

## REGULATION 26

### PARI-MUTUEL WAGERING

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#### GENERAL

**26.010 Policy.** It is the policy of the commission and board that pari-mutuel betting on sporting events is materially different from other types of gaming and that the public health, safety, morals, good order and general welfare of the inhabitants of the State of Nevada require stringent regulation of pari-mutuel wagering conducted in conjunction with sporting events; accordingly, pursuant to NRS 464.020(2), licensees operating pari-mutuel wagering facilities on sporting events and races, except horse and dog racing, are required to comply with the following regulation in addition to any regulation applicable to gaming licenses in general.

(Adopted: 3/75.)

**26.020 Scope.** Regulation 26 shall govern all pari-mutuel wagering for which a license has been granted by the Nevada gaming commission under chapter 464 of the Nevada Revised Statutes. The provisions of chapter 463 of Nevada Revised Statutes and the regulations promulgated thereunder shall apply when not in conflict with Regulation 26.

(Adopted: 3/75.)

**26.030 Definitions.** The following definitions shall apply throughout this regulation, and where not inconsistent elsewhere, shall apply to all other regulations of the Nevada gaming commission.

1. Breakage: Odd cents over a multiple of 10 cents arising from the computation of odds and payouts.
2. Commission: An amount retained and not distributed by the licensee from the total sums wagered on an event. The term does not include breakage.
3. Daily double: A wager requiring the selection of the winners of two separate program events designated by the licensee as a daily double.
4. Entry: Two (2) or more entrants competing in a given event and coupled because of common ties.
5. Exacta: The selection, in order of finishing, of the entrants finishing first and second in a given event.
6. Field: All the entrants in an event whose assigned numerical designation exceeds one less than the numbering capacity of the post positions on the tote board.
7. Gross pool: The total amount of money wagered on the outcome of a particular event without any deduction therefrom.
8. Handle: Gross amount of money risked in pari-mutuel wagering.
9. Licensee: As used herein, a person to whom a pari-mutuel wagering license has been issued by the Nevada gaming commission.
10. Net pool: Gross pool less commission deducted.
11. Pari-mutuel: A system of wagering on a race or sporting event whereby the winners divide the total amount bet, after deducting commission, fees, and taxes, in proportion to the amount individually wagered.
12. Profits: Net pool less the gross amount wagered upon a given entrant in a particular instance.
13. Quinella: The selection of the entrants finishing first and second in any order in any given event.
14. Entrant: A participant in a race, sporting event or contest upon which a wager may be placed as to the participants' finishing position in the event.
15. Event: An individual race, game or contest wherein pari-mutuel wagering is conducted upon the competing entrants.
16. Win, place, show: Refers to the entrants respectively placing first, second and third in the outcome of an event; also refers to the respective wagers or pools.

(Adopted: 3/75.)

**26.040 Licensing.**

1. A nonrestricted gaming license under the authority of chapter 463, and a pari-mutuel license under the authority of chapter 464 of the Nevada Revised Statutes, and any other applicable state license or permit shall first be required to conduct pari-mutuel wagering. The pari-mutuel license shall be applied for and issued in the same manner as a non-restricted gaming license.

2. A pari-mutuel license shall be issued only on events conducted, owned, operated and controlled by the licensee unless waived by the Nevada gaming commission. Each sporting event shall be deemed a separate operation requiring a separate license which shall issue only on events operated in accordance with the rules and regulations of the Nevada gaming commission and the state gaming control board.

(Adopted: 3/75.)

**26.050 Facilities and location.** Unless otherwise permitted, no other form of gaming shall be conducted in an area containing pari-mutuel betting; such area shall be within a well-defined enclosure to which no direct ingress or egress may be made to or from a contiguous area containing other forms of gaming; however, pari-mutuel wagering may be held in the same building where other gaming is permitted.

(Adopted: 3/75.)

