

**NORTH DAKOTA RACING COMMISSION**  
**Live and Telephone Meeting**  
**Minerva's – Kelly Inn**  
**1800 N. 12<sup>th</sup> Street, Bismarck, ND**  
**Friday, August 21, 2009 - 11:00 a.m. (central time)**

**Call to Order:**

Chairman Patrick Weir called the meeting to order at 11:00 a.m. Mr. Andrew Maragos of Minot has been appointed as Commissioner by the Governor to replace DeAnn Pladson.

**Present:** Chairman Patrick Weir; Commissioners: Tom Secret and Clarence Frederick. Also present Bill Peterson, Legal Counsel, Acting Director(AD), Winston Satran and Loretta Valentin, Temporary Clerk.

**Absent:** Commissioner Andrew Maragos and Helen Tessmann, Administrative Staff Officer.

**Others Present:** Lee Harsche, John Bubel, John Ford, Mike Cichy, Joe Cichy, Gail Hrdlicka, David Bernsen, Roger Thompson, and Dwayne Yuzik.

**Present By Telephone:** Heather Benson, Julie Sornsin-Cardwell and Dr. Jim Tilton.

**AGENDA**

1. **Approval of Minutes** – June 30, 2009 Meeting
2. **Report on Director Position**
3. **Audit Report – Horse Race North Dakota - Premier Turf Club**
  - a. Review Audit Report
  - b. Response from Horse Race North Dakota and Premier Turf Club
4. **Confirm Harness Racing Dates**  
September 12 and 13, 2009
5. **Promotion Fund – 2010 projection of funding**
6. **Jeanette Hansen** – Late foal registration
7. **Las Vegas Dissemination Company – Tote Provider Application**
8. **Service Provider**
  - a. Megatote - Approved at May meeting
  - b. Avatar – Approve retroactive to June 30, 2009
  - c. WatchandWager,LLC – Pacific Bernsen Industries, Ltd
9. **Discuss and Develop Kiosk Grant Application**
10. **Report on Disposition of Drug Testing at Belcourt**
11. **Continued Discussion of Office Matters**
  - a. State Employee Compensation Adjustments
  - b. Acting Director Contract
12. **Application for Promotion Fund Disbursement**
  - a. Fair Circuit Horse Racing Association - \$12,500
13. **Any other business which may PROPERLY come before the commission**
14. **Adjournment**

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1. **Approval of Minutes – June 30, 2009 Meeting**

All commissioners had previously received a copy of the June 30, 2009 commission meeting minutes.

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**A motion was made** by Commissioner Secrest and seconded by Commissioner Frederick to approve the minutes of the June 30, 2009 meeting as presented. All commissioners voted aye and hearing no negative vote, the motion carried.

**11. Continued Discussion of Office Matters** *(this item was moved forward on agenda)*  
**b. Acting Director Contract**

Chairman Weir explained the office situation as it stands today. With the resignation of the NDRC Director, Randy Blaseg, and the injury and subsequent surgery of the Administrative Staff Officer, Helen Tessmann, there was no one to take over the operation of the ND Racing Commission office. Chairman Weir had met with the Governor's Council asking them to temporarily appoint Commissioner Winston Satran as the Acting Director(AD) and temporarily resign his position with the commission. Commissioner Satran signed a temporary employment contract on July 1<sup>st</sup>, 2009 and he will serve up until September 15, 2009, at which time we hope to have in place a permanent North Dakota Racing Commission Director.

**A motion was made** by Commissioner Secrest and seconded by Commissioner Frederick to approve the appointment of Winston Satran to the position of Acting Director for the North Dakota Racing Commission until September 15, 2009. All commissioners voted aye and hearing no negative vote, the motion carried.

Chairman Weir expressed his appreciation to Winston. Commissioner Weir also stated that he was optimistic about racing in North Dakota and by the conclusion of today's meeting we will have a better direction as to the future of horse racing.

AD Satran introduced Loretta Valentin, a temporary employee, who has worked for the commission office for a number of years and has been assisting with office duties. He also expressed that legislature indicated that they wanted to reduce the staff in the ND Racing Commission and his experience is that it would be a huge mistake for racing in North Dakota.

Chairman Weir stated that AD Satran would be re-appointed by the Governor to the Commission as Commissioner once a director is employed.

