

PROPOSED TECHNICAL STANDARDS FOR GAMING DEVICES AND ASSOCIATED EQUIPMENT

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PURPOSE STATEMENT: Pursuant to Nevada Gaming Commission (“NGC”) Regulation 14.050, to amend Nevada Gaming Control Board (“NGCB”) technical standards.

EFFECTIVE DATE: Upon adoption.

EXPLANATION: Matter in *blue italics* is new language; matter between ~~red brackets with single strikethrough~~ is material to be omitted; and matter between *[green brackets in italics]* is for informational purposes only and will not be included in codified version.

TECHNICAL STANDARDS FOR GAMING DEVICES AND ASSOCIATED EQUIPARI-MUTUELENT

STANDARD 9

INTEGRITY OF AND PROPER ACCOUNTING FOR COMPUTERIZED PARI-MUTUEL SYSTEMS

9.005 Minimum requirements for configuration and acceptance of wagers through computerized pari-mutuel systems. Computerized pari-mutuel systems (Systems) shall:

1. Comply with the provisions of Regulation 22, Race and Sports MICS, and provisions of chapter 463 of the NRS when not in conflict with this Standard. *[Drafter’s Note: Adapted from Regulation 26A.040(2), Regulation 26B.010, Regulation 26B.040(2), and Pari-Mutuel MICS Note #2,]*

2. Prevent acceptance off-track pari-mutuel wagers from the pari-mutuel books at post time. Offtrack pari-mutuel sports wagers become final at the start of the sporting event or other event.

[Drafter’s Note: Adapted from Regulation 26A.130(4), Regulation 26B.040(3), Regulation 26B.130(2), Regulation 26C.170(3), Pari-Mutuel MICS #4]

3. Be fully redundant and configurable to:

(a) Receive and aggregate by pool all off-track pari-mutuel sports wagering information received separately from each of the pari-mutuel sports books;

(b) Receive and report to each pari-mutuel sports book at periodic intervals to be approved by the Chair all pool data compiled through the system;

(c) After each sporting event or other event on which off-track pari-mutuel sports wagering is conducted, report to each pari-mutuel sports book the results and payoffs; and

(d) Provide all accounting and reconciliation reports required by the Chair.

[Drafter's Note: Adapted from Regulation 26B.120]

4. Transact all pari-mutuel wagers through the System. In case of computer failure between the pari-mutuel book and the hub, no tickets may be manually written.

[Drafter's Note: Adapted from Pari-Mutuel MICS #1]

5. Create a restricted record concurrently with the generation of the original betting ticket, being accessible to book employees through inquiry only functions.

[Drafter's Note: Adapted from Pari-Mutuel MICS #5b]

6. Restrict documentation generated by the System is restricted to authorized personnel.

[Drafter's Note: Adapted from Pari-Mutuel MICS #22]

7. Be configurable to return at least one dollar and five cents for each winning dollar wagered.

[Drafter's Note: Adapted from Regulation 26B.040(6)]

8. Be configurable to, except as provided in an agreement approved under Regulation 26B.140, ensure that the total percentage of off-track pari-mutuel sports wagers that is to be deducted as a commission on wagers by pari-mutuel sports books in Nevada shall not exceed 25 percent.

[Drafter's Note: Adapted from Regulation 26B.150]

9.010 Payouts. Computerized pari-mutuel systems (Systems) shall:

1. Be incapable of authorizing payment on a ticket/wagering instrument which has been previously paid, a voided ticket/wagering instrument, a losing ticket, or an unissued ticket/wagering instrument.

[Drafter's Note: Adapted from Pari-Mutuel MICS #11]

2. Post payment on winning account wagers as a credit to the patron's wagering account as soon as the event officially concludes or at the time the event results are confirmed by an employee.

[Drafter's Note: Adapted from Reg. 26C.170(6)]

3. Prior to patrons receiving payouts on winning tickets, event/race results are entered into the System for computerized grading of all wagers.

