

Oregon Racing Commission Multi-Jurisdictional Simulcasting & Interactive Wagering Totalizator Hub License Application



[Oregon Racing Commission](#)
800 N.E. Oregon St. Suite 310
Portland, OR 97232

Multi-Jurisdictional Simulcasting & Interactive Wagering Totalizator Hub License Application

Instructions: Complete the application in its entirety. Address all requirements or reference the corresponding exhibits in the remarks/comments section. Six copies of the final application must be submitted. For additional assistance contact:

Company Name: _____

Length of License Requested: 1 Year 3 Years 5 Years

Provide a brief overview of the organization:

Multi-Jurisdictional Wagering Checklist

Applicant Legal
Name: _____

Street Address: _____ City: _____ State: _____ Zip Code: _____

(1) If the applicant is a corporation, the names, addresses, dates of birth of its shareholders, directors and officers; if a shareholder is a corporation the date of incorporation, the place of incorporation and the names, addresses, and dates of birth of its shareholders, directors and officers must be provided.

Name	Street Address	City	State	Zip Code	Date of Birth (MM/DD/YYYY)

(2) If the applicant is a partnership the names, addresses, dates of birth of the partners; if a partner is a corporation the date of incorporation, the place of incorporation and the names, addresses, and dates of birth of its shareholders must be provided.

Name	Street Address	City	State	Zip Code	Date of Birth (MM/DD/YYYY)

Multi-Jurisdictional Wagering Checklist

(3) We acknowledge:

Included in the application are the names of the race tracks the applicant has contracts with that allow the applicant to provide the simulcast signals and pari-mutuel wagering on the product.

Initial _____

(4) We acknowledge:

We have provided financial information that demonstrate the financial resources to install and operate a hub.

Initial _____

(5) We acknowledge:

We have provided detailed budget showing anticipated revenue, expenditures and cash flows by month, from the hub's operation during the license period.

Initial _____

(6) How many days will the hub operate each year? _____

(7) Provide list of all hub personnel containing the name, position, job location, license number and expiration date. All current gaming licenses should be listed, regardless of jurisdiction. All employees working in Oregon and all officers of any "Multi-Jurisdictional Simulcasting and Interactive Wagering Totalizator Hubs" located and operating in Oregon must obtain a license from the Oregon Racing Commission prior to the commencement of business or employment.

Multi-Jurisdictional Wagering Checklist

First Name	Last Name	Title	Job Location	Licensing Jurisdiction	License Number	Expiration Date

(8) We acknowledge:

We have provided an organizational chart.

Initial _____

(8) We acknowledge:

We have provided a list of states where we plan to operate.

Initial _____

(9) We acknowledge:

We have provided proof of business registration in the State of Oregon.

Initial _____

(3) As part of the application for licensure as a hub, the applicant shall submit a detailed plan of operations in a format and containing such information as required by the commission. At a minimum, the operating plan shall address the following issues:

(10) We acknowledge:

We have provided details on the manner in which the proposed simulcasting and wagering system will operate.

Initial _____

(11) We acknowledge

The requirements for a "qualified subscriber based service" or "closed loop subscriber based system" set out in [OAR 462-220-0010\(2\)](#).

Initial _____

(12) We acknowledge:

We have provided evidence of a Programs for Responsible Wagering.

Initial _____

(13) We acknowledge:

Mitigation for the effects of account wagering on the source market in Oregon. In addition to the source market mitigation plan as outlined in the application, more detailed source market information shall be provided by the hub at the commission's request. A mitigation plan must include one of the following options:

(A) A written agreement with the Oregon HBPA, a copy of which has been submitted to the commission; or

(B) An agreement with a state commercial race meet licensee as defined in [ORS 462.062](#), a copy of which has been submitted to the commission; or

(C) A written plan submitted to, and approved by, the commission that mitigates the effect of account wagering and provides equitable compensation to the commercial race meet licensee as defined in [ORS 462.062](#).

Source market fees shall be paid statewide on Oregon accounts. Accounts must be available to Oregon residents if a hub is licensed in Oregon.