**a. State Employee Compensation Adjustments**

AD Satran explained that the legislature appropriated funds for state employees to receive raises. A guideline was sent out and it was suggested that a minimum of \$100.00 per month be awarded. If an employee was performing above a level it would be 4% per month. A 5 % percent increase requires extraordinary performance with written justification. Helen Tessmann has not been awarded this raise this year and needs to be done retroactively to July 1, 2009.

AD Satran stated that he has had positive feedback from an outside wagering company that are considering coming to North Dakota based on the assistance they have received from Helen. AD Satran also advised the commission that she has been helping with the office work from home while on sick leave.

Chairman Weir asked for any comments from the commissioners. AD Satran advised them that this was a budget item available to the NDRC office staff. The Commissioners expressed their concerns and comments and were reassured by Chairman Weir that the office will continue to operate in a professional and efficient manner and any problems that develop in the future will be dealt with immediately.

**A motion was made** by Commissioner Secrest, with reservation, and seconded by Commissioner Frederick to approve a 4% raise for the Administrative Staff Officer, Helen Tessmann retroactive to July 1, 2009. All commissioners voted aye and hearing no negative vote, the motion carried.

**2. Report on Director Position**

Chairman Weir reported on the status of filling the Director's position. He has had significant visits with the Governor's Office concerning the Governor's expectations of how the Racing Commission is going to go forward; how the horse people in North Dakota are going to interact with the Racing Commission; how is the Horse Race ND and Belcourt going to conduct their races; how the commission is going to regulate what we hope is an increasing flow of money into the state; how are we going to best represent the interest of the State of North Dakota in making sure that our Rules and Regulations are uniformly enforced? Most importantly, the Governor's Office has been concerned in the past about the political situation. They recognize that we are on the right track now, but they want the Commission to consider the appointment of the Director that has wide political experience in the legislature and in business. I have interviewed an individual that the Governor's Office has indicated that they support. That individual is Duane L. DeKrey. Mr. DeKrey has managed and operated a farm and ranch in Kidder County. He has owned and managed his own tax business; has had experience in the military by leading a platoon and other leadership roles within the military. He has many years of experience in the legislature in North Dakota. He has been the Chair of the House Judiciary Committee; worked with other legislators to consider laws impacting the judicial system in the State; he has been a member of the House of Representatives in addition to serving on the Judicial Committee; he was on the Natural Resources Committee; he served in the North Dakota Senate as a Senator; taught vocational education classes in High School; is an officer with the US Army Reserve National Guard. He is available to assume the duties of the Director of the North Dakota Racing Commission, but he will be unable to assume those duties until after the 15<sup>th</sup> of September, 2009 because of pre-existing obligations with the National Guard. A discussion between Chairman Weir and Mr. DeKrey in regards to a contract is going very well. He is aware of the historic problem that the Director of the Racing Commission has had with the legislature. With his understanding and relations with the legislature, I feel that the Governor's assessment of Mr. DeKrey is right on the mark.

I am going to suggest that the commission appoint Mr. DeKrey as the full time Director of the North Dakota Racing Commission soon after the 15<sup>th</sup> of September, 2009 when he is able to assume full time duties with the commission. His contract in regards to compensation has been discussed and I advised him that the commission could only pay what was paid to Mr. Blaseg and that is not going to be a stumbling block for him.

The commission has the right to re-evaluate his conduct as the Racing Director at any time. Prior to the 15<sup>th</sup> of September 2009, I will negotiate a contract of appointment with Mr. DeKrey and then we will have a meeting so the commissioners can confirm him.

AD Satran stated that it is very important to have a good relationship with the legislature so they understand the importance of racing in North Dakota.

Commissioner Secrest stated that he wants the Director of this organization to be a good leader and take the responsibility of that role. Chairman Weir stated that he felt that Mr. DeKrey will provide a strong communication between the Horsemen's Council, the Racing Commission and the legislature. Lee Harsche stated that he wanted it on the record that the problems in the past that the horseman had was not with the commission but with the director.

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**A motion was made** by Commissioner Secret and seconded by Commissioner Frederick to approve the appointment of Duane DeKrey as the new ND Racing Commission Director. All commissioners voted aye and hearing no negative vote, the motion carried.

