

**New Jersey Racing Commission's
Initial Audit
of the
New Jersey
Account Wagering System**

Prepared and Submitted: July 31, 2008

Contents

	Page
Background	1 - 2
Audit Scope and General Results	3
Significant Event(s)	4 - 5
Audit Tests	6 - 7
Findings	8 - 10
Observations	11 - 12
Recommendations	13 - 15
NJAW's Response to Audit	16 - 17
Handle Analysis - Account Wagering (NJAW) and Off-Track Wagering (OTW).....	18
Annual Handles - NJAW and OTW	
Annual Handles - NJAW Internet vs. Phone Wagering	
Monthly Handles - NJAW Internet	
Monthly Handles - NJAW Phone	
Monthly Handles - OTW Vineland	
Monthly Handles - OTW Woodbridge	
Monthly Handles - OTW Toms River	

Background

The Off-Track and Account Wagering Act became law in New Jersey on August 5, 2001. This law authorized the establishment of an off-track wagering system within the State of New Jersey. A maximum of 15 licensed off-track wagering facilities is permitted. In addition, the law authorized the establishment of an account wagering system through which persons may wager on horse races by phone, by computer (internet), and through the establishment of multi-day wagering accounts.

Subject to the review and approval of the State Attorney General, the New Jersey Racing Commission ("Racing Commission") is authorized to issue licenses to the New Jersey Sports and Exposition Authority ("NJSEA") to permit it, or qualified successors in interest to the license, to establish and operate off-track wagering at specified locations statewide. As part of the licensing process, the NJSEA must hold a permit each year to conduct statutorily mandated minimum race dates at the Meadowlands Racetrack and to conduct, at the Meadowlands Racetrack and Monmouth Park, statutorily specified minimum thoroughbred race dates. In addition, as required by law, the NJSEA must enter into a contract, called a "participation agreement", with all other entities that: held a permit to conduct a horse race meeting in New Jersey in calendar year 2000, have complied with the terms of the permit, and are in good standing with the Racing Commission and the State. Eligible permit holders are the NJSEA, Freehold Raceway, and Atlantic City Racing Association ("ACRA").

The Racing Commission, also subject to the review and approval of the Attorney General, is further empowered to issue a license to the NJSEA to establish an account wagering system. As with the off-track wagering licensing process, in order to hold the license, the NJSEA must conduct a minimum number of race dates as referenced above. In addition, as with the off-track wagering license process, the NJSEA must enter into a "participation agreement" with Freehold Raceway. ACRA, by law and due to its minimal live racing schedule, is not eligible to participate in the account wagering initiative. The participation agreement for the account wagering system serves a similar function as the participation agreement for the off-track wagering system.

Portions of the law went into effect immediately upon its enactment (August 5, 2001), while other aspects of the law became effective 180 days later (February 5, 2002). During this time, intricate rules governing the conduct of this newly authorized horse race betting were established and adopted by the Racing Commission. However, no further actions could be taken by the Racing

Commission as the permit holders were working out the terms of the participation agreements, and consequently, the Racing Commission received no related license applications to act upon. On June 15, 2004, however, the NJSEA filed the signed participation agreement for account wagering with the Racing Commission, and it then filed the related license application on August 9, 2004. The Racing Commission, following its conduct of an investigation and holding of a public hearing, approved the application at its September 20, 2004, public meeting. On October 7, 2004, approval was granted by the Attorney General. The Racing Commission therefore issued an initial license to the NJSEA to conduct account wagering, computer wagering and telephone wagering. Wagering through the New Jersey Account Wagering system began via computer (internet) on October 25, 2004, with telephone wagering following on April 8, 2005. Although the law authorized the use of live operators and an automated telephone betting system, the NJSEA has to date determined as a business practice to offer the automated touch-tone telephone wagering system only.

Subsequent to the issuance of the account wagering license, the parties to the off-track wagering participation agreement, as approved by the Racing Commission, commenced to file applications to establish off-track wagering facilities. Each of the three applications, as filed by the parties to date, was acted upon promptly by the Racing Commission and Attorney General, consistent with all statutory criteria. There are, therefore, currently three (3) OTW's operating in the State of New Jersey. The New Jersey Racing Commission issued its first OTW license to the owners of Atlantic City Racecourse, who opened "Favorites" at Vineland on March 30, 2007. The establishment of two more New Jersey OTW's followed. "Favorites" at Woodbridge opened October 17, 2007 and "Favorites" at Toms River opened its doors to the public on April 29, 2008.

Audit Scope and General Results

The Off-Track and Account Wagering Act grants discretionary authority to the Racing Commission to require an annual audit of the off-track wagering licensee's books and records pertaining to off-track wagering, as well as an annual audit of the account wagering licensee's books and records pertaining to account wagering.

The Racing Commission determined to conduct an initial audit of the account wagering system, utilizing members of its own staff. The decision to utilize its staff for this purpose was in recognition of the Commission's unique expertise and knowledge of the pari-mutuel wagering system, and to save the license holders the expense of retaining an outside firm for such purpose. However, the Commission determined to retain the option to require the retention of a forensic auditing expert, or other suitable accounting expert, in the event its own audit disclosed significant derogatory information requiring further scrutiny.

The focus, or scope, of the Racing Commission audit was determined by several factors. However, paramount consideration was given to the limited activity involving off-track wagering as a result of their recent openings. The most recent was "Favorites" at Toms River, opening on April 29, 2008, with Favorites at Woodbridge having opened on October 17, 2007. Therefore, the scope of this audit focused on the more mature account wagering system.

Audit tests were designed to review New Jersey Account Wagering operations and records to ascertain compliance with New Jersey Racing Commission rules and regulations and the New Jersey Account Wagering Internal Control Procedures. While the audit revealed no substantial derogatory information, several noteworthy findings and observations related to detected deficiencies, and areas for improvement, are noted in this report.

Significant Event(s)

There have been some patron complaints regarding account wagering since its operation began, most of which relate to personal preference, service-related issues regarding their respective accounts, or a dislike of the IVR (Individual Voice Recognition) wagering approach and/or computer wagering interface. The IVR system had been discontinued in January 2008, leaving only the automated touch-tone approach available for telephone wagering. These complaints were not excessive, and appear consistent with normal business expectations.

The most significant issue concerning the account wagering system occurred in connection with the Breeders' Cup race events ("Breeder's Cup"), conducted at Monmouth Park in October 2007. The Breeder's Cup is the world championship of Thoroughbred Racing, which is conducted at a different location each year, as determined by the Breeder's Cup Association. It is a highly publicized event, and is televised internationally.

Although the Racing Commission received only four complaints concerning this incident, there was a definite computer capacity issue in terms of receiving and processing the unprecedented high volume of wagers being placed for these highly acclaimed races. Basically, the internet wagering aspect of the account wagering system was extremely slow, and was timing out. The telephone wagering system was, at times, not responsive or operational. A Racing Commission investigation revealed that the substantial cause of the problem revolved around the NJSEA's announced intention to utilize a new computer and information service provider for the account wagering system. The NJSEA notified the contract service provider at the time, Infotext Systems, Inc., and Infotext did not therefore secure necessary hardware equipment which would have been needed to handle the high volume of wagering incident to the Breeder's Cup. However, as the Breeder's Cup races approached, the NJSEA reversed its decision, and determined to continue or extend its contract with Infotext. As a result, Infotext was unable to secure and fully implement the additional resources which might have alleviated or mitigated the problem. This situation was aggravated as a result of higher than expected wagering activity, in comparison to that traditionally associated with the Breeder's Cup race event. These facts, cumulatively, made making wagers through the account wagering system at times difficult for New Jersey residents. As a result of the issue, the Authority received patron complaints from its customers, as well as lost revenues.

This level of poor performance is not expected to reoccur, as the New Jersey Account Wagering ("NJAW") system is now being handled by another vendor, who devoted state-of-the-art hardware and other resources to the system. On November 5, 2007, Scientific Games Racing, Inc. ("Scientific Games"), as the new vendor replacing Infotext, entered into a contract with the NJSEA to take over the

internet wagering portion of the NJAW system. Scientific Games is a leading integrated supplier of wagering systems and services to pari-mutuel operators within the United States and more than 60 other countries. Scientific Games completed their acquisition of the entire contract for both internet and phone wagering on February 13, 2008, when the company took over the phone wagering portion of the system. The Scientific Games Racing setup for the NJAW system took into account the problems experienced during the running of the 2007 Breeders' Cup races, by having a direct link to the NJAW facility established, and by its implementation of a hardware/software infrastructure capable of handling the volume associated with racing events of this magnitude.

The largest race events to date, since Scientific Games replaced Infotext as the NJAW service provider to the NJSEA, took place in May 2008, which were the 2008 Kentucky Derby and the 2008 Preakness. The total wagering, both telephone and internet, accepted through the NJAW system for each entire day exceeded \$800,000, which is more than three times the normal daily volume. The Racing Commission monitored these events, and no noteworthy issues arose.

Audit Tests

Review for Compliance with N.J.A.C. 13:74-7.1 through N.J.A.C. 13:74-7.18

The audit included a review of each section of the above rules governing the NJAW system. Following review of each related rule, appropriate audit steps were formulated to test for compliance. The methods of verifying compliance included site visits, the utilization of a NJAW test wagering account, interviewing NJAW management and employees, obtaining responses to specific inquiries from NJAW management and/or Scientific Games management, and any necessary sampling of files, documents, etc.

