

CALIFORNIA HORSE RACING BOARD
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NOTICE OF PARI-MUTUEL OPERATIONS COMMITTEE MEETING

Notice is hereby given that a meeting of the **California Horse Racing Board's Pari-Mutuel Operations Committee** will be held on **Wednesday, February 16, 2005**, commencing at **1:30 p.m.**, in the **Embassy Suites**, 211 East Huntington Drive, **Arcadia**, California. CHRB Commissioners who are not committee members may participate in the public discussion, but shall not participate in any official committee vote.

AGENDA

1. Discussion and action regarding the **policy recommendations of the NTRA Players Panel.**
2. Staff report on the **status of the proposed changes to New York pari-mutuel rules and their applicability to California pari-mutuel rules.**
3. Request of **Pari-Mutuel Employees Guild, Local 280**, to discuss current **"tote problems"** at **California host and satellite locations.**
4. Discussion and action on the **proposed regulatory action of repealing the following inactive pari-mutuel rules:**
 - a. 1959.5 – Special Sweepstakes
 - b. 1959.6 – Limited Sweepstakes
 - c. 1959.7 – Pick Seven
 - d. 1959.8 – Pick 6 One Pool
 - e. 1976 – Unlimited Sweepstakes
 - f. 1976.5 – Special Unlimited Sweepstakes
 - g. 1976.7 – Special Reserved Unlimited Sweepstakes

Further information regarding the committee meeting may be obtained from John Reagan, Senior Management Auditor, at the CHRB Administrative Office, 1010 Hurley Way, Suite 300, Sacramento, California, 95825; telephone (916) 263-6000 or fax (916) 263-6042. A copy of this notice can be located on the CHRB website at www.chrb.ca.gov

*Information for requesting disability related accommodation for persons with a disability who requires aids or services in order to participate in this public meeting, should contact Roy Minami.

PARI-MUTUEL OPERATIONS COMMITTEE

Commissioner Jerry Moss, Chairman
Commissioner John C. Sperry, Member

Date of Notice: February 4, 2005

STAFF ANALYSIS
RECOMMENDATIONS OF THE NTRA PLAYERS PANEL
PARI-MUTUEL OPERATIONS COMMITTEE MEETING
FEBRUARY 16, 2005

Background:

The NTRA Players Panel has issued its Policy Recommendations. The recommendations cover many areas from Taxation to Customer Service. A review of the various sections follows:

1. *Integrity of the Pool/Late Mergers* – many items have already been address in California. For example: Former Commissioner Alan Landsburg produced an excellent video explaining the flow of the wagering dollars and the merging of the on-track and off-track pools. Some of the recommendations regarding the final cycles have been implemented in California and other recommendations look possible if the discussion at this meeting determines that they are appropriate for California.
2. *The Takeout Rates* – this appears to be much more long term. Changes in the California law would be required to implement the recommendations here.
3. *Taxation* – most of these matters relate to Federal tax laws and cannot be addressed by California alone.
4. *Rebate Policy* – this is a very complex area. It has been debated in various forms for several years now with little to show for the effort. Also, some of the assumptions that are included in the report should be examined.
5. *Transfer of Wagers to the Favorite* – these recommendations can be addressed by this Committee. However, we must remember that the rule changes that created the move of scratches to the favorite were created because a number of bettors complained about the Pick Six consolation method and the fact that refunds on the Pick Three took them out of the pool rather than having a method of keeping them in the pool. It is time to reexamine these decisions and make rule changes if necessary.
6. *Integrity of the Entries/Late Scratches* – some of these recommendations have been tried and/or implemented in California (10 days on the Vets list, for example). Although some of these recommendations are not strictly pari-mutuel in nature, they deserve serious consideration.
7. *Customer Service* – this section has the most recommendations that cover a multitude of items - from which dollar denominations to use in showing will-pays to requiring the cameras to show the entire horse in the post parade. All of these ideas deserve consideration for their applicability to California.

Also included with this item is the “Short List” of changes that Jim Quinn and Ron Charles promised at the last Board meeting. The items on the list are those items thought to be achievable quickly and have the most impact.

Recommendation:

This item is for information and discussion.

From: Ron Charles + Jim Quinn

TO: **California Horse Racing Board**
A 'Short List' of Recommended Changes

1.0 Late mergers of simulcast pools from the guests to the hosts

1.1 Eliminate the cancellation times

1.2 Transmit win & exacta wagering data from the hubs to the host in preference to the aggregated pools (all sources) of wagering data

Note. The objectives are two: (1) eliminate any possibilities that large bettors can make sizable wagers following the off-times, thereby causing significant reductions in the odds after the horses have left the starting gates, and (2) inform the public of the updated win odds and exacta probabilities as soon as possible. The four totalizator companies, including Scientific Games' Autotote, testified at the International Simulcast Conference in San Francisco in fall of 2003 they could they could effect the transfer of win & exacta data before sending all the aggregated pools to the host within six months, but it has not happened yet.

2.0 Pick-n wagering

2.1 Revise the rules & regulations of Pick-3 and Pick-4 wagering

.1 Where late scratches occur in Leg 1, the bettors obtain refunds of all combinations that include the scratched horses, instead of having their wagers transferred arbitrarily to the betting favorites.

.2 Where late scratches occur in the middle and final legs, the bettors obtain consolation payoffs on combinations that include the scratched horses and the winners in the other legs, instead of having their wagers transferred arbitrarily to the betting favorites

2.2 Provide 'alternates' on the bet cards for Pick-6, Pick-4, and Pick-3 wagers

2.3 Allow tracks to display Pick-6 payoffs following Leg 5

Note. The arbitrary transfer of Pick-n wagers to favorites following late scratches is blatantly unfair to the bettors. NYRA and Churchill Downs have made the recommended changes in the rules & regulations of Pick-3 and Pick-4 wagering, and California should do the same. At the same time, the use of 'alternates' on bet cards for Pick-n wagers should reduce the need for refunds and consolation payoffs. The 'alternates' for Pick-6 bet cards are extremely important to larger bettors who otherwise will have significant wagers transferred to favorites they frequently will be betting against. The practice

causes anger, contempt, and ultimately disillusion. Again, Autotote has promised the return of Pick-6 'alternates' since the fall of 2003, and again has failed to deliver, and the practical result is now that it's long past due.

Allowing the host track to display the Pick-6 payoffs following Leg 5 represents a timely advance in customer service, as the Pick 6 pools have grown larger, the bet more popular, and the bettors that are alive for large payoffs may choose to hedge their Pick-6 wagers in other pools. At the same time, all Pick-6 bettors will be interested to know as soon as possible whether a carryover has occurred.

3.0 Integrity of the entries/Late scratches

3.1 Mandate the random testing of horses on the vet list due to late scratches for medical reasons

Note. California racing is characterized by an inordinate number of late scratches, ostensibly for medical reasons. As indicated in interviews with directors of racing at Santa Anita and Del Mar, a number of the late scratches are actually for competitive reasons, thereby compromising the integrity of the entries and contributing to the depressing number of small fields. If horsemen do not like the post, they scratch. If they do not like the probable pace, they scratch. If they do not want to compete against another horse in the entries, they scratch. In these situations, medical reasons frequently are used to mask the late scratches.

The players just want the horsemen, vets, and stewards to follow the rules. Accountability procedures can be effective only if they include random testing to determine whether horses scratched late for medical reasons in fact have been treated as indicated. Penalties for repeated abusers of the scratch rules should be specified and enforced. The names of repeated abusers should be published in Daily Racing Form.

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NTRA Players Panel
Policy Recommendations
November 14, 2003

Accompanied by a brief statement of the problem, below is a list of the policy recommendations that have followed from investigations and the panel's position papers on seven subjects of serious concern and importance to the customers of Thoroughbred racing. The NTRA Players Panel was formed in spring of 2003 as an advisory body to the National Thoroughbred Racing Association (NTRA) and broader industry on pari-mutuel matters of greatest concern to the bettors.

Members of the NTRA Players Panel:

Ponti Compagna, Texas
Paul Cornman, New York
Dave Cuscuna, Florida
Andy Cylke, California

Cary Fotias, New York
David Gutfreund, Illinois
Ken Kirchner, Kentucky
Mike Maloney, Kentucky

Barry Meadow, California
Jim Mineo, Florida
James Quinn, California
Maury Wolff, Maryland

Subject. *Integrity of the Pools/Late Mergers*

The late mergers of simulcast pools at the host tracks following the off-times have resulted in unacceptably late and significant drops in the odds after the horses have left the starting gates. The phenomenon has contributed to a perception that sophisticated bettors are using technology to past-post the races, and to a real loss of value that subverts the handicapping and wagering goals of all the bettors.

Recommendations:

1. Until the technology of the tote companies has been upgraded to facilitate real-time transmission of the wagering data from the simulcast sites to the hubs to the host tracks, reduce the final two cycles of data processing and odds changes to 15-10 seconds.

2. Eliminate the cancellation times at all tracks (hosts) and simulcast sites (guests).
3. Transmit the win-wagers from the hubs to the hosts before the several pari-mutuel pools have been aggregated at the hubs.
4. Transmit the exacta-wagers in priority to the other exotic pools, provided the transmission would not delay the calculations and postings of the win-odds.
5. Post the odds-changes to the closed circuit broadcasting system prior to posting the odds-changes on the tote boards.
6. Post the final two cycles of wagering data at the host tracks and on the host tracks' web sites.
7. Require the totes to post reports of cancelled wagers during the final three cycles of wagering, including amounts, wagering sites, and window numbers.
8. Inform the bettors as to how their wagers are being processed from the guests to the hubs to the hosts.
9. Do not merge simulcast pools at the host tracks after 30 seconds following the off-times.

