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FINAL DETERMINATION &
ORDER OF THE NEW JERSEY
RACING COMMISSION

IN THE MATTER OF THE APPLICATION
OF THE NEW JERSEY SPORTS AND
EXPOSITION AUTHORITY FOR THE
RENEWAL OF AN ACCOUNT WAGERING
LICENSE FOR 2015, AND RELATED
APPROVALS FOR 2015, AS ACTED UPON
AT THE NEW JERSEY RACING COMMISSION'S
PUBLIC MEETING OF NOVEMBER 19, 2014

The New Jersey Sports and Exposition Authority ("Authority"), having on October 14, 2015, made application to the New Jersey Racing Commission for approval of the renewal of its Account Wagering License for 2015, which application was filed pursuant to: P.L. 2001, Chapter 199, the Off-Track and Account Wagering Act ("Act"); and Title 13, Chapter 74 of the New Jersey Administrative Code ("Off-Track Wagering and Account Wagering");

AND, said application having been accompanied by a non-refundable filing fee of \$5,000, as required by N.J.A.C. 13:74-3.2(c);

AND, said application having been accompanied by a fully executed participation agreement which the Authority has entered into with all parties (or successors in interest) that held a valid race permit in 2000 consisting of an aggregate of at least 40 live race dates;



AND, by and through said application, the Authority having applied, pursuant to the Act and Chapter 74 of the New Jersey Administrative Code, to operate the following permissible elements of account wagering (collectively "account wagering") during 2015: computer wagering (pari-mutuel) on horse races; wagering (pari-mutuel) on horse races through an automated telephone system; wagering (pari-mutuel) on horse races through telephone live operators; and the establishment of patron wagering accounts;

AND, by and as a result of said application, the Authority (subject to any required 2015 contract extension, or new contract) and/or other interested industry groups, having sought Racing Commission approval as concerns the following related matters: 1) to continue to utilize Sportech Racing, LLC ("Sportech") as the totalisator provider in connection with the account wagering system for 2015; 2) to continue to utilize ODS Technologies, L.P. (doing business as "TVG Network") to perform platform services (that is, telephone/computer related services) for the account wagering system for 2015; 3) for the New Jersey Thoroughbred Horsemen's Association, Inc. ("NJTHA") and New Meadowlands Racetrack, LLC ("NMRLLC"), as well as NMRLLC's manager (Mr. Jeffrey Gural), to continue to serve as "qualifiers" to the account wagering system (thereby allowing the NJTHA and NMRLLC to receive an approximate 50% revenue stream each from the account wagering system) for 2015; and 4) for Darby Development, LLC (with Elite Consultants, LLC providing consulting services to Darby) to continue to manage the day-to-day affairs of the account wagering system for 2015;

AND, the Racing Commission Executive Director having reviewed the Authority's account wagering license application ("application"), and the Executive Director having found same to be in due form and to meet the requirements of law in all respects, including it being consistent with N.J.A.C. 13:74-3.2(d);

AND, the Racing Commission Executive Director having reviewed each of the above-described related matters, to be acted upon by the Racing Commission at its public meeting on November 19, 2014, as concerns the operation of the account wagering system for 2015;

AND, the Racing Commission having considered the Authority's application for the 2015 calendar year at its public meeting on November 19, 2014, pursuant to N.J.A.C. 13:74-3.2(e), as well as related matters;

AND, THE RACING COMMISSION FINDING, that the Authority has satisfied the legal requirements for the issuance of an account wagering license, and that the Authority has demonstrated, by clear and convincing evidence, that it has satisfied the criteria set forth at N.J.A.C. 13:74-3.2(f) 1 through 4;

AND, THE RACING COMMISSION FINDING, by clear and convincing evidence, that Sportech (as well as its employees) is qualified to perform the function of totalisator provider for the account wagering system for 2015;

AND, THE RACING COMMISSION FINDING, by clear and convincing evidence, that TVG Network (as well as its employees) is qualified to perform the platform services functions for the account wagering system for 2015;

AND, THE RACING COMMISSION FINDING, by clear and convincing evidence, that the NJTHA and NMRLLC (as well as NMRLLC's manager, Mr. Jeffrey Gural), are each suitable to continue to serve as "qualifiers" to the account wagering system (thereby allowing the NJTHA and NMRLLC to receive an approximate 50% revenue stream each from the account wagering system) for 2015;

AND, THE RACING COMMISSION FINDING, by clear and convincing evidence, that Darby Development, LLC, with Elite Consultants, LLC providing consulting services to Darby, as well each entity's employees, each continue to be qualified to manage the day-to-day and business affairs of the account wagering system for 2015;

