

**NEW JERSEY RACING COMMISSION
WEDNESDAY, DECEMBER 11, 2024
MONMOUTH PARK
"LIBRARY ROOM"
OCEANPORT, NEW JERSEY**

A public meeting of the New Jersey Racing Commission ("NJRC" or "Commission") was held on Wednesday, December 11, 2024 in the "Library Room," located at Monmouth Park racetrack in Oceanport, New Jersey.

The following were present:

Lawrence DeMarzo, Commissioner
Jennifer Beck, Senator Emerita, Commissioner (by phone)
Arlene Quinones Perez, Esq., Commissioner (by phone)
Charles E. Tomaro, Commissioner (by phone)
Sara Ben-David, Acting Executive Director
Levi Klinger-Christiansen, Deputy Attorney General
Zach Aboff, Deputy Attorney General
Samuel Kovach-Orr, Associate Counsel, Governor's Authorities Unit

Acting Executive Director Ben-David read the following resolution:

This meeting today conforms with the Open Public Meetings Act and as per the requirements of the statute, notification of this meeting has been filed with the Secretary of State and with the following newspapers: Daily Racing Form, Bergen Record, Asbury Park Press, Courier-Post and the Star Ledger.

WHEREAS, in order to protect the personal privacy and to avoid situations wherein the public interest might be disserved, the Open Public Meetings Act permits bodies to exclude the public from that portion of a meeting at which certain matters are discussed.

NOW, THEREFORE, BE IT RESOLVED that consistent with N.J.S.A. 10:4-12(b), the Commission will now adjourn to executive session to obtain legal advice protected from disclosure by the attorney-client privilege on the following matters:

1. Legal advice concerning the approval of a joint petition of the New Jersey Sports and Exposition Authority, Darby Development, LLC, NYRabets, LLC and United Tote Company for NYRabets, LLC and United Tote Company to be issued account wagering system vendor licenses.
2. Other legal advice.

Discussion of the above matters falls within the exceptions under the law; specifically, matters falling within the attorney-client privilege, to the extent that confidentiality is required

in order for the Commission's attorney to exercise his ethical duties as a lawyer, and/or matters involving pending or anticipated litigation.

Commissioner DeMarzo motioned to adjourn into Executive Session. Commissioner Tomaro seconded the motion. All of the Commissioners voted to adjourn.

Commissioner DeMarzo made a motion to adjourn from Executive Session into the Public Session. Commissioner Tomaro seconded the motion, and all of the Commissioners voted yes.

CONSIDER THE APPOINTMENT OF A DELEGATE TO THE NATIONAL RACING COMPACT

Acting Executive Director Ben-David explained that the National Racing Compact is "an independent, interstate governmental entity, composed of pari-mutuel racing regulators from participating states." The Compact's mission is to simplify the licensing process for horseracing participants who race in multiple states and who meet certain uniform requirements that are acceptable to all participating states.

Acting Executive Director Ben-David explained that the New Jersey Racing Commission has been a member of the National Racing Compact since 2006. Executive Director Frank Zanzuccki had served as the New Jersey Racing Commission's delegate to the National Racing Compact until his retirement in 2018, after which Executive Director Judy Nason was the New Jersey Racing Commission's delegate.

Acting Executive Director Ben-David stated that following the retirement of Executive Director Nason earlier this year, the National Racing Compact's Executive Director Patrick Thompson contacted the New Jersey Racing Commission inquiring about a new delegate for the New Jersey Racing Commission and requested a letter of appointment.

Acting Executive Director Ben-David advised that the appointment of a new delegate lies within the Commissioner's discretion and she would volunteer to serve in such role. She stated that if she is selected, she would request authorization from the Commissioners to execute an appointment letter on their behalf to satisfy the request by National Racing Compact Executive Director Thompson.

Commissioner DeMarzo made a motion to delegate Acting Executive Director Ben-David as the delegate to the National Racing Compact and to authorize her to execute an appointment letter on behalf of the Commission. Commissioner Beck seconded the motion, and all Commissioners voted yes.

