

**PROPOSED AMENDMENTS TO REGULATION 20.010, 20.020, 20.030,  
20.040, 20.050, 20.060, AND 20.070; PROPOSED NEW REGULATION 20.005**

**PURPOSE:** To allow the Chairman of the State Gaming Control Board to grant administrative waivers of one or more of the requirements found in this regulation; to replace gender specific pronouns with the noun the gender specific pronoun referenced; to clarify that the term “buyer” does not refer to a person who receives racing information concerning motor vehicle or human races; to add additional, relevant definitions; to update this regulation with regard to the March 2006 update of Nevada Gaming Commission Regulation 4.030 that indicated a disseminator’s license is not a gaming license; to specifically include applications for findings of suitability pursuant to NRS 463.168 as covered by this regulation; to formalize reporting gross revenue under this regulation; to update this regulation with regard to a previously omitted article; to change required reporting of certain information to a requirement that the information be maintained, but not reported; to reflect that Nevada Gaming Commission Regulation 6 does not require specific recording and reporting requirements with regard to disseminators, but Nevada Gaming Commission Regulation 21 does have specific recording and reporting requirements with regard to disseminators; to delete certain information requirements that are no longer significant to the State Gaming Control Board; to update requirements regarding accountants in line with the changes that the Nevada Gaming Commission recently adopted to Regulation 6.080; and to take such additional action as may be necessary and proper to effectuate these stated purposes.

**REGULATION 20  
DISSEMINATORS**

(Draft Date November 16, 2010)

New  
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**20.005 General.**

**20.010 Definitions.**

**20.020 License required; finding of suitability for a person providing transmission services; applications.**

**20.025 Information regarding post time.**

**20.030 Rates and billings; user reports.**

**20.040 Rate changes.**

**20.050 Disseminator reports.**

**20.060 Records.**

**20.070 Reviewed financial statements.**

**20.005 General.** *The chairman may waive one or more of the requirements of this regulation if the chairman determines the waiver is consistent with the state policy set forth in NRS 463.0129.*

**20.010 Definitions.** As used in this regulation:

1. "Chairman" means the chairman of the state gaming control board or ~~[his]~~the chairman's designee.

2. "Buyer" means a person who receives horse or other animal racing information within the State of Nevada from a disseminator by means other than a live broadcast, and who uses the information to determine winners of or payoffs on wagers accepted at a race book ~~[, sports pool, or gambling game]~~ operated by the buyer. The term is not applicable to a person who receives services related to pari-mutuel wagering activity applicable to Regulation 26A.

3. "Live broadcast" means "live broadcast" as that term is defined in NRS 463.4212.

4. "User" of a live broadcast means "user" as that term is defined in NRS 463.4218.

**20.020 License required; finding of suitability for a person providing transmission services; applications.**

1. ~~[A person may act as a disseminator only if that person holds a nonrestricted gaming license specifically permitting the person to act as a disseminator.~~

~~2.]~~ Applications for disseminator licenses submitted pursuant to NRS 463.430, or applications for a finding of suitability submitted pursuant to NRS 463.168 by a person providing transmission services in association with a disseminator, must be made, processed, and determined in the same manner as applications for nonrestricted gaming licenses, using such forms as the chairman may require or approve.

~~2.]~~ Except as provided in subsection ~~3[4]~~, no person who owns, controls, or has any interest of any kind in a company or other enterprise that must hold a disseminator license, nor any person who applies for or holds a disseminator license, nor any employee or agent of any such persons, may hold a gaming license ~~[other than a disseminator license].~~

~~3.]~~ The commission may grant a disseminator license to a person who holds a license to operate and who operates a race book or sports pool. A disseminator license issued to such a person authorizes the person:

(a) To disseminate only live broadcasts;

(b) To contract with not more than one track or association of tracks at a time for the purpose of disseminating live broadcasts; and

(c) To disseminate live broadcasts from not more than one track at a time.

**20.025 No Change.**

**20.030 Rates and billings; user reports.**

1. No Changes.

2. No Changes.

3. The commission chairman may, in ~~[his]~~ the commission chairman's sole and absolute discretion, permit a disseminator to charge users a percentage rate greater than that permitted by subsections 1 and 2 of this section, if the disseminator proposing to distribute the live broadcast and the users, who during the previous year generated at least sixty-six and two-thirds percent of the average total daily handle for a particular racing meet, file a petition with the commission requesting that the rate be modified for that particular racing meet. The petition must state the rate the users agree to pay the disseminator and must be signed by the chief executive officer, or ~~[his]~~ the chief executive officer's designee, of each user supporting the petition. The petition must be filed prior to submitting a proposal pursuant to Regulation 21 for the exclusive right to disseminate a live broadcast for that racing meet. The petition must include an affidavit of mailing that sets forth the date of mailing and that certifies that a copy of the petition has been sent to all users and other disseminators. All users that have not signed the petition and other disseminators shall have 10 calendar days from the date set forth in the affidavit of mailing or by such date as specified by the chairman in which to file with the commission any comments or opposition to the petition. The commission chairman shall consider the interests of the users, the disseminators, and the state in determining whether ~~[he]~~ the commission chairman will approve a rate greater than that permitted by subsection 1 or 2 of this section. If the commission chairman does not allow a different rate, the disseminator and users who have filed the petition may appeal that decision to the full commission. The appeal must be filed with the commission within 7 calendar days of the chairman's decision or by such date as specified by the chairman. The appeal must include an affidavit of mailing that sets forth the date of mailing and that certifies that a copy of the appeal has been sent to all users and other disseminators. All users that did not sign the petition and other disseminators shall have 7 calendar days from the date set forth in the affidavit of mailing or by such date as specified by the chairman in which to file with the commission any comments or opposition to the petition. The decision of the commission is final.

