

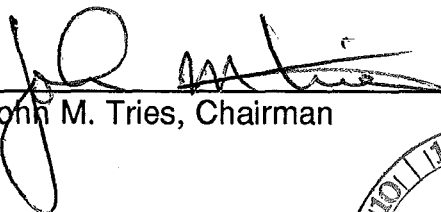
STATE OF WISCONSIN)
) SS
WISCONSIN GAMING COMMISSION)

CR 92-101

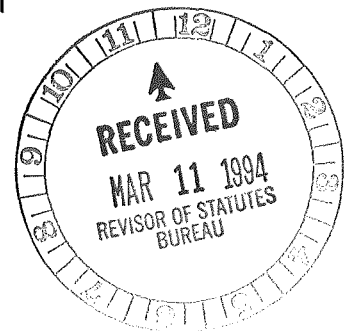
I, John M. Tries, Chairman of the Wisconsin Gaming Commission, and custodian of the official records, certify that the annexed rules, relating to the operation of pari-mutuel racing in Wisconsin, were duly approved and adopted by this commission on June 17, 1993.

I further certify that this copy has been compared by me with the original on file with this commission and that it is a true copy of the original, and of the whole original.

IN TESTIMONY WHEREOF, I have hereunto set my hand of the Wisconsin Gaming Commission at 150 East Gilman Street, Suite 1000, in the city of Madison this 11th day of March, 1994.



John M. Tries, Chairman



ORDER OF THE WISCONSIN GAMING COMMISSION

The Wisconsin Gaming Commission proposes an order to create chapter RACE 24, relating to pari-mutuel racing and intertrack wagering in Wisconsin.

ANALYSIS PREPARED BY THE WISCONSIN GAMING COMMISSION

Statutory authority: ss. 562.02(1)(a), 562.065(1), Stats.

Statutes interpreted: ss. 562.01, 562.05(1)(e), 562.05(6m), 562.057, Stats.

SUMMARY OF THE RULE:

The purpose of this rule is to set forth the procedures that shall govern the conduct of intertrack wagering. The rule covers the following: (1) application process for an intertrack wagering license and fees for same; (2) duties of a host licensee in conducting intertrack wagering; (3) duties of a host licensee in accounting and reporting; (4) duties of the guest licensee in intertrack wagering; (5) emergency procedures in relation to intertrack wagering; (6) actions to be taken in the event of a change of ownership of the track involved with intertrack wagering as they relate to the intertrack wagering license; (7) termination of the intertrack wagering license; (8) duration of the intertrack wagering license; and (10) interstate broadcasts and betting pools.

SECTION 1. RACE 24 is created to read:

RACE 24 INTERTRACK WAGERING

SUBCHAPTER I DEFINITIONS

RACE 24.01 PURPOSE. The purpose of this chapter is to govern procedures relative to the conduct of intertrack racing.

RACE 24.02 DEFINITIONS. In this chapter: (1) "Commingled pool" means the combination of wagering data and monies wagered for specific pools of the host track

with wagering data and monies wagered for specific pools of guest tracks for the purposes of calculating the odds and the payout prices.

(2) "Core to core transmission" means the accumulation of wagering data in one racetrack's totalizator system and transmission of this data directly to the totalizator system of another racetrack.

(3) "Decoder" means a device or means, or both, to convert encrypted audiovisual signals or data, or both, into a form recognizable as the original content of the signals.

(4) "Direct private line" means a direct, private telephone line to be used exclusively by the mutuel manager, whose duties are described in s. RACE 8.03 (2), and totalizator operator or their designees to communicate directly, and shall have no other permissible purpose.

(5) "Downlink" means a receiving antenna coupled with an audiovisual signal receiver compatible with and capable of receiving simultaneous audiovisual signals or data, or both, emanating from a host track, and includes the electronic transfer of received signals from the receiving antenna to TV monitors within the guest track facility.

(6) "Encryption" or "encrypted" means the scrambling or other manipulation of audiovisual signals to mask the original audio and video content of the signals and so cause such signals to be indecipherable and unrecognizable to any person receiving such signal unless the person has a decoder.