**26.060 Commissions and taxes.**

1. The licensee shall be entitled to deduct from a gross pool a commission not to exceed 13 percent of the pool.

2. From the commission deducted, the licensee shall pay to the Nevada gaming commission a tax equal to 2 percent of the sum of all pari-mutuel wagers. The tax due shall not be reduced by minus pools of otherwise.

3. The above tax as imposed by NRS 464.040(2) shall be paid quarterly on or before the last day of the first month of the next succeeding calendar quarter and accompanied with a report of all taxable receipts for the quarter.

(Adopted: 3/75.)

#### **26.070 Accounting.**

1. Each licensee shall prepare and maintain in a manner suitable to the board, complete and accurate accounting records, information and data which shall be generated by an approved computer system and which reflects the following on a daily basis for each event upon which pari-mutuel wagering was held:

- (a) Gross amount wagered on each event;
- (b) Gross and net amounts of each pool;
- (c) Commissions deducted;
- (d) Tax and breakage on each pool;
- (e) Number and value of tickets sold on each pool;
- (f) Final odds;
- (g) Payoff prices; and
- (h) The amount paid on all winning pari-mutuel tickets.

2. A daily reconciliation of all cash received and paid on each pool of each event shall be recorded along with the cash count of the money room.

3. The applicable provisions of Regulation 6 shall apply.

(Adopted: 3/85.)

### **MANAGEMENT OF PARI-MUTUEL**

#### **26.080 Operation of pari-mutuel facilities.**

1. The pari-mutuel operation shall be conducted by the licensee under the control and supervision of a mutuel manager who, along with all ticket sellers, cashiers, and money counters, shall be an employee of the licensee.

2. Should any portion of the mutuel operation be subcontracted to any person or entity other than the licensee, such arrangement shall first be approved by the board which may require such person or entity or their employees to be licensed.

3. All bettor or spectator complaints must be registered at an information window; a written report as to the substance and disposition of the complaint shall be made, and copy thereof delivered to the board as soon as reasonably practicable.

(Adopted: 3/75.)

#### **26.090 Mutuel manager.**

1. The general operation of the pari-mutuel shall be directed by a mutuel manager who shall have extensive experience in the operation of pari-mutuel wagering.

2. Total responsibility shall rest with the mutuel manager for:

- (a) The entire operation of pari-mutuel wagering in accordance with this regulation;
- (b) The correct computation of pools, odds, breakage, payouts, commissions, and taxes; and
- (c) The conduct of all persons directly or indirectly employed in the mutuel department.

3. Any emergency arising from the operation of the pari-mutuel, not covered by this regulation and requiring immediate action, shall be handled by the mutuel manager who shall make the necessary decisions and render a report to the board within 24 hours.

(Adopted: 3/75.)

### **COMPUTATION EQUIPMENT AND OPERATION**

#### **26.100 Electronic totalizator.**

1. An electronic totalizator shall be used for each event upon which pari-mutuel wagering is conducted, unless written consent is given by the board to use different equipment or methods. The equipment must automatically: register the total amount wagered in each mutuel pool; the total amount wagered on each participant in a game or race for win, place and show; the total amount wagered on each combination in a daily double, quinella or exacta, and shall print and issue a ticket representing each wager comprising each required total.

2. A license may not be issued until such tests as required and performed by the board have been made and the equipment conforms to the requirements of these regulations and the board; provided, however, a license may be conditionally issued based upon further testing of the equipment.

3. The licensee may be required to conduct such test as the board may prescribe from time to time upon totalizators and ancillary equipment.

4. Failure of the totalizator to meet the requirements as established by these regulations and the board shall be grounds for ordering the suspension of pari-mutuel wagering until such time as the deficiencies have been corrected.

5. The board shall issue a policy statement setting forth the standards required for the totalizator system.

6. The totalizator shall calculate the total amounts in each pool and the amounts wagered on each entrant or combination from time to time as wagering progresses. Operated in connection with the totalizator shall be one or more boards prominently displaying to the public the winning odds on each entrant or combination during the progress of wagering at intervals of not more than 90 seconds between each complete change.