Subject. *The Takeout Rates*

Takeout rates can be considered artificially high, notably in the era of full-card simulcasting, whereby bettors can make dozens to hundreds of wagers a day. The system of legislated takeout rates in the several states robs the tracks of the flexibility they need to identify and set optimal takeout rates for the several pools. Virtually all known studies of the dynamics of pari-mutuel wagering indicate an inverse relationship between takeout rates and handle, such that a reduction in takeout inevitably results in significantly greater handle.

Recommendations:

1. Conduct a series of 'executive seminars' on the history and effects of takeout rates for state legislators, track officials, and horsemen.
2. Beyond minimal standards, gradually shift the authority and responsibility for establishing takeout rates from legislatures and state racing boards to the local tracks, the transition and its effects to be monitored by the racing boards and state commissions, and reported to the legislatures.

3. Promote the incremental reductions of takeout rates on exotic wagers, as the local tracks prefer.
4. Deregulate the setting of takeout rates, the takeout rates for the several pools to be determined ultimately by the market.

Subject. Taxation

The federal withholding thresholds and accompanying rates are obsolescent in the contemporary context of exotic wagering, whereby even small bettors routinely are cashing superfectas and pick-4s which will have severe tax consequences. Not only do the current tax rules erode the bettors' cash flow, but also they reduce the tracks' daily and weekly churn by millions of dollars. High-end bettors are being penalized so seriously the reductions in cash flow for as long as 18 months can cause serious financial complications in their personal and family lives. In addition, the reporting requirements of the tax code should be regarded as overly complicated and unfair to racetrack bettors.

Recommendations:

1. Increase the federal withholding threshold on racetrack winnings from the current \$5,000.00 to \$25,000.00.
2. Raise the IRS reportable income threshold from the current \$600.00 (300-1) to \$1,500.00 (750-1) on a \$2.00 wager.
3. Lower the federal withholding tax rate on racetrack winnings from the current 25 percent to five-ten percent.
4. Instead of the \$2.00 base bet, deduct the actual amount wagered on a winning ticket from the pari-mutuel payoff to determine whether the IRS reporting threshold of 300-1 has been reached.
5. Racetrack wagering losses should be reported as an adjustment to gambling income, or as a deduction against winnings 'above the line,' and not as an itemized deduction.
6. Allow racetrack bettors who use Schedule C to opt out of withholding requirements, similar to other businesses and self-employed individuals, i.e., to pay quarterly estimated taxes instead, and to obtain quarterly refunds where withholding taxes have been excessive.
7. Net racetrack wagering losses in any tax year should carry forward to future tax years against wagering winnings, similar to capital losses and net operating losses, et.al.

8. Racetrack bettors having off-track wagering accounts should be subject to withholding based upon their net income in the accounts at the time of their winnings. *(subject to revision)*

Subject. *Rebate Policy*

A relatively small number of bottom line oriented bettors are responsible for a significant percentage of industry handle. These bettors are extremely price sensitive. The explosion of available racing information, combined with high takeout rates, has made it very difficult to bet large amounts and still show a profit. One or two percent changes in their effective takeout rate will result in significant changes in their handle. If tracks continue to raise fees there will be a dramatic decrease in handle from this group. Pricing some off track distribution partners out of the market through higher fees will not bring handle back on track, but rather will reduce total handle and net revenues, as happened in Nevada in the late 1990's.

Businesses that pay a rebate and go into the pari-mutuel pools pay tens of millions of dollars in host track and horsemen's fees due to the high volume their discounting creates. The competitive nature of their business has forced them to trim their margins to one or two cents on the dollar. Any changes in fees are directly passed on to their price-sensitive customers. Rebates have created a new set of opportunities for bottom line oriented bettors resulting in hundreds of millions of new dollars being brought into the industry, as well as dramatically increasing levels of play from those already in it.

Recommendations:

1. An industry rebate policy that lowers takeouts in some fashion is desirable. The current system, which takes advantage of the differences in regulatory climates across jurisdictions, and competition among vendors, has succeeded in lowering takeouts to most of these customers, and substantially increased wagering on horse racing.
2. Rather than increasing the costs to their most price-sensitive customers through higher fees to certain distribution partners, racing should look for ways to decrease the costs to all. The number of wagering opportunities simulcasting presents allows racing to come closer to the higher volume, lower takeout models that casinos have effectively used to achieve an optimal hold.
3. Racing should continue to take advantage of the efficiency created by the current system in pricing its product to these bottom line oriented bettors.

This will enable racetracks and horsemen's groups to continue to benefit from the increased handle created by rebates.

4. There are large numbers of customers betting without rebates that can be better served by racetracks than they are today. Many of these bettors are more interested in the social interaction and entertainment provided by the on-track experience than are the high-end gamblers motivated by strictly bottom line considerations. The intrinsic value of being on track is high enough to these bettors that a small rebate offered in conjunction with a package of individually customized services would provide enough incentive for them to remain on track.
Dining-room tables, private high-roller rooms, comped food, box seats, and parking stickers are some of the basic rewards that tracks can provide. A concierge service similar to Del Mar's great program is a more direct and personalized approach the tracks can use with their best on-track patrons.
5. Any mechanism that either directly or indirectly lowers takeout rates will result in greater handle, profits, and a healthier industry.

Subject. Arbitrary Transfer of Wagers to the Favorites Following Late Scratches in Pick-3 and Pick-4 Wagering

When late scratches occur in Pick-3 and Pick-4 wagering, after betting has begun, most tracks arbitrarily transfer the combinations that include the scratched horses to the betting favorites. The practice is patently and irredeemably unfair to the bettors. Racing's regular customers and bigger bettors have been abused most often, as when the key horse they have singled in the middle leg of a \$200.00 Pick 3 wager has been scratched en route to the gate, and the bettors are assigned instead the favorite they were betting against. The losses for most regular larger bettors already have added to thousands. The changes advocated below are modeled on current practices already in place in New York.

Recommendations:

1. Where late scratches occur in the first legs, refund all monies for the combinations that include the scratched horses.
2. Where late scratches occur in the middle and final legs, provide consolation payoffs to the bettors that have combined the scratched horses with the winners in the other legs, similar to traditional procedures applied to late scratches in the daily doubles.
3. In Pick-3 and Pick-4 wagering, where one horse of an entry is a late scratch, the other horse(s) runs as a non-betting interest for purse money only, and the

bettors obtain refunds or consolation payoffs, as determined by the situations above.

4. In Pick-6 wagering, provide bet cards that allow bettors to select alternate horses in each of the six legs; no consolation payoffs.

Subject. *Integrity of the Entries/Late Scratches*

Stakes races apart, horses not intended to run after being entered to run are supposed to be scratched at a specified hour on the day before the races will be run. Late scratches routinely should occur only for legitimate medical and soundness reasons, as validated by the track veterinarians. Many horsemen have been scratching out late for competitive reasons instead, after examining the entries, the assigned posts, and the probable pace. The illicit practice has exacerbated the problems associated with small fields, and should be considered annoyingly complicating and unfair to handicappers and bettors.

Recommendations:

1. Horses that qualify as late scratches for designated medical and soundness reasons must remain on the vet list, unable to race, for 10 days.
2. The use of two arbitrary late scratches in fields of 10 or more should be limited instead to full fields of 12 or more horses.
3. Accountability procedures should be implemented to document the integrity of late scratches, i.e.
 - vets would indicate in writing when horses have been treated, for what conditions, by what procedures, and by whom
 - trainers would indicate in writing when horses on the vet lists will have worked out and when they might be intended to run
 - stewards would indicate in writing the horses on the vet lists that have been randomly selected to be tested to verify that the intended medical treatments have been administered
 - the results of random testing of horses on the vet lists should be provided to the public on a periodic schedule
4. Punitive measures, to include fines and suspensions, should be invoked against repeated abusers of the scratch rules, as determined by the stewards.
5. Abolish the use of conditional entries.

6. Following gate scratches of favorites and low-priced contenders, allow a three-minute delay so that bettors might cancel or restructure wagers; following gate scratches of longer-priced horses above 6-1, allow a one-minute delay.

Subject. *Customer Service*

Full-card simulcasting and the advances in the exotic-wagering menus have held out serious implications for customer services. Most tracks have not recognized their on-track and off-track customers' contemporary needs and wants. The important enhancements and reforms can be grouped under two broad categories, *information services* and *simulcast productions*. A third category of preferred services can be designated *miscellaneous services*. Track officials should be mindful that on-track customers will be playing multiple tracks simultaneously, and that approximately 85 percent of the handle on the live product will be wagered at simulcast sites.

Recommendations:

1. Information services

- 1.1 Will-Pays

- Win-Place-Show payoffs, Doubles, Exactas, and Quinellas should be posted in \$2.00 denominations.
- Trifectas, Superfectas, and the serial bets of three races or more should be posted in \$1.00 denominations.
- The Pick-6 should be posted as a \$2.00 bet, as usual.
- Reason: this is the way the great majority of horseplayers bet, and the reporting standards should reflect the wagering habits of the customers.