[Drafter's Note: PM MICS #7]

4. Unpaid winning ticket and wagering instrument reports are restricted to authorized personnel independent of the race and sports book.

[Drafter's Note: PM MICS #7]

5. Prior to making payment on a ticket/wagering instrument or crediting the winnings to the patron's wagering account:

(a) The writer/cashier enters or scans the ticket/wagering instrument number into the System to authorize the payment; or

- (b) For wagering account wagers, when the event results are posted in the System, the computer system automatically authorizes payment of winning wagers and updates the patron's *wagering account*. *[Drafter's Note: PM MICS #9 (a)(b)]*

9.015 Wagering accounts and wagering communications. *Computerized pari-mutuel systems (Systems) which support wagering accounts and wagering communications shall:*

1. Be configurable to support deposits, withdrawals, credits, and debits to wagering accounts being made in accordance with Regulation 5.225.

[Drafter's Note: Adapted from 26C.170 (4) & (7) and Regulation 26C.190]

2. Be configurable so that the system shall not accept an off track pari-mutuel horse race wagering communication from a patron until an account is created in accordance with the requirements of Regulation 5.225(5-7).

[Drafter's Note: Adapted from Regulation 26C.160(6)]

3. When conducting account wagering, be configurable to prohibit wagers from being changed after the patron has reviewed and confirmed the wagering information, and the specific wagering communication transaction has been completed.

[Drafter's Note: Adapted from Regulation 26C.170(2)]

4. When using other than voice-only wagering communications technology:

(a) Create a record of the confirmation and provide for the patron's review and confirmation of all wagering information before the wagering communication is accepted by the book. 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;

(b) Produce a ~~printable~~ record of the entire transaction as required by this Standard and shall not accept any wagering communication or transaction if the ~~printable~~ record system is inoperable.

[Drafter's Note: Adapted from Regulation 26C.170 (1) & (8)]

5. Be configurable to ensure that, prior to accepting a pari-mutuel wager or wagering communication on a wagering account, confirmation and patron affirmation that they are located within Nevada is recorded. 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.

[Drafter's Note: Adapted from Regulation 26C.070(6), Regulation 26C.150(3), Regulation 26C.160(3)(a-b), Regulation 26C.170(1) & (5)]

9.020 Record and documentation requirements. *Computerized pari-mutuel systems (Systems) shall:*

1. Indicate the amount of net cash that should be in each writer/cashier station. A supervisor is required to access this information. A supervisor simultaneously acting as a writer, may not have access to their own net cash information.

[Drafter's Note: Adapted from Pari-Mutuel MICS #18]

2. A record or document created simultaneously with the occurrence of a recorded event, for each live broadcast race:

- (a) The actual post time as defined in Regulation 22;
- (b) 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;
- (c) The official track payoff results; and
- (d) Such other information as the Chair may require.

[Drafter's Note: Adapted from Regulation 21.090(1)]

3. Whenever a betting station is opened/closed for wagering or turned over to a new writer/cashier, a record containing:

- (a) The station number;
- (b) The action that occurred (e.g. opened/closed);
- (c) The writer's/cashier's identity; and
- (d) The date and time.

[Drafter's Note: Adapted from Pari-Mutuel MICS #2]

4. A record of the wager, upon acceptance, is created in the System which includes:

- (a) Ticket number;
- (b) Date and time;
- (c) Terms of the wager (listed as the "ticket description" in the System reports) include: the event/racing meet (or race track), event/race number, event/race date, wager selection (e.g., horse number), type of wager (e.g., win, place, or show), and dollar amount wagered; and

(d) The record of the wager is documented by an original betting ticket that includes the book's name and address is printed and given to the patron. Note: If a wager is placed using communications technology an original betting ticket does not need to be created. Regulation 26C.160 requires that all wagering communications shall be electronically recorded (separate from the System) and retained for a period of 60 days.