The NJAW system is managed by employees of the NJSEA, the license holder for account wagering in New Jersey, and is operated out of the Meadowlands Race Track. As previously noted, Scientific Games is the contract vendor who provides all services and equipment in operating the NJAW system. Scientific Games also provides services and equipment involving pari-mutuel wagering for all New Jersey race tracks, off-track wagering facilities, and participating casinos.

Review for Compliance with NJAW Internal Control Procedures

The audit team obtained and reviewed the NJAW Internal Control Procedures, which are required to be maintained by the licensee as a result of Racing Commission regulations. Following a review of the Internal Control Procedures, appropriate audit steps were formulated to test for compliance. The methods of verifying compliance included site visits, utilizing the NJAW test wagering account, obtaining and reviewing NJAW's Business Office Procedure Manual, interviewing NJAW management and employees, and review of miscellaneous files and documents.

Audit tests, which involved samples chosen for the above-cited reviews, included the following:

- A sample of 100 account holder files (from a total of 7,371, or approximately 1.5%), randomly selected for review. These application/file folders were scrutinized for accuracy, completeness, and compliance with Racing Commission regulations. This sample review resulted in OBSERVATION 3 and RECOMMENDATION 4, set forth later in this report.

- A sample of 100 recordings of touch-tone phone wagers was reviewed for accuracy and completeness. This sample review did not result in any comment or any necessary follow-up.
- A sample of 25 monthly statements was randomly selected, from the 100 account holders sampled above, and reviewed for timely and accurate postings of transactions. This sample review did not result in any noteworthy negative findings or observations.

Findings

N.J.A.C. 13:74-7.1 Establishment of a wagering account

(a) A person may only place an account wager if he or she has established a wagering account in accord with the Act and this chapter. To establish a wagering account, a person must be a New Jersey resident and 18 years of age or older...

FINDING 1: Two (2) accounts had been opened for individuals who were not residents of the State of New Jersey.

A review of the file containing all accounts on the New Jersey Account Wagering System, as of March 5, 2008, led to the discovery that NJAW had opened two (2) separate accounts for individuals who were residents of New York, in violation of N.J.A.C. 13:74-7.1, as referenced above.

N.J.A.C. 13:74-7.3 Restrictions on placing and accepting account wagers

(a) The account wagering licensee shall only accept wagers from New Jersey residents who have established an account in accordance with the Act and this chapter...

FINDING 2: As noted in “finding 1,” two (2) individuals who were not New Jersey residents became account wagering account holders and were able to place wagers and received winnings resulting from said wagers.

As a result of the two (2) accounts above being opened for New York residents, wagers were placed and consequent winnings were credited to accounts, in violation of N.J.A.C. 13:74-7.3, as referenced above.

N.J.A.C. 13:74-7.2 Review of account wagering application by account wagering licensee, suspension or closure of wagering account

(d) Where the account wagering licensee rejects an application for a wagering account, suspends the operability of a wagering account for a period of 48 hours or longer, or closes a wagering account pursuant to this section or N.J.A.C. 13:74-7.3, it shall file a written report with the Commission identifying:

1. The name of the applicant or account holder;
2. The address of the applicant or account holder;
3. The date the application for the wagering account was filed, the date of the rejection of the wagering account application or the date of the suspension or closure of the wagering account; and
4. The reason for the rejection of the application, suspension or closure of the wagering account.

N.J.A.C. 13:74-7.3 Restrictions on placing and accepting account wagers

(a) The account wagering licensee shall only accept wagers from New Jersey residents who have established an account in accordance with the Act and this chapter...

FINDING 3: NJAW failed to report closure of above noted out-of-state accounts pursuant to N.J.A.C. 13:74-7.2(d).

Of the two (2) accounts noted above, one (1) had been closed by NJAW in October 2007, which was prior to the audit review. The other account remained open until the day this account was selected for audit review during a site visit. The account was closed by the NJSEA, as a result of the Racing Commission's discovery of its existence, pursuant to this audit. This closure was not reported to the Commission, as required by N.J.A.C. 13:74-7.2(d).

N.J.A.C. 13:74-7.1 Establishment of a wagering account

(a) ... A wagering account shall be established with and through the account wagering licensee, and no person or entity other than the account wagering licensee shall accept an account wager from a person within this State.

FINDING 4: The NJAW system is not entirely restrictive in preventing wagers being placed by individuals from locations outside the State of New Jersey.

The following results are based on wagers conducted by the audit team, utilizing a wagering account established for testing purposes.

- A. Internet wagers can be placed from locations other than New Jersey.
- B. Cell phone wagers, depending on phone number and carrier, can be placed from locations other than New

Jersey.

(See OBSERVATION 4, below)

Observations

OBSERVATION 1

No entry field exists on the NJAW system to capture applicant's/account holder's date of birth.

(See RECOMMENDATION 1 and RECOMMENDATION 2, below)

OBSERVATION 2

Pursuant to N.J.A.C. 13:74-7.6, a statement advising prospective applicants of the requirements set forth in N.J.A.C. 13:74-6.7 shall appear in or accompany the account wagering application. This required information relates to the variety of requirements and circumstances under which pari-mutuel ticket(s) may be cancelled.

This information is not contained within the account wagering application. However, it is included in the account holder's orientation package, which does not accompany the account wagering application. The orientation package is provided to the patron following his/her submission of an account wagering application.

(See RECOMMENDATION 3, below)

OBSERVATION 3

Copies of those documents required to be provided by a wagering account applicant, which documents are required to be maintained by the account wagering licensee in the account holder application files, are not all legible.

The audit sample consisted of one hundred (100) account files, which is approximately 1.5% of the total 7,371. Some of the file copies of documents needed to substantiate age and/or New Jersey residency (i.e. New Jersey driver's license), were not clear enough to be read and verify age and/or residency of the respective account holders.

(See RECOMMENDATION 4, below)

OBSERVATION 4

Pursuant to N.J.A.C. 13:74-7.1, all wagers placed through the account wagering system are to be placed from a location within the State of New Jersey.

The audit team conducted a test attempting out-of-state wagers utilizing various methods which included internet access from a non-New Jersey location, cell phones with New Jersey area codes, and cell phone with non-New Jersey area code.

The following are the attempts and/or wagers which were included in the audit test:

1. Internet access from Delaware.
Result: **\$2.00 Show Wager**
2. Cell phone with (NJ) 609 area code from Dover, Delaware.
(Wireless carrier - Verizon)
Result: Access to NJAW denied.
3. Cell phone with (PA) 610 area code from West Chester, Pennsylvania.
(Wireless carrier - Cingular/AT&T)
Result: Access to NJAW denied.
4. Cell phone with (NJ) 609 area code from West Chester, Pennsylvania.
(Wireless carrier - Cingular/AT&T)
Result: **\$2.00 Place Wager**

It appears that there is no feasible means of restricting wagers being placed via the computer internet from locations outside the State of New Jersey. Before placing a computer wager, the account holder is required to check a box acknowledging that he/she is within the State. While the check box acknowledgment may serve as a deterrent, the system does not perform any verification as to the location of those account holders who are logged into their account for wagering purposes.

It was determined that the blocking or non-blocking of cell phone access is dependent upon the wireless carrier.

(See FINDING 4, above)

Recommendations

RECOMMENDATION 1

Requirement should be made of NJAW to submit an electronic file, which contains added fields for all current account holders' date of birth and the opening date of account. The informational fields provided should include account number, name, address, date of birth, and opening date of account.

This is the only means of insuring that no account holder was under the age of 18 years at the time he or she had opened an account, and to insure no account holder is presently under the age of 18 years. Having a required field of entry for the applicant's date of birth and opening date of account would also provide a means of assuring that no future accounts are opened for any individual who does not meet the minimum age requirement of 18 years as required by N.J.A.C. 13:74-7.1.

(See OBSERVATION 1, above)

RECOMMENDATION 2

Requirement should be made of NJAW to submit the same type of electronic file as described in RECOMMENDATION 1 above to the Commission on a periodic basis, either monthly or quarterly, which contains the account number, name, address, date of birth, and opening date of account for all current accounts on the NJAW system.

This would enable the Commission to periodically review accounts to ensure account holders' age and New Jersey residency as required by N.J.A.C. 13:74-7.1.

(See OBSERVATION 1, above)

RECOMMENDATION 3

As a result of OBSERVATION 2, above, information regarding the cancellation of account wagers should accompany the account wagering application in order to comply with N.J.A.C. 13:74-7.6.

RECOMMENDATION 4

No account should be opened unless all necessary documents substantiating residency and age requirements are on file and legible. All copies of documents submitted as requirements with application, i.e., driver's license, social security card, and which are required to be maintained in account holder files, must be legible in order to verify that age and New Jersey residency requirements have been met.

(See OBSERVATION 3, above)

RECOMMENDATION 5

All documents, other than driver's license, utilized to verify account holders' New Jersey residency should be no older than three (3) months at the time application is submitted. All supplemental documentation used in substantiating an applicant's New Jersey residency should be current.

Three (3) months is a reasonable period from which a monthly statement of any sort should be available to and provided by the applicant. Any statement dating back further than three (3) months should not be accepted.

RECOMMENDATION 6

For those instances, where any identifying information accompanying the application is contradictory to substantiating an applicant's New Jersey residence, i.e., Non-New Jersey phone number, clarification should be obtained for maintenance in the account holder file before account is opened.

RECOMMENDATION 7

A bulk mailing should be sent to all current account holders on a periodic basis in order to obtain confirmation that each account holder is a current New Jersey resident.

