

**Kentucky Horse Racing Commission**

Meeting Materials for Special Meeting

July 10, 2023



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**Andy Beshear**  
GOVERNOR

**Jacqueline Coleman**  
LIEUTENANT GOVERNOR



**Ray A. Perry**  
SECRETARY

**Jamie Eads**  
EXECUTIVE DIRECTOR

**Jonathan Rabinowitz**  
CHAIRMAN

**PUBLIC PROTECTION CABINET**  
**Kentucky Horse Racing**  
**Commission**

4063 Iron Works Parkway, Building B  
Lexington, KY 40511  
Phone: (859) 246-2040  
Fax: (859) 246-2039

TO: Kentucky Horse Racing Commission  
FROM: Drew Conners, Director of Incentives & Development  
DATE July 5, 2023  
RE: **RATIFICATION OF EXECUTIVE DIRECTOR EADS' APPROVAL OF ELLIS ENTERTAINMENT, LLC'S 2023 KTDF DISTRIBUTIONS**

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On June 19, 2023, Ellis Entertainment, LLC's ("Ellis Park") Senior Director of Finance Jasmine Bonnell submitted a letter to Executive Director Jamie Eads regarding the Kentucky Thoroughbred Development Fund ("KTDF") distributions for Ellis Park's race meet that will be conducted July 7, 2023 to August 30, 2023. Ellis Park changed its association purse structure to pay through fifth place. Therefore, Ms. Bonnell requested approval to pay out KTDF distributions through fifth place, as well.

KTDF Advisory Committee Members, The Kentucky Thoroughbred Association ("KTA") / Kentucky Thoroughbred Owners and Breeders ("KTOB"), and the Kentucky Horsemen's Benevolent and Protective Association ("KYHBPA") were all contacted prior to Director Eads' final approval regarding the proposed KTDF distribution structure:

- 1st: 58%
- 2nd: 22%
- 3rd: 10%
- 4th: 6%
- 5th: 4%

Due to the time constraint of the request, Executive Director Eads granted conditional approval of the proposed KTDF distribution changes. KHRC staff recommends ratification of Executive Director Eads' approval.

**COMMISSION ACTION**

\_\_\_\_\_ Ratify

\_\_\_\_\_ Defer

\_\_\_\_\_ Deny



June 19, 2023

Ms. Jamie Eads  
Executive Director  
Kentucky Horse Racing Commission  
4063 Iron Works Parkway  
Building B  
Lexington, KY 40511

Dear Executive Director Eads:

Ellis Park Racing & Gaming would like to formally amend and request that for the Ellis Park Meet beginning July 7 the KTDF Purse Distribution will be the following for all races conducted.

For those horses that are registered and eligible according to the conditions listed above, fund monies will be divided as follows:

58%.....to the winner  
22%.....to second  
10%.....to third  
6%.....to fourth  
4%.....to fifth

If you have any questions or need additional information, please contact us.

Sincerely,

Jasmine Bonnell  
Senior Director of finance

Dan Bork  
Racing Secretary

OFFICERS  
Christopher L. Baker  
President  
Natanya Nieman, D.V.M.  
Vice President  
Bill Daugherty  
Secretary  
Dermot Ryan  
Treasurer  
Pope McLean, Jr.  
Assistant Treasurer

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Fergus Galvin  
Walker Hancock  
Anne Archer Hinkle  
Paul McGee  
Natanya Nieman, D.V.M.  
Neil Pessin  
Dermot Ryan  
Kim Smith  
T. Wayne Sweezey  
Ned Toffey  
Jeffrey D. Thornbury

DIRECTORS EMERITUS  
Clifford Barry  
James G. Bell  
Darrell Brown  
Dell Hancock  
Neil A. Howard  
William L.S. Landes, III  
Braxton Lynch  
Pope McLean, Jr.  
Garrett O'Rourke  
Frank Penn  
R. Alex Rankin  
Don M. Robinson  
Frederick J. Seitz  
Joseph Seitz  
R. Eric Waldman

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June 23, 2023

Jon Rabinowitz, Chairman  
Kentucky Horse Racing Commission  
4063 Iron Works Parkway  
Lexington, KY 40511 USA

Dear Chairman Rabinowitz:

This letter is confirmation of our support of the requested change in KTDF Purse Distribution, listed below, for the Ellis Park Meet beginning July 7, 2023.