(7) "Guest licensee" means the licensee licensed under s. 562.05 (6m), Stats., and authorized by the commission to receive a broadcast of races for the purpose of conducting pari-mutuel wagering.

(8) "Guest track" means the racetrack receiving a broadcast of races from another racetrack for the purpose of conducting pari-mutuel wagering.

(9) "Honor" means to accept a pari-mutuel ticket for the purpose of cancelling, refunding, exchanging, or cashing in exchange for a payout.

(10) "Host licensee" means the licensee licensed under s. 562.05 (6m), Stats., and authorized by the commission to conduct live racing and transmit a broadcast of said races to guest tracks.

(11) "Host track" means the racetrack which is conducting live racing and is the provider of the broadcast of said races to the guest track.

(12) "Minus-pool" means the amount distributable to winners in excess of the net pool.

(13) "Racetrack" means any racetrack licensed under s. 562.05 (1) (b), Stats.

(14) "Takeout" means the percentage of the pari-mutuel pool deducted by the association which includes pari-mutuel taxes, breakage, etc. prior to distribution of the pool.

(15) "Ticket issuing machine" or "TIM" means a machine which prints hard copies of wagers.

(16) "Totalizator system" means a computer system that accepts, records, issues, and accounts for all wagering information and transactions that occur during a race meet.

(17) "TOTE" means a term of art referring to a totalizator system.

(18) "Transponder" means leased space segment time of an earth-orbit communication satellite.

(19) "Uplink" means an earth station broadcasting facility, whether mobile or fixed, which is used to transmit audiovisual signals or data, or both, on Federal Communications Commission-controlled frequencies, and includes any transfer of audiovisual signals from within a racetrack enclosure to the location of the transmitter at the uplink.

SUBCHAPTER II IN-STATE INTERTRACK WAGERING

RACE 24.03 APPLICATION FOR INTERTRACK WAGERING LICENSE AND

FEES. (1) An applicant for an intertrack wagering license under s. 562.05 (1) (e), Stats., shall file with the commission, at a time determined by the commission, an application in the form and manner prescribed by the commission, and any exhibits required by the commission.

Note: The forms may be obtained at the Division of Racing's office at 1802 W. Beltline Hwy., P.O. Box 8941, Madison WI 53708-8941.

(2) The applicant shall submit with the application a cashier's check or certified check in the amount as set forth in sub. (3), payable to the commission, as a non-refundable application fee.

(3) The application fee for an intertrack license shall be \$2,500.

(4) A license fee of \$50.00 shall be assessed for each race performance on which intertrack wagering is not offered as an adjunct to a live on-track performance. There shall be no fee when intertrack wagering is offered as an adjunct to a live on-track performance. This fee shall be paid within 10 days after receipt of approval by the commission.

(5) The commission shall grant a license for intertrack wagering under s. 562.05 (1) (a) or (b), Stats., only when intertrack wagering is offered as an adjunct to, and not in a manner that will supplant wagering on live on-track racing at that racetrack, and intertrack wagering will not be the primary source of wagering revenue at that racetrack.

RACE 24.04 DUTIES OF A HOST LICENSEE IN CONDUCTING INTERTRACK WAGERING. (1) The host licensee shall do all of the following: (a) Conduct intertrack wagering via core to core or machine (TIM) to tote transmissions with the guest track.

(b) Be responsible for the content of its broadcast and shall use all reasonable effort to present a broadcast which offers the viewers an accurate depiction of its racing program, a display of wagering information, and a continuity of programming between racing events. All equipment to be utilized in the generation, transmission, reception, or in any way affecting the audiovisual signal for which ratings are supplied shall be rated as broadcast quality by the Federal Communications Commission.

