

REGULATION 26C

OFF-TRACK PARI-MUTUEL RACE ACCOUNT WAGERING

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26C.005 Scope. This regulation and Regulation 26A govern all off-track pari-mutuel race account wagering in Nevada for which a license, registration, or approval has been granted by the Board or Commission pursuant to chapters 463 or 464 of NRS. The provisions of chapter 463 of NRS and all other regulations of the Commission apply when not in conflict with this regulation.

(Adopted: 1/11. Amended: 12/25.)

26C.010 Definitions. As used in this regulation:

1. "Account wagering system" means a system of wagering using telephone, computer or other method of wagering communication as approved by the Chair, whose components shall be located in this State. The components shall include, but not be limited to, the accounts wagering systems operator, permanent information databases, system monitoring equipment, writers, and patron service representatives.
2. "Book" or "race book" means a pari-mutuel race book licensed and approved pursuant to chapters 463 and 464 of NRS and this regulation.
3. "Call center system" means a computerized system, or a component of such a system, that is used to receive and transmit pari-mutuel race wagering instructions from a patron to a person licensed to accept off-track pari-mutuel race wagers. A call center system specifically includes, but is not limited to, pari-mutuel race wagering applications. The call center system shall be located within Nevada.
4. "Central site book" means a book which, for the purpose of wagering communications, may allow other licensed affiliated books to establish wagering or credit accounts, accept deposits on accounts and return funds or close out accounts for the central site. Such other licensed books:
 - (a) Must be outstation or satellite books of the central site, as defined in this regulation, or must be affiliates of the central site, as defined in paragraph (b) of subsection 3 of NRS 463.430; and
 - (b) Must have on-line, real-time access to the appropriate functions of the central site's off-track pari-mutuel race system.
5. "Chair" means the Chair of the Nevada Gaming Control Board or the Chair's designee.
6. "Communications technology" has the meaning ascribed to it in subsection 2 of NRS 463.016425.

7. "Group I licensee" means a Group I licensee as that term is defined in section 6.010 of these regulations.

8. "Group II licensee" means a Group II licensee as that term is defined in section 6.010 of these regulations.

9. "Internet" means the international computer network of both Federal and non-Federal interoperable packet switched data networks.

10. "Messenger bettor" means a person who places a wager for the benefit of another for compensation.

11. "Operator of a call center" means a person who, as an agent of a licensed Nevada pari-mutuel race book, engages in the business of operating a call center system as a means of providing patron services to assist a patron located in a state or foreign jurisdiction where such wagering is legal, to convey pari-mutuel race wagering instructions to one or more licensed Nevada pari-mutuel race books. A Nevada pari-mutuel race book operating a call center system 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.

12. "Outstation book" means a book, other than a satellite book, that shares the off-track pari-mutuel race system and certain management or administrative functions of a book operated by an affiliated licensee, as defined in paragraph (b) of subsection 3 of NRS 463.430.

13. "Pari-mutuel system service provider" has the meaning ascribed to it in subsection 2 of section 5.240 of these regulations.

14. "Post time" means, unless an earlier time is required by regulation in the state where the race is run, the time when the race is started by, as applicable, the opening of the gates and/or box, the starting gate car begins to close its arms, or such other method used by the track and administratively approved by the Chair.

15. "Satellite book" means a book that has been licensed pursuant to the provisions of subsection 3 of NRS 463.245.

16. "Secure personal identification" has the meaning ascribed to it in section 5.225 of these regulations.

17. "Wagering account" has the meaning ascribed to it in section 5.225 of these regulations.

18. "Wagering communication" means the transmission of a wager between a point of origin and a point of reception by aid of a communications technology.

19. "Wagering instructions" means the instructions given to an operator of a call center by a patron who maintains a wagering account at a book to effect a wagering communication to the book.

(Adopted: 9/05. Amended: 8/21/08; 12/20/12; 5/17; 1/19; 9/23; 12/25.)

26C.020 License required; applications.

1. No person may operate or own any interest in a race book in Nevada unless that person holds a nonrestricted gaming license specifically permitting the person to do so.

2. Applications for a license to operate a race book must be made, processed, and determined in the same manner as applications for nonrestricted gaming licenses, using such forms as the Chair may require.

3. Each application for approval made by a Group I licensee must be accompanied by an internal control system prepared and submitted in accordance with Regulation 6 and this regulation.

