

## GENERAL DEFINITIONS - CHAPTER 1

### **ARCI-001-005 Purpose**

To provide definitions for commonly used terms in the rules. These definitions are used in all of the rules adopted by the Commission.

Adopted in Version 1.4 ARCI 8/27/02 NAPRA 10/2/02

### **ARCI-001-010 Terms**

- (1) **Act** is the enabling legislation permitting pari-mutuel racing and wagering in this jurisdiction
- (2) **Added Money** is the amount exclusive of trophy added into a stakes by the association, or by sponsors, state-bred programs or other funds added to those monies gathered by nomination, entry, sustaining and other fees coming from the owners of racing animals.
- (3) **Administer or Administration** is the introduction of a substance into the body of a horse or greyhound.
- (4) **Appeal** is a request for the Commission or its designee to investigate, consider and review any decisions or rulings of stewards/judges of a meeting.
- (5) **Associated person** is the spouse of an inactive person, or a companion, family member, employer, employee, agent, partnership, partner, corporation, or other entity whose relationship, whether financial or otherwise, with an inactive person would give the appearance that such other person or entity would care for or train a racing animal or perform veterinarian service on a racing animal for the benefit, credit, reputation, or satisfaction of the inactive person.
- (6) **Association** is a person or business entity holding a license from the commission to conduct racing and/or pari-mutuel wagering.
- (7) **Authorized Agent** is a person licensed by the Commission and appointed by a written instrument, signed and acknowledged before a notary public by the owner in whose behalf the agent will act.
- (8) **Beneficial Interest** is profit, benefit or advantage resulting from a contract or the ownership of an estate as distinct from the legal ownership or control. When considered as designation of character of an estate, is such an interest as a devisee, legatee or donee takes solely for his own use or benefit and not as holder of title for use and benefit of another.
- (9) **Breakage** is the net pool minus payout.
- (10) **Business Day** is a day other than Saturday or Sunday or legal holiday.
- (11) **Carryover** is non-distributed pool monies which are retained and added to a corresponding pool in accordance with these rules.
- (12) **Cheek Piece** is two stripes of sheepskin or any other similar material that is attached to the cheek pieces of the bridle.

- (13) **Commission** is the regulatory agency with the authority to regulate racing and/or pari-mutuel wagering.
- (14) **Complaint** is a written allegation of a violation of these rules.
- (15) **Contest** is a competitive racing event on which pari-mutuel wagering is conducted.
- (16) **Contestant** is an individual participant in a contest.
- (17) **Controlled Substance** is any substance included in the five classification schedules of the (U.S.) Controlled Substance Act of 1970.
- (18) **Controlled Therapeutic Medication** is any medication approved by the Association of Racing Commissioners International for which the regulatory analyte concentration in the sample(s) may not exceed specified regulatory limits published herein.
- (19) **Course** is the track over which contestants race.
- (20) **Day** is a 24-hour period ending at midnight.
- (21) **Dark Day** - A day during a live or a simulcast race meeting when no pari-mutuel wagering is conducted.
- (22) **Ejection** is the removal of a person from the areas under the jurisdiction of the Commission.
- (23) **Episodic Random Testing** is a strategy of testing for alcohol or controlled substances, which provides for random testing for periods with varying durations. The periods of random testing ordinarily are related to circumstances, such as the beginning of a race meeting, when an influx of new licensees raises concern about increased probability of substance abuse. Episodic testing for alcohol or controlled substances may be started without notice and may be terminated as circumstances make it advisable to do so.
- (24) **Exclusion** -The act of preventing a person from entering or remaining on the grounds of any association and/or simulcast facility under the jurisdiction of the Commission.
- (25) **Exhibition Race** is a race on which no wagering is permitted.
- (26) **Expired Ticket** is an outstanding ticket which was not presented for redemption within the required time period for which it was issued.
- (27) **False Start** is when a horse(s) exits prematurely through the front of the gates prior to the starter officially dispatching the field regardless of cause. This does not include a horse which exits through the front of the gates and is subsequently reloaded.
- (28) **Financial Interest** is an interest that could result in directly or indirectly receiving a pecuniary gain or sustaining a pecuniary loss as a result of ownership or interest in a contestant or business entity; or as a result of salary, gratuity or other compensation or remuneration from any person. The lessee and lessor of a contestant have a financial interest.
- (29) **Forfeit** is money due from a licensee because of error, fault, neglect of duty, breach of contract or a penalty imposed by the stewards/judges or the Commission.

- (30) **14-day Record** is confidential to the extent allowed by law and it shall include the following information regarding veterinary treatments:
- i. the name of the horse treated;
  - ii. any medication, drug, substance, or procedure administered or prescribed by a veterinarian within 14 days prior to working off the vet's list or racing; and
  - iii. the date and time of treatment
- (31) **Guest Association** is an association which offers licensed pari-mutuel wagering on contests conducted by another association (the host) in either the same jurisdiction or another jurisdiction.
- (32) **Handle** is the total amount of all pari-mutuel wagering sales excluding refunds and cancellations.
- (33) **Host Association** is the association conducting a licensed pari-mutuel meeting from which authorized contests or entire performances are simulcast.
- (34) **Inactive person** is any person whose license has been suspended for more than 30 days; whose license has expired or been revoked; or whose license application has been denied.
- (35) **Laboratory** is the facility designated by the commission for testing samples.
- (36) **Licensee** is any person or entity holding a license from the Commission to engage in racing or a regulated activity.
- (37) **Maiden Race** - A contest restricted to non-winners.
- (38) **Match Race** -A race between two or more contestants under conditions agreed to by their owners.
- (39) **Measurement Uncertainty** – is a parameter associated with the results of a measurement that characterizes the dispersion of the values that could reasonably be attributed to the measurement.
- (40) **Medication** is any substance or metabolite capable of exerting a pharmacological effect on the horse's or greyhound's system with an accepted use in the diagnosis, cure, treatment or prevention of a veterinary medical condition.
- (41) **Meeting** is the specified period and dates each year during which an association is authorized to conduct racing and/or pari-mutuel wagering by approval of the Commission.
- (42) **Minus Pool** occurs when the payout is in excess of the net pool.
- (43) **Month** is a calendar month.
- (44) **Net Pool** is the amount of gross ticket sales less refundable wagers and statutory commissions.
- (45) **No Contest** is a race cancelled for any reason by the stewards/judges. Any race designated as "For Purse Money Only" shall also be treated as a "No Contest" for Pick (n) wagering purposes, with all runners considered winners.

- (46) **NSAID Stacking** is deemed to occur when a post-race sample is found to contain the presence of multiple Non-Steroidal Anti-Inflammatory Drugs in violation of the restrictions noted in ARCI-11-020(E) or ARCI-025-020(E).
- (47) **Official Order of Finish** is the order of finish of the contestants in a contest as declared official by the stewards/judges.
- (48) **Outstanding Ticket** is a winning or refundable pari-mutuel ticket which was not cashed during the performance for which it was issued; also known as "Outs".
- (49) **Overage** is a finding certified by the laboratory that a regulatory analyte from a controlled therapeutic medication is present in the sample in an amount that exceeds the regulatory limit.<sup>1</sup>
- (50) **Owner** is a person who holds any title, right or interest, whole or partial in a contestant, including the lessee and lessor of a contestant.
- (51) **Pari-Mutuel System** is the manual, electro-mechanical or computerized system and all software (including the totalisator, account betting system and off-site betting equipment) that is used to record bets and transmit wagering data.
- (52) **Pari-Mutuel Wagering** is a form of wagering on the outcome of an event in which all wagers are pooled and held by an association for distribution of the total amount, less the deductions authorized by law, to holders of tickets on the winning contestants.
- (53) **Patron** is a member of the public present on the grounds of a pari-mutuel association during a meeting for the purpose of wagering or to observe racing.
- (54) **Payout** is the amount of money payable to winning wagers.
- (55) **Performance** is a schedule of races run consecutively as one program.
- (56) **Person** is any individual, partnership, corporation or other association or entity.
- (57) **Place** - To finish second in a race. In wagering, to finish first or second in a race.
- (58) **Positive Test** is a finding certified by the Laboratory that a regulatory analyte from a Prohibited Substance is present in the sample in an amount that exceeds the regulatory limit.
- (59) **Preponderance of Evidence** is greater weight of evidence, or evidence which is more credible.
- (60) **Prima Facie Evidence** is evidence that, until its effect is overcome by other evidence, will suffice as proof of fact in issue.
- (61) **Primary Laboratory** is a facility designated by the Commission for the testing of samples.

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<sup>1</sup> The working group deferred consideration of the EDE issue. Discussion needed. <sup>2</sup>  
EDE issue deferred

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- (62) **Profit** is the net pool after deduction of the amount bet on the winners.
- (63) **Profit Split** is a division of profit amongst separate winning betting interests or winning betting combinations resulting in two or more payout prices.
- (64) **Prohibited Substance** is any substance, other than controlled therapeutic medication, or vaccine, equine anthelmintic, antibiotic, equine feed supplement, vitamins and minerals (collectively, “horse health and husbandry products”), for which the regulatory analyte concentration in samples may not exceed specified regulatory limits published herein.<sup>2</sup>
- (65) **Program** is the published listing of all contests and contestants for a specific performance.
- (66) **Paper/Program Trainer** is a licensed trainer who solely for the purposes of the official race program is identified as the trainer of a horse that is actually under the control of and trained by another person who may or may not hold a current trainer’s license in any jurisdiction. For any given horse an individual cannot be the trainer and the program trainer at the same time.<sup>2</sup>
- (67) **Purse** is the total dollar amount for which a race is contested.
- (68) **Race** is a contest between contestants at a licensed meeting.
- (69) **Race Day** - A day during a race meeting when pari-mutuel wagering is conducted on live racing.
- (70) **Random Testing** is a strategy for testing for alcohol or controlled substances not based on a reasonable belief that an individual has drugs or alcohol in his/ her system that assures that all affected individuals have an equal probability of being selected for testing.
- (71) **Reasonable Cause/Reasonable Suspicion Testing** is a strategy for testing for alcohol or controlled substances based on an official's having good reason to believe that a licensee has alcohol or controlled substances in his/her system.
- (72) **Regulatory Analyte** is an analyte or substance identified and, where appropriate, quantified in a specified matrix for regulatory purposes.
- (73) **Regulatory Limit** is the concentration of a specified regulatory analyte that has been defined and published by the Racing Medication and Testing Consortium and adopted by the commission such that exceeding the specified concentration is either an overage or a positive test.
- (74) **Relevant Regulatory Authority:** The Relevant Regulatory Authority is the Regulatory Authority under which the horse is entered to race or scheduled to work off the Veterinarian’s List.
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<sup>2</sup> Please see ARCI-008-010 General Provisions (Q) Relationships with Inactive Persons, Prohibited.

- (75) **Restricted Area** is an enclosed portion of the association grounds to which access is limited to licensees whose occupation or participation requires access.
- (76) **Result** is that part of the official order of finish used to determine the pari-mutuel payout of pools for each individual contest.
- (77) **Sample** is a portion of any bodily substance or fluid, including but not limited to, tissue, hair, blood or urine obtained from a horse or greyhound at the direction of the commission for the purposes of determining the presence and/or concentration of regulatory analytes.
- (78) **Show** - To finish third in a race. In wagering, to finish first, second or third in a race.
- (79) **Simulcast** is the live audio and visual transmission of a contest to another location for parimutuel wagering purposes.
- (80) **Simulcast Race Day** - A day during a race meeting when pari-mutuel wagering is conducted on simulcast racing.
- (81) **Single Price Pool** is an equal distribution of profit to winning betting interests or winning betting combinations through a single payout price.
- (82) **Split Sample Laboratory** is a facility approved by the Commission to test split samples.
- (83) **Substantial Evidence** is evidence which a reasoning mind would accept as sufficient to support a particular conclusion and consists of more than a mere scintilla of evidence but may be somewhat less than a preponderance.
- (84) **Takeout** is the total amount of money, excluding breakage, withheld from each pari-mutuel pool, as authorized by statute or rule.
- (85) **Trainer** is a person who holds a valid trainer's license and who has a horse eligible to race under his care, custody, or control at the time entry is made.
- (86) **Week** is a calendar week.
- (87) **Win** - To finish first in a race.
- (88) **Withdrawal Time Guideline**<sup>3</sup> means as published herein:
- (a) The specified time period before a race to cease Administration of a controlled therapeutic medication so as to minimize the risk of overage;
  - (b) Specification of the dose of controlled therapeutic medication;
  - (c) specification of the route of administration;

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<sup>3</sup> This term may be changed following a discussion as to whether the withdrawal time guidelines should be actually restricted administration times.

(d) (d) the regulatory limit;

(e) the frequency and duration of administration.

(89) **Year** is a calendar year.

Adopted in Version 1.4 ARCI 8/27/02 NAPRA 10/2/02

Version 4.0 to 4.1 ARCI 4/26/07: Added new rule language

Version 4.4 to 4.5 ARCI 4/23/09: Added new definitions

Version 4.8 to 4.9 ARCI Board of Directors 7/27/11: Added False Start

Version 5.0 to 5.1 ARCI Board of Directors 4/27/2012 Added Cheek Piece, Program Trainer and Trainer

Version 5.2 to 5.3 ARCI Board of Directors 12/7/2012 Added and modified several drug/medication related definitions. version 5.7 to 5.8 ARCI Board of Directors 7/31/2014 Added definition for NSAID Stacking

Version 8.5 to 9.0 ARCI Board of Directors 04/04/2019 added definitions for 14-day Record and Relevant Regulatory Authority

Version 13.1 to 14 ARCI Board of Directors 5/7/25 amended (45) – definition of No Contest

## COMMISSION - CHAPTER 2

### **ARCI-002-005 Purpose**

- (1) The \_\_\_\_\_ Racing Commission, created by the Act, \_\_\_\_\_ Civil Statutes, Article \_\_\_\_\_, is charged with implementing, administering and enforcing the Act. It is the intent of the Commission that the rules of the Commission be interpreted in the best interests of the public and the jurisdiction.
- (2) Through these rules, the Commission intends to encourage agriculture, the \_\_\_\_\_ breeding industry, the \_\_\_\_\_ training industry, tourism and employment opportunities in this jurisdiction related to \_\_\_\_\_ racing and to control and regulate pari-mutuel wagering in connection with that \_\_\_\_\_ racing. *(Adapt as necessary to conform with statute.)*

Adopted in Version 1.4 ARCI 8/27/02 NAPRA 10/2/02

### **ARCI-002-010 General Authority**

- (1) The Commission shall regulate each race meeting and the persons who participate in each race meeting.
- (2) Pursuant to the authority granted in the Act the Commission may delegate to the executive director and the stewards/judges all powers and duties necessary to fully implement the purposes of the Act.

Adopted in Version 1.4 ARCI 8/27/02 NAPRA 10/2/02

### **ARCI-002-015 Membership and Meetings**

- (1) The Commission consists of \_\_\_ members appointed as prescribed by statute. *(Insert appropriate language describing the makeup of the Commission.)*
- (2) *(Insert appropriate language describing the procedure for designating or electing Commission officers.)*
- (3) The Commission shall meet at the call of the chair or a majority of the members, or as otherwise provided by statute. Notice of the meetings must be given and the meetings must be conducted in accordance with the Open Meetings Act, \_\_\_\_\_ Civil Statutes, Article \_\_\_\_\_.

- (4) A majority of the Commission constitutes a quorum. When a quorum is present, a motion before the Commission is carried by an affirmative vote of the majority of the Commissioners present at the meeting.
- (5) Except as otherwise provided by the Act, the Commission rules and orders are subject to the Administrative Procedures Act, \_\_\_ Civil Statutes, Article \_\_\_.
- (6) A Commission member may not act in the name of the Commission on any matter without a majority vote of a quorum of the Commission.

**ARCI-002-020      *Annual Report***

The Commission shall submit an annual report as prescribed by statute.

Adopted in Version 1.4 ARCI 8/27/02 NAPRA 10/2/02

**ARCI-002-025      *Employees***

- (1) The Commission shall employ an executive director who shall employ other employees necessary to implement, administer and enforce the Act.
- (2) The executive director shall maintain the records of the Commission and shall perform other duties as required by the Commission. Except as otherwise provided by a rule of the Commission, if a rule of the Commission places a duty on the executive director, the executive director may delegate that duty to another employee of the Commission. The Commission and the executive director may not employ or continue to employ a person:
  - (3) who owns a financial interest in an association in this jurisdiction;
  - (4) who accepts remuneration from an association in this jurisdiction;
  - (5) who is an owner, lessor or lessee of a contestant that is entered in a race in this jurisdiction; or
  - (6) who accepts or is entitled to a part of the purse or purse supplement to be paid on a contestant in a race held in this jurisdiction.
- (7) Commission employees shall not wager in any pari-mutuel pool at any facility or through any pari-mutuel system subject to the jurisdiction of this Commission.

Adopted in Version 1.4 ARCI 8/27/02 NAPRA 10/2/02

**ARCI-002-030      *Power Of Entry***

- (1) A member or employee of the Commission, a steward/judge , a peace officer or a designee of such a person may enter any area on association grounds or other place of business of an association at any time to enforce or administer the Act or Commission rules.
- (2) An association or an officer, employee or agent of an association may not hinder a person who is conducting an investigation under or attempting to enforce or administer the Act or Commission rules.

Adopted in Version 1.4 ARCI 8/27/02 NAPRA 10/2/02

**ARCI-002-035      *Subpoenas***

- (1) A member of the Commission, the executive director, the stewards/judges, the presiding officer of a Commission proceeding or other person authorized to perform duties under the

Act may require by subpoena the attendance of witnesses and the reproduction of books, records, papers, correspondence and other documents.

- (2) A member of the Commission, the executive director, a presiding officer of a Commission proceeding or other person authorized by the Commission may administer an oath or affirmation to a witness appearing before the Commission or a person authorized by the Commission.
- (3) Each party is responsible for proper service of any subpoenas it requests and for the payment of witness fees and expenses as provided by this jurisdiction's civil procedures statute.

Adopted in Version 1.4 ARCI 8/27/02 NAPRA 10/2/02

#### **ARCI-002-040      *Ejection/Exclusion***

- (1) The stewards/judges, executive director or Commission may order an individual ejected or excluded from all or part of any premises under the regulatory jurisdiction of the Commission if the stewards/judges, executive director or Commission determine that:
  - (2) the individual may be ejected or excluded under Sec. \_\_\_\_ of the Act; and
  - (3) the individual's presence on association grounds is inconsistent with maintaining the honesty and integrity of racing.
- (4) If an exclusion is ordered, the excluded individual is entitled to a hearing before the stewards/judges or Commission. A hearing on an exclusion shall be conducted in the same manner as other hearings conducted by the stewards/judges or Commission.

Adopted in Version 1.4 ARCI 8/27/02 NAPRA 10/2/02

#### **ARCI-002-045      *Records***

- (1) Except as otherwise provided by the Act, Commission records are subject to the \_\_\_\_ Open Records Act, \_\_\_\_ Civil Statutes, Article \_\_\_\_.
- (2) Except as otherwise authorized by statute, all original records of the Commission shall be maintained in the main offices of the Commission. No person may remove an original record from the offices of the Commission without the approval of the executive director.
- (3) To inspect Commission records, a person must make a written request to the executive director on a form prescribed by the Commission and must pay all costs including preparing or copying the record and postage, if applicable. The Commission shall determine the costs involved in preparing and copying Commission records as provided by statute.

Adopted in Version 1.4 ARCI 8/27/02 NAPRA 10/2/02

#### **ARCI-002-050      *Allocation Of Race Dates And Permits***

- (1) The Commission shall allocate race dates and permits to each association in accordance with the Act and these rules. An association shall apply to the Commission not later than \_\_\_\_ of each year for race dates to be conducted in the next calendar year. Applications shall not be received or amended after this date except by approval of a majority of the Commission. The application must contain the information required by statute and the Commission. After the request is filed, the Commission may require the association to submit additional information.
- (2) The burden of proof is on the association to demonstrate that the allocation of the race dates will be in the public interest and will achieve the purposes of the Act.

- (3) In allocating race dates under this section, the Commission may consider the following factors: (Insert the appropriate criteria for race date allocation.)
- (4) The association shall be obligated to conduct pari-mutuel racing, except in the case of emergencies, on each race date allocated. Any change in race dates must be approved by the Commission. In the case of emergencies the stewards/judges may authorize cancellation of all or a portion of any race day.

Adopted in Version 1.4 ARCI 8/27/02 NAPRA 10/2/02

## **DUE PROCESS AND HEARINGS - CHAPTER 3**

### ***ARCI-003-005 Purpose***

To describe the rules of procedure for stewards'/judges' hearings and commission proceedings.

Adopted in Version 1.4 ARCI 8/27/02 NAPRA 10/2/02

### ***ARCI-003-010 Proceedings By Stewards/Judges***

#### **A. Rights of the Licensee**

A person who is the subject of the disciplinary hearing conducted by the stewards/judges is entitled to:

- (1) proper notice of all charges;
- (2) confront the evidence presented including:
  - (a) the right to counsel at the person's expense;
  - (b) the right to examine all evidence to be presented against him/her;
  - (c) the right to present a defense;
  - (d) the right to call witnesses;
  - (e) the right to cross examine witnesses; and (f) waive any of the above rights.

#### **B. Complaints**

- (1) A complaint must be in writing and filed with the stewards/judges not later than \_\_\_ after the action that is the subject of the complaint.
- (2) On their own motion or on receipt of a complaint from an official or other person regarding the actions of a licensee, the stewards/judges may conduct an inquiry and disciplinary hearing regarding a licensee's actions.

#### **C. Summary Suspension**

- (1) If the stewards/judges determine that a licensee's actions constitute an immediate danger to the public health, safety or welfare, the stewards/judges may summarily suspend the license pending a hearing.
- (2) A licensee whose license has been summarily suspended is entitled to a hearing on the summary suspension not later than the \_\_\_ day after the license was summarily suspended.

The licensee may waive his/her right to a hearing on the summary suspension within the \_\_\_\_-day limit.

- (3) The stewards/judges shall conduct a hearing on the summary suspension in the same manner as other disciplinary hearings. At a hearing on a summary suspension, the sole issue is whether the licensee's license should remain suspended pending a final disciplinary hearing and ruling.

#### D. Notice

- (1) Except as provided by these rules regarding summary suspensions, the stewards/judges shall provide written notice at least \_\_\_\_ before the hearing to a person who is the subject of a disciplinary hearing. The person may waive his/her right to \_\_\_\_ notice by executing a written waiver.
- (2) Notice given under this section must include:
  - (a) a statement of the time, place and nature of the hearing;
  - (b) a statement of the legal authority and jurisdiction under which the hearing is to be held;
  - (c) a reference to the particular sections of the statutes or rules involved;
  - (d) a short, plain description of the alleged conduct that has given rise to the disciplinary hearing;
  - (e) the possible penalties that may be imposed; and
  - (f) a statement summarizing the rights of the licensee as outlined in Subsec. A, 2 a-e of this rule.
- (3) If possible, the stewards/judges or their designee shall hand deliver the written notice of the disciplinary hearing to the person who is the subject of the hearing. If hand delivery is not possible, the stewards/judges shall mail the notice to the person's last known address, as found in the Commission's licensing files, by regular mail and by certified mail, return receipt requested. If the disciplinary hearing involves an alleged medication violation that could result in the disqualification of a contestant, the stewards/judges shall provide notice of the hearing to the owner, managing owner or lessee of the contestant in the manner provided by this subsection.
- (4) Nonappearance of a summoned party after adequate notice shall be construed as a waiver of the right to a hearing before the stewards/judges. The stewards/judges may suspend the license of a person who fails to appear at a disciplinary hearing after written notice of the hearing has been sent, in compliance with this subsection.

#### E. Continuances

- (1) Upon receipt of a notice, a person may request a continuance of the hearing.
- (2) The stewards/judges may grant a continuance of any hearing for good cause shown.
- (3) The stewards/judges may at any time order a continuance on their own motion.

#### F. Evidence

- (1) Each witness at a disciplinary hearing conducted by the stewards/judges must be sworn by the presiding steward/judge.

- (2) The stewards/judges shall allow a full presentation of evidence and are not bound by the technical rules of evidence. However, the stewards/judges may disallow evidence that is irrelevant or unduly repetitive of other evidence. The stewards/judges shall have the authority to determine, in their sole discretion, the weight and credibility of any evidence and/or testimony. The stewards/judges may admit hearsay evidence if the stewards/judges determine the evidence is of a type that is commonly relied on by reasonably prudent people. The rules of privilege recognized by state law apply in hearings before the stewards/judges.
- (3) The burden of proof is on the person bringing the complaint to show, by a preponderance of the evidence, that the licensee has violated or is responsible for a violation of the Act or a Commission rule.
- (4) The stewards/judges shall make a tape recording of a disciplinary hearing. A copy or a transcript of the recording may be made available at the expense of the requesting person.

#### G. Ruling

- (1) The issues at a disciplinary hearing shall be decided by a majority vote of the stewards/judges. If the vote is not unanimous, the dissenting steward/judge shall include with the record of the hearing a written statement of the reason(s) for the dissent.
- (2) A ruling by the stewards/judges must be on a form prescribed by the Commission and include:
  - (a) the full name, social security number, date of birth, last record address, license type and license number of the person who is the subject of the hearing;
  - (b) a statement of the charges against the person, including a reference to the specific section of the Act or rules of the Commission that the licensee is found to have violated;
  - (c) the date of the hearing and the date the ruling was issued;
  - (d) the penalty imposed;
  - (e) any changes in the order of finish or purse distribution;
  - (f) other information required by the Commission and;
- (3) A ruling must be signed by a majority of the stewards/judges.
- (4) If possible, the stewards/judges or their designee shall hand deliver a copy of the ruling to the person who is the subject of the ruling. If hand delivery is not possible, the stewards/judges shall mail the ruling to the person's last known address, as found in the Commission's licensing files, by regular mail and by certified mail, return receipt requested. A copy of the ruling shall be electronically submitted to the NAPRA or RCI Ruling Data-Base, and if the ruling includes the disqualification of a contestant, the stewards/judges shall provide a copy of the ruling to the owner of the contestant, the bookkeeper, the appropriate past performance service(s).
- (5) At the time the stewards/judges inform a person who is the subject of the proceeding of the ruling, the stewards/judges shall inform the person of the person's right to appeal the ruling to the Commission.
- (6) All fines imposed by the stewards/judges shall be paid to the Commission within \_\_\_ after the ruling is issued, unless otherwise ordered.

## H. Effect of Rulings

- (1) Rulings against a licensee apply to another person if continued participation in an activity by the other person would circumvent the intent of a ruling by permitting the person to serve, in essence, as a substitute for the ineligible licensee.
- (2) The transfer of a contestant to avoid application of a Commission rule or ruling is prohibited.

## I. Appeals

- (1) A person aggrieved by a ruling of the stewards/judges may appeal to the Commission except as provided in # 6 of this subsection. A person who fails to file an appeal by the deadline and in the form required by this section waives the right to appeal.
- (2) An appeal under this section must be filed with the Commission's executive director not later than \_\_\_\_\_. If the Commission determines the appeal to be frivolous, the appellant may be subject to a fine.
- (3) An appeal must be in writing on a form prescribed by the Commission. The appeal must include:
  - (a) the name, address, telephone number and signature of the person making the appeal; and
  - (b) a statement of the basis for the appeal
- (4) On notification by the Commission that an appeal has been filed, the stewards/judges shall forward to the Commission the record of the proceeding on which the appeal is based.
- (5) If a person against whom a fine has been assessed files an appeal of the ruling that assesses the fine, the person shall pay the fine in accordance with these rules. If the appeal is disposed of in favor of the appellant, the Commission shall refund the amount of the fine.
- (6) A decision by the stewards/judges regarding a disqualification during the running of the race is final and may not be appealed to the Commission.

## J. Stay

- (1) A person who has been disciplined by a ruling of the stewards/judges may apply to the executive director for a stay of the ruling.
- (2) An application for a stay must be filed with the Commission's executive director not later than the deadline for filing an appeal.
- (3) An application for a stay must be in writing and include:
  - (a) the name, address and telephone number and signature of the person requesting the stay; and
  - (b) a statement of the justification for the stay.
- (4) The executive director may grant a stay for cause. The executive director shall notify the person in writing of the decision. The executive director may rescind a stay granted under this subsection for reasonable cause.
- (5) The fact that a stay is granted is not a presumption that the ruling by the stewards/judges is invalid.

Adopted in Version 1.4 ARCI 8/27/02 NAPRA 10/2/02

**ARCI-003-015      *Proceedings By The Commission***

**A.      Party Designations**

- (1) A person who is the subject of a disciplinary hearing, who filed an appeal from a stewards/judges' ruling or who otherwise seeks relief from the Commission is a party to that proceeding.
- (2) A party to a proceeding has the right to present a direct case, cross examine each witness, submit legal arguments and otherwise participate fully in the proceeding.
- (3) A party summoned to appear at a hearing must appear unless he/she is excused by the Commission presiding officer. Parties may appear with counsel or other representatives of their choice.
- (4) A non-party to a proceeding who wishes to appear in a contested case pending before the Commission must prove that he/she has an effected interest sufficient to create standing in the case. The burden of proof is on the party asserting standing in such a contested case.

**B.      Notice**

- (1) Not less than \_\_\_ days before the date set for a hearing, the Commission shall serve written notice on each party of record to the proceeding. The person may waive his/her right to said notice by executing a written waiver.
- (2) The Commission shall mail the notice to the person's last known address, as found in the Commission's licensing files, by regular mail and by personal service or certified mail, return receipt requested.
- (3) A notice of the hearing must include:
  - a.    statement of time, place and nature of the hearing;
  - b.    statement of the legal authority and jurisdiction under which the hearing is to be held;
  - c.    reference to the particular sections of the statutes and rules involved;
  - d.    short, plain statement of the matters asserted; and
  - e.    any other statement required by law.
- (4) If the Commission determines that a material error has been made in a notice of hearing, or that a material change has been made in the nature of a proceeding after notice has been issued, the Commission shall issue a revised notice. The party who has caused the change or error requiring revised notice shall bear the expense of giving revised notice.
- (5) A party to a proceeding may move to postpone the proceeding. The motion must be in writing, set forth the specific grounds on which it is sought and be filed with the Commission before the date set for hearing. If the person presiding over the proceeding grants the motion for postponement, the Commission shall cause new notice to be issued.
- (6) After a hearing has begun, the presiding officer may grant a continuance on oral or written motion, without issuing new notice, by announcing the date, time and place for reconvening the hearing before recessing the hearing.

### C. Subpoenas and Depositions

- (1) A member of the Commission, the executive director, the stewards/judges, the presiding officer of a Commission proceeding or other person authorized to perform duties under the Act may require by subpoena the attendance of witnesses and the reproduction of books, records, papers, correspondence and other documents.
- (2) A member of the Commission, the executive director, a presiding officer of a Commission proceeding or other person authorized by the Commission may administer an oath or affirmation to a witness appearing before the Commission or a person authorized by the Commission.
- (3) Each party is responsible for proper service of any subpoenas it requests and for the payment of witness fees and expenses as provided by this jurisdiction's civil procedures statute.
- (4) On written request by a party, the presiding officer may issue a subpoena addressed to a sheriff or any constable to require the attendance of witnesses and the production of books, records, papers or other objects as may be necessary and proper for the purposes of a proceeding. A motion for a subpoena to compel the production of books, records, papers or other objects shall be addressed to the appropriate person, shall be verified and shall specify the books, records, papers or other objects desired and the relevant and material facts to be proved by them.
- (5) The Administrative Procedures Act, \_\_\_\_\_ Civil Statutes, Art. \_\_\_\_\_, Sec. \_\_\_\_\_ governs the taking and use of depositions. Rule \_\_\_\_\_ of the \_\_\_\_\_ Rules of Civil Procedure governs admissions of fact and genuineness of documents.

### D. Pleadings

- (1) Pleadings filed with the Commission include appeals, applications, answers, complaints, exceptions, replies and motions. Regardless of an error in designation, a pleading shall be accorded its true status in the proceeding in which it is filed.
- (2) A request for discovery or a response to a request for discovery is not a pleading and is not a part of the administrative record of a contested case unless the request or response is offered into evidence.
- (3) A pleading for which the Commission staff has not prepared an official form must contain:
  - (a) the name of the pleader;
  - (b) the telephone number and street address of the pleader's residence and business and the telephone number and street address of the pleader's representative, if any;
  - (c) the jurisdiction of the Commission over the subject matter;
  - (d) a concise statement of the facts relied on by the pleader;
  - (e) a request stating the type of Commission action desired by the pleader;
  - (f) the name and address of each person who the pleader knows or believes will be affected if the request is granted;
  - (g) a proposed order, containing proposed findings of fact and conclusions of law;
  - (h) any other matter required by statute or Commission rule; and
  - (i) a certificate of service.

- (4) A party filing a pleading shall mail or deliver a copy of the pleading to each party of record. If a party is being represented by an attorney or other representative, service must be made on the attorney or representative instead of on the party. The knowing failure of a party to make service in accordance with this subsection is grounds for the Commission to strike the pleading from the record.
- (5) An objection to a defect, omission or fault in the form or content of a pleading must be specifically stated in a motion or an exception presented not later than the prehearing conference if one is held and not later than \_\_\_ before the date of the hearing if a prehearing conference is not held. A party who fails to timely file an objection under this subsection waives the objection.
- (6) Except as otherwise provided by this subsection, a pleader may amend or supplement a pleading at any time before the \_\_\_ day after the date the pleading was filed, but not later than \_\_\_ days before the date of the hearing. A pleader may amend or supplement a pleading at any time:
  - (a) on written consent of each party of record; or
  - (b) as permitted by the presiding officer for the proceeding, when justice requires the amendment or supplementation and when the amendment or supplementation will not unfairly surprise another party.
- (7) A pleading may adopt or incorporate by specific reference any part of a document in the official files and records of the Commission. This subsection does not relieve the pleader of the duty to allege in detail all facts necessary to sustain the pleader's burden of proof.

#### E. Conferences

- (1) On written notice, the presiding officer may, on the officer's own motion or on the motion of a party, direct each party to appear at a specified time and place for a prehearing conference to formulate issues and consider any of the following:
  - (a) simplifying issues;
  - (b) amending the pleadings;
  - (c) making admissions of fact or stipulations to avoid the unnecessary introduction of proof; (d) designating parties;
  - (e) setting the order of procedure at a hearing;
  - (f) identifying and limiting the number of witnesses;
  - (g) resolving other matters that may expedite or simplify the disposition of the controversy, including settling issues in dispute; and
  - (h) identifying provisions and mandates of statute or rules relating to the issues.
- (2) The presiding officer shall record the action taken at the prehearing conference unless the parties enter into a written agreement as to the action. The presiding officer may enter appropriate orders concerning prehearing discovery, stipulations of uncontested matters, presentation of evidence and scope of inquiry.
- (3) During a hearing, on written notice or notice stated into the record, the presiding officer may direct each party or the representative of each party to appear for a conference to consider any matter that may expedite the hearing and serve the interests of justice. The presiding officer

shall prepare a written statement regarding the action taken at the conference and the statement must be signed by each party and made a part of the record.

#### F. Discovery

All motions for discovery shall be subject to the civil procedures statutes of this jurisdiction.

#### G. Reporters and Transcripts

- (1) If necessary, the Commission shall engage a court reporter to make a stenographic record of a hearing. The Commission may allocate the cost of the reporter and transcript among the parties.
- (2) If a person requests a transcript of the stenographic record, the Commission may assess the cost of preparing the transcript to the person.
- (3) A party may challenge an error made in transcribing a hearing by noting the error in writing and suggesting a correction not later than \_\_\_ after the date the transcript is filed with the Commission. The party claiming errors shall serve a copy of the suggested corrections on each party of record, the court reporter and the presiding officer. If proposed corrections are not objected to before the \_\_\_ day after the date the corrections were filed with the Commission, the presiding officer may direct that the suggested corrections be made and the manner of making them. If the parties disagree on the suggested corrections, the presiding officer shall determine whether to change the record.

#### H. Nature of Hearings

- (1) An appeal from a decision of the stewards/judges shall be a hearing on the record of the stewards/judges' hearing. The hearing may be a de novo hearing at the Commission's discretion.
- (2) A hearing in a Commission proceeding is open to the public, however, witnesses may be excluded or sequestered. Commission deliberations may be conducted in private if permitted by statute.
- (3) Unless precluded by law or objected to by a party, the Commission may allow informal disposition of a proceeding without a hearing. Informal disposition includes disposition by stipulation, agreed settlement, consent order and default.

#### I. Presiding Officers

- (1) A member of the Commission, a Commission appointee or an administrative law judge may serve as the presiding officer for a Commission proceeding.
- (2) The presiding officer may:
  - (a) authorize the taking of depositions;
  - (b) issue subpoenas to compel the attendance of witnesses and the production of papers and documents;
  - (c) administer oaths;
  - (d) receive evidence;
  - (e) rule on the admissibility of evidence and amendments to pleadings; (f) examine witnesses;

- (g) set reasonable times within which a party may present evidence and within which a witness may testify;
  - (h) permit and limit oral argument;
  - (j) issue interim orders;
  - (j) recess a hearing from day to day and place to place;
  - (k) request briefs before or after the presiding officer files a report or proposal for decision;
  - (l) propose findings of fact and conclusions of law;
  - (m) propose orders and decisions; and
  - (n) perform other duties necessary to a fair and proper hearing.
- (3) A person serving as the presiding officer of a proceeding must be a disinterested party to the proceeding.

#### J. Order of Hearing

- (1) The presiding officer shall open the hearing, make a concise statement of its scope and purposes and announce that a record of the hearing is being made.
- (2) When a hearing has begun, a party or a party's representative may make statements off the record only as permitted by the presiding officer. If a discussion off the record is pertinent, the presiding officer shall summarize the discussion for the record.
- (3) Each appearance by a party, a party's representative or a person who may testify must be entered on the record.
- (4) The presiding officer shall receive motions and afford each party of record an opportunity to make an opening statement.
- (5) Except as otherwise provided by this subsection, the party with the burden of proof is entitled to open and close. The presiding officer shall designate who may open and close in a hearing on a proceeding if the proceeding was initiated by the Commission or if several proceedings are heard on a consolidated record.
- (6) After opening statements, the party with the burden of proof may proceed with the party's direct case. Each party may cross examine each witness.
- (7) After the conclusion of the direct case of the party having the burden of proof, each other party may present their direct case and their witnesses will be subject to cross examination.
- (8) The members of the Commission and/or the presiding officer may examine any witnesses.
- (9) At the conclusion of all evidence and cross examination, the presiding officer shall allow closing statements.
- (10) Before writing a report or proposal for decision if required by law, the Commission or the presiding officer may call on a party for further relevant and material evidence on a issue. The Commission or the presiding officer may not consider the evidence or allow it into the record without giving each party an opportunity to inspect and rebut the evidence.

## K. Behavior

- (1) Each party, witness, attorney or other representative shall behave in all Commission proceedings with dignity, courtesy and respect for the Commission, the presiding officer and all other parties and participants.
- (2) An individual who violates this section may be excluded from a hearing by the presiding officer.

## L. Evidence

- (1) All testimony must be given under oath administered by the presiding officer. The presiding officer may limit the number of witnesses and shall exclude all irrelevant, immaterial or unduly repetitious evidence.
- (2) The presiding officer shall follow the rules of evidence as applied in administrative hearing procedures in this jurisdiction. The rules of privilege recognized by law in this jurisdiction apply in Commission proceedings.
- (3) A party may object to offered evidence and the objection shall be noted in the record. A party, at the time an objection is made or sought, shall make known to the presiding officer the action the party desires. Formal exceptions to rulings by the presiding officer during a hearing are unnecessary.
- (4) When the presiding officer rules to exclude evidence, the party offering the evidence may make an offer of proof by dictating or submitting in writing the substance of the proposed evidence, before the closing of the hearing. The offer of proof preserves the point for review. The presiding officer may ask a witness or offered witness questions necessary to indicate that the witness would testify as represented in the offer of proof. An alleged error in sustaining an objection to questions asked on cross examination is preserved without making an offer of proof.
- (5) The presiding officer may take official notice of judicially cognizable facts and of facts generally recognized within the area of the Commission's specialized knowledge. The Commission shall notify each party of record before the final decision in a proceeding of each specific fact officially noticed, including any facts or other data in staff memoranda. A party must be given an opportunity to rebut the facts to be noticed.
- (6) The special skills and knowledge of the Commission and the Commission staff may be used in evaluating the evidence.
- (7) The presiding officer may receive documentary evidence in the form of copies or excerpts if the original is not readily available. On request, the presiding officer shall allow a party to compare the copy with the original. If many similar documents are offered in evidence, the presiding officer may limit the documents admitted to a number which are representative of the total number, or may require that the relevant data be abstracted from the documents and presented as an exhibit. If the presiding officer requires an abstract, the presiding officer shall allow each party or the party's representative to examine the documents from which the abstracts are made.
- (8) The presiding officer may require prepared testimony in a hearing if the presiding officer determines that it will expedite the hearing without substantially prejudicing the interests of a

party. Prepared testimony consists of any document that is intended to be offered as evidence and adopted as sworn testimony by a witness who prepared the document or supervised its preparation. A person who intends to offer prepared testimony at a hearing shall prefile the testimony with the Commission on the date set by the presiding officer and shall serve a copy of the prepared testimony on each party of record. The presiding officer may authorize the late filing of prepared testimony on a showing of extenuating circumstances. The prepared testimony of a witness may be incorporated into the record as if read or received as an exhibit, on the witness being sworn and identifying the writing as a true and accurate record of what the testimony would be if the witness were to testify orally. The witness is subject to clarifying questions and to cross examination and the prepared testimony is subject to a motion to strike either in whole or in part.

- (9) The party offering an exhibit shall tender the original of the exhibit to the presiding officer for identification. The party shall furnish one copy to the presiding officer and one copy to each party of record. A document received in evidence may not be withdrawn except with the permission of the presiding officer. If an exhibit has been offered, objected to and excluded and the party offering the exhibit withdraws the offer, the presiding officer shall return the exhibit to the party. If the party does not withdraw the offered exhibit, the exhibit shall be numbered for identification, endorsed by the presiding officer with the ruling on the exhibit and included in the record to preserve the exception.
- (10) The presiding officer may allow a party to offer an exhibit in evidence after the close of the hearing only on a showing of extenuating circumstances and a certificate of service on each party of record.

#### M. Findings of Fact and Conclusions of Law

- (1) The presiding officer may direct any party to draft and submit proposed findings of fact and conclusions of law or a proposal for decision. The presiding officer may limit the request for proposed findings to a particular issue of fact.
- (2) Proposed findings of fact submitted under this section must be supported by concise and explicit statements of underlying facts developed from the record with specific reference to where in the record the facts appear.
- (3) Only if the presiding officer requires the filing of proposed findings of fact or a proposal for decision is the Commission required to rule on the proposed findings of fact in accordance with statute. If a party is permitted but not required to submit proposed findings or a proposal for decision, the Commission is not required to rule on the party's proposed findings.

#### N. Proposal for Decision

- (1) In a contested case, if a majority of the Commissioners have not heard the case or read the record, the Commission may not render a decision adverse to a party other than the Commission unless a proposal for decision is served on each party and each party has an opportunity to file exceptions and present briefs to the Commissioners. The proposal for decision must be prepared by the person who conducted the hearing and contain a statement of the reasons for the proposed decision and for each finding of fact and conclusion of law necessary to the proposed decision. The parties may waive the requirements of this subsection by written stipulation.

- (2) The person preparing a proposal for decision under this section shall serve a copy of the proposal on each party of record.
- (3) A proposal for decision may be amended by documents submitted by the parties without the amended proposal for decision being served on the parties. Unless the amended proposal for decision is served on all parties, amendments adopted by the Commission must be noted and embodied with specificity in the Commission's final order.
- (4) A party of record may, not later than \_\_\_\_\_ days after the date of service of a proposal for decision, file exceptions to the proposal. A reply to an exception filed under this subsection must be filed not later than \_\_\_\_\_ days after the last day for filing the exceptions. A copy of each exception and reply must be served on all parties of record.
- (5) After the expiration of time for filing exceptions and replies, the Commission shall consider the proposal for decision in open meeting. The Commission may:
  - (a) adopt or modify the proposal for decision, in whole or in part;
  - (b) decline to adopt the proposal for decision, in whole or in part;
  - (c) remand the proceeding for further examination by the same or a different presiding officer; or
  - (d) direct the presiding officer to give further consideration to the proceeding with or without reopening the hearing.
- (6) If on remand additional evidence is received which results in a substantial revision of the proposal for decision, a new proposal for decision shall be prepared, unless a majority of the Commission, on remand, has heard the case or read the record. A new proposal for decision must be clearly labeled as such and all parties of record are entitled to file exceptions, replies and briefs.

#### O. Dismissal

On its own motion or a motion by a party, the presiding officer may dismiss a proceeding, with or without prejudice, under conditions and for reasons that are just and reasonable, including:

- (1) failure to timely pay all required fees to the Commission;
- (2) unnecessary duplication of proceedings;
- (3) withdrawal;
- (4) moot questions or obsolete petitions; and
- (5) lack of jurisdiction.

#### P. Orders

- (1) Except as otherwise provided by these rules, the Commission shall issue a final order not later than \_\_\_ after the conclusion of the hearing. A final order of the Commission must be in writing and be signed by a majority of the members of the Commission who voted in favor of the action taken by the Commission. A final order must include findings of facts and conclusions of law, separately stated.
- (2) The Commission staff shall mail or deliver a copy of the order to each party or the party's representative.

- (3) A final order of the Commission takes effect on the date the order is issued, unless otherwise stated in the order.
- (4) If the Commission finds that an imminent peril to the public health, safety or welfare requires an immediate final order in a proceeding, the Commission shall recite that finding in the order in addition to reciting that the order is final from the date issued. An order issued under this subsection is final and appealable from the date issued and a motion for rehearing is not a prerequisite to appeal.
- (5) The commission staff shall electronically submit the order to the NAPRA or RCI Ruling Database.

#### Q. Rehearing

The Administrative Procedure Act, \_\_\_\_\_ Civil Statutes, Art. \_\_\_\_\_, Sec. \_\_\_\_\_, pertaining to rehearing after Commission action, is hereby incorporated by reference.

#### R. Ex Parte Communications

- (1) No Commission member may discuss the merits of a matter which is pending before the Commission prior to a formal hearing, or between the hearing and announcement of the Commission's final decision.
- (2) The Administrative Procedure Act, \_\_\_\_\_ Civil Statutes, Art. \_\_\_\_\_, Sec. \_\_\_\_\_, pertaining to ex parte communications, is hereby incorporated by reference.