(c) Provide:

1. An uplink system or other systems or devices approved by the commission;
2. A transponder or other systems or devices approved by the commission;
3. Such security controls over its communication system, as approved by the commission, as are necessary to protect the security of the signals, protect the best interests of the public and to maximize revenues to the state as approved by the commission;

(d) Encrypt every audiovisual signal transmitted via satellite using a time displacement decoding algorithm encryption system which has been approved by the commission or an equivalent encryption system approved by the commission. Any method of transmitting audiovisual signals may not be used until approved by the commission.

(e) Maintain a facsimile machine located in the totalizator room. Except as provided under sub. (8), any changes in the host track racing program shall be transmitted by facsimile machine, by the mutuel manager. All information shall be faxed on report forms approved by the commission.

(f) Maintain a direct private line telephone in the totalizator room between each host track and guest track. Such direct private line telephone communication will be used to relay information during instances when facsimile transmission is not possible, or when facsimile transmission is not timely due to urgency of communication. Any direct private line telephone communication shall be confirmed in writing by the mutuel manager or designee within 24 hours of the end of the program. A copy shall be provided to the commission auditor, pursuant ss. RACE 8.17 and RACE 10.03. There shall be a recording device installed on the direct private line telephone at the host track.

(g) Ensure that the primary means of wagering data transmission is through a dedicated digital data line or a line of sufficient speed as approved by the commission. There shall be backup data lines in the event of primary line failure. Such backup lines may be dial-up lines. In all such circumstances when a dial-up line is used as a backup method of transmission, a report shall be filed with the commission auditor within 48

hours. Such report shall contain the date and time of the occurrence, the duration, the steps that were taken to correct it, and, if known, the reason for the failure.

(h) Communicate from the host track mutuel manager to all guest track mutuel managers or their designee immediately upon receipt of the information wagering format changes or other information relative to the races or wagering thereon. Host track and guest track mutuel managers shall notify totalizator managers, commission auditors, and the public upon receipt of the information.

(i) Not delay post times for purposes of accumulating wagers from guest track locations, with the exception of an emergency which requires a manual merge of wagering data as described in s. RACE 24.07 (2) (a). Post times for a race displayed at host track locations and guest track locations shall be the same.

(j) Keep at least one television monitor exclusively for reviewing the signal received by its guest track facilities during an intertrack performance. Said television monitor shall be monitored in a manner which shall be established by guest track facility.

(k) Issue the stop bet command at the moment the lure begins its movement.

(2) The audiovisual contractor or host track shall ensure that every audiovisual signal shall contain the following in its video content:

- (a) The date;
- (b) A digital display of the actual time of day;
- (c) The name of the track from which it emanates;
- (d) The minutes to post for each race;
- (e) The number of the race being displayed; and

(f) An indication that a race being shown is a replay of a previously run race, if it is a replay.

(3) The audiovisual contractor or host track shall not earlier than one hour and not later than 15 minutes prior to the commencement of transmission of a race, perform a test program of its transmitter, encryption, decoding, data communication, or other systems or devices approved by the commission, to assure proper operation of the broadcast system. Any irregularity shall be reported immediately to the commission auditor, pursuant to ss. RACE 8.17 and RACE 10.03.

RACE 24.05 DUTIES OF HOST LICENSEE IN ACCOUNTING AND REPORTING.

The host licensee shall do all of the following: (1) For purposes of distribution of the wagering pools: breakage pools and minus pools shall be allocated pro-rata based on the percentage of winning dollars wagered at each location for each entry, pool and race, pursuant to s. 562.065 (3) (e), Stats., and s. RACE 8.07.

(2) In order to facilitate the transfer of money between host licensees and guest licensees, each host track shall perform a daily reconciliation of their racing accounts and all amounts due to or from guest tracks. The frequency of transfer of monies between host tracks and guest tracks shall be as specified by contract, but shall occur at least weekly. A weekly report of the accounts payable and receivable incurred from intertrack pari-mutuel activity shall be submitted to the commission auditor by the host track listing the balance of the host track and all guest tracks that are commingling pools with the host

track. The forms used to keep a running balance for each track shall be approved by the commission.

RACE 24.06 DUTIES OF THE GUEST LICENSEE IN INTERTRACK WAGERING.

