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**WAGERING INTEGRITY, WHO CARES?**

**Moderator/Speaker:**

**Ron Nichol**, Director, Program Coordination & National Standards, Canadian Pari-Mutuel Agency

**Speakers:**

**Paul Bowlinger**, Vice President, Association of Racing Commissioners International

**Tom Casaregola**, Director of Audits and Investigations, New York Racing & Wagering Board

**Frank Fabian**, President, Thoroughbred Racing Protective Bureau

**MS. WENDY DAVIS:** Let me welcome you to the 2006 Symposium on Racing and Gaming. We're really pleased you're all here in our new venue and hope you are enjoying it.

First of all, I'd like to thank XpressBet for sponsoring our refreshment break in the foyer, and the Daily Racing Form for sponsoring this panel session. This session deals with "Wagering Integrity, Who Cares?" Well, I'm pleased to see all of you in the room, so somebody cares.

Today our moderator for this panel is Ron Nichol. Ron Nichol oversees the Canadian Pari-Mutuel Agency's three regional offices, the equine research facility, the drug control research and reference lab, and also manages the agency's surveillance programs pari-mutuel audits and supervision. Video, race patrol, photo finish and drug collection.

As you can see, Ron's job is to care about integrity and racing so he is the best man we could have found to moderate this panel. So I know we're running just a little bit late. I'd like to turn it over to Mr. Ron Nichol who will be the tour director for the panel session today. Thank you so much for doing this for us.

**MR. RON NICHOL:** Thanks, Wendy. I'm truly honored to be moderating this panel, but I'd love to be a participant. This is a favorite subject of mine. I've been

in pari-mutuel wagering for more than 35 years. It's been my specialty. I'm a one-trick horse.

When we were preparing for the panel the panelists and I got together and had what we thought would be a brief conference in terms of how would we present it. The conversation lasted maybe an hour-and-a-half or two hours and broadened into various directions. At the conclusion of what I felt was a very entertaining conference, discussion — which couldn't help to be with Mr. Bowlinger participating — I thought the last part of the discussion there was no disagreement, virtually, on the directions the industry should be taking to ensure integrity of our wagering pools. The irony was, I've been in the business enough to recognize it's very difficult to reach a consensus with a group greater than one person. There's a road map out there that's clear of the directions we can follow, at least amongst us four. The question is, can we adapt to that road map?

The task before us was also to define integrity, which we really couldn't do. Integrity comes from inside. Just to kind of frame the discussion a little bit, I offered to the panelists a simple definition of doing what is right no matter who is watching. As a regulator, integrity is doing, complying with laws and regulations to the letter. But it's more than that. It's really complying with the spirit and intent of the law.

That's about as far as I'll go offering my opinions. The panelists want to keep it very informal. There's a question period at the end of the presentations, wide open, if you wish for clarification. With that I'm going to start off with the first speaker.

The first speaker is Mr. Paul Bowlinger. Mr. Bowlinger is the executive vice president of ARCI, previously executive director of NAPRA, and director of racing in North Dakota in terms of wagering security. He was a key witness in a 2004 prosecution of Racing Services Incorporated. For his efforts he was honored by the Department of Justice, the IRS, and the FBI for his leadership. Currently he serves on the board of Racing Medication and Testing Consortium, as well as the Winners Foundation. He has a bachelor of arts in political science; he has a juris doctorate from Concordia College. I think that means he is a lawyer. Thank you.

Paul has had a lifelong interest in horse racing. He's been a practicing attorney for 18 years, and has represented diverse clients in the industry, including among them horse owners, trainers, jockeys, and regulatory bodies. Paul brings a particularly unique insight into the discussion from a bettor's viewpoint.

Very few people know this, but in 1999 he placed eighth in the National Handicapping Contest. So all that being said, I think Paul is well positioned to speak to the wagering integrity. And he's going to offer his comments as to what brought him into this field and also what he and his organization are doing to further the interests of wagering integrity.

Paul?

**MR. PAUL BOWLINGER:** Thank you. Good morning, everyone. Thanks for the kind introduction. One caveat. A week-and-a-half ago coming through the Detroit airport I got in a fight with a luggage bag and an airline escalator and managed to herniate a disc at T-12. So I had the option of some lemon and rose wine and do a Danny DeVito and see if I can float through this thing. My doctor has given me medication. The best I can figure out, it's encapsulated tequila, which is apropos for the venue. If I tweak out on you remember these three things: I'm coming from a player's perspective turned regulator. That's who I am, what I stand for. Those things are: Information is power, and power needs to be distributed uniformly. There can't be an advantage.

The second thing is, I need to get paid what I should get paid, I need to get paid correctly. That's what I'm concerned about.

Third, in my current position and when I was a player, someone has to be monitoring this. That's what I assumed. When Steve Barham called — if you know Steve — Steve is with the RTIP, but my secretary didn't tell me that. So she calls and says, someone named Steve is calling and he wants you to speak on December 4. And if you are used to a law office setting you say, okay, put him through, but bring in my list of excuses as to why I can't.

And, of course, the first excuse is I can't because I'm going to be at Tucson. There goes that excuse. I guess I'm going to have to address the group. Further, talking with Steve, he goes, "As a lawyer you get asked to talk about mundane topics, taxes or things that are important, but sometimes not as easily communicable to people in a humorous fashion or something to keep your attention." When he said, "Wagering integrity," I perked up.

I wagered for 25 years, and done nothing basically in the last year more than work on wagering integrity monitoring. To me they are synonymous. If we can solve the monitoring process we can solve a lot of the problems in the integrity of wagering. They are synonymous to me. I was excited to get the opportunity to speak to you, and I appreciate you choosing this over the other seminars you could have attended. Then I thought, how do I convey my passion to you about the subject?

I truthfully believe — I sit on the RMTTC and we talk about anabolic steroids and we know there's an integrity issue there. There are integrity issues everywhere. I truly believe this issue is predominant. If we do not make sure of the sanctity of our pools, if we do not control this issue of wagering security, we are going to run headlong into a wall that will stop the industry. I'll give two examples.

We were fortunate enough politically to get an exemption from the Internet Gambling Prohibition Act. I see some heads nodding. Thank God people worked hard to get that done, and we appreciate all the work.

As an industry, or regulators, we can't be naive to think we're not under scrutiny. That people don't want to take another shot. If there's a bomb that goes

off in wagering security and integrity, we are setting ourselves up to have this issue readdressed. Can we really afford that, when we see how the political winds can change for legitimate or illegitimate reasons?