(Adopted: 9/05.)

26C.030 Finding of suitability required to operate a call center; applications.

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 NRS to operate a call center under this regulation or Regulation 22.

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 Chair may require or approve and must be accompanied and supplemented by such documents and information as may be specified or required. Such operator of a call center shall be subject to an investigation and review by the Board as deemed necessary by the Chair based on the regulatory risk and the intended activities of the operator of a call center.

3. Before receiving a finding of suitability, an operator of a call center must meet the qualifications for licensing pursuant to NRS 463.170.

4. Nothing in this Regulation shall be construed to limit or prevent the Board from conducting such supplementary or expanded investigations of any applicant for finding of suitability as an operator of a call

center as determined necessary by the Chair. The Board may require an applicant for finding of suitability as an operator of a call center to pay any supplementary investigative fees and costs in accordance with section 4.070 of these regulations.

5. An applicant for finding of suitability as an operator of a call center shall have the burden of showing that its operations are secure and reliable.

6. An applicant for finding of suitability as an operator of a call center shall be subject to the application and investigative fees established pursuant to section 4.070 of these regulations.

7. The Commission may require an operator of a call center to file an application for a license.
(Adopted: 9/05. Amended: 1/19; 12/25.)

26C.040 Registration of managers or supervisors.

1. Any individual who fulfills the function of race book manager or supervisor or who fulfills the function of a manager or supervisor for an operator of a call center must register with the Board. Such registration must be made on a form provided by the Chair and shall include the individual's:

(a) Full legal name and any aliases, nicknames, maiden name and any other change, legal or otherwise;

(b) Social security number and current driver's license number;

(c) Date and place of birth;

(d) History of residence for the past 5 years;

(e) History of employment for the past 10 years;

(f) Complete history of arrests, detentions, or litigations including any which have been sealed or expunged by court order;

(g) Consent to a full licensing investigation, subject to the provisions of subsection 3, by the Board and Commission; and

(h) Such other information as required by the Chair.

2. Licensed key employees or key employees in applicant status are not required to register pursuant to this section.

3. Individuals required to register must file within 30 days of assuming such duties.

4. After reviewing the registration forms, the Chair may request that the individual file a completed application form. Individuals who object to the request for submission of a completed application form and commencement of a full licensing investigation by the Board may appeal the administrative decision to the full Board and Commission in a manner similar to that outlined in sections 4.185 through 4.195 of these regulations.

5. The requirements of this section do not apply to satellite books.

(Adopted: 9/05. Amended: 12/25.)

26C.045 Employees of an operator of a call center. Any employee of an operator of a call center who fulfills the function of receiving and transmitting wagering instructions and any employee supervising this function is a gaming employee and subject to the provisions of NRS 463.335 and 463.337.

(Adopted: 9/05. Amended: 8/21/08.)

26C.050 Reserve requirements.

1. Notwithstanding the minimum reserve requirements established for wagering accounts pursuant to paragraph (b) of subsection 20 of section 5.225 of these regulations, each book shall comply with the following to calculate the minimum reserve requirements, unless the Chair for good cause permits a different amount:

(a) Each book shall at all times maintain a reserve of not less than the greater of \$25,000 or the sum of the following amounts:

(1) Amounts held by the book for the account of patrons;

(2) Amounts accepted by the book as wagers on contingencies whose outcomes have not been determined; and

(3) Amounts due the patron on wagers whose outcomes have been determined but that have not been posted to the patron's wagering account.

(b) Before beginning operations, each newly-licensed book must establish a reserve of at least the greater of \$25,000 or the amount the Chair projects will at least equal the sum of the amounts specified in subparagraphs (1), (2), and (3) of paragraph (a) of subsection 1 at the end of the first week of the book's

operation. After the book begins operations, the book's reserve must comply with paragraph (a) of subsection 1.

2. The reserve described in subsection 1 may be combined as a single amount for a book and its satellite books.

3. The reserve described in subsection 1 may be combined as a single amount with the reserve described in section 22.040 of these regulations.

4. The provisions of paragraphs (a), and (c) to (l), inclusive, of subsection 20 of section 5.225 of these regulations shall apply to a book, except that the agreement described in paragraph (c) of subsection 20 of section 5.225 of these regulations must, in addition to any other requirements, provide that the reserve is established and held in trust for the benefit and protection of patrons to the extent the book has accepted wagers from them on contingencies whose outcomes have not been determined, or owes them on winning wagers.

