REGULATION 22

RACE BOOKS AND SPORTS POOLS

PROPOSED AMENDMENT TO REGULATION 22

PURPOSE: To clearly allow for sports and non-parimutuel race account wagering through call centers by: providing for definitions of "call center system," "operator of a call center," and "wagering instructions," by requiring an operator of a call center to be found suitable, by requiring a manager or supervisor of an operator of a call center to register with the board, by providing that certain employees of an operator of a call center are gaming employees, by making provisions for a call center's communications technology, by providing that a call center system is associated equipment, by providing that a book receiving wagering instructions from a call center system shall comply with the requirements of Regulation 14.290, by providing that an operator of a call center shall not accept wagering instructions unless the transmission of a wager is initiated from within Nevada, and by providing a new section that specifies procedures for the use of an operator of a call center. Further, to modify the definition of "post time;" to change the threshold dollar amount pertaining to multiple wagers and documentation requirements; to change the threshold dollar amount pertaining to the reporting of suspicious wagers; to delete Regulation 22.135; and to take such additional action as may be necessary and proper to effectuate these stated purposes.

(Draft Date: 05/28/08)

22.010 Definitions. As used in this regulation:

1. "Account wagering system" means a system of wagering using telephone, computer or other method of wagering communication as approved by the chairman whose components shall be located in this State. The components shall include, but not be limited to, the systems operator, permanent information databases, system monitoring equipment, writers, and patron service representatives.

2. "Book" means a race book or sports pool licensed and approved pursuant to chapter 463 of NRS and this regulation.

3. "Call center system" means a computerized system, or a component of such a system, that is used to receive and transmit wagering instructions from a patron to a licensed book. The call center system is located within Nevada but off the premises of a licensed gaming establishment or any affiliated licensed gaming establishment.

~~3~~ 4. "Cash" means coin and currency that circulates, and is customarily used and accepted as money, in the issuing nation.

~~4~~ 5. "Central site book" means a book which, for the purpose of wagering communications, may allow other licensed books to establish wagering or credit

accounts, accept deposits on accounts and return funds or close out accounts for the central site. Such other licensed books:

(a) Must be outstation or satellite books of the central site, as defined in this regulation, or must be affiliates of the central site, as defined in NRS 463.430(3)(b); and

(b) Must have on-line, real-time access to the appropriate functions of the central site's computerized bookmaking system.

~~5~~ 6. "Chairman" means the chairman of the state gaming control board or the chairman's designee.

~~6~~ 7. "Communications technology" means the methods used and the components employed to facilitate the transmission of information including, but not limited to, transmission and reception systems based on wire, cable, radio, microwave, light, optics, or computer data networks. The term does not include the Internet.

~~7~~ 8. "Group I licensee" means a Group I licensee as that term is defined in Regulation 6.010.

~~8~~ 9. "Group II licensee" means a Group II licensee as that term is defined in Regulation 6.010.

~~9~~ 10. "Internet" means the international computer network of both Federal and non-Federal interoperable packet switched data networks.

~~10~~ 11. "Key employee" means an employee in any of the classes described in subsection 1 of Nevada gaming commission Regulation 3.100, other than an employee meeting only the description in paragraph (e) of that subsection.

~~11~~ 12. "Messenger bettor" means a person who places a race book or sports pool wager for the benefit of another for compensation.

~~12~~ 13. "Nonpari-mutuel wager" means a race book or sports pool wager other than one offered to be included in a common pari-mutuel pool.

14. "Operator of a call center" means a person who, as an agent of a licensed Nevada book, engages in the business of operating a call center system as a means of providing patron services to assist a patron located in this state to convey wagering instructions to one or more licensed Nevada books. An operator of a call center does not accept wagers. A licensed Nevada book operating a call center on the premises of their gaming establishment or any affiliated licensed gaming establishment, with participation limited to affiliated licensed gaming establishments, is not an operator of a call center.

