

**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 ~~telephone~~, 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, ~~and patron service representatives~~.

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 ~~receive and transmit wagering instructions from a patron to a licensed book~~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. ~~The call center system is located within Arkansas but off the premises of a licensed gaming establishment or any affiliated licensed gaming establishment.~~

4. “Cash” means coin and currency that circulates, and is customarily used and accepted as money, in the issuing nation.

~~5. “Central site book” means a book which, for the purpose of wagering communications, may allow other licensed 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 computerized bookmaking system.~~

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. ~~—“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 term does not include 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 ~~to convey wagering instructions to one or more licensed Arkansas books.~~ An operator of a call center does not receive, transmit, or accept wagers. ~~A~~

~~licensed Arkansas 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.~~

~~13. "Outstation book" means a book, other than a satellite book, that shares the computerized bookmaking system and certain management or administrative functions of a book operated by an affiliated licensee.~~ "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 gaming revenue, 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.

~~146.~~ "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.

~~157.~~ "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.

168. "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.

179. ~~"Satellite book" means a book that has been licensed pursuant to the provisions of these Rules.~~

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 ~~or other 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 ~~to an operator of a call center~~ 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 ~~pursuant to chapters 463 and 464 of the Arkansas Revised Statutes~~ 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.

~~**20.037 Employees of an operator of a call center.** Any employee of an operator of a call center who fulfills the function of receiving and transmitting wagering instructions and any employee supervising this function is a gaming employee and subject to the provisions of these Rules.~~

~~**22**~~**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.

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

**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 ~~prohibited on~~ sporting events.**

Licensees / books ~~shall not~~ 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.

~~However~~ 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. ~~On a daily basis~~ 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.

~~1-2.~~ 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, ~~a sports pool and its outstation books, or a sports pool and its satellite books~~ may limit the aggregate amount to be paid to winners on a parlay card in proportion to the amounts won; ~~provided that the aggregate limit must not be less than the amount disclosed on the parlay card (the~~

~~“base amount”) plus twice the amount wagered on the parlay card at all establishments to which the aggregate limit applies.~~

(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 ~~unless the person making the wager is physically present on the Licensee’s / franchise holder’s premises, except pursuant to Ark. Code Ann. § 23-111-508(e)(1) or Ark. Code Ann. § 23-110-405(e)(1)~~ on:

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

(1) Olympic 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, regardless of where it is held, involving a professional team whose home field, a court, or base is in Arkansas, or any event played in Arkansas involving a professional team, if, not later than 30 days before an event or the beginning of a series of events, the team's governing body files with the Commission a written request that wagers on the event or series of events be prohibited, and the Commission approves the request;~~

~~(e) Any virtual event unless:~~

~~An approved gaming device is used to determine the outcome(s) and to display an accurate representation of the outcome(s) of the virtual event;~~

~~A live display of the virtual event is offered to all approved sports pools; and~~

~~The virtual event is approved pursuant to the procedures set forth in subsection 1(f); and~~

~~(f)~~ 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.

~~□ The decision whether to grant approval to accept wagers on an event other than a horse race, greyhound race, or an athletic sports event shall be based on all relevant information including, but not limited to, the factors in subsection 2(c) of this section. The Commission may subject any~~

~~technology that would be utilized to offer the event to such testing, investigation and approval process as the Commission deems appropriate.~~

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 subsection 1, "professional team" means two or more persons who join together to participate in athletic sports events and who receive any compensation in excess of actual expenses for their participation in such events.~~

~~8-7.~~ 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, ~~including a satellite 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; ~~or~~

~~(c)~~ ~~(e)~~ 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)~~ (e) Increase the payoff of, or pay a bonus on any deposit or winning sports or non-pari-mutuel wager.

3. A book, ~~including a satellite 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 ~~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 for any substantive changes to the communications technology, ~~by October 1st of each calendar year to continue using the communications technology~~.

3. As a condition to the granting of the privilege of having using 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 Rule 12.290 prior to the use of this system.~~

**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. ~~A book may only accept a sports wager, nonpari-mutuel race wager, or other event wager from a person physically present on the premises of the Licensee / book.~~

~~2. All wagers for sports wagers, nonpari-mutuel race wagers or other events must be placed by the patron while actually physically present on the Licensee / book premises.~~

32. 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.

43. 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.

54. 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.

65. ~~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 [Rule 4.225](#), these Rules except as follows:~~

~~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 these Rules 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.~~

~~A book may register and create wagering accounts for patrons, including inspecting a patron's government issued picture identification credential to confirm their identity as required by these Rules, by filing a request with the Commission for permission to have its employees register and create wagering accounts for patrons outside the premises of the book. The request must include a comprehensive marketing plan setting out, at a minimum, the types of locations and types of potential patrons to which a book intends to send its employees for the purposes of registering and creating wagering accounts for patrons. A book may not act under its marketing plan prior to the Commission approving the request. The Commission may impose limitations and conditions on any approved request. The Commission may rescind approval of a request of a book to have its employees register and create wagering accounts outside the premises of the book upon written notice to the book. Wagering accounts may not be created pursuant to such marketing plan outside the State of Arkansas;~~

(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), Patrons are prohibited by these Rules from placing sports wagers, nonpari-mutuel race wagers, and other event wagers unless the patron is physically present on the premises of the Licensee / book.~~ 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 ~~or, for central site books, at an outstation, satellite or affiliated book.~~

~~7.6. Before a book accepts a wagering communication, or a call center accepts a wagering instruction, 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 ~~or, for central site books, at an outstation, satellite or affiliated 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 ~~out-of-state~~ sports wagers and ~~out-of-state~~ 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, mMaintain 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, ~~conspicuously display at its licensed premises, and~~ 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 ~~for wagers placed under Ark. Code Ann. § 23-110-405(e)(1) or Ark. Code Ann. § 23-111-508(e)(1).~~ 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 call center system, or a component of such a system, will record patron instructions received and transmitted to a licensed Arkansas book and the date/time instructions are received from a patron for:~~

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

~~3.~~ 2. The operator of a call center performs such patron services as:

- ~~(a) Receiving sports and nonpari-mutuel horse race wagering instructions from a patron;~~
- ~~(b)~~(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
- ~~(c)~~(b) Such other patron services as may be approved by the Commission.

43. 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 ~~permissible~~ jurisdiction approved by the Commission concerning:

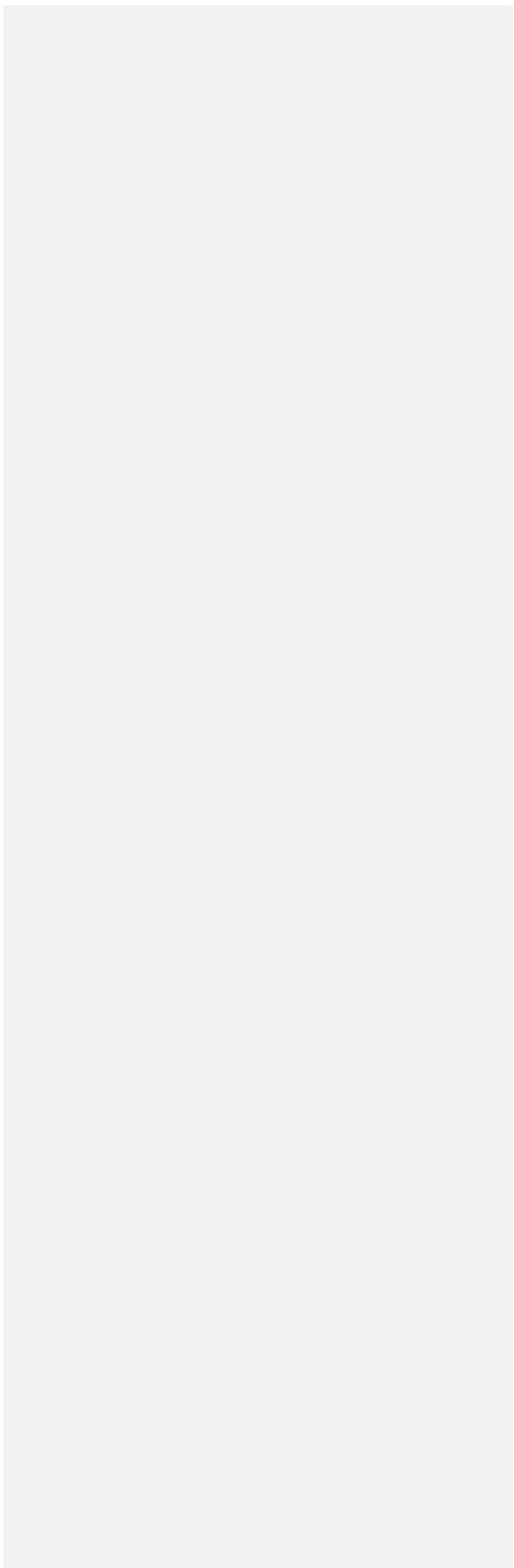
- (a) The management of risks associated with a wagering pool for a race or sporting event or any other event for which the wagering pool is permitted to accept wagers;
- (b) The determination of where lines, point spreads, odds, or other activity relating to betting or wagering are initially set and 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**



**RULE 22**  
**OFF-TRACK PARI-MUTUEL WAGERING**

- 22.010 Scope.**
- 22.020 Definitions.**
- 22.030 License required to accept off-track pari-mutuel wagers; applications.**
- 22.040 Conduct of off-track pari-mutuel wagering.**
- 22.050 [Reserved.]**
- 22.060 Approval to share in revenues; applications.**
- 22.070 Criteria for approval to share in revenue.**
- 22.080 Requirements imposed upon tracks approved to share in the revenue or otherwise receive compensation.**
- 22.090 Licensing of off-track pari-mutuel systems operator.**
- 22.100 Requirements imposed upon systems operators.**
- 22.110 Approval of off-track pari-mutuel systems; applications.**
- 22.120 Minimum technical requirements for off-track pari-mutuel systems.**
- 22.130 Operation of the off-track pari-mutuel system.**
- 22.140 Approval of agreements.**
- 22.150 Deduction of commission on wagers.**
- 22.160 Limits and conditions on approvals.**
- 22.170 Record retention; access to premises.**
- 22.180 Grounds for disciplinary action.**
- 22.190 Authority to issue orders for racing meets.**
- 22.200 Waivers.**

**22.010 Scope.** This Rule and Rule 24 govern all off-track pari-mutuel wagering in Arkansas for which a license or approval has been granted by the Commission pursuant to Amendment 100. 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.

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

1. "Affiliate" has the same meaning as defined in these Rules.
  
2. "Breakage" means:
  - (a) The rounding of a payout on a winning pari-mutuel wager, as determined by the track in accordance with the laws and regulations that are applicable to the jurisdiction in which the track operates;
  - (b) Those deficiencies arising from payouts made pursuant to these Rules; or
  - (c) Those deficiencies arising from the payment of a guaranteed payout pursuant to these Rules.
  
4. "Commission on wagers" ("takeout") means the amount retained and not returned to patrons by a pari-mutuel book from the total amount of off-track pari-mutuel wagers.

5. "Foreign track" means a track located outside of the United States.
6. "Gross revenue" means the amount of the commission on wagers received by a licensee, plus positive breakage and the dollar amount of winning tickets that remain unpaid pursuant to this Rule, less negative breakage and the amount paid to a track for the right to be part of an interstate or intrastate common pari-mutuel pool ("track fee").
7. "Interstate common pari-mutuel pool" means a pari-mutuel pool consisting of the pari-mutuel wagers placed at a track, its intrastate betting locations, other jurisdictions and the off-track pari-mutuel wagers placed and accepted at pari-mutuel books.
8. "Intrastate common pari-mutuel pool" means a pari-mutuel wagering pool operated by a systems operator consisting solely of the wagers placed and accepted at two or more pari-mutuel books on races at tracks.
9. "Live audio visual signal" ("simulcast") means the audio and visual transmission of a race, or series of races, as it occurs at a track.
10. "Manual merge" means the process used in the event of a systems or communications failure by which the systems operator transmits to the track through telephone, telecopy, cellular, or other means of communication, the pari-mutuel books wagering information and the process by which the track includes the off-track pari-mutuel wagers in the interstate common pari-mutuel pool in such event.
11. "Nonpari-mutuel race wager" means a wager other than one offered to be included in an interstate or intrastate common pari-mutuel pool.
12. "Off-track pari-mutuel system" means a computerized system or component of a system that is used to transmit wagering data:
  - (a) In an interstate common pari-mutuel system, to and from a track which offers interstate common pari-mutuel pools; or
  - (b) In an intrastate common pari-mutuel system, between the pari-mutuel books and a systems operator, and includes the totalizator equipment used to determine the winners of and payoffs on intrastate common pari-mutuel pools.
13. "Off-track pari-mutuel wager" means either:
  - (a) A wager placed by a patron and accepted by a pari-mutuel book on a race or races offered as part of an interstate common pari-mutuel pool whether or not the wager is actually included in the total amount of the interstate common pari-mutuel pool; or
  - (b) A wager placed by a patron and accepted by a pari-mutuel book on a race or races offered as part of an intrastate common pari-mutuel pool.
14. "Pari-mutuel book" means a race book that has received a license to accept off-track pari-mutuel wagers pursuant to the provisions of this Rule. The term "pari-mutuel book" shall include pari-mutuel only books, unless stated otherwise within this Rule.

15. “Pari-mutuel only book” means a race book that has received a license to accept off-track pari-mutuel wagers pursuant to the provisions of this Rule, but has elected not to accept nonpari-mutuel race wagers.

16. “Post time” means “post time” as that term is defined in these Rules.

17. “Source market fee” means a track fee paid for accepting wagering account wagers, in accordance with Rule 24, from a customer residing in the track’s defined market area.

18. “Systems operator” or “operator of a system” means a person engaged in providing the off-track pari-mutuel system or services directly related to the reconciliation of the interstate or intrastate common pari-mutuel pool and transfers of funds between the tracks and the pari-mutuel books, or among the pari-mutuel books.

19. “Track” means an out-of-state facility licensed to operate horse or other racing where pari-mutuel wagering on races is conducted, or a person licensed in another jurisdiction to conduct pari-mutuel wagering on such races. Where applicable, the term also includes a person or governmental agency from outside this state that operates a track, holds a track’s rights to off-track pari-mutuel wagering or shares in its revenues. The term also includes an association of tracks.

20. “Wagering data” means the information regarding results, actual payouts, and the amount of pari-mutuel and off-track pari-mutuel wagers accepted for each race or group of races in an interstate or intrastate common pari-mutuel pool.