7. The totalizator shall be designed so that all ticket machines shall automatically lock and close upon the activation of the off bell which must be activated no later than the start of the event. In no case shall the machines be opened until after a declaration that the results of the event are official.

(Adopted: 3/75.)

#### **26.110 Totalizator failure.**

1. A report of any faulty operation of the totalizator or tote board shall be filed with the board within 24 hours following the malfunction.

2. Whenever the totalizator mechanism fails and is obviously unreliable as to the amounts wagered, all figures on the tote board so affected shall be removed immediately, and the payoff shall be compiled on the sum wagered in each pool as shown by the recapitulation of the sales registered by each individual ticket issuing machines. If an individual ticket issuing machine fails and a computer system is being employed, then the figures as stored in the computer shall be used to calculate the payoff. If the type of wagering equipment used renders this recapitulation impossible, all moneys wagered on the sporting event shall be refunded.

(Adopted: 3/75.)

#### **26.120 Manual computations.**

1. If payoff prices are computed manually, before posting the payoff prices of any pool for any event, each of the calculating sheets of such event shall be proved by the calculators and the winners verified. Such proof shall show payouts, breakage, and commission and, when totaled together, must equal the gross pool. All payslips must be checked with the calculating sheets as to winners and prices before being issued to cashiers, and all board prices shall be rechecked with a calculator before being released to the public. The above shall not apply if a computer system is used for the purposes of calculating payoffs.

2. If manual calculation of approximate odds is used, a complete and detailed handwritten record of each event shall be kept containing:

- (a) Each change in odds;
- (b) The percentage figures on the final reading; and
- (c) The actual possible payoff on each entrant.

3. Such records shall be retained for a period of 3 years.

(Adopted: 3/75.)

## **WAGERS**

**26.130 Wagers.** All pari-mutuel wagers shall be made only in cash, chips or tokens of the licensee and must be consummated on the pari-mutuel premises.

(Adopted: 3/75.)

**26.140 Prohibited wagers.**

1. No pari-mutuel ticket shall be sold to, or cashed for, a person under 21 years of age.
2. No employee of a mutuel department, officials, participants of a sporting event, or other employees on duty in the playing or spectator areas shall purchase or cash a pari-mutuel ticket; provided, however, the selling and cashing of pari-mutuel tickets for patrons by messengers employed by the licensee for that purpose may be allowed.
3. No mailed or telephone wagers from outside the pari-mutuel enclosure shall be permitted.
4. Resale of pari-mutuel tickets between individuals is prohibited and constitutes grounds for ejection from the premises wherein pari-mutuel wagering or the sporting event is conducted.

(Adopted: 3/75.)

**26.150 Pari-mutuel tickets.**

1. Pari-mutuel tickets shall evidence or contain:
  - (a) A designation for each race, game or event;
  - (b) Entrant or player number;
  - (c) Race or game number;
  - (d) Date; and
  - (e) Amount wagered.
2. Pari-mutuel tickets shall be sold only through designated ticket windows prominently displaying the denomination and type of tickets sold.

(Adopted: 3/75.)

**26.160 Wagers by messenger.**

1. Wagers may be placed by messengers or runners who shall be employees of the licensee; the taking, placing and paying of wagers shall be done only within the enclosure wherein pari-mutuel wagering is conducted.
2. The following constitutes the minimum requirements for wagering permitted by this section:
  - (a) The wager of an individual bettor must be first recorded upon a sequentially pre-numbered duplicate betting slip indicating the type, number and cost of each bet, and the total bets and amounts wagered.
  - (b) The runner shall retain the original bet slip with the duplicate being held by the customer who shall tender the total money wagered; thereafter, the wager shall be placed and tickets issued at the pari-mutuel window, and the tickets returned to the customer in exchange for the duplicate slip.
  - (c) No wager is deemed to have been made until the runner has purchased the tickets indicated on the betting slips.
  - (d) The customer may tender a winning ticket to a runner for payment which must be made at a pari-mutuel window.
3. A runner shall not accept any wager which cannot reasonably be expected to be placed before the pari-mutuel machines are locked. Any moneys so received and not bet before the pari-mutuel machines are locked shall be returned to the customer.

