

ATTACHMENT B

**Proposed Regulation 26C to Prescribe the Procedures Required
for Off-track Pari-mutuel Horse Race Account Wagering**

(Draft: 06/29/05)

Effective Dates Note:

Regulation 26C will become effective upon approval by the Nevada Gaming Commission.

PROPOSED REGULATION 26C

PURPOSE OF AMENDMENTS: To prescribe the procedures required for the acceptance of pari-mutuel horse race account wagers including the acceptance of pari-mutuel horse race account wagers placed from outside Nevada's borders. To allow a person licensed to accept off-track pari-mutuel horse race wagers to use a call center system to receive transmitted pari-mutuel horse race account wagering instructions.

OFF-TRACK PARI-MUTUEL HORSE RACE ACCOUNT WAGERING (Draft: 06/29/05)

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.

26C.020 License required; applications.

1. No person may operate or own any interest in a race book in Nevada unless that person holds a nonrestricted gaming license specifically permitting the person to do so.

2. Applications for a license to operate a race book must be made, processed, and determined in the same manner as applications for nonrestricted gaming licenses, using such forms as the chairman may require.

3. Each application for approval made by a Group I licensee must be accompanied by an internal control system prepared and submitted in accordance with Regulation 6 and this regulation.

26C.030 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.

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.

26C.040 Registration of managers or supervisors.

1. Any individual who fulfills the function of race book manager or supervisor or who fulfills the function of a manager or supervisor for an operator of a call center 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.

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.050 Reserve requirements.

1. Unless the chairman for good cause permits or requires a different amount, each book shall at all times maintain a reserve of not less than the greater of \$25,000 or the sum of the following amounts:

(a) Amounts held by the book for the account of patrons;

(b) Amounts accepted by the book as wagers on contingencies whose outcomes have not been determined; and

(c) Amounts due the patron on wagers whose outcomes have been determined but that have not been posted to the patron's wagering account.

2. Before beginning operations, each newly-licensed book must establish a reserve of at least the greater of \$25,000 or the amount the chairman projects will at least equal the sum of the amounts specified in paragraphs (a) and (b) of subsection 1 at the end of the first week of the book's operation. After the book begins operations, the book's reserve must comply with subsection 1.

3. The reserve described in subsections 1 and 2 must be maintained in the form of cash, cash equivalent, an irrevocable letter of credit, a bond, or a combination thereof. Except as otherwise provided in subsections 4 and 5, the reserve must be unencumbered and must not be commingled with funds of the book or any of its owners, employees, affiliates, or other persons or entities associated with the book.

4. The reserve described in subsections 1 and 2 may be combined as a single amount for a book and its satellite books.

5. The reserve described in subsections 1 and 2 may be combined as a single amount with the reserve described in NGC Regulation 22.040.

6. If a reserve is maintained in the form of cash, cash equivalent, or an irrevocable letter of credit, it must be held or issued, as applicable, by a federally-insured financial institution. If the reserve is maintained in the form of a bond, it must be written by a bona fide insurance carrier. The reserve must be established pursuant to a written agreement between the book and the financial institution or insurance carrier, but the book may engage an intermediary company or agent acceptable to the chairman to deal with the institution or carrier, in which event the reserve may be established pursuant to written agreements between the book and the intermediary and between the intermediary and the financial institution or insurance carrier.

7. The agreements described in subsection 6 must reasonably protect the reserve against claims of the book's creditors other than the patrons for whose benefit and protection the reserve is established, and must provide that:

(a) The reserve is established and held in trust for the benefit and protection of patrons to the extent the book holds money for their account, has accepted wagers from them on contingencies whose outcomes have not been determined, or owes them on winning wagers;

(b) The reserve must not be released, in whole or in part, except to the board on the written demand of the chairman or to the book on the written instruction of the chairman. The reserve must be available within 60 days of the written demand or

written notice. The book may receive income accruing on the reserve unless the chairman instructs otherwise pursuant to subsection 14;

(c) The book has no interest in or title to the reserve or income accruing on the reserve except to the extent expressly allowed in this section;

(d) Nevada law and this section govern the agreements and the book's interest in the reserve and income accruing on the reserve;

(e) The agreements are not effective until the chairman's approval has been obtained pursuant to subsection 8; and

(f) The agreements may be amended only with the prior, written approval of the chairman.

