

GREG GEMIGNANI

ACCOUNT WAGERING

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ACCOUNT WAGERING OVERVIEW

- ▶ History - NV
- ▶ Modern Importance
- ▶ NV Regulations
 - ▶ Federal interaction

ACCOUNT WAGERING OVERVIEW

- ▶ Nevada has permitted account wagering on sports since at least 1972
- ▶ Account wagering facilitates remote placement of bets
- ▶ Originally, in Nevada, account wagering was used to facilitate race and sports wagers over phone lines
 - ▶ The Wire Act was 9 years old, but only addressed wagers placed in interstate or foreign commerce.
 - ▶ The local phone system was used to geo-verify callers

ACCOUNT WAGERING OVERVIEW

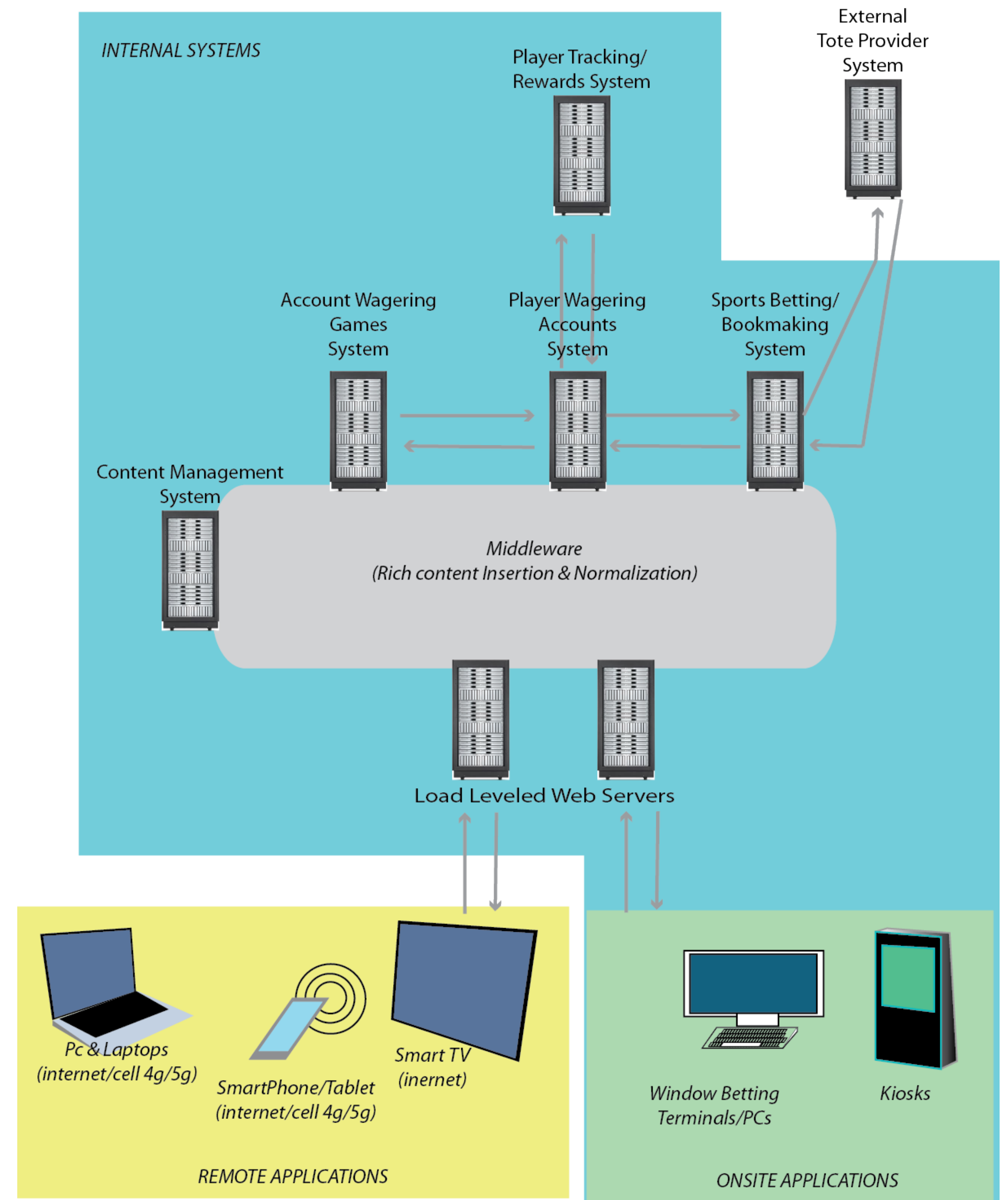
- ▶ Today, account wagering permits many of the modern innovations in sports wagering
 - ▶ Mobile gaming
 - ▶ In-running wagering
 - ▶ In-play proposition wagering