~~13~~ 15. "Outstation book" means a book, other than a satellite book, that shares the computerized bookmaking system and certain management or administrative functions of a book operated by an affiliated licensee, as defined in NRS 463.430(3)(b).

~~14~~ 16. "Post time" means, unless an earlier time is required by regulation in the state where the race is run:

(a) For users of live broadcasts and for buyers of audible announcements of post time from disseminators of live broadcasts, the later of either the time when the disseminator transmits an audible announcement of the post time, or when the race is started by, as applicable, the opening of the gates and/or box, the

starting gate car begins to close its arms, or such other method used by the track and administratively approved by the chairman.

(b) For races broadcast live on a national television network for which an agreement has been reached with a disseminator to provide an audible announcement of post time, that time when the disseminator relying upon information obtained independently of the television broadcast, transmits an audible announcement of post time which must be no later than when the race is started by, as applicable, the opening of the gates and/or box, the starting gate car begins to close its arms, or such other method used by the track and administratively approved by the chairman.

(c) For licensed race books that, pursuant to an agreement with a licensed systems operator, use a computerized bookmaking system that allows the systems operator to close wagering via electronic remote access, that time when the race is started by, as applicable, the opening of the gates and/or box, the starting gate car begins to close its arms, or such other method used by the track and administratively approved by the chairman, as determined by the systems operator through information the systems operator independently receives from a disseminator.

(d) Except as provided in paragraphs (a), (b) and (c) of this subsection ~~14~~ 16, ~~for races provided by means other than a live broadcast and for races broadcast live on a national television network for which no agreement has been made with a disseminator to provide an audible announcement of post time~~, not later than 2 minutes before the scheduled post time as announced by the disseminator.

~~15~~ 17. "Race book" means a business that accepts wagers on horse or other animal races.

~~16~~ 18. "Satellite book" means a book that has been licensed pursuant to the provisions of NRS 463.245(3).

~~17~~ 19. "Secure personal identification" means an encoded alpha-numeric character code or any other method of identifying the patron as approved by the chairman through which the book may verify a wager or account transaction was authorized by the patron.

~~18~~ 20. "Sports pool" means a business that accepts wagers on sporting events or other events, other than horse or other animal races. The term includes, but is not limited to, a business that accepts sports parlay card wagers as defined in Regulation 22.090.

~~19~~ 21. "Wagering account" means an electronic ledger wherein the following types of transactions relative to sports and nonpari-mutuel race wagers are recorded:

(a) Deposits;

(b) Withdrawals;

(c) Amounts wagered;

(d) Amounts paid on winning wagers;

(e) Amounts paid for horse racing-related services or merchandise;

(f) Service or other transaction-related charges authorized by the patron; and

(g) Adjustments to the account.

~~20~~ 22. "Wagering communication" means the transmission of a wager between a point of origin and a point of reception by aid of a communications technology.
23. "Wagering instructions" means the instructions given to an operator of a call center by a patron who maintains a wagering account at a book to effect a wagering communication to the book.

22.032 Finding of suitability required to operate a call center; applications.

1. A person shall not function as the operator of a call center unless the person has been found suitable pursuant to chapters 463 and 464 of the Nevada Revised Statutes to operate a call center under this regulation or Regulation 26C.
2. Applications for a finding of suitability to function as the operator of a call center must be made, processed, and determined using such forms as the chairman may require or approve.

22.035 Registration of employees.

1. Any individual who fulfills the function of race book or sports pool manager, race book or sports pool supervisor, manager or supervisor for an operator of a call center or who determines race book or sports pool betting odds, point spreads or betting lines must register with the board. Such registration must be made on a form provided by the chairman and shall include the individual's:
(a) Full legal name and any aliases, nicknames, maiden name and any other change, legal or otherwise;
(b) Social security number and current driver's license number;
(c) Date and place of birth;
(d) History of residence for the past 5 years;
(e) History of employment for the past 10 years;
(f) Complete history of arrests, detentions, or litigations including any which have been sealed or expunged by court order;
(g) Consent to a full licensing investigation, subject to the provisions of subsection 3, by the board and commission; and
(h) Such other information as required by the chairman.
2. Licensed key employees or key employees in applicant status are not required to register pursuant to this section.
3. Individuals required to register must file within 30 days of assuming such duties.
4. After reviewing the registration forms, the chairman may request that the individual file a completed application form. Individuals who object to the request for submission of a completed application form and commencement of a full licensing investigation by the board may appeal the administrative decision to the full board and commission in a manner similar to that outlined in Regulations 4.185 through 4.195.
5. The requirements of this section do not apply to satellite books.

