APPENDIX 'A'
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Your Ref: 2066/4930/30818062

26 November 2002

Dear Sirs

The Sporting Exchange Limited (trading as Betfair) v. the Horserace Betting Levy Board: Potential Claim for Judicial Review

As you are aware, we act for The Sporting Exchange Limited (which trades as betfair).

We have been instructed by Sporting Options Plc, trading as Sporting Options, that they agree with the contents of this letter so far as it relates to them.

Having instructed Leading Counsel, Michael Beloff QC, in this matter, we are writing in accordance with the Pre-Action Protocol for Judicial Review, in order to draw to your attention our client's proposed claim for judicial review of the decision ("the Decision") of the Horserace Betting Levy Board ("the HBLB"), taken on 31 October 2002 and communicated to our client by a letter received on 5 November 2002, to change the basis on which the horserace betting levy is to be imposed on betting exchanges, including our client, with effect from 1 April 2003.

We consider that the Decision is legally flawed and cannot stand, in that:

1. The Decision was taken following an unfair procedure: notably consultation with our client that was wholly inadequate;

2. The Decision itself is irrational and discriminates without any justification against betting exchanges;

3. The Decision was taken for extraneous and legally irrelevant purposes;

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4. The Decision communicated to our client does not appear to amount to the acceptance of recommendations taking the form of either a draft scheme or specified amendments to the 41st scheme, and is accordingly ultra vires section 27 of the Betting, Gaming and Lotteries Act 1963 ("the 1963 Act").

The statutory scheme

The purposes of the levy assessed and collected by the HBLB are set out at section 24 of the 1963 Act. Monetary contributions are to be collected from bookmakers and the Totalisator Board for purposes conducive to the improvement of breeds of horses, the advancement or encouragement of vetinerary science or education, and the improvement of horseracing. The HBLB has no power under the 1963 Act to use the levy as a tool for adjusting the competitive balance between different bookmakers, or for any other extraneous purpose.

Under section 27 of the 1963 Act, the Bookmakers' Committee ("the BC") is required each year to make recommendations to the HBLB, with respect to the levy scheme to have effect for the next annual period. The recommendations must take the form of a draft scheme, or of a recommendation that the current scheme shall continue to have effect without amendment or with specified amendments. The HBLB can approve the BC's recommendations, or the BC's recommendation as revised by the BC in the light of any observations made on them by the HBLB. However, if the HBLB is unable by midnight on 31 October at the latest to approve recommendations or revised recommendations, the Secretary of State must determine the scheme to have effect for the next annual period: section 1 of Horserace Betting Levy Act 1969 ("the 1969 Act").

It is the intention of the legislative scheme that the HBLB should be made up of members representing all the principal interests in horseracing, including members nominated by the Jockey Club, the Bookmakers' Committee ("the BC") and the Tote, and three independent members (including an independent chairman): s. 24(2) of the 1963 Act.

In turn, and consistently with that legislative intention, the BC itself is to be made up of members constituted in such manner as the Secretary of State provides by regulations, after consultation with "any body appearing to him to be representative of the interests of bookmakers generally": section 26(1) of the 1963 Act.

Unfortunately, the most recent set of regulations (the Horserace Betting Levy (Bookmakers' Committee) Regulations 1999) were made before betting exchanges such as our client had come into existence, and well before they had come to represent a significant interest among bookmakers. The BC is therefore made up entirely of traditional bookmakers, and does not represent the interests of betting exchanges. On the contrary, the BC is hostile to the interests of betting exchanges, which are in conflict and in competition with the interests of traditional bookmakers. Betting exchanges have no other representation on the HBLB, but are subject to its decisions on the basis and amount of the levy. Effectively therefore, betting exchanges are taxed by the HBLB without representation.

Unfairness

In the circumstances set out above, in which control over and interference with our client's property rights is bestowed upon a statutory body acting on the recommendation of a committee which does not represent our clients' interests (by contrast with the interests of other categories of bookmaker on whom the levy is to be imposed), and which does not itself include any member representing our client's interests, fairness required that every effort

should have been made to involve our client closely in the process by which the Decision was arrived at. Most importantly, our client should have been given a proper opportunity to comment upon any recommendations (including revised recommendations) made by the BC. The procedure adopted by the HBLB was entirely inadequate to satisfy the requirements of fairness.