[Drafter's Note: Adapted from Pari-Mutuel MICS #5(a)]

5. Create an electronic record of the terms of the wager immediately upon accepting an account wager.

[Drafter's Note: Adapted from Regulation 26C.060]

6. The call center system, or a component of such a system, shall 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 race wagers to be placed; and
- (b) Any other pari-mutuel race wagering instructions as may be approved by the Chair.

[Drafter's Note: Adapted from Regulation 26C.150(2)]

7. All wagering instructions received via a call center, shall be electronically recorded and retained for a period of 60 days.

[Drafter's Note: Adapted from Regulation 26C.150(4)]

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.

[Drafter's Note: Adapted from Regulation 26C.160(4)]

9.030 Reporting requirements for computerized pari-mutuel systems (Systems). *In addition to the reporting requirements outlined in General Technical Standards 7.090, all Systems shall produce the following reports, at a minimum:*

Note 1: Documentation equivalent to the following shall also be prepared for satellite books on a “per book” basis.

[Drafter's Note: Adapted from Pari-Mutuel Computer Reports Note #1]

Note 2: As used in this Standards for System report descriptions, the term “ticket description” refers to the terms of the wager as described in TS 9.020(4)(c).

[Drafter's Note: Adapted from Pari-Mutuel MICS #22]

Note 3: Wagers placed using communications technology may be included in the documentation of the central site book that accepted and recorded the patron's wager.

[Drafter's Note: Adapted from Pari-Mutuel Computer Reports Note #2]

1. A “Writer/Cashier Summary Report” that details, for each writer/cashier station, is completed at the conclusion of each shift including:

(a) Computation of cash turned in for the shift, and any variances between the cash turn-in and the amount that the System indicates should be in each station; and

[Drafter's Note: Adapted from Pari-Mutuel MICS #19 (a)]

(b) Electronic Signatures of two employees who have verified the cash turned in for the shift.

[Drafter's Note: Proposed from Pari-Mutuel MICS #19(b)]

2. A “Transaction Report” that details, by writer/cashier station, for each ticket sold, voided (tickets canceled) and paid out (including refunds), wagering instruments issued and redeemed:

(a) The ticket number;

(b) Transaction time;

(c) Writer/cashier station number;

(d) Writer/cashier number;

(e) Ticket description;

(f) Amount of transaction; and

(g) Totals for each transaction type:

(1) The amount of sales (write and wagering instruments issued);

(2) Voids; and

(3) Payouts (including wagering instruments redeemed).

[Drafter's Note: Adapted from Pari-Mutuel MICS #23(a)]

3. A “Session Sales Summary” that details and totals, for each meet, each race and in and in grand total for all meets:

(a) Session gross sales;

(b) Canceled;

(c) Canceled from previous session sales;

- (d) Total sales;
- (e) Total sales from previous session;
- (f) Total sales for the session and the previous session combined;
- (g) Refunds; and
- (h) Net sales.

Note: A “session” is a 24-hour day.

[Drafter’s Note: Adapted from Pari-Mutuel MICS #23(b)]

4. A “Race Prices Report” that details for each meet’s race:

- (a) The race date;
- (b) Race number;
- (c) The winners (e.g., horse identification); and
- (d) Payout amounts for the different types of wagers.

[Drafter’s Note: Adapted from Pari-Mutuel MICS #23(c)]

5. A “Cashed Tickets Report” that details and totals, by meet, and in grand total, the tickets cashed including:

- (a) The ticket number;
- (b) Writer/cashier (or station number);
- (c) Ticket description; and
- (d) Amount of net dividend (amount of payout).

Note: The cashed tickets report may be combined with the transaction report.

[Drafter’s Note: Adapted from Pari-Mutuel MICS #23(d)]

6. A “Wagering instruments Issued and Redeemed Report” that details by writer/cashier station, for each wagering instrument sold (issued) and redeemed (cashed):

- (a) Wagering instrument number;
- (b) Transaction type (i.e., sold/cashed);
- (c) Transaction time;
- (d) Writer/cashier station number;
- (e) Writer/cashier number; and
- (f) Amount of wagering instrument.

