



JIM GIBBONS
Governor

STATE OF NEVADA
GAMING CONTROL BOARD

1919 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
6980 Sierra Center Parkway, Suite 120, Reno, Nevada 89511
750 Pilot Road, Suite H, Las Vegas, Nevada 89119

DENNIS K. NEILANDER, *Chairman*
MARK A. CLAYTON, *Member*
RANDALL E. SAYRE, *Member*

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Carson City
(775) 684-7740
Fax: (775) 687-8221

TO: ALL NONRESTRICTED LICENSEES AND INTERESTED PARTIES

RE: REGULATION PROJECTS

I am overseeing regulation projects involving proposed amendments to the Nevada Gaming Commission Regulations listed below. Each proposed amendment is summarized or included for your review.

NOTE: The language for the proposed regulation changes are listed below. New language is italicized and bolded; and deleted language is struck through. The distribution of these proposed regulation changes does not, at this time, serve as an endorsement of the changes by the Board. The proposed regulation language in this letter may change between now and when regulation workshops are held.

- 5.200 Licensing and operation of an international gaming salon – The proposal is to repeal the prohibition on slot machines accepting more than \$3,000 in coins, currency, or tokens (Regulation 6A prohibitions concerning cash exchanges of more than \$3,000 was repealed on June 30, 2007, at 11:59 p.m.); to update the terminology to reflect that statute no longer prefaces the term “gaming salon” with the word “international;” to remove the requirement that a licensee estimate the number of secondary patrons and guests upon a licensee noticing the board that a gaming salon is open for play; to reduce the requirement of maintaining a record of video or digital surveillance of a gaming salon from 90 days to 30 days; to reduce the minimum table game wager for a primary patron to \$100 and for a secondary patron to \$25; to delete references to surveillance standards in light of Nevada Gaming Commission Regulation 5.160 and Surveillance Standard 10; to delete the registration requirements imposed on gaming salon employees that are greater than the registration requirements of normal gaming employees; to take such additional action as may be necessary and proper to effectuate these stated purposes.
- 22.010 Definitions (14) “Post time” – The proposal adds a new subsection after subsection (b) that reads: ***For licensed race books that, pursuant to an agreement with a licensed system’s operator, use a computerized bookmaking system that allows the system’s operator to close wagering***

via electronic remote access, that time when the race is started , as applicable, the opening of the gates and/or box, the starting gate car begins to close its arms, or any such other method used by the track and administratively approved by the chairman, as determined by the system's operator through information the system's operator independently receives from the disseminator.

- 22.010 Definitions – This is a proposed definition: ***“Call center system” means a computerized system, or a component of such a system, that is used to receive and transmit wagering account instructions from a patron to a licensed race book or sports pool. The call center system is located within Nevada but off the premises of a licensed gaming establishment or any affiliated licensed gaming establishment.***
- 22.010 Definitions – This is a proposed definition: ***“Operator of a call center” means a person who, as an agent of a licensed Nevada race book or sports pool, engages in the business of operating a call center system as a means of providing patron services to assist a patron located in this state to convey wagering instructions to one or more licensed Nevada race books or sports pools. A licensed Nevada race book or sports pool 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.***
- 22.032 **Finding of suitability required to operate a call center; applications** – This is a proposed regulation that states:
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 to operate a call center under this regulation or Regulation 26C.
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.
- 22.035 Registration of employees – Subsection (1) of this regulation is amended as follows: Any individual who fulfills the function of race book or sports pool manager, race book or sports pool supervisor, ***supervisor of an operator of a call center*** or who determines race book or sports pool betting odds, point spreads or betting lines must register with the board. Such registration must be made on a form provided by the chairman and shall include the individual's:
- 22.037 **Employees of an operator of a call center** – This is a proposed regulation that states: ***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.***
- 22.060 Acceptance of wagers – Subsection (5) of this regulation is amended as follows: No book or agent, ***including an operator of a call center***, 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.

22.062 Multiple wagers – The proposed changes to this regulation are to increase the amount of the wagers or aggregate wager amounts, in subsection (2), required to be logged in the multiple transaction log from \$3,000 to \$5,000. Additionally, the threshold for aggregating nonpari-mutuel wagers is raised from \$3,000 to \$5,000.

22.120 Prohibited wagers – The proposed regulation change to subsection 1(e) is as follows: Any event other than a horse race, greyhound race, or an athletic sports event, **or a regulated competitive tournament pursuant to Regulation 26B**, unless the chairman permits otherwise in writing.

22.130 Communications technology – In subsections (1) through (4), any reference to a “book” is followed by the new language “**or a call center**,” “**or the call center**” or “**and the call center**” as appropriate.

A new subsection (5) is added stating: **A call center system is associated equipment requiring approval pursuant to Regulation 14.260.**

A new subsection (6) is added stating: **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.**

22.135 Use of communication devices prohibited – The proposal is to repeal this regulation.

22.140 Wagering communications: establishing patron wagering accounts for sports and nonpari-mutuel race wagering – A new subsection is inserted as subsection (2): **An operator of a call center shall not accept wagering instructions for sports wagers or nonpari-mutuel race wagers unless the transmission of a wager is initiated from within the State of Nevada.**

The first sentence of subsection (6) is changed to read: Before a book or **an operator of a call center** accepts a wagering communication on any sporting event or on any nonpari-mutuel race wager:

22.145 Account wagering systems – The first sentence of subsection (1) is changed to read: 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 or **an operator of a call center**.