21. “Wagering information” means the amount of off-track pari-mutuel wagers accepted for each race or group of races by a pari-mutuel book.

**22.030 Authorization required to accept off-track pari-mutuel wagers; applications.**

1. A person shall not accept off-track pari-mutuel wagers unless it has received authorization to accept such wagers from the Commission. Authorization to accept off-track pari-mutuel wagers shall not be granted to anyone other than a Licensee. A Licensee, franchise holder or book shall not accept off track or off premises pari mutuel wagers unless the wagers are made pursuant to Ark. Code Ann. § 23-110-405(e)(1) or Ark. Code Ann. § 23-111-508(e)(1).

2. Applications for authorization to accept off-track pari-mutuel wagers must be made, processed, and determined using such forms as the Commission may require or approve. Each application must be accompanied by an internal control system prepared and submitted in accordance with these Rules.

3. Applications for authorization to accept off-track pari-mutuel wagers must enter into agreements and arrangements with other parties, consistent with federal law and approval by the Commission, pursuant to which its patrons may wager on races run at race tracks that are shown

live or in any other manner approved by the Commission, by television, or otherwise, at locations on the grounds of the race book.

4. (a) For purposes of this Rule, “horse racing franchisor” means a franchisor licensed to conduct horse racing, and pari-mutuel wagering thereon, in Garland County, Arkansas under the Arkansas Horse Racing Law, Ark. Code Ann. Section 23-110-101 et seq.; and (ii) “greyhound racing franchisor” means a franchisor licensed to conduct greyhound racing, and pari-mutuel wagering thereon, in Crittenden County under the Arkansas Greyhound Racing Law, Ark. Code Ann. Section 23-111-101 et seq.

(b) In the case of a casino (other than one licensed to a horse racing franchisor), the casino (including any race book) shall not accept wagers on horse racing unless the casino licensee has a commercially reasonable agreement, acceptable to the Commission, in place with the horse racing franchisor setting forth the terms and conditions for acceptance of such wagers on horse racing that fairly attempts to ensure that the acceptance of such wagers will not adversely impact horse racing at the horse racing franchisor’s racetrack, and related purses, and thoroughbred breeding activities in Arkansas, and related Arkansas thoroughbred breeding purse support programs.

(c) In the case of a casino (other than one licensed to a greyhound racing franchisor), the casino (including any race book) shall not accept wagers on greyhound racing unless the casino licensee has a commercially reasonable agreement, acceptable to the Commission, in place with the greyhound racing franchisor setting forth the terms and conditions for acceptance of such wagers on greyhound racing that fairly attempts to ensure that the acceptance of such wagers will not adversely impact greyhound racing at the greyhound franchisor’s racetrack, and related purses, and greyhound breeding activities in Arkansas, and related Arkansas greyhound breeding purse support programs.

(d) The provisions of this Section shall likewise also apply to any wagers on horse or greyhound racing by a race book under these Rules.

#### **22.040 Conduct of off-track pari-mutuel wagering.**

1. Off-track pari-mutuel wagering may be conducted only within a race book or any other area approved by the Commission. ~~Off track / off premises pari mutuel wagering may be conducted only under the provisions of Ark. Code Ann. § 23-110-405(e)(1) or Ark. Code Ann. § 23-111-508(e)(1).~~

2. A pari-mutuel book offering off-track pari-mutuel wagering must comply with the provisions of these Rules, when not in conflict with this Rule.

3. A pari-mutuel book shall not use the information received from the off-track pari-mutuel system to determine the winners of or payoffs on nonpari-mutuel race wagers.

4. A pari-mutuel book shall not use the information received from a live broadcast to determine the winners of or payoffs on off-track pari-mutuel wagers.

5. A pari-mutuel book may use the information received from a live audio visual signal to determine the winners of or payoffs on off-track pari-mutuel wagers in the event the systems operator notifies the pari-mutuel book that it is unable to relay that information to the pari-mutuel

book through the off-track pari-mutuel system. A pari-mutuel book shall comply with the Rule 6 minimum internal control standards when making such payoffs.

6. A pari-mutuel book shall pay winning interstate off-track pari-mutuel wagers in accordance with official results at the track, irrespective of whether the wagering information from the pari-mutuel book was included in the interstate common pari-mutuel pool.

7. A pari-mutuel book shall pay winnings, intrastate off-track pari-mutuel wagers in accordance with official results from the approved, off-track pari-mutuel system and shall return at least one dollar and five cents for each winning dollar wagered, and any other guaranteed payout.

8. The pari-mutuel books shall be jointly responsible for any deficiencies and shall share in any excesses resulting from the requirements of these Rules. The terms of any such agreement must be approved pursuant to the provisions of this Rule.

9. A pari-mutuel book, other than a pari-mutuel only book, that has agreed to accept off-track pari-mutuel wagers may only accept nonpari-mutuel race wagers on types of bets not offered as part of the interstate or intrastate common pari-mutuel pool, and may accept nonpari-mutuel race wagers on types of bets offered as part of an interstate or intrastate common pari-mutuel pool in the event the off-track pari-mutuel system is not functioning.

10. A pari-mutuel book shall not pay a systems operator or a track any compensation for the right to be part of an interstate or intrastate common pari-mutuel pool unless the agreement setting forth the terms of the compensation has been approved pursuant to the provisions of this Rule.

11. A pari-mutuel book shall adopt, conspicuously display, and adhere to written house rules governing off-track pari-mutuel wagering transactions with patrons. Prior to adopting or amending such house rules, a pari-mutuel book shall submit such rules to the Commission for approval.

12. A pari-mutuel book shall allow patrons to cash an outstanding off-track pari-mutuel ticket for 120 days from the date of purchase or 30 days after the close of the racing meet whichever shall first occur. Tickets which are not redeemed within such time become valueless, unless the time period is otherwise extended by the licensee, and the sum of money represented by them shall accrue to the issuing licensee.

13. Pari-mutuel books may not accept intrastate pari-mutuel wagers placed by any book, affiliate of the pari-mutuel book, or a systems operator providing the intrastate common pari-mutuel system. Books or systems operators may not place wagers into an intrastate common pari-mutuel pool.

14. Each pari-mutuel book that accepts an intrastate pari-mutuel wager must visually display to patrons, through direct communications with the off-track pari-mutuel system conducting the intrastate pool, the current odds and minutes to post for each race or wagering proposition on which intrastate wagers are being accepted as well as the official results and payoffs. The odds and post

information shall be displayed at least 10 minutes prior to the scheduled post time and shall be updated at least every 90 seconds prior to post time. An intrastate pari-mutuel pool shall not be approved unless the systems operator has the capability to deliver this visual information to the pari-mutuel books in a form acceptable to the Commission, and each pari-mutuel book must be capable of displaying the information in a form acceptable to the Commission, before being approved to participate in that intrastate pari-mutuel pool.

**22.050 [Reserved.]**

**22.060 Approval to share in revenues; applications.**

1. A pari-mutuel book shall not pay a share of the revenue from off-track pari-mutuel wagering to any person for the right to be part of an interstate or intrastate common pari-mutuel pool or for any services relating to the interstate or intrastate common pari-mutuel pool or off-track pari-mutuel system, unless the person sharing the revenue from the off-track pari-mutuel wagering has received approval from the Commission.
2. Applications for approval to be paid a share of the revenue from off-track pari-mutuel wagering must be made, processed, and determined using such forms as the Commission may require or approve.

