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ID NO.:			

**EXCHANGE MANAGEMENT
AGENT LICENSE APPLICATION**

NEW JERSEY RACING
COMMISSION
P.O. BOX 088
TRENTON, NJ 08625-0088
609-292-0613

RCPT. DATE	OPER
CHECK	\$
MO	\$

Pursuant to the powers vested in it pursuant to N.J.S.A. 5:5-168 et. seq., known as “Exchange Wagering Act” (hereinafter “Act”), the New Jersey Racing Commission (hereinafter “Commission”) has promulgated regulations governing the conduct of exchange wagering in this State, which appear at N.J.A.C. 13:74C et seq. In accordance with the Act and Subchapter 3 to N.J.A.C. 13:74C, the Commission has prescribed the within exchange management agent license application form.

The Commission has the full power to prescribe rules, regulations and conditions under which an exchange management agent license is issued in this State and to revoke, suspend or refuse to renew a license if, in the opinion of the Commission, the revocation of, suspension of or refusal to renew such license is in the public interest.

In making this application, the applicant acknowledges that it is required to provide full and complete answers and disclosures to all questions asked, and that any license granted to it by the Commission is predicated upon the accuracy and completeness of the information provided in this application.

If the space allotted within this application is not sufficient to provide an accurate and complete answer, or where the submission of an attachment is specifically required, the applicant shall attach such additional pages as are necessary and complete the response thereupon. Where the applicant furnishes an attachment to this application in response to any question, the applicant shall insert the phrase “see attachment ___” in the answer space to the question on this application form. In all cases, the applicant shall also label the actual attachment with the corresponding attachment number (“attachment ___”). Each attachment shall be preceded by a tab index, also labeled in such manner.

1) Pursuant to the Act, the applicant hereby makes application for an exchange management agent license, as designated immediately below, to the Commission:

- Initial Application, which application is accompanied by a non-refundable filing fee of \$50 [See N.J.A.C. 13:74C-6.1(d)].
- Renewal Application, which application is accompanied by a

non-refundable filing fee of \$50 [See N.J.A.C. 13:74C-6.1(d)].

- 2) a) Set forth the full and proper name of the applicant and identify the individual principals thereof with positions/titles?

Name of Applicant:

Principals (identify positions/titles):

- b) If the applicant is other than a natural person, identify what type of entity it is (e.g, corporation, partnership, limited liability company, etc.) below:

- c) If the applicant is other than a natural person, attach a copy of the legal documentation establishing the entity. Is such attached?

Yes _____ No _____

- 3) Set forth the principal address of the applicant?

- 4) Set forth the principal telephone number of the applicant?

- 5) Provide the name, address and telephone number of the natural person who is authorized to accept service of process on behalf of the applicant?

- 6) Has the applicant entered into a written agreement with the exchange wagering licensee to function as an exchange management agent [See N.J.A.C. 13:74-3.2(a)1]?

Yes _____ No _____

If Yes, answer the following questions. If No, proceed to question 7 now.

- a) Attach a written narrative, describing the key components of the written agreement. Is such attached?

Yes _____ No _____

- b) Attach a copy of the written agreement. Is such attached?

Yes _____ No _____

- c) Answer the following additional questions as concerns the written agreement:

- > Does the written agreement set forth sufficient provisions to insure that the exchange wagering licensee maintains meaningful and adequate oversight controls with respect to both the exchange wagering system and its exchange wagering license [See N.J.A.C. 13:74C-3.2(a)2]?

Yes _____ No _____

- > Does the written agreement with specificity designate which functions related to the exchange wagering system shall be maintained or retained by the exchange wagering licensee, and which functions related to the exchange wagering system shall be performed by the exchange management agent [See N.J.A.C.13:74C-3.2(a)3]?

Yes _____ No _____

- > Does the written agreement contain provisions which clearly provide for the portion of exchange wagering revenues payable to the exchange management agent as compensation [See N.J.A.C. 13:74C-3.2(a)4]?

Yes _____ No _____

- d) Indicate below what the role or roles of the exchange management agent will be [See N.J.A.C. 13:74C-1.1, 3.2(a)1]:

The exchange management agent shall conduct or operate the exchange wagering system for the exchange wagering licensee:

Yes _____ No _____

The exchange management agent will act as agent for the applicant in all matters approved by the Commission:

Yes _____ No _____

If the exchange management agent will perform other or additional functions, explain below:

If the exchange management agent will employ others (other than its own staff members) to perform any of its job responsibilities, explain below what those particular job functions to be performed by others are, and who will be performing said functions [See N.J.A.C. 13:74C-3.2(a)1]:

- e) As part of this application, is the applicant seeking the regulatory approvals as concerns its being retained to perform the services as the exchange management agent, in connection with the exchange wagering system, as required by N.J.A.C. 13:74C-3.2?

