

NOTICE OF PUBLIC HEARING

The Arkansas Racing Commission will meet on February 21, 2019, at 11:00 a.m. in the Commission office located in the 1515 Building, 1515 West Seventh Street, Suite 500, Little Rock, Arkansas, to consider the adoption of the following rules governing casino gaming in Arkansas pursuant to Amendment 100 to the Arkansas Constitution:

- (1) CGR 1. Issuance of Rules; Construction; Definitions. Defines the terms used in the Rules.
- (2) CGR 2. Casino License Application. Defines an applicant, casino gaming, minimum qualifications for licenses, and letters of support, and sets the application fee amount.
- (3) CGR 3. Service Industry License and Service Industry Employee License. Defines persons who require a service industry license, license requirements, license fees, and requirements for independent testing labs.
- (4) CGR 4. Operation of Gaming Establishments. Contains the requirements for operation of casinos, grounds for disciplinary actions, requirements for surveillance systems, and prohibits unauthorized games.
- (5) CGR 5. Operation of Interactive Gaming. Sets initial and renewal license fees, investigative fees, requirements for house rules, and grounds for disciplinary action.
- (6) CGR 6. Accounting Regulations. Sets the State's requirements for licensee accounting, audited financial statements, gross revenue computations, and calculation of taxes.
- (7) CGR 7. Transfer of Ownership; Loans. Prohibits transfer of an ownership interest to strangers to a license, and defines the requirements for persons to participate as an owner of licensee.
- (8) CGR 8. Enforcement of Security Interests. Requires lienholders to apply to the Commission for enforcement of security interests in casino assets.
- (9) CGR 9. Closing of Business, Death or Disability; Insolvency. Sets the requirements for licensees in cases of death, disability or insolvency.
- (10) CGR 10. Miscellaneous. Prohibits public officials from holding casino gaming licenses.
- (11) CGR 11. Chips. Sets the requirements for approval, redemption and destruction of chips.
- (12) CGR 12. Manufacturers, Distributors, Operators of Inter-Casino Linked Systems, Gaming Devices, New Games, Inter-Casino Linked Systems, On-Line Slot Metering Systems, Cashless Wagering Systems, Mobile Gaming Systems, Interactive Gaming Systems and Associated Equipment. Sets the standards for gaming devices, new games, cashless wagering systems, and equipment.
- (13) CGR 13. Corporate Licensees. Contains the disclosure requirements for corporate licenses.
- (14) CGR 14. Limited Partnership Licensees. Contains the disclosure requirements for limited partnerships.
- (15) CGR 15. Limited Liability Company Licensees. Contains the disclosure requirements for limited liability companies.

(16) CGR 16. Private Investment Companies. Contains the disclosure requirements for private investment companies.

(17) CGR 17. Publicly Traded Corporations and Public Offerings of Securities. Contains the disclosure requirements for publicly traded corporations.

(18) CGR 18. Supervision. Sets the requirements for the Commission to determine if an independent supervisor of a casino is necessary because of issues with the casino licensee's operation of the casino.

(19) CGR 19. Disseminators. Addresses disseminators of racing and sporting events contracted with casino licensees.

(20) CGR 20. Race Books and Sports Pools. Requires patrons to be on the premises of a casino to place bets on racing and sporting events.

(21) CGR 21. Card Games. Establishes the rules for card games at a casino.

(22) CGR 22. Off Track Pari-Mutuel Wagering. Requires patrons to be on the premises of a casino to place bets.

(23) CGR 23. Off-Track Pari-Mutuel Sports Wagering and Off-Track Pari-Mutuel Other Event Wagering. Requires Commission approval for off-track wagers and requires patrons to be on the premises of a casino to place bets.

(24) CGR 24. Off-Track Pari-Mutuel Horse Race Account Wagering. Sets the requirements for account wagering and defines prohibited wagers.

(25) CGR 25. Exclusions. Sets the requirements for excluding patrons for cheating and criminal activity.

Any persons wishing to speak for or against any of the above proposed Rules should appear at the meeting on Thursday, February 21, 2019, and they will be given the opportunity to express their views. Persons wishing to submit written comments on the above proposed Rules should send them to the Arkansas Racing Commission via regular mail at P.O. Box 3076, Little Rock, Arkansas 72203, or via email to smokey.campbell@dfa.arkansas.gov and nikki.langston@dfa.arkansas.gov prior to the close of business on Monday, February 18, 2019. Copies of the complete text of the proposed Casino Gaming Rules can be obtained from the Racing Commission office during normal business hours and from the Secretary of State's office / website.

