

**KENTUCKY HORSE RACING COMMISSION  
November 22, 2016  
SPECIAL MEETING AGENDA**

**Location:     Rolex Hospitality Room  
                  4089 Iron Works Parkway  
                  Lexington, KY 40511**

**Time:         1:30 pm**

**I. Call to Order and Roll Call**

**II. New Business**

- 1. Request submitted by Keeneland/Red Mile to offer PariMAX historic horse race exotic wagering pools.....(pgs. 1-35)**
  
- 2. Request by KHRC staff to approve 2017 Advance Deposit Wagering Conditions of Licensure.....(pgs. 36-41)**

**IV. Adjournment**



MATTHEW G. BEVIN  
GOVERNOR

DAVID A. DICKERSON  
SECRETARY

## PUBLIC PROTECTION CABINET

FRANKLIN S. KLING, JR.  
CHAIRMAN

### KENTUCKY HORSE RACING COMMISSION

MARC A. GUILFOIL, EXECUTIVE DIRECTOR  
4063 IRONWORKS PKWY, BLDG. B  
LEXINGTON, KENTUCKY 40511

TELEPHONE: (859) 246-2040 FAX: (859) 246-2039  
WEB SITE: [HTTP://KHRC.KY.GOV](http://khrc.ky.gov)

**To:** Kentucky Horse Racing Commission (“KHRC”)

**From:** Steve May, Director of Pari-Mutuel Wagering and Compliance

**Date:** November 21, 2016

**Re:** Request submitted by Keeneland/Red Mile to offer PariMAX historic horse race exotic wagering pools

---

Keeneland/Red Mile (“KRM”) has submitted a request to offer PariMAX pari-mutuel system wagering pools. KRM currently has 902 historic horse racing terminals, and the request is to operate 180 of the terminals using the PariMAX system.

The PariMAX system is operated by PariMAX Holdings, LLC (“PariMAX”), a division of AmTote, International, LLC (“AmTote”). AmTote is currently the provider of historic horse racing service at KRM. PariMAX currently offers similar exotic wagering pools in Oregon and Wyoming. Prior to KRM submitting this request, the PariMAX system underwent testing at Gaming Laboratories International (“GLI”), an internationally recognized provider of regulatory compliance testing. GLI has reviewed the PariMAX system and affirms that the system complies with applicable Kentucky statutes and regulations. A copy of the relevant GLI report and a copy of an “Attestation of System Fidelity” provided by PariMAX is attached to this memorandum.

KHRC staff and legal counsel have reviewed the KRM request, the pertinent PariMAX documentation, and the GLI report. KHRC staff and legal counsel believe the PariMAX system complies with all applicable Kentucky statutes and regulations.

If approved by the KHRC, KRM and PariMAX staff will transition the wagering pools to the PariMAX system in a secure manner and with guidance from KHRC staff.

KHRC staff recommends approval of the KRM request.

**COMMISSION ACTION**

\_\_\_\_\_ **Approved**

\_\_\_\_\_ **Denied**

\_\_\_\_\_ **Deferred**



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November 17, 2016

**Via Hand Delivery**

Marc A. Guilfoil  
Executive Director  
Kentucky Horse Racing Commission  
4063 Iron Works Parkway, Bldg. B  
Lexington, KY 40511

RE: Amendment to KRM Wagering, LLC's ("KRM") Request to Offer Exotic Wagering on Historical Horse Races

Dear Mr. Guilfoil:

As the Commission is aware, under Kentucky law, pari-mutuel wagers on historical horse races<sup>1</sup> are exotic wagers, which must be approved in writing by the Commission before being offered by KRM. 810 KAR 1:120, §§ 1-2. Pursuant to 810 KAR 1:120, § 4, please find enclosed an Amendment ("Amendment") to KRM's Request to Offer Exotic Wagering on Historical Horse Races ("Request"). KRM respectfully requests that the Kentucky Horse Racing Commission ("Commission") approve the addition of two (2) new wagers, "Witch's Wheel" and "Sevens and Roses", (collectively, the "PariMax wagers") as more particularly set forth herein.

The PariMax wagers satisfy all of the requirements set forth under 810 KAR 1:120. Specifically, the addition of these exotic wagers does not adversely affect the safety or integrity of horse racing or pari-mutuel wagering in the Commonwealth, and the Amendment complies fully with KRS Chapter 230 and 810 KAR Chapter 1. KRM respectfully requests that this Commission approve its Amendment and the proposed exotic wagers contained therein. 810 KAR 1:120 § 2(5).

The enclosed information is submitted in accordance with the Kentucky Revised Statutes and Kentucky Administrative Regulations, and the financial and business information contained

<sup>1</sup> Wagers on historical horse races are defined as "[a]ny horse race that: (a) [w]as previously run at a licensed pari-mutuel facility located in the United States; (b) [c]oncluded with official results; and [c]oncluded without scratches, disqualifications, or dead-heat finishes." 810 KAR 1:001, § 1(30).

Marc A. Guilfoil  
Kentucky Horse Racing Commission  
November 17, 2016  
Page 2

herein is confidential, proprietary and exempt from disclosure under the Open Records Act, KRS 61.878(1)(c) (the "Act"). In addition, any or all personal information contained in the Request and attachments is also exempt from disclosure under the Act. See KRS 61.878(1)(a).

In the event the Commission has any questions or requires additional information that would be of assistance in its consideration of the Amendment and the proposed wagers, please let me know.

Very truly yours,

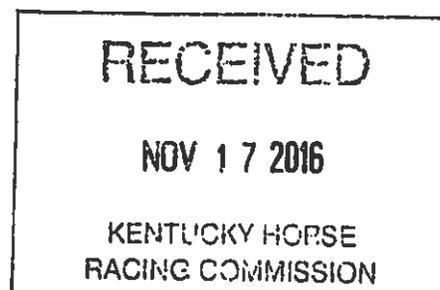
STOLL KEENON OGDEN PLLC



Shannon B. Arvin

cc: Shannon Cobb  
Joe Costa  
John Forgy  
Vince Gabbert  
Chapman Hopkins  
William M. Lear, Jr.

Enclosures



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AMENDMENT TO REQUEST TO OFFER EXOTIC WAGERS ON HISTORICAL HORSE RACES SUBMITTED FOR APPROVAL TO THE KENTUCKY HORSE RACING COMMISSION FILED ON BEHALF OF KRM WAGERING, LLC

NOV 17 2016

NOVEMBER 17, 2016

Kentucky Horse Racing Commission

This Amendment ("Amendment") to KRM Wagering, LLC's ("KRM") Request to Offer Exotic Wagers on Historical Horse Races, as approved by the Kentucky Horse Racing Commission ("Commission") at meetings held on April 2, 2014, December 2, 2014, June 29, 2015, and August 18, 2015 (collectively, the "Request"), seeks Commission approval of two (2) additional exotic wagers on historical horse races, "Witch's Wheel" and "Sevens and Roses" (collectively, the "PariMax wagers"), as more particularly set forth herein. This Amendment and its attachments include all the information required under 810 KAR 1:120 § 4 related to the proposed wager, (1) whether by amendments and/or changes to the original Request set forth below, or (2) where the information required has not changed, as provided in the original Request. This Amendment contains the following amendments and/or changes to the original Request as follows:

1. The types, number, and denominations of pari-mutuel wagers to be offered (*see* 810 KAR 1:120 § 4(a)—*see* Tab 1 of Amendment);
2. A detailed description of the rules that apply to the pari-mutuel wagers and the methods of calculating payouts, including how money will be allocated to the seed pool (*see* 810 KAR 1:120 § 4(b)—*see* Tab 2 of Amendment).

The addition of the PariMax wagers as exotic wagers on historical horse races would not adversely affect the safety or integrity of horse racing or pari-mutuel wagering in the Commonwealth, and the Amendment complies fully with KRS Chapter 230 and 810 KAR Chapter 1, KRM respectfully requests that this Commission approve its Amendment and the proposed exotic wagers contained therein. 810 KAR 1:120 § 2(5).

**Tab 1: Pari-Mutuel Wager Types, Number and Denominations**

The information behind Tab 1 is a revised list of Pari-Mutuel Wager Types, Number and Denominations. The only changes to this list are the addition of the proposed exotic wagers, "Witch's Wheel" and "Sevens and Roses", their respective denominations and the number of terminals proposed to be dedicated to the new wagers, if approved by the Commission. 810 KAR 1:120 § 4(a). The total number of terminals, with the addition of the terminals with PariMax wagers, will remain 902. Specifically, if approved by the Commission, a total of 180 wager terminals will be replaced with the proposed PariMax wager terminals, as more particularly set forth on Tab 1. The total terminals will not exceed 1,000, which is the number of terminals approved for use by KRM by the Commission at its December 2014 meeting. *See* Tab 1: Pari-Mutuel Wager Types, Number and Denominations; *see also* Tab 2 regarding the PariMax wagers' technical specifications.

**Tab 2: New Game Theme Specifications**

The information behind Tab 2 contains the technical specifications for the proposed exotic wagers, Witch's Wheel and Sevens and Roses. *See* Attachment 2: PariMax Wagers

Technical Specifications. Witch's Wheel and Sevens and Roses are both based on ARCI Model Rule 004-105. Both PariMax wagers have been tested by GLI and are proposed to be placed on the floor of KRM in November and December, 2016, subject to the approval of the Commission. KRM respectfully requests Commission approval to offer the PariMax wagers as set forth more particularly in Tabs 1 and 2. Tab 2 includes a detailed description of the rules that apply to the PariMax wagers and the method of calculating payouts. 810 KAR 1:120 § 4(b).

