

CALIFORNIA HORSE RACING BOARD

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PARI-MUTUEL, ADW,
AND
SIMULCASTING COMMITTEE MEETING

of the **California Horse Racing Board** will be held on **Wednesday, April 16, 2014**, commencing at **10:00 a.m.**, at the **Los Alamitos Race Course, 4961 Katella Avenue, Los Alamitos, 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 regarding the report from the Thoroughbred Racing Protective Bureau (TRPB) on the status of its Tote Security System program and related discussions concerning industry participation in that program.
2. Discussion regarding California licensed advance deposit wagering (ADW) companies and the authorization to use or add "white label" entities to their platforms.
3. Discussion regarding the request from Xpressbet, LLC (Xpressbet) to amend its current advance deposit wagering (ADW) application to allow for the operation of the new Wagering Tablet at Santa Anita Park and Golden Gate Fields race tracks.
4. Discussion regarding the update from Northern California Off Track Wagering Inc. (NOTWINC), Southern California Off Track Wagering Inc. (SCOTWINC), and Sportech on the expansion of its mini-satellite wagering program.
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 SIMULCASTING COMMITTEE

Commissioner George Krikorian, Chairman
2nd Vice Chairman Richard Rosenberg, Member
Rick Baedeker, Executive Director
Jacqueline Wagner, Assistant Executive Director

STAFF ANALYSIS
DISCUSSION REGARDING THE REPORT FROM THE THOROUGHBRED RACING
PROTECTIVE BUREAU (TRPB) ON THE STATUS OF ITS TOTE SECURITY SYSTEM
PROGRAM AND RELATED DISCUSSIONS CONCERNING INDUSTRY

Pari-Mutuel, ADW, and Simulcasting Committee Meeting
April 16, 2014

ISSUE

The totalizator systems in use throughout North America were developed to process pari-mutuel wagers. The systems also provide odds and some tracking information for those wagers. However, limitations within the totalizator systems prevent them from providing detailed information in a timely manner to the public, racetracks, and regulators. The Thoroughbred Racing Protective Bureau (TRPB), which is the security arm of the thoroughbred racing associations, recognized the need for a parallel system that could provide improved information about those wagers, and several years ago set out to develop a new Tote Security System (TSS). The TRPB is nearing the start-up date for a pilot program to be conducted at selected racetracks, the first of which is Golden Gate Fields in California.

ANALYSIS

TSS does not process wagers. That function remains the sole responsibility of the totalizator companies. The closest that TSS comes to being involved in the wagering process is to provide an improved stop-betting device and a redundant secondary communications path for stop-betting commands between host tracks and all of the wagering outlets in the network. This procedure is designed to prevent wagering from continuing after the stewards have issued the stop-betting command. After stop-betting has been executed, every tote system in the wagering network issues a Transaction Audit File and sends that to the TRPB, which permits the host track and the racing commission to audit wagers down to the bet detail, including wagers on multi-leg-pick-pools.

Security is another important function of TSS. Racetracks and regulators have Internet access to a system that pinpoints every wagering outlet logged into the system and can instantaneously track any wager to a specific location. Personnel can audit multi-race wagers on a leg-by-leg basis.

Improved odds information is the aspect of TSS that will be most apparent to bettors. First, the odds will be displayed on monitors in decimal numbers instead of fractions. For example, while the older totalizator boards might still display odds of 5/2 on a particular horse, the improved displays will show 2.60, or 2.70, or 2.80 or 2.90 for the same horse, which includes the \$1 wagered.

The TSS will provide real-time odds with more rapid cycles than those provided by traditional totalizator systems. While the TSS odds cycles will be 30 seconds up until 10 minutes before a race, and then at 10-second intervals until two minutes, as post times draw close the odds cycles will quicken, so that in the final two minutes before a race the odds will cycle every two seconds. This information will be made available to ADW companies for a subscription fee, which would most likely make these odds viewable through iPhone and Android apps. The broad distribution of this real-time odds information should greatly reduce concerns about late odds changes caused by slower odds displays provided by traditional totalizator systems.

A TRPB representative will provide a further overview and update on the status of the new system. Representatives of the ADW companies licensed in California, the two horse racing television networks, and the broadcasting departments/contractors providing race signals for simulcasts all have been asked to attend the meeting.

RECOMMENDATION

Staff recommends that the Committee hear from the TRPB representative and industry representatives regarding its plans to participate in the TSS. As the TSS provides tracking data for each wager placed through participating organizations, each entity should report whether they intend to automatically provide transaction audit files to the TRPB.