Initial _____

(14) We acknowledge:

The requirements for accounts established and operated for persons whose principal residence is outside of the state of Oregon

The requirements for accounts established and operated for persons whose principal residence is outside of the state of Oregon.

The commission may require changes in a proposed plan of operations as a condition of granting a license.

No subsequent changes in the system's operation may occur unless ordered by the commission or until approval is obtained from the commission after it receives a written request.

Initial _____

(15) We acknowledge:

A list of any affiliate sites or potential affiliate sites of the hub

A list of any affiliate sites or potential affiliate sites of the hub. The operating plan must provide the following information and meet the following affiliate guidelines:

(A) The name and web address of the affiliate site.

(B) The person or companies involved in the affiliate agreement.

(C) That the affiliate site agreement is clearly noted as either a marketing or service agreement.

(D) Customers using the affiliate site will be customers of the licensed hub, subject to the same verification process and account operational procedures as any other customer of said hub licensee.

(E) The wagers placed through the affiliate site will be processed through equipment owned and operated by the licensed hub and their commission approved tote provider.

(F) The commission approved totalizator provider will incorporate the handle of the affiliate site into the handle report for the licensed hub, or generate a separate daily report for this handle. In either case, the handle will count as part of the hub licensee's handle, and the hub licensee will be responsible for all taxes on the handle generated from their own site and any affiliate sites.

(G) The affiliate site will be branded in some form to indicate to the customer that they will be wagering through systems operated by the licensed hub. The commission reserves the right to approve or deny any affiliate sites. Additionally, the commission may determine a handle level at which an affiliate site may need to apply for its own hub license, or at which the hub licensee must be subject to the tax rate described in [OAR 462-220-0040\(3\)\(c\)](#).

Initial _____

(16) We acknowledge:

The commission may conduct investigations or inspections or request additional information from the applicant as it deems appropriate in determining whether to approve the license application.

Initial _____

(17) We acknowledge:

The Fee Must Accompany the Application

The fee of \$200 per day that the hub is scheduled to operate must accompany the application. If the license is denied by the commission the fee will be refunded less the amount equal to the amount that the commission expended in conducting investigations and inspections which was in excess of the expenses that would have otherwise been incurred by the commission.

Initial _____

(6) To ensure that the funds of an applicant's account holders will be properly held and maintained by the applicant.

(18) We acknowledge:

Proof of Segregated Accounts

The applicant must provide evidence to the commission that the applicant has established a segregated account (the Bank Account) in which all funds of its account holders will be deposited in an insured account, approved by the commission, solely for the benefit of the account holders:

(A) No hub shall use the funds deposited in the Bank Account for any purpose except to facilitate the wagering activities and other instructions or agreements of account holders.

The funds of an account holder held in the Bank Account shall remain the property of the account holder for all purposes until wagered by the account holder or otherwise withdrawn or used in accordance with the account holder's instruction or agreement;

(B) The hub shall maintain a record of each deposit, withdrawal or other use of funds held in the Bank Account for each account holder (the Customer Record);

(C) Any account holder, who claims that any credit or debit to his or her Customer Record is incorrect or who claims that any deposit, withdrawal or use of the account holder's funds is incorrect, may file a claim with the commission.

The commission shall investigate all claims and provide the hub with an opportunity to respond to such claim. The hub may submit any information, documentation or other evidence supporting its position with respect to the claim.

If the commission determines that the Customer Record is incorrect or that any deposit, withdrawal or use of an account holder's funds was incorrect, the hub shall have 10 days to correct same as instructed by the commission.

Such correction may require the hub to correct the Customer Record for the account holder, to deposit additional funds into the Bank Account for the account holder, to remit funds directly to the account holder, or any combination thereof.

Initial _____

(19) We acknowledge:

Requirement for Irrevocable Bond, Letter of Credit

The applicant must provide a \$50,000 irrevocable bond, letter of credit, or other security instrument to the commission, in a form acceptable to the commission, which designates the commission as the beneficiary thereof (the Security Instrument).

The Security Instrument shall permit the commission to make draws to cover such amounts as the commission finds is necessary.