Secondly, I believe we're losing in the wagers.

The wagers, I go to books wherever I go. It's what I do. When I go to a racetrack I go to a book. And this job has given me the opportunity to go to racetrack to racetrack. And where I go, it's like a golfer going to a golf course. I haven't taken a vacation in seven years where I didn't go to the racetrack. And I go to the book. Unfortunately, I'm the youngest guy in the book now. That's not good. As of a week-and-a-half ago I feel older and older. We're losing the wagers. The wagers understand the problem, that there's something going on.

I wanted to go through a few examples of what I see. I see the same things. First question as a lawyer: Who's interested in integrity? The regulators are, the bettors are. And the group I work for is extremely concerned and we're doing something about it.

I want to tell you how I became a horseplayer. This goes back to information is power. I was at a paddock in the '80s. Didn't know squat about racing, thought I did. And I look up and there's a horse on the board 6-5. The horse I think should win the race. It's 15 minutes to post; the horse I like is knocked down to even money. I'm there to look and see how the horse looks. My keen observation skills. I couldn't spot Secretariat from a llama at the time, but I think I can. But I am astute enough to observe that my horse isn't in the paddock, which is giving me a bit of angst. However, it doesn't seem to be affecting the bettors. The horse keeps getting bet down.

What happens, it's like 11 minutes to post, riders are coming up in a minute. I hear this panting over my right shoulder. Here comes the trainer dragging the horse, and I can't tell who is more out of breath.

He comes up. What happened, the horse got loose and ran the backside for a while. They corralled it and brought it. The paddock steward wanted to scratch the horse. Maybe the right thing to do. What happened, the trainer was so decent the horse is sound, not unfit. "We lost the horse. We finally caught him. I run a small string. If I don't run this horse the owner is going to take him away from me and I'm going to lose this horse.

And it got to be this human-to-human contact things and the steward called over the vet, looked the horse over. They let the horse go off. Was that the right thing? I don't know. The parade, eventually the three horse comes trotting out. They break from the gate and the three horse goes to the lead, steady fade and basically ends up barely beating the water truck. I kept my powder dry not being a complete idiot. I took the losing tickets out of my back pocket and wrote the name of the horse on a piece of paper. Now you can type it into your computer and have it e-mailed to you. When the horse is going to run back in three weeks.

Back in the '80s you were rewarded for due diligence. When I did that, three weeks later the horse comes back, goes off at 6-1. I look at him, I put a hundred dollars, he wins by a block and I win \$600. You've probably seen the commercial, "I'm brilliant," this is the game for me.

And at that point in time my dad told me, "Paul, don't play anybody for money that's better than you."

I found out this in this particular game on that particular day, I was better than everybody else because I had information. That information is crucial. I was the only guy that had the information. Of course, the trainer, who wasn't going to tell anybody about it. That was the cool part. How that plays into what I want to talk about.

Steve Crist wrote an article called "Technology Woes" in the news where he is talking about a Pick-3, which went awry in Calder, where the person meant to make a certain amount of wager and went through \$3,174. If you had a monitoring system that would not happen. More importantly, the bettor wanted to make a \$1,260 play. I ask you, as players — and maybe I should do this first. I don't know how many of you handicap. I used to do it to juries. Who's for the universal ban of mosquitoes? You think everybody would raise their hand. Nobody raised their hand. Please be honest.

If I gave you a Daily Racing Form and said, "Please handicap this race," could you competently come up with the morning line? Could you competently draw a morning line? Who in the audience could come up with a competent morning line? Right. Okay. All you people remember if there's a Pick-6 carryover, we meet in the lobby. Don't worry about it if you didn't. What we're talking about is the information that's available. The people that know how to handicap would be looking at the racing program. That's the information available. What Steve Crist is talking about, a guy put in \$1,260 wager in a Pick-3 pool.

Now a Pick-3 pool — for those of you who do not bet may not understand — the back leg of that Pick-3, winning three successive races, you don't know what the number is. It's not available to the public. I know what the double is, I know the one-two double pays \$20. One horse is 5-1. There's no way I know the Pick-3 pool. How did that bettor know to put in a \$1,260 bet? So my theory is, someone is arbitraging the Pick-3s. These are my theories, and can I prove them? No. We'll talk a little more why I'm frustrated that I can't.

But I am concerned because I've gone through this in the Susan Bala indictment. I spent two days in front of the federal grand jury and that information should not be made available. It seems to me somebody had an understanding of what was in the pool. And I know I can't get it, and I bet you everybody that raised their hand in here can't get it. Somebody is getting information. That's part of the testing. I want to make sure we know there's not a back end leak of information going to people that are getting advantage over the regular bettor.

Second part, I need to be paid correctly. That's the beauty of Vegas. It's unbelievable. Most people don't understand about gamblers. Gamblers don't mind losing. Gamblers expect to lose. But when you win you've got to win. Some people in here play craps, raise your hands? If your wife, husband isn't here, raise your hand. Okay, we don't have a lot of craps players.

There's a bet called a proposition bet, okay? You put a dollar. If you roll double sixes you get a huge payout. You know the odds? Thirty-six-one. Six times six. Six times on a die, it's called a hard 12. You put a dollar up there, you roll a seven, you lost a buck. I've never seen a wagerer go screaming away saying it's terrible. You roll double sixes, I'm a winner, you get paid 30 bucks. You just got ripped off. The house just built another room on the casino. Steve Wynn's going to China, built another hotel. You should have won 36 bucks, you won 30. Now, that's how Vegas is built.

We're not Vegas, we're pari-mutuel. That's the beauty of pari-mutuel, and that's why I got into pari-mutuel. Don't play craps, any other form of gambling other than pari-mutuel; because in pari-mutuel there were two cool things. Number one, you are not betting against the house. And with monitoring, wagering integrity, you know what you are getting. Because if the board says 5-2, I'm going to get 5-2 on my horse. Okay. That allows me, as a good handicapper does, I can set my line and say, I need 5-2 or 3-1 on the horse. If he goes off at 3-1, I'm going to play him. Two-one, I won't. Eight-one, I'll play him a lot. It allows me to make a conscience decision about what to bet.

As I talk to bettors across the country, it's universal, constant amongst the players. What you are seeing now is the money that you put on a horse, you watch it and it should pay nine and the prices come back in and it paid five.

