



KENNY C. GUINN
Governor

STATE OF NEVADA
GAMING CONTROL BOARD

1919 E. College Parkway, P.O. Box 8003, Carson City, Nevada 89702
555 E. Washington Ave., Suite 2600, Las Vegas, Nevada 89101
3650 South Pointe Cir., P.O. Box 31109, Laughlin, Nevada 89028
557 W. Silver St., Suite 207, Elko, Nevada 89801
495 Apple St., Reno, Nevada 89502

STEVE DuCHARME, *Chairman*
DENNIS K. NEILANDER, *Member*
BOBBY L. SILLER, *Member*

September 8, 2000

Carson City
(775) 687-6525
Fax: (775) 687-5817

**TO: ALL LICENSED RACE/SPORTS BOOK OPERATORS, LICENSED
DISSEMINATORS AND INTERESTED PERSONS**

RE: RACE PROPOSITION WAGERS AND NGC-32'S

It has come to my attention that some licensees are accepting nonpari-mutuel race proposition wagers, using a live broadcast to determine the outcome of the wagers, and not paying the related disseminator fees in violation of Regulation 20.030. Consequently, the State of Nevada is not receiving its proper amount of taxes on these fees from the disseminator pursuant to NRS 463.450.

Be advised that all book operators are required to pay the disseminator fee on any nonpari-mutuel race proposition wager accepted since June 1997 for which a live broadcast was used to determine the outcome of the wager. These wagers are also required to be reported on the NGC-32 form, broken out by disseminator but not by track. Note that if a single wager is accepted involving more than one track (i.e., a parlay card or parlay wager off the board), the handle for the wager should be apportioned on a pro rata basis to each track and the disseminator should be paid accordingly.

Based on the above requirements, each book must perform the following steps:

1. Determine whether the disseminator fees have been paid on all of these wagers accepted since June 1997 and whether they have been properly reported on the NGC-32.
2. If the disseminator has not been paid a fee for any of these wagers, you will, of course, be required to remit any unpaid fees to the applicable disseminator along with a monthly total of the wagers accepted for which a fee was not paid.
3. If the wagers were not properly reported on the NGC-32, you will be required to file amended NGC-32's for all months that were not properly reported with the wagers broken out by disseminator but not by track.

4. Each book operator will be required to submit a written statement to the Gaming Control Board's Audit Division (Las Vegas office) as to whether they have correctly paid the fees for all wagers of this type since June 1997 and whether they have been properly reported on the NGC-32's. If the fees have not been properly paid, the statement should include a total by month of wagers accepted, additional fees due to the disseminator, and a statement indicating that the additional fees due were remitted to the disseminator. If applicable, the amended NGC-32's should be submitted with the statement.

The procedures noted above are required to be performed within 90 days of the date of this notice.

All disseminators will be required to pay the applicable taxes to the State of Nevada on any additional fees that are collected from book operators as a result of this notice by reporting them on the NGC-20. Any additional fees collected should be listed by book and should be distinguished from the normal fees collected during the month. Be advised that you do not need to file amended NGC-20's, you simply have to report the required information in the month you receive the fees from book operators.

I understand that at times these race proposition wagers may have been transacted through the sports book. This is acceptable if a book is licensed to accept both race and sports wagers. However, be advised that the acceptance of these wagers at books only licensed to accept sports wagers is prohibited by Regulation 22.010(15). Additionally, pari-mutuel only books are prohibited from accepting these types of wagers pursuant to Regulation 26A.020(14).

On another but related topic, it has come to my attention that some book operators are not forwarding a copy of the original NGC-32 form that was submitted to the Board to the respective disseminators as required by Regulation 20.030(7). Please be reminded that the NGC-32 should be forwarded to the respective disseminators no later than the 24th day of the month after the month covered by the report.

In the future, book operators should ensure that the information contained on the NGC-32 is accurate and reconciles to both the pari-mutuel and nonpari-mutuel handle (write) and win information reported on the corresponding NGC-31 report. If the NGC-31 is subsequently amended for revised race results, then the corresponding NGC-32 should also be amended.

If you have any questions regarding these matters, please contact Supervisor Ted Townsend in the Audit Division's Las Vegas office at (702) 486-2060.

Sincerely,

Steve DuCharme
Chairman

SD/DR:lg

cc: Dennis K. Neilander, Board Member
Bobby L. Siller, Board Member
Audit Division - Las Vegas