To take full advantage of the more frequent updates of odds provided by the TSS, each organization must quickly convert those odds into their own odds displays. Staff recommends that the Committee hear from each organization to determine how they will receive the odds information and how it will go about updating its own odds displays as rapidly as possible. This is particularly important with the odds information on the running lines of the leaders in races shown at simulcast outlets and for TVG and HRTV viewers.

Staff recommends the Committee inquire about the process of updating the on-screen graphics and determine whether that process can be automated to immediately reflect updated odds.

STAFF ANALYSIS
DISCUSSION REGARDING CALIFORNIA ADVANCE DEPOSIT WAGERING (ADW)
COMPANIES AND THE AUTHORIZATION TO ADD "WHITE LABEL" ENTITIES TO
THEIR PLATFORMS

Pari-Mutuel, ADW, and Simulcasting Committee Meeting
April 16, 2014

ISSUE

Beginning in 2009 with Del Mar Bets (provided by Xpressbet) and continuing into 2013 with Giddy Apps (Xpressbet) and Luckity.com (Twinspires), companies licensed by the California Horse Racing Board to provide Advance Deposit Wagering (ADW) have been requesting to amend their licenses to include offshoot wagering brands and business models. These extensions of the company's traditional wagering platform, sometimes referred to as White Labels, have been presented to the CHRB as marketing or branding campaigns by the ADW entities to increase their client base – operated by the same personnel as the ADW company's traditional platform.

ANALYSIS

Because White Label personnel are those listed on the original license application of an existing, licensed ADW company and utilizing the same technology, the Board has viewed these offshoot brands as being essentially the licensed ADW companies but with different names. All ADW requirements are applicable to each White Label. Any such entity operating outside of an existing, licensed ADW company cannot legally operate in California and cannot participate in the pari-mutuel wagering pools conducted by California racing associations.

The question now being raised is whether any future applications for White Label brands by ADW companies should be required to submit the same extensive financial and other background information that is required for the original ADW license, so that the Board can make informed decisions when considering the application.

RECOMMENDATION

Staff recommends the Committee solicit input from the representatives of the ADW companies and other industry stakeholders with knowledge of these matters. In addition, existing ADW companies with White Labels should explain how their specific White Label operates.

DISCUSSION REGARDING
THE REQUEST FROM XPRESSBET, LLC (XPRESSBET) TO AMEND ITS CURRENT
ADVANCE DEPOSIT WAGERING (ADW) APPLICATION
TO ALLOW FOR THE OPERATION OF THE NEW WAGERING TABLET AT
SANTA ANITA PARK AND GOLDEN GATE FIELDS RACE TRACKS

Pari-Mutuel, ADW, and Simulcasting Committee Meeting
April 16, 2014

ISSUE

In February 2014, Xpressbet, LLC (Xpressbet) submitted a letter to the CHRB in which it:

- 1) Proposed to amend its 2014 advance deposit wagering (ADW) application to include the operation of a self-service wagering tablet (Wagering Tablet) at Santa Anita Park and Golden Gate Fields, and
- 2) Requested that the CHRB waive the terms of specific ADW regulations to facilitate the operation of the self-service Wagering Tablets.

ANALYSIS

Xpressbet, LLC (Xpressbet) has submitted a request to amend its 2014 ADW application to include the operation of its new self-serve Wagering Tablet at Santa Anita Park and Golden Gate Fields. Xpressbet stated the Wagering Tablet is:

- A cashless, paperless, self-service pari-mutuel wagering device designed to raise the level of convenience at the racetracks.
- The patron may use the Wagering Tablet to place all available wagers on live thoroughbred pari-mutuel wagering events which are offered to Xpressbet customers located in the State of California.
- To use the Wagering Tablet at a racetrack the patron must have a Player Card, which will be available from an authorized teller at the racetrack.
- The Player Cards will require the patron to use a personal identification number before the Wagering Tablet can be used.
- Patrons may make deposits or withdraw funds from their Wagering Tablet accounts by presenting Player Cards to authorized tellers at one of the racetracks.
- All accounts established for use of the Wagering Tablet will be maintained on the Am Tote totalizator hub.

Xpressbet is requesting to amend its ADW application to operate the proposed Wagering Tablets at Santa Anita Park and Golden Gate Fields with exemptions to the terms of specific ADW regulations. The regulations are:

- 2071, License to Conduct Advance Deposit Wagering by a California Applicant;
- 2073, Operation of an Advance Deposit Wagering Account for all Entities;
- 2074, Requirements to Establish an Advance Deposit Wagering Account with a California Entity;

- 2078, Withdrawals from an Advance Deposit Wagering Account with all Entities;
- 2080, Proceeds from a Deceased Account Holder.