KTDF Purse Distribution as follows:

1<sup>st</sup> – 58%  
2<sup>nd</sup> – 22%  
3<sup>rd</sup> – 10%  
4<sup>th</sup> – 6%  
5<sup>th</sup> – 4%

Sincerely,

  
Jenny McGaughey  
Director of KTDF Registration

# Kentucky Horsemen's Benevolent and Protective Association, Inc.



**Rick Hiles**  
President

**Frank L. Jones Jr.**  
Vice President

**Dale Romans**  
2nd Vice President

**OWNER**  
**DIRECTORS:**  
William "Buff" Bradley  
Michael J. Bruder  
Mark C. Bacon  
Travis Foley

**Owner Director**  
**1st Alternate:**  
James "Jim" Williams

June 23, 2023

Jamie Eads  
Executive Director  
Kentucky Horse Racing Commission  
4063 Iron Works Parkway  
Building B  
Lexington, KY 40511

Jamie,

**Joe Clabes**  
Executive Director

**Sara Toomey**  
Executive Assistant

**John Griffith**  
Treasurer

**TRAINER**  
**DIRECTORS:**  
Norman Casse  
Jason Barkley  
John A. Hancock  
Bentley Combs

**Trainer Director**  
**1st Alternate:**  
R.C. Sturgeon

The Kentucky HBPA approves Ellis Park's request to amend KTDF payouts during the 2023 Summer Meet which begins July 7, 2023.

58% to winner  
22% to second  
10% to third  
6% to fourth  
4% to fifth

This approval extends only to the 2023 Ellis Park Summer Meet.

Sincerely,

Rick Hiles  
President  
Kentucky HBPA



Andy Beshear  
GOVERNOR

Ray A. Perry  
SECRETARY

Jacqueline Coleman  
LIEUTENANT GOVERNOR

**PUBLIC PROTECTION CABINET**  
**Kentucky Horse Racing**  
**Commission**

Jamie Eads  
EXECUTIVE DIRECTOR

4063 Iron Works Parkway, Building B  
Lexington, KY 40511  
Phone: (859) 246-2040  
Fax: (859) 246-2039

Jonathan Rabinowitz  
CHAIRMAN

TO: Kentucky Horse Racing Commission  
FROM: Andy Conway, Assistant Director of Pari-Mutuel Wagering and Compliance  
DATE July 5, 2023  
RE: **RATIFICATION OF EXECUTIVE DIRECTOR EADS' APPROVAL OF ELLIS ENTERTAINMENT, LLC'S REQUEST TO AMEND SECTION R OF ITS' 2023 APPLICATION TO CONDUCT LIVE HORSE RACING, SIMULCASTING AND PARI-MUTUEL WAGERING**

On June 29, 2023, Executive Director Jamie Eads conditionally approved a request from Ellis Entertainment, LLC ("Ellis Park") to amend Section R of its 2023 application to conduct live horse racing, simulcasting and pari-mutuel wagering. Proposed changes include the following:

1. Amendment of the first post time from 12:50pm CDT to 11:45am CDT.
2. The addition of a Jackpot Pick-6 pool with a 20¢ minimum to utilize Method 7 of Pick-(n) Pools as described in 810 KAR 6:020 Section 14.
3. The addition of Super High-5 pools with a \$1 minimum with carryover to each subsequent pool offering.
4. Amendment of the Pick-5 pool to utilize Method 1 instead of Method 3 of Pick-(n) Pools as described in 810 KAR 6:020 Section 14. This pool will have a 50¢ minimum and carryover is to be added to the next racing day's late Pick-5 pool.
5. Amendment of the \$1 minimum for Win-Place-Show pools to a \$2 minimum.
6. The addition of an All-Turf Special Pick-3 pool to be offered for three turf races on the race card with a \$3 minimum.

All pools are to be offered in accordance with 810 KAR 6:020.

Executive Director Eads' approval due to the time constraints of the request is contingent upon ratification by the Commission.

The KHRC staff recommends ratification of Executive Director Eads' approval of the request from Ellis Park.