The guest licensee shall do all of the following: (1) Conduct intertrack wagering via core to core or machine (TIM) to tote transmissions with the host track.

(2) The totalizator operator shall discontinue intertrack wagers upon the issuance of the stop bet command issued by the host track steward, or if the stop bet command is not received, at the time the lure begins its movement. All guest tracks shall signal the cessation of wagering by sounding an off bell.

(3) Only offer pools which are the same as those offered by the host licensee, but the guest licensee is not required to offer all pools offered by the host licensee. Guest licensees may elect to exclude pools offered by the host licensee upon contractual agreement between the guest licensee and the host licensee. The host track shall also determine the minimum ticket price that is available for each pool.

(4) Cycle of frequency of the change of odds displayed on the display devices at intervals of not more than 60 seconds. An explanation shall be provided in the racing program indicating that odds and other wagering information may be delayed due to the accumulation and transfer of intertrack wagering data.

(5) In order to facilitate the transfer of money between host tracks and guest tracks, perform a daily reconciliation of its racing accounts and all amounts due to or from the

host track. The frequency of the transfer of monies between host tracks and guest tracks shall be as specified by contract, but shall occur at least weekly.

(6) Ensure that tickets sold at guest tracks conform to the requirements of s. RACE 10.06 (7), and be identified as intertrack wagers.

(7) Not earlier than one hour and not later than 15 minutes prior to the commencement of transmission of a race, perform a test program of its transmitter, encryption, decoding, or other systems or devices approved by the commission, data communication to assure proper operation of the broadcast system. Any irregularity shall be reported immediately to the commission auditor, pursuant to ss. RACE 8.17 and RACE 10.03.

(8) Provide sufficient television monitors in each totalizator room at the guest track to provide key totalizator employes a view of all animals starting in each race at any host track.

(9) Maintain a facsimile machine located in the totalizator room. In the event that a manual transmission of data is necessary the facsimile machine shall be the priority method of receiving any changes in the host track racing program, or any wagering data.

(10) Maintain a direct private line telephone with the host track located in the totalizator room. Such direct private line telephone communication will be used to receive information during instances when facsimile transmission is not possible, or when facsimile transmission is not timely due to urgency of communication. Any direct private line telephone communication shall be confirmed in writing by the mutuel manager or

designee within 24 hours of the end of the program. A copy shall be provided to the commission auditor.

(11) Display the same post time as the host track for all intertrack races.

(12) Provide:

(a) If satellite transmission is utilized, a downlink system which does not interfere with the closed circuit television system utilized by the guest track association for patron information;

(b) Such security controls over its communication system, as approved by the commission, as are necessary to protect the security of the signals, protect the best interests of the public and to maximize revenues to the state as approved by the commission;

(c) One or more information windows to address patron complaints, questions, inquiries, and which shall contain a copy of the commission's administrative rules for patron review.

(13) All monies retained by a guest track from intertrack wagering pools as purse monies shall be deposited weekly in an interest-bearing account. All proceeds from the account, including interest, shall be distributed as purses as approved by the commission.

RACE 24.07 INTERTRACK WAGERING – EMERGENCY PROCEDURES. The following emergency procedures are established: (1) Prior to the commencement of wagering on the first race on an intertrack wagering program, both the audio and video signals must be present at the guest track in order for intertrack wagering at the guest

track to be conducted. In the event of a loss of either the audio or visual signal, during the race program, wagering may continue only until the scheduled post-time of the current race at the host track. In the event both the audio and visual signals are lost, wagering shall immediately cease at the guest track and may not resume until both the audio and visual signal are restored. Any advance bets made, provided there has not been an accompanying data transmission failure, must be treated as valid bets and paid out accordingly.

