

## CALIFORNIA HORSE RACING BOARD - RULES NOTICED TO THE PUBLIC:

CALIFORNIA HORSE RACING BOARD  
TITLE 4, CALIFORNIA CODE OF REGULATIONS  
NOTICE OF PROPOSAL TO AMEND  
1606. COUPLING OF HORSES  
RULE 1974. WAGERING INTEREST  
RULE 1954.1. PARLAY WAGERING ON WIN, PLACE OR SHOW  
RULE 1957. DAILY DOUBLE  
RULE 1959. SPECIAL QUINELLA (EXACTA)  
1976. UNLIMITED SWEEPSTAKES  
1976.8. PLACE PICK (N)  
1976.9. PICK (N) POOL  
1977. PICK THREE  
1978. SELECT FOUR  
1979. TRIFECTA  
1979.1. SUPERFECTA

The California Horse Racing Board (Board) proposes to amend the regulations described below after considering all comments, objections or recommendations regarding the proposed action.

### PROPOSED REGULATORY ACTION

The Board proposes to amend Rule 1606, Coupling of Horses, to delete the requirement that two or more horses shall be coupled as a single wagering interest when the horses are owned in whole or in part by the same person or persons. The proposed amendment also deletes the exemptions to coupling contained in subsections 1606(b) and 1606(c), changes the title of the regulation, and provides that if two or more horses entered in the same race are owned in whole or in part by the same person or persons, or are trained by the same trainer, the racing association shall take all actions necessary to adequately inform the public. The proposed amendment to Rule 1606 affects Rule 1974, Wagering Interest; therefore, the Board proposes to amend Rule 1974. The proposed amendment of Rule 1974 removes references to coupled entries from the definition of "wagering interest," and provides for the circumstances under which a horse may start in a race as a non-wagering interest and be disregarded for pari-mutuel purposes. The Board also proposes to amend pari-mutuel wagering rules to delete references to coupled entries, and to provide direction in cases where horses are designated to run as a non-wagering interest for purse only. The pari-mutuel regulations the Board proposes to amend are: Rule 1954.1, Parlay Wagering on Win, Place or Show; Rule 1957, Daily Double; Rule 1959, Special Quinella (Exacta); Rule 1976, Unlimited Sweepstakes; Rule 1976.8, Place Pick (n); Rule 1976.9, Pick (n) Pool; Rule 1977, Pick Three; Rule 1978, Select Four; Rule 1979, Trifecta, and Rule 1979.1, Superfecta.

### PUBLIC HEARING

The Board will hold a public hearing starting at **9:30 a.m., Thursday, April 28, 2011**, or as soon after that as business before the Board will permit, at the **Hollywood Park Race Track, 1050 South Prairie Avenue, Inglewood, California**. At the hearing, any person may present statements or arguments orally or in writing about the proposed action described in the informative digest. It is requested, but not required, that persons making oral comments at the hearing submit a written copy of their testimony at the hearing.

## WRITTEN COMMENT PERIOD

Any interested persons, or their authorized representative, may submit to the Board written comments about the proposed regulatory action. The written comment period closes at **5:00 p.m.** on **April 18, 2011**. The Board must receive all comments at that time; however, written comments may still be submitted at the public hearing. Submit comments to:

Harold Coburn, Regulation Analyst  
California Horse Racing Board  
1010 Hurley Way, Suite 300  
Sacramento, CA 95825  
Telephone: (916) 263-6397  
Fax: (916) 263-6022  
Email: [HaroldC@chr.ca.gov](mailto:HaroldC@chr.ca.gov)

## AUTHORITY AND REFERENCE

Rule 1606: Authority Cited: sections 19420, 19440 and 19590, Business and Professions Code.  
Reference: section 19401, Business and Professions Code.

Business and Professions Code sections 19420, 19440 and 19590 authorize the Board to adopt the proposed regulation, which would implement, interpret or make specific section 19401, Business and Professions Code.

Rule 1974: Authority Cited: sections 19420 and 19440, Business and Professions Code.  
Reference: section 19562, Business and Professions Code.

Business and Professions Code sections 19420 and 19440 authorize the Board to adopt the proposed regulation, which would implement, interpret or make specific section 19562, Business and Professions Code.

Rule 1954.1: Authority Cited: section 19590, Business and Professions Code. Reference: sections 19594 and 19597, Business and Professions Code.

Business and Professions Code section 19590 authorizes the Board to adopt the proposed regulation, which would implement, interpret or make specific sections 19594 and 19597, Business and Professions Code.

Rules 1957, 1959, 1976, 1977, 1978, 1979 & 1979.1: Authority Cited: sections 19440 and 19590, Business and Professions Code. Reference: section 19594, Business and Professions Code.

Business and Professions Code sections 19440 and 19590 authorize the Board to adopt the proposed regulations, which would implement, interpret or make specific section 19594, Business and Professions Code.

Rules 1976.8 & 1976.9: Authority Cited: sections 19440 and 19590, Business and Professions Code. Reference: sections 19593 and 19594, Business and Professions Code.

Business and Professions Code sections 19440 and 19590 authorize the Board to adopt the proposed regulations, which would implement, interpret or make specific section 19593 and

## INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

Business and Professions Code section 19401 states the intent of this chapter is to allow pari-mutuel wagering on horse races while assuring protection of the public and providing uniformity of regulation for each type of horse racing. Business and Professions Code section 19420 provides that jurisdiction and supervision over meetings in California where horse races with wagering on their results are conducted, and over all persons or things having to do with the operation of such meetings, is vested in the Board. Business and Professions Code section 19440 states the Board shall have all powers necessary and proper to enable it to carry out the purposes of Chapter 4, Business and Professions Code. Responsibilities of the Board include adopting rules and regulations for the protection of the public and the control of horse racing with pari-mutuel wagering, and administration and enforcement of all laws, rules and regulations affecting horse racing and pari-mutuel wagering. Business and Professions Code section 19562 states the Board may prescribe rules, regulations and conditions, consistent with the provisions of Chapter 4, Business and Professions Code, under which all horse races with wagering on their results shall be conducted in California. Business and Professions Code section 19563 states the Board may adopt any rules and regulations of the United States Trotting Association, not inconsistent with Chapter 4, Business and Professions Code, for the regulation of harness racing. Business and Professions Code section 19590 provides that the Board shall adopt rules governing, permitting, and regulating pari-mutuel wagering on horse races under the system known as the pari-mutuel method of wagering. Pari-mutuel wagering shall be conducted only by a person licensed under Chapter 4 to conduct a horse racing meeting. Business and Professions Code section 19593 states no method of betting, pool making, or wagering other than by the pari-mutuel method shall be permitted or used by any person licensed under this chapter to conduct a horse racing meeting. Business and Professions Code section 19594 states any person within the inclosure where a horse racing meeting is authorized may wager on the result of a horse race held at that meeting by contributing his money to the pari-mutuel pool operated by the licensee under Chapter 4, Business and Professions Code. Business and Professions Code section 19597 provides that a person licensed under Chapter 4 to conduct a horse racing meeting shall, as to any payment made to a person who has wagered by contributing to a pari-mutuel pool operated by such licensee, also deduct the applicable breakage, as defined by section 19405.

Rule 1606 currently requires two or more horses to be coupled as a single wagering interest and as an entry when such horses are owned in whole or in part by the same person or persons. Subsections 1606(b) and 1606(c) provide exemptions to the coupling requirement for certain partnerships and for quarter horses. The Board has determined that it wishes to amend Rule 1606 to delete the coupling requirement. This renders subsections 1606(b) and 1606(c) unnecessary, as without a coupling requirement, exemptions for partnerships and quarter horses are not necessary. Because the coupling of horses will no longer occur, the Board believes it is necessary to fully inform the public when horses owned in whole or in part by the same person or persons are entered to race. The proposed amendment to Rule 1606 adds a new subsection 1606(a) to require the association to notify the public if horses owned in whole or in part by the same person or persons are entered in the same race, or if horses entered to race are trained by the same trainer. The addition of trainers to the notification requirement will further inform the public about the horses entered to race, and it will help patrons make informed decisions when they wager.

Rule 1974 provides a definition of wagering interest, which may be any one horse entered in a race, or one or more horses coupled as a single wagering interest. However, the proposed

amendment to Rule 1606 deletes the requirement that horses owned in whole or in part by the same person or persons be coupled. This necessitates a change in the definition of wagering interest. The proposed amendment to Rule 1974 modifies subsection 1974(a) so that a wagering interest is defined solely as any one horse in a race.

When a horse is declared or scratched from a race, information regarding the declaration or scratch must be entered into the totalizator system to inform the public. Occasionally, errors will happen, and false information will be entered in the totalizator system. This will cause the public to believe a horse other than the scratched or declared horse has been withdrawn. To protect the public, and owners and trainers whose horse has been removed from the wagering pool in error, a new subsection 1974(b) provides that if a horse is improperly removed from a wagering pool due to a totalizator error or another unjustified reason, and the owner and trainer are not at fault, the horse shall compete as a non-wagering interest for the purse only, and shall be disregarded for pari-mutuel purposes. The horse will be allowed to run for a purse, which could mean income for the owner, the trainer and the jockey. In accordance with the type of wager, patrons who hold tickets that selected such horses will receive the favorite as a substitute selection, have the opportunity to choose an alternative wagering interest, or they will receive a refund. A new subsection 1974(c) requires the racing association to inform the public if a horse runs as a non-wagering interest by making an announcement over the public address system and by informing off-track wagering outlets. This is intended to adequately inform the public regarding the status of the horse and to minimize confusion.

Board rules governing specific types of pari-mutuel wagers contain subsections that address horses coupled as an entry or the field in accordance with Rule 1606 and Rule 1974. In each case the rules provide that wagers selecting entries comprised of multiple horses will not be affected if a horse from such a wagering interest is declared or withdrawn from a race. This is because under the current Rule 1974 a wager on a coupled entry or the field is considered a wager on the remaining part of the entry if any part of the entry starts for pari-mutuel purposes. The proposed amendment to Rule 1606 and Rule 1974 would eliminate coupling of horses. In addition, the proposed amendment to Rule 1974 provides for horses to run as non-wagering interests for purse only under specified circumstances. Therefore, the Board has determined it is necessary to amend a number of rules governing pari-mutuel wagering. The Board proposes to amend Rule 1954.1, Parlay Wagering on Win, Place or Show, to provide that if a wagering interest is designated to run for purse only in accordance with Rule 1974, the parlay shall consist of the remaining legs. In addition, subsection 1954.1(h) has been deleted because the amendment to Rule 1606 and Rule 1974 eliminates coupling of horses. Rule 1957, Daily Double, subsection (h), has been amended to provide that if a horse is designated to run for purse only before the first race is run, any tickets selecting the entry will be deducted from the pool and refunded. In addition, subsection 1957(i) has been amended to provide that if a horse is designated to run for purse only after the first race is completed, all tickets selecting such horses shall be deducted from the pool, and if they combine the winner of the first race with the designated horse, they shall be paid as a straight pool. These changes are consistent with how the rule treats entries that are scratched, excused by the stewards or prevented from racing. Subsection 1957(j) has been deleted, as the amendment of Rule 1606 and Rule 1974 will eliminate coupling of horses. Rule 1959, Special Quinella (Exacta) has been amended to delete subsection 1959(d), as the subsection pertains to coupled entries, which will be eliminated under the amendment of Rule 1606 and Rule 1974. A new subsection 1959(d) has been amended to provide that if a horse entered in a Special Quinella race is designated to run as a non-wagering interest for purse only after the wagering has commenced, tickets selecting the horse shall be deducted from the pool and refunded. Subsection 1959(h) has been deleted, as under the amendment of Rule 1606 and Rule 1974, coupling of horses will not occur. Rule 1976,

Unlimited Sweepstakes, subsection (g), has been amended to provide that the actual favorite will be substituted for any selection that is designated to run as a non-wagering interest for purse only in a race comprising the Unlimited Sweepstakes. In addition subsection 1976(e) has been deleted because the amendment to Rule 1606 and Rule 1974 eliminates the coupling of horses. Rule 1976.8, Place Pick (n), has been amended to delete subsection (d) and subsection 1976.8(e)(1), as the amendment to Rule 1974 and Rule 1606 eliminates coupling of horses. The new subsection 1976.8(d) provides that the racing association or the patron may substitute an alternate wagering interest if a ticket in any Place Pick (n) race selects a horse that is designated to run for purse only. Rule 1976.9, Pick (n) Pool, has been amended to delete subsection (c)(1) because the amendment to Rule 1606 and 1974 eliminates the coupling of horses. Subsection 1976.9(c)(2) has also been amended to delete references to coupled horses. Subsection 1976.9(d) has been amended to allow the racing association to substitute the favorite for a horse in a Place Pick (n) race that has been designated to run as a non-wagering interest for purse only. Rule 1977, Pick Three, has been amended to delete subsection (c) because the amendment to Rule 1606 and Rule 1974 eliminates the coupling of horses. Subsection 1977(g) has been amended to provide that if a horse is designated to run for purse only from any leg of the Pick Three prior to the running of the first leg, tickets selecting such horse shall be refunded. In addition, subsections 1977(h), 1977(i) and 1977(j) have been modified to provide for consolation payouts if a wagering interest is designated to run for purse only in the second or the third leg of the wager, or in both the second and the third legs of the wager. Rule 1978, Select Four, has been amended to delete subsection (e) because the amendment to Rule 1606 and Rule 1974 eliminates the coupling of horses. Subsection 1978(l) has been amended to allow the racing association to substitute the actual favorite for any horse that is designated to run for purse only in any of the races comprising the Select Four wager. Rule 1979, Trifecta, has been amended to modify subsection (c) to delete references to coupled horses because the amendment to Rule 1606 and Rule 1974 eliminates coupling. Subsection 1979(g) has been amended to state the racing association may exchange any ticket that includes a horse designated to run for purse only if such designation takes place before wagering is closed. If a horse is designated to run for purse only after wagering on the Trifecta is closed, any ticket selecting the designated horse shall be eliminated from the pool and the purchase price refunded. Subsection (c) of Rule 1979.1, Superfecta, has been amended to delete references to coupled horses because the amendment to Rule 1606 and Rule 1974 eliminates the coupling of horses. An amended subsection 1979.1(g) provides that before wagering on the Superfecta closes the racing association may exchange any ticket selecting a horse that is designated to run for purse only. If wagering on the Superfecta has closed, tickets selecting a horse that is designated to run for purse only shall be eliminated from the pool and refunded. Additional changes to the regulations are for purposes of renumbering, consistency and clarity.