COMMISSION ACTION

\_\_\_\_\_ Ratify

\_\_\_\_\_ Defer

\_\_\_\_\_ Deny



June 26, 2023

Kentucky Horse Racing Commission  
4063 Iron Works Parkway  
Lexington, KY 40511

Executive Director Eads,

Ellis Park Racing and Gaming respectfully requests permission to make a series of changes to the 2023 racing season wagering menu. These changes would align Ellis Park with an identical wagering format as to what is currently being used today as part of the Churchill Downs meeting at Ellis Park. The changes to the wagering menu would be as follows:

- Adding the Jackpot Pick 6 utilizing the established rules governing the wager today at Churchill Downs @ Ellis Park
- Adding Rolling Super Hi-5 wagers, with carryovers to the next available Hi- 5 wager using the rules currently governing this wager today at the Churchill Downs @ Ellis Park meet.
- Adjusting the Pick 5 wager to reflect the current rules which does not include a consolation payout of 4 winners when all 5 winners are correctly selected
  - o This would be a change from Pick N Method 3 (Pick N with Minor Pool and Carryover) to Pick N Method 1 (Pick N with Carryover)
  - o As is customary at Churchill Downs, all carryovers in the Pick 5 would go to the next racing day's LATE Pick 5 wager
    - We will have the detailed spreadsheet on these carryovers submitted to the KHRC staff
- WPS wagers would have a \$2 minimum wager rather than the \$1 minimum in year's past at Ellis Park
- Ellis Park would also continue to offer the \$3 All Turf Special Pick 3 that was part of the Ellis Park approved wagering menu in 2022

Ellis Park also respectfully requests a change in the 1<sup>st</sup> race post on the day to 11:45 CT.

All of these changes are being done to keep the wagering menu and post times consistent to what is currently ongoing at the Churchill Downs @ Ellis Park meet. Switching wagering rules and post times between July 2 and July 7 could cause some confusion amongst the wagering public, so the association's preference is to limit confusion and mirror what is current being utilized today.

Feel free to contact me with any questions.

Regards,

Matthew Pressley  
General Manager  
Ellis Park Racetrack  
3300 US Highway 41 N  
Henderson, KY 42420  
Mobile: (812) 559-1412





**Andy Beshear**  
GOVERNOR

**Jacqueline Coleman**  
LIEUTENANT GOVERNOR

**PUBLIC PROTECTION CABINET**  
**Kentucky Horse Racing**  
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4063 Iron Works Parkway, Building B  
Lexington, KY 40511  
Phone: (859) 246-2040  
Fax: (859) 246-2039

**TO:** Kentucky Horse Racing Commission

**FROM:** Jamie Eads, Executive Director  
Waqas Ahmed, Deputy Executive Director  
Jennifer Wolsing, General Counsel  
Travers Manley, Deputy General Counsel

**DATE:** July 9, 2023

**RE:** **OVERVIEW AND RECOMMENDATIONS ON SPORTS WAGERING REGULATIONS PURUSANT TO THE SPORTS WAGERING ACT**

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Approximately five years ago, the United States Supreme Court struck down the Professional and Amateur Sports Protection Act ("PASPA"). This decision permitted each individual jurisdiction to enact rules to authorize sports wagering. On March 31, 2023, Governor Andy Beshear signed House Bill 551 ("Sports Wagering Act") into law. The bill, which enjoyed bi-partisan support, empowered the Kentucky Horse Racing Commission ("Commission") to authorize sports wagering in the Commonwealth of Kentucky, making it the 37th jurisdiction to do so. On June 29, 2023, the statutory language proposed in the bill became effective.

The Sports Wagering Act charges the Commission with several regulatory responsibilities. Most importantly, the Commission has been granted full authority to regulate sports wagering in the Commonwealth, including the power to investigate and enforce compliance in accordance with Kentucky Revised Statutes and any regulations drafted by the Commission. The Commission is tasked with developing regulations and standards for implementing sports wagering, ensuring proper conduct, and addressing integrity issues. The Commission is also responsible for overseeing the application process for sports wagering operators, service providers, and occupational licenses.

After the signing of the Sports Wagering Act, the Commission, under guidance from the Public Protection Cabinet and the Governor's office, created a plan to implement a system for sports wagering. Now, the Commission staff has compiled and reviewed voluntary submissions by stakeholders from the industry, consulted with independent wagering experts on technical criteria, and conducted site visits to various jurisdictions to review their operations. As a result, the following regulations have been drafted to implement a system of sports wagering, pursuant to the Sports Wagering Act.

## II. Summary of Regulations

Except as otherwise provided, the emergency and ordinary versions of these regulations are identical.