**22.070 Criteria for approval to share in revenue.** The Commission may consider the following suitability criteria in determining whether to approve an application by a person to receive a share of the revenue from off-track pari-mutuel wagering:

- (a) A person of good character, honesty and integrity;
- (b) A person whose prior activities, criminal record, if any, reputation, habits and associations do not pose a threat to the public interest of this State or to the effective regulation and control of gaming or charitable lotteries, or create or enhance the dangers of unsuitable, unfair or illegal practices, methods and activities in the conduct of gaming or charitable lotteries or in the carrying on of the business and financial arrangements incidental thereto; and
- (c) In all other respects qualified to be licensed or found suitable consistently with the declared policy of the State.

**22.080 Requirements imposed upon tracks approved to share in the revenue or otherwise receive compensation.**

1. A track approved to share in the revenue or otherwise receive compensation from pari-mutuel books for the right to be part of an interstate common pari-mutuel pool or for permitting pari-mutuel books to conduct an intrastate pari-mutuel pool shall:
  - (a) For each racing meet for which it is offering an interstate common pari-mutuel pool or permitting pari-mutuel books to conduct an intrastate pari-mutuel pool, provide a live broadcast signal to a disseminator at a fee which is less than the amount the disseminator may charge pursuant to these Rules, which amount shall not exceed three percent of the total live broadcast handle;
  - (b) Offer all pari-mutuel books the right to be part of an interstate common pari-mutuel pool or intrastate pari-mutuel pool and charge the same percentage of the revenue from off-track pari-mutuel wagering to all pari-mutuel books. If charging a fixed daily fee

amount, the track shall charge each pari-mutuel book its proportional share of the fixed amount based upon each pari-mutuel book's percentage of the total off-track pari-mutuel wagers.

(c) Comply with all applicable state and federal laws for all racing meets for which it is offering an interstate common pari-mutuel pool or permitting pari-mutuel books to conduct an intrastate pari-mutuel pool;

(d) Engage the services of the disseminator authorized to disseminate the live broadcast signal of a racing meet to provide racing information not part of wagering data, but which is the type of information provided to users and buyers, and to transmit the live audio visual signal of the racing meet to the pari-mutuel books and the systems operator. The live audio visual signal must meet the production requirements of these Rules applicable to live broadcasts. Nothing in this section shall be deemed to require a pari-mutuel book to display a live audio visual signal in conjunction with an interstate or intrastate common pari-mutuel pool.

2. A track approved to share in the revenue from off-track pari-mutuel wagering shall maintain a revolving fund with the Commission in an amount determined by the Commission, which may not exceed \$10,000 without Commission approval, for post-approval investigative costs. A track shall remit the amount requested by the Commission within 15 days of the request.

#### **22.090 Licensing of off-track pari-mutuel systems operator.**

1. A pari-mutuel book shall not use an interstate or intrastate off-track pari-mutuel system unless the systems operator has been licensed by the Commission.

2. Applications for a license to serve as a systems operator must be made, processed, and determined using such forms as the Commission may require or approve. Each application must include an internal control system prepared and submitted in accordance with these Rules.

#### **22.100 Requirements imposed upon systems operators.**

1. Each systems operator shall maintain an office in Arkansas and designate a key employee located in the Arkansas office to supervise and be responsible for the day-to-day operations of the off-track pari-mutuel system.

2. Each systems operator shall submit and comply with an internal control system and all amendments to such system as have been approved by the Commission pursuant to Rule 6. Each systems operator shall, if required by the Commission, amend the written system to comply with any requirements consistent with these Rules that the Commission deems appropriate.

3. Each systems operator shall prepare financial statements covering all financial activities of the systems operator for each business year and shall engage an independent accountant who shall audit the financial statements in accordance with generally accepted auditing standards, unless the Commission allows the systems operator upon written request to engage the independent accountant to review the financial statements in accordance with standards for accounting and review services.

4. Each systems operator shall submit to the Commission two copies of its audited or reviewed financial statements not later than 120 days after the last day of the systems operator's business year.

5. If a systems operator changes its business year, the systems operator shall prepare and submit to the Commission audited or reviewed financial statements covering the "stub" period from the end of the previous business year to the beginning of the new business year, not later than 120 days after the end of the stub period or incorporate the financial results of the stub period in the financial statements for the new business year.

6. Reports that directly relate to the independent accountant's review or audit of the systems operator's financial statements must be submitted within 120 days after the end of the systems operator's business year.

7. Each systems operator shall require the independent accountant engaged by the systems operator to audit or to review the systems operator's financial statements to submit to the systems operator two copies of a written report of its compliance with the internal control system approved by the Commission. Not later than 150 days after the end of the systems operator's business year, the systems operator shall submit two copies of the independent accountant's report or any other correspondence directly relating to the systems operator's system of internal control to the Commission, accompanied by the systems operator's statement addressing each item of noncompliance noted by the independent accountant and describing the corrective measure taken.

8. The Commission may request additional information and documents from either the systems operator or the systems operator's independent accountant, through the systems operator, regarding the financial statements or the services performed by the independent accountant.

9. Each systems operator shall maintain a revolving fund with the Commission in an amount determined by the Commission, which may not exceed \$10,000 without Commission approval, for post-licensing investigative costs. A systems operator shall remit the amount requested by the Commission within 15 days of the request.

**22.110 Approval of off-track pari-mutuel systems; applications.** A pari-mutuel book shall not use an off-track pari-mutuel system unless the system has been approved pursuant to the provisions of these Rules governing associated equipment.

**22.120 Minimum technical requirements for off-track pari-mutuel systems.** An off-track pari-mutuel wagering system must include a fully redundant computer system and must:

1. For each race for which wagers are to be included in an interstate common pari-mutuel pool, receive, aggregate by pool and report to a track at regular intervals to be approved by the Commission, all off-track pari-mutuel wagering information received separately from the pari-mutuel books;

2. For each race for which wagers are to be included in an interstate common pari-mutuel pool receive and report to each pari-mutuel book at regular intervals to be approved by the Commission, all wagering data received from the track through the system;

3. For each race for which wagers are to be included in an intrastate common pari-mutuel pool, the system shall include totalizator equipment that shall aggregate by pool and report to the pari-mutuel books at regular intervals approved by the Commission, all pari-mutuel wagering information received separately from the pari-mutuel books;

4. After each race on which pari-mutuel wagering is conducted is declared official, receive and report to each pari-mutuel book the results and payoff prices reported by the track in an interstate common pari-mutuel pool, and the results reported by a licensed disseminator and payoff prices determined by the off-track pari-mutuel system in an intrastate common pari-mutuel pool. Nothing in this section shall be deemed to require the systems operator or pari-mutuel book to display a live audio visual signal in conjunction with an interstate or intrastate common pari-mutuel pool; and

5. Provide all accounting and reconciliation reports required by the Commission.

**22.130 Operation of the off-track pari-mutuel system.**

1. A systems operator operating an interstate common pari-mutuel pool shall immediately notify the pari-mutuel books in the event that it is unable to transmit wagering information to the track and shall cause the system to cease accepting off-track pari-mutuel wagers if it is unable to transmit the wagering information to the track either through the system or through a manual merge.

