

**Open letter re: FIXED ODDS betting on thoroughbred racing in New Jersey:**

From Dennis Drazin (Chairman/CEO Monmouth Park)

24 January 2022

Dear industry stakeholders,

I am excited to update you about the introduction of fixed odds betting on thoroughbred racing in New Jersey, which we now plan to start rolling out in March.

Importantly, I also want to share insights into the commercial model and agreements we have in place with the purpose to maximize the intended success of this new venture.

It is under this model that I believe fixed odds betting can be transformative for the thoroughbred industry by unlocking new revenue that can flow back to stakeholders and participants and grow the sport we all love.

**The go-to-market roll-out of fixed odds betting on racing in New Jersey:**

Fixed odds bets on thoroughbred racing meetings is scheduled to be offered on track at Monmouth Park from March 2022. Shortly thereafter, and prior to Monmouth's live racing start on May 7, 2022, fixed odds will be available online thru NJ licensed sportbooks.

**Fixed Odds is available now to licensed Sportsbooks thru BetMakers:**

Thanks to our partners, BetMakers Technology Group, who have assisted us to officially open the door for major Sportsbooks across New Jersey to participate.

BetMakers, under a fixed odds management and distribution agreement with Monmouth and the New Jersey Thoroughbred Horsemen's Association, has a 15-year exclusivity on fixed odds in New Jersey.

In effect, this means that any Sportsbook wanting to offer their New Jersey customers fixed odds bets on win, place and show on approved thoroughbred racing (in state or out of state) must have an approved agreement in place with BetMakers. This is still subject to Interstate Horseracing Act (IHA) approvals regarding out of state signals. We have endeavoured to ensure that horse racing participants are protected under the IHA through the Fixed Odds Wagering Act (FOWA) and regulations.

BetMakers has minimum guarantees with Monmouth and the NJ horsemen. These payments protect the current revenue streams of the racing industry currently generated by pari-mutuel wagering. This underscores the vital importance for Sportsbooks to have commercial agreements in place with BetMakers before they can offer fixed odds betting, which assists to cover these guarantees.

BetMakers has started the process of engaging with online sports and casino operators with the aim to onboard five Sportsbooks for fixed odds betting in the first half of this year. Once approved, Sportsbooks can bet fixed odds on all relevant racing through online sites and in addition to brick-and-mortar casinos, OTBs and at other track venues.

**Our model for fixed odds racing is built on fairness and returns to the industry:**

It's time for the thoroughbred racing industry to share in the fixed odds betting boom that has seen more than \$10 billion annually wagered on sports in New Jersey alone.

Up until now, thoroughbred racing has not been able to offer those sports bettors a similar product in horse racing. Through the model we have developed, and under our agreement with BetMakers, this is set to change.

The model has been developed after much consultation with industry stakeholders and is established through the proper legislative and regulatory channels to ensure both integrity and sustainability and deliver the intended prosperity back to the thoroughbred industry in New Jersey.

This approach has been taken to protect and reward our industry, and it has taken time to reach a point of rolling out fixed odds betting on racing because we needed to create a sustainable growth strategy benefitting the stakeholders of thoroughbred racing.

This new incremental revenue I believe will flow from fixed odds betting on horse racing to:

- the respective stakeholders who put on the show in a sustainable and equitable way
- offer a competitive betting product alongside other sports offerings. Racing can offer this product everyday and night all year long. Bolster all aspects of human and equine welfare through better industry returns.

What does this mean?

A few years ago, after witnessing the incredible success that horse racing had experienced in Australia – and a wagering market in that country that doubled in size thanks to the introduction of fixed odds alongside a Pari-Mutuel tote operation – we sought innovation from a partnership with BetMakers that could attempt to replicate this success.

One of the major factors in pursuing fixed odds betting on thoroughbred racing in New Jersey was the potential to grow the “eyeballs” on our existing racing product and extend the attraction of racing as a betting option alongside other sports events where fixed odds betting has been hugely popular.

Some of the leading questions that are being asked about this new fixed odds model are answered below:

**What is the commercial model for the racing industry?**

Sportsbook operators who sign and are approved through our exclusive partnership with BetMakers will pay a fee of 4% of turnover on any bets that are placed on thoroughbred racing within New Jersey .

This fee, collected by BetMakers, will then be distributed in majority to the following participants:

- **NJTHA** - The horsemens group within New Jersey - which can distribute these funds back to participants through purses, which is also then shared with the breeding industry.
- **Monmouth Park** - New Jersey's only thoroughbred racetrack - which will assist in funding improved track facilities for trainers, jockeys, valets, grooms, hot walkers and improved on-course experiences for patrons and bettors.
- **Host Track** – The track where the race is being conducted, which allows for the expansion into new audiences to drive returns for horsemens groups within other states and territories.