IT IS THEREFORE ORDERED that the Racing Commission, subject to the following conditions, approves the application of the Authority for an account wagering license:

- 1) The Authority is, pursuant to its account wagering license for 2015, authorized to establish and offer the following elements of account wagering to of-age (18 years or older) New Jersey residents: computer wagering (pari-mutuel) on horse races; wagering (pari-mutuel) on horse races by telephone through an automated telephone system; wagering (pari-mutuel) on horse races by telephone through a live operator system; establishment and maintenance of patron account wagering accounts.
- 2) The Authority shall not knowingly accept any wager from a New Jersey resident account wagering account holder, where that account holder seeks to place a wager while at a physical location outside New Jersey. The Authority shall continue to maintain reasonable measures to prevent such a situation from occurring, and shall advise the Racing Commission, in writing, of any amendments to the measures presently implemented in this regard.

- 3) The submission to the Racing Commission Executive Director of a fully signed contract or extension contract (specifying the terms of services to be provided and any applicable fees) between the Authority and providers: as to the provision of totalisator services for the account wagering system during 2015; as to the provision of platform services (that is, telephone/computer related services) during 2015. If a provider other than Sportech or TVG Network is to be utilized for 2015, such other provider shall first secure an initial license from the Racing Commission, and be determined to be qualified to perform such services.
- 4) In the event the Authority proposes to charge an administrative or access fee in connection with account wagering, or in connection with account wagers placed by telephone through live operators, which has not previously been authorized by the Commission, the prior approval of the Racing Commission shall be obtained pursuant to N.J.A.C. 13:74-7.13.
- 5) The Authority's internal control procedures, concerning "Application Materials", shall continue to provide that each applicant for an account wagering account must first submit a photocopy of his or her identification credentials, confirming that the applicant is a New Jersey resident and of-age (18 years or older), before a related account wagering account shall be opened.
- 6) The Authority's internal control procedures concerning patron dispute resolution [pursuant to N.J.A.C. 13:74-7.16(e)], that define the method and procedure by which a patron may dispute a transaction with the Authority in connection with account wagering, shall continue to be provided to prospective account holders at the time of the opening of an account wagering account, as required by N.J.A.C. 13:74-7.1(f).
- 7) The submission, in writing, to the Racing Commission Executive Director, confirming the successful testing of all new/updated equipment and new/updated software not under the control of Sportech, TVG Network, or an alternate provider, to be utilized by the Authority as concerns the functions it is to perform in connection with the 2015 account wagering system, prior to utilizing such hardware or software in connection with the account wagering system.

- 8) That, should the Authority intend to make available to account wagering account holders a credit card to be issued by or through the Authority, which has not previously been approved by the Racing Commission, that the Authority submit such proposal with specifications and procedures to the Racing Commission Executive Director for approval to insure that such is consistent with the Act and Chapter 74.
- 9) Prior to initiating telephone wagering through live operators, the Authority shall supplement, in writing, the answer to Question 17b of its Account Wagering License application, explaining the nature of any governmental approvals necessary for the phone bank to be situated at the premises proposed by the Authority, including the status of such approvals.
- 10) The Authority shall notify the Racing Commission at least thirty (30) days in advance of the following event: the commencement of telephone wagering through live operators. If the expected start date shall change after said notification is submitted to the Racing Commission, the Authority shall, in writing, advise the Racing Commission of the revised date.
- 11) The Authority shall continue to comply with the provisions of N.J.A.C. 13:74A-5.1, which, among other things, require the account wagering licensee to maintain certain internal control procedures in regard to the "Self-Exclusion List".
- 12) As concerns telephone wagering, computer wagering and account wagering, the Authority shall continue to promptly notify the Racing Commission, in writing, on a form provided by the Commission, of any technological or non-technological occurrences not delegated to Sportech, TVG Network, or an alternate provider for 2015, which have interrupted, disrupted or negatively impacted the ability of the Authority to continually offer account wagering or which have temporarily or permanently negatively impacted the integrity of any aspect of the account wagering infrastructure.
- 13) That, prior to the commencement of such employment, the Authority shall continue to advise the Racing Commission Executive Director, in writing, of the identity of all employees and any Authority affiliate/subsidiary employees (and their employment position) to be

utilized in connection with the account wagering system, and that this submission be updated in writing as appropriate.