Is there something wrong? I think so. But can I prove it? No. Again, that makes me very, very concerned. I may be wrong but I still should be able to prove if I'm wrong.

For instance, this happened two weeks ago. I was at a major racetrack watching the back end of a daily double. Are people familiar with a will-pay on the second end of a daily double? The horse I liked was a seven horse. It was 5-2 morning line and there was a favorite that was 9-5 morning line. And the double was paying for my horse, the seven horse, was \$39. The favorite who was going on the board at the time was paying \$36. That's a typical spread, you understand that. Favorite \$36, your horse is 2-1. He is paying \$39. The 4-1 horse, paying 80 bucks, 5-1, 100 bucks. Everything tells me things are lining up. Everything seems legit.

Right before post, if you watch a lot of races on television, or live, they show the odds underneath the racehorse. I don't know if that's such a good idea in the state of the industry right now. I know we got the refresh rate lower, which I think

is a double-edged sword. What happened at post? At post my horse was 2-1 and favorite 9- 5.

The gate opens and the seven horse—the word dwell, my horse didn't dwell. He set up like a camp in the gate. I don't know when he left. I actually don't. Camera kept going and you're watching the horses run and where is it? You're waiting for the horse, but you know you are done.

Wouldn't you think out of the blue, they are going a mile and 16, buck 16, the horse comes flying by at the end. Ran his eyeballs out. Unbelievable race, from last to first, off the pace by 40 lengths and wins. I look at the board and he is 4-1. The board jumped up two points. That doesn't make sense. That makes no sense as a player. As a regulator, something is wrong. Either some more money came in on a lot of other horses in the last tick, or there was a cancel delay and people saw the horse fall and took the money out of the pool.

That's the thing that has to be monitored. With a monitoring system, we know it immediately. Can I go out and find out whether there's a cancel delay that happened that day? Absolutely. Will take me about a month. Hopefully, everyone will be cordial as you investigate it. Do I want to investigate it? I don't want to investigate it, I want to stop it. I want to stop it before it happens and investigate before it happens. I want to use investigation to stop these things before they occur, not after they occur.

I'd like to read you the last paragraph of Steve Crist's article. He says it more eloquently than I do. Perhaps he's a paid writer. Go figure. He says: "It seems racing's investigatory apparatus is hopelessly behind the times. Dusting for fingerprints and taking out suspects when there should be a perfect evidence trail of wrongdoing in the largely unexamined records of pari-mutuel betting. In a world where sophisticated software can analyze betting pools for high rollers' benefits, the same software should be able to discover even the tiniest irregularities in wagering patterns. It shouldn't take major incident like the blatantly impossible Pick-6 tickets of 2002 or a robot's \$40,000 mistake to trigger racing investigations. Racing may well need more testing surveillance and security. A quicker path to uncovering wrongdoing could be to follow the money, starting with a better system to track it."

And that's where I come to the good news. And the conclusion of what I'm here to tell you is that RCI, Racing Commissioners International, which I gratefully work for, is basically the collective of the individual regulatory jurisdictions. And for the longest time the individual regulatory jurisdictions had no wherewithal financially or politically to accomplish such a task.

Approximately two years ago, and with the associations getting together, there's been a movement of critical mass and RCI has formed RCI Integrity Services, which is a wagering and monitoring system, which is ready to roll, folks. It's ready to roll out January 1. I hope you read about it in the trades. It goes to exactly what Steve Crist is talking about.

RCI got a mission statement from its individual members to go out and accomplish this. So we went to ESI, a wonderful company, previously employed by NTRA, to do this exact thing, although it didn't get done. I don't mean to cast "asparagus" at anyone, it just didn't get done. And so someone had to get it done. And we got this done. It's done. It's ready to roll.

So is it needed? If I'm right, absolutely. If I'm wrong, absolutely. Either way, the monitoring of this to ensure integrity is needed.

Are the regulators concerned? We could not be more concerned. Obviously, we did not endeavor into this project, a two-year project with a lot of work, a lot of work to make this thing financially viable, without being committed to it.

I can think of no other electronic form of digital wagering that is not independently monitored. And we believe the regulators to be at the core of this.

Think about it. First of all, if you are the police, for all intents and purposes the regulators are the public's police of racing. The pari-mutuel industry — I don't mean to leave out quarter horse and greyhounds — it's all pari-mutuel. In order to control this it only makes sense we have an independent monitor. If we are the public's police force, would we allow that?

Or I would argue we are not legally permitted to abdicate our responsibility as regulators to anyone else to control this. That doesn't mean we are the only participant; it doesn't mean the stakeholders don't jump on board, which is what I'm advocating here today, that the industry grab onto this. This initiative is coming down the tracks. It can avoid a train wreck, keep us out. It can keep out the very things I hope I illuminated for you, the pitfalls if we do not take care of the integrity problem, whether it's as large as I think it is or smaller.

But the regulators stepped up to the plate. We have a system. It's coming down the tracks. It seems to me it's in the industry's best interest to jump on board. There could be an argument — well, the industry itself could regulate itself. Part of me, it doesn't pass the smell test. Not from me, not that I worry about the honor of anybody, I don't. If you tell the public, guess what, the regulators turned over the monitoring of transmission of wagering to the industry. If you did it in Wall Street you would get laughed out of town. The SEC said we're not going to monitor the financial institutions, we're going to let them monitor themselves. And then report to us. That would not pass the smell test.

So, again, I believe that the regulators are in a unique position, with our exemption from antitrust, to be able to handle the problem. We believe we have come up with a great system. With a smartware, the system we have in place, which Canada has in place plus a better system with the smartware Izzy has added to it. And I think with an adoption of that sort of monitoring of the wagering process we will have accomplished a great deal. And I know there's a lot more discussion. Thank you very much for taking time to listen to me.

**(Applause)**

**MR. NICHOL:** All I can say to that is hallelujah, Paul. Paul Bowlinger cares about wagering integrity and train wrecks and bombs. And for those of you that know me, I didn't know he was going to talk about cancel bet delays.

Our next speaker is Frank Fabian. Frank is relatively new to the industry. Currently he is President of Thoroughbred Racing and Protective Bureau and has been in that position since February of 2005. In his previous life he was assistant section chief of the Terrorist Financing Operation Section within the FBI at the FBI's Counterterrorism Division in Washington, D.C. His promotion to that division followed the September 11 terrorist attacks and came after a 20-year career with the FBI. Frank's a veteran of the United States Air Force. He's been a detective with the New Jersey State Police. During the tenure at the New Jersey State Police he participated in several racing-related investigations while in the racetrack unit in Monmouth Park.

