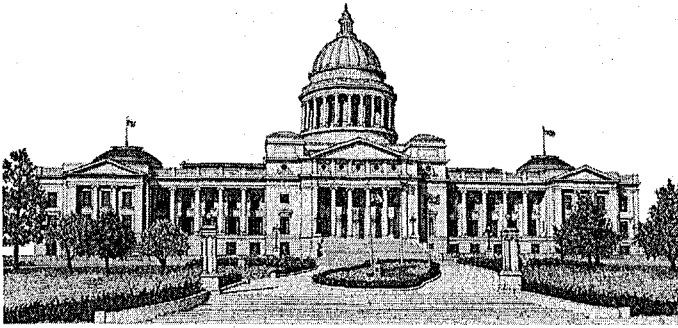


# ARKANSAS REGISTER

## Transmittal Sheet

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For Office

Use Only:

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Department Department of Finance and Administration

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Byron Freeland (attorney) bfreeland@mwlaw.com

02/22/22

Contact Person

E-mail Address

Date

### CERTIFICATION OF AUTHORIZED OFFICER

I Hereby Certify That The Attached Rules Were Adopted  
In Compliance with the Arkansas Administrative Act. (ACA 25-15-201 et. seq.)

Byron Freeland  
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Title

02/22/22

Date

**RULE 20**  
**RACE BOOKS AND SPORTS POOLS**

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**20.010 Definitions.** As used in this Rule:

1. "Account wagering system" means a system of wagering using computer or other method of wagering communication as approved by the Commission, including mobile applications and other digital platforms that utilize communications technology, 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, and writers.

2. "Book" means a race book or sports pool licensed and approved pursuant to Amendment 100 and this Rule.
3. "Call center system" means a computerized system, or a component of such a system, that is used to provide technical support to a patron. A call center system shall not be used to receive, transmit, or accept wagers from a patron to a licensed book.
4. "Cash" means coin and currency that circulates, and is customarily used and accepted as money, in the issuing nation.
5. **[Reserved]**
6. "Commission" means the Arkansas Racing Commission or the Commission's designee.
7. "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, cellular data, or computer data networks and the Internet.
8. "Internet" means the international computer network of both Federal and non-Federal interoperable packet switched data networks.
9. "Key employee" means an employee in any of the classes described in Rule 4.
10. "Messenger bettor" means a person who places a race book or sports pool wager for the benefit of another for compensation.
11. "Nonpari-mutuel wager" means a race book or sports pool wager other than one offered to be included in a common pari-mutuel pool.
12. "Operator of a call center" means a person who, as an agent of a licensed Arkansas book, engages in the business of operating a call center system as a means of providing patron services to assist a patron located in this state. An operator of a call center does not receive, transmit, or accept wagers.
13. "Online sports pool" means an operation in which wagers on sports events are made over the internet on websites or mobile applications through computers, mobile devices, or other approved interactive devices accepted through a gaming system approved by the Commission. In order to operate an online sports pool, a casino licensee must first operate and continue to operate a sports pool from the casino licensee's premises. Further, operation of an online sports pool shall be prohibited in circumstances in which a majority of the net casino gaming receipts, as defined in Amendment 100, from the online sports pool is paid to a third-party vendor assisting in the operation of the sports pool.

14. “Online sports pool platform” means an integrated system of hardware, software or applications through which an online sports pool operator operates, conducts, or offers an online sports pool.

15. “Online sports pool operator” means a casino licensee that has elected to operate an online sports pool or a sports pool operator intermediary operating an online sports pool on behalf of a casino licensee.

16. “Payout” means the total payment due on a winning wager whether or not:

- (a) The patron collects the total payment due at one time;
- (b) All or a portion of the payment due is made in the form of cash, chips, or other form of payment; or
- (c) All or a portion of the payment due is used by the patron to place another wager.

17. “Post time” means, unless an earlier time is required by regulation in the state where the race is run:

- (a) For users of live broadcasts and for buyers of audible announcements of post time from disseminators of live broadcasts, the later of either the time when the disseminator transmits an audible announcement of the post time, or 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.
- (b) For races broadcast live on a national television network for which an agreement has been reached with a disseminator to provide an audible announcement of post time, that time when the disseminator relying upon information obtained independently of the television broadcast, transmits an audible announcement of post time which must be no later than 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.
- (c) For licensed race books that, pursuant to an agreement with a licensed systems operator, use a computerized bookmaking system that allows the systems operator to close wagering via electronic remote access, that 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, as determined by the systems operator through information the systems operator independently receives from a disseminator.
- (d) Except as provided in paragraphs (a), (b) and (c) of this subsection, not later than 2 minutes before the scheduled post time as announced by the disseminator.

18. “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 on 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.

19. **[Reserved]**

20“Secure personal identification” means a secure personal identification as that term is defined in these Rules.

21“Sports event” or “sporting event” means any professional sport or athletic event, amateur sport or athletic event, collegiate sport or athletic event, or motor race event. Sports events upon which wagers may be accepted under these Rules shall only include athletic sports events conducted live by human athletes (including race car drivers), and shall not include any virtual or simulated event, or event conducted in the past and rebroadcast for wagering purposes.