8. Each book shall submit to the chairman all information and copies of all documents relating to its proposed reserve arrangement, including copies of the agreements described in subsections 6 and 7, and must obtain the chairman's approval of the agreements and of the reserve arrangement generally. The chairman shall determine whether the agreements and arrangement satisfy the purposes and requirements of this section, may require appropriate changes or withhold approval if they do not, and shall notify the book of the determination. Amendments to reserve agreements or arrangements must be approved in the same manner.

9. A book must calculate its reserve requirement each day. In the event a book determines that its reserve is not sufficient to cover the calculated requirement, the book must, within 24 hours, notify the chairman of this fact in writing and must also indicate the steps the book has taken to remedy the deficiency.

10. Each book must engage an independent certified public accountant to examine the pertinent records relating to the reserve each month and determine the reserve amounts required by this section for each day of the previous month and the reserve amounts actually maintained by the book on the corresponding days. The book shall make available to the accountant whatever records are necessary to make this determination. The accountant shall report the findings with respect to each day of the month under review in writing to the chairman and the book no later than the tenth day of the next month. The report shall include the licensee's statement addressing each day of noncompliance and the corrective measures taken.

11. The report described in subsection 10 may be prepared by an employee of the licensee that is independent of the book if written approval has been received from the chairman. The report must contain the signature of an employee attesting to the accuracy of the submitted information.

12. If the chairman is notified pursuant to subsection 9, or the report described in subsection 10 indicates that at any time during the month under review the amount of the reserve did not meet the requirements of this section, the chairman may instruct the book to either increase the reserve accordingly or cease accepting wagers and money for the account of patrons until such time as the reserve meets the requirements of this section and is confirmed to the chairman's satisfaction.

13. If the report indicates that the amount of the reserve exceeds the requirements of this section, the chairman shall, at the book's request, instruct the financial institution, insurance carrier, or intermediary to remit the excess to the book or, in the case of a bond, to reduce the bond accordingly.

14. When a book ceases operating and its license lapses or is surrendered or revoked, the chairman may demand payment of the reserve, any income accruing on the reserve after operations cease, and, if instructions from the chairman that income accruing on the reserve not be paid to the book are in effect when operations cease, any income accruing since the instructions took effect. The board may interplead the funds in state district court for distribution to the patrons for whose protection and benefit the reserve was established and to such other persons as the court determines are entitled thereto, or shall take such other steps as are necessary to effect the proper distribution of the funds, or may do both.

15. As used in this section, "month" means a calendar month unless the chairman requires or approves a different monthly period to be used for purposes of this section, in which case "month" means the monthly period so required or approved.

26C.060 Recordation of wagers. Immediately upon accepting an account wager, the book shall create an electronic record of the terms of the wager in the off-track pari-mutuel race system.

26C.070 Acceptance of wagers.

1. Books may not accept wagers unless made against credits made to a wagering account as provided for in Regulation 26C.190 or on credit extended in accordance with the provisions of chapter 463 of NRS and the regulations of the Nevada gaming commission.

2. A book shall accept wagers only on its licensed premises, and only at betting stations approved by the chairman or through an account wagering system that has been approved by the chairman.

3. A book shall not knowingly accept money or its equivalent ostensibly as a wager upon an event whose outcome has already been determined.

4. No book or agent or employee of a book may accept a wager from a person who the book, agent, or employee knows or reasonably should know is a messenger bettor or is placing the wager in violation of state or federal law.

5. No book may hold a patron's money or its equivalent on the understanding that the book will accept the money as a wager only upon the occurrence of a specified, future contingency, unless an electronic record documenting the wager and contingency is immediately made in the off-track pari-mutuel race system.

6. For licensed Nevada pari-mutuel race books to accept off-track pari-mutuel horse race wagers on established wagering accounts for residents of Nevada and residents of any state or foreign jurisdiction as provided for in Regulation 26C.160(4), the book will perform 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.