(Adopted: 9/05. Amended 5/17; 1/19; 12/25.)

26C.060 Recordation of wagers. Immediately upon accepting an account wager, the book shall create an electronic record of the terms of the wager in the off-track pari-mutuel race system.

(Adopted: 9/05.)

26C.070 Acceptance of wagers.

1. Books may not accept wagers unless made against credits made to a wagering account as provided for in section 26C.190 or on credit extended in accordance with the provisions of chapter 463 of NRS and the regulations of the Commission.

2. A book shall accept wagers only on its licensed premises, and only at betting stations approved by the Chair or through an account wagering system that has been approved by the Chair.

3. A book shall not knowingly accept money or its equivalent ostensibly as a wager upon an event whose outcome has already been determined. Upon discovery, a book shall report to the Board's enforcement division instances of such ostensible wagers, whether accepted knowingly or unknowingly. Such report shall be supplemented to include relevant details of such instances within 45 days, including, without limitation:

- (a) Causes;
- (b) Corrective actions;
- (c) Actions taken with respect to payouts; and
- (d) Such other information as may be required by the Chair.

4. No book or agent 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.

5. No book may hold a patron's money or its equivalent on the understanding that the book will accept the money as an account wager only upon the occurrence of a specified, future contingency, unless an electronic record documenting the wager and contingency is immediately made in the off-track pari-mutuel race system.

6. For licensed Nevada pari-mutuel race books to accept off-track pari-mutuel race wagers on established wagering accounts for residents of Nevada and residents of any state or foreign jurisdiction as provided for in subsection 4 of section 26C.160, the book will perform procedures to provide reasonable assurance that the patron is located within the borders of a state or foreign jurisdiction in which pari-mutuel race wagering is legal, and that the state or foreign jurisdiction does not otherwise restrict wagering on accounts located outside its borders prior to accepting a wagering communication. 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.

(Adopted: 9/05. Amended: 12/25.)

26C.071 Required submissions to the Board. [Repealed: 6/30/07.]

26C.072 Imposition of supplemental recordkeeping and reporting requirements. The Chair may require a book to comply with the identification, recordkeeping, and reporting requirements of sections 22.061 and 22.062 of these regulations for inter-state pari-mutuel race account wagers. The Chair shall

notify the book of the decision, in writing, and such decision shall be considered an administrative decision, and therefore reviewable pursuant to the procedures set forth in sections 4.185, 4.190 and 4.195 of these regulations.

(Adopted: 9/05. Amended: 12/25.)

26C.080 Payment of winning wagers. In the event the off-track pari-mutuel system is not functioning, a licensed race book shall determine the winners of or payouts on wagers on races in accordance with the provisions of section 26A.040 of these regulations.

(Adopted: 9/05. Amended: 12/25.)

26C.090 Off-track pari-mutuel race systems. Before beginning operations, each book shall install and thereafter maintain an off-track pari-mutuel race system meeting the specifications approved by the Chair.

(Adopted: 9/05.)

26C.100 Layoff bets. A book may place or accept wagers from another book if the accepting book does not have common control, as defined in subsection 3 of section 16.010 of these regulations, with the placing book. A book that is permitted to place a layoff wager shall inform the book accepting the wager that the wager is being placed by a book and shall disclose its identity.

(Adopted: 9/05. Amended: 5/17; 12/25.)

26C.110 Prohibition against rescission of wagers. A book may not unilaterally rescind any wager without the prior written approval of the Chair. An ostensible wager accepted by a book upon an event whose outcome has already been determined is not a wager.

(Adopted: 9/05. Amended: 12/25.)

26C.120 Prohibited wagers. No wagers may be accepted or paid by any pari-mutuel race book on any event other than a race that is offered as part of a pari-mutuel pool.

(Adopted: 9/05. Amended: 12/25.)

26C.130 Wagers; terms and conditions. No book shall:

1. Accept from a patron, directly or indirectly, less than the full face value of an off-track pari-mutuel wager;
2. Agree to refund or rebate to a patron any portion or percentage of the full face value of an off-track pari-mutuel wager; or
3. Increase the payoff of, or pay a bonus on, a winning off-track pari-mutuel wager.
 - ➔ The provisions of this section do not prohibit the granting of room, food, beverage or entertainment admission complimentaries.