- 14) The submission to the Racing Commission Executive Director for approval, specifically regarding operations of the phone bank and account wagering-related premises (as required by N.J.A.C. 13:74-5.7), of identification tag format (or any revised format, if a format was previously approved) to be utilized by the Authority's employees at the premises of the account wagering licensee.
- 15) The timely payment to the Racing Commission of the respective racing costs, consistent with and pursuant to N.J.A.C. 13:74-10.1, by the Authority and all parties to the account wagering participation agreement.
- 16) The approval subject of this "Final Determination and Order" does not authorize the Authority to offer account wagering at or in connection with the Atlantic City Casino Simulcast Facilities. Any such offering must be preceded by a separate application to, and approval by, the Racing Commission and the New Jersey Division of Gaming Enforcement/New Jersey Casino Control Commission.
- 17) Compliance with the requirements of the Act, any applicable directives of the Racing Commission, any applicable rules of the Racing Commission including, but not limited to, Chapter 74, and all other laws which may be applicable.
- 18) The review and approval of this Racing Commission "Final Determination and Order", approving the Authority's application for the renewal of its account wagering license for 2015, by the Attorney General as required by N.J.A.C. 13:74-3.2(f).
- 19) The issuance of a written account wagering license to the Authority pursuant to this Order, following any approval of the Attorney General as required by N.J.S.A. 5:5-140b and N.J.A.C. 13:74-3.2(f).

IT IS FURTHER ORDERED that the Authority's previously approved "account wagering application form", to be completed by individuals

who desire to establish an account wagering account, is approved subject to the following continued conditions:

- 20) The account wagering application form shall comply with N.J.A.C. 13:74-7.1, including a certification as required by said rule. The certification shall include a statement as required by N.J.A.C. 13:74-7.1(c).
- 21) The account wagering application shall include a statement advising the prospective account wagering account holder that he or she may not place a wager, utilizing his or her account, from a location outside New Jersey:
- 22) The account wagering application shall include or be accompanied by all notices as required by Chapter 74, including N.J.A.C. 13:74-7.1. The account wagering application shall include or be accompanied by a statement that, upon the Authority's opening of an account, the account holder will be provided with the operation rules of the account wagering licensee, as required by N.J.A.C. 13:74-7.1(f).
- 23) Prior to making revisions to the previously approved account wagering application currently available to the public, the Authority shall: submit to the Racing Commission Executive Director any revised account wagering application for purposes of approval to insure that the application complies with Chapter 74 and these conditions. The Authority shall not release the revised application publicly unless the Racing Commission Executive Director has authorized such action in writing.
- 24) The Authority, prior to providing account holders with revisions to any of the items required by N.J.A.C. 13:74-7.1(f) as previously approved, shall first submit to the Executive Director a copy of any such revised items for approval to insure compliance with said regulations.

IT IS FURTHER ORDERED that the Authority's acceptance of account wagering applications "on-line by computer", a location additional to those specifically authorized and set forth at N.J.A.C. 13:74-7.1(b)(5), which form of application acceptance commenced in

2009, is also approved for the 2015 calendar year subject to the continuation of the following conditions:

- 25) That all account wagering applications, including any filed "on-line by computer", be processed at the New Jersey location required by N.J.A.C. 13:74-7.8, and as specified in the Authority's account wagering application.
- 26) That any application filed "on-line by computer" not be considered complete, and no related account opened by the Authority, until the applicant files with the Authority the same form of independent proof of New Jersey residence and proof of age (18 years or older) as required to be filed by those applicants who elect not to file "on-line by computer."
- 27) Prior to making any revised account wagering application available to the public "on-line by computer", the revised application shall be submitted to the Executive Director to insure that it complies with this Order and Chapter 74.

IT IS FURTHER ORDERED that the Authority's continued utilization of Sportech (and Sportech's licensure for 2015) as the totalisator provider in connection with the account wagering system (subject to a 2015 contract extension, or new contract, if necessary), is approved subject to the following continued conditions:

- 28) That Sportech provide totalisator services at the Mount Laurel Data Center located in Mount Laurel, New Jersey, or at a New Jersey permitted racetrack facility, unless otherwise approved by the Racing Commission.
- 29) That Sportech comply with all previous requirements imposed upon it or its predecessor in interest, or to be imposed upon it, by the Racing Commission.
- 30) The submission to the Racing Commission Executive Director for approval of a fully signed contract or extension contract (specifying the terms of services to be provided and any applicable fees), between the

Authority and Sportech as the totalisator provider for the account wagering system during 2015.

