Moved by Commissioner Maas.

18 Seconded by Vice Chair Auerbach.

19 How do you vote?

20 COMMISSIONER REED-KLAGES: Yes.

21 VICE CHAIR AUERBACH: Yes.

22 CHAIR WINNER: Commissioner? The Chairman votes  
23 yes.

24 Commissioner Maas?

25 COMMISSIONER MAAS: Yes.

1 CHAIR WINNER: Commissioner Solis?

2 COMMISSIONER SOLIS: Yes.

3 CHAIR WINNER: Commissioner Alfieri?

4 COMMISSIONER ALFIERI: Yes.

5 CHAIR WINNER: Unanimously passes. Good luck,  
6 guys.

7 MR. CUMMINGS: Thank you.

8 CHAIR WINNER: Thank you.

9 VICE CHAIR AUERBACH: Get bigger.

10 CHAIR WINNER: Fifteen, discussion and action by  
11 the Board on the Application for Approval to Conduct Advance  
12 Deposit Wagering of XpressBet, LLC, for an out-of-state  
13 multi-jurisdictional wagering hub for a period through 2020.

14 MR. CHABRIER: Good morning.

15 CHAIR WINNER: Good morning.

16 VICE CHAIR AUERBACH: Good morning.

17 MR. CHABRIER: Generation Chabrier, Vice President  
18 of Regulatory Affairs for XpressBet.

19 CHAIR WINNER: Do you want to answer some of the  
20 questions that we've asked others with respect to dormant  
21 accounts, with respect to charities, et cetera?

22 MR. CHABRIER: All right. Basically, we're doing  
23 the same thing as Twinspires in regards to the dormant  
24 accounts. We do charge, after a year, a \$2.00 monthly fee  
25 to -- more or less a maintenance fee for the balance.

1 CHAIR WINNER: Would you do what TwinSpires has  
2 agreed to do, is take a look at that and consider --

3 MR. CHABRIER: We certainly will.

4 CHAIR WINNER: -- changing that --

5 MR. CHABRIER: Yes.

6 CHAIR WINNER: -- so that we don't have to deal  
7 with that in the future?

8 Charities? California charities?

9 MR. CHABRIER: We do a lot of national charities.  
10 We are going to begin to donate -- we're going to get in  
11 contact with the Winners Foundation and start working with  
12 them, based on our conversation from yesterday.

13 CHAIR WINNER: Okay. And any other, CARMA and  
14 other California charities --

15 MR. CHABRIER: Certainly.

16 CHAIR WINNER: -- I think you should take a look  
17 into.

18 Are there any other questions?

19 Fred, any comments?

20 COMMISSIONER MAAS: No, none from me. Thank you.

21 CHAIR WINNER: Commissioner Alfieri, did you have  
22 a question?

23 COMMISSIONER ALFIERI: Make a motion to approve.

24 CHAIR WINNER: Commissioner Alfieri moves to  
25 approve.

1 COMMISSIONER SOLIS: Second.

2 CHAIR WINNER: Commissioner Alfieri?

3 COMMISSIONER ALFIERI: Yes.

4 CHAIR WINNER: Commissioner Solis?

5 COMMISSIONER SOLIS: Yes.

6 CHAIR WINNER: Commissioner Maas?

7 COMMISSIONER MAAS: Yes.

8 CHAIR WINNER: Chairman votes yes.

9 Vice Chair, yes?

10 VICE CHAIR AUERBACH: Yes. Yes

11 CHAIR WINNER: Did I see you say yes?

12 VICE CHAIR AUERBACH: I did.

13 COMMISSIONER REED-KLAGES: Yes.

14 CHAIR WINNER: And yes? Okay.

15 MR. CHABRIER: Thank you very much.

16 CHAIR WINNER: Unanimously approved. Good luck.

17 Discussion and action by the Board on the

18 Application for Approval to Conduct Advance Deposit Wagering

19 of ODS Technologies, L.P., dba TVG Network, for an out-of-

20 state multi-jurisdictional wagering hub for a period of up

21 to two years.

22 Good morning, John. And as you make your

23 presentation, we'd like to -- the other Board Members and

24 the audience to hear a little bit about what TVG is doing in

25 terms of their charitable work that you discussed yesterday.

1 MR. HINDMAN: Sure. So we have --

2 CHAIR WINNER: First of all, introduce yourself.

3 MR. HINDMAN: Oh, sure. John Hindman, General  
4 Counsel for TVG. Good morning everyone.

5 So, yes, we have and continue to do multiple  
6 things on the charity front. We have -- one of the exciting  
7 things we did in the last year, which we're getting ready to  
8 do again, was the Permanently Disabled Jockeys' Fund  
9 Telethon, which was an enormous success and really worked  
10 out great. The public loved it. And it was really an  
11 innovative new charitable thing that raised a lot of money  
12 in a very short period of time. We are involved with  
13 thoroughbred retirement charities, as well. The Winners  
14 Foundation, we have contributed to and plan to continue to  
15 contribute to the Winners Foundation, as well. So we're  
16 committed to, you know, the industry charitable endeavors  
17 that we've been involved with.