Note: The wagering instruments issued and redeemed report may be combined with the transaction report.

[Drafter’s Note: Adapted from Pari-Mutuel MICS #23(e)]

7. A “Refund Ticket Report” that details for the day (session), for each ticket refunded:

- (a) The ticket number;
- (b) Ticket description;
- (c) Session;
- (d) Refund amount; and
- (e) Total of all refunds.

Note: The race and race number is not required to be identified on the refund tickets report if the transaction is reflected in the cashed ticket report or transaction report.

[Drafter’s Note: Adapted from Pari-Mutuel MICS #23(f)]

8. A “Teller Detail Report” that details, by writer/cashier and in total:

- (a) The amount of tickets sold;
- (b) Tickets cashed;
- (c) Tickets canceled;
- (d) Returns;
- (e) Draws;
- (f) Wagering instruments sold and wagering instruments cashed;
- (g) Wagering account deposits;
- (h) Wagering account withdrawals;
- (i) Wagering account tickets sold;
- (j) Wagering account tickets cashed; and
- (k) Amount of over/short.

[Drafter's Note: Adapted from Pari-Mutuel MICS#23(g)]

9. A “Teller Balance Report” that details, for the day (session), by writer/cashier and in total:

- (a) The amount of tickets/wagering instruments sold;
- (b) Tickets/wagering instruments cashed;
- (c) Tickets canceled;
- (d) Wagering account deposits;
- (e) Wagering account withdrawals;
- (f) Draws (funds added to stations' accountability);
- (g) Returns (funds removed from stations' accountability);
- (h) Amount computed as cash turn-in; and
- (i) The actual reported as cash turn-in and amount of over/short.

Note: In this report, wagering account deposits may be included in the “sold” amount and withdrawals may be included in the “cashed” amount.

[Drafter's Note: Adapted from Pari-Mutuel MICS #23(h)]

10. A “Futures Reconciliation Report” that details, by date of event/race for today and future event dates:

- (a) Wagers written on previous days (previous write);
- (b) Wagers written today on future events (write today or future write);
- (c) Wagers written on previous days refunded today (previous canceled today);
- (d) Wagers written on previous days for today's event/race (futures back-in); and
- (e) Total remaining wagers written for events/races in the future (net write).

[Drafter's Note: Adapted from Pari-Mutuel MICS #23(i)]

11. A “Futures Back-in Ticket Detail Report” that details and totals, the tickets written on previous days for events/races occurring today, by racing meet, including:

- (a) The ticket number;
- (b) Ticket description; and
- (c) date of event/race.

[Drafter's Note: Adapted from Adapted from Pari-Mutuel MICS #23(j)(1)]

12. A “Future Ticket Detail Report” is produced, that details and totals, the tickets written on previous days and today for events/races in the future, by date of event/race and by event/race, including:

- (a) The ticket number;
- (b) Ticket description; and
- (c) Date of event/race.

[Drafter's Note: Adapted from Pari-Mutuel MICS #23(j)(2)]

13. An "Unpaid Winners Detail Ticket Report" (i.e., Outsbook Tickets) that details and totals, the unexpired, winning tickets that have not been paid including:

- (a) The event/race date;
- (b) Ticket number;
- (c) Ticket description; and
- (d) Amount of payout.

[Drafter's Note: Adapted from Pari-Mutuel MICS #23(k)(1)]

14. An "Unredeemed Wagering instrument Detail Report" that details and totals, the unexpired wagering instruments that have not been redeemed including:

- (a) The wagering instrument number;
- (b) Date of issue; and
- (c) Amount of wagering instrument.

Note: Tickets and wagering instruments expire when the period of time the book will honor winning wagers/wagering instruments has lapsed.

