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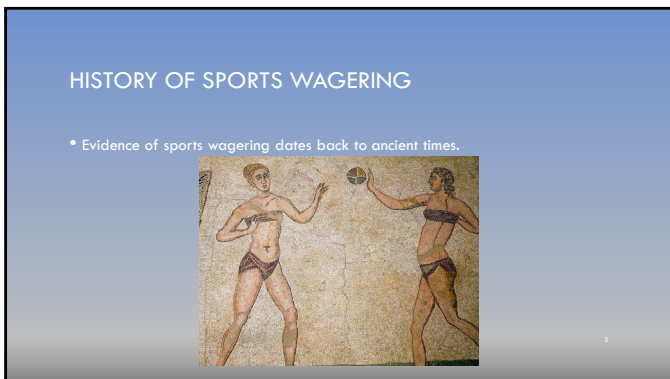
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### HISTORY OF SPORTS WAGERING

- Wagering on chariot racing, horses, and athletic combat was common in Ancient Rome.



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### HISTORY OF SPORTS WAGERING

- At its height, Rome itself had 7 different race tracks. This was a popular sport and a popular wagering activity for Romans.



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### HISTORY OF SPORTS WAGERING

- Romans also provided us with the first known wagering laws.
- Wagering on things other than sports and race went through periods of prohibition and permissiveness.
- At all times, wagering on races and athletic contests appear to have been permitted and governed.

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### HISTORY OF SPORTS WAGERING

- As the Roman Republic and Empire spread, so did the Roman past times of racing and athletic combat as well as wagering on such activities.

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### HISTORY OF SPORTS WAGERING

- An inscription on the mosaic of an African bath house says of a favorite horse: "Vincas, non vincas, te amamus, Polydoxe!": Win or lose we love you Polydoxes!



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### HISTORY OF SPORTS WAGERING

- Sports wagering continued to flourish through varying degrees of legality and illegality throughout the Roman world.

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### HISTORY OF SPORTS WAGERING

- Gambling in the middle ages was divided in part by economic class. The rich indulged in wagering on horse racing, cock fighting or other blood sports, while the poor often engaged in dice games.



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### HISTORY OF SPORTS WAGERING

- In 1190 kings Richard of England and Phillip of France of the crusades found it necessary to have a law drawn up settling just who could and who could not gamble, and for how much.



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### HISTORY OF SPORTS WAGERING

Horse racing was a popular wagering sport for as long as history records the use of horses by men.

Horse racing was used to improve bloodstock and wagering on racing was common place in nearly all cultures.

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### HISTORY OF SPORTS WAGERING

In the 16th century, we see the first preserved evidence of organized horse racing and wagering in Great Britain.

King James IV of Scotland is mentioned attending and wagering on races on the Sands at Leith in 1504.



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### HISTORY OF SPORTS WAGERING



In the mid 17th century, Oliver Cromwell, an Independent Puritan rose to power in the United Kingdom.

During Cromwellian times, horse racing and wagering were suppressed as dangerous assemblies.

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### HISTORY OF SPORTS WAGERING

During the reign of Charles II, racing and race wagering made a return to British society.

As a British historian noted that during this time, "early racing took the form of matches, direct head to head competition with one owner matching his horse against another. Invariably there was a wager on the outcome, and any number of side bets. Betting was in reality the very purpose of racing".



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### HISTORY OF SPORTS WAGERING



Betting on horse racing at this time was known as **'match betting'** and was generally un-organized and without recourse to bookmakers.

Members of the public would strike bets with each other and even offer odds.

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### HORSE RACING

- Horse racing was originally a head-to-head event.



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### HORSE RACING

- Match betting is relatively simple



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### HORSE RACING

- Over time field racing became popular



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### HORSE RACING

- Field wagering is much more complex than match wagering



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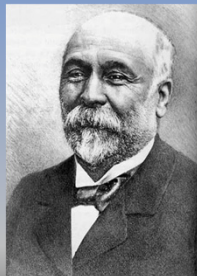
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### HORSE RACE WAGERING

In 1867, a Catalan inventor, Joseph Oller, developed a system to guarantee a profit for bookmakers.

His system pooled wagers and recalculated odds as wagers were placed. The pool could then provide a payment to the track or bookmaker, then return the remainder as prizes to winning bettors.

The system was called the "pari-mutuel" wagering system.



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## HISTORY OF SPORTS WAGERING

Pari-mutuel wagering met with limited success until the invention of the totalizer board in the early 1900s.

The totalizer board allowed bettors to see the current odds and the change in odds as wagers were placed.

In 1927, the first totalizer board was installed at Arlington Race track in Illinois.