22. “Sports pool” means a business that accepts wagers on sporting events other than horse or other animal races.

23. “Wagering account” means a sports wagering account as that term is defined in these Rules.

24. “Wagering communication” means the transmission of a wager between a point of origin and a point of reception by aid of a communications technology, including computers or mobile application on mobile devices or other approved interactive devices approved by the Commission.

25. “Wagering instructions” means the instructions given by a patron on the grounds of the licensee’s facility where casino gaming is conducted or who maintains a mobile wagering account at a book to effect a wagering communication to the book.

**20.020 License required; applications.**

1. No person may operate or own any interest in a race book or sports pool in Arkansas unless that person holds a Casino license.

2. Authorization to operate a race book or a license to operate a sports pool occurs immediately upon adoption of rules and regulations required by Amendment 100.

3. Each application for authorization by a licensee must be accompanied by an internal control system prepared and submitted in accordance with Rule 6 and this Rule.

4. Each casino licensee, in its discretion and with the approval of the Arkansas Racing Commission, may provide no more than two individually branded online sports platforms and accompanying mobile applications.

5. Any individually branded online sports pool platform/mobile application provided by an online sports pool operator intermediary must, on its webpage, conspicuously bear the name of the casino licensee with which it is affiliated.

**20.032 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 to operate a call center under 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.

#### **20.040 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 owed but unpaid by the book on winning wagers through the period established by the book for honoring winning wagers.

(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 subparagraphs (1), (2), and (3) of subsection 1(a) at the end of the first week of the book's operation. After the book begins operations, the book's reserve must comply with subsection 1.

#### **20.050 Issuance and control of betting tickets.**

1. Immediately upon accepting a wager, other than an account wager, the book shall create a betting ticket on which the terms of the wager are written.

2. Betting tickets must bear the name and address of the book.

#### **20.055 Remote / Off premises wagers on sporting events.**

Licensees / books may accept wagers on sporting events from any person who is not physically present on the Licensee's / franchise holder's premises so long as the person is physically present in the State of Arkansas when placing the wager and the wager is made pursuant to the account wagering system provisions of these Rules. Wagers accepted by licensees / books on sporting events shall be treated for all purposes as a wager made by the person on the grounds of the licensee's facility where casino gaming is conducted. Also, patrons may place wagers, and franchise holders may accept such wagers, on horse and greyhound races pursuant to Ark. Code Ann. § 23-111-508(e)(1) and Ark. Code Ann. § 23-110-405(e)(1).

#### **20.060 Acceptance of wagers.**

1. Books may not accept wagers unless made with cash, chips or other representatives of value approved by the Commission, or against credits made to a wagering account as provided for in Rule 20.160 or on credit extended in accordance with the Rules of the Commission. A book shall accept sports wagers only on its licensed premises, and only at betting stations on the grounds of the licensee's facility where casino gaming is conducted and as approved by the Commission or on sports events through an account wagering system that has been approved by the

Commission. The casino licensee may utilize kiosks for wagering transactions in conjunction with an approved system in a location on the grounds of the licensee's facility where casino gaming is conducted and as approved by the Commission. No less often than weekly, an operator of a book shall remove the bill validator boxes in the kiosks (the sports pool kiosk drop). The sports pool kiosk drop shall be monitored and recorded by surveillance. The casino licensee shall submit the sports pool kiosk drop schedule to the Commission. The casino licensee's accounting department shall reconcile the kiosks on a daily basis pursuant to internal controls. Any variance of \$ 500.00 or more shall be documented by the accounting department and reported in writing to the Commission within 72 hours of the end of the gaming day during which the variance was discovered. The report shall indicate the cause of the variance and shall contain any documentation required to support the stated explanation. All kiosks must satisfy all MICS requirements and be detailed in the casino licensee's internal controls approved by the Commission.

2. A book shall not knowingly accept money or its equivalent ostensibly as a wager upon an event whose outcome has already been determined. A licensed sports pool shall not accept a wager on an event unless the date and time at which the outcome of the event is determined can be confirmed from reliable sources satisfactory to the Commission or from records created and maintained by the book in such manner as the Commission may approve.

3. Licensed sports pools may accept wagers, including parlay card wagers, as to which of the participating contestants will win specified sports events and as to whether the total points scored in a specified game, match, or similar sports event will be higher or lower than a number specified for that event. Licensed sports pools shall not accept wagers, including parlay card wagers, on other contingencies unless their outcomes are reported in newspapers of general circulation or in official, public records maintained by the appropriate league or other governing body, or unless the pertinent sports events are televised live at the book and a book employee other than a betting ticket writer monitors the telecast, records the occurrence of the pertinent events and contingencies simultaneously with their occurrence, and records the time of their occurrence.

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 a betting ticket documenting the wager and contingency is issued immediately when the book receives the money or its equivalent.

6. A race book or sports pool may not accept wagers on a race or sporting event unless the wagering proposition is posted. Propositions may be posted by electronic or manual means, including printed media. If posted propositions are not updated simultaneously with actual changes to the propositions, an announcement, audible throughout the race book or sports pool, must be made simultaneously with the actual changes followed by updating the posted propositions within a time specified in the house rules.