**Attachments to Request**

**Tab 1: Pari-Mutuel Wager Types, Number and Denominations**

**Tab 2: PariMax Wagers' Technical Specifications**



**1. Pari-Mutuel Wager types, Number and Denominations**

MIX ON FLOOR		Count
Cruisin' For Cash	\$0.10	10
Bayou Bash	\$0.10	30
Sir Willie's Treasure Quest	\$0.10	26
Pigs in Mud	\$0.10	34
Deep Sea Treasure	\$0.10	33
		133
Yukon Willie's Gold Rush	\$0.25	4
Yukon Willie's Gold Rush (32" screen)	\$0.25	36
Black Hills Gold	\$0.25	16
Dancing Diamonds	\$0.25	34
Very Cherry	\$0.25	15
Very Cherry (32" screen)	\$0.25	36
Treasures of Egypt	\$0.25	32
Double Horseshoes	\$0.25	21
Wild West Willie's Bonus Spin	\$0.25	11
Pigs In Mud (2)	\$0.25	28
Super Fired Up Sevens	\$0.25	29
Triple Instant Double	\$0.25	14
		276
Sevens and Roses	\$0.40	26
Witch's Wheel	\$0.40	20
		46
Deep Sea Treasure	\$0.50	22
Pigs in Mud	\$0.50	24
		46
Very Cherry	\$1.00	24
Very Cherry (32" screen)	\$1.00	26
Dancing Diamonds	\$1.00	40
Black Hills Gold	\$1.00	10
Yukon Willie's Gold Rush	\$1.00	13
Yukon Willie's Gold Rush (32" screen)	\$1.00	27
Treasures of Egypt	\$1.00	25
Cash Carnival	\$1.00	20
Wild West Willie's Lucky Draw	\$1.00	20
Pigs In Mud (2)	\$1.00	20
Double Horseshoes	\$1.00	3
Super Fired Up Sevens	\$1.00	1
Wild West Willie's Bonus Spin	\$1.00	3
Sevens and Roses	\$1.00	47
Witch's Wheel	\$1.00	47
		326
Sevens and Roses	\$2.00	20

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Witch's Wheel	\$2.00	20
		40
Double Horseshoes	\$5.00	5
Very Cherry	\$5.00	30
		35

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**NOTE: Denominations of games or mix of games may vary based on customer demand and availability from the manufacturer. KRM will inform the Commission of any planned modification of denomination and/or mix.**

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## **PARIMAX HOLDINGS LLC ATTESTATION OF SYSTEM FIDELITY**

This document, (the "Attestation") is hereby intended to assure the fidelity and integrity of the PariMAX Holdings LLC ("PariMAX") historical horse racing system.

Regarding seed pool depletion, each PariMAX wager is tested during development and against a production system before going live in order to confirm that the takeout rate is sufficient to maintain the "Funding Reserve". Developers run a testing simulation thirty-million times to validate the expected results of the wager, and the Quality Assurance team independently repeats the testing against a production system to confirm the results. Various denominations are used during these tests.

In operation, the daily liability reports contain and communicate the current amount in the "Funding Reserve". At this time, Commissioners in Oregon and Wyoming, as well as representatives of the TRPB (Thoroughbred Racing Protective Bureau), are using the liability reports to review the funding reserves of the PariMAX wagers in operation.

As to the daily wagering reports generated for the PariMAX system, PariMAX uses the AmTote International, Inc. back-end Totalisator System to generate these reports. The AmTote system is audited annually to confirm that the accounting of wagers is reported, complete and accurate. The audit is conducted by Deloitte LLP. The results of the audit are contained in AmTote's SOC1 report and used by AmTote clients, Racing Commissions, and State Revenue auditors.

Concerning past performance data, PariMAX contracts with Equibase LLC to provide said past performance data for the PariMAX race library. In operation, representatives of the TRPB have completed reviews of the past performance data to confirm that it accurately represents the information of the underlying entries in the race being displayed.

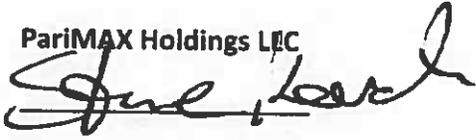
As to the random number generator used in the PariMAX games, PariMAX utilizes random numbers generated by TectroLabs TL200, a hardware random number generator. The TL200 has passed the following statistical tests for measuring the quality of a random number generator: Diehard, Dieharder, NIST, and ENT.

Pertaining to the actual races being used in the PariMAX games, PariMAX contracts with licensed pari-mutuel race content providers in the United States. All races in the PariMAX database are selected so that they comply with 810 KAR 1:001 and meet, at a minimum, the following criteria: all races were run at a licensed pari-mutuel facility located in the United States; all races concluded with official results; and all races concluded without scratches, disqualifications, or dead-heat finishes.

Lastly, PariMAX contracts with the content providers for the right to display and wager on their races. Regulators in Wyoming and Oregon have reviewed the PariMAX games in operation, and contracted with the TRPB to confirm that the race content displayed accurately represents the race on which the wagers are placed.

I hereby attest the foregoing information to be accurate and true.

PariMAX Holdings LLC

A handwritten signature in black ink, appearing to read "Steve Keech", written over a horizontal line.

Steven E. Keech, EVP Acquisitions & Business Development

Date: 11/22/16



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November 21, 2016

Mr. Steve May  
Director of Pari-Mutuel Wagering  
Kentucky Horse Racing Commission  
4063 Ironworks Parkway, Building B  
Lexington, Kentucky 40511

RE: Update to **Gaming Laboratories International, LLC** Certification Report  
SY-399-AMT-16-01, dated November 14, 2016

Dear Sir or Madam:

By Certification Report dated November 14, 2016, **Gaming Laboratories International, LLC** provided test results for the AmTote PariMax Pari-Mutuel Wagering System for the Kentucky Horse Racing Commission.

The report has been revised to clarify various questions raised by the Kentucky Horse Racing Commission during their review.

The attached report serves as a wholesale amendment and is intended to replace the original report in its entirety. We apologize for any inconvenience this may have caused you and/or your staff.

If you should have any questions regarding this matter, please feel free to contact our office.

Sincerely,  
**GAMING LABORATORIES INTERNATIONAL, LLC**

Christine M. Gallo  
Vice President of Technical Compliance and Quality Assurance

Richard LaBrocca  
Senior Director of Engineering

ENCLOSURE

SY-399-AMT-16-01

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November 21, 2016 ①

Mr. Steve May  
Director of Pari-Mutuel Wagering  
Kentucky Horse Racing Commission  
4063 Ironworks Parkway, Building B  
Lexington, Kentucky 40511

**RE:** Proposal for Compliance Certification of PariMax Historical Racing Games (Proposal #SY-20160923-02 dated September 23, 2016)

**REF:** SY-399-AMT-16-01

Dear Mr. May:

This letter will convey the results of the testing performed by **Gaming Laboratories International, LLC (GLI)** on the AmTote PariMax Pari-Mutuel Wagering System for the Kentucky Horse Racing Commission. This report is based upon confidential and proprietary information subject to a Non-Disclosure Agreement with AmTote International. As such, the report is being submitted as a confidential document for use by the Kentucky Horse Racing Commission.

① Updates to the previously issued report dated November 14, 2016 were made to clarify various questions raised by the Kentucky Horse Racing Commission during their review.

The AmTote PariMax Pari-Mutuel System version 2.7 has been tested in accordance with the statutes and regulations set forth in KRS Chapter 230 and 810 KAR Chapter 1, outlining the requirements for pari-mutuel wagering and historical horse racing conducted in Kentucky. The PariMax Pari-Mutuel System currently only features previously run thoroughbred horse races; consequently, 811 KAR was excluded from this evaluation in its entirety.

The AmTote PariMax Pari-Mutuel System is a server-based pari-mutuel wagering system in which wagers are placed on historical thoroughbred horse races. The system is divided into four (4) primary components: Totalisator System (Tote), Electronic Race Day Controller (eRDC), Data Cache Manager (DCM), and Player Terminals. The system handles historical race selection, outcome generation, outcome delivery, video replays, report generation, configurations, and management of Player Terminals.

## **System Subcomponent Descriptions:**

### Totalisator

The Totalisator is the central server and is responsible for outcome delivery, configurations, and management of Player Terminals. The Totalisator System maintains pari-mutuel prize pools for wagers according to the specified allocation rules for each pool. Logging and aggregation of data for reports is performed by the Totalisator. A database of tickets and vouchers is maintained by the Totalisator, and these tickets or vouchers are validated against that database when redeemed. The Totalisator communicates directly with the Player Terminals and the Electronic Race Day Controller (eRDC).

### DCM (Data Cache Manager)

The DCM is a database which contains data for historical thoroughbred horse races which can be utilized by the PariMax System to generate outcomes on the player terminal. The DCM only acts as data storage and does not perform any computations. The data in the DCM is broken up into a master table and one or more configuration-specific tables, or “Race Decks”. The master table contains all data for every race that can be utilized by the system to generate outcomes on all player terminals. This table contains specific data for each race, such as a unique identifier for each race (Obfuscated Contest ID or OCID), the track, date and time on which the race took place, the order of the race’s finishers, the Morning Line odds Handicap pick selection, and the AutoPick picks for each AutoPick category. AutoPick is a third party service that provides handicapping information for live horse races. Each race represented in the system has an associated set of past performance and handicapping information which was provided by BetMix, LLC at the time of the actual race. Each configuration-specific table (“Race Deck”) in the DCM is a SQL table which contains a list of indexes. These indexes point to specific races within the master table that are to be used to generate outcomes for a specific configuration on the player terminal. Each specific player terminal configuration will utilize its own Race Deck(s) stored within a table on the DCM server for race selection. The only system component that communicates directly with the DCM is the Electronic Race Day Controller (eRDC).

### Electronic Race Day Controller (eRDC)

The Electronic Race Day Controller (eRDC) is a server application that determines wager outcomes for the PariMax System based on player selections and the result of the chosen historical races. The eRDC communicates with the Totalisator and the Data Cache Manager (DCM). When the Totalisator receives a request from a player terminal for historical races, the Totalisator will forward this request to the eRDC. The eRDC will, in turn, retrieve the appropriate number of races from the DCM to determine if the player’s picks are such that the player is entitled to an award from one or more pools.

The DCM will only pass race data from the appropriate Race Deck(s) to the eRDC. The appropriate Race Deck(s) are determined by the configuration of the player terminal. The eRDC will compare the player's picks retrieved from the player terminal via the Totalisator against the finishers of the races retrieved from the DCM and determine if the player is entitled to an award from one or more pools. The eRDC will communicate to the Totalisator any and all pools which the player has won. The eRDC is also responsible for shuffling the indexes in the configuration-specific SQL tables (Race Decks) maintained in the DCM. The eRDC is installed on a server in the Kentucky Data Center in Kentucky.