- 1.2 Late Changes

- Late scratches, surface changes, jockey changes, and equipment & medication changes should be updated continuously throughout the programs.
- Electronic "crawl" boards should be a continuous part of the on-track closed-circuit programs, or an adjunct to the tote boards in the infields.
- Designate special "fields" on scratch vouchers for surface changes from turf to dirt.
- Designate special "fields" on scratch vouchers for the parts of entries, i.e. 1, 1A, 1B and 2, 2A, and 2B.

1.3 The Probables

- Exacta probables are best reported on electronic matrix boards that display all the possible combinations, in preference to the customary scrolls on the monitors that can be inefficient and time-consuming.
- No need to display the probables for trifecta combinations; instead tracks might display the amounts to win-place-show for each horse in the trifecta pools, as well as the odds equivalents in percentages as between the win pools and the trifecta pools, i.e., Horse A has 25% of the win pool, but only 10% to win of the trifecta pool.
- The odds equivalents in percentages can be reported for each horse in each of the exotic pools available for the race, i.e. Horse A has 15% to win of the trifecta pool, 12% to win of the superfecta pool, and 10% to win of the Pick-3 pools.

1.4 Workouts

- Procedures for monitoring and reporting workouts should be modeled on the California system, including official clockers.
- All workouts must be reported accurately and in a timely manner to the wagering public and to the Daily Racing Form.

2. Simulcast productions

2.1 Graphics

- Basic race information is best displayed top left, or top right, in a way that does not obscure the inspection of the horses from head to toe.
- Provide a continual electronic "crawl" of the late changes at all the simulcast tracks, updated throughout the programs, as simulcast bettors cannot hear the simulcasts' audio feeds and track announcers.
- Race information should include the next post times at the simulcast tracks.

2.2 Body language

- Horses must be shown from head to toe
- Each horse should be shown in post-position order in the paddock and while walking during the post parade.
- Show the warm-ups as continuously as tracks can, especially when favorites and low-priced contenders begin to stride out, as well as any unusual galloping incidents.
- White wraps front and back should be preferred to dark wraps and gray wraps.

2.2 Camera positions

- Improve the consistency of camera angles from track to track.
- Pan shots of the breaks from the starting gates are preferred to head-on shots.
- During the runnings of the races, provide split screens of the leaders and the entire fields.
- Use wide-angle shots of the entire fields coming off the far turn and into the upper stretch.
- Toward the finishes, provide close-up shots or wide-angle shots of the winners and close runners-up, as dictated by the competition.

3. Miscellaneous

STAFF ANALYSIS
NEW YORK AND CALIFORNIA PM RULES

PARI-MUTUEL OPERATIONS COMMITTEE MEETING
FEBRUARY 16, 2005

Background:

New York has made changes to their pari-mutuel rules regarding the showing of Pick Six will pay after the fifth leg and making a leg of the Pick Six a "no contest" if the race is moved from the Turf to the Dirt. Some have suggested that California should adopt these changes. This item is presented at this meeting to determine if that is in fact the case. If after discussing these matters the Committee believes that changes should be made, the Committee can instruct staff to proceed with the rule amendment process.

Included with this item are the NY pari-mutuel rules and the proposed changes to the Pick Six.

Recommendation:

This item is for information and discussion.



**Codes Rules and Regulations of the State of New York
9 Executive (E)**

**Chapter 1, Subchapter A : State Racing Commission
Thoroughbred Rules**

PART 4010

POOL CALCULATIONS

4010.1. Pools-calculation and distribution.

The pari-mutuel pools shall be calculated and distributed as follows:

(a) Win, place, show or daily double wagers form separate wagering pools with payoffs calculated independently of each other.

(b) From each pool there shall be deducted the statutory percentage and the breaks, the remainder being the net pool for distribution.

(c) Win pool. (1) The net pool divided by the amount wagered on the horse finishing first determines the payoff per dollar, including profit and wager.

(2) When two horses finish first in a dead heat, the money in the win pool is divided the same as in a place pool calculation.

(d) Place pool. (1) The amounts wagered on horses finishing first and second are deducted from the net pool to determine the profit. This profit is divided in half, and the halves, in turn, divided by the two amounts mentioned above. This determines the profit per dollar, to which is added the wager.

(2) When two horses finish second in a dead heat, one half of the profit is allocated to the tickets representing wagers on the horse finishing first, and the remaining half is allocated equally to the wagers on horses finishing in the dead heat for second.

(3) When two horses in the field or coupled as an entry run first and second, the place pool shall be distributed the same as in a win pool.

(e) Show pool. (1) The amounts wagered on the horses finishing first, second and third are deducted from the net pool to determine the profit. This profit is divided into three equal parts, and each part, in turn, divided by the three amounts mentioned above. This determines the profit per dollar, to which is added the wager.

(2) When two horses finish third in a dead heat, one-third of the profit is allocated to the tickets representing wagers on the horse finishing first, one-third to the wagers on the horse finishing second and

the remaining third equally to the wagers on the horses finishing in the dead heat for third.

(3) When two horses in the field or coupled as an entry finish first or second, first and third or second and third, two thirds of the profit is allocated to the tickets representing wagers on the field of entry, and the remaining one-third to the wagers on the other next best placed horse.

(4) When three horses in the field or coupled as an entry run first, second and third, the place and show pools shall be distributed the same as a win pool.

(f) When only two horses finish, the show pool, if any, shall be distributed the same as in a place pool.

(g) When only one horse finishes, the place and show pools, if any, shall be distributed the same as in a win pool.

(h) In any race in which no horse finishes, all money wagered on the race shall be refunded upon presentation and surrender of pari-mutuel tickets sold thereon.

(i) Payment where no wagering on a horse in the win, place or show pools:

(1) In the event that there is no money wagered to win on a horse which has finished first, the pool will be refunded.

(2) In the event that there is no money wagered to place on a horse which has finished first or second, the net pool will be distributed to wagers on the horse upon which money was wagered to place and which did so finish; if none, the pool will be refunded.

(3) In the event that there is no money wagered to show on a horse which has finished first, second or third, the net pool will be distributed to wagers on the horses upon which money was wagered to show and which did so finish, as in a place pool; if only one, to wagers upon such horse as in a win pool; if none, the pool will be refunded. Should these circumstances be foreseeable when a pool is closed, an immediate announcement shall be made to hold all tickets because all combinations are not covered.

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4010.6. Parlay betting.

(a) When consistent with the public interest and the best interests of racing generally, with permission of the board, the track operator may offer parlay betting as a service to the betting public.

(b) The parlay is not a pari-mutuel pool, but is a series of bets combining betting entries in win, place or show pools in each of two or more separate races in chronological order. The initial amount bet constitutes the bet on the first betting entry in the first parlay race (leg); if successful, the payoff from winning the first leg (to the lowest penny) is then bet on the betting entry designated in the second leg; if again successful, and if the parlay continues, the payoff from winning the second leg is then bet (to the lowest penny) in the third leg; etc.

(c) A parlay bet may combine any of the races on the program and must combine at least two and not over six races. Bets are limited to win, place or show pool types for which a corresponding pool is conducted on the race selected. The races in a parlay must be chronological but need not be consecutive nor combine the same type pool. The parlay shall be designated on one pari-mutuel ticket which may also evidence other parlay bets combining the same races.

(d) A parlay bet may not combine bets in the same race or earlier races (so-called reverse bets) nor on races on other programs.

(e) While payoffs inserted as bets in subsequent races are broken to the lowest penny (unlike regular payoffs), payoffs to the parlay bettor shall be broken to the lowest dime. Resulting parlay breakage shall be reported separately and added to regular breakage at the end of the program for the purpose of taxation and distribution.

(f) Parlay payoffs will be so inserted as bets in subsequent pools by the track operator that the amount of such bets, including their effect on the betting odds, will be displayed as soon as possible after the initial change of the morning line display. (Bet totals in such pools shall be displayed in truncated fashion, to the lowest dollar.)

(g) If any taxing authority requires the withholding of any portion of a winning parlay payoff prior to the completion of all bets in the parlay, such parlay shall thereupon terminate at such point and be payable to the ticket holder without further completion, selections in future races being voided. Such consequence shall be publicly announced and prominently displayed by the track operator who shall inform the public by explanation and examples of the operation of this subdivision before the start of the racing program.

(h) Parlay wagers may be cancelled by the ticket holder, in accordance with track policy on cancellations, only prior to the start of the first parlay race in which a parlay selection starts. Thereafter, the parlay must either be completed or be terminated by operation of these rules in order to be entitled to a payoff. The holder of the parlay ticket shall not have the option to cash in such bet prior to completion after a designated parlay entry actually starts in a race.

(i) If a race, pool or betting entry in a parlay is scratched (which includes an entry being declared a nonstarter for betting purposes, or a race or pool being declared "off") the parlay shall be constituted by the remaining legs; if there are no remaining legs, the parlay terminates.

(j) A bet on a coupled entry or field is considered a bet on the remaining part of such coupled entry or field in the event any part of such entry or field starts for pari-mutuel purposes in accordance with section 4009.20 of this Title. Parlay tickets incorporating an entry or field in which a scratch occurs are refundable only in accordance with subdivision (h) of this section.

(k) Copies of this section shall be made available to the public by the track operator.