RULE 24
OFF-TRACK PARI-MUTUEL HORSE RACE ACCOUNT WAGERING

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24.005 Scope. These Rules govern all off-track pari-mutuel horse race account wagering in Arkansas for which a license or approval has been granted by the Commission pursuant to Amendment 100. No wagers may be accepted from persons not physically present on the premises of the Licensee, franchise holder or book unless the wager is made pursuant to Ark. Code Ann. § 23-110-405(e)(1) or Ark. Code Ann. § 23-111-508(e)(1)

24.010 Definitions. As used in this Rule:

1. "Account wagering system" means a system of wagering using telephone, computer or other method of wagering communication as approved by the Commission, whose components shall be located in this State. The components shall include, but not be limited to, the systems operator, permanent information databases, system monitoring equipment, writers, and patron service representatives.

2. "Book" or "race book" means a business that accepts wagers on horse or other animal races. A casino licensee that is also a franchise holder may elect to have its race book operations relating to pari-mutuel wagering and horse and greyhound racing regulated and governed by the Arkansas Horse Racing Law at Ark. Code Ann. §§ 23-110-101, et seq., or the Arkansas

Greyhound Racing Law at Ark. Code Ann. §§ 23-111-101, et seq., respectively, and rules promulgated by the Commission thereunder and not by these Rules.

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. The call center system is located within Arkansas but off the premises of a licensed gaming establishment or any affiliated licensed gaming establishment.

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 Rule, or must be affiliates of the central site; 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. "Director" means the Commission of the Arkansas Racing Commission or the Commission's designee.

6. "Communications technology" means the methods used and the components employed to facilitate the transmission of information including, but not limited to, transmission and reception systems based on wire, cable, radio, microwave, light, optics, or computer data networks. The Internet is a Communications technology only for the purposes of off-track pari-mutuel race wagering.

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

8. "Key employee" means an employee in any of the classes described in these Rules.

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

10. "Operator of a call center" means a person who, as an agent of a licensed Arkansas 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 horse race wagering instructions to one or more licensed Arkansas pari-mutuel race books. A Arkansas pari-mutuel race book 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.

11. "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.

12. "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 Commission.

13. "Satellite book" means a book that has been licensed.

14. "Secure personal identification" means a secure personal identification as that term is defined in Rule 4.225.

15. "Wagering account" means a wagering account as that term is defined in these Rules.

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

17. "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.

24.020 License required; applications.

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

24.030 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 these Rules.

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 Commission may require or approve.

24.040 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 Commission. Such registration must be made on a form provided by the Commission 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 this Rule, by the Commission; and

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

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 Commission 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 Commission may appeal the administrative decision to the full Commission in a manner similar to that outlined in these Rules.

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

24.045 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 as defined in these Rules.

24.050 Reserve requirements.

1. Notwithstanding the minimum reserve requirements established for wagering accounts pursuant to these Rules, each book shall comply with the following to calculate the minimum reserve requirements:

(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 Commission projects will at least equal the sum of the amounts specified in these Rules at the end of the first week of the book's operation. After the book begins operations, the book's reserve must comply with these Rules.

2. The reserve described in these Rules 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 these Rules.

24.060 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.

24.070 Acceptance of wagers.

1. Books may not accept wagers unless made against credits made to a wagering account as provided for in these Rules or on credit extended in accordance with the Rules of the Commission.

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

3. A book shall not knowingly accept money or its equivalent ostensibly as a wager upon an event whose outcome has already been determined.

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 a 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.

24.072 Imposition of supplemental recordkeeping and reporting requirements. The Commission may require a book to comply with the identification, recordkeeping, and reporting requirements of these Rules for inter-state pari-mutuel horse race account wagers. The Commission 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 these Rules.

24.080 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 horse races in accordance with the provisions of these Rules.

24.090 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 Commission.

24.100 Layoff bets. A book may place or accept wagers from another book if the accepting book does not have common control (as defined in these Rules) 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.

24.110 Prohibition against rescission of wagers. A book may not unilaterally rescind any wager without the prior written approval of the Commission.

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

24.130 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 complementaries.

24.140 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 Commission in writing of the location and number or other identifier of each communications technology and shall obtain the written approval of the Commission for each communications technology. The Commission may condition the approval in any manner the Commission 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 Commission to accept such wagering communications and wagering instructions, and thereafter use only the communications technology approved for that purpose. The book or the call center must obtain written permission from the Commission by March 1st of each calendar year to continue using the communications technology.

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 Commission 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 Commission 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 Commission, a book or a call center shall provide a written consent for the Commission to examine and copy the records of any telephone, telegraph, or other 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 these Rules.

6. A book receiving wagering instructions from a call center system shall comply with the requirements of these Rules 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.