(2) In the event of an impairment of the ability of a totalizator to record, classify, or accumulate wagering data or to do calculations, or if wagering data is lost, the following procedures shall apply:

(a) In the event the guest licensee's totalizator system fails, all money wagered on the race that was entered into the host track's pools from that guest licensee's totalizator system prior to the time of failure shall remain in the host track's pools only if the guest licensee's totalizator system is reestablished by the start of the race. If the guest licensee's totalizator system is not reestablished by the start of the race, then all money wagered on the race at that guest licensee shall be refunded. In the event money wagered on the race did not enter into the host track's pools and such pool data is available in the guest track totalizator system, a manual merge with the host track's pools shall be performed.

(b) In the event the host track's totalizator system fails, all wagering at the host track and guest track and all transmission of data from the guest track to the host track's totalizator system shall cease until the host track system is fully operational.

1. If the host track's totalizator system becomes operational before the start of the race and wagering data is available, transmission of data from guest tracks and wagering shall resume at all tracks until the stop bet command is issued by the host track.

2. If the host track's totalizator system is not operational before the start of the race and wagering data is lost, all wagers at all tracks on the affected races shall be refunded.

RACE 24.08 INTERTRACK WAGERING – TICKET CASHING REQUIREMENTS AND PROCEDURES. Each guest licensee shall do all of the following: (1) Tickets

issued for intertrack wagers shall be honored in conformity with requirements of ch. RACE 10. In addition to the specifications of that chapter, the following requirements shall apply:

(a) In core to core transmission tickets purchased at a guest track shall be cashed by the guest track only.

(2) Publicly display or explain in the racing program information regarding the amount of time patrons have to cash intertrack winning tickets at the guest track location, and the location and method of remitting winning tickets for cashing after the time has expired at the guest track location.

(3) There may be no cancellations of wagers at any racetrack other than that where the ticket is purchased.

RACE 24.09 CHANGE OF OWNERSHIP. Intertrack wagering licenses are personal in nature and may not be sold or otherwise transferred unless the commission has granted prior written approval for such a change of ownership or transfer.

RACE 24.095 TERMINATION OF LICENSE. Any license issued under this chapter shall terminate if the holder of the licensee is no longer licensed under s. 562.05 (1) (b), Stats.

RACE 24.10 DURATION. Intertrack wagering licenses shall expire on the last date for which permission to conduct intertrack wagering has been approved by the commission.

SUBCHAPTER III INTERSTATE BROADCASTS OR SIMULCASTING

RACE 24.11 INTERSTATE BROADCASTS – WISCONSIN RACETRACK AS HOST TRACK. The following shall apply when a Wisconsin racetrack is the host track:

(1) Wisconsin licensees shall include as part of their contracts with out-of-state guest tracks all requirements of ch. RACE 24 applicable to host tracks.

(2) Wisconsin host licensees shall not delay post times for purposes of accumulating wagers from out-of-state guest tracks, with the exception of an emergency which requires a manual merge of wagering data or emergencies beyond the control of the licensee. No delay shall occur without the approval of the stewards.

(3) All contracts entered into by a Wisconsin host licensee with an out-of-state guest track shall include a provision to the effect that the guest track shall provide any and all information necessary for the host track's accounting of its pari-mutuel activities and any information required by the commission in Wisconsin for auditing purposes.

RACE 24.12 INTERSTATE BROADCASTS – COMMINGLED POOLS. The

following shall apply for interstate broadcasts with commingled pools: (1) Where the Wisconsin licensee is the host track, the wagers received by the out-of-state guest tracks may be transmitted to the host track in Wisconsin to form a commingled pool.

(2) The Wisconsin licensee's pools shall remain separate for accounting, auditing, reporting, and statutory obligation purposes.

(3) When the commingled pool is formed in Wisconsin, the odds and prices will be calculated in accordance with the rules in ch. RACE 9. In arriving at the amount distributable to the bettors, the total take-out being used by the Wisconsin host track shall apply.

(4) The total portion of the total take-out applicable to the wagers received in Wisconsin shall be distributed in accordance with Wisconsin statutes. Any gains or losses caused by a difference in take-out totals shall be part of the licensee's revenue and expenses from the interstate broadcast.

