

ILLEGAL GAMBLING BUSINESS ACT

- 18 U.S.C. §1955 the Statute
- (a) Whoever conducts, finances, manages, supervises, directs, or owns all or part of an illegal gambling business shall be fined under this title or imprisoned not more than five years, or both

4

ILLEGAL GAMBLING BUSINESS ACT

- 18 U.S.C. §1955 the Statute
- (b) As used in this section—
 - (1) "illegal gambling business" means a gambling business which—
 - (i) is a violation of the law of a State or political subdivision in which it is conducted;
 - (ii) involves five or more persons who conduct, finance, manage, supervise, direct, or own all or part of such business; and
 - (iii) has been or remains in substantially continuous operation for a period in excess of thirty days or has a gross revenue of \$2,000 in any single day.

5

ILLEGAL GAMBLING BUSINESS ACT

- 18 U.S.C. §1955 the Statute
- (b) As used in this section—
 - (1) "illegal gambling business" means a gambling business which—
 - (i) is a violation of the law of a State or political subdivision in which it is conducted;
 - (ii) involves five or more persons who conduct, finance, manage, supervise, direct, or own all or part of such business; and
 - (iii) has been or remains in substantially continuous operation for a period in excess of thirty days or has a gross revenue of \$2,000 in any single day.

6

PARTICIPANTS

PARTICIPANTS - NEVADA

- Why Nevada?
 - The most experience with regulated sports wagering
 - Nevada models evolved to their current state due to a mix of federal pressures, market pressures, and lessons learned.
 - Nevada may or may not be the "gold standard" but it the experienced standard
 - Jurisdictions can learn from lessons learned in Nevada
 - Many did by adopting most or many of the concepts in Nevada statutes and regulations

PARTICIPANTS

NEVADA - HIGH LEVEL

- Two primary classes of gaming
 - Restricted (15 slots or fewer)
 - Non-restricted (everything else)
 - e.g. Casino Operator
 - Full investigation
 - Applicant pays for investigation
 - Expensive and intrusive

PARTICIPANTS

NEVADA - NON-RESTRICTED

- Casino Operators
- Sports Pool Operators
- Race Book Operators
- Mobile Gaming Operators*
- Information Systems Operators
- Gaming Device Manufacturers
- Cashless Wagering System Manufacturers
- ...

PARTICIPANTS

NEVADA - MANUFACTURERS

▶ Licensing Required

▶ Gaming Device Manufacturer

Cashless Wagering System Manufacturer

Mobile Gaming Device Manufacturer

Gaming Systems Manufacturer

▶ Registration Required

▶ Associated Equipment Manufacturer

Not licensed, but registered and subject to discretionary licensing

PARTICIPANTS

PARTICIPANTS - NEVADA

▶ Casino Operators/Mobile Gaming Operators

▶ Sports Pool Operators

▶ Race Book Operators

▶ Suitable Casino Location

▶ Sports Book Window Betting Systems

▶ Sports Book Account Wagering Systems

▶ Information Service Providers

PARTICIPANTS

PARTICIPANTS - NEVADA

▶ NRS 463.0193 "Sports pool" defined. "Sports pool" means the business of accepting wagers on sporting events or other events by any system or method of wagering.

▶ NRS 463.01642 "Information service" defined. "Information service" means a person who sells and provides information to a licensed sports pool that is used primarily to aid the placing of wagers on events of any kind. The term includes, without limitation, a person who sells and provides any:

▶ 1. Line, point spread or odds;

▶ 2. Information, advice or consultation considered by a licensee in establishing or setting any line, point spread or odds; or

▶ 3. Advice, estimate or prediction regarding the outcome of an event.

▶ The term does not include a newspaper or magazine of general circulation or a television or radio service or broadcast if the primary purpose of the newspaper, magazine or television or radio service or broadcast is other than to aid the placing of wagers on events of any kind.

4

PARTICIPANTS

PARTICIPANTS - OPERATIONS

NRS 463.160 **Licenses required; unlawful to permit certain gaming activities to be conducted without license; exceptions; separate license required for each location where operation of race book or sports pool conducted.**

1. Except as otherwise provided in subsection 2 and NRS 463.175, it is unlawful for any person other than owner, lessee or employee, whether for hire or not, either solely or in conjunction with others:

(a) To deal, operate, carry on, conduct, maintain or expose for play in the State of Nevada any gambling game, gaming device, inter-casino linked system, mobile gaming system, slot machine, **race book or sports pool**;

(b) To provide or maintain any information service;

(c) To operate a gaming table;

(d) To receive, directly or indirectly, any compensation or reward in any percentage or share of the money or property played, for keeping, running or carrying on any gambling game, slot machine, gaming device, mobile gaming system, **race book or sports pool**;

(e) To operate as a cash access and wagering instrument service provider; or

(f) To operate, carry on, conduct, maintain or expose for play in or from the State of Nevada any interactive gaming system,

without having first procured, and thereafter maintaining in effect, all federal, state, county and municipal gaming licenses as required by statute, regulation or ordinance or by the governing board of any unincorporated town.