**3. Audit Report – Horse Race North Dakota - Premier Turf Club**  
**a. Review State Auditor’s Office Audit Report**

Chairman Weir received a letter from Gordy Smith of the State Auditor’s office dated July 1, 2009, at the request of the ND Racing Commission to do an investigation regarding several questions: 1) Is access to the player’s account limited to employees of Horse Race North Dakota? 2) Is there an adequate reconciliation between the players of Horse Race North Dakota and Premier Turf Club? In review of the report we need to address the current situation with Horse Race ND and Premier Turf Club.

Chairman Weir gave the following background information regarding this issue: At the legislature the commission recognized, as did Heather Benson of Horse Race ND, the fact that the way charitable gambling is set up in North Dakota, under certain scenarios, should a wagering company, due to whatever reason, be unable to clear bets, there is a legal possibility that the charity could be financially liable. During the session he attempted to attach some language to one of the bills exempting the charity from this legal liability. Mr. Peterson, Assistant Attorney General, correctly pointed out during a discussion, before a House Committee meeting, that our attempt to exonerate the charities from any legal liability in conjunction with wager activities was probably unconstitutional. It would take an amendment to the constitution to completely remove a charity like Horse Race ND from any legal responsibility should an advance deposit wagering company go down and bettors were unpaid. With that background, the commission received information that there may be a question of compliance in this area and that led to the auditor’s report.

Acting Director (AD) Satran stated that he went back through Mr. Blaseg’s records, it started in February, and Mr. Blaseg’s first recognition that they were not following the state regulations was he received a copy of a bank statement that was sent to Premier Turf and that information raised a question; Why would Premier Turf Club be getting a bank statement on players’ accounts? He realized there was dual access to the player’s accounts by Horse Race ND and Premier Turf Club. Premier Turf Club was managing the accounts and issuing the checks. Mr. Blaseg sent significant correspondence to Premier Turf Club and Horse Race ND and did not receive any satisfaction that this issue had been remedied. He spoke to Chairman Weir and Commissioner Satran regarding his concern, that if something happened to Premier Turf Club, Horse Race ND would be left paying the players without adequate funds. Commissioner Weir directed Mr. Blaseg to contact the State Auditor’s Office to conduct an audit and then take the necessary steps once the State Audit was received.

Both Premier Turf Club and Horse Race ND have responded to the auditor’s recommendations. Horse Race ND has opened up a new bank account that is a sole account of Horse Race ND and they are administering the funds to the players’ accounts. A new agreement has been written between Premier Turf Club and Horse Race ND to identify their responsibilities and this agreement has been submitted to the commission.

It is important that the ND Racing Commission have a clear role of responsibilities and accountability with the increase of wagering in North Dakota. There was a question as to whether the accounts were being properly funded. AD Satran asked Mr. Thompson, Racing Commission accountant, to review the current procedures. Mr. Thompson provided two statements; the players’ account one was rectified, except for

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several days in June, and Premier Turf Club gave Mr. Thompson that information. Mr. Thompson has identified that the players have been paid and currently is not a problem.

AD Satran asked Mr. Yuzik, President of Premier Turf Club, why the agreement between Premier Turf Club and Horse Race ND was so short, from July to August and then renewed every every 30 days after that period? Mr. Yuzik responded that it was continuous and did not have a yearly term in it. AD Satran asked if Premier Turf Club is planning to continue business in North Dakota and Mr. Yuzik responded, "That's correct". AD Satran asked if he could estimate a time period they planned to conduct business in North Dakota. Mr. Yuzik stated that as Premier's license is continued to be renewed and they evaluate the company, they will continue the agreement.

Mr. Thompson reported on his findings during his audit of the players' accounts. Mr. Thompson said he has balances on the accounts, but he is not clear how the balances were derived. He does not have the information whether Horse Race ND or Premier Turf Club is funding the accounts from the information he received in the reports.

AD Satran reported that in a letter from Horse Race ND they indicated that on July 14<sup>th</sup> a new bank account was opened at US Bank. However, in other information provided by Horse Race ND it showed the account was not opened until July 23<sup>rd</sup>. He stated that when the commission asks for information the response should be accurate at the time it is given. When requests are made in the future, this will not be tolerated. There are consequences for non-compliance of the regulations and after visiting with Mr. Peterson, he suggested recommendations that could be considered, such as; no action, a strict warning, place Horse Race ND on probation for a year or suspend their license. The commission can make their determination and advise Mr. Peterson of their decision. Mr. Peterson will then contact Horse Race ND to find out if they will comply with the action.