Rule 2071, License to Conduct Advance Deposit Wagering by a California Applicant:

Xpressbet has stated it proposes to operate the Wagering Tablets at each Racetrack during the hours they are open for business, live and non-live seasons. This is not contrary to any of the Board's regulations, as the information required on the application for license to conduct ADW merely asks for the applicant's hours of operation. Xpressbet wishes to modify its application to include the Wagering Tablet hours of operation.

Rule 2073, Operation of an Advance Deposit Wagering Account for all Entities.

Xpressbet provides that it will close Wagering Tablet accounts that remain unused for a period of more than 13 months. It proposes to treat the funds in such accounts in the same manner as funds underlying an uncashed pari-mutuel ticket issued at a racetrack. Therefore, it is asking for an exemption from Rule 2073(a), which states that the ADW provider may close an account after 6 months of inactivity, and the funds in such accounts shall be returned to the account holder. If the funds from closed inactive Wagering Tablet accounts are treated as uncashed tickets, they will be distributed 50 percent to the welfare fund established by the horsemen's organization, with half of the remaining 50 percent being distributed to the racing association in the form of commissions, and half to the horsemen in the form of purses. Horse Racing Law does not specify how funds from closed ADW accounts shall be treated; however, current practice, pursuant to CHRB Rule 2073(a), treats such funds as the property of the account holder. Since Xpressbet does not intend to collect personal information from Wagering Tablet account holders, it would be impossible for it to return monies from closed accounts.

Xpressbet provides that no personal information will be collected from the player in order to establish the account, so it is requesting an exemption from Rule 2073(j), which states that the address provided by the ADW account holder is the address of record for all transactions, and it is the account holder's responsibility to provide notice of any changes to such address.

Business and Professions Code section 19604 authorizes **California residents** to engage in ADW wagering. Under the enabling statute the ADW operator is required to perform location and age verification confirmation with respect to persons opening an ADW account [See Business and Professions Code section 19604(d)(2)(A)]. This requirement ensures that the person opening the ADW account is a California resident, and is of age, as required under the law.

It is not clear how Xpressbet can open Wagering Tablet accounts under its ADW license without performing the location and age verification, as required by law.

Rule 2074, Requirements to Establish an Advance Deposit Wagering Account with a California Entity.

Xpressbet provided that it will not collect personal information from the player to establish a Wagering Tablet account, and has asked for an exemption from the requirements of Rule 2074(c) (d) and (e). Rule 2074 lists the personal information an ADW provider is required to collect; requires the ADW provider to conduct third party verification of the information; and instructs the ADW provider to refuse the application if the information cannot be verified.

Xpressbet states it intends to treat all wagers placed on the Wagering Tablet as though they were made by California residents. Therefore, according to Xpressbet, it is not necessary to collect the personal information required by Board Rule 2074.

Business and Professions Code section 19604 provides that California's ADW operators may only accept ADW wagers from California residents. In addition, Business and Professions Code section 19604(d)(2)(A) requires the ADW operator to perform location and age verification confirmation with respect to persons opening an ADW account. To open ADW accounts in accordance with the law, Xpressbet must at minimum verify the residency and the age of the applicant. Xpressbet cannot pretend that every person who opens a Wagering Tablet is a California resident; it is obligated to verify residency.

Rule 2078, Withdrawals from an Advance Deposit Wagering Account with all Entities.

Xpressbet provides that because it does not intend to collect personal information in order to establish Wagering Tablet accounts, it is requesting an exemption from the provisions of Rule 2078(a), which states that withdrawals from ADW accounts shall be requested by mail, by telephone, or other electronic media, as specified. The entity shall send a check payable to the account holder to the address of record.

Under the Xpressbet scheme the Wagering Tablet account holder must present the Player Card to an authorized teller at the racetrack. Upon successful entry of the patron's PIN, the teller will provide the requested funds. Xpressbet states the teller may require a means of personal identification, if necessary. This is the only available method of withdrawing funds from a Wagering Tablet account.

An exception to Rule 2078(a) is possible, as under subsection 2078(c) "Account Holders may make withdrawals in person with such identification as required by the entity, the valid Account Number, and a Means of Personal Identification."

Rule 2080, Proceeds from a Deceased Account Holder.