### Player Terminal

The PariMax Player Terminals are video-based cabinets which include a touch screen video display, button panel, bill acceptor, ticket reader, and ticket printer. There are three displays available to the player at the player terminal. The main display is a touch screen where the player can make their selections, view the help screens, and view results. The top display shows the videos, results of the historical races and the current value of the odds to the player for all game themes. There is a small 6x2.25" display located underneath the main display which displays the track name. Players interact with the Player Terminal to place wagers, view results, and collect winnings to a totalisator ticket. Players may insert bills or vouchers into the Player Terminal's bill acceptor to place credits onto the terminal. Players may remove credits on a Player Terminal by performing a cashout to receive a voucher that can be validated by the Totalisator System.

The player can also earn rewards points during game play. When a player inserts his or her player card into the terminal, a blue box appears on the main window greeting the player with the number of points they have accumulated. When the card is removed, the blue box says "Player Session Complete" The rate at which the player earns points is controlled by a third-party vendor outside the PariMax System. Any redemption of points by the player is handled by the racetrack operator. Points earned cannot be converted into credits available to be wagered on the PariMax System.

The Player Terminal contains an internal, separately locked door for logic hardware, including a processor and two solid state drives. One solid state drive contains the software used to control the player interface and to provide graphics and sound for displaying game outcomes received from the Totalisator System. The second solid state drive contains data pertaining to every race in a SQL table within the DCM, which corresponds to the current configuration of the player terminal (the current Race Deck(s)). The following data is stored for each race: the Obfuscated Contest ID (OCID) file, the PDF file of the horses' past performance (which is shown to players who prefer to perform their own handicapping), the full race video, and the short race video. The OCID file for each race contains ten pieces of information: the filename of the OCID file, the filenames of the past performance PDF (provided by BetMix, LLC), short video, long video files, as well as an AES encryption key and MD5 hash of each of those three files. Every file on this drive is encrypted and the file names are determined via an algorithm that takes into account the terminal's serial number. The result of this methodology is that while each terminal contains the same exact data, the file names are unique to each terminal.

### **PariMax Pari-Mutuel Wagering:**

**The results of historical thoroughbred races are used as the only determining factor in the outcome of a player's wager. A third party randomizer is used by the system to add additional obscurity to the set of historical races available to the game. This RNG functionality has no direct impact on the outcome of the contests or wagers other than race selection.**

When a player wishes to place a wager on a historical horse race using the PariMax player terminal, they may insert either a cash voucher or a bill. Prior to making any wager, the player has the option to select from multiple methods by which they may place wagers. Upon insertion of credits, the player is presented with the entertainment wagering interface, race videos only displayed on the top screen, and automatic handicapping of the races using the 'Morning Line Odds' algorithm. If at any time the player's credit balance reaches zero, regardless of the options selected, the game will return to the game parameters defined above. Alternatively, the player can tap the  button on the main screen to open a menu with four options as seen in the below screenshot.



The first option, “Handicap”, brings the player to the manual handicapping screen. Here the player can override the automatic handicapping done by the ‘Morning Line Odds’ algorithm and instead manually select the horse(s) for each race. The player can also view the past performance information by tapping the “Handicap” button at the top right corner of the main screen. The past performance information is shown in the style of a traditional racing form. The history shows the last three races for each horse, if available. The information for each race includes track surface, distance, time, running lines, finish, and speed. Each category of information is displayed as a relative value as opposed to an absolute value in order to obscure the identity of each horse. Also shown for each horse are relative values for trainer, jockey, speed rating, and lifetime earnings. The past performance data also includes the current race surface but does not include the location or date of the race or the names of the horses or jockeys in the race. This information is displayed to the player for an indefinite amount of time and the player can return to the handicapping information as many times as they desire prior to finalizing the wager.

The second option, “Settings”, brings the player to the wager interface options menu. Here the player can select to use either the traditional wagering interface or the entertainment wagering interface. Next, the player chooses which length of race video to display on the main screen. Regardless of the option selected, the player can view all of the race videos in the help screen at any time, both full videos and those lasting 4 seconds. The default option is to show no race videos on the main screen. The outcome of the player's video playback selection is shown in the below table. Regardless of the options selected, the last 4 seconds of every race will always be shown on the top screen of the terminal.

<b>Video Playback Selection</b>	<b>Shown on the Top Screen</b>	<b>Shown on the Main Screen</b>
No Video	All 8 Race Videos	No Video
Short Video	All 8 Race Videos	Short Videos of the last 4 seconds of each race, in sequence
Long Video	All 8 Race Videos	Full length Race Videos, in sequence

Finally, the player may select an automated handicapping method. The default method is the ‘Morning Line Odds’ algorithm. The player may also select a different algorithm called “AutoPick” that offers the player a selection of factors to choose their horse picks, including speed, pace, earnings, trainer/jockey, pedigree, form, class, or overall. The factor selected will be given the greatest weight when determining the horse selection. The “overall” option, which is selected by default, gives a balanced weight to all factors. The player can also choose no automated handicapping tool. This will require the player to make their own selection for each race. Lastly, the player confirms their wagering options or may return to the beginning to change options. Help is available on all screens via a “Question Mark” symbol that the player may select at any time. If the player chooses to use the traditional wagering interface, they are offered a list of pools for all races and the horses available to select for each race. If the player previously chose a handicapping option, the selections will have already been made. From here, the player can either accept the selections or make changes utilizing the past performance information provided. Once the player has made their selection(s), they hit the “Bet” button in the lower right corner of the main screen to place the wager. If the player has chosen to view the race videos, they are displayed on the main screen next to the results one at a time until all the races have been displayed and any wins for which the player qualified are awarded.

The third option, “Results”, is only available after a game has occurred. It displays the player selections and results for each race in a window displayed on the main screen following the entertaining game display and applicable pools being awarded. This option shows the same information as the “Results” button on the main screen. An example of the race results is shown in the table below.



	Race ID	Picks	Results
1	GP Race 5 2015/05/10	6/9/10	3/10/4/7
2	AQU Race 8 2014/03/06	5	6/2/5/7
3	AQU Race 2 2015/03/15	7	4/7/2/8
4	SA Race 7 2014/10/17	2	2/8/1/5
5	AQU Race 1 2013/12/01	7	7/9/6/2
6	BEL Race 2 2015/05/16	5	4/5/3/2
7	DMR Race 7 2013/08/01	2	1/9/4/8
8	GG Race 7 2015/04/25	6	1/6/3/7

The “Race ID” column includes the race track abbreviation, the race number at that track, and the date the race was run. The “Picks” column includes all of the selections the player has made for each race in the order the player believes the horses will finish for those races where multiple horses are selected. The “Results” column includes the first four finishers of each race in order of finish.

The fourth option, “Help”, brings the player to the help screens, which display information pertaining to the game. The first screen displays the “Pays” page, which lists the pay values the player will be awarded for each pool win. It also allows the player to cycle through the coins wagered at the bottom of the screen to display the pool values for all wagers. If the player hits the “Next” arrow, it will transition to the “Help” page that describes how the game works. The next page is the “Bonus” page, which describes the function of the bonus icon. The next page is the “Payline” page, and it shows the paylines and to which pools they correlate. The next page is the “Runners” page, where the horse numbers are shown beside their corresponding graphical interface symbols. The next page is where the player can view the videos for the most recently run set of races. It gives the option to view the full race or the last 4 seconds of each race. The player also has a “Skip Bet” option where they can choose to skip wagering on the next contest. In this scenario, no money is taken from the credit balance and the player is forced to watch the first race video on the main screen. All race videos are displayed on the top screen. The player interface animations still occur, but no pools are won and no wins are awarded, regardless of the symbols shown on the entertainment reel display. Any symbols that are normally determined by the player’s selections are instead determined by the ‘Morning Line Odds’ algorithm. The next page lists the current pool value and payout amount per pool for each coin wagered. The final page, “Settings”, lists the current configured settings for the wagering interface, race video, and handicapping. The player can also tap “Change” to change any of these options, which will apply to the next wager.

The Player Terminal is connected to a Totalisator system that maintains the pari-mutuel prize pool amounts. Each prize pool corresponds to a traditional wager (Win, Exacta, Trifecta, and various Pick N wagers). The player terminal displays the current pool amounts and payout pool amounts. When a player makes a wager, that wager is divided amongst the prize pools offered by the game. A percentage of each prize pool portion is allocated to the track’s Takeout and a percentage of the Takeout is diverted into a Seed Pool called the “Funding Account”. The remaining amount of the Takeout is the commission. The wager’s division amongst the prize pools and the percentages allocated to commission and Seed Pool are game and denomination specific. A table outlining each can be found in the game description section of this report.

The money in the “Funding Account” is used to cover a situation where a player is entitled to a prize pool and the current value of that pool is less than the minimum payout amount. When a player places a wager, both the individual prize pools and the “Funding Account” increment at a specific rate contributed from the player’s wager as defined by the game rules on the Totalisator. If a player is entitled to a prize, the applicable prize pools are used to pay any awards and are reset to zero. If another player wins that prize pool again, prior to the pool replenishing past the minimum payout amount, the Funding Account is utilized. In this scenario, funds are taken from the “Funding Account” to cover the deficit between the current amount (the current amount in a prize pool) and payout amount (the amount the prize pool will payout, if won). The player is then paid the minimum payout amount. Over time, money is taken from each player’s wager to replenish the “Funding Account”, and then paid back to cover scenarios where the prize pool does not have enough available funds from previous wagers to pay the minimum pay amount. An initial non-refundable amount is expected to be deposited into the “Funding Account” by the Association in order to enable immediate play.

Following a wager, the race display, and the graphical outcome, the player is awarded any pool(s) to which they are entitled. The pricing calculation method utilized by the PariMax System to payout pools won by the player is detailed in the below table.

