

## **APPENDIX E**

**Definitions, Operational Standards,  
Specifications and Regulations Governing  
Parimutuel Wagering Center**

## TABLE OF CONTENTS

|  | PAGE |
|--|------|
| A. DEFINITIONS.....                          | 1    |
| B. PURPOSE.....                              | 2    |
| C. GENERAL CONTROLS.....                     | 2    |
| D. COMPUTER SYSTEM.....                      | 3    |
| E. OPENING/CLOSING PROCEDURES.....           | 4    |
| F. BETTING/TICKET ISSUANCE AND CONTROLS..... | 4    |
| G. SCREEN ACTIVATED MACHINE.....             | 5    |
| H. PAYMENT OF WINNING WAGERS.....            | 5    |
| I. POSTING OF RULES.....                     | 6    |
| J. UNPAID WINNERS.....                       | 7    |
| K. LOST TICKETS.....                         | 7    |
| L. SURVEILLANCE SYSTEM REQUIREMENTS.....     | 7    |
| M. INTERNAL AUDIT.....                       | 7    |
| N. REPORT DESCRIPTIONS.....                  | 7    |

## PARIMUTUEL WAGERING

### A. DEFINITIONS

"Commission of Wagers" means an amount retained and not returned to patrons from the total amount of off-track parimutuel wagers.

"Gross Revenue" means the total Commission of Off-track Parimutuel Wagers, less the amount paid to a Trade for the right to be part of the Interstate Common Parimutuel Pool ("track fee").

"Interstate Common Parimutuel Pool" means a parimutuel pool consisting of the parimutuel wagers placed at a Track, its interstate betting locations, other jurisdictions, and the off-track parimutuel wagers placed by customers, and accepted into the Off-track Parimutuel System.

"Live Audio/Visual Signal" means the audio and visual transmission of a race, as it occurs at a Track.

"Manual Merge" means the process used in the event of a systems or communications failure by which the systems operator transmits to a Track, through telephone, telecopy, cellular or any other means of communication, the Wagering Information for a particular race or group of races, and the process by which a Track includes the off-track parimutuel wagers into the Interstate Common Parimutuel Pool in such event.

"Off-track Parimutuel System" means a computerized system or component of a system that is used to transmit Wagering Data and Wagering Information to and from a Track which offers parimutuel pools.

"Off-track Parimutuel Wager" means a computerized system or component of a system that is used to transmit Wagering Data and Wagering Information to and from a race track which offers interstate common parimutuel system.

"Off-track Parimutuel Wagering" means parimutuel wagering conducted on a race at a location other than the Track where the race is actually held.

"Parimutuel Agreement" means a contractual agreement between the Tribes and a specific Track.

"Parimutuel Wagering Center" means the area(s) within the Gaming Facility where Off-track Parimutuel Wagering is conducted.

"Post Time" means, for purposes of Off-track Parimutuel Wagering, when the first entrant enters the gate.

"Track" means a facility licensed to operate races where parimutuel wagering on races is conducted.

"Wagering Data" means the information regarding results, actual payouts, and the amount of parimutuel and off-track parimutuel wagers accepted for each race or group of races in a common parimutuel pool.

## PARIMUTUEL WAGERING

"Wagering Information" means the amount of off-track parimutuel wagers accepted for each race or group of races by customers.

### B. PURPOSE

This Appendix to the Tribal/State Compact between the Salt River Pima-Maricopa Indian Community and the State of Arizona ("Compact") is to conduct OTB (Off-Track Betting) via Teletracking (as defined in the Arizona Administrative Code Section R19-2-401 dated June 30, 1995) at the Tribes' Parimutuel Wagering Center. This Appendix is limited to contracts with harness, thoroughbred, quarter horse or greyhound racing programs conducted at an authorized enclosure within Arizona.