Frank's here to speak to you about wagering integrity, how he got in the business, and what he and his organization are doing to further integrity in wagering.

**MR. FRANK FABIAN:** Good morning. I'm like Paul. I don't have a great history in handicapping. My wife told me towards the end of my bureau career, having spent the last four years in Washington, I seem to be surrounded by a bunch of horse's asses. She said maybe it's about time you got a job working with the whole animal. So I came in on the heels of some interesting times early in 2005, not the least was the case that Paul was pivotal on.

I remember looking in the Thoroughbred Times after I received the appointment to replace Paul Berube, and there was my picture. Underneath was a picture of a fairly attractive woman. And I said to myself, this is probably going to be a good job. And then I read on to read that that was Susan Bala's picture. And it dawned on me that just as I was leaving the federal system, she would be starting in it.

I read with great interest about that case. And on the heels of that case was the January 13, 2005, indictment of the Uvari's and another 33-count indictment of the Southern District of New York that dealt with illegal gambling business, money laundering, tax evasion, all surrounding a fixed race at Aqueduct involving the milk shaking of A One Rocket, a horse heavily bet by several in that syndicate. It involved an offshore entity through which they had accounts; and, of course, some of the individuals involved in this organization were associated with organized crime. All of those factors really made this an exciting case for law enforcement. Certainly for me, because of the Bureau's involvement of it.

It was very important as I left of the Bureau to be able to find the position where I could still interact with the FBI and law enforcement and perhaps in this

industry. Because I had a brief background early in my career, I thought it would be most exciting.

I hope I don't misquote Dinny Phipps. But I believe that the first Round Table I went to in '05, I recall Dinny saying, "Our business is based solely on consumer confidence. Without it we have no business."

I remember when he said those words. Nothing in my view could have been more true.

Clearly, for every participant in our industry whether trainer, rider, owners, those involved in the industry aspects have an important role to play, all of which the goal should be to increase consumer confidence.

What is my definition of wagering integrity? It's quite broad. It's any conduct or performance which positively affects our industry and enhances a bettor's decision to wager on racing, including the security of the tote architecture, it's infrastructure and system safeguards and employees, as well as going to the physical plant security and procedures of the tote companies and where the valuable data is stored and manipulated. The diligence of the RCI Wagering and Rules Committee, which has worked very hard to develop and employ and implement throughout it's 38 racing jurisdictions these rules.

Integrity involves ensuring the integrity of secondary retailers of the simulcast product. And full knowledge of their redistribution of those signals, and particularly today when those signals are redistributed throughout the world, Central, South America, and other locations where many of us have never traveled and have no idea the wagers being sent into our pools from those locations. And we also in living up to a system of integrity have to have the ability to quickly respond to wagering anomalies, which call into question the integrity of wagering or a race. As Paul said, our consumer is our customer is our bettor. In my view, we have been involved in a number of racing investigations and the ones that are most successful, particularly the most recent one being the Pick-3 at Calder, is when a racetrack can respond immediately because there might be a TRPB agent at the track and otherwise engages and immediately looks into what happened, either through the wagering detail or participant conduct to be able to report back within days, if not sooner, a preliminary report to the betting public so we know we recognize there's been an issue and this industry has the resources to address those problems.

What has TRPB done to address these issues for it's corporate owners and the wagering public? Perhaps some of you in the room don't know the Thoroughbred Racing Protective Bureau has been around since 1946, and its parent company is the Thoroughbred Racing Associations of America. Clearly, we have an obligation to our corporate owners to ensure their business interest, but there's a collateral overflow of that benefit to the industry at large.

Since 1996 we've been very fortunate to have been able to provide a number of these same services to our friends on the standardbred industry through their association with both Harness Tracks of America and USTA, a relationship of which all of us are proud.

So what do we do at TRPB to address issues of wagering integrity? We continue to conduct specific wagering analysis and comprehensive on shift studies. Periodic simulcast and transition audits to address those things Paul mentioned when prices are dropped and questions are asked as to why this happened close to post. We initiated numerous investigations and oftentimes we pursue them in concert with commission investigators and state, local, and federal law enforcement officers. We contribute a lot to the wagering and transmission protocol effort, which I'll touch on towards the end of my presentation briefly because I have to keep it very nontechnical.

We are also involved with TRA 2020 group and RCI's important wagering Model Rules Committee. Let me talk a minute about our most recent initiation, I think the most important, and has performed within the budget and time frame we anticipated having just started it in March or April of this year.

Through the wagering analysis project we collect and analyze wagering information on a near real-time basis. From our TRA member organizations, recognizing we are in an inter-tote protocol environment. It's the best we can do given the system, and being realistic about it, and the TRA settlement file is the accounting mechanism by which reconciliation's between tracks are made and wagering data contained therein. We import the data every day on a daily basis now, from which we develop historical patterns of wagering to model the sort of betting going on at each and every location to the recipient tracks. From that we're able to identify wagering anomalies that require further investigation.

It goes beyond that with this project. It's not just a matter of gathering data and looking for anomalies and betting trends. It's about identifying new information streams of intelligence that gives us information on participants in racing.

We all know — maybe we don't know — in my travels particularly with Curtis Linnell, who is our director of wagering analysis, in our travels to other countries that have betting and legalized bookmaking operations, the millions of dollars expended in security and entities over there parallel to TRPB. Because when you're outside the pari-mutuel environment and working with betting exchanges and legalized bookmakers, clearly an untoward participant involvement by riders is critical and they spend millions of dollars developing sources to gather that sort of intelligence. And we would be foolish, given the pools we work with in markets outside the U.S., that we didn't recognize the need to have that sort of information as an investigation intelligence agency, which TRPB is. So we take great pride in the ability to identify these new information streams to help us along these lines. All in all, the goal is to deliver integrity tools, monitor wagering in participant activity.

Of course, these were things TRPB could not do on its own although we have quite a robust facility in Fair Hill, Maryland, where our headquarters is.

And so after meticulous planning by customers and others within our organization, we recognized rather than build this ourselves we went outside TRPB to do that, and using the services of The Jockey Club, through InCompass and The Jockey Club Technology Services, both of which are internal family companies of The Jockey Club. As a result of these efforts today and the automated processes that are developed, the warehouse that's built, as of today we are getting seven files daily from TRA and two HTA tracks currently conducting live racing, we're getting the result immediately after. And we're archiving data from 32 TRA tracks and seven HTA tracks representing a total of 1,026 wagering sites.