Gross Pool	=	Sum of Wagers on all Betting Interests – Refunds
Takeout	=	Gross Pool x Percent Takeout for Each Source
Net Pool	=	Gross Pool - Takeout
Net Bet on Winner	=	Gross Amount Bet on Winner x (1 – Percent Takeout)
Total Profit	=	Net Pool - Net Bet on Winner
Profit Per Dollar	=	Total Profit / Total Gross Bet on Winner
\$1 Broken Price	=	Profit Per Dollar truncated at the Break Point
Truncated Amount	=	Profit Per Dollar - \$1 Broken Price
Total Payout	=	\$1 Broken Price x Gross Amount Bet on Winner + Net Bet on Winner then truncate the result to a whole number of cents
Total Breakage	=	Truncated Amount x Gross Amount Bet on Winner
Pool Value After Payout	=	Total Net Pool – Total Payout

The PariMax System maintains complete records of all wagers made on historical races and can be accessed by authorized personnel when needed. The records are backed up daily and the backups are retained on the system for several years. The PariMax System offers multiple reports, including the Liability Report (which lists the fund values for each prize pool offered per game) and the Machine Sale Report (which lists the total wagers, wins, IRS wins, IRS withholding, current terminal balance, and vouchers printed for each PariMax terminal). If a situation arises where a terminal breakdown occurs on the PariMax System, the Machine Sales Report can be run, which will list the terminal balance prior to the breakdown. This will facilitate refunding patrons when necessary.

### **Testing Performed by GLI:**

At the request of Kentucky Horse Racing Commission, GLI tested the AmTote PariMax Pari-Mutuel Wagering System version 2.7 and game themes. Access to the Totalisator, eRDC, DCM, and Player Terminals was provided for testing by AmTote International. GLI tested the PariMax System against the Kentucky Horse Racing Commission's KRS Chapter 230 and 810 KAR Chapter 1, outlining the requirements for pari-mutuel wagering and historical horse racing conducted in Kentucky.

Testing performed on the AmTote PariMax Pari-Mutuel Wagering System by GLI has been limited to the game themes and denominations listed herein. The following game themes and betting options were provided to GLI for testing:

- "Witch's Wheel" - \$0.40, \$1.00, \$2.00
- "Sevens & Roses" - \$0.40, \$1.00, \$2.00

Each denomination includes five wager levels available to be selected. A wager level is a pre-defined amount that can be wagered on the contest by a player. The wager levels offered to the player for the \$0.40 denomination games are \$0.40, \$0.80, \$1.20, \$1.60, and \$2.00. The wager levels offered to the player for the \$1.00 denomination games are \$1.00, \$2.00, \$3.00, \$4.00, and \$5.00. The wager levels offered to the player for the \$2.00 denomination games are \$2.00, \$4.00, \$6.00, \$8.00, and \$10.00. Each wager level corresponds to a specific set of pools to be wagered on. Each denomination also offers the player a "Skip Bet" option. If a player chooses the "Skip Bet" option on a given contest, the player will not have a stake in the outcome and will be awarded no prizes.

**Game Descriptions:**

“Witch’s Wheel”

“Witch’s Wheel” is a Halloween baked goods-themed game in which the game outcomes are displayed to the player using spinning reels and a wheel for entertainment purposes. “Witch’s Wheel” is available in \$0.40, \$1.00, and \$2.00 denominations. For each denomination, the player can make wagers of one to five times the denomination. Each of these wager amounts are called “coins”. The game offers 9 different pari-mutuel pools per coin for a total of 45 non-comingled pools per denomination. The player makes selections on the results of 8 races. The pools for each coin include Win, Exacta, and Trifecta for Race 1, Pick 3 for Races 1-3, Pick 4 for Race 1-4, Pick 5 for Races 1-5, Pick 6 for Races 1-6, Pick 7 for Races 1-7, and Pick 8 for Races 1-8.

The table below lists the pools the player will wager on and the races and finishers that make up those pools. Pool number 2 is reserved for a potential Quinella Pool. The pool numbering was kept the same to be consistent with AmTote’s game specification sheets.

<b>Pool Number</b>	<b>Pool Type</b>	<b>Race Number</b>	<b>Finisher(s)</b>	<b>Pool Set</b>
1	Win	1	1	-
3	Exacta	1	1, 2	-
4	Trifecta	1	1, 2, 3	-
5	Pick 3	1, 2, 3	1	A
6	Pick 4	1, 2, 3, 4	1	B
7	Pick 5	1, 2, 3, 4, 5	1	C
8	Pick 6	1, 2, 3, 4, 5, 6	1	D
9	Pick 7	1, 2, 3, 4, 5, 6, 7	1	E
10	Pick 8	1, 2, 3, 4, 5, 6, 7, 8	1	F

Each pool type is won by the player only if their choices match exactly with the actual outcome of the races in a pre-determined manner. The “Win” pool is awarded when the player correctly picks the winning horse for the first race. The “Exacta” pool is awarded when the player correctly picks the horses that finish first and second, in order, for the first race. The “Trifecta” pool is awarded when the player correctly picks the horses that finish first, second, and third, in order, for the first race. The “Pick 3” pool is awarded when the player correctly picks the winning horse for the first, second, and third races. The “Pick 4” pool is awarded when the player correctly picks the winning horse for the first, second, third, and fourth races. The “Pick 5” pool is awarded when the player correctly picks the winning horse for the first, second, third, fourth, and fifth races. The “Pick 6” pool is awarded when the player correctly picks the winning horse for the first, second, third, fourth, fifth, and sixth races. The “Pick 7” pool is awarded when the player correctly picks the winning horse for the first, second, third, fourth, fifth, sixth, and seventh races. The “Pick 8” pool is awarded when the player correctly picks the winning horse for the first, second, third, fourth, fifth, sixth, seventh, and eighth races. It should be noted that in order to win a Pick N pool, by definition the player will also win all of the prior Pick N pools in that sequence.

Displayed on the top screen are the current payout values. The Win pool pay, a sum of the Win+Exacta pool pay, and a sum of the Win+Exacta+Trifecta pool pay values are continuously cycled through on the top screen. The Bonus Wheel on the top screen displays the current payout values for the Pick N pools on each wheel segment. The values are Pick 3, Pick 3+4, Pick 3+4+5, Pick 3+4+5+6, Pick 3+4+5+6+7, and Pick 3+4+5+6+7+8. When the patron bets the maximum wager for the game theme, the Pick 3+4+5+6+7+8 wheel segment will display “Jackpot” instead of a value, and the “Jackpot” value (which is always displayed) will be awarded in the case of a Pick 8 win. None of the pool values displayed on the top screen are labeled; however, for the Win, Exacta, and Trifecta pools, the graphical representation of the winning paylines is displayed next to the value.

In the tables below, the allocation percentage of each wager to the Takeout, Commission, and Seed Pools is shown for each denomination. Additionally, the Guaranteed Minimum Payout per pool is shown.

**\$0.40 Game**

<b>Pool Type</b>	<b>Wager</b>	<b>Takeout (% of wager)</b>	<b>Seed Pool (% of Wager)</b>	<b>Commission (% of Wager)</b>	<b>Guaranteed Minimum Payout</b>
Win	\$0.137	22.00%	17.820%	4.18%	\$0.421960
Exacta	\$0.070	22.00%	14.520%	7.48%	\$0.390600
Trifecta	\$0.068	22.00%	11.660%	10.34%	\$1.154640
Pick 3	\$0.035	20.00%	12.000%	8.00%	\$1.200500
Pick 4	\$0.032	22.00%	12.320%	9.68%	\$1.951360
Pick 5	\$0.023	22.00%	12.980%	9.02%	\$2.600840
Pick 6	\$0.015	22.00%	7.040%	14.96%	\$4.400700
Pick 7	\$0.010	22.00%	5.500%	16.50%	\$12.000800
Pick 8	\$0.010	22.00%	5.280%	16.72%	\$250.000800
<b>Totals</b>	<b>\$0.400</b>	<b>21.825%</b>	<b>13.942%</b>	<b>7.883%</b>	<b>-</b>

**\$1.00 Game**

<b>Pool Type</b>	<b>Wager</b>	<b>Takeout (% of wager)</b>	<b>Seed Pool (% of Wager)</b>	<b>Commission (% of Wager)</b>	<b>Guaranteed Minimum Pool</b>
Win	\$0.342	22.00%	18.700%	3.30%	\$1.053360
Exacta	\$0.175	20.00%	13.200%	6.80%	\$0.980000
Trifecta	\$0.170	20.00%	10.600%	9.40%	\$2.890000
Pick 3	\$0.088	20.00%	12.080%	7.92%	\$3.000800
Pick 4	\$0.080	20.00%	14.000%	6.00%	\$4.872000
Pick 5	\$0.058	22.00%	12.980%	9.02%	\$6.500640
Pick 6	\$0.037	22.00%	7.040%	14.96%	\$11.003060
Pick 7	\$0.025	22.00%	5.500%	16.50%	\$30.002000
Pick 8	\$0.025	22.00%	5.302%	16.70%	\$625.002000
<b>Totals</b>	<b>\$1.000</b>	<b>20.974%</b>	<b>13.97381%</b>	<b>7.00019%</b>	<b>-</b>

**\$2.00 Game**

<b>Pool Type</b>	<b>Wager</b>	<b>Takeout (% of wager)</b>	<b>Seed Pool (% of Wager)</b>	<b>Commission (% of Wager)</b>	<b>Guaranteed Minimum Pool</b>
Win	\$0.684	20.00%	17.000%	3.00%	\$2.120400
Exacta	\$0.350	20.00%	14.000%	6.00%	\$2.030000
Trifecta	\$0.340	20.00%	13.000%	7.00%	\$6.052000
Pick 3	\$0.176	20.00%	14.000%	6.00%	\$6.001600
Pick 4	\$0.160	20.00%	14.000%	6.00%	\$9.504000
Pick 5	\$0.116	20.00%	14.000%	6.90%	\$10.000000
Pick 6	\$0.074	22.00%	7.194%	14.81%	\$22.006120
Pick 7	\$0.050	22.00%	5.500%	16.50%	\$60.004000
Pick 8	\$0.050	22.00%	5.280%	16.72%	\$1,250.004000
<b>Totals</b>	<b>\$2.000</b>	<b>20.174%</b>	<b>14.173678%</b>	<b>6.000322%</b>	<b>-</b>

The “Witch’s Wheel” wagering interface contains a 3x3 entertaining display on the main screen that displays symbols based on the player’s selections and race finishers. Each symbol is tied to a horse number that is the same for both the player’s selections and race finishers. The symbols are as follows:

<b>Horse Number</b>	<b>Symbol</b>
1	Bat Cookies
2	Pumpkin Muffin
3	Lollipops
4	Cocoa
5	Pie
6	Coffee Cake
7	Skull Cookies
8	Coffee Roll
9	Big Cupcake
10	Macaroons
11	Pound Cake
12	Small Cupcakes

The method by which the entertaining display is filled with symbols is determined by the pool(s) won, if any, the player’s selections, and the race finishers. The method is as follows:

Pool No.	Pool Type	Payline(s)			Fill Without Pick N Wins			Fill With Pick N Wins		
					P2	F2	F3	P2	F2	F3
1	Win				P2	F2	F3	P2	F2	F3
		x	x	x	P1	F1	P1	P1	F1	B
					P3	F3	F5	P3	F3	F5
3	Exacta	x	x	x	P2	F2	P2	P2	F2	P2
		x	x	x	P1	F1	P1	P1	F1	B
					P3	F3	F5	P3	F3	F5
4	Trifecta	x	x	x	P2	F2	P2	P2	F2	P2
		x	x	x	P1	F1	P1	P1	F1	B
		x	x	x	P3	F3	P3	P3	F3	P3
No Win	N/A	N/A			P2	F2	F3	N/A		
					P1	F1	F4			
					P3	F3	F5			

In the table above, “P” indicates player’s pick for the first race, “F” indicates the finisher of the first race, the number indicates the finishing position, and the colors indicate matching symbols with black icons not necessarily matching. The “B” symbol indicates the “Wild Wheel” Bonus symbol, which gets populated when the player qualifies for at least one of the Pick N pools and substitutes for any symbol in a line win.