- 31) That, prior to the commencement of such employment, Sportech shall advise the Racing Commission Executive Director, in writing, of the identity of all Sportech and Sportech affiliate/subsidiary employees (and their employment position) to be utilized in connection with the account wagering system, and that this submission be updated in writing as appropriate.
- 32) The licensure of Sportech and its employees by the Racing Commission, specifically as a result of the functions it is to perform in connection with the account wagering system.
- 33) The submission, in writing, to the Racing Commission Executive Director, confirming the successful testing of all new/updated hardware equipment and new/updated software under the control of Sportech as concerns the functions it is to perform in connection with the account wagering system, prior to utilizing such hardware or software in connection with the account wagering system.
- 34) In connection with telephone wagering, computer wagering and account wagering, Sportech shall notify the Racing Commission, in writing, on a form provided by the Racing Commission, of any technological or non-technological occurrences related to its account wagering function that have interrupted, disrupted or negatively impacted the ability of the Authority to continually offer these forms of wagering, or which have permanently negatively impacted the integrity of any aspect of the account wagering infrastructure.
- 35) That the Authority, Sportech and TVG Network cooperate in terms of resolving hardware and software issues, as well as other legitimate issues, which have arisen or may arise to the extent consistent with patron wagering efficiencies and convenience.
- 36) That Sportech make a written submission and filing, for continued approval in 2016, no later than October 15, 2015.

IT IS FURTHER ORDERED that the Authority's continued utilization of TVG Network (and TVG Network's licensure for 2015) to provide the platform services (that is, telephone/computer related services) for the account wagering system (subject to a 2015 contract extension, or new contract, if necessary), is granted subject to the following conditions:

- 37) The conditions imposed upon the Authority, TVG Network, and each industry group, as set forth in the Racing Commission's prior Order dated February 27, 2013.
- 38) That the Authority, Sportech and TVG Network cooperate in terms of resolving hardware and software issues, as well as other legitimate issues, which have arisen or may arise to the extent consistent with patron wagering efficiencies and convenience.
- 39) That TVG Network make a written submission and filing, for continued approval in 2016, on or before October 15, 2015.

IT IS FURTHER ORDERED that the Authority's continued utilization of Darby (with Elite providing consulting services to Darby) to manage the day-to-day affairs and business of the account wagering system for 2015 (subject to a 2015 contract extension, or new contract, if necessary), is granted (as is the 2015 licensing of Darby and Elite for such purposes) subject to the following conditions:

- 40) The conditions imposed upon the Authority, Darby, and each industry group, as set forth in the Racing Commission's prior Order dated December 12, 2013.
- 41) That Darby make a written submission and filing, for continued approval in 2016, on or before October 15, 2015.

IT IS FURTHER ORDERED that the NJTHA remains suitable to continue to serve as a "qualifier" to the account wagering system (thereby allowing the NJTHA to receive an approximate 50% revenue stream from the account wagering system) for 2015, subject to the following conditions:

- 42) The conditions imposed upon the NJTHA, as set forth in the Racing Commission's prior Order dated May 9, 2013 (particularly, conditions #26, #27, #28, #30, #31, #33, #34 and #35).
- 43) That the NJTHA make a written submission and filing, for continued approval for 2016, not later than October 15, 2015.

IT IS FURTHER ORDERED that NMRLLC (as well as NMRLLC's manager, Mr. Jeffrey Gural), remains suitable to continue to serve as a "qualifier" to the account wagering system (thereby allowing NMRLLC to receive an approximate 50% revenue stream from the account wagering system) for 2015, subject to the following conditions:

- 44) The conditions imposed upon NMRLLC (as well as NMRLLC's manager, Mr. Jeffrey Gural), as set forth in the Racing Commission's Order dated December 11, 2011 (particularly, conditions #2, #3 and #4, at page 12 of said Order);
- 45) That NMRLLC make a written submission and filing, for continued approval for 2016, not later than October 15, 2015.

IT IS FURTHER ORDERED that the Racing Commission reserves its right and ability, consistent with its authority, to impose additional conditions in regard to the approvals set forth in this Final Determination and Order.

IT IS FURTHER ORDERED that the Racing Commission delegates authority to the Racing Commission Executive Director, to impose additional conditions upon the Authority, Darby (as well as Elite), Sportech, TVG Network, the NJTHA and NMRLLC, as deemed necessary and appropriate, during the course of the license year.

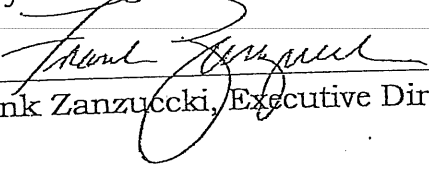
IT IS FURTHER ORDERED that each determination of the Racing Commission as set forth in this "Final Determination and Order", to the extent required by law, shall be subject to the review and approval of the Attorney General.

This Order reflects actions taken by the New Jersey Racing Commission at its public meeting on November 19, 2014.

BY THE ORDER OF THE NEW JERSEY RACING COMMISSION

New Jersey Racing Commission

By:



Frank Zanzuccki, Executive Director

Dated: November 26, 2014