18 EXECUTIVE DIRECTOR BAEDEKER: And you're doing the  
19 telethon again, did you say?

20 MR. HINDMAN: Yes, in April.

21 CHAIR WINNER: And of course, you guys did a  
22 really good job after the Lotus Fire in getting --

23 MR. HINDMAN: Yes. And any sort of ad hoc things  
24 that come up, like the tragedy at San Luis Rey, we do  
25 everything we can to use all of our assets, in addition to



1 our resources, to get the word out, raise awareness, help  
2 the industry and help anybody in the industry any way that  
3 we can. So we're pleased to continue those endeavors.

4 CHAIR WINNER: And dormant --

5 VICE CHAIR AUERBACH: Can I just --

6 CHAIR WINNER: I'm sorry.

7 VICE CHAIR AUERBACH: Sorry. No, I was just going  
8 to, on the charity thing --

9 CHAIR WINNER: Yeah, go ahead.

10 VICE CHAIR AUERBACH: -- I was going to add --

11 CHAIR WINNER: Please go ahead.

12 VICE CHAIR AUERBACH: -- my two cents.

13 TVG has been the gold standard for us in terms  
14 of -- and the other ADWs might look at what you've done in  
15 terms of contributing to charity. And I know you've worked  
16 with CARMA over the years. Every event we've had,  
17 everything we've done, you've recorded a lot of it, you've  
18 shown it live, you've shown the spots for CARMA, for  
19 California racing, for California Cares. You know, I'm  
20 tough to deal with when things don't go our way but when you  
21 guys step and do what you've done, I want to commend you.  
22 You've done that, especially with CARMA, here in California  
23 and you've done it with the Thoroughbred Aftercare Alliance,  
24 which we're all kind of connected. And we very much  
25 appreciate the attention because it generates revenue and

1 help for us. And that, the exposure on your network, is so  
2 useful.

3 MR. HINDMAN: Thank you. And I will let everybody  
4 at TVG know, so I appreciate the comments, Commissioner.

5 CHAIR WINNER: John, can you just give us a little  
6 bit on the dormant accounts, as we've asked everybody else?

7 MR. HINDMAN: We do charge very similar to the --  
8 to Twinspires and XpressBet. It didn't come up in our  
9 conversation yesterday but, yes, we will go back and look at  
10 those policies and follow-up with the Executive Director --

11 CHAIR WINNER: Thank you.

12 MR. HINDMAN: -- with more information.

13 CHAIR WINNER: Thank you very much.

14 Any other questions or comments? A motion?

15 Commissioner Maas --

16 COMMISSIONER MAAS: Moved.

17 CHAIR WINNER: -- moves.

18 COMMISSIONER ALFIERI: Second.

19 CHAIR WINNER: Commissioner Alfieri seconds.

20 COMMISSIONER REED-KLAGES: Yes.

21 VICE CHAIR AUERBACH: Yes.

22 CHAIR WINNER: Chairman votes yes.

23 COMMISSIONER MAAS: Yes.

24 CHAIR WINNER: Yes, Solis?

25 COMMISSIONER SOLIS: Yes.

1 CHAIR WINNER: And --

2 COMMISSIONER ALFIERI: Yes.

3 CHAIR WINNER: -- Commissioner Alfieri?

4 Good luck, John.

5 MR. HINDMAN: Thank you, Mr. Chairman.

6 CHAIR WINNER: And again, thank you for what  
7 you're doing.

8 MR. HINDMAN: Thank you.

9 CHAIR WINNER: All right, I think that's it, no  
10 other items on the agenda.

11 Is there a motion to adjourn?

12 VICE CHAIR AUERBACH: So moved.

13 COMMISSIONER ALFIERI: Second.

14 CHAIR WINNER: Meeting is adjourned.

15 (The meeting of the California Horse Racing Board  
16 adjourned at 10:38 a.m.)

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## CERTIFICATE OF REPORTER

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were reported by me, a certified electronic court reporter and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF, I have hereunto set my hand this 28th day of February, 2019.



MARTHA L. NELSON, CERT\*\*367

## CERTIFICATE OF TRANSCRIBER

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were transcribed by me, a certified transcriber and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

I certify that the foregoing is a correct transcript, to the best of my ability, from the electronic sound recording of the proceedings in the above-entitled matter.



MARTHA L. NELSON, CERT\*\*367

February 28, 2019