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CHRB NEWS RELEASE

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BOARD RESOLVES ‘QUICK PICK’ ISSUE

SACRAMENTO, CA – The California Horse Racing Board has reached an agreement with Scientific Games that fully protects the public, provides funds to racing-related charities, and reimburses the State of California for the costs of investigating problems with Quick Pick wagering.

“Our primary focus has been to protect the integrity of racing and the wagering public,” said CHRB Chairman Richard B. Shapiro. “We have received full cooperation from everyone involved. We have been assured by an independent third party that the problems relating to Quick Picks have been fixed. And Scientific Games has voluntarily agreed to make donations to worthwhile charities that benefit horse racing.”

The agreement results from an investigation that began May 9 after the CHRB discovered and confirmed that due to a programming error, some of Scientific Games’ betting terminals were producing Quick Pick tickets that did not include the entire array of runner numbers in their selection. In its investigation, the CHRB determined that Quick Pick wagers were excluding the last numbered wagering interest. Furthermore, the investigation determined that certain technical personnel with Scientific Games had been aware of the programming error since October 2007, but did not disclose it to the CHRB. Scientific Games contracts with all racetracks in California to provide totalizator equipment and services.

To protect the public from purchasing faulty Quick Pick tickets, the Board immediately issued a cease-and-desist letter to Scientific Games to prohibit the Quick Pick betting option. Scientific Games was able to electronically disable the Quick Pick function on self-service terminals, and this function was disabled manually on teller terminals.

Under the terms of the agreement approved by the Board during executive session on June 27:

- Scientific Games will immediately reimburse the CHRB in the amount of \$50,000 for the costs of the investigation into this matter.
- Scientific Games will make a voluntary payment of \$150,000 to charities benefiting horse-racing-related causes.
- Scientific Games will pay refunds to people who placed Quick Pick bets at the BetJet terminals in California between July 1, 2007, and June 2, 2008, as long as the person

can establish placement of the bet through legitimate proof, including but not limited to a ticket stub. This commitment will extend until June 2, 2009. Scientific Games will indemnify the CHRB from any such claims.

- Scientific Games will provide updates to the CHRB on the status of the implementation of software enhancements that eventually could allow for the reintroduction of Quick Pick wagers.
- To further protect the wagering public, Scientific Games has conducted a quality assurance review of its systems and will continue to do so in the future. The company will report the results of these reviews to the CHRB.
- No further administrative action relating to this matter will be taken by the CHRB against Scientific Games or its affiliated companies, directors, officers, or employees.
- The CHRB shall immediately renew Scientific Games license for one year.

As part of the CHRB investigation, and prior to the Board approving the agreement, the Thoroughbred Racing Protective Bureau, which is the security arm of the Thoroughbred Racing Associations of North America, performed an independent review and verified that the programming changes made by Scientific Games have made the wager completely random. However, the CHRB has not as yet authorized the industry to resume selling Quick Pick tickets.

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