**20.061 Wagers and payouts in excess of \$10,000.**

1. Prior to accepting any nonpari-mutuel wager in excess of \$10,000 or making a payout in excess of \$10,000 on a nonpari-mutuel winning wager the book shall:

- (a) Obtain the patron's name;
- (b) Obtain the patron's permanent address;
- (c) Obtain the patron's social security number or passport number;
- (d) Obtain one of the following identification credentials from the patron;
  - (1) Driver's license;
  - (2) Passport;
  - (3) Non-resident alien identification card;
  - (4) Other reliable government issued identification credentials; or
  - (5) Other picture identification credential normally acceptable as a means of identification when cashing checks; and
- (e) Examine the identification credential obtained to verify the patron's name and the accuracy of the information obtained pursuant to paragraphs (b) and (c).

2. Prior to accepting a nonpari-mutuel wager in excess of \$10,000 or making a payout in excess of \$10,000 on a nonpari-mutuel winning wager, if a book knows a person is placing a wager or receiving a payout allowed by the Arkansas Code and these Rules on behalf of another person, the licensee shall obtain and record the information required by paragraphs (a) through (e) of subsection 1 with respect to all persons placing the wager or receiving the payout, and the licensee shall reasonably attempt to obtain and, to the extent obtained, shall record the information required by paragraphs (a) through (e) of subsection 1 with respect to all persons for whom the wager was placed or the payout received.

3. Subsequent to accepting a nonpari-mutuel wager in excess of \$10,000 or making a payout in excess of \$10,000 on a nonpari-mutuel winning wager the book shall record or maintain records that include:

- (a) The patron's name and, if applicable, the agent's name;
- (b) The patron's address and, if applicable, the agent's address;
- (c) The patron's social security number and, if applicable, the agent's social security number;
- (d) A description including any document number of the identification credential examined and, if applicable, for the agent;
- (e) The amount of the wager or payout;
- (f) Window number or other identification of the location where the wager or payout occurred;
- (g) The time and date of the wager or payout;
- (h) The names and signatures of the book employees accepting or approving the wager and payout on the wager; and
- (i) Any other information as required by the Commission.

A book shall not implement alternative procedures to comply with this subsection without the written approval of the Commission.



4. Each book shall report the wagers or payouts required to be recorded pursuant to this section on a "Book Wagering Report," a form published or approved by the Commission that includes, but is not limited to:

- (a) The patron's and agent's (if applicable) name;
- (b) The patron's and agent's (if applicable) government issued identification credential information;
- (c) The patron's and agent's (if applicable) social security number;
- (d) Wager and payout amounts; and
- (e) Date of transactions.

Reports shall be submitted to the Commission no later than 15 days after the end of the month of the

occurrence of the transaction and in such manner as the Commission may approve or require. Each book shall file an amended report if the licensee obtains information to correct or complete a previously submitted report, and the amended report shall reference to the previously submitted report. Each book shall retain a copy of each report filed for at least 5 years unless the Commission requires retention for a longer period of time.

#### **20.062 Multiple wagers.**

1. A book and its employees and agents shall not knowingly allow, and each book shall take reasonable steps to prevent, the circumvention of these Rules by multiple wagers within its designated 24-hour period with a patron or a patron's agent or by the use of a series of wagers that are designed to accomplish indirectly that which could not be accomplished directly. As part of a book's efforts to prevent such circumventions relative to these Rules a book shall establish and implement wagering multiple transaction logs.

2. Each book shall record in a wagering multiple transaction log all nonpari-mutuel wagers in excess of \$5,000, or in smaller amounts that aggregate in excess of \$5,000 when any single officer, employee, or agent of the book has actual knowledge of the wagers or would in the ordinary course of business have reason to know of the wagers between the book and a patron or a person who the book knows or has reason to know is the patron's confederate or agent. This record shall be made for nonpari-mutuel wagers occurring during a designated 24-hour period, within a monitoring area.

3. Each log entry in a wagering multiple transaction log shall be made by the employee accepting or approving the wager, immediately after accepting the wager, and shall include at a minimum:

- (a) Description of the patron (or agent), which may include such identifiers as age, sex, race, eye color, hair, weight, height and attire, if the person is present when the wager is accepted;
- (b) Patron's name and agent's name, if known;
- (c) Window number or other identification of the location where the wager occurred;
- (d) Time and date of the wager;
- (e) Dollar amount of the wager; and
- (f) Signature or electronic signature of person accepting or approving the wager.

One log shall be maintained for each monitoring area, for each designated 24-hour period. A log is completed for each 24-hour period regardless of whether any nonpari-mutuel wagers occurred.

At the conclusion of each designated 24-hour period, the last entry on a log which is recorded manually shall be an indication that the end of the designated 24-hour period has occurred. A book shall not implement alternative procedures or records to comply with this subsection without the written approval of the Commission.