There is no system currently in place which monitors an account holder's change in residency, if the account holder does not affirmatively submit the change to NJAW. Therefore, an account holder may move out of New Jersey and still maintain an account where NJAW would have no knowledge of the change of address.

NJAW's response to the New Jersey Racing Commission's Initial Audit of the New Jersey Account Wagering System prepared and submitted: July 31, 2008.

FINDINGS 1 and 2: N.J.A.C. 13:74-7.3 - Restriction On Placing And Accepting Wagers

Effective 3/15/08, all new accounts are reviewed by the NJAW Senior Business agent to confirm residency in the State of New Jersey.

FINDING 3: N.J.A.C. 13:74-7.3 - Filing Written Reports

Due to above regulation not being listed in the NJAW Internal Control Procedures Manual, NJAW was not aware of this requirement.

Effective immediately and when applicable, NJAW will electronically submit a written report with the NJRC containing all required information relating to suspension or closure of wagering accounts.

FINDING 4: Wagers placed from locations outside the State of New Jersey

Upon review of all available technology to effectuate account wagering, the accuracy of location identification is still very poor rendering it ineffective.

NJAW will continue to use its best reasonable efforts to ensure that account wagers are placed by account holders within the State of New Jersey.

Observation 1 – Recommendations 1 and 2

Effective 8/22/08: Upon receipt of new account information, NJAW's Senior Business Agent enters subject date of birth into SGR's Trackplay Administration System thereby making account holder's "date of birth" available for review by the NJRC.

Going forward, NJAW will submit on a periodic basis, as determined by the NJRC, an electronic file containing account number, name, address, date of birth, and opening date of account for all current accounts on the NJAW system.

Observation 2 – Recommendation 3

To comply with N.J.A.C. 13:74-7.6, NJAW will modify the account wagering application to include information regarding the cancellation of account wagers.

Observation 3 – Recommendations 4 and 5

NJAW will take every measure to insure all necessary documents substantiating residency and age requirements are on file and legible.

Effective 8/22/2008, any statement dating back further than three (3) months utilized to verify account holder's New Jersey residency will not be accepted.

Observation 4

Upon review of all available technology to effectuate account wagering, the accuracy of location identification is still very poor rendering it ineffective.

Recommendation 6

In instances where identifying information accompanying the application is contradictory to substantiating an applicant's New Jersey residence, clarification will be obtained prior to account being opened.

Recommendation 7

It must be noted that periodic bulk mailings do not necessarily determine that each account holder is and/or is not a current New Jersey resident, i.e., account holders may change residency within the State of New Jersey. Since we are in the gambling business, it is to be noted as well that many of our account holders are on our DO NOT MAIL LIST for obvious personal reasons. However, mitigating controls are in place. Tax forms and withdrawal checks are mailed ONLY to the New Jersey address on file.

Another consideration to be given is to perhaps have the account holder confirm current address when calling our business office to fund his/her account. Another consideration is to compare the address listed on checks/money orders received with address listed in the AW Exec system.

Handle Analysis - Account Wagering and Off-Track Wagering

In addition to completing the initial audit of the New Jersey Account Wagering system, New Jersey Racing Commission staff also compiled the following supplemental handle analysis of the New Jersey Account Wagering system, as well as each of the currently operating off-track wagering facilities.

The following worksheets and charts were compiled using handle figures since the inception of account wagering and off-track wagering in the State of New Jersey. All figures for 2008, monthly or annual, are effective through July 31, 2008.

Account wagering began its operations as follows:

Computer/Internet wagering	October 25, 2004
Telephone wagering	April 8, 2005

The three (3) currently operating off-track facilities began their operations as follows:

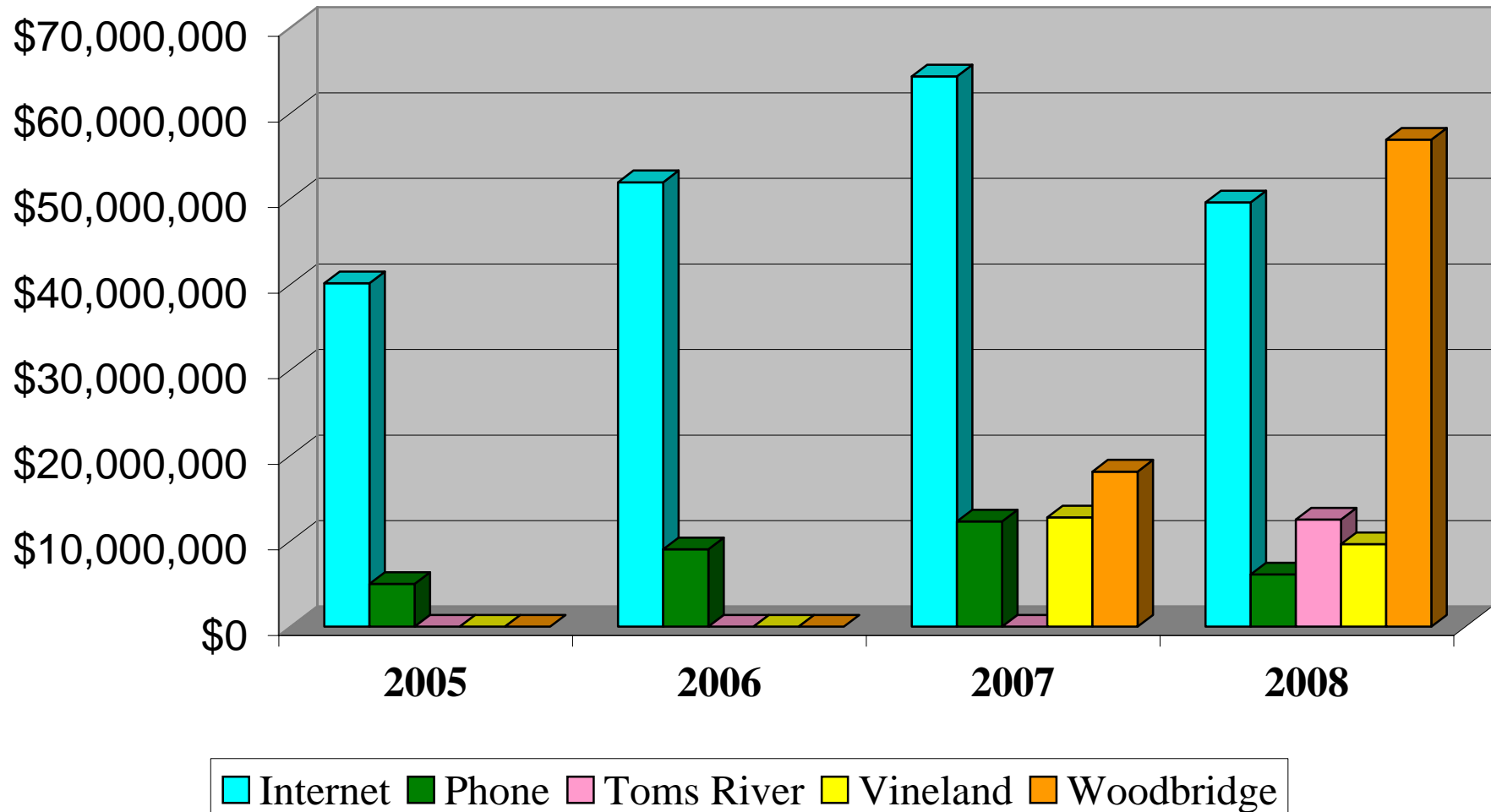
Favorites at Vineland	March 30, 2007
Favorites at Woodbridge	October 17, 2007
Favorites at Toms River	April 29, 2008

New Jersey Racing Commission
 Handle Analysis - Account Wagering and Off-Track Wagering

2005						Total
Month	Internet	Phone	Toms River	Vineland	Woodbridge	AW and OTW
January	2,764,228	-				2,764,228
February	2,981,316	-				2,981,316
March	3,342,326	-				3,342,326
April	3,431,741	15,338				3,447,079
May	4,071,602	549,196				4,620,798
June	3,491,680	571,808				4,063,488
July	3,622,625	691,037				4,313,662
August	3,507,896	699,421				4,207,317
September	2,967,236	556,795				3,524,031
October	3,416,376	615,639				4,032,015
November	3,318,465	617,722				3,936,187
December	3,214,626	675,930				3,890,556
Totals	40,130,115	4,992,886	-	-	-	45,123,001