On 4 October 2002, our client was sent a brief extract from what it was told were the BC's recommendations. The extract proposed that the levy should be imposed on betting exchanges in a wholly unreasonable manner. A levy of 10% was to be charged on *both* an exchange's gross commission (equivalent to an exchange's gross profit), *and* on the gross profits of those laying bets through a betting exchange. By contrast, under the preceding 41st scheme, betting exchanges, like other bookmakers, were required only to pay a levy of 10% of their gross profit. The justification for this approach, in circumstances in which it was being recommended that other bookmakers should continue to be charged a levy of only 10% of their gross profit, was said by the BC to be that the yield under the 41st scheme had been lower than anticipated, in part because the gross profit margin of betting exchanges is lower than that of traditional bookmakers and also because the use of betting exchanges was exerting competitive pressure on the starting price system. In other words, betting exchanges were to be penalised by a higher levy, because they provide better value for the betting public.

Our client was invited to respond to this proposal within only three working days, within which time they were also asked to liaise with other exchanges.

In the event, our client made submissions in response to this invitation on 15 October 2002. It pointed out that:

a) it had not been shown the full recommendation, but only an extract;

b) it had not been able in the short time allowed to liaise with other exchanges.

In its response, our client pointed out the unfairness and flaws in the recommendations, and proposed that the levy should be imposed on betting exchanges on the existing basis of 10% of their gross commission, or, *alternatively*, 10% of all aggregated profitable layers' profits subject to appropriate caps and safeguards being in place. Our client pointed out that, without such caps and safeguards, this latter basis would generate an extremely volatile liability for betting exchanges, which would be impossible to predict, and outside their control; and that it was a method of calculation that was open to sabotage and abuse. For these reasons, our client explained that the alternative basis was a fair solution only if sensible caps were placed on potential liability to ensure that it did not become unreasonably large, and to manage the volatility and potential for sabotage.

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On 24 October 2002, our client met with the BC, and explained in more detail its concerns about the operation of an approach based on 10% of aggregated profitable layers' profits unless appropriate safeguards were implemented. As far as our client is aware, these concerns were not passed on by the BC to the HBLB.

At some later date, it appears that revised recommendations were submitted by the BC, proposing that the levy should be imposed on exchanges on the basis of 10% of all the profitable layers' profits, but without any cap, or any means of preventing sabotage or abuse. These recommendations were never shown to our client, and our client was given no opportunity to comment on them to the HBLB.

Our client was informed that the HBLB was meeting on 31 October 2002 in order to decide whether to accept the BC's recommendations. Although our client had included, both in its submissions and in its covering letter dated 15 October 2002, invitations to the HBLB to discuss the position further, our client was never invited by the HBLB nor was it given any opportunity to respond to the revised recommendations of the BC, nor was our client informed of the contents of such recommendations before the Decision was taken. On 1 November the HBLB issued a press release indicating that the BC's recommendations had been accepted. Having sought urgent confirmation of the detail of the recommendations accepted, our client was informed by letter dated 1 November 2002 (sent only by post and received on 5 November 2002) of the recommendations that had been accepted in relation to betting exchanges.

We consider that this procedure was unfair, in that our client was given an inadequate opportunity to comment on the first recommendations of the BC, and was given no notice of, or opportunity to comment on, the revised recommendations that were ultimately accepted by the HBLB. Had our client appreciated that a revised recommendation had been made proposing the aggregated profitable layers basis with no cap, it would have sought to make further detailed submissions explaining why this proposal was arbitrary, discriminatory, unjust and unworkable.

Irrationality of the decision

As we have explained above, the revised recommendation adopted by the HBLB results in our client being exposed to an entirely unacceptable financial risk. Our client's liability is to be calculated on the basis of a highly volatile formula that is unrelated to its profits and open to potential abuse, without the application of any safeguards. This treatment is significantly less favourable than the treatment afforded to the traditional bookmakers who are represented on the BC and, through the BC, on the HBLB. Such bookmakers are to be subject to a levy of 10% of their gross profits (a solution that has been rejected in relation to betting exchanges).

The imposition of this highly disadvantageous formula on our client constitutes unjustified discrimination against betting exchanges by comparison with the treatment afforded to traditional bookmakers, and is irrational. The formula is, in addition, irrational by virtue of its arbitrary and unpredictable impact on our client.

We note that no reasons have been provided for the rejection of the 10% of gross profits approach for betting exchanges, or for failing to include any safeguard or cap to protect our client against volatility and abuse.