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## HORSE RACING

- How it works

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## HORSE RACING



**POOLED  
WAGER  
AMOUNTS**

- How it works

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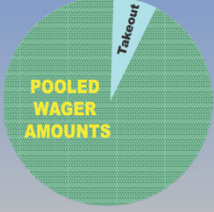

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HORSE RACING



• How it works

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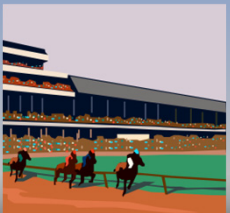
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HORSE RACING

- In the beginning there were the horse owners & trainers, the track, the jockeys and the bettors



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HORSE RACING

- Describe pari-mutuel wagering.

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### HORSE RACING

- Bets are placed by patrons at the track
- Bets are placed in a "pool"
- Betting odds changed with wagers in the pool
- The pool is divided among winners, less a take out for the tracks and participants

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### HORSE RACING

- What is a takeout?

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### HORSE RACING

- What is an OTB?

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HORSE RACING

- What is comingling?

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HORSE RACING

- What is breakage?

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HORSE RACING

- What is a track fee?

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## HORSE RACING

- What is a totalizer?

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## HORSE RACING

- What is a disseminator?

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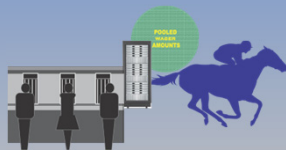
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## HORSE RACING



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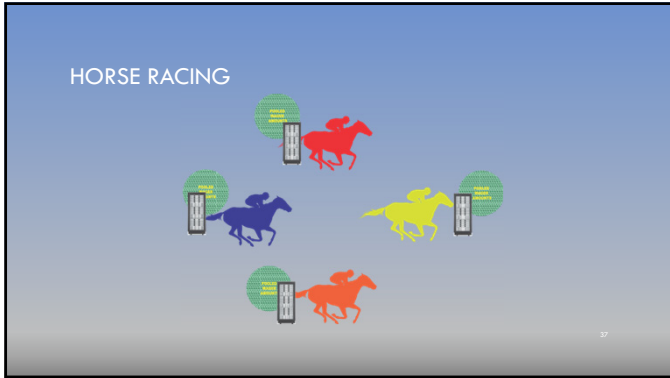
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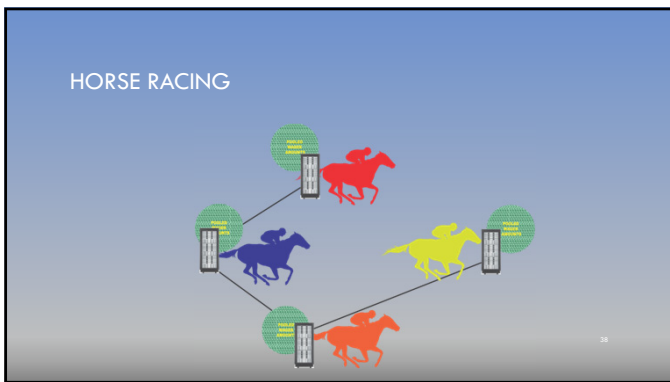
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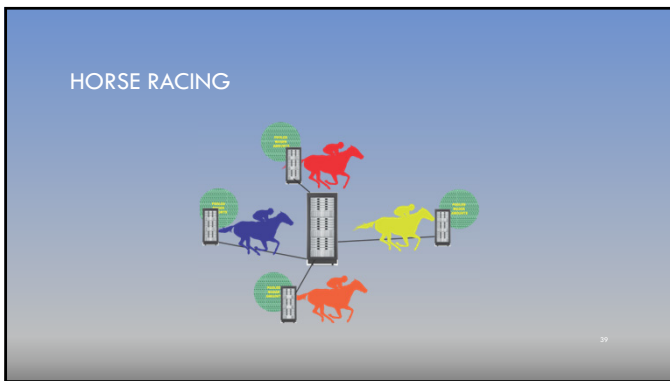
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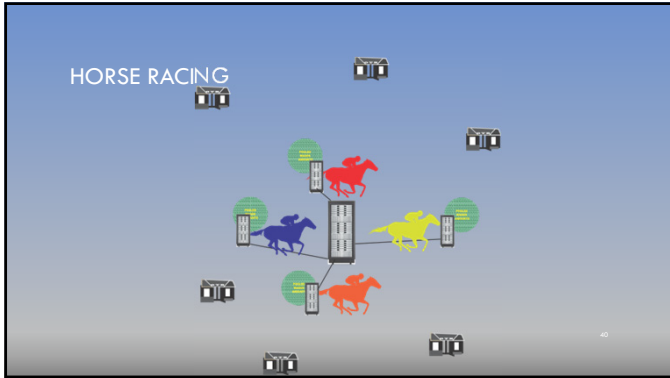
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### HORSE RACING

- The Interstate Horseracing Act

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### HORSE RACING

- The Interstate Horseracing Act
- History
  - Originally designed to protect tracks by making OTB's illegal
  - The fear was that OTBs would put small tracks out of business by denying them the attendance that kept them afloat.