**\*\*\* A break was taken at 12:15 am and reconvened at 12:25 am. \*\*\***

Mr. Peterson was asked by Chairman Weir to report on the disciplinary guidelines for non-compliance, mentioned prior to the break. Mr. Peterson stated that whether a disciplinary action against Horse Race ND and/or Premier Turf Club is taken, the first thing to determine is whether or not there is a reasonable basis to believe that a violation of the law or rules has occurred and that the commission may want to initiate a disciplinary action against either or both licenses. Your alternatives are to take no action; decide the violations have been corrected and there is no need for the action; you can seek further information; or you can move to initiate a disciplinary action. If the commission moves to initiate a disciplinary action, then you can consider whether or not, whoever the licensee and who the disciplinary action has been initiated against, to offer them a settlement agreement on the terms which the commission would feel appropriate. You could do the settlement offer in an executive session if you so chose.

Commissioner Secrest asked if the commission can give a certain amount of time to them to become compliant or else we will commence some kind of action. Mr. Peterson stated that you can, but the facts are that they are now in compliance. AD Satran stated that they are in compliance and they have submitted proof that they have a sole player's account under the direction of Horse Race North Dakota. Commissioner Secrest asked if Mr. Thompson's audit was going to be satisfied since he didn't know the origin of the money in the accounts and other unanswered questions. AD Satran added that when he had a conversation with Mr. Yuzik who is with Premier Turf Club, Mr. Yuzik provided him with the additional information and from what he understood from Mr. Thompson he now has the right information. Commissioner Secrest asked Mr. Thompson if he was satisfied that he would receive that information in the future, as well? Mr. Thompson stated, "Yes". Commissioner Secrest stated that he thought it sounded like the problem was solved. AD Satran asked Mr. Yuzik to respond. Mr. Yuzik stated that with

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their agreement with Horse Race ND that, upon request, the account balances will be provided to Horse Race ND and the Commission. This information is covered in their new agreement and there is monies provided to back up the play funding which was a concern by the commission and the exposure to Horse Race ND. Mr. Thompson said when he gets the hard copy of this information he would be satisfied with the information requested.

**b. Response from Horse Race North Dakota and Premier Turf Club**

Commissioner Weir asked Heather Benson or Pres. Julie Sornsins-Cardwell, president of Horse Race ND, to respond at this time. Chairman Weir re-stated the previous conversation for them because the phone had been disconnected. Pres. Cardwell stated they were not aware that they had done anything wrong. They had to wait for Mr. Tilton, HRND board member, to sign the signature card and she did not get to the bank the same day she was asked to sign the card by Heather. They certainly didn't want to do anything wrong and they have the same goals that the Commission has. Chairman Weir said that the implication was not whether who signed the signature card and if there was a delay or not. The whole emphasis is that we want to make absolutely crystal clear on the public record that the commission simply has to demand complete compliance with the current laws and regulations as they exist since it's very problematic as to whether we are going to constitutionally change the system that we operate under. The major concern right now is that access to this money has to be absolutely in compliance with what the law and the regulations require and putting everyone on notice that the commission is going to enforce those rules and regulations. Ms. Benson and Chairman Weir have had several phone conferences and she has kept me up-to-date, actually almost on a minute-by-minute basis as she was going around to the banks and setting up a new account. The record should not contain any implication that Horse Race ND tried to do something that wasn't appropriate. That's not the situation.

Chairman Weir asked AD Satran if he was satisfied with the situation between Horse Race ND and Premier Turf Club in terms of what was a violation in months passed? AD Satran stated the Horse Race ND and certainly Premier Turf Club has supplied the information that has complied with in Chairman Weir's letter requesting a resolution to the deficiencies outlined in the State Auditor's Report, and both entities' response has been received. Commissioner Weir asked AD Satran, Mr. Peterson, the accountant and with some input from the State Auditor's Office, to give the commission an outline of what the commission can expect in terms of absolutely maximizing our ability to stay in front of any of these potential problems that may develop. I would like a reporting protocol so that anyone of the commissioners, at any time, can get real time information that these accounts are clearing the way they should. AD Satran stated that this has cost the Racing Commission several thousand dollars by paying the state auditors and Mr. Thompson for extra work. AD Satran stated he wanted to point out to everybody that the several thousand dollars comes out of racing funds and when we have violations like this we, as a commission, can't turn and look the other way and say that is ok. So far we have used, in the vicinity of \$6000, which then comes out of our ability to conduct racing. From the horseman's standpoint, this is very important. AD Satran asked Mr. Thompson to visit all of the charities and to get recommendations and to review the past accounts and the management of accounts which are administered by the charities and account wagering companies. From this information the commission can draft a new set of guidelines and regulations to ensure there is not a repeat of the current situation.