Yes _____ No _____

If Yes, is a joint petition, with the exchange wagering licensee and the applicant as parties, as required by N.J.A.C. 13:74C-3.2(a)1, attached?

Yes _____ No _____

- 7) Attach as an addendum to this application a written narrative description of the applicant’s participatory role in the exchange wagering system. The applicant shall describe its functions with particularity, including any and all functions it is to perform in the capacity of exchange management agent, including any interactive duties with other persons or entities participating in the exchange wagering system, including but not limited to the exchange wagering licensee, any participating racetrack permitholders (New Jersey), any exchange services agent, and any key vendors to the proposed system.

Is such an addendum attached?

Yes _____ No _____

- 8) Other than with the exchange wagering licensee, has the applicant entered into any written agreement with any other entity, person, including racetrack permitholders, as concerns the exchange wagering system?

Yes _____ No _____

If Yes, answer the following questions. If No, proceed to question 9 now.

Attach a copy of each written agreement. Is/are such attached?

Yes _____ No _____

Attach a written narrative, describing the key components of each written agreement. Is such attached?

Yes _____ No _____

- 9) Will the applicant have any responsibility as concerns the provision of financing, or the securing of financing, related to the implementation and/or operating costs associated with the exchange wagering system?

Yes _____ No _____

If No, proceed to question 10 now. If Yes, answer the following questions:

Explain the role of the applicant as concerns such financing (and, if a bank or financing entity is involved, provide its name and address):

Has the applicant entered into any written agreement as concerns such financing related to the implementation and/or operating costs associated with the exchange wagering system?

Yes _____ No _____

- 10) Identify the source of funds which the applicant will utilize to conduct its own functions as exchange management agent, including start-up costs, operating costs, payroll, any rental or other costs associated with the in-state office requirement of N.J.A.C. 13:74C -3.3(a), etc.:

11) To the applicant knowledge, does a written business agreement exist, which has been signed by all racetrack permitholders, for the distribution of the net exchange revenues remaining after the distributions required by N.J.A.C. 13:74C-3.5(a)1 through and including (a)5 [See N.J.A.C. 13:74C-3.5(a)6, 3.5(b)and (c), N.J.A.C. 13:74C-1.1]?

Yes _____ No _____

If No, proceed to question 12 now. If Yes, answer the following questions:

Is the applicant a party to the written business agreement?

Yes _____ No _____

Is the exchange wagering licensee a party to the written business agreement?

Yes _____ No _____

Attach a copy of the written business agreement. Is such attached?

Yes _____ No _____

12) Will the applicant, in addition to functioning as an exchange management agent, also directly (that is, itself) perform the functions of an exchange services agent [See N.J.A.C. 13:74C-1.1, 3.2(d)]?

Yes _____ No _____

If Yes, proceed to question 13 now. If No, answer the following questions?

a) Will the exchange wagering licensee directly (that is, itself) perform the functions of an exchange services agent [See N.J.A.C. 13:74C-3.2(e)]?

Yes _____ No _____

b) Will the exchange wagering licensee directly (that is, itself) enter in to a written agreement to employ an exchange services agent [See N.J.A.C. 13:74C-3.2(b)]?

Yes _____ No _____

c) As part of its agreed to duties with the exchange wagering licensee, will the applicant directly (that is, itself) enter into a written agreement to employ an exchange services agent [See N.J.A.C. 13:74C-1.1, 3.2(c)]?

Yes _____ No _____

If the answer to the last question 12c) is Yes, that the applicant will enter into a written agreement with an exchange services agent, answer the following questions. If No, proceed to question 13 now.

i) Identify the legal name of the exchange services agent, the principal address and telephone number thereof, and the principals thereof:

ii) Attach to this application a copy of the written agreement, between the applicant and the exchange services agent. Is such attached?

Yes _____ No _____

Does the written agreement, with specificity, designate which functions related to the exchange wagering system shall be maintained or retained by the exchange management agent, which functions related to the exchange wagering system shall be performed by the exchange services agent, and does it include provisions which clearly provide for the compensation payable to the exchange services agent [See N.J.A.C. 13:74C-3.2(c)]?