## DISCLOSURE REGARDING THE PROPOSED ACTION

Mandate on local agencies and school districts: none.

Cost or savings to any state agency: none.

Cost to any local agency or school district that must be reimbursed in accordance with Government Code Section 17500 through 17630: none.

Other non-discretionary cost or savings imposed upon local agencies: none.

Cost or savings in federal funding to the state: none.

The Board has made an initial determination that the proposed amendment of Rule 1606, and Rule 1974, and the amendment of Rules 1954.1; 1957; 1959; 1976; 1976.8; 1976.9; 1977; 1978; 1979 and 1979.1 will not have a significant statewide adverse economic impact directly affecting business including the ability of California businesses to compete with businesses in other states.

Cost impacts on representative private persons or business: The Board is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Significant effect on housing costs: none.

The adoption of the proposed amendment of Rule 1606, and Rule 1974, and of Rules 1954.1; 1957; 1959; 1976; 1976.8; 1976.9; 1977; 1978; 1979 and 1979.1 will not (1) create or eliminate jobs within California; (2) create new businesses or eliminate existing businesses within California; or (3) affect the expansion of businesses currently doing business within California.

Effect on small businesses: none. The proposed amendment of Rule 1606, and Rule 1974, and of Rules 1954.1; 1957; 1959; 1976; 1976.8; 1976.9; 1977; 1978; 1979 and 1979.1 does not affect small businesses because horse racing associations in California are not classified as small businesses under Government Code Section 11342.610. Rule 1606, and Rule 1974 addresses coupling of horses and the definition of wagering interest. Rules 1954.1; 1957; 1959; 1976; 1976.8; 1976.9; 1977; 1978; 1979 and 1979.1 authorize specific types of pari-mutuel wagering in California.

## CONSIDERATION OF ALTERNATIVES

In accordance with Government Code Section 11346.5, subdivision (a)(13), the Board must determine that no reasonable alternative that is considered, or that has otherwise been identified and brought to the attention of the Board, would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

The Board invites interested persons to present statements or arguments with respect to alternatives to the proposed regulations at the scheduled hearing or during the written comment period.

## CONTACT PERSONS

Inquiries concerning the substance of the proposed action and requests for copies of the proposed texts of the regulations, the initial statement of reasons, the modified texts of the regulations, if any, and other information upon which the rulemaking is based should be directed to

Harold Coburn, Regulation Analyst  
California Horse Racing Board  
1010 Hurley Way, Suite 300  
Sacramento, CA 95825  
Telephone: (916) 263-6397  
E-Mail: [HaroldC@chr.ca.gov](mailto:HaroldC@chr.ca.gov)

If the person named above is not available, interested parties may contact:

Andrea Ogden,  
Policy and Regulation Unit  
Telephone: (916) 263-6033

## AVAILABILITY OF INITIAL STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATION

The Board will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its office at the above address. As of the date this notice is published in the Notice Register, the rulemaking file consists of this notice, the proposed texts of the regulations, and the initial statement of reasons. Copies may be obtained by contacting Harold Coburn, or the alternate contact person at the address, phone number or e-mail address listed above.

## AVAILABILITY OF MODIFIED TEXT

After holding a hearing and considering all timely and relevant comments received, the Board may adopt the proposed regulations substantially as described in this notice. If modifications are made which are sufficiently related to the originally proposed texts, the modified texts – with changes clearly marked – shall be made available to the public for at least 15 days prior to the date on which the Board adopts the regulations. Requests for copies of any modified regulations should be sent to the attention of Harold Coburn at the address stated above. The Board will accept written comments on the modified regulations for 15 days after the date on which they are made available.

## AVAILABILITY OF FINAL STATEMENT OF REASONS

Requests for copies of the final statement of reasons, which will be available after the Board has adopted the proposed regulations in their current or modified form, should be sent to the attention of Harold Coburn at the address stated above.

## BOARD WEB ACCESS

The Board will have the entire rulemaking file available for inspection throughout the rulemaking process at its web site. The rulemaking file consists of the notice, the proposed text of the regulations, and the initial statement of reasons. The Board's Internet address is: [www.chrb.ca.gov](http://www.chrb.ca.gov).

## INITIAL STATEMENT OF REASONS

RULE 1606. COUPLING OF HORSES  
RULE 1974. WAGERING INTEREST  
RULE 1954.1. PARLAY WAGERING ON WIN, PLACE OR SHOW  
RULE 1957. DAILY DOUBLE  
RULE 1959. SPECIAL QUINELLA (EXACTA)  
RULE 1976. UNLIMITED SWEEPSTAKES  
RULE 1976.8. PLACE PICK (N)  
RULE 1976.9. PICK (N) POOL  
RULE 1977. PICK THREE  
RULE 1978. SELECT FOUR

RULE 1979. TRIFECTA  
RULE 1979.1. SUPERFECTA

SPECIFIC PURPOSE OF THE REGULATIONS

The Board proposes to amend Rule 1606, Coupling of Horses, to delete the requirement that two or more horses shall be coupled as a single wagering interest when the horses are owned in whole or in part by the same person or persons. The proposed amendment to Rule 1606 also deletes the exemptions to coupling contained in subsections 1606(b) and 1606(c), changes the title of the regulation, and it adds a new subsection 1606(a) to require that if two or more horses entered in the same race are owned in whole or in part by the same person or persons, or are trained by the same trainer, the racing association shall take all actions necessary to adequately inform the public. The Board Proposes to amend Rule 1974, Wagering Interest, to provide change the definition of wagering interest in recognition of the elimination of coupling. The proposed amendment to Rule 1974 will also state the circumstances under which a horse may be designated to run in a race for purse only and disregarded for pari-mutual purposes. The Board also proposes to amend pari-mutuel wagering rules to provide direction when a horse that is entered in a race that comprises a particular pari-mutuel wager is designated to run for purse only and disregarded for pari-mutuel purposes. The amendments to the pari-mutuel regulations will also remove references to coupling of horses. The pari-mutuel regulations the Board proposes to amend are: Rule 1954.1, Parlay Wagering on Win, Place or Show; Rule 1957, Daily Double; Rule 1959, Special Quinella (Exacta); Rule 1976, Unlimited Sweepstakes; Rule 1976.8, Place Pick (n); Rule 1976.9, Pick (n) Pool; Rule 1977, Pick Three; Rule 1978, Select Four; Rule 1979, Trifecta and Rule 1979.1, Superfecta.

NECESSITY

The Board has determined that it wishes to amend Rule 1606 to delete the coupling requirement. Rule 1606 currently requires two or more horses to be coupled as a single wagering interest and as an entry when such horses are owned in whole or in part by the same person or persons. Subsections 1606(b) and 1606(c) exempt certain partnerships and quarter horses from coupling. Horses that are trained by the same trainer are not coupled (unless there is an ownership issue). One of the original purposes of coupling was to deter owners and trainers from using a "lesser" horse to run interference for a second horse in a race. If horses were coupled, it would not matter which horse placed, as the horses were considered one entry. When private stables were common, it was believed horse owners could instruct their trainers on how to running their horses in a race. That is a primary reason horses owned by the same person or persons were coupled. With the advent of public stables, which are stables run by trainers who work for multiple owners, the influence of owners was greatly diminished. Today, trainers are considered to have much more influence over how a horse runs, yet horses are not coupled if they are trained by the same trainer. Prior to the 1982, Rule 1606 required coupling of horses if a trainer had an ownership interest in any horse in a race in which they also trained a horse. In 1982 Rule 1606 was amended to only require coupling of horses if two or more horses were owned in whole or in part by the same person or persons. The issue of coupling horses trained by the same trainers was raised in 1990, but the industry believed it was not necessary, would lead to short fields, and was not in the best interests of racing. Furthermore, the racing public had not expressed a concern about trainers. In 2006, after a lengthy examination of the issue, the Board amended Rule 1606 to exempt the quarter horse industry from coupling. In 2007 and in 2008 the Board further amended Rule 1606 to provide exemptions for thoroughbred partnerships, as specified. The narrowing of coupling under Rule 1606 has resulted in fewer instances of coupling without a real adverse reaction from the industry or the racing public. In 2010, when

the issue of coupling was raised, industry representatives suggested that coupling should be eliminated. The industry reasoned that racing associations had the ability to inform the racing public about the ownership and the training of horses entered to race, and was currently doing so in the official program and by other means. In addition, eliminating coupling would result in larger fields by increasing the number of wagering interests. The proposed amendment to Rule 1606 deletes the existing subsection 1606(a), which requires the coupling of horses owned in whole or in part by the same person or persons. This has the effect of eliminating coupling of horses in California. This renders subsections 1606(b) and 1606(c) unnecessary, as without a coupling requirement, exemptions for partnerships and quarter horses are not necessary. Because the coupling of horses will no longer occur, the Board believes it is necessary to fully inform the public when horses owned in whole or in part by the same person or persons are entered to race. The proposed amendment to Rule 1606 adds a new subsection 1606(a) to require the association to notify the public if horses owned in whole or in part by the same person or persons are entered in the same race, or if horses entered to race are trained by the same trainer. The addition of trainers to the notification requirement will further inform the public about the horses entered to race, and it will help patrons make informed decisions when they wager. Because California will no longer couple horses, but will require that the racing associations inform the public about horse ownership and trainers, it is necessary to change the title of Rule 1606, Coupling of Horses. The Board proposes to change the title of Rule 1606 to “Association to Disclose Ownership.”

Board rules governing specific types of pari-mutuel wagers contain subsections that address horses coupled as an entry or the field in accordance with Rule 1606 and Rule 1974. The rules provide that wagers selecting entries comprised of multiple horses will not be affected if a horse from such a wagering interest is declared or withdrawn from a race. This is because under the current Rule 1974 a wager on a coupled entry or the field is considered a wager on the remaining part of the entry if any part of the entry starts for pari-mutuel purposes. The proposed amendment to Rule 1606 and Rule 1974 would eliminate coupling of horses. In addition, the proposed amendment to Rule 1974 provides for horses to run as non-wagering interests for purse only. These scenarios are currently not addressed in the pari-mutuel regulations. Therefore, the Board has determined it is necessary to amend a number of rules governing pari-mutuel wagering.

The Board proposes to amend Rule 1954.1, Parlay Wagering on Win, Place or Show, subsection (g), to provide that if a wagering interest is designated to run for purse only in accordance with Rule 1974, the parlay shall consist of the remaining legs. This is consistent with how Rule 1954.1 treats entries that are scratched, or declared non-starters for wagering purposes. In addition, subsection 1954.1(h) has been deleted because it is no longer necessary, as the amendment to Rule 1606 and Rule 1974 eliminates coupling of horses.