Mr. Thompson was asked to explain what he visualizes he would do to set this up. Mr. Thompson stated he was asked to put together a compliance audit to the rules and regulations as far as account wagering is concerned. It will be done according to accounting principles and design procedures that can be used; he will send an engagement letter to all the charities so he can get his schedule coordinated with them and ask for documents. He will basically review the bank accounts and any other form of settlement at the tracks. He will respond with recommendations to the commission from his findings. Mr. Thompson will meet with the commission and review the documents.

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Chairman Weir indicated that he understands this to be a retrospective audit and doesn't know if that would be necessary since the commission could request past documentation. I want everyone to understand these are the rules and if you don't have the budget to provide the people that are required to adhere to our rules, you're not going to get a license.

Commissioner Secrest stated that the current procedure would not deter an embezzler from writing a check and taking the money. Commissioner Weir said that number one, the charities need to understand that they have a legal exposure if the money gets stopped somewhere up and down the line; and number two, they understand if they are not in charge of the betting accounts like the State Law requires, their license is in jeopardy. Commissioner Secrest said that does not take care of the bad publicity you get for someone embezzling. That affects the whole racing industry. Commissioner Secrest said he didn't know how much a bond would cost, but the bond company would investigate that person to make sure they are reliable. We don't have access to that information now. It would be a safety factor.

Commissioner Weir asked Heather Benson if he is correct that no one person has access to Horse Race ND funds for anything over \$2,500, then your signature and Pres. Cardwell's signature is required? Heather responded "That is correct". Heather said that US Bank offers a security system that all charities should consider where you cannot move more than x dollars and Pres. Cardwell and herself have to pick that amount. All ADW accounts will be run through the same bank, so anyone in a regulatory body has access online to see exactly how many dollars are in there.

AD Satran said that we are getting off the track as to what he wanted Mr. Thompson to do. I want him to review the last few months' operations of each charity and each account wagering firm. I want to check the flow of money to find out if there was any way to expedite the money moving from one entity to the other. If there are hold-ups, then we would have to draft regulations to enforce that money flows back and forth in a consistent basis. We cannot do that until we know what the hang-ups are and we will write guidelines and regulations. If we don't have access to closely monitor what is going on between the charity and the account wagering company, then we will not be able to conduct major wagering in North Dakota. It concerns me where we are right now and where we have to be. We are wagering something less than 50 million dollars this year. During the year 2010, if the new companies are licensed, we could be wagering up to 200 million dollars. The only way this can work is through very rigid oversight, but we have to know what we are looking at and that is why I asked Mr. Thompson to review the past histories of these organizations and then we can draft guidelines so that we can stay on top of these transactions in the future.

Chairman Weir asked Mr. Thompson what the expenses would be. Mr. Thompson thought 70 hours; approximately \$3000.00 plus travel. AD Satran said he felt it was necessary. Commissioner Secrest expressed his concern again about embezzlers. Chairman Weir stated that he did not want to hand wagering companies a 50 page accounting requirement that they would be saddled with at the time they receive their license. It seems that the problem is with the ND charities and their lack, apparently, of understanding the legal implications. The other thing I am concerned about is that we can make all the rules and regulations we want, but I don't have a clear grasp how we can tell Churchill Downs or some tote company that we want the companies that are doing business in North Dakota to be paid more promptly so that charities can disburse the money.

John Ford, on behalf of Lien Games, recommended that may be the ADWs could provide them with current procedures which they are currently operating. Lien Games also works with Horse Race North Dakota and all player funds have always been in Horse Race ND accounts. There are procedures in place that may help the effort here if we provide the current procedures, at least as a starting point. Mr.

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Ford also reassured the commission that all their transactions are done electronically and there is very little chance of embezzling.

Chairman Weir asked if Mr. Thompson could also address concerns that the wagering companies might have with the current operations and money flow with the charities. Mr. Thompson said he would also include this in his investigation.

**A motion was made** by Commissioner Secrest and seconded by Commissioner Frederick to approve Roger Thompson to proceed with the process asked for by the Acting Director, AD Satran. All commissioners voted aye and hearing no negative vote, the motion carried.