ACCOUNT WAGERING OVERVIEW

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ACCOUNT WAGERING OVERVIEW

- ▶ Account wagering systems will generally integrate with overall a gaming operator's overall gaming systems architecture



ACCOUNT WAGERING – CONCERNS

▶ KYC

- ▶ AML concerns regarding establishment of an account and its use for wagering
- ▶ Messenger betting -
 - ▶ “Messenger bettor” means a person who places a race book or sports pool wager for the benefit of another for compensation.
 - ▶ 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.

ACCOUNT WAGERING – NV REGULATIONS – ACCOUNT WAGERING SYSTEMS

- ▶ 22.145 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. **Prohibit wagers from being changed** after the patron has reviewed and confirmed the wagering information, and the specific wagering communication transaction has been completed;
 - ▶ 3. **Prohibit the acceptance of wagers after post** time except those originated after post time that are approved in the same manner as other events approved pursuant to Regulation 22.1201;
 - ▶ 4. **Prohibit a book from accepting an account wager, or a series of account wagers, in an amount in excess of the available balance of the wagering account;**
 - ▶ 5. **Prohibit a book from accepting out-of-state sports wagers, out-of-state nonpari-mutuel horse race wagers, and out of state other event wagers unless such wagers are legal in the jurisdiction from which they originate and federal law allows such wagers and the transmission of such wagers or information assisting in the placing of such wagers;**

ACCOUNT WAGERING – NV REGULATIONS – ACCOUNT WAGERING SYSTEM

- ▶ 22.145 Account wagering systems. Account wagering systems shall:
 - ▶ 6. **Post payment** on winning account wagers as a credit to the patron's wagering account **as soon as reasonably practicable** after the event is declared official;
 - ▶ 7. **Maintain complete records of every deposit, withdrawal, wager, winning payoff, and any other debit or credit for each account;** and
 - ▶ 8. **For systems that use other than voice-only wagering communications technology, produce a printable record of the entire transaction as required by this section** and shall not accept any wagering communication or transaction if the printable record system is inoperable.

ACCOUNT WAGERING – NV REGULATIONS – ACCOUNT WAGERING SYSTEM

- ▶ 22.140 Wagering communications; establishing patron wagering accounts for sports, nonpari-mutuel race, and other event wagering.
 - ▶ 1. A book may only accept a sports wager, nonpari-mutuel race wager, or other event wager from within Nevada or from other states or foreign jurisdictions in which such wagers are legal provided federal law allows such wagers and the transmission of such wagers or information assisting in the placing of such wagers.
 - ▶ 4. Each Group I licensee that accepts wagering communications shall establish and implement pursuant to Regulation 6 a system of internal control for such transactions, and comply with both its system of internal control and the Regulation 6.090 minimum internal control standards. Each Group II licensee that accepts wagering communications shall comply with the Regulation 6.100 internal control procedures.
 - ▶ 5. 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.