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PART 4011

DAILY DOUBLE

4011.2. Not a parlay.

The daily double is not a parlay and has no connection with or relation to the pool shown on the totalizator board.

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4011.3. Prerequisites.

In order to win a daily double, it is necessary for the purchaser of a daily double ticket to select the

winner of each of the two races specified for the daily double. If either of his selections fails to win, his contract is voided, except as hereinafter provided.

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4011.4. [Repealed]

4011.5. Entries; fields.

Entries and fields may be included in the first and second races of the daily double. In the event that part of an entry or field is scratched before the running of the first race of the daily double, the provisions of section 4009.20 of this Title shall govern.

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4011.6. Posting the payoff.

The payoff shall be posted after the result of the first race is declared "Official" and before the second race is run, except in the event of a dead heat in the first race, when the posting of the payoff may be deferred until the second race has been run.

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4011.7. Calculation, distribution of pools.

The daily double pool shall be calculated and distributed as follows: the net pool divided by the amount wagered on the winning combination determines the pay-off per dollar bet.

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4011.8. Failure to select a winner and race cancellations.

(a) If no daily double ticket is sold designating the winner of the first race, or the first race is cancelled or declared "no race," the daily double shall be declared off and the gross pool refunded.

(b) If no daily double ticket is sold combining the winners of the first and second races, or the second race is cancelled or declared "no race," the net pool shall be distributed to holders of tickets designating the winner of the first race, as in a win pool and the daily double shall terminate.

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4011.9. Dead heats.

(a) In the event of a dead heat either in the first race or second race of the daily double, two winning combinations result. The amounts wagered on both winning combinations are deducted from the net pool to determine the profit. This profit is divided in half, and the halves, in turn, divided by the two amounts mentioned above. This determines the profit per dollar, to which is added the amount of the wager.

(b) In the event of a dead heat in both races of the daily double, four winning combinations result. The amounts wagered on these four winning combinations are deducted from the net pool to determine the profit. This profit is divided into four equal parts, and each part, in turn, divided by the four amounts mentioned above. This determines the profit per dollar, to which is added the amount of the wager.

Back to Top**4011.10. Effect--horse scratched, excused.**

(a) Should any horse in the first or the second race of the daily double not coupled with a starter be scratched or excused by the stewards, before the running of the first race, all money wagered on combinations, including such horse shall be deducted from the daily double pool and shall be refunded upon presentation and surrender of pari-mutuel tickets sold thereon. Horses coupled with a starter as a betting entry or field shall be governed by the provisions of section 4009.20 of this Title.

(b) Should any horse in the second race of the daily double be scratched or excused by the stewards after the running of the first race of the daily double, a consolation pool will result. In such case, all tickets combining the scratched or excused horse with the actual winner of the first race shall become consolation tickets and shall be paid a price per dollar bet determined as follows: the net daily double pool shall be divided by the total purchase price of all daily double tickets designating the winner of the first race of the daily double and the result obtained shall constitute the consolation price per dollar bet. The amount set aside for these consolation payoffs will be deducted from the net daily double pool.

Back to Top**THE QUINELLA****4011.15. Quinella.**

(a) The quinella is a form of pari-mutuel wagering. Each bettor selects two horses to place first and second in the designated quinella race, the order of placing of the said two horses being immaterial. The quinella is not a parlay and this pool shall be held entirely separate from all other pools, and is in no way a part of the daily double, exacta, triple, superfecta, straight, place or show pools.

(b) [RESERVED]

(c) Races in which quinella pools are to be conducted shall be approved by the board and shall be clearly designated in the racing program. Coupled entries and fields shall be allowed in quinella races.

(d) The design of quinella tickets shall be clearly and immediately distinguishable from other pari-mutuel tickets.

(e) *Scratch.* If a horse is scratched or declared a nonstarter no further tickets may be issued designating such horse and all tickets previously issued designating such horse shall be refunded and the money deducted from the gross pool. When such horse is part of a coupled entry or field, the provisions of section 4009.20 of this Subchapter shall govern.

(f) *Winning combination.* The numbers of the first two horses as made official shall be the winning combination regardless of their respective order of finish, except that where more than one of such horses is part of a coupled entry or field with another of such horses, only the one best finisher of such horses shall be counted in the winning combination for payoff, and the horse or horses not in such coupled entry or field finishing the same, or, if applicable, next finishing, shall be the other part of the winning quinella combination. For example, if two horses in a coupled entry (or field):

(1) finish first and second, or in a dead heat for first, the winning combination will be the number of such entry or field and the number of the third finishing horse not part of such entry or field;

(2) finish first and in a dead heat for second, the winning combination will be the number of such entry or field and the number of the other horse dead-heated for second who is not part of such coupled entry or field;

(3) finish in a three-horse dead heat for win with another horse not part of such entry or field, the winning combination will be the number of such entry and the number of the horse not part of such entry.

(g) *Failure to select a winning combination.* If no ticket is sold on a winning combination in a quinella pool, the net pool shall be apportioned among those holding tickets designating the horse placing first with any other horse and those holding tickets designating the horse placing second with any other horse, in the same manner in which a place pool is calculated.

(h) *Dead heat.* In case of a dead heat between two horses for the first place, that combination shall be the winner of the quinella pool. In cases of a dead heat for first place involving more than two horses, the net pool shall be calculated and distributed to holders of tickets combining any two dead-heated horses as in a win pool dead heat.

(i) In case of a dead heat between two horses for second place, the pool shall be figured as a "place pool", the holders of tickets combining the winning horse and one of the two horses placing second participating in the payoff.

(j) In case of a dead heat for second place and no tickets are sold on one of the two winning combinations, the entire net pool shall be calculated as a win pool and distributed to those holding tickets on the other winning combination.

(k) If no tickets combine the winning horse with either of the place horses in the dead heat, the pool shall be apportioned among those holding tickets designating the first place horse and any other horse, and those holding tickets designating a second place horse with any other horse, as in a place pool in which a dead heat for place occurs.

(l) If no ticket is sold that would require distribution of a quinella pool to a winner as defined by this section, the track shall make a complete and full refund of the quinella pool.

(m) In the event fewer than four betting interests start, the quinella shall be declared off and the gross pool refunded.

(n) This section shall be prominently displayed throughout the betting area of each track conducting the quinella, and printed copies of this section shall be distributed by the track to patrons upon request.

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4011.16. Board approval.

Races in which quinella betting shall be conducted shall be approved by the board.

THE EXACTA

4011.20. Exacta.

(a) The object of the exacta is to select in order the first and second place finisher in the designated exacta race. The exacta pool shall be held entirely separate from all other pools and is in no way a part of the daily double, or win, place or show pools.

(b) Races in which exacta betting shall be conducted shall be approved by the commission.

(c) If a horse is scratched or excused from racing no further tickets shall be sold designating such horse and all tickets previously sold designating such horse shall be refunded and the money deducted from the gross pool. Coupled entries or fields shall be governed by section 4009.20 of this Title.

(d) *Dead heat.* (1) In the event of a dead heat for win, the net pool shall be distributed to each combination of winners separately as in a win pool dead heat, e.g., in a dead heat of two horses there are two winning combinations, in a dead heat of three horses there are six winning combinations.

(2) In the event of a dead heat for second, the net pool shall be divided as in a win pool dead heat among holders of tickets combining the winner with each second place horse.

(e) *Winning combination.* The numbers of the first two horses as made official shall be the winning combination except that where more than one of such horses is part of a coupled entry or field with another of such horses only the best finisher of such horses shall be counted in the winning combination for payoff, and the horse or horses not in such coupled entry or field finishing the same, or, if applicable, next finishing, shall be the other part of the winning exacta combination. For example, if two horses in a coupled entry (or field):

(1) finish first and second, or in a dead heat for first, the winning combination will be the number of such entry or field and the number of the third finishing horse not part of such entry or field;

(2) finish first and in a dead heat for second, the winning combination will be the number of such entry or field and the number of the horse dead heated for second who is not part of such coupled entry or field; or

(3) finish in a three-horse dead heat for win with another horse not part of such entry or field, the winning combination will be the number of such entry and the number of the horse not part of such entry.

(f) In the event fewer than four betting interests start, the exacta shall be declared off and the gross pool refunded.

(g) *Failure to select a winning combination.* If no exacta ticket is sold combining the winner and second place horse in order, the net pool shall be distributed to holders of exacta tickets designating the winner to win. In the event one horse only finishes and is declared winner, the net pool shall be distributed to holders of exacta tickets designating the winner to win. Should these circumstances be foreseeable when a pool is closed, an immediate announcement shall be made to hold all tickets because all combinations are not covered.

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4011.21. [Repealed]

THE TRIFECTA

4011.22. Trifecta.

(a) The object of the trifecta is to select in order, the first, second and third place horses in a designated trifecta race. The trifecta pool shall be held entirely separate from all other pools and has no relation to any other pool.

(b) Races in which trifecta betting shall be conducted shall be approved by the board and be clearly designated in the program.

