

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

**CALIFORNIA HORSE RACING BOARD**

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

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

CHRB NEWS RELEASE

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**CHRB INVESTIGATES SCIENTIFIC GAMES, QUICK-PICK BAN**

SACRAMENTO, CA – The California Horse Racing Board is investigating the circumstances that resulted in the cancellation of all Quick-Pick betting in the state due to an apparent Scientific Games computer problem that caused certain program numbers to be omitted from what was purported to be a purely random selection method.

The concept of the Quick-Pick wager is to allow fans to purchase pari-mutuel tickets based simply on a random computer selection rather than making the selection themselves. Quick Picks are available on all types of wagers.

Upon learning of a potential problem following this year's Kentucky Derby, CHRB Executive Director Kirk Breed issued a directive May 9 to Scientific Games, which contracts with all California racing associations and fairs to provide totalizator equipment and services in the state, directing the company to "cease accepting Quick-Pick wagers in facilities authorized by the California Horse Racing Board." This includes all racetracks in the state, which were individually notified.

Given the possibility that the same programming failure might exist in other racing jurisdictions serviced by Scientific Games, last week CHRB Chairman Richard B. Shapiro personally advised Ed Martin, president of the Association of Racing Commissioners International, of the problem in California.

"We have discovered a potentially serious issue," wrote the chairman in his May 15 e-mail to Martin. "I want to share this with ARCI, so that other jurisdictions that use Sci Games are both aware of this problem and can deal with it accordingly."

Breed said the CHRB would not tolerate any compromising of the integrity of pari-mutuel wagering. He said the ongoing investigation would determine among other things whether Scientific Games was previously aware of the reported software malfunction but failed to report the problem to its clients and the Board. CHRB Assistant Executive Director Richard Bon Smith is personally leading the investigation.

Chairman Shapiro added, "It will be of particularly grave concern if the investigation reveals that Scientific Games knew of this malfunction before the CHRB discovered it but did not report it. It is further distressing that according to recent news reports, some Scientific Games officials are now saying they only were made aware of this problem in the last few days. The industry must have

transparent and competent wagering systems, and this apparent breakdown of a system must be dealt with aggressively. We must protect the public at all costs, as integrity of our wagering is job one. The CHRB is committed to using all resources available to it, both within and outside of the agency, to fully understand the scope of the issue.”

Even after receiving the directive and taking steps to prevent all Quick-Pick wagers, Scientific Games learned from the CHRB that some Quick-Pick tickets were somehow still being sold. Scientific Games representatives indicated they would deal with the matter.

Until the CHRB is satisfied that the problems are fully resolved, Quick Pick selections will not be permitted.

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