22.147 Account wagering rules – The first sentence of subsection (3) is changed to read: For all wagering communications the book **or the operator of a call center** is required to make a 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 first sentence of subsection (5) is changed to read: The book and the **operator of a call center** shall keep confidential, except from the patron, the board or as otherwise required by federal or state law:

26.165 Use of an operator of a call center – This is a new regulation that reads as follows:

- 1. A licensed Nevada race book or sports pool 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 race book or sports pool and the date/time instructions are received from a patron for:**
 - (a) Sports wagers and nonpari-mutuel horse race wagers to be placed; and**
 - (b) Any other wagering account instructions as may be approved by the chairman.**
- 3. The operator of a call center performs such patron services as:**
 - (a) Receiving sports wager and nonpari-mutuel horse race wager instructions from a patron and performing procedures to provide reasonable assurance that the patron is located within the borders of this state prior to accepting a wagering communication;**
 - (b) Assisting the patron in making deposits and withdrawals;**
 - (c) Providing help desk responses to patrons and the general public concerning sports wagers and nonpari-mutuel horse race wagers at a licensed Nevada race book or sports pool; and**
 - (d) Such other patron services as may be approved by the chairman.**
- 4. In addition to the posting of the wager at a licensed Nevada race book or sports pool, 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 only use communications technology approved pursuant to Regulation 22.130.**
- 7. The operator of a call center shall operate in compliance with all applicable provisions of this regulation that may apply to it or the licensed Nevada race book or sports pool using its services.**
- 8. The licensed Nevada race book or sports pool 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.**
- 9. Violation of any applicable law or regulation by an operator of a call center constitutes reasonable cause for disciplinary action.**

- 26A.130 Operation of the off-track pari-mutuel system – The proposed changes to this regulation consist of changing subsection (1) to read: A systems operator operating an interstate common pari-mutuel pool shall immediately notify the pari-mutuel books in the event that it is unable to transmit wagering information to the track and, **except as otherwise provided in Subsection 26A.130(5)**, shall cause the system to cease accepting off-track pari-mutuel wagers if it is unable to transmit the wagering information to the track either through the system or through a manual merge.

A new Subsection (5) is proposed as: ***Notwithstanding Subsection 26A.130(1), if the track is unable to accept wagering information through a manual merge, or the applicable regulatory agency having jurisdiction over the track or the laws of the jurisdiction in which the betting system is located do not permit manual merge as a means of transmitting wagering information, the requirement for manual merge set forth in Subsection 26A.130(1) may be administratively waived by the chairman.***

- 26A.140 Approval of agreements – As proposed, subsection (4)(c) would read: The agreement specifies the manner in which the parties will handle a system or communication failure and specifically requires the track to accept wagering information from the systems operator through a manual merge for a reasonable amount of time; ***provided, however, if manual merge is as otherwise provided in Subsection 26A.130(5), a manual merge shall not be a requirement of any such agreement:***

- 26B.020 Definitions – The proposed regulation change is to insert a new subsection after subsection (10) that states:

11. “Regulated competitive tournament” means a tournament or contest:
(a) that has historically been characterized as an athletic sporting event in Nevada, prior to the adoption of this subsection in _____, 2008;

(b) that is wholly based on a gambling game as defined in NRS 463.0152, including card games regulated under Regulation 23, when at least thirty two (32) contestants compete in such a tournament and it is conducted by a nonrestricted gaming licensee in Nevada or by its affiliate outside Nevada, provided that such affiliate also holds an appropriate gaming license for conducting such tournament; or

(c) that:

(1) has at least a ten (10) year collective history;

(2) has generally accepted rules;

(3) has a national governing body or similar professional organization that has the authority to issue definitive rules for such tournament or contest;

(4) is land-based with on-site supervision;

(5) is strictly limited to human contestants who are adults, or, if minors are also allowed to participate in such tournament:

(A) the wagers are accepted only on the adult contestants; and

- (B) any final winning performance by any minor in any such tournament or contest voids all wagers for that tournament or contest.**
- (6) has at least sixteen (16) contestants;**
- (7) requires some physical skill for winning , such as a gold tournament, a billiards tournament, a dart tournament, a fishing tournament, an auto-racing tournament, or a motorcycle tournament;**
- (8) is not played with cards, dice, dominos or any board game;**
- (9) normally has the results of its top performing contestants published or disseminated in the media; and**
- (10) has been administratively approved by the chairman in writing as the general type of tournament or contest for which wagers may be accepted pursuant to this Regulation.**

Additionally, current subsection (11) would be changed to read: "Sporting event" means an **any** individual **athletic** race, game, match or contest, and any group, series or part thereof or **any regulated competitive tournament**. The term does not include horse or dog races.

The current Regulations are available at http://gaming.nv.gov/stats_regs.htm. The Board welcomes any input you have relative to the regulations listed above or the specific changes identified in this letter. Please direct any comments/suggestions to Senior Research Specialist Karl Bennison at kbennison@gcb.nv.gov.

We plan to hold public workshops, covering all the regulations listed above in approximately two months time. Once the workshop dates, times and locations are finalized, they will be posted on the Board's Website www.gaming.nv.gov.

Sincerely,

Randall E. Sayre
Member

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cc: Dennis K. Neilander, Chairman
Mark A. Clayton, Member
Karl Bennison, Senior Research Specialist
Records and Research Services