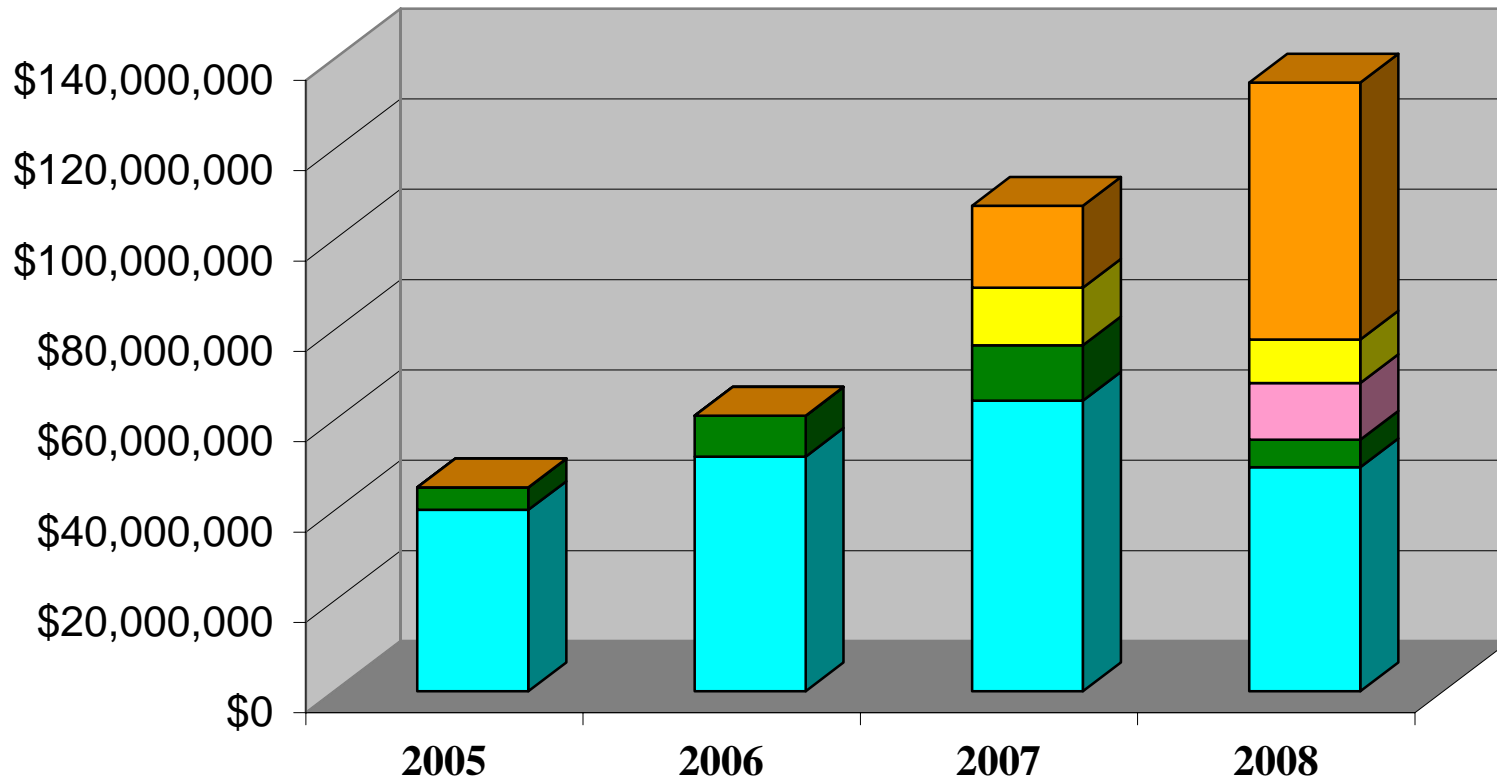
2006						Total
Month	Internet	Phone	Toms River	Vineland	Woodbridge	AW and OTW
January	3,771,295	692,060				4,463,355
February	4,293,436	690,596				4,984,032
March	4,937,729	781,789				5,719,518
April	4,460,261	762,240				5,222,501
May	4,616,701	814,466				5,431,167
June	4,840,820	781,312				5,622,132
July	4,083,244	761,513				4,844,757
August	4,851,855	932,072				5,783,927
September	3,727,832	691,849				4,419,681
October	3,768,029	657,032				4,425,061
November	4,392,715	736,401				5,129,116
December	4,191,210	743,977				4,935,187
Totals	51,935,126	9,045,307	-	-	-	60,980,433

Annual Handles - NJAW and OTW's (2008 Figures through July 31, 2008)



NOTE: Toms River opened April 29, 2008

Combined Annual Handles - NJAW and OTW's (2008 Figures through July 31, 2008)



Internet Phone Toms River Vineland Woodbridge

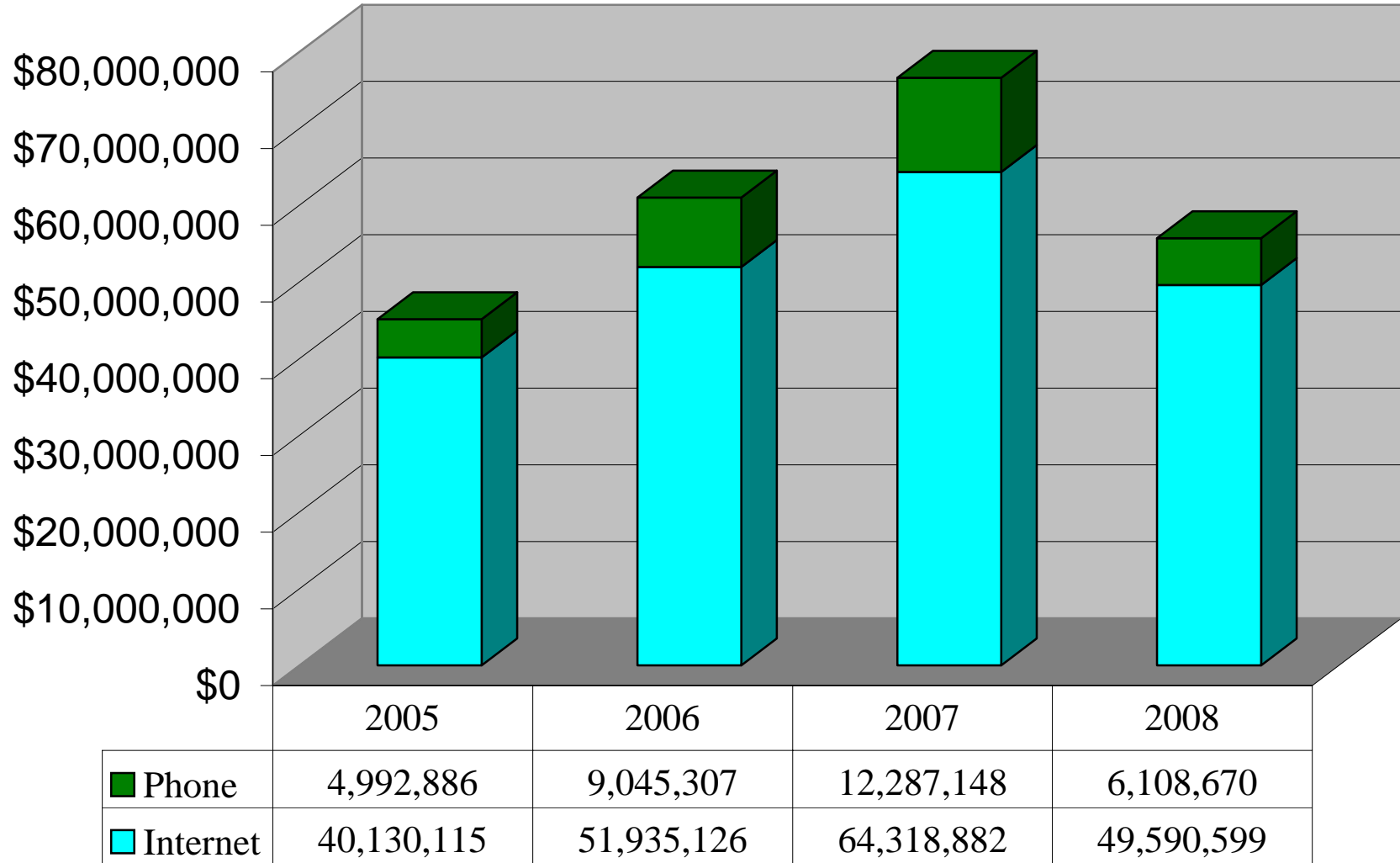
NOTE: Toms River opened April 29, 2008

New Jersey Racing Commission
Handle Analysis - Account Wagering and Off-Track Wagering
Annual Comparisons

	Internet	Phone	Toms River	Vineland	Woodbridge	Total AW and OTW
2005	40,130,115	4,992,886	-	-	-	45,123,001
2006	51,935,126	9,045,307	-	-	-	60,980,433
2007	64,318,882	12,287,148	-	12,765,730	18,126,690	107,498,450
2008	49,590,599	6,108,670	12,515,501	9,643,545	56,921,863	134,780,178