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## HORSE RACING

- The Interstate Horseracing Act
  - History
    - During the legislative process the focus moved from prohibiting interstate horse racing wagers to a system of consents and revenue sharing

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## HORSE RACING

- The Interstate Horseracing Act
  - The operative sections
    - 15 U.S.C. § 3002. Definitions - ...
      - (3) "interstate off-track wager" means a legal wager placed or accepted in one State with respect to the outcome of a horserace taking place in another State and includes pari-mutuel wagers, where lawful in each State involved, placed or transmitted by an individual in one State via telephone or other electronic media and accepted by an off-track betting system in the same or another State, as well as the combination of any pari-mutuel wagering pools;

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## HORSE RACING

- The Interstate Horseracing Act
  - The operative sections:
    - 15 U.S.C. § 3003. Acceptance of interstate off-track wager
      - No person may accept an interstate off-track wager except as provided in this chapter.
    - 15 U.S.C. § 3004. Regulation of interstate off-track wagering
      - (a) Consent of host racing association, host racing commission, and off-track racing commission as prerequisite to acceptance of wagers.
        - An interstate off-track wager may be accepted by an off-track betting system only if consent is obtained from—
          - (1) the host racing association, except that—

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# HORSE RACING

- The Interstate Horseracing Act
  - The operative sections:
- 15 U.S.C. § 3004. Regulation of interstate off-track wagering
  - (b) Approval of tracks as prerequisite to acceptance of wagers; exceptions
    - (1) In addition to the requirement of subsection (a) of this section, any off-track betting office shall obtain the approval of—
      - (A) all currently operating tracks within 60 miles of such off-track betting office; and
      - (B) if there are no currently operating tracks within 60 miles then the closest currently operating track in an adjoining State.

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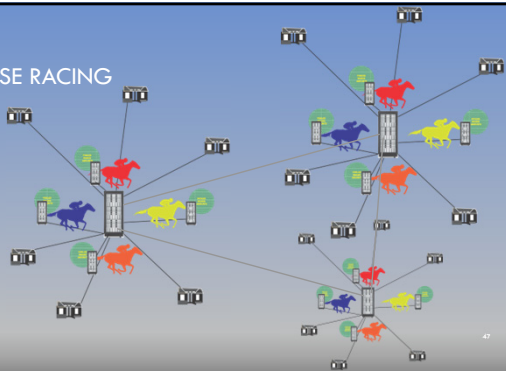
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# HORSE RACING



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# HORSE RACING

- The Interstate Horseracing Act
  - The Turfway Opinion
    - Facts

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## HORSE RACING

- The Interstate Horseracing Act
  - The Turfway Opinion
    - Facts
      - Contract between Turfway and Horsemen expires
      - Horsemen want a bigger portion of the takeout for purses
      - Horsemen refuse consent for interstate off-track wagering on Turfway races
      - Turfway sought content directly from horse owners by inserting language into entry form

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## HORSE RACING

- The Interstate Horseracing Act
  - The Turfway Opinion
    - Facts
      - Horsemen seek to enjoin interstate wagering on Turfway races
      - Turfway counters with anti-trust defense and that the IHRA is unconstitutional
        - (unlawful restraint on competition)

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## HORSE RACING

- The Interstate Horseracing Act
  - The Turfway Opinion
    - Facts – District Court
      - Found the Act to be an invalid restriction on commercial speech as well as being vague and irrational
        - The simulcast was commercial speech in that it is like an implied advertisement

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## HORSE RACING

- The Interstate Horseracing Act
  - The Turfway Opinion – Court of Appeals
    - Does the Act regulate commercial speech?

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## HORSE RACING

- The Interstate Horseracing Act
  - The Turfway Opinion – Court of Appeals
    - Does the Act regulate commercial speech?
      - No – The act regulates wagering not simulcasting.

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## HORSE RACING

- The Interstate Horseracing Act
  - The Turfway Opinion – Court of Appeals
    - Is the Act unconstitutionally vague?

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## HORSE RACING

- The Interstate Horseracing Act
  - The Turfway Opinion – Court of Appeals
    - Is the Act unconstitutionally vague?
      - Though the language used in the Interstate Horseracing Act of 1978 is imprecise and subject to interpretation, the Act constitutes economic legislation regulating a very narrow subject matter. Accordingly, it is not overly a "flexible requirement" in the Act's provisions.

