

October 27, 2017



CERTIFIED MAIL

Retailer ID #237132 & #240193

William Rasmussen, P.C.
Miller Nash Graham & Dunn LLP
111 SW 5th Ave Ste 3400
Portland, OR 97204

Re: Oregon Racing, Inc.

Dear Mr. Rasmussen:

On June 26, 2017, the Oregon State Lottery ("Lottery") issued an order terminating the Retailer Contract ("Contract") of Oregon Racing, Inc. ("ORI"), effective July 16, 2017 ("Termination Order"). On July 13, 2017, Lottery received a request for reconsideration from ORI's legal counsel. On August 30, 2017, Lottery issued an Order on Reconsideration, which both deleted from and added to the bases for termination that were stated in the Termination Order. The Order on Reconsideration focused primarily on the question of whether poker games conducted on ORI's premises at Portland Meadows were consistent with state laws defining gambling and "social gaming," specifically ORS 167.117(21). In that order, Lottery concluded that the practice of imposing a door fee on all patrons of an area where poker is played at Portland Meadows was inconsistent with the statutory prohibition on "house income," that the practice of exchanging players' money for chips and safeguarding players' money during gameplay was inconsistent with the statutory prohibition on a "house bank," and that the ongoing operation of the poker room was inconsistent with state law and provided a basis for termination of the Contract. The Order on Reconsideration terminated the Contract effective October 30, 2017.

On October 27, 2017, ORI filed a petition with Lottery for a declaratory ruling under ORS 183.410. Specifically, ORI asked Lottery to rule on whether the operation of the poker room at Portland Meadows violated the statutory prohibitions on "house income" and a "house bank," resulting in unlawful gambling that, under OAR 177-040-0010(3)(b)(D) and (E) and (6), provides a basis for termination of a retailer contract. To date, Lottery is not persuaded by ORI's arguments regarding the legality of the poker games conducted at Portland Meadows. However, Lottery agrees that the declaratory ruling process is an efficient and appropriate way to resolve the dispute between Lottery and ORI regarding the legality of those activities.

Accordingly, in the interest of facilitating the declaratory ruling process and avoiding the unnecessary expense of litigating the dispute between ORI and Lottery in two forums at once, Lottery hereby withdraws the Order on Reconsideration and rescinds the termination of the Contract. Lottery will revisit the question of whether the Contract should be terminated on the basis of the cover charge imposed for use of the

poker room, and the practice of holding player money during games, after the declaratory ruling process—including any appellate review—is completed.

Please let us know if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to be 'Barry Pack', written over a faint, light blue circular stamp or watermark.

Barry Pack
Director

BP:az