In addition to the entertaining display on the main screen, a wheel is displayed on the top screen. The wheel has 10 slices and is populated with the Pick N pool values. The Pick N pools are broken up into six Pool Sets as follows:

Pool No.	Pool Type	Pool Set	Pools Included in Slice Value	Number of Wheel Slices
5	Pick 3	A	5	2
6	Pick 4	B	5,6	2
7	Pick 5	C	5-7	2
8	Pick 6	D	5-8	2
9	Pick 7	E	5-9	1
10	Pick 8	F	5-10	1

The value of each Pool Set is the sum of all of the pools in that set. For example, the value shown for Pool Set C is the sum of pools 5, 6, and 7 (Pick 3, 4, and 5). For pool sets that have two slices on the wheel, the slice that the indicator stops at is determined by the first finisher of the first race. If the finisher is even, it will stop at the first slice; if the finisher is odd, it will stop at the second slice. If the player wagers maximum bet, instead of the slice for Pool Set F showing the sum of all Pick N pools, it will display “Jackpot”. Also displayed on the top screen is a 2x7 grid that displays the player’s win picks for races 2-8 in the top row and the first finisher in races 2-8 on the bottom row. If the player qualifies for any of the Pick N pools, the races which are a part of those pools will be highlighted. The screenshot below shows how the grid appears on the top screen.



“Sevens & Roses”

“Sevens & Roses” is an insect and rose-themed game in which the game outcomes are displayed to the player using spinning reels for entertainment purposes. “Sevens & Roses” is available in \$0.40, \$1.00, and \$2.00 denominations. For each denomination, the player can make wagers of one to five times the denomination. Each of these wager amounts are called “coins”. The game offers 9 different pari-mutuel pools per coin for a total of 45 non-comingled pools per denomination. The player makes selections on the results of 8 races. The pools for each coin include Win, Exacta, and Trifecta for Race 1, Pick 3 for Races 1-3, Pick 4 for Race 1-4, Pick 5 for Races 1-5, Pick 6 for Races 1-6, Pick 7 for Races 1-7, and Pick 8 for Races 1-8.

The table below lists the pools the player will wager on and the races and finishers that make up those pools. Pool number 2 is reserved for a potential Quinella Pool. The pool numbering was kept the same to be consistent with AmTote’s game specification sheets.

Pool Number	Pool Type	Race Number	Finisher(s)	Pool Set
1	Win	1	1	-
3	Exacta	1	1, 2	-
4	Trifecta	1	1, 2, 3	-
5	Pick 3	1, 2, 3	1	A
6	Pick 4	1, 2, 3, 4	1	B
7	Pick 5	1, 2, 3, 4, 5	1	C
8	Pick 6	1, 2, 3, 4, 5, 6	1	D
9	Pick 7	1, 2, 3, 4, 5, 6, 7	1	E
10	Pick 8	1, 2, 3, 4, 5, 6, 7, 8	1	F

Each pool type is won by the player only if their choices match exactly with the actual outcome of the races in a pre-determined manner. The “Win” pool is awarded when the player correctly picks the winning horse for the first race. The “Exacta” pool is awarded when the player correctly picks the horses that finish first and second, in order, for the first race. The “Trifecta” pool is awarded when the player correctly picks the horses that finish first, second, and third, in order, for the first race. The “Pick 3” pool is awarded when the player correctly picks the winning horse for the first, second, and third races. The “Pick 4” pool is awarded when the player correctly picks the winning horse for the first, second, third, and fourth races. The “Pick 5” pool is awarded when the player correctly picks the winning horse for the first, second, third, fourth, and fifth races. The “Pick 6” pool is awarded when the player correctly picks the winning horse for the first, second, third, fourth, fifth, and sixth races. The “Pick 7” pool is awarded when the player correctly picks the winning horse for the first, second, third, fourth, fifth, sixth, and seventh races. The “Pick 8” pool is awarded when the player correctly picks the winning horse for the first, second, third, fourth, fifth, sixth, seventh, and eighth races. It should be noted that in order to win a Pick N pool, by definition the player will also win all of the prior Pick N pools in that sequence.

Displayed on the top screen are the current payout values. The Win pool pay, the sum of the Win+Exacta pool pays, and the sum of the Win+Exacta+Trifecta pool pay values are continuously cycled through on the top screen. The Bonus Wheel on the top screen displays the current payout values for the Pick N pools on each wheel segment. The values are Pick 3, Pick 3+4, Pick 3+4+5, Pick 3+4+5+6, Pick 3+4+5+6+7, and Pick 3+4+5+6+7+8. When the patron bets the maximum wager for the game theme, the Pick 3+4+5+6+7+8 wheel segment will display a “Rose” symbol instead of a value, and the “Jackpot” value (which is always displayed) will be awarded in the case of a Pick 8 win. None of the pool values displayed on the top screen are labeled; however, for the Win, Exacta, and Trifecta pools, the graphical representation of the winning paylines is displayed next to the value.

In the tables below, the allocation percentage of each wager to the Takeout, Commission, and Seed Pools is shown for each denomination. Additionally, the Guaranteed Minimum Payout per pool is shown.

**\$0.40 Game**

<b>Pool Type</b>	<b>Wager</b>	<b>Takeout (% of wager)</b>	<b>Seed Pool (% of Wager)</b>	<b>Commission (% of Wager)</b>	<b>Guaranteed Minimum Payout</b>
Win	\$0.137	22.00%	17.820%	4.18%	\$0.421960
Exacta	\$0.070	22.00%	14.520%	7.48%	\$0.390600
Trifecta	\$0.068	22.00%	11.660%	10.34%	\$1.154640
Pick 3	\$0.035	20.00%	12.000%	8.00%	\$1.200500
Pick 4	\$0.032	22.00%	12.320%	9.68%	\$1.951360
Pick 5	\$0.023	22.00%	12.980%	9.02%	\$2.600840
Pick 6	\$0.015	22.00%	7.040%	14.96%	\$4.400700
Pick 7	\$0.010	22.00%	5.500%	16.50%	\$12.000800
Pick 8	\$0.010	22.00%	5.280%	16.72%	\$250.000800
<b>Totals</b>	<b>\$0.400</b>	<b>21.825%</b>	<b>13.942%</b>	<b>7.883%</b>	<b>-</b>

**\$1.00 Game**

<b>Pool Type</b>	<b>Wager</b>	<b>Takeout (% of wager)</b>	<b>Seed Pool (% of Wager)</b>	<b>Commission (% of Wager)</b>	<b>Guaranteed Minimum Pool</b>
Win	\$0.342	22.00%	18.700%	3.30%	\$1.053360
Exacta	\$0.175	20.00%	13.200%	6.80%	\$0.980000
Trifecta	\$0.170	20.00%	10.600%	9.40%	\$2.890000
Pick 3	\$0.088	20.00%	12.080%	7.92%	\$3.000800
Pick 4	\$0.080	20.00%	14.000%	6.00%	\$4.872000
Pick 5	\$0.058	22.00%	12.980%	9.02%	\$6.500640
Pick 6	\$0.037	22.00%	7.040%	14.96%	\$11.003060
Pick 7	\$0.025	22.00%	5.500%	16.50%	\$30.002000
Pick 8	\$0.025	22.00%	5.302%	16.70%	\$625.002000
<b>Totals</b>	<b>\$1.000</b>	<b>20.974%</b>	<b>13.97381%</b>	<b>7.00019%</b>	<b>-</b>

**\$2.00 Game**

<b>Pool Type</b>	<b>Wager</b>	<b>Takeout (% of wager)</b>	<b>Seed Pool (% of Wager)</b>	<b>Commission (% of Wager)</b>	<b>Guaranteed Minimum Pool</b>
Win	\$0.684	20.00%	17.000%	3.00%	\$2.120400
Exacta	\$0.350	20.00%	14.000%	6.00%	\$2.030000
Trifecta	\$0.340	20.00%	13.000%	7.00%	\$6.052000
Pick 3	\$0.176	20.00%	14.000%	6.00%	\$6.001600
Pick 4	\$0.160	20.00%	14.000%	6.00%	\$9.504000
Pick 5	\$0.116	20.00%	14.000%	6.90%	\$10.000000
Pick 6	\$0.074	22.00%	7.194%	14.81%	\$22.006120
Pick 7	\$0.050	22.00%	5.500%	16.50%	\$60.004000
Pick 8	\$0.050	22.00%	5.280%	16.72%	\$1,250.004000
<b>Totals</b>	<b>\$2.000</b>	<b>20.174%</b>	<b>14.173678%</b>	<b>6.000322%</b>	<b>-</b>

The “Sevens & Roses” wagering interface contains a 3x3 entertaining display on the main screen that displays symbols based on the player’s selections and race finishers. Each symbol is tied to a horse number that is the same for both player’s sections and race finishers. The symbols are as follows:

<b>Horse Number</b>	<b>Symbol</b>
1	Bee Seven
2	Beetle Seven
3	Butterfly Seven
4	Caterpillar Seven
5	Dragonfly Seven
6	House Fly Seven
7	Lizard Seven
8	Hummingbird Seven
9	Ladybug Seven
10	Rose Seven
11	Snail Seven
12	Spider Seven

The method by which the entertaining display is filled with symbols is determined by the pool(s) won, if any, the player’s selections and the race finishers. The method is as follows:

Pool No.	Pool Type	Payline(s)			Fill Without Pick N Wins			Fill With Pick N Wins		
					P2	F2	F3	P2	F2	F3
1	Win				P2	F2	F3	P2	F2	F3
		x	x	x	P1	F1	P1	P1	F1	B
					P3	F3	F5	P3	F3	F5
3	Exacta	x	x	x	P2	F2	P2	P2	F2	P2
		x	x	x	P1	F1	P1	P1	F1	B
					P3	F3	F5	P3	F3	F5
4	Trifecta	x	x	x	P2	F2	P2	P2	F2	P2
		x	x	x	P1	F1	P1	P1	F1	B
		x	x	x	P3	F3	P3	P3	F3	P3
No Win	N/A	N/A			P2	F2	F3	N/A		
					P1	F1	F4			
					P3	F3	F5			

In the table above, “P” indicates player’s pick for the first race, “F” indicates the finisher of the first race, the number indicates the finishing position, and the colors indicate matching symbols with black icons not necessarily matching. The “B” symbol indicates the “Wild Wheel” Bonus symbol, which gets populated when the player qualifies for at least one of the Pick N pools and substitutes for any symbol in a line win.