Rule 1957, Daily Double, subsection (h), has been amended to provide that if a horse is designated to run for purse only before the first race is run, any tickets selecting the entry will be deducted from the pool and refunded. This is consistent with how Rule 1957 treats entries that are scratched, excused by the stewards, or prevented from racing prior to the first race of the wager. Subsection 1957(i) has been amended to provide that if a horse is designated to run for purse only after the first race is completed, all tickets selecting such horses shall be deducted from the pool, and if they combine the winner of the first race with the designated horse, they shall be paid as a straight pool. This is consistent with how the subsection deals with entries that are scratched, excused by the stewards, or prevented from racing in the second leg of the wager. Subsection 1957(j) has been deleted. This is necessary, as the amendment of Rule 1606 and Rule 1974 will eliminate coupling of horses.

Rule 1959, Special Quinella (Exacta) has been amended to delete subsection 1959(d), this is necessary, as the subsection pertains to coupled entries, which will be eliminated under the amendment of Rule 1606 and Rule 1974. A new subsection 1959(d) has been amended to provide that if a horse entered in a Special Quinella race is designated to run as a non-wagering interest for purse only after the wagering has commenced, tickets selecting the horse shall be deducted from the pool and refunded. This is consistent with how subsection 1959(d) treats scratched or excused horses, and horses prevented from racing because of the failure of the starting gates to open. Subsection 1959(h) has been deleted. This is necessary, as under the amendment of Rule 1606 and Rule 1974, coupling of horses will not occur. All other changes to the regulation are for the purposes of clarity, consistency and renumbering.

Rule 1976, Unlimited Sweepstakes, subsection (e), which addresses horses coupled as an entry has been deleted. This is necessary because the amendment to Rule 1974 and rule 1606 eliminates coupling of horses. Subsection 1976(g), has been amended to provide that the actual favorite will be substituted for any selection that is designated to run as a non-wagering interest for purse only in a race comprising the Unlimited Sweepstakes. This is consistent with the manner in which the subsection treats entries that are scratched, excused or determined by the stewards to be nonstarters in the race. All other changes to the regulation are for purposes of clarity, consistency and renumbering.

Rule 1976.8, Place Pick (n), has been amended to delete subsection (d) and subsection 1976.8(e)(1), which address horses coupled as an entry. This is necessary, as the amendment to Rule 1974 and Rule 1606 eliminates coupling of horses. The new subsection 1976.8(d) provides that the racing association or the patron may substitute an alternate wagering interest if a ticket in any Place Pick (n) race selects a horse that is designated to run for purse only. This is consistent with the manner in which the subsection addresses selections that are scratched, excused or determined by the stewards to be nonstarters. All other changes to the regulation are for purposes of clarity, consistency and renumbering.

Rule 1976.9, Pick (n) Pool, has been amended to delete subsection (c)(1), which address coupled horses in a dead heat. This is necessary because the amendment to Rule 1606 and 1974 eliminates the coupling of horses. Subsection 1976.9(c)(2) has also been amended to delete references to coupled horses. Subsection 1976.9(d) has been amended to allow the racing association to substitute the favorite for a horse in a Place Pick (n) race that has been designated to run as a non-wagering interest for purse only. This is consistent with the manner in which the subsection treats entries that are scratched

Rule 1977, Pick Three, has been amended to delete subsection (c), which addresses horses coupled as an entry. This is necessary because the amendment to Rule 1606 and Rule 1974 eliminates the coupling of horses. Subsection 1977(g) has been amended to provide that if an entry is designated to run for purse only from any leg of the Pick Three prior to the running of the first leg, tickets selecting such horse shall be refunded. This is consistent with the manner in which subsection 1977(g) addresses entries that are scratched. In addition, subsections 1977(h), 1977(i) and 1977(j) have been modified to provide for consolation payouts if a wagering interest is designated to run for purse only in the second or the third leg of the wager, or in both the second and the third legs of the wager. This is consistent with how the subsections address entries that have been scratched. All other changes to the regulation are for purposes of clarity, consistency and renumbering.

Rule 1978, Select Four, has been amended to delete subsection (e), which addresses horses coupled as an entry. This is necessary because the amendment to Rule 1606 and Rule 1974 eliminates the coupling of horses. Subsection 1978(l) has been amended to allow the racing association to substitute the actual favorite for any entry that is designated to run for purse only in any of the races comprising the Select Four wager. This is consistent with the manner in which subsection 1978(l) treats entries that are scratched, excused or determined by the stewards to be non-starters. All other changes to the regulation are for purposes of clarity, consistency and renumbering.

Rule 1979, Trifecta, has been amended to modify subsection (c), which addresses horses coupled as an entry. This is necessary, as the amendment to Rule 1606 and Rule 1974 eliminates coupling. Subsection 1979(g) has been amended to state the racing association may exchange any ticket that includes a horse designated to run for purse only if such designation takes place before wagering is closed. If a horse is designated to run for purse only after wagering on the Trifecta is closed, any ticket selecting the designated horse shall be eliminated from the pool and the purchase price refunded. This is consistent with the manner in which subsection 1979(g) treats horses that are scratched or declared a non-starter by the stewards.

Subsection (c) of Rule 1979.1, Superfecta, has been amended to delete references to coupled horses. This is necessary because the amendment to Rule 1606 and Rule 1974 eliminates the coupling of horses. An amended subsection 1979.1(g) provides that before wagering on the Superfecta closes the racing association may exchange any ticket selecting a horse that is designated to run for purse only. If wagering on the Superfecta has closed, tickets selecting a horse that is designated to run for purse only shall be eliminated from the pool and refunded. This is consistent with the manner in which subsection 1979.1(g) treats horses that are scratched, or declared by the stewards to be a non-starter.

#### TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS OR DOCUMENTS.

The Board did not rely on any technical, theoretical, and/or empirical study, reports or documents in proposing the repeal and amendment of these of these regulations.

#### ALTERNATIVE TO THE PROPOSED REGULATORY ACTIONS THAT WOULD LESSEN ANY ADVERSE IMPACT ON AFFECTED PRIVATE PERSONS OR BUSINESSES.

The Board has determined that there were no alternatives considered which would be more effective in carrying out the purposes of the proposed regulations or would be more effective and less burdensome to affected private persons or businesses than the proposed regulations.

California Horse Racing Board  
March 4, 2011

CALIFORNIA HORSE RACING BOARD  
TITLE 4. CALIFORNIA CODE OF REGULATIONS  
ARTICLE 6. ENTRIES AND DECLARATIONS  
PROPOSED AMENDMENT OF  
RULE 1606. ~~COUPLING OF HORSES~~ ASSOCIATION TO DISCLOSE OWNERSHIP

1606. ~~Coupling of Horses~~. Association to Disclose Ownership.

~~(a) Two or more horses shall be coupled as a single wagering interest and as an entry when such horses are owned in whole or in part by the same person or persons.~~

~~(b) Subsection (a) of this regulation does not apply when two or more thoroughbred horses, each owned by different partnerships whose composition are not mirror images, are entered in the same race, and~~

~~(1) There is at least one partner who has an ownership interest in each of the partnerships.~~

~~(c) Quarter horse races are exempt from subsection (a) of this regulation.~~

(a) If two or more horses that are entered in the same race are owned in whole or in part by the same person or persons, or are trained by the same trainer, the racing association shall take such actions as are necessary to adequately inform the public, including publishing the name of the owners and trainer in the official program as required under Rule 1461 of this division, and announcing the circumstances over the public address system.

Authority: Sections 19420, 19440 and 19590,  
Business and Professions Code.

Reference: Section 19401,  
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD  
TITLE 4. CALIFORNIA CODE OF REGULATIONS  
ARTICLE 18. PARI-MUTUEL WAGERING  
PROPOSED AMENDMENT OF  
RULE 1974. WAGERING INTEREST

1974. Wagering Interest.

~~(a) A wagering interest may be is any one horse in a race, or may be two or more horses coupled as a single wagering interest as an "Entry" or the "Field." A declaration or withdrawal of one horse from a wagering interest which consists of more than one horse shall have no effect on any wagers made on such wagering interest.~~

(b) If a horse is removed from the wagering pool due to a totalizator error, or due to any other error, and neither the trainer nor the owner is at fault, the horse shall start in the race as a non-wagering interest for the purse only, and shall be disregarded for pari-mutuel purposes.

(c) If a horse is removed from the wagering pool to start in a race as a non-wagering interest for purse only and is disregarded for pari-mutuel purposes, the circumstances shall be announced over the public address system at the time the action is taken and thereafter to adequately inform the public. The racing association shall also inform off-track wagering outlets at the time such action is taken.

Authority: Sections 19420 and 19440,  
Business and Professions Code.

Reference: Section 19562,  
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD  
TITLE 4. CALIFORNIA CODE OF REGULATIONS

ARTICLE 18. PARI-MUTUEL WAGERING  
PROPOSED AMENDMENT OF  
RULE 1954.1. PARLAY WAGERING ON WIN, PLACE OR SHOW

1954.1. Parlay Wagering on Win, Place or Show.

(a) The parlay is not a separate pari-mutuel pool, it is a series of wagers (consisting of legs) combining wagering entries in Win, Place or Show pools. The initial amount wagered constitutes the wager on the first leg, and if successful, the payout from the first leg constitutes the wager on the second leg, etc.

(b) A parlay wager is limited to Win, Place or Show which have a corresponding pool conducted on the race selected. The wager must combine at least two races but not more than six races. The races in a parlay must be in chronological order but do not need to be consecutive races or combine the same type pool.

(c) A parlay wager may only be on one pool and one wagering interest per leg and cannot combine wagers on races on other days.

(d) Payouts included as wagers in subsequent races and the final payout to the parlay wagerer shall be broken to the nearest dime. Parlay breakage shall be reported separately and added to regular breakage at the end of the day for the purpose of taxation and distribution.

(e) Parlay payouts will be included as wagers in subsequent pools by the track operator so the amount of such wagers, including their impact on the wagering odds, will be displayed. Wager totals in such pools shall be displayed in truncated fashion, to the lowest dollar.

(f) Parlay wagers may be cancelled by the ticket holder, in accordance with track policy, only before the start of the first parlay leg in which a parlay selection starts. Parlay wagers not cancelled must be completed or terminated by operation of these rules in order to be entitled to a payout.

(g) If a ~~race, pool or~~ wagering entry interest in a parlay is scratched, which includes an entry being declared a non-starter for wagering purposes, or if a wagering interest is designated to run for purse only in accordance with Rule 1974 of this article, or a race or pool is scratched or cancelled, the parlay shall consist of the remaining legs. The parlay terminates if there are no remaining legs.

~~(h) A wager on a coupled entry or field is considered a wager on the remaining part of the coupled entry or field if any part of the coupled entry or field starts for parimutuel purposes in accordance with Rule 1974 of this Article.~~

Authority: Section 19590,  
Business and Professions Code.

Reference: Sections 19594, 19597 and 19598,  
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD  
TITLE 4. CALIFORNIA CODE OF REGULATIONS  
ARTICLE 18. PARI-MUTUEL WAGERING  
PROPOSED AMENDMENT OF  
RULE 1957. DAILY DOUBLE

1957. Daily Double.

(a) The Daily Double is a separate ~~parimutuel~~ pari-mutuel pool established on two (2) races. The pool consists of amounts wagered on the selection of the winning horse of both races.

It is not a parlay and has no connection with or relation to other pools conducted by the association or to rules governing the distribution of other pools.

(b) A valid Daily Double ticket shall be evidence of a binding contract between the holder of the ticket and the association and shall constitute an acceptance of Daily Double provisions and rules contained in this Article.

(c) The association shall distribute the net pool to holders of valid tickets that correctly selected the winner of both races. If no ticket selected the winner of both races, the net pool shall be distributed as a place pool among tickets that included the winner of the first race and tickets that included the winner of the second race.

(d) If no ticket included the winner of the first race the net pool shall be distributed equally among tickets that included the winner of the second race; and, if no ticket included the winner of the second race the net pool shall be distributed equally among tickets that included the winner of the first race.

(e) If no ticket included the winner of either race the net pool shall be distributed equally among tickets selecting the second place finishers of both races.

(f) The association shall refund the entire pool if no ticket requires a payout or if the first race is cancelled.

(g) If the second race is cancelled after the first race has been completed, the net pool shall be distributed as a single price pool among tickets selecting the winner of the first race.

(h) Before the first race is run, any money wagered on a horse in either race that is scratched, excused by the ~~stewards~~ Stewards, or prevented from racing or is designated to run for purse only in accordance with Rule 1974 of this article shall be deducted from the pool and refunded.

(i) If, after the first race is completed, any horse is scratched, excused by the ~~Stewards~~ stewards or prevented from racing because of the failure of the stall doors or starting gate to open in the second race, or designated to run in the second race for purse only in accordance with Rule 1974 of this article, ~~after the first race has been completed~~, all tickets including such horse(s) shall be deducted from the pool, and the pool(s), thus formed shall be distributed as a straight pool(s) among tickets combining the winner of the first race with such horse(s).

