

CALIFORNIA HORSE RACING BOARD  
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## **NOTICE OF PARI-MUTUEL OPERATIONS COMMITTEE MEETING**

Notice is hereby given that a meeting of the **California Horse Racing Board's Pari-mutuel Operations Committee** will be held on **Friday, July 25, 2003**, commencing at **9:00 a.m.**, in the **Del Mar Satellite Wagering Facility**, 2260 Jimmy Durante Blvd., **Del Mar**, California. Non-committee members attending the Board's committee meeting may participate in the public discussion, but shall not participate in any official committee vote or committee executive session.

### **AGENDA**

1. Discussion and action regarding **visits made by industry representatives to out-of-state wagering hubs.**
2. Revisit the proposal to **add a new wager, Beat the Odds**, to the CHRB list of authorized pari-mutuel regulations.
3. Discussion regarding the **internal controls** that are in place in California pari-mutuel departments to prevent problems similar to those recently reported in New York.

Further information regarding the committee meeting may be obtained from John Reagan, Senior Management Auditor, at the CHRB Administrative Office, 1010 Hurley Way, Suite 300, Sacramento, California, 95825; telephone (916) 263-6000 or fax (916) 263-6042. A copy of this notice can be located on the CHRB website at [www.chrb.ca.gov](http://www.chrb.ca.gov)

### **PARI-MUTUEL OPERATIONS COMMITTEE**

Commissioner Alan W. Landsburg, Chairman  
Chairman Roger H. Licht, Member

**Date of Notice:** July 14, 2003

**STAFF ANALYSIS**  
**DISCUSSION REGARDING VISITS BY INDUSTRY**  
**REPRESENTATIVES TO OUT-OF-STATE WAGERING HUBS**

**PARI-MUTUEL OPERATIONS COMMITTEE MEETING**  
**JULY 25, 2003**

**Background:**

The California industry recently began a series of inspections to out-of-state wagering hubs and wagering sites. The first tour included visits to two out-of-state hubs: the two hubs visited were the wagering hub in Hunt Valley, Maryland and the hub in Lewiston, Maine. Mr. Drew Couto reported to this Committee at its April 2003 meeting regarding the outcome of visiting those hubs. Other out-of-state visits have occurred since April and Drew will be at this meeting to report to the Committee about those visits.

**Recommendation:**

This item is for information and discussion.

**STAFF ANALYSIS**  
**BEAT THE ODDS REVISITED**

PARI-MUTUEL OPERATIONS COMMITTEE MEETING  
JULY 25, 2003

**Background:**

At the Pleasanton Board meeting the "Beat the Odds" wager was an action item on the agenda. After discussing the matter, the Board voted 3-3 on the item thereby lacking the four votes required by law for approval. Mr. James Quinn, the wager's developer, immediately asked the Board if the Pari-mutuel Committee would review this matter again. The Board and the Committee members agreed to do so and the item is therefore on this meeting's agenda.

Since the matter failed, it would require starting the rulemaking process from the beginning again if the Committee so desires.

**Recommendation:**

This item is for information and discussion.

**STAFF ANALYSIS**  
**DISCUSSION REGARDING INTERNAL CONTROLS**  
**WITHIN CALIFORNIA PARI-MUTUEL DEPARTMENTS**

**PARI-MUTUEL OPERATIONS COMMITTEE MEETING**  
**JULY 25, 2003**

**Background:**

Recent media reports about problems in New York, specifically the NYRA pari-mutuel operations, have led to much discussion about the problems uncovered there. Allegations were made by the New York Attorney General that the NYRA management did not have adequate cash management procedures in place. This led to situations where dishonest NYRA pari-mutuel clerks could build up large cash amounts in their teller boxes. The allegation is that they used that money for improper or illegal purposes such as bookmaking and loan sharking. In addition, until recent changes at NYRA, sometimes the clerk's money was not "counted out" for several weeks (until the end of a meet). It was reported that some clerks would be short thousands of dollars by the time their money was counted and sometimes did not reimburse the association for shortages in the money they were responsible for maintaining.

In any case, the crux of the reported problem is that the money was not accounted for on a timely basis. California pari-mutuel departments have had procedures in place for decades that require a daily count of the clerk's pari-mutuel cash. Money used by clerks in their work is returned to the money room and counted each day. Clerks are personally responsible for any shortages in their teller box. When clerks return to work they are given a set amount of money to work with (the draw). Excess funds are not held by the employees but returned to the association's money room for the operation of the race meet. It is reported that NYRA has now instituted a daily count of the clerk's cash boxes.

**Recommendation:**

This item is for information and discussion.