Yes _____ No _____

Describe with specificity below, in narrative form, the key elements of the agreement, and the respective role of each party to the agreement as concerns the exchange service agent functions subject of the written agreement:

iii) As part of this application, is the applicant seeking the regulatory approvals as concerns the retention of an exchange services agent it will enter into a written agreement with, as required by N.J.A.C. 13:74C-3.2(b), 3.2(c)?

Yes _____ No _____

If Yes, is a joint petition, with the exchange wagering licensee, exchange management agent, and exchange services agent as parties, as required by N.J.A.C. 13:74C-3.2(c), attached?

Yes _____ No _____

If Yes, does the joint petition include the internal control procedures of the exchange services agent [See N.J.A.C. 13:74C-3.2(c)], a certification of the applicant that the internal control procedures of the exchange services agent have been incorporated into its own internal control procedures [See N.J.A.C. 13:74C-3.2(c)], and the certification of the exchange wagering licensee required by N.J.A.C. 13:74C-3.2(b)2, 2.1(b)8, and 2.2(d)8?

Yes _____ No _____

iv) Does the applicant have any other written agreements (with regard to any matter, related or unrelated to exchange wagering) with the exchange services agent?

Yes _____ No _____

If Yes, explain with specificity below what those other written agreements are:

13) a) Attach a copy of the internal control procedures of the applicant. Are such attached?

Yes _____ No _____

If Yes, answer the following questions. If No, proceed to question 14 now:

Do the applicant's internal control procedures, directly or as a result of its incorporation therein of the internal control procedures of any exchange services agent employed directly by the applicant [See N.J.A.C. 13:74C-3.2(c)] set forth procedures to be implemented [See N.J.A.C. 13:74C-3.2(a)2], as appropriate considering the functions the applicant is to perform, in the following areas [If the answer to any question is No, provide an explanation. For example, dependent on the written agreement between the exchange wagering licensee and the applicant, the responsibility for a particular function or procedure may remain with the exchange wagering licensee]:

>Procedures to effectively operate the exchange wagering system

Yes _____ No _____

If No, provide an explanation:

>Procedures to effectively manage the exchange wagering system

Yes _____ No _____

If No, provide an explanation:

>Procedures to effectively insure that all aspects of wagering integrity will be maintained, which includes procedures to insure that wagers placed through the exchange wagering system will be accurately processed

Yes _____ No _____

If No, provide an explanation:

>Procedures to effectively insure that all wagering record keeping will be maintained

Yes _____ No _____

If No, provide an explanation:

>Procedures to effectively insure that the exchange wagering system will operate with fiscal soundness

Yes _____ No _____

If No, provide an explanation:

>Procedures to effectively insure that the exchange wagering system will operate with technical reliability

Yes _____ No _____

If No, provide an explanation:

>Procedures to effectively insure that there are sufficient safeguards in-place to maintain the integrity of the horse racing industry in this State

Yes _____ No _____

If No, provide an explanation:

b) Indicate below whether the internal control procedures, attached to this application in response to question 13(a), include provisions specifically required by Title 13, Chapter 74C of the New Jersey Administrative Code, in the following areas [If the answer to any question is No, provide an explanation. For example, dependent on the written agreement between the exchange wagering licensee and exchange management agent, the responsibility for a particular procedure may remain with the exchange wagering licensee]:

> Procedures which designate when exchange wagering shall cease in the event the transmission of data conveying the official “off-time” for a race is interrupted or corrupted [See N.J.A.C. 13:74C-1.1]

Yes _____ No _____

If No, provide an explanation:

> Procedures which relate to the receipt and processing of applications to establish exchange wagering account applications [See N.J.A.C. 13:74C-4.1(c), 4.2(a)]

Yes _____ No _____

If No, provide an explanation:

>Procedures which encompass the exchange wagering account holder operation rules, which are to be provided to prospective exchange wagering account holders, as described within Title 13, Chapter 74C to the New Jersey Administrative Code generally, and specifically at N.J.A.C. 13:74C-4.1(f)?

Yes _____ No _____

If No, provide an explanation:

>Procedures concerning the manner in which confidential personal identification numbers are to be selected in connection with the establishment of exchange wagering accounts [See N.J.A.C. 13:74C-4.3(a)]?

Yes _____ No _____

If No, provide an explanation:

>Procedures concerning the manner in which credits and deposits are to be made and posted to an exchange wagering account, and procedures addressing the handling of interest accumulated with regard to exchange wagering accounts [See N.J.A.C. 13:74C-4.4]?