Xpressbet provides that since it will collect no personal information from Wagering Tablet account holders, it is impossible to identify the account holder or a legal representative. Xpressbet requests a modification to the requirements of Rule 2080 to require a sworn affidavit declaring the decedent was in physical possession of the Player Card at the time of his or her death.

Designation of Wager. Xpressbet provides that all wagers made through the Wagering Tablet shall be considered an on-track wager. All distributions and host fees will be made in the same manner as a traditional on-track wager. The enabling statute for ADW, Business and Professions Code section 19604, provides for specific distributions to be made by ADW operators. If Xpressbet wishes to operate the Wagering Tablets as ADW - under the provisions of its ADW license - it cannot "consider" all wagers placed through Wagering Tables as "on-track wagers." It must comply with the Business and Professions Code regarding the statutory distributions of ADW handle.

It is not clear that the Wagering Tablet is an ADW device: It appears as if the Wagering Tablet is a convenience for on-track patrons to place wagers without having to go to the pari-mutuel teller. Xpressbet provides that the Wagering Tablet would have the features of an on-track wager; it is anonymous, the distributions would be made in the same manner as a traditional on-track wager, and to obtain funds from a Wagering Tablet account one must use an on-track pari-mutuel teller.

Ability to place ADW wagers: Any patron with a valid ADW account can attend a live race meeting and use his or her personal telephone or other internet capable device to place an ADW wager. The Wagering Tablet is a wagering device that may only be used on track (Santa Anita and Golden Gate Fields exclusively) with a pre-funded Player Card. According to Xpressbet, the Wagering Tablet:

- Can only be used at the race track,
- Cannot be used for telephone or internet wagering on Xpressbet.

Identification of account holders: Business and Professions Code section 19604 provides that applicants for ADW accounts must provide personal information to verify that they are California residents, and are of age. Under the law, the personal information must be verified by an independent third party.

Xpressbet provides it intends to assume that any person applying for a Wagering Tablet account is a resident of California, and it will not require applicants to provide any personal information. The only identifying factor for a Wagering Tablet account holder is the possession of a Player Card and knowledge of a PIN number. In fact, Xpressbet contends it would be impossible to identify a deceased Wagering Tablet account holder unless a legal representative provided a sworn affidavit declaring the decedent was in physical possession of the Player Card at the time of his or her death.

Distribution of Handle: The handle generated by wagers made through an ADW account is subject to distributions specified under Business and Professions Code section 19604. However, Xpressbet provides that it will treat all wagers made on Wagering Tablets as if they were on-track wagers, which would make the handle from such wagers subject to on-track distributions. To conduct ADW, an operator must comply with the law and distribute its ADW handle as specified under Business and Professions Code section 19604.

Closed accounts: Xpressbet wishes to treat accounts that are inactive for at least 13 months in the same manner as uncashed tickets. The Board's ADW regulations treat funds in inactive ADW accounts as the property of the account holder.

RECOMMENDATION

For Xpressbet to operate the Wagering Tablets under its ADW license it must comply with Business and Professions Code section 19604 by: 1) Modifying its proposal to provide for residency and age verification of applicants, as required, and 2) Treat all wagers placed on Wagering Tablets as ADW for the purposes of distribution of the handle. Without these concessions, the Xpressbet request does not constitute ADW.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 26. ADVANCE DEPOSIT WAGERING
RULE 2071. LICENSE TO CONDUCT ADVANCE DEPOSIT WAGERING
BY A CALIFORNIA APPLICANT

Pari-Mutuel/ADW, and Simulcasting Committee Meeting
April 16, 2014

2071. License to Conduct Advance Deposit Wagering by a California Applicant.

(a) Prior to an Account being established or wagering being conducted the Applicant located in California must be licensed by the Board. All licenses granted shall be subject to the provisions of Business and Professions (B&P) Code Section 19460 et. seq.

(b) An Applicant for license shall complete an Application for License to Conduct Advance Deposit Wagering, CHRB-132 (New 9/01), hereby incorporated by reference, which is available at the Board's administrative office. The Application must be filed not later than 90 days in advance of the scheduled start date of operation. A bond from a surety company admitted in the state of California or other form of financial security in the amount of \$500,000 must accompany the Application. The term of the license shall be two years from the date the license is issued.

(c) Applicants shall establish security access policies and safeguards pursuant to B&P Section 19604.