26C.071 Required submissions to the board. Books not subject to the requirements of NGC Regulation 6A shall submit to the board a copy of any report required to be filed pursuant to 26 U.S.C. Section 60501, or any substantially similar federal reporting requirement, related to the acceptance of wagers within 30 days of the required federal filing deadline.

26C.072 Imposition of supplemental recordkeeping and reporting requirements. The chairman may require a book to comply with the identification, recordkeeping, and reporting requirements of Regulations 22.061 and 22.062 for inter-state pari-mutuel horse race account wagers. The chairman shall notify the book of the decision, in writing, and such decision shall be considered an administrative decision, and therefore reviewable pursuant to the procedures set forth in Regulations 4.185, 4.190 and 4.195.

26C.080 Payment of winning wagers. In the event the off-track pari-mutuel system is not functioning, a licensed race book shall determine the winners of or payouts on wagers on horse races in accordance with the provisions of Regulation 26A.040.

26C.090 Off-track pari-mutuel race systems. Before beginning operations, each book shall install and thereafter maintain an off-track pari-mutuel race system meeting the specifications approved by the chairman.

26C.100 Layoff bets. Books may accept wagers placed by other books. Books may place wagers only with other books. A book that places a wager shall inform the book accepting the wager that the wager is being placed by a book and shall disclose its identity.

26C.110 Prohibition against rescission of wagers. A book may not unilaterally rescind any wager without the prior written approval of the chairman or the designee.

26C.120 Prohibited wagers. No wagers may be accepted or paid by any pari-mutuel race book on any event other than a horse race that is offered as part of a pari-mutuel pool.

26C.130 Wagers; terms and conditions. No book shall:

1. Accept from a patron, directly or indirectly, less than the full face value of an off-track pari-mutuel wager;
2. Agree to refund or rebate to a patron any portion or percentage of the full face value of an off-track pari-mutuel wager; or
3. Increase the payoff of, or pay a bonus on, a winning off-track pari-mutuel wager.

The provisions of this subsection do not prohibit the granting of room, food, beverage or entertainment admission complimentaries.

26C.140 Communications technology.

1. Before installing or permitting the installation of any communications technology on the premises of a book the book 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 accepting any wagering communications, the book must obtain the written approval of the chairman to accept wagering communications, and thereafter use only the communications technology approved for that purpose. The book 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 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 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 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.

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, 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.

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.

26C.160 Wagering communications; establishing patron wagering accounts for pari-mutuel race wagering.

1. 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.

2. 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.

3. 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 4, 5 or 6, as applicable.

4. A race book licensed to accept off-track pari-mutuel horse race wagers may establish wagering accounts for residents of Nevada and residents of any state or foreign jurisdiction in which pari-mutuel horse race wagering is legal provided that the state or foreign jurisdiction does not otherwise restrict wagering on accounts located outside its borders. Such accounts may be established remotely or in person. Patrons having established an account pursuant to this subsection may place wagers only within the borders of the state or foreign jurisdiction in which the patron resides or a 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. Before a book accepts a wagering communication on such an account:

(a) The patron must provide, and the account wagering system must record and maintain, the patron's:

(1) Name, permanent home address (other than a post office box number), and home telephone number;

(2) 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 residence or place of business;

(3) Date of birth, gender, and a description and number of the identity credential provided and social security number, for United States residents only; and

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

(b) The account wagering system must record and maintain the patron's acknowledgment of 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, with regard to pari-mutuel horse race wagers, a race book licensed to accept off-track pari-mutuel wagers may accept such wagers from patrons only when located within a state or foreign jurisdiction in which the patron resides or in a 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; and
- (4) Consents to the monitoring and recording by the board of any wagering communications.

(c) Upon completion of the application process, the account wagering system must record and maintain the:

- (1) Date the patron's account with the book is opened;
- (2) Account wagering number with the book; and
- (3) Approved credit limit or the amount of the patron's initial wagering account deposit.

(d) The race book shall utilize the services of an independent third party to perform identity, residence, and age verification services with regard to the patron(s) establishing the wagering account. The book shall maintain a record of such verification.