(Adopted: 3/75.)

**26.170 Refunds on coupled entries.** When two or more entrants in an event are coupled on the same mutuel ticket, there shall be no refund unless all of the entrants so coupled are cancelled before the event begins.

(Adopted: 3/75.)

**26.180 Registration on wagering, scratch of entrant.**

1. When no more than five entrants start an event, show wagering on the event may be deleted or cancelled.
2. When no more than four entrants start an event, both place and show wagering on the event may be deleted or cancelled.

3. Wagering on an event may be prohibited when less than three entrants start an event and both entrants are coupled in an entry.

4. A refund shall be made of wagers placed on an entrant scratched before the betting has closed, except in the case of a player substitution in Jai Alai made in accordance with Regulation 27.

(Adopted: 3/75.)

**26.190 Effect of certain wagers.**

1. A wager on any one entrant in an entry shall be a wager on all such entrants.

2. A wager on any one entrant in a field shall constitute a wager on all entrants comprising the field.

(Adopted: 3/75.)

**26.200 Daily doubles.**

1. Except in the circumstances enumerated in section 26.250, no payoff shall be made on a ticket on which both entrants chosen have not in fact won their respective events.

2. No daily double wagering shall be allowed on events with entry or field entrants.

3. All daily double tickets shall be sold only from automatic double machines, and the daily double windows shall be closed and the machines locked at the start of the first event of the daily double.

(Adopted: 3/75.)

**26.210 Separate pools.** Quinella, exacta and daily double wagering shall individually constitute separate pools and not comprise or be a part of any other win, place, or show pool.

(Adopted: 3/75.)

## COMPUTATIONS AND PAYOFFS

**26.220 Payoff calculations.**

1. The gross commission shall be first deducted from the gross amount wagered on each individual pool, viz., win, place, show, thereby providing a respective net pool.

2. Win pool (first place). The payoff amount per dollar wagered which shall include the gross dollar wagered on the winner, for each gross dollar wagered on the winner shall be determined by dividing the net pool by the gross sum wagered on the winner. In the event of a tie for win, the payoff shall be figured in the same manner as a place pool.

3. Place pool (second place).

(a) The payoff amount per dollar wagered, which shall include the gross dollar wagered upon the winning entrant to place, shall be determined by dividing the gross amount wagered upon the winner to place into the sum of: the gross amount wagered upon the winner to place, plus one-half of the difference between the net pool for place and the combined sum wagered on the winning and placing entrants to place.

(b) The payoff amount per dollar wagered, which shall include the gross dollar wagered upon the placing entrant to place, shall be determined by dividing the gross amount wagered upon the placing entrant to place into the sum of: the gross amount wagered upon the placing entrant to place, plus one-half of the difference between the net pool for place and the combined sum wagered on the winning and placing entrants to place.

(c) In the event of a tie for place, one-half of the profits of the place pool shall be paid upon the winner, and the remaining one-half prorated equally among the entrants constituting the tie.

4. Show pool (third place).

(a) The payoff amount per dollar wagered, which shall include the gross dollar wagered upon the winning entrant to show, shall be determined by dividing the gross amount wagered upon such winning entrant to show into the sum of: the gross amount wagered on the winning entrant to show, plus one-third of the difference between the net pool for show and the combined sums wagered on the entrants which placed first, second, and third to show.

(b) The payoff amount per dollar wagered, which shall include the gross dollar wagered upon the second place entrant to show, shall be determined by dividing the gross amount wagered upon such entrant to show into the sum of: the gross amount wagered on the second place entrant to show, plus one-third of

the difference between the net pool for show and the combined sums wagered on the entrants which placed first, second and third to show.

(c) The payoff amount per dollar wagered, which shall include the gross dollar wagered upon the third place entrant to show, shall be determined by dividing the gross amount wagered upon such entrant to show into the sum of: the gross amount wagered on the third place entrant to show, plus one-third of the difference between the net pool for show and the combined sums wagered on the entrants which placed first, second and third to show.