Adopted in Version 1.4 ARCI 8/27/02 NAPRA 10/2/02

#### **ARCI-003-020 Ejection/Exclusion**

- (1) The stewards/judges or Commission may order an individual ejected or excluded from all or part of any grounds under the regulatory jurisdiction of the Commission if the stewards/judges, executive director or Commission determine that:
  - (a) the individual may be ejected or excluded under the statutes or rules of this jurisdiction; and
  - (b) the individual's presence on association grounds is inconsistent with maintaining the honesty and integrity of racing.
- (2) An exclusion may be ordered separately or in conjunction with other disciplinary action taken by the stewards/judges or Commission. If an exclusion is ordered separately, the excluded individual is entitled to a hearing before the stewards/judges or Commission. A hearing on an exclusion shall be conducted in the same manner as other hearings conducted by the stewards/judges or Commission.
- (3) If an individual is excluded under this section, a contestant owned or trained by or under the care or supervision of the individual is ineligible to be entered or to start in a race in this jurisdiction.

Adopted in Version 1.4 ARCI 8/27/02 NAPRA 10/2/02

**ARCI-003-025      *Rulings In Other Jurisdictions***

**A.      Reciprocity**

The commission and the stewards/judges shall honor rulings from other pari-mutuel jurisdictions regarding license suspensions, revocation or eligibility of contestants.

**B.      Appeals of Reciprocal Rulings**

(1) Persons subject to rulings in other jurisdictions shall have the right to request a hearing before the Commission to show cause why such ruling should not be enforced in this jurisdiction.

(2) Any request for such hearing must clearly set forth in writing the reasons for the appeal.

Adopted in Version 1.4 ARCI 8/27/02 NAPRA 10/2/02

**PARI-MUTUEL WAGERING - CHAPTER 4**

**ARCI-004-005 Purpose**

Adopted in Version 1.4 ARCI 8/27/02 NAPRA 10/2/02

Repealed Version 4.1 ARCI 4/26/07

**ARCI-004-007 Definitions**

- A.      **Advanced Deposit Account Wagering System (ADW)** - A system whereby wagers are debited and payouts credited to an advance deposit account held by an association or SPMO on behalf of a person.
- B.      **Association** – A racetrack licensed by the Commission to offer live races and pari-mutuel wagering.
- C.      **Authorized Pari-mutuel Wagering Entity (APmWE)** – a licensed racetrack association or a licensed secondary pari-mutuel organization (SPMO).
- D.      **Common Pool Wagering** – The inclusion of wagers placed at guest association locations and secondary pari-mutuel organizations into a common pari-mutuel pool for the purpose of display of wagering information and calculation of payoffs on winning wagers.
- E.      **Guest Association** – An association approved to offer simulcast races and pari-mutuel wagering on races conducted at other racetracks.
- F.      **Independent Real Time Monitoring System** - a system approved by the commission for the purpose of immediate and continuous analysis of wagering and other pari-mutuel systems data in order to detect suspect wagering transactions or other activity indicating a possible problem relating to the integrity of the pari-mutuel system and which transmits transactional level data to a wagering security database.
- G.      **Live Event Host** – a licensed association where live racing is conducted and on which pari-mutuel wagering is conducted by guest associations or secondary pari-mutuel organizations.

- H. **National Racing Compact** – a multi-state governmental entity formed by member states for the purpose of issuing a racing license recognized by member states, and which license may also be recognized by non-member jurisdictions.
- I. **Pari-Mutuel Cash Voucher** – a document or card produced by a pari-mutuel system device on which a stored cash value is represented and the value of which is recorded in and redeemed through the pari-mutuel system.
- J. **Pari-Mutuel Pool Host** – An APmWE that operates, and controls access of guest associations or secondary pari-mutuel organizations to, a pari-mutuel pool.
- K. **Pari-Mutuel Ticket** – a document printed or record produced by a pari-mutuel system device on which is represented a pari-mutuel wager or wagers that have been authorized and accepted for purposes of participation in a pari-mutuel pool.
- L. **Pari-Mutuel System** is the hardware, software and communications equipment used to record wagers, calculate payouts for winning wagers, and transmits wagering transactions and pari-mutuel pool data for display to patrons and to communicate with other pari-mutuel systems linked to facilitate common pool wagering.
- M. **Pari-Mutuel Wagering** is a form of wagering on the outcome of an event in which all wagers are pooled and held by an pari-mutuel pool host for distribution of the total amount, less the deductions authorized by law, to holders of tickets on the winning contestants.
- N. **Real Time Transaction Monitoring System** - An operating system that can respond to input immediately, within the actual time in the real world during which an event takes place. The system must be able to react to a steady flow of new information without interruption and perform its tasks within the same time constraints as the totalisator system it monitors.
- O. **Remote Site** – a guest association or SPMO.
- P. **Secondary Pari-Mutuel Organization (SPMO)** - an entity other than a licensed association that offers and accepts pari-mutuel wagers. This may include an off-track wagering system or an account wagering system.
- Q. **Simulcast** - Live video and audio transmission of a race and pari-mutuel information for the for the purpose of pari-mutuel wagering at locations other than a licensed association where the race is run.
- R. **Totalisator System Standards** – Minimum standards for approval and operation of a parimutuel wagering system.
- S. **Wagering Security Database** – A central file maintained by the Association of Racing Commissioners International, or their designee, of wagering transaction detail in a standard electronic format for all pari-mutuel wagering systems that is used to verify that each wagering transaction is properly authorized and that wagering transactions and pari-mutuel system functions and reports have not been corrupted; and, to facilitate oversight and

investigation of wagering transactions and pari-mutuel pools by the Commission and other properly authorized regulatory authorities.

- T. **Wagering Transmission Protocol (WTP)** – a pari-mutuel wagering system protocol that facilitates transmission of wagering transaction detail to a host association totalisator system that is in control of and responsible for validating and authorizing issuance of a pari-mutuel tickets and other transaction records reflecting the placing and cashing or refunding of a pari-mutuel wager.

Adopted in Version 4.1 ARCI 4/26/07

Version 4.6 to 4.7 ARCI Board 12/6/09: Added Real time Transaction Monitoring System

### **ARCI-004-010 General Provisions**

- A. Pari-mutuel wagering utilizes a totalisator system to pool wagers. The totalisator system may be located on property of an APmWE or may, subject to compliance with applicable law and these rules, reside at another location.
- B. Wagering subject to approval and compliance with applicable law and rules, may be accepted by separate totalisator systems in this or other jurisdictions, and combined via communication between totalisator systems.
- C. The Commission may, without specific reference in these rules, utilize a designee for the purposes of licensing, certification, verification, inspection, testing, and investigation. A Commission designee may be another Commission or equivalent regulatory authority, a multi-jurisdictional group of regulatory authorities, an association of regulatory authorities, or auditing, consulting, security, investigation, legal services, or other qualified entities or persons.
- D. The Commission may enter into multi-jurisdiction agreements with other regulatory authorities to facilitate certification of compliance with requirements by, and licensing of, totalisator companies, entities providing services for simulcasting and common pool wagering, secondary pari-mutuel organizations, and advance deposit account wagering systems. Such agreements shall, at a minimum, ensure certification and licensing requirements comparable to this jurisdiction.

Adopted in Version 1.4 ARCI 8/27/02 NAPRA 10/2/02 Reworded in  
Version 4.1 ARCI 4/26/07

### **ARCI-004-014 Authorized Pari-Mutuel Wagering Entity Requirements**

Each authorized pari-mutuel wagering entity (APmWE) shall conduct wagering using a parimutuel system approved by the commission, which operates in accordance with applicable laws and these rule and meets the technical standards set forth in the Association of Racing Commissioners International Totalisator Technical Standards dated July 2011.

Adopted Version 4.1 ARCI 4/26/07

Amended reference to Tote Standards Document Version 5.0 ARCI Board 12/9/11

### **ARCI-004-015 Account Wagering**

Adopted in Version 1.4 ARCI 8/27/02 NAPRA 10/2/02

Repealed, topic renumbered to ARCI 004-049 Version 4.1 ARCI 4/26/07

## **ARCI-004-019 Totalisator Company Requirements & Vendor Requirements**

### **A. Totalisator Company**

A totalisator company, irrespective of whether the actual facility is located in this jurisdiction or operates from a location or locations outside of this jurisdiction, shall be licensed by the Commission. As a condition of licensing and annual license renewal the license application shall include with an application

- (1) a list of personnel assigned to work in this jurisdiction
- (2) disclosure of all officers, directors, partners, and share holders with a five percent of greater share of ownership or beneficial interest
- (3) a list of all personnel and their current National Racing Compact license number, or their current license number issued by the Commission, other than those identified in (1) and (2) above who have responsibility for or access to systems and facilities employed in the operation of a totalisator system pursuant to a contract with an association or secondary parimutuel organization licensed by the Commission,
- (4) certification of compliance with totalisator standards at the facility (s) from which totalisator system will be provided for the licensed association,
- (5) a **Type II SAS 70 report**, or other independent report in a form acceptable to the commission, completed within the preceding 12 months, to assure adequate financial controls are in place and compliance with totalisator standards,
- (6) agreement to facility inspections and verification by the Commission,
- (7) agreement to testing of hardware and software as may be directed by the Commission.

### **B. Other Vendors of Simulcast and Totalisator Systems Services**

Entities providing uplink, downlink, and other means of communication or encryption of simulcasting and/or wagering information for APmWE or totalisator companies licensed by the Commission, irrespective of whether they provide, operate, service or otherwise have access to facilities and equipment located in this jurisdiction, must be licensed by the Commission. The license application shall include:

- (1) a copy of the contract(s) to provide services to an APmWE or totalisator company;
- (2) a list of personnel assigned to work in this jurisdiction, and a list of all personnel directly involved in providing such service who are not in this jurisdiction;
- (3) list of all officers, directors, partners, and share holders with a five percent or greater share of ownership or beneficial interest;
- (4) all persons employed by such entities pursuant to (2) and (3) above, who are not licensed by the Commission shall hold a current pari-mutuel vendor employee license issued by the National Racing Compact; and
- (5) a consent by the applicant that as a condition of its license, it will comply with any applicable laws, these rules, and any directives issues by the Commission or its representatives. Adopted

Version 4.1 ARCI 4/26/07

### **ARCI-004-020 Simulcast Wagering**

Adopted in Version 1.4 ARCI 8/27/02 NAPRA 10/2/02

Repealed topic renumbered to ARCI-004-034 Version 4.1 ARCI 4/26/07

### **ARCI-004-024 Pari-Mutuel Wagering**

The following requirements are applicable to APmWE licensed by the commission that offers parimutuel wagering and the totalisator systems they employ. These requirements are (in jurisdictions where legal) also, without specific reference, and to such organizations licensed or approved by other regulatory authority as a condition of commission approval of any agreement or contract for simulcasting and/or common pool wagering.

#### **A. Pari-Mutuel Tickets**

- (1) A pari-mutuel ticket is evidence of a contribution to the pari-mutuel pool and is evidence of the obligation to pay to the holder thereof such portion of the distributable amount of the parimutuel pool as is represented by such valid pari-mutuel ticket. The APmWE shall cash all valid winning tickets when such are presented for payment during the course of the meeting where sold, and for a specified period after the last day of the meeting.
- (2) To be deemed a valid pari-mutuel ticket, such ticket shall have been issued by a pari-mutuel ticket machine and recorded as a ticket entitled to a share of the pari-mutuel pool, and contain information as to:
  - (a) the name of the association operating the meeting.
  - (b) a unique identifying number or code.
  - (c) identification of the terminal at which the ticket was issued.
  - (d) a designation of the performance for which the wagering transaction was issued.
  - (e) the contest number for which the pool is conducted.
  - (f) the type or types of wagers represented.
  - (g) the number or numbers representing the betting interests for which the wager is recorded.
  - (h) the amount or amounts including type of currency of the contributions to the pari-mutuel pool or pools for which the ticket is evidence.
- (3) No pari-mutuel ticket recorded or reported as previously paid, cancelled, or non-existent shall be deemed a valid pari-mutuel ticket by the APmWE. The APmWE may withhold payment and refuse to cash any pari-mutuel ticket deemed not valid, except as provided in D. of this rule (Claims for Payments from Pari-Mutuel Pool).

#### **B. Pari-Mutuel Ticket Sales**

- (1) Pari-mutuel tickets shall not be sold by anyone other than an association licensed to conduct pari-mutuel wagering.
- (2) No pari-mutuel ticket may be sold on a contest for which wagering has already been closed and no association shall be responsible for ticket sales entered into but not completed by issuance of a ticket before the totalisator is closed for wagering on such contest.

- (3) Claims pertaining to a mistake on an issued ticket, or a mistake involving failure to issue a ticket, must be made by the bettor prior to leaving the seller's window.
- (4) Cancellation or exchange of tickets issued shall not be permitted after a patron has left a seller's window except in accordance with written policies established by the APmWE and approved by the Commission.
- (5) Payment on winning pari-mutuel wagers shall be made on the basis of the order of finish as purposely posted and declared "official." Any subsequent change in the order of finish or award of purse money as may result from a subsequent ruling by the stewards or Commission shall in no way affect the pari-mutuel payout. If an error in the posted order of finish or payout figures is discovered, the official order of finish or payout prices may be corrected and an announcement concerning the change shall be made to the public.
- (6) The APmWE shall not satisfy claims on lost, mutilated, or altered pari-mutuel tickets without authorization of the Commission.
- (7) The APmWE shall have no obligation to enter a wager into a betting pool if unable to do so due to equipment failure.

#### C. Advance Performance Wagering

No APmWE shall permit wagering to begin more than one hour before scheduled post time of the first contest of a performance unless it has first obtained the authorization of the commission. This shall not preclude earlier common pool wagers in accordance with a contract with the host association that has been approved by the commission.

#### D. Claims for Payment from Pari-Mutuel Pool

At a designated location, a written, verified claim for payment from a pari-mutuel pool shall be accepted by the APmWE in any case where the APmWE has withheld payment or has refused to cash a pari-mutuel wager. The claim shall be made on such form as approved by the commission. The original of such claim shall be forwarded to the Commission within 48 hours.

- (1) In the case of a claim made for payment of a mutilated pari-mutuel ticket which does not contain the total imprinted elements required in A. of this rule (Pari-mutuel Tickets), the APmWE shall make a recommendation to accompany the claim forwarded to the commission as to whether or not the mutilated ticket has sufficient elements to be positively identified as a winning ticket.
- (2) In the case of a claim made for payment on a pari-mutuel wager, the commission shall adjudicate the claim and may order payment thereon from the pari-mutuel pool or by the APmWE, or may deny the claim, or may make such other order as it may deem proper.

#### E. Payment for Errors

If an error occurs in the payment amounts for pari-mutuel wagers, which are cashed or entitled to be cashed; and as a result of such error the pari-mutuel pool involved in the error is not correctly distributed among winning ticket holders, the following shall apply:

- (1) Verification is required to show that the amount of the commission, the amount in breakage, and the amount in payouts is equal to the total gross pool. If the amount of the pool is more than the amount used to calculate the payout, the underpayment shall be added to the

corresponding pool of the next contest. If underpayments are discovered after the close of the meeting, the underpayment shall be held in an interest-bearing account approved by the Commission until being added, together with accrued interest, to the corresponding pool of the next meet.

- (2) Any claim not filed with the APmWE within 30 days, inclusive of the date on which the underpayment was publicly announced, shall be deemed waived; and the APmWE shall have no further liability therefore.
- (3) In the event the error results in an overpayment to winning wagers, the APmWE shall be responsible for such payment.

#### F. Betting Explanation

A summary explanation of pari-mutuel wagering and each type of betting pool offered shall be published in the program for every wagering performance. The rules of racing relative to each type of pari-mutuel pool offered must be prominently displayed on association grounds and available upon request through association representatives.

#### G. Display of Betting Information

- (1) Approximate odds for Win pool betting shall be posted on display devices within view of the wagering public and updated at intervals of not more than 60 seconds for the current race of the performance.
- (2) The probable payout or amounts wagered, in total and on each betting interest, for other pools may be displayed to the wagering public at intervals and in a manner approved by the Commission.
- (3) Official results and payouts must be displayed upon each contest being declared official.

#### H. Cancelled Contests

If a contest is cancelled or declared "no contest", refunds shall be granted on valid wagers in accordance with these rules.

#### I. Refunds

- (1) Notwithstanding other provisions of these rules, refunds of the entire pool shall be made on:
  - (a) Win pools, Exacta pools, and first-half Double pools offered in contests in which the number of betting interests has been reduced to fewer than two (2).
  - (b) Place pools, Quinella pools, Trifecta pools, first-half Quinella Double pools, first-half Twin Quinella pools, first-half Twin Trifecta pools, and first-half Tri-Superfecta pools offered in contests in which the number of betting interests has been reduced to fewer than three (3).
  - (c) Show pools, Superfecta pools, and first-half Twin Superfecta pools offered in contests in which the number of betting interests has been reduced to fewer than four (4).
  - (d) Pentafecta pools offered in contests in which the number of betting interests has been reduced to fewer than five (5).
- (2) Authorized refunds shall be paid upon presentation and surrender of the affected pari-mutuel ticket.

**J. Coupled Entries and Mutuel Fields**

- (1) Contestants coupled in wagering as a coupled entry or mutuel field shall be considered part of a single betting interest for the purpose of price calculations and distribution of pools. Should any contestant in a coupled entry or mutuel field be officially withdrawn or scratched, the remaining contestants in that coupled entry or mutuel field may remain valid betting interests and no refunds will be granted; or the stewards may order a refund for the entire betting interest. If all contestants within a coupled entry or mutuel field are scratched, then tickets on such betting interests shall be refunded, notwithstanding other provisions of these rules.
- (2) For the purpose of price calculations only, coupled entries and mutuel fields shall be calculated as a single finisher, using the finishing position of the leading contestant in that coupled entry or mutuel field to determine order of placing. This rule shall apply to all circumstances, including situations involving a dead heat, except as otherwise provided by these rules.

**K. Pools Dependent Upon Betting Interests**

Unless the Commission otherwise provides, at the time the pools are opened for wagering, the association:

- (1) Shall offer win wagering on all contests with three (3) or more betting interests. May offer win wagering on all contests with two (2) or more betting interests.
- (2) May offer place wagering on all contests with three (3) or more betting interests.
- (3) May offer show wagering on all contests with four (4) or more betting interests.
- (4) May offer quinella wagering on all contests with three (3) or more betting interests.
- (5) May offer quinella double wagering on all contests with three (3) or more betting interests.
- (6) May offer exacta wagering on all contests with two (2) or more betting interests.
- (7) May offer trifecta wagering on all contests with three (3) or more betting interests.
- (8) May offer superfecta wagering on all contests with four (4) or more betting interests.
- (9) May offer twin quinella wagering on all contests with three (3) or more betting interests.
- (10) May offer show quinella wagering on all contests with four (4) or more betting interests.
- (11) Shall not offer twin trifecta, tri-superfecta or twin trifecta wagering on any contests with six or less betting interests.
- (12) May offer Pentafecta wagering on all contests with five (5) or more betting interests.

**L. Prior Approval Required For Betting Pools**

- (1) An association that desires to offer new forms of wagering must apply in writing to the Commission and receive written approval prior to implementing the new betting pool.
- (2) The association may suspend previously-approved forms of wagering with the prior approval of the Commission. Any carryover shall be held until the suspended form of wagering is reinstated. An association may request approval of a form of wagering or separate wagering pool for specific performances.

**M. Closing of Wagering in a Contest**

- (1) A commission representative shall close wagering for each contest after which time no parimutuel tickets shall be sold for that contest.
- (2) The APmWE shall maintain, in good order, a system approved by the commission for closing wagering.

**N. Complaints Pertaining to Pari-Mutuel Operations**

- (1) When a patron makes a complaint regarding the pari-mutuel department to an APmWE, the APmWE shall immediately issue a complaint report, setting out:
  - (a) the name of the complainant;
  - (b) the nature of the complaint;
  - (c) the name of the persons, if any, against whom the complaint was made;
  - (d) the date of the complaint;
  - (e) the action taken or proposed to be taken, if any, by the association.
- (2) The APmWE shall submit every complaint report to the Commission within 48 hours after the complaint was made.

**O. Licensees –**

Duty to Report All licensees shall report any known irregularities or wrong doings by any person involving pari-mutuel wagering immediately to the Commission and cooperate in subsequent investigations.

**P. Unrestricted Access**

The APmWE shall permit the Commission unrestricted access at all times to its facilities and equipment and to all books, ledgers, accounts, documents and records of the APmWE that relate to pari-mutuel wagering.

**Q. Emergency Situations**

In the event of an emergency in connection with the pari-mutuel department not covered in these rules, the pari-mutuel manager representing the APmWE shall report the problem to the stewards and the APmWE and the stewards shall render a full report to the Commission within 48 hours.

Adopted Version 4.1 ARCI 4/26/07

Version 9.5 ARCI Board 12/13/19 Amended K(2)(3) replacing “shall” with “may”

Version 12.1.2 Corrected typographical error K(10) replaced 3 betters with 4 betters 07/21/23

***ARCI-004-025 Interstate Common Pool Wagering***

Adopted in Version 1.4 ARCI 8/27/02 NAPRA 10/2/02

Repealed topic re-numbered to ARCI-004-039 Version 4.1 ARCI 4/26/07

***ARCI-004-029 Stored Value Instruments and Systems***

**A. Pari-Mutuel Cash Vouchers**

- (1) Pari-mutuel cash vouchers may be offered by an APmWE that issues pari-mutuel tickets. These vouchers shall be dispensed through the totalisator system. The stored value on a

voucher may be redeemed in the same manner as a value of a winning pari-mutuel ticket for wagers placed at a pari-mutuel window or a self-service terminal, and may be redeemed for their cash value at any time.

- (2) An APmWE may, with the prior approval of the Commission, issue special pari-mutuel cash vouchers as incentives or promotional prizes, and may restrict the use of those vouchers to the purchase of pari-mutuel wagers.
- (3) The tote system transaction record for all pari-mutuel vouchers shall:  
Include the voucher identification number in subsequent pari-mutuel transactions;  
Pari-mutuel wagers made from a voucher shall identify the voucher by identification number.

#### **B. Other Stored Value Instruments and Systems**

- (1) An APmWE may not, without the prior approval of the Commission, utilize any form of stored value instrument or system other than a pari-mutuel voucher for the purpose of making or cashing pari-mutuel wagers
- (2) Any request for approval of a stored value instrument or system shall include a detailed description of the standards utilized:
  - (a) to identify the specific stored value instrument or account in the pari-mutuel system wagering transaction record;
  - (b) to verify the identity and business address of the person(s) obtaining, holding, and using the stored value instrument or system;
  - (c) to record and maintain records of deposits, credits, debits, transaction numbers, and account balances involving the stored value instruments or accounts
- (3) A stored value instrument or system must prevent wagering transactions in the event such transactions would create a negative balance in an account, and may not operate so as to automatically facilitate a transfer of funds into a stored value instrument or account without the direct authorization of each such deposit transfer by the person holding the instrument or account
- (4) Any request for approval of a stored value instrument or system shall include an affirmation of the ready availability when requested by the commission, all records and reports relating to all transactions, account records, and customer identification and verification in hard copy or standard electronic format approved by the commission certification of secure retention of all records for a period of not less than three years or such longer period specified by the commission.

Adopted Version 4.1 ARCI 4/26/07

#### ***ARCI-004-034 Simulcasting***

##### **A. Live Event Host – Contract Subject to Commission Approval**

- (1) A live event host licensed by the Commission may, subject to Commission approval of a contract, simulcast its races for the purpose of pari-mutuel wagering to another APmWE.
- (2) Unless otherwise permitted by the Commission, every simulcast will contain in its video content a digital display of actual time of day, the name of the host facility from where it emanates, the number of the contest being displayed, and the minutes to post.

- (3) The live event host may as a condition of contract approval or at such other time as deemed necessary by the Commission, be required to provide and maintain security controls including encryption over its uplink and communications systems.
- B. Guest Associations and Secondary Pari-mutuel Organizations – Contract Subject to Commission Approval
- (1) Guest Associations and Secondary Pari-mutuel Organizations (in jurisdictions where legal) licensed by the Commission, subject to contract approval by the Commission, may receive simulcast races for the purpose of pari-mutuel wagering from one or more live event host.
  - (2) Guest Associations and SPMOs shall submit a plan, subject to approval of the Commission, for testing the transmission, encryption and decoding, and data communication to assure proper system function prior to the commencement of each simulcast program or race from a live event host.

Adopted Version 4.1 ARCI 4/26/07 topic was ARCI-004-020

### **ARCI-004-039 Common Pool Wagering**

Pari-mutuel Pool Hosts may enter into common pool wagering agreements with other APmWEs subject to applicable Federal and State statutory requirements and the approval of the Commission

- A. Intra-State Common Pool Wagering  
(While some Rules in this section will be State specific, the Committee may develop proposed Rules for this section to safeguard the over-all integrity of inter-jurisdictional mutuel pools)
- B. Inter-State Common Pool Wagering
- (1) **Contract Subject to Commission Approval**

An APmWE, subject to contract approval by the Commission, participate in Common Pool Wagering by accepting wagers placed in other jurisdictions or by offering wagers on races run in other jurisdictions. Contract approval requirements include but may not be limited to the following:

(a) **Licensing requirement**

A contract to participate in interstate common pool wagering shall include certification that the APmWE in the other jurisdiction is licensed or otherwise authorized or approved by the pari-mutuel authority or equivalent in that jurisdiction.

(b) **Pari-mutuel Systems Requirement**

A contract to participate in interstate common pool wagering shall:

- (A) include certification that the APmWE in the other jurisdiction utilizes a parimutuel wagering system fully compliant with requirements for totalisator systems used by licensed associations in this jurisdiction,
- (B) specify the regulatory authority responsible for granting a license to the APmWE serving as host for purposes of aggregation of common pool wagering,

- (C) specify the name and location of APmWE that is the host for the common pool, and the individuals and contact information for matters relating to the contract and common pool wagering,
  - (D) specify the name of the totalisator company, location of the totalisator facility utilized to receive wagers and aggregate pools for the purpose of common pool wagering and the individuals and contact information for matters relating to the contract and common pool wagering.
- (c) **Access to Reports and Wagering Information Requirement**
- (A) contract to participate in interstate common pool wagering shall include certification that the APmWE in the other jurisdiction will provide full and prompt access to, and cooperation in providing, all reports and information that may be requested by the commission, including wagering transaction data in either a hard copy report or a standard electronic data format acceptable to the commission. Such requirement shall be applicable to all wagering on races run in this jurisdiction, and all wagering pools, which accept wagers placed from this jurisdiction.
- (d) **Advance Deposit Account Wagering Systems Requirement**
- (A) contract to participate in interstate common pool wagering with APmWE that operates in another jurisdiction shall certify access will provide full and prompt access to all reports and information, including to customer account identity, verification, and wagering records, for investigatory purposes. Such requirement shall be applicable to all wagering on races run in this jurisdiction, and all wagering pools, which accept wagers placed from this jurisdiction and all pools hosted in this jurisdiction.
- (e) **Breakage**
- The contract shall include provisions specifying the distribution of breakage consistent with the requirement for wagers placed in this jurisdiction.
- (f) **Net Pool Pricing**
- If takeout rates are not the same for all jurisdictions, the contract shall specify net pool pricing. (ARCI-004-105 A. (2) (b)).
- (A) Individual wagering transactions are deemed to be made at the point of sale in the state where placed unless otherwise specified by statute or court ruling
  - (B) Any surcharges or withholdings in addition to the takeout shall only be applied in the jurisdiction otherwise imposing such surcharges or withholdings.
  - (C) In determining whether to approve an interstate common pool which does not include the host track or which includes contests from more than one association, the Commission shall consider and may approve use of a bet type which is not utilized at the live event host, application of a takeout rate not in effect at the live event track, or other factors which are presented to the Commission.
  - (D) The content and format of the visual display of racing and wagering information at facilities in other jurisdictions where wagering is permitted in the interstate

common pool need not be identical to the similar information permitted or required to be displayed under these rules.

**(2) Guest State Participation in Interstate Common Pools**

- (a) The Commission may approve a takeout from the pari-mutuel pools identical to that of other jurisdictions participating in a merged pool.
- (b) Rules established in the state of the live event host Pari-mutuel Pool Host for a parimutuel pool shall apply.
- (c) The APmWE shall designate one of the following procedures it will use if it becomes impossible to successfully merge the corresponding pools into the interstate common pool, and shall publish their designed procedure in the printed program:
  - (A) compute payouts in accordance with payout prices that would have been in effect if prices for the pool of bets were calculated without regard to wagers placed elsewhere; or,
  - (B) with permission of the Commission pay winning tickets at the payout prices at the host track; or,  
/declare such accepted bets void and make refunds in accordance with the applicable rules.

**(3) Host State Participation in Interstate Common Pools**

- (a) Rules of racing established for races held in this state shall also apply to interstate common pools unless the Commission shall have specifically otherwise determined.
- (b) Any contract for interstate common pools shall contain a provision whereby if, for any reason, it becomes impossible to successfully accept wagers placed or merge corresponding pools into the interstate common pool formed by the Pari-Mutuel Pool Host and the Commission's or the Pari-mutuel Pool Host's representative determines that accepting wagers or attempting to effect transfer of pool data from the guest APmWE may endanger the integrity of the pool or the timely processing of payouts the Parimutuel Pool Host shall have no liability for guest's wagers or corresponding pools not being accepted into the host pool.

**C. International Common Pool Wagering  
(Proposed Rules for this section yet to be developed)**

Adopted Version 4.1 ARCI 4/26/07 topic was ARCI-004-025

***ARCI-004-044 Secondary Pari-mutuel Organizations (SPMOs)***

**A. SPMOs Licensed in this Jurisdiction**

- (1) A Secondary Pari-mutuel Organization must be licensed by the Commission if the SPMO has facilities, equipment, systems, or personnel that are located in this jurisdiction (applicable to jurisdictions where legal) for the purpose of accepting pari-mutuel wagers.
- (2) A Secondary Pari-mutuel Organization is responsible for compliance with all rules relating to associations licensed by the Commission as they apply to pari-mutuel wagering.

- (3) As a condition of approval of any simulcasting and/or common pool wagering contract between an APmWE in this jurisdiction, and an ADW in another jurisdiction, any agreement subject to Commission approval, shall include:
- (a) a list of personnel assigned to work in this jurisdiction
  - (b) disclosure of all officers, directors, partners, and share holders with a five percent of greater share of ownership or beneficial interest
  - (c) certification of compliance with totalisator standards and licensing requirements equivalent to those required for totalisator companies employed by associations licensed in this jurisdiction by the Commission,
  - (d) a **Type II SAS 70 report**, or other independent report in a form acceptable to the commission, completed within the preceding 12 months, to assure adequate financial controls are in place in the SPMO,
  - (e) an agreement to inspections and monitoring by the Commission all facilities used for accepting , recording, or processing pari-mutuel wagers accepted in this jurisdiction
  - (f) certify use of a pari-mutuel system meeting all requirements for pari-mutuel systems /employed by licensed racing associations in this jurisdiction

**B. SPMOs Licensed in Other Jurisdictions**

An SPMO operating outside this jurisdiction must as a condition of Commission approval of a contract to permit pari-mutuel wagers to be accepted on races run or pools hosted by an APmWE in this jurisdiction:

- (1) be licensed, authorized, or otherwise approved by another recognized pari-mutuel Commission or equivalent regulatory authority,
- (2) certify compliance with licensing requirements essentially equivalent to those required for licensing in this jurisdiction,
- (3) disclose all systems and facilities, including by not limited to advance deposit account wagering systems, whereby wagers are accepted by other than the issuing of pari-mutuel tickets at a public facility licensed by a pari-mutuel regulatory authority,
- (4) certify use of a pari-mutuel system meeting all requirements for pari-mutuel systems employed by licensed APmWEs in this jurisdiction.

**C. Licensing Key Individuals of Each SPMO and Consent to SPMO Contracts**

- (1) No SPMO shall be authorized or permitted to accept or transmit simulcast signals of or accept wagers on horse races conducted within, or to transmit wagering information into track pools regulated within, Our State unless an occupational SPMO license has been issued to each of its key individuals. An occupational SPMO license shall be issued to a key individual only upon submission of a satisfactory application using forms prescribed by Our Racing Commission, a demonstration by the applicant of the suitability of the affiliated SPMO, and a determination by Our Racing Commission that the licensing criteria have been met.
- (2) For an applicant to demonstrate that the affiliated SPMO is suitable, the SPMO's suitability must be subjected to a "due diligence" review by Our Racing Commission, its designee, or by

a racing compact or trade association to which Our Racing Commission belongs, which includes at least:

- (a) visits to the SPMO sites, an inspection and analysis of computer systems and records to verify accounting records and business practices, thorough examination of computerized records and operational systems on the SPMO's computers, facility inspection with complete access including to all equipment, activities, structures, and other property, and forensic review by accountants of the financial books and operational records; which review shall include repetition of the foregoing as needed to investigate possible material changes, alteration or renewal of its status, or any other purpose, and shall include such other actions and disclosure as may be needed;
  - (b) full and timely disclosure of all requested information and full access to all facilities, documents, papers, records, and property, including but not limited to computers, equipment, structures, bank records, financial books and records, wagering records, the identity of each account holder, records identifying beneficial participants in wagers by account holders, and operating records, which shall include but not be limited to:
    - (A) the identity of each executive, manager, officer, director, and owner of a beneficial interest or a source-of-funding of 1% or more (based on entity percentages being also attributed to controlling interests);
    - (B) any actions or anticipated actions of the SPMO and its key individuals that are relevant to whether a material change or has occurred or might occur; and
    - (C) each bettor, account holder, or beneficial interest in wagers, that participates, directly or indirectly, in 5% or more (by amount or number) of the pari-mutuel wagers accepted by the SPMO in any calendar month (a trade secret exempt from disclosure or use except for licensing, regulatory, or law enforcement purposes);
  - (c) a determination of suitability every two years and as needed, based on newly discovered information, falsity in application, suspicious activity or associations, failure to cooperate with regulatory or investigating body directives or conditions or requests, material changes in the SPMO, or any other relevant factor;
  - (d) that all SPMO key individuals having made satisfactory application for an SPMO individual occupational license to Our Racing Commission, including an interstate compact to which it belongs, and are qualified to receive such a license subject to SPMO suitability.
- (3) For an applicant to demonstrate that the affiliated SPMO is suitable, the applicant must show that the affiliated SPMO, and each of its key individuals, meets the following criteria:
- (a) Character must be consistent with the public interest, convenience and necessity and the best interests of racing generally, including but not limited to:

- (A) **Criminal Record:** Neither the SPMO entity nor its key individuals shall have, as a principal, accessory, or conspirator, in any jurisdiction at any time, pleaded guilty or nolo contendere to, been found guilty or been convicted of, forfeited bail or been fined for, or have currently pending a criminal accusatory instrument that includes any charge for, any offense that; after due consideration of the specific duties, responsibilities, and/or influence of the applicant at the SPMO, the bearing of the offense on fitness and ability, rehabilitation or good conduct, the need to protect others, the defendant's age, offense's seriousness, and time elapsed; bears a direct relation to the integrity and performance of the SPMO and/or poses an unreasonable risk to property, safety, or welfare of specific persons or to the general public. Crimes of special concern include:
- (i) any offense involving organized crime, extortion, racketeering, money laundering, loan sharking, illegal drugs, fraud, misrepresentation, forgery, false documents or instruments, illegal gambling, gaming misconduct, touting, pool-selling, bet solicitation, bookmaking, race-fixing or other effort to pre-determine the outcome of a race, moral turpitude, and similar misconduct;
  - (ii) felonies; and
  - (iii) more than two (2) misdemeanor criminal incidents within the preceding five (5) years.
- (B) **Fraud and Misrepresentation:** Neither the SPMO entity nor its key individuals shall have, in any jurisdiction or forum at any time, been found to have engaged in fraud or misrepresentation, or have currently pending a civil action or proceeding (including administrative or arbitration), that includes a charge for or allegation of such misconduct.
- (C) **Associations:** Neither the SPMO entity nor its key individuals shall be known associates of or be involved with (including as unindicted co-conspirator) any activity or person that
- is disreputable, such as involved in organized crime, extortion, racketeering, money laundering, loan sharking, illegal drugs, fraud, misrepresentation, forgery, false documents or instruments, illegal gambling, gaming misconduct, touting, pool-selling, bet solicitation, bookmaking, race-fixing or other effort to pre-determine the outcome of a race, moral turpitude, or similar misconduct. Associates may include significant SPMO account holders and beneficial participants in their wagers.
- (D) **Good standing:** The SPMO entity and its key individuals shall currently be in good standing in all gaming, wagering, and pari-mutuel racing jurisdictions and with the agency or other entity regulating such activities in any jurisdiction, including no current suspension or revocation of any licenses and currently welcome to apply in each jurisdiction.

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- (b) Fitness and experience must be consistent with the public interest, convenience and necessity and the best interests of racing generally. With regard to the SPMO, this shall include but not be limited to that it:
- (A) shall meet general industry standards for business and financial practices, procedures, and controls;
  - (B) shall have a wagering system that ensures that all wagering information is transmitted to and calculated in the appropriate host track pool;
  - (C) the SPMO shall utilize a totalisator system that meets wagering-industry standards and certification criteria;
  - (D) shall meet general industry standards for physical security of computerized wagering systems, business records, facilities, and patrons;
  - (E) shall have no indications of improper manipulation of its wagering system (including software);
  - (F) shall have policies and procedures that ensure its key individuals have applied and are eligible for all required occupational licenses;
  - (G) shall have an annual independent audit with no audit opinion qualifications that reflect adversely on integrity;
  - (H) shall have a system that verifies the identity of all bettors and requires them to disclose all beneficial interests in wagers it accepts;
  - (I) shall have a real-time system Independent Monitoring System to monitor wagering activity to detect suspicious patterns including any that might indicate criminal activity or regulatory violations, which system shall verify all transactions performed by the totalisator system and provide expeditious notice of any discrepancies or suspicious activity to the host track, wagering site, due-diligence investigating body, and any affected regulatory agencies;
  - (J) shall have a satisfactory record of customer relations including no excessive unresolved patron complaints concerning its business practices;
  - (K) shall hold all requisite business or other permits, licenses, certifications or the like that may be required by any jurisdiction;
  - (L) shall have sufficient measures in place to protect customer funds;
  - (M) shall publicize and provide a sufficient program for customer self-exclusion and wagering limitation; and
  - (N) shall have expertise in pari-mutuel wagering and be technologically capable of participating in simulcast and wagering activities.

- (c) Financial responsibility must be consistent with the public interest, convenience and necessity and the best interests of racing generally, including but not limited to:
  - (A) the SPMO and its key individuals shall not be in default or have a history of defaulting in the payment of and financial obligation, including the payment of taxes, due to any jurisdiction, or on the payment of any gaming, wagering, or pari-mutuel racing related financial obligations; and shall not be four (4) or more months in arrears in any child support that is ordered or approved by a court in any jurisdiction within the United States; and
  - (B) the SPMO and its owners and sources of funds shall have sufficient financial means to participate in simulcast and wagering activities, including sufficient assets and means to pay industry-related debts and obligations and to fund the operations of the SPMO; and
- (d) Responsible conduct: the SPMO must be fully cooperative and act in good faith with all disclosure and other duties involved in the due-diligence investigation; voluntarily submit to regulatory and investigating body oversight; permit inspection of all business records upon request by any regulatory authority or investigating body; promptly honor regulatory or investigating body requests for wagering patterns or other information; and on reasonable notice permit full access to all facilities and property by any regulatory authority or investigating body. (e) Waivers:
  - (A) the due diligence investigation may rely upon investigations and oversight that it determines provide comparable assurances of integrity;
  - (B) provided that the SPMO is timely and fully cooperating and acting in good faith in all respects, including payment of fees and costs and voluntary submission to regulatory oversight:
    - (i) any fitness and experience criterion may be temporarily waived for an SPMO that has insubstantial volume, no past or present affiliation with any other SPMO entity or key individual, no dominating betting interest, and operates in only a small market, to the extent that the SPMO could not otherwise operate and the resulting integrity risk is offset by the advantages of regulatory oversight;
    - (ii) the fitness requirements relating to host track pooling and a totalisator system may be waived to the extent an SPMO's legal environment prohibits it, its alternative operations are documented and lawful, and it serves the best interests of racing; and
    - (iii) SPMO suitability may be recognized on a conditional and temporary basis based upon the preliminary findings of an ongoing due diligence investigation.
- (4) The occupational license applicant must meet each foregoing criterion that relates to individual integrity.

- (5) Each application must be accompanied by a nonrefundable application fee in the amount of FEE AMOUNT. In addition, the applicant shall pay the costs of the background investigation performed by the Our Racing Commission or its designee to determine whether the applicant has demonstrated that his or her affiliated SPMO is suitable. Our Racing Commission may estimate these costs and require a deposit to be paid by the applicant in advance as a condition precedent to beginning or continuing an investigation. The application may be denied if the applicant has failed or refuses to pay all application and investigative fees and costs.
- (6) Definitions:
- (a) *Key Individual* means each executive, manager, officer, director, owner of a beneficial interest of 5% or more, or an owner and source-of-funding whose combined percentage interests are 5% or more, in the SPMO entity. An entity's ownership or funding shall also be fully attributed to its controlling person, family, or other entity. Our Racing Commission, however, after full disclosure by the applicant and SPMO, may determine that;
- (A) an entity not controlled by a person, family, or other entity has no key individuals despite its percentage of equity or funding, and
- (B) any given bettor, account holder, or beneficial interest in wagers, directly or indirectly, possesses such a dominating position as to constitute a Key Individual.
- (b) *Material change* means any change in business property or practices that would require an independent analysis in the review process (including after initial review); any change in key individuals; and any change in any account holder, or beneficial interest in any account-holder wagers, that participates, directly or indirectly, in 5% or more (by amount or number) of the parimutuel wagers accepted by the SPMO in any calendar month.
- (c) *Secondary Pari-Mutuel Organization ("SPMO")* means any person or entity that seeks to accept or transmit simulcast signals, accept wagers, or transmit wagering information with regard to pari-mutuel horse races conducted within or track pools regulated by Our State, including affiliates and anyone who offers the simulcast signals or wagering opportunities to potential customers of the SPMO; excluding, however, simulcast and wagering conducted;
- (A) on-site at the premises of an entity licensed to conduct horse races for the purposes of parimutuel wagering within its state borders,
- (B) on-site at a government entity that is authorized to participate in wagering on horse races conducted for the purposes of pari-mutuel wagering within its state borders or
- (C) off-site by either provided that the entire simulcast and wagering service is operated within its state borders by such racetrack or government entity alone.
- (d) *Simulcast* means to telecast or distribute wagering information, audio and/or video signals of a horse race for the purposes of pari-mutuel wagering.

- (7) Our Racing Commission shall not consent to the acceptance of any interstate off-track wager by an SPMO that has not been determined, as set forth in this Rule, to be suitable.
- (8) Confidential intellectual property or information held by an SPMO, including on behalf of its customers, should be identified as such by the SPMO and Our Racing Commission shall use all reasonable efforts to defend it from disclosure to others and shall not disclose it to other parties except as may be required by law.

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### ***ARCI-004-049 Advance Deposit Account Wagering (ADW)***

Commission access to and use of information concerning wager transactions and account wagering customers shall be considered proprietary and shall not be disclosed publicly except as may be required pursuant to statutes, court orders or part of the official record of any proceeding before the commission.

This shall not prevent the sharing of this information for investigative purposes with other parimutuel regulatory authority or law enforcement agencies.

Committee Note: While the committee understands that ADWs have increased issues regarding proprietary information and customer identity information, issues of proprietary information and customer account information will be handled subject to the licensing jurisdiction's Public Information laws and rules.

#### **A. ADW Licensed in this Jurisdiction**

An entity that operates an ADW and is not otherwise involved in pari-mutuel wagering may be licensed as both an SPMO and an ADW in a consolidated licensing procedure as prescribed by the Commission.

- (1) An association or SPMO licensed by the Commission may apply for a license to operate an advanced deposit account wagering system (ADW) (applicable to jurisdictions where legal) whereby wagers are debited and payouts are credited to an account held by the association or SPMO on behalf of a person who has applied for such account and been accepted pursuant to these rules.
- (2) A provider of advanced deposit account wagering facilities or systems for a ADW must be licensed by the Commission if account facilities, equipment or personnel are located in this jurisdiction pursuant to a contract with a licensed association or SPMO. (applicable to jurisdictions where legal)
- (3) The ADW license application shall include:
  - (a) a copy of the contract(s) to provide services to an association or SPMO licensed by the Commission
  - (b) a list of personnel assigned to work in this jurisdiction, and a list of all employees involved in accepting pari-mutuel wagers placed in this jurisdiction, and employees with access to facilities where such wagers are placed, or systems and records relating to account wagering are operated and secured, who are not located in this jurisdiction

- (c) list of all officers, directors, partners, and share holders with a five percent or greater share of ownership or beneficial interest
  - (d) full disclosure of all fees and other financial considerations relating to the contract with the association or SPMO
  - (e) certify to the host Commission prompt access to reports, logs, wagering transaction detail, and customer account detail, in printed form or standard electronic format approved by the commission
  - (f) provide a detailed description and certification of systems and procedures used to validate the identity, age, and jurisdiction of legal residence of account holders and to validate the legality of wagers accepted
  - (g) include certification of prompt Commission access to all records relating to customer identify, age, and residency in hard copy or standard electronic format acceptable to the commission
  - (h) certify prompt Commission access to customer account detail in hard copy or an electronic format acceptable to the Commission for
    - (A) persons who place wagers on races conducted in this jurisdiction, customers are identified as legal residents of this jurisdiction, who place wagers on races ran in this jurisdiction and races available for wagering by persons in this jurisdiction,
    - (B) persons the Commission has reason to investigate based on possible placing of wagers for persons other than the account holder, wagers that may be related to the investigation of any race or wagering pattern, or relevant to any other investigation as may be determined by the Commission
  - (i) include certification of secure retention of all records related to wagering and customers accounts for a period of not less than three years or such longer period specified by the Commission,
  - (j) include, as an attachment, a certified copy of rules governing the acceptance and management of accounts, and a certified copy of any changes in such rules at least thirty days prior to the effective date
- (4) All persons employed by ADWs pursuant to (3) (b) above, not licensed by the Commission, shall hold a current pari-mutuel employee or vendor employee license issued by the National License Compact. The ADW shall provide and maintain with the Commission a current list of such employees and including their current National License number.
- (5) Must utilize and communicate pari-mutuel wagers to a pari-mutuel system meeting all requirements for pari-mutuel systems employed by licensed racing associations in this jurisdiction
- (6) An ADW must operate and communicate with the totalisator system in such a way as not to provide or facilitate a wagering advantage based on access to information and processing of wagers by ADW account holders relative to persons who wager at race tracks or public off track wagering facilities. The ADW shall have in place an independent real time monitoring system and use approved by the Commission, and use other procedures as needed, to insure compliance with this requirement.