~~(j) A wager on a coupled entry or field is considered a wager on the remaining part of the coupled entry or field if any part of such entry starts for parimutuel purposes in accordance with Rule 1974.~~

~~(k)~~(j) If a dead heat occurs in either race the net pool is figured as a place pool. Example: Number eight (8) and five (5) dead heat in the first race, and number three (3) wins the second race, the pool would be divided and apportioned to tickets bearing eight (8) and three (3), and five (5) and three (3).

Authority: Sections 19440 and 19590,  
Business and Professions Code.

Reference: Section 19590,  
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD  
TITLE 4. CALIFORNIA CODE OF REGULATIONS  
ARTICLE 18. PARI-MUTUEL WAGERING  
PROPOSED AMENDMENT OF  
RULE 1959. SPECIAL QUINELLA (EXACTA)

1959. Special Quinella (Exacta).

(a) The Special Quinella is not a parlay and has no connection with or relation to the win, place and show pools shown on the totalizator board. All tickets on the Special Quinella will be calculated in a separate pari-mutuel pool.

(b) A Special Quinella race shall be given a distinctive name to be selected by the association conducting such race, such as "Perfecta" or "Exacta," subject to the approval of the Board.

(c) All Special Quinella tickets will be for the win and place combination only. Each person purchasing a Special Quinella ticket shall designate the exact order in which the first two horses will finish in a Special Quinella race. For example, if number 3 is selected to finish first and number 6 is selected to finish second, they must come in number 3, first and number 6 second in order to win.

~~(d) Entries or field horses in a race comprising the Special Quinella shall race as single wagering interests for the purposes of mutuel pool calculations and payouts to the public. If, in the event that any part of the entry or the field is a starter, there shall be no refund to persons wagering on such entry or field. In the event any part of an entry or the field finishes first, the order of finish of all other horses making up such entry or field will be disregarded in determining which horse finished second for the purpose of this rule.~~

~~(e)~~(d) Should any horse or horses entered in a Special Quinella race be scratched or excused by the ~~Stewards~~ stewards after wagering has commenced or should any horse or horses be prevented from racing because of the failure of the stall doors of the starting gate to open, or if a horse is designated to run for purse only in accordance with Rule 1974 of this article, all tickets including such horse or horses shall be deducted from the Special Quinella Pool and money refunded to the purchasers of tickets on the horse or horses so designated, excused or prevented from racing.

~~(f)~~(e) In the event that no ticket is sold on the winning combination of a Special Quinella Pool, the net pool shall be distributed equally among holders of tickets selecting the winning horse to finish first and holders of tickets selecting the second place horse to finish second.

~~(g)~~(f) In the event of a dead-heat between two horses for first place, the net pool shall be calculated and distributed as a place pool to holders of the winning combinations.

~~(h)~~(g) ~~In the event of a dead-heat between two or more horses for place, all tickets designating the proper first horse to win which are coupled with any of the place horses involved in a dead-heat shall be the winners of the Special Quinella race and payouts calculated according to their respective interest in the net pool.~~

~~(i)~~(h) In the event of a dead-heat for second place, if no ticket is 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 combinations. If no tickets combine the winning horse with either of the place horses in the dead-heat the Special Quinella Pool shall be calculated and distributed to holders of tickets designating the winning horse or either of the place horses according to their respective interest in the net pool.

~~(j)~~(i) In the event of a dead-heat among three or more horses for first place, the net pool shall be calculated and distributed to holders of tickets designating any two of the horses participating in the dead-heat according to their respective interest in the net pool.

~~(k)~~(j) In the event that no ticket is sold that would require distribution to any winner as above defined the Special Quinella shall be deemed "No Contest" and all money in the Special Quinella shall be promptly refunded.

Authority: Sections 19440 and 19590,  
Business and Professions Code.

Reference: Section 19590,  
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD  
TITLE 4. CALIFORNIA CODE OF REGULATIONS  
ARTICLE 18. PARI-MUTUEL WAGERING  
PROPOSED AMENDMENT OF  
RULE 1976. UNLIMITED SWEEPSTAKES

1976. Unlimited Sweepstakes.

(a) The Unlimited Sweepstakes ~~parimutuel~~ pari-mutuel pool is not a parlay and has no connection with or relation to any other ~~parimutuel~~ pari-mutuel pool conducted by the association, nor to any win, place and show pool shown on the totalizator, nor to the rules governing the distribution of such other pools.

(b) An Unlimited Sweepstakes ~~parimutuel~~ pari-mutuel ticket shall be evidence of a binding contract between the holder of the ticket and the association and the said ticket shall constitute an acceptance of the Unlimited Sweepstakes provisions and rules contained in article 18.

(c) An Unlimited Sweepstakes may be given a distinctive name by the association conducting the meeting, subject to approval of the Board.

(d) The Unlimited Sweepstakes ~~parimutuel~~ pari-mutuel pool consists of amounts contributed for a selection for win only in each of nine races designated by the association with the approval of the Board. Each person purchasing an Unlimited Sweepstakes ticket shall designate the winning horse in each of the nine races comprising the Unlimited Sweepstakes.

~~(e) Those horses constituting an entry of coupled horses or those horses coupled to constitute the field in a race comprising the Unlimited Sweepstakes shall race as a single wagering interest for the purpose of the Unlimited Sweepstakes parimutuel pool calculations and payouts to the public. However if any part of either an entry or the field racing as a single wagering interest is a starter in a race the entry or the field selection shall remain as the designated selection to win in that race for the Unlimited Sweepstakes calculation and the selection shall not be deemed a scratch.~~

~~(f)~~(e) The Unlimited Sweepstakes ~~parimutuel~~ pari-mutuel pool shall be calculated as follows:

(1) One hundred percent (100%) of the net amount in the ~~parimutuel~~ pari-mutuel pool subject to distribution among winning ticket holders shall be distributed among the holders of ~~parimutuel~~ pari-mutuel tickets which correctly designate the official winner in each of the nine races comprising the Unlimited Sweepstakes.

(2) In the event there is no ~~parimutuel~~ pari-mutuel ticket properly issued which correctly designates the official winner in each of the nine races comprising the Unlimited Sweepstakes, twenty-five percent (25%) of the net amount in the ~~parimutuel~~ pari-mutuel pool shall be distributed among the holders of ~~parimutuel~~ pari-mutuel tickets which correctly designate the most official winners, but less than nine, in each of the nine races comprising the Unlimited Sweepstakes, and the remaining seventy-five percent (75%) of the net amount in the ~~parimutuel~~ pari-mutuel pool shall not be distributed as provided above but shall be retained by the association as distributable amounts and shall be carried over and included in the Unlimited Sweepstakes ~~parimutuel~~ pari-mutuel pool for the next succeeding racing date as an additional net amount to be distributed as provided in subsection ~~(f)~~(e)(1).

~~(g)~~(f)(1) Except as provided in subsection ~~(k)~~(j) and subsection ~~(m)~~(l), should no distribution be made pursuant to subsections ~~(f)~~(e)(1), then the distributable pool and all monies accumulated therein shall be carried over until that amount equals or exceeds five million dollars

(\$5,000,000) or such lesser amount as the racing association designates to the Board at the time it files its license application with the Board.

(2) Once the pool and all monies accumulated therein equals or exceeds five million dollars, or such lesser amount designated by the racing association pursuant to subsection ~~(g)~~~~(f)~~(1), that amount shall be distributed on the next racing day as provided in subsection ~~(f)~~~~(e)~~(1); but if no holder of ~~parimutuel~~ pari-mutuel tickets correctly designates the official winner in each of the nine races comprising the Unlimited Sweepstakes, then seventy-five percent (75%) of the pool shall be distributed among the holders of ~~parimutuel~~ pari-mutuel tickets which correctly designate the most official winners, but less than nine, in each of the nine races comprising the Unlimited Sweepstakes. The remaining twenty-five percent (25%) of the pool shall be distributed to those holders of ~~parimutuel~~ pari-mutuel tickets which correctly designate the next greatest number of official winners.

~~(h)~~~~(g)~~ In the event an Unlimited Sweepstakes ticket ~~designates~~ includes a selection in any one or more of the races comprising the Unlimited Sweepstakes ~~and that selection is scratched, excused or determined by the Stewards~~ stewards to be a nonstarter in the race, or if in a race comprising the Unlimited Sweepstakes any selection is designated to run for purse only in accordance with Rule 1974 of this article, the actual favorite, as evidenced by the amounts wagered in the win pool at the time of the start of the race, will be substituted for the nonstarting or the designated selection for all purposes, including pool calculations and payouts.

~~(i)~~~~(h)~~ In the event of a dead heat for win between two or more horses in any Unlimited Sweepstakes race, all such horses in the dead heat for win shall be considered as winning horses in the race for the purpose of calculating the pool.

~~(j)~~~~(i)~~(1) In the event that all nine races comprising the Unlimited Sweepstakes are cancelled or declared as no contest, all ~~parimutuel~~ pari-mutuel tickets held on the Unlimited Sweepstakes for that day or night shall be refunded and the Unlimited Sweepstakes shall be cancelled in its entirety for that day or night and any retained distributable amounts carried over from any prior Unlimited Sweepstakes pool pursuant to subsection ~~(f)~~~~(e)~~(2) shall be carried over to the next succeeding racing date of that meeting.

(2) In the event that fewer than nine, but no more than three, races comprising the Unlimited Sweepstakes are completed due to the cancellation of one or more races or the ~~Stewards~~ stewards declaring one or more races as no contest, the pool for that racing day shall be refunded and the Unlimited Sweepstakes shall be cancelled in its entirety as provided in subsection ~~(j)~~~~(i)~~(1).

(3) In the event that fewer than nine, but no fewer than four, races comprising the Unlimited Sweepstakes are completed due to the cancellation of one or more races or the ~~Stewards~~ stewards declaring one or more races as no contest, one hundred percent (100%) of the net amount in the ~~parimutuel~~ pari-mutuel pool for that day or night, exclusive of any retained distributable amounts carried over from any prior Unlimited Sweepstakes pool pursuant to subsection ~~(f)~~~~(e)~~(2), shall be subject to distribution among holders of ~~parimutuel~~ pari-mutuel tickets which correctly designate the most winners in the completed races of the Unlimited Sweepstakes. The retained distributable amounts carried over from any prior Unlimited Sweepstakes pool pursuant to subsection ~~(f)~~~~(e)~~(2) shall be carried over to the next succeeding racing date of that meeting.

~~(k)~~~~(j)~~(1) Should no distribution be made pursuant to subsection ~~(f)~~~~(e)~~(1) on the last day of the association's race meeting, then the distributable pool and all monies accumulated therein shall be distributed on that day. Seventy-five percent (75%) of the pool shall be distributed among holders of ~~parimutuel~~ pari-mutuel tickets which correctly designate the most official winners, but less than nine, in each of the nine races comprising the Unlimited Sweepstakes. The remaining twenty-five percent (25%) of the pool shall be distributed to those holders of ~~parimutuel~~ pari-mutuel tickets which correctly designate the next greatest number of official winners.

(2) In the event that an association is unable to distribute the retained distributable amount carried over from any prior Unlimited Sweepstakes pool established pursuant to subsection ~~(f)~~(e)(2) by the end of its race meeting due to cancellation of the final day(s) or night(s) of racing or any other reason, the retained distributable amount shall be carried forward to the next race meeting having an Unlimited Sweepstakes at the same location and of the same breed of horse as the racing association that generated the retained distributable amount. The retained distributable amount shall be included in the Unlimited Sweepstakes pool for the first day or night of racing at the subsequent race meeting.

~~(h)~~(k) No ~~parimutuel~~ pari-mutuel ticket for the Unlimited Sweepstakes pool shall be sold, exchanged or cancelled after the time of the closing of wagering in the first of the nine races comprising the Unlimited Sweepstakes, except for such refunds on Unlimited Sweepstakes tickets as required by this regulation, and no person shall disclose the number of tickets sold in the Unlimited Sweepstakes pool or the number or amount of tickets selecting winners of Unlimited Sweepstakes races until such time as the ~~Stewards~~ stewards have determined the last race comprising the Unlimited Sweepstakes each day to be official.

~~(m)~~(l) The racing association may, at its election, designate to the Board, at the time it files its license application with the Board, one or more racing days (nights) during its racing meeting on which the retained distributable amount carried over from any prior Unlimited Sweepstakes pool established pursuant to subsection ~~(f)~~(e)(2), shall be distributed as provided in subsection ~~(g)~~(f)(2), even though the retained amount is less than the amount specified in or designated by the racing association pursuant to subsection ~~(g)~~(f)(1).

Authority: Sections 19420, 19440 and 19590,  
Business and Professions Code.

