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### Regulation 22 Newsletter # 1 03/24/99

#### ***Reportability of Wagering Transactions***

1. What is the goal of the noncash wager reporting requirements contained in Regulation 22.061 through 22.065?

*The main goal of the requirements is to have a patron's significant nonpari-mutuel betting activity reported to the Board either through a Regulation 6A CTRC-N or a BWR. Since the logging, identification, recording and reporting requirements for noncash race/sports wagers are similar to those for Regulation 6A, in most cases Regulation 6A may be consulted for guidance when Regulation 22 compliance issues arise.*

2. If cash wagers are reported pursuant to Regulation 6A, must those same wagers also be reported pursuant to Regulation 22.061? What is the relationship between the reporting requirements contained in Regulation 22 and the reporting requirements contained in Regulation 6A?

*No. The reporting requirements of Regulation 22 are such that wagers are not re-reported if they were reported pursuant to Regulation 6A. The requirements for Regulation 6A are not altered by the requirements of Regulation 22.*

3. Are all race and sports book wagers subject to the logging, recording and reporting requirements of Regulation 22.061 and 22.062?

*No. Only noncash, nonpari-mutuel wagers are subject to the logging, recording and reporting requirements unless the Board Chairman instructs a licensee to also log, record and report pari-mutuel wagers.*

4. When a nonrestricted gaming operation places a cash layoff bet exceeding \$10,000 with another gaming operation for its own benefit, is the transaction reportable by the licensee receiving the bet?

*Yes. This transaction is considered to arise out of the ordinary course of both licensee's operations and is not reportable pursuant to Regulation 6A (Regulation 6A Newsletter #5 - Question #5). However, since the wager is not included on a CTRC-N, the wagers are reportable on a BWR.*

5. Are wagers made with race/sports chips, table game chips, or tokens reportable? Are re-bets or bet backs (i.e., wagers placed using an unpaid winning ticket) reportable? Are bets made from a patron wagering account (e.g., telephone account) reportable?

*Yes, if the book has notified the Board pursuant to Regulation 22.060(8) that the book will receive noncash wagers. These types of wagers fall within the definition of "noncash wager" pursuant to Regulation 22.010(9). If the book has made the election to be a cash only book, the acceptance of these types of wagers would not be allowed.*

6. Does a licensee have to record money being placed into, or taken out of, a patron's wagering account for Regulation 22.061 or 22.062 purposes?

*No. However, for Regulation 6A purposes deposits and withdrawals are subject to recording and reporting requirements.*

7. Does any record of a pari-mutuel noncash wager need to be made pursuant to Regulations 22.061 and 22.062?

*No. However, 6A MICS #43 requires that documentation of the nature of noncash wagers greater than \$3,000 must be created and maintained.*

8. What recording and recordkeeping requirements are applicable for wagers made by a Board approved listed patron, since the wagers are not required to be reported pursuant to Regulation 22.061(6)?

*Wagers must be logged and recorded pursuant to the requirements of Regulations 22.061 and 22.062.*

### **Aggregation of Transactions**

9. Although not required by Regulation 22, can all pari-mutuel and nonpari-mutuel wagers be aggregated for reporting purposes rather than making a distinction between pari-mutuel and nonpari-mutuel wagers?

*Yes. This is allowed and will not be considered a violation of the regulation. However, the transactions should have occurred within the same monitoring area and within the same designated 24-hour period, and wagers reported pursuant to Regulation 6A are not re-reported for Regulation 22 purposes.*

10. How does W-2G information have to be used in light of the "knowledge" requirement of Regulation 22?

*If W-2G information is available to race and sports book department personnel in their area, or a race and sports book department employee has previously paid a winning ticket to a patron for which a W-2G form was completed, then those employees are considered to have knowledge of the patron's name reflected on the W-2G forms. The employee is then required to record the patron's name for any other MTL entries for the patron. If the W-2G information is not available for review after the payouts have occurred (i.e., the completed forms are sent to accounting immediately upon completion), race and sports book department personnel are not responsible for the information on W-2G's other than ones associated with payouts they themselves have paid or that are recorded on a Regulation 6A MTL.*