22.037 Employees of an operator of a call center. Any employee of an operator of a call center who fulfills the function of receiving and transmitting wagering instructions and any employee supervising this function is a gaming employee and subject to the provisions of NRS 463.335 and 463.337.

22.062 Multiple wagers.

1. A book and its employees and agents shall not knowingly allow, and each book shall take reasonable steps to prevent, the circumvention of Regulation 22.061 by multiple wagers within its designated 24-hour period with a patron or a patron's agent or by the use of a series of wagers that are designed to accomplish indirectly that which could not be accomplished directly. As part of a book's efforts to prevent such circumventions relative to Regulation 22.061 a book shall establish and implement wagering multiple transaction logs.

2. Each book shall record in a wagering multiple transaction log all nonpari-mutuel wagers in excess of ~~$3,000~~ $5,000, or in smaller amounts that aggregate in excess of ~~$3,000~~ $5,000, when any single officer, employee, or agent of the book has actual knowledge of the wagers or would in the ordinary course of business have reason to know of the wagers between the book and a patron or a person who the book knows or has reason to know is the patron's confederate or agent. This record shall be made for nonpari-mutuel wagers occurring during a designated 24-hour period, within a monitoring area.

3. Each log entry in a wagering multiple transaction log shall be made by the employee accepting or approving the wager, immediately after accepting the wager, and shall include at a minimum:

(a) Description of the patron (or agent), which may include such identifiers as age, sex, race, eye color, hair, weight, height and attire, if the person is present when the wager is accepted;

(b) Patron's name and agent's name, if known;

(c) Window number or other identification of the location where the wager occurred;

(d) Time and date of the wager;

(e) Dollar amount of the wager; and

(f) Signature of person accepting or approving the wager.

One log shall be maintained for each monitoring area, for each designated 24-hour period. A log is completed for each 24-hour period regardless of whether any nonpari-mutuel wagers occurred. At the conclusion of each designated 24-hour period, the last entry on the log shall be an indication that the end of the designated 24-hour period has occurred. A book shall not implement alternative procedures or records to comply with this subsection without the written approval of the chairman.

4. Each book shall aggregate all nonpari-mutuel wagers in excess of ~~$3,000~~ $5,000, or smaller amounts when any single officer, employee, or agent of the book has actual knowledge of the wagers or would in the ordinary course of business have reason to know of the wagers between the book and a patron or a

person who the book knows or has reason to know is the patron's confederate or agent during a designated 24-hour period within a monitoring area.

5. Before completing a wager that, when aggregated with other wagers pursuant to subsection 4, will aggregate to an amount that will exceed $10,000, the book shall complete the identification and recordkeeping requirements described in subsection 1 of Regulation 22.061. When aggregated wagers exceed $10,000, the book shall complete the recording and reporting requirements of Regulation 22.061.

6. If a patron places a wager that pursuant to subsection 4 is to be aggregated with previous wagers for which a record has been completed pursuant to this section or Regulation 22.061, the book shall complete the identification, recordation and reporting procedures described in Regulation 22.061 for any additional wager regardless of amount occurring during a designated 24-hour period.

7. As used in this section:

(a) "Designated 24-hour period" means the 24-hour period ending at midnight each day unless otherwise approved by the chairman.

(b) "Monitoring area" means all race book and sports pool writing locations unless otherwise approved by the chairman.