NJAW - Annual Handles

Internet and Phone Wagering Combined

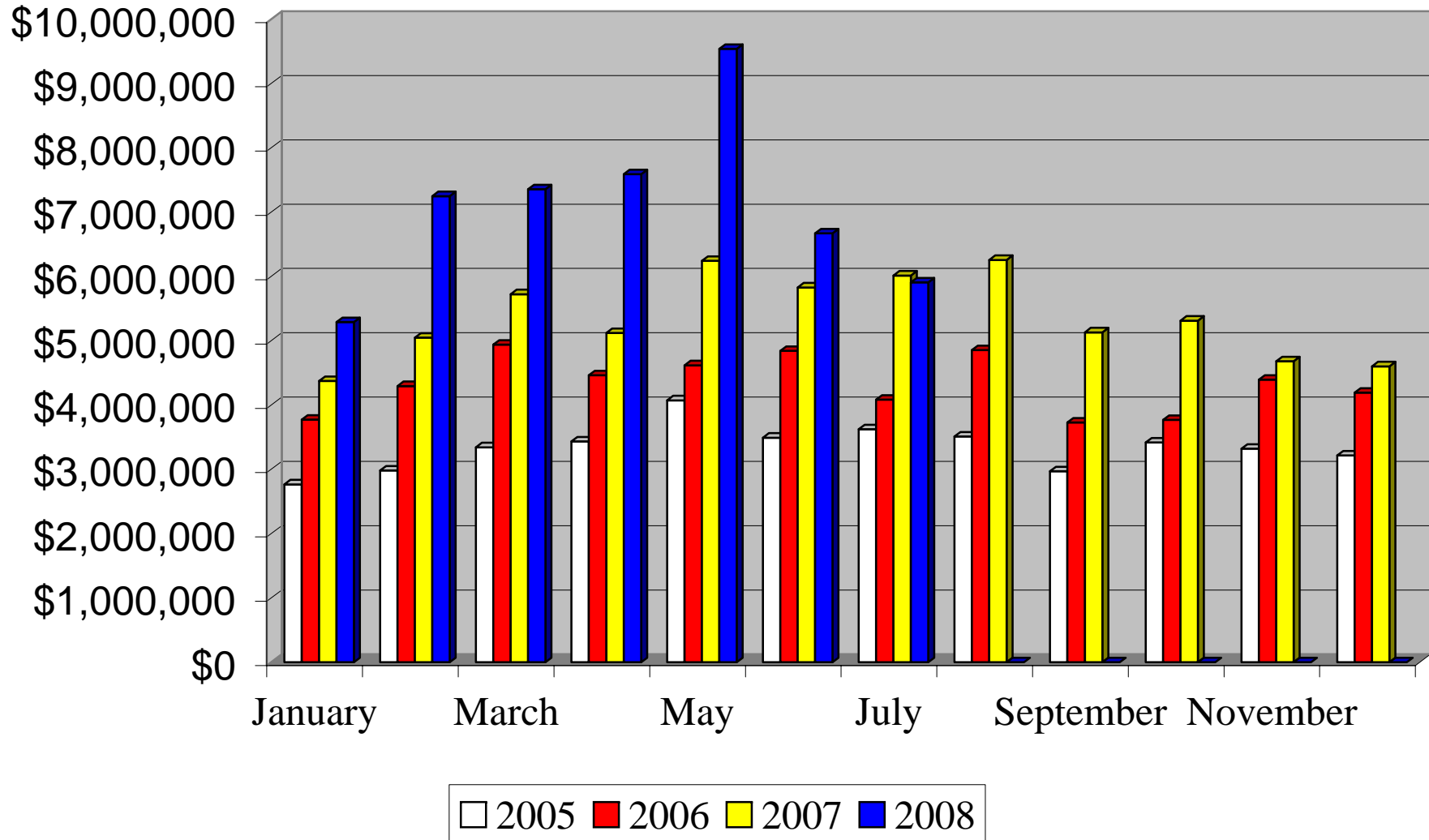


NOTE: 2008 Figures through July 31, 2008

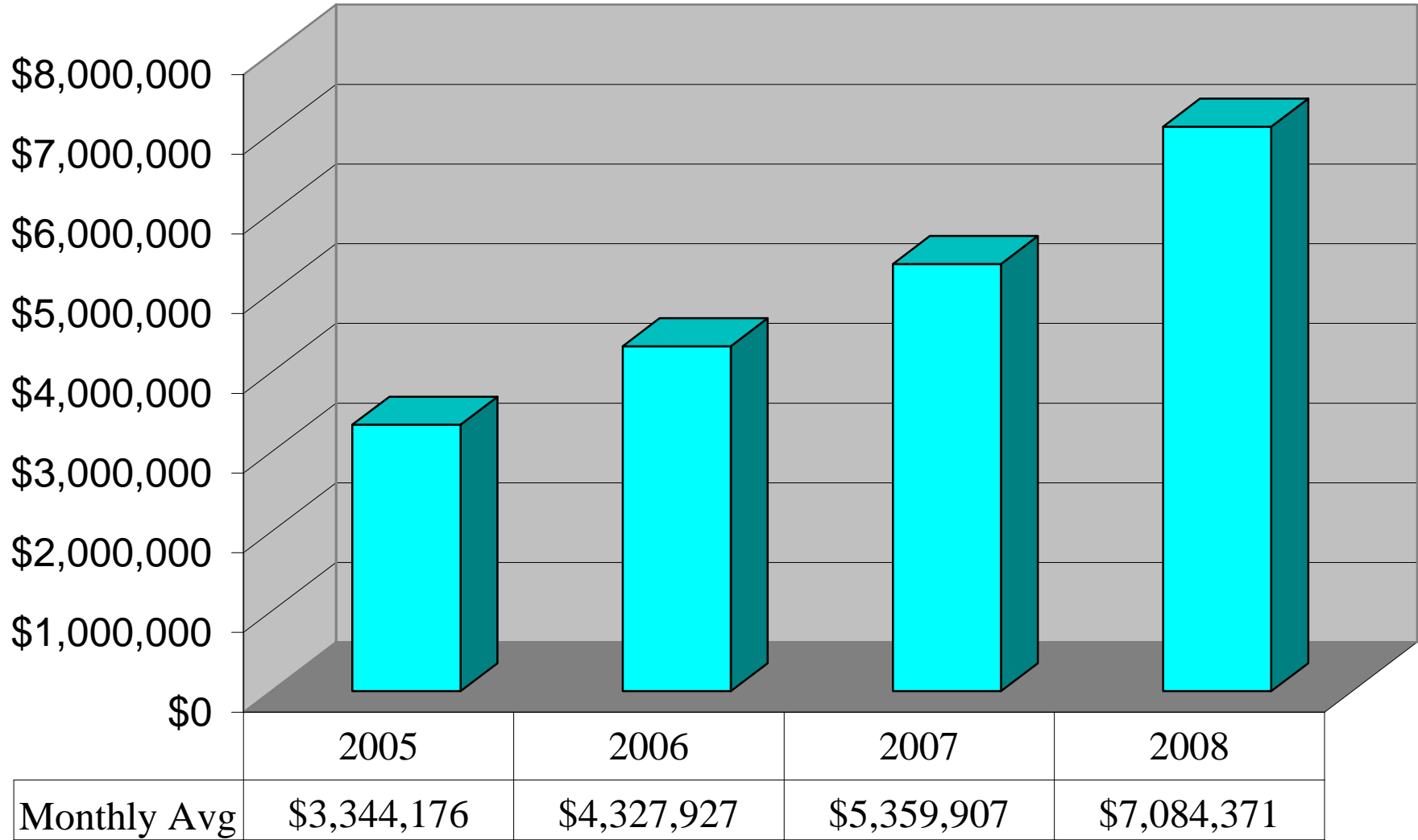
New Jersey Racing Commission
 Handle Analysis - Account Wagering and Off-Track Wagering
 Internet Wagering

	2005	2006	2007	2008
January	2,764,228	3,771,295	4,373,002	5,289,656
February	2,981,316	4,293,436	5,046,474	7,247,379
March	3,342,326	4,937,729	5,722,697	7,354,161
April	3,431,741	4,460,261	5,120,070	7,589,413
May	4,071,602	4,616,701	6,241,428	9,537,059
June	3,491,680	4,840,820	5,827,328	6,668,004
July	3,622,625	4,083,244	6,012,208	5,904,927
August	3,507,896	4,851,855	6,255,077	-
September	2,967,236	3,727,832	5,128,798	-
October	3,416,376	3,768,029	5,310,442	-
November	3,318,465	4,392,715	4,680,288	-
December	3,214,626	4,191,210	4,601,071	-
	<u>40,130,115</u>	<u>51,935,126</u>	<u>64,318,882</u>	<u>49,590,599</u>
Monthly Avg	3,344,176	4,327,927	5,359,907	7,084,371.29

NJAW - Internet Wagering (Comparison by Month)



NJAW - Internet Wagering (Monthly Average Handles)