### **Can you guarantee this will benefit the Horsemens group in New Jersey?**

Our deal with BetMakers has certain guarantees associated

1. A hold harmless guarantee up to \$1mil for any reduction in 'Purses' that are derived from Pari Mutuel betting for the Win, Place, Show markets
2. A minimum commitment to the 'Purses' of \$1mil per year for the next 15 years from the introduction of Fixed Odds wagering

While we expect and are hopeful that Fixed Odds will deliver much higher returns and benefits within New Jersey, these minimum guarantees give us some certainty around the success of rolling out Fixed Odds on Thoroughbreds in the state.

As part of the original agreement and in addition to the above guarantees BetMakers has also committed to Monmouth Park minimum revenues of \$1mil which will allow us to commit to continue to improve facilities at the track for Horsemen and Patrons. We are excited to be unveiling our brand new 'Big Screen TV' in the infield for the first meet this year, that will be substantially bigger than the current display and we believe will bring the excitement of our racing to life.

### **Does this include In-state and out of state races?**

Yes, all races that are bet through a licensed operator (Track, Casino, OTB, Sportsbook) in New Jersey on thoroughbred races will pay the fee that is distributed to the participants. Out of state tracks will benefit through the 'Host Track fee'

### **Are operators required to be licensed to bet fixed odds on racing in New Jersey?**

Yes, Sportsbooks, Racetracks, online operators and casinos will need to be licensed and also have an agreement in place with NJTHA and BetMakers as their representative.

### **How will operators report on their betting handle?**

All bets will be required to be recorded in the “betting and reporting engine” that has been developed for New Jersey Thoroughbred Horsemen Association.

Full transparency for regulators and rights holders will be available through the betting and reporting engine.

### **As a thoroughbred Rights Holder for fixed odds, can I sell directly to an operator?**

No, any rights holders and racetrack must deal directly with NJTHA through its representative BetMakers.

It is important under the model for horse racing in New Jersey that all operators betting on fixed odds within New Jersey are using the NJTHA model for reporting and integrity purposes. This model also assists to ensure the commercial benefits flow back to the industry participants in New Jersey.

### **Will licensed and approved operators be able to bet fixed odds on standardbred racing?**

No, the agreements are currently only in place under this model for thoroughbred racing. I expect that standardbred racing executives will be closely monitoring the model.

### **What is the attraction for Sportsbooks, online operators and Casinos to sign up to fixed odds betting?**

In the US, we have all witnessed the hugely successful introduction of fixed odds betting on sports in the United States.

All indications are that there will be a similarly positive response from bettors/handicappers to fixed odds betting on horse racing.

The certainty of price setting for the person placing the bet has attracted a new audience of people betting on sport, and we expect this will be the case for horse racing. We believe we can reach a whole new audience – many times bigger than currently exists – through fixed odds.

With our strongly anticipated consumer-led willingness for the fixed odds product, the opportunity for Sportsbooks is to add horse racing alongside sports events to their fixed odds offerings to customers is obvious.

Racing will be a new vertical of product for Sportsbook operators to offer their customers – and from a commercial point of view it is a high-frequency product that can deliver good margins.

The case study in Australia is compelling. Since the introduction of fixed odds betting alongside the Pari-Mutuel tote system, the overall racing wagering pie has grown – in fact more than doubled.

We believe this can be the case in the US, too, and it will be in the interests of Sportsbooks to offer the racing product, especially if the margins generated by Australian wagering operators are seen in the US.

**When will fixed odds betting be available in New Jersey?**

Our expected launch date for fixed odds betting in New Jersey is March 2022, starting with on-track only, and then extended to online fixed odds betting ahead of Monmouth Park's new racing season in May 2022.

**Does that mean only 5 licenses for fixed odds betting will be awarded by BetMakers?**

No, it is only in the first phase of the online roll-out that licences will be restricted to the first 5 Sportsbooks signed up in New Jersey. After the first 5 have been announced, all other approved wagering operators that wish to offer this bet type to their customers will be able to offer fixed odds betting on thoroughbred racing in New Jersey if they have agreements and approvals in place through BetMakers.

I suggest that any Sportsbooks interested in securing one of the first 5 licenses to offer fixed odds betting on thoroughbred racing in New Jersey to their customers don't hesitate to contact BetMakers' North American CEO Christian Stuart at [christian.stuart@betmakers.com](mailto:christian.stuart@betmakers.com)