So the importance and significance of that is that we are, in a very short period of time, developing that system, importing that data, archiving it.

It's hard to tell if you have an anomaly at a location if you don't know the betting patterns from that location. The sooner we continue to archive the data and incorporate the rest of our members, our goal is to have even all the HTA tracks online by 2007, and nonmember TRA tracks. That will make the system a success, particularly in an environment we are in now, with ITSP, where transactional information is masked from racetracks. It remains the tote, and that's something the new system, the new protocol hopes to address.

One other thing I would like to spend a moment on. When we talk about integrity beyond what I said before — or part of what I said before was the integrity of the individuals that we allow in our system. Much has been said with Paul and the RCI model and certainly with what TRPB is doing and what we talked about after the 2002 Breeders' Cup scandal, for example. We talked a lot about the integrity of the system and perhaps the security of the system. We can all recognize, and perhaps Tom will elaborate on, that fact of the 2002 Breeders' Cup scandal. It wasn't a problem with the system, it was a problem with the integrity of those three individuals who chose to manipulate it.

Part and parcel of integrity is knowing who it is we let in the system. We can build the most secure tote system — and, frankly, I think we have a secure tote system. We have not seen any problem with that system since 2002. In fact, it wasn't a problem with the system but the employees having access to it.

Beyond the system, building a great system may be and improving the system may be the thing to do and is the thing to do for a number of reasons. If we willingly give the keys to the vault of that system to anyone that wants to offer wagers to it, our host tracks — I'm speaking as TRPB, which is owned by host tracks—if we are going to willingly let those individuals into our pools without having a complete understanding of who they are, who their ownership is, corporate officers, managers, technologies they employ in getting into our system, their betting model, certain procedures they use, rebating practices or robotic

wagering, if we don't have full understanding of that — and one other important aspect, the regulatory oversight that goes into monitoring what they do — if we don't pay attention to those things, I question what we have gained. And we lead ourselves back into scandals. Just like the Uvari indictment where we had individuals that should never have been allowed to use offshore accounts to funnel money into our system.

To that end back in March of last year, 2005, and certainly in no small part because of the sense of urgency the Bala investigation gave us as well as the Uvari indictment, the TRA board of directors approved the process that TRPB devised which became known as "due diligence process." It was a robust package of documents that the TRA approved to send to a number of select secondary pari-mutuel organizations, or SPMOs. Those individuals being identified as retailers of our simulcast racing products, to gather better understanding of those things I just mentioned: Who they were, who owned them, their technologies, their oversight, and business model.

In fact, to date I'm happy to report we have completed reports on a number of those entities, five to be exact, to our members. And in instances to regulators that questioned those reports to which they are entitled as being those that issue licenses to our corporate owners. There are several others in the works now and we are in discussions with more to continue the process.

But to have a system, to have a wagering system, security system and say you have integrity and not make that a priority is recklessness. We only need to look at some of the things that happened here of late with the view that the Department of Justice has taken. BetOnSports, for example, recent cases out of the New York involved an offshore Costa Rica-based betting site that a New York group used to wager and run its bookmaking operation.

Most recently there was another big indictment out of New York which not only included — this was unique in that it had an offshore Internet site based in Costa Rica where bettors placed bets and were employees, agents, runners, and collectors of the illegal gaming business could check internal documents and processes—but all the bets were collected and paid by runners within New York. Interesting in that case was the fact they indicted two companies that provided Internet services.

So as I talk to my directors and talk to you this morning, when we talk about integrity and talk about doing those things to ensure our bettors that we are on top of our game, we don't want to be, in my view, in the position that future indictments come out — and we know they will. We would be kidding ourselves over and over again if you are sitting in this room and you think there are not people every day that get up whose sole purpose is to figure out how they are going to get a piece of the \$16 billion wagering industry in North America, then you are kidding yourselves. I spent 20 years of my career dealing with individuals like that, and I can tell you they don't work. They get up and they figure out how to scam you out of the work that you do.

At the end of the day we need to make sure that our due diligence of everyone we allow in our pools, allow to bet on our races has to extend beyond what we thought of last year, even down to other vendors. It could be sooner or later we get an indictment instead of going beyond illegal gaming business that's charged civilly and criminally under RICO money laundering and tax evasion. But now if they start to extend it, those entities that provide reasonable services could be vulnerable.

The Webmaster, his company was indicted and him personally. My certainty is that the racing industry could well find themselves in that indictment if they knew that those races were being given to an entity that redistributes them to a place where, for example, illegal bookmaking layoffs were being made.

These are some of the issues that, again, TRPB, representing it's corporate ownership, have great concerns about, and it all involves integrity and what we need to continue to do to ensure that we make our sport as secure and of integrity as we can.

One issue I'll touch on briefly is — I was told if I hit the button once, a new slide would come up. There it is. This slide was developed just for me because it demonstrates my level of technical expertise. Just if you don't know what the wagering transaction protocol is as opposed to the system we are in now with the inter Tote system protocol, WTP came about as a concept after the Breeder's Cup scandal.

By 2003 Sci Games and The Jockey Club released a concept that reported bet-by-bet transaction of wagering sales as a successor to the ITSB, which is really store the wagers and forward them with pool merging. The racetracks were approached with the concept and it was already employed by a number of international organizations, mainly on exotic bets and in Germany and Sweden. And it was generally embraced by our racing industry.

By 2004 The Jockey Club invited the major racetracks, TRA, TRPB, RCI, and the NTRA to participate in furthering this along with the remaining tote companies beyond Sci Games. The host and control concept developed out of these meetings and culminated in publishing version 1.0, which was released in August of this year. The Jockey Club, TRA, Woodbine, Magna Entertainment, Churchill, NYRA and NTRA are all registered owners of the protocol and they provide it royalty-free for use to any legal pari-mutuel entity.

The committee overseeing it has met recently at the simulcast conference in Philadelphia. There was a huge positive response to this. In fact, the workgroup will be meeting in March of '07. There is no timetable on the formalized release of WTP, and there's a number of issues left to address regarding cost and the bearer of the costs to the industry.