22.121 Reports of suspicious wagers.

1. As used in this section, "suspicious wager" means a wager which a sports pool licensee knows or in the judgment of it or its directors, officers, employees and agents has reason to suspect is being attempted or was placed:

(a) In violation of or as part of a plan to violate or evade any federal, state or local law or regulation prohibiting wagering on any amateur non collegiate or collegiate sport or athletic event;

(b) In violation of or as part of a plan to violate or evade any federal, state or local law or regulation prohibiting wagering by, or on behalf of, a coach or participant in a collegiate sport or athletic event; or

(c) Has no business or apparent lawful purpose or is not the sort of wager which the particular patron would normally be expected to place, and the sports pool licensee knows of no reasonable explanation for the wager after examining the available facts, including the background of the wager.

2. A sports pool licensee:

(a) Shall file with the board, by using a form developed by the board, a report of any suspicious wager, if it involves or aggregates to more than ~~$3,000~~ $5,000, in funds or other assets; and

(b) May file a report of any suspicious wager, regardless of the amount if the licensee believes it is relevant to the possible violation of any law or regulation.

3. The report in subsection 2(a) shall be filed no later than 7 calendar days after the initial detection by the licensee of facts that may constitute a basis for filing such a report. If no suspect was identified on the date of the detection of the incident requiring the filing, a licensee may delay filing a report for an additional 7 calendar days to identify a suspect. In no case shall reporting be delayed more than 14 calendar days after the date of initial detection of a

reportable transaction. In situations involving violations that require immediate attention, the licensee shall immediately notify, by telephone, the board in addition to timely filing a report.

4. A licensee shall maintain a copy of any report filed and the original or business record equivalent of any supporting documentation for a period of five years from the date of filing the report. Supporting documentation shall be identified, and maintained by the licensee as such, and shall be deemed to have been filed with the report. A licensee shall make all supporting documentation available to the board and any appropriate law enforcement agencies upon request.

5. A licensee and its directors, officers, employees, or agents who file a report pursuant to this regulation shall not notify any person involved in the transaction that the transaction has been reported. Any report filed with the board is confidential under NRS 463.120 and is privileged under NRS 463.3407 and may be disclosed only by the board and the commission in the necessary administration of their duties and responsibilities under the Nevada Gaming Control Act. Any report, whether written or oral, is absolutely privileged under NRS 463.3407 and does not impose liability for defamation or constitute a ground for recovery in any civil action.

6. For purposes of this regulation, "collegiate sport or athletic event" means a sport or athletic event offered or sponsored by or played in connection with a public or private institution that offers educational services beyond the secondary level.

22.130 Communications technology.

1. Before installing or permitting the installation of any communications technology on the premises of a book or a call center, the book or the call center shall notify the chairman in writing of the location and number or other identifier of each communications technology and shall obtain the written approval of the chairman for each communications technology. The chairman may condition the approval in any manner the chairman considers appropriate.

2. Before a book accepts ~~accepting~~ any wagering communications, and before a call center accepts any wagering instructions, the book and the call center must obtain the written approval of the chairman to accept such wagering communications and wagering instructions, and thereafter use only the communications technology approved for that purpose. The book or the call center must obtain written permission from the chairman by March 1st of each calendar year to continue using the communications technology.

3. As a condition to the granting of the privilege of having communications technology upon the licensed premises, the book and the call center shall be deemed to have consented to the authority of the chairman to require the immediate removal of any communications technology from the licensed premises at any time without prior notice of hearing. After any such removal, the book or the call center may request a hearing before the board as to whether or not circumstances may warrant the permanent revocation of the privilege of having communications technology upon the premises.

4. Upon the request of either the board or commission, a book or a call center shall provide a written consent for the board or commission to examine and copy the records of any telephone, telegraph, or other communications company or utility that pertain to the operation of the book or the call center.

5. A call center system is associated equipment requiring approval pursuant to Regulation 14.260.

6. A book receiving wagering instructions from a call center system shall comply with the requirements of Regulation 14.290 prior to the use of this system.