For example, if a hub fails to deposit funds into the Bank Account for an account holder or to remit funds directly to the account holder, as described in subsection 6(a) (C) above, within 10 days of the commission's decision, the commission may draw down on or take other appropriate action against the Security Instrument to ensure the account holder is immediately made whole.

Initial _____

(20) We acknowledge:

Ability of Applicant Licensed to Enter into Agreements

An applicant licensed under this section may enter into such agreements, as for what it deems good and sufficient reasons, that are necessary to promote, advertise and further the sport of racing or that may be necessary for the effective operation of interstate account wagering, including, without limitation, television production and telecommunications services.

Initial _____

(21) We acknowledge:

We have provided proof of the requirement for Operational Presence in Oregon

An applicant must maintain an operational presence within the State of Oregon. A call center for customer wagering, a sub-contract with an existing call center for customer wagering, or a business office is required.

In addition, totalizator equipment must be located in Oregon, and services must be provided by a totalizator vendor identified in the hub operating plan as approved by the commission.

Initial _____

(22) We acknowledge:

We will provide the following to the commission:

- (a) Access to customer call monitoring, account holder detail, and electronic wagering data;
- (b) On site regulatory visits of the call center by authorized commission staff; and

(c) Reimbursement to the commission for expenses associated with out-of-state regulatory visits.

Initial _____

(23) We acknowledge:

Maintenance of Customer Account Related Documents

An applicant must maintain all customer account-related documentation for a period of not less than one year, and audio recording for a period of not less than three months.

Initial _____

[OAR 462-220-0040](#) State of Oregon Share of the Pari-Mutuel Handle

Stat. Auth.: ORS 462.270(3) & 462.725

Stats. Implemented: ORS 462.725

Hist.: RC 3-2000, f. 3-27-00, cert. ef. 5-1-00; RC 1-2001, f. & cert. ef. 3-19-01; RC 4-2002, f. & cert. ef. 6-28-02; RC 3-2003, f. 6-13-03, cert. ef. 7-1-03; RC 4-2003, f. 6-20-03, cert. ef. 7-1-03; RC 3-2004, f. 6-23-04, cert. ef. 7-1-04; RC 1-2005, f. 5-23-05, cert. ef. 7-1-05; RC 2-2012, f. 5-29-12, cert. ef. 6-1-12; RC 3-2012, f. 10-9-12, cert. ef. 10-15-12

(24) We acknowledge:

In addition to the licensing fee set forth in [OAR 462-220-0030\(5\)](#), the hub operator shall pay to the Oregon Racing Commission the tax authorized by [ORS 462.725\(3\)\(b\)](#) on all gross mutuel wagering receipts recorded by the hub's totalizator system during the license period. The payments shall be made as follows:

(1) Payments shall be made each month based on the gross mutuel wagering receipts for that week.

(2) Payments shall be made in a timely manner as prescribed by the executive director of the commission.

(3) Payments shall be calculated according to one of the following formulas as elected by the hub operator in the manner specified in section (4):

(a) Payment of 0.125% of the first 60 million dollars in gross mutuel wagering receipts during the license period and 0.25% of the gross mutuel wagering receipts in excess of 60 million dollars during that period; or

(b) Payment of 0.25% of gross mutuel wagering receipts, except that, if the hub operator conducts business in a state where hubs are specifically authorized and the tax rate is less than 0.25%, the tax rate for wagers by the residents of such state would be that of the state in which they reside. This exception is limited to a single state designated by the hub operator in the manner specified in section (4).

(4) The base tax for fiscal year 2019-2020 is \$722,630.00.

(a) The maximum payment set out in section (4) will increase 2.5% on an annual basis for each fiscal year through 2023-2024 unless the commission changes that limit before the beginning of a fiscal year. Maximum payments through fiscal year 2023-24 are calculated below.

Fiscal Year — Tax Amount:

2020–21— 740,695.00.

2021–22 — 759,212.00.