1. **810 KAR 3:010** establishes the procedures and requirements for racing associations in Kentucky to obtain a license from the Kentucky Horse Racing Commission to offer sports wagering. If approved, these licensees, referred to as operators, will undergo a thorough application process, complete with initial and renewal applications and specific forms provided. Licensing fees will consist of a non-refundable initial fee of \$500,000 and a renewal fee of \$50,000. The Commission is to grant licenses based on a careful evaluation of the applicant's compliance history, financial capability, security measures, and the public interest. Temporary licenses may be issued pending suitability investigations. The regulation also designates the commencement dates for retail and mobile operations, being September 7, 2023, and September 28, 2023, respectively. This regulation includes an incorporated application.
2. **809 KAR 1:002** provides a comprehensive procedure for obtaining a service provider license for sports wagering in Kentucky. The regulation defines key terms, outlines the application process, and specifies fees associated with service provider licenses. It also covers temporary licensing, which can be granted by the commission after an initial application is submitted. Criteria for granting a service provider license are listed, emphasizing the importance of qualifications, criminal history checks, contract transparency, and tax law compliance. Service providers must maintain their eligibility, adhere to regulations, and promptly inform the Commission of any changes that may affect their suitability. This regulation includes an incorporated application.
3. **809 KAR 1:003** outlines the procedures and requirements for obtaining occupational licenses in the sports wagering industry in Kentucky. It covers general requirements for license applications, different license categories, application fees, procedures, and deadlines, as well as temporary licenses. It also handles issues like background checks, reasons for license denial or revocation, reporting changes in information, and the provision of identification badges or certificates of licensure. This regulation includes incorporated applications for all occupational license types.
4. **809 KAR 10:001** defines key terms used throughout the regulations, such as confidential information, electronic payments, equipment, geofencing, critical employees, integrity monitoring, and licensed premises. These definitions are crucial for a clear understanding of the subsequent sections of the regulations. This regulation incorporates the GLI Technical Standards and the GLI Change Management Program Guide.
5. **809 KAR 10:002** offers guidelines for conducting sports wagering in Kentucky. It establishes approved sporting events and wager types, sets approval and prohibition criteria, and outlines the process for licensees to petition for new categories of sports events or wager types. It also dictates the requirements for data sources used in sports wagering and the adoption of approved wagering rules.
6. **809 KAR 10:003** focuses on the Sports Wagering System's requirements and procedures, used by licensees in Kentucky. It mandates the use of an approved Sports Wagering System, compliance with applicable laws and regulations, and adherence to license conditions and GLI-33 Standards. It covers topics from certification testing for the system to geolocation requirements for mobile sports wagers and data security policies.
7. **809 KAR 10:004** establishes the requirements for Sports Wagering Accounts. This includes rules around the collection of Personally Identifiable Information (PII) during registration, the

processes for age and identity verification, the setting of deposit and wager limits, and handling dormant accounts.

8. **809 KAR 10:005** provides guidance on operating licensed facilities for sports wagering. It outlines requirements for the floor plan of the facility, controlling access to designated areas, and prohibiting underage individuals from purchasing or cashing sports wagering tickets.
9. **809 KAR 10:006** focuses on matters such as internal controls, information security, accounting records, financial audits, records retention, reserve requirements, risk management, taxation, reporting of suspicious transactions, Anti-Money Laundering (AML) procedures, integrity monitoring, security of PII, handling of patron complaints, prohibition of credit extensions, prevention of access by Prohibited Patrons, Layoff Wagers, reporting requirements, segregation of data, and independent audits.
10. **809 KAR 10:007** requires Operator Licensees to implement a self-exclusion list for problem gamblers who wish to exclude themselves from Sports Wagering. They must also establish a responsible gaming program. Of note, the emergency form of this regulation differs from the ordinary form. During the initial sports wagering period, operators shall establish individual self-exclusion lists for problem gamblers. When the ordinary regulations become effective, those individual lists shall be merged into a statewide list administered by the Commission.
11. **809 KAR 10:008** focuses on the disciplinary actions that the Commission can take against persons for violating the regulations outlined in KRS Chapter 230 and its associated regulations.

The KHRC staff recommends the approval of these regulations in emergency and ordinary form to authorize sports wagering in the Commonwealth of Kentucky. All necessary steps have been taken to ensure that these regulations are thorough, fair, and in the best interest of the Commonwealth.

COMMISSION ACTION

\_\_\_\_\_ Approve

\_\_\_\_\_ Defer

\_\_\_\_\_ Deny