(d) In the event of a tie for show, one-third each of the profits of the show pool shall be paid upon the entrants placing first and second, and the remaining one-third prorated equally among the entrants constituting the tie.

(Adopted: 3/75.)

#### **26.230 Payoff—daily double.**

1. Except as provided below, or section 26.170 in case of refunds, the payoff on a winning daily double combination shall be made pursuant to sections 26.220(1) and (2).

2. When no ticket exists combining the winner of both events, the net pool shall be calculated and distributed as follows under the circumstances enumerated below:

(a) When the winners of both events have been selected individually, but not selected as a combination, the net pool shall be distributed as a place pool upon the winners of either event.

(b) When only one winner of the two events has been chosen, the net pool shall be paid as a win pool on the chosen winner.

(c) When no winner has been selected for either event, the net pool shall be distributed as a win pool to holders of tickets combining the entrants placing second.

3. When no ticket exists requiring distribution under subsections 1 or 2, or when the first event of the daily double is cancelled, the gross pool shall be distributed pro rata to those persons wagering on the daily double.

4. When the second event of a daily double is cancelled, the payoff shall be computed and distributed as a win pool upon the tickets covering the winner of the first event, and if no such ticket exists, the net pool shall be distributed as a win pool upon tickets covering the entrant which finished second in the first event. If no tickets exist covering the entrants placing first or second, the gross pool shall be distributed pro rata to those persons wagering on the daily double.

(Adopted: 3/75.)

#### **26.240 Payoff—quinella.**

1. Except in cases specified below, the winning combination in a quinella pool shall be computed and distributed in accordance with sections 26.220(1) and (2).

2. In case of a tie for first place between two entrants, the payoff shall be made upon tickets combining both entrants. In case of a tie for second place, the net pool shall be treated as a place pool with the payoff made on the tickets combining the winning entrant and either of the two entrants finishing second.

3. When a tie for second place occurs and no ticket has been issued covering one of the two winning combination, the net pool shall be calculated and distributed as a win pool and the payoff made on the tickets covering the winning combination.

4. Should no ticket exist covering the winning combination of a quinella, the net pool shall be treated as a place pool and distributed equally among the tickets combining the entrants which place first or second with a non-placing entrant.

5. When tickets have been sold on only one of the first two finishers, the net pool shall be distributed as a win pool to holders of such tickets.

6. When no ticket exists requiring distribution under any of the foregoing subsections, the gross pool shall be distributed pro rata among the persons wagering on the quinella.

(Adopted: 3/75.)

#### **26.250 Payoff—exacta.**

1. Except for cases specified below, the winning combination in an exacta pool shall be computed and distributed in accordance with sections 26.220(2) and (3).

2. In case of a tie for first place by two entrants, the payoff shall be made only upon tickets combining both entrants. In the case of a tie for second place, the net pool shall be treated as a place pool and the payoff made on tickets combining the winning entrant with either of the two entrants finishing second.

3. When a tie for second place occurs and tickets are issued combining only one of the two possible winning combinations, the net pool shall be calculated and distributed as a win pool.

4. When no ticket is issued combining the winning combination of an exacta, the net pool shall be calculated and distributed as a place pool and distributed equally among the tickets combining the entrants which placed first or second with a non-placing entrant.

5. When tickets have been sold on only one of the first two finishers, the net pool shall be distributed as a win pool to holders of such tickets.

6. When no ticket exists requiring distribution under any of the foregoing subsections, the gross pool shall be distributed pro rata among the persons wagering on the exacta.

(Adopted: 3/75.)

#### **26.260 Payment on wagers.**

1. Payment of wagers will be made only on presentation of appropriate pari-mutuel tickets. Any claim by a bettor that a wrong ticket has been delivered to him at the mutuel ticket window must be made before leaving the window, and thereafter no such claim may be considered.