4. Each book shall aggregate all nonpari-mutuel wagers in excess of \$5,000 or smaller amounts when any single officer, employee, or agent of the book has actual knowledge of the wagers or would in the ordinary course of business have reason to know of the wagers between the book and a patron or a person who the book knows or has reason to know is the patron's confederate or agent during a designated 24-hour period within a monitoring area.

5. Before completing a wager that, when aggregated with other wagers pursuant to subsection 4, will aggregate to an amount that will exceed \$10,000, the book shall complete the identification and recordkeeping requirements described in these Rules. When aggregated wagers exceed \$10,000, the book shall complete the recording and reporting requirements of these Rules.

6. If a patron places a wager that pursuant to subsection 4 is to be aggregated with previous wagers for which a record has been completed pursuant to these Rules, the book shall complete the identification, recordation and reporting procedures described in these Rules for any additional wager regardless of amount occurring during a designated 24-hour period.

7. As used in this section:

(a) "Designated 24-hour period" means the 24-hour period ending at midnight each day unless otherwise approved by the Commission.

(b) "Monitoring area" means all race book and sports pool writing locations unless otherwise approved by the Commission.

#### **20.063 Structured wagers.**

1. A book, its officers, employees or agents shall not encourage or instruct the patron to structure or attempt to structure wagers. This subsection does not prohibit a book from informing a patron of the regulatory requirements imposed upon the book, including the definition of structured wagers.

2. A book, its officers, employees or agents shall not knowingly assist a patron in structuring or attempting to structure wagers.

3. As used in this section, "structure wagers" or "structuring wagers" means to willfully conduct or attempt to conduct a series of wagers in any amount, at one or more books, on one or more days in any manner as to willfully evade or circumvent the recording and reporting requirements of Rule 20.061. The wager or wagers need not exceed the dollar thresholds in Rule 20.061 at any single book in any single day in order to constitute structuring within the meaning of this definition.

**20.065 Imposition of supplemental recordkeeping and reporting requirements.** The Commission may require a book to comply with the identification, recordkeeping, and reporting requirements of Rules 20.061 and 20.062 for pari-mutuel 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.

**20.080 Payment of winning wagers.**

1. Except as otherwise provided in this subsection, books shall make payment on a winning wager to the person who presents the patron's copy of the betting ticket representing the wager or, in the case of a wager made through an account wagering system approved by the Commission, as soon as the wager settles. A book need not make payment to a person who the book or an agent or employee of the book knows is not the person to whom the patron's copy was issued. A book shall not make payment on a winning wager to a person who the book or its agent or employee knows or reasonably should know is collecting the payment on behalf of another for monetary consideration or in violation of federal law. A book may withhold payment of a winning wager if the patron refuses to supply identification or any other documentation required by state or federal law.

2. Presentment of the betting ticket and payment of the winning wager may be made at an affiliated book provided that:

- (a) An adequate accounting of the payment is kept for 5 years by both books; and
- (b) The payout is properly included in the computation of gross revenue of the licensee that initially accepted the wager.

3. Books shall honor winning betting tickets for 30 days after the conclusion of the event wagered upon unless a longer period is established by the book. The book shall state the redemption period on each betting ticket, in house rules and on notices conspicuously placed about the licensed premises. Payment by mail may be made only after presentment of the betting ticket and all identification information and documentation required by state or federal law, and must be made not later than 10 days after presentment. A book may accept a photocopy of a driver license or passport in lieu of an actual driver license or passport when presentment of the betting ticket is made by mail. Books shall maintain the information and documentation presented for a period of 5 years.

4. A licensed race book shall determine the winners of or payouts on wagers on horse and other animal races only with information the book receives from licensed disseminators pursuant to these Rules.

**20.090 Parlay card wagers.**

1. As used in this section, "parlay card wager" means a wager on the outcome of a series of 3 or more games, matches, or similar sports events or on a series of 3 or more contingencies incident to particular games, matches or similar sports events preprinted on a form to assist in making selections for a parlay wager at a betting window or kiosk.

2. Each sports pool including an online sports pool operator, that offers to accept parlay card wagers shall fully, accurately, and unambiguously disclose on all parlay card wagering forms:

- (a) The amounts to be paid to winners or the method by which such amounts are to be determined and, if the sports pool limits payouts to an aggregate amount under subsection 3, the aggregate amount and the establishments to which it applies.

- (b) The effect of ties.
- (c) The minimum and maximum betting limits, if any.
- (d) The procedure for claiming winnings, including but not limited to the documentation players must present to claim winnings, time limits, if any, for claiming winnings, whether winnings may be claimed and paid by mail and, if so, the procedure for claiming winnings by mail.
- (e) The effects of an event wagered on not being played on the date specified and of other events that will cause selections to be invalid.
- (f) The requirement that a parlay card wager must consist of at least three selections that have not become invalid under applicable house rules or the wager will be void and the money wagered will be refunded.
- (g) The rights, if any, reserved by the sports pool, including but not limited to reservation of the right to refuse any wager or delete or limit any selection prior to the acceptance of a wager, or to withhold payouts of specified amounts until the outcome of each proposition offered by the parlay card has been determined.
- (h) The requirement that the point spreads printed on the parlay card wagering form when the wager is accepted will be used to determine the outcomes of the wagers.
- (i) That the sports pool's house rules apply to parlay cards unless otherwise stated on the parlay card wagering form.

