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PARI-MUTUEL/ADW AND SIMULCAST COMMITTEE MEETING

of the California Horse Racing Board will be held on Wednesday, April 25, 2012, commencing at 2:00 p.m., in the Sunset Room at Hollywood Park Race Track, 1050 South Prairie Ave., Inglewood, California. Non-committee Board members attending the committee meeting may not participate in the public discussion, official committee vote, or committee closed session.

AGENDA

Agenda Items

1. Discussion and action regarding the request from Sportech Racing LLC, on behalf of Santa Anita Park for approval to reauthorize Quick Pick wagering in California.
2. Discussion and action regarding the policy of some wagering outlets in horse racing to discourage or prohibit the placing of wagers that create minus pools.
3. Discussion and action regarding the feasibility of amending CHRB Rules 1976.8, Place Pick (n), and 1976.9 Pick (n) Pool, to bring them into conformity with Rules 1957, Daily Double, and Rule 1977, Pick Three, pertaining to scratches and consolation pools.
4. Discussion and action regarding a proposal to experiment with the display of decimal odds at host tracks and possibly simulcast feeds.
5. General Business: Communications, reports, requests for future actions of the Committee.

Additional information regarding this meeting may be obtained from Mike Marten at the CHRB Office at Los Alamitos Race Course, 4961 E. Katella Avenue, Los Alamitos, CA, 90720; telephone (714) 820-2748; cell (714) 240-1870; fax (714) 821-6232. A copy of this notice can be located on the CHRB website at www.chrb.ca.gov. *Information for requesting disability related accommodation for persons with a disability who requires aids or services in order to participate in this public meeting, should contact Mike Marten.

PARI-MUTUEL/ADW AND SIMULCAST COMMITTEE

Commissioner Jesse H. Choper, Chairman
Kirk E. Breed, Executive Director

STAFF ANALYSIS
DISCUSSION AND ACTION REGARDING THE REQUEST FROM
SPORTECH RACING LLC ON BEHALF OF SANTA ANITA PARK
FOR APPROVAL TO
REAUTHORIZE QUICK PICK WAGERING IN CALIFORNIA

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BACKGROUND

The Quick Pick is a wager favored by some bettors that relies on the totalizator system to randomly select the horses instead of the person placing the wager designating the specific entrant number (s). The Quick Pick can be used to purchase virtually all types of wagers, including but not limited to win, place, show, daily double, Pick 3, Pick 4, Pick 6, exacta, trifecta, and superfecta wagers.

On May 9, 2008, and then again on May 23, 2008, the CHRB issued cease-and-desist orders on the sale of Quick Pick tickets, which effectively ended Quick Pick purchases in California. This action resulted from an initial CHRB investigation that determined that a programming issue excluded the highest numbered entrant in the field on tickets purchased through BetJet machines provided by Scientific Games Racing (SGR), which was the company providing totalizator equipment and services to all California racetracks at the time. Scientific Games was subsequently purchased by Sportech Racing, LLC (Sportech), current operator of the totalizator system.

The extensive, continuing investigation further determined that SGR had been notified of the problem by other jurisdictions in 2007 but had never made this information public, resulting in California not becoming aware of the issue until after a bettor in California on May 3, 2008, purchased 1,300 Quick Pick superfectas on the Kentucky Derby. Not one of those 1,300 superfecta tickets contained the winner, # 20, Big Brown, the highest numbered entrant in the field. Prior to May 3, 2008, SGR had attempted to make programming corrections following those initial reports in 2007 but for various reasons the changes were not successfully made to BetJet terminals in California.

The Board, meeting in executive session on June 27, 2008, approved an agreement with SGR under the following terms:

- SGR will immediately reimburse the CHRB in the amount of \$50,000 for the costs of the investigation into this matter.
- SGR will make a voluntary payment of \$150,000 to charities benefiting horse-racing-related causes.
- SGR 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. SGR will indemnify the CHRB from any such claims.

- SGR 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, SGR has conducted a quality assurance review of its systems and will continue to do so in the future. SGR 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 SGR or its affiliated companies, directors, officers, or employees.
- The CHRB shall immediately renew SGR's license for one year.

In compliance with the terms of the agreement, initially SGR and now Sportech conducts quality assurance reviews of its systems. In Sportech's most recent, detailed, 52-page Service Organization Control Report for the period September 1, 2010, through August 31, 2011, independent service auditors reported the system controls gave "reasonable assurance" that all Sportech operations and services in California were operating effectively.

More specifically to the Quick Pick, Sportech submitted to the CHRB on February 20, 2012, a letter indicating that Santa Anita had requested that Sportech contact the CHRB about reauthorizing the Quick Pick in California. In that letter, Sportech explained that after correcting the software issue, Sportech retained the Thoroughbred Racing Protective Bureau (TRPB) to thoroughly test the Quick Pick wager, and the TRPB concluded that Quick Pick selections are now "comprehensive and random."