If I were to close my presentation with one thing it would be to say to those of you, like Paul, who have a huge interest as bettors or talk to bettors or a huge interest in wagering integrity because of other roles within this industry, please leave here knowing the racetracks are very committed to doing what they can to address the issues in integrity. They fully funded the betting analysis projects and other projects TRPB plans to roll out, because they recognize as the corporate owners of the racing product it's their responsibility to do so. I think between what they are doing on behalf of the racetracks and in the broader strategic things that are being progressed, such as WTP, as we move forward the industry will be far better off and far more secure than it is today.

Not that I want you to leave here thinking we're totally insecure, but clearly we will have improved on our processes greatly, I believe, in the next year.

I thank you for your time this morning.

**(Applause)**

**MR. NICHOL:** Thanks, Frank. And you do bring some technical knowledge. So there we have point of view first from Paul from a bettors point of view. That's where he came from. Frank is from a law enforcement background. He gave his take.

But we're all talking about integrity of wagering and the view of the customer. One thing I have to comment on, there's two initiatives. RCI, Paul presented that; and Frank, wagering transaction protocol. You don't have to know the technologies. They are not competing but complementary technologies that, hopefully, we will see sooner rather than later a combining of the two technologies, which will serve to be a hugely incremental investment that this industry makes in effective maintenance or furthering of integrity of wagering pools. I'm getting close to an editorial comment. I'm supposed to be the moderator, I apologize.

Our next speaker is Tom, director of audits and investigations with the New York State Racing and Wagering Board. And he has been in that position since 1997. Tom's led several investigations and audits, which have recovered millions of dollars for the industry. He's been a certified public accountant for the past 20 years.

In his previous career he was a partner with Pattison, Koskey, Roth & Florio where he managed several governmental and nonprofit audit engagements involving financial compliance and audits. He served on various racing industry boards and working groups related to wagering security. In fact, he led the Breeders' Cup Pick-6 investigation for the State of New York.

He has received a letter of commendation from the Department of Homeland Security for the assistance he provided to the National Threat Assessment Center with respect to insider threats. Tom appeared on "Primetime Live" and in a documentary, "Anything to Win." He is a member of the American Institute of

CPAs, New York State Society CPAs and the Association of Certified Fraud Examiners. I'm going to give you Tom Caseregola, who is going to give you his take on wagering integrity.

**MR. TOM CASAREGOLA:** Thanks, Ron. I'm a little concerned. I realize it's a panel of probably three people; that most people usually don't want to talk to a lawyer, an FBI agent, and an accountant.

**(Laughter)**

Luckily, we don't have a dentist or IRS agent up here, too.

From the laughter, a few of you are still awake. That's a good sign. Hopefully the topic is of importance for us all. We have interest in this and we have over the years. I can tell you, this is something I've been living with for quite a while since I've been at the Board. I was told I'm supposed to explain how I got involved in racing. It's really kind of dull. I'm an accountant. What do you want?

Basically, largely personal reasons. I was working in a firm, I was a junior partner, working 60, 80 hours a week. I had a young family, I was looking for a change, basically to slow down a little bit and spend some time. A colleague of mine was involved in the New York State Racing Board at the time and described what sounded like a challenging yet not-so-work-intensive environment to come to. Basically, restaffing an audit unit that didn't exist at the time in New York State. So I jumped on board at the end of '97.

I was in the middle of an investigation that we had at one of the regional off-track betting associations that we had in New York, which ended with the conviction of the then-president of OTB. Since then there's been a number of audits and investigations that have kept me quite busy. I'm happy to report I'm still working less than I used to work. Kind of a normal work flow for myself.

What is integrity? Sounds like an easy thing, but I'm an accountant. I had to look it up to know what I'm talking about. I came up with a definition. Adherence to moral and ethical principles, soundness of moral character, honesty. Nice. Sounds good, but kind of subjective. It's relative. It's like when I talk to my kids, "Jonathan, why did you punch your brother?"

"He won't let me play GameCube. I didn't kick him."

Well that's good, I guess. It's a form of integrity. It would have been worse. It's relative. What is integrity? To me it's to come home at the end of the day and be proud to tell your kids, your wife, and your parents what you did that day.

But also to come back the next day and tell your peers what you do that day, it's being transparent. It's more than talking the talk. You have to walk the walk. Everything comes through. People see who you are through the actions that you do. That, to me, is integrity.

With that said, we can't regulate integrity. It's something, a choice each one of us has to make.

What we can do? We can promulgate rules, we can pass laws, and we can create an environment that perhaps will encourage integrity. To encourage to do the right thing, set the stage.

In looking at the issues surrounding wagering integrity I look at, basically, look at it as risk assessments. What's the vulnerabilities? Vulnerabilities are the problems out there we have seen, or the issues. Some would say it's the pari-mutuel system, outdated system that has come a long way since October 26, 2002. Should we say it's conflicting interests between the tracks and the simulcast sites? That might be a risk for some, the business model.

There's a risk, too, that I see as an accountant, a concentration of business that I see coming on the horizon for the tracks. What it is basically is looking — a CPA does an audit of a financial state of an entity. You look at the business model in a general sense and you identify, if the entity you are auditing has a handful, one, two maybe six vendors that produce a majority of their income, or, conversely, one or two vendors which they rely on to get their product from.

It's called a concentration of business risk. That's something to be aware of. That could lead to a weakening of the business model. Lending institutions want to know about this. Is the track relying on one or two sites producing the bulk of its income? Or maybe it's those one or two sites that keep the track from losing money or turning a profit. Concentration of business risk is something I think we all have to look at.

You don't want to create the tail-wagging-the-dog scenario where one or two really important clients of yours dictate how you set up the systems, how you do business, and how you are going to accommodate them. Healthy business model, economic model is to expand the client base. You want as many people involved as possible. That's a challenge the industry has here.

Racing is a mature industry. You're scrapping for every dollar out there and that makes it difficult. Traditionally, looking at business environments like this, if you can't raise revenue, what's the next step? Cut costs.

One of the first things, historically, cutting costs is easy to do for those types of activities that a business may conduct that they see as not raising money, not making revenue. That is, unfortunately, internal controls, and that becomes the problem. Controls weaken because you are cutting costs and can lead to other problems down the line.

I had a whole different presentation to make today. I'm going to pretty much wing it. My mind usually works faster than my mouth, so if I start to sound stupid, please raise your hand. I'll try to compose myself.

