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CHRB NEWS RELEASE

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BOARD ALLOWS FOR NEW WAGERING LOCATIONS

ARCADIA, CA – Wagering on horse racing could expand to 45 new “minisatellite” locations throughout the state, including sports bars, card clubs, and other existing businesses where customers frequently gather, under a regulation adopted Monday by the California Horse Racing Board.

Currently there are 34 locations in California authorized to accept wagers on horse racing. These are operated by racetracks, certain tribal casinos, district agricultural associations, and fairs – in some cases on leased properties. But with the change, other entities not associated with horse racing, fairs, or tribal gaming may be authorized to operate new wagering facilities.

As authorized by a law (AB 241) passed last year, the Board action Monday approved the application process for the licensing of 15 minisatellites in each of the three racing zones dividing the state. The adopted regulation still must be approved by the Office of Administrative Law before it becomes effective.

Under the law, operators will retain 2 percent of the wagers handled at their facilities. The wagering area must be restricted to persons at least 21 years old. The CHRB must approve the site, wagering equipment, and technology used in transmitting the odds. Pari-mutuel clerks must be available to service the self-service tote machines and to cash wagering vouchers on a regularly scheduled basis.

No minisatellite can be located within 20 miles of an existing racetrack, simulcast facility, or tribal casino that has a satellite wagering facility without the consent of each existing wagering facility located within a 20-mile radius of the proposed minisatellite. (A map of the 34 wagering locations in California is available on the CHRB website [www.chrb.ca.gov] within the CHRB annual report under “Publications.”)

The term of license for a minisatellite is two years. Once the regulation is fully enacted and the CHRB begins accepting applications, probably in February or March, the Board must approve or deny each application within 90 days of receipt unless the applicant is granted more time to supply missing information. The application must include information regarding the applicant, the applicant’s business structure, management, and staff, and the associations with which the applicant has reached agreement, along with information about operation of the facility.

The three racing zones in California are the southern zone, which consists of Imperial, Orange, Riverside, and San Diego Counties; the central zone, which consists of Kern, Los Angeles, San Bernardino, Santa Barbara, and Ventura Counties; and the northern zone, which consists of the remaining counties in the state. Each zone is limited to 15 minisatellites under the law.

In other business, the Board approved one-year licenses covering the 2009 calendar year for the four Advance Deposit Wagering companies whose licenses expire this December 31: TVG, XpressBet, Youbet.com, and TwinSpire. There is an agreement in place as to interstate ADW between these four companies, the Thoroughbred Owners of California, and the California thoroughbred tracks that provides for non-exclusive wagering rights for all thoroughbred meets from now through the conclusion of the 2009 fall meet at Hollywood Park. Before approving the licenses, the Board sought and received assurances from all concerned that certain labor provisions in the law will be met and that customers’ funds are fully segregated and protected.

In a related matter, commissioners indicated their frustration over the lack of any mechanism by which the CHRB could get involved early in the settlement of disputes among industry stakeholders, such as the one that recently prevented ADW account holders outside of California from wagering on California races until an agreement was worked out. The Board intends to more fully address the issue of early intervention long before the ADW licenses come up for renewal again late next year.

The Board adopted a regulatory amendment to allow ADW account holders to access all deposits the same day they are made. The original ADW regulation included language restricting account holders to accessing just one deposit in a 24-hour period. The ADW companies advised the Board that customers often complained about this restriction, and noted there is no such restriction at racetracks and satellite wagering facilities. There was no opposition voiced against eliminating the restriction.

The Board approved the license application for the Los Alamitos Quarter Horse Racing Association to conduct a horse-racing meet at Los Alamitos from January 1, 2009, through December 20, 2009. Racing will be conducted four nights per week, Thursday through Sunday, with seven to 15 live races per night and six to 12 simulcast races.

The Board adopted a regulatory amendment providing for a minimum \$1,000 fine to the trainer if the true sex of the horse is not properly identified in the official program. By increasing the fine from what had typically been about \$300 for a number of years, the Board hopes to persuade trainers and others to pay more attention at time of entry to reporting when horses have been gelded since the last start, so as to reduce the frequency of late announcements to the public about gelded horses. CHRB Vice Chairman John Harris noted that a trainer could avoid the fine by demonstrating mitigating circumstances, such as errors made by other parties in recording information correctly provided by the trainer.

The Board adopted three regulatory amendments pertaining to creation of a new license classification for provisional exercise riders, which establishes a program whereby new riders can receive mentoring and training prior to being fully licensed as exercise riders. The outriders at each racetrack and training facility will decide when a provisional exercise rider is allowed to come onto the track and whether the sponsoring trainer or assistant trainer needs to accompany the provisional rider, who must wear a distinctively colored helmet and vest cover when on the track for others to identify.

Following a discussion of matters concerning the Sacramento Harness Association (SHA), its financial status, and liabilities incurred before SHA went out of business earlier this year, the Board voted to mandate SHA and the two simulcast organizations in California, SCOTWINC and NOTWINC, adhere to the law for the mandatory payment of location fees to simulcast sites.

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