CONSIDER THE APPROVAL OF A JOINT PETITION OF THE NEW JERSEY SPORTS AND EXPOSITION AUTHORITY, DARBY DEVELOPMENT, LLC, NYRABETS, LLC AND UNITED TOTE COMPANY FOR NYRABETS, LLC AND UNITED TOTE COMPANY TO BE ISSUED ACCOUNT WAGERING SYSTEM VENDOR LICENSES.

Acting Executive Director Ben-David advised that the petitioners are the New Jersey Sports and Exposition Authority, Darby Development, LLC, NYRAbets, LLC, and the United Tote Company.

Acting Executive Director Ben-David stated that the Sports and Exposition Authority holds the account wagering license, and day-to-day management of the account wagering system is handled by Darby. She explained that NYRAbets, LLC and United Tote are here today seeking vendor licenses which would allow them to provide certain services to the account wagering system.

Acting Executive Director Ben-David explained that the Off-Track and Account Wagering Act and the Commission's regulations impose numerous requirements related to the account wagering system, including requirements relating to account setup as well as account funding and operation. Overall, the account wagering system must be a "closed loop system," which is defined in Commission regulations as "a system of telephone, computer or other electronic based wagering as approved by the Commission." She further advised that "key elements" of that system must be located in New Jersey. The key elements include: "the hub facility, permanent information databases, banking databases, system monitoring equipment and account information representatives including those situated at the phone bank."

Acting Executive Director Ben-David stated that, for the hub facility, a Supervisor of Mutuels, who is a Commission employee, must be present when wagering is being conducted. In addition, the Commission must be notified of any new equipment or software to be utilized in connection with the account wagering system, and the Commission can require additional testing prior to implementation of such equipment or software.

Acting Executive Director Ben-David stated that currently, the account wagering system has only one platform at 4njbets.com, which is operated by TVG Network. Wagers placed on that platform are processed by Global Tote, which is the sole totalisator company operating in New Jersey. In accordance with Commission regulations, key elements of the current system are located in New Jersey. Global Tote operates a hub facility in Mount Laurel, which is staffed by a Supervisor of Mutuels. Acting Executive Director Ben-David explained that permanent information databases, banking databases, and system monitoring equipment also are located in New Jersey through the tote. TVG Network no longer accepts wagers by phone and no longer maintains a phone bank facility for such purpose. However, TVG Network has racing-dedicated customer service agents based in New Jersey at the office maintained by FanDuel in Jersey City.

Acting Executive Director Ben-David advised that granting the joint petition would allow for an expansion of the current account wagering system. She stated that Darby on behalf of

the Sports and Exposition Authority, sought bids for a new account wagering operator to provide platform services. Ultimately, the Sports and Exposition Authority approved Darby to enter an agreement with NYRabets.

Acting Executive Director Ben-David explained that an Exclusive Online Pari-Mutuel Horse Wagering Managing Vendor Agreement was executed on July 5, 2024. Under that agreement, NYRabets would perform two functions within the account wagering system. Its first and primary role would be to act as the managing vendor. In that capacity and, if approved by the Commission, NYRabets would be responsible for recruiting ADW operators to offer pari-mutuel wagering on horse races on their platforms. Acting Executive Director Ben-David stated that each new ADW operator would be required to enter a sub-agreement with NYRabets.

In addition to bringing on other ADW operators, NYRabets in its secondary role would offer and operate its own ADW platform in New Jersey. For that purpose, United Tote is seeking approval to provide totalisator services to NYRabets. United Tote also would provide totalisator services to any ADW operators who are recruited by NYRabets and wish to contract with them.

Acting Executive Director Ben-David advised that the Commission has completed investigations of both NYRabets and United Tote. NYRabets and United Tote are licensed and in good standing in multiple jurisdictions. The Commission's investigations revealed no unusual or derogatory information. However, certain operational matters will need to be addressed prior to NYRabets and United Tote commencing their operations.

