

1010 Hurley Way, Suite 300  
Sacramento, CA 95825  
(916) 263-6000  
Fax (916) 263-6042

[www.chrb.ca.gov](http://www.chrb.ca.gov)

## CALIFORNIA HORSE RACING BOARD



Los Alamitos Race Course  
4961 E. Katella Avenue  
Los Alamitos, CA 90720

Contact: Mike Marten  
(714) 820-2748  
Cell: (714) 240-1870  
Fax (714) 821-6232

CHRB NEWS RELEASE

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### ADVISORY

The California Horse Racing Board has completed its review of the totalizator/communications error involving the first race at Turf Paradise on January 26, 2011, which resulted in a failure to merge California pools with the host track and, conversely, the inability of California wagering locations to receive the stop-betting command from Turf Paradise. As a result, wagering continued at racetracks and simulcast facilities in California for slightly more than five minutes after the start of this race. The CHRB determined the problem was due to an error by an operator or operators at the Quantum Data Center (QDC) in Sacramento. While this error was regrettable and not condoned, the CHRB was encouraged to find that long-standing security measures were followed that prevented anyone from benefitting illegally from the error. All legitimate winning tickets were paid, while all wagers made after the start of the race were refunded. Sportech, which provides totalizator services for California, cooperated fully in the CHRB's review and has assured the Board that additional steps are being taken to prevent this type of error in the future.

In greater detail: Early each morning when California conducts live or simulcast wagering, an operator at the Sacramento QDC enters the racing cards/program information into the totalizator system for all races on which wagers will be accepted in California on that day. The operator also begins the process of linking totalizator systems by opening the California end of the Inter-Tote System Protocol (ITSP) links with host tracks. Sportech advised the Board that this procedure was correctly followed and the operator opened the California link to Turf Paradise. However, the next step was not taken: The ITSP link was not opened for California on the host system for Turf Paradise. Therefore, even though bettors at California racetracks and simulcast facilities (i.e. brick-and-mortar locations) were wagering throughout the morning on the first race at Turf Paradise, those stored wagers were not transferred and commingled with the host track. And because there was no link, the stop-betting command sent out by Turf Paradise was not received in California. This did not affect Advance Deposit Wagers because those account wagers are linked separately. And because the California wagers were not merged with the host track, the integrity of the Turf Paradise pools was not compromised.

The stop-betting command was issued by Turf Paradise at 11:32:34. The issue in California was identified and the California pools were closed at 11:37:45, or 5 minutes and 11 seconds after the start of the race. Under security procedures established years ago by the CHRB, as soon as the error was identified, the pools on the race were immediately locked but California did not enable cashing on the race. Instead, Sportech personnel contacted pari-mutuel managers at California racetracks, who in turn contacted a California steward for consultation. Again following the established security procedures, they agreed on a course of action:

- They contacted managers at all California racetracks and simulcast facilities to alert them to the problem and to ask them to inform their customers about the delay in cashing for the first race at Turf Paradise.
- They ran a log of all wagers, which totaled \$3,896.
- They identified all wagers that were placed after 11:32:34. There were 86 such wagers, which totaled \$473. Of those, 81 were ticket/voucher-based and five were placed through on-track accounts. (On-track accounts

differ from ADW wagers in that the accounts are maintained by the racetrack and wagers can only be placed at a brick-and-mortar facility.)

- Before turning on cashing for this race, they locked out the 86 wagers made after the start of the race. They agreed to refund these wagers.
- They manually inputted the correct pari-mutuel prices for the race based on the payoffs posted by Turf Paradise.
- Sportech agreed to pay all legitimate winning tickets.
- After taking all of these steps, California turned on cashing for the first race at Turf Paradise approximately two hours after the race.

The CHRB determined that by taking all of these steps, those involved followed correct security procedures to control the extent of the error and prevented anyone from gaining an unfair advantage. The Board sought and received assurances from Sportech that they had reviewed all ITSP procedures with their personnel and that Sportech will continue to emphasize the importance of these procedures with their operations staff.

Regarding Sportech: In 2007, Scientific Games Racing, LLC (succeeded by Sportech Racing, LLC), executed a single totalizator contract with all licensed racing/wagering entities in California, with each such entity as a signatory to the agreement, including SCOTWINC, NOTWINC, Bay Meadows, Hollywood Park, Golden Gate Fields, Santa Anita Park, Los Alamitos, CARF, Fairplex Park, Cal Expo, and Del Mar. Sportech ultimately reports to the presidents and general managers of each organization, as well as the respective pari-mutuel managers, and also reports significant matters to the CHRB.

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