Yes _____ No _____

If No, provide an explanation:

>Procedures concerning the manner in which debits and withdrawals are to be made and posted to exchange wagering accounts [See N.J.A.C. 13:74C-4.5]?

Yes _____ No _____

If No, provide an explanation:

>Procedures concerning dormant exchange wagering accounts, including notice provisions to be provided to the holders of such accounts prior to any closing of such accounts [See N.J.A.C. 13:74C-4.6]?

Yes _____ No _____

If No, provide an explanation:

>Procedures concerning the provision of statements of accounts to exchange wagering account holders, the dispute resolution procedures available to exchange wagering account holders, and related records retention requirements [See N.J.A.C. 13:74C-4.7]?

Yes _____ No _____

If No, provide an explanation:

>Procedures in the event of a technological breakdown of the exchange wagering system [See N.J.A.C. 13:74C-5.3, 5.4]?

Yes _____ No _____

If No, provide an explanation:

>Procedures defining the circumstances where a corrective wager may be placed [See N.J.A.C. 13:74C-5.5]?

Yes _____ No _____

If No, provide an explanation:

>Procedures concerning non-starters and declared scratches or entries, and notification thereof to exchange wagering account applicants [See N.J.A.C. 13:74C-5.8]?

Yes _____ No _____

If No, provide an explanation:

>Procedures concerning the availability, or lack of availability, of race information to exchange wagering account holders [See N.J.A.C. 13:74C-5.13]?

Yes _____ No _____

If No, provide an explanation:

c) Has the exchange wagering licensee reviewed the internal control procedures of the applicant [See N.J.A.C. 13:74C-3.2(a)2]?

Yes _____ No _____

If Yes, has the exchange wagering licensee advised the applicant that they are sufficient [See N.J.A.C. 13:74C-3.2(a)2]?

Yes _____ No _____

If Yes, has the exchange wagering licensee included, within its own internal control procedures, a certification that it has reviewed the internal control procedures of the applicant and finds them to be sufficient [See N.J.A.C. 13:74C-2.1(b)8, 2.2(d)8, 3.2(a)2]?

Yes _____ No _____

- d) If the applicant, in its answer to question 12c to this application, indicated that, as part of its agreed-to-duties it performs on behalf of the exchange wagering licensee, it has directly entered into a written agreement to employ an exchange service agent, indicate whether the applicant has reviewed the internal control procedures of the exchange services agent and found them to be sufficient [See N.J.A.C. 13:74C-3.2(c)]?

Yes _____ No _____

If Yes, have the internal control procedures of the exchange services agent been incorporated into applicant's internal control procedures [See N.J.A.C. 13:74C-3.2(c)]?

Yes _____ No _____

If Yes, has the exchange wagering licensee included, within its own internal control procedures, a certification that it has reviewed the internal control procedures of the exchange services agent and finds them to be sufficient [See N.J.A.C. 13:74C-2.1(b)8, 2.2(d)8, 3.2(a)2, 3.2(c)]?

Yes _____ No _____

- 14) a) Identify the physical address of the applicant's required in-state office location associated with the exchange wagering system, as well as any additional in-state office locations of the applicant. [See N.J.A.C. 13:74C-3.3(a)].

- b) Are all business activities and functions of the applicant or others employed by the applicant to perform its job responsibilities (including the performance of job responsibilities incident to the system, processing of information/data, and all hardware or software components necessary for the operation of the system), related to the exchange wagering system, without exception to be conducted and situated at the above identified in-state location(s) [See N.J.A.C. 13:74C-3.3]?

Yes _____ No _____

If the answer to question 14b is Yes, proceed to question 15 now. If No, answer the following:

- i) In a written/narrative attachment, identify with specificity and without exception, all business activities and functions of the applicant related to the exchange wagering system (including the performance of job responsibilities incident to the system, processing of information/data, and all hardware or software components necessary for the operation of the system), which are to be situated or conducted out-of-state (include addresses where). As part of your reply, the person or entity who is proposed to directly provide any out-of-state services in connection with the system in each case, whether the applicant itself or through the employment of others to perform the job responsibilities of the applicant, shall specifically be identified [See N.J.A.C. 13:74C-3.3, 3.4]. Is such an attachment included?

Yes _____ No _____

- ii) As part of this application, is a waiver of the in-State requirement being sought [See N.J.A.C. 13:74C-3.3]?