2. A systems operator operating an interstate common pari-mutuel pool may use the information received from a live audio visual signal furnished by a track to input information regarding winners of or payoffs on off-track pari-mutuel wagers in the event that communications between the track and the systems operator is disrupted.

3. A systems operator operating an intrastate common pari-mutuel pool shall immediately notify the pari-mutuel books in the event that it is unable to compile the information necessary to maintain an intrastate common pari-mutuel pool and shall cause the system to cease accepting intrastate pari-mutuel wagers in such an event.

4. A systems operator shall cause the system to cease accepting off-track pari-mutuel wagers from the pari-mutuel books at post time.

**22.140 Approval of agreements.**

1. Except as provided in these Rules, the terms and conditions of any agreement between the pari-mutuel books, any person representing the pari-mutuel books, systems operator, disseminator, track, and the holders of track rights agreements, or any combination thereof, relating in any way to the operation of an off-track pari-mutuel wagering system, an interstate or intrastate common pari-mutuel pool, or transmission of a live audio visual signal of races on which off-track pari-mutuel wagering will be conducted must be approved by the Commission upon a recommendation of the Commission.

2. The Commission, after whatever investigation or review the Commission deems necessary, may approve the following agreements:

- (a) Any agreement, or amendment to an agreement, involving the sharing of pari-mutuel revenue if the Commission has previously approved the person sharing in the revenue; or
- (b) Any agreement, or amendment to an agreement, not involving the sharing of pari-mutuel revenue, whether or not the Commission has previously approved such an agreement.

3. Agreements among the pari-mutuel books as to the types of intrastate pari-mutuel wagers to be accepted for a particular race or races do not require approval by the Commission or the Commission.

4. An agreement between the pari-mutuel books and a track shall not be approved unless the Commission or Commission, as applicable, is satisfied that:

- (a) The agreement specifies the amount of the commission on wagers and track fees, including source market fees if applicable;
- (b) The agreement specifies the manner in which breakage is to be allocated;
- (c) The agreement specifies the manner in which the parties will handle a system or communication failure and specifically requires the track to accept wagering information from the systems operator through a manual merge for a reasonable amount of time; or the agreement specifies that if the track is unable to accept wagering information through a manual merge, or the applicable regulatory agency having jurisdiction over the track or the laws of the jurisdiction in which the betting system is located does not permit manual merge as a means of transmitting wagering information, the requirement for manual merge set forth in these Rules may be administratively waived by the Commission;
- (d) The track has complied with all federal, state and local interstate pari-mutuel wagering laws and regulations that are applicable to the jurisdiction where the track operates;
- (e) The track holds all necessary licenses in its home state or country to participate in the off-track pari-mutuel system and to provide the live audio visual signal;
- (f) There are means for the and the Commission to obtain adequate access to information pertaining to the operation of the off-track pari-mutuel system, and the transmission of the live audio visual signal, and to investigate any associate of the track in such operation and transmission;
- (g) There is assurance that the track has engaged the services of a disseminator, as required by these Rules, and that the related live broadcast proposal has been approved by the Commission pursuant to these Rules;
- (h) There is assurance that the operation of the off-track pari-mutuel system and the transmission of the live audio visual signal will be lawfully conducted after approval by the Commission or Director, as applicable, and will not pose a threat to gaming control in Arkansas;
- (i) There is assurance that the track and its associates in the off-track pari-mutuel wagering system and live audio visual signal transmission will abide by the conditions and restrictions imposed upon approval;
- (j) There is assurance that the right of Arkansas to collect license fees from the pari-mutuel books will be adequately protected through an effective accounting system designed to prevent the undetected employment of techniques to avoid payment; and
- (k) There is assurance that the relationship of the track with any associate will not pose a threat to the interest of Arkansas in regulating the gaming industry within the state.

5. An executed agreement between the pari-mutuel books and a track shall be submitted to the Commission for approval no later than 10 days before the racing meet begins. Additionally, for a foreign track, a draft agreement between the pari-mutuel books and the track and an executed letter of contractual intent between the pari-mutuel books and the track must be submitted to the Commission no later than 90 days before the racing meet begins.

6. An agreement between the pari-mutuel books and a systems operator relating to an interstate or an intrastate common pari-mutuel pool shall not be approved unless the Commission or Commission, as applicable, is satisfied that:

- (a) The agreement specifies the amount of the common pari-mutuel pool commission on wagers;
- (b) The agreement specifies the manner in which the common pari-mutuel pool breakage is to be allocated;
- (c) The agreement specifies the manner in which the parties will handle a system or communication failure;
- (d) There are means for the Commission to obtain adequate access to information pertaining to the operation of the off-track pari-mutuel system; and
- (e) There is assurance that the right of Arkansas to collect license fees from the pari-mutuel books will be adequately protected through an effective accounting system designed to prevent the undetected employment of techniques to avoid payment.

**22.150 Deduction of commission on wagers.** The total percentage of off-track pari-mutuel wagers that is to be deducted as a commission on wagers must be:

1. For interstate common pari-mutuel pools, the same percentage as deducted by the track, unless a different percentage is otherwise approved by the Commission; and
2. For intrastate common pari-mutuel pools, a percentage not to exceed 25 percent.

**22.160 Limits and conditions on approvals.** The Commission may impose limits or place conditions upon any license or approval issued pursuant to this Rule.

**22.170 Record retention; access to premises.** Each pari-mutuel book, each licensed systems operator, and each track which offers an interstate common pari-mutuel pool, shall:

1. Maintain and retain all records required by the Commission, for at least 5 years after they are made and shall provide them to the Commission upon the Commission's request; and
2. Allow the members of the Commission, their agents and employees to immediately inspect and examine the premises and immediately inspect, examine, photocopy, and audit all papers, books, and records of the pari-mutuel book, track and systems operator, on the premises, or elsewhere as practicable.

**22.180 Grounds for disciplinary action.** Violation of any applicable law or rule by a pari-mutuel book, track, or system operator constitutes reasonable cause for disciplinary action.

**22.190 Authority to issue orders for racing meets.** The Commission shall issue such orders as the Commission deems appropriate to further the process of off-track pari-mutuel wagering.

**22.200 Waivers.** The Commission may waive one or more of the requirements of these Rules if the Commission finds that such waiver is consistent with the public policy of the State.

**End – Rule 22**

**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. Franchise holders may continue to accept wagers ~~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: Must be outstation or satellite books of the central site, as defined in this Rule, or must be affiliates of the central site; and Must have on-line, real time access to the appropriate functions of the central site’s off track pari-mutuel race system.~~

~~5~~4. “Director” means the ~~Commission~~ Director of the Arkansas Racing Commission or the Commission’s designee.

~~6~~5. “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. ~~“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.~~

6. “Internet” means the international computer network of both Federal and non-Federal interoperable packet switched data networks.

7. “Key employee” means an employee in any of the classes described in these Rules.

8. “Messenger bettor” means a person who places a wager for the benefit of another for compensation.

9. “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.

~~10. —“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.~~

~~11.~~10. “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.

~~12. —“Satellite book” means a book that has been licensed.~~

~~13.~~11. “Secure personal identification” means a secure personal identification as that term is defined in Rule 4.225.

~~14.~~12. “Wagering account” means a sports wagering account as that term is defined in these Rules.

~~15.~~13. “Wagering communication” means the transmission of a wager between a point of origin and a point of reception by aid of a communications technology.