3. As used in this subsection, "parlay card" means a wagering form offering exactly the same propositions on exactly the same terms.

- (a) A sports pool may limit the aggregate amount to be paid to winners on a parlay card in proportion to the amounts won.
- (b) When a sports pool knows or reasonably should know that actual payouts on a parlay card will be limited by an aggregate amount established under paragraph (a), the sports pool shall cease accepting wagers and making payouts on the parlay card. After the outcome of the final game, match, or event covered by the parlay card has been determined, the sports pool shall pay each winner at least that proportion of the payout amount stated on the parlay card that the aggregate limit bears to total payouts (including payouts made prior to the suspension of payouts) that would otherwise have been made but for the limit.
- (c) When a book ceases accepting wagers and making payouts on a parlay card under paragraph (b), the book may accept wagers on the parlay card on those propositions whose outcomes have not been determined if the parlay card, patron receipts, and related documentation are distinguishable from the card, receipts, and documentation as to which the book has ceased accepting wagers, in which case the parlay card shall be considered a different parlay card for purposes of this subsection.
- (d) If a book pays the winner of a parlay card wager more than 10 percent of the base amount established under paragraph (a) before the outcome of every proposition offered by the parlay card has been determined, the book must pay every winner of a wager on that parlay card the proper payout amount stated on the parlay card in full and without regard to any aggregate limit established under paragraph (a).
- (e) In specific cases the Commission may waive or impose requirements more restrictive than the requirements of this subsection.

4. Prior to adopting or amending parlay card rules, a book shall submit such rules to the Commission for approval.

**20.100 Computerized bookmaking systems.** Before beginning operations, each book shall install and thereafter maintain a computerized bookmaking system meeting the specifications approved by the Commission.

**20.110 Layoff bets.** Books may accept wagers placed by other books. Books may place wagers only with other books. A book that places a wager shall inform the book accepting the wager that the wager is being placed by a book and shall disclose its identity.

**20.115 Prohibition against rescission of wagers.** A book may not unilaterally rescind any wager without the prior written approval of the Commission unless the wager was placed due to clear error by the book, as defined in the book's internal control system. Any wager rescinded due to clear error by the book is subject to subsequent review by the Commission.

**20.120 Prohibited wagers; exception for an event other than a horse race, greyhound race, or an athletic sports event.**

1. No wagers may be accepted or paid by any Licensee / book on:

(a) Any amateur sport or athletic event other than;

(1)

lympic sporting or athletic events sanctioned by the International Olympic Committee, subject to limitation by the Commission or the Commission's designee in the Commission's sole and absolute discretion, and

(2) Collegiate sporting or athletic events;

(b) Any collegiate sport or athletic event which the licensee knows or reasonably should know, is being placed by, or on behalf of a coach or participant in that collegiate event. Each licensee shall take reasonable steps to prevent the circumvention of this Rule;

(c) The outcome of any election for any public office both within and without the State of Arkansas; and

(d) Any event other than a horse race, greyhound race, or an athletic sports event, unless such event is:

(1) Administratively approved by the Commission in writing in accordance with subsection 3;

(2) After referral from the Commission, approved by the Commission in accordance with subsection 5; or

(3) Approved by the Commission after review pursuant to these Rules or, if applicable, approved by the Commission after review pursuant to these Rules.

2. A request for approval to accept wagers on an event other than a horse race, greyhound race, or an athletic sports event shall be made by a book on such forms approved by the Commission, and shall include:

(a) A full description of the event and the manner in which wagers would be placed and winning wagers would be determined.

(b) A full description of any technology which would be utilized to offer the event.

(c) Such other information or documentation which demonstrates that:

- (1) The event could be effectively supervised;
  - (2) The outcome of the event would be verifiable;
  - (3) The outcome of the event would be generated by a reliable and independent process;
  - (4) The outcome of the event would be unlikely to be affected by any wager placed;
  - (5) The event could be conducted in compliance with any applicable laws; and
  - (6) The granting of the request for approval would be consistent with the public policy of the state.
- (d) Such additional or supplemental information as the Commission may require.

3. The Commission may refer a request for approval to the full Commission for consideration, or grant, deny, limit, restrict or condition a request made pursuant to subsection 2 for any cause the Commission deems reasonable. A book aggrieved by an administrative decision of the Commission may submit the matter for review by the Commission pursuant to these Rules.

4. The Commission is hereby granted the authority to issue an interlocutory order, revoking or suspending any administrative approval granted pursuant to subsection 3 for any cause deemed reasonable. An interlocutory order shall be deemed delivered and effective when personally served upon the book, or if personal service is impossible or impractical, when deposited, postage prepaid, in the United States mail, to the book at its address as shown in the records of the Commission. If an interlocutory order revoking or suspending the administrative approval is issued, the effected book may request that the order be reviewed by the Commission pursuant to these Rules.