(Adopted: 9/05. Amended: 12/25.)

26C.140 Communications technology.

1. Before installing or permitting the installation of any communications technology on the premises of a book or a call center, the book or the call center shall notify the Chair in writing of the location and number or other identifier of each communications technology and shall obtain the written approval of the Chair for each communications technology. The Chair may condition the approval in any manner the Chair considers appropriate.

2. Before a book accepts any wagering communications, and before a call center accepts any wagering instructions, the book and the call center must obtain the written approval of the Chair to accept such wagering communications and wagering instructions, and thereafter use only the communications technology approved for that purpose. A book or call center shall notify the Chair in writing if it ceases to use the communications technology approved for the purpose of accepting wagering communications or wagering instructions within 10 days of cessation. The book or the call center must notify the Chair which communications technology approved for the purpose of accepting wagering communications or wagering instructions is currently being used by the book by October 1st of each calendar year.

3. As a condition to the granting of the privilege of having communications technology upon the licensed premises, the book and the call center shall be deemed to have consented to the authority of the

Chair to require the immediate removal of any communications technology from the licensed premises at any time without prior notice of hearing. After any such removal, the book or the call center may request a hearing before the Board as to whether or not circumstances may warrant the permanent revocation of the privilege of having communications technology upon the premises.

4. Upon the request of either the Board or Commission, a book or a call center shall provide a written consent for the Board or Commission to examine and copy the records of any communications company or utility that pertain to the operation of the book or the call center.

5. A call center system is associated equipment requiring approval pursuant to section 14.260 of these regulations.

6. A book receiving wagering instructions from a call center system shall comply with the requirements of section 14.290 of these regulations prior to the use of this system.

7. Nothing herein prohibits the use of the Internet for the purposes of establishing wagering accounts or transacting wagering account deposits and withdrawals.

(Adopted: 9/05. Amended: 8/21/08; 1/19; 12/25.)

26C.150 Use of an operator of a call center.

1. A licensed Nevada pari-mutuel race book 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 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.

3. The operator of a call center performs such patron services as:

(a) Receiving pari-mutuel race wagering instructions from a patron and performing procedures to provide reasonable assurance that the patron is located within the borders of a state or foreign jurisdiction in which pari-mutuel race wagering is legal, and that the state or foreign jurisdiction does not otherwise restrict wagering on accounts located outside its borders prior to accepting a wagering communication. 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;

(b) Providing help desk responses to patrons and the general public concerning pari-mutuel race wagers at a licensed Nevada pari-mutuel race book; and

(c) Such other patron services as may be approved by the Chair.

4. In addition to the posting of the wager in the off-track pari-mutuel race system by the Nevada pari-mutuel race book, all wagering instructions shall be electronically recorded and retained for a period of 60 days. The method of recording the wagering instructions must be approved by the Chair. 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 operate in compliance with all applicable provisions of this regulation.

7. The licensed Nevada pari-mutuel race book 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.

8. Violation of any applicable law or regulation by an operator of a call center constitutes reasonable cause for disciplinary action.

(Adopted: 9/05. Amended: 8/21/08; 12/25.)

26C.160 Wagering communications; establishing patron wagering accounts for pari-mutuel race wagering.

1. Each Group I licensee that accepts wagering communications shall establish and implement pursuant to Regulation 6 a system of internal control for such transactions, and comply with both its system of internal control and the minimum internal control standards adopted pursuant to section 6.090 of these

regulations. Each Group II licensee that accepts wagering communications shall comply with the internal control procedures adopted pursuant to section 6.100 of these regulations.

2. Each book shall prepare a written description of its house rules and procedures for wagering communications, and shall make a copy available to each patron for whom a wagering account is established. Prior to adopting or amending such house rules, a book shall submit such rules to the Chair for approval.

3. A race book licensed to accept off-track pari-mutuel race wagers may establish wagering accounts for residents of Nevada and residents of any state or foreign jurisdiction in accordance with section 5.225 of these regulations and this regulation. Patrons having established a wagering account may place off-track pari-mutuel race wagers from within Nevada or from other states or foreign jurisdictions in which pari-mutuel race wagering is legal provided that the state or foreign jurisdiction does not otherwise restrict wagering on accounts located outside its borders. Before a race book accepts a wagering communication, or a call center accepts a wagering instruction, on an off-track pari-mutuel race, the following must occur:

(a) A race book must register the patron and create a wagering account for the patron in accordance with section 5.225 of these regulations, except that a race book may confirm the patron's identity remotely if the wagering account is used solely to place off-track pari-mutuel race wagers.