[Drafter's Note: Adapted from Pari-Mutuel MICS #23(k)(2)]

15. A "Purge Detail Ticket Report" that details and totals the expired, winning tickets that have not been paid, by meet and by ticket number, to be added back into revenue, including:

- (a) The event/race date;
- (b) Ticket number;
- (c) Ticket description; and
- (d) Amount to be paid (net dividend).

[Drafter's Note: Adapted from Pari-Mutuel MICS #23(l)(1)]

16. A "Purge Detail Wagering Instrument Report" that details and totals the expired, unpaid wagering instruments to be added back into revenue including:

- (a) The wagering instrument number;
- (b) Date of issue; and
- (c) Amount of wagering instrument.

[Drafter's Note: Adapted from Pari-Mutuel MICS #23(1)(2)]

Note: Tickets and wagering instruments expire when the period of time the book will honor winning wagers/wagering instruments has lapsed.

17. A "Daily Account Wagering Detail Report" that details by writer/cashier station number, and totals by type, each transaction including:

- (a) Writer/cashier station number;
- (b) Wagering account number;
- (c) The transaction (e.g., wager, deposit, or withdrawal); and
- (d) The transaction amount.

[Drafter's Note: Adapted from Pari-Mutuel MICS #23(m)(1)]

Note 1: The daily account wagering detail report may be a part of the wagering account transaction reports or a combination of reports.

Note 2: The writer/cashier station number is not identified when the patron places a wager through a mobile device.

18. A “Daily Account Wagering Summary Report” that summarizes by writer/cashier station number, for wagering accounts with activity for the day, by wagering account and in total, amounts of:

- (a) Deposits;
- (b) Withdrawals;
- (c) Wagers;
- (d) Canceled wagers;
- (e) Net write;
- (f) Payouts;
- (g) Net win; and
- (h) Other adjustments.

[Drafter’s Note: Adapted from Pari-Mutuel MICS #23(m)(2)]

19. A “Reconciliation Report” that details for each meet, each race, and in total for all meets:

- (a) Net sales;
- (b) Negative breakage;
- (c) Commission;
- (d) Positive breakage;
- (e) Paid and unpaid winning wagers (runner pay);
- (f) Parlay breakage; and
- (g) Deposit.

[Drafter’s Note: Adapted from Pari-Mutuel MICS #23(n)]

20. A “Daily Recap Report” that details for each meet and in total for all meets:

- (a) Total write;
- (b) Refunds;
- (c) Net write;
- (d) Payouts paid today for events on previous days (outs paid today);
- (e) Payouts from wagers written today and paid today and payouts from wagers written on previous days for today’s events/races (today’s total paid or current payouts);

(f) Unpaid winners from event/race occurred today (today’s outs or current unpaids);

(g) Total amount paid today (total paid today);

(h) Unpaid winners and unredeemed wagering instruments expired today (outs purged today or unpaids to revenue); and

(i) Beginning and ending unpaid winners and unredeemed wagering instruments balances (previous outs and total outs).

[Drafter’s Note: Adapted from Pari-Mutuel MICS #23(o)]

21. A “Wagering Account Activity Detail Report” that details, by wagering account and in total, for all wagering accounts:

- (a) The wagering account number;
- (b) Beginning balance;

- (c) Each deposit (date and amount);
- (d) Wagers and void wagers (ticket number, transaction date and time, and ticket description);
- (e) Winning wagers and refunds (ticket number, transaction date and time, ticket description, and payout amount);
- (f) Net wagering activity;
- (g) Withdrawals (date and amount);
- (h) Adjustments (date and amount); and
- (i) Ending balance.

[Drafter's Note: Adapted from Pari-Mutuel MICS #24(a)]

22. A "Wagering Account Activity Summary Report" that details, by wagering account and in total, for all wagering accounts:

- (a) The wagering account number;
- (b) Patron's name;
- (c) Book's name;
- (d) Beginning balance;
- (e) Deposits;
- (f) Amount of wagers;
- (g) Amount of winning wagers;
- (h) Net wagering activity;
- (i) Withdrawals;
- (j) Adjustments; and
- (k) Ending balance.