11. How does player club information have to be used in light of the "knowledge" requirement of Regulation 22?

*If such records or information is available to race and sports book department personnel when they conduct transactions for a patron (i.e., their job duties require them to access the system or swipe player cards), then those employees are considered to have knowledge of the transactions or information reflected in the system. Therefore, if the information details previous transactions, whether or not the transactions are on an MTL, that employee has then obtained knowledge of those transactions for logging and reporting purposes. If the information is only available after the transactions have occurred (i.e., after-the-fact) there is no specific requirement to search the system to find possible loggable or reportable transactions..*

12. If a patron conducts two chip wagers each for \$2,000 during two separate visits to a betting window, the same employee handled both transactions, and the employee has knowledge that the same patron made both wagers, what is required to be recorded?

*A loggable wager has occurred if the transactions occurred within the same designated 24-hour period. Either two \$2,000 entries may be recorded on the noncash wager MTL or a \$4,000 entry may be recorded.*

13. Same situation as above but instead of two chip wagers, the transactions were a \$2,000 chip wager and a \$2,000 cash wager. What is required to be recorded?

*Nothing. Cash wagers are not aggregated with noncash wagers to determine if a loggable transaction/wager has occurred. However, if the same employee later obtains knowledge of another chip wager of \$1,001 or more or cash wager of \$1,001 or more, then a loggable Regulation 6A wager or loggable Regulation 22 wager has occurred.*

14. Answers to questions 9 through 13 assumed that the situations occurred in the same monitoring area. Are the answers to these questions the same if the transactions occurred in multiple monitoring areas (i.e., if the race book is a separate monitoring area from the sports book) ?

*Yes. Because the monitoring areas are within the same department and because the employee had actual knowledge of transactions from the different areas, the wagers should be combined and logged. For example, in question #12 a loggable wager occurred if the employee had knowledge of a patron placing a \$2,000 wager in the sports book and a second \$2,000 wager in the race book.*

15. Since a race and sports book shift manager may know about a patron's play between monitoring areas within the race and sports book, do such transactions have to be aggregated between areas?

*It depends on when and how the shift manager obtained the actual knowledge and his defined job duties. If he is involved with the transactions when they occur, then he has contemporaneous knowledge and the answer is yes. If he finds out about the transactions after-the-fact, then the answer is no.*

16. Does a single chip nonpari-mutuel wager greater than \$10,000 have to be logged in the noncash wager MTL?

*Yes.*

17. Does a single cash nonpari-mutuel wager greater than \$10,000 have to be logged in the noncash wager MTL?

*No. However, the transaction must be logged in the Regulation 6A MTL.*

18. Can one MTL be used for both Regulation 22 and Regulation 6A logging purposes?

*Yes. However, the MTL must contain the information required by both Regulations 22.062(3) and 6A MICS # 6.*

19. If wagering communications are accepted in either an area outside of the book area or within the book area, is this a separate monitoring area?

*No. A physically separate area for the acceptance of this type of wager (e.g., a phone room not located within the race and sports book) is not considered a separate monitoring area. However, a separate MTL may be used to record wagers from patron wagering accounts. Additionally, the activity on this MTL must be aggregated with the activity recorded on the counter write area MTL to determine the reportability of wagers. In this situation, because all the patrons using wagering accounts are known patrons, such aggregation may be done at the end of the day (i.e., after-the-fact).*

## **Recording Wagers**

20. What is the time of a wagering transaction?

*The time of a wagering transaction is when the cash or chips is received by the handler of the transaction. For a reportable multiple transaction, the time of the last transaction should be recorded in the Regulation 22.061(3) record as the time of the reportable transaction.*

21. Can a post office box be used for a patron's address?

*Yes, but only if the patron has refused to provide his permanent, residence address. Regulation 22.061(1)(b) requires that the licensee must have attempted to obtain the patron's permanent (residence) address and failed to obtain it before using a post office box as an address.*

22. Can "known patron--information on file" be used as the method of identification if the driver's license information on file reflects an expiration date prior to the date of the transaction?