2022-23 - 778,192.00

2023-24 - 797,647.00

(5) The hub operator shall state in its license application its election to pay tax calculated pursuant to section (3), subsections (a) or (b), for gross mutuel wagering on merged pools, and shall also designate a state that is subject to the exception in section (3), subsection (b), if that formula is elected. The hub

operator statement shall be made in its license application or at such other time as is specified by the Commission. Neither the payment formula nor the state subject to the exception may be changed during a license period without the prior approval of the Commission.

Initial _____

[OAR 462-220-005](#) Total Take-out Rates for Non-Merged Pools

Stat. Auth.: ORS 462.270(3) & 462.725

Stats. Implemented: ORS 462.725

Hist.: RC 3-2000, f. 3-27-00, cert. ef. 5-1-00; RC 2-2012, f. 5-29-12, cert. ef. 6-1-12

(25) We acknowledge:

A Hub operator may include a provision for hosting non-merged pools as part of their operating plan or update to the plan. Subject to approval by the Commission, the Hub operator shall:

(a) As part of the operating plan or update to the plan, set the total take-out rate for those wagering pools which are not merged with the wagering pools of the race track where the race is being run live; and

(b) Pay a 1% fee to the Commission for all hosted non-merged wagers excluding wagers placed through the Hub operator's own ADW system which will be taxed under the formulas set out in [OAR 462-220-0040](#).

Initial _____

(2) Fees required under this provision do not apply to wagering options such as a betting exchange.

[OAR 462-220-0060](#) Where the Wager is Considered to Have Been Made

Stat. Auth.: ORS 462.270(3) & 462.725

Stats. Implemented: ORS 462.725

Hist.: RC 3-2000, f. 3-27-00, cert. ef. 5-1-00; RC 2-2008, f. & cert. ef. 9-30-08

(26) We acknowledge:

Any wager that is made from an account maintained by the hub operator is considered to have been made in the State of Oregon.

Initial _____

(27) We acknowledge:

Account holders may communicate instructions concerning account wagers to the hub in person, by mail, telephone, or electronic means.

Computer assisted wagers are permitted only if there is human intervention in the wagering process.

By way of example and not limitation, permissible human intervention includes a natural person making the final decision regarding whether or not a wager formulated by a computer should be submitted.

A computer assisted wager means a wager placed by an account holder with respect to which all of the following occur: the tote information relating to the race on which the wager is placed is received by the account holder's computer in electronic format indirectly through an interface provided by a hub; the account holder utilizes a computer to formulate, or assist in formulating, the wager using the electronic tote information; and the account holder submits the wager through an electronic interface provided by a hub.

Initial _____

[OAR 462-220-0070](#) Powers of the Commission to Review and Audit Records; Reporting Requirements

Stat. Auth.: ORS 462.270(3) & 462.725

Stats. Implemented: ORS 462.725

Hist.: RC 3-2000, f. 3-27-00, cert. ef. 5-1-00; RC 3-2007, f. 3-29-07, cert. ef. 7-1-07; RC 1-2009, f. 4-21-09, cert. ef. 7-1-09

(28) We acknowledge:

The commission, or its staff, will be given unrestricted access, for review and audit, to all records and financial information of the hub operator, including all account information.

This information will be made available to the commission or commission staff, by the hub operator, at the hub location, upon notice from the commission or commission staff, at all reasonable times to the extent such disclosure is not expressly prohibited by law.

Commission access to and use of information concerning wager transactions and account wagering customers shall be considered proprietary and shall not be disclosed publicly except as may be required by law.

This shall not prevent the sharing of this information for investigative purposes.

Initial _____

(29) We acknowledge:

The following reports shall be submitted to the Commission:

(a) Wagering Center Closure:

A report signed by the hub's managing employee must be filed with the commission within forty-eight (48) hours whenever the account wagering center is closed during normal operating hours;

(b) Transmission Failure:

A report signed by the hub's managing employee must be filed with the commission within forty-eight (48) hours whenever wagers are not transmitted to, received by, or otherwise accepted by a racetrack for any reason. The financial implication of such failure should be detailed in this report;

(c) Irregularities or wrong doings:

All licensees shall report any known or suspected rules violations by any person involving account wagering immediately to the commission and cooperate in subsequent investigations. (3) Miscellaneous. The following reports shall be available for inspection by the commission upon request:

(a) Affiliate account wagering handle;

(b) Reports for taxation purposes;

(c) Customer Complaints;

(d) List of inactive accounts;

(e) List of Excluded Persons;

(f) List of account holders, set out by jurisdiction;

(g) Log of all system accesses and adjustments to the master file; and

(h) List of all deposits, withdrawals, wagers and winning payouts.