- (c) If a horse is scratched or excused from racing or betting no further tickets shall be sold designating such horse and all tickets previously sold designating such horse shall be refunded and the money deducted from the pool.
- (d) If no ticket is sold designating, in order, the first three horses or only two horses finish, the net pool shall be distributed equally among holders of tickets designating the first two horses in order; if no ticket is sold designating, in order, the first two horses or only one horse finishes, the net pool shall be distributed equally among holders of tickets designating the first horse to win.
- (e) If no ticket is sold designating the winner to win, the trifecta shall be declared off and the gross pool refunded. An announcement of such possibility shall be made as soon as the pool closes.
- (f) *Dead heat.* In the event of a dead heat, all tickets designating the correct order of finish, crediting each horse in a dead heat as finishing in either position, shall be winning tickets; and distribution shall be in accordance with established pari-mutuel practice relative to dead heats, i.e., separate price calculations for different combinations.
- (g) Coupled entries and fields are permitted in trifecta races. In such races no wagers may be accepted or issued (including "wheel" or "box" type bets) which couple the same coupled entry or the same field in the same combination.
- (h) The numbers of the first three horses as made official shall constitute the winning combination except that where two or more such horses are part of the same coupled entry or field only the best finishing position attained by such coupled entry or field horses shall be considered for pay-off purposes and the next best finishing horses not part of such coupled entry or field shall be selected to determine the winning trifecta combination.
- (i) No trifecta wagering shall be conducted on any race having fewer than six betting entries. If fewer than six betting entries start, the trifecta shall be declared off and the gross pool refunded. If a trifecta pool is cancelled and if time permits, with the approval of the board's steward, a track may schedule exacta wagering in place of trifecta wagering.

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4011.23. Pick-six pools.

The rules in this section shall govern all pick-six pari-mutuel pools conducted by a thoroughbred track operator.

(a) *Wagering tickets.* A pick-six pari-mutuel pool known as the "pick-six," or such other name as may be approved by the board, is authorized to be conducted by a thoroughbred track operator upon the outcome of six designated pari-mutuel races to be contested at its track on the same racing program, such designation to be made by the track operator with the approval of the board. Such pool shall be separate and distinct from all other pari-mutuel pools conducted at such track. Wagers in such pool shall be represented by pari-mutuel tickets immediately distinguishable from pari-mutuel tickets issued in other pools. A wager, which shall select a winner for each designated race, shall be included on the same pari-mutuel ticket which shall be issued prior to the start of the first designated pick-six race. Races designated for the pick-six pool shall be clearly described as such in the official program.

(b) *Winners and carry-overs.* In general, after deductions for cancellations, refunds and statutory takeout, 75 percent of the resulting pick-six net pool for the day shall be distributed, less breaks, to the holders of tickets selecting the winners of all six designated races in the pool and 25 percent of such net pool shall be distributed to the holders of the remaining tickets selecting the most winners. (Such takeout shall be established at 36 percent, except that the New York Racing Association may elect to establish a 25

percent takeout before the first pool of a meeting is conducted.) Should there be no wager selecting winners of all six designated races, 25 percent of the net pool shall be distributed less breaks to the holders of tickets selecting the winners of the most pick-six races and the 75 percent of the net pool reserved for holders of tickets selecting six winners shall be carried over and added to and distributed with the 75-percent net pool share of the next subsequent pick-six pool in which a wager correctly selects the winners of all six designated pick-six races.

(c) Added payments to winners. In addition to the 75-percent net pool share and any carry-overs distributable when a wager correctly selects winners of all six designated races of a pick-six pool, there shall be distributed by the track operator from its own funds, upon such occurrence, any amounts it has advertised that it will add to the total distribution, or any amounts necessary to yield an advertised guaranteed total distribution.

(d) Intermediate distributions. Prior to the last two weeks of a race meeting at a track, a date and program approved by the board may be announced by the track operator at which (provided no one thereafter correctly selects the winners of all six designated races of a pick-six pool through such program) accumulated carry-overs in an amount announced by the track operator will be added to the 25 percent of the net pool distributable to wagers selecting the winners of the most races of the pick-six pool conducted on such program if no one correctly selects all six winners. The balance of undistributed carry-overs above such announced amount, plus any carry-over from such program, shall in turn carry over for distribution with subsequent pick-six pools conducted by such track operator at such track. An intermediate distribution may also be directed at any time, upon three days' notice by the board, of such portion or all of the accumulated carry-over money as may be directed by the board.

(e) Final distribution. The track shall select, with the approval of the board, a date and program during the final week of the annual assigned racing dates of the track operator, and also during the year during the final week of a meeting (which for purposes of this section shall mean the end of assigned racing dates at a track after which such track operator will operate at another track) when there shall be a final distribution of all accumulated carry-overs together with 75 percent of the net pool of the pick-six pool conducted during such program to the holders of wagers selecting the winners of the most pick-six races contested during such program and 25 percent of such net pool shall be distributed to the holders of the remaining tickets selecting the most winners; except that, if only one, two or three such races are conducted, then all accumulated carry-overs and the entire net pool shall be distributed to the holders of wagers selecting the most winners of such one, two or three races. Thereafter, no pick-six pools will be conducted during such week. In the event that all pick-six races on the program designated for final distribution are cancelled, and no further programs are conducted at the meeting, the board shall require that a pick-six pool be conducted on the first program of the next subsequent race meeting conducted at such track by such track operator to provide for final distribution for such prior meeting. The board may also order a final distribution for an earlier time in its discretion.

(f) Dead heats. Each horse in a dead heat for win shall be considered the winner, and no allocations among wagers shall be made as a result thereof, unlike the practice in a pari-mutuel win pool. The payoff price per dollar shall be the same for each class of winning wager.

(g) Scratched horses and nonstarters. At any time after wagering begins on the pick-six pool, should an entire betting entry or field be scratched or declared a nonstarter in any pick-six race, no further tickets selecting such betting entry or field shall be issued, and wagers upon such betting entry or field, for purposes of the pick-six pool, shall be deemed wagers upon the betting entry or field (designated horse) upon which the most wagering money has been registered at the track in the win pool at the close of win pool betting for such race. (In the event of a money tie, the tied betting entry or field with the lowest program number shall be designated.) Wagers in the pick-six pool upon an entry or field of horses from which a starter or starters may have been scratched will, in the case of such entry or field, be deemed wagers upon the horse or horses remaining in such entry or field; except at tracks with totalizator capability to record wagers selecting a coupled entry (or field) and wagers selecting any individual constituent horses therein (merging such wagers for odds display and payoff purposes), in which case, the

wagers upon scratched constituent horses will be deemed wagers upon the "designated horse" in such race. In case no starter remains representing any betting entry or field, wagers upon such entry or field shall be deemed wagers upon the "designated horse" in the race affected by the scratch. Should the balance of a betting entry or field race as a nonbetting starter for purposes of other pari-mutuel pools, as provided in section 4009.20 of this Title, wagers upon such entry or field shall be deemed wagers upon the "designated horse" for such race. Should a programmed starter be scratched or declared a nonstarter prior to the start of the first leg, the betting operator shall be authorized to refund any tickets designating betting entries affected thereby prior to such first leg.

(h) *Race cancellations.* Except for pick-six pools in which an intermediate or final distribution is to be made, should one or more pick-six races be cancelled, no carry-overs from prior pick-six pools, advertised guaranteed amounts nor advertised added amounts will be distributed to winners in such day's pick-six pool; and (1) if more than three such races are contested, 75 percent only of that program's net pool shall be distributed, less breaks, to holders of wagers upon the winners of all pick-six races actually contested for such pool and 25 percent of such program's net pool, less breaks, shall be distributed to the holders of the remaining tickets selecting the most winners; should no wager select the winners of all pick-six races actually contested, 25 percent of that net pool shall be distributed, less breaks, to the holders of wagers selecting the most winners of the pick-six races contested, and the 75-percent balance shall be carried over as elsewhere provided in this section, for subsequent distribution; (2) if three or fewer such races are contested, the entire net pool less breaks for such program shall be distributed to holders of wagers selecting the most winners in the races actually contested.

(i) *Seed money or insurance allocation.* Except where the established takeout is 25 percent, a percentage designated by the track operator and approved by the board, not exceeding two percent of the total daily pick-six pool wagering, shall be held apart by the track operator from the takeout of each pick-six pool to reimburse such track operator for the cost of any insurance it may secure to guarantee minimum distributions to winners of such pools, or to reimburse a track operator for funds it expends for added money or guaranteed minimum distributions to winners of such pools. Any accumulation of such allocations not necessary to reimburse a track for expenditures actually incurred for such purposes shall be added to the amounts distributable in the pool designated for final distribution for the meeting.

(j) *Posting of winning combinations.* Every pick-six wagering combination entitled to a payoff shall be posted publicly by the track operator together with the payoff price therefor.

(k) *Trust funds.* Carry-over monies shall be held in a separate account in trust by track operators for the benefit of participants in pick-six pools until distributed.

(l) *No reduction in guaranteed distributions.* Advertised added monies or minimum distributions shall not apply to intermediate or final distributions, unless a wager correctly selects winners of all six designated races of the pick-six pool. A guaranteed minimum distribution or guaranteed added money amount, once advertised, may not be reduced and shall continue to be guaranteed by the track operator for every pick-six pool for the balance of the meeting.

(m) *Betting information.* Unless otherwise ordered by the board, information concerning combinations wagered upon or not wagered upon in a pick-six pool shall not be disclosed by the tote operator, or otherwise, until all races of a pick-six pool have been contested and declared official. The operation of the totalizator equipment and reports generated thereby, as well as the communication of any information concerning such pool, shall be subject to the strict supervision of the board.

(n) *Nontransferability.* Pick-six tickets shall be nontransferable, and violations of this subdivision may lead to confiscation and cancellation of such tickets in addition to other disciplinary action.