- (7) Advanced Deposit Account Wagering Rules
- (a) Notification. The ADW shall notify the patron, at the time of opening the account, of any rules the association has made concerning deposits, withdrawals, average daily balance, user fees, interest payments and any other aspect of the operation of the account. The ADW shall notify the patron whenever the rules governing the account are changed, such notification occurring before the new rules are applied to the account and including the opportunity for the patron to close or cash-in the account. The patron shall be deemed to have accepted the rules of account operation upon opening or not closing the account. The ADW shall request authorization from the Commission before a system of account wagering is offered.
  - (b) Refusals. The ADW may reserve the right at any time to refuse to open an account, to accept a wager, or to accept a deposit.
  - (c) Patron Information. Each account holder shall provide such personal information as the ADW and the Commission require, including an address to which communications are to be delivered. The ADW shall provide each account holder, a confidential account number and password to be used by the patron to confirm the validity of every account transaction.
    - (d) Deposits. Deposits may be made in cash or by check, whereby the proceeds of the check may first need banker's clearance. Holding periods will be determined by the ADW and advised to the account holder. A receipt for the deposit must be issued to the account holder, but does not need to reflect the current account balance.
  - (e) Sufficient Account Balance. Each account holder shall be deemed to be aware of the status of that account at all times. Wagers will not be accepted which would exceed the available balance of that account. Any account not updated when a transaction is completed shall be inoperable until the transaction is posted and the account balance updated.
  - (f) Account Credits. When an account is entitled to a payout or refund, said monies will be credited to the respective accounts, thus increasing the credit balance. It is the responsibility of the account holder to verify proper credits and, if in doubt, notify the association within the agreed upon time-frame for consideration. Unresolved disputes may be forwarded to the commission by the ADW or the account holder. No claim will be considered by the commission unless submitted in writing and accompanied by supporting evidence.
  - (g) Account Operation.
    - (A) The ADW must maintain complete records of every deposit, withdrawal, wager and winning payout for each. These records shall be made available to the Commission upon request.
    - (B) For wagers made for an account by telephone, the ADW shall make a voice recording of the entire transaction and shall not accept any such wager if the voice recording system is inoperable. Voice recordings shall be retained for not less than 6 months and shall be made available to the commission for investigative purposes.

- (C) Any account wagering system must provide for the account holder's review and finalization of a wager before it is accepted by the ADW. Neither the account holder nor the ADW shall change a wager after the account holder has reviewed and finalized the wager. In the case of a wager made by telephone, the voice recording of the transaction shall be deemed to be the actual wager, regardless of what was recorded by the pari-mutuel system.
- (h) Account Closure. The ADW may close any account when the holder thereof attempts to operate with an insufficient balance or when the account is dormant for a period approved by the Commission. In either case, the ADW shall refund the remaining balance of the account to the account holder.

## B. ADWs in Other Jurisdictions

As a condition of approval of any simulcasting and/or common pool wagering contract between an APmWE in this jurisdiction, and an ADW in another jurisdiction, any agreement subject to Commission approval, shall include

- (1) disclosure of all ADWs wagering on any races run in this jurisdiction, and all ADWs wagering on races run in other jurisdictions that would be available for wagering in this jurisdiction, pursuant to the contract
- (2) certification of ADW licensing, authorization, or approval by the recognized pari-mutuel authority in the other jurisdiction
- (3) certification of compliance with rules for operation of an ADW comparable to those stated in section (7) (A) above
- (4) full disclosure of all fees, market share revenue, and other financial considerations relating to the contract
- (5) certify to the host commission prompt access to reports, logs, wagering transaction detail, and customer account detail, in printed form or standard electronic format approved by the commission
- (6) provide a detailed description and certification of systems and procedures used to validate the identity, age, and jurisdiction of legal residence of account holders and to validate the legality of wagers accepted
- (7) include certification of prompt commission access to all records relating to customer identify, age, and residency in hard copy or standard electronic format acceptable to the commission,
- (8) certify prompt commission access to customer account detail in hard copy or an electronic format acceptable to the commission for
  - (a) persons who place wagers on races conducted in this jurisdiction, customers are identified as legal residents of this jurisdiction, who place wagers on races ran in this jurisdiction and races available for wagering by persons in this jurisdiction,
  - (b) persons the commission has reason to investigate based on possible placing of wagers for persons other than the account holder ,based on wagers placed that may be related to the investigation of any race or wagering pattern, or relevant to any other investigation as may be determined by the commission.

- (9) include certification of secure retention of all records related to wagering and customers' accounts for a period of not less than three years or such longer period specified by the commission,
- (10) include, as an attachment, a certified copy of rules governing the acceptance and management of accounts, and provide a certified copy of any changes in such rules at least thirty days prior to the effective date.

### C. Third-Party Information Security Audits for Advanced Deposit Wagering Companies

#### 1. Purpose

This rule establishes the requirement for all online wagering companies, also known as Advanced Deposit Wagering (ADW) companies, to undergo a third-party audit to ensure compliance with industry security and auditing standards.

#### 2. Third-Party Audit Requirement

- (a) All ADW companies must engage an independent third-party auditor to conduct an annual audit of their information security and operational controls.
- (b) The third-party auditor must possess at least one of the following credentials:
  - 1. Certified Information Systems Auditor (CISA) Certification
  - 2. Lead Auditor for ISO (International Organization for Standardization)
  - 3. Certified Information Security Manager (CISM) Certification

#### 3. Auditing Standards

- (a) The audit shall assess compliance with all standards outlined in the ARCI Information Security Auditing Standard.

#### 4. Reporting and Compliance

- (a) The results of the third-party audit shall be submitted to the appropriate regulatory body within 30 days of completion.
- (b) ADW companies found non-compliant with the required standards must implement corrective measures within 90 days of notification.
- (c) Failure to comply with this rule may result in penalties, suspension, or revocation of licensure.

#### 5. Effective Date

This rule shall take effect on January 1, 2026, and apply to all ADW companies operating under the ARCI Model Rules

## ARCI Information Security Auditing Standards

Section	Item	Control or Mitigating Control	Standards
<b>Physical Security</b>	<b>1.1 Physical Entry</b>	Card, code, lock, biometric scanner or other mitigating controls.	ISO 27001 A.9.1.2, NIST SP 800-53 AC-2, ISACA COBIT 5 DSS05, GLI-12, 28, 24, 33, 26
Physical Security Parameter	Physical barriers based on asset sensitivity and vulnerability (walls, fences, surveillance, doors, etc.).	ISO 27001 A.11.1, NIST SP 800-53 PE-2, ISACA COBIT 5 DSS04	
Security Offices, Rooms, and Facilities	Shield sensitive information, maintain discrete appearance, restrict access.	ISO 27001 A.9.1.3, NIST SP 800-53 PE-3, ISACA COBIT 5 DSS05, GLI-33	
Physical Security Monitoring	Surveillance technology, visitor access logs. Motion detectors and similar tech. Janitorial services and other mitigating controls.	ISO 27001 A.9.4.3, NIST SP 800-53 PE-6, ISACA COBIT 5 DSS05, GLI-33	
Physical & Environmental Threats	Conduct risk assessment to identify potential physical/environmental threats. Ensure smoke detectors, water sensors, and fire suppression systems are in place and inspected.	ISO 27001 A.8.1.2, NIST SP 800-53 PE-11, ISACA COBIT 5 DSS05	
Working in Secure Areas	Restricted access, physical barriers, and mobile phone recording restrictions. Clear emergency procedures.	ISO 27001 A.9.1.2, NIST SP 800-53 PE-2, ISACA COBIT 5 DSS04, GLI-33	
Clear Desk & Screen	Sensitive information must be locked. Automatic screen locks. No visible passwords. Educate employees.	ISO 27001 A.9.4.1, NIST SP 800-53 AC-10, ISACA COBIT 5 DSS04, GLI-33	
Storage Media	Media management policy, encryption,	ISO 27001 A.10.1, NIST SP 800-53 SC-12, ISACA COBIT 5 DSS01, GLI-28	

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	regular offsite backups. Backup power supplies.		
Backup Power	Ensure backup power sources are available and routinely tested.	ISO 27001 A.7.4, NIST SP 800-53 PE-11, ISACA COBIT 5 DSS01, GLI-12	
<b>Policies, Procedures, and Documentation</b>	<b>2.1 Personal Identifiable Information (PII)</b>	Manage and protect PII according to policy.	ISO 27001 A.8.2, NIST SP 800-53 PL-2, ISACA COBIT 5 APO02, GLI 33
Change Management	Follow change management processes, version control, emergency changes, segregation of duties.	ISO 27001 A.12.1, NIST SP 800-53 CM-3, ISACA COBIT 5 DSS01	
Disaster Recovery Plan	Evaluate disaster recovery plan to ensure rapid recovery.	ISO 27001 A.12.3, NIST SP 800-53 CP-9, ISACA COBIT 5 DSS03	
Business Continuity Plan	Assess preparedness against disruptions.	ISO 27001 A.12.2, NIST SP 800-53 CP-4, ISACA COBIT 5 DSS03	
Remote Access	Secure remote access management and MFA implementation.	ISO 27001 A.9.1.1, NIST SP 800-53 AC-17, ISACA COBIT 5 DSS06, GLI 33	
Data Retention Policy	Define and enforce data retention policies.	ISO 27001 A.8.3, NIST SP 800-53 AU-6, ISACA COBIT 5 DSS06, GLI 33	
Governance Policies	Information security governance and compliance.	ISO/IEC 27001, SOC 2, PCI-DSS, GLI-33	
Personal Identifiable Information (PII)	Protection and Management of Personally Identifiable Information (PII)	ISO/IEC 27001:2013 A8.2, A.9, A.18.1, ISO/IEC 27002:2022 A.8.3, A.9.4, A.14.2, A.18.1.A, GDPR Article 5, 32, 33, 35, NIST SP 800-53 AC-17, IR-4, PL-8SC-13, NIST SP 800-122, PCI-DSS, CCPASOC 2, ISO/IEC 29100 Principles 1, 2, 7, GLI-33	
Third Party Policies	Third Party Risk Management Policy	ISO 27001 & ISO 27701, NIST 800-53, PCI-DSS, SOC 2, GDPR/CCPA, GLI-33	
<b>Inventory and Control</b>	<b>3.1 Enterprise Asset Inventory</b>	Maintain and manage an asset inventory for software and hardware. Ensure version control is in place.	ISO 27001 A.8.1, NIST SP 800-53 CM-8, ISACA COBIT 5 DSS02, GLI-24, GLI-33

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Software Inventory	Ensure all software is licensed.	ISO 27001 A.8.1, NIST SP 800-53 CM-8, ISACA COBIT 5 DSS02, GLI-24, GLI-33	
<b>Data Protection</b>	<b>4.1</b> Secure Disposal of Data and enforce retention of data.	Secure disposal of data as per policy.	ISO 27001 A.10.1, NIST SP 800-53 SC-12, ISACA COBIT 5 DSS01, GLI-33
Data Encryption in Transit	Encrypt sensitive data during transit.	ISO 27001 A.10.1, NIST SP 800-53 SC-12, ISACA COBIT 5 DSS01, GLI-33	
Data Access Logging	Log access to sensitive data, routinely reviewed and maintain compliance.	ISO 27001 A.8.3, NIST SP 800-53 AU-6, ISACA COBIT 5 DSS06, GLI-33	
<b>Secure Configuration</b>	<b>5.1</b> Secure Factory Configuration	Change factory configurations to secure settings.	ISO 27001 A.9.1.1, NIST SP 800-53 CM-2, ISACA COBIT 5 DSS01, GLI-33
Firewalls	Use firewalls at the boundary of dissimilar security domains. Ensure appropriate configuration. Appropriate logs are maintained.	ISO 27001 A.13.1, NIST SP 800-53 SC-7, ISACA COBIT 5 DSS05, GLI-33	
<b>Access and Account Management</b>	<b>6.1</b> Account Management	Use unique passwords and follow NIST standards for password complexity.	ISO 27001 A.9.2, NIST SP 800-53 AC-2, ISACA COBIT 5 DSS05, GLI-33
Least Privilege Access	Ensure employees have the least privilege access based on role.	ISO 27001 A.9.2.2, NIST SP 800-53 AC-6, ISACA COBIT 5 DSS05	
Removal or adjustment of access rights.	Access rights are removed or adjusted promptly when an employee leaves for is reassigned.	ISO/IEC 27001 A.9.2.6, NIST SP 800-53, ISACA COBIT DSS05.04, DSS06.03	
Multi-Factor Authentication (MFA)	Enforce MFA for administrative and remote access. <b>Optional MFA requiring opt out for account holders and required on new devices or other mitigating controls effective January 1, 2026.</b>	ISO 27001 A.9.4, NIST SP 800-53 IA-2, ISACA COBIT 5 DSS05, GLI-33	

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<b>Vulnerability Management</b>	<b>7.1</b> Vulnerability Scanning	Establish automated vulnerability scanning and remediation processes.	ISO 27001 A.12.6, NIST SP 800-53 RA-5, ISACA COBIT 5 DSS05, GLI-33
Intrusion Prevention Systems	Use intrusion prevention systems to monitor and block malicious activities.	ISO 27001 A.13.1, NIST SP 800-53 SC-18, ISACA COBIT 5 DSS05, GLI-33	
<b>Audit Logs</b>	<b>8.1</b> Audit Log Access Control.	Ensure audit logs have access control, are stored properly, and are reviewed regularly.	ISO 27001 A.12.4, NIST SP 800-53 AU-2, ISACA COBIT 5 DSS06, GLI-33
Log Review	Regular review and documentation of audit logs.	ISO 27001 A.12.4, NIST SP 800-53 AU-6, ISACA COBIT 5 DSS06	
<b>Email Security</b>	<b>9.1</b> Phishing Training	Conduct routine phishing awareness training for employees.	ISO 27001 A.10.1, NIST SP 800-53 SC-5, ISACA COBIT 5 DSS05, PCI-DSS 12.6, CIS Control 14, 17, GLI-33
Anti-Malware Software	Install and configure anti-malware software with signature updates.	ISO 27001 A.10.1, NIST SP 800-53 SC-5, ISACA COBIT 5 DSS05	
<b>Network Security</b>	<b>10.1</b> Network Architecture	Maintain and regularly review network architecture for security vulnerabilities.	ISO 27001 A.13.1, NIST SP 800-53 SC-7, ISACA COBIT 5 DSS05, NIST CSF, CIS control 4, 9, 13, GLI-33
Intrusion detection	Monitoring remote access	Detect unauthorized attempts to access, identify unauthorized access and suspicious activities, and provides software, firmware integrity.	NIST SP 800 53 AC 17, IR-4, SI-4, SI-7, NIST SP 800-94, ISO/IEC 27001 A.12.4.1, PCI-DSS, GDPR Article 32, SANS, GLI-33
Demilitarized Zones (DMZ)	Secure DMZ configuration	NIST SP 800-53 AC-17, SC-12, SC-7, SC-13, CA-3, NIST SP 800-41, NIST SP 800-94, ISO/IEC 27001 A.13.1.1, A.10.1.1, A.9.2.6 PCI DSS, CIS 13.3, 9.4 NERC CIP CIP-005-6, CIP-007-6, SANS 12	
Application Layer Filtering	Implement application-layer filtering and intrusion detection.	ISO 27001 A.13.1, NIST SP 800-53 SC-7, ISACA COBIT 5 DSS05, GLI-33	

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<b>Third-Party Vendors</b>	<b>11.1</b> Third-Party Contracts	Include audit rights and security clauses in third-party contracts such as rights to audit, escrow, etc.	ISO 27001 A.15.1, NIST SP 800-53 SA-9, ISACA COBIT 5 DSS04
<b>PCI-DSS</b>	<b>13.1</b> PCI-DSS Compliance	Ensure compliance with PCI-DSS standards to protect cardholder data.	ISO 27001 A.15.2, NIST SP 800-53 SC-12, ISACA COBIT 5 DSS04, GLI-33
<b>Wireless Networks</b>	<b>14.1</b> WLAN Security	Ensure wireless networks use appropriate authentication, encryption (e.g., AES), and updated standards. Default configs and passwords must be changes. Use appropriate certificate validations.	ISO 27001 A.13.2, NIST SP 800-53 AC-17, ISACA COBIT 5 DSS05
<b>DNS Security</b>	<b>15.1</b> Secure DNS Configuration	Use secure primary and secondary DNS servers that are logically and physically separated.	ISO 27001 A.13.2, NIST SP 800-53 SC-19, ISACA COBIT 5 DSS05, GLI-33
<b>Component Hardening</b>	<b>16.1</b> Security Hardening	Address known security vulnerabilities by hardening components and removing unnecessary functionality.	ISO 27001 A.9.2, NIST SP 800-53 CM-6, ISACA COBIT 5 DSS01
<b>User Privacy and Data Protection</b>	<b>17.1</b> Personal Information Protection	Implement robust controls to ensure that users' personal information (e.g., financial data, identity) is protected.	GDPR Article 25 (Data Protection by Design and by Default), ISO 27001 A.8.2.3 (Handling PII), NIST SP 800-53 AC-17 (Access Control for Sensitive Data), GLI-33, Office of the Privacy Commissioner of Canada
<b>Fraud Detection and Prevention</b>	<b>18.1</b> Safeguard against fraud	Implement systems and processes for detecting and preventing fraudulent transactions and activities within the wagering platform.	PCI-DSS 10.2 (Monitoring for Fraudulent Activity), NIST SP 800-53 AC-19 (Access Control for Fraud Prevention), ISO 27001 A.10.1 (Cryptographic Controls for Fraud Detection), GLI-33

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<b>Incident Response Plan (IRP) and Communication</b>	<b>19.1</b> Incident Management	Develop and maintain an incident response plan specifically addressing security breaches, unauthorized transactions, or any suspicious activities in the platform.	ISO 27001 A.16.1.1 (Incident Management), NIST SP 800-53 IR-4 (Incident Handling), PCI-DSS 12.10 (Incident Response), GLI-33
<b>Authentication and Authorization Controls (for Gamblers)</b>	<b>20.1</b> Secure User Access	Implement strong authentication mechanisms (such as multi-factor authentication) for user login to prevent unauthorized access to betting accounts.	NIST SP 800-63 (Digital Identity Guidelines), PCI-DSS 8.3 (User Authentication), ISO 27001 A.9.2 (User Access Control), GLI-33
<b>Mobile Device Security</b>	<b>21.1</b> Securing Mobile Access	Ensure that mobile applications used for online wagering are secure, encrypted, and protected from unauthorized access.	NIST SP 800-124 (Mobile Device Security), ISO 27001 A.9.4 (Access Control for Mobile Devices), GLI-33
<b>Application Layer Filtering and Intrusion Detection</b>	<b>22.1</b> Traffic Monitoring and Protection	Implement application-layer filtering and intrusion detection to protect systems from attacks and unauthorized access.	ISO 27001 A.13.1 (Network Security), NIST SP 800-53 SC-7 (Boundary Protection), ISACA COBIT 5 DSS05 (Monitor and Evaluate Network Security), GLI-33
<b>Data Minimization and Anonymization</b>	<b>23.1</b> Reduce Data Exposure	Minimize the amount of personal data collected from users. Anonymize or pseudonymize sensitive data where possible.	GDPR Article 5 (Data Minimization), ISO 27001 A.8.2.4 (Anonymization), NIST SP 800-53 SC-28 (Data Protection), GLI-33
<b>Server &amp; Database Security</b>	<b>24.1</b> Data Storage Protection	Ensure database servers storing financial and personally identifiable information (PII) are configured securely and access is properly controlled.	NIST SP 800-53 SC-28 (Protection of Information at Rest), ISO 27001 A.9.4 (Access Control), PCI-DSS 3.4 (Data Protection), GLI-33
<b>Regular Penetration Testing and Vulnerability Assessments</b>	<b>25.1</b> Continuous Security Testing	Perform regular penetration testing and vulnerability assessments to identify and address weaknesses in the security posture of the wagering platform.	ISO 27001 A.12.6 (Vulnerability Management), NIST SP 800-53 RA-5 (Vulnerability Scanning), PCI-DSS 11.3 (Penetration Testing)

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<b>Service Level Agreements</b>	Review SLA's for security and compliance clauses.	Uptime and availability, incident response and notification, data protection and privacy, performance monitoring, access controls, change management, backups and disaster recovery, legal and financial penalties.	ISO 27001 & ISO 27701, PCI-DSS, NIST 800-53, SOC 2 Type II, GLI, eCOGRA, GDPR & CCPA, GLI-33
<b>Cybersecurity Insurance and/or Other Mitigating Controls</b>	<b>26.1</b> Risk Mitigation through Insurance	Ensure the company holds sufficient cybersecurity insurance to cover the potential risks associated with online wagering operations.	ISO 27001 A.18.1.5 (Cybersecurity Insurance), NIST SP 800-53 CA-9 (Risk Management), GLI-33
<b>Patch Management Policies and Procedures</b>	Verify the existence of a formal patch management policy	Pre-deployment testing, rollback plans are in place, deployment tracking logs, post patch validation and monitoring	ISO 27001 A.12.6.1, NIST 800-40 Rev 3, NIST 800-53 S1-2, PCI DSS 6.1, SOC 2, MOIST 800-137, GLI-33
<b>Pari-mutuel Wagering</b>	Pari-mutuel Integrity	Race data accuracy and fair odds generation, encryption transmission of wagering information, transaction processing controls and audit trails.	ISO 27001, NIST 800-53, SOC 2, PCI-DSS, GLI-33, eCOGRA, GLI-11

Adopted Version 4.1 ARCI 4/26/07 topic was ARCI-004-015

Added subsection C entitled “Advanced Deposit Wagering on Past Live Racing Products” to ARCI-004-049 - Advanced Deposit Account Wagering. Version 9.5 ARCI Board of Directors 12/04/20

Repealed subsection C entitled “Advanced Deposit Wagering on Past Live Racing Products” ARCI Board of Directors 03/09/23 Version 13.1 to 14 May 7, 2025 Added Subsection C

**ARCI-004-050 Historical Horse Racing**

**A. General - Pari-Mutuel System of Wagering Required for Historical Horse Racing**

- (1) The only wagering permitted for historical horse racing shall be under the pari-mutuel system of wagering. All systems of wagering other than pari-mutuel shall be prohibited for historical horse racing. Any person participating or attempting to participate in prohibited wagering shall be ejected and excluded from association grounds.

**B. Definitions**

- (1) The following words and terms shall have the following meanings when used in this chapter, unless the context clearly indicates otherwise:
  - i. *Applicant*—a duly licensed entity who has submitted an application to obtain a license to offer pari-mutuel wagering on historical horse racing from the

- commission.
- ii. *Commission*—any applicable State Racing or Gaming Commission.
  - iii. *Historical Horse Race*—a form of horse racing that creates pari-mutuel pools from wagers placed on previously conducted horse races and is hosted at an authorized facility, including:
    - 1. Any horse race whether running or harness, that was previously conducted at a licensed pari-mutuel facility;
    - 2. Concluded with official results; and
    - 3. Concluded without scratches, disqualifications, or dead-heat finishes.
  - iv. *Historical Horse Racing*—an electronic wagering system used to create and sell pari-mutuel pools from wagers placed on historic horse races, or that otherwise offer pari-mutuel wagers on such races.
  - v. *Independent Testing Laboratory*—a laboratory with a national reputation for honesty, independence, and timeliness that is demonstrably competent and qualified to scientifically test and evaluate devices for compliance with this chapter and to otherwise perform the functions assigned to it by this chapter. An independent testing laboratory shall not be owned or controlled by a licensee, the state, or any manufacturer, supplier, or operator of historical horse racing terminals.
  - vi. *Integrity Auditor*—a company that conducts periodic and regular tests on the validity of pari-mutuel wagering, deductions, and payouts for the applicable historical horse racing event, including the legitimacy of the event itself, and tests that the order of finish of the race selected in the wager is valid, match to the order of finish that occurred empirically, and that all runners that were listed as entered into the race for the purposes of the wager, legitimately ran in the race.
  - vii. *Key Person License*—a license issued to a key person of an operator licensed by the commission.
  - viii. *Key Person*—any of the following entities or individuals:
    - 1. an officer, director, trustee, partner, or proprietor of a duly licensed association and/or person that has applied for or holds an operator, management company, or wagering vendor license or an affiliate or holding company that has control of a person that has applied for or holds any such license;
    - 2. a person that holds a combined direct, indirect, or attributed debt or equity interest of more than 5 percent in a person that has applied for or holds an operator, management company, or wagering vendor license;
    - 3. a person that holds a combined direct, indirect, or attributed equity interest of more than 5 percent in a person that has a controlling interest in a person that has applied for or holds an operator, management company, or wagering vendor license.
    - 4. a managerial employee of a person that has applied for or holds an operator, management company, or wagering vendor license in this

- state, or a managerial employee of an affiliate or holding company that has control of a person that has applied for or holds an operator, management company, or wagering vendor license in this state, who performs the function of principal executive officer, principal operating officer, principal accounting officer, or an equivalent officer;
5. a managerial employee of a person that has applied for or holds an operator, management company, or wagering vendor license, or a managerial employee of an affiliate or holding company that has control of a person that has applied for or holds an operator, management company, or wagering vendor license, who will perform or performs the function of historical horse racing operations manager, or will exercise or exercises management, supervisory, or policy-making authority over the proposed or existing historical horse racing wagering operation, or supplier business operations in this state and who is not otherwise subject to occupational licensing in this state;
6. any individual or business entity so designated by the commission or executive director; and
7. an institutional investor is not a key person unless the institution has a controlling interest or fails to meet the standards for waiver of eligibility and suitability requirements for qualification and licensure under the applicable regulation or statute.
- ix. *Licensee*—any entity holding an owner's or operator's license under any applicable regulation or statute, and/or offtrack wagering facility, or who is granted a license by the commission under this chapter to conduct pari-mutuel wagering on historical horse racing.
- x. *Logic Area*—unless housed in a secure server approved by the Commission, a separately locked cabinet area with its own monitored, locked door or other monitored, locked covering that houses electronic components that have the potential to significantly influence the operation of the terminal.
- xi. *Management Company*—an organization retained by an association or entity to manage the conduct of historical horse racing and provide services such as accounting, general administration, maintenance, recruitment, and other operational services.
- xii. *Operator*—a person or entity licensed pursuant to applicable regulation or statute to operate historical horse racing terminals in a location approved by the commission.
- xiii. *Takeout*—the amount a historical horse racing licensee is authorized to withhold from a pari-mutuel wager. Takeout is also known as a commission.
- xiv. *Terminal*—any self-service totalizator machine or other mechanical or electronic equipment used by a patron to place a pari-mutuel wager on a historical horse race, including hardware, software, communications equipment, and electronic devices that accept and process the cashing of

wagers, calculates the odds or payouts of the wagers, and records, displays, and stores pari-mutuel wagering information.

- xv. *Wagering Facility*—the area approved by the commission where historical horsing racing is allowed to be operated.
- xvi. *Wagering Vendor*—a person who is licensed by the commission to manufacture, fabricate, assemble, produce, program, refurbish, or make modifications to any critical component of a historical horse racing system, or associated program storage device for sale, lease, distribution, use or play by an operator in the applicable State, or any supplier of goods or services the commission deems critical to the operation or integrity of a historical horse racing system.

### C. General Provisions

- (1) The commission may waive or grant a variance from the provisions of these regulations, if the commission determines that the waiver or variance is in the best interests of the public, is impractical, or overly burdensome. Any waiver or variance granted pursuant to this section constitutes an order of the commission pertaining to historical horse racing, violation of which subjects a licensee to discipline.
- (2) In granting any variance authorized by this section, the commission may impose certain conditions and restrictions with which the licensee must comply to accept and use the variance. Failure to meet the conditions or restrictions contained in the variance will immediately render the variance void, and the licensee may be subject to discipline in the same manner as if the variance had never been issued.

### D. Records Retention

- (1) All operator, management company, or wagering vendor licensees shall maintain, in a place secure from theft, loss, or destruction, adequate records of its business and accounting operations. The licensees shall make the records available to the commission or its agents, upon request, within a reasonable time prescribed by a subpoena duces tecum or by written request of the commission or its agents. The licensees shall hold the records for not less than two years. The records shall include, but not be limited to, all of the following:
  - i. all correspondence with, or reports to, the commission or any local, state, or federal governmental agency regarding the operation of an historical horse racing facility;
  - ii. all correspondence concerning the acquisition, construction, maintenance, or business of a proposed or existing historical horse racing or support facility;
  - iii. a personnel file on each employee;
  - iv. notwithstanding Subsection A of this Section, a licensed operator shall hold copies of all promotional and advertising material, records, or complimentary distributions for at least one year, unless otherwise requested by the commission;
  - v. an operator licensee shall keep and maintain accurate, complete, legible, and

- permanent records of any books, records, or documents pertaining to, prepared in, or generated by, the historical horse racing wagering operation, as described in its internal controls, as approved by the commission; and
- vi. an operator shall organize, and index all required records in a manner that enables the commission to locate, inspect, review, and analyze the records with reasonable ease and efficiency.

#### E. Duties of the Commission

(1) The commission shall enact such policies and procedures to implement the following responsibilities:

- i. license and regulate operators for the operation of historical horse racing wagering systems authorized pursuant to any applicable regulation or statute, including adopting, promulgating, and enforcing rules and regulations governing historical horse racing wagering consistent with any applicable statute(s);
- ii. regulate the operation of historical horse racing wagering in order to prevent and eliminate corrupt practices and fraudulent behavior, and thereby promote integrity, security, and honest administration in, and accurate accounting of, the operation of historical horse racing wagering operations which are subject to any applicable statute(s);
- iii. establish criteria to license applicants for operator licenses and all other types of licenses for other positions and functions incident to the operation of historical horse racing wagering, including adopting, promulgating, and enforcing rules, regulations, and eligibility standards, or waiving such criteria in limited circumstances as provided for in the applicable regulations or statute, for such operator licenses, management company licenses, vendor licenses, key person licenses and other occupational licenses, positions, and functions incident to the operation of historical horse racing wagering;
- iv. charge fees for applications for licenses, to include the cost of conducting background investigations, and for the issuance of operator licenses, management company licenses, vendor licenses, key person licenses and other occupational licenses and all other types of licenses to successful applicants which will be payable to the commission;
- v. charge fees to operators in an amount necessary to compensate the commission for the cost of oversight and regulatory services to be provided, which will be payable to the commission;
- vi. grant, deny, revoke, and suspend operator licenses and all other types of licenses based upon reasonable criteria and procedures established by the commission to facilitate the integrity, productivity, and lawful conduct of historical horse racing within the applicable jurisdiction;
- vii. to investigate the suitability of applicants for operator licenses and all other types of licenses;
- viii. determine the priority and eligibility of any applicant for a license and to

- select among competing applicants for a license, the applicant who or which best serves the interests of the residents of the applicable State;
- ix. to administer oaths and affirmations to the witnesses, when, in the opinion of the commission, it is necessary to enforce the provisions of any applicable regulation or statute;
  - x. to adopt technical standards governing the design, operation and control of historical horse racing equipment;
  - xi. the operation of any operator conducting historical horse racing wagering for the purpose of certifying the revenue thereof and receiving complaints from the public;
  - xii. to approve the hours of operation for each historical horse racing facility. Change to such hours of operation may be made by the operator for extenuating circumstances with notice to the commission stating the reasons for the change;
  - xiii. to audit or cause audit of historical horse racing wagering operations, including those that have ceased operation;
  - xiv. issue subpoenas for the attendance of witnesses or the production of any records, books, memoranda, documents, papers, videos, pictures, electronic media, or other things at or prior to any hearing as is necessary to enable the commission to effectively discharge its duties;
  - xv. executive director oaths or affirmations as necessary to carry out the provisions of any applicable regulation or statute(s);
  - xvi. have the authority to impose, subject to judicial review, administrative fines as defined by any applicable regulation or statute(s);
  - xvii. to receive and investigate complaints from patrons concerning the conduct of historical horse racing;
  - xviii. inspect, test and approve historical horse racing systems and related equipment proposed for use or placed in use in historical horse racing facilities;
  - xix. to approve locations for the storage and servicing of historical horse racing systems and related equipment;
  - xx. to require that a historical horse racing facility make devices and equipment available for examination and inspection;
  - xxi. establish procedures for the governance of the commission;
  - xxii. acquire necessary offices, and to employ the services of persons the commission considers necessary for the purposes of consultation or investigation, and fix the salaries of, or contract for the services of, legal, accounting, technical, operational, and other personnel and consultants;
  - xxiii. to secure, by agreement, information and services as the commission considers necessary from any other unit of government;
  - xxiv. maintain the excluded persons database in accordance with the provisions of any applicable regulation or statute(s);
  - xxv. establish and enforce minimum internal controls for the operation of historical horse racing wagering and by which each operator will develop

- their own internal controls;
- xxvi. establish procedures for an applicant for a staff position to disclose conflicts of interest as part of the application for employment;
- xxvii. to determine any facts or any conditions, practices, or other matters as the commission considers necessary or proper to aid in the enforcement of any applicable regulation or statute(s); and
- xxviii. do all things necessary and proper to carry out its powers and duties under any applicable statute(s), including the adoption and promulgation of rules and regulations.

#### F. Wagering on Historical Horse Races Authorized

- (1) Wagering on historical horse races is hereby authorized and may be conducted in accordance with any applicable statute(s).
- (2) Wagering on historical horse races shall only be conducted by associations licensed to operate a pari-mutuel facility, pursuant to applicable statute(s) and/or by offtrack wagering facilities, pursuant to applicable statutes(s).
- (3) The commission may create classifications of licenses and establish a fee structure for license categories. Applicants for each category of license must apply on forms approved by the commission to be accompanied by the corresponding license application fee. All application fees are non-refundable.
  - i. The following license fees have been approved by the commission:
    1. applicant association (initial) - \$ \_\_\_\_\_;
    2. license fee per establishment/OTB (initial) - \$ \_\_\_\_\_;
    3. wagering vendor license (initial) - \$ \_\_\_\_\_;
    4. wagering vendor license (annual renewal) - \$ \_\_\_\_\_;
    5. background investigation - up to \$ \_\_\_\_\_;
    6. non-key person license (initial) - \$ \_\_\_\_\_; and
    7. key person license (initial) - \$ \_\_\_\_\_.
- (4) An application for a license under applicable regulations and this Chapter is a request by the applicant seeking a revocable privilege. A license may be granted by the commission if the applicant meets the licensing requirements of the applicable statute and these rules. The commission may require holders of a current pari-mutuel wagering facility license to complete an updated application form and undergo additional background screening prior to being authorized to conduct historical horse racing. The commission may issue new licenses to such existing license holders to include the conditions and licensing requirements contained in this Chapter.
- (5) An applicant for a license under applicable statutes and this Chapter shall, at all times, have the burden of demonstrating to the commission, by clear and convincing evidence, that the applicant is eligible, qualified, and suitable to be granted and retain the license for which application is made under the applicable licensing standards and requirements of applicable regulations, statutes and the applicable rules.
- (6) A license issued by the commission pursuant to this Chapter is a revocable privilege granted by the commission. A person who holds a license does not acquire, and shall not be deemed to acquire, a vested property right or other right, in the license.

- (7) Applicants for any license issued by the commission under the provisions of this Chapter must pay all fees and assessments prescribed either by law or the applicable rules in the manner and at the time prescribed by law and/or the applicable rules. Application fees and applicable assessments for all historical horse racing wagering licenses and must be paid by the applicant at the time that an application is filed with the commission. None of the licenses listed in this Chapter may be transferred or assigned.
- (8) The commission may refuse to take final action on any application if all license regulation, investigation, and fingerprint fees have not been paid in full. The commission may deny the application if the applicant refuses or fails to pay all such fees. Additionally, an applicant who has refused or failed to pay the required costs will not be eligible to file any other application with the commission until all such fees are paid in full. Neither the license fee or regulation fees nor any other fee is refundable.
- (9) Materials, or portions of materials, submitted pursuant to these rules may be identified as confidential by a licensee, an applicant for a license, or any other person. If the materials are exempt from disclosure by statute, the materials shall not be disclosed by the commission, except to other jurisdictions or law enforcement agencies as provided.
- (10) An applicant or licensee shall accept any risk of adverse publicity, public notice, notoriety, embarrassment, criticism, financial loss, or other unfavorable or harmful consequences that may occur in connection with, or as a result of, the application and licensing process or the public disclosure of information submitted to the commission with a license application or at the commission's request under applicable statutes and regulations.
- (11) Licensees have a continuing obligation to demonstrate suitability to hold a license by complying with all applicable regulations, applicable rules, and all federal, state, and local laws relating to the suitability of the licensee. The commission may reopen the investigation of a licensee at any time. The licensee shall be assessed fees, if any, to cover the additional costs of the investigation.
- (12) An applicant or licensee may claim any privilege afforded by the Constitution or laws of the United States or of the applicable jurisdiction in refusing to answer questions or provide information requested by the commission. However, a claim of privilege with respect to any testimony or evidence pertaining to the eligibility, qualifications, or suitability of an applicant or licensee to be granted or hold a license under applicable regulations and statutes may constitute cause for denial, suspension, revocation or restriction of the license.
- (13) An applicant and licensee shall have a continuing duty to do all of the following:
- i. promptly notify the commission in writing within 10 business days of a material change in the information submitted in the license application submitted by the applicant or licensee or a change in circumstance, that may render the applicant or licensee ineligible, unqualified, or unsuitable to hold the license under the licensing standards and requirements of the act and these rules; and
  - ii. provide any information requested by the commission relating to licensing or regulation, cooperate with the commission in investigations, hearings, and

enforcement and disciplinary actions within the period of time requested by the commission, and comply with all conditions, restrictions, requirements, orders, and rulings of the commission in accordance with these Rules.

- (14) The following persons are required to hold an occupational license:
- i. a person employed by an association, entity or management company and whose duties are directly related to the conduct of historical horse racing;
  - ii. all security personnel;
  - iii. employees whose duties are performed off the wagering facility and whose duties include the handling of money or performing accounting and auditing functions that involve money obtained as a result of historical horse racing;
    1. An occupational license level one is the highest level of occupational license. An occupational licensee may perform any activity included within the occupational licensee's level of occupational license or any lower level of occupational license.
    2. An employee of an association or management company who does not hold an occupational license shall not perform any duties relating to the conduct of historical horse racing at any time.
    3. A person under 18 years of age shall not hold an occupational license of any level. Applicants for occupational license level one must be at least 21 years of age.
    4. An application for an occupational license shall not be processed by the commission unless the applicant has an agreement or a statement of intent hire with an association or management company licensee or applicant, documenting that the applicant will be employed upon receiving the appropriate occupational license.
    5. Employees of an authorized gaming operator who perform the following functions, regardless of title, shall obtain an occupational license level one:
      - a. audit director;
      - b. chief regulatory compliance officer;
      - c. information technology director and managers;
      - d. security director;
      - e. surveillance director;
      - f. chief financial officer or controller, or both;
      - g. historical racing operations director;
      - h. general manager;
      - i. assistant general manager; or
      - j. any other employee of an authorized gaming operator whom the commission deems necessary, to ensure compliance with applicable regulations and statutes, to hold an occupational license level one.
    6. A person holding a level one license employed by an association or

management company may not be employed concurrently by a wagering vendor, except that a person holding a level one license may be employed by a licensed management company that is also licensed as a wagering vendor.

7. Employees of an association who perform the following functions, regardless of title, shall obtain an occupational license level two:
    - a. security personnel and surveillance personnel;
    - b. any employee of an association whose duties are performed are directly related to the conducting of historical horse racing;
    - c. any employee of an association whose duties include accounting and auditing functions and whose duties relate to money obtained as a result of historical horse racing; and
    - d. any other employee of an association whom the commission deems necessary, to ensure compliance with applicable rules, to hold an occupational license level two;
  8. The term of all occupational license levels is three years and requires an initial license application fee to be determined by the commission and an annual license fee.
- (15) Applicants for a historical horse racing wagering license, an occupational license, and applicants for renewals of such licenses shall comply with the following procedures:
- i. Every application for a license category authorized by the commission must be submitted on forms supplied or approved by the commission and must contain such information and documents as required for such license category.
  - ii. The applicant must file with the application all required supplemental forms.
  - iii. Upon request of the commission, the applicant must further supplement any information provided in the application. The applicant must provide all requested documents, records, supporting data, and other information within the time period specified in the request. If the applicant fails to provide the requested information within the required time period as set forth in the request or applicable rules, the commission may deny the application unless good cause is shown.
  - iv. All information required to be included in an application must be true and complete as of the date of commission action sought by the applicant. If there is any change in the information contained in the application, the applicant must file a written amendment within 30 days of the change of information in accordance with these Rules.
  - v. The application and any amendments must be sworn to or affirmed by the applicant. If any document is signed by an attorney for the applicant, the signature must certify that the attorney has read the document and that, to the best of the attorney's knowledge, information and belief, based on diligent inquiry, the contents of the documents supplied are true.

- vi. The applicant must cooperate fully with the commission with respect to the background investigation of the applicant, including, upon request, making available any and all of its books and records for inspection. The commission will examine the background, personal history, financial associations, character, record, and reputation of the applicant to the extent the commission determines.
  - vii. The commission will automatically deny the application of any applicant that refuses to submit to a background investigation as required pursuant to the applicable rules.
  - viii. Neither the state, the commission, any agency with which the commission contracts to conduct background investigations, nor the employees of any of the foregoing, may be held liable for any inaccurate information obtained through such an investigation.
- (16) In addition to specific conditions imposed in any license issued by the commission under these rules, any license issued by the commission for the operation of historical horse racing wagering is subject to the following conditions.
- i. With respect to a historical horse racing wagering operator's license, the licensed operator will at all times make its wagering facility available for inspection by the commission or their authorized representatives with or without prior announcement. Additionally, the licensed operator understands that a commission agent is authorized to be present anywhere within the wagering facility each day any time during operation of historical horse racing wagering, and whenever else deemed appropriate by the director of enforcement.
  - ii. The operator licensee consents to the examination of all accounts, bank accounts, and records of, or under the control of the operator licensee, or any entity in which the operator licensee has a direct or indirect controlling interest. Upon request of the commission or its authorized representative, the operator licensee must authorize all third parties in possession or control of the requested documents to allow the commission or commission agents to examine such documents.
  - iii. The operator licensee will observe and enforce all rules, regulations, decisions, and orders issued by the commission. The operator's license is granted on the condition that the operator licensee, management, and its employees will obey all decisions and orders of the commission. Each operator licensee will have a continuing duty to report to the commission enforcement division any violation of the applicable rules or applicable statutes by the operator licensee, management, and its employees. Failure to report violations will result in disciplinary action against the operator licensee. The licensee is required to notify the commission in writing within 30 days of the violation.
- (17) The commission may refuse to issue an operator licensee or deny any operator licensee application on any grounds deemed reasonable by the commission. Without

limiting the foregoing, the commission may deny the application on any of the following grounds:

- i. evidence of an applicant submitting an untrue or misleading statement of material fact, or willful omission of any material fact, in any application, statement, or notice filed with the commission, made in connection with any investigation, including the background investigation, or otherwise made to the commission or its staff;
  - ii. conviction of any felony in any jurisdiction by key persons of the applicant or by the applicant which may affect the applicant's ability to properly perform his or her duties or reflect unfavorably on the integrity of a historical horse racing wagering facility;
  - iii. conviction of any gambling offense in any jurisdiction by key persons or by the applicant;
  - iv. entry of any civil or administrative judgment against the applicant or its key persons that is based, in whole or in part, on conduct that allegedly constituted a felony crime in the state or other jurisdiction in which the conduct occurred that may affect the applicant's ability to properly perform his or her duties or reflect unfavorably on the integrity of a historical horse racing wagering facility, or involved a gambling violation(s);
  - v. association by the applicant, applicant's spouse or members of applicant's immediate household with persons or businesses of known criminal background or persons of disreputable character that may adversely affect the general credibility, security, integrity, honesty, fairness or reputation of the historical horse racing wagering industry;
  - vi. any aspect of the applicant's or any key person's past conduct, character, or behavior that the commission determines would adversely affect the credibility, security, integrity, honesty, fairness or reputation of the proposed historical horse racing wagering activity;
  - vii. failure of the applicant or its key persons to demonstrate adequate business ability and experience to establish, operate, and maintain the business for the type of activity for which application is made;
  - viii. failure to demonstrate adequate financing for the operation proposed in the application;
  - ix. failure to satisfy any requirement for application or to timely respond to any request by the commission for additional information;
  - x. permanent suspension, revocation, denial or other limiting action on any license related to historical horse racing wagering issued by any jurisdiction; and
  - xi. approval of the application would otherwise be contrary to applicable law or public policy.
- (18) The commission, in the same manner and in accordance with the applicable Administrative Procedures Act, will provide the applicant with written notice of the denial, and the applicant shall have the opportunity to appeal the commission decision in conformity with all applicable statutes and regulations.

