

NORTH DAKOTA RACING COMMISSION

*"Committed to strengthening North Dakota's horse racing industry
through regulation and support"*

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NDRC EXPERIENCES GROWTH

by Winston Satran, Director

The North Dakota Racing Commission continues to experience growth and has a glimpse of prosperity. The 2009 House Bill No. 1551 adjusted the tax assessment on account deposit wagering and the initiation of the new tax law has maintained a steady growth curve. In 2010, \$69 million dollars was wagered through account deposit wagering companies licensed through the Racing Commission. In 2011 this figure reached \$112 million in wagering handle which benefits the State General Fund and the three Racing Commission Funds which support live horse racing and designated charities.

There are several initiatives by the Racing Commission that have the potential to enhance the revenue from wagering in the future. One of these new enterprises is a wagering concept called the Mad Scramble. This wager is unique and requires a pari-mutuel bettor to pick the six first place horses in exact order with a random number simultaneously assigned to each wager ticket. If the bettor makes the correct pick of the first six horses they will win the daily pool and be eligible to have their random assigned number drawn for the opportunity to win the carryover money. These funds are generated from previous Mad Scramble races.

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RACING RETURNS TO FARGO IN 2012!

After a long racing drought in Fargo, horse racing will return to the North Dakota Horse Park in 2012. The financial dilemma that has inhibited racing in 2010 and 2011 is being slowly overcome. Dates have been set to return thoroughbred and quarter horse racing on July 14 and 15 and July 21 and 22. North Dakota horsemen are enthused about the return of expanded racing in North Dakota. It will spur on horse production by citizens of our own state and again drive economic development in the horse industry.

CHRIMS, Inc.

The question that should arise in every North Dakota citizen's mind is how does the Racing Commission account for all of the money that is being wagered? The wagering process needs to be explained first of all. The federal government has made horse race interstate wagering legal since 1978. Citizens across the United States are free to wager if their State does not have laws prohibiting interstate wagering.

Those individuals who are interested in wagering on tracks across the country have access to them through the internet or telephone wagering. The individual opens an account, places a wager, and that wager is then sent to a company known as a totalizator – a computer company that specifically collects wagering information. The totalizator consolidates the wagers and streams them to the race track before the race is run.

All of the wagering information is collected by the totalizator companies and then returned to the individual account deposit wagering companies and then on to each individual account holder who has placed a wager. This is where the Racing

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The Racing Commission had been looking for opportunities to strengthen its financial base and stabilize horse racing and production in North Dakota when this concept was developed. It has gone through the administrative rule process and became law July 1, 2011. The basis for this wager was developed by studying two very successful wagers in Sweden and France. In Sweden, a high volume wager called the V-75, receives play from around the world. France has a similar life changing wager called the Quinte Plus which also generates significant play within the country.

The Racing Commission is fully engaged with account deposit wagering and totalizator companies to begin this wager throughout the nation and world.

CHRIMS, INC. *continued from page 1*

Commission begins to gather information through an auditing company.

CHRIMS, Inc., formerly known as California Horse Racing Information Management System, provides auditing services to states and companies involved in horse racing regulation and management. CHRIMS submitted a bid for the request for proposal sent out by the State Procurement Department on behalf of the Racing Commission. CHRIMS was awarded the contract and on July 1, 2011 began implementing a system that accounts for each dollar wagered through any of the licensed companies in North Dakota.

The Racing Commission is fortunate to be aligned with this nationally respected accounting and auditing company. CHRIMS brings their years of professional experience to assist us in the accountability of this growing industry.