24.150 Use of an operator of a call center.

1. A licensed Arkansas 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 Arkansas pari-mutuel race book and the date/time instructions are received from a patron for:

- (a) Pari-mutuel horse race wagers to be placed; and
- (b) Any other pari-mutuel horse race wagering instructions as may be approved by the Commission.

3. The operator of a call center performs such patron services as:
 - (a) Receiving pari-mutuel horse 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 horse 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 horse race wagers at a licensed Arkansas pari-mutuel race book; and
 - (c) Such other patron services as may be approved by the Commission.
4. In addition to the posting of the wager in the off-track pari-mutuel race system by the Arkansas 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 Commission. Such recordings must be made immediately available to any Commission agent upon request.
5. The operator of a call center shall allow the members of the Commission, 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 Rule.
7. The licensed Arkansas 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 Rule by an operator of a call center constitutes reasonable cause for disciplinary action.

24.160 Wagering communications; establishing patron wagering accounts for pari-mutuel race wagering.

1. Each Casino licensee that accepts wagering communications shall establish and implement pursuant to Rule 6 a system of internal control for such transactions, and comply with both its system of internal control and the minimum internal control standards contained in these Rules. Each licensee that accepts wagering communications shall comply with the internal control procedures contained in these Rules.
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 Commission for approval.

3. A race book licensed to accept off-track pari-mutuel horse race wagers may establish wagering accounts for residents of Arkansas and residents of any state or foreign jurisdiction in accordance with these Rules. Patrons having established a wagering account may place off-track pari-mutuel horse race wagers from within Arkansas or from other states or foreign jurisdictions in which pari-mutuel horse 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 horse race, the following must occur:

(a) A race book must register the patron and create a wagering account for the patron in accordance with these Rules, 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 horse 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 horse 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 horse race wagers, the book may accept such wagers from patrons only when the patron is located within Arkansas or other states or foreign jurisdictions in which pari-mutuel horse race wagering is legal and such wagering on accounts located outside its borders is not otherwise restricted.

(d) Notwithstanding the requirements of these Rules, for a business entity patron, the patron must provide an employee of the book, and the book must record and maintain, the following information before the book registers and creates a wagering account for the patron.

- iv. The name, residential address, copy of a valid photo identification which evidences that the person is at least 21 years of age, and social security number or individual taxpayer identification number, of each of the business entity's equity owners, holders of indebtedness, directors, officers, managers and partners, anyone entitled to payments based on the profits or revenues and any designated individuals;
- v. The business entity's formation documents and all filings with the Secretary of State;
- vi. Any other documentation or information the Commission may require; and
- vii. Any other documentation or information the race book or sports pool may require.

(e) The employee must record such information. Unless a book has otherwise been granted approval by the Commission pursuant to these Rules, the information required by this subsection shall be provided by the patron to an employee of the book at the premises of the book or, for central site books, at an outstation, satellite or affiliated book;

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 Commission. Such recordings must be made immediately available to any Commission 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 horse race wagering unless:

- (a) The establishment and use of the wagering account otherwise meets all of the requirements of these Rules; and
- (b) Administrative approval has been granted by the Commission.

24.170 Account wagering systems. Account wagering systems shall be used only under the provisions of Ark. Code Ann. § 23-110-405(e)(1) or Ark. Code Ann. § 23-111-508(e)(1) as follows:

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;

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 and out-of-state nonpari-mutuel horse race 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 a completely separate wagering account for pari-mutuel horse race wagers. Wagering accounts for pari-mutuel sports wagers, nonpari-mutuel horse race wagers and nonpari-mutuel sports wagers may be commingled in a single separate wagering account;

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

9. 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.

24.185 Business Entity Wagering.

1. A book shall notify the Commission in writing of its intent to accept wagers from business entities which have met all of the applicable requirements of these Rules.

2. A book is prohibited from accepting wagers from a business entity unless all of the business entity's owners, directors, officers, managers, partners, holders of indebtedness, and anyone entitled to payments based on profits or revenues of the entity are fully disclosed. If the business entity is owned or controlled by one or more holding companies, each of the holding

companies' owners, directors, officers, managers, partners, holders of indebtedness and everyone entitled to payments based on profits or revenues of the entity must be fully disclosed.

3. A book which elects to accept wagers from business entities must conduct due diligence on each business entity from which the book will accept wagers which, at a minimum, includes, but is not limited to:

(a) Requiring the business entity to affirm that it has met all of the applicable requirements found in these Rules and that it is not established for the purpose of circumventing any applicable federal or state laws including, but not limited to, laws concerning illegal sports wagering, electronic communications, and money laundering;

(b) Ascertaining all equity owners, holders of indebtedness, directors, officers, managers, partners, anyone entitled to payments based on the profits or revenues, and any designated individuals; and

(c) Ascertaining the natural person who is the source of funds for each contribution to the business entity.