In addition to the entertaining display on the main screen, a wheel is displayed on the top screen. The wheel has 10 slices and is populated with the Pick N pool values. The Pick N pools are broken up into six Pool Sets as follows:

Pool No.	Pool Type	Pool Set	Pools Included in Slice Value	Number of Wheel Slices
5	Pick 3	A	5	2
6	Pick 4	B	5,6	2
7	Pick 5	C	5-7	2
8	Pick 6	D	5-8	2
9	Pick 7	E	5-9	1
10	Pick 8	F	5-10	1

The value of each Pool Set is the sum of all of the pools in that set. For example, the value shown for Pool Set C is the sum of pools 5, 6, and 7 (Pick 3, 4, and 5). For pool sets that have two slices on the wheel, the slice that the indicator stops at is determined by the first finisher of the first race. If the finisher is even, it will stop at the first slice; if the finisher is odd, it will stop at the second slice. If the player wagers maximum bet, instead of the slice for Pool Set F showing the sum of all Pick N pools, it will display a “Rose” symbol. Also displayed on the top screen is a 2x7 grid which displays the player’s win picks for races 2-8 in the top row and the first finisher in races 2-8 on the bottom row. If the player qualifies for any of the Pick N pools, the races which are a part of those pools will be highlighted. The screenshot below shows how the grid appears on the top screen.



GLI's evaluation of the AmTote PariMax Pari-mutuel Wagering System included the following areas:

- **Pari-Mutuel Pool Accounting**

GLI has performed a controlled accounting test on the system including each of the wager pools provided for each game. This accounting test included tracking all ticket and voucher sales and tracing the money wagered, as well as won or lost, for each wager within a spreadsheet that was programmatically designed by GLI to exactly replicate the methodology used by the totalisator. After each transaction, the results were reconciled between the spreadsheet and the actual account balances on the totalisator system. The transactions were designed by GLI to encompass each type of wager, transaction, or outcome that may occur on the terminal in a live wagering environment. Wager amounts were tracked and the allocation of wagers into pari-mutuel pools was verified. These allocations, including the takeout percentage for commission and amounts deposited into the "Funding Account", were observed and tracked for every type of wager. The results of the test indicate that all money wagered on the terminal is properly distributed in a pari-mutuel fashion, in accordance with the manufacturer specification documents as well as 810 KAR 1:011.

- **Game Outcome Generation and Delivery**

GLI has observed the method and implementation of the AmTote PariMax Pari-mutuel Wagering System, as described in this report.

The results of GLI's analysis conclude that the results of historical thoroughbred races are used as the only determining factor in the outcome of a player's wager.

GLI has also confirmed that the evaluation of the historical thoroughbred race occurs on the eRDC server. The PariMax Player Terminal software only provides an interface for the player to interactively select wagers and a graphical display of the game results, including race videos.

While on-site at AmTote International in Hunt Valley, Maryland, GLI was able to utilize a test system to verify all possible game outcomes for the games under test. During this portion of testing, GLI confirmed that the AmTote PariMax Pari-Mutuel Wagering System outcomes are determined solely by the deterministic evaluation of the player's picks against the result of historical thoroughbred races. Also confirmed was that the outcomes displayed to the player correctly correspond to the winning or losing outcome based on that evaluation, and that the player is correctly compensated for winning outcomes per the game rules.

- **Game Theme Rules and Help Screens**

The Player Terminal software allows players to interact with the terminal in order to view help screens describing how a game theme is displayed to the player. For each of the tested game themes, GLI reviewed the help screens displayed to the player at the Player Terminal and verified that the information shown is an accurate representation of how game play is displayed. Additionally, GLI verified that the help screens accurately depict how the rules of the game theme are evaluated by the Totalisator.

- **Game and System Functionality and Integrity**

GLI tested the general functionality of game play of the PariMax Player Terminals and has not noted any areas in which the player can, intentionally or accidentally, adversely affect game play or the financial integrity of a game during normal game play. Such functionality testing has included testing a variety of events such as loss of power and loss of communication. Testing in these cases is otherwise limited to normal game play of a secured player terminal.

### **Software Verification:**

When testing software, GLI endeavors to uniquely identify the critical files used in testing. By identifying these files, GLI provides a foundation for future software audits to independently verify that deployed software is the same as the software observed in the tests conducted by GLI. In testing the AmTote PariMax Pari-Mutuel System, GLI identified the critical software by providing cryptographic hash values of the software. A cryptographic hash is a procedure in which all digital bits of a software file are used by an independent software program to algorithmically yield a hash value for that file. With an appropriate cryptographic hash algorithm, this procedure will uniquely identify a file such that changes to the file, whether intentional or accidental, will be detected by comparing an original hash result to a subsequently computed hash result of the changed file. While technically not equivalent, a cryptographic hash value of a file may be thought of as a unique digital fingerprint, or signature, of the contents of that file.

GLI generated cryptographic hash values of the AmTote PariMax software in three phases. First, GLI generated hash values of the critical system files used by the AmTote Totalisator System. This system is the core component of the AmTote PariMax System as described in this report. Second, GLI generated hash values of the critical system files used by the AmTote Electronic Race Day Controller (eRDC). Third, GLI generated hash values of the critical software used on the Player Terminal. This software includes the programs that interact with the player in order to display the game rules and the game results to the player.

Access to the AmTote PariMax Pari-Mutuel System is limited by security controls in place on the Totalisator System server, the eRDC server, and the Player Terminals. An application that has been developed by GLI known as GLI Verify® was used for computing cryptographic hash values over the Totalisator and eRDC System files. GLI determined that a practical method for computing cryptographic hash values on the Player Terminals is found in the File Checksum Integrity Verifier utility from Microsoft, also referred to as “FCIV”. This utility provides the capability to generate cryptographic hash values when run from a command prompt on a Microsoft Windows operating system. Hashes can be run using recognized cryptographic algorithms such as the MD5 message digest algorithm.

GLI Verify® v7.0 is an application developed by **Gaming Laboratories International, LLC** (GLI) to generate CDCK and SHA-1 signatures on files, folders, DVD, CD and Compact Flash media. GLI Verify® v7.0 can be obtained by contacting GLI Compliance at 1-888-GLI-REGS (454-7347) or E-Mail at [compliance@gaminglabs.com](mailto:compliance@gaminglabs.com).

In a Microsoft Knowledge base article, the FCIV program is described as follows:

*The File Checksum Integrity Verifier (FCIV) is a command-prompt utility that computes and verifies cryptographic hash values of files. FCIV can compute MD5 or SHA-1 cryptographic hash values. These values can be displayed on the screen or saved in an XML file database for later use and verification.*

Additional information from this article and a link to the software can be found at:

<http://support.microsoft.com/kb/841290>

### **Totalisator System Hash Signature Instructions:**

To complete hash signature calculations on the critical files of the Totalisator System, the ability to execute the GLI Verify® program and read the files on the Totalisator is required. At the time of testing, the access to the test system was provided by AmTote personnel at the operator control center for AmTote in Hunt Valley, Maryland. With this program, an operator with the appropriate access rights can be observed to execute the GLI Verify® program and record the results to a text file. GLI generated the hash signatures of the Totalisator System through the following procedure:

#### GLI Verify® - Verification Procedure:

1. Select the 'File' radio button
2. Click "Browse" and select the appropriate file
3. If a different seed is needed, click the seed box and enter a new seed
4. Click the "Verify" button
5. The program will generate a CDCK and SHA-1 signature and display the results

The hash process was run over the executables and DLL libraries located in the production\PariMax\ directory, as well as the source and system files in other directories used when compiling the software. The hash signatures from the test system are attached in *Appendix A*. GLI Verify® results can be stored in a file by using the "Output File" functionality, which is located under the "Options" menu in the program. These files can be exported off the server by the AmTote personnel for review and comparison.

### **Electronic Race Day Controller (eRDC) System Hash Signature Instructions:**

To complete hash signature calculations on the critical files of the eRDC, the ability to execute the GLI Verify® program and read the files on the eRDC is required. At the time of testing, the access to the test system was provided by AmTote personnel at the operator control center for AmTote in Hunt Valley, Maryland. With this program, an operator with the appropriate access rights can be observed to execute the GLI Verify® program and record the results to a text file. GLI has generated the hash signatures of the eRDC through the following procedure:

#### GLI Verify® - Verification Procedure:

1. Select the 'File' radio button
2. Click "Browse" and select the appropriate file
3. If a different seed is needed, click the seed box and enter a new seed
4. Click the "Verify" button
5. The program will generate a CDCK and SHA-1 signature and display the results

The hash process was run over the executables and DLL libraries located in the production\ERDC\ directory, as well as the source and system files in other directories used when compiling the software. The hash signatures from the test system are attached in *Appendix B*. GLI Verify® results can be stored in a file by using the "Output File" functionality, which is located under the "Options" menu in the program. These files can be exported off the server by the AmTote personnel for review and comparison.