ACCOUNT WAGERING – NV REGULATIONS – ACCOUNT WAGERING SYSTEM

- ▶ 22.140 Wagering communications; establishing patron wagering accounts for sports, nonpari-mutuel race, and other event wagering.
 - ▶ 6. **Before a book accepts a wagering communication**, or a call center accepts a wagering instruction, 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 Regulation 5.225 except as follows:
 - ▶ (1) **For purposes of presenting a government issued picture identification credential to confirm the patron's identity, a patron** may either **personally appear before an employee** of the licensee at which the book is located as provided in subsection 7 of Regulation 5.225 or before an employee of the book at the premises of the book or, for central site books, at an outstation, satellite or affiliated book.
 - ▶ (2) **A book may inspect government issued picture identification credentials to confirm a patron's identity**, as required by subsection 7 of Regulation 5.225, by filing a request with the Chair for permission to have its employees inspect such identification credentials at locations outside of the book. The request must include the types of locations to which a book intends to send its employees for the purposes of inspecting identification credentials. A book may not inspect identification credentials at locations outside of the book prior to the Chair approving the request. The Chair may impose limitations and conditions on any approved request. The Chair may rescind approval of a request of a book to have its employees inspect identification credentials outside the premises of the book upon written notice to the book;

ACCOUNT WAGERING – NV REGULATIONS – ACCOUNT WAGERING SYSTEM

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 - ▶ 6. **Before a book accepts a wagering communication**, or a call center accepts a wagering instruction, on any sporting event wager, on any nonpari-mutuel race wager, or on any other event wager, **the following must occur:**
 - ▶ (b) In addition to the requirements of Regulation 5.225, 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 wagers from outside Nevada and that the book is prohibited from accepting such wagers; and
 - ▶ (2) 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 regulation 26C.

If federal law allows the transmission of sports wagers, nonpari-mutuel race wagers, and other event wagers or information assisting in the placing of such wagers from other states or foreign jurisdictions, a book may modify subsection 6(b)(1) to reflect wagers from outside of Nevada are only allowed from other states or foreign jurisdictions in which such wagers are legal.

ACCOUNT WAGERING – NV REGULATIONS – ACCOUNT WAGERING SYSTEM

- ▶ 22.140 Wagering communications; establishing patron wagering accounts for sports, nonpari-mutuel race, and other event wagering.
 - ▶ 8. 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 Chair. Such recordings must be made **immediately available to any Board** agent upon request.
 - ▶ 9. **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.
 - ▶ 10. **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 Regulation 5.225; and
 - ▶ (b) Administrative approval has been granted by the Chair.

ACCOUNT WAGERING – NV REGULATIONS – ACCOUNT WAGERING SYSTEM

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 - ▶ 10. **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 Regulation 5.225; and
 - ▶ (b) Administrative approval has been granted by the Chair.

ACCOUNT WAGERING – FEDERAL ISSUES

- ▶ AML Concerns - Title 31
 - ▶ SARs - Reporting of Suspicious Activities
 - ▶ Account wagering systems can help with compliance
 - ▶ Picking up abnormal betting patterns or activities
 - ▶ Bears -3.5 Packers +3.5
 - ▶ Bettor A places a \$9000 wager on the Bears on Monday
 - ▶ Bettor A places a \$9000 wager on the Packers on Thursday (no line change)
 - ▶ Clearly suspicious wagering activities

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ACCOUNT WAGERING – FEDERAL ISSUES

- ▶ AML Concerns - Title 31
 - ▶ CTR - Reporting of cash transactions of \$10,000 or more
 - ▶ Account wagering systems can help with compliance
 - ▶ Picking up structuring
 - ▶ Bettor A places a \$2000 wager on the Packers on Monday at 10:00 a.m.
 - ▶ Bettor A places a \$2000 wager on the Packers on Monday at 12:30 a.m.
 - ▶ Bettor A places a \$2000 wager on the Packers on Monday at 5:45 p.m.
 - ▶ Bettor A places a \$2000 wager on the Packers on Monday at 8:45 p.m.
 - ▶ Bettor A places a \$3000 wager on the Packers on Tuesday at 8:00 a.m.
 - ▶ Clearly suspicious wagering activities (Structuring to avoid CTR & SARs)

ACCOUNT WAGERING – FEDERAL ISSUES

- ▶ Account wagering can assist with complying with FINCEN
 - ▶ Account wagering creates a long record of wagering activity
 - ▶ Account wagering assists with FINCEN filings
 - ▶ Player information is all on record

QUESTION

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