(d) Applicants that accept wagers from California residents shall provide a full accounting and verification of the source of the wagers, and a detailed wagering information file that includes, but is not limited to, dollar amount wagered, pool on which the wager was placed, race number and racing venue, zone, breed, zip code of the Account Holder, time wagering stopped, and time of the wager in the form of a daily download of pari-mutuel data to the Board designated database, California Horse Racing Information Management System, that is

compatible with a Comma Delimited Text File.

(e) Applicants shall provide financial information that demonstrates the financial resources to operate Advance Deposit Wagering and provide a detailed budget that shows anticipated revenue, expenditures and cash flows by month projected for the term of the license.

(f) The Board may conduct investigations, inspections or request additional information from the Applicant as it deems appropriate in determining whether to approve the license.

(g) The Board, or its designee, shall be given access for review and audit of all records. The Applicant shall, at their location during hours of operation, make such information available. The Board may require the Applicant to annually submit audited financial statements.

(h) All advertisements shall contain a statement that persons under 18 are not allowed to open or have access to Accounts. All advertisements shall contain contact information for a recognized problem-gambling support organization.

(i) Applicants shall enter into a written contractual agreement with the bona fide labor organization that has historically represented the same or similar classifications of employees at the nearest horse racing meeting.

(j) The Board shall notify the Applicant in writing within 30 calendar days from the receipt date by the Board's administrative office if the Application is complete or deficient. If the Application is deficient, the notice shall include:

(1) Instructions as to what is required of the Applicant to complete the Application.

(2) Instructions for requesting additional time to satisfy the requirements listed in the notification, if needed.

(k) The Board shall approve or deny an Application within 90 calendar days from the receipt date by the Board unless the Applicant requests and is granted additional time to supply information.

(l) If the Board denies an Application, the Applicant has 30 calendar days, from the receipt date of the Board's denial notification, to request a reconsideration of the Board's decision. The request must be in writing and sent to the Board's administrative office. The Board shall respond in writing to the reconsideration request within 30 working days from the receipt date of the request. If reconsideration is denied, the Applicant may file for judicial review in accordance with Section 11523 of the Government Code.

(m) Subsequent to the issuance of a license to conduct Advance Deposit Wagering under this article, changes or amendments to information or operating procedures contained in an Application will be permitted by order of the Board or by Board approval of a request submitted in writing by the Applicant.

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

Reference: Sections 19460 and 19604,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 26. ADVANCE DEPOSIT WAGERING
RULE 2073. OPERATION OF AN ADVANCE DEPOSIT WAGERING ACCOUNT
FOR ALL ENTITIES

Pari-Mutuel/ADW, and Simulcasting Committee Meeting
April 16, 2014

2073. Operation of an Advance Deposit Wagering Account for all Entities.

(a) The entity may suspend or close an Account. Any Account with no activity for at least six months may be closed. When an Account is closed the entity shall return any funds within five business days to the Account Holder at the address of record.

(b) Funds shall be in an interest bearing Account.

(c) Funds in an Account shall not bear interest to the Account Holder.

(d) Residents of California shall not be charged a surcharge on any winning wager.

(e) Wagers shall be accepted during the days and times designated as operating on the CHRB-132 for California entities and the CHRB-133 for entities outside California. The entity may close for receiving wagers on any pari-mutuel pool, race(s), or close for all wagering. Anytime the entity closes during the times designated as operating on the CHRB-132 and CHRB-133 a written report shall be filed with the Board within two business days.

(f) All wagering conversations, transactions or other wagering communications through the Advance Deposit Wagering system, verbal or electronic, shall be recorded by means of electronic media, and the tapes or other records of such communications shall be kept by the entity for 180 days. The tapes and other records shall be made available to the Board upon request or order by the Executive Director.

(g) The total amount of all Account wagers shall be included in the respective pools for

each race and shall be combined into the licensee's pools or directly into the corresponding pools of the host track.

(h) Accounts are for personal use only and the Account Holder is responsible to maintain the secrecy of the Account Number and Means of Personal Identification. The Account Holder must immediately notify the entity of any breach of the Account's security.

(i) Upon request of the Account Holder the entity shall provide a statement detailing Account activity for the immediate 30 days prior to the request. Unless the entity receives written notice disputing the statement within 14 days of the date a statement is forwarded, it shall be deemed to be correct.

(j) The address provided on the application to establish an Account is deemed the address of record for mailing checks, statements of Account, Account withdrawals, notices, or other correspondence. It is the responsibility of the Account Holder to notify the entity of any address change.

(k) No employee or agent of the entity shall divulge any Confidential Information related to the placing of any wager or any Confidential Information related to the operation of the Advance Deposit Wagering system without the consent of the Account Holder, except to the Account Holder as required by this article, the Board, and as otherwise required by state or federal law.