ANALYSIS

CHRB staff reviewed the 15-page report provided by the TRPB and also spoke with TRPB personnel. It became clear that because there are "an infinite number of tests to determine randomness," it would not be possible for the TRPB, or anyone else for that matter, to perform all such tests; therefore, the TRPB could not and would not absolutely guarantee that Quick Pick selections are 100 percent random. But based on the extensive testing documented in their report, the TRPB found "no discernible patterns of non-randomness resulted across different pools and races" and the Quick Pick "meets the test of randomness."

CHRB staff also had numerous conversations with Sportech representatives, who indicated their in-house quality control tests corroborate the TRPB's conclusions. Sportech assured the Board that the Quick Pick programming issue was corrected and the Quick Pick now being offered is completely random and includes all entrants in each race.

Sportech indicated that following the TRPB review, nine other racing jurisdictions have approved the Quick Pick wager. CHRB staff attempted to contact those nine jurisdictions about their experiences with the updated Quick Pick. The Board received responses from three of those jurisdictions – Delaware, Minnesota, and Ohio – indicating they have not had any problems with the wager since its reintroduction.

While Sportech conducts annual internal audits of all of its operations, including the Quick Pick, these audits do not include the comprehensive testing for randomness that was done by the TRPB. In its report, the TRPB included a recommendation that the Quick Pick be tested periodically (e.g. annually) and also when there are terminal and system software updates. Sportech questions the necessity of such repeated testing.

RECOMMENDATION

Staff recommends the Committee hear from representatives of Sportech on the measures taken to correct and prevent the programming issues affecting the quick pick option.

STAFF ANALYSIS
DISCUSSION AND ACTION REGARDING THE POLICY OF SOME
WAGERING OUTLETS IN HORSE RACING TO DISCOURAGE
OR PROHIBIT THE PLACING OF WAGERS THAT CREATE
MINUS POOLS

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BACKGROUND

In 2011 an XpressBet account holder contacted the CHRB to voice a concern about a letter he received from XpressBet. The letter threatened to close his account if he continued to make large wagers that helped create negative breakage in certain pari-mutuel pools. The account holder explained that he had made two bets (\$2,600 and \$2,400) on coupled entries to show, one at Golden Gate and one at Santa Anita. The wagers returned payoffs of \$2.10 each. He asked the CHRB to “publicly reprimand XpressBet for this action, and to remind them that they are licensed to take all bets that are legally available to all players.”

Board Rule 1960, Payout on Minus Pools, requires associations to pay out a minimum of 5 percent profit on any wager, meaning a minimum return of \$1.05 for each dollar wagered, or \$2.10 on a \$2 bet, regardless of whether there is sufficient money in the pool to cover the 5 percent in winnings to all tickets. The associations are responsible for making up the difference.

ANALYSIS

Staff contacted XpressBet and confirmed its policy of requesting that customers refrain from making large wagers that help cause minus pools. XpressBet explained it has the right to close any account for “unusual activity” of this nature under the terms and conditions agreed to by all who open accounts.

Staff contacted the other two advance deposit wagering companies licensed in California, TwinSpires and TVG, and each confirmed they have the same policy of discouraging large wagers that create minus pools. Additionally, Santa Anita has in some instances asked customers not to make large show wagers.

Scott Daruty, representing XpressBet and Monarch Content Management, informed the CHRB that Gulfstream Park had an on-track patron wager well over \$500,000 on a series of show wagers on heavy favorites. Gulfstream management asked the player to refrain from placing any further wagers of this type, and informed the player that if he did not comply, Gulfstream would cease accepting wagers from him. The player complied so it was unnecessary for Gulfstream to take any further action.

Daruty also explained that the standard industry simulcast agreement places responsibility for a minus pool on the location that accepts the wager rather than on the host track. This policy was adopted by the industry because it puts the responsibility for the minus pool on the entity that controls whether or not the wager is accepted. If responsibility were placed on the host track, guest locations (i.e., the off-track locations actually accepting the wagers) could encourage wagers creating minus pools since they would have no liability for them.

Aside from isolated incidents, the creation of such minus pools is not an extensive problem in California. This is because the executive director routinely authorizes the cancelation of show pools whenever a racetrack indicates the likelihood of a minus pool and requests permission to cancel show wagering on a specific race.

There is no current CHRB rule that specifically prevents any wagering outlet from refusing to accept a wager even though the same wager could be placed at another outlet.

RECOMMENDATION

This item is presented for Committee discussion and action.