Ulterior purpose/irrelevant considerations

The circumstances in which the decision came to be taken strongly suggest that our client and other betting exchanges have been targeted by traditional bookmaking interests represented on the BC, in order that they might obtain a competitive advantage. That inference is strongly supported by the reasoning given by the BC for its original recommendations, and by the fact that the BC's revised recommendations accepted by the HBLB propose that permit holding bookmakers should not themselves be required to declare any profits they make from laying bets through betting exchanges for the purpose of their own liability to pay the levy. By laying bets through betting exchanges, permit holding bookmakers are thus able to pass on to the betting exchanges their own liability to pay the levy.

Further, our client is concerned at the role in the Decision played by the three members of the HBLB appointed by the Jockey Club (effectively the British Horseracing Board Ltd). They also had extraneous reasons for supporting the decision, arising out of the discussions between BHB and our client concerning the licence for use of their database. In the circumstances, it appears that the Decision was taken for collateral reasons outside the ambit of the proper statutory purpose for which the levy is to be determined, alternatively, that irrelevant considerations were taken into account. The decision is accordingly ultra vires and/or unreasonable.

A "draft scheme"

Finally, as noted above, the legislation requires that the recommendations accepted by the HBLB should constitute either a draft scheme or specified amendments to the existing scheme. It is apparent from the extract of the recommendations supplied to our client by the letter dated 1 November 2002 that they are neither. Indeed, that this is so is acknowledged in the letter itself, which invites our client to participate in drafting a new scheme.

We consider that the decision of the HBLB is accordingly ultra vires section 27 of the 1963 Act.

Action the HBLB is expected to take

In these circumstances, we invite the HBLB to consent to the quashing of their decision, and to the matter being referred to the Secretary of State pursuant to section 1 of the 1969 Act.

Information sought

In accordance with the Pre-Action Protocol, we invite the HBLB to provide the following information and documents within 14 days:

1. the full text of all recommendations or proposals (including revised recommendations) made by the BC in relation to the 42nd scheme;

2. the full text of any other submissions made to the HBLB;

3. minutes or notes of any meeting of the HBLB held to consider the 42nd scheme, including the meeting held on 31 October 2002 and notes taken by any person present at any such meeting;

4. full reasons why the revised recommendations of the BC were accepted and, in particular: the reasons why the 10% of gross commission basis was rejected; and why no cap or safeguard was applied.

Details of interested parties

Her Majesty's Secretary of State for Culture, Media and Sport
The BC
The British Horseracing Board Limited
The Totalisator Board
Global Betting Exchange UK Limited trading as betdaq

Our client remains ready and willing to resolve this matter by negotiation.

JEFFREY
GREEN
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26 November 2002

We invite you to reply to this letter within 14 days, failing which we reserve the right to issue a claim for judicial review without further notice.

Yours faithfully

Jeffrey Green Russell

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Your Ref SRH/PMG/15431.00001
Our Ref 2066/4930/30818062
Date 9 December 2002

By fax and by post

Dear Sirs

The Sporting Exchange Limited (trading as Betfair) v Horserace Betting Levy Board: Potential Claim for Judicial Review

We write further to your letter of 26 November 2002.

Our client, the Horserace Betting Levy Board ("the HBLB") rejects entirely the basis of the proposed claim, set out in your letter of 26 November, for Judicial Review of the decision of the HBLB taken on 31 October 2002 ("the Decision") to approve the recommendations ("the Approved Recommendations") of the Bookmakers' Committee ("the BC") as to those terms of the Forty Second Levy Scheme which set out the basis on which the horserace betting levy is to be imposed on betting exchanges with effect from 1 April 2003. Accordingly the HBLB would defend any judicial review claim brought on this basis.

We deal in turn with the four arguments you put forward to support your assertion that the Decision is legally flawed. First, we make some observations in relation to the statutory scheme and outline the sequence of events.

The Statutory Framework

Section 24 (2) of the Betting Gaming and Lotteries Act 1963 ("the 1963 Act") sets out who is to appoint the Chairman and the seven other members of the HBLB. The Chairman and two of the HBLB members are appointed by the Secretary of State for Culture, Media and Sport and the Secretary of State must be satisfied that these members have no interests connected with horse racing which might hinder them from discharging their functions as members of the HBLB in an impartial manner. Three members are appointed by the Jockey Club (incorporating the National Hunt Committee), one member is the chairman of the BC, and one member is the chairman of the Horserace Totalisator Board. In accordance with statute, the HBLB is therefore made up of the following people (including their background):