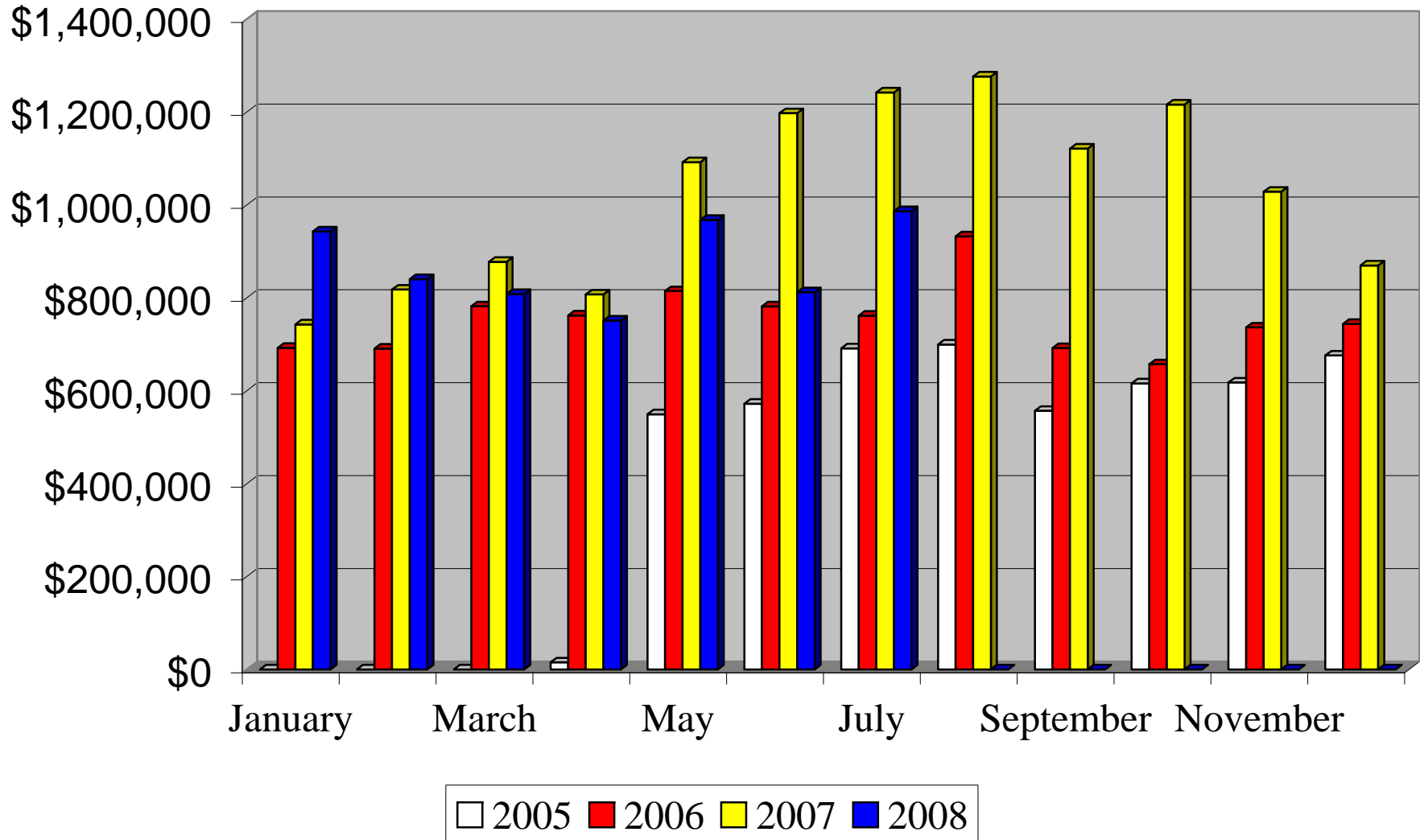


NOTE: 2008 Figures through July 31, 2008

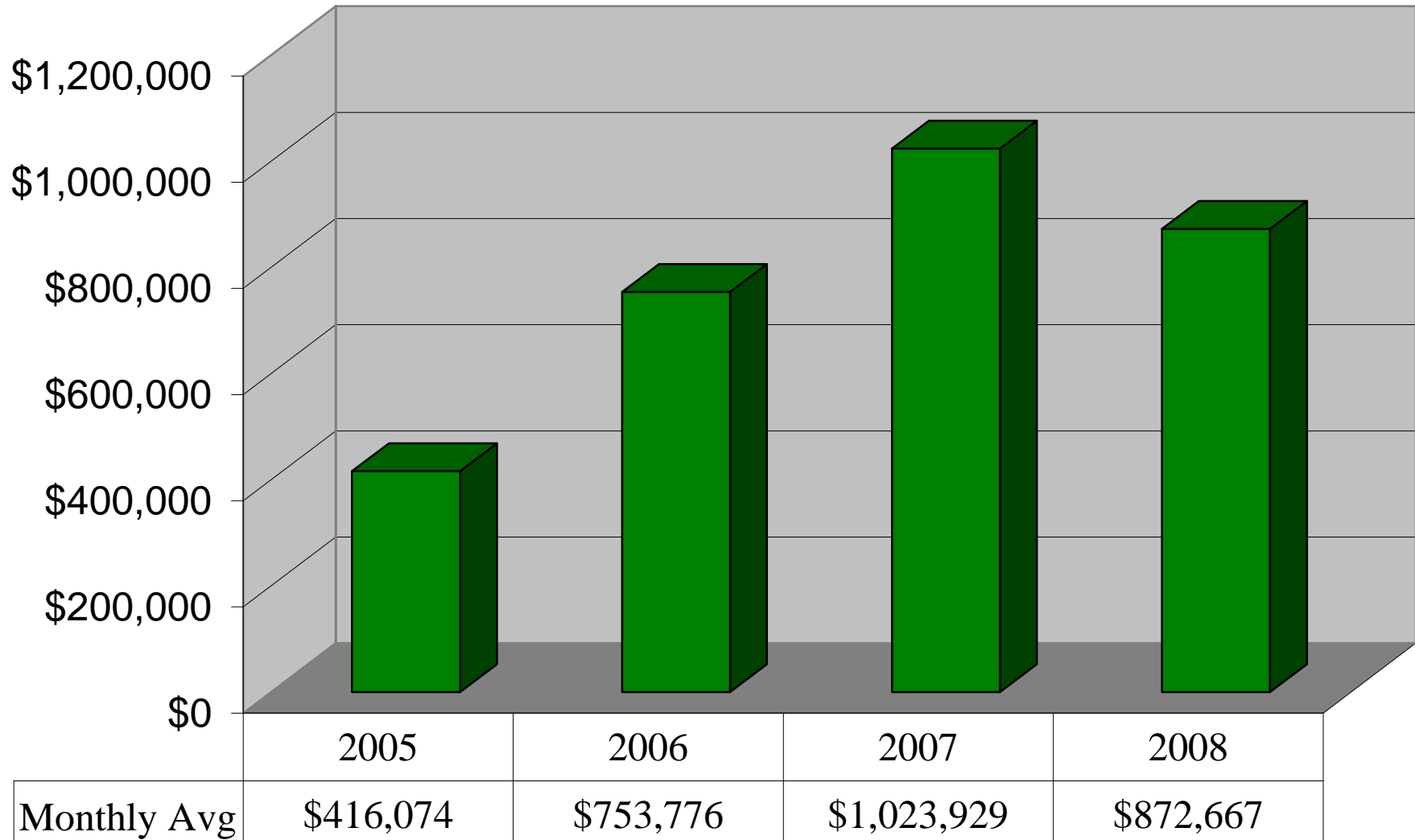
New Jersey Racing Commission
 Handle Analysis - Account Wagering and Off-Track Wagering
 Phone Wagering

	2005	2006	2007	2008
January	-	692,060	742,587	942,918
February	-	690,596	817,830	840,234
March	-	781,789	877,219	808,234
April	15,338	762,240	807,192	751,068
May	549,196	814,466	1,091,627	967,640
June	571,808	781,312	1,197,316	812,001
July	691,037	761,513	1,242,094	986,575
August	699,421	932,072	1,276,389	-
September	556,795	691,849	1,121,185	-
October	615,639	657,032	1,215,850	-
November	617,722	736,401	1,028,236	-
December	675,930	743,977	869,623	-
	<u>4,992,886</u>	<u>9,045,307</u>	<u>12,287,148</u>	<u>6,108,670</u>
Monthly Avg	416,074	753,776	1,023,929	872,667.14

NJAW - Phone Wagering (Comparison by Month)



NJAW - Phone Wagering (Monthly Average Handles)