STAFF ANALYSIS
DISCUSSION AND ACTION REGARDING
THE FEASIBILITY OF AMENDING CHRB RULES
1976.8, PLACE PICK (N), AND 1976.9, PICK (N) POOL
TO BRING THEM INTO CONFORMITY WITH RULES
1957, DAILY DOUBLE, AND RULE 1977, PICK THREE,
AS IT PERTAINS TO SCRATCHES AND CONSOLATION POOLS

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BACKGROUND

Occasionally the Board receives complaints from patrons about the way CHRB rules for multiple-race wagers differ in their treatment of scratches. Rule 1957, Daily Double, and Rule 1977, Pick Three, provide for refunds if a scratch occurs before the running of the first leg of the wager and they provide for consolation pools if the scratch or scratches occur after the running of the first leg. On the other hand, Rules 1976.8, Place Pick (n), and 1976.9, Pick (n) Pool, which cover wagers involving four or more races, require the substitution of the favorite or an alternate selection for scratched horses and do not provide for refunds or consolation pools.

The Board was in the process of amending its rules in 2007 to provide for consolation pools and refunds for early scratches in certain Pick 'n' races until the totalizator company reported that technical limitations made implementation of the proposed rule changes impractical if not impossible. They said there was a fundamental difference in the way the system processes wagers involving three or fewer races compared with wagers involving four or more races (Pick 'n'), and because of that difference, the process for processing Pick 'n' wagers made it exceedingly difficult to provide for consolation pools.

More recently an inquiry from a patron prompted CHRB staff to review the various pari-mutuel wagering rules for consistency and this review again pointed to the discrepancies that still exist between the rules pertaining to scratches.

Representatives of Sportech have agreed to address the committee on the feasibility of amending the Pick 'n' Rules to provide for consolation pools and refunds for early scratches.

RECOMMENDATION

This item is presented for Committee discussion and action.

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

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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) If a ticket in any Place Pick (n) race designates a selection that is scratched, excused or determined by the 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 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 wagering interest. The actual favorite or the alternate wagering interest will be substituted for the non-starting selection or the selection designated to run for purse only for all purposes.

(e) In a dead heat for win between two or more horses, only the horses in such dead heat

shall be considered winning horses.

(2) Except as provided in subsection (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.

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

(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 (f).

(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 declare the last race official.

(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 Code.

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

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 18. PARI-MUTUEL WAGERING
RULE 1976.9. PICK (N) POOL

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1976.9. Pick (n) Pool.

(a) The Pick (n) requires selection of the first-place finisher in each of a number of races designated by the association. The association shall designate the percentage of the net pool considered the major share, and the percentage of the net pool considered the minor share, if any. The number of races comprising a Pick (n) must be at least four but no more than ten. Subsequent changes to the Pick (n) shall be requested in writing by the association. The Board or its designated representative shall respond in writing to such requests within five working days of their receipt at Board headquarters.

(b) The major share of the net Pick (n) pool, along with the Pick (n) carryover, shall be distributed to ticket holders that selected the first-place finisher in each of the Pick (n) races, based upon the official order of finish, and the minor share of the net Pick (n) pool shall be distributed as a win pool to ticket holders whose selection finished first in the second greatest number of Pick (n) races; if there are no wagers selecting the first place finisher in each of the Pick (n) races, then:

(1) The minor share of the net pool shall be distributed as a win pool to ticket holders whose selection finished first in the greatest number of Pick (n) races, and

(2) The major share of the net Pick (n) pool shall be retained by the association and added to the corresponding Pick (n) pool of the next performance. The additional Pick (n) pool resulting from such a carryover shall be termed the "Pick (n) carryover."

(c) In a dead heat for first in any of the Pick (n) races, all horses in the dead heat for win shall be considered winning horses to calculate the pool.

(d) If a wagering interest in any of the Pick (n) races is scratched, or is designated to run for purse only in accordance with Rule 1974 of this article, the association may substitute the favorite for the scratched or designated wagering interest, determined by total amounts wagered in the win pool at the close of wagering on that race, or allow patrons the option of selecting an alternate wagering interest. The favorite or alternate wagering interest shall be substituted for the scratched wagering interest, or horse designated to run for purse only, for all purposes. If the association elects to substitute the favorite and the win pool total is identical for two or more horses, the horse with the lowest program number is used. The totalizator shall produce written reports showing each of the wagering combinations with substituted wagering interests that became winners as a result of the substitution, in addition to the normal winning combination, at the end of each race where substitutions occur.

(e) The Pick (n) pool shall be canceled and all Pick (n) wagers for the individual performance shall be refunded if:

(1) Three or more races included as part of a Pick 4, Pick 5 or Pick 6 are canceled or declared no contest; or

(2) Four or more races included as part of a Pick 7, Pick 8 or Pick 9 are canceled or declared no contest; or

(3) Five or more races included as part of a Pick 10 are canceled or declared no contest.