Mr Robert Hughes, Chairman – Formerly in local government, including 10 years as Chief Executive of Kirklees Metropolitan Council;

Herbert Smith in association with Gleiss Lutz and Stibbe

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Herbert Smith Bangkok Beijing Brussels Hong Kong Jakarta* London Moscow Paris Singapore Tokyo
Gleiss Lutz Berlin Brussels Frankfurt Munich Prague Shanghai Stuttgart Warsaw
Stibbe Amsterdam Brussels London New York
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Sir John Robb, Deputy Chairman – Formerly Chairman of British Energy, Chairman of Wellcome Plc and Chief Executive of Beechams;
Mr Keith Elliott - Expert sports writer contributing form guides, specialising in golf, formerly a lecturer in economics;
Mr Warwick Bartlett, Chairman of the BC – Chairman of the Association of British Bookmakers, consultant on British gaming industry, formerly Chairman of the British Betting Offices Association;
Mr Keith Brown – Chairman of the Racecourse Association, racehorse owner, formerly a Managing Director of a merchant bank;
Mr Peter Jones – Chairman of the Horserace Totalisator Board, formerly Director of an international advertising agency;
Sir Eric Parker – Member of the British Horseracing Board Ltd ("the BHB"), formerly Chairman of the Racehorse Owners Association and Chairman of Trafalgar House Plc
Mr Tristram Ricketts – Secretary General of the BHB, formerly Chief Executive of the HBLB.

It will therefore be seen that between them the members of the HBLB have considerable experience in, and are respected members of, the horse racing industry.

Our client agrees that, under section 26 (1) of the 1963 Act, the BC is to be constituted in such manner as the Secretary of State for Culture Media and Sport may by regulations provide and that the Secretary of State must first consult "with any body appearing to him to be representative of the interests of bookmakers generally". It is our client's view that the current membership of the BC, as provided for in the Horserace Betting Levy (Bookmakers' Committee) Regulations 1999, was decided wholly in accordance with the requirements of section 26 (1) and we note that your client has not made any suggestion that this is not the case. To the extent that your client feels that the BC does not represent the interests of betting exchanges, this is a matter which your client should have taken up with the Secretary of State. Our client is not aware of any attempt by your client, prior to the date of the Decision, to do this.

The Basic Sequence of Events

The factual background to the approval by the HBLB on 31 October 2002 (the statutory deadline) of the BC's revised recommendations (to come into effect on 1 April 2003), Part III (paras 18-21) of which concern the basis of levy on Betting Exchanges, was as follows:

(1) The BC had made its recommendations, as statutorily required, paragraphs 9b(iii) and (iv) of which concerned the levy on Betting Exchanges. The recommendation involved a "dual basis" of levy, made up of:

(a) 10% of gross profit; and

(b) 10% of layers' profits, levied on the layers themselves.

(2) The HBLB decided to consult your client, and send the relevant section of the recommendation (together with relevant supporting text), inviting written representations in addition to a meeting to discuss the matter.

(3) Your client made detailed representations (written and oral), including a detailed written submission and covering letter (15 October 2002) explaining why:

> ***We do not believe there is any merit in this proposal.***

Your client strongly opposed the "dual basis", but set out:

> ***alternatives which we would submit are fair and therefore open to the HBLB ...***

The alternatives put forward, for reasons which were urged, were:

(a) 10% of gross profit; <u>or</u>

(b) 10% of layers' profits, levied on the Betting Exchanges (it being "ultra vires" to levy the layers directly), but with an added "cap".

(4) Following reflection and in the light of your representations, the HBLB adopted revised recommendations (of the same nature and form as your client had been sent on 4 October 2002, but with a new paragraph (iii) replacing the previous paragraphs (iii) and (iv)), which dropped the "dual basis" of levy. What was adopted was:

(b) 10% of layers' profits, levied on the Betting Exchanges, but without the suggested "cap".

<u>Fairness</u>

Section 27(3) of the 1963 Act sets out the procedures which the HBLB must follow when making Levy Schemes. You say that there should have been consultation of your client, given what you describe as underrepresentation on the BC and HBLB (we note that bias is no longer suggested).

The short answer is that there was consultation, and it was not unfair or inadequate.

A meeting was arranged with your client for 9 October 2002. In addition, the HBLB wrote to your client on 4 October 2002 inviting your client to prepare written representations, if it so wished. That letter enclosed the recommendation under consideration, which related to the proposed basis of levy on your client and relevant additional text from the BC's submission on the proposed levy basis.