Initial _____

(30) We acknowledge:

The commission may require the hub operator to annually submit audited financial statements.

Initial _____

(31) We acknowledge:

The commission requires a 14 day notice in a change of hub ownership prior to such a sale if reasonably possible. In the event that such notice cannot be given, or if all necessary financial soundness checks and personal background checks cannot be completed in that time, the commission may issue a 60 day temporary license pending completion of those investigations.

Initial _____

[OAR 462-220-0080](#) Distribution of Receipts from Multi-Jurisdictional Simulcasting and Interactive Wagering Totalizator Hubs

Stat. Auth.: ORS 462.270(3) & 462.725

Stats. Implemented: ORS 462.725

Hist.: RC 3-2000, f. 3-27-00, cert. ef. 5-1-00; RC 2-2012, f. 5-29-12, cert. ef. 6-1-12

(32) We acknowledge:

From the payments made to the Oregon Racing Commission by Multi-Jurisdictional Simulcasting and Interactive Wagering Totalizator Hubs per ORS 462.725(3)(b), the commission shall:

(1) Transfer to the State General Fund 25% of the receipts;

(2) Retain 75% in the agency's cash account. Of the retained money, the commission may distribute it for the benefit of the Oregon pari-mutuel racing industry as follows:

(a) First, to race meets that were licensed under ORS 462.057 during the 1999 calendar year in the amounts necessary, in the commission's judgment, to allow an appropriate race meet with an appropriate purse level;

(b) Second, if there are funds remaining, to any entity in the Oregon pari-mutuel racing industry, after the receipt of a petition submitted to the commission, for purposes that benefit members of the pari-mutuel industry.

(3) The commission's decision on the distribution of these funds is final.

Initial _____

[OAR 462-220-0090](#) Enforcement

Stat. Auth.: ORS 462.270(3) & 462.725

Stats. Implemented: ORS 462.405

Hist.: RC 3-2007, f. 3-29-07, cert. ef. 7-1-07; RC 2-2012, f. 5-29-12, cert. ef. 6-1-12

(33) We acknowledge:

All proceedings against an applicant or licensed hub shall be before the Commission.

Initial _____

To the best of our knowledge the aforementioned information is complete and accurate.

Name and title of individual submitting the application:

Date:

Phone number:

e-mail address:

Signature of individual submitting the application (Required):

Mail seven copies of this application to:
Oregon Racing Commission
ATTN: Multi-Jurisdictional Hub Department
800 NE Oregon St., Suite 310,
Portland, Oregon 97232

Definitions

(1) A multi-jurisdictional simulcasting and interactive wagering totalizator hub is a business that, through a qualified subscriber based service, conducts pari-mutuel wagering on the races that it simulcasts and other races that it carries in its wagering menu. The term "advance deposit wagering licensee" or "hub" will be used in these rules to refer to the multi-jurisdictional simulcasting and interactive wagering totalizator hub

(2) The terms "qualified subscriber based service" and "closed-loop subscriber based system" shall mean any information service or system that uses:

- (a) A device or combination of devices authorized and operated for placing, receiving, or otherwise making a wager and by which a person must subscribe in order to be able to place, receive, or otherwise make a bet or wager;
- (b) An effective customer verification and age verification system; and

(c) Appropriate data security standards to prevent unauthorized access by any person who has not subscribed or who is a minor.

(3) "Foreign jurisdiction" means a jurisdiction of a foreign country or political subdivision thereof.

Stat. Auth.: ORS 462.270(3) & 462.725

Stats. Implemented: ORS 462.725

Hist.: RC 3-2000, f. 3-27-00, cert. ef. 5-1-00; RC 2-2012, f. 5-29-12, cert. ef. 6-1-12