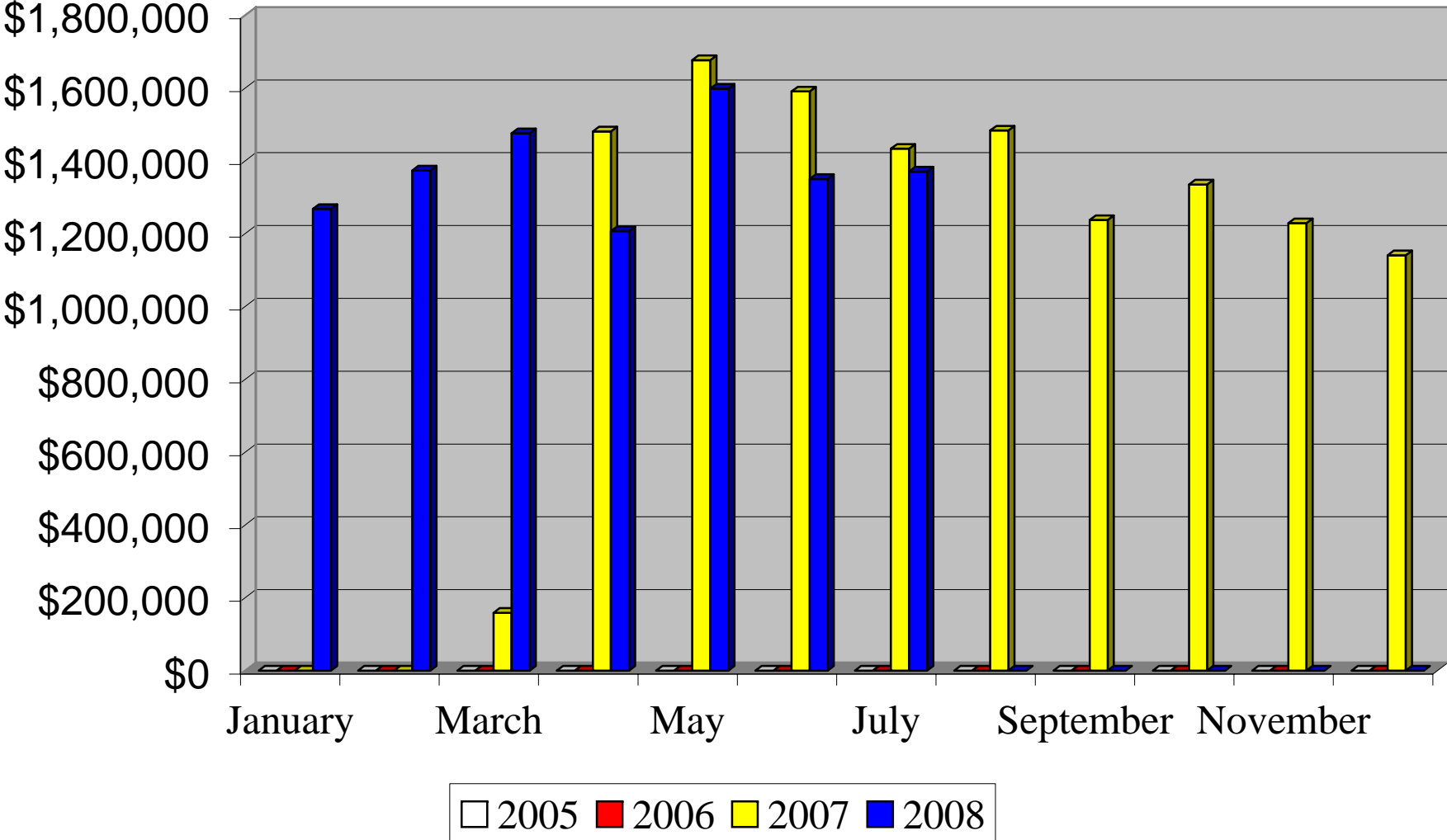


NOTE: 2008 Figures through July 31, 2008

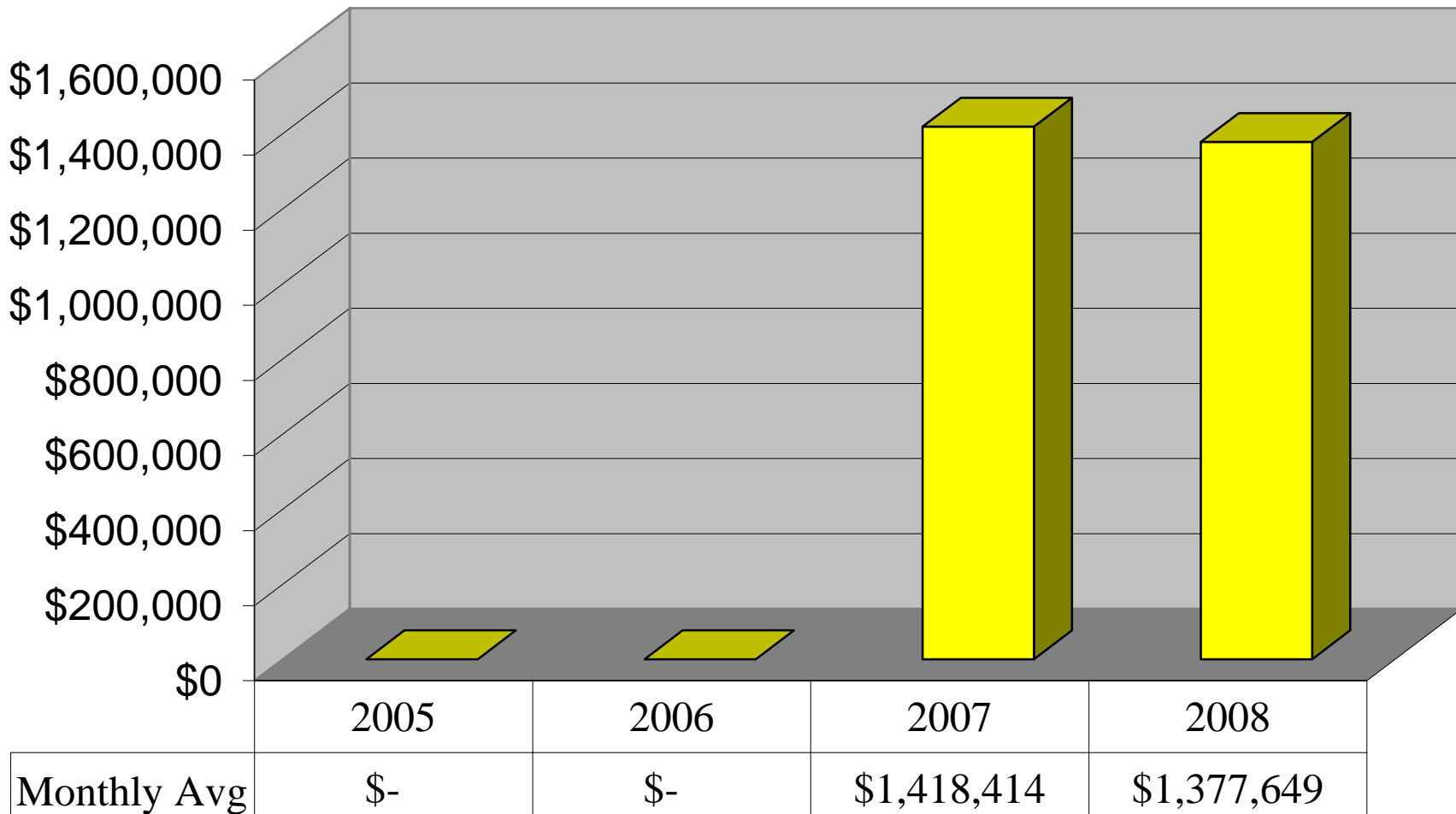
New Jersey Racing Commission
 Handle Analysis - Account Wagering and Off-Track Wagering
 Vineland OTW

	2005	2006	2007	2008
January	-	-	-	1,268,047
February	-	-	-	1,373,439
March	-	-	158,945	1,475,734
April	-	-	1,480,600	1,207,009
May	-	-	1,676,413	1,598,275
June	-	-	1,590,748	1,350,339
July	-	-	1,433,311	1,370,702
August	-	-	1,483,356	-
September	-	-	1,237,647	-
October	-	-	1,335,298	-
November	-	-	1,228,757	-
December	-	-	1,140,656	-
	-	-	<u>12,765,730</u>	<u>9,643,545</u>
Monthly Avg			1,418,414	1,377,649.29
			(9 Months)	

Vineland OTW - Handle (Comparison by Month)



Vineland OTW (Monthly Average Handles)

