

DIRECTIVE NO. 4 - 2007

Payment Criteria Where A Ticketholder or Voucher Holder Is Unable To Produce The Actual Ticket Or Voucher (Supersedes Directive No. 2 - 2006)

I. On May 25, 2006, N.J.S.A. 5:5-22.2 became effective. This law authorizes the Racing Commission to allow a permitholder to pay an amount due a winning ticketholder, notwithstanding that the ticketholder is unable to produce the actual ticket, if the permitholder is able to verify independently through electronic means that the ticketholder purchased the ticket.

In view of this, and pending the adoption of a related regulation, the Racing Commission (notwithstanding any regulation or directive to the contrary) hereby directs the following:

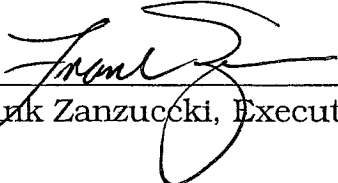
- 1) A permitholder, who receives a claim from a ticketholder or voucher holder (hereinafter "ticketholder") that he or she is unable to produce the actual ticket or voucher (hereinafter "ticket") may, in its discretion and where the permitholder has a genuine and reasonable belief that investigation will be able to verify independently through electronic means that the ticketholder purchased the ticket, cause a "hold" to be placed on the ticket by having a managerial agent complete the attached certification (to be submitted to the Scientific Games supervisor on duty at the appropriate hub facility). Upon receipt of the signed certification, the Scientific Games supervisor on duty shall cause a "hold" to be placed on the ticket. A copy of the certification, upon its causing a "hold" to be placed on the "ticket", shall be provided by Scientific Games to the Racing Commission Supervisor of Mutuels. The Racing Commission Supervisor of Mutuels shall forward a copy to the Racing Commission Supervising Administrative Analyst overseeing pari-mutuel wagering.
- 2) Where it causes a "hold" to be placed on a ticket for the above reason, the permitholder shall immediately initiate an investigation to determine whether it can verify independently through electronic means that the ticketholder purchased the ticket. The permitholder shall, within forty-eight hours from placement of "hold" on ticket, submit the written findings of the investigation, with supportive facts and conclusions, to the attention of the Racing Commission Supervisor of Mutuels overseeing pari-mutuel wagering with a request that either: the ticketholder be paid on the ticket (because the permitholder was able to verify independently through electronic means that the ticketholder purchased the ticket); or that the "hold" be removed (because the permitholder was unable to verify such).
- 3) The Racing Commission Executive Director or designee (hereinafter "Executive Director") shall independently review the permitholder's

submission. Based upon such review, the Executive Director shall cause the "hold" placed on the ticket to be removed where he concludes that the permitholder was unable to verify independently through electronic means that the ticketholder purchased the ticket. Based upon such review, the Executive Director shall permit the "hold" to continue in place where he determines the permitholder's investigation verified independently through electronic means that the ticketholder purchased the ticket.

- 4) Where a "hold" is authorized to be continued by the Executive Director, and no other person produces the ticket in question, the ticketholder shall be paid the proceeds related to the ticket the day following its scheduled expiration. At the time of payment, and prior to such payment, the ticketholder shall sign a certification representing that he or she is the rightful owner of such ticket but is unable to produce it. Where however another person produces the ticket in question prior to scheduled time of expiration, and signs a certification that he or she is the rightful owner of the ticket, such holder of the ticket shall be paid the proceeds of the ticket.
- 5) The procedure concerning the placing of a hold on a ticket at a racetrack, which was in effect prior to the issuance of this directive, is superseded by this directive and no longer in effect. This directive does not apply to Atlantic City simulcast facilities.

II. N.J.S.A. 5:5-22.2 further allows the Racing Commission to authorize a permitholder to pay a ticketholder where other forms of evidence (other than electronic means) independently verify that the ticketholder purchased the unproduced ticket. However, the law provides that such non-electronic means of proof must be approved by the Racing Commission. The Racing Commission has determined that its approval of such other means requires the promulgation of a regulation. Accordingly, the Racing Commission invites the permitholders and other interested parties to submit in writing for its consideration proposed additional means for payment on non-produced tickets. It is requested that any suggestions be provided to the Racing Commission within 30 days of the date of the issuance of this directive.

Dated: October 2, 2007



Frank Zanzuccki, Executive Director