*Yes. However, the identification credential must have been physically examined within the last three years pursuant to Regulation 22.061(4).*

23. Can an expired driver's license be used as an identification credential?

*Yes.*

24. Can "known patron--information on file" be used if the information on file does not include the patron's date of birth (and it was contained on the identification credential examined but not recorded) and the patron's social security number?

*No. The date of birth must be obtained. An attempt to obtain the patron's social security number must be made but the transaction may be completed if the patron refuses to provide his SSN. NOTE: The difference between the "known patron" requirements of Regulation 22 and the "known patron" requirements of Regulation 6A is that the date of birth must be contained in the licensee's records pursuant to Regulation 22, and pursuant to Regulation 6A the identification credential must not be expired.*

### **Book Wagering Report (BWR)**

25. Where can a licensee obtain a BWR form (GCB Form ENF-8)?

*The BWR is available from the Enforcement Division of the Gaming Control Board. A licensee can photocopy this form. A computer generated reproduction of the form is acceptable if the format of the form remains the same.*

26. What is to be recorded in the "# of Wagers" column of the BWR?

*The total number of noncash wager MTL entries and Regulation 6A MTL entries should be recorded on the BWR. However, any Regulation 6A MTL entries that were reported on a CTRC-N should not be counted. The number of individual wagers or tickets issued is not required to be reported.*

27. Does each individual wager that the patron has made have to be listed on the BWR?

*No. The patron's total, daily, reportable wagering activity should be posted to the form by day.*

28. What is to be recorded in the "Largest" and "Smallest" columns of the BWR?

*The largest and smallest MTL entries on a noncash wager or Regulation 6A MTL should be recorded on the BWR. However, any Regulation 6A MTL entries that were reported on a CTRC-N should not be considered as the smallest or largest entry. The largest or smallest individual wager or ticket issued is not required to be reported. If only one transaction was logged and reported, then "N/A" should be recorded in these columns.*

29. When would the total amount of wagers on a BWR not equal the total amount of wagers logged on a noncash wager or Regulation 6A MTL?

*The amounts would not agree if a wager was less than \$3,000 (i.e., not required to be logged) but there was actual knowledge of the transaction - this wager is reportable on a BWR. Additionally, the amounts would not agree if the Regulation 6A entry was reported on a CTRC-N, in which case reporting on a BWR is not required.*

30. Does the patron's address have to be reported to the Board on the BWR?

*No. An address must be requested from the patron and recorded in the licensee's records if obtained, but does not need to be provided on the BWR report itself.*

31. If a proposition bet is offered that links a sporting event and a horse race, should the bet be reported as a sports bet or a race bet on the BWR?

*If the bet was accepted in the sports book, report as a sports wager. If the bet was accepted in the race book, report as a race wager. If the bet was taken at a multi-purpose window that accepts both sports and race bets, report the bet as a race wager on the BWR.*

32. Is the "AGENT" portion of the BWR completed for each agent that a patron uses?

*Yes. A separate BWR is completed for each patron/agent relationship. If a patron uses an agent for the placing of the patron's wagers during the month only those wagers should be reflected on a BWR with both the patron and agent sections completed. The remaining wagers that the patron made by himself for the month should be reflected on a separate BWR.*

33. Who should submit the BWR?

*We recommend that an accounting department or race and sports book department employee prepare and submit the BWR. The employee's name should be printed (or typed) on the BWR.*

34. Is a BWR filing that has a postmark date of the 15th day of the month following the month of transaction considered to be filed on time?

*Yes.*

## **Board Requirements**

35. If a licensee has an automated casino system (e.g., computerized bookmaking system, player tracking system) that will be modified or has a new system as a result of the recent Regulation 22 changes, is an associated equipment form required?