**4. Confirm Harness Racing Dates - September 12 and 13, 2009**

Pres. Julie Sornsin-Cardwell confirmed that this was the dates scheduled for the harness race. AD Satran said that Ms. Benson submitted to him a list of the officials for the horse racing meet and Gordon Lavender has been hired as the State Steward. We should get an approval from Mr. Lavender by next week concerning Horse Race ND officials.

**5. Promotion Fund – 2010 projection of funding**

AD Satran handed out a fund balance report. He stated that a commitment has been made by the commission to Horse Race ND for harness racing and also to Fair Circuit Horse Racing Association for purchase of equipment so the Promotion Fund is going to be reduced by \$25,000 from the figure quoted in the report. With the passing of HB 1551 the breakage fund is no longer totally going into the Promotion Fund. The breakage funds will be appropriated 20% to the Promotion Fund, 30% to the Breeder's Fund and 50% to the Purse Fund. The Racing Commission must put both tracks on notice that the Promotion Fund is going to have insufficient funds next year to fund the racing at each of the tracks. AD Satran stated that if we had the perfect scenario that we wagered \$200 million dollars during the year 2010 the breakage would be \$132,000 deposited into the Promotion Fund. The breakage into the Purse Fund would be \$330,000. The breakage revenue into the breeder's fund would be \$198,000. Another move by the legislature, they reduced the General Fund Appropriation and instructed the Racing Commission to take the money out of the Promotion Fund for the operation costs. That will reduce the amount of money in the Promotion Fund. It is necessary to advise the race tracks that there is going to be a significantly reduced amount in the Promotion Fund for this coming year. The race tracks will need to come up with other sources to fund their operations. Commissioner Secrest asked if AD Satran could send a letter to the race tracks advising them of the estimated reductions.

**6. Jeanette Hansen – Late foal registration**

Mrs. Hansen did not meet the December 31, 2008 deadline for registering foals. She submitted a letter to the previous director and she was advised that the office could not register them; however she could pay the penalty of \$1000 per foal to have them registered. Commissioner Weir stated that though we must uphold the rules and regulations, he felt we must consider family situations and storms. We must use some equitable discretion here and let Mrs. Hansen get her foals registered for the usual fee. AD Satran said that Mrs. Hansen readily admits she should not have waited until right at the end of the year. She sent them on January 3rd. Legal Counsel, Bill Peterson stated that there is a Rule 69.5-01-02-01.02 that indicates that the commission can temporarily waive or modify a rule.

**A motion was made** by Commissioner Secrest and seconded by Commissioner Frederick to approve the registration of Mrs. Hansen's 2008 foals. All commissioners voted aye and hearing no negative vote, the motion carried.

**7. Las Vegas Dissemination Company – Tote Provider Application**

AD Satran asked Mike Cichy to explain what Las Vegas Dissemination Company does. Mr. Cichy reported that primarily their function is to transmit wagering data from the casinos in Nevada and a couple of other places outside to the tracks and allow the casinos to pay the winners. AD Satran states the commission needs to make an amendment to what we authorized in the past and change the language from account wagering company to a tote company. At the December 10, 2008 meeting a motion was made to conditionally approve the 2009 service provider license of Las Vegas Dissemination Inc., subject to complete satisfaction and approval by the Attorney General. AD Satran said that we may owe them a refund this will be researched.

**A motion was made** by Commissioner Secrest and seconded by Commissioner Frederick to approve the tote company license for Las Vegas Dissemination, Inc and authorize the Racing Commission Office, if the company overpaid us, to reimburse them. All commissioners voted aye and hearing no negative vote, the motion carried.

**8. Service Provider**

**a. Megatote - Approved at May meeting**

No further action required.

**b. Avatar – Approve retroactive to June 30, 2009**

When Megatote was approved in May, Avatar was also presented, but had not been approved pending completion of the background check. In error, the Director had issued a license to Avatar at the same time as Megatote.

**A motion was made** by Commissioner Secrest and seconded by Commissioner Frederick to retroactively approve Avatar's service provider license to the June 30, 2009 commission meeting. All commissioners voted aye and hearing no negative vote, the motion carried.