~~**22.135 Use of communications devices prohibited.** Except for the use of a mobile communications device used as part of a mobile gaming system, a book shall not allow a person to use a communications device within the premises of the book. The premises of the book shall be considered any area where race book or sports pool wagers are accepted. A person who is found to be using a communications device within a book's premises must be advised to immediately discontinue use of the device or be escorted off those premises. Communications devices include, but are not limited to, paging devices, cellular telephones, radios and computers that are being used to transmit or receive information.~~

22.140 Wagering communications; establishing patron wagering accounts for sports and nonpari-mutuel race wagering.

1. A book may only accept a sports wager or nonpari-mutuel race wager made in person unless the transmission of a wager is initiated from within the State of Nevada. Each book must conspicuously display signs to that effect on its premises.

2. An operator of a call center shall not accept wagering instructions for sports wagers or nonpari-mutuel race wagers unless the transmission of the wagering instructions is initiated from within the State of Nevada.

~~2.~~3. A book may only accept a pari-mutuel horse race wager made in person unless a pari-mutuel horse race account wager is accepted pursuant to the provisions of Regulation 26C. Each book must conspicuously display signs to that effect on its premises.

~~3.~~4. Each Group I licensee that accepts wagering communications shall establish and implement pursuant to Regulation 6 a system of internal control for such transactions, and comply with both its system of internal control and the Regulation 6.090 minimum internal control standards. Each Group II licensee that accepts wagering communications shall comply with the Regulation 6.100 internal control procedures.

~~4.~~5. Each book shall prepare a written description of its rules and procedures for wagering communications, and shall furnish a copy to each patron for whom a wagering account is established.

~~5.~~6. Each book shall issue each patron a secure personal identification reasonably designed to prevent the acceptance of wagers from persons other than the patrons for whom wagering accounts are established. More than one

patron may be assigned to a single wagering account; however, each patron assigned to an account must comply with the provisions of subsections ~~6 and~~ 7 and 8.

~~6.~~7. Before a book accepts a wagering communication, or a call center accepts a wagering instruction, on any sporting event or on any nonpari-mutuel race wager:

(a) The patron must personally appear at the premises of the book or, for central site books, at an outstation, satellite or affiliated book, to open a wagering account;

(b) An employee of the book must examine, in the patron's presence, the patron's:

(1) Driver's license;

(2) Passport;

(3) Non-resident alien identification card;

(4) Other reliable government issue identification credential; or

(5) Other picture identification credential normally acceptable as a means of identification when cashing checks;

(c) The employee must record:

(1) The patron's name, permanent home address (other than a post office box number), and home telephone number;

(2) The patron's mailing address and, if the mailing address is not a post office box number and is a residence or place of business of the patron, the telephone number of the resident or place of business;

(3) The patron's date of birth, gender, a description and number of the identity credential examined, and social security number, for United States residents only;

(4) The method used to verify the patron's identity and residence, and a description, including the document number, of the identity credential examined;

(5) The patron's approved credit limit or the amount of the patron's initial wagering account or front money deposit;

(6) The patron's account number with the book; and

(7) The date the patron's account with the book is opened;

(d) The patron must sign, in the presence of a supervising employee of the book, statements attesting that the patron:

(1) Confirms the accuracy of the information recorded;

(2) Has received a copy of the book's rules and procedures for wagering communications;

(3) Has been informed and understands that patrons that establish a wagering account pursuant to this subsection ~~6~~ 7 are prohibited by law from placing wagering communications from outside Nevada and that the book is prohibited by law from accepting them;

(4) Has been informed and understands that, with regard to pari-mutuel horse race wagers, a race book may only accept off-track pari-mutuel horse race account wagers pursuant to the provisions of Regulation 26C;

(5) Has read, understands, and is bound by the provisions of subsection ~~7~~8; and

(6) Consents to the monitoring and recording by the board of any wagering communications; and

(e) The employee who verifies the patron's identity and residence and who obtains and records the information on behalf of the book and the supervising employee described in subparagraph (d), must each sign statements that they witnessed the patron's signature and confirmed the patron's identity and residence.