The first thing I looked at when I started to prepare, doing research and reading and I thought it would be appropriate to bring up one of the items I looked at. Back in 1987 a national commission of fraudulent reporting known as the Treadway Commission, they issued a report, which I think most people are familiar with. They reported one of the most significant items. Tone at the top plays a critical and influential role in creating a ripe environment for fraudulent activity.

Sounds like common sense, but a lot of times we forget about it.

How it works into what I said previously is the thing about internal controls, why it's important even though it's not a revenue-producing activity. Tone at the top does play a role in fraudulent activities. We can name easy examples: MCI, ENRON, WorldCom. In racing, North Dakota, RSI, Uvari, the indictment of NYRA. These are tone-at-the-top issues, real-life home issues for everybody. It's not to pick on those few sites. I think the sites operated with what the industry accepts. Because it's a mature industry, it's been my personal assessment, the industry's tolerance for risk is fairly high. It's high because we're trying to make money. In doing so, if we can't raise revenue, we're cutting costs.

What New York is doing in response to this is a way to try to address some of these issues. We're doing that in a three-step process; and the steps fall into what Frank and Paul already presented today, so I won't get into that in detail. I do have handouts of these, at least two of the steps.

First one, tote standards. Minimum operating standards for tote companies operating within New York State. How they have to operate. Notice I said minimum. They can exceed these standards. They are encouraged to exceed these standards, but these are the minimum standards we would like to see, in fact, require tote systems to operate. Those rules are currently pending. Hopefully, they will be implemented soon.

They address various issues we talked about today. Cancellation delays, hardware requirements, software requirements, added security items, general management requirements, etcetera. They are in the handout. And probably a lot of people have seen them. They have been circulated a bit over last year or so.

The next step is the assessed 70 audits. My background, I'm a CPA. I'm not a professional gambler by any stretch of the imagination. I'm also not a computer programmer. I do know controls, internal controls; and I do know auditing.

Assess 70 report is statement of auditing standards. Number 70, which requires or employs guidelines for audits or other CPAs to audit service providers. A service provider is that company that provides a service to other entities. This audit standard came about in banking several years ago. Small banks didn't process their own transactions. They had other service providers or institutions process the transactions for them. Obviously, the similarity is the tote system.

The tote system is a service provider to the tracks and OTBs. What that does, the auditors have certain professional standards they have to follow to do an audit of the system, to make sure it operates as it purports to operate over a certain period of time on designated sites. This is the part of the verifying system that once the tote standards get into effect, we'll be able to write exactly what the auditors are supposed to be testing.

The auditors will have to adhere to professional standards. And the auditors are audited every three years to make sure they are doing what they are supposed to do. That will help us ensure with the limited resources that we have in New York — and I know we're out there in other jurisdictions — the tote standards in effect are actually being followed and point to areas where we need work.

The other step, the third step, is the simulcast contract questionnaire. That's something we're beginning to implement in New York. We started in the summer. Spring of '06 we started with offshore entities with the intention to send to any site that receives a New York signal. A copy of the questionnaire is included in the handouts. It's built largely in part on the background investigation that TRPB did and is doing on the SPMOs to include five basic areas.

Keep in mind what we are doing is not investigation. It's a questionnaire. Similar to what I consider a type of registration process. Starts to answer the questions, who, what, when, why, and where? Gives us a business identification. Who are the individuals? What regulatory environment the sites operate in. What is the business plan operation specifically we're interested in? What types of account wagering? Internet wagering? How they identify the people that open accounts with them. Product pricing. Do they offer rebates? If so, how are they structured, and the pari-mutuel wagering equipment and services they have?

The tote systems. The number of terminals. Where are the terminals? Where are the records? Make sure we have enough information. When we do have questions, if an issue comes up and we have to investigate, we're going to be able to hit the ground running rather than starting from scratch.

We've looked at, unfortunately, races in the past where it takes us several months to get to the place where we would like to be in a couple of days. Hopefully, the questionnaire is designed to start to help us in the process and let us know who is in the systems.

I have to say, I was quite surprised. It's my belief most tracks probably don't know who you are doing business with. You might have an idea. A lot of times it's not known. As Frank alluded to, that could lead to problems. If you're allowing people into your pools that maybe shouldn't be in the pools. You don't want to expose the entity to a larger risk than need be. A questionnaire is designed to give us a foothold for the information. And at some point with resources available to us, we would be able to begin a review of each individual site.

I'm running low on time. I guess I should begin to wrap it up so we have time for questions if people are still awake.

I'd like to say, perception is the most difficult part of what it is that we do. It's not only what we do, it's how it's perceived. It has to pass the smell test. In order to do that you have to have people doing certain functions, to be independent in the reviews that are done. It's more than words, it has to be in fact. In practice. Which falls back to my definition of integrity.

So today, if anything, the biggest thing to take from this — at least from my small part — is tone from the top. It's something we can do by defining our integrity individually, and to be proud to leave every day from work and tell everybody what it is that you did. We need to continue to raise the bar and set the tone for the environment we work in.

**(Applause)**

**MR. NICHOL:** Thank you, Tom. I think I want to talk to you later.

Now is the part of the panel where we invite questions, any questions you have for the panel for clarification. There's microphones. Step up.

I have one question for the panel. It's kind of leading. They covered a large number of areas from different perspectives. I'm curious, what would be the greatest single threat currently to wagering integrity in the racing industry today? In your view, a fair question. Who would like the first shot? I would have won my bet. Paul?

**MR. BOWLINGER:** Well, at the risk of being redundant, another bomb going off. One would like to say after 9/11, are we safer now than then? Are we safer now than 2002 on the Pick-6? And as I look at what happened at Calder, I don't know that we are. And absent a monitoring system that does it in real-time. I think we're looking at the type of characters Frank has dealt with, that sit every day waiting to throw a bomb in the system. When it happens, it's going to hit the media and it's going to explode. And the cascading effect from that, and an already struggling industry, could be cataclysmic.

**MR. CASAREGOLA:** I guess I'd have to say complacency. We need to always be diligent and look. I think we're our biggest threat sometimes.

The Breeders' Cup happened because of weaknesses in the system. True, it happened because of weaknesses of controls. If there was proper controls in place the independent recording device would not have been shut off. The programmer would not have been allowed on a live system totally unobserved. There's several types of those issues. It's controls, and controls we can implement today. They are not very costly, but we can start. We can't wait for things to happen and waiting for programs to initiate. We can greatly initiate strength in the system through controls.