### **Player Terminal Hash Signature Instructions:**

To complete hash signature calculations on the critical files of the Player Terminal, the ability to execute the FCIV program and read the files on the totalisator is required. This program can be run directly from a USB drive when following these instructions. Additionally, access to the internal compartment of the Player Terminal is required, as is the use of an external USB computer keyboard.

The hash signatures from the Player terminal are attached in *Appendix C*. The following step by step instructions detail the process of running the FCIV Program on the Player Terminal to generate cryptographic hash signatures:

#### Player Terminal Signature Instructions:

1. Using the appropriate key, unlock and open the main cabinet door.
2. The terminal power switch is located on a power outlet box in the center of the inside of the terminal. Once located, turn the main switch on the outlet box to power off the terminal.
3. Locate the open USB ports on the bottom of the logic access box. Connect the USB keyboard to one of these free USB ports.
4. Connect the USB flash drive to one of the other free USB ports.
5. Power on the terminal at the power switch on the power outlet box.
6. The terminal will begin loading as normal, and will start Microsoft Windows 7 Embedded Operating System. Once Windows and the terminal software have fully loaded and started, press CTRL + ALT + DEL on the USB keyboard. This will open the Windows 7 Embedded Operating System.
7. Press the down arrow on the keyboard 4 times until “Start Task Manager” is selected in the menu. Press Enter to start the Task Manager. The window for the Task Manager may appear on the upper top screen.
8. With the Task Manager open, shutdown the software that is currently running. Using the keyboard, press the down key to select the process named “ceover.exe” in the Task Manager.
9. Press and hold the <Alt> key on the keyboard and press the “E” key to end the process “ceover.exe”. A confirmation dialog will appear. Press the space bar to confirm ending the process.
10. In the same manner, the process “cmd.exe” should be ended. Use the down arrow key to select the cmd.exe process, highlighted in the Windows Task Manager. Press and hold the <Alt> key on the keyboard and press the “E” key to end the process “cmd.exe”. A confirmation dialog will appear. Press the space bar to confirm ending the process.

11. In the same manner the process “proofim.exe” should be ended. Use the down arrow key to select the “proofim.exe” process, highlighted in the Windows Task Manager. Press and hold the <Alt> key on the keyboard and press the “E” key to end the process “proofim.exe”. A confirmation dialog will appear. Press the space bar to confirm ending the process.
12. Using the keyboard, press the ALT key to open the menu of the Task manager. Use the arrow keys to select the “File” menu. Use the arrow keys to select the option “New Task (Run...)”, press Enter to open the run dialog box.
13. In the run dialog box type “cmd.exe” and press enter, a command prompt will open.
14. Within the command prompt run the FCIV program from the USB flash drive. The USB drive should be listed as drive “E:”
15. In the command prompt, Type “E:” and press enter. Type DIR and press enter. A directory of the E: drive will be shown. Verify that contents of the USB drive are shown. If they are not, repeat from step 14 using “D:” or “F:” as the drive name and verify the drive letter corresponds to the USB drive.
16. Once you have verified that the selected drive is the USB flash drive that contains the FCIV program, execute the FCIV command to begin computation of the hash signatures. The command to use is “fciv -r C:\amtote > E:\OUTPUTFILE” where line E:\OUTPUTFILE is the saved file name to which the results will be written. If possible, identify the terminal in the name of the OUTPUTFILE by indicating the window number. For example, the command “fciv -r C:\amtote > E:\win123.txt” may be used to save the output into a file named win123.txt, corresponding to Window number 123.
17. Once the command is entered, and the enter key is pressed, the FCIV program will execute. You will need to wait approximately 2-3 minutes until it completes. You will know it is complete when the cursor in the command prompt windows returns to allow input.
18. The hash signatures are now complete. Power down terminal using the main power outlet box switch. Remove the USB keyboard and the USB flash drive. The terminal can be powered on again at the surge protector switch. The main cabinet door can be closed and locked.

**Conclusion:**

In conclusion, GLI performed the preceding testing on the AmTote PariMax Pari-Mutuel System version 2.7 against the statutes and regulations set forth in KRS Chapter 230 and 810 KAR Chapter 1, outlining the requirements for pari-mutuel wagering and historical horse racing conducted in Kentucky. The results of GLI's testing confirm that the PariMax Pari-Mutuel Wagering System is appropriately designed to accept wagers and distribute winnings in a pari-mutuel fashion as defined by the aforementioned statutes and regulations. The results also indicate that all money wagered is properly distributed in a pari-mutuel fashion in accordance with the associated manufacturer specification documents provided by AmTote International, as well as the specific methodology defined by 810 KAR 1:011.

GLI also determined that the results of a historical thoroughbred races compared against a player's selections are the only determining factor in the outcome of a player's wager. The outcome of the game is entirely determined by the player's picks evaluated against the results of the historical race. The entertaining display of the game is populated deterministically using only the player's choices and the winning horses in the historical race, without any intervening random elements.

In order to provide the industry with clear guidance and to create a more efficient process by automating certain regulatory controls, GLI recommends that the Kentucky Horse Racing Commission develop additional regulatory guidelines for the use of the system and Player Terminals that is consistent with other high volume wagering environments. Limitations in testing capabilities occurred due to the nature of the test environment, regulatory scope, and considerations of practicality. Therefore, testing is subject to and could be enhanced by the considerations outlined below.

- **Seed Pool Depletion Math Analysis:** Please note GLI has not performed a mathematical evaluation to determine the amount necessary by which to fund the initial seed pool to prevent seed pool depletion over time. Without sufficient analysis, the likelihood of the seed pool being sustainable over time cannot be determined. GLI recommends a math evaluation of the initial seed pool amount be performed.
- **Player Terminal Software and Hardware Requirements:** The test report does not constitute a full evaluation of the player terminal security as it relates to terminal hardware or software. GLI recognizes that internal controls may mitigate risk in use of the evaluated system. However, GLI recommends regulatory guidelines be established for operational security, and the AmTote PariMax Pari-Mutuel Wagering System and Player Terminals be evaluated against such guidelines.

- **Full Source Code Review:** Please note GLI has been given limited access to source code for the Totalisator system and cannot verify through a source code review that all functionality of the software outside the scope of this report was included in the review. However, other than the performed tests and test results observed in the test report, GLI cannot objectively offer an opinion in regards to the internal functionality of the Totalisator. Additionally, GLI cannot determine what software functionality outside of the scope of testing may or may not be present in the evaluated software. Finally, GLI will not be able to directly and independently trace any source code changes should modifications to the Totalisator system software be made in the future.
- **Full Totalisator System Report Verification:** GLI notes that the Totalisator system is capable of reporting data in a large variety of reports of different formats. GLI has not reviewed all possible reports and cannot state the accuracy of reports that will be used in production. GLI has verified that the reports used in testing accurately accounted reported values but makes no claim as to accuracy of additional reports. GLI can review these or additional Totalisator reports for accuracy should regulatory guidelines for reporting be issued.
- **Verification of Data of Historical Races:** GLI has not verified the full database of historical races used by the AmTote PariMax Pari-Mutuel Wagering System and makes no claim as to whether each and every race used by the system is correctly noted by race, event, or date. Additionally, GLI has not evaluated that each and every race meets the criteria for use defined by the AmTote PariMax Pari-Mutuel Wagering System specifications. In testing, all races reviewed by GLI were observed to meet the specifications.
- **Verification of Data in Video Format on the Video Server:** GLI has not validated that the video data used fully or accurately represents each and every possible historical race available to the AmTote PariMax Pari-Mutuel Wagering System. In testing, all races reviewed by GLI were observed to portray a video of the displayed race event.
- **Verification of AutoPick/Daily Racing Form Statistics:** GLI has not verified the accuracy or variety of the third party handicapping statistics provided to the player when placing a wager on the AmTote PariMax Pari-Mutuel Wagering System.

- **Historical Race Deck Shuffling/Randomization:** GLI performed all previously mentioned testing using a database of 5,771 races provided to the initial configuration of the AmTote PariMax Pari-Mutuel Wagering System. None of the races include dead heats, scratches, “no contests”, cancellations, mutuel fields or mutuel entries. A third party randomizer is used by the system to add additional obscurity to the set of historical races available to the game. This RNG functionality has no direct impact on the outcome of the contests or wagers other than race selection and GLI has not performed testing on this component.
- **Historical Racing Past Performance Predictability:** The PariMax System is a historic race wagering system and, as such, is based on events that have occurred in the past. The results of those events are known to the system and presented to the player with specific data hidden, removed, or obscured in order to prevent the player from identifying the historic race on which he or she is wagering. Specific information on the location of the race, the date on which the race was run, the names of the horses in the race, or the names of the jockeys that rode the horses in the race are hidden when the player makes wager selections. However, past performance information on the historic horse race may be provided to the player prior to making his or her wager selections. A potential exists for a determined player to accumulate historic race past performance information on many or all of the races in the historic race database, either through recording information directly, procuring the information through publicly available sources, unauthorized access to the race database, or other means. A player with a substantial amount of this data may have enough information to predict the outcome of the historic race based on past performance information alone. For this reason, GLI recommends security measures be placed on the historic race database and careful monitoring of wagering be conducted to detect and prevent potential abuse. This concern is not specific to PariMax, and is true for all historic race wagering systems.
- **True and Accurate Past Performance Information:** The past performance information is provided by third party company BetMix, LLC. GLI makes no guarantee that the past performance data offered to the player is true and/or accurate.

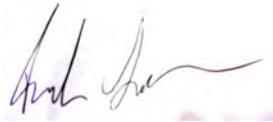
Mr. May  
SY-399-AMT-16-01-399  
November 21, 2016 ①  
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If you should have any questions regarding this information, please feel free to contact our office.

Sincerely,  
**GAMING LABORATORIES INTERNATIONAL, LLC**



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Vice President of Technical Compliance and Quality Assurance



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Senior Director of Engineering

lr



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**To:** Kentucky Horse Racing Commission (“KHRC”)

**From:** Steve May, Director of Pari-Mutuel Wagering and Compliance

**Date:** November 21, 2016

**Re:** Approval of 2017 Advance Deposit Wagering Conditions of Licensure

KRS 230.260(2) grants the Kentucky Horse Racing Commission (“KHRC”) the authority to “establish conditions and procedures for licensing of advance deposit wagering prodors”, and as such, the KHRC has prescribed general conditions of licensure for Advance Deposit Account Wagering (“ADW”).