*Yes. Included with the form should be an indication that the modification/ new system is for Regulation 22 purposes. Each modification made should be described. Please note that a manual system of noncash wager logging must be used until approval of a computerized automated logging system is given.*

36. Do internal control systems addressing the new Regulation 22 requirements need to be submitted to the Board?

*As the majority of the requirements in Regulation 22 are specific and the Minimum Internal Control Standards do not address many of the new requirements, generally, there is no need to reiterate these requirements in the written system of internal control. However, the written system of internal control should address the customized procedures used by a specific operation to implement these requirements. Additionally, if a Board approved alternative procedure is used it should be delineated in the written internal control system.*

37. Can a computerized noncash wager MTL be used?

*Yes, if all the components required in Regulation 22.062(3) are included in the MTL. Board approval is needed for a computerized MTL if the handler of transactions does not enter the transaction information into the computer, or if the handler of transactions does not sign the MTL for each entry.*

38. Can a patron's wagering account report be used in lieu of manually logging account wagers on an MTL?

*Board approval is considered granted for licensees to use a computerized bookmaking system patron wagering account report as a replacement for an MTL. However, all the components required in Regulation 22.062(3), except for the patron's description and the signature of the person accepting or approving the wager, are included in the report (or combination of reports). The report must include for each wager, the identity of the handler of the transactions (i.e., operator ID number) unless the wagers were accepted by automated systems without employee involvement.*

### **Miscellaneous**

39. Is a Regulation 6A SARC automatically required if a book reportable transaction is completed where the patron's identification credential was not obtained prior to the transaction in violation of Regulation 22.061(1)(c), and the patron later refuses to provide the credential?

*No. A SARC is only required if, in the judgment of the licensee, the transaction was suspicious.*

40. Do all patron wagering accounts established prior to March 1, 1999 have to be updated for the requirements of Regulations 22.140(6) and 22.061 prior to conducting a transaction with the patron?

*No. However, if any required information is lacking from the licensee's records, such information must be obtained before completing a reportable transaction. Additionally, an identification credential must have been examined within the last three years if these patrons are indicated as being "known patrons" for reporting purposes.*

41. Can a sign be posted in the casino, or pamphlet given to patrons, that describes the Regulation 22.061 reporting process?

*Yes. Regulation 22.063(1) indicates that this is permissible.*

42. Can a book continue to offer telephone wagering even though the associated communication technology has not been approved by the Board as of March 1, 1999?

*Yes, provided that the book has submitted to the Board a proposal indicating that the book is actively pursuing the implementation of communication technology that meets approval criteria and the proposal indicates a reasonable estimated completion date, or unless otherwise notified by the Board. Refer to the Board's February 22, 1999 industry letter for the minimum Regulation 22.140 approval criteria.*

43. Can player club points earned primarily from pari-mutuel wagering prior to January 1, 1999 be redeemed for something other than room, food, beverage, or entertainment admission complimentary?

*No. Such redemptions would be considered pari-mutuel rebates, which were prohibited by NRS 464.075(1) effective July 17, 1997.*

44. Are race and sports contests and tournaments prohibited if pari-mutuel wagering is involved?

*Contests and tournaments which award prizes other than room, food, beverage, or entertainment admission complimentary may be prohibited if the contest or tournament is designed to provide a rebate to a pari-mutuel bettor. For example, the criteria used for entry into a contest or tournament or for the*

*basis of awarding prizes for the contest or tournament may not be based upon, or proportionally related to, pari-mutuel wagering activity.*

**Reporting, Recording and Logging Examples**

45. What types of report (i.e., CTRC-N, BWR) is required, and for what amount, in the following scenarios?

<u>Scenario</u>	<u>Visit #</u>	<u>Nonpari-mutuel Chip Wager</u>	<u>Nonpari-mutuel Cash Wager</u>	<u>Pari-mutuel_ Chip Wager</u>	<u>Pari-mutuel_ Cash Wager</u>
A	1	\$6,000			
	1	\$6,000			
	2		\$6,000		
	2	\$6,000			
B	1	\$6,000			
	1	\$6,000			
	2	\$6,000			
	2		\$12,000		
C	1	\$12,000			
	2		\$6,000		
D	1	\$3,500			
	1		\$9,000		
	2	\$3,500			
	3			\$4,000	
E	1	\$3,500			
	2		\$9,000		
	2	\$4,000			
	3				\$6,000
F	1	\$2,500			
	2		\$12,000		
	2			\$3,500	
	3				\$7,000
G	1	\$1,500			
	2		\$12,000		
	3	\$3,500			
H	1	\$11,500			
	2	\$1,000			
	2	\$1,000			
I	1		\$12,000		
	2	\$5,000			
J	1	\$5,000			
	2		\$12,000		
K	1	\$6,000			
	2		\$5,000		

Note: In each of the preceding scenarios, the transactions are conducted by the same patron, at the same sports book window where the same writer has knowledge of all the transactions, and during the same designated 24-hour period at a 6A licensee's establishment.