1. All Gaming Employees at the Parimutuel Wagering Center shall be Tribally licensed and State certified or recommended in accordance with the Compact and the Tribes' Gaming Ordinance and shall be required to obtain applicable Racing licenses.
2. The Tribe shall comply with the rules governing OTB via Teletracking as stated in the applicable sections of the Arizona Administrative Code dated June 30, 1995, which include R19-2-401 (Definitions of Teletracking), R-19-2-403 (General Provisions applying to each teletracking facility engaged in teletracking wagering), and Article 5 (Parimutuel wagering).
3. The Tribe shall grant access by each of the individual Tracks to the Parimutuel Wagering Center for purposes spelled out in the specific Parimutuel Agreement(s).
4. The Tribe agrees that the Arizona Racing Commission may exercise the same rights and procedures allowed the State Gaming Agency as spelled out in Section 7 of the Compact between the Salt River Pima-Maricopa Indian Community and the State of Arizona dated September 10, 1998, within the Parimutuel Wagering Center and related areas.
5. All Parimutuel Agreements become part of this Appendix.

### C. GENERAL CONTROLS

1. The Parimutuel Wagering Center is located on the ground floor of the Gaming Facility. Access to the interior (employee) area(s) of the Parimutuel Wagering Center is limited with access by Swipe card or key.
2. A Key Employee is on the premises at all times wagering is conducted. The name of each Key Employee shall be maintained on file, and provided to the Community Regulatory Agency.
3. Identification and control of Parimutuel Wagering Center keys shall be as follows:

## PARIMUTUEL WAGERING

Parimutuel Wagering Center's sensitive-area keys are maintained by management of the Parimutuel Wagering Center. Duplicate keys are maintained by the Security Department Command Center.

4. The Parimutuel Wagering Center will not accept wagers on credit.
5. The Parimutuel Wagering Center employees are prohibited from wagering on events while on duty, including during breaks.

### D. COMPUTER SYSTEM

Any hardware, software, or wagering supplies used in the direct or indirect operations of the Parimutuel Wagering Center shall be purchased, leased or acquired only from manufacturers, distributors, and suppliers licensed by the Community Regulatory Agency and certified by the Arizona State Gaming Agency.

Prior to installation of live parimutuel wagering hardware, the Primary Management Official of the Parimutuel Wagering Center shall, at a minimum, report in writing to the Community Regulatory Agency and, the Arizona State Gaming Agency the following;

1. Names and addresses of manufacturers, distributors, and supplier of hardware, software, and wagering supplies to be used;
2. Associated serial numbers of hardware;
3. Location of hardware within the Parimutuel Wagering Center;
4. Date of installation.

Access to Teller terminals will be restricted to Teller and/or Parimutuel Gaming Center management, as required. Access will also be controlled by secure operator ID codes/passwords.

A Parimutuel Wagering Center or other employee, Tribally licensed and State certified or recommended, may perform routine maintenance and service of the hardware components of the Parimutuel Wagering Center wagering and communication equipment. A source-dispatched technician will perform all non-routine maintenance and service of the hardware components of the Parimutuel Wagering Center's equipment. Any non-routine maintenance or repair will require prior notification of the Community Regulatory Agency inspector on duty.

All maintenance performed on the system at the Parimutuel Wagering Center shall be recorded in a log maintained by Parimutuel Wagering Center management. Any source-dispatched technician has to be issued a visitors badge before entering the Parimutuel Wagering Center's sensitive area(s). All maintenance will be conducted only after notice is provided to the Community Regulatory Agency, which may assign an inspector to be present while routine maintenance and services are being performed.

## PARIMUTUEL WAGERING

The system maintains personnel access listing to include: Name, Employee identification number and listing of functions employees can perform or equivalent means of identifying same.

### E. OPENING/CLOSING PROCEDURES

#### 1. Opening Procedures:

Lead Teller receives and verifies all teller/cashier banks from the Slot Cage and signs for the total value to begin the shift.

Teller/cashier receives his/her starting bank from the Lead Teller and signs for the total value received to begin his/her shift.