Reference: Section 19590,  
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD  
TITLE 4. CALIFORNIA CODE OF REGULATIONS  
ARTICLE 18. PARI-MUTUEL WAGERING  
PROPOSED AMENDMENT OF  
RULE 1976.8. PLACE PICK (N)

1976.8. Place Pick (n).

(a) The Place Pick (n) is a separate pari-mutuel pool established by the association on a designated number of races. The pool consists of amounts wagered on a horse to finish first or second in each of the races. It is not a parlay and has no connection with or relation to other pools conducted by the association, except for the provisions in subsection (e), or to rules governing the distribution of other pools.

(b) A valid Place Pick (n) ticket shall be evidence of a binding contract between the holder of the ticket and the association and shall constitute an acceptance of Place Pick (n) provisions and rules contained in this Article.

(c) A Place Pick (n) may be given a distinctive name by the association conducting the meeting, subject to Board approval.

~~(d) A wager on a coupled entry or field is considered a wager on the remaining part of the coupled entry or field if any part of such entry starts for pari-mutuel purposes in accordance with Rule 1974 of this article.~~

~~(e)~~(d) If a ticket in any Place Pick (n) race designates a selection that is scratched, excused or determined by the ~~Stewards~~ stewards to be a nonstarter in the race, or designates a selection that runs for purse only in accordance with Rule 1974 of this article, the association

may ~~substitute~~ ~~designate~~ the actual favorite, which is determined by the amounts wagered in the win pool at the time of the start of the race, or may allow patrons the option of selecting an alternate ~~betting~~ ~~wagering~~ interest. The actual favorite or the alternate ~~betting~~ ~~wagering~~ interest will be substituted for the ~~nonstarting~~ non-starting selection or the selection designated to run for purse only for all purposes.

~~(f)(e)~~ Except as provided in subsection ~~(f)(1)~~, in In a dead heat for win between two or more horses, only the horses in such dead heat shall be considered winning horses.

~~(1)~~ ~~In a dead heat for win between two or more coupled horses, all such horses together with the horse(s) which finishes next in order shall be considered winning horses.~~

(2) Except as provided in subsection ~~(f)(e)~~, a dead heat for second between two or more horses, all such horses together with the horse which finished first shall be considered winning horses.

~~(g)(f)~~ The association shall distribute the net pool to holders of valid tickets that correctly selected the most first or second place finishers.

~~(h)(g)~~ All tickets shall be refunded if all races comprising the Place Pick (n) are cancelled or declared as no contest. The entire pool shall be refunded if less than four races are completed and if four or more races are completed the net pool shall be distributed pursuant to subsection ~~(g)(f)~~.

~~(i)(h)~~ After wagering closes on the first race comprising the Place Pick (n) no ticket shall be sold, exchanged or cancelled. No person shall disclose the number of tickets sold in the Place Pick (n) or the number or amount of tickets that selected winners of Place Pick (n) races until the ~~Stewards~~ stewards declare the last race official.

~~(j)(i)~~ If the racing surface changes from turf to dirt or dirt to turf in any race of a Place Pick (n), and such change is not announced to the public before the close of wagering on the Place Pick (n) pool, all wagers on such race shall be considered winning wagers for the purposes of the Place Pick (n).

Authority: Sections 19440 and 19590,  
Business and Professions Codes.

Reference: Sections 19593 and 19594,  
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD  
TITLE 4. CALIFORNIA CODE OF REGULATIONS  
ARTICLE 18. PARI-MUTUEL WAGERING  
PROPOSED AMENDMENT OF  
RULE 1979. TRIFECTA

1979. Trifecta.

(a) The Trifecta is a separate pari-mutuel pool established on a single race. The pool consists of amounts wagered on horses to finish first, second and third in that exact order. It is not a parlay and has no connection with or relation to other pools conducted by the association or to rules governing the distribution of other pools.

(b) A valid Trifecta ticket is evidence of a binding contract between the holder of the ticket and the association and constitutes acceptance of Trifecta provisions and rules contained in this article.

(c) No Trifecta pool shall be established for a race with less than four wagering interests scheduled to start when the Trifecta pool opens for wagering in California. ~~A wager on a coupled~~

~~entry or field is considered a wager on the remaining part of the coupled entry or field if any part of such entry starts for pari-mutuel purposes in accordance with Section 1974.~~

(d) After the stewards' official order of finish is posted, the association shall distribute the net pool to holders of valid tickets that correctly selected the first, second and third finishers.

(e) In a dead heat for first or second position, only tickets selecting the correct order of finish for the first three finishers shall be winning tickets; that is, two horses in a dead heat for first shall be first and second, in either position; and two horses in a dead heat for second shall be second and third, in either position. In a triple dead heat for first, the three horses shall be the winning combination regardless of the order of selection. In a triple dead heat for second, tickets with the correct first selection and two of the three horses shall be winning tickets. In a triple dead heat for third, tickets with the correct first and second selection and one of the three horses shall be winning tickets.

(f) If no ticket correctly selected the first, second and third position, the net pool shall be paid for tickets that selected first and second. If no ticket selected first and second the net pool shall be paid for tickets that selected first. The association shall refund the entire pool if no ticket selected first.

(g) If the stewards scratch a horse or designate a horse to run for purse only in accordance with Rule 1974 of this article before wagering is closed, the association may exchange any ticket that includes the scratched or designated horse. After wagering is closed, tickets selecting a scratched or designated horse, or a horse the stewards declared a nonstarter, shall be eliminated from the pool and the purchase price refunded.

Authority: Sections 19440 and 19590,  
Business and Professions Code.

Reference: Section 19590,  
Business and Professions Code.

TITLE 4. DIVISION 4. CALIFORNIA CODE OF REGULATIONS  
ARTICLE 18. PARI-MUTUEL WAGERING  
PROPOSED AMENDMENT OF  
RULE 1977. PICK THREE

1977. Pick Three.

(a) The Pick Three is a separate pari-mutuel pool established on three consecutive races. The pool consists of amounts wagered on the winning horse in each of the races. It is not a parlay and has no connection with or relation to other pools conducted by the association, or to rules governing the distribution of other pools.

(b) A valid Pick Three ticket shall be evidence of a binding contract between the holder of the ticket and the association and shall constitute an acceptance of Pick Three provisions and rules contained in this article.

~~(c) A wager on a coupled entry or field is considered a wager on the remaining part of the coupled entry or field if any part of such entry starts for pari-mutuel purposes in accordance with Rule 1974.~~

~~(d)~~(c) The association shall distribute the net pool to holders of valid tickets that correctly selected the winners in all three races.

~~(e)~~(d) In a dead heat for win between two or more horses in any of the Pick Three races, all such horses shall be considered winning horses in that race for calculating the pool. The payout shall reflect the proportionate amount of money wagered on each winning combination.

~~(f)~~(e) If no ticket selected the winner in all three races, the net pool shall be paid for tickets that selected the winner in any two races; and if no ticket selected two winners the net pool shall be paid for tickets that selected the winner of any one race. The association shall refund the entire pool if no ticket selected the winner of any one race.

~~(g)~~(f) If one of the races is cancelled, the net pool shall be distributed as provided in subsection ~~(f)~~(e). If more than one race is cancelled the association shall refund the entire pool.

~~(h)~~(g) If a wagering interest is scratched (which hereinafter includes being declared a non-starter) from any leg of the Pick Three prior to the running of the first leg, or if a wagering interest is designated to run for purse only in accordance with rule 1974 of this article, all wagers containing such scratched or designated wagering interests shall be refunded.

~~(i)~~(h) If a wagering interest is scratched or designated to run for purse only from the second leg after the start of the first leg, a consolation payout shall be computed for those wagers combining the winners of the first and third legs with such scratched or designated horse(s) as follows: The amount represented by wagers on combinations involving horse(s) scratched or designated to run for purse only from the second leg shall be deducted from the gross pool. The resulting pool, net of takeout, shall be distributed as a win pool among tickets combining the winners of the first and third legs with horse(s) designated to run for purse only or scratched from the second leg.

~~(j)~~(i) If a wagering interest is designated to run for purse only or scratched from the third leg after the start of the second leg, a consolation payout shall be computed for those wagers combining the winners of the first and second legs with such designated or scratched horse(s) as follows: The amount represented by wagers on combinations involving horse(s) designated to run for purse only or scratched from the third leg shall be deducted from the gross pool. The resulting pool, net of takeout, shall be distributed as a win pool among tickets combining the winners of the first and second legs with horse(s) designated to run for purse only or scratched from the third leg.

~~(k)~~(j) If wagering interests are designated to run for purse only or scratched from both the second and third legs after the start of the first leg, a consolation payout shall be computed for those wagers combining the winner of the first leg with horse(s) designated to run for purse only or scratched from both the second and third legs as follows: The amount wagered on the winner of the first leg combined with all other horse(s) designated or scratched from the second and third legs shall be deducted from the gross pool. The resulting pool, net of takeout, shall be distributed as a win pool among tickets combining the winner of the first leg with horse(s) designated to run for purse only or scratched from both the second and third legs.

~~(l)~~(k) After wagering closes on the first race of the Pick Three no ticket shall be sold, exchanged or cancelled. No person shall disclose the number of tickets sold in the Pick Three races or the number or amount of tickets that selected winners of Pick Three races until the stewards declare the last race official. After the second of the three races, the association may displace potential distributions dependent upon the outcome of the third race.

Authority: Sections 19440 and 19590,  
Business and Professions Code.

Reference: Section 19590,  
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD  
TITLE 4. CALIFORNIA CODE OF REGULATIONS  
ARTICLE 18. PARI-MUTUEL WAGERING  
PROPOSED AMENDMENT OF  
RULE 1978. SELECT FOUR

1978. Select Four.

(a) The Select Four ~~parimutuel~~ pari-mutuel pool is not a parlay and has no connection with or relation to any other ~~parimutuel~~ pari-mutuel pool conducted by the association, nor to any win, place and show pool shown on the totalizator board, nor to the rules governing the distribution of such other pools.

(b) A valid Select Four ticket shall be evidence of a binding contract between the holder of the ticket and the racing association, and the said ticket shall constitute an acceptance of Select Four provisions and rules contained in ~~Article~~ article 18.

(c) A Select Four may be given a distinctive name to be selected by the association conducting such races, such as "PICK 4", subject to the approval of the Board.

(d) The Select Four ~~parimutuel~~ pari-mutuel pool consists of amounts contributed for a selection for win only in each of four races designated by the association with the approval of the Board. Each person purchasing a Select Four ticket shall designate the winning horse in each of the four races comprising the Select Four.

~~(e) Those horses constituting an entry of coupled horses or those horses coupled to constitute the field in a race comprising the Select Four shall race as a single wagering interest for the purpose of the Select Four parimutuel pool calculations and payouts to the public. However, if any part of either an entry or the field racing as a single interest is a starter in a race, the entry or the field selection shall remain as the designated selection to win in that race for the Select Four calculation, and the selection shall not be deemed a scratch.~~

~~(f)~~(e) The net amount in the ~~parimutuel~~ pari-mutuel pool subject to distribution among winning ticket holders shall be distributed among the holders of tickets which correctly designate the winners in all four races comprising the Select Four.

~~(g)~~(f) If no ticket is sold combining the four winners of the Select Four, the net amount in the ~~parimutuel~~ pari-mutuel pool shall be distributed among the holders of tickets which include the winners of any three of the four races comprising the Select Four.

~~(h)~~(g) If no ticket is sold combining at least three winners of the Select Four, the net amount in the ~~parimutuel~~ pari-mutuel pool shall be distributed among holders of tickets which include the winner of any two races comprising the Select Four.

~~(i)~~(h) If no ticket is sold combining at least two winners of the Select Four, the net amount in the ~~parimutuel~~ pari-mutuel pool shall be distributed among holders of tickets which include the winner of any one race comprising the Select Four.

~~(j)~~(i) If no ticket is sold that would require distribution of the Select Four pool to a winner under this rule, the association shall make a complete and full refund of the Select Four pool.

~~(k)~~(j) If for any reason one of the races comprising the Select Four is cancelled, the net amount of the ~~parimutuel~~ pari-mutuel pool shall be distributed as provided above in subsections (f), (g), (h), and (i) ~~and (j)~~.

~~(l)~~(k) If for any reason two or more of the races comprising the Select Four is cancelled, a full and complete refund will be made of the Select Four pool.

~~(m)~~(l) In the event a Select Four ticket ~~designates~~ includes a selection in any one or more of the races comprising the Select Four ~~and that selection is scratched, excused or determined by the Stewards to be a non-starter in the race, or if the Select Four ticket includes a selection that is designated to run for purse only in accordance with Rule 1974 of this article,~~ the actual favorite, as evidenced by the amounts wagered in the win pool at the time of the start of the race, will be substituted for the non-starting or designated selection for all purposes, including pool calculations and payouts.