2. A licensee shall cash all valid un mutilated winning tickets when such tickets are presented for payment during the course of the day when sold and for the period of 30 days thereafter. Subsequent thereto, the licensee shall have no liability relating to such tickets, providing the premises are conspicuously posted with signs stating that winning tickets must be presented for payment within 30 days from date of issuance, and that each ticket issue shall also bear a similar notation

3. The licensee shall have no obligation or liability for tickets thrown away, lost, changed, destroyed, or mutilated beyond identification. In the case of mutilated tickets when the portions of the tickets presented are sufficient to definitely identify the ticket as a winning ticket, the licensee may accept the mutilated ticket and make payment without the necessity of the ticket holder submitting a claim to the board.

4. In the event of a dispute over the validity of a ticket, the licensee may accept from the holder of such ticket a written and verified claim to be filed by the licensee with the board, and the board will render a decision as to payment.

5. Every licensee shall carry on its books an account which shows the total payoff amount of outstanding unredeemed mutuel tickets representing winning tickets not presented for payment.

6. A payoff shall not be less than \$1.10 for each \$1.00 wagered; however, the tote boards shall indicate the amount due on each \$2.00 winning ticket.

7. The entire loss resulting from a minus pool shall be borne by the licensee.

(Adopted: 3/75.)

**26.270 Errors in posting.** Any error made in posting on the tote board of the payoff prices shall be promptly corrected, and the public immediately advised of the correction by announcement over a public address system.

(Adopted: 3/75.)

**26.280 Payment for errors.** If an error occurs in payment upon tickets cashed or entitled to be cashed, and as a result the pool involved is not correctly distributed among the winning ticket holders, the following shall apply:

1. The licensee shall bear the cost of any overpayment.

2. In the event of under-payment:

(a) The licensee shall accept timely claims, pay each claim, or a part thereof, which it determines to be valid; notice shall be given to any claimant whose claim is rejected.

(b) Any person whose claim is rejected by the licensee may, within 15 days from the date notice of rejection is received, request the board to determine the validity of the claim. The failure to file such request with the board within 15 days shall constitute a waiver of the claim, provided the claimant has received notice of a right of appeal to the board.

(c) A hearing before the board shall be held on each claim timely filed, and the board may determine a claim to be valid, in whole or in part, and thereafter order the licensee to make payment accordingly. Any such determination shall be final and binding on all parties.

(d) Claims not filed with the licensee within 30 days inclusive of the date on which the under-payment was discovered shall be deemed waived, and the licensee shall have no further liability therefor.  
(Adopted: 3/75.)

## MISCELLANEOUS

**26.290 Gaming employees.** All mutuel managers, ticket sellers and cashiers, money counters, runners and totalizator operators and programmers are deemed to be gaming employees and subject to the provisions of NRS 463.335 and 463.337.  
(Adopted: 3/75.)

**26.300 Access to premises and records.** The commission and board and their agents, inspectors and employees have the authority:

1. To inspect and examine all premises where pari-mutuel betting is conducted and all premises where sporting events, races or games are held on which pari-mutuel betting is conducted.
2. To inspect and examine all equipment and supplies in, upon, or about such premises.
3. To summarily seize and remove from such premises and impound any such equipment or supplies for the purpose of examination and inspection.
4. To demand access to and inspect, make copies of, examine and audit all papers, books and records of applicants and licensees respecting the gross income produced by any pari-mutuel betting business, require verification of income, and all other matters affecting the enforcement of the policy of any of the provisions of these regulations.

(Adopted: 3/75.)

**26.310 Records and reports.** The licensee shall also provide such financial and other information and reports upon forms furnished by the board as the board may require from time to time.

(Adopted: 3/75.)

**26.320 Disciplinary actions.** Any pari-mutuel license is subject to suspension or modification and/or a fine imposed by the Nevada gaming commission in any case where any condition of the license has not been complied with or when any violation, law or regulation has occurred. Disciplinary actions shall be commenced and conducted in the same manner as disciplinary actions against gaming licensees under chapter 463 of the Nevada Revised Statutes.

(Adopted: 3/75.)

## End – Regulation 26