(o) *Unforeseen circumstances.* Should circumstances occur which are not foreseen in this section, questions arising thereby shall be resolved in accordance with general pari-mutuel practice. Decisions

regarding distribution of pick-six pools will be final and unappealable.

(p) *Posting of rules.* These rules shall be posted in the public area of the track by the track operator and copies thereof shall be made available to the public by the track operator.

(q) *Interfacing of off-track wagers.* Interfacing of off-track wagers shall be accomplished according to procedures approved by the board. In the event there is a failure to interface all such wagers with on-track wagers in accordance with such procedures, the procedure for distribution of the pool and computation of payoff prices shall be approved by the board.

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4011.24. WIN-3.

(a) When consistent with the public interest and the best interests of racing generally, the board may approve a request from a track operator to offer "WIN-3" betting as a service to the betting public. Other names for such bets may be approved by the board.

(b) The "WIN-3" is a unique pari-mutuel pool, separate from all other pari-mutuel pools. The object of the WIN-3 is to select the winners only of three consecutive races (legs) designated by the track operator and advertised clearly in the betting program.

(c) Winning payoff price. From the gross pool is deducted the take-out and consolation payoff amounts, if any, and the resulting balance, divided by the amount wagered on the winning combination, less breaks, shall determine the payoff per dollar on winning bets.

(d) *Dead heat winners.* If there are two or more winning combinations because of a dead heat in one or more legs there shall be a separate payoff price per dollar calculated for each winning combination as follows: from the gross pool is deducted the take-out, consolation payoff amounts, if any, and amounts wagered on all winning combinations; the balance shall be divided by the number of different winning combinations upon which bets were sold, each resulting allocated part being assigned to each respective winning combination; an allocated part plus the amounts bet on each winning combination when divided by the amount bet on such winning combination (less breaks) shall be the resulting payoff per dollar per respective winning combination.

(e) *Failure to select a winning combination.* (1) Patrons shall be advised by public address to hold all WIN-3 tickets and the circumstances leading to such announcement: after the first leg if no bet selects a winner of the first leg; after the second leg if no bet combines the winners of the first two legs; and after the third leg if no bet combines all three winners.

(2) Should there be no bets on any winning combination, then all bets combining two winners shall be considered winning bets and paid a price per dollar bet calculated as with dead heat winning combinations. Consolation tickets combining such two winners shall be entitled to a winning payoff in addition to a consolation payoff.

(3) Should there be no bets combining winners of two legs, then all bets selecting a winner shall be considered winning bets and paid a price per dollar bet calculated as with winning dead heat combinations. Consolation tickets shall be entitled to a winning payoff in addition to a consolation payoff.

(4) Should there be no bets on any winner, the WIN-3 shall be declared off and the entire pool refunded.

(f) *Race cancellations.* (1) If any leg is cancelled or declared non-betting before the start of the first leg, the pool shall be refunded.

(2) If either the second or third leg (or both) are cancelled or declared non-betting after the start of the first leg, payoffs will be determined on the basis of contested legs.

(g) *Scratches and consolations.* (1) Refunds. In the event a betting entry is scratched (which hereinafter includes being declared a non-starter or a non-betting starter) from any leg of the WIN-3 prior to the start of the first leg, all bets containing such scratched betting entry shall be refunded to determine the gross pool and removed from further consideration in the pool. Coupled entries and fields are only considered "scratched" for purposes of this section in accordance with the provisions of section 4009.20 of this Title.

(2) Consolations. (i) In the event a betting entry is scratched in the second leg after the start of the first leg a consolation payoff shall be computed for those bets combining the winners of the first and third legs with such scratched horse as follows: from the gross pool shall be deducted the statutory take-out and then the amount represented by bets on combinations involving entries scratched from the third leg (reduced by the rate of statutory take-out thereon). The resulting remainder shall be divided by the amounts bet on the combination of such first and third leg winners with all betting entries in the second leg (less breaks) to determine the consolation price per dollar payable to those bets combining winners of the first and third legs with an entry scratched in the second leg. The break shall not be deducted from the pool.

(ii) In the event a betting entry is scratched in the third leg after the start of the first leg, a consolation payoff shall be computed for those bets combining the winners of the first and second legs with such scratched horse as follows: from the gross pool shall be deducted the statutory take-out and then the amount represented by bets on combinations involving entries scratched from the second leg (reduced by the rate of statutory take-out thereon). The resulting remainder shall be divided by the amount bet on the combination of such first and second leg winners with all betting entries in the third leg (less breaks) to determine the consolation price per dollar payable to those bets combining winners of the first and second legs with an entry scratched in the third leg. The breaks shall not be deducted from the pool.

(iii) In the event betting entries are scratched in both the second and third legs after the start of the first leg, a consolation payoff shall be computed for those bets combining the winner of the first leg with entries scratched in both the second and third legs as follows: From the gross pool shall be deducted the take-out and the remainder shall be divided by the amount bet on the winner of the first leg combined with all other entries (less breaks) to determine the consolation price per dollar payable to those tickets combining the winner of the first leg with entries scratched from both the second and third legs. The breaks shall not be deducted from the pool.

(iv) Dead heat computations for consolation payoffs shall be consistent with the principles in subdivision (d) as applied to remainders for payoff as determined in this subdivision (g).

(h) This rule shall be prominently displayed throughout the betting area of the track and printed copies shall be made available by the track to patrons upon request.

4011.25. Additional authorized wagers.

In addition to the types of wagers authorized by this Part, an association or corporation, ay, with the prior permission of the board, offer any type of pari-mutuel wagering as defined by chapter 9, Pari-Mutuel Wagering, Uniform Rules of Racing, as adopted and published in December, 1996 by the Association of Racing Commissioners International at 2343 Alexandria Drive, Suite 200, Lexington, KY 40504-3276. This is available for public inspection at the New York State Racing and Wagering Board located at 1 Watervliet Avenue Extension, Suite 2, Albany, NY 12206 or One Penn Plaza, 7th Floor, New York, NY 10119, both addresses and at the Department of State, 41 State Street, Albany, NY.

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4011.23. Pick-six pools.

The rules in this section shall govern all pick-six pari-mutuel pools conducted by a thoroughbred track operator.

(a) *Wagering tickets.* A pick-six pari-mutuel pool known as the "pick-six," or such other name as may be approved by the board, is authorized to be conducted by a thoroughbred track operator upon the outcome of six designated pari-mutuel races to be contested at its track on the same racing program, such designation to be made by the track operator with the approval of the board. Such pool shall be separate and distinct from all other pari-mutuel pools conducted at such track. Wagers in such pool shall be represented by pari-mutuel tickets immediately distinguishable from pari-mutuel tickets issued in other pools. A wager, which shall select a winner for each designated race, shall be included on the same pari-mutuel ticket which shall be issued prior to the start of the first designated pick-six race. Races designated for the pick-six pool shall be clearly described as such in the official program.

(b) *Winners and carry-overs.* In general, after deductions for cancellations, refunds and statutory takeout, 75 percent of the resulting pick-six net pool for the day shall be distributed, less breaks, to the holders of tickets selecting the winners of all six designated races in the pool and 25 percent of such net pool shall be distributed to the holders of the remaining tickets selecting the most winners. (Such takeout shall be established [at 36 percent, except that the New York Racing Association may elect to establish a 25 percent takeout before the first pool of a meeting is conducted.]) **at a rate between the range of 15 percent to 36 percent inclusively. Such rate may not be changed more than once per calendar quarter to be effective on the first day of the calendar quarter.** Should there be no wager selecting winners of all six designated races, 25 percent of the net pool shall be distributed less breaks to the holders of tickets selecting the winners of the most pick-six races and the 75 percent of the net pool reserved for holders of tickets selecting six winners shall be carried over and added to and distributed with the 75-percent net pool share of the next subsequent pick-six pool in which a wager correctly selects the winners of all six designated pick-six races. **Carryovers from prior pick-six pools, advertised guaranteed amounts or advertised added amounts will be distributed to winners in such day's pick-six pools, provided that there is no more than one "no contest" event and no other races are cancelled or declared "no contest" in the pick-six sequence.**

(c) *Added payments to winners.* In addition to the 75-percent net pool share and any carry-overs distributable when a wager correctly selects winners of all six designated races of a pick-six pool, there shall be distributed by the track operator from its own funds, upon such occurrence, any amounts it has advertised that it will add to the total distribution, or any amounts necessary to yield an advertised guaranteed total distribution.

(d) *Intermediate distributions.* Prior to the last two weeks of a race meeting at a track, a date and program approved by the board may be announced by the track operator at which (provided no one thereafter correctly selects the winners of all six designated races of a pick-six pool through such program) accumulated carry-overs in an amount announced by the track operator will be added to the 25 percent of the net pool distributable to wagers selecting the winners of the most races of the pick-

six pool conducted on such program if no one correctly selects all six winners. The balance of undistributed carry-overs above such announced amount, plus any carry-over from such program, shall in turn carry over for distribution with subsequent pick-six pools conducted by such track operator at such track. An intermediate distribution may also be directed at any time, upon three days' notice by the board, of such portion or all of the accumulated carry-over money as may be directed by the board.