PARTICIPANTS

PARTICIPANTS - OPERATIONS

NRS 463.160 **Licenses required; unlawful to permit certain gaming activities to be conducted without license; exceptions; separate license required for each location where operation of race book or sports pool conducted.**

1. Except as otherwise provided in subsection 2 and NRS 463.175, it is unlawful for any person other than owner, lessee or employee, whether for hire or not, either solely or in conjunction with others:

(a) To deal, operate, carry on, conduct, maintain or expose for play in the State of Nevada any gambling game, gaming device, inter-casino linked system, mobile gaming system, slot machine, **race book or sports pool**;

(b) To provide or maintain any information service;

(c) To operate a gaming table;

(d) To receive, directly or indirectly, any compensation or reward in any percentage or share of the money or property played, for keeping, running or carrying on any gambling game, slot machine, gaming device, mobile gaming system, **race book or sports pool**;

(e) To operate as a cash access and wagering instrument service provider; or

(f) To operate, carry on, conduct, maintain or expose for play in or from the State of Nevada any interactive gaming system,

without having first procured, and thereafter maintaining in effect, all federal, state, county and municipal gaming licenses as required by statute, regulation or ordinance or by the governing board of any unincorporated town.

PARTICIPANTS

PARTICIPANTS - OPERATIONS

NRS 463.245 **Single establishment not to contain more than one licensed operation; exceptions; certain agreements for sharing of revenue prohibited.**

1. Except as otherwise provided in this section:

(a) All licenses issued to the same person, including a wholly owned subsidiary of that person, for the operation of any game, including a sports pool or race book, which authorize gaming at the same establishment must be merged into a single gaming license.

(b) A gaming license may not be issued to any person if the issuance would result in more than one licensed operation at a single establishment, whether or not the profits or revenue from gaming are shared between the licensed operations.

PARTICIPANTS

PARTICIPANTS - OPERATIONS

NRS 463.245 Single establishment not to contain more than one licensed gaming device, race book or sports pool. No revenue for sharing of revenue prohibited.

2. A person who has been issued a nonrestricted gaming license for an operation described in subsection 1 or 2 of NRS 463.0177 may establish a sports pool or race book on the premises of the establishment only after obtaining approval from the Commission.

3. A person who has been issued a license to operate a sports pool or race book of an establishment shall not be issued a license to operate a sports pool or race book of a second establishment described in subsection 1 or 2 of NRS 463.0177, only if the second establishment is operated by a person who has been issued a nonrestricted license for an establishment. A person who has been issued a license to operate a race book or sports pool of an establishment is prohibited from operating a race book or sports pool at:

- An establishment for which a restricted license has been granted; or
- An establishment of which only a nonrestricted license has been granted for an operation described in subsection 3 of NRS 463.0177.

4. A person who has been issued a license to operate a race book or sports pool shall not enter into an agreement for the sharing of revenue from the operation of the race book or sports pool with another person in consideration for the offering, placing or maintaining of a book or other similar device not physically located on the licensed premises of the race book or sports pool, except:

NRS 463.0177 "Nonrestricted license" and "nonrestricted operation" defined. "Nonrestricted license" or "nonrestricted operation" means:

- A state gaming license for, or an operator consisting of, 16 or more slot machines;
- A license for, or operation of, any number of slot machines together with any other game gaming device, race book or sports pool at one establishment;
- A license for, or the operation of, a slot machine route;

Note: mobile gaming provisions are being reviewed

PARTICIPANTS

PARTICIPANTS - OPERATIONS

- Effect of One Licensee Provision in Nevada
 - Limits sports book operations to those with a casino gaming license
 - Eliminates the stand-alone sports book
 - Nevada has a history of licensing stand-alone books
 - Nevada determined casino operated books were more reliable after a major stand-alone book failure in the 1990s

PARTICIPANTS

PARTICIPANTS - MANUFACTURERS

NRS 463.0136 "Associated equipment" defined. "Associated equipment" means:

- "Associated equipment" means any equipment or mechanical or electronic contrivance, component or machine used remotely or directly in connection with gaming, any game, race book or sports pool that would not otherwise be classified as a gaming device, including dice, playing cards, links which connect to progressive slot machines, inter-casino linked systems, equipment which affects the proper reporting of gross revenue, computerized systems of betting at a race book or sports pool, computerized systems for monitoring slot machines and devices for weighing or counting money.

PARTICIPANTS

PARTICIPANTS - MANUFACTURERS

NRS 463.014 "Cashless wagering system" defined. "Cashless wagering system" means a method of wagering and accounting:

1. In which the validity and value of a wagering instrument or wagering credits are determined, monitored and retained by a computer that maintains a record of each transaction involving the wagering instrument or wagering credits, exclusive of the game or gaming device on which wagers are being made. The term includes computerized systems which facilitate electronic transfers of money directly to or from a game or gaming device; or

2. Used in a race book or sports pool in which the validity and value of a wagering instrument or wagering credits are determined, monitored and retained on a computer that maintains a record of each transaction involving the wagering instrument or wagering credits.

(Added to NRS by 1993, 829; A 1995, 1496; 1997, 3497; 2013, 2105, 3308; 2019, 214)

PARTICIPANTS

PARTICIPANTS - MANUFACTURERS

NRS 463.0115 "Manufacture" defined.