(n)(m) In the event of a dead heat for win between two or more horses in any Select Four race, all such horses in the dead heat for win shall be considered as winning horses in the race for the purpose of calculating the pool.

(n) No ~~parimutuel~~ pari-mutuel ticket for the Select Four pool shall be sold, exchanged or cancelled after the time of the closing of wagering in the first of the four races comprising the Select Four, except for such refunds on Select Four tickets as required by this regulation, and no person shall disclose the number of tickets sold in the Select Four pool or the number or amount of tickets selecting winners of Select Four races until such time as the Stewards have determined the last race comprising the Select Four to be official. Notwithstanding the above, at the conclusion of the third of the four races comprising the Select Four, an association may with the approval of the Board display potential distribution to ticket holders depending upon the outcome of the fourth race of the Select Four.

Authority: Sections 19420, 19440 and 19590,  
Business and Professions Code.

Reference: Section 19594 19590,  
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD  
TITLE 4. CALIFORNIA CODE OF REGULATIONS  
ARTICLE 18. PARI-MUTUEL WAGERING  
PROPOSED AMENDMENT OF  
RULE 1979. TRIFECTA

1979. Trifecta.

(a) The Trifecta is a separate pari-mutuel pool established on a single race. The pool consists of amounts wagered on horses to finish first, second and third in that exact order. It is not a parlay and has no connection with or relation to other pools conducted by the association or to rules governing the distribution of other pools.

(b) A valid Trifecta ticket is evidence of a binding contract between the holder of the ticket and the association and constitutes acceptance of Trifecta provisions and rules contained in this article.

(c) No Trifecta pool shall be established for a race with less than four wagering interests scheduled to start when the Trifecta pool opens for wagering in California. ~~A wager on a coupled entry or field is considered a wager on the remaining part of the coupled entry or field if any part of such entry starts for pari-mutuel purposes in accordance with Section 1974.~~

(d) After the stewards' official order of finish is posted, the association shall distribute the net pool to holders of valid tickets that correctly selected the first, second and third finishers.

(e) In a dead heat for first or second position, only tickets selecting the correct order of finish for the first three finishers shall be winning tickets; that is, two horses in a dead heat for first shall be first and second, in either position; and two horses in a dead heat for second shall be second and third, in either position. In a triple dead heat for first, the three horses shall be the winning combination regardless of the order of selection. In a triple dead heat for second, tickets with the correct first selection and two of the three horses shall be winning tickets. In a triple dead heat for third, tickets with the correct first and second selection and one of the three horses shall be winning tickets.

(f) If no ticket correctly selected the first, second and third position, the net pool shall be paid for tickets that selected first and second. If no ticket selected first and second the net pool

shall be paid for tickets that selected first. The association shall refund the entire pool if no ticket selected first.

(g) If the stewards scratch a horse or designate a horse to run for purse only in accordance with Rule 1974 of this article before wagering is closed, the association may exchange any ticket that includes the scratched or designated horse. After wagering is closed, tickets selecting a scratched or designated horse, or a horse the stewards declared a nonstarter, shall be eliminated from the pool and the purchase price refunded.

Authority: Sections 19440 and 19590,  
Business and Professions Code.

Reference: Section 19590,  
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD  
TITLE 4. CALIFORNIA CODE OF REGULATIONS  
ARTICLE 18. PARI-MUTUEL WAGERING  
PROPOSED AMENDMENT OF  
RULE 1979.1. SUPERFECTA

1979.1. Superfecta.

(a) The Superfecta is a separate pari-mutuel pool established on a single race. The pool consists of amounts wagered on horses to finish first, second, third, and fourth in that exact order. It is not a parlay and has no connection with other pools conducted by the association or to rules governing the distribution of other pools.

(b) A valid Superfecta ticket is evidence of a binding contract between the holder of the ticket and the association and constitutes acceptance of Superfecta provisions and rules contained in this article.

(c) No Superfecta pool shall be established for a race with less than six wagering interests scheduled to start when the Superfecta pool opens for wagering in California. ~~A wager on a coupled entry or field is considered a wager on the remaining part of the coupled entry or field if any part of the entry starts for pari-mutuel purposes under Rule 1974 of this division.~~

(d) After the stewards' official order of finish is posted, the association shall distribute the net pool to holders of valid tickets that select the first, second, third, and fourth finishers.

(e) In a dead heat for first, second, or third position, only tickets selecting the correct order of finish for the first four finishers shall be winning tickets; that is, two horses in a dead heat for first shall be first and second, in either position; two horses in a dead heat for second shall be second and third, in either position; and two horses in a dead heat for third shall be third and fourth, in either position. In a dead heat for fourth, tickets with the correct first, second, and third selection and one of the two horses in the dead heat for fourth shall be winning tickets. In a triple dead heat for first, tickets selecting the three horses in the dead heat, regardless of the order of selection, and the horse finishing fourth shall be winning tickets. In a triple dead heat for second, tickets with the correct first selection and all three horses in the dead heat shall be winning tickets. In a triple dead heat for third, tickets with the correct first and second selection and two of the three horses in the dead heat shall be winning tickets. In a triple dead heat for fourth, tickets with the correct first, second, and third selection and one of the horses in the dead heat shall be winning tickets.

(f) If no ticket selects the first, second, third, and fourth position, the net pool shall be paid for tickets that select first, second, and third. If no ticket selects first, second, and third position, the net pool shall be paid for tickets that select first and second. If no ticket selects first

and second, the net pool shall be paid for tickets that select first. The association shall refund the entire pool if no ticket selects first.

(g) If the stewards scratch a horse or designate a horse to run for purse only in accordance with Rule 1974 of this article before wagering is closed, the association may exchange any ticket that includes the scratched or designated horse. After wagering is closed, tickets selecting a scratched or designated horse, or a horse the stewards declared a nonstarter, shall be eliminated from the pool and the purchase price refunded.

Authority: Sections 19440 and 19590,  
Business and Professions Code.

Reference: Section 19590,  
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD  
TITLE 4, DIVISION 4, CALIFORNIA CODE OF REGULATIONS  
NOTICE OF PROPOSAL TO ADD  
RULE 1844.1. SUSPENSION OF AUTHORIZED MEDICATION

The California Horse Racing Board (Board) proposes to add the regulation described below after considering all comments, objections or recommendations regarding the proposed action.

PROPOSED REGULATORY ACTION

The Board proposes to add Rule 1844.1. Suspension of Authorized Medication. The proposed regulation would allow the Board to temporarily suspend the authorized administration to a horse entered to race of any drug, substance or medication (medications). The temporary suspension may occur only after a public meeting that has been noticed in accordance with Government Code section 11125(a). Suspension of authorized medications may be for a race, breed, or race meeting, provided all horses in the same race compete under the same conditions. Temporary suspensions of authorized medications shall not exceed 12 months and shall be memorialized in writing.

PUBLIC HEARING

The Board will hold a public hearing starting at **9:30 a.m., Thursday, April 28, 2011**, or as soon after that as business before the Board will permit, at the **Hollywood Park Race Track, 1050 South Prairie Avenue, Inglewood, California**. At the hearing, any person may present statements or arguments orally or in writing about the proposed action described in the informative digest. It is requested, but not required, that persons making oral comments at the hearing submit a written copy of their testimony.

WRITTEN COMMENT PERIOD

Any interested persons, or their authorized representative, may submit written comments about the proposed regulatory action to the Board. The written comment period closes at **5:00 p.m., on April 25, 2011**. The Board must receive all comments at that time; however, written comments may still be submitted at the public hearing. Submit comments to:

Harold Coburn, Regulation Analyst  
California Horse Racing Board

1010 Hurley Way, Suite 300  
Sacramento, CA 95825  
Telephone (916) 263-6397  
Fax: (916) 263-6022  
E-Mail: [haroldc@chr.ca.gov](mailto:haroldc@chr.ca.gov)

## AUTHORITY AND REFERENCE

Authority cited: Sections 19420, 19440 19562 and 19581, Business and Professions Code.  
Reference: Sections 19420, 19440 and 19580, Business and Professions Code.

Business and Professions Code sections 19420, 19440, 19562 and 19581 authorize the Board to adopt the proposed regulation, which would implement, interpret or make specific sections 19420, 19440 and 19581, Business and Professions Code.

## INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

Business and Professions Code section 19420 provides that jurisdiction and supervision over meetings in California where horse races with wagering on their results are held or conducted, and over all persons or things having to do with the operation of such meetings, is vested in the California Horse Racing Board. Business and Professions Code section 19440 provides that the Board shall have all powers necessary and proper to enable it to carry out fully and effectually the purposes of this chapter. Responsibilities of the Board shall include, but not be limited to, adopting rules and regulations for the protection of the public and the control of horse racing and pari-mutuel wagering. Business and Professions Code section 19562 states the Board may prescribe rules, regulations, and conditions, consistent with the provisions of this chapter, under which all horse races with wagering on their results shall be conducted in this State. Business and Professions Code section 19580 requires the Board to adopt regulations to establish policies, guidelines, and penalties relating to equine medication to preserve and enhance the integrity of horse racing in the State. Business and Professions Code section 19581 provides that no substance of any kind shall be administered by any means to a horse after it has been entered to race in a horse race, unless the Board has, by regulation, specifically authorized the use of the substance and the quantity and composition thereof.

The Board proposes to add Rule 1844.1 to provide that it may for any cause temporarily suspend the authorized administration to a horse entered to race of any medication that is otherwise permitted under Rule 1844, Authorized Medication. The suspension of an authorized medication may take place after a public meeting that has been noticed in accordance with Government Code section 11125(a). Subsection 1844.1(a) would allow the Board to temporarily suspend the use of authorized medications. The Board has determined that there are occasions wherein the original premise for authorizing the administration of a medication, or the level at which a medication may be present in a test sample, may be called into question. The science surrounding equine medicine is not static. Over time scientific information and practical experience in managing the threshold levels for authorized medications change, as unintended consequences become apparent. New information regarding the efficacy of a medication may be published, or it may be discovered that a therapeutic medication is being used to achieve an effect other than healing the horse. The Board wishes its regulations to promote the health and welfare of the horse and rider, so it desires the ability to move quickly with regards to medications that are authorized for administration to horses entered to race. The proposed subsection 1844(a) allows this to happen. Subsection 1844.1(a) requires the Board to hold a public meeting that has been noticed in accordance with Government Code section 11125(a)

prior to suspending the use of an authorized medication. Before the Board takes any action, a public meeting will allow it to notify the racing public of its intentions, to explain its reasons for wishing to suspend an authorized medication, and to hear from interested parties regarding the proposed action.

Subsection 1844.1(b) provides that the suspension of an authorized medication may be for a race, breed, or race meeting, provided all horses in the same race compete under the same conditions. This gives the Board a range of options when determining if it wishes to suspend the use of an authorized medication. These options are important because of the need for swift action that may arise. Authorized medications may appear in different formulations, such as liquids, pastes, powders, etc. In addition, the source of the medications may render them suspect. On occasion the Board has confiscated substances, or horsemen provide medication for testing. The results of such tests can reveal that the medication has little relation to the United States Food and Drug Administration approved compound. The Board may wish to suspend the use of the authorized medication at a particular race meeting or for a particular breed because that is where the problem has been identified. To ensure the integrity of its races, any suspension of authorized medication would apply to all horses entered to race, so the competition would occur under the same conditions for each entry. This would mean that in addition to any other conditions, all horses would run without the suspended authorized medication.

Subsection 1844.1(c) provides that the Board shall notify in writing the racing association and the trainer's organization of any suspension of an authorized medication. This will ensure that trainers will be adequately notified of the suspension. Racing associations promulgate condition books that include medication information. These condition books are used by owners and trainers who participate in the race meeting. Subsections 1844.1(c)(1) through 1844.1(c)(3) state the minimum information that must be present in the written notification. This will ensure the racing associations and the trainer organizations are fully informed and that they can inform their constituents.

Subsection 1844.1(d) states the temporary suspension of authorization to administer a medication shall not exceed 12 months. This provides the Board with enough time to determine the effect of the temporary suspension, and amend its medication regulations, if necessary. In addition, this sets boundaries so that those affected will know when the temporary suspension will end.

#### DISCLOSURE REGARDING THE PROPOSED ACTION

Mandate on local agencies and school districts: none.

Cost or savings to any state agency: none.

Cost to any local agency or school district that must be reimbursed in accordance with Government Code Section 17500 through 17630: none.

Other non-discretionary costs or savings imposed upon local agencies: none.

Cost or savings in federal funding to the state: none.

The Board has made an initial determination that the proposed addition of Rule 1844.1 will not have a significant statewide adverse economic impact directly affecting business including the ability of California businesses to compete with businesses in other states.

Cost impact on representative private persons or businesses: The Board is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Significant effect on housing costs: none.