14. “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.

~~16.~~15. “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 complimentarys.

**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 from a patron 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. 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**



#### 4.220 Operation of a mobile gaming system.

##### 1. Definitions. As used in this section:

(a) "Director" means the ~~Commission~~ Director of the Arkansas Racing Commission or the Commission's designee.

~~(b) "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. "Communications technology" means any method used and the components employed by a licensed gaming establishment to facilitate the transmission of information, including, without limitation, transmission and reception by systems based on wireless network, wireless fidelity, wire, cable, radio, microwave, light, optics or computer data networks. The term does not include the Internet.~~

~~(e)(b)~~ (b) "Equipment associated with mobile gaming" means associated equipment, which will be approved as associated equipment.

~~(d)(c)~~ (c) "Licensed gaming establishment" means the establishment of a licensee, which includes all land, together with all buildings and improvements located thereon.

~~(e)(d)~~ (d) "Licensee" means a person or entity licensed to conduct Casino gaming operations, who at all times exposes to the public for play, 100 or more slot machines and at least one table game, within its licensed gaming establishment. The term does not include a person or entity licensed as a holder of a security or other ownership interest in the licensee, or as an officer, director or key employee of the licensee, or due to any other relationship or involvement with the licensee or gaming operation.

~~(f)(e)~~ (e) "Mobile communications device" means a device which displays information relating to the game to a participant in the game as part of a system.

~~(g)(f)~~ (f) "Mobile gaming system" or "system" means a system that allows for the conduct of games sports wagering through mobile communications devices operated ~~solely within the licensed gaming establishment~~ by the use of communications technology that allows a patron to bet or wager, and corresponding information related to the display of the game, gaming outcomes or other similar information.

~~(h)(g)~~ (g) "Operator of a mobile gaming system" or "operator" means a person or entity, who, under any agreement whereby consideration is paid or payable for the right to place a mobile gaming system, engages in the business of placing and operating a mobile gaming system ~~within a licensed gaming establishment~~ and who is authorized to share in the revenue from the mobile gaming system without having been individually licensed to conduct gaming at the establishment.

~~(i)(h)~~ (h) All mobile gaming systems must be approved by the Commission.

##### 2. Mobile gaming systems may be exposed for play as follows:

(a) A system may only be exposed for play to the public by an operator licensed by the Commission ~~at a licensed gaming establishment in an area~~ approved by the Commission.

(b) A licensee or an operator may submit a request to the Commission for approval to expose a system for play at a licensed gaming establishment.

(1) Such a request must specify at a minimum:

~~(A) In what areas the system will be exposed for play;~~

~~(B)~~ How the operator intends to:

(i) Adequately monitor play of the system and

(ii) Reasonably assure only players of lawful age will operate the mobile communications devices; and

~~(C)~~ Such additional information as the Commission may require.

(2) A licensee or an operator aggrieved by a decision of the Commission may request a hearing before the Commission and may appeal any decision by the Commission under the Arkansas Administrative Procedures Act.

3. In addition to any other requirements set forth in these Rules, the operator and licensee where a system is operated shall comply with the following requirements:

(a) Only a system that has been approved by the Commission may be exposed for play within a licensed gaming establishment.

(b) The licensee shall be responsible for all payouts from each system operated within its licensed gaming establishment.

(c) Systems that expose games with fixed payoff schedules that exceed \$250,000 or in the case of systems that expose games with progressive payoff schedules that are expected to exceed \$250,000, are limited to Casino gaming operations.

(d) At the request of the Commission, an operator shall deposit with the Commission and thereafter maintain a revolving fund in an amount of \$20,000 unless a lower amount is approved by the Commission, which shall be used to ensure compliance of the system with applicable laws and regulations. Upon surrendering its operator's license, the Commission may refund the balance remaining in the revolving fund.

(e) All revenue received from the system, regardless of whether any portion of the revenue is shared with the operator, must be attributed to the licensee of the licensed gaming establishment and counted as part of the gross revenue of the licensee. The operator, if receiving a share of the revenue from a system, is liable to the licensee for the operator's proportionate share of the license fees paid by the licensee.

(f) Each separate mobile communications device is subject to the same fees and taxes made applicable to all other Casino gaming receipts.

(g) Operators shall retain and provide Commission agents, upon request, all records pertaining to their mobile gaming systems including, without limitation, all revenue and cash records, end-of-day reports, computer room visitors logs, details of any patron disputes, device or game performance reports, weekly reports, and any other financial or non-financial records or reports required to be provided by the Commission.

4. Failure to comply with any of the requirements set forth in subsection 3 shall be an unsuitable method of operation.

5. Except for subsections 3(f) and 3(g), the Commission may, for good cause shown, waive any of the requirements set forth in this Rule.

6. Operators shall maintain the records required by this section for at least five years after the records are made unless the Commission approves otherwise in writing.

7. Before a wager may be made on a system, a wagering account must be established in accordance with these Rules.

#### **4.225 Wagering accounts.**

1. Definitions. As used in this section:

- (a) “Director” means the ~~Commission~~ Director of the Arkansas Racing Commission or the Commission’s designee.
- (b) “Licensee” means any person to whom a valid Casino license has been issued.
- (c) “Secure personal identification” means a method of uniquely identifying a patron through which the licensee may verify access to, or use of, a wagering account.
- (d) “Wagering account” means an electronic ledger operated and maintained by a licensee for a patron in connection with the patron’s use and play of any or all authorized games and gaming devices, including, but not limited to, race books, and sports pools, ~~mobile gaming systems, and interactive gaming~~, wherein information relative to such use and play is recorded on behalf of the patron including, but not limited to, the following types of transactions:
  - (1) Deposits;
  - (2) Withdrawals;
  - (3) Debits;
  - (4) Credits;
  - (5) Service or other transaction-related charges authorized by the patron; and
  - (6) Adjustments to the wagering account.

2. Except as otherwise specified in these Rules, as applicable, a licensee shall comply with the provisions of this section for the creation and use of wagering accounts for all forms of wagering.

3. Scope of use of wagering accounts.

- (a) Subject to paragraph (b) of this subsection, a licensee may establish and allow the use of wagering accounts for patrons’ gaming-sports wagering activity with any licensed gaming establishment of the licensee ~~and with any affiliate of the licensee~~.
- (b) Before a licensee allows its wagering accounts to be used by patrons in connection with ~~their use and play of games and gaming devices with any other gaming establishment of the licensee or with any affiliate of the licensee~~ placing any wagers on sports events, the licensee must:
  - (1) Submit to the Commission a written proposal for implementation of such wagering accounts that addresses the following:

- (I) The proper reporting of revenue;
- (II) How minimum bankroll requirements will be satisfied;
- (III) How the reserve requirements of this section will be satisfied;
- (IV) Compliance with the Commission's minimum internal control procedures adopted pursuant to these Rules; and
- (V) Any additional items or information as the Commission may require.

(2) Obtain the written administrative approval from the Commission subject to such conditions or limitations that the Commission may impose.

4. Operation and maintenance of wagering accounts by third-parties.

(a) A licensee may use a licensed cash access and wagering instrument service provider or a licensed manufacturer to operate and maintain wagering accounts on behalf of the licensee provided ~~such wagering accounts are within the State of Arkansas~~ such wagering accounts are used only for purposes of accepting wagers under these Rules from patrons physically present within the State of Arkansas when initiating the wager.