~~7.~~8. If a patron is not a resident of Nevada, the book shall accept wagers on the patron's wagering account only during the 96 hours after the account is opened, unless:

(a) The patron places account wagers in person at the licensed Nevada gaming establishment in which the wagering account was established;

(b) The patron places account wagers in person at another licensed Nevada gaming establishment through the use of communications technology specifically approved for such use; or

(c) The patron renews the account. Patrons may renew accounts for one and only one additional 96-hour period by appearing personally at the premises of the book prior to the expiration of the initial 96-hour period and signing a renewal form. Two employees of the book, at least one of whom must be a supervising employee, shall witness the patron's signature on the renewal form and each shall attest thereto by signing the renewal form. When the renewal period expires, the book shall accept no further wagering communications from the patron until the patron again complies with the provisions of subparagraphs (a), (b), and (e) of subsection ~~6~~ 7. Additionally, a book shall not accept a wager on such an account if the patron is not physically located within Nevada's borders.

~~8.~~9. For each wagering account established for the purpose of accepting wagering communications, the book shall record the secure personal identification assigned to the patron and the date/time and amount of each:

(a) Deposit;

(b) Withdrawal;

(c) Wager placed and accepted including the wagering transaction number;

(d) Payout on winning wager;

(e) Charge for horse racing-related services or merchandise;

(f) Service or other transaction-related charge authorized by the patron; and

(g) Adjustment to the account.

~~9.~~10. In addition to the posting of the wager in the computerized bookmaking system, all wagering communications shall be electronically recorded and retained for a period of 60 days. The method of recording the wager must be approved by the chairman. Such recordings must be made immediately available to any board agent upon request.

~~10.~~11. All wagering account applications or amendments thereto for active accounts must be retained by the book. All wagering account applications or amendments thereto for rejected applications shall be retained by the book for no less than one year following the rejection of the related application. All wagering account applications or amendments thereto for closed accounts shall be

retained by the book for no less than one year following the closure of the related wagering account.

22.165 Use of an operator of a call center.

1. A licensed Nevada ~~race~~ book ~~or sports pool~~ shall not utilize an operator of a call center unless the operator of the call center has been found suitable by the commission.

2. The call center system, or a component of such a system, will record patron instructions received and transmitted to a licensed Nevada ~~race~~ book ~~or sports pool~~ and the date/time instructions are received from a patron for:

(a) Sports wagers and nonpari-mutuel horse race wagers to be placed; and

(b) Any other wagering instructions as may be approved by the chairman.

3. The operator of a call center performs such patron services as:

(a) Receiving sports and nonpari-mutuel horse race wagering instructions from a patron.

(b) Providing help desk responses to patrons and the general public concerning sports wagers and nonpari-mutuel horse race wagers at a licensed Nevada race book or sports pool; and

(c) Such other patron services as may be approved by the chairman.

4. In addition to the posting of the wager at a licensed Nevada race book or sports pool, all wagering instructions shall be electronically recorded and retained for a period of 60 days. The method of recording the wagering instructions must be approved by the chairman. Such recordings must be made immediately available to any board agent upon request.

5. The operator of a call center shall allow the members of the commission, the board, their agents and employees to immediately inspect and examine the premises and immediately inspect, examine, photocopy, and examine all papers, books, and records, on the premises, or elsewhere as practicable.

6. The operator of a call center shall only use communications technology approved pursuant to Regulation 22.130.

7. The operator of a call center shall operate in compliance with all applicable provisions of this regulation that may apply to it or the licensed Nevada race book or sports pool using its services.

8. The licensed Nevada book shall maintain responsibility for any operator of a call center, used by the book, to operate in compliance with all state and federal laws and regulations, as applicable.

9. Violation of any applicable law or regulation by an operator of a call center constitutes reasonable cause for disciplinary action.

End – Regulation 22