- (19) The commission may issue a provisional license to any applicant who provides the required fingerprint cards, photographs, completed application, and intent to employ statement. Provisional licenses may be valid for a period established by the commission but shall not be more than 90 days and is subject to the license conditions enumerated in the commission's authorization of the provisional license.
- i. The commission may extend the duration of provisional licenses in 30-day increments if the licensing process has not been completed.
- (20) Wagering on historical horse races shall only be permitted in the designated area on the licensed premises of the pari-mutuel facility and/or offtrack wagering facility. Wagering on historical horse races shall not be offered in any other location.
- (21) An applicant for a license to offer pari-mutuel wagering on historical horse racing shall apply for a license to conduct the same with the commission at its offices. An application fee, set by the commission-approved license fee schedule, shall be paid for each location where the applicant seeks to offer pari-mutuel wagering on historical horse racing to reimburse the commission for the cost of regulation. The initial application fee shall be paid upon filing of the application.
- i. Licensees authorized to offer pari-mutuel wagering on historical horse racing shall pay an annual license fee set by the commission-approved license fee schedule, to be paid monthly, to reimburse the commission for the cost of regulation.
  - ii. The annual total for initial application fees or annual licenses fees shall not exceed the commission's budgeted costs for the regulation of historical horse racing in any calendar year.
- (22) An applicant for a license to offer pari-mutuel wagering on historical horse racing shall submit a plan of operation that includes:
- i. the number of terminals to be operated at the facility, broken down by terminal provider, make, and model;
  - ii. a detailed description of the proposed area designated for the sale of pari-mutuel pool, and the placement of terminals within the area, including a drawn-to-scale architectural rendering that describes:
    1. size, construction, and capacity of the area;
    2. the number and location of each terminal; and
    3. the location of surveillance and other security equipment.
  - iii. a description of the type of data processing, communication, totalizator and transmission equipment to be utilized;
  - iv. a networking diagram detailing the manner in which the machines will be networked with the wagering servers and back office systems;
  - v. an IT security plan detailing the logical security measures for the wagering system;
  - vi. the type, number and denominations of pari-mutuel wagers to be offered;
  - vii. the terminal provider, make, and model of each terminal, including a copy of all literature supplied by the manufacturer of the terminal;
  - viii. the maintenance and repair procedures that will ensure the integrity of the terminals;

- ix. detailed information on the wager types, including breakage, to be offered by the applicant, including information demonstrating compliance with the requirements of this chapter;
  - x. wager specification documentation, which shall include the rules for the mathematical models, methodology of calculating payouts of the pools, configuration of pools, how money is allocated to or from the pools (including seed pool(s) as applicable), and pool payout methodology. As used herein, a seed pool refers to a pool of money that is used to ensure that all patrons are paid the minimum payout on winning wagers.
- (23) Before offering wagering on historical horse races, an association shall first obtain the commission's written approval of all wagers offered as set forth in the applicable rules governing such wagers or other accepted pari-mutuel wager type as approved by the commission.
- (24) A license for conducting pari-mutuel wagering on historical horse racing shall run concurrent with the association's license to conduct horse racing and/or operate offtrack wagering facilities. A licensee may not transfer its license, or assign responsibility for compliance with the conditions of its license, to any party, including, without limitation, a transfer of effective control of the licensee, without commission approval.
- (25) Failure to comply with requirements in these Rules, and/or offtrack wagering facility requirements pursuant to specific statute and the applicable rules may result in suspension or revocation of the license for conducting pari-mutuel wagering at the discretion of the commission.

#### G. Operational Requirements for the Conduct of Historical Horse Racing

- (1) An association may conduct wagering on historical horse races of any horse breed regardless of the type of breed that primarily races in live meets conducted by the association. An association may conduct wagering on historical horse races on any days and hours approved by the commission and shall not be limited to times during which the association is conducting a live horse race meeting.
- (2) A mutuel wager on historical horse races may be placed only from a physical facility of a licensee.
- (3) A mutuel wager on historical horse racing may not be placed using a mobile device unless the system communicating with the mobile device to place the wager is fully controlled and operated by the licensed facility at which the wager is placed. For the purposes of this Section, "fully controlled and operated" means the licensed facility develops, owns, leases, acquires a license for, or otherwise contracts for services to operate and control a mobile historical horse racing wagering system.
- (4) No licensee may accept a mutuel wager on historical horse racing if the wager is placed via a mobile phone or other personal electronic device, unless the network infrastructure and all pari-mutuel wagering software complies with the relevant technical requirements within these rules.
- (5) Nothing in this Section independently authorizes wagering or facilitation of wagering on historical horse racing outside of the licensed pari-mutuel wagering operation.
- (6) Any historical horse racing solution that relies on wireless networked

communications, including all mobile historical horse racing systems, shall annually conduct a system integrity and security risk assessment performed by an independent information technology security professional approved by the commission. The system integrity and security risk assessment shall be conducted no later than 90 days after commencing operations and annually thereafter. The scope of the pari-mutuel wagering system integrity and security assessment is subject to the approval of the commission and must include:

- i. A vulnerability assessment of digital platforms, mobile applications, internal, external, and wireless networks with the intent of identifying vulnerabilities of all devices, the historical horse racing system, and applications transferring, storing, and/or processing personal identifying information or other sensitive information connected to or present on the networks;
- ii. A penetration test of all digital platforms, mobile applications, and internal, external, and wireless networks to confirm devices, the historical horse racing wagering systems, and applications are not susceptible to compromise;
- iii. A review of the firewall rules to verify the operating condition of the firewall and the effectiveness of its security configuration and rule sets that must be performed on all perimeter and internal firewalls;
- iv. A technical security control assessment against the commission's technical requirements for security and with generally accepted professional standards;
- v. An evaluation of information security services, cloud services, payment services, financial institutions, payment processors, location services, and any other services that may be offered directly by the licensee or involve the use of third parties; and
- vi. At the discretion of the executive director, any additional assessments or specific testing criteria which may be required by internal control procedures.

(7) All wagers offered on historical horse races shall incorporate the following elements:

- i. A patron may only wager on historical horse races on a terminal approved by the commission;
- ii. For each different type of exotic wager on historical horse races offered by an association, the association shall at all times maintain at least two terminals offering each such exotic wager;
- iii. Once a patron deposits an amount in the terminal offering wagering on historical horse races, one or more historical horse races shall be made available for wagering as set forth in the wagering specification rules;
- iv. Prior to the patron making his or her wager selections, the terminal shall not display any information that would allow the patron to identify the historical horse race or races on which he or she is wagering, including the location of the race or races, the date on which the race or races was run, the names of the horses in the race or races, or the names of the jockeys that rode the horses in

- the race or races;
- v. The terminal shall make available true and accurate past performance information on the historical horse race to the patron prior to making his or her wager selections. The information shall be current as of the day the historical horse race was actually run. The information provided to the patron shall be displayed on the terminal in data or graphical form; and
  - vi. After a patron finalizes his or her wager selections, the terminal shall display the patron's successful selections, the official results of each race, and a replay of the race or races, or a portion thereof, whether by digital or animated depiction or by way of a video recording. The identity of each race shall be revealed or made available to the patron after the patron has placed his or her wager.

#### H. Historical Horse Race Specification and Selection Requirements

- (1) The outcome of any historical horse race wager shall be derived from the result of one or more historical horse races.
- (2) All historical horse races must be chosen at random from a database of actual historical horse races. All races in the database shall have a valid historical horse race result with details recorded at the same level as other races in the database, and shall include:
  - i. race location;
  - ii. race date; and
  - iii. finishing order.
- (3) If available and provided for in the recorded race data, other information such as horse name and jockey name or associated identifiers may be included in the race database.
- (4) In the case where a random process is used to select the historical horse races for a wager, all possible races in the database shall be available for selection.
- (5) Each terminal shall:
  - i. be tested by an independent testing laboratory, selected by the commission, and found to be in compliance with all applicable technical standards. Any modifications made to the terminal or software shall require re-testing;
  - ii. provide race information that is current as of the day the horse race was actually run;
  - iii. allow any patron that is handicapping to exit the manual handicapping interface;
  - iv. display the information provided to the patron in graphic form which is discernable to the bettor;
  - v. not be in the nature of a slot machine. A terminal shall not be considered to be in the nature of a slot machine when it precludes the use of random elements to determine the outcome of a wager other than the selection of a race or races from a database of races, when all wagers and prizes are pari-mutuel in nature, and when it does not include any interest of the licensee.
- (6) Prior to the patron making his or her wager selections, the terminal shall:
- (7) make true and accurate past performance information available on each historical horse race; and

- (8) not display any information that would allow the patron to identify the historical horse race on which the patron is wagering, including:
  - i. location of the race;
  - ii. the date on which the race was run;
  - iii. the names of the horses in the race; or
  - iv. the names of the jockeys who rode the horses in the race.
- (9) In addition to the requirement of Paragraph 2 of Subsection F of this Section, the terminal may also display the wager and its outcome as part of an entertaining display, provided the underlying wager and outcome functions according to the pari-mutuel wagering pool specifications provided by the historical horse racing licensee to the commission.
- (10) Approximate odds or payouts for each wagering pool shall be posted, or made available, on each terminal for viewing by patrons.

#### I. Payouts through Pari-Mutuel Pools Authorized

- (1) A wager on a historical horse race or races, less deductions permitted by any applicable regulation or statute, shall be placed in pari-mutuel pools approved by the commission.
- (2) A payout to a winning patron shall be paid from money wagered by patrons and shall not constitute a wager against the association.
- (3) An association conducting wagering on historical horse races shall not conduct wagering in such a manner that patrons are wagering against the association, or in such a manner that the amount retained by the association as a commission is dependent upon the outcome of any particular race or the success of any particular wager.
- (4) An association offering wagering on historical horse races shall operate a pari-mutuel pool or pools in a manner and method approved by the commission. An association offering wagering on historical horse races may operate a player-funded pool or pools in a manner and method approved by the commission for the purpose of ensuring that sufficient funds are at all times available to pay any winning wagers in situations where a pari-mutuel pool becomes a minus pool. For each wager made, an association may assign a percentage of the wager to a player-funded pool or pools.
- (5) If an association chooses to make a deposit into a trust account or seed pool for the purpose of ensuring that sufficient funds are at all times available to pay any winning wagers in situations where a pari-mutuel pool becomes a minus pool, then such trust account must be approved by the commission.

#### J. Minors Prohibited from Wagering on Historical Horse Races

- (1) A minor shall not be permitted by any licensed association to purchase or cash a parimutuel ticket on historical horse races.

#### K. Responsible Play

- (1) A licensee shall implement a program to promote responsible play of historical horse racing by its patrons and provide details of the same to the commission. At a minimum, such program shall require:

- i. posting in a conspicuous place in every facility where pari-mutuel wagering on historical horse racing is conducted a sign that bears a toll-free number for an approved organization that provides assistance to problem gamblers;
  - ii. providing informational leaflets or other similar materials at the licensee's facilities on the dangers associated with problem gambling;
  - iii. including in the licensee's promotional and marketing materials information on problem gambling and organizations that provide assistance to problem gamblers;
  - iv. providing patrons expressing concern with a gambling problem with information on organizations that provide assistance to problem gamblers; and
  - v. ensuring that any request by a patron who wishes to self-exclude from the licensee's facilities is honored by the licensee.
- (2) A licensee shall report annually to the commission and make a copy available to the public on its efforts to meet Subsection A of this Section, its efforts to identify problem gamblers, and steps taken to:
- i. prevent such individuals from continuing to engage in pari-mutuel wagering on historical horse racing; and
  - ii. provide assistance to these individuals to address problem gambling activity.

#### L. Totalizator or Other Approved Equipment Required

- (1) Pari-mutuel wagering on historical horse races shall only be conducted through the use of a totalizator or other similar mechanical or electrical equipment.
- (2) The totalizator or other mechanical or electrical equipment shall be available for testing under the supervision of the commission upon request by the commission to ensure its proper working order.
- (3) Wagering on historical horse races shall be offered on terminals that include a cabinet in which the electronics and other operating components are located. All terminals and other equipment shall be subject to inspection by the commission.
- (4) The terminal cabinet and electronics shall:
  - i. protect against electrostatic interference by being grounded so that static discharge energy shall not permanently damage or inhibit the normal operation of the electronics or other components within the wagering terminal. In the event that a temporary disruption of the normal operation of a wagering terminal occurs as a result of an electrostatic discharge, the wagering terminal shall have the capacity to recover and complete any interrupted wager without loss or corruption of any control or critical data information. Each terminal shall be tested to a maximum discharge severity level of 27 kilovolt air discharge;
  - ii. not be adversely affected, other than during resets, by surges or dips of up to 20 percent of the supply voltage. If a wagering terminal is designed such that a surge or dip of up to 20 percent of the supply voltage causes a reset, the terminal shall also be designed so that a surge or dip shall not result in damage to the equipment or loss or corruption of data. Upon reset, the wager play shall

- return to its previous state or return to a wager completion state, provided the wagering history and all credit and accounting meters comprehend a completed wager play;
- iii. have an on/off switch that controls the electrical current installed in a readily accessible location within the interior of the terminal so that power cannot be disconnected from outside of the terminal using the on/off switch. The on/off positions of the switch shall be labeled;
  - iv. be designed so that power and data cables into and out of the terminal can be routed so that they are not accessible to the general public. Security-related wires and cables that are routed into a logic area shall be securely fastened within the interior of the terminal;
  - v. have an identification badge affixed to the exterior of the terminal by the terminal provider that is not removable without leaving evidence of tampering. This badge shall include the following information:
    1. name of the terminal provider;
    2. a unique serial number;
    3. the terminal model number; and
    4. the date of manufacture;
  - vi. have an external tower light located conspicuously on the top of the terminal that automatically illuminates when a patron has won an amount that the terminal cannot automatically pay or when an error condition has occurred;
  - vii. be constructed of materials that are designed to allow only authorized access to the inside of the terminal. The terminal and its locks, doors, and associated hinges shall be capable of withstanding determined and unauthorized efforts to gain access to the inside of the terminal and shall be designed to leave evidence of tampering if such an entry is made;
  - viii. be equipped with doors of a locked area that are designed to resist the use of tools or other objects used to breach the locked area by physical force;
  - ix. have external doors that shall be locked and monitored by door access sensors. When the external doors are opened, the door access sensors shall:
    1. cause wagering activity to cease;
    2. disable all currency acceptance;
    3. enter an error condition;
    4. illuminate the tower light at a minimum; and
    5. record the error condition. The requirements of this Subsection do not apply to the drop box door;
  - x. have external doors designed so that it shall not be possible to insert a device into the terminal that will disable a sensor that indicates “door open” without leaving evidence of tampering when the door of the terminal is shut;
  - xi. have a sensor system that shall provide notification that an external door is open when the door is moved from its fully closed and locked position, provided power is supplied to the device;
  - xii. have a logic area, which is housed in a secure server approved by the

Commission, or which is a separately locked cabinet area with its own monitored, locked door or other monitored, locked covering that houses electronic components that have the potential to significantly influence the

operation of the terminal. There may be more than one such logic area in a terminal. The electronic components housed in the logic area shall include:

1. a central processing unit and any program storage device that contains software that may affect the integrity of wagering, including the individual play accounting, system communication, and peripheral firmware devices involved in or that significantly influence the operation and calculation of wager plays, wager outcome display, wager result determination, or wager play accounting, revenue, or security;
  2. communication controller electronics and components housing the communication program storage device; and
  3. the nonvolatile memory backup device, which if located in the logic area, shall be kept within a locked logic area; and
- xiii. have a currency storage area that is separately keyed and fitted with sensors that indicate "door open/close" or "stacker receptacle removed," provided power is supplied to the device. Access to the currency storage area shall be secured by two locks before the currency can be removed. The locks shall be located on the relevant outer door and on at least one other door.

(5) Critical memory requirements shall include the following:

- i. Critical memory storage shall be maintained by a methodology that enables errors to be identified, including signatures, checksums, partial checksums, multiple copies, timestamps, effective use of validity codes, or any combination of these methods.
- ii. Comprehensive checks of critical memory shall be made following wager play initiation but prior to display of wager outcome to the patron.
- iii. An unrecoverable corruption of critical memory shall result in an error state. The memory error shall not be cleared automatically and shall cause the terminal to cease further functioning. The critical memory error shall also cause any communication external to the terminal to immediately cease. An unrecoverable critical memory error shall require restoration or clearing of software state by an authorized person.
- iv. If critical memory is maintained in nonvolatile memory on the terminal and not by the server-based system, then:
  1. the terminal shall have the ability to retain data for all critical memory as defined in this Section and be capable of maintaining the accuracy of the data for 30 days after power is discontinued from the terminal;
  2. for rechargeable battery types only, if the battery backup is used as an off-chip battery source, it shall recharge itself to its full potential in a maximum of 24 hours, and the shelf life of the battery shall be at least five years;

3. nonvolatile memory that uses an off-chip backup power source to retain its contents when the main power is switched off shall have a detection system that will provide a method for software to interpret and act upon a low battery condition before the battery reaches a level where it is no longer capable of maintaining the memory in question. Clearing nonvolatile memory shall require access to the locked logic area or other secure method, provided that the method is approved by the commission; and
  4. following the initiation of a nonvolatile memory reset procedure, the wagering program shall execute a routine that initializes all bits in critical nonvolatile memory to the default state. All memory locations intended to be cleared as per the nonvolatile memory clear process shall be fully reset in all cases.
- v. Critical memory of a server-based wager configuration may be maintained by the server, terminal, or some combination thereof. The critical memory related to each terminal shall:
    1. be kept independent to all other wagering terminals. If corruption occurs in any single terminal's critical memory no other terminal shall be effected by the terminal's corrupt memory state; and
    2. be clearly identified as to which physical terminal the critical memory represents, through unique identification, such as serial number or other unique terminal hardware identifier.
  - vi. All terminals shall be equipped with a device, mechanism, or method for retaining the value of the meter information specified in §13135 in the event of a loss of power to the terminal. Storage and retrieval of the accounting meters from a server is an acceptable method of retrieval.
  - vii. Configuration setting changes shall not cause an obstruction to the meters.
  - viii. If the terminal is in a test, diagnostic, or demonstration mode, any test that incorporates credits entering or leaving the terminal shall be completed prior to resumption of normal operation. In addition, there shall not be any mode other than normal wagering operation that debits or credits any of the electronic meters. Any wagering credits on the terminal that were accrued during the test, diagnostic, or demonstration mode shall be cleared before the mode is exited. Specific meters are permissible for these types of modes, provided the meters are clearly identified.
  - ix. Terminals shall not allow any information contained in a communication to or from the online monitoring system that is intended to be protected, including validation information, secure personal identification numbers, credentials, or secure seeds and keys, to be viewable through any display mechanism supported by the terminal.
- (6) Program storage devices shall be required to comply with the following.
- i. All program storage devices shall:
    1. be housed within a fully enclosed and locked logic compartment;

2. validate themselves during each processor reset; and
  3. validate themselves the first time they are used.
- ii. Program storage devices that do not have the ability to be modified while installed in the terminal during normal operation shall be clearly marked with information to identify the software and revision level of the information stored in the devices.
  - iii. Server-stored information shall be backed up no less often than once per day to an offsite storage facility. Offsite storage may include storage through a cloud service provider if approved by the commission. The server and offsite backup storage shall be accessible to the commission and subject to third-party checks and validation.

#### M. Terminal Operational/Software Requirements

- (1) Terminals shall have the ability to allow for an independent integrity check of all software that may affect the integrity of the wagering configurations available to the terminal. The integrity check shall be by an independent testing laboratory approved by the commission.
- (2) If a winning amount is in excess of the thresholds established in the Internal Revenue Service reporting requirements, the terminal shall cease operation and require attendant interaction to proceed.
- (3) Terminals shall be capable of detecting and displaying the following errors:
  - i. open door conditions;
  - ii. nonvolatile memory errors;
  - iii. low nonvolatile memory battery for batteries external to the nonvolatile memory itself for low power source;
  - iv. program error or authentication mismatch;
  - v. display device errors;
  - vi. the identification of an invalid bill or voucher; and
  - vii. of communication to the tote system.
- (4) To protect the integrity of the wagering configuration, when a terminal error condition is detected, the terminal shall secure itself by:
  - i. ceasing play and requiring operator intervention prior to returning to normal play;
  - ii. displaying an appropriate error message;
  - iii. disabling bill and voucher acceptance;
  - iv. sounding an alarm, illuminating the tower light, displaying the error on screen, or any combination of the three;
  - v. communicating the error condition to an online monitoring and control system; and
  - vi. if the terminal is powered down with an unresolved error condition, remaining in error mode unless power down is used as a part of the error reset procedure.
- (5) Upon resolution of an error condition, a terminal may return to a wager completion state, provided the wagering history, wagering credits, and other meters display the completed

- wager properly.
- (6) Terminals shall not be adversely affected by the simultaneous or sequential activation of various terminal inputs and outputs.
  - (7) Test, diagnostic, or demonstration modes on a terminal shall:
    - i. be entered only from an attendant following appropriate instructions;
    - ii. not be accessible to a patron;
    - iii. be indicated on the terminal via an appropriate message; and
    - iv. exiting from test, diagnostic, or demonstration mode, a terminal shall return to its previous state.
  - (8) Available wagering credit may be collected from the terminal by the patron at any time other than during:
    - i. a bet being wagered;
    - ii. audit mode;
    - iii. test mode;
    - iv. a credit meter or win meter increment; or
    - v. an error condition.
  - (9) Terminals shall be capable of displaying wager recall, which shall:
    - i. include the last 10 wagers on the terminal, including at least 50 intermediary steps within those wagers, including free spins and bonuses;
    - ii. be retrievable on the terminal via an external key-switch or other secure method not available to the patron; and
    - iii. provide all information required to fully reconstruct the wagers, including:
      - 1. initial credits or ending credits associated with the wager;
      - 2. credits wagered;
      - 3. credits won;
      - 4. entertaining display symbol combinations and credits paid whether the outcome resulted in a win or a loss;
      - 5. representation in a graphical or text format;
      - 6. final wager outcome, including all patron choices and all bonus features; and,
      - 7. as an optional feature, display of values as currency in place of wagering credits.

#### N. Requirements for Tickets or Vouchers used in Historical Horse Racing

- (1) Terminals shall not dispense currency. Payment to patrons shall only be accomplished by means of a printed voucher.
- (2) All vouchers shall contain the following printed information at a minimum:
  - i. licensee name and site identifier, which may be contained on the ticket stock itself;
  - ii. terminal number or cashier booth location;
  - iii. date and time stated according to the local time zone;
  - iv. alpha and numeric dollar amount;
  - v. ticket or voucher sequence number;
  - vi. validation number;

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- vii. bar code or any machine-readable code representing the validation number;
  - viii. type of transaction or other method of differentiating voucher types. If the voucher is a non-cashable item, the ticket shall explicitly express that it has "no cash value"; and
  - ix. the expiration period from date of issue, or date and time the ticket or voucher will expire according to the local time zone. This information may be contained on the ticket stock itself. Payment on valid pari-mutuel tickets, including tickets where refunds are ordered, shall be made only upon presentation, and surrender of valid pari-mutuel tickets to the licensee within 180 days after the purchase of the ticket. Failure to present any valid pari-mutuel ticket to the licensee within 180 days after the purchase of the ticket shall constitute a waiver of the right to payment.
- (3) A system approved by the commission shall be used to validate the payout ticket or voucher. The ticket or voucher information on the central system shall be retained for two calendar years after a voucher is valid at that location.
- (4) Payment by voucher as a method of credit redemption shall only be permissible when the terminal is linked to a computerized voucher validation system that is approved by the commission.
- (5) The validation system must be able to identify a duplicate ticket or voucher to prevent fraud.
- (6) Terminals must meet the following minimum requirements to incorporate the ability to issue offline vouchers after a loss of communication has been identified by a wagering terminal.
- i. The wagering terminal shall not issue more offline vouchers than it has the ability to retain and display in the wagering terminal-maintained voucher-out log.
  - ii. The wagering terminal shall not request validation numbers used in the issuance of vouchers until all outstanding offline voucher information has been fully communicated to the voucher validation system.
  - iii. The wagering terminal shall request a new set of validation numbers used in the issuance of online or offline vouchers if the current list of validation numbers has the possibility of being compromised, which shall include:
    - 1. after power has been recycled; or
    - 2. upon exit of a main door condition.
  - iv. Validation numbers must always be masked when viewable through any display supported by the wagering terminal such that only the last four digits of the validation number are visible.
- (7) Vouchers may be inserted in any terminal participating in the validation system providing that no credits are issued to the terminal prior to confirmation of voucher validity.
- (8) The offline voucher redemption may be validated as an internal control process. A manual handpay may be conducted for the offline voucher value.

## O. Terminal Peripheral Device Requirements

### (1) Video monitor touch screens on terminals shall:

- i. be accurate to manufacturer specifications for touch point sensitivity;
- ii. be able to be calibrated without access to the terminal cabinet other than opening the main door, and once calibrated shall maintain accuracy for at least the video touch screen manufacturer's recommended maintenance period; and
- iii. have no hidden or undocumented buttons or touch points anywhere on the screen that affect wagering or that impact the outcome of the bet, except as provided by the wagering configuration rules.

### (2) Paper currency acceptors used in a terminal shall:

- i. be electronically based;
- ii. detect the entry of bills or vouchers inserted into the paper currency acceptor and provide a method to enable the terminal software to interpret and act appropriately upon a valid or invalid input;
- iii. configured to ensure the acceptance of only valid bills or vouchers and reject all other items;
- iv. return to the patron all rejected bills or vouchers, and any other item inserted into the acceptor;
- v. be constructed in a manner that protects against vandalism, abuse, or fraudulent activity;
- vi. register the actual monetary value or appropriate number of wagering credits received for the denomination used on the patron's credit meter for each valid bill or voucher;
- vii. register wagering credits only when the bill or other note has passed the point where it is accepted or stacked, and the acceptor has sent an "irrevocably stacked" message to the terminal;
- viii. be designed to prevent the use of fraudulent crediting, the insertion of foreign objects, and any other fraudulent technique;
- ix. implement a method of detecting counterfeit bills;
- x. only accept bills or vouchers when the terminal is enabled for play;
- xi. have the capability of detecting and displaying any supported error conditions;
- xii. shall communicate with the terminal using a bi-directional protocol;
- xiii. be located in a locked area of the terminal that requires the opening of the main door for access. The paper currency acceptor shall not be located in the logic area. Only the bill or voucher insertion area shall be accessible by the patron;
- xiv. have a secure stacker that shall:
  1. deposit into the stacker all accepted items;
  2. be attached to the terminal in such a manner that it cannot be easily removed by physical force; and
  3. have a separate keyed lock to access the stacker area. The keyed lock shall be separate from the main door, and a separate keyed lock shall be required to remove the bills from the stacker; and

- xv. have a bill validator that shall:
  - 1. retain in its memory and have the ability to display the information required of the last 25 items accepted by the bill validator;
  - 2. have a recall log that may be combined or maintained separately by item type. If combined, the type of item accepted shall be recorded with the respective timestamp; and
  - 3. give proper credit or return the bill or note if power failure occurs during acceptance of a bill or note.
- (3) Each terminal shall be equipped with a printer that:
  - i. is used to make payments to the patron by issuing a printed voucher. The terminal shall transmit the following data to an online system that records the following information regarding each payout ticket or voucher printed:
    - 1. the value of credits in local monetary units in numerical form;
    - 2. the time of day the ticket or voucher was printed, showing hours and minutes;
    - 3. the date, in format approved by the commission, indicating the day, month, and year that the ticket or voucher was issued;
    - 4. the terminal number; and
    - 5. a unique ticket or voucher validation number.
  - ii. prints only one copy to the patron and retains information on the last 25 printed vouchers;
  - iii. is housed in a locked area of the terminal but shall not be located within the logic area or the drop box; and
  - iv. allows control program software to interpret and act upon all error conditions.
- (4) With appropriate security in place, historical horse racing wagering accounts may be funded directly from mobile devices and through various advance-deposit account funding mechanisms, whether it be through credit card, bank, or attendant or kiosk at association locations.

#### P. Location of Terminals Used for Wagering on Historical Horse Races

- (1) Terminals offering wagering on historical horse races shall be located within designated areas which have the prior written approval of the commission. Designated areas shall be established in such a way as to control access by the general public and prevent entry by any patron who is under 18 years of age or is otherwise not permitted to place wagers.
- (2) Each association shall monitor persons entering and leaving the designated areas and shall prevent access to any patron who is under 18 years of age or is otherwise not permitted to place wagers on historical horse races.
- (3) Each association shall provide terminals that are accessible to handicapped patrons.

#### Q. Records to be Maintained

- (1) Each association shall maintain complete records of all pari-mutuel wagering transactions on historical horse races, including the amounts wagered at each historical

horse racing terminal.

- (2) A copy of the wagering records shall be retained and safeguarded for a period of not less than 18 months and shall not be destroyed without the prior written permission of the commission.

#### R. Accounting and Occurrence Meter Requirements

- (1) The required accounting meters and related reporting as follows using the same or similar terminology:
  - i. coin in, which accumulates the total value of all wagers, whether the wagered amount results from the insertion of bills or vouchers or deduction from a credit meter;
  - ii. coin out, which accumulates the total value of all amounts directly paid by the terminal as a result of winning wagers, whether the payback is made to a credit meter or any other means;
  - iii. attendant paid jackpot, which accumulates the total value of credits paid by an attendant resulting from a single wager, in excess of thresholds established by the Internal Revenue Service reporting requirements, the amount of which results in Internal Revenue Service or applicable agency reporting;
  - iv. attendant paid canceled credit, which accumulates the total value paid by an attendant resulting from a patron-initiated cashout or non-taxable winning wager that exceeds the physical or configured capability of the terminal to make the proper payout amount;
  - v. bill in, which accumulates the total value of currency accepted. Each wagering terminal shall have a specific occurrence meter for each denomination of currency accepted that records the number of bills accepted of each denomination;
  - vi. voucher in, which accumulates the total value of all wagering terminal vouchers accepted by the device;
  - vii. voucher out, which accumulates the total value of all wagering terminal vouchers issued by the device;
  - viii. noncashable electronic promotion in, which accumulates the total value of noncashable credits from vouchers accepted by the terminal;
  - ix. cashable electronic promotion in, which accumulates the total value of cashable credits from vouchers accepted by the terminal;
  - x. noncashable electronic promotion out, which accumulates the total value of noncashable credits issued to vouchers by the device; and
  - xi. cashable electronic promotion out, which accumulates the total value of cashable credits issued to vouchers by the device.
- (2) Additional required occurrence meters are as follows:
  - i. cashable promotional credit wagered, which accumulates the total value of promotional cashable credits that are wagered;
  - ii. plays wagered, which accumulates the number of wagers placed; and
  - iii. plays won, which accumulates the number of wagers resulting in a win to

the patron.

- (3) Electronic accounting meters shall maintain and calculate data to at least 10 digits in length.
- (4) Electronic accounting meters shall be maintained in credit units equal to the denomination or in dollars and cents.
- (5) If the electronic accounting meter is maintained in dollars and cents, eight digits must be used for the dollar amount and two digits must be used for the cents amount.
- (6) Devices configured for multi-denomination wagering shall display the units in dollars and cents at all times.
- (7) Any time the meter exceeds a value it is not capable of exceeding, the meter must roll over to zero.
- (8) Occurrence meters shall be at least eight digits in length but are not required to automatically roll over.
- (9) Meters shall be identified so that they can be clearly understood in accordance with their function.
- (10) Meters can be on the server instead of the terminal.
- (11)

**S. Required Reports for Wagering on Historical Horse Races; Audit and Inspection by the Commission**

- (1) All systems used for pari-mutuel wagering on historical horse races shall provide financial reports for individual approved wager model configurations and total pool amounts for each pool. Reports shall be available at the end of the wagering day or upon request by the commission with information current since the end of the last wagering day. The reports shall include:
  - i. current values of each pari-mutuel wagering pool and daily net pool change;
  - ii. total amounts wagered for all pools;
  - iii. total amounts won by patrons for all pools;
  - iv. total commission withheld for all pools;
  - v. total breakage for all pools, where applicable;
  - vi. total amount wagered at each terminal;
  - vii. total amount won by patrons at a terminal;
  - viii. the amount wagered on each mathematical model configuration and the amount won from each mathematical model configuration offered at a terminal;
  - ix. total amount of each type of financial instrument inserted into a terminal;
  - x. total amount cashed out in voucher or handpays at a terminal; and
  - xi. taxable win events including:
    1. time and date of win;
    2. wagering terminal identification number;
    3. amount wagered resulting in taxable win; and
    4. taxable amount won.
- (2) As provided in above, the commission or its authorized representatives may, at any time, conduct an audit or inspection of the financial reports, software, terminals, or other equipment used by a licensee in conducting operations under this Chapter.

#### T. Equipment and Laboratory Testing

- (1) Each association shall provide for a nationally recognized, independent testing laboratory approved by the commission to submit to the commission a general functional evaluation laboratory report regarding the hardware and software installed on each historical horse racing terminal and the software on each historical horse racing app indicating whether same is in compliance with applicable law and regulations.
- (2) Any alterations, modifications, or updates to the software or hardware on any historical horse racing terminal or the software on any historical horse racing app shall require the vendor to submit to the commission a new laboratory report as required under Subsection A of this Section before the wagering configuration may be used for play at an establishment.
- (3) If there is a complete breakdown of a terminal offering wagering on historical horse racing, the association offering the wager shall make a full refund of the patron's balance on the terminal at the time of the breakdown.

#### U. Minimum Wagers and Payouts

- (1) The minimum wager to be accepted by an association on a wager based on the outcome of a historical horse race or races shall be set by the Commission or applicable statute. The minimum payout on any wager shall not be less than the amount wagered.

#### V. Odds and Payouts Posted

- (1) For wagering on historical horse races, approximate odds or payouts for each pari-mutuel pool shall be posted or made available on each terminal for viewing by patrons.

#### W. Betting Explanation

- (1) Each association shall post, in conspicuous places in the designated area, a general explanation of pari-mutuel wagering offered on historical horse races and an explanation of each pari-mutuel pool offered. The explanation shall be submitted to the commission for approval prior to its posting.

#### X. Wagering Terminal Historical Horse Race Display

- (1) All wagering terminals shall have video displays that clearly identify the entertaining theme, if any, being used to offer pari-mutuel wagering on historical horse racing. The video display shall make available the rules of the historical horse racing wager and the award that will be paid to the patron when the patron obtains a specific win.
- (2) All payable information, rules of play, and help screen information shall be available to a patron prior to placing a wager.
- (3) All wagering terminals shall have video displays that make available to the patron the rules of any features or interactive functions that may occur on the patron interface as part of the entertaining display of the wager and its outcome. The video displays shall:
  - i. clearly identify the entertaining theme, if any, being used to offer pari-

- mutuel wagering on historical horse racing;
  - ii. make the following information available to the patron:
    - 1. all payable information, rules of play, and help screen information;
    - 2. award that will be paid to the patron when the patron obtains a specific win; and
    - 3. the rules of any features or interactive functions that may occur as part of the entertaining display of the wager and its outcome;
  - iii. provide the race data in a reasonable manner as to not discourage patrons who wish to handicap from doing so; and
  - iv. allows the patron to compare their picks against the true order of finish.
- (4) The video display shall clearly indicate whether awards are designated in credits or currency.
- (5) All wagering terminals shall display the following information to the patron at all times the wagering terminal is available for patron wager input:
- i. the patron's current credit balance in currency or credits;
  - ii. the current bet amount;
  - iii. the amount won for the last completed wager until the next wager starts or betting options are modified;
  - iv. the patron's options selected for the last completed wager until the next wager starts or a new selection is made; and
  - v. a disclaimer stating "Malfunction Voids All Pays" or some equivalent wording approved by the commission. This may be presented as a permanent sign on the terminal.
- (6) Entertaining features that simulate bonus or free plays shall meet the following requirements:
- i. the initiation of a bonus or free play shall only be based on the result of the wager placed by the patron on the result of the historical horse race selected for the wager;
  - ii. the bonus or free play shall not require additional money to be wagered by the patron;
  - iii. the entertaining display shall make it clear to the patron that the patron is in bonus mode to avoid the possibility of the patron unknowingly leaving the wagering terminal while in a bonus mode; and
  - iv. if the bonus or free play requires an input from the patron, the terminal shall provide a means to complete the bonus or free play from a touch screen or hard button.
- (7) Electronic metering displays shall:
- i. at all times include all credits or cash available for the patron to wager or cash out unless the terminal is in an error or malfunction state. This information is not required when the patron is viewing a menu or help screen item;
  - ii. reflect the value of every prize at the end of a wager and add it to the patron's credit meter, except for handpays; and
  - iii. show the cash value collected by the patron upon a cashout unless the terminal

is in an error or malfunction state. The production of a voucher containing this information shall be sufficient.

- (8) A wager is complete when the final transfer to the patron's credit meter takes place or when all credits wagered are lost.

#### Y. Access by Commission and Agents of the Commission

- (1) Each association shall allow the commission and the agents of the commission unrestricted access to inspect the entire premises wherein historical horse racing is being conducted at any time to ensure that the applicable rules are being followed, this shall include the unrestricted access to inspect and test any mechanical, electrical, or electronic devices thereon being utilized or capable of being utilized by the association for historical horse racing.
- (2) Subject to the authority of the executive director, the commission may at any time enter into memoranda of understanding with other racing jurisdictions to share historical horse racing investigatory findings, documents, and materials.
- (3)

#### Z. Required Audits and Inspections

- (1) Terminals shall have the ability to allow for an independent integrity check of all software that may affect the integrity of the wagering system. The integrity check shall be performed by an independent testing laboratory approved by the commission.
- (2) The independent testing laboratory's software may be embedded within the wagering software, utilize an interface port to communicate with the terminal, or require the removal of terminal media for external verification.
- (3) Each terminal used for wagering on historical horse races shall be tested by the independent testing laboratory to ensure its integrity and proper working order. This evaluation shall include a review of installed software prior to implementation and periodically within a timeframe established by the commission.
- (4) The licensee shall pay the cost of the independent testing laboratory's review and testing, and the reports of the same shall be delivered to the licensee and the commission.
- (5) To ensure the integrity of pari-mutuel wagering and validity of the race results, the licensee shall permit an integrity auditor, selected and paid for by the commission, complete access to review and monitor the integrity, security, and operation, including all race and handicapping data used in order to detect any compromise of or anomalies that would allow a player to have an unfair advantage.
- (6) The integrity auditor shall be in a position to extract actual data and use a statistically significant portion of this data applied to quality assurance testing and assess the validity of the vendor's management reporting by cross-referencing to a body of raw source information to determine correctness. The integrity auditor shall have experience and expertise involving all components of pari-mutuel wagering and totalizator systems.
- (7) The integrity auditor will collect and provide wagering data and reports from the

licensee's vendor. This shall include pari-mutuel commission and liability reports for analysis and verification of the amounts wagered, payouts, takeout, and taxes in addition to all transactional data logs and reports daily as specified by the integrity auditor.

- (8) The licensee shall provide access to the integrity auditor to conduct periodic onsite inspections and terminal audits at licensed racetracks and satellite wagering facilities with assistance from the vendor. The licensee shall notify of any adverse or unusual occurrences relating to the operation of play or payouts to the integrity auditor.

Adopted by ARCI Board 3/9/2023

## ***ARCI-004-105 Calculation Of Payouts And Distribution Of Pools***

### **Part I**

#### **A. General**

All permitted pari-mutuel wagering pools shall be separately and independently calculated and distributed. Takeout shall be deducted from each gross pool as stipulated by law. The remainder of the monies in the pool shall constitute the net pool for distribution as payout on winning wagers. Either the standard or net price calculation procedure may be used to calculate single commission pools, while the net price calculation procedure must be used to calculate multi-commission pools.

#### Standard Price Calculation Procedure

##### SINGLE PRICE POOL (WIN POOL)

Gross Pool	=	Sum of Wagers on all Betting Interests - Refunds	
Takeout	=	Gross Pool x Percent Takeout	
Net Pool	=	Gross Pool - Takeout	
Profit	=	Net Pool - Gross Amount Bet on Winner	
Profit Per Dollar	=	Profit / Gross Amount Bet on Winner	
\$1 Unbroken Price	=	Profit Per Dollar + \$1	
\$1 Broken Price	=	\$1 Unbroken Price Rounded Down to the Break	Point
Total Payout	=	\$1 Broken Price x Gross Amount Bet on Winner	
Total Breakage	=	Net Pool - Total Payout	

PROFIT SPLIT (PLACE POOL)

Profit is net pool less gross amount bet on all place finishers. Finishers split profit 1/2 and 1/2 (place profit), then divide by gross amount bet on each place finisher for two unique prices.

PROFIT SPLIT (SHOW POOL)

Profit is net pool less gross amount bet on all show finishers. Finishers split profit 1/3 and 1/3 and 1/3 (show profit), then divide by gross amount bet on each show finisher for three unique prices.

Net Price Calculation Procedure

SINGLE PRICE POOL (WIN POOL)

Gross Pool	=	Sum of Wagers on all Betting Interests - Refunds
Takeout	=	Gross Pool x Percent Takeout for Each Source:
Net Pool	=	Gross Pool - Takeout
Net Bet on Winner (Takeout)	=	Gross Amount Bet on Winner x (1 - Percent Takeout)
Total Net Pool	=	Sum of All Sources Net pools
Total Net Bet on Winner	=	Sum of All Sources Net Bet on Winner
Total Profit	=	Total Net Pool - Total Net Bet on Winner
Profit Per Dollar	=	Total Profit / Total Net Bet on Winner
\$1 Unbroken Base Price	=	Profit Per Dollar + \$1 for each source:
\$1 unbroken price	=	\$1 Unbroken Base Price x (1 - Percent Takeout)
\$1 Broken Price Point	=	\$1 Unbroken Price Rounded Down to the Break Point
Total Payout	=	\$1 Broken Price x Gross Amount Bet on Winner
Total Breakage	=	Net Pool - Total Payout

PROFIT SPLIT(PLACE POOL)

Total profit is the total net pool less the total net amount bet on all place finishers. Finishers split total profit 1/2 and 1/2 (place profit), then divide by total net amount bet on each place finisher for two unique unbroken base prices.

PROFIT SPLIT (SHOW POOL)

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Total profit is the total net pool less the total net amount bet on all show finishers. Finishers split total profit 1/3 and 1/3 and 1/3 (show profit), then divide by total net amount bet on each show finisher for three unique unbroken base prices.

- (3) If a profit split results in only one covered winning betting interest or combinations it shall be calculated the same as a single price pool.
- (4) Minimum payout and the method used for calculating breakage shall be established by the Commission.
- (5) The individual pools outlined in these rules may be given alternative names by each association, provided prior approval is obtained from the Commission.

**B. Win Pools**

- (1) The amount wagered on the betting interest which finishes first is deducted from the net pool, the balance remaining being the profit; the profit is divided by the amount wagered on the betting interest finishing first, such quotient being the profit per dollar wagered to Win on that betting interest.
- (2) The net Win pool shall be distributed as a single price pool to winning wagers in the following precedence, based upon the official order of finish:
  - (a) To those whose selection finished first; but if there are no such wagers, then
  - (b) To those whose selection finished second; but if there are no such wagers then
  - (c) To those whose selection finished third; but if there are no such wagers, then (d) The entire pool shall be refunded on Win wagers for that contest.
- (3) If there is a dead heat for first involving:
  - (a) contestants representing the same betting interest, the Win pool shall be distributed as if no dead heat occurred.
  - (b) contestants representing two or more betting interests, the Win pool shall be distributed as a profit split.

Table 1: WIN POOL  
(Standard Price Calculation)

Sum of Wagers on All Betting Interests	=	\$	194,230.00
Refunds	=	\$	1,317.00
Gross Pool:			
Sum of Wagers on All Betting Interests - Refund	=	\$	192,913.00
Percent Takeout	=		18%
Takeout:			
Gross Pool x Percent Takeout	=	\$	34,724.34

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Net Pool:

Gross Pool - Takeout = \$ 158,188.66

Gross Amount Bet on Winner = \$ 23,872.00

Profit:

Net Pool - Gross Amount Bet on Winner = \$ 134,316.66

Profit Per Dollar:

Profit / Gross Amount Bet on Winner = \$ 5.6265

\$1 Unbroken Price:

Profit Per Dollar + \$1 = \$ 6.6265357

C. Place Pools

- (1) The amounts wagered to Place on the first two betting interests to finish are deducted from the net pool, the balance remaining being the profit; the profit is divided into two equal portions, one being assigned to each winning betting interest and divided by the amount wagered to Place on that betting interest, the resulting quotient is the profit per dollar wagered to Place on that betting interest.
- (2) The net Place pool shall be distributed to winning wagers in the following precedence, based upon the official order of finish:
  - (a) If contestants of a coupled entry or mutuel field finished in the first two places, as a single price pool to those who selected the coupled entry or mutuel field; otherwise
  - (b) As a profit split to those whose selection is included within the first two finishers; but if there are no such wagers on one of those two finishers, then
  - (c) As a single price pool to those who selected the one covered betting interest included within the first two finishers; but if there are no such wagers, then
  - (d) As a single price pool to those who selected the third-place finisher; but if there are no such wagers, then
  - (e) The entire pool shall be refunded on Place wagers for that contest.
- (3) If there is a dead heat for first involving:
  - (a) contestants representing the same betting interest, the Place pool shall be distributed as a single price pool.
  - (b) contestants representing two or more betting interests, the Place pool shall be distributed as a profit split.
- (4) If there is a dead heat for second involving:
  - (a) contestants representing the same betting interest, the Place pool shall be distributed as if no dead heat occurred.

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- (b) contestants representing two or more betting interests, the Place pool is divided with one-half (1/2) of the profit distributed to Place wagers on the betting interest finishing first and the remainder is distributed equally amongst Place wagers on those betting interests involved in the dead heat for second.

Table 2: PLACE POOL  
(Standard Price Calculation)

Sum of Wagers on All Betting Interests =		\$	194,230.
Refunds =		\$	1,317.00
Gross Pool:			
Sum of Wagers on All Betting Interests - Refunds	=	\$	192,913.00
Percent Takeout	=		18%
Takeout:			
Gross Pool x Percent Takeout	=	\$	34,724.34
Net Pool:			
Gross Pool - Takeout	=	\$	158,188.66
Gross Amount Bet on 1st place finisher	=	\$	23,872.00
Gross amount Bet on 2nd place finisher	=	\$	12,500.00
Profit:			
Net Pool - Gross Amount Bet on 1st place finisher			
- Gross Amount Bet on 2nd place finisher	=	\$	121,816.66
Place Profit:			
Profit / 2	=	\$	60,908.33
Profit Per Dollar for 1st place:			

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Place Profit / Gross Amount Bet on 1st place finisher = \$ 2.5514548

\$1 Unbroken Price for 1st place:

Profit Per Dollar for 1st place + \$1 = \$ 3.5514548

Profit Per Dollar for 2nd place:

Place Profit / Gross Amount Bet on 2nd place finisher = \$ 4.8726664

\$1 Unbroken Price for 2nd place:

Profit Per Dollar for 2nd place + \$1 = \$ 5.8726664

D. Show Pools

- (1) The amounts wagered to Show on the first three betting interests to finish are deducted from the net pool, the balance remaining being the profit; the profit is divided into three equal portions, one being assigned to each winning betting interest and divided by the amount wagered to Show on that betting interest, the resulting quotient being the profit per dollar wagered to Show on that betting interest. The net Show pool shall be distributed to winning wagers in the following precedence, based upon the official order of finish:
  - (a) If contestants of a coupled entry or mutuel field finished in the first three places, as a single price pool to those who selected the coupled entry or mutuel field; otherwise
  - (b) If contestants of a coupled entry or mutuel field finished as two of the first three finishers, the profit is divided with two-thirds (2/3) distributed to those who selected the coupled entry or mutuel field and one-third (1/3) distributed to those who selected the other betting interest included within the first three finishers; otherwise
  - (c) As a profit split to those whose selection is included within the first three finishers; but if there are no such wagers on one of those three finishers, then
  - (d) As a profit split to those who selected one of the two covered betting interests included within the first three finishers; but if there are no such wagers on two of those three finishers, then
  - (e) As a single price pool to those who selected the one covered betting interest included within the first three finishers; but if there are no such wagers, then
  - (f) As a single price pool to those who selected the fourth-place finisher; but if there are no such wagers, then
  - (g) The entire pool shall be refunded on Show wagers for that contest.
- (2) If there is a dead heat for first involving:

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- (a) two contestants representing the same betting interest, the profit is divided with two thirds (2/3) distributed to those who selected the first-place finishers and one-third (1/3) distributed to those who selected the betting interest finishing third.
  - (b) three contestants representing a single betting interest, the Show pool shall be distributed as a single price pool.
  - (c) contestants representing two or more betting interests, the Show pool shall be distributed as a profit split.
- (3) If there is a dead heat for second involving:
- (a) contestants representing the same betting interest, the profit is divided with one-third (1/3) distributed to those who selected the betting interest finishing first and two-thirds (2/3) distributed to those who selected the second-place finishers.
  - (b) contestants representing two betting interests, the Show pool shall be distributed as a profit split.
  - (c) contestants representing three betting interests, the Show pool is divided with one-third (1/3) of the profit distributed to Show wagers on the betting interest finishing first and the remainder is distributed equally amongst Show wagers on those betting interests involved in the dead heat for second.
- (4) If there is a dead heat for third involving:
- (a) contestants representing the same betting interest, the Show pool shall be distributed as if no dead heat occurred.
  - (b) contestants representing two or more betting interests, the Show pool is divided with two-thirds (2/3) of the profit distributed to Show wagers on the betting interests finishing first and second and the remainder is distributed equally amongst Show wagers on those betting interests involved in the dead heat for third.