The adoption of the proposed addition of Rule 1844.1 will not (1) create or eliminate jobs within California; (2) create new businesses or eliminate existing businesses within California; or (3) affect the expansion of businesses currently doing business within California.

Effect on small businesses: none. The proposal to addition of Rule 1844.1 does not affect small businesses because horse racing is not a small business under Government Code Section 11342.610.

## CONSIDERATION OF ALTERNATIVES

In accordance with Government Code Section 11346.5, subdivision (a)(13), the Board must determine that no reasonable alternative considered, or that has otherwise been identified and brought to the attention of the Board, would be more effective in carrying out the purpose for which the action is proposed, or would be as effective and less burdensome on affected private persons than the proposed action.

The Board invites interested persons to present statements or arguments with respect to alternatives to the proposed regulation at the scheduled hearing or during the written comment period.

## CONTACT PERSON

Inquiries concerning the substance of the proposed action and requests for copies of the proposed text of the regulation, the initial statement of reasons, the modified text of the regulation, if any, and other information upon which the rulemaking is based should be directed to:

Harold Coburn, Regulation Analyst  
California Horse Racing Board  
1010 Hurley Way, Suite 300  
Sacramento, CA 95825  
Telephone: (916) 263-6397  
E-mail: [haroldc@chr.ca.gov](mailto:haroldc@chr.ca.gov)

If the person named above is not available, interested parties may contact:

Andrea Ogden, Regulation Analyst  
Telephone: (916) 263-6033  
E-mail: [andreaogden@chr.ca.gov](mailto:andreaogden@chr.ca.gov)

## AVAILABILITY OF INITIAL STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATION

The Board will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its offices at the above address. As of the date this notice is published in the Notice Register, the rulemaking file consists of this notice, the proposed text of the

regulation, and the initial statement of reasons. Copies may be obtained by contacting Harold Coburn, or the alternative contact person at the address, phone number or e-mail address listed above.

#### AVAILABILITY OF MODIFIED TEXT

After holding a hearing and considering all timely and relevant comments received, the Board may adopt the proposed regulation substantially as described in this notice. If modifications are made which are sufficiently related to the originally proposed text, the modified text, with changes clearly marked, shall be made available to the public for at least 15 days prior to the date on which the Board adopts the regulation. Requests for copies of any modified regulations should be sent to the attention of Harold Coburn at the address stated above. The Board will accept written comments on the modified regulation for 15 days after the date on which it is made available.

#### AVAILABILITY OF STATEMENT OF REASONS:

Requests for copies of the final statement of reasons, which will be made available after the Board has adopted the proposed regulation in its current or modified form, should be sent to the attention of Harold Coburn at the address stated above.

#### BOARD WEB ACCESS

The Board will have the entire rulemaking file available for inspection throughout the rulemaking process at its web site. The rulemaking file consists of the notice, the proposed text of the regulation and the initial statement of reasons. The Board's web site address is: [www.chrb.ca.gov](http://www.chrb.ca.gov).

#### INITIAL STATEMENT OF REASONS

#### RULE 1844.1. SUSPENSION OF AUTHORIZED MEDICATION.

#### SPECIFIC PURPOSE OF THE REGULATION

The proposed addition of Rule 1844.1, Suspension of Authorized Medication, would allow the Board to temporarily suspend the authorized administration to a horse entered to race of any drug, substance or medication (medications). The temporary suspension may occur only after a public meeting that has been noticed in accordance with Government Code section 11125(a). Suspension of authorized medications may be for a race, breed, or race meeting, provided all horses in the same race compete under the same conditions. Temporary suspensions of authorized medications shall not exceed 12 months and the Board shall notify in writing the racing association and the trainer's organization.

#### NECESSITY

The Board proposes to add Rule 1844.1 to provide that it may for any cause temporarily suspend the authorized administration to a horse entered to race of any medication that is otherwise permitted under Rule 1844, Authorized Medication. The suspension of an authorized medication may take place after a public meeting that has been noticed in accordance with Government Code section 11125(a). Subsection 1844.1(a) would allow the Board to temporarily suspend the use of authorized medications. The Board has determined that there are occasions wherein the

original premise for authorizing the administration of a medication, or the level at which a medication may be present in a test sample, may be called into question. The science surrounding equine medicine is not static. Over time scientific information and practical experience in managing the threshold levels for authorized medications change, as unintended consequences become apparent. New information regarding the efficacy of a medication may be published, or it may be discovered that a therapeutic medication is being used to achieve an effect other than healing the horse. The Board wishes its regulations to promote the health and welfare of the horse and rider, so it desires the ability to move quickly with regards to medications that are authorized for administration to horses entered to race. The proposed subsection 1844(a) allows this to happen. Subsection 1844.1(a) requires the Board to hold a public meeting that has been noticed in accordance with Government Code section 11125(a) prior to suspending the use of an authorized medication. Before the Board takes any action, a public meeting will allow it to notify the racing public of its intentions, to explain its reasons for wishing to suspend an authorized medication, and to hear from interested parties regarding the proposed action.

Subsection 1844.1(b) provides that the suspension of an authorized medication may be for a race, breed, or race meeting, provided all horses in the same race compete under the same conditions. This gives the Board a range of options when determining if it wishes to suspend the use of an authorized medication. These options are important because of the need for swift action that may arise. Authorized medications may appear in different formulations, such as liquids, pastes, powders, etc. In addition, the source of the medications may render them suspect. On occasion the Board has confiscated substances, or horsemen provide medication for testing. The results of such tests can reveal that the medication has little relation to the United States Food and Drug Administration (FDA) approved compound. The Board may wish to suspend the use of the authorized medication at a particular race meeting or for a particular breed because that is where the problem has been identified. To ensure the integrity of its races, any suspension of authorized medication would apply to all horses entered to race, so the competition would occur under the same conditions for each entry. This would mean that in addition to any other conditions, all horses would run without the suspended authorized medication.

Subsection 1844.1(c) provides that the Board shall notify in writing the racing association and the trainer's organization of any suspension of an authorized medication. This will ensure that trainers will be adequately notified of the suspension. Racing associations promulgate condition books that include medication information. These condition books are used by owners and trainers who participate in the race meeting. Subsections 1844.1(c)(1) through 1844.1(c)(3) state the minimum information that must be present in the written notification. This will ensure the racing associations and the trainer organizations are fully informed and that they can inform their constituents. Under subsection 1844.1(c)(1) the notification must state the authorized medication whose use is temporarily suspended. This ensures there is no question regarding which medication is suspended. Subsection 1844.1(c)(2) states the notification must provide the period of time for which the use of the authorized medication is temporarily suspended. The proposed regulation allows the suspension to be for as little time as a single race, or for up to a 12-month period. Such notification will allow owners, trainers and veterinarians to plan for the veterinary care of their equines and to avoid medication violations. It also allows the Board to react to specific medication issues, or to look at amending its regulations. Subsection 1844.1(c)(3) requires that the notification state whether the temporary suspension is for a particular breed or race meeting. This is necessary because there have been instances where non-FDA approved formulations of medications have appeared at a specific race meeting. With the exception of racing fairs, which are generally mixed-breed meetings, race meetings are for specific breeds.

Subsection 1844.1(d) states the temporary suspension of authorization to administer a medication shall not exceed 12 months. This provides the Board with enough time to determine the effect of the temporary suspension, and amend its medication regulations, if necessary. In addition, this sets boundaries so that those affected will know when the temporary suspension will end.

TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS OR DOCUMENTS.

The Board did not rely on any technical, theoretical, and/or empirical studies, reports or documents in proposing the addition of the regulation.

The adoption of Rule 1844.1 has no significant adverse economic impact on small business.

The adoption of Rule 1844.1 has no significant adverse economic impact on business.

ALTERNATIVE TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE IMPACT ON AFFECTED PRIVATE PERSONS OR BUSINESSES.

The Board has determined that there were no alternatives considered which would be more effective in carrying out the purposes of the proposed regulation or would be more effective and less burdensome to affected private persons or businesses than the proposed regulation.

California Horse Racing Board  
March 11, 2011

CALIFORNIA HORSE RACING BOARD  
TITLE 4. CALIFORNIA CODE OF REGULATIONS  
ARTICLE 15. VETERINARY PRACTICES  
PROPOSED ADDITION OF  
RULE 1844.1. SUSPENSION OF AUTHORIZED MEDICATION

1844.1 Suspension of Authorized Medication

(a) After a public meeting that has been noticed in accordance with Government Code section 11125(a), the Board may for any cause temporarily suspend the authorized administration to a horse entered to race of any drug, substance or medication that is otherwise permitted under Rule 1844, Authorized Medication.

(b) The temporary suspension of the authorized administration of a drug, substance or medication may be for a race, breed, or race meeting, provided all horses in the same race compete under the same conditions.

(c) The Board shall notify in writing the racing association and the trainer's organization of any temporary suspension of authorization to administer a drug, substance or medication to a horse entered to race. The written notification shall at minimum:

(1) State the authorized medication whose use is temporarily suspended,

(2) The period of time for which the use of the authorized medication is temporarily suspended, and

(3) Whether the temporary suspension is for a specific breed or a race meeting.

(d) A suspension of authorization to administer a drug, substance or medication to a horse entered to race shall not exceed 12 months.

Authority: Sections 19420, 19440, 19562 and 19581,  
Business and Professions Code.  
Reference: Sections 19420, 19440 and 19580,  
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD  
TITLE 4, CALIFORNIA CODE OF REGULATIONS  
NOTICE OF PROPOSAL TO AMEND  
RULE 1876. FINANCIAL RESPONSIBILITY

The California Horse Racing Board (Board) proposes to amend the regulation described below after considering all comments, objections or recommendations regarding the proposed action.

PROPOSED REGULATORY ACTION

The Board proposes to amend Rule 1876, Financial Responsibility, to provide that financial responsibility complaints from equine medical hospitals and Board authorized horse auctions will be considered if the debts are directly related to the California horse racing operations of a person licensed by the Board. The proposed amendment will also provide that financial responsibility complaints from horse farms will be considered if the debts are related to the horse operations of a person licensed by the Board, and are for not less than one thousand dollars. In addition, the proposed amendment to Rule 1876 provides for the acceptance of financial responsibility complaints that are horse racing related wage disputes originating between persons licensed by the Board.

PUBLIC HEARING

The Board will hold a public hearing starting at **9:30 a.m., Thursday, April 28, 2011**, or as soon after that as business before the Board will permit, at the **Hollywood Park Race Track, 1050 South Prairie Avenue, Inglewood, California**. At the hearing, any person may present statements or arguments orally or in writing about the proposed action described in the informative digest. It is requested, but not required, that persons making oral comments at the hearing submit a written copy of their testimony.

WRITTEN COMMENT PERIOD

Any interested persons, or their authorized representatives, may submit written comments about the proposed regulatory action to the Board. The written comment period closes at **5:00 p.m., on April 18, 2011**. The Board must receive all comments at that time; however, written comments may still be submitted at the public hearing. Submit comments to:

Harold Coburn, Regulation Analyst  
California Horse Racing Board  
1010 Hurley Way, Suite 300  
Sacramento, CA 95825  
Telephone (916) 263-6397  
Fax: (916) 263-6022  
E-Mail: [haroldc@chr.ca.gov](mailto:haroldc@chr.ca.gov)

## AUTHORITY AND REFERENCE

Authority cited: Sections 19440 and 19460, Business and Professions Code.

Reference: Sections 19440, 19460 and 19461, Business and Professions Code.

Business and Professions Code sections 19440 and 19460 authorize the Board to adopt the proposed regulation, which would implement, interpret or make specific sections 19440, 19460 and 19461, Business and Professions Code.

## INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

Business and Professions Code section 19440 provides that the Board shall have all powers necessary and proper to enable it to carry out fully and effectually the purposes of this chapter. Responsibilities of the Board shall include adopting rules and regulations for the protection of the public and the control of horse racing and pari-mutuel wagering. Business and Professions Code section 19460 provides that all licenses granted under this chapter are subject to all rules, regulations, and conditions from time to time prescribed by the Board and shall contain such conditions as are deemed necessary or desirable by the Board for the purposes of this chapter. Business and Professions Code section 19461 states Every license granted under this chapter is subject to suspension or revocation by the Board in any case where the Board has reason to believe that any condition regarding it has not been complied with, or that any law, or any rule or regulation of the board affecting it has been broken or violated.