(e) *Final distribution.* The track shall select, with the approval of the board, a date and program during the final week of the annual assigned racing dates of the track operator, and also during the year during the final week of a meeting (which for purposes of this section shall mean the end of assigned racing dates at a track after which such track operator will operate at another track) when there shall be a final distribution of all accumulated carry-overs together with 75 percent of the net pool of the pick-six pool conducted during such program to the holders of wagers selecting the winners of the most pick-six races contested during such program and 25 percent of such net pool shall be distributed to the holders of the remaining tickets selecting the most winners; except that, if only one, two or three such races are conducted, then all accumulated carry-overs and the entire net pool shall be distributed to the holders of wagers selecting the most winners of such one, two or three races. Thereafter, no pick-six pools will be conducted during such week. In the event that all pick-six races on the program designated for final distribution are cancelled, and no further programs are conducted at the meeting, the board shall require that a pick-six pool be conducted on the first program of the next subsequent race meeting conducted at such track by such track operator to provide for final distribution for such prior meeting. The board may also order a final distribution for an earlier time in its discretion.

(f) *Dead heats.* Each horse in a dead heat for win shall be considered the winner, and no allocations among wagers shall be made as a result thereof, unlike the practice in a pari-mutuel win pool. The payoff price per dollar shall be the same for each class of winning wager.

(g) *Scratched horses and nonstarters.*

At any time after wagering begins on the pick-six pool, should an entire betting entry or field be scratched or declared a nonstarter in any pick-six race, no further tickets selecting such betting entry or field shall be issued, and wagers upon such betting entry or field, for purposes of the pick-six pool, shall be deemed wagers upon the betting entry or field (designated horse) upon which the most wagering money has been registered at the track in the win pool at the close of win pool betting for such race. (In the event of a money tie, the tied betting entry or field with the lowest program number shall be designated.) Wagers in the pick-six pool upon an entry or field of horses from which a starter or starters may have been scratched will, in the case of such entry or field, be deemed wagers upon the horse or horses remaining in such entry or field; except at tracks with totalizator capability to record wagers selecting a coupled entry (or field) and wagers selecting any individual constituent horses therein (merging such wagers for odds display and payoff purposes), in which case, the wagers upon scratched constituent horses will be deemed wagers upon the "designated horse" in such race. In case no starter remains representing any betting entry or field, wagers upon such entry or field shall be deemed wagers upon the "designated horse" in the race affected by the scratch. Should the balance of a betting entry or field race as a nonbetting starter for purposes of other pari-mutuel pools, as provided in section 4009.20 of this Title, wagers upon such entry or field

shall be deemed wagers upon the "designated horse" for such race. Should a programmed starter be scratched or declared a nonstarter prior to the start of the first leg, the betting operator shall be authorized to refund any tickets designating betting entries affected thereby prior to such first leg.

(h) *Race cancellations and surface transfers.* Except for pick-six pools in which an intermediate or final distribution is to be made, should one or more pick-six races be cancelled, no carry-overs from prior pick-six pools, advertised guaranteed amounts nor advertised added amounts will be distributed to winners in such day's pick-six pool; and (1) if more than three such races are contested, 75 percent only of that program's net pool shall be distributed, less breaks, to holders of wagers upon the winners of all pick-six races actually contested for such pool and 25 percent of such program's net pool, less breaks, shall be distributed to the holders of the remaining tickets selecting the most winners; should no wager select the winners of all pick-six races actually contested, 25 percent of that net pool shall be distributed, less breaks, to the holders of wagers selecting the most winners of the pick-six races contested, and the 75-percent balance shall be carried over as elsewhere provided in this section, for subsequent distribution; (2) if three or fewer such races are contested, the entire [net] pool [less breaks] for such program shall be [distributed to holders of wagers selecting the most winners in the races actually contested] **refunded.** **When the condition of the turf course(s) warrants a change of racing surface in any of the legs of the pick-six races, and such change has not been known to the public prior to the close of wagering for the pick-six pool, the stewards shall declare the changed leg(s) a "no contest" for pick-six wagering purposes only. A "no contest" race is not to be considered as a contested race.**

(i) *Seed money or insurance allocation.* Except where the established takeout is [25 percent] **higher than the prevailing takeout established for non-carryover days,** a percentage designated by the track operator and approved by the board, not exceeding two percent of the total daily pick-six pool wagering, shall be held apart by the track operator from the takeout of each pick-six pool to reimburse such track operator for the cost of any insurance it may secure to guarantee minimum distributions to winners of such pools, or to reimburse a track operator for funds it expends for added money or guaranteed minimum distributions to winners of such pools. Any accumulation of such allocations not necessary to reimburse a track for expenditures actually incurred for such purposes shall be added to the amounts distributable in the pool designated for final distribution for the meeting.

(j) *Posting of winning combinations.* Every pick-six wagering combination entitled to a payoff shall be posted publicly by the track operator together with the payoff price therefor.

(k) *Trust funds.* Carry-over monies shall be held in a separate account in trust by track operators for the benefit of participants in pick-six pools until distributed.

(l) *No reduction in guaranteed distributions.* Advertised added monies or minimum distributions shall not apply to intermediate or final distributions, unless a wager correctly selects winners of all six designated races of the pick-six pool. A guaranteed minimum distribution or guaranteed added money amount, once advertised, may not be reduced and shall continue to be guaranteed by the track operator for every pick-six pool for the balance of the meeting.

(m) *Betting information.* Unless otherwise ordered by the board, information

concerning combinations wagered upon or not wagered upon in a pick-six pool shall not be disclosed by the tote operator, or otherwise, until [all races of a pick-six pool have been contested and declared official] **the final leg of a pick-six wager remains as the only race to be contested for completion of the pick-six wager.** The operation of the totalizator equipment and reports generated thereby, as well as the communication of any information concerning such pool, shall be subject to the strict supervision of the board.

(n) *Nontransferability.* Pick-six tickets shall be nontransferable, and violations of this subdivision may lead to confiscation and cancellation of such tickets in addition to other disciplinary action.

(o) *Unforeseen circumstances.* Should circumstances occur which are not foreseen in this section, questions arising thereby shall be resolved in accordance with general pari-mutuel practice. Decisions regarding distribution of pick-six pools will be final and unappealable.

(p) *Posting of rules.* These rules shall be posted in the public area of the track by the track operator and copies thereof shall be made available to the public by the track operator.

(q) *Interfacing of off-track wagers.* Interfacing of off-track wagers shall be accomplished according to procedures approved by the board. In the event there is a failure to interface all such wagers with on-track wagers in accordance with such procedures, the procedure for distribution of the pool and computation of payoff prices shall be approved by the board.

STAFF ANALYSIS
LOCAL 280 CONCERNS ABOUT TOTE

PARI-MUTUEL OPERATIONS COMMITTEE MEETING
FEBRUARY 16, 2005

Background:

Pari-Mutuel Employees Guild, Local 280, has requested that this Committee consider their concerns about "tote problems" in California. To this end they sent a questionnaire to all of the satellite locations in California. One copy of that questionnaire is included in this package as an example of what was sent and returned. The results of all returned questionnaires are condensed in two spreadsheets – one for a survey done in July and August of 2004 and the second for a survey in January of 2005.

In addition, Scientific Games Racing/Autotote has arranged a meeting with Local 280 on February 9, 2005, to discuss these concerns. Hopefully there will be some progress in resolving the issues at the meeting on 2/9. Staff will update the Committee accordingly.

Recommendation:

Staff recommends that the Committee hear from interested parties regarding this matter.



PARI-MUTUEL EMPLOYEES GUILD

OF CALIFORNIA
SEIU Local 280

John K.
LOCAL 280

SEIU
Leading the Way

Ron J. Liccardo
President

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Jack Cascio
Vice President

Richard D. Castro
Vice President



January 25, 2005

Roy Minami, Asst. Exec. Director
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825

Dear Mr. Minami:

I'm requesting consideration to put an item on the next Pari-Mutuel Committee meeting. For public notice we would like to see the general issue of 'Tote Problems' in California at Host and Parlor locations, and have a chance to ask questions what if anything is done about them.

We are especially upset to hear that maybe the working clerks may lose in the future the protection of the 4 second delay for the purpose of canceling any ticket punched in error.

Thanking you in advance for your consideration.

Respectfully,

Richard D. Castro
President, Local 280

xc

Executive Board, Local 280
David Rosenfeld, Attorney

AUTOTOTE QUESTIONNAIRE

TO: *Pari-Mutuel Department - Managers and Satellite Supervisors*

FROM: *Richard D. Castro, President
Pari-Mutuel Employees Guild, Local 280*

*R. A. Hughes
Director of Industrial Relations
Federation of California Racing Associations, Inc.*

RE: **TOTE PROBLEMS/ FOLLOW UP**

This is a joint effort by race track management and the Pari-Mutuel Employees Guild, Local 280 working together to further identify tote issues and tote problems. Once again, we need your cooperation in filling out the Questionnaire and returning it promptly. If you are in the Southern Zone, Fax the questionnaire to SCOTW, Inc. Tom Varela (714) 761-9082. If you are in the Northern Zone, fax to Golden Gate Fields Mutuel Manager Brian Wayte (510) 559-7473.

Please indicate below your answers with a circle or written response.