Acting Executive Director Ben-David reiterated that Commission regulations require the following elements of the account wagering system to be located in New Jersey: "the hub facility, permanent information databases, banking databases, system monitoring equipment and account information representatives including those situated at the phone bank." United Tote proposes to open a hub facility in Cherry Hill. It has entered a lease for that purpose, and the premises has been inspected by Commission staff. Acting Executive Director Ben-David advised that a Supervisor of Mutuels has not been hired yet to work at the hub facility. In addition, all equipment and software will need to undergo successful testing. NYRabets has confirmed that permanent information databases, banking databases, and system monitoring equipment will be located in New Jersey. It has further represented that it intends to hire New Jersey-based account information representatives. NYRabets does not intend to take bets by phone.

Acting Executive Director Ben-David stated that, at this time, NYRabets has not entered any sub-agreements with other ADW operators as it is awaiting a licensing decision from the Commission to begin those negotiations. Any ADW operator who contracts with NYRabets to offer platform services to the account wagering system will need to obtain a vendor license prior to accepting any wagers.

Acting Executive Director Ben-David concluded that staff believes the Commission may grant the joint petition provided certain conditions are imposed to address outstanding operational issues. The recommended conditions are as follows:

- NYRAbets shall not commence operations as a platform provider until it has hired account information representatives who are based in New Jersey as required by *N.J.A.C. 13:74-1.1* and *-7.10*.
- NYRAbets shall designate a contact person to address any New Jersey regulatory inquiries or matters.
- The Authority, Darby, and NYRAbets shall ensure each sub-agreement entered between NYRAbets and an account wagering services provider shall be filed with the Commission no later than five business days after execution.
- The Authority, Darby, and NYRAbets shall ensure that each account wagering services provider obtains a vendor license from the Commission prior to commencing operations as well as any other necessary state or federal governmental approvals.
- United Tote shall not commence operations until: (1) a Supervisor of Mutuels is hired by the Commission and present at the hub facility in accordance with *N.J.A.C. 13:74-9.1* and provided with suitable office space and (2) United has successfully completed testing of its equipment or software in accordance with *N.J.A.C. 13:74-9.3*.
- United Tote may provide totalisator services to multiple account wagering platforms subject to the following requirements: (1) for each account wagering platform, United shall successfully complete testing to verify it can accurately and completely report wagering revenue for that platform and (2) at no time shall United be permitted to provide totalisator services to an account wagering services provider that has not been issued a vendor license from the Commission or obtained any other state or federal governmental approvals necessary to operate.
- NYRAbets shall be subject to additional conditions which are consistent with those imposed by the Commission when granting the renewal of the account wagering license for calendar year 2025.
- United Tote shall be subject to additional conditions which are consistent with those imposed by the Commission when approving Global Tote to operate a hub facility and provide totalisator services in 2025.

Acting Executive Director Ben-David stated that, in addition, she would ask that the Commission delegate authority to the Acting Executive Director to impose additional conditions upon the Authority, Darby, NYRAbets, and United Tote as she deems necessary and appropriate during the course of the license period.

Commissioner Beck asked if the delegated authority would be subject to ratification by the Commission. The Acting Executive Director said no and asked if the Commissioners wanted to add such language. The other Commissioners declined.

Commissioner DeMarzo made a motion to approve the joint petition of the New Jersey Sports and Exposition Authority, Darby Development, LLC, NYRABets, LLC and the United Tote Company for NYRABets, LLC and the United Tote Company to be issued an account wagering system vendor license. Commissioner Tomaro seconded the motion, and all Commissioners voted yes.

Acting Executive Director stated that this concluded the public portion of the meeting and asked if anyone would like to comment or bring new business to the Commission's attention.

William Pascrell, III, licensed attorney in the State of New Jersey on behalf of Global Tote and Betmakers, asked to be heard. He stated that he wanted to clarify for the record that Global Tote is vendor registered and licensed and he is hopeful they can continue to provide the services they currently provide.

Commissioner DeMarzo moved that the meeting be adjourned. Commissioner Quinones-Perez seconded the motion, and all of the Commissioners voted yes.

ATTEST:


Sara Ben-David, Acting Executive Director