**c. WatchandWager, LLC – Pacific Bernsen Industries, Ltd**

AD Satran stated that WatchandWager had made an application at a prior meeting and at that time Mr. Bernsen's partner was from Australia. A background check was requested on Mr. Bernsen and his record was shown to be acceptable, however Butcher and Associates was not able to obtain information on Mr. and Mrs. Makin due to international complications. AD Satran presented this to Mr. Bernsen and he submitted a letter stating that he will be the sole owner of WatchandWager, LLC without Mr. Makin's partnership.

Mr. David Bernsen explained that he took over the company so that there wouldn't be a conflict with Mr. and Mrs. Makin as bettors and also the owners of WatchandWager. Mr. Bernsen explained to the commission how wagering in North Dakota would be handled when other countries begin to bet in the United States. He also stated that Japan has the most proficient and secure process in place for monitoring betting and paying out.

**A motion was made** by Commissioner Secrest and seconded by Commissioner Frederick to approve the service provider license for WatchandWager, LLC. All commissioners voted aye and hearing no negative vote, the motion carried.

**9. Discuss and Develop Kiosk Grant Application**

John Ford, Lien Games Racing, asked the commission to grant Promotion Fund money to North Dakota charities for the purchase of three (3) BAM in a BOX internet wagering kiosks and six (6) Junior BAM Bet Pads to be placed in selected locations in North Dakota. The purpose of the kiosks would help to decrease labor and video costs for the charities. The proposal submitted would help charities reduce their costs and expand horse racing in North Dakota. Currently, the target cities are Dickinson, Jamestown and Minot. Lien Games would work with the commission and the Racing Director to determine suitable locations with potential for the greatest amount of pari-mutual wagering. The kiosk can be re-located if wagering results are not what were anticipated.

Chairman Weir indicated that presently the Promotion Fund has \$279,192. We are committed to the Horse Race ND harness meet in the amount of \$12,500 and a request from the Fair Circuit Racing Association for \$12,500. If these amounts are approved and the requested grant of \$32,550 for the kiosks the Promotion Fund would have a balance of \$221,642. Chairman Weir asked who would own the equipment after they have been purchased by the Promotion Fund. Mr. Ford indicated that the charities would own the equipment and they could move them to another location. Chairman Weir asked if the charities would have the title to the kiosks. Mr. Ford said that would be up to the commission, but that was their thought that the charity was the entity that is the licensed operator. Chairman Weir said that they could provide the kiosk to the charity with the understanding that if this doesn't work we'll get it back and we will sell it back to Lien Games. Mr. Ford said they are open to suggestions, but they don't make money on the machines. He explained that the BAM in a BOX kiosks are designed to do all the functions whereas the Junior BAMs are just for wagering.

Chairman Weir stated that the amount is significant, but he felt the commission was doing the right thing by using Promotion Fund money because it has the possibility of further enhancing racing in North Dakota.

**A motion was made** by Commissioner Secret and seconded by Chairman Weir to approve the kiosk grant request in the amount of \$32,550 from the Promotion Fund. Chairman Secret-Y, Chairman Weir-Y, and Commissioner Frederick-N.

**\*\*\* A break was taken and reconvened at 2:35 pm \*\*\***

**10. Report on Disposition of Drug Testing at Belcourt**

Acting Director (AD) Satran reported that he received 3 samples from horses at Belcourt showing drug use. He called the testing company to find out if one sample would make the horse go faster? He was told no. AD Satran then talked to the three stewards and gave them this information and sent all the information to the stewards. AD Satran said that considering the circumstances of where we are in the office and the hearing procedure I would opt for leniency. The stewards came back with no penalty for all three violations. AD Satran recommends that a meeting be held in Belcourt and Fargo to explain to the trainers what the drugs will do and what the recommended penalties are. AD Satran spoke with Dr. Hoverson and he is willing to go to Belcourt and some other location and put on a clinic about drug usage in horses.

**12. Application for Promotion Fund Disbursement**

**a. Fair Circuit Horse Racing Association - \$12,500**

Chairman Weir stated that they have discussed this topic for quite some time and all necessary information has been finalized.

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**A motion was made** by Commissioner Secret and seconded by Commissioner Frederick to approve the application and disburse \$12,500 from the Promotion Fund to the Fair Circuit Horse Racing Association. All commissioners voted aye and hearing no negative vote, the motion carried.

**13. Any other business which may PROPERLY come before the commission**

No response.

**14. Adjournment**

**A motion was made** by Commissioner Secret and seconded by Commissioner Frederick to adjourn the meeting at 2:45 PM.