(b) A licensed cash access and wagering instrument service provider or a licensed manufacturer that acts on behalf of a licensee to operate and maintain wagering accounts shall be subject to the provisions of this section applicable to such services to the same extent as the licensee.

(c) A licensee continues to have an obligation to ensure, and remains responsible for compliance with, this Rule, the Amendment and all other Rules of the Commission regardless of its use of a licensed cash access and wagering instrument service provider or a licensed manufacturer to operate and maintain wagering accounts on its behalf.

(d) A licensed cash access and wagering instrument service provider or a licensed manufacturer acting on behalf of a licensee, and with the consent of the licensee and the patron, may use a patron's personal identification information to administer all other wagering accounts created for that patron on behalf of additional licensees.

5. A licensee may create a wagering account for a patron only after it has registered the patron, either remotely or in person, as follows:

(a) Obtained, recorded, and verified:

- (1) The identity of the patron;
- (2) The patron's date of birth;
- (3) The patron's physical address; and
- (4) The patron's social security number, ~~if a United States resident~~ ITIN or equivalent means of identification acceptable to the Commission.

(b) Have the patron affirm:

- (1) That the information provided by the patron to the licensee to open the wagering account is accurate;
- (2) That the patron has reviewed and acknowledged the rules and procedures established by the licensee for use of the wagering account;
- (3) That the patron has been informed of and acknowledged that they are prohibited from allowing any other person not assigned to the wagering account access to or use of their wagering account; and
- (4) That the patron consents to the monitoring and recording by the licensee and the Commission of the use of the wagering account.

(c) Determined that the patron is not on the list of excluded persons.

~~□ A licensee may assign more than one patron to a single wagering account provided that each additional patron is registered as provided herein.~~

6. Once a wagering account is created, a secure personal identification for ~~each~~the patron authorized to use the wagering account shall be implemented by the licensee that is reasonably designed to prevent the unauthorized access to, or use of, the wagering account by any person other than the patron ~~or patrons~~ for whom the wagering account is established.

~~7. A licensee shall not allow a patron to make any wagers using the wagering account until the patron personally appears before an employee of the licensee at its licensed gaming establishment or at the licensed gaming establishment of its affiliate where the patron presents a government issued picture identification credential confirming the patron's identity.~~

~~8.~~ 7. A licensee shall not allow a wagering account to be created anonymously or in a fictitious name. Patrons may, while using or playing a game or gaming device, represent themselves using a name other than their actual name or may remain anonymous.

~~9.~~ 8. Funds may be deposited by a patron into the patron's wagering account as follows:

- (a) Cash deposits made directly with the licensee;
- (b) Personal checks, cashier's checks, wire transfer and money order deposits made directly or mailed to the licensee;
- (c) Transfers from a patron's safekeeping or front money accounts otherwise held by the licensee;
- (d) Debits from the patron's debit instrument, prepaid access instrument, or credit card;
- (e) Transfers from another account verified to be controlled by the patron through the automated clearing house or another mechanism designed to facilitate electronic commerce transactions;
- (f) Funds derived from the extension of credit to the patron by the licensee; or
- (g) Any other means approved by the Commission.

~~10.~~ 9. Funds may be withdrawn by a patron from their wagering account as follows:

- (a) Issuance of cash directly to the patron by the licensee;
- (b) Issuance of a personal check, cashier's check, money order, or wire transfer by the licensee made payable to the patron and issued directly or mailed to the patron;
- (c) Transfers to the patron's safekeeping or front money accounts held by the licensee;
- (d) Credits to the patron's debit instrument, prepaid access instrument, or credit card;
- (e) Transfers to another account verified to be controlled by the patron through the automated clearing house or another mechanism designed to facilitate electronic commerce transactions;
- (f) As repayment of outstanding credit owed by the patron to the licensee; or
- (g) Any other means approved by the Commission.

~~11.~~ 10. Credits to a wagering account may be made by the following means:

- (a) Deposits;
- (b) Amounts won by the patron;

- (c) Transfers from a game or gaming device;
- (d) Promotional credits, or bonus credits provided by the licensee and subject to the terms of use established by the licensee and as long as such credits are clearly identified as such;
- (e) Adjustments made by the licensee following the resolution of a dispute; or
- (f) Any other means approved by the Commission.

~~12~~11. Debits to a wagering account may be made by the following means:

- (a) Withdrawals;
- (b) Amounts wagered by the patron;
- (c) Transfers to a game or gaming device;
- (d) Adjustments made by the licensee following the resolution of a dispute;
- (e) Service or other transaction-related charges authorized by the patron; or
- (f) Any other means approved by the Commission.

~~13~~12. Unless there is a pending unresolved player dispute or investigation, a licensee shall comply with a request for a withdrawal of funds by a patron from the patron's wagering account in accordance with the terms of the wagering account agreement between the licensee and its patron.

~~14~~13. A licensee shall not allow a patron to electronically transfer funds from their wagering account to any other patron's wagering account.

~~15~~14. A licensee shall not allow a wagering account to be overdrawn unless caused by payment processing issues outside the control of the licensee.

~~16~~15. A licensee shall suspend a wagering account if the wagering account has not been used to make any wagers for a consecutive 16-month period. The licensee may re-activate a suspended wagering account only after re-verifying the information required by this Rule and upon the patron presenting a current government issued picture identification credential.

~~17~~16. A licensee shall record and maintain, for a period of at least 5 years after creation, the following in relation to a wagering account:

- (a) All information used by the licensee to register a patron and create the wagering account pursuant to this Rule;
- (b) The method used to verify the information provided by a patron to establish the wagering account, including a description of the identification credential provided by a patron to confirm their identity and its date of expiration;
- (c) The date and time the wagering account is opened and terminated;
- (d) The date and time the wagering account is accessed by any person, including the patron or the licensee;
- (e) All deposits, withdrawals, credits and debits; and
- (f) The patron's account number.

~~18~~17. Responsible Gambling.

(a) Licensees shall ensure that its patrons have the ability to select responsible gambling options associated with their wagering account that include deposit limits establishing the amount of total deposits a patron can make to their wagering account within a specified period of time.

(b) Licensees shall conspicuously display and make available to patrons, upon access to their wagering account, the following responsible gambling message:

[Licensee's name] encourages you to gamble responsibly. [If you or someone you know has a gambling problem, assistance is available by calling or texting 1-800-522-4700, chatting online via http://www.ncpgambling.org/help-treatment/chat/ or visiting the National Council on Problem Gambling Services website at http://www.ncpgambling.org.](#) ~~For problem gambling information and assistance, call~~

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[The Licensee may modify the foregoing message by inserting any other problem gambling hotline number and/or website approved for such purpose by the Commission.](#)

If either the helpline number or website address changes, the Commission may administratively approve the use of an alternative helpline number or website address.

~~19~~<sup>18</sup>. Each licensee that offers wagering accounts shall adopt, conspicuously display, make available, and adhere to written, comprehensive rules governing wagering account transactions. Such rules must include, at a minimum, the following:

(a) That the licensee's house rules apply to wagering accounts, as applicable.

(b) That the licensee shall provide each patron, upon reasonable request and consistent with its internal control policies, with a statement of account showing each wagering account deposit, withdrawal, credit, and debit made during the time period reported by the account statement. The patron may dispute any transaction in accordance with these Rules.