5. Whenever the Commission refers a request for approval to the Commission for consideration, the request shall be deemed an application and the book which submitted the request shall submit the application fee set forth in these Rules. Such application shall be included on the agenda of the next regularly scheduled meeting of the Commission occurring more than 10 working days after receipt of the application fee and, thereafter, on the agenda of the next regularly scheduled meeting of the Commission. The Commission, after considering the recommendation of the Commission, may grant, deny, limit, restrict or condition the application for any cause it deems reasonable and the decision of the Commission shall be final and shall not be subject to any further administrative or judicial review.

6. Upon approval of the acceptance of wagers on an event other than a horse race, greyhound race, or an athletic sports event pursuant to the provisions of subsection 1(f), the Commission shall provide public notice of such approval including any conditions and limitations placed on such approval. Such notice shall occur by publication on the Commission's website as close as practicable to the time at which the Commission, Director, or Commission approves the other event. Thereafter, any book may accept wagers on such other event pursuant to the approval and any conditions and limitations placed thereon.

7. For purposes of this Rule, "collegiate sport or athletic event" means a sport or athletic event offered or sponsored by or played in connection with a public or private institution that offers educational services beyond the secondary level.

**20.121 Reports of suspicious transactions.**

1. As used in this section, "suspicious transaction" means a transaction which a book knows or, in the judgment of it or its directors, officers, employees or agents, has reason to suspect:

- (a) Is, or would be if completed, in violation of, or is part of a plan to violate or evade, any federal, state or local law or regulation;
- (b) Is, or would be if completed, wagering by, or on behalf of, a coach or participant in a sporting event or other event on such event; or
- (c) Has no business or apparent lawful purpose or is not the sort of transaction the particular patron would normally be expected to perform, and the book knows of no reasonable explanation for the transaction after examining the available facts, including the background of the transaction.

2. A book:

- (a) Shall file with the Commission, by using a form developed by the Commission, a report of any suspicious transaction, if it involves or aggregates to more than \$5,000 in funds or other assets; and
- (b) May file a report of any suspicious transaction, regardless of the amount if the licensee believes it is relevant to the possible violation of any law or regulation.

3. The report in subsection 2(a) shall be filed no later than 30 calendar days after the initial detection by the licensee of facts that may constitute a basis for filing such a report. In situations involving violations that require immediate attention, the licensee shall immediately notify, by telephone, the Commission in addition to timely filing a report.

4. A licensee shall maintain a copy of any report filed and the original or business record equivalent of any supporting documentation for a period of five years from the date of filing the report. Supporting documentation shall be identified, and maintained by the licensee as such, and shall be deemed to have been filed with the report. A licensee shall make all supporting documentation available to the Commission and any appropriate law enforcement agencies upon request.

5. A licensee and its directors, officers, employees, or agents who file a report pursuant to this Rule shall not notify any person involved in the transaction that the transaction has been reported. Any report filed with the Commission under this subsection is confidential and is privileged and may be disclosed only by the Commission in the necessary administration of their duties and responsibilities under the Amendment. Any report, whether written or oral, is absolutely privileged and does not impose liability for defamation or constitute a ground for recovery in any civil action.

**20.125 Wagers; terms and conditions.**

1. No book shall:

- (a) Accept from a patron, directly or indirectly, less than the full face value of an off-track pari-mutuel wager;
- (b) 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

- (c) Increase the payoff of, or pay a bonus on, a winning off-track pari-mutuel wager.

2. The provisions of this subsection do not prohibit the granting of the following by a book or a licensed gaming establishment where a book is located, or an affiliate of one or more of those entities that holds a Casino license:

- (a) Room, food, beverage, racing data subscriptions or services, including but not limited to broadcasts, periodicals and electronic publications or services, that are available to the public from other sources, tobacco, or other services, including spa services, movies, bowling and entertainment admission;
- (b) Limousine or other car service transportation to and from the gaming establishment where the book is located;
- (c) Merchandise or other non-cash equivalents not exceeding \$100 per patron per week with the value of such \$100 determined by the book's or the licensed gaming establishment's cost; or
- (d) Player loyalty program points based on wagers other than pari-mutuel wagers and such points may be redeemed in accordance with the rules of the program, including but not limited to being redeemed for free-play on any gaming device or gambling game located at the Casino licensee's premises.
- (e) Increase the payoff of, or pay a bonus on any deposit or winning sports or non-pari-mutuel wager.

3. A book or a licensed gaming establishment where a book is located, or an affiliate of one or more of those entities that holds a Casino license, may award player loyalty program points based on pari-mutuel wagers placed by a patron, however, such points may only be redeemed in accordance with the rules of the program, provided that points earned based on pari-mutuel wagers may not be redeemed for cash, items or services that the book intends to or does redeem for cash, or free-play on any gaming device or gambling game, or for items or services that do not fall under one of the exceptions listed under subsection 2.

4. A book shall not, in an attempt to provide a benefit to the patron in violation of subsection 1, offer a wagering proposition, or set or move its wagering odds, lines or limits.