Yes _____ No _____.

If Yes, is a written petition or joint petition seeking such waiver, as required by N.J.A.C. 13:74C-3.3(a), attached?

Yes _____ No _____.

If such petition is attached, identify the party or parties to the petition [See N.J.A.C. 13:74C-3.3(a)]:

15) Attach a “Table of Organization” of the applicant (overall structure including any upstream and downstream entities to the applicant). Is such attached?

Yes _____ No _____

a) For each entity identified in the “Table of Organization,” attach a table (or tables) identifying: the constituency of each entity (if a corporate entity, the members of the board of directors of each; if a partnership, the partners of each, etc.); the identity and constituency of each and every parent in succession thereto, as well as any downstream constituents; and the identity of any holder of a 5% or more ownership interest in each entity. Is such a “Table of Organization” (or tables) attached (answer one)?

Yes _____, a table for each entity is attached

Yes _____, a table for one or more (but not all) entities is attached

No _____, no tables are attached

If the answer to question 15a is “Yes, a table for one or more (but not all) entities is attached,” or “No, no tables are attached,” list each entity below for which such table is not attached and provide an explanation why that respective table is not attached:

b) Attach a separate “Table of Organization” identifying the relationship/reporting relationship between the exchange wagering licensee, the applicant, any exchange services agent, etc. Is such attached?

Yes _____ No _____

- 16) Explain in an attachment how the applicant intends to comply with the badge requirements of N.J.A.C. 13:74C-6.7. Is such attached?

Yes _____ No _____

If Yes, is the applicant, as part of this application, seeking Commission approval for an identification tag, devised or authorized by the applicant, to be worn by personnel at the premises set forth in N.J.A.C. 13:74C-6.7?

Yes _____ [if yes, the proposed identification tag must be included in the attachment required by the answer to the first part to this question]

No _____

- 17) If this is a renewal application, answer the following question. If not a renewal application, proceed to question 18 now.

During the license year, did the applicant comply with the non-licensed vendor filing requirement of N.J.A.C. 13:74C-6.1(g), which requires that a report be filed with the Commission by March 15th?

Yes _____ No _____

- 18) As part of this application, is the applicant requesting any Commission approvals permitted pursuant to Title 13, Chapter 74C of the New Jersey Administrative Code, which are not already requested through the applicant's answers to the questions above?

Yes _____ No _____

If Yes, attach a petition (or petitions) specifying the approval sought, with justifying reasons, and appropriate citations to Title 13, Chapter 74C of the New Jersey Administrative Code. Is such attached?

Yes _____ No _____

- 19) To the applicant's knowledge, has any entity or person disclosed in completing this application ever been convicted of any crime?

Yes _____ No _____

If Yes, provide a detailed account of the charges and disposition.

- 20) To the applicant's knowledge, has any entity or person disclosed in the process of completing this application ever been suspended, denied a license or ruled off by this or any other Racing Commission or turf governing body?

Yes ____ No ____

If Yes, provide details identifying the individual and explaining the circumstances.

- 21) To the applicant's knowledge, is any entity or person disclosed in the process of completing this application presently the subject of any pending criminal investigation, criminal complaint, criminal charges or criminal indictment?

Yes ____ No ____

If Yes, provide details identifying the individual and explaining the circumstances.

22) To the applicant's knowledge, is any entity or person disclosed in the process of completing this application presently party to any civil proceeding where the potential liability may exceed \$10,000?

Yes ____ No ____

If Yes, please identify the individual and explain the circumstances.

23) To the applicant's knowledge, is any entity or person disclosed in the process of completing this application the subject of any pending investigation or pending complaint by any federal or state regulatory body or any foreign nation?

Yes ____ No ____

If Yes, identify the person or entity and provide a detailed explanation of the circumstances.

24) In the space provided below, identify the name and employment position of the individual who, on behalf of the applicant, assumed primary responsibility for completing this application.

25) In the space provided below, identify the name and employment position of the high managerial agent of the applicant who, on behalf of the applicant, is attesting (in the signature space below) that the disclosures within this application are, to the best of his or her knowledge, true, accurate and complete, as required by N.J.A.C. 13:74C-2.1(b)9 or 2.2(d)10.

I, _____, being duly authorized to execute this application on behalf of the applicant, certify that, to the best of my knowledge, the answers and disclosure within this application and its attachments are true, accurate and complete.

Sworn and subscribed to
before me this _____
day of _____

A Notary Public of New Jersey

My Commission expires: _____