Table 3: SHOW POOL  
(Standard Price Calculation)

Sum of Wagers on All Betting Interests	=	\$	194,230.00
Refunds	=	\$	1,317.00
Gross Pool:			
Sum of Wagers on All Betting Interests - Refunds	=	\$	192,913.00
Percent Takeout	=		18%

Takeout:

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Gross Pool x Percent Takeout = \$ 34,724.34

Net Pool:

Gross Pool - Takeout = \$ 158,188.66

Gross Amount Bet on 1st place finisher = \$ 23,872.00

Gross Amount Bet on 2nd place finisher = \$ 12,500.00

Gross Amount Bet on 3rd place finisher = \$ 4,408.00

Profit:

Net Pool - Gross Amount Bet on 1st place finisher

- Gross Amount Bet on 2nd place finisher

- Gross Amount Bet on 3rd place finisher = \$ 117,408.66

Show Profit:

Profit / 3 = \$ 39,136.22

Profit Per Dollar for 1st place:

Show Profit / Gross Amount Bet on 1st place finisher = \$ 1.6394194

\$1 Unbroken Price for 1st place:

Profit Per Dollar for 1st place + \$1 = \$ 2.6394194

Profit Per Dollar for 2nd place:

Show Profit / Gross Amount Bet on 2nd place finisher = \$ 3.1308976

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\$1 Unbroken Price for 2nd place:  
Profit Per Dollar for 2nd place + \$1 = \$ 4.1308976

Profit Per Dollar for 3rd place:  
Show Profit / Gross Amount Bet on 3rd place finisher = \$ 8.8784528

\$1 Unbroken Price for 3rd place  
Profit Per Dollar for 3rd place + \$1 = \$ 9.8784528

Table 4: SHOW POOL

Single Takeout Rate & Single Betting Source

(Net Price Calculation)

Sum of Wagers on All Betting Interests	=	\$ 194,230.00
Refunds	=	\$ 1,317.00
Gross Pool:		
Sum of Wagers on All Betting Interests - Refunds	=	\$ 192,913.00
Percent Takeout	=	18%
Takeout:		
Gross Pool x Percent Takeout	=	\$ 34,724.34
Total Net Pool:		
Gross Pool - Takeout	=	\$ 158,188.66
Gross Amount Bet on 1st place finisher	=	\$ 23,872.00
Net Amount Bet on 1st place finisher	=	\$ 19,575.04
Gross Amount Bet on 2nd place finisher	=	\$ 12,500.00
Net Amount Bet on 2nd place finisher	=	\$ 10,250.00
Gross Amount Bet on 3rd place finisher	=	\$ 4,408.00

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Net Amount Bet on 3rd place finisher	=	\$	3,614.56
Total Net Bet on Winners:			
Net Amount Bet on 1st place finisher + Net Amount Bet on 2nd place finisher + Net Amount Bet on 3rd place finisher			
	=	\$	33,439.60
Total Profit:			
Total Net Pool - Total Net Bet on Winners	=	\$	124,749.06
Show Profit:			
Total Profit / 3	=	\$	41,583.02
Profit Per Dollar for 1st place:			
Show Profit / Net Amount Bet on 1st place finisher	=	\$	2.1242879
\$1 Unbroken Base Price for 1st place:			
Profit Per Dollar for 1st place + \$1	=	\$	3.1242879
\$1 Unbroken Price for 1st place: \$1 Unbroken Base Price for 1st place x (1 - percent takeout)			
	=	\$	2.5619161
Profit Per Dollar for 2nd place:			
Show Profit / Net Amount Bet on 2nd place finisher	=	\$	4.0568800
\$1 Unbroken Base Price for 2nd place:			
Profit Per Dollar for 2nd place + \$1	=	\$	5.0568800
\$1 Unbroken Price for 2nd place: \$1 Unbroken Base Price for 2nd place x (1 - percent takeout)			
	=	\$	4.1466416
Profit Per Dollar for 3rd place:			
Show Profit / Net Amount Bet on 3rd place finisher	=	\$	11.504310
\$1 Unbroken Base Price for 3rd place:			
Profit Per Dollar for 3rd place + \$1	=	\$	12.504310
\$1 Unbroken Price for 3rd place: \$1 Unbroken Base Price for 3rd place x (1 - percent takeout)			
	=	\$	10.253534

**E. Double Pools**

- (1) The Double requires selection of the first-place finisher in each of two specified contests.
- (2) The net Double pool shall be distributed to winning wagers in the following precedence, based upon the official order of finish:
  - (a) As a single price pool to those whose selection finished first in each of the two contests; but if there are no such wagers, then

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- (b) As a profit split to those who selected the first-place finisher in either of the two contests; but if there are no such wagers, then
  - (c) As a single price pool to those who selected the one covered first-place finisher in either contest; but if there are no such wagers, then
  - (d) As a single price pool to those whose selection finished second in each of the two contests; but if there are no such wagers, then
  - (e) The entire pool shall be refunded on Double wagers for those contests.
- (3) If there is a dead heat for first in either of the two contests involving:
- (a) contestants representing the same betting interest, the Double pool shall be distributed as if no dead heat occurred.
  - (b) contestants representing two or more betting interests, the Double pool shall be distributed as a profit split if there is more than one covered winning combination.
- (4) Should a betting interest in the first-half of the Double be scratched prior to the first Double contest being declared official, all money wagered on combinations including the scratched betting interest shall be deducted from the Double pool and refunded.
- (5) Should a betting interest in the second-half of the Double be scratched prior to the close of wagering on the first Double contest, all money wagered on combinations including the scratched betting interest shall be deducted from the Double pool and refunded.
- (6) Should a betting interest in the second-half of the Double be scratched after the close of wagering on the first Double contest, all wagers combining the winner of the first contest with the scratched betting interest in the second contest shall be allocated a consolation payout. In calculating the consolation payout the net Double pool shall be divided by the total amount wagered on the winner of the first contest and an unbroken consolation price obtained. The broken consolation price is multiplied by the dollar value of wagers on the winner of the first contest combined with the scratched betting interest to obtain the consolation payout. Breakage is not declared in this calculation. The consolation payout is deducted from the net Double pool before calculation and distribution of the winning Double payout. Dead heats including separate betting interests in the first contest shall result in a consolation payout calculated as a profit split.
- (7) If either of the Double contests are cancelled prior to the first Double contest, or the first Double contest is declared "no contest", the entire Double pool shall be refunded on Double wagers for those contests.
- (8) If the second Double contest is cancelled or declared "no contest" after the conclusion of the first Double contest, the net Double pool shall be distributed as a single price pool to wagers selecting the winner of the first Double contest. In the event of a dead heat involving separate betting interests, the net Double pool shall be distributed as a profit split.

Table 5: DOUBLE POOL  
(Standard Price Calculation)

Sum of Wagers on All Betting Interests	=	\$	194,230.00
Refunds	=	\$	1,317.00

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Gross Pool:

Sum of Wagers on All Betting Interests - Refunds	=	\$	192,913.00
Percent Takeout	=		18%

Takeout:

Gross Pool x Percent Takeout	=	\$	34,724.34
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Net Pool:

Gross Pool - Takeout	=	\$	158,188.66
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Gross Amount Bet on Winning Combination	=	\$	23,872.00
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Profit:

Net Pool - Gross Amount Bet on

Winning Combination	=	\$	134,316.66
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Profit Per Dollar:

Profit / Gross Amount Bet on Winning Combination	=	\$	5.6265357
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\$1 Unbroken Price:

Profit Per Dollar + \$1	=	\$	6.6265357
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Table 6: DOUBLE POOL  
CONSOLATION PRICING

Sum of Wagers on All Betting Interests	=	\$	194,230.00
Refunds	=	\$	1,317.00

The Association of Racing Commissioners International  
Model Rules of Racing

Gross Pool:

Sum of Wagers on All Betting Interests - Refunds	=	\$	192,913.00
Percent Takeout	=		18%

Takeout:

Gross Pool x Percent Takeout	=	\$	34,724.34
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Net Pool:

Gross Pool - Takeout	=	\$	158,188.66
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Consolation Pool:

Sum Total Amount Bet on winner of the first

contest with all second contest betting interests	=	\$	43,321.00
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\$1 Consolation Unbroken Consolation Price:

Net Pool / Consolation Pool	=	\$	3.6515468
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\$1 Consolation Broken Price	=	\$	3.65
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Amount Bet on winner of the first contest with scratched betting interests:	=	\$	1,234.00
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Consolation Liability:

\$1 Consolation Broken Price x (Amount Bet on the winner of the first contest with scratched betting interests)	=	\$	4,504.10
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Adjusted Net Pool:

Net Pool - Consolation Liability	=	\$	153,684.56
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Gross Amount Bet on the Winning Combination	=	\$	23,872.00
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Profit:

Adjusted Net Pool - Gross Amount Bet

on the Winning Combination = \$ 129,812.56

Profit Per Dollar:

Profit / Gross Amount Bet on

the Winning Combination = \$ 5.4378586

\$1 Unbroken Price: Profit Per Dollar + \$1 = \$ 6.4378586

#### F. Win Three Pools

- (1) The Win Three requires selection of the first-place finisher in each of three specified contests.
- (2) The net Win Three pool shall be distributed to winning wagers in the following precedence, based upon the official order of finish:
  - (a) As a single price pool to those whose selection finished first in each of the three contests; but if there are no such wagers, then
  - (b) As a single price pool to those who selected the first-place finisher in any two of the three contests; but if there are no such wagers, then
  - (c) As a single price pool to those who selected the first-place finisher in any one of the three contests; but if there are no such wagers, then
  - (d) The entire pool shall be refunded on Win Three wagers for those contests.
- (3) If there is a dead heat for first in any of the three contests involving:
  - (a) contestants representing the same betting interest, the Win Three pool shall be distributed as if no dead heat occurred.
  - (b) contestants representing two or more betting interests, the Win Three pool shall be distributed as follows.
    - (A) as a profit split to those whose selections finished first in each of the three contests; but if there are no such wagers, then
    - (B) as a single price pool to those who selected the first place finisher in any two of the three contests; but if there are no such wagers, then
    - (C) as a single price pool to those who selected the first place finisher in any one of the three contests; but if there are no such wagers, then (D) the entire Win Three pool shall be refunded.
- (4) Should a betting interest be scratched from a leg of the Win Three all bets with the scratched betting interest will be handled as follows:
  - (a) If the scratch (which herein after includes being declared a non-starter or a non-betting starter) was made prior to the start of the first leg, all bets containing such scratched betting interest shall be refunded to determine the gross pool and removed from further consideration in the pool;

- (b) If the scratch was made in the second leg after the start of the first leg, a consolation payoff shall be computed for those bets combining the winners of the first and third legs with the scratched betting interest as follows: from the gross pool shall be deducted the statutory take-out and then the amount represented by the bets on combinations involving betting interests scratched from the third leg (reduced by the take-out thereon). The resulting remainder shall be divided by the amounts bet on the combination of such first and third leg winners with all betting interests (less breaks) to determine the consolation price per dollar payable to those bets combining winners of the first and third legs with the betting interest scratched in the second leg. The break shall not be deducted from the pool.
  - (c) If a betting interest is scratched in the third leg after the start of the first leg, a consolation payoff shall be computed as for those bets combining the winners of the first and second legs with such scratched betting interest as follows: from the gross pool shall be deducted the statutory take-out and then the amount represented by bets on combinations involving betting interests scratched from the second leg (reduced by the rate of the take-out thereon). The resulting remainder shall be divided by the amount bet on the combination of such first and second leg winners with all betting interests in the third leg (less breaks) to determine the consolation price per dollar payable to those bets combining winners of the first and second legs with an betting interest scratched in the third leg. The breaks shall not be deducted from the pool.
  - (d) If betting interests are scratched in both the second and third legs after the start of the first leg, a consolation payoff shall be computed for those bets combining the winner of the first leg with the betting interests scratched in both the second and third legs as follows: from the gross pool shall be deducted the takeout and the remainder shall be divided by the amount bet on the winner of the first leg combined with all other betting interests (less breaks) to determine the consolation price per dollar payable to those tickets combining the winner of the first leg with the scratch betting interests from both the second and third legs.
- (5) If all three Win Three contests are cancelled or declared "no contest", the entire pool shall be refunded on Win Three wagers for those contests.
  - (6) If one or two of the Win Three contests are cancelled or declared "no contest", the Win Three pool will remain valid and shall be distributed in accordance with subsection 2 of this rule.
  - (7) In the Win Three pool is distributed according to subparagraphs (3)(b)(B) or (C) a public announcement shall be made as to the possible winning three combinations.

#### G. Pick (n) Pools

- (1) The Pick (n) requires selection of the first-place finisher in each of a designated number of contests. The association must obtain written approval from the Commission concerning the scheduling of Pick (n) contests, the designation of one of the methods prescribed in subsection (2), and the amount of any cap to be set on the carryover. Any changes to the approved Pick (n) format require prior approval from the Commission.

- (2) The Pick (n) pool shall be apportioned under one of the following methods:
- (a) Method 1, Pick (n) with Carryover: The net Pick (n) pool and carryover, if any, shall be distributed as a single price pool to those who selected the first-place finisher in each of the Pick (n) contests, based upon the official order of finish. If there are no such wagers, then a designated percentage of the net pool shall be distributed as a single price pool to those who selected the first-place finisher in the greatest number of Pick (n) contests; and the remainder shall be added to the carryover. Where there is no correct selection of the first-place finisher in at least one of the Pick (n) contests, based upon the official order of finish, the day's net pool shall be refunded and the previous carryover pool amount, if any, shall be carried over to the next scheduled corresponding pool.
  - (b) Method 2, Pick (n) with 100% Carryover: The net Pick (n) pool and carryover, if any, shall be distributed as a single price pool to those who selected the first-place finisher in each of the Pick (n) contests, based upon the official order of finish. If there are no such wagers, then 100% of that day's net pool shall be added to the carryover. Where there is Page 114 Version 12.1.3, December 2023 The Association of Racing Commissioners International Model Rules of Racing no correct selection of the first-place finisher in at least one of the Pick (n) contests, based upon the official order of finish, the day's net pool shall be refunded and the previous carryover pool amount, if any, shall be carried over to the next scheduled corresponding pool.
  - (c) Method 3, Pick (n) with Minor Pool and Carryover: The major share of the net Pick (n) pool and the carryover, if any, shall be distributed to those who selected the first-place finisher in each of the Pick (n) contests, based upon the official order of finish. The minor share of the net Pick (n) pool shall be distributed to those who selected the first place finisher in the second greatest number of Pick (n) contests, based upon the official order of finish. If there are no wagers selecting the first-place finisher of all Pick (n) contests, the minor share of the net Pick (n) pool shall be distributed as a single price pool to those who selected the first-place finisher in the greatest number of Pick (n) contests; and the major share shall be added to the carryover. Where there is no correct selection of the first-place finisher in at least one of the Pick (n) contests, based upon the official order of finish, the day's net pool shall be refunded and the previous carryover pool amount, if any, shall be carried over to the next scheduled corresponding pool.
  - (d) Method 4, Pick (n) with No Minor Pool and No Carryover: The net Pick (n) pool shall be distributed as a single price pool to those who selected the first-place finisher in the greatest number of Pick (n) contests, based upon the official order of finish. If there are no winning wagers, the pool is refunded.
  - (e) Method 5, Pick (n) with Minor Pool and No Carryover: The major share of the net Pick (n) pool shall be distributed to those who selected the first place finisher in the greatest

number of Pick (n) contests, based upon the official order of finish. The minor share of the net Pick (n) pool shall be distributed to those who selected the first-place finisher in the second greatest number of Pick (n) contests, based upon the official order of finish. If there are no wagers selecting the first-place finisher in a second greatest number of Pick (n) contests, the minor share of the net Pick (n) pool shall be combined with the major share for distribution as a single price pool to those who selected the first-place finisher in the greatest number of Pick (n) contests. If the greatest number of first-place finishers selected is one (1), the major and minor shares are combined for distribution as a single price pool. If there are no winning wagers, the pool is refunded.

- (f) Method 6, Pick (n) with Minor Pool and No Carryover: The major share of net Pick (n) pool shall be distributed to those who selected the first-place finisher in each of the Pick (n) contests, based upon the official order of finish. The minor share of the net Pick (n) pool shall be distributed to those who selected the first-place finisher in the second greatest number of Pick (n) contests, based upon the official order of finish. If there are no wagers selecting the first-place finisher in all Pick (n) contests, the net Pick (n) pool shall be distributed as a single price pool to those who selected the first-place finisher in the greatest number of Pick (n) contests. If there are no wagers selecting the first-place finisher in a second greatest number of Pick (n) contests, the minor share of the net Pick (n) pool shall be combined with the major share for distribution as a single price pool to those who selected the first-place finisher in each of the Pick (n) contests. If there are no winning wagers, the pool is refunded.
- (g) Method 7, Pick (n) with Carryover and “Unique Winning Ticket” Provision: The net Pick (n) pool and carryover, if any, shall be distributed to the holder of a unique winning ticket that selected the first-place finisher in each of the Pick (n) contests, based upon the official order of finish. If there is no unique ticket selecting the first-place finisher in each of the Pick (n) contests, or if there are no wagers selecting the first-place finisher of all Pick (n) contests, the minor share of the net Pick (n) pool shall be distributed as a single price pool to those who selected the first-place finisher in the greatest number of Pick (n) contests, and the major share shall be added to the carryover. Associations may suspend previously approved unique winning ticket wagering with the prior approval of the Commission. Any carryover shall be held until the suspended unique winning ticket wagering is reinstated. Where there is no correct selection of the first-place finisher in at least one of the Pick (n) contests, based upon the official order of finish, the day’s net pool shall be refunded and the previous carryover pool amount, if any, shall be carried over to the next scheduled corresponding pool. In obtaining authorization for operating the Pick (n) pool under this subsection, associations must clearly identify which definition under paragraph 16(b) will be relied upon for determining the existence of a unique winning ticket.

- (h) Method 8, Pick (n) with the Pool split into three shares, one share having a Carryover: The share percentages are determined by the pool host and approved by the Commission. The first share of the net Pick (n) pool and the carryover, if any, shall be distributed to those who selected the first-place finisher in each of the Pick (n) contests, based upon the official order of finish. The second share of the net Pick (n) pool shall be distributed to those who selected (n-1) of the Pick (n) contests, based upon the official order of finish and a third share of the Pick (n) pool shall be distributed to those who selected (n-2) of the Pick (n) contests, based upon the official order of finish. If there are no wagers selecting the first-place finisher of all Pick (n) contests, the first share shall be added to the carryover. If there are no wagers selecting (n-1) of the Pick (n) contests, this second share shall be added to the carryover. If there are no wagers selecting (n-2) of the Pick (n) contests, this third share shall be added to the carryover. Where there is no correct selection of the first-place finisher in at least one of the Pick (n) contests, based upon the official order of finish, the day's net pool shall be refunded and the previous carryover pool amount, if any, shall be carried over to the next scheduled corresponding pool.
- (i) Method 9, Pick (n) with the pool split into three shares, with Carryovers, and a Unique Winning Ticket Provision: The share percentages are determined by the pool host and approved by the Commission. The first share of the net Pick (n) pool and the first share carryover, if any, shall be distributed to those who selected the first-place finisher in each of the Pick (n) contests, based upon the official order of finish. The second share of the net Pick (n) pool shall be distributed to those who selected the first-place finisher in the second greatest number of Pick (n) contests, based upon the official order of finish. If there are no wagers selecting the first-place finisher of all Pick (n) contests, the second share of the net Pick (n) pool shall be distributed as a single price pool to those who selected the first-place finisher in the greatest number of Pick (n) contests, and the first share shall be added to the first share carryover. The third share and the third share carryover, if any, shall be distributed to the holder of a unique winning ticket that selected the first-place finisher in each of the Pick (n) contests, based upon the official order of finish. If there is no unique winning ticket selecting the first-place finisher in each of the Pick (n) contests, the third share shall be added to the third share carryover. For greater certainty, the holder of a unique winning ticket shall receive both the first share, and first share carryover, if any as well as the third share, and the third share carryover, if any. Where there is no correct selection of the first-place finisher in at least one of the Pick (n) contests, based upon the official order of finish, the day's net pool shall be refunded and the previous carryover pool(s) amount(s), if any, shall be carried over to the next scheduled corresponding pool. In obtaining authorization for operating the Pick (n) pool under this subsection, associations must clearly identify which definition under paragraph 16(b) will be relied upon for determining the existence of a unique winning ticket.

- (3) If there is a dead heat for first in any of the Pick (n) contests involving:
- (a) contestants representing the same betting interest, the Pick (n) pool shall be distributed as if no dead heat occurred.
  - (b) contestants representing two or more betting interests, the Pick (n) pool shall be distributed as a single price pool with each winning wager receiving an equal share of the profit.
- (4) If a wagering interest is “scratched” for a Pick (n) contest, or is designated to run for purse money only, the association shall use the actual favorite, as evidenced by total amounts wagered in the Win pool at the host association for the contest at the close of wagering on that contest, and shall be substituted for the scratched betting interest for all purposes, including pool calculations. In the event that the Win pool total for two or more favorites is identical, the substitute selection shall be the betting interest with the lowest program number. The totalizator shall produce reports showing each of the wagering combinations with substituted betting interests which became winners as a result of the substitution, in addition to the normal winning combination. Notwithstanding the provisions of this subsection, an association may also obtain authorization from the Commission to allow patrons to select an alternate wagering interest in any of the Pick (n) contests.
- (5) Subject to subsection (9), (10), or (12), the Pick (n) pool shall be cancelled and all Pick (n) wagers for the individual performance shall be refunded if:
- (a) at least two contests included as part of a Pick 3 are cancelled or declared "no contest."
  - (b) at least three contests included as part of a Pick 4, Pick 5 or Pick 6 are cancelled or declared "no contest."
  - (c) at least four contests included as part of a Pick 7, Pick 8 or Pick 9 are cancelled or declared "no contest."
  - (d) at least five contests included as part of a Pick 10 are cancelled or declared "no contest."
- (6) Subject to subsection (9), (10), or (12), if at least one contest included as part of a Pick (n) is cancelled or declared "no contest", but not more than the number specified in subsection (5) of this rule, the net pool shall be distributed as a single price pool to those whose selection distribution shall include the portion ordinarily retained for the Pick (n) carryover but not the carryover from previous performances.
- (7) If the condition of the course warrants a change of racing surface in any of the legs of the Pick (n) races, and such change was not known to the public prior to the closing of wagering for the Pick (n) pool, the stewards shall declare the changed leg(s) a “no contest” for Pick (n) wagering purposes only. A “no contest” race is not to be considered as a contested race. In addition, any race designated as “For Purse Only”

- shall also be treated as a “No Contest” for Pick (n) wagering purposes, with all runners considered winners.
- (8) The Pick (n) carryover may be capped at a designated level approved by the Commission so that if, at the close of any performance, the amount in the Pick (n) carryover equals or exceeds the designated cap, the Pick (n) carryover will be frozen until it is won or distributed under other provisions of this rule. After the Pick (n) carryover is frozen, 100 percent of the net pool, part of which ordinarily would be added to the Pick (n) carryover, shall be distributed to those whose selection finished first in the greatest number of Pick (n) contests for that performance.
  - (9) A written request for permission to distribute the Pick (n) carryover on a specific performance may be submitted to the Commission. The request must be for a specified date no greater than one (1) year from the date the request is submitted and contain justification for the distribution, an explanation of the benefit to be derived, and the intended date and performance for the distribution.
  - (10) Should the Pick (n) carryover be designated for distribution on a specified date and performance in which there are no wagers selecting the first-place finisher in each of the Pick (n) contests, the net pool shall be distributed as a single price pool to those whose selection finished first in the greatest number of Pick (n) contests. The Pick (n) carryover shall be designated for distribution on a specified date and performance only under the following circumstances:
    - (a) Upon written approval from the Commission as provided in subsection (8) of this rule.
    - (b) Upon written approval from the Commission 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.
    - (c) On the closing performance of the meet or split meet.
  - (11) A written request for permission to transfer the Pick (n) carryover to another Pick (n) pool operated by the same pool host may be submitted to the Commission. The request must contain a description of the method by which the pool host will present the information to the public that identifies the racetrack(s) for which the pool will be operated and the intended date(s) and performance(s) of the transfer.
  - (12) Unless otherwise stated in writing by the Commission under subsection (9), on the last Pick (n) race on the final day of the meeting, the net pool, including any applicable carryover, shall be distributed as a single price pool to those who selected the first-place finisher in the greatest number of Pick (n) contests, based upon the official order of finish.
  - (13) Notwithstanding subsections (9) and (11), if for any reason the Pick (n) carryover must be held over to the corresponding Pick (n) pool of a subsequent meet, the carryover shall be deposited in an interest-bearing account approved by the Commission. 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 so designated by the Commission.
  - (14) With the written approval of the Commission, the association may contribute to the Pick (n) carryover a sum of money up to the amount of any designated cap.

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- (15) The association may suspend previously-approved Pick (n) wagering with the prior approval of the Commission. Any carryover shall be held until the suspended Pick (n) wagering is reinstated. An association may request approval of a Pick (n) wager or separate wagering pool for specific performances.
- (16) As it relates to any distribution method under section 2 which contains a unique winning ticket provision:
- (a) A written request for permission to distribute the Pick (n) unique winning ticket carryover on a specific performance may be submitted to the Commission. The request must contain justification for the distribution, an explanation of the benefit to be derived, and the intended date and performance for the distribution. Should the Pick (n) unique winning ticket net pool and any applicable carryover be designated for distribution on a specified date and performance in which there is no unique winning ticket, the net pool shall be distributed as a single price pool to those who selected the first-place finisher in the greatest number of Pick (n) contests.
- (b) Associations must clearly identify which selection under clauses (i) and (ii) below will be relied upon to determine the existence of a unique winning ticket:
- i. there is one and only one winning ticket that correctly selected the first-place finisher in each of the Pick (n) contests, based upon the official order of finish, to be verified by the unique serial number assigned by the tote company that issued the winning ticket; or
  - ii. the total amount wagered on one and only one winning combination selecting the first-place finisher in each of the Pick (n) contests, based upon the official order of finish, is equal to the minimum allowable wager.

Table 7: PICK 7 POOL – Multiple Takeout Rates & Multiple Betting Sources (Net Price Calculation)

(Net Price Calculation)

	Percent Takeout	Gross Pool	Gross Amt. Bet on Win	Net Pool	Net Amount Bet on Win
Source 1	16.0	\$190,000.00	\$44.00	\$159,600.00	\$36.96
Source 2	18.5	\$10,000.00	\$18.00	\$8,150.00	\$14.67
Source 3	21.0	\$525,730.00	\$124.00	\$415,326.70	\$97.96
<b>TOTALS</b>		<b>\$725,730.00</b>	<b>\$186.00</b>	<b>\$583,076.70</b>	<b>\$149.59</b>

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<u>Total Profit</u> Total Net Pool <MINUS> Total Net Bet on the Winning Combination	\$582,927.11
<u>Profit Per Dollar</u> Total Profit <DIVIDED BY> Total Net Bet on the Winning Combination	\$3,386.8321
\$1 Unbroken Base Price Profit Per Dollar <PLUS> \$1	\$3,387.8321
\$1 Unbroken Base Price for Source 1 <u>\$1 Unbroken Base Price &lt;MULTIPLIED BY&gt; ( 1 &lt;MINUS&gt; Percent Takeout)</u>	\$3,274.1789
\$1 Unbroken Base Price for Source 2 <u>\$1 Unbroken Base Price &lt;MULTIPLIED BY&gt; ( 1 &lt;MINUS&gt; Percent Takeout)</u>	\$3,176.7331
\$1 Unbroken Base Price for Source 3 <u>\$1 Unbroken Base Price &lt;MULTIPLIED BY&gt; ( 1 &lt;MINUS&gt; Percent Takeout)</u>	\$3,079.2873

#### H. Place Pick (n) Pools

- (1) The Place Pick (n) requires selection of the first or second-place finisher in each of a designated number of contests. The association must obtain written approval from the Commission concerning the scheduling of Place Pick (n) contests, the designation of one of the methods prescribed in Part (2), the distinctive name identifying the pool and the amount of any cap to be set on the carryover. Any changes to the approved Place Pick (n) format require prior approval from the Commission.
- (2) The Place Pick (n) pool shall be apportioned under one of the following methods:
  - (a) Method 1, Place Pick (n) with Carryover: The net Place Pick (n) pool and carryover, if any, shall be distributed as a single price pool to those who selected the first or second place finisher in each of the Place Pick (n) contests, based upon the official order of finish. If there are no such wagers, then a designated percentage of the net pool shall be distributed as a single price pool to those who selected the first or second-place finisher in the greatest number of Place Pick (n) contests; and the remainder shall be added to the carryover.
  - (b) Method 2, Place Pick (n) with Minor Pool and Carryover: The major share of the net Place Pick (n) pool and the carryover, if any, shall be distributed to those who selected the first or second-place finisher in each of the Place Pick (n) contests, based upon the official order of finish. The minor share of the net Place Pick (n) pool shall be distributed to those who selected the first or second-place finisher in the second greatest number of Place Pick (n) contests, based upon the official order of finish. If there are no wagers selecting the first or second-place finisher of all Place Pick (n) contests, the

minor share of the net Place Pick (n) pool shall be distributed as a single price pool to those who selected the first or second-place finisher in the greatest number of Place Pick (n) contests; and the major share shall be added to the carryover.

- (c) Method 3, Place Pick (n) with No Minor Pool and No Carryover: The net Place Pick (n) pool shall be distributed as a single price pool to those who selected the first or second place finisher in the greatest number of Place Pick (n) contests, based upon the official order of finish. If there are no winning wagers, the pool is refunded.
  - (d) Method 4, Place Pick (n) with Minor Pool and No Carryover: The major share of the net Place Pick (n) pool shall be distributed to those who selected the first or second place finisher in the greatest number of Place Pick (n) contests, based upon the official order of finish. The minor share of the net Place Pick (n) pool shall be distributed to those who selected the first or second-place finisher in the second greatest number of Place Pick (n) contests, based upon the official order of finish. If there are no wagers selecting the first or second-place finisher in a second greatest number of Place Pick (n) contests, the minor share of the net Place Pick (n) pool shall be combined with the major share for distribution as a single price pool to those who selected the first or second place finisher in the greatest number of Place Pick (n) contests. If the greatest number of first or second-place finishers selected is one (1), the major and minor shares are combined for distribution as a single price pool. If there are no winning wagers, the pool is refunded.
  - (e) Method 5, Place Pick (n) with Minor Pool and No Carryover: The major share of net Place Pick (n) pool shall be distributed to those who selected the first or second-place finisher in each of the Place Pick (n) contests, based upon the official order of finish. The minor share of the net Place Pick (n) pool shall be distributed to those who selected the first or second-place finisher in the second greatest number of Place Pick (n) contests, based upon the official order of finish. If there are no wagers selecting the first or second-place finisher in all Place Pick (n) contests, the entire net Place Pick (n) pool shall be distributed as a single price pool to those who selected the first or second-place finisher in the greatest number of Place Pick (n) contests. If there are no wagers selecting the first or second-place finisher in a second greatest number of Place Pick (n) contests, the minor share of the net Place Pick (n) pool shall be combined with the major share for distribution as a single price pool to those who selected the first or second place finisher in each of the Place Pick (n) contests. If there are no winning wagers, the pool is refunded.
- (3) If there is a dead heat for first in any of the Place Pick (n) contests involving:
    - (a) contestants representing the same betting interest, the Place Pick (n) pool shall be distributed as if no dead heat occurred.
    - (b) contestants representing two or more betting interests, the Place Pick (n) pool shall be distributed as a single price pool with a winning wager including each betting interest participating in the dead heat.
  - (4) If there is a dead heat for second in any of the Place Pick (n) contests involving:

- (a) contestants representing the same betting interest, the Place Pick (n) pool shall be distributed as if no dead heat occurred.
  - (b) contestants representing two or more betting interests, the Place Pick (n) pool shall be distributed as a single price pool with a winning wager including the betting interest which finished first or any betting interest involved in the dead heat for second.
- (5) Should a betting interest in any of the Place Pick (n) contests be scratched, the actual favorite, as evidenced by total amounts wagered in the Win pool at the host association for the contest at the close of wagering on that contest, shall be substituted for the scratched betting interest for all purposes, including pool calculations. In the event that the Win pool total for two or more favorites is identical, the substitute selection shall be the betting interest with the lowest program number. The totalisator shall produce reports showing each of the wagering combinations with substituted betting interests which became winners as a result of the substitution, in addition to the normal winning combination.
- (6) The Place Pick (n) pool shall be cancelled and all Place Pick (n) wagers for the individual performance shall be refunded if:
- (a) at least two contests included as part of a Place Pick 3 are cancelled or declared "no contest."
  - (b) at least three contests included as part of a Place Pick 4, Place Pick 5 or Place Pick 6 are cancelled or declared "no contest."
  - (c) at least four contests included as part of a Place Pick 7, Place Pick 8 or Place Pick 9 are cancelled or declared "no contest."
  - (d) at least five contests included as part of a Place Pick 10 are cancelled or declared "no contest."
- (7) If at least one contest included as part of a Place Pick (n) is cancelled or declared "no contest", but not more than the number specified in subsection 6 of this rule, the net pool shall be distributed as a single price pool to those whose selection finished first or second in the greatest number of Place Pick (n) contests for that performance. Such distribution shall include the portion ordinarily retained for the Place Pick (n) carryover but not the carryover from previous performances.
- (8) The Place Pick (n) carryover may be capped at a designated level approved by the Commission so that if, at the close of any performance, the amount in the Place Pick (n) carryover equals or exceeds the designated cap, the Place Pick (n) carryover will be frozen until it is won or distributed under other provisions of this rule. After the Place Pick (n) carryover is frozen, 100 percent of the net pool, part of which ordinarily would be added to the Place Pick (n) carryover, shall be distributed to those whose selection finished first or second in the greatest number of Place Pick (n) contests for that performance.
- (9) A written request for permission to distribute the Place Pick (n) carryover on a specific performance may be submitted to the Commission. The request must contain justification for the distribution, an explanation of the benefit to be derived, and the intended date and performance for the distribution.
- (10) Should the Place Pick (n) carryover be designated for distribution on a specified date and performance in which there are no wagers selecting the first or second-place finisher in each

of the Place Pick (n) contests, the entire pool shall be distributed as a single price pool to those whose selection finished first or second in the greatest number of Place Pick (n) contests. The Place Pick (n) carryover shall be designated for distribution on a specified date and performance under any of the following circumstances:

- (a) Upon written approval from the Commission as provided in subsection 9 of this rule.
  - (b) Upon written approval from the Commission when there is a change in the carryover cap, a change from one type of Place Pick (n) wagering to another, or when the Place Pick (n) is discontinued.
  - (c) On the closing performance of the meet or split meet.
- (11) If, for any reason, the Place Pick (n) carryover must be held over to the corresponding Place Pick (n) pool of a subsequent meet, the carryover shall be deposited in an interest-bearing account approved by the Commission. The Place Pick (n) carryover plus accrued interest shall then be added to the net Place Pick (n) pool of the following meet on a date and performance so designated by the Commission.
  - (12) With the written approval of the Commission, the association may contribute to the Place Pick (n) carryover a sum of money up to the amount of any designated cap.
  - (13) Providing information to any person regarding covered combinations, amounts wagered on specific combinations, number of tickets sold, or number of live tickets remaining is strictly prohibited. This shall not prohibit necessary communication between totalisator and parimutuel department employees for processing of pool data.
  - (14) The association may suspend previously-approved Place Pick (n) wagering with the prior approval of the Commission. Any carryover shall be held until the suspended Place Pick (n) wagering is reinstated. An association may request approval of a Place Pick (n) wager or separate wagering pool for specific performances.

#### I. Quinella Pools

- (1) The Quinella requires selection of the first two finishers, irrespective of order, for a single contest.
- (2) The net Quinella pool shall be distributed to winning wagers in the following precedence, based upon the official order of finish:
  - (a) If contestants of a coupled entry or mutuel field finish as the first two finishers, as a single price pool to those selecting the coupled entry or mutuel field combined with the next separate betting interest in the official order of finish; otherwise
  - (b) As a single price pool to those whose combination finished as the first two betting interests; but if there are no such wagers, then
  - (c) As a profit split to those whose combination included either the first- or second-place finisher; but if there are no such wagers on one of the those two finishers, then
  - (d) As a single price pool to those whose combination included the one covered betting interest included within the first two finishers; but if there are no such wagers, then (e) The entire pool shall be refunded on Quinella wagers for that contest.
- (3) If there is a dead heat for first involving:

- (a) contestants representing the same betting interest, the Quinella pool shall be distributed to those selecting the coupled entry or mutuel field combined with the next separate betting interest in the official order of finish.
  - (b) contestants representing two betting interests, the Quinella pool shall be distributed as if no dead heat occurred.
  - (c) contestants representing three or more betting interests, the Quinella pool shall be distributed as a profit split.
- (4) If there is a dead heat for second involving contestants representing the same betting interest, the Quinella pool shall be distributed as if no dead heat occurred.
- (5) If there is a dead heat for second involving contestants representing two or more betting interests, the Quinella pool shall be distributed to wagers in the following precedence, based upon the official order of finish:
- (a) As a profit split to those combining the winner with any of the betting interests involved in the dead heat for second; but if there is only one covered combination, then
  - (b) As a single price pool to those combining the winner with the one covered betting interest involved in the dead heat for second; but if there are no such wagers, then
  - (c) As a profit split to those combining the betting interests involved in the dead heat for second; but if there are no such wagers, then
  - (d) As a profit split to those whose combination included the winner and any other betting interest and wagers selecting any of the betting interests involved in the dead heat for second; but if there are no such wagers, then
  - (e) The entire pool shall be refunded on Quinella wagers for that contest.

#### J. Quinella Double Pools

- (1) The Quinella Double requires selection of the first two finishers, irrespective of order, in each of two specified contests.
- (2) The net Quinella Double pool shall be distributed to winning wagers in the following precedence, based upon the official order of finish:
- (a) If a coupled entry or mutuel field finishes as the first two contestants in either contest, as a single price pool to those selecting the coupled entry or mutuel field combined with the next separate betting interest in the official order of finish for that contest, as well as the first two finishers in the alternate Quinella Double contest; otherwise
  - (b) As a single price pool to those who selected the first two finishers in each of the two Quinella Double contests; but if there are no such wagers, then
  - (c) As a profit split to those who selected the first two finishers in either of the two Quinella Double contests; but if there are no such wagers on one of those contests, then
  - (d) As a single price pool to those who selected the first two finishers in the one covered Quinella Double contest; but if there were no such wagers, then
  - (e) The entire pool shall be refunded on Quinella Double wagers for those contests.
- (3) If there is a dead heat for first in either of the two Quinella Double contests involving:

- (a) contestants representing the same betting interest, the Quinella Double pool shall be distributed to those selecting the coupled entry or mutuel field combined with the next separate betting interest in the official order of finish for that contest.
  - (b) contestants representing two betting interests, the Quinella Double pool shall be distributed as if no dead heat occurred.
  - (c) contestants representing three or more betting interests, the Quinella Double pool shall be distributed as a profit split.
- (4) If there is a dead heat for second in either of the Quinella Double contests involving contestants representing the same betting interest, the Quinella Double pool shall be distributed as if no dead heat occurred.
  - (5) If there is a dead heat for second in either of the Quinella Double contests involving contestants representing two or more betting interests, the Quinella Double pool shall be distributed as profit split.
  - (6) Should a betting interest in the first-half of the Quinella Double be scratched prior to the first Quinella Double contest being declared official, all money wagered on combinations including the scratched betting interest shall deducted from the Quinella Double pool and refunded.
  - (7) Should a betting interest in the second-half of the Quinella Double be scratched prior to the close of wagering on the first Quinella Double contest, all money wagered on combinations including the scratched betting interest shall be deducted from the Quinella Double pool and refunded.
  - (8) Should a betting interest in the second-half of the Quinella Double be scratched after the close of wagering on the first Quinella Double contest, all wagers combining the winning combination in the first contest with a combination including the scratched betting interest in the second contest shall be allocated a consolation payout. In calculating the consolation payout the net Quinella Double pool shall be divided by the total amount wagered on the winning combination in the first contest and an unbroken consolation price obtained. The unbroken consolation price is multiplied by the dollar value of wagers on the winning combination in the first contest combined with a combination including the scratched betting interest in the second contest to obtain the consolation payout. Breakage is not declared in this calculation. The consolation payout is deducted from the net Quinella Double pool before calculation and distribution of the winning Quinella Double payout. In the event of a dead heat involving separate betting interests, the net Quinella Double pool shall be distributed as a profit split.
  - (9) If either of the Quinella Double contests is cancelled prior to the first Quinella Double contest, or the first Quinella Double contest is declared "no contest", the entire Quinella Double pool shall be refunded on Quinella Double wagers for those contests.
  - (10) If the second Quinella Double contest is cancelled or declared "no contest" after the conclusion of the first Quinella Double contest, the net Quinella Double pool shall be distributed as a single price pool to wagers selecting the winning combination in the first

Quinella Double contest. If there are no wagers selecting the winning combination in the first Quinella Double contest, the entire Quinella Double pool shall be refunded on Quinella Double wagers for those contests.

**K. Show Quinella Pools**

- (1) The Show Quinella requires selection of two (2) of the first three (3) finishers, irrespective of order, for a single contest.
- (2) The Show Quinella pool shall be apportioned under one of the following methods:
  - (a) Method 1, Single Price and Refund: The net Show Quinella pool shall be distributed to winning wagers in the following precedence, based upon the official order of finish:
    - (A) As a single price pool to those whose combinations finished as the first two betting interests, the first and third betting interests and/or the second and third betting interests; but if there are no such wagers, then
    - (B) The entire pool shall be refunded on Show Quinella wagers for that contest.
  - (b) Method 2, Single Price and Carryover: The net Show Quinella pool shall be distributed to winning wagers in the following precedence, based upon the official order of finish:
    - (A) As a single price pool to those whose combinations finished as the first two betting interests, the first and third betting interests and/or the second and third betting interests; but if there are no such wagers, then
    - (B) The net pool will be carried forward and added to the next Show Quinella pool.
  - (c) Method 3, Profit Split and Refund: The net Show Quinella pool shall be distributed to winning wagers in the following precedence, based upon the official order of finish:
    - (A) As a profit split to those whose combinations finished as the first two betting interests, the first and third betting interests and/or the second and third betting interests; but if there are no such wagers, then
    - (B) The entire pool shall be refunded on Show Quinella wagers for that contest.
  - (d) Method 4, Profit Split and Carryover: The net Show Quinella pool shall be distributed to winning wagers in the following precedence, based upon the official order of finish:
    - (A) As a profit split to those whose combinations finished as the first two betting interests, the first and third betting interests and/or the second and third betting interests; but if there are no such wagers, then
    - (B) The net pool will be carried forward and added to the next Show Quinella pool.
- (3) If there is a dead heat for first involving:
  - (a) contestants representing two or three betting interests, the Show Quinella pool shall be distributed as if no dead heat occurred.
  - (b) contestants representing four or more betting interests, the Show Quinella pool shall be distributed between all possible winning combinations based upon the method selected in subparagraph 2.
- (4) If there is a dead heat for second involving:
  - (a) contestants representing two betting interests, the Show Quinella pool shall be distributed as if no dead heat occurred.

- (b) contestants representing three or more betting interests, the Show Quinella pool shall be distributed between all possible winning combinations based upon the method selected in subparagraph 2.
- (5) If there is a dead heat for third involving contestants representing two or more betting interests, the Show Quinella pool shall be distributed between all possible winning combinations, including those betting interests in the dead heat, based upon the method selected in subparagraph 2.
- (6) Should any betting interest entered in the Show Quinella pool be scratched or excused from the contest, wagers including such betting interest shall be deducted from the Show Quinella pool and money refunded.
- (7) If, for any reason, the Show Quinella carryover must be held over to the corresponding Show Quinella pool of a subsequent meet, the carryover shall be deposited in an interest-bearing account approved by the Commission. The Show Quinella carryover plus accrued interest shall be added to the net Show Quinella pool of the following meet on a date and performance so designated by the Commission.

#### L. Exacta Pools

- (1) The Exacta requires selection of the first two finishers, in their exact order, for a single contest.
- (2) The net Exacta pool shall be distributed to winning wagers in the following precedence, based upon the official order of finish:
  - (a) If contestants of a coupled entry or mutuel field finish as the first two finishers, as a single price pool to those selecting the coupled entry or mutuel field combined with the next separate betting interest in the official order of finish; otherwise
  - (b) As a single price pool to those whose combination finished in correct sequence as the first two betting interests; but if there are no such wagers, then
  - (c) As a profit split to those whose combination included either the first-place betting interest to finish first or the second-place betting interest to finish second; but if there are no such wagers on one of those two finishers, then
  - (d) As a single price pool to those whose combination included the one covered betting interest to finish first or second in the correct sequence; but if there are no such wagers, then
  - (e) The entire pool shall be refunded on Exacta wagers for that contest.
- (3) If there is a dead heat for first involving:
  - (a) contestants representing the same betting interest, the Exacta pool shall be distributed as a single price pool to those selecting the coupled entry or mutuel field combined with the next separate betting interest in the official order of finish.
  - (b) contestants representing two or more betting interests, the Exacta pool shall be distributed as a profit split.
- (4) If there is a dead heat for second involving contestants representing the same betting interest, the Exacta pool shall be distributed as if no dead heat occurred.