Date: January 7 2005

Your name: David Webb

Location: Victorville Day Night

CONSIDER JUST THE LAST THREE MONTHS. PLEASE RATE THE FOLLOWING:

Is the working condition of the tote terminals and other tote equipment in the following condition: GOOD FAIR POOR

*Have you seen? Improvement About the same Worse (more problems)
Tote problems and/or transmission problems? _____*

*Is **DAILY MAINTENANCE** (cleaning, service checks, etc.) being taken care of by a tote mechanic or a tote/self serve tech always before the clerks arrive?
YES NO SOMETIMES, MORE YES THAN NO*

*Is a tote technical or a tote/self serve technician always available when the clerks are working?
YES NO*

*If you do not have a tote technician on site, how long does it take for someone to come to your facility to fix the reported tote problems?
One To Two days*

Victorville

How often do you, the Supervisor, fix the tote problems at your facility?
 When problem arises, Three or four times a week Do you still get customer
 complaints regarding the Self Serve Autotote betting terminals?
 FREQUENTLY SOMETIMES RARE

Replacement Pairs: Are they getting better: YES NO

Do you know if your facility has recently been re-wired? YES NO

The following space is available for you to make any comments you feel you would like to share about the facility where you are working. We are especially interested in how it can be improved, and/or what can be done to increase patronage:

During fair. Have a person greeting the public at the door, handing out horse racing literature

Thanking you in advance for your cooperation and prompt attention in getting this returned in a timely matter.

Tote Questionnaire											
Satellite	Critic	Date	Tote Condition	Have You Seen?	Daily Maint.	Tote Tech.	Supervisor to Fix Equip	Re-Wired	Customer Complaint	Replace Parts	Comment
Stockton	Les Hale	01/09/05	Good	Same	Yes	Yes		No			
Santa Rosa	Edward Heaney	01/07/05	Good	Same	Yes	Yes -Day	Once in While	No	Rare	No	Sports Betting
San Jose (Day)	Donna Tolotti	01/09/05	Good	Improvement		Yes		No	Rare	Yes	Old Facility
Cal Expo Sacto	Renee Moddison	01/07/05	Good/Poor	Same	Sometimes	Yes	4 times a week	No	Rare	No	Face Lift
Pleasanton	Karen Munoz	01/07/05	Good	Same	Yes	Yes	Once in While	No	Sometimes	Yes	System Delay
Monterey	Gary Peasley	01/10/05	Fair	Same	Yes	Yes		No	Sometimes	No	Rewiring
Fresno Satellite	Robert Koehler	01/07/05	Good	Same	Yes	Yes		No	Sometimes	Yes	More Machines
Eureka	Neil Murphy	01/08/05	Good	Same	Yes	Yes	Rare	No	Rare	Yes	Patronage
Bakersfield	Gilbert Harger	01/07/05	Fair	Worse	Yes	Yes	Rare	No	Sometimes	Same	Machines
Anderson	Richard Horner	01/09/05	Fair	Same	More Yes	Yes	Sometimes	Yes	Sometimes	Yes	Indian Casino
Vallejo	Steve Sites	01/07/05	Fair	Same	Yes	No - Night		No	Rare	No	
National Orange	Robert Wilson	01/09/05	Fair			No - Night					
Barona	C. Humphries	01/07/05	Good	Same	No	No	Daily	No	Frequently		
Victorville	David Webb	01/07/05	Good	Improvement	No	No	3 Or 4 a week	No	Sometimes	Yes	Person at Door
Sycuan	Jean Gallagher	01/07/05	Good	Same	No	No	Varies	No	Sometimes	Yes	
Indio	Grace Wilson	01/08/05	Fair	Same	Yes/Week	Yes -Week	Sometimes	No	Sometimes	No	Rewiring
Lancaster ITW	Nick D'Addario	01/09/05	Fair	Same	No	No	Always	Yes	Sometimes	No	Machines
San Jose (Night)	Ken Dawson	01/09/05	Good	Improvement	Yes	Yes		No	Rare	Yes	Old Facility
Perris ITW	Patricia Harvey	01/09/05	Good	Same	Sometimes	No	Sometimes	Yes	Sometimes	Yes	Old Machines
Viejas (Night)	Robert Centanni	01/07/05	Fair	Same	No	No					
Ventura (Night)	Karl Peterson	01/07/05	Fair	Same	Yes	Yes	Nightly	No	Sometimes	Yes	New Machines
Viejas (Day)	Julie Yanez	01/07/05	Fair	Same	No	No	Sometimes	No	Sometimes	No	System Down
Ventura (Day)	Shery Bernudez	01/07/05	Poor	Same	Yes	Yes	Daily	No	Frequently	Yes	Old Machines
Fairplex (Day)	Wayne Yount	01/07/05	Fair	Same	Yes	Yes	Sometimes	Yes	Sometimes	No	Old Screens
Santa Barbara	Paul Linn	01/07/05	Fair	Same	No	No	Daily	No	Sometimes	No	Slow Commun.
Del Mar (Day)	Edward McGrath	01/07/05	Good	Same		Yes	2 Or 3 a Day	No	Rare	Yes	Lack of PR
Santa Maria	Jack Kress	01/07/05	Good	Same	No	No	Twice a Day	No	Sometimes	Yes	
Cabazon (Day)	Deborah Pousen	01/07/05	Fair	Same	Sometimes	No	Always	No	Rare		More Staff

Tote Questionnaire												
Satellite	Supervisor	Date	Tote Condition	Site Man	Site Visit	Days Man to Fix	Supervisor To Fix Equip	Customer Complaint	Clerks Cr. Tote Buys	Daily Cleaned	Gut Terminal	Parts Available
Cabazon	Deboran Povsen	07/02/04	Good	No	Weekly	Next Day	When possible	Rarely	Never			
Barona	C. Humphries	07/02/04	Fair	No	Weekly	1-3 Days	Daily	Sometimes	None			
Barona (n)	Rocco Crowley	07/02/04	Fair	No	Weekly	1-3 Days	Nightly	2-3 per wk.	Never			
Lancaster	Nick D'Adrois	07/02/04	Poor	No	Weekly	Weekly	All the Time	2-4 a day	Rarely			
Santa Maria	John J. Reis III	07/02/04	Good	No	Weekly	Weekly	5-10 a day	5-10 a day	None			
Del Mar	McGrath	07/02/04	Good	Yes				Rarely	Rarely			
Cecci's		07/02/04	Fair	No	Sunday	N/A	Regularly	Often	N/A			
Viejas (n)	Robert Cotinni	07/04/04	Fair	No	Sat.	Weekly	Daily	Not Often	None			
Stockton	Les Hab	08/12/04	Fair	Yes				2-3 per wk.		Yes	Daily	Yes
Eureka	Meil Murphy	07/25/04	Good	Yes			As Needed	Rarely	Never		Never	Rarely
	Gilbert Harger	09/06/04	Fair	Yes			Daily	Often	Seldom	Yes	Seldom	Yes
Tulare	Deb Lack	08/11/04	Good	Yes			Never	60%	None	Yes	At Times	Possibly
Fresno Club 1	Floyd Emery	08/11/04	Fair	No	Monthly	One Day	Always		Never	No	Never	Need More
Sacramento	Bill Cain	08/11/04	Fair	No	Daily		No	Not Often	Not Often	Yes	No	Sometimes
Anderson	Richard Homer	08/11/04	Fair	Yes	90 Days	A Few Days	When possible		None	Yes	None	No
Tulare	Kathy Epps	08/11/04	Good	Yes			Reg. Maint	Often	No	Yes	Never	No
GGF	Diana Robson	08/11/04	Fair	No	Daily	N/A	Never	Often	When needed	Yes	Often	Yes
Monterey	Gary Peasley	08/11/04	Fair	Yes			On Occasion	Often		Yes	Often	Yes
Fresno	Bob Koehle	08/11/04	Good	Yes			Rarely	Rarely	None	Yes	None	Yes
Pleasanton	Karen Munoz	08/13/04	Fair	Yes			Rarely	Weekly	Seldom	Yes	Sometimes	No
Stockton (n)	James Beard	08/12/04	Good	No	Daily	N/A	Rarely	Seldom	Never	Yes	Rarely	At Times
Santa Rosa		08/11/04	Good	Yes			Daily	Very Few	Unknown	Yes	Sometimes	Sometimes
Notes:												
1. (n) = nightly												
2. Noted 2nd different questionnaires												

STAFF ANALYSIS
REPEAL OF INACTIVE PM RULES

PARI-MUTUEL OPERATIONS COMMITTEE MEETING
FEBRUARY 16, 2005

Background:

The Horse Racing Law gives the CHRB the ability to promulgate rules to regulate pari-mutuel horse racing in California. At times rules become inactive and are repealed in order to keep the rulebook a reasonable size. The following rules have become inactive due in large part to their specificity and the fact that CHRB Rule - Pick (n) Rule was adopted. The Pick (n) Rule includes all of the bells and whistles in the rules proposed for repeal and a few more of its own. Since these rules have never been used or used only once or twice years ago, they are on the block for repeal. If the Committee agrees, they can direct staff to begin the repeal process.

The rules are as follows:

- 1959.5 – Special Sweepstakes
- 1959.6 – Limited Sweepstakes
- 1959.7 – Pick Seven
- 1959.8 – Pick 6 One Pool
- 1976 – Unlimited Sweepstakes
- 1976.5 – Special Unlimited Sweepstakes
- 1976.7 - Special Reserved Unlimited Sweepstakes

Recommendation:

Staff recommends that the Committee direct staff to commence the repeal process for these rules.