(b) A race book shall confirm that the state or foreign jurisdiction in which the patron resides is a jurisdiction in which off-track pari-mutuel race wagering is legal, and that the state or foreign jurisdiction does not otherwise restrict wagering on accounts located outside its borders, prior to the book accepting wagers on such accounts. The race book shall maintain a record of such confirmation.

(c) The race book must have the patron affirm that the patron has been informed and acknowledges that, with regard to off-track pari-mutuel race wagers, the book may accept such wagers from patrons only when the patron is located within Nevada or other states or foreign jurisdictions in which pari-mutuel race wagering is legal and such wagering on accounts located outside its borders is not otherwise restricted.

4. 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. The method of recording the wager must be approved by the Chair. Such recordings must be made immediately available to any Board agent upon request.

5. All wagering account applications or amendments thereto for active accounts must be retained by the book. All wagering account applications or amendments thereto for rejected applications shall be retained by the book for no less than one year following the rejection of the related application. All wagering account applications or amendments thereto for closed accounts shall be retained by the book for no less than one year following the closure of the related wagering account.

6. A race book shall not allow the use of a wagering account established pursuant to this section for forms of wagering other than off-track pari-mutuel race wagering unless:

(a) The establishment and use of the wagering account otherwise meets all of the requirements of section 5.225 of these regulations; and

(b) Administrative approval has been granted by the Chair.

(Adopted: 9/05. Amended: 1/11; 11/15; 5/17; 10/21; 12/25.)

26C.170 Account wagering systems. Account wagering systems shall:

1. 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. The system shall create a record of the confirmation. 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;

2. Prohibit wagers from being changed after the patron has reviewed and confirmed the wagering information, and the specific wagering communication transaction has been completed;

3. Prohibit the acceptance of wagers after post time except those originated after post time that are approved in the same manner as other events approved pursuant to section 22.1201 of these regulations;

4. Prohibit a book from accepting an account wager, or a series of account wagers, in an amount in excess of the available balance of the wagering account;

5. Prohibit a book from accepting out-of-state sports wagers, out-of-state nonpari-mutuel race wagers, and out of state other event wagers unless such wagers are legal in the jurisdiction from which they originate and federal law allows such wagers and the transmission of such wagers or information assisting in the placing of such wagers;

6. Post payment on winning account wagers as a credit to the patron's wagering account as soon as reasonably practicable after the event is declared official;

7. Maintain complete records of every deposit, withdrawal, wager, winning payoff, and any other debit or credit for each account; and

8. For systems that use other than voice-only wagering communications technology, produce a printable record of the entire transaction as required by this section and shall not accept any wagering communication or transaction if the printable record system is inoperable.

(Adopted: 9/05. Amended: 9/20; 12/25.)

26C.180 Account wagering rules. [Repealed 5/18/17.]

26C.185 Business Entity Wagering. [Repealed 10/28/21.]

26C.190 Wagering account transactions. Except as otherwise provided herein, deposits, credits, and debits to wagering accounts shall be made in accordance with section 5.225 of these regulations.

(Adopted: 9/05. Amended: 11/15; 5/17; 10/21; 12/25.)

26C.200 Gross revenue computations and layoff bets. 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.

(Adopted: 9/05)

26C.210 Assigned agent. The Chair may at any time require a book to allow an agent of the Board to be permanently present on the book's premises during all hours of operation, and to require the costs and expenses for such agent to be borne by the book in a manner deemed reasonable by the Chair. The agent shall have full and complete access to all books, records, and to any telephone conversations emanating from or received at the licensed premises.

(Adopted: 9/05.)

26C.220 Records and forms. Books shall create and maintain the records and reports required by this regulation in such manner and using such forms as the Chair may require or approve. The Chair may require books to create and maintain such other records and reports as are necessary or convenient for strict regulation of books. Except as otherwise provided in this regulation, books 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 book. Each book shall comply with all other applicable regulations of the Commission to the extent not in conflict with this regulation.

(Adopted: 9/05. Amended: 1/11.)

End – Regulation 26C