*The following reports would be required:*

<u>Scenario</u>	<u>BWR</u>			<u>Total of Sports Wagers</u>	<u>Multiple Same Type Transaction CTRC-N</u>
	<u># of Wagers</u>	<u>Largest</u>	<u>Smallest</u>		
A	3	\$12,000	\$6,000	\$24,000 in wagers from all the transactions	
B	2	\$12,000	\$6,000	\$18,000 in wagers from the first, second and third transactions	\$12,000 cash wager from the fourth transaction
C	2	\$12,000	\$6,000	\$18,000 in wagers from both transactions	
D	3	\$9,000	\$3,500	\$16,000 in wagers from the first, second and third transactions	
E	2	\$4,000	\$3,500	\$7,500 in wagers from the first and third transactions	\$15,000 cash wager from the second and fourth transactions
F	0	N/A	N/A	\$2,500 in wagers from the first transactions <input type="checkbox"/>	\$19,000 cash wager from the second and fourth transactions
G	1	N/A	N/A	\$5,000 in wagers from the first and third transactions	\$12,000 cash wager from the second transaction
H	1	N/A	N/A	\$13,500 in wagers from all the transactions <input type="checkbox"/>	
I	1	N/A	N/A	\$5,000 in wagers from the second transaction	\$12,000 cash wager from the first transaction
J	1	N/A	N/A	\$5,000 in wagers from the first transaction	\$12,000 cash wager from the second transaction
K	2	\$6,000	\$5,000	\$11,000 in wagers from both transactions	

-- For these two scenarios, the amount required to be reported includes wagers less than \$3,000 that were not required to be logged. The wagers were required to be reported because the writer had actual knowledge of the transactions. If, for scenario F, the writer does not retain knowledge of the first \$2,500 transaction no BWR would be required. If, for scenario G, the writer does not retain knowledge of the first \$1,500 transaction a BWR for only \$3,500 would be required.



*Note: The “# of Wagers” on the BWR should be equal to the number of log entries for the wagers reported on the BWR. For Scenario F, the first transaction is not required to be logged and, thus, the “# of Wagers” is zero.*

46. What amounts are required to be recorded pursuant to Regulations 22.061(3) and 22.062(5) for the above scenarios?

*The same amounts as included in the BWR. Note: In Scenario F and H, the amount reported includes wagers that are not required to be logged because the wagers do not exceed \$3,000. However, a record of these wagers is required to be created since the wagers are reportable.*

47. What amounts are required to be recorded in a noncash wager MTL pursuant to Regulations 22.062(2) and a Regulation 6A MTL for the above scenarios?

<u>Scenario</u>	<u>Visit #</u>	<u>Noncash Wager MTL</u>	<u>Regulation 6A MTL</u>
A	1	Aggregate \$12,000^	
	2	\$6,000	\$6,000
B	1	Aggregate \$12,000^	
	2	\$6,000	\$12,000
C	1	\$12,000	
	2		\$6,000
D	1	\$3,500	\$9,000
	2	\$3,500	
	3	None	
E	1	\$3,500	
	2	\$4,000	\$9,000
	3		\$6,000
F	1	None*	
	2	None	\$12,000
	3		\$7,000
G	1	None	
	2		\$12,000
	3	Aggregate \$5,000^	
H	1	\$11,500	
	2	None*	
I	1		\$12,000
	2	\$5,000	
J	1	\$5,000	
	2		\$12,000
K	1	\$6,000	
	2		\$5,000

*^ -- Either the individual wagers or the aggregate amounts may be recorded on the MTL. If, for scenario G, the writer does not retain knowledge of the first \$1,500 transaction a log entry for \$3,500 would be required.*

*\* -- Although the wager(s) are not required to be logged since the wagers do not exceed \$3,000, it is permissible to log such transactions.*

*Note: One MTL may be used for both noncash wagers and cash transactions (see question 18 above).*