1. "Manufacture" means:

(a) To manufacture, produce, program, design, control the design of or make modifications to a gaming device, associated equipment, cashless wagering system, mobile gaming system or interactive gaming system for use or play in Nevada;

(b) To direct, control or assume responsibility for the methods and processes used to design, develop, program, assemble, produce, fabricate, compose and combine the components and other tangible objects of any gaming device, associated equipment, cashless wagering system, mobile gaming system or interactive gaming system for use or play in Nevada; or

(c) To assemble, or control the assembly of, a gaming device, associated equipment, cashless wagering system, mobile gaming system or interactive gaming system for use or play in Nevada.

2. As used in this section:

(a) "Assume responsibility" means to:

(1) Acquire complete control over, or ownership of, the applicable gaming device, associated equipment, cashless wagering system, mobile gaming system or interactive gaming system; and

(2) Accept continuing legal responsibility for the gaming device, associated equipment, cashless wagering system, mobile gaming system or interactive gaming system, including, without limitation, any form of manufacture performed by an affiliate or independent contractor.

(b) "Independent contractor" means, with respect to a manufacturer, any person who:

(1) Is not an employee of the manufacturer; and

(2) Pursuant to an agreement with the manufacturer, designs, develops, programs, produces or composes a control program used in the manufacture of a gaming device. As used in this subparagraph, "control program" has the meaning ascribed to it in NRS 463.0155.

NRS 463.0172 "Manufacturer" defined. "Manufacturer" means a person who operates, carries on, conducts or maintains any form of manufacture.

NRS 463.0173 "Manufacturer's, seller's or distributor's license" defined. "Manufacturer's, seller's or distributor's license" means a license issued pursuant to NRS 463.650 and 463.660.

PARTICIPANTS

PARTICIPANTS - MANUFACTURERS

NRS 463.650 License required for manufacture, selling or distribution of gaming device, cashless wagering system, mobile gaming system or interactive gaming system for use or play in Nevada; exceptions; applicability of NRS 463.482 to 463.645, inclusive; certain persons conducting business in Nevada to submit copy of registration with Attorney General of the United States to the Board; unlawful to distribute certain items to jurisdictions where such items are illegal.

1. Except as otherwise provided in subsections 2 to 5, inclusive, it is unlawful for any person, either as owner, lessee or employee, whether for hire or not, to operate, carry on, conduct or maintain any form of manufacture, selling or distribution of any gaming device, cashless wagering system, mobile gaming system or interactive gaming system for use or play in Nevada without first procuring and maintaining all required federal, state, county and municipal licenses.

PARTICIPANTS

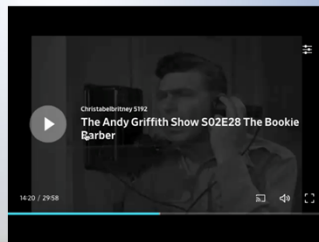
PARTICIPANTS - MANUFACTURERS

- ▶ Effect of manufacturing related statutes in Nevada:
- ▶ Window betting systems with no account wagering are deemed associated equipment as such systems were electronic versions of paper receipts and ticket systems.
- ▶ Window betting systems are deemed "associated equipment"
- ▶ Account wagering systems are used to maintain player balances, calculate winnings/earnings, and calculate taxes.
- ▶ Account wagering systems are "cashless wagering systems" requiring a full non-restricted manufacturer's license

PARTICIPANTS

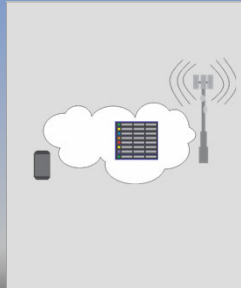
PARTICIPANTS - UNLICENSED BOOKS

- ▶ Unlicensed bookmakers a fixture in American culture
- ▶ Often showing in popular media in bars/bars, taverns and pool halls



HOT ISSUES

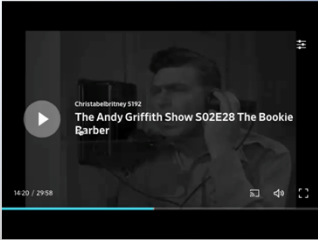
- Pay Per Head



PARTICIPANTS

PARTICIPANTS - UNLICENSED BOOKS

- ▶ Unlicensed bookmakers a fixture in American culture
- ▶ Often showing in popular media in barbershops, taverns and pool halls




<https://www.youtube.com/watch?v=301111111111>

PARTICIPANTS

PARTICIPANTS - UNLICENSED BOOKS

- ▶ Unlike the movies of old, a modern bookmaking operation is sophisticated.



<https://www.fox.com/news/2015/04/20/fox-plano-bookie/>

PARTICIPANTS

PARTICIPANTS - UNLICENSED BOOKS

- ▶ Even the local illegal bookie is going online through "pay-per-head" systems



<https://www.fox.com/news/2015/04/20/fox-plano-bookie/>

[illegible][illegible]

QUESTIONS/DISCUSSION

Questions/Discussion

31