Your client was able to respond, not only at the meeting on 9 October, but by means of a detailed written submission under cover of a letter of 15 October 2002. Your client had adequate information as to the proposed levy upon Betting Exchanges, and adequate time. Your client also confirmed in its letter that it had previously been made aware "through correspondence with the BHB what possibilities the Committee had in mind". As to information, the letter explained that your client had not been in a position to comment on the BC's "complete submission", and had

not had time to solicit views from others. Your client did not say or suggest that it was hampered in making any representations it wished to, in relation to the levy proposed in relation to those in its constituency. We are not aware of any request for further information, or attempt to make any additional point which time before 15 October 2002 had not permitted, nor any suggestion of a wish to do so. Your client emphasised that there was "sufficient time for the [BC] to amend their recommendation before the 31st October". That, in the event, is precisely what happened.

There was neither need nor duty to conduct a re-consultation in relation to the revised recommendations. Especially in circumstances where: they were in the same form and of the same nature; the substance involved deleting a "duality", on which your client had made representations; it involved levying the betting exchange rather than the layers themselves, on which your client had made representations; it involved deciding against including any "cap", on which your client had made representations. (The point here is reaffirmed as recently as 4th December 2002 in the case of Smith [2002] EWHC 2640.)

Your client was therefore given a fair opportunity to, and did, comment. There is nothing in the allegation of unfairness. We would simply add that your client was given a fair opportunity to comment, and did comment, even though there is nothing in the statute which so requires, and your client does not suggest that there was any promise or practice of consultation more extensive than that accorded to your client.

Rationality

The Decision was rational, lawful and within the proper discretion of the HBLB and did not unjustly discriminate between different categories of bookmaker.

As explained above, under section 27 (2) (b) of the 1963 Act, a levy scheme shall include provision for bookmakers to be divided for the purposes of the levy into different categories. The decision to charge the levy upon different categories (here, betting exchanges, as against more traditional bookmakers) on a different basis is therefore consistent with (indeed envisaged by) the legislation.

Your client now complains that there was something fundamentally irrational or discriminatory about having a special provision for betting exchanges, whereby they were levied at 10% of layers' profits. That is, with respect, impossible to square with your client's own acceptance in its written submissions that it would be "open" to the HBLB to do precisely this, albeit that it was not your client's favoured approach. Your client made clear that it would have accepted, even on the "merits" (and certainly without any intimation of perversity), a special approach based on 10% of layers' profits, provided that there were a "cap". Your letter fails to address how that response would not have been "discriminatory" and, as you now suggest, irrational.

Given that your client itself accepted that it was open to the HBLB to treat betting exchanges differently (with an approach based on 10% of layers' profits) from traditional bookmakers (with the more conventional approach based on 10% of profits), we see neither need nor utility in entering a debate in correspondence as to whether that, in principle, was a distinction which it was open to the HBLB to make.

The sticking point, plainly, is the absence of the "cap". After all, had that been included, your client would have achieved a result for which (albeit as a lesser preferred alternative) it was advocating.

It is, we suggest, quite impossible to characterise as irrational the conclusion reached by the HBLB, having taken your client's representations carefully into account (as, plainly, it did – and accepted many of the points and suggestions made), that it was not persuaded as to the need for the "cap". The HBLB was simply not satisfied, on the basis of the representations urged by your client, that the uncertainties (inherent in this sector) were such as to justify the imposition of the suggested "cap". That was, we suggest, manifestly a matter of regulatory judgment and discretion. Your client's complaint comes to this – that some of its points were accepted (eg. the point as to "dualism" and levying directly on layers); but this one was not. We appreciate your client's disappointment at not having all its suggestions accepted. But there is nothing irrational in the balanced exercise of judgment at which the HBLB arrived.

For the avoidance of doubt, the HBLB does not agree that its approach would subject betting exchanges to an unacceptable risk. It would be for your client to address, for example, to what extent it required to adjust its approach to commission. Nor does the HBLB accept that your client demonstrated risks or consequences of suggested "sabotage", and an ability of self-protection, which would make the suggested "cap" a regulatory, still less a legal, necessity.