Upon completion of bank opening procedures, the teller/cashier will sign on to the system. The system will print a sign-on ticket that will contain the following information: Parimutuel Wagering Center name, date, time, station number, and operator number.

#### 2. Closing Procedures:

When the teller/cashier closes his/her parimutuel station, a sign-off ticket and a summary ticket will be printed by the terminal. The sign-off ticket will contain the following information: sign-off designation, Parimutuel Wagering Center name, date, time, station number, operator number, take (sales), voids (cancels), paid (cash), the IRS withholding amount, beginning bank (draw); and vouchers sold and cashed in during the session. Information on cash turn-ins (cash balance) will only be available to the book supervisor via password access. The cash drawer is then counted by the teller/cashier and the Lead Teller. Both sign the count sheet. The computer terminal is accessed to determine the teller's total cash balance. This is compared to the count sheet and variations are investigated.

Once verified, a manual cash-in slip is created and signed by both the teller/cashier and the Lead Teller, the Lead Teller will proceed to the slot cage and will turn in the funds. The deposits are property of the individual Track and the Lead Teller creates a deposit slip in the name of the specific Track. (The banks are the property of the Salt River Pima-Maricopa Indian Community). The deposit slip is handed into the cage along with the funds. The deposits are sent into the respective banks along with Gaming Operation deposits.

### F. BETTING/TICKET ISSUANCE AND CONTROLS

Betting tickets shall be in single part form. The original is given to the customer. A second "copy" is retained internally within the computer system and is not accessible by Parimutuel Wagering Center personnel.

The computer system prints a number on each ticket which identifies each writer station.

## PARIMUTUEL WAGERING

Unused tickets will be stored in the Parimutuel Wagering Center's storage room. These forms are serially numbered by the computer and do not require the "sensitive" forms inventory control procedures.

The computer system will not allow a ticket to be voided eight (8) seconds after a race event is locked out for horses and seven (7) seconds after a race event is locked out for Greyhounds.

All bets will be made in cash and shall be evidenced by the issuance of a ticket upon acceptance of a wager.

Tickets will not be written or voided after the outcome of an event is known.

### G. SCREEN ACTIVATED MACHINE

1. The screen activated machine (SAM) is a self-service betting machine which allows customers to place wagers using a winning ticket or voucher generated by the system.
2. The customer must insert a voucher or winning ticket for the SAM to accept a wager. Wagers will be made keying in the amount of the bet, the type of bet, and the parimutuel race selected. After the selection process is complete, the SAM will print a bet ticket. The SAM will also print the balance on the voucher, if any, owed to the customer. The voucher will contain the serial number, date, cash balance, and SAM number. This information will also be bar coded on the voucher. Once the wager is placed, the customer may use the voucher to place additional wagers or redeem the voucher for cash.
3. When a patron wishes to redeem a voucher, the teller/cashier will insert it into the bar code reader. The computer will then generate a paid ticket and the teller/cashier will pay the patron. All other procedures described concerning payouts on winning wagers will be complied with as applicable.

### H. PAYMENT OF WINNING WAGERS

Upon presentation of a winning ticket by a customer, the teller/cashier will insert the ticket into the reader for verification and payment authorization. The system will read the ticket for the payout amount, teller/cashier station number, and date. A payout receipt for all winning tickets paid will be issued and the information retained by the system.

Should the reader fail to read a ticket, the teller/cashier will manually enter the ticket number into the terminal. A payout ticket will then be printed which will include the following information: ticket number, "pay" indication, Parimutuel Wagering Center name, pay amount, date, station number, and operator number.

The computer software is designed to prevent payment of a ticket that has been previously paid by the system, voided by the system, a losing ticket, or a ticket not issued by the system.

## PARIMUTUEL WAGERING

Payoffs over \$10,000 may be delayed for up to 24 hours after the next banking day. Payoffs of \$5,000 or more will require a Community Regulatory Agency Inspector's verification,

Winnings requiring the completion of a form W-2G (or 1042S) will be accomplished by Parimutuel Wagering Center Employees and the W-2G (or 1042S) will be forwarded to the individual Track bearing the responsibility to process the W-2G (or 1042S) to the IRS.