(l) Account Holders shall designate if they want to use a credit card to make deposits to their Account. Changes to the designation shall require 24 hours' notice to the entity.

Authority: Sections 19440, 19590 and 19604,
Business and Professions Code.

Reference: Section 19604,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 26. ADVANCE DEPOSIT WAGERING
RULE 2074. REQUIREMENTS TO ESTABLISH AN
ADVANCE DEPOSIT WAGERING ACCOUNT
WITH A CALIFORNIA ENTITY

Pari-Mutuel/ADW, and Simulcasting Committee Meeting
April 16, 2014

2074. Requirements to Establish an Advance Deposit Wagering Account with a California Entity.

(a) Accounts shall be established in person, by mail, telephone or Other Electronic Media before any wagering shall be conducted. An Account shall only be established in the name of a natural person and is non-transferable.

(b) Any individual prohibited from wagering under Rule 1980 shall be prohibited from establishing an Account or placing a wager.

(c) The information required to establish an Account shall include:

(1) Account Holder's full legal name.

(2) Principal residence address.

(3) Telephone number.

(4) Social Security number.

(5) Identification or certification to prove the Account Holder is at least 18 years of age.

(6) Whether the Account Holder wants to use a credit card to make deposits to their Account.

(d) The entity shall employ electronic verification with respect to each Account Holder's name, principal residence address, date of birth and Social Security number at the time of Account establishment by a Board-approved national, independent, individual reference

company or another independent technology approved by the Board which meets or exceeds the reliability, security, accuracy, privacy and timeliness provided by individual reference service companies.

(e) The entity may refuse to establish an Account if it is found that any of the information supplied is untrue or incomplete.

(f) When an Account is established the entity shall designate an Account Number for each Account. The number can be changed provided the Account Holder is informed prior to any change.

(g) The Account Holder shall designate a Means of Personal Identification to use to access their Account.

(h) The entity shall inform the Account Holder of the assigned Account Number and provide a copy of its Advance Deposit Wagering procedures, terms and conditions as well as any information that pertains to the operation of the Account.

(i) Each entity shall, at all times, comply with Internal Revenue Service (IRS) requirements for reporting and withholding proceeds from Advance Deposit Wagers by Account Holders and shall send to Account Holders subject to IRS reporting or withholding a Form W2-G summarizing the information for tax purposes following a winning wager being deposited into an Account. Upon written request, the entity shall provide Account Holders with summarized tax information on Advance Deposit Wagering activities.

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

Reference: Section 19604,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 26. ADVANCE DEPOSIT WAGERING
RULE 2078. WITHDRAWALS FROM AN
ADVANCE DEPOSIT WAGERING ACCOUNT
WITH ALL ENTITIES

Pari-Mutuel/ADW, and Simulcasting Committee Meeting
April 16, 2014

2078. Withdrawals from an Advance Deposit Wagering Account with all Entities.

(a) Withdrawals shall be completed within five business days after the entity receives a request from an Account Holder by mail, by telephone, or Other Electronic Media accompanied by the valid Account Number and a Means of Personal Identification or, if by mail, a signed completed Withdrawal Slip.

(1) If sufficient funds are available, the entity shall send a check payable to the Account Holder in the amount of the requested withdrawal to the address of record.

(2) If sufficient funds are not available, the entity shall, within five business days of receipt, provide notification to the Account Holder of insufficient funds and send a check payable to the Account Holder in the amount of the funds available to the address of record.

(b) An EFT may be used in lieu of a check at the discretion of the Account Holder and the entity subject to the same conditions set forth in Rule 2076.

(c) Account Holders may make withdrawals in person with such identification as required by the entity, the valid Account Number, and a Means of Personal Identification.

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

Reference: Section 19604,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 26. ADVANCE DEPOSIT WAGERING
RULE 2080. PROCEEDS FROM A DECEASED ACCOUNT HOLDER

Pari-Mutuel/ADW, and Simulcasting Committee Meeting
April 16, 2014

2080. Proceeds from a Deceased Account Holder.

If an Account Holder is deceased the Licensee, Betting System, CA Hub or out-of-state Hub shall release the funds in the Account to the decedent's legal representative upon receipt of a copy of a probate court authorization or other documents as required by applicable California or other state laws.

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

Reference: Section 19604,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD

APRIL 16, 2014
PARI-MUTUEL, ADW, AND
SIMULCASTING COMMITTEE MEETING

There is no package material for Item 4