Included in these materials are the draft conditions of licensure for 2017. Among the changes to the conditions include:

- a) updates to regulatory reporting dates for 2017,
- b) establishing an amount schedule for required bond or letter of credit posting.

The requirement for a bond is established in compliance with 810 KAR 1:145(4)(2), which grants the KHRC the authority to require a bond in the amount not to exceed five hundred thousand dollars (\$500,000).

This proposal is contingent on the approval of these conditions by the KHRC Wagering Integrity Committee, which is scheduled to meet prior to the KHRC meeting.

KHRC staff recommends approval of these conditions.

**COMMISSION ACTION**

\_\_\_\_\_ **Approved**

\_\_\_\_\_ **Denied**

\_\_\_\_\_ **Deferred**

**Conditions of Advance Deposit Account Wagering**

**Licensing for ~~2016~~2017**

**Kentucky Horse Racing Commission**

Pursuant to Kentucky Revised Statute 230.290, each person or entity that offers advance deposit account wagering (“ADW”) to Kentucky residents shall certify that it will comply with the following requirements as a condition to receipt of a ~~2016~~2017 license:

- 1) Each ADW shall immediately notify the KHRC of any communication, report, or investigation conducted by any regulatory or law enforcement agency, including any local, state, or federal agency, that relates to the safety, integrity, or security of the ADW and its customers, or that would reasonably be deemed to affect public confidence in the ADW. Each ADW shall further send a copy of any communications, correspondence, or reports relating to any such report or investigation to the KHRC within 24 hours of receipt and as provided in ~~paragraph twelve (12)~~ Section (11) of these Conditions.
- 2) Each ADW shall send a copy of any self-reporting documents, forms, or correspondence to the KHRC at the same time they are filed with any state or federal regulatory agency with the exception of any information that is proprietary to the ADW or has no relevance to the safety, integrity, or security of the ADW. The ADW shall identify to the KHRC any information it considers proprietary or not relevant to the safety, integrity, or security of the ADW.
- 3) Each ADW is required to immediately notify the KHRC if it becomes aware of any breach of security of data, including intrusions into the personal information of account holders, as provided in ~~paragraph twelve (12)~~ Section (11) of these Conditions.
- 4) Each ADW is required to notify the KHRC if it becomes aware of a wagering anomaly, as provided in ~~paragraph twelve (12)~~ Section (11) of these Conditions. The ADW shall provide transactional data to the KHRC upon request. Wagering anomalies include any incident that might reasonably affect the public’s confidence in the wagering pools, such as:
  - a. Account wagering fraud;
  - b. Suspected manipulation through computerized robotic wagering;
  - c. Odds manipulation
  - d. Arbitrage;
  - e. Quick pick or random pick malfunction;
  - f. Unusually large wagers (especially right as betting stops);
  - g. Unusually large cancellation of wagers (especially right as the betting stops);
  - h. Suspicious wagering patterns; and
  - i. Totalizator or data communications malfunctions.

The list of wagering anomalies above is meant to be illustrative and not exclusive.

- 5) Each ADW shall synchronize its timing systems with the U.S. Naval Observatory Clock at the beginning of each race day.
- 6) Each ADW is required to authorize their licensed tote vendor to share any and all wagering data requested with the KHRC. With respect to any website, affiliate, or any other such entity through which the ADW facilitates wagers made (a) by Kentucky account-holders, or (b) by any account-holder wagering on Kentucky races, the ADW shall provide the KHRC any and all wagering data requested, including the unique name and TRA Customer ID Code for each such entity.
- 7) Each ADW is required to post policies and procedures related to pari-mutuel wagering, including the refund policy, on its website. Each ADW shall also provide such notice in the information it supplies to applications.
- 8) Each ADW shall have protocols in place and shall publicize to its patrons when it is excluded from a track's wagering pool. These protocols shall include immediate notification of patrons. Protocols shall be provided to the KHRC.
- 9) Each ADW shall provide the following information for the ~~2015~~2016 calendar year by **March 15, ~~2016~~2017**:
  - a.
    - i. Total ADW Handle;
    - ii. Total effective take-out deduction from handle;
    - iii. Total amount paid in host fee payments to host tracks;
    - iv. Total amount paid in pari-mutuel taxes and other fees (specify) paid to state(s) in which the ADW is licensed;
    - v. Total amount paid in tote, interface, TV and other fees (specify); and
    - vi. Total amount paid in source market fees.
  - b. Wagering by Kentucky Account Holders:
    - i. Wagering on All Tracks
      1. Total amount wagered on all tracks;
      2. Total amount deducted from Section (9)(b)(i)(1) handle (takeout);
      3. Total amount of Section (9)(b)(i)(2) paid as Host Fee to all Host tracks;
      4. Total amount of Section (9)(b)(i)(2) paid as Source Market Fees to Kentucky tracks; and
      5. Total amount of Section (9)(b)(i)(2) paid to Customers as Rebates
    - ii. Wagering on Each Kentucky Track, by Track
      1. Total amount wagered on each Kentucky Track;
      2. Total amount deducted from Section (9)(b)(ii)(1) handle wagered on each Kentucky track (takeout);

3. Total amount of Section (9)(b)(ii)(2) paid as Host Fee to Kentucky Host;
4. Total amount of Section (9)(b)(ii)(2) paid as Source Market Fees to Kentucky; and
5. Total amount of Section (9)(b)(ii)(2) paid to Customers as Rebates.

c. Wagering by Account Holders outside of Kentucky

i. Wagering on Each Track, by Track

1. Total amount wagering on each Kentucky track;
2. Total amount deducted from Section (9)(c)(i)(1) handle wagered on each Kentucky track (takeout);
3. Total amount of Section (9)(c)(i)(2) paid as Host Fee to Kentucky Host track;
4. Total amount of Section (9)(c)(i)(2) paid as Source Market Fees outside of Kentucky; and
5. Total amount of Section (9)(c)(i)(2) paid to Customers as Rebates

10)

- a. Each ADW shall provide quarterly reports to the KHRC no later than the following dates:

<b>First Quarter:</b>	<b>May <del>16</del>15, <del>2016</del>2017</b>
<b>Second Quarter:</b>	<b>August 15, <del>2016</del>2017</b>
<b>Third Quarter:</b>	<b>November 15, <del>2016</del>2017</b>
<b>Fourth Quarter:</b>	<b>March 15, <del>2017</del>2018</b>

Reports received after the above deadlines shall be considered late and may subject the ADW to fines and/or other penalties.

- b. The Reports shall include the following information on a quarterly and year-to-date basis:

- i. Total amount wagered through the ADW, including amounts wagered through marketing or other affiliates. If the ADW has marketing or other affiliates, the total amount shall be broken down to show the amount wagered by the licensee and through each marketing or other affiliate.
- ii. Total amount wagered on Kentucky races, including amounts wagered through marketing or other affiliates. The total amount shall be broken down by Kentucky race tracks and include amounts wagered by Kentucky residents on Kentucky tracks and amounts wagered by non-Kentucky residents on Kentucky tracks. In addition, if the ADW has marketing or other affiliates, the total amount shall be broken down to show the amount wagered through the licensee and the amount wagered through each respective marketing or other affiliate.

- iii. Total amount wagered by Kentucky residents, including amounts wagered through marketing or other affiliates. The total amount shall be broken down by wagers placed by Kentucky residents on Kentucky tracks and wagers placed by Kentucky residents on non-Kentucky tracks. If the ADW has marketing or other affiliates, the total amount shall be broken down to show the amount wagered by the licensee and through each marketing or other affiliate.

~~11) In the event an ADW does not comply with the requirements of these conditions, the KHRC has the authority to assess fines and/or penalties.~~

~~11) All notices required to be given to the KHRC under these conditions to licensure shall be provided to the Executive Director and the Supervisor of Pari-Mutuel Wagering immediately by a phone call. In addition, written notice of the event shall be received by the Executive Director no later than 24 hours of the event triggering the notice requirement. Written notice may be made to the Executive Director by hand delivery, electronic mail, or facsimile.~~

~~12) On or prior to December 23, 2016, each ADW shall submit to the Executive Director a report certifying the average daily account total for all Kentucky residents between the dates of March 7, 2016 and August 28, 2016. This report shall be in the form of an affidavit and submitted to the Executive Director by hand delivery, electronic mail, or facsimile.~~

~~13) On or prior to December 23, 2016, each ADW shall submit to the Executive Director a report certifying the average weekly excise tax amount paid to the Commonwealth of Kentucky between the dates of March 7, 2016 and August 28, 2016. This report shall be in the form of an affidavit and submitted to the Executive Director by hand delivery, electronic mail, or facsimile.~~

~~14) Each ADW shall secure a bond from a surety company admitted to the Commonwealth of Kentucky or other form of financial security such as an irrevocable letter of credit in favor of the Commonwealth of Kentucky. Notwithstanding the provisions set forth in section (14§)(a) though and including (154)(c) of these Conditions, the bond or letter of credit amount shall be the 125% of the amount reported in section (12) of these Conditions plus the 400% of the amount report in Section (13) of these Conditions.~~

- a. ~~If the ADW was not licensed for operation in the Commonwealth of Kentucky prior to November 1, 2016, the bond or letter of credit amount shall be \$100,000.~~
- b. ~~If the sum of the amounts equaling 125% of the amount reported in Section (12) of these Conditions and 400% of the amount reported in Section (13) of these Conditions is less than or equal to \$100,000, the bond or letter of credit amount shall be \$100,000.~~
- c. ~~If the sum of the amounts equaling 125% of the amount reported in Section (12) of these Conditions and 400% of the amount reported in Section (13) of these Conditions exceeds \$500,000, the bond or letter of credit amount shall be \$500,000.~~

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15) In the event an ADW does not comply with the requirements of these conditions, the KHRC has the authority to assess fines and/or penalties.

12)

Note: Any documents deem to be confidential or proprietary, which if openly disclosed would permit an unfair commercial advantage to competitors of the entity, should be stamped or otherwise labeled "Confidential and Proprietary" on every page of the document so that the documents can be reviewed concerning the applicability of KRS 61.878(1)(c)(1).

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