Note 1: All wagering accounts regardless of account balance shall be included on the wagering account activity report.

Note 2: Daily, month-to-date, year-to-date, and two-year cumulative amounts may be reflected in separate reports rather than one report.

[Drafter's Note: Adapted from Pari-Mutuel MICS #24(b)]

23. A "Month-end Reconciliation Report" used when computing pari-mutuel gross revenue, that details for each meet, by day, amounts of and month-end totals for, each meet and in total of:

- (a) Net sales;
- (b) Negative breakage;
- (c) Commission;
- (d) Positive breakage;
- (e) Paid and unpaid winning wagers (runner pay);
- (f) Parlay breakage; and
- (g) Deposit.

[Drafter's Note: Adapted from Pari-Mutuel MICS #25]

24. A "System Exception Report" that details unusual occurrences including, but not limited to:

- (a) Void authorizations;
- (b) Manually paid tickets;
- (c) Changes to system configuration parameters; and

(d) Alteration to initially recorded data.

[Drafter's Note: Adapted from Pari-Mutuel MICS #37(a)]

25. An "Exception History Report" that details for the day (session):

- (a) Exception time;
- (b) Employee involved;
- (c) Dollar amount; and
- (d) If applicable, for System function exceptions including, but not limited to, sign-on/off and supervisor cancels.

[Drafter's Note: Adapted from Pari-Mutuel MICS #23(p)]

26. A "Void Exception Report" (i.e., Canceled Tickets Report) that details for the day:

- (a) Ticket number;
- (b) Date and time of the void;
- (c) Station number;
- (d) Writer/cashier voiding the ticket;
- (e) Supervisor authorizing the void; and
- (f) Ticket description.

[Drafter's Note: Adapted from Pari-Mutuel MICS #23(q)]

27. Be configurable to ensure that for each counter game, gross revenue equals:

(a) The counter games write on events or games that occur during the month or will occur in subsequent months, less counter games payout during the month ("cash basis"); or

(b) The counter games write on events or games that occur during the month, plus counter games write not previously included in gross revenue that was accepted by the licensee in previous months on events or games occurring during the month, less counter games payouts during the month ("modified accrual basis").

[Drafter's Note: Adapted from Regulation 6.110(3)]

28. Be configurable to ensure that, for purposes of NRS 463.370, 464.045 and this Standard, "gross revenue" means the total commission on wagers, plus any pool amounts not won by patrons and retained by the pari-mutuel sports book, plus the face amount of unpaid winning tickets, plus breakage, less any rights fee paid by the pari-mutuel sports book, less any commission on wagers returned to a patron by the pari-mutuel sports book pursuant to subsections 5 and 6 of section 26B.040. As used in this Standard, "rights fee" means any compensation paid by a pari-mutuel sports book for the right to participate in a common pari-mutuel sports pool. The term does not include any amount paid to a pari-mutuel system service provider, a gaming licensee, an association of gaming licensees or their affiliates.

[Drafter's Note: Adapted from Regulation 26B.200]

29. 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.

[Drafter's Note: Adapted from Regulation 26C.200]

9.040 Waiver provisions. *Upon a showing of good cause, the Chair may waive any of the requirements of Technical Standard 9, pursuant to Regulation 14.260(8).*

End – Technical Standard 9

Note: The following AE requirements which were previously identified have been removed or reclassified: Reg. 26A.020(5), Reg. 26A.020(15), Reg. 26B.020(11), Reg. 26C.010(15-16), Reg. 26C.050(1), Reg. 26C.072, Reg. 26C.140(1-2), 26C.140(7), PM MICS 6(a), PM MICS 10, PM MICS 15, PM MICS 21, PM MICS Note 1,6-7,9-12