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## HORSE RACING

- The Interstate Horseracing Act
  - The Turfway Opinion – Court of Appeals
    - Is the Act unconstitutionally vague?
      - The district court found the act unconstitutionally vague because the court had difficulty reconciling the Act's provisions. The Act's legislative history reveals that Congress intended to promote the interstate movement of race track and horseracing activity between the states and territories. Congress also intended to protect the integrity, security, and soundness of the Act against the possibility of fraud. The Act's provisions contain many specific details regarding the interstate movement of race track and horseracing activity between the states and territories. The Act's provisions also contain many specific details regarding the interstate movement of race track and horseracing activity between the states and territories. The Act's provisions also contain many specific details regarding the interstate movement of race track and horseracing activity between the states and territories.

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## HORSE RACING

- The Interstate Horseracing Act
  - The Turfway Opinion – Court of Appeals
    - Is the Act unconstitutionally irrational?

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**HORSE RACING**

- The Interstate Horseracing Act
  - The Turfway Opinion – Court of Appeals
    - Is the Act unconstitutionally irrational?
      - We conclude that the Act is rationally related to advancing Congress' legitimate federal interest in maintaining the horseracing industry. The horseracing issue that any other regulated games have a substantial interest in maintaining the belief that Congress sought to achieve the horseracing was an additional means that off-track wagering provides while promoting the horseracing industry. It is the interest that all parties had been aware from using that common sense in an industry or marketplace interest. My husband interest the Act is clearly substantively due process non-violation.

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**HORSE RACING**

- The Interstate Horseracing Act
  - The DOJ

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**HORSE RACING**

- The Interstate Horseracing Act
  - The DOJ
    - The Department of Justice notes that S. 692 may incorrectly imply that the Interstate Horse Racing Act of 1978, 15 U.S.C. § 3001 et seq., allows for the legal transmission and receipt of interstate parimutuel bets or wagers. The Interstate Horse Racing Act does not allow for such gambling, and if a parimutuel wagering business currently transmits or receives interstate bets or wagers (as opposed to intrastate bets and wagers on the outcome of a race occurring in another state), it is violating federal gambling laws.
    - -- Letter to Senator Leahy June 9, 1999

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## HORSE RACING

- The Interstate Horseracing Act
- The DOJ
  - The Department of Justice views the existing criminal statutes as prohibiting the interstate transmission of bets or wagers, including wagers on horse races. The Department is currently undertaking a civil investigation relating to a potential violation of law regarding this activity. We have previously stated that we do not believe that the Interstate Horse Racing Act, 15 U.S.C. §§ 3001-3007, amended the existing criminal statutes.
  - – U.S. House of Representative Testimony April 5, 2006

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## HORSE RACING

- 18 USC §1084
- (a) Whoever being engaged in the business of betting or wagering knowingly uses a wire communication facility for the transmission in interstate or foreign commerce of bets or wagers or information assisting in the placing of bets or wagers on any sporting event or contest, or for the transmission of a wire communication which entitles the recipient to receive money or credit as a result of bets or wagers, or for information existing in the placing of bets or wagers, shall be fined under this title or imprisoned not more than two years, or both.
- (b) Nothing in this section shall be construed to prevent the transmission in interstate or foreign commerce of information for use in news reporting of sporting events or contests, or for the transmission of information assisting in the placing of bets or wagers on a sporting event or contest from a State or foreign country where betting on that sporting event or contest is legal into a State or foreign country in which such betting is legal.
- 15 U.S.C. § 3002. Definitions -
  - (3) "interstate off-track wager" means a legal wager placed or accepted in one State with respect to the outcome of a horserace taking place in another State and includes pari-mutuel wagers, where lawful in each State involved, placed or transmitted by an individual in one State via telephone or other electronic media and accepted by an off-track betting system in the same or another State, as well as the combination of any pari-mutuel wagering pools;

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## TECHNOLOGICAL INNOVATION

- <http://www.kentuckydowns.com/historical-horse-racing/what-is-historical-horse-racing/>
- <https://www.youtube.com/watch?v=wFJx5DX0N6w>
- <https://youtu.be/WCp9kpzWWnQ>
- <https://www.youtube.com/watch?v=AB80zBVU7QI>
- <https://www.youtube.com/watch?v=K2qy8m0P7tc>

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TECHNOLOGY INNOVATION

- Instant Racing
- <https://www.youtube.com/watch?v=MrUQkyNOubw>
- [https://www.youtube.com/watch?v=3B\\_Q2LRHdd4](https://www.youtube.com/watch?v=3B_Q2LRHdd4)

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TECHNOLOGICAL INNOVATION

- [https://s3-us-west-2.amazonaws.com/bspot-vids/bspot\\_explainer.mp4](https://s3-us-west-2.amazonaws.com/bspot-vids/bspot_explainer.mp4)
- <https://www.bspot.com>

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QUESTIONS/DISCUSSION

- Questions/Discussion

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