### I. POSTING OF RULES

#### 1. Posting of rules

House rules shall be conspicuously displayed in the Parimutuel Wagering Center.

#### 2. Refunds

All bets received on any entry which does not start, or on a race which is canceled or postponed, shall be refunded on the basis of the refund policy in effect at the Track.

#### 3. Refusal to accept bets

The Parimutuel Wagering Center reserves the right to refuse to accept bets on a particular entry or entries or in any or all parimutuel pools for what it deems good and sufficient reason.

#### 4. Cancellation of Track pool

In the event that a parimutuel pool is canceled by the Track, the corresponding off-track betting parimutuel pool shall be refunded.

#### 5. Responsibility of the Parimutuel Wagering Center

The Parimutuel Wagering Center bears no responsibility with respect to the actual running of any race or races upon which it accepts bets. In all cases, the off-track betting parimutuel pool distribution shall be based upon the order of finish posted at the Track as "official." The determination of the judges, stewards, or other appropriate officials at the Track shall be conclusive in determining the payoffs of the Parimutuel Wagering Center.

#### 6. Error in calculation of payments.

In the event an error in calculation of payment occurs in a pool which is the result of the combination of the track pool and the off-track betting pool, the rules in effect at the Track governing the disposition of such error shall prevail.

#### 7. Patron Disputes.

Any patron disputes involving matters not otherwise covered in the above paragraphs or elsewhere in this Appendix shall be investigated by the Community Regulatory Agency



## PARIMUTUEL WAGERING

consistent with Section 14 of the Compact. Decisions by the Community Regulatory Agency shall be final.

### J. UNPAID WINNERS

Unpaid winners will be paid as dictated by the operational procedures at the specific Track. Following the specified waiting period, the unpaid winners are reverted to the individual Track's outstanding ticket account.

### K. LOST TICKETS

Upon notification by a patron that a winning betting ticket has been lost, stolen, or is otherwise not available for presentation, the patron will be referred to the Track at which the race was run for any satisfaction of his/her claim.

### L. SURVEILLANCE SYSTEM REQUIREMENTS

1. The surveillance system shall monitor and record general activities in each parimutuel book ticket writer and cashier area with sufficient clarity to identify the employees performing the different functions.
2. Each ticket writer and cashier station shall be equipped with one (1) stationary camera covering the transaction.

### M. INTERNAL AUDIT

At least annually, the Internal Audit Department shall perform audits of the parimutuel wagering center operations, including but not limited to, write and payout procedures, and parimutuel auditing procedures.

### N. REPORT DESCRIPTIONS

Machine Sales Report - This report will contain information by teller and total. Information regarding write, refunds, payouts, outs, payments on outs, and federal tax withholding for each teller will also be included. Additionally, information regarding SAM voucher activity will be included. This report will provide daily amounts.

Teller Balance Report - This report will summarize daily activity by Track and teller/cashier. Specifically, the report will contain the following: tickets sold, tickets cashed, tickets canceled, draws, returns, computed cash turn-in, actual turn-in, over/short, and vouchers sold and vouchers cashed in from the SAM terminals.

## PARIMUTUEL WAGERING

(Daily Reconciliation Report - Horses)/(OTB Deposit - Greyhounds) - This report will summarize information for window teller activity. Report will calculate net money room settlement due to or from an individual Track. Report will contain, for window teller activity, bets, voucher sales, cancels, cashes and voucher cashes. Net money room settlement will be deposited to the Track account daily or a check will be requested from the Track (negative settlement).

Commission Summary - This summary calculates commission on daily net parimutuel wagering at the site on individual Track's racing. The Track provides the Commission Summary to the site on a weekly basis.

Note: Accounting verifies the weekly settlement of commission using the individual Track's daily sales reports (see machine sales report, above) issued by the individual Tracks which is faxed to the accounting department. The daily sales reports include SAM sales.