- (5) If there is a dead heat for second involving contestants representing two or more betting interests, the Exacta pool shall be distributed to ticket holders in the following precedence, based upon the official order of finish:
  - (a) As a profit split to those combining the first-place betting interest with any of the betting interests involved in the dead heat for second; but if there is only one covered combination, then
  - (b) As a single price pool to those combining the first-place betting interest with the one covered betting interest involved in the dead heat for second; but if there are no such wagers, then
  - (c) As a profit split to those wagers correctly selecting the winner for first-place and those wagers selecting any of the dead-heated betting interests for second-place; but if there are no such wagers, then
  - (d) The entire pool shall be refunded on Exacta wagers for that contest.

#### M. Trifecta Pools

- (1) The Trifecta requires selection of the first three finishers, in their exact order, for a single contest.
- (2) The net Trifecta pool shall be distributed to winning wagers in the following precedence, based upon the official order of finish:
  - (a) As a single price pool to those whose combination finished in correct sequence as the first three betting interests; but if there are no such wagers, then
  - (b) As a single price pool to those whose combination included, in correct sequence, the first two betting interests; but if there are no such wagers, then
  - (c) As a single price pool to those whose combination correctly selected the first-place betting interest only; but if there are no such wagers, then
  - (d) The entire pool shall be refunded on Trifecta wagers for that contest.
- (3) If less than three betting interests finish and the contest is declared official, payouts will be made based upon the order of finish of those betting interests completing the contest. The balance of any selection beyond the number of betting interests completing the contest shall be ignored.
- (4) If there is a dead heat for first involving:
  - (a) contestants representing three or more betting interests, all of the wagering combinations selecting three betting interests which correspond with any of the betting interests involved in the dead heat shall share in a profit split.
  - (b) contestants representing two betting interests, both of the wagering combinations selecting the two dead-heated betting interests, irrespective of order, along with the third-place betting interest shall share in a profit split.
- (5) If there is a dead heat for second, all of the combinations correctly selecting the winner combined with any of the betting interests involved in the dead heat for second shall share in a profit split.

- (6) If there is a dead heat for third, all wagering combinations correctly selecting the first two finishers, in correct sequence, along with any of the betting interests involved in the dead heat for third shall share in a profit split.
- (7) Coupled entries and mutuel fields shall be prohibited in Trifecta contests except in Grade I races (as determined by the North American Graded Stakes Committee) with written approval of the host Commission.

#### N. Superfecta Pools

- (1) The Superfecta requires selection of the first four finishers, in their exact order, for a single contest.
- (2) Distribution of Winnings – Option #1
  - a. The net Superfecta pool shall be distributed to winning wagers in the following precedence, based upon the official order of finish:
    - i. As a single price pool to those whose combination finished in correct sequence as the first four betting interests; but if there are no such wagers, then
    - ii. As a single price pool to those whose combination included, in correct sequence, the first three betting interests; but if there are no such wagers, then
    - iii. As a single price pool to those whose combination included, in correct sequence, the first two betting interests; but if there are no such wagers, then
    - iv. As a single price pool to those whose combination correctly selected the first-place betting interest only; but if there are no such wagers, then the entire pool shall be refunded on Superfecta wagers for that contest.
- (3) Distribution of Winnings, Option #2
  - a. The net Superfecta pool shall be distributed to winning wagers in the following precedence, based on the official order of finish:
    - i. As a single price pool, including any applicable carryover, to those whose combination finished in correct sequence as the first four betting interests, but if there are no such wagers, then
    - ii. The net pool will be divided into two separate pools. The major pool of the net pool shall be retained and added to a corresponding carryover pool into the next designated Superfecta race. The remaining minor pool shall be paid as a Superfecta consolation pool, which will be equally divided among those ticket holders who correctly select the first three betting interests, but if there are no such wagers, then
    - iii. The Superfecta consolation pool will be divided among those ticket holders who correctly select the first two interests, but if there are no such wagers, then
    - iv. The Superfecta consolation pool will be divided among those ticket holders who correctly select the first betting interest, but if there are no such wagers, then

- v. The entire net pool shall become a carryover pool to be retained and added to the next designated Superfecta race.
    - b. On the last Superfecta race on the final day of the meeting, the net pool, including any applicable carryover, shall be distributed using the method described in subsection (2).
    - c. Where a net pool is divided into two separate pools in accordance with this subsection any odd cents remaining shall be retained and added to the part of the net pool that will be added to the corresponding carryover pool.
- (4) Distribution of Winnings – Option #3
- a. The net Superfecta pool shall be distributed to winning wagers in the following precedence, based on the official order of finish:
    - i. As a single price pool to those whose combination finished in correct sequence as the first four betting interests, but if there are no such wagers, then
    - ii. The entire net pool shall be retained and added to a corresponding carryover pool into the next designated Superfecta race.
  - b. On the last Superfecta race on the final day of the meeting, the net pool, and include any applicable carryover shall be distributed using the method described in subsection (2).
- (5) If, for any reason, the Superfecta carryover must be held over to the corresponding Superfecta pool of a subsequent meet, the carryover shall be deposited in an interest-bearing account approved by the Commission. The Superfecta carryover plus accrued interest shall then be added to the net Superfecta pool of the following meet on a date and performance so designated by the Commission.
- (6) If fewer than four betting interests finish and the contest is declared official, payouts will be made based upon the order of finish of those betting interests completing the contest. The balance of any selection on any ticket beyond the number of betting interests completing the contest shall be ignored. If the pools are being distributed under paragraph (3)(a) or (4)(a), any previous Superfecta contest's carryover will not be included in the payoff and will be retained for the next contest's carryover, and this contest's net Superfecta pool will be distributed using the method described in subsection (2).
- (7) If there is a dead heat for first involving:
- (a) contestants representing four or more betting interests, all of the wagering combinations selecting the four betting interests, irrespective of order, shall share in a profit split.
  - (b) contestants representing three betting interests, all of the wagering combinations selecting the three dead-heated betting interests, irrespective of order, along with the fourth-place betting interest shall share in a profit split.
  - (c) contestants representing two betting interests, both of the wagering combinations selecting the two dead-heated betting interests, irrespective of order, along with the third-place and fourth-place betting interests shall share in a profit split.

- (8) If there is a dead heat for second involving:
  - (a) contestants representing three or more betting interests, all of the wagering combinations correctly selecting the winner combined with all of the three betting interests, irrespective of order, shall share in a profit split.
  - (b) contestants representing two betting interests, all of the wagering combinations correctly selecting the winner, the two dead-heated betting interests, irrespective of order, and the fourth-place betting interest shall share in a profit split.
- (9) If there is a dead heat for third, all wagering combinations correctly selecting the first two finishers, in correct sequence, along with any two of the betting interests involved in the dead heat for third, irrespective of order, shall share in a profit split.
- (10) If there is a dead heat for fourth, all wagering combinations correctly selecting the first three finishers, in correct sequence, along with any of the betting interests involved in the dead heat for fourth shall share in a profit split.
- (11) In the event that more than one component of a coupled entry or mutuel field finishes within the first four positions, the first member of the coupled entry or mutuel field to finish shall determine the position of the single betting interest. The net pool shall be distributed to those whose selection included the coupled entry or mutuel field and each of the other three betting interests.

#### O. Twin Quinella Pools

- (1) The Twin Quinella requires selection of the first two finishers, irrespective of order, in each of two designated contests. Each winning ticket for the first Twin Quinella contest must be exchanged for a free ticket on the second Twin Quinella contest in order to remain eligible for the second-half Twin Quinella pool. Such tickets may be exchanged only at attended ticket windows prior to the second Twin Quinella contest. There will be no monetary reward for winning the first Twin Quinella contest. Both of the designated Twin Quinella contests shall be included in only one Twin Quinella pool.
- (2) In the first Twin Quinella contest only, winning wagers shall be determined using the following precedence, based upon the official order of finish for the first Twin Quinella contest:
  - (a) If a coupled entry or mutuel field finishes as the first two finishers, those who selected the coupled entry or mutuel field combined with the next separate betting interest in the official order of finish shall be winners; otherwise
  - (b) Those whose combination finished as the first two betting interests shall be winners; but if there are no such wagers, then
  - (c) Those whose combination included either the first- or second-place finisher shall be winners; but if there are no such wagers on one of those two finishers, then
  - (d) Those whose combination included the one covered betting interest included within the first two finishers shall be winners; but if there are no such wagers, then (e) The entire pool shall be refunded on Twin Quinella wagers for that contest.
- (3) In the first Twin Quinella contest only, if there is a dead heat for first involving:

- (a) contestants representing the same betting interest, those who selected the coupled entry or mutuel field combined with the next separate betting interest in the official order of finish shall be winners.
  - (b) contestants representing two betting interests, the winning Twin Quinella wagers shall be determined as if no dead heat occurred.
  - (c) contestants representing three or more betting interests, those whose combination included any two of the betting interests finishing in the dead heat shall be winners.
- (4) In the first Twin Quinella contest only, if there is a dead heat for second involving contestants representing two or more betting interests, the Twin Quinella pool shall be distributed to wagers in the following precedence, based upon the official order of finish:
- (a) As a profit split to those combining the winner with any of the betting interests involved in the dead heat for second; but if there is only one covered combination, then
  - (b) As a single price pool to those combining the winner with the one covered betting interest involved in the dead heat for second; but if there are no such wagers, then
  - (c) As a profit split to those combining the betting interests involved in the dead heat for second; but if there are no such wagers, then
  - (d) As a profit split to those whose combination included the winner and any other betting interest and wagers selecting any of the betting interests involved in the dead heat for second; but if there are no such wagers, then
  - (e) The entire pool shall be refunded on Twin Quinella wagers for that contest.
- (5) In the second Twin Quinella contest only, the entire net Twin Quinella pool shall be distributed to winning wagers in the following precedence, based upon the official order of finish for the second Twin Quinella contest:
- (a) If a coupled entry or mutuel field finishes as the first two finishers, as a single price pool to those who selected the coupled entry or mutuel field combined with the next separate betting interest in the official order of finish; otherwise
  - (b) As a single price pool to those whose combination finished as the first two betting interests; but if there are no such wagers, then
  - (c) As a profit split to those whose combination included either the first- or second-place finisher; but if there are no such wagers on one of those two finishers, then
  - (d) As a single price pool to those whose combination included the one covered betting interest included within the first two finishers; but if there are no such wagers, then
  - (e) As a single price pool to all the exchange ticket holders for that contest; but if there are no such tickets, then
  - (f) In accordance with subsection 2 of the Twin Quinella rules.
- (6) In the second Twin Quinella contest only, if there is a dead heat for first involving:
- (a) contestants representing the same betting interest, the net Twin Quinella pool shall be distributed to those selecting the coupled entry or mutuel field combined with the next separate betting interest in the official order of finish.

- (b) contestants representing two betting interests, the net Twin Quinella pool shall be distributed as if no dead heat occurred.
  - (c) contestants representing three or more betting interests, the net Twin Quinella pool shall be distributed as a profit split to those whose combination included any two of the betting interests finishing in the dead heat.
- (7) In the second Twin Quinella contest only, if there is a dead heat for second involving contestants representing two or more betting interests, the Twin Quinella pool shall be distributed to wagers in the following precedence, based upon the official order of finish:
- (a) As a profit split to those combining the winner with any of the betting interests involved in the dead heat for second; but if there is only one covered combination, then
  - (b) As a single price pool to those combining the winner with the one covered betting interest involved in the dead heat for second; but if there are no such wagers, then
  - (c) As a profit split to those combining the betting interests involved in the dead heat for second; but if there are no such wagers, then
  - (d) As a profit split to those whose combination included the winner and any other betting interest and wagers selecting any of the betting interests involved in the dead heat for second, then
  - (e) As a single price pool to all the exchange ticket holders for that contest; but if there are no such tickets, then
  - (f) In accordance with subsection 2 of the Twin Quinella rules.
- (8) If a winning ticket for the first-half of the Twin Quinella is not presented for exchange prior to the close of betting on the second-half Twin Quinella contest, the ticket holder forfeits all rights to any distribution of the Twin Quinella pool resulting from the outcome of the second contest.
- (9) Should a betting interest in the first-half of the Twin Quinella be scratched, those Twin Quinella wagers including the scratched betting interest shall be refunded.
- (10) Should a betting interest in the second-half of the Twin Quinella be scratched, an announcement concerning the scratch shall be made and a reasonable amount of time shall be provided for exchange of tickets that include the scratched betting interest. If tickets have not been exchanged prior to the close of betting for the second Twin Quinella contest, the ticket holder forfeits all rights to the Twin Quinella pool.
- (11) If either of the Twin Quinella contests is cancelled prior to the first Twin Quinella contest, or the first Twin Quinella contest is declared "no contest", the entire Twin Quinella pool shall be refunded on Twin Quinella wagers for that contest.
- (12) If the second-half Twin Quinella contest is cancelled or declared "no contest" after the conclusion of the first Twin Quinella contest, the net Twin Quinella pool shall be distributed as a single price pool to wagers selecting the winning combination in the first Twin Quinella contest and all valid exchange tickets. If there is no such wagers, the net Twin Quinella pool shall be distributed as described in subsection 2 of the Twin Quinella rules.

P. Twin Trifecta Pools

The Association of Racing Commissioners International  
Model Rules of Racing

- (1) The Twin Trifecta requires selection of the first three finishers, in their exact order, in each of two designated contests. Each winning ticket for the first Twin Trifecta contest must be exchanged for a free ticket on the second Twin Trifecta contest in order to remain eligible for the second-half Twin Trifecta pool. Such tickets may be exchanged only at attended ticket windows prior to the second Twin Trifecta contest. Winning first-half Twin Trifecta wagers will receive both an exchange and a monetary payout. Both of the designated Twin Trifecta contests shall be included in only one Twin Trifecta pool.
- (2) After wagering closes for the first-half of the Twin Trifecta and commissions have been deducted from the pool, the net pool shall then be divided into separate pools: the first-half Twin Trifecta pool and the second-half Twin Trifecta pool.
- (3) In the first Twin Trifecta contest only, winning wagers shall be determined using the following precedence, based upon the official order of finish for the first Twin Trifecta contest:
  - (a) As a single price pool to those whose combination finished in correct sequence as the first three betting interests; but if there are no such wagers, then
  - (b) As a single price pool to those whose combination included, in correct sequence, the first two betting interests; but if there are no such wagers, then
  - (c) As a single price pool to those whose combination correctly selected the first-place betting interest only; but if there are no such wagers, then
  - (d) The entire Twin Trifecta pool shall be refunded on Twin Trifecta wagers for that contest and the second-half shall be cancelled.
- (4) If no first-half Twin Trifecta ticket selects the first three finishers of that contest in exact order, winning ticket holders shall not receive any exchange tickets for the second-half Twin Trifecta pool. In such case, the second-half Twin Trifecta pool shall be retained and added to any existing Twin Trifecta carryover pool.
- (5) Winning tickets from the first-half of the Twin Trifecta shall be exchanged for tickets selecting the first three finishers of the second-half of the Twin Trifecta. The second-half Twin Trifecta pool shall be distributed to winning wagers in the following precedence, based upon the official order of finish for the second Twin Trifecta contest:
  - (a) As a single price pool, including any existing carryover monies, to those whose combination finished in correct sequence as the first three betting interests; but if there are no such tickets, then
  - (b) The entire second-half Twin Trifecta pool for that contest shall be added to any existing carryover monies and retained for the corresponding second-half Twin Trifecta pool of the next consecutive performance.
- (6) If a winning first-half Twin Trifecta ticket is not presented for cashing and exchange prior to the second-half Twin Trifecta contest, the ticket holder may still collect the monetary value associated with the first-half Twin Trifecta pool but forfeits all rights to any distribution of the second-half Twin Trifecta pool.
- (7) Coupled entries and mutuel fields shall be prohibited in Twin Trifecta contests.

- (8) Should a betting interest in the first-half of the Twin Trifecta be scratched, those Twin Trifecta wagers including the scratched betting interest shall be refunded.
- (9) Should a betting interest in the second-half of the Twin Trifecta be scratched, an announcement concerning the scratch shall be made and a reasonable amount of time shall be provided for exchange of tickets that include the scratched betting interest. If tickets have not been exchanged prior to the close of betting for the second Twin Trifecta contest, the ticket holder forfeits all rights to the second-half Twin Trifecta pool.
- (10) If, due to a late scratch, the number of betting interests in the second-half of the Twin Trifecta is reduced to fewer than the minimum, all exchange tickets and outstanding first-half winning tickets shall be entitled to the second-half Twin Trifecta pool for that contest as a single price pool, but not the Twin Trifecta carryover.
- (11) If there is a dead heat or multiple dead heats in either the first- or second-half of the Twin Trifecta, all Twin Trifecta wagers selecting the correct order of finish, counting a betting interest involved in a dead heat as finishing in any dead-heated position, shall be a winner. In the case of a dead heat occurring in:
  - (a) the first-half of the Twin Trifecta, the payout shall be calculated as a profit split.
  - (b) the second-half of the Twin Trifecta, the payout shall be calculated as a single price pool.
- (12) If either of the Twin Trifecta contests are cancelled prior to the first Twin Trifecta contest, or the first Twin Trifecta contest is declared "no contest", the entire Twin Trifecta pool shall be refunded on Twin Trifecta wagers for that contest and the second-half shall be cancelled.
- (13) If the second-half Twin Trifecta contest is cancelled or declared "no contest", all exchange tickets and outstanding first-half winning Twin Trifecta tickets shall be entitled to the net Twin Trifecta pool for that contest as a single price pool, but not Twin Trifecta carryover. If there are no such tickets, the net Twin Trifecta pool shall be distributed as described in subsection 3 of the Twin Trifecta rules.
- (14) The Twin Trifecta carryover may be capped at a designated level approved by the Commission so that if, at the close of any performance, the amount in the Twin Trifecta carryover equals or exceeds the designated cap, the Twin Trifecta carryover will be frozen until it is won or distributed under other provisions of this rule. After the Twin Trifecta carryover is frozen, 100 percent of the net Twin Trifecta pool for each individual contest shall be distributed to winners of the first-half of the Twin Trifecta pool.
- (15) A written request for permission to distribute the Twin Trifecta carryover on a specific performance may be submitted to the Commission. The request must contain justification for the distribution, an explanation of the benefit to be derived, and the intended date and performance for the distribution.
- (16) Should the Twin Trifecta carryover be designated for distribution on a specified date and performance, the following precedence will be followed in determining winning tickets for the second-half of the Twin Trifecta after completion of the first-half of the Twin Trifecta:
  - (a) As a single price pool to those whose combination finished in correct sequence as the first three betting interests; but if there are no such wagers, then

- (b) As a single price pool to those whose combination included, in correct sequence, the first two betting interests; but if there are no such wagers, then
  - (c) As a single price pool to those whose combination correctly selected the first-place betting interest only; but if there are no such wagers, then
  - (d) As a single price pool to holders of valid exchange tickets.
  - (e) As a single price pool to holders of outstanding first-half winning tickets.
- (17) Contrary to subsection 4 of the Twin Trifecta rules, during a performance designated to distribute the Twin Trifecta carryover, exchange tickets will be issued for those combinations selecting the greatest number of betting interests in their correct order of finish for the first-half of the Twin Trifecta. If there are no wagers correctly selecting the first-, second-, and third-place finishers, in their exact order, then exchange tickets shall be issued for combinations correctly selecting the first- and second-place betting interests. If there are no wagers correctly selecting the first- and second-place finishers, in their exact order, then exchange tickets shall be issued for combinations correctly selecting the first-place betting interest only. If there are no wagers selecting the first-place betting interest only in the first-half of the Twin Trifecta, all first-half tickets will become winners and will receive 100 percent of that performance's net Twin Trifecta pool and any existing Twin Trifecta carryover
- (18) The Twin Trifecta carryover shall be designated for distribution on a specified date and performance only under the following circumstances:
- (a) Upon written approval from the Commission as provided in subsection 15 of the Twin Trifecta rules.
  - (b) Upon written approval from the Commission when there is a change in the carryover cap or when the Twin Trifecta is discontinued.
  - (c) On the closing performance of the meet or split meet.
- (19) If, for any reason, the Twin Trifecta carryover must be held over to the corresponding Twin Trifecta pool of a subsequent meet, the carryover shall be deposited in an interest-bearing account approved by the Commission. The Twin Trifecta carryover plus accrued interest shall then be added to the second-half Twin Trifecta pool of the following meet on a date and performance so designated by the Commission.
- (20) Providing information to any person regarding covered combinations, amounts wagered on specific combinations, number of tickets sold, or number of valid exchange tickets is prohibited. This shall not prohibit necessary communication between totalisator and parimutuel department employees for processing of pool data.
- (21) The association must obtain written approval from the Commission concerning the scheduling of Twin Trifecta contests, the percentages of the net pool added to the first-half pool and second-half pool, and the amount of any cap to be set on the carryover. Any changes to the approved Twin Trifecta format require prior approval from the Commission.

#### Q. Tri-Superfecta Pools

- (1) The Tri-Superfecta requires selection of the first three finishers, in their exact order, in the first of two designated contests and the first four finishers, in exact order, in the second of the two designated contests. Each winning ticket for the first Tri-Superfecta contest must be

exchanged for a free ticket on the second Tri-Superfecta contest in order to remain eligible for the second-half Tri-Superfecta pool. Such tickets may be exchanged only at attended ticket windows prior to the second Tri-Superfecta contest. Winning first-half Tri-Superfecta tickets will receive both an exchange and a monetary payout. Both of the designated Trisuperfecta contests shall be included in only one Tri-Superfecta pool.

- (2) After wagering closes for the first-half of the Tri-Superfecta and commissions have been deducted from the pool, the net pool shall then be divided into two separate pools: the first-half Tri-Superfecta pool and the second-half Tri-Superfecta pool.
- (3) In the first Tri-Superfecta contest only, winning tickets shall be determined using the following precedence, based upon the official order of finish for the first Tri-Superfecta contest:
  - (a) As a single price pool to those whose combination finished in correct sequence as the first three betting interests; but if there are no such wagers, then
  - (b) As a single price pool to those whose combination included, in correct sequence, the first two betting interests; but if there are no such wagers, then
  - (c) As a single price pool to those whose combination correctly selected the first-place betting interest only; but if there are no such wagers, then
  - (d) The entire Tri-Superfecta pool shall be refunded on Tri-Superfecta wagers for that contest and the second-half shall be cancelled.
- (4) If no first-half Tri-Superfecta ticket selects the first three finishers of that contest in exact order, winning ticket holders shall not receive any exchange tickets for the second-half Tri-Superfecta pool. In such case, the second-half Tri-Superfecta pool shall be retained and added to any existing Tri-Superfecta carryover pool.
- (5) Winning tickets from the first-half of the Tri-Superfecta shall be exchanged for tickets selecting the first four finishers of the second-half of the Tri-Superfecta. The second-half Tri-Superfecta pool shall be distributed to winning wagers in the following precedence, based upon the official order of finish for the second Tri-Superfecta contest:
  - (a) As a single price pool, including any existing carryover monies, to those whose combination finished in correct sequence as the first four betting interests; but if there are no such tickets, then
  - (b) The entire second-half Tri-Superfecta pool for that contest shall be added to any existing carryover monies and retained for the corresponding second-half Tri-Superfecta pool of the next performance.
- (6) If a winning first-half Tri-Superfecta ticket is not presented for cashing and exchange prior to the second-half Tri-Superfecta contest, the ticket holder may still collect the monetary value associated with the first-half Tri-Superfecta pool but forfeits all rights to any distribution of the second-half Tri-Superfecta pool.
- (7) Coupled entries and mutuel fields shall be prohibited in Tri-Superfecta contests.
- (8) Should a betting interest in the first-half of the Tri-Superfecta be scratched, those Tri-Superfecta tickets including the scratched betting interest shall be refunded.

- (9) Should a betting interest in the second-half of the Tri-Superfecta be scratched, an announcement concerning the scratch shall be made and a reasonable amount of time shall be provided for exchange of tickets that include the scratched betting interest. If tickets have not been exchanged prior to the close of betting for the second Tri-Superfecta contest, the ticket holder forfeits all rights to the second-half Tri-Superfecta pool.
- (10) If, due to a late scratch, the number of betting interests in the second-half of the Tri-Superfecta is reduced to fewer than the minimum, all exchange tickets and outstanding first half winning tickets shall be entitled to the second-half Tri-Superfecta pool for that contest as a single price pool, but not the Tri-Superfecta carryover.
- (11) If there is a dead heat or multiple dead heats in either the first- or second-half of the Tri-Superfecta, all Tri-Superfecta tickets selecting the correct order of finish, counting a betting interest involved in a dead heat as finishing in any dead-heated position, shall be a winner. In the case of a dead heat occurring in:
  - (a) the first-half of the Tri-Superfecta, the payout shall be calculated as a profit split.
  - (b) the second-half of the Tri-Superfecta, the payout shall be calculated as a single price pool.
- (12) If either of the Tri-Superfecta contests are cancelled prior to the first Tri-Superfecta contest, or the first Tri-Superfecta contest is declared "no contest", the entire Tri-Superfecta pool shall be refunded on Tri-Superfecta wagers for that contest and the second-half shall be cancelled.
- (13) If the second-half Tri-Superfecta contest is cancelled or declared "no contest", all exchange tickets and outstanding first-half winning Tri-Superfecta tickets shall be entitled to the net Tri-Superfecta pool for that contest as a single price pool, but not the Tri-Superfecta carryover. If no there are no such tickets, the net Tri-Superfecta pool shall be distributed as described in subsection 3 of the Tri-Superfecta rules.
- (14) The Tri-Superfecta carryover may be capped at a designated level approved by the Commission so that if, at the close of any performance, the amount in the Tri-Superfecta carryover equals or exceeds the designated cap, the Tri-Superfecta carryover will be frozen until it is won or distributed under other provisions of this rule. After the second-half Tri-Superfecta carryover is frozen, 100 percent of the net Tri-Superfecta pool for each individual contest shall be distributed to winners of the first-half of the Tri-Superfecta pool.
- (15) A written request for permission to distribute the Tri-Superfecta carryover on a specific performance may be submitted to the Commission. The request must contain justification for the distribution, an explanation of the benefit to be derived, and the intended date and performance for the distribution.
- (16) Should the Tri-Superfecta carryover be designated for distribution on a specified date and performance, the following precedence will be followed in determining winning tickets for the second-half of the Tri-Superfecta after completion of the first-half of the Tri-Superfecta:
  - (a) As a single price pool to those whose combination finished in correct sequence as the first four betting interests; but if there are no such wagers, then
  - (b) As a single price pool to those whose combination included, in correct sequence, the first three betting interests; but if there are no such wagers, then

- (c) As a single price pool to those whose combination included, in correct sequence, the first two betting interests; but if there are no such wagers, then
  - (d) As a single price pool to those whose combination included, in correct sequence, the first-place betting interest only; but if there are no such wagers, then
  - (e) As a single price pool to holders of valid exchange tickets.
  - (f) As a single price pool to holders of outstanding first-half winning tickets.
- (17) Contrary to subsection 4 of the Tri-Superfecta rules, during a performance designated to distribute the Tri-Superfecta carryover, exchange tickets will be issued for those combinations selecting the greatest number of betting interests in their correct order of finish for the first-half of the Tri-Superfecta. If there are no wagers correctly selecting the first-, second-, and third-place finishers, in their exact order, then exchange tickets shall be issued for combinations correctly selecting the first- and second-place betting interests. If there are no wagers correctly selecting the first- and second-place finishers, in their exact order, then exchange tickets shall be issued for combinations correctly selecting the first-place betting interest only. If there are no wagers selecting the first-place betting interest only in the first-half of the Tri-Superfecta, all first-half tickets will become winners and will receive 100 percent of that performance's net Tri-Superfecta pool and any existing Tri-Superfecta carryover as a single price pool.
- (18) The Tri-Superfecta carryover shall be designated for distribution on a specified date and performance only under the following circumstances:
- (a) Upon written approval from the Commission as provided in subsection 15 of the TriSuperfecta rules.
  - (b) Upon written approval from the Commission when there is a change in the carryover cap or when the Tri-Superfecta is discontinued.
  - (c) On the closing performance of the meet or split meet.
- (19) If, for any reason, the Tri-Superfecta carryover must be held over to the corresponding TriSuperfecta pool of a subsequent meet, the carryover shall be deposited in an interest-bearing account approved by the Commission. The Tri-Superfecta carryover plus accrued interest shall then be added to the second-half Tri-superfecta pool of the following meet on a date and performance so designated by the Commission.
- (20) Providing information to any person regarding covered combinations, amounts wagered on specific combinations, number of tickets sold, or number of valid exchange tickets is prohibited. This shall not prohibit necessary communication between totalisator and parimutuel department employees for processing of pool data.
- (21) The association must obtain written approval from the Commission concerning the scheduling of Tri-Superfecta contests, the percentages of the net pool added to the first-half pool and second-half pool, and the amount of any cap to be set on the carryover. Any changes to the approved Tri-Superfecta format require prior approval from the Commission.

## R. Twin Superfecta Pools

- (1) The Twin Superfecta requires selection of the first four finishers, in their exact order, in each of two designated contests. Each winning ticket for the first Twin Superfecta contest must be

exchanged for a free ticket on the second Twin Superfecta contest in order to remain eligible for the second-half Twin Superfecta pool. Such tickets may be exchanged only at attended ticket windows prior to the second Twin Superfecta contest. Winning first-half Twin Superfecta tickets will receive both an exchange and a monetary payout. Both of the designated Twin Superfecta contests shall be included in only one Twin Superfecta pool.

- (2) After wagering closes for the first-half of the Twin Superfecta and commissions have been deducted from the pool, the net pool shall then be divided into two separate pools: the first half Twin Superfecta pool and the second-half Twin Superfecta pool.
- (3) In the first Twin Superfecta contest only, winning wagers shall be determined using the following precedence, based upon the official order of finish for the first Twin Superfecta contest:
  - (a) As a single price pool to those whose combination finished in correct sequence as the first four betting interests; but if there are no such wagers, then
  - (b) As a single price pool to those whose combination included, in correct sequence, the first three betting interests; but if there are no such wagers, then
  - (c) As a single price pool to those whose combination included, in correct sequence, the first two betting interests; but if there are no such wagers, then
  - (d) As a single price pool to those whose combination correctly selected the first-place betting interest only; but if there are no such wagers, then
  - (e) The entire Twin Superfecta pool shall be refunded on Twin Superfecta wagers for that contest and the second-half shall be cancelled.
- (4) If no first-half Twin Superfecta ticket selects the first four finishers of that contest in exact order, winning ticket holders shall not receive any exchange tickets for the second-half Twin Superfecta pool. In such case, the second-half Twin Superfecta pool shall be retained and added to any existing Twin Superfecta carryover pool.
- (5) Winning tickets from the first-half of the Twin Superfecta shall be exchanged for tickets selecting the first four finishers of the second-half of the Twin Superfecta. The second-half Twin Superfecta pool shall be distributed to winning wagers in the following precedence, based upon the official order of finish for the second Twin Superfecta contest:
  - (a) As a single price pool, including any existing carryover monies, to those whose combination finished in correct sequence as the first four betting interests; but if there are no such tickets, then
  - (b) The entire second-half Twin Trifecta pool for that contest shall be added to any existing carryover monies and retained for the corresponding second-half Twin Superfecta pool of the next performance.
- (6) If a winning first-half Twin Superfecta ticket is not presented for cashing and exchange prior to the second-half Twin Superfecta contest, the ticket holder may still collect the monetary value associated with the first-half Twin Superfecta pool but forfeits all rights to any distribution of the second-half Twin Trifecta pool.
- (7) Coupled entries and mutuel fields shall be prohibited in Twin Superfecta contests.

- (8) Should a betting interest in the first-half of the Twin Superfecta be scratched, those Twin Superfecta tickets including the scratched betting interest shall be refunded.
- (9) Should a betting interest in the second-half of the Twin Superfecta be scratched, an announcement concerning the scratch shall be made and a reasonable amount of time shall be provided for exchange of tickets that include the scratched betting interest. If tickets have not been exchanged prior to the close of betting for the second Twin Superfecta contest, the ticket holder forfeits all rights to the second-half Twin Superfecta pool.
- (10) If, due to a late scratch, the number of betting interests in the second-half of the Twin Superfecta is reduced to fewer than the minimum, all exchange tickets and outstanding first-half winning tickets shall be entitled to the second-half Twin Superfecta pool for that contest as a single price pool, but not the Twin Superfecta carryover.
- (11) If there is a dead heat or multiple dead heats in either the first- or second-half of the Twin Superfecta, all Twin Superfecta tickets selecting the correct order of finish, counting a betting interest involved in a dead heat as finishing in any dead-heated position, shall be a winner. In the case of a dead heat occurring in:
  - (a) the first-half of the Twin Superfecta, the payout shall be calculated as a profit split.
  - (b) the second-half of the Twin Superfecta, the payout shall be calculated as a single price pool.
- (12) If either of the Twin Superfecta contests are cancelled prior to the first Twin Superfecta contest, or the first Twin Superfecta contest is declared "no contest", the entire Twin Superfecta pool shall be refunded on Twin Superfecta wagers for that contest and the second-half shall be cancelled.
- (13) If the second-half Twin Superfecta contest is cancelled or declared "no contest", all exchange tickets and outstanding first-half winning Twin Superfecta tickets shall be entitled to the net Twin Superfecta pool for that contest as a single price pool, but not the Twin Superfecta carryover. If there are no such tickets, the net Twin Superfecta pool shall be distributed as described in subsection 3 of the Twin Superfecta rules.
- (14) The Twin Superfecta carryover may be capped at a designated level approved by the Commission so that if, at the close of any performance, the amount in the Twin Superfecta equals or exceeds the designated cap, the Twin Superfecta carryover will be frozen until it is won or distributed under other provisions of this rule. After the second-half Twin Superfecta carryover is frozen, 100 percent of the net Twin Superfecta pool for each individual contest shall be distributed to winners of the first-half of the Twin Superfecta pool.
- (15) A written request for permission to distribute the Twin Superfecta carryover on a specific performance may be submitted to the Commission. The request must contain justification for the distribution, an explanation of the benefit to be derived, and the intended date and performance for the distribution.
- (16) Should the Twin Superfecta carryover be designated for distribution on a specified date and performance, the following precedence will be followed in determining winning tickets for the second-half of the Twin Superfecta after completion of the first-half of the Twin Superfecta:

- (a) As a single price pool to those whose combination finished in correct sequence as the first four betting interests; but if there are no such wagers, then
  - (b) As a single price pool to those whose combination included, in correct sequence, the first three betting interests; but if there are no such wagers, then
  - (c) As a single price pool to those whose combination included, in correct sequence, the first two betting interests; but if there are no such wagers, then
  - (d) As a single price pool to those whose combination correctly selected the first-place betting interest only; but if there are no such wagers, then
  - (e) As a single price pool to holders of valid exchange tickets.
  - (f) As a single price pool to holders of outstanding first-half winning tickets.
- (17) Contrary to subsection 4 of the Twin Superfecta rules, during a performance designated to distribute the Twin Superfecta carryover, exchange tickets will be issued for those combinations selecting the greatest number of betting interests in their correct order of finish for the first-half of the Twin Superfecta. If there are no wagers correctly selecting the first-, second-, third-, and fourth-place finishers, in their exact order, then exchange tickets shall be issued for combinations correctly selecting the first-, second-, and third-place betting interests. If there are no wagers correctly selecting the first-, second-, and third-place finishers, in their exact order, then exchange tickets shall be issued for combinations correctly selecting the first- and second-place betting interests. If there are no wagers correctly selecting the first- and second-place finishers, in their exact order, then exchange tickets shall be issued for combinations correctly selecting the first-place betting interest only. If there are no wagers selecting the first-place betting interest only in the first-half of the Twin Superfecta, all first-half tickets will become winners and will receive 100 percent of that performance's net Twin Superfecta pool and any existing Twin Superfecta carryover as a single price pool.
- (18) The Twin Superfecta carryover shall be designated for distribution on a specified date and performance only under the following circumstances:
- (a) Upon written approval from the Commission as provided in subsection 15 of the Twin Superfecta rules.
  - (b) Upon written approval from the Commission when there is a change in the carryover cap or when the Twin Superfecta is discontinued.
  - (c) On the closing performance of the meet or split meet.
- (19) If, for any reason, the Twin Superfecta carryover must be held over to the corresponding Twin Superfecta pool of a subsequent meet, the carryover shall be deposited in an interest bearing account approved by the Commission. The Twin Superfecta carryover plus accrued interest shall then be added to the second-half Twin Superfecta pool of the following meet on a date and performance so designated by the Commission.
- (20) Providing information to any person regarding covered combinations, amounts wagered on specific combinations, number of tickets sold, or number of valid exchange tickets is prohibited. This shall not prohibit necessary communication between totalisator and parimutuel department employees for processing of pool data.

- (21) The association must obtain written approval from the Commission concerning the scheduling of Twin Superfecta contests, the percentages of the net pool added to the first-half pool and second-half pool, and the amount of any cap to be set on the carryover. Any changes to the approved Twin Superfecta format require prior approval from the Commission.

S. Exacta (n)

- (1) The Exacta(n) requires selection of the first two finishers, in their exact order, in each of a designated number of contests. The association must obtain written approval from the Commission concerning the scheduling of Exacta(n) contests, the designation of one of the methods prescribed in Part 4, and the amount of any cap to be set on the carryover. Any changes to the approved Exacta(n) format require prior approval from the Commission.
- (2) The Exacta(n) pool shall be apportioned under one of the following methods:
- (a) **Method 1, Exacta(n) With No Minor Pool and No Carryover:** The net Exacta(n) pool shall be distributed as a single price pool to those who selected the first and second place finishers, in exact order, in each of the Exacta(n) contests, based upon the official order of finish. If there are no wagers selecting the first and second place finishers, in exact order, in each of the Exacta(n) contests, the net Exacta(n) pool shall be distributed as a single price pool to those who selected the first and second place finishers, in exact order, in the greatest number of Exacta(n) contests. If there are no winning wagers, the entire pool shall be refunded on Exacta(n) wagers for those contests.
- (b) **Method 2, Exacta(n) With No Minor Pool and Carryover Instead of a Refund:** The net Exacta(n) pool and the carryover, if any, shall be distributed as a single price pool to those who selected the first and second place finishers, in exact order, in each of the Exacta(n) contests, based upon the official order of finish. If there are no wagers selecting the first and second place finishers, in exact order, in each of the Exacta(n) contests, the net Exacta(n) pool and the carryover shall be distributed as a single price pool to those who selected the first and second place finishers, in exact order, in the greatest number of Exacta(n) contests. If there are no winning wagers, the net Exacta(n) pool shall be added to the carryover.
- (c) **Method 3, Exacta(n) With No Minor Pool and Carryover:** The net Exacta(n) pool and the carryover, if any, shall be distributed as a single price pool to those who selected the first and second place finishers, in the exact order, in each of the Exacta(n) contests, based upon the official order of finish. If there are no winning wagers, the net Exacta(n) pool shall be added to the carryover.
- (d) **Method 4, Exacta(n) With Minor Pool and No Carryover:** The major share of the net Exacta(n) pool shall be distributed as a single price pool to those who selected the first and second finishers, in exact order, in each of the Exacta(n) contests, based upon the official order of finish. The minor share of the net Exacta(n) pool shall be distributed as a single price pool to those who selected the first and second place finishers, in exact order, in the second greatest number of Exacta(n) contests, based upon the official order of finish. If there are no wagers selecting the first and second place finishers, in exact order, in each of the Exacta(n) contests, the major share of the net Exacta(n) pool shall

be combined with the minor share for distribution as a single price pool to those who selected the first and second place finishers, in exact order, in the greatest number of exacta(n) contests. If there are no wagers selecting the first and second place finishers, in exact order, in a second greatest number of Exacta(n) contests, the minor share of the net Exacta(n) pool shall be combined with the major share for distribution as a single price pool to those who selected the first and second place finishers, in exact order, in each of the Exacta(n) contests. If there are no winning wagers, the pool shall be refunded on Exacta(n) wagers for those contests.

- (e) **Method 5, Exacta(n) With Minor Pool and Carryover:** The major share of the net Exacta(n) pool and the carryover, if any, shall be distributed as a single price pool to those who selected the first and second place finishers, in exact order, in each of the Exacta(n) contests, based upon the official order of finish. The minor share of the net Exacta(n) pool shall be distributed as a single price pool to those who selected the first and second place finishers, in exact order, in the second greatest number of Exacta(n) contests, based on the official order of finish. If that are no wagers selecting the first and second place finishers, in exact order, in each of the Exacta(n) contests, the minor share of the net Exacta(n) pool shall be distributed as a single price pool to those who selected the first and second place finishers, in exact order, in the greatest number of Exacta(n) contests, and the major share shall be added to the carryover. If there are no wagers selecting the first and second place finishers, in exact order, in a second greatest number of Exacta(n) contests, the minor share of the net Exacta(n) pool shall be combined with the major share for distribution as a single price pool to those who selected the first and second place finishers, in exact order, in each of the Exacta(n) contests, or if there are no such winning wagers, added to the carryover.
- (f) **Method 6, Exacta(n) With Minor Pool Based Upon Any One Exacta, and No Carryover:** The major share of the net Exacta (n) pool shall be distributed as a single price pool to those who selected the first and second place finishers, in exact order, in each of the Exacta (n) contests, based upon the official order of finish. The minor share of the net Exacta (n) pool shall be distributed as a single price pool to those (including recipients of the major share of the net Exacta (n) pool) who selected the first and second place finishers, in exact order, in at least one of the Exacta (n) contests, based upon the official order of finish. If there are no wagers selecting the first and second place finishers, in exact order, in each of the Exacta (n) contests, the major share of the net Exacta (n) pool shall be combined with the minor share for distribution as a single price pool to those who selected the first and second place finishers, in exact order, in at least one of the Exacta (n) contests. If there are no winning wagers, the pool is refunded.
- (g) **Method 7, Exacta (n) With Minor Pool Based Upon Any One Exacta, and Carryover:** The major share of the net Exacta (n) pool and the carryover, if any, shall be distributed as a single price pool to those who selected the first and second place finishers, in exact order, in each of the Exacta (n) contests, based upon the official order of finish. The minor share of the net Exacta (n) pool shall be distributed as a single price pool to those (including recipients of the major share of the net Exacta (n) pool) who selected the first and second place finishers, in exact order, in at least one of the Exacta

(n) contests, based upon the official order of finish. If there are no wagers selecting the first and second place finishers, in exact order, in each of the Exacta (n) contests, the major share shall be added to the carryover. If there are no wagers selecting the first and second place finishers, in exact order, in any of the Exacta (n) contests, the minor share of the net Exacta (n) pool shall also be added to the carryover.

**(h) Method 8, Exacta (n) With Minor Pool Based Upon Individual Exactas, and No Carryover**

(A) The major share of the net Exacta (n) pool shall be distributed as a single price pool to those who selected the first and second place finishers, in exact order, in each of the Exacta (n) contests, based upon the official order of finish. The minor share of the net Exacta (n) pool shall be distributed as a single price pool based upon the sum of the dollar value of wagers for each of the Exacta (n) contests considered separately, in which the first and second place finishers, in exact order, were correctly selected, based on the official order of finish. The minor share of the net Exacta (n) pool shall be distributed as a single price pool to those (including recipients of the major share of the net Exacta (n) pool) who selected the first and second place finishers, in exact order, in one or more of the Exacta (n) contests. Each recipient of a minor share shall receive an amount equal to the single price times the number of Exacta (n) contests in which the recipient correctly selected the winning combination.

(B) If there are no wagers selecting the first and second place finishers, in exact order, in all Exacta (n) contests, the major share shall be combined with the minor share and the entire net Exacta (n) pool shall be distributed in accordance with the rules in the preceding paragraph for distributing the minor share of the net Exacta (n) pool. If there are no winning wagers, the pool shall be refunded.

**(i) Method 9, Exacta (n) With Minor Pool Based Upon Individual Exactas, and Carryover**

(A) The major share of the net Exacta (n) pool and the carryover, if any, shall be distributed as a single price pool to those who selected the first and second place finishers, in exact order, in each of the Exacta (n) contests, based upon the official order of finish. The minor share of the net Exacta (n) pool shall be distributed as a single price pool based upon the sum of the dollar value of wagers, for each of the Exacta (n) contests considered separately, in which the first and second place finishers, in exact order, were correctly selected, based on the official order of finish. The minor share of the net Exacta (n) pool shall be distributed as a single price pool to those (including recipients of the major share of the net Exacta (n) pool) who selected the first and second place finishers, in exact order, in one or more of the Exacta (n) contests. Each recipient of a minor share shall receive an amount equal to the single price times the number of Exacta (n) contests in which the recipient correctly selected the winning combination.

(B) If there are no wagers selecting the first and second place finishers, in exact order, in all Exacta (n) contests, the minor share shall be distributed in accordance with the rules in the preceding paragraph for distributing the minor share of the net

Exacta (n) pool, and the major share shall be added to the carryover; except that if there are no winning wagers in either the major or the minor pool, the performance's pool shall be refunded and the carryover shall be carried over.

**(j) Method 10, Exacta (n) With Minor Pool Based Upon Individual Exactas, and Carryover; 100% Carryover if no Winning Wagers**

(A) The major share of the net Exacta (n) pool and the carryover, if any, shall be distributed as a single price pool to those who selected the first and second place finishers, in exact order, in each of the Exacta (n) contests, based upon the official order of finish. The minor share of the net Exacta (n) pool shall be distributed as a single price pool based upon the sum of the dollar value of wagers, for each of the Exacta (n) contests considered separately, in which the first and second place finishers, in exact order, were correctly selected, based upon the official order of finish. The minor share of the net Exacta (n) pool shall be distributed as a single price pool to those (including recipients of the major share of the net Exacta (n) pool) who selected the first and second place finishers, in exact order, in one or more of the Exacta (n) contests. Each recipient of a minor share shall receive an amount equal to the single price times the number of Exacta (n) contests in which the recipient correctly selected the winning combination.

(B) If there are no wagers selecting the first and second place finishers, in exact order, in all Exacta (n) contests, the minor share shall be distributed in accordance with the rules in the preceding paragraph for distributing the minor share of the net Exacta (n) pool, and the major share shall be added to the carryover. If there are no winning wagers, the minor share shall also be added to the carryover.