5. The Commission may require a book to:

- (a) Disclose its betting limits in its house rules and obtain approval from the Commission before changing those limits or modifying its house rules; and
- (b) Document and report, in such manner as the Commission may approve or require, wagering limits, temporary changes to such limits, or the acceptance of a wager or series of wagers from the same patron that exceeds such limits. The report may include, but is not limited to:
  - (1) Recording the name of the patron for which betting limits are changed or exceeded;
  - (2) Recording the name of the employee approving the acceptance of a wager that exceeds betting limits or causes a change in betting limits;
  - (3) Describing the nature of the temporary change and any related wagers; and
  - (4) Describing how the temporary change in limit will benefit the licensee.



The Commission shall notify the book, in writing, of the decision to impose such requirements and such decision shall be considered an administrative decision and, therefore, reviewable pursuant to the Arkansas Administrative Procedures Act.

6. A book shall not set lines or odds, or offer wagering propositions, designed for the purposes of ensuring that a patron will win a wager or series of wagers.

**20.130 Communications technology.**

1. Before installing or permitting the installation or use of any communications technology, the book 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 the book 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 must obtain written permission from the Commission for any substantive changes to the communications technology.

3. As a condition to the granting of the privilege of using communications technology upon the licensed premises, the book 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 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.

**20.140 Wagering communications; establishing patron wagering accounts for sports, nonpari-mutuel race, and other event wagering.**

1. A book may only accept a sports wager or nonpari-mutuel race wager made in person, unless the transmission of a wager is initiated by a patron while physically present within the State of Arkansas and made pursuant to the account wagering system provisions of these Rules. Each book must conspicuously display signs to that effect on its premises. Consistent with the intent of the United States Congress as articulated in the Unlawful Internet Gambling Enforcement Act of 2006 (31 U.S.C. s.5361 et seq.) the intermediate routing of electronic data relating to a lawful intrastate wager authorized under this provision shall not determine the location or locations in which such wager is initiated, received, or otherwise made.

2. A book may only accept a pari-mutuel horse race wager made in person unless a pari-mutuel horse race account wager is accepted pursuant to the provisions of Rule 24. Each book must conspicuously display signs to that effect on its premises.

3. Each licensee that accepts wagering communications shall establish and implement pursuant to these Rules 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.

4. Each book shall prepare a written description of its rules and procedures for wagering communications, and shall make a copy available to each patron for whom a wagering account is established.

5. Before a book accepts a wagering communication on any sporting event wager, on any nonpari-mutuel race wager, or on any other event wager, the following must occur:

(a) A book must register patrons and create wagering accounts in accordance with Rule 4.225.

(b) In addition to the requirements of these Rules, before registering a patron for a wagering account, the book must have the patron affirm that the patron has been informed and acknowledges that:

(1) Patrons are prohibited by law from placing sports wagers, nonpari-mutuel race wagers, and other event wager wagers while physically present outside the State of Arkansas and the Licensee / book is prohibited from accepting such wagers; and with regard to pari-mutuel horse race and greyhound race wagers, a race book may only accept off-track pari-mutuel horse race and greyhound race account wagers pursuant to the provisions of Rule 24 or, with respect to franchise holders, patrons may place wagers, and franchise holders may accept such wagers, on horse and greyhound races pursuant to Ark. Code Ann. § 23-111-508(e)(1) and Ark. Code Ann. § 23-110-405(e)(1). Notwithstanding the requirements of these Rules, for a business entity patron, the patron must provide an employee of the book with the following information before the book registers and creates a wagering account for the patron.

i. 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;

ii. The business entity's formation documents and all filings with the Secretary of State;

iii. Any other documentation or information the Commission may require; and

iv. Any other documentation or information the race book or sports pool may require. The employee must record such information. Unless a book has otherwise been granted approval by the Commission pursuant to these Rules, the information required pursuant to this subsection shall be provided by the patron to an employee of the book at the premises of the book.

6. Before a book accepts a wagering communication on any sporting event wager, nonpari-mutuel race wager, or other event wager from another book:

(a) The authorized employee of the other book must personally appear at the premises of the book to open a wagering account;

(b) The book employee must record:

- (1) The authorized employee of the other book's name, permanent business address (other than a post office box number), and business telephone number;
  - (2) The documents used to verify the other book is a book, the authorized employee is an employee of the other book and is authorized to open this wagering account;
  - (3) The amount of the authorized employee of the other book's initial wagering account or front money deposit;
  - (4) The authorized employee of the other book's account number with the book; and
  - (5) The date the authorized employee of the other book's account with the book is opened;
- (c) The authorized employee of the other book must sign, in the presence of a supervising employee of the book, statements attesting that the authorized employee of the other book:
- (1) Confirms the accuracy of the information recorded;
  - (2) Has received a copy, or has had a copy made available to them, of the book's rules and procedures for wagering communications;
  - (3) Has been informed and understands that authorized employees of other books that establish a wagering account pursuant to this subsection are prohibited by law from placing wagering communications from outside Arkansas and that the book is prohibited by law from accepting them;
  - (4) Has been informed and understands that, with regard to pari-mutuel horse race wagers, a race book may only accept off-track pari-mutuel horse race account wagers pursuant to the provisions of these Rules; and
  - (5) Consents to the monitoring and recording by the Commission and the book of any wagering communication; and
- (d) The employee who verifies the authorized employee of the other book's information and who obtains and records the information on behalf of the book and the supervising employee described in subparagraph (c), must each sign statements that they witnessed the authorized employee's signature and confirmed the authorized employee of the other book's identity and residence.