We also mention that we are aware that Customs & Excise has adopted a very similar basis to that in the Forty Second Levy Scheme when levying Gross Profits Tax on betting. This tax is levied on the basis that the betting exchange operators must put themselves in place of the customer of the exchange who accepts a bet and calculate their duty liability accordingly. As your client itself stated in the paper attached to its letter of 15 October in section 5.2, "C&E insisted upon this basis in order to ensure consistency in the application of general betting duty across all bookmakers". Whilst Customs & Excise use the aggregated layers' profits basis and the Forty Second Levy Scheme will be based on an individual successful layer's profits basis, the HBLB approved this basis since, as your client admitted in its paper of 15 October, the aggregated layers' profits basis tends to zero over the course of one year. The HBLB has therefore used an approach which is similar to that used by Customs & Excise in order to ensure that the levy collected is based upon the annual profits earned by individual successful layers using the exchange.

Proper Considerations

Your letter relies on the statutory purposes for which monetary contributions are needed and used (section 24(1)), and asserts that the levy has been set as a tool to adjust competitive balance. We will not repeat the points already made above, as to whether it was open to the HBLB to adopt a different levying approach for the category of betting exchanges than for other traditional bookmakers. If that was rational, we find it difficult to see how it could at the same time be improper in its purpose.

In any event, the argument starts in the wrong place. We accept that the fund for which levying takes place is needed and to be used for the statutory purposes described in section 24(1). But that leaves the question of how the fund is to be raised, and how the relative contributions from the different constituencies are to be approached. That will necessarily engage the HBLB in considering the relative position of those different groups, and considerations of comparability and fairness as between them. Indeed, those are the very types of consideration on which your client's own submissions were based.

The context, moreover, was one which involved the impact on one category of bookmakers, and so on the levy and levy fund, of a new and different category of bookmakers and the appropriate degree of levy in fairness to all and in the interests of the fund as a whole. In the submission which your client was sent on 4th October 2002, the point was well made: the "effect of diverting money through the betting exchanges is to reduce the amount of revenue which that money would otherwise have generated for the levy or for racing". Your client's submissions, in response to that material, questioned the evidential basis for what was being said (a point which, we note, is not now pursued). But your client did not suggest any improper purpose in the proposed approach, including a levy based on 10% of layers' profits, which it went on to put as an alternative "open" to the HBLB.

Vires: Section 27

The Approved Recommendations were in a form which provided comments on how the Forty First Levy Scheme should be amended. This was entirely sufficient to comply with section 27 of the 1963 Act which simply requires that amendments be "specified", not that there be precise draft wording. The amendments were set out in the Approved Recommendations and as such the HBLB was able to draft the Forty Second Levy Scheme incorporating the amendments specified by the BC.

We note that the nature and form of the recommendation did not materially change between that on which your client made detailed representations, and that (revised version) eventually approved. Not only does the Scheme reflect both the text and substance of the recommendations, but your client was not in any way hampered by any lack of clarity, so as to being able to respond to the proposal. Indeed, although your client's representations did make a "vires" point (as to levying directly on layers), no "vires" point (or indeed any point) was raised as to the form of the recommendation. That was the perfect opportunity to make any point about form.

The invitation in the letter of 1 November 2002 from the HBLB was intended to provide your client with an opportunity to be involved with preparing the final version of the scheme and was not intended to imply that the amendments proposed by the Approved Recommendations were in some sense incomplete or subject to variation.

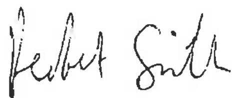
Further Action

The HBLB will accordingly not consent to the quashing of the Decision and no reference will be made to the Secretary of State. Nor does the HBLB accede to your invitation to provide further documentation. Your client has been able to outline why it says there are grounds for judicial

review, and we have been able to respond. We do not accept that there is either any demonstrable need nor justification for voluntary pre-action disclosure.

In the circumstances whilst our client is very happy to discuss further with your client the concerns that have been raised our client is not willing to consent to the Forty Second Levy Scheme being quashed. Your client knows that its representations were taken seriously and the proposed scheme modified favourably. It knows that the Scheme is currently being printed and that the basis of levy throughout the industry has been set for the year beginning in April. We trust that your client will give this matter, and the intimation of legal proceedings, mature reflection, knowing that any claim for judicial review will be vigorously resisted.

Yours faithfully



cc: Clive Hawkswood, Licensing and Racing Department, Department for Culture, Media and Sport (by post)
Mr Warwick Bartlett, Chairman and Mr Patrick Nixon, Secretary, the BC (by post)
Mr Peter Savill, Chairman, the BHB (by post)
Mr Peter Jones, Chairman, the Horserace Totalisator Board (by post)
Mr Robert Hartnett, Global Betting Exchange UK Limited (trading as betdaq) (by post)