☐ A book shall maintain records of the due diligence it performs on a business entity for no less than one year following the closure of the wagering account of the business entity or for no less than one year after rejection of a business entity wagering account application by the book.

4. A book shall not accept wagers from a business entity if:

(a) The business entity does not make the affirmation or disclosures required by subsections 2 or 3(a);

(b) The book is unable to verify the identity of all the equity owners, holders of indebtedness, directors, officers, managers, partners, anyone entitled to payments based on the profits or revenues, and any designated individuals of the business entity; or

(c) The book is unable to verify the natural person who is the source of funds for each contribution to the business entity.

5. Upon receipt of updated information from a business entity, a book shall verify the updated information. If a book is unable to verify the updated information within 30 days of the book's receipt of the updated information from the business entity, the book shall suspend the wagering account and not allow further wagering activity on the wagering account.

6. A book shall require a business entity from which the book accepts wagers to provide:

(a) For business entities from which the book accepts wagers aggregating more than \$5,000,000 in a calendar year, an independent third-party verification concerning to whom the business entity made payments based on profits or revenues to ensure no payments were made to persons other than those permitted by these Rules to receive such payments. If the book does not receive a copy of the independent third-party verification prior to April 1st of the year following the year in which the business entity placed wagers in excess of \$5,000,000, the book shall suspend the wagering account and not allow further wagering activity on the wagering account or

(b) For business entities from which the book accepts wagers aggregating \$5,000,000 or less within a calendar year, an affirmation stating the business entity did not make payments based on profits or revenues to persons other than those permitted by these Rules to receive such payments. If the book does not receive such affirmation prior to April 1st of the year following any year in which the business entity placed wagers with the book, the

book shall suspend the wagering account and not allow further wagering activity on the wagering account.

7. A book shall report any violation or suspected violation of law or Rule related to business entity wagering to the Commission immediately. Such reporting shall include, but is not limited to, any violation or suspected violation of relevant federal laws such as The Federal Wire Act 18 U.S.C. § 1084, the Illegal Gambling Business Act 18 U.S.C. § 1955, and Title 31 anti-money laundering laws.

8. A book may only accept wagering activity from a business entity, acting through one or more designated individuals, through a wagering account established by the business entity and may only deposit winnings into such wagering account. The book must use an account wagering system for such wagering activity. The requirement to use an account wagering system will become effective upon the date approved by the Commission.

9. A book shall not extend credit to a business entity.

10. A book shall report the suspension or closure of a business entity wagering account to the Commission within 5 days of suspension or closure and shall include the reason for such suspension or closure in the report. A book shall report the reinstatement of a suspended business entity wagering account to the Commission within 5 days of reinstatement and shall include the reasons the book reinstated the wagering account.

11. A book that accepts wagers from business entities shall adopt, conspicuously display at its premises, and adhere to house rules governing business entity wagering transactions.

12. A book that accepts wagers from business entities shall implement policies and procedures designed to ensure that business entities' wagering accounts are used only to place book wagers.

13. As used in this section, "holding company" means any corporation, firm, partnership, limited partnership, limited-liability company, trust or other form of business organization which, directly or indirectly:

- (a) Owns, as defined in these Rules;
- (b) Controls, as defined in these Rules; or
- (c) Holds with power to vote

☐ any part of a business entity subject to this section. In addition to any other reasonable meaning of the words used, a holding company "indirectly" has, holds or owns any power, right or security if it does so through any interest in a subsidiary or successive subsidiaries, however many such subsidiaries may intervene between the holding company and the business entity subject to this section.

24.190 Wagering account transactions.

1. Except as otherwise provided herein, deposits, credits, and debits to wagering accounts shall be made in accordance with these Rules.

2. Business entity wagering account deposits and withdrawals may only be made by transfers to and from the bank or financial institution account maintained by the business entity. Business entity wagering account deposits and withdrawals may not be made in cash.

24.200 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.

24.210 Assigned agent. The Commission may at any time require a book to allow an agent of the Commission 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 Commission. 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.

24.220 Records and forms. Books shall create and maintain the records and reports required by this Rule in such manner and using such forms as the Commission may require or approve. The Commission 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 Rule, books shall preserve the records required by this Rule for at least 5 years after they are made. The Commission may at any time examine and copy the records of any book. Each book shall comply with all other applicable Rules of the Commission to the extent not in conflict with this Rule.

End – Rule 24