(e) The race book shall confirm that the state or foreign jurisdiction in which the patron resides is a 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 the book accepting wagers on such accounts. The book shall maintain a record of such confirmation.

5. A race book licensed to accept off-track pari-mutuel horse race wagers may establish a wagering account for any patron that is not a resident of Nevada that will place wagers on such an account from within Nevada's borders. Such accounts must be established in person. Before a book accepts a wagering communication on such an account:

(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 residence or place of business;
- (3) Date of birth, gender, and a description and number of the identity credential provided and social security number, for United States residents only;
- (4) Method used to verify the patron's identity and residence, and a description, including the document number, of the identity credential provided;
- (5) The patron's approved credit limit or the amount of the patron's initial wagering account 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 5 are prohibited by law from placing wagering communications from outside Nevada and that the book is prohibited by law from accepting them;

(4) Has read, understands, and is bound by the provisions of subsection 6; and

(5) 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.

6. With regards to accounts opened pursuant to subsection 5, the book shall not accept pari-mutuel horse race wagers on the patron's wagering account after 96 hours after the account is opened, unless the patron renews the account. Additionally, a book shall not accept a wager on such an account if the patron is not physically located within Nevada's borders. 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 provisions of subparagraphs (a), (b), and (e) of subsection 5 have again been complied with.

7. 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;

(g) Adjustment to the account.

8. In addition to the posting of the wager in the off-track pari-mutuel race 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.

9. 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.

26C.170 Account wagering systems. Account wagering systems shall:

1. For systems that use other than voice-only wagering communications technology, provide for the patron's review and confirmation of all wagering information before the wagering communication is accepted by the book. The system shall create a record of the confirmation. This record of the confirmation of the wager shall be deemed to be the actual transaction of record, regardless of what wager was recorded by the system;

2. Prohibit wagers from being changed after the patron has reviewed and confirmed the wagering information, and the specific wagering communication transaction has been completed;

3. Prohibit the acceptance of wagers after post time;

4. Prohibit a book from accepting an account wager, or a series of account wagers, in an amount in excess of the available balance of the wagering account;

5. Prohibit a book from accepting out-of-state sports wagers and out-of-state nonpari-mutuel horse race wagers;

6. Post payment on winning account wagers as a credit to the patron's wagering account as soon as reasonably practicable after the event is declared official;

7. Maintain a completely separate wagering account for pari-mutuel horse race wagers. Wagering accounts for pari-mutuel sports wagers, nonpari-mutuel horse race wagers and nonpari-mutuel sports wagers may be commingled in a single separate wagering account;

8. Maintain complete records of every deposit, withdrawal, wager, winning payoff, and any other debit or credit for each account; and

9. For systems that use other than voice-only wagering communications technology, maintain a printable record of the entire transaction as required by this section and shall not accept any wagering communication or transaction if the printable record system is inoperable.

26C.180 Account wagering rules. Each book that offers account wagering shall adopt, conspicuously display at its licensed premises and make available through the account wagering system, and adhere to written, comprehensive house rules governing account wagering transactions with patrons. Without limiting the generality of the foregoing, the rules must include statements to the effect that:

1. All applicable house rules apply to wagering accounts.

2. The book shall provide each patron, upon reasonable request and consistent with its internal control policies, with a statement of account showing each wagering account deposit, each wagering account withdrawal, each credit to a wagering account, and each debit to the wagering account made during the time period reported by the account statement. The patron may dispute any transaction according to NGC Regulation 7A.

3. For all wagering communications the book is required to make a permanent voice, print, electronic or other approved record of the entire transaction and shall not accept any such wager or transaction if the recording system is inoperable. The permanent record of the patron's confirmation of all wagering information shall be deemed to be the transaction of record, regardless of what was recorded by the off-track pari-mutuel race system. The records are made available to the board upon request.