4. No Changes.

5. No Changes.

6. No Changes.

7. Each buyer and user shall file monthly with the board a written report, itemized by track, of the amounts wagered at the buyer's or user's establishment of races and events for which a disseminator supplies the buyer or user with horse or other racing information used to determine winners of or payoffs on the wagers. These reports must separately disclose the amounts wagered and the resultant gross revenue on live broadcast races, pari-mutuel races and non-live broadcast/non-pari-mutuel races ~~[from the amounts wagered on non-live broadcast]~~. Buyers and users shall file each report with the board and users shall furnish a copy of each report to the disseminator not later than the 24th day of the month after the month covered by the report. If the board at any time discovers discrepancies between amounts wagered at a buyer's or user's

establishment and amounts charged or paid for disseminator services, the board may so inform the buyer or user and disseminator. Each buyer and user shall permit its disseminator to examine such records of the buyer or user as are necessary to verify the accuracy of the buyer's or user's monthly reports. It shall be an unsuitable method of operation for any disseminator, except with the prior written approval of the chairman, to disclose to any person the contents of any report received or record examined pursuant to this subsection.

#### **20.040 Rate changes.**

1. No Change.
2. No Change.
3. No Change.
4. No Change.
5. No Change.
6. This section does not apply to a rate increase for a live broadcast.

~~[20.050 Disseminator reports. Each disseminator shall file quarterly with the board a report showing the name and address of each buyer and user and the amounts charged each buyer and user for each service provided by the disseminator during the pervious calendar quarter. The report must be filed not later than the last day of the month following the end of the calendar quarter covered by the report. Within 3 days after a buyer or user subscribes or cancels its subscription to a service provided by a disseminator, the disseminator shall notify the board in writing of the subscription or cancellation.]~~

#### **20.060 Records.**

1. Each disseminator shall maintain the following records with respect to each race or event regarding which the disseminator distributes information to a buyer or user:

- (a) The scheduled post time as ~~[announced]~~ supplied by the disseminator;
- (b) The actual post time as defined in Regulation 22; ~~[time at which the race began;]~~
- (c) The name, number, and official finishing position, as supplied by the track, of each entrant finishing in a position for which a payoff is made or offered;
- (d) The official payoff results; and
- (e) Such other information as the chairman may require.

2. Each ~~[licensee]~~ disseminator shall comply with ~~[Regulation 6 insofar as it is not in conflict with this regulation]~~ the recording and reporting requirements specified in Regulation 21.090.

3. Each disseminator shall create and maintain a report indicating the name and address of each buyer, the date each buyer subscribed and canceled its subscription, if applicable, and the amounts charged each buyer for each service provided by the disseminator during the previous calendar quarter. This report must be created no later than 15 days after the end of the calendar quarter.

~~4.[3.]~~ Each disseminator shall create and maintain detailed schedules which depict the revenues, expenses, and results of operations for each live broadcast

racing meet.

~~5.[4.]~~ Upon request, each disseminator, buyer, and user shall provide a written consent to the board or commission to examine and copy any and all records of any telephone, telegraph, or similar communications company or utility that may pertain to the operation of the disseminator, buyer, or user.

~~6.[5.]~~ Disseminators, buyers, and users shall create and ~~[keep]~~ maintain the records required by this regulation in such manner and using such forms as the chairman may require or approve. The chairman may require disseminators, buyers, and users to create and ~~[keep]~~ maintain such other records and reports as are necessary or convenient for strict regulation of disseminators, buyers, and users. Disseminators, buyers, and users 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 disseminator, buyer, or user.

### **20.070 Reviewed financial statements.**

1. Each disseminator shall prepare financial statements covering all financial activities of the disseminator's establishment for each business year. The financial statements must~~;~~:

~~(a) B]~~b be submitted to the board in duplicate not later than 120 days after the last day of the disseminator's business year. In the event of a license termination, change in business entity, or a change in the percentage of ownership of more than 20 percent, the licensee or former licensee shall, not later than 120 days after the event, submit to the board 2 copies of reviewed financial statements covering the period since the period covered by the previous statement. If a license termination, change in business entity, or a change in the percentage of ownership of more than 20 percent occurs within 120 days after the end of the business year for which a statement has not been submitted, the licensee may submit statements covering both the business year and the final period of business. ~~;~~ ;

~~(b) Include detailed supplemental schedules which depict the revenues, expenses, and results of operations for each significant segment of the disseminator's business (i.e., wire service, live broadcast, management fees, etc.); and~~

~~(c) Include detailed supplemental schedules which depict the revenues, expenses, and results of operations for each live broadcast racing meet.]~~

2. Each disseminator shall engage an independent accountant ~~[licensed by the Nevada state board of accountancy. The accountant]~~ who shall review the financial statements ~~[and schedules]~~ in accordance with the statements on standards for accounting and review services or, if the chairman requires or the ~~[licensee]~~ disseminator engages him to do so, the independent accountant shall ~~[examine]~~ audit the statements ~~[and schedules]~~ in accordance with generally accepted auditing standards. ~~[Except for information required by Regulation 21.040(7), the accountant's report must delineate the disseminator's compliance with Regulation 21.053(2).]~~

3. No Changes.

4. No Changes.

5. No Changes.
6. No Changes.
7. No Changes.