MEET BRUCE SOULSBY

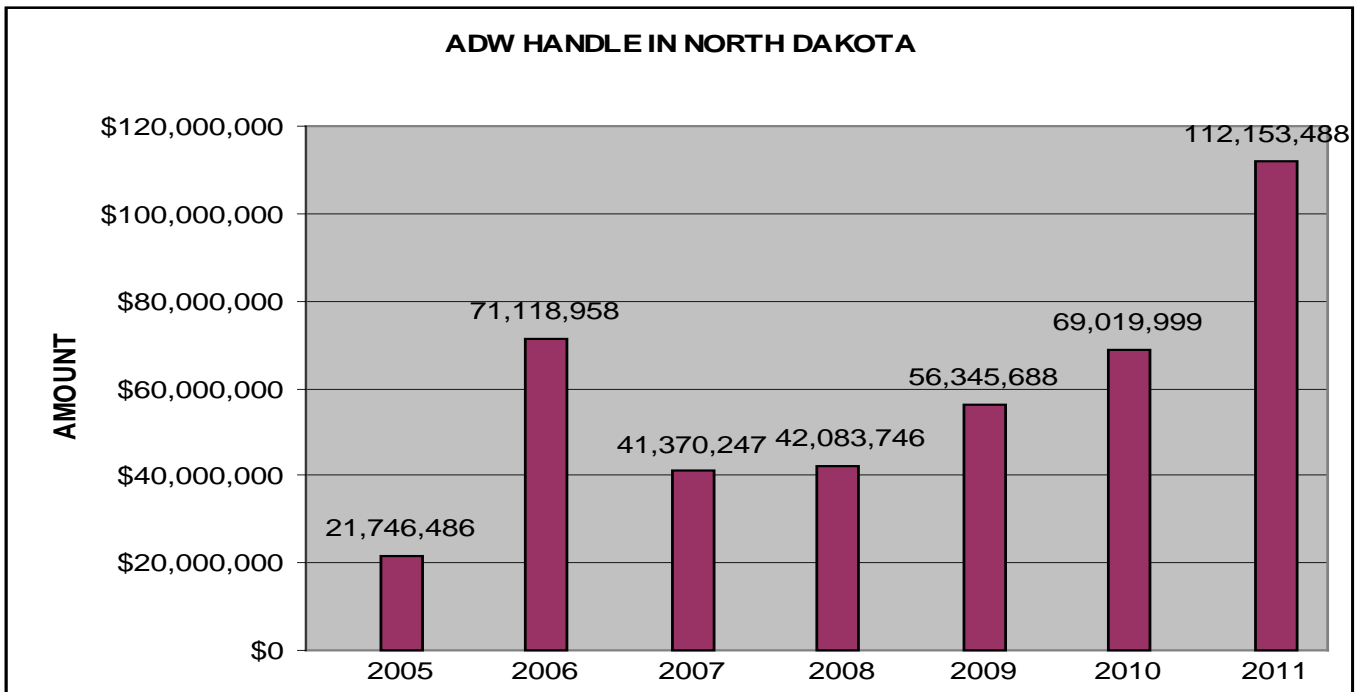
Who are these people who engage in the internet wagering business? The members of the Racing Commission have received questions by North Dakota citizens who want to know who these folks are and why are they operating a business that is little known in our State. Surprisingly these businessmen do not live in the shadowy underworld that is sometimes naively associated with horse race wagering.

One of the most successful account deposit wagering companies in North Dakota, is owned by a larger than life personality from the country of New Zealand. Bruce Soulsby came to the U.S. to play in the U.S. Junior Golf Championship in 1980. Bruce won the U.S. Junior Golf Championship and that win, with his golf skills, earned him a four year scholarship at Ohio State University. Bruce graduated from Ohio State and then became a player on the Pro-Golf tour and played in the U.S. Open Championships in 1985 and 1990.

Bruce then turned his business efforts to becoming a golf pro at a private golf club in Ohio. He became a business partner at several courses in Ohio which gave him time to foster his other passion -- harness racing.

Bruce's background from New Zealand, which has a rich history in horse racing, gave him a strong interest in his second major pursuit. Bruce has owned over 100 standard bred horses (harness racing) that have raced in the U.S. His interests have not only been on the race track but also in the wagering end of the business. In 2009 he began an account deposit wagering company called Avatar Ventures LLC and he established his business in Fargo.

Avatar Ventures is contracted with the non-profit organization Horse Race North Dakota and conducts telephone and internet wagering through their offices in Fargo. This fledgling business has grown quickly and is becoming one of the leading new companies in the industry due to Mr. Soulsby's skills and optimistic attitude. The North Dakota Racing Commission is grateful to have the Avatar Ventures team in our camp and look forward to a great future with this group of fine professionals.



Character cannot be developed in ease and quiet. Only through experience of trial and suffering can the soul be strengthened, ambition inspired, and success achieved.
Helen Keller

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2012 UPCOMING EVENTS

JUNE 9, 10, 16, 17, 23, 24, 30 AND JULY 1

OUTDOOR RECREATION DEVELOPMENT ASSOCIATION

CHIPPEWA DOWNS

BELCOURT, NORTH DAKOTA

THOROUGHBRED AND QUARTER HORSE RACES

JULY 14, 15 , 21 AND 22

HORSE RACE NORTH DAKOTA

NORTH DAKOTA HORSE PARK

FARGO, NORTH DAKOTA

THOROUGHBRED AND QUARTER HORSE RACES

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