4. The book has the right to;

(a) Refuse the establishment or maintenance of accounts for what it deems good and sufficient reason;

(b) Refuse deposits to accounts for what it deems good and sufficient reason;

(c) Refuse to accept all or part of any wager for what it deems good and sufficient reason;

(d) Declare the account wagering system closed for receiving any or all wagers;

(e) Suspend or close any account at any time, provided, however, when an account is closed, the book shall, within five business days, return the balance of the wagering account at the time of said action, subject to compliance with these regulations, the book's house rules, and federal and state laws and regulations, by sending a check to the patron's address of record; or

(f) Close any wagering account when the patron thereof attempts to operate with an insufficient balance or when the account is dormant for a period established by the book. In either case, the book shall refund the balance of the wagering account, subject to compliance with these regulations, the book's house rules, and federal or state law.

5. The book shall keep confidential, except from the patron, the board, or as otherwise required by federal or state law:

(a) The amount of money credited to, debited from, or present in any particular patron's wagering account;

(b) The amount of money wagered by a particular patron on any event;

(c) The account number and secure personal identification method that identifies the patron;

(d) The identities of particular entries on which a patron is wagering or has wagered; and

(e) Unless otherwise authorized by a patron, the name, address, and other information in the possession of the book that would identify the patron to anyone other than the board or the book.

6. Books shall disclose their policy regarding the acceptance of personal checks, cashier's checks, wire transfers, money orders, debit cards, credit cards and electronic transfers of money to the patron.

7. Books shall disclose their policy regarding the patron's use of the wagering account while the patron is on the premises of the book.

8. Books shall disclose their policy that pari-mutuel race wagers are accepted from patrons only when located within a state or foreign jurisdiction in which the patron resides or in a 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.

26C.190 Wagering account transactions.

1. Wagering account deposits may be made by any of the following means:

- (a) Cash deposits made directly;
- (b) Personal checks, cashier's checks, wire transfers, and money order deposits made directly or mailed;
- (c) Credit instruments issued pursuant to Regulation 6.120 and in accordance with the Regulation 6.090 minimum internal control standards or the Regulation 6.100 internal control procedures, as applicable;
- (d) Transfers from safekeeping or front money accounts otherwise held by the licensed gaming establishment excluding other race or sports wagering accounts;
- (e) Debits from a patron's debit card or credit card, upon direct instructions of the patron, provided the use of such card has been pre-approved by the book and designated by the patron;
- (f) Debits by electronic transfers of money from a monetary account controlled by a patron. The patron may be liable for any charges imposed by the transmitting and receiving entity and the charges may be deducted from the patron's wagering account; and
- (g) Any other means approved by the chairman.

2. Wagering account credits may be made by any of the following means:

- (a) Deposits; and
 - (b) Amounts won by a patron.
3. Wagering account debits may be made by any of the following means:
- (a) Amounts wagered by a patron;
 - (b) Service or other transaction-related charges authorized by the patron;
 - (c) Purchases of horse racing-related merchandise and services requested by a patron; and
 - (d) Withdrawals.

4. Wagering account withdrawals shall be completed within five business days after the book receives a request from a patron by mail, telephone, or a communications technology accompanied by the valid account number and the patron's secure personal identification and, if by mail, a signed completed withdrawal slip. If sufficient funds are available, the book shall refund to the patron the amount of the requested withdrawal to the address of record. An electronic transfer of money may be used in lieu of a check at the discretion of the patron. Patrons may make withdrawals in person with such identification as required by the book, the valid account number and the patron's secure personal identification.

26C.200 Gross revenue computations and layoff bets. The amounts of wagers placed by a book and the amounts received by the book as payments on such wagers shall not affect the computation of the book's gross gaming revenue.

26C.210 Assigned agent. The chairman may at any time require a book to allow an agent of the board to be permanently present on the book's premises during all hours of operation, and to require the costs and expenses for such agent to be borne by the book in a manner deemed reasonable by the chairman. The agent shall have full and complete access to all books, records, and to any telephone conversations emanating from or received at the licensed premises.

26C.220 Records and forms. Books shall create and keep the records and reports required by this regulation in such manner and using such forms as the chairman may require or approve. The chairman may require books to create and keep such other records and reports as are necessary or convenient for strict

regulation of books. Except as otherwise provided in this regulation, books shall preserve the records required by this regulation for at least 5 years after they are made. The board may at any time examine and copy the records of any book. Each book shall comply with all other applicable regulations of the commission to the extent not in conflict with this regulation.

Effective _____