(c) That for all wagers, the licensee is required to make a voice, print, electronic or other approved record of the entire transaction and shall not accept any such wager if the recording system is inoperable. The licensee's record of a patron's confirmation of all wagers shall be deemed to be the transaction of record. Such records are made available to the Commission upon request.

(d) That the licensee has the right to;

- (1) Refuse to establish a wagering account for what it deems good and sufficient reason;
- (2) Refuse deposits to wagering accounts for what it deems good and sufficient reason;
- (3) Refuse to accept all or part of any wager for what it deems good and sufficient reason;
- (4) Declare that any or all wagers will no longer be received; and
- (5) Unless there is a pending Commission investigation or patron dispute, suspend or close any wagering account at any time pursuant to the terms of the agreement between the licensee and the patron, provided, however, when a wagering account is closed, the licensee shall immediately return the balance of the wagering account at the time of said action, subject to compliance with these Rules, the licensee's house rules, and federal and state laws and regulations, by sending a check to the patron's address of record or as otherwise provided pursuant to the terms of the wagering account agreement; and

(e) That the licensee shall keep confidential, except from the Commission, except from financial institutions participating in a program established in accordance with Section 314(b) of the USA Patriot Act, except as required by state or federal law, except from the licensee's service providers, or except as otherwise authorized by the patron, the following:

- (1) The amount of money credited to, debited from, or present in any particular patron's wagering account;
- (2) The amount of money wagered by a particular patron on any game or gaming device;
- (3) The account number and secure personal identification method that identifies the patron;
- (4) The identities of particular entries on which a patron is wagering or has wagered; and
- (5) The name, address, and other information in the possession of the licensee that would identify the patron to anyone other than the Commission or the licensee.

(f) That the licensee shall disclose its policy regarding the acceptance of personal checks, cashier's checks, wire transfers, money orders, debit instruments, credit cards and electronic transfers of money to the patron.

Prior to adopting or amending such wagering account rules, a licensee shall submit them to the Commission for approval.

2019. Reserve requirements for licensees.

(a) A licensee shall maintain a reserve in the form of cash, cash equivalents, an irrevocable letter of credit, a bond, or a combination thereof for the benefit and protection of patrons' funds held in wagering accounts. The reserve may be maintained by a licensee's holding company and may be combined as a single amount for all patrons' funds held in wagering accounts maintained by the licensee and its affiliate licensees.

(b) The amount of the reserve shall be not less than the greater of \$25,000 or the sum of all patrons' funds held in the wagering accounts. Amounts available to patrons for play that is not redeemable for cash may be excluded from the reserve requirement. In calculating the sum of all patrons' funds held in wagering accounts when such wagering accounts are used for multiple types of wagering, these Rules, as applicable, shall not be construed to require the tallying of such patrons' funds more than once.

(c) If a reserve is maintained in the form of cash, cash equivalent, or an irrevocable letter of credit, it must be held or issued, as applicable, by a federally-insured financial institution. If the reserve is maintained in the form of a bond, it must be written by a bona fide insurance carrier. The reserve must be established pursuant to a written agreement between the licensee and the financial institution or insurance carrier, but the licensee may engage an intermediary company or agent acceptable to the Commission to deal with the financial institution or insurance carrier, in which event the reserve may be established pursuant to written agreements between the licensee and the intermediary and between the intermediary and the financial institution or insurance carrier.

(d) The agreements described in paragraph (c) of this subsection must reasonably protect the reserve against claims of the licensee's creditors other than the patrons for whose benefit and protection the reserve is established, and must provide that:

- (1) The reserve is established and held in trust for the benefit and protection of patrons to the extent the licensee holds money in wagering accounts for such patrons;

(2) The reserve must not be released, in whole or in part, except to the Commission on the written demand of the Commission or to the licensee on the written instruction of the Commission. The reserve must be available within 60 days of the written demand or written notice. The licensee may receive income accruing on the reserve unless the Commission instructs otherwise pursuant to paragraph (k) of this subsection;

(3) The licensee has no interest in or title to the reserve or income accruing on the reserve except to the extent expressly allowed in this subsection;

(4) Arkansas law and this subsection govern the agreements and the licensee's interest in the reserve and income accruing on the reserve;

(5) The agreements are not effective until the Commission's approval has been obtained pursuant to paragraph (e) of this subsection; and

(6) The agreements may be amended only with the prior, written approval of the Commission.

(e) Each licensee shall submit to the Commission all information and copies of all documents relating to its proposed reserve arrangement, including copies of the agreements described in paragraphs (c) and (d) of this subsection, and must obtain the Commission's approval of the agreements and of the reserve arrangements generally. The Commission shall determine whether the agreements and arrangements satisfy the purposes and requirements of this subsection, may require appropriate changes or withhold approval if they do not, and shall notify the licensee of the determination. Amendments to reserve agreements or arrangements must be approved in the same manner.

(f) A licensee must calculate its reserve requirements each day. In the event a licensee determines that its reserve is not sufficient to cover the calculated requirement, the licensee must, within 24 hours, notify the Commission of this fact in writing and must also indicate the steps the licensee has taken to remedy the deficiency.

(g) Each licensee must engage an independent certified public accountant to examine the pertinent records relating to the reserve each month and determine the reserve amounts required by this subsection for each day of the previous month and the reserve amounts actually maintained by the licensee on the corresponding days. The licensee shall make available to the accountant whatever records are necessary to make this determination. The accountant shall report the findings with respect to each day of the month under review in writing to the Commission and the licensee no later than the ~~tenth~~ fifteenth day of the next month. The report shall include the licensee's statement addressing each day of noncompliance and the corrective measures taken.

(h) The report described in paragraph (g) of this subsection may be prepared by an employee of the licensee that is independent of the gaming operations if written approval has been received from the Commission.

The report must contain the signature of an employee attesting to the accuracy of the submitted information.

(i) If the Commission is notified pursuant to paragraph (f) of this subsection, or the report described in paragraph (g) of this subsection indicates that at any time during the month under review the amount of the

reserve did not meet the requirements of this section, the Commission may instruct the book to either increase the reserve accordingly or cease accepting wagers and money for the account of patrons until such time as the reserve meets the requirements of this subsection and is confirmed to the Commission's satisfaction. The Commission may demand that this reserve be increased to correct any deficiency or for good cause to protect patrons.

**Commented [1]:** Can this be changed from monthly to annually?

(j) If the reserve exceeds the requirements of this subsection, the Commission shall, upon the licensee's written request, authorize the release of the excess.

(k) When a licensee ceases operating and its license lapses, is surrendered, or is revoked, the Commission may demand payment of the reserve, any income accruing on the reserve after operations cease, and, if

instructions from the Commission that income accruing on the reserve not be paid to the licensee are in effect when operations cease, any income accruing since the instructions took effect. The Commission may interplead the funds in state district court for distribution to the patrons for whose protection and benefit the reserve was established and to such other persons as the court determines are entitled thereto, or shall take such other steps as are necessary to effect the proper distribution of the funds, or may do both.

(l) As used in this subsection, "month" means a calendar month unless the Commission requires or approves a different monthly period to be used for purposes of this subsection, in which case "month" means the monthly period so required or approved.

2420. Upon written request and good cause shown, the Commission may waive one or more of the requirements of this Rule. If a waiver is granted, the Commission may impose alternative requirements.