(3) Dead Heats. In the event of a dead heat in any of the Exacta (n) contests, the net Exacta(n) shall be distributed to winning wagers in the following precedence, based upon the official order of finish, for each exacta contest within the Exacta(n) wager:

(a) If there is a dead heat for first in any of the Exacta (n) contests involving contestants representing the same betting interest, the Exacta (n) pool shall be distributed as a single price pool to those selecting the coupled entry or mutuel field combined with the next separate betting interest in the official order of finish for that contest.

(b) If there is a dead heat for first in any of the Exacta (n) contests involving contestants representing two or more betting interests, the Exacta (n) pool shall be distributed as a single price pool with a winning wager including each betting interest involved in the dead heat.

(c) If there is a dead heat for second in any of the Exacta (n) contests involving contestants representing the same betting interest, the Exacta (n) pool shall be distributed as if no dead heat occurred.

(d) If there is a dead heat for second in any of the Exacta (n) contests involving contestants representing two or more betting interests, the Exacta (n) pool shall be distributed as a single price pool with a winning wager including the betting interest which finished first together with any betting interest involved in the dead heat for second.

(4) Scratches

- (a) Should a betting interest in any contest of the Exacta (n) be scratched or excused from the contest prior to the first Exacta (n) contest being declared official, all money wagered on combinations including the scratched betting interest shall be deducted from the Exacta (n) pool and refunded.
  - (b) Should a betting interest in any contest of the Exacta (n) be scratched or excused from the contest after the first Exacta (n) contest has been declared official, all money wagered on combinations including this betting interest shall remain in the Exacta (n) pool and the ticket holder may still collect the monetary value of any distribution evidenced by the ticket containing the scratched betting interest.
  - (c) If, due to a late scratch, the number of betting interests in a contest of the Exacta (n) is reduced to fewer than two, for purposes of the Exacta (n) such contest shall be declared "no contest" and the Exacta (n) pool shall be subject to the rules set forth in Subsection 5 of these rules.
- (5) Cancelled Contests
- (a) If any of the Exacta (n) contests are cancelled or declared "no contest" prior to the first Exacta (n) contest being declared official, the entire Exacta (n) pool shall be refunded on Exacta (n) wagers for those contests.
  - (b) If all remaining Exacta (n) contests are cancelled or declared "no contest" after the first Exacta (n) contest is declared official, the net Exacta (n) pool shall be distributed as a single price pool to wagers selecting the winning combination in the first Exacta (n) contest, but not the Exacta (n) carryover. However, if there are no wagers selecting the winning combination in the first Exacta (n) contest, the entire Exacta (n) pool shall be refunded on Exacta (n) wagers for those contests.
  - (c) If any of the remaining Exacta (n) contests are cancelled or declared "no contest" after the first Exacta (n) is declared official, the net Exacta (n) pool shall be distributed in accordance with rules governing distribution of the minor share where there is no winner of the major share.
- (6) Mandatory Distribution
- (a) A written request for permission to distribute the Exacta (n) carryover on a specific performance may be submitted to the Commission. The request shall contain justification for the mandatory distribution, an explanation of the benefit to be derived, and the intended date and performance for the distribution. The association must notify the Commission at least 10 days prior to implementation. If the Exacta (n) pool cannot be distributed during a designated performance, the mandatory distribution shall resume on the next scheduled mandatory distribution performance.
  - (b) If the Exacta (n) carryover is designated for distribution on a specified date and performance, the following precedence shall be followed in determining winning tickets for the net Exacta (n) pool and the carryover pool:
    - (A) As a single price pool to those who selected the first and second place finishers, in exact order, in each of the Exacta (n) contests, based upon the official order of finish. If there are no wagers selecting the first and second place finishers, in exact order, in all Exacta (n) contests, then

- (B) As a single price pool to those who selected the first and second place finishers, in exact order, in at least one of the Exacta (n) contests, based upon the official order of finish.
  - (C) If there are no wagers which correctly selected the first and second place finishers, in exact order, in at least one of the Exacta (n) contests, based upon the official order of finish, then all Exacta (n) tickets shall become winners and receive 100% of that performance's net Exacta (n) pool and the Exacta (n) carryover pool as a single price pool.
- (7) If, for any reason, the Exacta (n) carryover must be held over to the corresponding Exacta (n) pool of a subsequent meet, the carryover shall be deposited in an interest-bearing account approved by the Commission. The Exacta (n) carryover plus accrued interest shall then be added to the net Exacta (n) pool of the following meet on a date and performance so designated by the Commission.

#### T. Pick (n) Position (x) Pools

- (1) The Pick (n) Position (x) Pool requires selection of the first (x) finishers, in their exact positions, in each of a designated number of (n) contests. For example, in a Four Position Pool (x = 4), the bettor chooses four finishers in each contest. If the bettor has chosen "1, 2, 3 and 4", and the actual finishers are "4, 2, 3 and 1", the bettor has correctly chosen 2 positions [the second and third place finishers.]
- (2) The association must obtain written approval from the Commission concerning the scheduling of Pick (n) Position (x) contests, the designation of one of the methods prescribed in Parts 3 and 6, the percentages of the net pool apportioned between the major share of the Position (x) pool and the minor share(s) of the Position (x) pool, and the amount of any cap to be set on the carryover. Any changes to the approved Pick (n) Position (x) format require prior approval from the Commission.
- (3) Unless otherwise stated, the major share of the net Pick (n) Position (x) Pool [hereafter, "Position (x) Pool"] shall be distributed as a single price pool to those who selected all (x) finishers, in exact position, in a minimum specified number of positions in the (n) contests (considered as a whole) that comprise the Position (x) Pool, based upon the official order of finish. The minimum specified number of positions may be all (x) positions in all (n) contests (for instance, four positions in each of six contests, for a total of 24 positions) or a lesser specified number (for instance, 22 or more accurate positions within the six contests taken as a whole.)
- (4) The Pick (n) Position (x) pool shall be apportioned under one of the following methods:
- (a) Method 1, Position (x) With No Minor Pool and No Carryover
    - (A) The net Position (x) pool shall be distributed in accordance with the method for distributing the major share as described in Subsection (3), above.
    - (B) If there are no wagers qualifying for the major share, the net Position (x) pool shall be distributed as a single price pool to those who correctly selected finishers, in exact position, in the greatest number of positions in Position (x) contests.

- (C) If there are no winning wagers, the entire pool shall be refunded on Position (x) wagers for those contests.
- (b) Method 2, Position (x) With No Minor Pool and Carryover Instead of a Refund
  - (A) The net Position (x) pool shall be distributed in accordance with the method for distributing the major share as described in Subsection (3), above.
  - (B) If there are no wagers qualifying for the major share, the net Position (x) pool and the carryover shall be distributed as a single price pool to those who correctly selected finishers, in exact position, in the greatest number of positions in Position (x) contests.
  - (C) If there are no winning wagers, the net Position (x) pool shall be added to the carryover.
- (c) Method 3, Position (x) With No Minor Pool and Carryover
  - (A) The net Position (x) pool shall be distributed in accordance with the method for distributing the major share as described in Subsection (3), above.
  - (B) If there are no wagers qualifying for the major share, the net Position (x) pool shall be added to the carryover.
- (d) Method 4, Position (x) With Minor Pool and No Carryover
  - (A) The major share of the net Position (x) pool shall be distributed in accordance with the method for distributing the major share as described in Subsection (3), above.
  - (B) The minor share of the net Position (x) pool shall be distributed as a single price pool to those who correctly selected finishers, in exact position, in the greatest number of positions in Position (x) contests (but less than the number of positions qualifying for the major share), based upon the official order of finish.
  - (C) If there are no wagers qualifying for the major share, the major share of the net Position (x) pool shall be combined with the minor share for distribution as a single price pool to those who correctly selected finishers, in exact position, in the greatest number of positions in Position (x) contests.
  - (D) If there are no wagers correctly selecting any finishers, in exact position, in Position (x) contests, other than winners of the major share of the net Position (x) pool, the minor share of the net Position (x) pool shall be combined with the major share for distribution as a single price pool to those who qualified for the major share.
  - (E) If there are no winning wagers, the pool shall be refunded on Position (x) wagers for those contests.
- (e) Method 5, Position (x) With Minor Pool and Carryover
  - (A) The major share of the net Position (x) pool shall be distributed in accordance with the method for distributing the major share as described in Subsection (3), above.
  - (B) The minor share of the net Position (x) pool shall be distributed as a single price pool to those who correctly selected finishers, in exact position, in the greatest number of positions in Position (x) contests (but less than the number of positions qualifying for the major share), based upon the official order of finish.

- (C) If there are no wagers qualifying for the major share, the minor share of the net Position (x) pool shall be distributed as a single price pool to those who correctly selected finishers, in exact position, in the greatest number of positions in Position (x) contests, and the major share shall be added to the carryover.
  - (D) If there are no wagers correctly selecting any finishers, in exact position, other than winners of the major share of the net Position (x) pool, the minor share of the net Position (x) pool shall be combined with the major share for distribution as a single price pool to those who qualified for the major share, or if there are no such winning wagers, added to the carryover.
- (f) Method 6, Position (x) With Minor Pool(s) and Carryover
- (A) The major share of the net Position (x) pool shall be distributed in accordance with the method for distributing the major share as described in Subsection (3), above.
  - (B) A principal minor share of the net Position (x) pool may be designated, and distributed as a single price pool, to those who correctly selected finishers, in exact position, in the greatest number of positions in Position (x) contests (but less than the number of positions qualifying for the major share), based upon the official order of finish.
  - (C) Additional minor shares of the net Position (x) pool may be designated, and distributed as single price pools, to those who correctly selected the designated number, or range, of finishers, in exact position, in Position (x) contests (but less than the number of positions qualifying for the major share), based upon the official order of finish.
  - (D) Those qualifying for the principal minor share may also qualify for one of the additional minor shares. When this occurs, the two unbroken prices shall be summed before surcharging or rounding the prices for breakage. For example:
    - (i) Suppose there are \$5 of wagers correctly selecting 12 positions, \$3 of wagers selecting 13 positions, and \$2 of wagers selecting 14 positions, and 14 is the greatest number of positions correctly selected.
    - (ii) Suppose that the principal minor share of the net pool is \$20,000.16. Further, one of the other minor shares is designated for a range of 12 to 15 positions, and this share of the net pool is \$10,000.80. (These amounts are chosen only to illustrate the following steps.)
    - (iii) Then the principal minor share is divided among those selecting 14 positions, and the other minor share is divided among all the wagers selecting 12, 13, and 14 positions, so the 14-position winners receives the sum of two winning prices.
    - (iv) The principal minor share \$20,000.16 divided among the \$2 of 14-position winners yields an unbroken price of \$10,000.08 per dollar, and the other minor share \$10,000.80 divided among the \$10 of 12, 13, and 14-position winners yields an unbroken price of \$1,000.08 per dollar.
    - (v) The sum  $\$10,000.08 + \$1,000.08 = \$11,000.16$  is the combined unbroken price for choosing 14 finishers.

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- (vi) If the rounding for breakage is to the next lower \$0.10, the final broken prices are \$11,000.10 for 14 finishers, and \$1,000.00 for 12 or 13 finishers.
  - (E) The commission shall approve the number of minor shares, and the designated number, or range, of finishers, in exact position, in Position (x) contests qualifying as the winning selection in any such minor share.
  - (F) If there are no wagers qualifying for the major share, the major share shall be added to the carryover. If there are no wagers qualifying for a designated minor share, the minor share of the net Position (x) pool shall be combined with the major share for distribution as a single price pool to those who qualified for the major share, or if there are no such winning wagers, added to the carryover.
- (g) Method 7, Position (x) With Minor Pool(s) Based Upon Any One Contest, and No Carryover
- (A) The major share of the net Position (x) pool shall be distributed as a single price pool to those who selected all (x) finishers, in exact position, in each (or a specified minimum number) of the Position (x) contests, based upon the official order of finish.
  - (B) The minor shares of the net Position (x) pool shall be distributed as single price pools to those (including recipients of the major share of the net Position (n) pool) who selected all (x) finishers, in exact position, in at least one of the Position (x) contests, based upon the official order of finish, as follows:
  - (C) There may be separate minor pools for those who selected all (x) finishers, in exact positions of finish, in the most Position (x) contests, those who selected all (x) finishers, in exact positions of finish, in the second most position (x) contests, and so forth down to those who selected all (x) finishers, in exact positions of finish, in one position (x) contest. Not all such minor shares need to be designated for the wager.
  - (D) If there are no wagers qualifying for the major share, the major share of the net Position (x) pool shall be combined with the highest level minor share for distribution as a single price pool. If there are no wagers qualifying for a designated minor share of the net Position (x) pool, that minor share shall be combined with the next (lower) minor share for distribution as a single price pool.
  - (E) If there are no winning wagers, the pool is refunded.
- (h) Method 8, Position (x) With Minor Pool(s) Based Upon Any One Contest, and Carryover
- (A) The major share of the net Position (x) pool and the carryover, if any, shall be distributed as a single price pool to those who selected all (x) finishers, in exact position, in each (or a specified minimum number) of the Position (x) contests, based upon the official order of finish.
  - (B) The minor shares of the net Position (x) pool shall be distributed as single price pools to those (including recipients of the major share of the net Position (x) pool) who selected all (x) finishers, in exact position, in at least one of the Position (x) contests, based upon the official order of finish, as follows:

- (C) There may be separate minor pools for those who selected all (x) finishers, in exact positions of finish, in the most position (x) contests, those who selected all (n) finishers, in exact positions of finish, in the second most position (x) contests, and so forth down to those who selected all (x) finishers, in exact positions of finish, in one position (x) contest. Not all such minor shares need to be designated for the wager.
  - (D) If there are no wagers qualifying for the major share, the major share shall be added to the carryover.
  - (E) If there are no wagers selecting all finishers, in exact position, in a number of the Position (x) contests that qualify for a designated minor share, that minor share of the net Position (n) pool shall also be added to the carryover.
- (i) Method 9, Position (x) With Minor Pool(s) Based Upon Any One Contest, and Carryover
- (A) The major share of the net Position (x) pool and the carryover, if any, shall be distributed as a single price pool to those who selected all (x) finishers, in exact position, in each (or a specified minimum number) of the Position (x) contests, based upon the official order of finish.
  - (B) The minor shares of the net Position (x) pool shall be distributed as single price pools to those (including recipients of the major share of the net Position (x) pool) who selected all (x) finishers, in exact position, in at least one of the Position (x) contests, based upon the official order of finish, as follows:
  - (C) There may be separate minor pools for those who selected all (x) finishers, in exact positions of finish, in the most position (x) contests, those who selected all (x) finishers, in exact positions of finish, in the second most position (x) contests, and so forth down to those who selected all (x) finishers, in exact positions of finish, in one position (x) contest. Not all such minor shares need to be designated for the wager.
  - (D) If there are no wagers qualifying for the major share, the major share shall be added to the carryover.
  - (E) If there are no wagers selecting all finishers, in exact position, in a number of the position (x) contests that qualify for a designated minor share, that minor share of the position (x) pool shall be added to the next (lower) minor share of the position (x) pool. If there is no lower designated minor share of the position (x) pool, the minor share shall also be added to the carryover.
- (j) Method 10, Position (x) With Minor Pool Based Upon Any One Contest, and Carryover;  
100% Carryover if no Winning Wagers
- (A) The major share of the net Position (x) pool and the carryover, if any, shall be distributed as a single price pool to those who selected all (x) finishers, in exact position, in each (or a specified minimum number) of the Position (x) contests, based upon the official order of finish.

- (B) The minor share of the net Position (x) pool shall be distributed as a single price pool based upon the sum of the dollar value of wagers, for each of the Position (x) contests considered separately, in which all (x) finishers, in exact position, were correctly selected, based upon the official order of finish. The minor share of the net Position (x) pool shall be distributed as a single price pool to those (including recipients of the major share of the net Position (x) pool) who selected all (x) finishers, in exact position, in one or more of the Position (x) contests. Each recipient of a minor share shall receive an amount equal to the single price times the number of Position (x) contests in which the recipient correctly selected the winning combination.
- (C) If there are no wagers qualifying for the major share, the major share shall be added to the carryover. If there are no winning wagers, the minor share shall also be added to the carryover.
- (k) Method 11, Position (x) with Minor Pools and Carryover
  - (A) The net position (x) pool and the carryover, if any, shall be distributed to any player who correctly selects (x) finishers in specified positions in each of (n) contests, based upon the official order of finish.
  - (B) Minor shares shall be designated, and distributed as single price pools, to those who correctly select the designated position(s) of finishers, in Position (x) contests, based upon the official order of finish, and any remainder shall be added to the carryover.
  - (C) The Commission shall approve the number of minor shares, and the designated position(s) of finishers, in exact position, in Position (x) contests qualifying as the winning selection(s) in any such minor share.
  - (D) If there are no wagers qualifying for the major share, the major share shall be added to the carryover. If there are no winning wagers, the minor share shall also be added to the carryover.
- (5) Apportionment of Net Position (x) Pool Between Major and Minor Pool(s)

The commission shall approve the method of apportioning the net Position (x) pool between winners of the Major share of the Position (x) pool and winners of the Minor share(s) of the Position (x) pool.

Example (utilizing Method 8): A Four Position Pool ( $x = 4$ ) consisting of 5 contests ( $n = 5$ .) The major share goes to those who correctly choose all 20 positions. Assume the commission has approved three minor shares: The highest minor share goes to those who have picked all positions, in exact order, in 4 of the contests. The next minor share goes to those who have picked all positions, in exact order, in 3 of the contests. The final minor share goes to those who have picked all positions, in exact order, in 1 or 2 of the contests. One apportionment of payouts could be 40% of the net Position (x) pool for the major share, and 20% of the net Position (x) pool for each of the three minor shares. Another apportionment of payouts could be 50% of the net Position (x) pool for the major share, 25% for the highest minor share, 15% to the next minor share, and 10% to the final minor share.
- (6) Dead Heats. In the event of a dead heat in any of the Position (x) contests, based upon the official order of finish:
  - (a) For purposes of determining whether a wager correctly selected the finishers, in exact position, contestants in a dead heat are deemed to jointly occupy both (or all) positions

in the dead heat. For example, if 5 and 6 finish in a dead heat for first, then a selection of 5 for either first or second is correct, and a selection of 6 for either first or second is also correct.

- (b) Each share of the net Position (x) pool shall be distributed as a single price pool regardless of dead heats.

(7) Scratches

- (a) If, due to a late scratch, the number of betting interests in a contest of the Position (x) pool is reduced to fewer than (x), for purposes of the Position (x) pool only, such contest shall be declared “no contest” and the Position (x) pool shall be subject to the rules set forth in the “Cancelled Contests” section (Part 7) of these rules.
- (b) Should a betting interest in any contest of the Position (x) pool be scratched or excused from the contest, no more wagers shall be accepted selecting that scratched contestant.
- (c) Existing wagers that select a scratched betting interest shall be handled under one of the following methods. The Commission shall make its determination of which of these alternatives shall apply at the time of approving the wagering pool, which alternative shall remain in effect until and unless changed by the Commission.

(A) Method 1, Substitute a higher contestant number:

- (i) The next higher live contestant number that is not already part of the wager shall be substituted for the scratched contestant number. If no higher contestant number is eligible, the search shall then proceed upward from contestant number 1.
- (ii) If a wager selects more than one scratched contestant for a contest, the substitutions shall begin with the lowest scratched contestant number in the wager and proceed in order to the highest.
- (iii) Substitution shall be performed on the basis of single wagers, regardless of whether a wager was placed as part of any type of multiple wager format such as “box” or “wheel”.
- (iv) The totalisator shall produce reports showing each of the wagering combinations with substituted contestants which became winners as a result of the substitution, in addition to the normal winning combination.

(B) Method 2, Substitute favorite contestant number:

- (i) The actual favorite, as evidenced by total amounts wagered in the Win pool at the close of wagering on that contest, shall be substituted for the scratched contestant for all purposes, including pool calculations.
- (ii) If the Win pool total for two or more favorites is identical, the substitute selection shall be the contestant with the lowest contestant number not already selected in the wager as part of the contest.
- (iii) If such favorite has already been selected in the wager as part of the contest, the next favorite(s) shall be used, as evidenced by the total amounts wagered in the Win pool, ordered from the highest amount to the lowest.

- (iv) If a wager selects more than one scratched contestant for a contest, the substitutions shall begin with the lowest scratched contestant number in the wager and proceed in order to the highest.
  - (v) Substitution shall be performed on the basis of single wagers, regardless of whether a wager was placed as part of any type of multiple wager format such as “box” or “wheel”.
  - (vi) The totalisator shall produce reports showing each of the wagering combinations with substituted contestants which became winners as a result of the substitution, in addition to the normal winning combination. (C)  
Method 3, Scratched contestant wins
    - (i) The scratched contestant is deemed to be a correct selection of a winning finisher, for purposes of the Position (x) pool only.
    - (ii) The totalisator shall produce reports showing each of the wagering combinations which became winners as a result of the scratched contestants, in addition to the normal winning combination.
- (D) Method 4, Scratched contestant loses:
- (i) The scratched contestant is deemed to be a loser, for purposes of the Position (x) pool only.
  - (ii) Other correctly selected finishers in a wager shall continue to count toward winning, as usual.
- (8) Cancelled Contests
- (a) If any of the Position (x) contests are cancelled or declared “no contest” prior to the first Position (x) contest being declared official, the entire Position (x) pool shall be refunded on Position (x) wagers for those contests.
  - (b) If all remaining Position (x) contests are cancelled or declared “no contest” after the first Position (x) contest is declared official, the entire net Position (x) pool, but not the Position (x) carryover, shall be distributed as a single price pool to wagers selecting the winning combination in the first Position (x) contest. However, if there are no wagers selecting the winning combination in the first Position (x) contest, the entire Position (x) pool shall be refunded on Position (x) wagers for those contests.
  - (c) If any of the remaining Position (x) contests are cancelled or declared “no contest” after the first Position (x) is declared official, the net Position (x) pool shall be distributed in accordance with rules governing distribution of the minor share(s) where there is no winner of the major share. If there is more than one minor share, the entire net Position (x) pool, but not the Position (x) carryover, shall be divided amongst the minor share(s), in accordance with the Apportionment section (Part 3) of these rules, in proportion to the designated percentages, or by some other method approved by the Commission.
  - (d) If any of the remaining Position (x) contests are cancelled or declared “no contest” after the first Position (x) is declared official, and the net Position (x) pool has been designated for distribution in accordance with the Mandatory Distribution section (Part 9) of these rules, the rules governing mandatory distribution shall apply.

- (9) Carryover Cap. The Position (x) carryover may be capped at a designated level approved by the Commission so that if, at the close of any performance, the amount in the Position (x) carryover equals or exceeds the designated cap, the Position (x) carryover will be frozen until it is won or distributed under other provisions of these Position (x) rules. After the Position (x) carryover is frozen, the part of the net pool that ordinarily would be added to the Position (x) carryover shall be distributed to those whose selection finished in the highest level of the minor share(s) of the Position (x) for that performance.
- (10) Mandatory Distribution
- (a) A written request for permission to distribute the Position (x) carryover on a specific performance may be submitted to the Commission. The request shall contain justification for the mandatory distribution, an explanation of the benefit to be derived, and the intended date and performance for the distribution. The association must notify the Commission at least 10 days prior to implementation. If the Position (x) pool cannot be distributed during a designated performance, the mandatory distribution shall resume on the next approved mandatory distribution performance.
- (b) If the Position (x) carryover is designated for distribution on a specified date and performance, and if there are no wagers qualifying for the major share, then the following precedence shall be followed in determining winning wagers for the net Position (x) pool and the carryover pool:
- (A) If the method chosen in Part 3 is method 7, 8, 9, or 10, then:
- (B) The major share and the Position (x) carryover shall be distributed as a single price pool to those who selected all (x) finishers, in exact position, in the most individual Position (n) contests, based upon the official order of finish. Designated minor shares may still be awarded;
- (C) If the method chosen in Part 3 is 1, 2, 3, 4, 5, or 6, then:
- (D) The major share and the Position (x) carryover shall be distributed as a single price pool to those who correctly selected the most finishers, in their exact positions, in the Position (n) contests, based upon the official order of finish. Designated minor shares may still be awarded.
- (E) If there are no wagers which qualified for distribution of the major share, then all Position (x) tickets shall become winners and share 100% of that performance's net Position (x) pool and the Position (x) carryover pool as a single price pool.
- (c) The Position (x) carryover shall be designated for distribution on a specified date and performance only under the following circumstances:
- (A) Upon written approval from the Commission as provided in Part 9a) of the Position (x) rules.
- (B) Upon written approval from the Commission when there is a change in the carryover cap or when the Position (x) wager is discontinued.
- (C) On the closing performance of the meet.
- (d) If, for any reason, the Position (x) carryover must be held over to the corresponding Position (x) pool of a subsequent meet, the carryover shall be deposited in an interest

bearing account approved by the Commission. The Position (x) carryover plus accrued interest shall then be added to the net Position (x) pool of the following meet on a date and performance so designated by the Commission.

(11) Coupled entries and mutuel fields

- (a) Coupled entries and mutuel fields may be permitted in Position (x) contests with the written approval of the Commission.
- (b) Contestants coupled in wagering as a coupled entry or mutuel field shall be considered part of a single betting interest for the purpose of price calculations and distribution of Position (x) pools. Should any contestant in a coupled entry or mutuel field be officially withdrawn or scratched, the remaining contestants in that coupled entry or mutuel field shall remain valid betting interests and no refunds will be granted. If all contestants within a coupled entry or mutuel field are scratched, then the Scratches section (Part 6) of these rules shall apply.
- (c) For the purpose of Position (x) price calculations only, coupled entries and mutuel fields shall be calculated as a single finishing contestant, using the finishing position of the leading contestant in that coupled entry or mutuel field to determine order of placing. This rule shall apply to all circumstances, including situations involving a dead heat. For example, if the actual order of finish in a contest is 1 / 2 / 1A / 3 / 4, then the finishers used for that contest of the Position (x) would be 1 / 2 / 3 / 4.

- (12) With the written approval of the Commission, the association may contribute to the Position (x) carryover, or to the major or minor share(s) of the Position (x) pool, a sum of money up to the amount of any designated cap.

U. The Team Wager Pool

- (1) The Team Wager Pool requires selection of a designated “team” in each of a designated number of contests. Winning bets shall be determined based upon the official order of finish in each contest and the standing of each team with respect to the official order of finish. For purposes of the Team Wager, finishers from the same team shall be bracketed together to determine a single betting interest, as set forth in Part 3.
- (2) Prior to the start of the contests that comprise the Team Wager, all participants in each of the contests shall be divided by the association between or among each of the Team Wager teams, and the roster of each team made public, as well as the number of points to be awarded to the team whose member is the first finisher in a designated contest, the second finisher, and so forth until no more points are awarded in that contest.
- (3) At the conclusion of all contests that comprise the Team Wager, the number of points for each team shall be compiled, and the team with the most points shall be declared the “winning team.”
- (4) The Team Wager pool shall be apportioned under either of the following methods: (a)  
Winning Margins Team Wager
  - (A) In the “Winning Margins Team Wager”, the total number of points awarded in the Team Wager shall be divided by the association into a series of brackets comprised of a series of point ranges (“winning margin”) by which one team (Team A) might

defeat the other team (Team B); a series of point ranges by which Team B might defeat Team A; and a tie between the teams. Each bracket shall constitute a separate betting interest in the Winning Margins Team Wager.

(B) The net Winning Margins Team Wager pool shall be distributed as a single price pool to those who selected the correct bracket. If there are no wagers selecting the correct bracket, the entire pool shall be refunded.

(C) Example: Points are assigned to each of the first four finishers in each contest [four points for the first finisher down to one point for the fourth finisher, for a total of 10 points awarded in each contest], based upon the official order of finish, with a total of six contests in the Team Wager, resulting in a total of 60 points in all. The brackets could be designated as:

(i) Team A's winning margin is

- 1-10 points
- 11-20 points
- 21-30 points
- 31-40 points
- 41-50 points
- 51-60 points

(ii) Team B's winning margin is

- 1-10 points
- 11-20 points
- 21-30 points
- 31-40 points
- 41-50 points
- 51-60 points

(iii) The two teams tie, and the margin is 0 Points

(iv) In this example, there are 13 separate betting interests.

(v) If, in this example, finishers representing Team A come in 1<sup>st</sup> and 3<sup>rd</sup> in one contest, and finishers representing Team B come in 2<sup>nd</sup> and 4<sup>th</sup> in that contest, Team A would have  $4+2=6$  points and Team B would have  $3+1=4$  points. The current winning margin (after this first contest) would be Team A by 2 points.)

(b) Team Double Wager

(A) In the "Team Double Wager", the commission shall approve two different methods of determining the winning tickets qualifying for a share of the net pool.

(B) The commission shall also approve the manner of apportioning the net Team Double Wager pool, and the conditions under which the pool shall be refunded or otherwise apportioned if there are no winning wagers.

(C) Example: A "daily-double"-style pool consisting of having to correctly select the bracket of the winning margin, as above, as well as a bracket based upon and including the total points achieved by the winning team.

- (5) Brackets
  - (a) The brackets may be comprised of the margins by which the winning team defeats the team that finishes second; the total number of points achieved by the winning team; or other method of determining the brackets, as approved by the commission.
  - (b) Such factors as the number of teams in the Team Wager; the method by which teams are designated; the number of points to be awarded in each contest; the number of contests comprising the Team Wager; and the method by which the “brackets” constituting each betting interest in the Team Wager are designated, shall all be subject to approval of the commission.
- (6) Coupled Entries; Fields. With approval of the commission, coupled entries may be permitted in contests comprising the Team Wager, but may only participate as part of the same Team. With approval of the commission, fields may be permitted in contests comprising the Team Wager, but may only participate as part of the same Team.
- (7) Dead Heat. If there is a dead heat including any finisher(s) for which points are awarded in the Team Wager, the total amount of points in the dead heat positions shall be combined and divided equally amongst the betting interests that have finished in the dead heat.
- (8) Scratches
  - (a) Should an entry in any contest of the Team Wager be scratched or excused from the contest, all money wagered on combinations including this entry shall remain in the Team Wager pool and the ticket holder may still collect the monetary value of any distribution evidenced by the ticket containing the scratched betting interest.
  - (b) If, due to a scratch or excused entry, the number of entries assigned to a team in a contest of the Team Wager is reduced to fewer than the number of positions in the final order of finish for which the team is eligible to receive points, for purposes of the Team Wager pool such contest shall be declared “no contest” and wagers involving any betting interests that are no longer capable of being achieved shall be refunded.

## V. Future Wager Pool

- (1) The Future Wager requires selection of the first-place finisher in a specified contest.
- (2) The association shall apply in writing to the commission for approval to offer the Future Wager on the specified contest and shall not offer the wager until the commission approval has been granted. The written application shall include the date and time for the pool to be opened and closed, a description of the system for compiling the pool and calculating odds and payout prices, and the time interval for displaying the odds.
- (3) The association, or in the case of interjurisdictional common pool wagering the Host track, shall name the contestants included in each betting interest on which future wagers may be made and shall assign a program number to each betting interest.
- (4) The amount wagered on the betting interest which finishes first in the specified race is deducted from the net pool, the balance remaining being the profit; the profit is divided by the amount wagered on the betting interest finishing first, such quotient being the profit per dollar wagered in the Future Pool on that betting interest.

- (5) The net Future Pool shall be distributed as a single price pool to winning wagers in the following precedence, based upon the official order of finish:
  - (a) To those whose selection finished first; but if there are no such wagers, then
  - (b) To those whose selection finished second; but if there are no such wagers, then
  - (c) To those whose selection finished third; but if there are no such wagers, then (d) The entire pool shall be refunded on Future Pool wagers for that contest.
- (6) If there is a dead heat for first involving:
  - (a) contestants representing the same betting interest, the Future Pool shall be distributed as if no dead heat occurred.
  - (b) contestants representing two or more betting interests, the Future Pool shall be distributed as a profit split.
- (7) No refund shall be issued for Future Wager pool wagers on betting interests that do not start or finish the race. If the association becomes aware or is notified that a betting interest is ineligible or unable to start the race and the pool is still open, the association shall immediately close betting on that betting interest.
- (8) The entire Future Wager pool shall be refunded if:
  - (a) the situation described at subsection 5 d) occurs; or
  - (b) the specified race is declared no contest by the judges/stewards having jurisdiction over the specified race; or
  - (c) the specified race does not occur; or
  - (d) for whatever reason, the Future Wager pool cannot be determined and the payout price cannot be calculated.

#### W. Match Rival Pools

- (1) The Match Rival requires the selection of the winning contestant in a designated contest or series of contests, in a competition between two or more equally matched betting interests, or based on the sportsmanship and/or skill of the jockeys/drivers and/or trainers, regardless of the official placing of the other betting interests in that contest or series of contests.
- (2) The choice of which contestants from a contest shall participate in the Match Rival shall be made as follows:
  - (a) The Association must obtain written approval from the Commission concerning who shall determine the contestants for each Match Rival contest.
  - (b) The matching of contestants for the Match Rival shall be limited to contestant versus contestant, jockey versus jockey, driver versus driver and/or trainer versus trainer.
  - (c) The contestants chosen for the match rival wager shall be conspicuously identified in the official program.
- (3) The net Match Rival pool shall be distributed to winning wagers in the following precedence, based on the official order of finish:

- (a) As a single price pool to those whose selection finished first in a single Match Rival contest, or first in the greatest number of a series of Match Rival contests; but if there are no such wagers, then
- (b) The Match Rival pool shall be refunded.
- (4) If there is a dead heat in a contest involving two or more of the contestants in:
  - (a) a single-contest Match Rival pool, then the entire pool shall be refunded.
  - (b) one or more contests of a series, then all the contestants involved in the dead heat shall be considered winners and the net pool shall be distributed as a single price pool, provided that:
    - (c) In a series of contests, if there is a dead heat in half or more of the contests then the Match rival pool for those contests shall be refunded.
- (5) If any Match Rival contest is cancelled or declared no contest:
  - (a) In a single-contest Match Rival pool, the pool shall be refunded.
  - (b) In a series of contests, if half or more of the contests are cancelled or declared no contest, then the Match Rival pool for those contests shall be refunded.
- (6) If any contestant is scratched or declared a non-starter in any Match Rival contest, then that contest shall be cancelled.
- (7) If all contestants fail to finish in a Match Rival contest, then that contest shall be cancelled.

#### X. Pentafecta Pools

- (1) The Pentafecta requires selection of the first five finishers, in their exact order, for a single contest.
- (2) Distribution of Winnings – Option #1
  - a. The net Pentafecta pool shall be distributed to winning wagers in the following precedence, based upon the official order of finish
    - i. As a single price pool to those whose combination finished in correct sequence as the first five betting interests; but if there are no such wagers, then
    - ii. As a single price pool to those whose combination finished in correct sequence as the first four betting interests; but if there are no such wagers, then
    - iii. As a single price pool to those whose combination included, in correct sequence, the first three betting interests; but if there are no such wagers, then
    - iv. As a single price pool to those whose combination included, in correct sequence, the first two betting interests; but if there are no such wagers, then
    - v. As a single price pool to those whose combination correctly selected the first-place betting interest only; but if there are no such wagers, then
    - vi. The entire pool shall be refunded on Pentafecta wagers for that contest.

(3) Distribution of Winnings – Option #2

- a. The net Pentafecta pool shall be distributed to winning wagers in the following precedence, based on the official order of finish:
  - i. As a single price pool, including any applicable carryover, to those whose combination finished in correct sequence as the first five betting interests, but if there are no such wagers, then
  - ii. The net pool will be divided into two separate pools. The major pool of the net pool shall be retained and added to a corresponding carryover pool into the next designated Pentafecta race. The remaining minor pool shall be paid as a Pentafecta consolation pool, which will be equally divided among those ticket holders who correctly select the first four betting interests, but if there are no such wagers, then
  - iii. The Pentafecta consolation pool will be divided among those ticket holders who correctly select the first three interests, but if there are no such wagers, then
  - iv. The Pentafecta consolation pool will be divided among those ticket holders who correctly select the first two interests, but if there are no such wagers, then
  - v. The Pentafecta consolation pool will be divided among those ticket holders who correctly select the first betting interest, but if there are no such wagers, then
  - vi. The entire net pool shall become a carryover pool to be retained and added to the next designated Pentafecta race.
- b. On the last Pentafecta race on the final day of the meeting, the net pool, including any applicable carryover shall be distributed using the method described in subsection (2).
- c. Where a net pool is divided into two separate pools in accordance with this subsection any odd cents remaining shall be retained and added to the part of the net pool that will be added to the corresponding carryover pool.

(4) Distribution of Winnings – Option #3

- (a) The net Pentafecta pool shall be distributed to winning wagers in the following precedence, based on the official order of finish:
  - i. As a single price pool, including any applicable carryover, to those whose combination finished in correct sequence as the first five betting interests, but if there are no such wagers, then
  - ii. The entire net pool shall be retained and added to a corresponding carryover pool into the next designated Pentafecta race.

(b) On the last Pentafecta race on the final day of the meeting, the net pool, including any applicable carryover shall be distributed using the method described in subsection (2).

(5) Distribution of Winnings – Option #4

(a) The net Pentafecta pool shall be distributed to winning wagers in the following precedence, based on the official order of finish:

- i. As a single price pool, including any applicable carry-over, to the holder of a unique winning ticket whose combination finished in correct sequence as the first five betting interests, but if there is no such unique winning ticket, then
- ii. The net pool will be divided into two separate pools. The major pool of the net pool shall be paid as a carryover pool into the next regularly scheduled Pentafecta race. The remaining minor pool shall be paid as a Pentafecta consolation pool, which will be equally divided among those ticket holders who correctly select the first five interests, but if there are no such wagers, then
- iii. The entire net pool shall become a carryover pool into the next regularly scheduled Pentafecta race.

(b) Unique winning ticket, as used in this paragraph (5)(a), shall be defined as having occurred when there is one and only one winning ticket whose combination finished in correct sequence as the first five betting interests, to be verified by the unique serial number assigned by the totalisator company that issued the winning ticket. In the event that there is more than one winning ticket whose combination finished in correct sequence as the first five betting interests, the unique winning ticket shall be deemed to not have occurred.

(c) The association shall specify the minimum monetary amount of a unique winning ticket wager approved by the Commission.

(d) A written request for permission to distribute the Pentafecta carryover on a specific performance may be submitted to the Commission. The request must be for a specified date no greater than one year from the date the request is submitted and contain justification for the distribution, an explanation of the benefit to be derived, and the intended date and performance for the distribution. Should the Pentafecta net pool and any applicable carryover be designated for distribution on a specified date and performance in which there is no unique winning ticket, the entire pool shall be distributed using the method described in subsection (2).

(e) A written request for permission to transfer the Pentafecta carryover to another Pentafecta pool operated by the same pool host may be submitted to the Commission. The request must contain justification for the transfer, including an explanation of the benefit to be derived, a description of the method by which the pool host will present the

information to the public that identifies the racetrack(s) for which the pool will be operated and the intended date(s) and performance(s) of the transfer.

- (f) Unless otherwise stated in writing by the Commission under paragraph (d), on the last Pentafecta race on the final day of the meeting, the net pool, including any applicable carryover, shall be distributed using the method described in subsection (2).
- (6) Notwithstanding paragraphs 5(d) and (e), if for any other reason the Pentafecta carryover must be held over to the corresponding Pentafecta pool of a subsequent meet, the carryover shall be deposited in an interest-bearing account approved by the Commission. The Pentafecta carryover plus accrued interest shall then be added to the net Pentafecta pool of the following meet on a date and performance so designated by the Commission.
- (7) If fewer than five betting interests finish and the contest is declared official, payoffs will be made based upon the order of finish of those betting interests completing the contest. The balance of any selection on any ticket beyond the number of betting interests completing the contest shall be ignored. If the pools are being distributed under paragraph (3)(a), (4)(a), or (5)(a) any previous Pentafecta contest's carryover will not be included in the payoff and will be retained for the next contest's carryover, and this contest's net Pentafecta pool will be distributed using the method described in subsection (2).
- (8) If there is a dead heat for first involving:
  - (a) contestants representing five or more betting interests, all of the wagering combinations selecting the five betting interests, irrespective of order, shall share in a profit split.
  - (b) contestants representing four betting interests, all of the wagering combinations selecting the four dead heated betting interests, irrespective of order, along with the fifth place betting interest shall share in a profit split.
  - (c) contestants representing three betting interests, all of the wagering combinations selecting the three dead heated betting interests, irrespective of order, along with the fourth place and fifth place betting interests, in correct order, shall share in a profit split.
  - (d) contestants representing two betting interests, both of the wagering combinations selecting the two dead heated betting interests, irrespective of order, along with the third place, fourth place and fifth place betting interests, in correct order, shall share in a profit split.
- (9) If there is a dead heat for second involving:
  - (a) contestants representing four or more betting interests, all of the wagering combinations correctly selecting the winner along with the four dead heated betting interests shall share in a profit split.

- (b) contestants representing three betting interests, all of the wagering combinations correctly selecting the winner, the three dead heated betting interests, irrespective of order, and the fifth place betting interests shall share in a profit split.
  - (c) contestants representing two betting interests, all of the wagering combinations correctly selecting the winner, the two dead heated betting interests, irrespective of order, and the fourth place and fifth place betting interests, in correct order, shall share in a profit split.
- (10) If there is a dead heat for third involving:
- (a) contestants representing three or more betting interests, all of the wagering combinations correctly selecting the first two finishers, in correct order, and the three dead heated betting interests, irrespective of order, shall share in a profit split.
  - (b) contestants representing two betting interests, both of the wagering combinations selecting the first two finishers, in correct order, and the two dead heated betting interests, irrespective of order, along with the fifth place betting interest shall share in a profit split.
- (11) If there is a dead heat for fourth, all wagering combinations correctly selecting the first three finishers, in correct sequence, along with any two of the betting interests involved in the dead heat for fourth, irrespective of order, shall share in a profit split.
- (12) If there is a dead heat for fifth, all wagering combinations correctly selecting the first four finishers, in correct sequence, along with any of the betting interests involved in the dead heat for fifth shall share in a profit split.
- (13) In the event that more than one component of a coupled entry or mutuel field finishes within the first five positions, the first member of the coupled entry or mutuel field to finish shall determine the position of the single betting interest. The net pool shall be distributed to those whose selection included the coupled entry or mutuel field and each of the other four betting interests.

#### Y. 123Racing Pick (n) Wager Pool

- (1) The ‘123RACING PICK-N’ is a pari-mutuel wager that requires the selection of one runner from each contest in a series of specific contests comprising the 123RACING PICK-N pool (“123RACING pool”). ‘N’ denotes the number of designated contests in that pool.
- (2) Four is the minimum number of contests required to offer a 123RACING Pick-N pool.
- (3) If a 123RACING Pick-N pool is reduced to fewer than 4 completed contests, the 123RACING Pick-N pool will be cancelled and all wagers will be refunded.
- (4) Each wager is automatically assigned to a unique wager ID by the host totalizator platform, and is allocated “points” in each contest.
- (5) Points are allocated for winning selections of contestants that finish in the 1st, 2nd or 3rd position in the official results for each contest and have a pari-mutuel pay-out associated

with its finish. Points scored will be equivalent to adding the pari-mutuel pool host payouts for the Win, Place and Show wager on that selection (i.e. \$2 Win, \$2 Place and \$2 Show wagers).

- (6) Points are accumulated after each contest in the 123RACING Pick-N pool and displayed on a leaderboard shown at betting venues and online.
- (7) Each 123RACING Pick-N wager is assigned a unique identifier/nickname associated with the serial number of the ticket or account wager record. This unique identifier/nickname is used to identify the wagers' progress on the leaderboard display.
- (8) The unique 123RACING Pick-N wagers with the highest points scores after the last designated contest share in the pay-outs of the net pool according to subsection (14) of this section.
- (9) After each leg of the contests comprising the 123RACING Pick-N wager, the leaderboard displays the points accumulated from that leg and the cumulative points of each player and their ranking in the 123RACING Pick-N pool. After the final contest comprising the 123RACING Pick-N, the leaderboard displays the final result and pay-outs for the 123RACING Pick-N pool.
- (10) Where a selection in a 123RACING Pick-N wager does not finish in 1<sup>st</sup>, 2<sup>nd</sup> or 3<sup>rd</sup> in the official results or the selection was a non-wagering interest, no Points are scored.
- (11) The 123Racing Pick-N wager is not eliminated if a selection does not score points.
- (12) Wagering on the 123RACING Pick-N pool shall close at the start of the first designated contest in the 123RACING Pick-N pool. Participants are not permitted to cancel a 123RACING Pick-N wager after the 123RACING Pick-N pool has closed.
- (13) 100% of the net 123RACING Pick-N pool is paid out upon completion of all designated contests in the 123RACING Pick-N pool.
- (14) The distribution of the 123RACING Pick-N pool is based on the winning wager(s) in the following order of precedence:

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(a) Single winners of the 123RACING Pick-N pool

The highest scoring single wager in the 123RACING pool receives 60% of the Net Pool.

The 2<sup>nd</sup> highest scoring single wager receives 30% of the Net Pool.

The 3<sup>rd</sup> highest scoring single wager receives 10% of the Net Pool.

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- (b) If there are two 123RACING Pick-N wagers that score the highest points then those two winning wagers share 90% (60% + 30%) of the Net Pool equally divided between the two winning wagers and the 2<sup>nd</sup> highest scoring single wager receives 10% of the Net Pool.

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(c) If there are 3 or more winning wagers scoring the same highest points 100% of the Net Pool is equally divided amongst each winning wager. This shall be done consistent with the minimum pari-mutuel payouts of the jurisdiction in which the wager was hosted.

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(d) If there is a single wager with the highest points total, and two or more wagers with the second highest points total, the highest scoring wager will receive 60% of the Net Pool, and the second highest points wagers share 40% of the Net Pool equally divided by the two or more wagers, as the case may be, that scored the second highest points total.

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(e) If there is a single wager with the highest points total, and a single wager with the second highest points total, and two or more wagers with the third highest points total, the highest scoring wager will receive 60% of the Net Pool, the second highest point wager will receive 30% of the Net Pool, and the third highest point wagers will share 10% of the Net Pool equally divided by the two or more wagers, as the case may be, that scored the third highest point total.

