

## PROPOSED AMENDMENTS TO REGULATION 22

**PURPOSE:** In accordance with NRS 463.145, NRS 463.150, and Assembly Bill 7 of the 81<sup>st</sup> Session of the Nevada Legislature, to delete provisions related to business entities, including to delete provisions regarding information a business entity must provide to a book to register and create a wagering account; to delete provisions regarding how business entities can make deposits and withdrawals to wagering accounts; and to take such additional action as may be necessary and proper to effectuate these stated purposes.

### REGULATION 22

#### RACE BOOKS AND SPORTS POOLS

(As Adopted October 28, 2021)

New  
~~[Deleted]~~

#### **22.140 Wagering communications; establishing patron wagering accounts for sports, nonparimutuel race, and other event wagering.**

1. [No Change]
2. [No Change]
3. [No Change]
4. [No Change]
5. [No Change]

6. Before a book accepts a wagering communication, or a call center accepts a wagering instruction, on any sporting event wager, on any nonpari-mutuel race wager, or on any other event wager, the following must occur:

(a) A book must register patrons and create wagering accounts in accordance with Regulation 5.225 except as follows:

(1) For purposes of presenting a government issued picture identification credential to confirm the patron's identity, a patron may either personally appear before an employee of the licensee at which the book is located as provided in subsection 7 of Regulation 5.225 or before an employee of the book at the premises of the book or, for central site books, at an outstation, satellite or affiliated book.

(2) A book may inspect government issued picture identification credentials to confirm a patron's identity, as required by subsection 7 of Regulation 5.225, by filing a request with the Chair for permission to have its employees inspect such identification credentials at locations outside of the book. The request must include the types of locations to which a book intends to send its employees for the purposes of inspecting identification credentials. A book may not inspect identification credentials at locations outside of the book prior to the Chair approving the request. The Chair may impose limitations and conditions on any approved request. The Chair may rescind approval of a request of a book to have its employees inspect identification credentials outside the premises of the book upon written notice to the book;

(b) In addition to the requirements of Regulation 5.225, before registering a patron for a wagering account, the book must have the patron affirm that the patron has been informed and acknowledges that:

(1) Patrons are prohibited by law from placing sports wagers, nonpari-mutuel race wagers, and other event wager wagers from outside Nevada and that the book is prohibited from accepting such wagers; and

(2) 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.

↪ If federal law allows the transmission of sports wagers, nonpari-mutuel race wagers, and other event wagers or information assisting in the placing of such wagers from other states or foreign jurisdictions, a

book may modify subsection 6(b)(1) to reflect wagers from outside of Nevada are only allowed from other states or foreign jurisdictions in which such wagers are legal.

~~{(e) Notwithstanding the requirements of subsection 5 of Regulation 5.225, for a business entity patron, the patron must provide an employee of the book with the information required pursuant to NRS 463.800 before the book registers and creates a wagering account for the patron. The employee must record such information. Unless a book has otherwise been granted approval by the Chair pursuant to subsection 6(a)(2) of this section, the information required pursuant to NRS 463.800 shall be provided by the patron to an employee of the book at the premises of the book or, for central site books, at an outstation, satellite or affiliated book.}~~

7. [No Change]
8. [No Change]
9. [No Change]
10. [No Change]

### ~~**{22.155 Business entity wagering.**~~

~~—1. A book shall notify the Board in writing of its intent to accept wagers from business entities which have met all of the applicable requirements found in NRS Chapter 463.~~

~~—2. A book is prohibited from accepting wagers from a business entity unless all of the business entity's owners, directors, officers, managers, partners, holders of indebtedness, and anyone entitled to payments based on profits or revenues of the entity are fully disclosed. If the business entity is owned or controlled by one or more holding companies, each of the holding companies' owners, directors, officers, managers, partners, holders of indebtedness and everyone entitled to payments based on profits or revenues of the entity must be fully disclosed.~~

~~—3. A book which elects to accept wagers from business entities must conduct due diligence on each business entity from which the book will accept wagers which, at a minimum, includes, but is not limited to:~~

~~—(a) Requiring the business entity to affirm that it has met all of the applicable requirements found in NRS Chapter 463 and this section and that it is not established for the purpose of circumventing any applicable federal or state laws including, but not limited to, laws concerning illegal sports wagering, electronic communications, and money laundering;~~

~~—(b) Ascertaining all equity owners, holders of indebtedness, directors, officers, managers, partners, anyone entitled to payments based on the profits or revenues, and any designated individuals; and~~