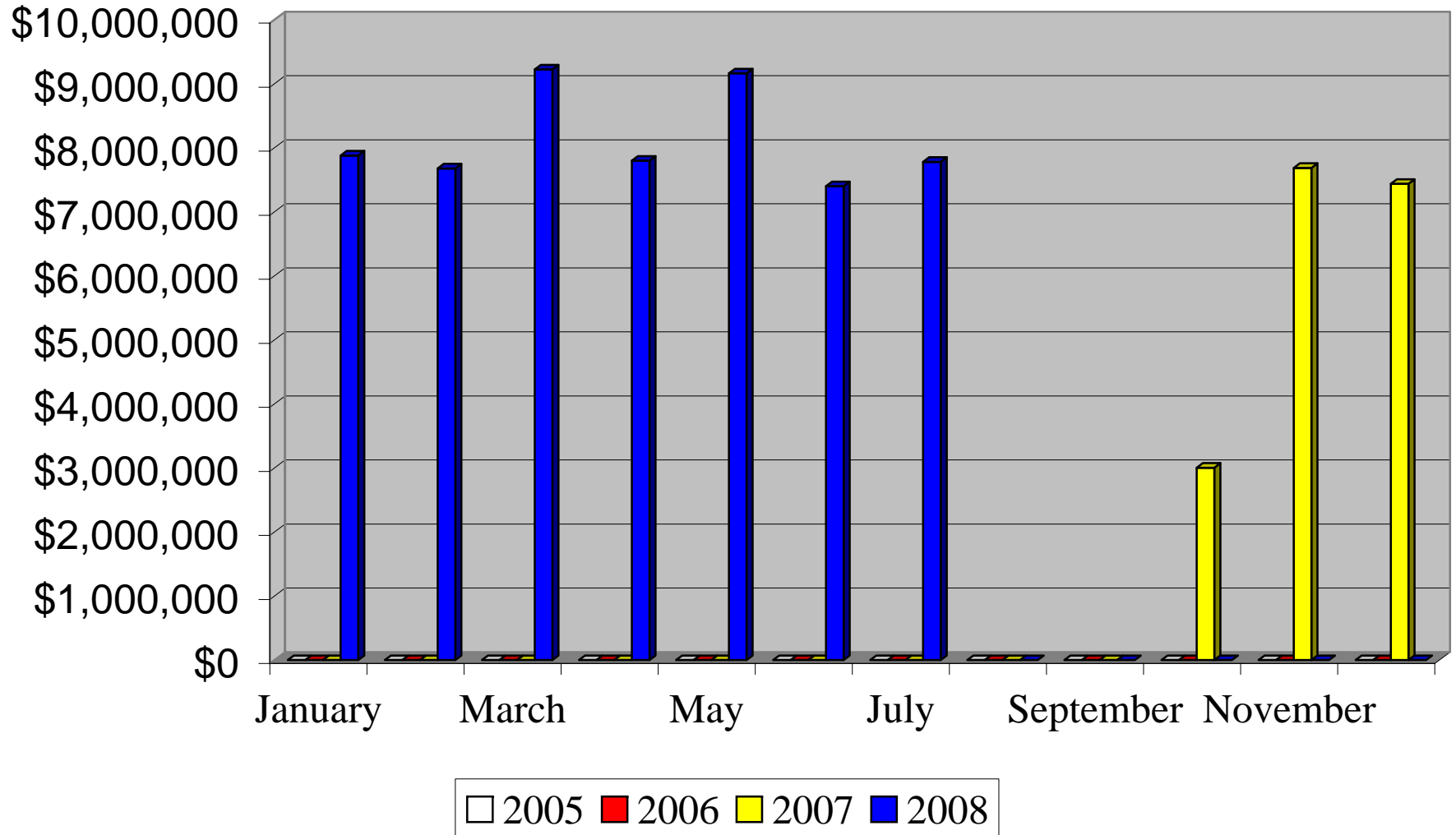


NOTE: 2008 Figures through July 31, 2008

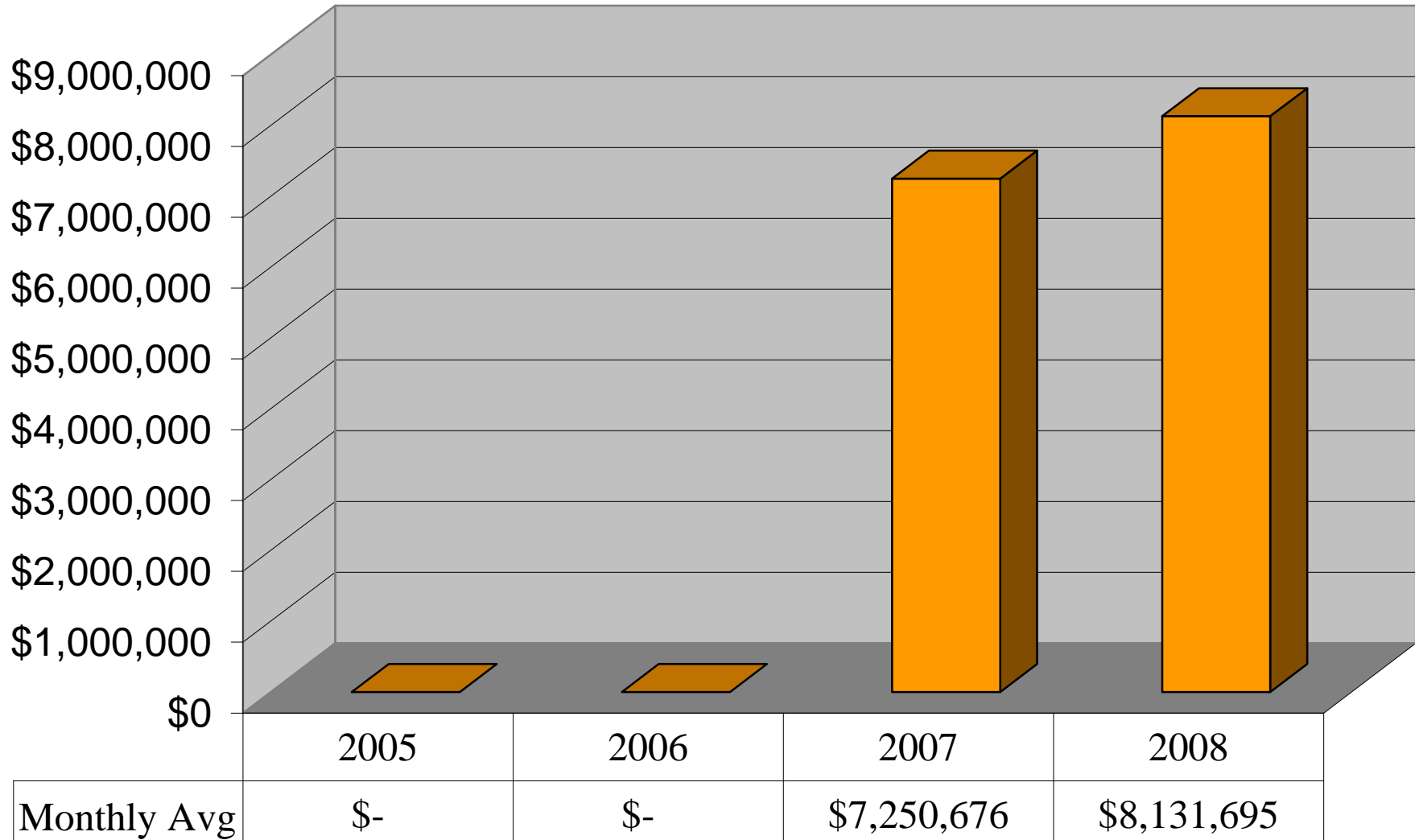
New Jersey Racing Commission
 Handle Analysis - Account Wagering and Off-Track Wagering
 Woodbridge OTW

	2005	2006	2007	2008
January	-	-	-	7,878,942
February	-	-	-	7,677,075
March	-	-	-	9,224,201
April	-	-	-	7,799,600
May	-	-	-	9,161,612
June	-	-	-	7,400,004
July	-	-	-	7,780,430
August	-	-	-	-
September	-	-	-	-
October	-	-	3,003,672	-
November	-	-	7,684,982	-
December	-	-	7,438,037	-
	-	-	18,126,690	56,921,864
Monthly Avg			7,250,676	8,131,694.86

Woodbridge OTW - Handle (Comparison by Month)



Woodbridge OTW (Monthly Average Handles)

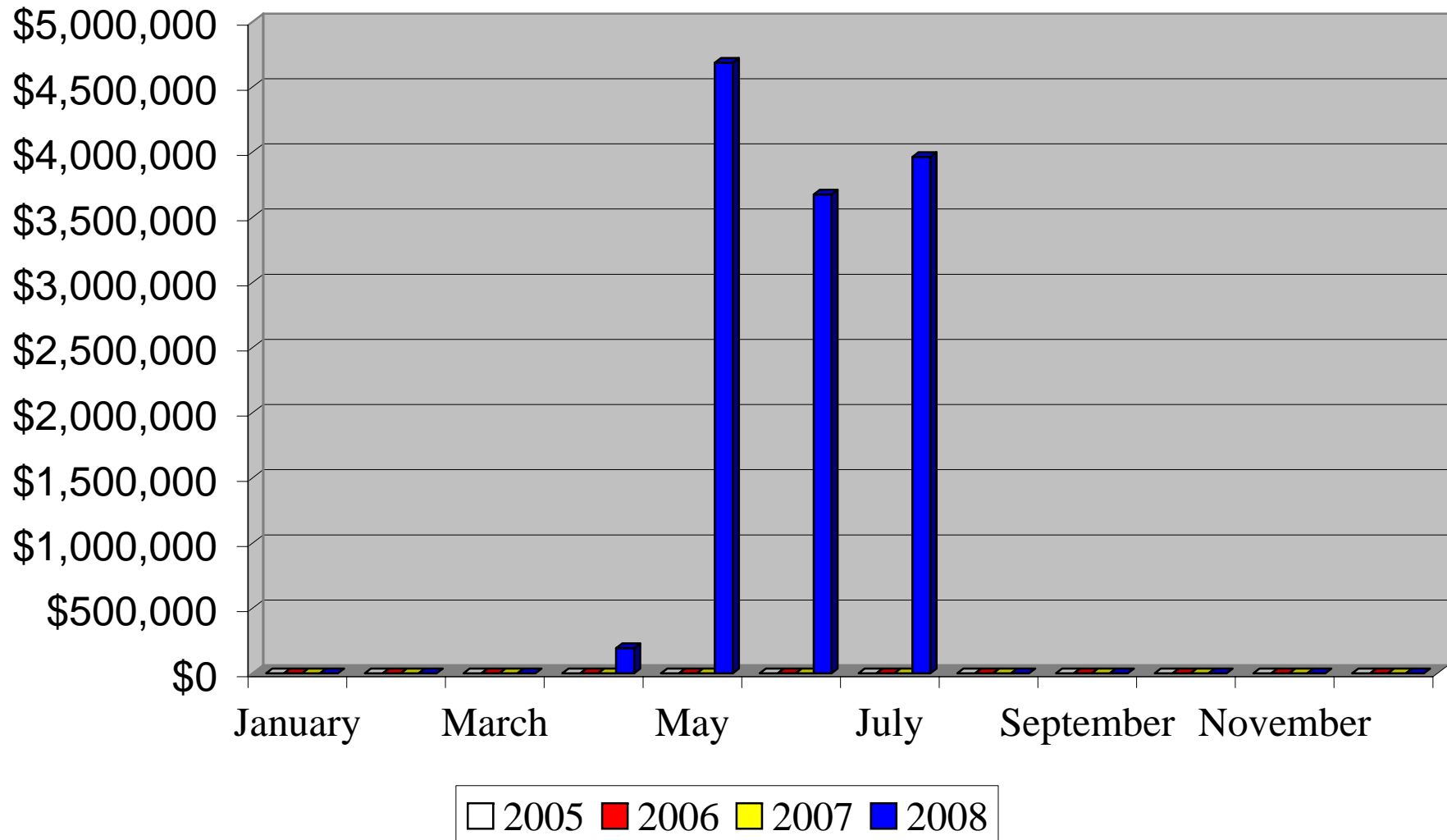


NOTE: 2008 Figures through July 31, 2008

New Jersey Racing Commission
 Handle Analysis - Account Wagering and Off-Track Wagering
 Toms River OTW

	2005	2006	2007	2008	
January	-	-	-	-	
February	-	-	-	-	
March	-	-	-	-	
April	-	-	-	193,974	(2 Days - 4/29 & 4/30)
May	-	-	-	4,685,585	
June	-	-	-	3,674,299	
July	-	-	-	3,961,644	
August	-	-	-	-	
September	-	-	-	-	
October	-	-	-	-	
November	-	-	-	-	
December	-	-	-	-	
				<u>12,515,502</u>	
Monthly Avg				4,171,834	

Toms River OTW - Handle (Comparison by Month)



NOTE: Toms River opened April 29, 2008. Figures for the month of April reflect just two (2) days of operation; April 29 and April 30, 2008