(f) If at least one race included as part of a Pick (n) is canceled or declared no contest, but fewer than the number specified in subsection (e), the net pool shall be distributed as a win pool to ticket holders whose selection finished first in the greatest number of Pick (n) races for that

performance. Such distribution shall include the portion ordinarily retained for the Pick (n) carryover but not the carryover from previous performances.

(g) The Pick (n) carryover may be capped at an amount designated by the association, with Board approval. If, at the close of any performance, the carryover equals or exceeds the designated cap, it will be frozen until it is won or distributed under other provisions of this rule. After the carryover is frozen, 100% of the net pool shall be distributed to ticket holders whose selection finished first in the greatest number of Pick (n) races for that performance.

(h) Permission to distribute the Pick (n) carryover on a specific date and performance shall be obtained from the Board. The mandatory payout request must contain the intended date and performance for the distribution.

(i) If the Pick (n) carryover is designated for distribution on a specified date and performance in which no wager selects the first-place finisher in each of the Pick (n) races, the entire pool including the carryover shall be distributed as a win pool to ticket holders whose selection finished first in the greatest number of Pick (n) races. The Pick (n) carryover shall be designated for distribution on a specified date and performance only under the following circumstances:

- (1) With written approval from the Board as provided in subsection (h); or
- (2) With written approval from the Board when there is a change in the carryover cap, a change from one type of Pick (n) wagering to another, or when the Pick (n) is discontinued; or
- (3) On the closing performance of the meet or split meet.

(j) If the Pick (n) carryover must be carried over to the corresponding Pick (n) pool of a subsequent meet, it shall be deposited in an interest-bearing account approved by the Board. The Pick (n) carryover plus accrued interest shall then be added to the net Pick (n) pool of the

following meet on a date and performance designated by the association, with Board approval.

(k) With Board approval, the association may contribute to the Pick (n) carryover a sum of money up to the amount of any designated cap.

(l) No ticket for the Pick (n) pool shall be sold, exchanged or canceled after the close of wagering in the first race comprising the Pick (n), except for refunds required by this rule.

(m) Providing information to any person regarding covered combinations, amounts wagered on specific combinations, number of tickets sold, or number of live tickets remaining is prohibited. The totalizator will be programmed to suppress all information related to Pick (n) wagering activity until the conclusion of the final race except for the following:

(1) Total amount of the net pool at the close of Pick (n) wagering.

(2) Information regarding possible Pick (n) payouts for each of the runners when the last race of the Pick (n) pool is the only race remaining to be run.

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

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

Reference: Sections 19440, 19590 and 19593,
Business and Professions Code.

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

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1957. Daily Double.

(a) The Daily Double is a separate 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 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 or prevented from racing because of the failure of the stall doors of the 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, 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) 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
RULE 1977. PICK THREE

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

(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.

(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.

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

(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.

(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.

(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.

(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.

(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 display 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.

STAFF ANALYSIS
DISCUSSION AND ACTION REGARDING A PROPOSAL TO
EXPERIMENT WITH THE DISPLAY OF DECIMAL ODDS
AT HOST TRACKS AND POSSIBLY SIMULCAST FEEDS

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BACKGROUND

Decimal odds displays have been discussed repeatedly at Board and Committee meetings. Racing associations have expressed varying degrees of interest in experimenting with decimal displays on a limited basis on some monitors while continuing to display traditional fractional odds on the infield totalizator board and on simulcast feeds. The Del Mar Thoroughbred Club in particular has shown interest in decimal odds displays and requested this matter be placed on the agenda for discussion.

Sportech representatives report it has the capability of providing decimal odds displays in \$1 or \$2 denominations either as pure odds or as probable payouts with the original wager calculated into the display. In other words, a horse with current odds of 3-1 could be listed as 3.00 (for \$1) or 6.00 (for \$2) or as a 4.00 probable payout (including the \$1 bet) or as an 8.00 probable payout (including the \$2 bet).

Sportech also could provide the decimal odds feed to the broadcast department if the association desired to include decimal odds in its simulcasts.

One reason for displaying decimal odds would be as a convenience to patrons who might find them easier to understand than fractional odds. For example, a decimal display for a \$2 win payoff on a horse currently listed at 7/2 would be listed as 9.00, eliminating the need for the patron to do any calculations. And the decimal odds could be listed with greater accuracy at, say, 9.20 or 9.40, while the fractional odds would need to increase to 4-1 before the totalizator display would change from 7/2.

Another benefit of decimal displays would be to reduce the perception of significant late odds changes. With fractional displays, a small bet could drop a horse listed at 4-1 to 7/2. With decimal odds, the same bet might drop the horse from a payoff of 10.00 to 9.80.

RECOMMENDATION

This item is presented for Committee discussion and action. Representatives of Del Mar Thoroughbred Club, Sportech, and other industry organizations, including the Thoroughbred Racing Protective Bureau, are prepared to speak on this issue.