~~—(c) Ascertaining the natural person who is the source of funds for each contribution to the business entity.~~

~~→A book shall maintain records of the due diligence it performs on a business entity for no less than one year following the closure of the wagering account of the business entity or for no less than one year after rejection of a business entity wagering account application by the book.~~

~~—4. A book shall not accept wagers from a business entity if:~~

~~—(a) The business entity does not make the affirmation or disclosures required by subsections 2 or 3(a);~~

~~—(b) The book is unable to verify the identity of all the equity owners, holders of indebtedness, directors, officers, managers, partners, anyone entitled to payments based on the profits or revenues, and any designated individuals of the business entity; or~~

~~—(c) The book is unable to verify the natural person who is the source of funds for each contribution to the business entity.~~

~~—5. Upon receipt of updated information from a business entity, a book shall verify the updated information. If a book is unable to verify the updated information within 30 days of the book's receipt of the updated~~

~~information from the business entity, the book shall suspend the wagering account and not allow further wagering activity on the wagering account.~~

~~—6. A book shall require a business entity from which the book accepts wagers to provide:~~

~~—(a) For business entities from which the book accepts wagers aggregating more than \$5,000,000 in a calendar year, an independent third party verification concerning to whom the business entity made payments based on profits or revenues to ensure no payments were made to persons other than those permitted by NRS Chapter 463 to receive such payments. If the book does not receive a copy of the independent third party verification prior to April 1st of the year following the year in which the business entity placed wagers in excess of \$5,000,000, the book shall suspend the wagering account and not allow further wagering activity on the wagering account or~~

~~—(b) For business entities from which the book accepts wagers aggregating \$5,000,000 or less within a calendar year, an affirmation stating the business entity did not make payments based on profits or revenues to persons other than those permitted by NRS Chapter 463 to receive such payments. If the book does not receive such affirmation prior to April 1st of the year following any year in which the business entity placed wagers with the book, the book shall suspend the wagering account and not allow further wagering activity on the wagering account.~~

~~—7. A book shall report any violation or suspected violation of law or regulation related to business entity wagering to the Board immediately. Such reporting shall include, but is not limited to, any violation or suspected violation of relevant federal laws such as The Federal Wire Act 18 U.S.C. § 1084, the Illegal Gambling Business Act 18 U.S.C. § 1955, and Title 31 anti-money laundering laws.~~

~~—8. A book may only accept wagering activity from a business entity, acting through one or more designated individuals, through a wagering account established by the business entity and may only deposit~~

~~winnings into such wagering account. The book must use an account wagering system for such wagering activity. The requirement to use an account wagering system is effective on January 1, 2017.~~

~~—9. A book shall not extend credit to a business entity.~~

~~—10. A book shall report the suspension or closure of a business entity wagering account to the Board within 5 days of suspension or closure and shall include the reason for such suspension or closure in the report. A book shall report the reinstatement of a suspended business entity wagering account to the Board within 5 days of reinstatement and shall include the reasons the book reinstated the wagering account.~~

~~—11. A book that accepts wagers from business entities shall adopt, conspicuously display at its premises, and adhere to house rules governing business entity wagering transactions.~~

~~—12. A book that accepts wagers from business entities shall implement policies and procedures designed to ensure that business entities' wagering accounts are used only to place book wagers.~~

~~—13. As used in this section, "holding company" means any corporation, firm, partnership, limited partnership, limited liability company, trust or other form of business organization which, directly or indirectly:~~

~~—(a) Owns, as defined in Regulation 15.482-6;~~

~~—(b) Controls, as defined in Regulation 15.482-4; or~~

~~—(c) Holds with power to vote~~

~~↪any part of a business entity subject to this section. In addition to any other reasonable meaning of the words used, a holding company "indirectly" has, holds or owns any power, right or security if it does so through any interest in a subsidiary or successive subsidiaries, however many such subsidiaries may intervene between the holding company and the business entity subject to this section.]~~

## **22.160 Wagering account transactions.**

~~{1.}~~ Except as otherwise provided herein, deposits, withdrawals, credits, and debits to wagering accounts shall be made in accordance with Regulation 5.225.

~~{2. Business entity wagering account deposits and withdrawals may only be made by transfers to and from the bank or financial institution account maintained by the business entity. Business entity wagering account deposits and withdrawals may not be made in cash.}~~