(5) For the purposes of accounting and reporting, the breakage and minus pools shall be prorated between the Wisconsin licensee and the out-of-state host track or guest track on the same proportion as the handle, as set forth in s. 562.065 (3) (e), Stats., and ss. RACE 8.07 and RACE 24.05(1). Where the laws of the state where an out-of-state guest track is located governing the calculation of breakage and minus pools are different from the statutes and rules governing the calculation and proration of breakage and minus pools in Wisconsin, Wisconsin rules, as set forth in s. 562.065 (3) (e), Stats., and ss. RACE 8.07 and RACE 24.05(1), governing calculating and prorating the breakage

and minus pools shall be followed. The Wisconsin licensee shall provide the commission with a copy of the other state's law governing the calculations and proration of the breakage and minus pools 14 days prior to the race.

(6) Taxes and other statutory obligations as required by s. 562.065 (3) (c), Stats., shall be applicable to wagers received by the Wisconsin licensees only.

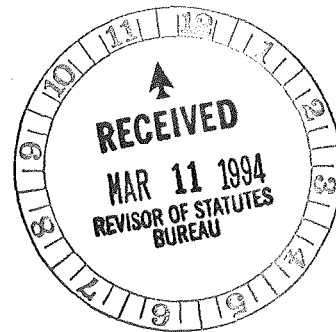
RACE 24.13 INTERSTATE BROADCASTS – COMMINGLED POOLS, CANCELLATIONS AND CASHING OF TICKETS. The following shall apply to interstate broadcasts: (1) All winning and refundable tickets which were issued by a Wisconsin licensee shall be presented for cashing to the Wisconsin licensee issuing the ticket irrespective of whether the pools are commingled or treated separately.

(2) Tickets referenced to in sub. (1) shall be cancelled at the racetrack where it was purchased only.

RACE 24.14 INTERSTATE BROADCASTS – EMERGENCY PROCEDURES. When a Wisconsin licensee is acting as a host track, in the event of a failure in the totalizator system of any component of a commingled pool network, no decision to terminate the participation of any guest track facility in the commingled pool, or to conduct a manual merge of wagering information, shall be made without prior consultation between a commission representative, the mutuel manager of the host track or designee, the general manager of the host track or designee, and the mutuel manager of the affected guest track facility or designee.

24.15 OFF-SITE TOTALIZATOR CLEARANCE. Any association or totalizator company engaged in intertrack wagering that will be utilizing the equipment, services, or property of an association or totalizator company, with which it does not have a contractual arrangement for such services, shall provide the commission with a written agreement which permits the association or totalizator company to utilize the equipment, services, or property. This agreement shall be between the host track, guest track and all totalizator companies providing services. This agreement shall be submitted for approval to the commission prior to the commencement of intertrack wagering.


This rule shall take effect on the first day of the month following publication in the Wisconsin administrative register as provided in s. 227.22(2)(intro.), Stats.



Dated:

3/11/94

Agency:



John M. Tries, Chairman

rules\cr92-101\analysis.fin

WISCONSIN GAMING COMMISSION

Tommy G. Thompson, Governor

John M. Tries, Chairman

Terence M. Dunleavy, Commissioner

Lennie A. Weber, Commissioner



Capitol Office:
150 East Gilman Street, Suite 1000
P.O. Box 8979
Madison, Wisconsin 53708-8979
(608) 264-6607
FAX (608) 267-4879

Capitol Office

West Office:
1802 West Beltline Highway
P.O. Box 8941
Madison, Wisconsin 53708-8941
(608) 266-7777
FAX (608) 264-6644

March 11, 1994

Gary Poulson
Revisor of Statutes
131 West Wilson Street
Madison, Wisconsin 53702

RE: CR 92-101

Dear Mr. Poulson:

Enclosed please find a certified copy for publication in the Wisconsin Administrative Register and the order adopting the rule in the above referenced matter. An uncertified copy and computer disk have also been provided for printing purposes.

Sincerely,

Kenneth J. Artis
Deputy General Counsel

KJA:cma
rules\race\cr92-101\poulson.111

Enclosures