**MR. FABIAN:** I'm not sure if I have a vulnerability as I do a sense of urgency. I think the sooner the industry can embrace particularly WTP. Everyone from totes to tracks to regulators and interested parties are involved in, to me that is probably the most important initiative out there. To Paul's mention of Calder, if in fact we had been in a WTP environment, it would have never happened. Calder never would have validated those bets.

Instead they went through. There were other — not to fault anyone — there were other systems in place that broke down. Quite frankly, when we get the WTP control, bets like that would never have been validated. The sooner we come together as an industry and work together to make WTP a success, as everyone on the working group is working diligently to do, in a large part it will address the issues.

Clearly, as we said before, the transparency of the people in those pools again, a sense of urgency. I don't know if we should walk out of here thinking we're terribly vulnerable until we know exactly who is in our pools and deal with those individuals appropriately. I just think those are urgent issues we need to go forward aggressively on.

**MR. NICHOL:** Any questions from the audience? Yes?

**MR. DAVE STEVENSON:** Good afternoon. Dave Stevenson, Stevenson & Associates. I have a question for each of the gentlemen at the podium.

Paul, just why entering a high-technology age in horse racing and sports have we made the rule book to your constituents obsolete? And, Tom, what is the budget for the New York State Racing and Wagering Board? And, Frank, when you address or talk about legal bookmakers and illegal bookmakers, could you give the difference in your mind?

**MR. BOWLINGER:** You might have to stay because I don't understand your question. I apologize. Why have we made the rule book obsolete?

**MR STEVENSON:** When you apply for a license, you issue no rule book to the constituents. Rule books are pretty much obsolete throughout the industry. The rules are promulgated, updated, and so on; but the constituents licensed on the racetrack no longer receive them. Just a question. We want — we're in the high-tech stuff but what about something as basic as a rule? Would that not help the investigative process by the constituents themselves knowing accurately what the rules of the sport are?

**MR. BOWLINGER:** I think that comes down from the tote standards. I agree you have to know what the rules of the game are; and, Tom, maybe you can help me out. The rules, have they changed and are they not readily accessible to people that need access?

**MR. CASAREGOLA:** In New York the rules aren't in place yet. But when they are out and available when they get in place, they will be made accessible. To my knowledge Colorado, Texas, and Canada have tote standards that were written. I'm not sure about other jurisdictions. Pennsylvania has them now, too. Has standards. They will be different because of jurisdictional issues, but should be out there and available.

**MR. BOWLINGER:** It's certainly a worthwhile goal. And if I haven't explained in the time after, to spend more time illuminating me as to your question.

**MR STEVENSON:** Just a simple availability of rules and regulations, that's all.

**MR. CASAREGOLA:** I'm sorry to say you gave me a softball question, but I don't know the answer. I don't know what the budget is in my agency. I'm not involved with the administrative end. I can get it to you afterward.

**(Inaudible)**

There you go, that's the chairman. Twenty-four point seven million.

**MR. FABIAN:** My question is legal versus illegal bookmaking. There will entities, for example, that have contracts are TRA member associations. SPMOs, licensed bookmakers in other countries. In the United States bookmaking is illegal. We're talking about other countries where bookmaking is legal and those wagers accepted as book wagers, they are immediately up on each bet entered into the pari-mutuel system. They are not held and then laid off.

As opposed to illegal bookmakers — and let's say everyone in the U.S — but outside the U.S., illegal bookmakers, by my definition, are those that take bets from U.S. bettors and lay them off into the pari-mutuel pools.

**AUDIENCE:** Because we are allowing them into the pari-mutuel pool. If they are in a country that allows legalized bookmaking and have a bookmaker's license, when they accept bets on North American racing or U.S. racing, those bets are immediately put in the pari-mutuel system. They are not held and then laid off into the pool.

Each bet, in essence, it's a pari-mutuel bet. They are a bookmaking entity and do not have pari-mutuel licenses. As opposed to a bookmaker, according to the DOJ, would be illegal bookmaking operations if you are taking bets from U.S. racing bettors and entering through some mechanism that we don't know, laying off the bets into U.S. pari-mutuel pools.

**MR. NICHOL:** Another question?

**A VOICE:** I've heard reassuring words about how important this is to our business and how to fix it. What I'd like is a little clarification on — if I could use the phrase "who is driving the bus?" Who is the regulator here? We have states, countries,

TRPB, ARCI, all kind of going somewhat in a little different directions. Are we making any headway? Do we have too many regulators in the mix? Is there somebody driving the bus? Somebody who is going to tell us when we get there? And I'm not sure — this is for all of you — who wants to handle that?

**MR. NICHOL:** Let's make that the last question. And thanks for not making it a softball question.

**MR. BOWLINGER:** Although a hittable pitch. RCI is a group of regulators, and they were given a mission statement to form a monitoring system that has been accomplished. So for those participants I believe that the regulators can be driving the bus. We hope there are many participants and they will have as much input.

And RCI, I know, has extended hands, constantly willing to extend hands. Are we making progress? As far I know on January 1 we've made a lot of progress. So that would be my answer.

**MR. CASAREGOLA:** I would say the person driving the bus is the only one mandated to be licensed to drive the bus. The regulators. I think TRPB provides a complementary service and do a good job. But there's a different goal and it's involved with regulation. With that said, I think each regulatory jurisdiction might have slightly different objectives than the RCI. The ultimate goal is the same. The bus has to be driven by the regulators and that's how it's going with the assistance and input of the industry and key players like TRPB.

**MR. FABIAN:** My answer would be TRPB certainly is not a regulator. We're owned by the racetrack; however, our view — and I don't know if I can speak for the 41 members of the TRA — we view wagering to be a product of the racetrack. And we view our members to have certain business interests that need to be preserved that are not the business of regulators.

Regulators have a role to regulate. And it is in my view the business of racing, the operation of racing, belongs to those that are operators, and that is racetrack. They are the ones that operate the business and certainly do it under the rules that regulators promulgate for racetracks to operate. But that, in my view, it in no way precludes racetracks from recognizing the responsibility they have to ensure their business is being run in compliance with regulation when it is set forth, and they have a business responsibility to do these things. What other business would leave the very important things that measures success in that business to a regulatory body? Although we work hand-in-hand with regulators, it's safe to say we are there to preserve the business interests of our racetracks. We feel wagering is the product of business.

**MR. NICHOL:** Thank you. And with that I want to thank the panel for an interesting discussion.

**(Applause)**

And thank you all for attending.

**(Applause)**

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