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- (15) Subject to subsection (3), if a single contest included as part of a 123RACING Pick-N pool is cancelled or declared a “no contest”, the net pool shall be distributed based on the results of the other designated contests included in the pool.
- (16) Coupled entries or mutuel fields, as defined within the rules and regulations of the Commission, shall race in any 123RACING Pick-N contest as a single betting interest for purposes of the 123RACING Pick-N pool calculations.
- (17) A scratch after wagering on the 123RACING Pick-N has begun of any betting interest of a coupled entry or mutuel field selection in said 123RACING Pick-N contest shall be of no effect with respect to the status of such remaining entry and/or field as a viable wagering interest, unless in conflict with the wagering rules in the host track jurisdiction
- (18) Should a betting interest in any of the 123RACING Pick-N contests be scratched, the post time favorite, as evidenced by total amounts wagered in the Win pool at the host association for the contest at the close of wagering on that contest shall be substituted for the scratched betting interest for all purposes, including pool calculations. In the event that the Win pool total for two or more favorites is identical, the substitute selection shall be the betting interest with the lowest program number. The totalizator shall produce reports showing each of the wagering combinations with substituted betting interest which became winners as a result of the substitution in addition to the normal winning combination.
- (19) The takeout and the pool distribution for a 123RACING Pick-N pool shall be set by the host association and approved by the host regulatory commission.
- (20) With written approval of the Commission, the pool host may contribute to the Net amount of the 123RACING Pick-N pool.

123RACING Scoring Example:

Picks that finish 1<sup>st</sup>, 2<sup>nd</sup> or 3<sup>rd</sup> in each contest score points allocated by summing the parimutuel pay-outs equivalent to a \$2 Win, Place, and Show wager, i.e. by summing the Official Win, Place and Show pari-mutuel pay-outs for the contest, as in the following example: -----

Horse A – 1st

Win: \$6.00 Place: \$5.60 Show: \$2.20

Total Score = Win + Place + Show = 13.80 points

----- Horse

B – 2<sup>nd</sup>

Place: \$15.60 Show: \$4.80

Total Score = Place + Show = 20.40 points

----- Horse

C – 3rd

Show: \$2.10

Total Score = Show = 2.10 points

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Z. Exact (n) Pools

- (1) The Exact (n) requires selection of the first (n) finishers, in their exact order, for a single contest. The association shall specify the distribution method described in subsection (2) and obtain approval from the Commission. Any changes to the approved Exact (n) format requires prior approval from the Commission.
- (2) The Exact (n) pool shall be apportioned under one of the following methods:
  - a. Method 1, Exact (n) with No Carryover. The net Exact (n) pool shall be distributed to winning wagers in the following precedence, based upon the official order of finish:
    - i. As a single price pool to those whose selected combination finished in correct sequence as the first (n) betting interests; but if there are no such wagers, then
    - ii. As a single price pool to those whose selected combination had the greatest number of sequential betting interests, starting with the first-place betting interest of the race, that finished in correct sequence; but if there are no such wagers, then
    - iii. The entire pool shall be refunded.
  - b. Method 2, Exact (n) with Carryover. The net Exact (n) pool shall be distributed to winning wagers in the following precedence, based on the official order of finish:
    - i. As a single price pool, including any applicable carryover, to those whose selected combination finished in correct sequence as the first (n) betting interests; but if there are no such wagers, then

- ii. The entire net pool shall be retained and added to the carryover which shall be added to the next scheduled corresponding pool.
- c. Method 3, Exact (n) with Consolation and Carryover. The share percentages are determined by the pool host and approved by the Commission. The net Exact (n) pool shall be distributed to winning wagers in the following precedence, based on the official order of finish:
  - i. As a single price pool, including any applicable carryover, to those whose selected combination finished in correct sequence as the first (n) betting interests; but if there are no such wagers, then
  - ii. The net pool will be divided into two shares. The first share shall be retained and added to the carryover which shall be added to the next scheduled corresponding pool. The second share shall be paid as an Exact (n) consolation pool, which will be equally divided among those whose selected combination had the greatest number of sequential betting interests, starting with the first-place betting interest of the race, that finished in correct sequence; but if there are no such wagers, then
  - iii. The entire net pool shall be retained and added to the carryover which shall be added to the next scheduled corresponding pool.
- d. Method 4, Exact (n) with Two Shares, one having a Carryover. The share percentages are determined by the pool host and approved by the Commission. The net Exact (n) pool shall be distributed to winning wagers in the following precedence, based on the official order of finish:
  - i. The first share of the net Exact (n) pool and the carryover, if any, shall be distributed to those whose selected combination finished in correct sequence as the first (n) betting interests.
  - ii. The second share of the net Exact (n) pool shall be distributed to those whose selected combination had the next greatest number of sequential betting interests, starting with the first-place betting interest of the race, that finished in correct sequence.
  - iii. If there are no wagers whose selected combination finished in correct sequence as the first (n) betting interests, the second share shall be distributed as a single price pool to those whose selected combination had the greatest number of sequential betting interests, starting with the first place betting interest of the race, that finished in correct sequence and the first share shall be added to the carryover; but if there are no such wagers, then
  - iv. The entire net pool shall be retained and added to the carryover which shall be added to the next scheduled corresponding pool.
- e. Method 5, Exact (n) with Carryover and “Unique Winning Ticket” provision. The share percentages are determined by the pool host and approved by the Commission. The net Exact (n) pool shall be distributed to winning wagers in the following precedence, based on the official order of finish:

- i. As a single price pool, including any applicable carryover, to the holder of a unique winning ticket whose selected combination finished in correct sequence as the first (n) betting interests; but if there is no such unique winning ticket, then
- ii. The net pool will be divided into two separate shares. The first share shall be retained and added to the carryover which shall be added to the next scheduled corresponding pool. The second share shall be paid as an Exact (n) consolation pool, which will be equally divided among those whose selected combination had the greatest number of sequential betting interests, starting with the first-place betting interest of the race, that finished in correct sequence; but if there are no such wagers, then
- iii. The entire net pool shall be retained and added to the carryover which shall be added to the next scheduled corresponding pool.

In obtaining authorization for operating the Exact (n) pool under this paragraph, associations must clearly identify which definition under paragraph (3)a will be relied upon for determining the existence of a unique winning ticket.

- f. Method 6, Exact (n) with the pool split into three shares, with Carryovers, and a “Unique Winning Ticket” provision. The share percentages are determined by the pool host and approved by the Commission. The net Exact (n) pool shall be distributed to winning wagers in the following precedence, based on the official order of finish:
  - i. The first share of the net Exact (n) pool and the first share carryover, if any, shall be distributed to those whose selected combination finished in correct sequence as the first (n) betting interests.
  - ii. The second share of the net Exact (n) pool shall be distributed to those whose selected combination had the next greatest number of sequential betting interests, starting with the first-place betting interest of the race, that finished in correct sequence.
  - iii. If there are no wagers whose selected combination finished in correct sequence as the first (n) betting interests, the second share of the net Exact (n) pool shall be distributed as a single price pool to those whose selected combination had the greatest number of sequential betting interests, starting with the first-place betting interest of the race, that finished in correct sequence and the first share shall be added to the first share carryover; but if there are no such wagers, then the entire net pool shall be retained and added to the first share carryover which shall be added to the next scheduled corresponding pool. The third share and the third share carryover, if any, shall be distributed to the holder of a unique winning ticket whose selected combination finished in correct sequence as the first (n) betting interests, the third share shall be added to the third share carryover. For greater certainty, the holder of a unique winning ticket shall receive the first share and the first

share carryover, if any, as well as the third share and the third share carryover, if any.

In obtaining authorization for operating the Exact (n) pool under this subsection, associations must clearly identify which definition under paragraph (3)a will be relied upon for determining the existence of a unique winning ticket.

- g. Method 7, Exact (n) with the pool split into three shares, one share having a carryover. The share percentages are determined by the pool host and approved by the Commission. The net Exact (n) pool shall be distributed to the winning wagers in the following precedence, based on the official order of finish:
- i. The first share of the net Exact (n) pool and the carryover, if any, shall be distributed to those whose selected combination finished in correct sequence as the first (n) betting interests.
  - ii. The second share of the net Exact (n) pool shall be distributed to those whose selected combination had the greatest number, which is less than (n), of sequential betting interests, starting with the first-place betting interest of the race, that finished in correct sequence.
  - iii. The third share of the net Exact (n) pool shall be distributed to those whose selected combination had the next greatest number, which is less than provided for in the second share, of sequential betting interests, starting with the first-place betting interest of the race, that finished in correct sequence.
  - iv. In the event that ticket holders whose selected combination had the greatest number of sequential betting interests, starting with the first-place betting interest of the race, that finished in correct sequence is a ticket with only one betting interest incorrect sequence, then such winning ticket holders shall receive the second and third shares.
  - v. If there are no wagers whose selected combination finished in correct sequence as the first (n) betting interests, the first share shall be added to the carryover.
  - vi. If there are no wagers whose selected combination had at least one sequential betting interest, starting with the first-place betting interest of the race, that finished in correct sequence, the entire net pool shall be retained and added to the carryover which shall be added to the scheduled corresponding pool.
- (3) As it relates to any distribution method under subsection (2) which contains a unique winning ticket provision:
- a. Associations must clearly identify which selection under clause *i and ii* below will be relied upon for determining the existence of a unique winning ticket.
    - i. There is one, and only one, winning ticket whose selected combination finished in correct sequence as the first (n) betting interests, based upon the official order of finish, to be verified by the unique serial number assigned by the tote company that issued the winning ticket; or

- ii. The total amount wagered on one, and only one, winning combination whose selected combination finished incorrect sequence as the first (n) betting interests, based upon the official order of finish, is equal to the minimum allowable wager.
  - b. The association shall specify the minimum monetary amount of a unique winning ticket wager.
- (4) An association may guarantee one or more pools, or shares of a pool under any of the payout methods described in subsection (2) without guaranteeing any of the other shares, if any, contained in the applicable method.
  - (5) On the last race with an Exact (n) pool on the final day of the meeting, the net pool, including any applicable carryover may:
    - a. Be distributed using the method described in paragraph (2)a; or
    - b. With the approval of the Commission, be carried over to a subsequent meet.
  - (6) Where a net Exact (n) pool is divided into two or more separate shares in accordance with this section, any odd cents remaining shall be retained and added to the part of the net pool that will be added to the carryover.
  - (7) A written request for permission to distribute the Exact (n) carryover on a specific performance may be submitted to the Commission. The request must be for a specified date no greater than one year from the date the request is submitted and contain justification for the distribution, an explanation of the benefit to be derived, and the intended date and performance for the distribution. Should the association elect to distribute the Exact (n) pool pursuant to either paragraph (2)b, c, d, e, f, or g and the Exact (n) net pool and any applicable carryover which is designated for distribution on a specified date and performance in which there is no selected combination that finished in correct sequence as the first (n) betting interests, the entire pool shall be distributed using the method described in (2)a.
  - (8) A written request for permission to transfer the Exact (n) carryover to another Exact (n) pool operated by the same pool host may be submitted to the Commission. The request must contain justification for the transfer, including an explanation of the benefit to be derived, a description of the method by which the pool host will present the information to the public that identifies the racetrack(s) for which the pool will be operated and the intended date(s) and performance(s) of the transfer.
  - (9) If for any reason other than as permitted pursuant to subsection (5), the Exact (n) carryover must be held over to the corresponding Exact (n) pool of a subsequent meet, the carryover shall be deposited in an interest-bearing account approved by the Commission.
  - (10) The following procedure shall be used to determine the official order of finish if there is a dead heat for any of the (n) finishing positions among two or more betting interests:
    - a. The betting interests, starting with the first-place betting interest of the race, in correct sequence finishing before the dead heat, if any, followed by
    - b. The betting interests which dead heated, irrespective of sequence, followed by
    - c. The betting interests in correct sequence after the dead heat, if any.
    - d. In the event there is more than one dead heat, the rule for determining the finishing position of the betting interests as set forth in paragraphs (10)a through c above shall be applied.

- e. If there is a dead heat the Exact (n) pool shall be distributed as a single price pool with each winning wager receiving an equal share of the profit.
- (11) In the event that a ticket is purchased prior to the day's scratches being announced and a betting interest draws into the race off the also eligible list, the association shall specify which method it will use described under paragraph (11)a or b. A guest association which commingles wagers into the pool may elect to not offer wagering to its customers until all scratches have been announced and all betting interests, if any, have drawn into the race off the also eligible list.
- a. The scratched betting interest will be substituted with the betting interest that drew into the race off the also eligible list. In the event that two betting interest scratch, the scratched betting interest with the lower program number will be substituted with the also eligible that has the lower program number and the scratched betting interest with the higher program number will be substituted with the also eligible that has the higher program number. In the event that more than two betting interests are scratched, the pattern for determining the also eligible betting interest to be substituted for the scratched betting interest set forth in the previous sentence shall be applied for all such betting interests; or
  - b. The association can elect to refund the ticket.
- (12) In the event that a ticket is purchased prior to the day's surface change, if any, being announced and a betting interest designated as "main track only" draws into the race, the association shall specify which method it will use described under paragraph (12)a or b. A guest association which commingles wagers into the pool may elect to not offer wagering to its customers until all betting interests which were designated as "main track only," if any, have been declared starters.
- a. A betting interest that was scratched will be substituted with the betting interest that was designated as "main track only." In the event that two betting interests scratch, the scratched betting interest with the lower program number will be substituted with the "main track only" betting interest that has the lower program number and the scratched betting interest with the higher program number will be substituted with the "main track only" betting interest that has the higher program number. In the event that more than two betting interests are scratched, the pattern for determining the "main track only" betting interest to be substituted for the scratched betting interest set forth in the previous sentence shall be applied for all such betting interests; or
  - b. The association may elect to refund the ticket.
- (13) The association, with the approval of the Commission, may close the Exact (n) pool prior to the association closing its other single contest wagering pools. If after the Exact (n) pool closes, a betting interest is either scratched, declared a non-starter, or does not finish the race, such betting interest shall be considered only for purpose of the Exact (n) pool to have finished the race in last position. If two betting interests are scratched, declared nonstarters, or do not finish the race after the Exact (n) pool has closed, the scratched, nonstarter, or non-finishing betting interest with the highest program number shall be considered to have finished in last position and the scratched, non-starter, or non-finishing betting interest with the second highest program number shall be considered to have

finished second to last. In the event that more than two betting interests are scratched, declared non-starters, or do not finish the race after the Exact (n) pool has closed, the pattern for determining the finishing position of the betting interests set forth in the previous sentence shall be applied for all such betting interests. Notwithstanding the foregoing, but only as it relates to tickets which contain a betting interest which is scratched after the pool closes but before the race is declared “off” or a betting interest which is declared a non-starter, the association may elect to refund such ticket.

- (14) In the event that the race is declared a non-contest, or if when the pool closes there are less than (n) betting interests, the entire pool shall be refunded and any previous carryover shall be added to the next scheduled corresponding pool.

#### AA. RACINGO Pool

- (1) RACINGO requires selection of the first, second and third finishers, in exact or inexact order, as the case may be, for three designated races. The selection shall be made on a ticket approved by the Commission. The RACINGO daily net pool shall be allocated to one of four prize categories.
- (2) The association shall obtain written approval from the Commission concerning the ticket design, the percent of the daily pool net pool allocated to each prize category, the scheduling of the RACINGO contests, the guaranteed minimum payout (if any) for any prize category, the amount of any cap to be set on any carryover, and the date of any scheduled mandatory distribution.
- (3) Within each prize category all winning tickets shall be calculated as a single price pool. Winners for each prize category will be determined by matching squares on the RACINGO ticket in the patterns as described below:
- (a) For Prize Category A – “The DIAMOND” – Matching four (4) squares on the ticket in the following pattern: middle left with upper and lower center and middle right (i.e. place position 1<sup>st</sup> leg, win and show position 2<sup>nd</sup> leg, and place position 3<sup>rd</sup> leg).
  - (b) For Prize Category B - “The X” – Matching five (5) squares on the ticket in the following pattern: upper and lower left with middle center and upper and lower right (i.e. win and show position 1<sup>st</sup> leg, place position 2<sup>nd</sup> leg, and win and show position 3<sup>rd</sup> leg).
  - (c) For Prize Category C – The FULL CARD IN ANY ORDER – Matching all squares on the ticket. Selections can appear on the ticket in any order of finish for first, second and third in each of the three separate legs.
  - (d) For Prize Category D – The FULL CARD IN EXACT ORDER – Matching all squares on the ticket. All selections must appear on the ticket in their exact order of finish for first, second and third in each of the three separate legs. In the event of a dead heat (s) for any position a square will be considered an exact match if it contains any of the betting interests dead heated for that position.
- (4) Except as provided for in Subsections 7 and 12, winning tickets shall apply to one prize category only in precedence starting with Prize Category D. For example, a winning ticket for Prize Category D shall not participate in the distribution of Prize Categories A, B, or C. A

winning ticket for Prize Category C shall not participate in the distribution of Prize Categories A, B, or D. A winning ticket for Prize Category B shall not participate in the distribution of Prize Categories A, C, or D. And a winning ticket for Prize Category A shall not participate in the distribution of Prize Categories B, C, or D.

- (5) The net pool for Prize Category D may be supplemented in order to guarantee a minimum payout. Such minimum payout (if applicable) must be established by the association and authorized by the Commission prior to the first RACINGO pool or prior to the first RACINGO pool after Prize Category D has been won. For example, if a minimum payout of \$1 million is established, the actual gross pool plus any applicable carryover would be supplemented to raise the payout to \$1 million. The amount to be supplemented would decrease as the jackpot pool grows. The supplement would cease once the jackpot pool reaches \$1 million.
- (6) The payout for each prize category shall be separately calculated as a single price pool by dividing the amount of winning dollars into the portion of the net pool plus any applicable carryover and supplemental money allocated to that particular prize category.
- (7) Prize Categories C and D are separate Jackpot prizes. The net pool for each jackpot will consist of the current allocation of the daily net RACINGO pool plus the applicable carryover, if any. If no winning tickets are sold for either of these Prize Categories C and D, 100 percent of that performance's net pool allocated to the respective Prize Categories plus applicable carryover shall be carried over to the corresponding prize category of the next scheduled RACINGO contest.
- (8) In the event there is no pari-mutuel ticket sold selecting a winner for Prize Category A or Prize Category B, the portion of the net pool allocated for that prize will be divided equally, and added to the carryover for distribution in Prize Categories C and D.
- (9) A RACINGO pool shall not be offered if any of the three designated RACINGO legs have fewer than three programmed betting interests.
- (10) The RACINGO pool shall be cancelled and all RACINGO wagers for the individual contest shall be refunded and no additions to the jackpot prizes will be made if:
  - (a) any of the three designated legs are cancelled or declared "no contest", or
  - (b) fewer than three betting interests start or finish in any of the three designated legs.
- (11) In the event of a scratch after wagering has begun on RACINGO, substitution will be to the next highest program number available and not already bet by the RACINGO player. In the event where the next highest program number is either scratched or already in use by the RACINGO player, substitution will proceed via a wrap-around method to the lowest unused program number and come forward until an available program number has been reached. Substitution for scratched entries will always begin with the lowest numbered scratched entry in that leg of the contest. In the event of multiple scratched program numbers in the same leg, the substitution for each of the scratched betting interests will begin with the lowest program number in that leg of the contest. Substitutions will take place only after the Host track has posted all official scratches in the official results of each leg.
- (12) In the event of a dead heat in any of the 3 designated RACINGO races, squares on RACINGO tickets containing any of the dead heated betting interests in that race shall be

considered matching squares. For example, if in the first designated RACINGO race betting interests 1 and 2 finished in a dead heat to win, RACINGO players who selected either 1 or 2 to win in the first race would be given credit for a matching square. Using this same example, if a RACINGO player selected either 1 or 2 in either the win or place positions for the first designated race, they would be given credit for a matching square for both win and place positions. Squares containing dead heated entries in the correct order of finish in that leg shall be considered exact matching squares pursuant to qualification for Prize Category D as detailed below.

- (13) On a performance designated for mandatory distribution of a RACINGO pool, the current pool allocation to the Jackpot prize plus any applicable carryover will be distributed according to Subsection 3 or, if there are no tickets sold in the various prize categories, in the following manner:
- (a) Prize Category D: If no tickets are sold to win Prize Category D, the sum of the allocated net pool and accumulated carryover from Prize Category D will be added to the allocated net pool and accumulated carryover from Prize Category C.
  - (b) Prize Category C: If no tickets are sold to win Prize Category C, the sum of the allocated net pool and accumulated carryover from Prize Category C shall be added to the allocated net pool and accumulated carryover for Prize Category B.
  - (c) Prize Category B: If no tickets are sold to win Prize Category B, the sum of the allocated net pool and accumulated carryover from Prize Category B shall be added to the allocated net pool plus accumulated carryover for Prize Category A.
  - (d) Prize Category A: If no tickets are sold to win Prize Category A, the allocated net pool plus accumulated carryover from Prize Categories A shall be added to the allocated net pool plus accumulated carryover for Prize Category D.
  - (e) If no ticket is sold to win Prize Categories A, B, C, or D, the allocated net pool plus accumulated carryover from the respective Prize Categories shall be paid to all ticket holders of the current RACINGO contest.
- (14) If for any reason the net pool cannot be paid, the funds shall be deposited in an interest bearing account approved by the Commission and available the next time the pool is offered by the Host.

**BB. Choose (n) Rules**

- (1) The Choose (n) is a form of pari-mutuel wagering. Each bettor attempts to choose the winner of (n) races but chooses the races at his own discretion instead of having the races designated for him by the association. The races need not be consecutive and the ticket's first race may begin at any time provided that there are an equal number of races left on the program. The Choose (n) ticket is in effect a contract by the purchaser of the ticket to select any of the (n) winners from the entire card. The association must obtain written approval from the Commission concerning the scheduling of Choose (n) contests and the amount of any cap to be set on the carryover. Any changes to the approved Choose (n) format require prior approval from the Commission.
- (2) The Choose (n) pool shall be held separately from all other pools and is in no way part of a daily double, exacta, trifecta or any other wagering pool. The Choose (n) is a pool wherein

the bettor is required to select any (n) winning horses from that particular card and is not a parlay.

- (3) Choose (n) tickets shall be sold in denominations as determined by the association. No less than or no more than the (n) races will comprise a Choose (n) ticket.
- (4) Races in which Choose (n) wagering is permitted shall be approved by the Commission. Some races may be closed to Choose (n) wagering at the discretion of the association. The Choose (n) pool shall close after each race but shall reopen with respect to subsequent races that have not yet been run provided that there are at least as many races remaining as required to be selected on a winning Choose (n) ticket.
- (5) The design of the Choose (n) tickets shall be clearly and immediately distinguishable from other pari-mutuel tickets.
- (6) Those horses constituting an entry or field, as defined within the rules and regulations of the Commission, shall race in any Choose (n) race as a single wagering interest for purposes of the Choose (n) pool calculations. A scratch after wagering has begun of any part of the entry or field selection in a race shall be of no effect with respect to the status of such entry and/or field as a viable wagering interest.
- (7) At any time after wagering begins on the Choose (n), should a horse, entire betting entry or field be scratched or declared a non- starter in any Choose (n) race, no further tickets selecting such horses, entry or field shall be issued, and wagers upon such horse, entry or field for purposes of the Choose (n) shall be deemed wagers upon the horse, entry or field on which the most money has been wagered in the win pool at the close of win betting for such race. In the event of a tie, the horse, entry or field with the lowest program number shall be designated.
- (8) In the event of a dead heat for win between two or more horses in any of the Choose (n) races, all such horses shall be considered as the winning horse for the purpose of distributing the Choose (n) pool.
- (9) The Choose (n) pool shall be calculated as follows:
  - (a) 100% of the net amount in the Choose (n) pool subject to distribution among winning ticket holders shall be distributed among holders of Choose (n) tickets which have correctly selected the winner of the (n) races comprising the Choose (n).
  - (b) In the event there is no Choose (n) ticket which correctly designates the winner of the (n) winners that make up the Choose (n), 25% of that racing date's net amount available for distribution shall be distributed among the holders of Choose (n) tickets correctly designating the most winning selections of the races that comprise the Choose (n), and the remaining 75% of said pool shall be carried over and added to the pool on the next day that the wager is conducted.
  - (c) If, on the last day on which the Choose (n) is conducted at a horse race meeting, no one selects the winning horse in (n) races, the total amount of the Choose (n) pool which exists on that day shall be paid to the bettor or bettors selecting the largest number of winning horses in those races. In no event shall any part of the pool be carried over to the next year's race meeting.

- (10) When the condition of the turf course warrants a change of racing surface in any of the races open to Choose (n) wagering, and such change has not been made known to the betting public prior to the close of wagering for the first Choose (n) race, the Stewards shall declare the changed races a “no contest” for Choose (n) wagering purposes and the pool shall be distributed in accordance with subsection (11). Following the designation of a race as a “no contest”, no tickets shall be sold selecting a horse in such “no contest” race.
- (11) If, for any reason, one or more races are cancelled or declared a “no contest” the Choose (n) pool shall be paid using the following formula, or an alternative formula developed by the racing association and made available to the public (the following formula assumes a Choose 6):
- (a) Any race that has been cancelled or declared a “no contest” shall not be considered a contested race for Choose 6 purposes.
  - (b) Any ticket, regardless of its starting point, that has not completed at least four contested legs will be refunded.
  - (c) In the event that only 4 Choose 6 races have been contested: 100% of that day’s net pool (not including any carryover), after refunds (the “Daily Pool”), shall be paid to tickets with 4 wins.
  - (d) In the event that only 5 Choose 6 races have been contested: 75% of the Daily Pool shall be paid to tickets with 5 wins and 25% of the Daily Pool shall be paid to tickets with 4 wins, no losses, and selections in two non-contested races.
  - (e) In the event that at least 6 races have been contested for the Choose 6 and two or more races have not been contested: 75% of the Daily Pool plus any carryover shall be paid to tickets with 6 wins, 18.75% of the Daily Pool to tickets with 5 wins and a selection in a non-contested race, and 6.25% of the Daily Pool to tickets with 4 wins and selections in two non-contested races. If no ticket has 6 wins, 50% of the Daily Pool shall be paid to tickets with 5 wins and a selection in a non-contested race, 25% of the Daily Pool to tickets with 4 wins and selections in two non-contested races, and 25% of the Daily Pool to tickets with 5 wins and 1 loss.
  - (f) In the event that at least 6 races have been contested for the Choose 6 and one race has not been contested: 75% of the Daily Pool plus any carryover shall be paid to tickets with 6 wins and 25% of the Daily Pool to tickets with 5 wins and a selection in the non-contested race. If no ticket has 6 wins, 75% of the Daily Pool shall be paid to tickets with 5 wins and a selection in the non-contested race and 25% of the Daily Pool to tickets with 5 wins and 1 loss.
  - (g) In the event that there is no payable ticket in a category within any of these subsections, that portion of the Daily Pool will be divided equally between the other categories within that subsection. In the event that there is no payable ticket within a subsection, the entire Daily Pool shall be carried over and added to the pool on the next day that wagering is conducted.
- (12) The Choose (n) carryover may be capped at a designated level approved by the Commission so that if, at the close of any performance, the amount in the Choose (n) carryover equals or exceeds the designated cap, the Choose (n) carryover will be frozen until it is won or

distributed under other provisions of this rule. After the Choose (n) carryover is frozen, 100 percent of the net pool, part of which ordinarily would be added to the Choose (n) carryover, shall be distributed to those whose selection finished first in the greatest number of Choose (n) contests for that performance.

- (13) A written request for permission to distribute the Choose (n) carryover on a specific performance may be submitted to the Commission. The request must contain justification for the distribution, an explanation of the benefit to be derived, and the intended date and performance for the distribution.
- (14) Should the Choose (n) carryover be designated for distribution on a specified date and performance in which there are no wagers with (n) wins, the entire pool shall be distributed as a single price pool to those whose selection finished first in the greatest number of Choose (n) contests. The Choose (n) carryover shall be designated for distribution on a specified date and performance only under the following circumstances:
  - (a) Upon written approval from the Commission as provided in subsection (n) of this rule.
  - (b) Upon written approval from the Commission when there is a change in the carryover cap, a change from one type of Choose (n) wagering to another, or when the Choose (n) is discontinued.
  - (c) On the closing performance of the meet or split meet.
- (15) If, for any reason, the Choose (n) carryover must be held over to the corresponding Choose (n) pool of a subsequent meet, the carryover shall be deposited in an interest-bearing account approved by the Commission. The Choose (n) carryover plus accrued interest shall then be added to the net Choose (n) pool of the following meet on a date and performance so designated by the Commission.
- (16) With the written approval of the Commission, the association may contribute to the Choose (n) carryover a sum of money up to the amount of any designated cap.
- (17) Providing information to any individual regarding covered combinations, amounts wagered on specific combinations, number of tickets sold, or number of live tickets remaining is strictly prohibited. This shall not prohibit necessary communication between totalisator and pari-mutuel department employees for processing of pool data. The association shall be permitted to provide information regarding number of tickets sold and number of live tickets remaining to the wagering public.
- (18) The association may suspend previously approved Choose (n) wagering with the prior approval of the Commission. Any carryover shall be held until the suspended Choose (n) wagering is reinstated. An association may request approval of a Choose (n) wager or separate wagering pool for specific performances.
- (19) Should circumstances occur which are not addressed by these rules, questions arising thereby shall be resolved in accordance with general pari-mutuel practice. Decisions regarding distribution of the Choose (n) pool made by the Stewards shall be final.

## CC. Group Bet Rules

### Method I

- (1) The Group Bet (or other approved name) is a form of pari-mutuel wagering and part of the win pool in every race in which it is offered. The Group Bet is a bet to win on every participant in the selected group.
- (2) In each race, the association shall designate a non-member of either group (usually the morning line favorite) and designate the remaining runners as members of one of two groups, Group A and Group B.
- (3) In each race in which the Group Bet is offered, there shall be a win payoff for bettors selecting the winning participant in standard win betting and, in the event a member of one the groups wins the race, a Group Bet win payout for those bettors wagering on the winning group. If the non-member wins the race, there shall be no payout for the Group Bet.
- (4) The identity of the non-member and the members of Group A and Group B shall be disseminated in the track program (when possible), by the track announcer, on television monitors and, where applicable, internet wagering websites.
- (5) The minimum bet for the Group Bet is the same as the minimum bet to win. The amount bet on Group A and Group B shall be allocated among the members of the respective group in proportion to the amount bet on such member to win in standard win betting. Allocations may be made in fractional amounts less than the minimum permissible bet to win.
- (6) The payout for a winning Group Bet shall be same regardless of which member of the group is the race winner. The probable and actual payoff for a winning group bet on Group A or Group B shall be displayed in a similar manner as the probable and actual payout for a standard win bet.
- (7) In the event that the non-member of either group is scratched or declared a non-starter, group betting shall cease and all wagers on both groups refunded. In the event of a scratch or a declaration of non-starter of all of the members of a group, group betting shall cease and all wagers on both groups shall be refunded. In the event of a scratch or declaration of nonstarter of a member of a group, monies previously allocated to the scratched runner or nonstarter shall be reallocated amongst the remaining member or members of that group.
- (8) In the event of a dead heat to win involving two or more members of the same group, the Group Bet payout shall be calculated in the same manner as if there was one winner of the race and such winner was a member of such group. In the event of a dead heat to win involving the non-member of the group and one or more members of either group, or one or more members of different groups, the Group Bet payout shall be determined in the same manner as the calculation of the win payoff, i.e. by dividing the net pool.
- (9) Should circumstances occur which are not addressed by these rules, questions arising thereby shall be resolved in accordance with general pari-mutuel practice. Decisions regarding the Group Bet made by the Stewards shall be final.

## Method II

- (1) In Method II, the Group Bet (or other approved name) is a separate pool from the standard Win pool in every race in which it is offered. The Group Bet is a single price pool that

requires the selection of the designated group that includes the betting interest member that is the first-place finisher for a single contest.

- (2) For each contest in which the Group Bet is offered, the association shall designate each betting interest as a member of one of three clearly named groups (approved by the Commission) such as, Group A, Group B, and Group C.
- (3) For each contest in which the Group Bet is offered, the pool shall be distributed as a single price pool to those correctly selecting the group that includes the betting interest member that finished in first-place in that contest.
- (4) For each contest in which the Group Bet is offered the association shall, before betting is open, provide to the public in an easily accessible manner, the identity of the members of Group A, Group B, and Group C.
- (5) The payout for a winning Group Bet wager shall be same regardless of which betting interest member of the group is the first-place finisher. The probable and actual payoff for a winning bet on Group A, Group B, and Group C shall be displayed in a similar manner as the probable and actual payout for a standard Win pool bet.
- (6) In the event that all of the betting interest members of any group are scratched or declared non-starters, betting on the Group Bet pool shall immediately stop and all wagers made on the Group Bet pool shall be refunded.
- (7) In the event of a dead heat for first in a contest which includes the Group Bet pool involving two or more betting interest members;
  - (a) of the same group, the Group Bet pool shall be distributed in the same manner as if no dead heat occurred,
  - (b) of two different groups, the Group Bet pool shall be distributed as a profit split (place pool), or
  - (c) of three different groups, the Group Bet pool shall be distributed as a profit split (show pool).
- (8) Where the calculation or distribution of the Group Bet pool cannot be determined, the entire pool shall be refunded.

#### DD. Tournament-Style Wagering

- (1) The Tournament-Style Wager is a separate pari-mutuel pool wager established by the association on a designated number of races. The gross pool consists of the total amount wagered for the multiple race bet. Winning wagers are determined by the highest points totals earned after all rounds have been completed, based on cumulative fantasy win, place, or show wagers, or any combination thereof, on one

betting interest per wagering race. It is not a parlay and has no connection with or relation to other pools conducted by the association other than the utilization of live race payouts as a means of calculating players' fantasy bankrolls.

- (2) A valid Tournament-Style Wager ticket shall be evidence of a binding contract between the holder of the ticket and the association, and shall constitute an acceptance of Tournament-Style Wager provisions and rules contained in this Article.
- (3) A Tournament-Style Wager may be given a distinctive name by the association conducting the meeting, subject to Board approval, and existing licenses, copyrights, and/or patents.
- (4) Tournament-Style Wagers shall be conducted as follows:
  - (a) Each player receives a starting fantasy bankroll.
  - (b) The number of races that complete the wager varies depending on the specifics of "tournament," as determined by the host racing association, but shall include no less than three races.
  - (c) Each round of the "tournament" consists of a fantasy win, place, or show wagering opportunity, or any combination of the three, on only one betting interest per race. Players may also "pass" (not wager) on any or all of the races comprising the tournament.
  - (d) Official program numbers must be used for all wagers. All players are responsible for ensuring each wager is placed correctly.
  - (e) There are no minimum fantasy wagers per race, and the player may risk up to their entire fantasy bankroll on any given race, however, any wager made must be in whole dollar amounts.
  - (f) Live race payouts are used to calculate players' fantasy point totals.
  - (g) As part of the announced tournament rules, and as approved by the Board, the host racing association may opt to cap the maximum odds on all fantasy payouts.
  - (h) Each player's fantasy wins or losses will be reflected in their cumulative fantasy bankroll at the end of each race.
  - (i) Following a race being declared "official," the actual pari-mutuel pool payout will be added to a player's cumulative fantasy bankroll, subject to any odds cap imposed under subsection (g) hereinabove.
  - (j) A tournament-style "final cut" will be made after the second to last race of the wager. The "final cut" shall be based on the cumulative fantasy bankroll at the end of most recently concluded race, and made so as to identify the tournament's finalists. The number of finalists shall be no less than five, and may include more as determined by the host racing association. Preliminary cuts may be made, as determined by the host racing association, when five (5) or more races constitute the "tournament-style" wager. Each such preliminary cut shall reduce the number of remaining participants by a set percent announced at the beginning of the tournament, excluding the "final cut."

- (k) Of the finalists, the player(s) with the highest fantasy bankroll after the last leg is/are the “winner(s).”
  - (l) All subsequent placings after the final cut shall be determined by the final fantasy bankroll for each of the finalists, and shall not be altered by or subjugated to the final fantasy bank of any player not reaching the finals.
  - (m) The net pari-mutuel pool is distributed to the top 5% of all players in the tournament in accord with subsection (9) herein below.
  - (n) The net pari-mutuel pool shall be distributed in accord with distribution schedule as set forth in the regulation, or as otherwise approved by the Board, at the request of the host racing association.
- (5) A fantasy wager on a coupled entry or field is considered a wager on the remaining part of the coupled entry or field as determined by the rules of the live corresponding race.
  - (6) If a selection in any race designates a betting interest that was scratched, excused, or determined by the Stewards to be a nonstarter in the race, the fantasy wager will be refunded.
  - (7) Points for dead heats will be determined by the payouts of the live corresponding race.
  - (8) The takeout and its distribution for the Tournament-Style Wager shall be set and approved by the host regulatory commission, but shall include the distribution of the negotiated proprietary fee.
  - (9) In accord with the following provisions, the association shall distribute the net pool to the top five percent (5%) of holders of valid tickets that correctly selected the combination of first, second, and/or third place finishers that generated the highest point totals through the designated races/rounds comprising the Tournament-Style Wager as follows:
    - (a) Eighty percent (80%) of the net amount in the pari-mutuel pool subject to distribution among winning ticket holders shall be distributed among the players competing in final round which had the highest qualifying point totals after all rounds/races have been completed, based on fantasy win, place, or show wagers, or any combination thereof, on one betting interest per wagering opportunity/race/event, as follows:
      - (A) Forty-five percent (45%) of the net amount in the pari-mutuel pool subject to distribution among winning ticket holders shall be distributed to the holder(s) of the pari-mutuel ticket which had the highest fantasy point total after all races have been completed.
      - (B) Twenty percent (20%) of the net amount in the pari-mutuel pool subject to distribution among winning ticket holders shall be distributed among holders of pari-mutuel tickets which had the second highest point total after all races have been completed.
      - (C) Eight percent (8%) of the net amount in the pari-mutuel pool subject to distribution among winning ticket holders shall be distributed among

- holders of pari-mutuel tickets which had the third highest point total after all races have been completed.
- (D) Four percent (4%) of the net amount in the pari-mutuel pool subject to distribution among winning ticket holders shall be distributed among holders of pari-mutuel tickets which had the fourth highest point total after all races have been completed.
  - (E) Three percent (3%) of the net amount in the pari-mutuel pool subject to distribution among winning ticket holders shall be distributed among holders of pari-mutuel tickets which had the fifth highest point total after all rounds/races have been completed.
- (b) After distributions to pari-mutuel ticket holders pursuant to subsection (a), twenty percent (20%) of the net amount in the pari-mutuel pool subject to distribution among winning ticket holders shall be distributed to the balance of the top five percent (5%) of pari-mutuel ticket holders, with those reaching the final round taking priority in ranking, as follows:
- (A) Nine and two-thirds percent (9 2/3%) of the net amount in the parimutuel pool subject to distribution among winning ticket holders shall be distributed equally among the pari-mutuel ticket holders placing in the top-20% of point totals, not including the top five finishers and ties, with each such player receiving no more than two percent (2%) of the net amount in the pari-mutuel pool subject to distribution.
  - (B) Four percent (4%) of the net amount in the pari-mutuel pool subject to distribution among winning ticket holders shall be distributed equally among the pari-mutuel ticket holders placing in the range of greater than 20 % up to 30% of the point totals, with each such player receiving no more than eight-tenths of one percent (0.8%) of the net amount in the pari-mutuel pool subject to distribution.
  - (C) Two percent (2.0%) of the net amount in the pari-mutuel pool subject to distribution among winning ticket holders shall be distributed equally among the pari-mutuel ticket holders placing in the range of greater than 30% up to 40% of the point totals, with each such player receiving no more than four-tenths of one percent (0.4%) of the net amount in the pari-mutuel pool subject to distribution.
  - (D) One percent (1.0%) of the net amount in the pari-mutuel pool subject to distribution among winning ticket holders shall be distributed equally among the pari-mutuel ticket holders placing in the range of greater than 40% up to 50% of the point totals, with each such player receiving no more than two-tenths of one percent (0.2%) of the net amount in the pari-mutuel pool subject to distribution.
  - (E) Three and a third percent (3 1/3%) of the net amount in the parimutuel pool subject to distribution among winning ticket holders shall be

distributed equally among the pari-mutuel ticket holders placing in the range of greater than 50% up to 100% of point totals, with each such player receiving no more than thirteen one-hundredths of one percent (0.13%) of the net amount in the pari-mutuel pool subject to distribution.

- (c) In the event the distributions to pari-mutuel ticket holders as set forth in subsection (b) does not fully distribute the remaining twenty percent (20%) of the net amount in the pari-mutuel pool, then the monies remaining after such distributions shall be distributed equally to all players finishing in the top five percent (5%) of pari-mutuel ticket holders
- (10) In the event of a tie in points, the tie shall be broken by:
- (a) Awarding the higher place finish to the player that had the highest point total at the conclusion of the immediately preceding race.
- (b) If the tie remains unbroken, point totals will be compared successively in reverse order through each of the prior races comprising the tournament wager until the player with the highest point total in a round is determined.
- (c) If the tie remains unbroken after point totals were compared for all prior races then the percentage shares for the two or more players shall be combined and split equally among the players tied for such positions.
- (11) All tickets shall be refunded if all races comprising the Tournament-Style Wager are cancelled or declared as no contest. The entire pool shall be refunded if less than three (3) races are completed and if three (3) or more races are completed the net pool shall be distributed pursuant to subsection (9).
- (12) After wagering closes on the first race comprising the Tournament-Style Wager, the tournament shall be deemed closed and no entry ticket shall be sold, exchanged, or cancelled. No person shall be determined to hold a winning Tournament-Style Wager ticket until the last designated race has been declared official.

**NOTE: The following are not intended to be part of the rule, rather is included to provide an illustration and explanation of the wager**

## **TAKEOUT & DISTRIBUTIONS**

### California Example

Distributions:

- Racing Association/Fair 7.75% • Purses 7.75%

The Association of Racing Commissioners International  
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- Breeders 0.75%
- Satellite Wagering Facilities 2.0%
- License Fee 0.75%
- WTTC National Tournament 1.0%
  - WTTC License 5.0%

**Total Takeout:** **25%**

**PAYOUT EXAMPLE**

**Sample Tournament Payouts:**

Total Wagers: 1,000  
 Wager Denomination: \$25.00  
 Pot Size: \$25,000.00  
 Pari-mutuel Payout: \$18,750.00 (assumes 25% “take-out”)

WINNER			TOTAL	TOT %
	PAY			
45.00%	\$8,437.50	1	\$8,437.50	45.00%
20.00%	\$3,750.00	1	\$3,750.00	20.00%
8.00%	\$1,500.00	1	\$1,500.00	8.00%
4.00%	\$750.00	1	\$750.00	4.00%
3.00%	\$562.50	1	\$562.50	3.00%
1.93%	\$362.49	5	\$1,812.47	9.67%
0.80%	\$150.00	5	\$750.00	4.00%
0.40%	\$75.00	5	\$375.00	2.00%
0.20%	\$37.50	5	\$187.50	1.00%
0.13%	\$24.99	25	\$624.84	<u>3.33%</u>
			<b>\$18,749.81</b>	<b>100.00%</b>

**Note:** Tiebreakers are broken by the amount each player had before the last wager. For example if places 40-75 going into the second to last leg go bankrupt after the race, the bankroll they accumulated prior to the race determines their placing.

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Adopted in Version 1.4 ARCI 8/27/02 NAPRA 10/2/02  
Version 2.0 to 2.1 ARCI 8/2/03 NAPRA 9/20/03: Added new rule language  
Version 3.0 to 3.1 ARCI 4/3/04 NAPRA 4/3/04 Committee Actions 4/8/04: Rule language deleted; Rule language was moved to ARCI-004-035  
Version 3.0 to 3.1 ARCI 4/3/04 NAPRA 4/3/04 Committee Actions 4/8/04: Rule language added; Rule language was moved from ARCI-004-030  
Version 3.2 to 3.3 ARCI 12/7/05: Renumbered Rule from (5) to (2)  
Version 3.2 to 3.3 ARCI 12/7/05: Renumbered Rule from (4) to (2)  
Version 3.2 to 3.3 ARCI 12/7/05: Added new rule language  
Version 3.3 to 3.4 ARCI 3/29/06: Added new rule language  
Version 4.0 to 4.1 ARCI 4/26/07 Rule renumbered from ARCI-004-030 to ARCI-004-105  
Version 4.0 to 4.1 ARCI 4/26/07: Added new rule language,  
Version 4.0 to 4.1 ARCI 4/26/07 Rule renumbered from ARCI-004-035 to ARCI-004-155  
Version 4.1 to 4.2 ARCI 3/26/08 Added new rule language Tournament Style Wager©  
Version 4.9 to 5.0 ARCI 12/9/11: Amended Superfecta rule and added Pen  
Version 4.9 to 5.0 ARCI Board 12/9/11 amended Instant Racing language  
Version 5.0 to 5.1 ARCI Board 4/27/2012 Added 100% carryover Method to Pick (n) pool  
Version 5.4 to 5.5 ARCI Board 7/31/2013 Added Unique Pentafecta Wager Payout  
Version 5.5 to 5.6 ARCI Board 12/9/2013 Added Language for Unique Winning Ticket for Pick (n) Pools  
Version 5.5 to 5.6 ARCI Board 12/9/2013 Merged ARCI-004-155 Proprietary Wagers into ARCI-004-105 Calculation of Payout and Distribution of Pools  
Version 5.6 to 5.7 ARCI Board 4/9/2014 Added ARCI-004-105 (Y) 123 Racing Pick (N) Pool  
Version 5.8 to 5.9 ARCI Board 12/12/2014 Added ARCI-004-024(X)(5)(e) Pentafecta Transfer Option  
Version 5.8 to 5.9 ARCI Board 12/12/2014 Added ARCI-004-024(I)(d) Pentafecta cancellation  
Version 5.8 to 5.9 ARCI Board 12/12/2014 Amended ARCI-004-024(k) Pentafecta cancellation  
Version 5.9 to 6.0 ARCI Board of Directors 7/16/2015 Amended ARCI-004-105(G) Pick(n) Pools – Carryover to Alternate Association  
Version 6.1 to 6.2 ARCI Meeting of the Members 3/24/2016 Amended ARCI-004-105(G) Pick (n) Pools  
Version 6.2.1 to 6.3 ARCI Board of Directors 9/10/2016 Amended ARCI-004-105(G) Pick (n) Pools  
Version 6.3 to 7.0 ARCI Board of Directors, 12/09/2016 Amended 004-105 (D) to include Group Bet *Method II* Version 6.3 to 7.0 ARCI Board of Directors 12/09/2016 amended ARCI-004-105 Part I to add Z. Exact (n) Pools.  
Version 8.0 to 8.1 ARCI Board of Directors 07/29/2017 amended ARCI-004-105-T to add (k) “Method 11.”  
Version 13.1 to 14 ARCI Board of Directors 5/7/25 replaced Section G Pick (n) Pools