7. In addition to the posting of the wager in the computerized bookmaking 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.

8. 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.

9. A book shall not allow the use of a wagering account established pursuant to this section for forms of wagering other than sports wagering, nonpari-mutuel race wagering, or other event 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.

**20.145 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. Except in the case of a wager placed due to clear error by the book, as defined in the book's internal control system, 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 or the start of a sporting event except those originated after post time or the start time of the sporting event that are approved in the same manner as other events approved pursuant to these Rules provided, however, that wagers on in-progress sporting events is not prohibited under these Rules;
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 sports wagers and nonpari-mutuel horse race wagers from patrons while physically located outside the state;
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. Unless otherwise approved by the Commission, 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 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.

**20.150 House rules.** Each book shall adopt, adhere to, and make available upon request or online written, comprehensive house rules governing wagering transactions with patrons. Without limiting the generality of the foregoing, the rules must specify the amounts to be paid on winning wagers, the effect of schedule changes, the redemption period for winning tickets, and the method of noticing odds or line changes to patrons. House rules must state that wagers may be accepted at other than the currently posted terms, if applicable. Prior to adopting or amending such house rules, a book shall submit such rules to the Commission for approval.

**20.155 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 found in 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 this section 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 these Rules;
- (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 regulation 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.

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.

#### **20.160 Wagering account transactions.**

1. Except as otherwise provided herein, deposits, withdrawals, 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.

**20.165 Use of an operator of a call center.**

1. A Licensee, franchise holder or book shall not utilize an operator of a call center, except to provide technical support to a patron. A call center system shall not be used to receive, transmit, or accept wagers from a patron to a licensed book.

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

(a) Providing help desk responses to patrons and the general public concerning sports wagers and nonpari-mutuel horse race wagers at a licensed Arkansas book; and

(b) Such other patron services as may be approved by the Commission.

3. In addition to the posting of the wager at a licensed Arkansas 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, 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 only use communications technology approved pursuant to these Rules.

7. The operator of a call center shall operate in compliance with all applicable provisions of this Rule that may apply to it or the licensed Arkansas book using its services.

8. The licensed Arkansas 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.

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

**20.180 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.

**20.190 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.

**20.195 Records and reports for users and buyers.** Each “user”, which is defined as an operator of a race book, sports pool or gambling game who is licensed in this state and receives and displays a live broadcast within this state, who uses information included in a live broadcast to determine winners of and payoffs on wagers accepted at the user’s race book, and each “buyer,” as defined in these Rules, shall comply with the recording and reporting requirements specified in these Rules.

**20.200 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.

**20.220 Global Risk Management.**

1. A book engaging in global risk management may provide direction, management, consultation, and/or instruction to the operator of a wagering pool located in a jurisdiction approved by the Commission concerning:

- (a) The management of risks associated with a wagering pool for a race or sporting event or any other event for which the wagering pool is permitted to accept wagers;
- (b) The determination of where lines, point spreads, odds, or other activity relating to betting or wagering are initially set and the determination of whether to change such lines, point spreads, odds, or other activity relating to betting or wagering;
- (c) Whether or not to accept or reject bets or wagers, to pool bets or wagers, or to lay off bets or wagers;
- (d) The use, transmittal, and accumulation of information and data for the purpose of providing global risk management; and
- (e) Any other activity associated with a wagering pool if approved in writing by the Commission prior to a book commencing direction, management, consultation, and/or instruction concerning the activity.

2. A book which intends to provide global risk management shall:

- (a) Enter into a written agreement to provide global risk management with any operator of a wagering pool to which the book proposes to provide global risk management. A copy of such executed agreement with an operator of a wagering pool located outside of Arkansas shall be provided to the Commission no later than the date on which the book commences global risk management for the operator of the wagering pool;
- (b) Provide details to the Commission regarding any permissible jurisdiction other than Arkansas where the book intends to provide global risk management no later than the date on which the book commences global risk management in such permissible jurisdiction;



(c) No later than the date on which a book commences global risk management, submit the book's systems of accounting and internal control utilized for global risk management to the Commission. Such systems must include provisions for complying with all federal laws and regulations; and

(d) Provide such other information as the Commission may require concerning global risk management.

3. In addition to the requirements contained in subsection 2 of this section, at least 30 days prior to providing global risk management to a Arkansas licensee, a book shall submit to the Commission the written agreement for the global risk management provided to the Arkansas licensee. The Commission may object in writing to such agreements in the Commission's sole and absolute discretion. If the Commission objects to an agreement, the book shall not provide global risk management to the Arkansas licensee until the book has resubmitted the agreement to the Commission, and the Commission has indicated in writing that the Commission does not object to the resubmitted agreement.

**End – Rule 20**