The Board proposes to amend Rule 1876 to clarify the circumstances under which a financial responsibility complaint will be accepted. Board Rule 1876 provides that no licensee shall willfully and deliberately fail or refuse to pay any moneys when due for any service, supplies or fees related to his or her operations as a licensee. The proposed amendment to Rule 1876 amends subsection 1876(a) to describe the type of debts that may result in a licensee gaining the attention of the Board. The debts must be directly related to the licensee's California racetrack operations. This is in keeping with the Board's jurisdiction over horse racing and persons who are required to obtain an occupational license to participate in horse racing. A new subsection 1876(e) provides that financial responsibility complaints submitted by equine medical hospitals and authorized horse auction sales authorized by the Board in accordance with Rule 1807, Authorized Horse Sales, will be considered. Subsection 1876(e) requires that financial responsibility complaints submitted by equine medical hospitals and thoroughbred horse auction sales must comply with subsections (b), (c) and (d) (1) through (d) (2) of Rule 1876. This will ensure that the entities provide the correct documentation, and that they will follow the timelines provided under Rule 1876. Subsection 1876(e) also states the financial responsibility complaints must be directly related to the licensees California horse racing operations. This ensures the Board will only receive financial responsibility complaints regarding services provided to race horses.

A new subsection 1876(e)(1) provides that financial responsibility complaints submitted by horse farms will be considered if the complaints are for not less than one thousand dollars and are related to the horse operations of the licensee. The one thousand dollar limit is not a high level for the boarding and training of horses at farms, but it does put in place a minimum so the Board is not inundated with financial responsibility complaints from such facilities. In addition, under subsection 1876(e)(1), the financial complaint does not have to be "directly" related to a licensee's "horse racing" operation. Rather, the financial complaint must be "related to the horse operations" of a licensee. This allows for consideration of financial complaints for horses that

are turned out, or horses standing at the farm for breeding purposes, such as brood mares, where the licensee intends to race the foal.

The Board determined it wished to add subsection 1876(e) and 1876(e)(1) to ensure financial responsibility complaints submitted by such businesses will be accepted. In the past, there has been confusion as to whether the services provided by such enterprises were required to be heard. The addition of subsection 1876(e) and 1876(e)(1) provides clarity.

The Board understands that many persons licensed to work within the restricted areas of the inclosure, including grooms, stable employees, stable assistants and exercise riders may be reluctant to go outside of the horse racing world to obtain relief for unpaid wages. Subsection 1876(f) has been added to make it clear that financial responsibility complaints that are horse racing related wage disputes between persons licensed by the Board will be heard. This will allow persons licensed by the Board who might otherwise refrain from using the civil courts to seek the help of the Board in obtaining unpaid wages.

#### DISCLOSURE REGARDING THE PROPOSED ACTION

Mandate on local agencies and school districts: none.

Cost or savings to any state agency: none.

Cost to any local agency or school district that must be reimbursed in accordance with Government Code sections 17500 through 17630: none.

Other non-discretionary costs or savings imposed upon local agencies: none.

Cost or savings in federal funding to the state: none.

The Board has made an initial determination that the proposed amendment of Rule 1876 will not have a significant, statewide adverse economic impact directly affecting business including the ability of California businesses to compete with businesses in other states.

Cost impact on representative private persons or businesses: The Board is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Significant effect on housing costs: none.

The adoption of the proposed amendment of Rule 1876 will not (1) create or eliminate jobs within California; (2) create new businesses or eliminate existing businesses within California; or (3) affect the expansion of businesses currently doing business within California.

Effect on small businesses: none. The proposal to amend Rule 1876 does not affect small businesses because horse racing is not a small business under Government Code section 11342.610.

#### CONSIDERATION OF ALTERNATIVES

In accordance with Government Code section 11346.5, subdivision (a)(13), the Board must determine that no reasonable alternative considered, or that has otherwise been identified and brought to the attention of the Board, would be more effective in carrying out the purpose for

which the action is proposed, or would be as effective and less burdensome on affected private persons than the proposed action.

The Board invites interested persons to present statements or arguments with respect to alternatives to the proposed regulation at the scheduled hearing or during the written comment period.

#### CONTACT PERSON

Inquiries concerning the substance of the proposed action and requests for copies of the proposed text of the regulation, the initial statement of reasons, the modified text of the regulation, if any, and other information upon which the rulemaking is based should be directed to:

Harold Coburn, Regulation Analyst  
California Horse Racing Board  
1010 Hurley Way, Suite 300  
Sacramento, CA 95825  
Telephone: (916) 263-6397  
Fax: (916) 263-6022  
E-mail: [haroldc@chrb.ca.gov](mailto:haroldc@chrb.ca.gov)

If the person named above is not available, interested parties may contact:

Andrea Ogden, Regulation Analyst  
Telephone: (916) 263-6033

#### AVAILABILITY OF INITIAL STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATION

The Board will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its offices at the above address. As of the date this notice is published in the Notice Register, the rulemaking file consists of this notice, the proposed text of the regulation, and the initial statement of reasons. Copies may be obtained by contacting Harold Coburn, or the alternative contact person at the address, phone number or e-mail address listed above.

#### AVAILABILITY OF MODIFIED TEXT

After holding a hearing and considering all timely and relevant comments received, the Board may adopt the proposed regulation substantially as described in this notice. If modifications are made which are sufficiently related to the originally proposed text, the modified text, with changes clearly marked, shall be made available to the public for at least 15 days prior to the date on which the Board adopts the regulation. Requests for copies of any modified regulations should be sent to the attention of Harold Coburn at the address stated above. The Board will accept written comments on the modified regulations for 15 days after the date on which they are made available.

#### AVAILABILITY OF STATEMENT OF REASONS:

Requests for copies of the final statement of reasons, which will be made available after the Board has adopted the proposed regulation in its current or modified form, should be sent to the attention of Harold Coburn at the address stated above.

## BOARD WEB ACCESS

The Board will have the entire rulemaking file available for inspection throughout the rulemaking process at its web site. The rulemaking file consists of the notice, the proposed text of the regulation and the initial statement of reasons. The Board's web site address is: [www.chrb.ca.gov](http://www.chrb.ca.gov).

## INITIAL STATEMENT OF REASONS

### RULE 1876, FINANCIAL RESPONSIBILITY

#### SPECIFIC PURPOSE OF THE REGULATION

The proposed amendment of Rule 1876 will clarify the circumstances under which a financial responsibility complaint will be accepted. Board Rule 1876 provides that no licensee shall willfully and deliberately fail or refuse to pay any moneys when due for any service, supplies or fees related to his or her operations as a licensee. The proposed amendment to Rule 1876 amends subsection 1876(a) to describe the type of debts that may result in a licensee gaining the attention of the Board. The debts must be directly related to the licensee's California racetrack operations. This is in keeping with the Board's jurisdiction over horse racing and persons who are required to obtain an occupational license to participate in horse racing. A new subsection 1876(e) provides that financial responsibility complaints submitted by equine medical hospitals and horse auction sales authorized by the Board in accordance with Rule 1807, Authorized Horse Sales, will be considered. Subsection 1876(e) requires that financial responsibility complaints submitted by equine medical hospitals and authorized horse auction sales must comply with subsections (b), (c) and (d) (1) through (d) (2) of Rule 1876. This will ensure that the entities provide the correct documentation, and that they will follow the timelines provided under Rule 1876. Subsection 1876(e) also states the financial responsibility complaints must be directly related to the licensees California horse racing operations. This ensures the Board will only receive financial responsibility complaints regarding services provided to race horses. A new subsection 1876(e)(1) provides that financial responsibility complaints will be received from horse farms if the debt is for at least one thousand dollars and the debt is related to the horse operations of the licensee.

#### NECESSITY

The Board proposes to amend Rule 1876 to clarify the circumstances under which a financial responsibility complaint will be accepted. Board Rule 1876 provides that no licensee shall willfully and deliberately fail or refuse to pay any moneys when due for any service, supplies or fees related to his or her operations as a licensee. The proposed amendment to Rule 1876 amends subsection 1876(a) to describe the type of debts that may result in a licensee gaining the attention of the Board. The debts must be directly related to the licensee's California racetrack operations. This is in keeping with the Board's jurisdiction over horse racing and persons who are required to obtain an occupational license to participate in horse racing. The Board does not wish its investigators and stewards to assume the role of bill collectors for any and all debts its licensees may incur. A new subsection 1876(e) provides that financial responsibility complaints submitted by equine medical hospitals and horse auction sales authorized by the Board in

accordance with Rule 1807, Authorized Horse Sales, will be considered. The Board determined it wished to add subsection 1876(e) to ensure financial responsibility complaints submitted by such businesses will be accepted. In the past, there has been confusion as to whether the services provided by such enterprises were required to be heard. The addition of subsection 1876(e) is necessary to provide clarity. Subsection 1876(e) requires that financial responsibility complaints submitted by equine medical hospitals and authorized horse auction sales must comply with subsections (b), (c) and (d) (1) through (d) (2) of Rule 1876. This will ensure that the entities provide the correct documentation, and that they will follow the timelines provided under Rule 1876. Subsection 1876(e) also states the financial responsibility complaints must be directly related to the licensees California horse racing operations. This ensures the Board will only receive financial responsibility complaints regarding services provided to race horses, and for horse racing related functions.

A new subsection 1876(e)(1) provides that financial responsibility complaints submitted by horse farms will be considered if the complaints are for not less than one thousand dollars and are related to the horse operations of the licensee. The one thousand dollar limit is not a high level for the boarding and training of horses at farms, but it does put in place a minimum so the Board is not inundated with financial responsibility complaints from such facilities. In addition, under subsection 1876(e)(1), the financial complaint does not have to be “directly” related to a licensee’s “horse racing” operation. Rather, the financial complaint must be “related to the horse operations” of a licensee. This allows for consideration of financial complaints for horses that are turned out, or horses standing at the farm for breeding purposes, such as brood mares, where the licensee intends to race the foal.

The Board understands that many persons licensed to work within the restricted areas of the inclosure, including grooms, stable employees, stable assistants and exercise riders may be reluctant to go outside of the horse racing industry to obtain relief for unpaid wages. English is not the first language of many backstretch workers. In addition, such persons may not understand how the civil court system works, or trust that they will be heard. Backstretch workers are familiar with the racetrack environment, and may place more trust in the stewards. The Board has added subsection 1876(f) to state that financial responsibility complaints involving horse racing related wage disputes between licensees will be heard. This makes it clear that such financial responsibility complaints will be heard, and it will allow persons licensed by the Board to seek the help of the stewards in resolving wages disputes.

#### TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS OR DOCUMENTS.

The Board did not rely on any technical, theoretical, and/or empirical study, reports or documents in proposing the amendment of the regulation.

The amendment of Rule 1876 has no significant adverse economic impact on small business.

The amendment of Rule 1876 has no significant adverse economic impact on business.

#### ALTERNATIVE TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE IMPACT ON AFFECTED PRIVATE PERSONS OR BUSINESSES.

The Board has determined that there were no alternatives considered which would be more effective in carrying out the purposes of the proposed regulation or would be more effective and less burdensome to affected private persons or businesses than the proposed regulation.

CALIFORNIA HORSE RACING BOARD  
TITLE 4. CALIFORNIA CODE OF REGULATIONS  
ARTICLE 16. GENERAL CONDUCT  
PROPOSED AMENDMENT OF  
RULE 1876. FINANCIAL RESPONSIBILITY

1876. Financial Responsibility.

(a) No licensee shall willfully and deliberately fail or refuse to pay any moneys when due for any service, supplies or fees ~~connected with~~ directly related to his or her California horse racing operations as a licensee, nor shall he or she falsely deny any such amount due or the validity of the complaint thereof with the purpose of hindering or delaying or defrauding the person to whom such indebtedness is due.

(b) Any financial responsibility complaint against a licensee shall be in writing, signed by the complainant, and accompanied by documentation of the services, supplies or fees alleged to be due, or by a judgment from a civil court which has been issued within one year of the date of the complaint.

(c) The Board will not consider a financial responsibility complaint made by the complainant against the same accused within twenty-four months of the filing of the instant complaint.

(d) The Board will consider only those financial responsibility complaints which meet the following criteria:

(1) The complaint involves services, supplies or fees that are directly related to the licensee's California racetrack operations; and

(2) The debt or cause for action originated, or the civil court judgment was issued, in this State within one year of the filing of the complaint.

(e) Financial responsibility complaints submitted by equine medical hospitals, and horse auction sales authorized by the Board in accordance with Rule 1807 of this Division, will be considered provided such complaints comply with subsections (b), (c) and (d) (1) through (d) (2) of this regulation, and are directly related to the California horse racing operations of a person licensed by the Board.

(1) Financial responsibility complaints submitted by horse farms will be considered provided the complaint is for not less than one thousand dollars and is related to the horse operations of a person licensed by the Board.

(f) Financial responsibility complaints that are horse racing related wage disputes originating between persons licensed by the Board will be considered.

Authority: Sections 19440 and 19460,  
Business and Professions Code.

Reference: Sections 19440, 19460 and 19461,  
Business and Professions Code.