REGULATION 26C

OFF–TRACK PARI–MUTUEL HORSE RACE ACCOUNT WAGERING

PROPOSED AMENDMENTS TO REGULATION 26C.140

PURPOSE: To make changes to Regulation 26C consistent with the corresponding changes to Regulation 22 pertaining to call centers; specifically to provide for a definition of "wagering instructions" and use the term consistently throughout Regulation 26C; to require the approval of the chairman for the installation of a communication technology in a call center; and to take such additional action as may be necessary and proper to effectuate these stated purposes.

(Draft Date: 05/28/08)

26C.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" or "race book" means a pari-mutuel horse race book licensed and approved pursuant to chapters 463 and 464 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 pari-mutuel horse race wagering ~~account~~ instructions from a patron to a person licensed to accept off-track pari-mutuel horse race wagers. The call center system is located within Nevada but off the premises of a licensed gaming establishment or any affiliated licensed gaming establishment.

4. "Central site book" means a book which, for the purpose of wagering communications, may allow other licensed affiliated 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 off-track pari-mutuel race system.

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

6. "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. "Group I licensee" means a Group I licensee as that term is defined in Regulation 6.010.

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

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

10. "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. "Messenger bettor" means a person who places a wager for the benefit of another for compensation.

12. "Operator of a call center" means a person who, as an agent of a licensed Nevada pari-mutuel race book, engages in the business of operating a call center system as a means of providing patron services to assist a patron located in a state or foreign jurisdiction where such wagering is legal, to convey pari-mutuel horse race wagering instructions to one or more licensed Nevada pari-mutuel race books. A Nevada pari-mutuel race 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. "Outstation book" means a book, other than a satellite book, that shares the off-track pari-mutuel race system and certain management or administrative functions of a book operated by an affiliated licensee, as defined in NRS 463.430(3)(b).

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

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

16. "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.

17. "Wagering account" means an electronic ledger wherein the following types of transactions relative to pari-mutuel horse 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.

18. "Wagering communication" means the transmission of a wager between a point of origin and a point of reception by aid of a communications technology.

19. "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.

26C.045 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 ~~account~~ instructions and any employee supervising this function is a gaming employee and subject to the provisions of NRS 463.335 and 463.337.

26C.140 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 ~~account~~ instructions from a call center system shall comply with the requirements of Regulation 14.290 prior to the use of this system.

7. Nothing herein prohibits the use of the Internet for the purposes of establishing wagering accounts or transacting wagering account deposits and withdrawals.

26C.150 Use of an operator of a call center.

1. A licensed Nevada pari-mutuel race book 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 pari-mutuel race book and the date/time instructions are received from a patron for:

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

(b) Any other pari-mutuel horse race wagering ~~account~~ instructions as may be approved by the chairman.

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

(a) Receiving pari-mutuel horse race wagering instructions from a patron and performing procedures to provide reasonable assurance that the patron is located within the borders of a state or foreign jurisdiction in which pari-mutuel horse race wagering is legal, and that the state or foreign jurisdiction does not otherwise restrict wagering on accounts located outside its borders prior to accepting a wagering communication. Reasonable assurance of patron location includes, but is not limited to, an inquiry process through electronic or voice-only means in which patrons affirm their physical location at the time of each wagering communication. A recording of the inquiry process with the patron shall be retained for a period of 60 days;

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

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

4. In addition to the posting of the wager in the off-track pari-mutuel race system by the Nevada pari-mutuel race book, all wagering ~~communications~~ instructions shall be electronically recorded and retained for a period of 60 days. The method of recording the ~~wager~~ 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 operate in compliance with all applicable provisions of this regulation.

7. The licensed Nevada pari-mutuel race 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.

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