



# WAGERING ACCOUNTS and Other Events

By A.C. Ansani

Nevada gaming laws and regulations continuously evolve, and 2017 has been no exception. In particular, two notable changes to Nevada's gaming laws, one originating through regulatory amendments and the other resulting from recent legislation, may prove to be a foundation for marked advances in the current gaming options available on casino floors today.

## ACCOUNT WAGERING

On June 14, 2017, the Nevada Gaming Commission (NGC) formally notified Nevada licensees of a series of interrelated amendments to Nevada Gaming Commission Regulations 1, 5A, 5, 22 and 26C. The amalgamation of these amendments gives casino licensees the ability to permit a patron to establish a single wagering account that can be used for wagering on any lawful form of gaming available at or through a particular casino licensee.<sup>1</sup>

Prior to these regulatory amendments, NGC Regulations permitted casino licensees to establish wagering accounts for their patrons applicable to several different types of gambling. However, the regulations tied a separate wagering account to each particular gambling activity allowed by that specific regulation. For instance, players at race books in

Nevada casinos were permitted to maintain wagering accounts specifically for play only on the racing events occurring in the race book of that casino.<sup>2</sup> Certainly, a patron's ability to establish an account at their favorite race book makes the betting experience much more convenient. However, if that same casino licensee offered online poker and the same patron wanted to establish or use a wagering account for online poker, a separate wagering account for interactive gaming would have been required for that patron under the prior regulatory structure.<sup>3</sup>

While the requirement for patrons to create and maintain various wagering accounts did not by itself cause any problems, the directives of Senate Bill 9 (the well-known bill passed during the 78th Nevada legislative session in 2015 that encouraged the adoption of gaming regulations to promote use of advanced technologies in the



gaming equipment industry) provided an opportunity for review of the wagering account concept to promote technological improvements.

Thus, with encouragement to improve gaming technology in Nevada as a general principle, it follows that creating a more seamless experience for casino patrons through wagering accounts is a very logical directive. The banking and financial industry provides a similar example by the evolution of their customer experience initiatives over the last several years. Banking customers expect more convenience, accessibility, personalization and reliability across distribution channels for various financial services products.<sup>4</sup> These expectations have created a clear demand for banks to invest in their various channel networks to make them more customer-centric and user-friendly, while in the process improving channel efficiencies.<sup>5</sup> The growing trend for banks is to achieve a seamless multi-channel integration to make channel interactions agnostic, whether the banking customer is using simple checking and savings accounts, credit card accounts, investment accounts or other instruments such as a home mortgages.<sup>6</sup>

To be clear, a single wagering account used by a casino patron to engage in multiple different gaming activities is not the same as paying a mortgage and credit card payment on the same website. However, the underlying customer experience principle between the two industries is the same, and the new wagering account structure will help to create this type of experience for casino patrons. Effective September 1, 2017, casino licensees will be able to provide patrons with a single, broad-based “wagering account” under new NGC regulations, namely Regulation 5.225(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, 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. *[Emphasis Added]*<sup>7</sup>

The format of this definition is similar to the prior definitions used in Regulation 5 (related to mobile gaming), 5A (related to interactive gaming), 22 (related to sports book wagering) and 26C (related to race book wagering). While a lot of the regulatory language of the amendments reflected existing verbiage from the impacted regulations, the amendment process did not happen overnight. Gaming Control Board staff and many gaming industry representatives on the operator and manufacturer sides engaged in discussions for months to reach the current structure.<sup>8</sup> The new regulations also were careful to address and not lose sight of concerns related to federal anti-money

laundering laws as applicable to financial accounts at casinos and card clubs.<sup>9</sup> While the concept of a “universal” wagering account is simple on its face, a large amount of thought and effort was required to create an overall, robust and fair regulatory structure.



## OTHER EVENTS

The types of wagers that are available in Nevada race and sports books are very broad. Most bettors are very familiar with proposition or “prop” bets that become popular during certain times of the year, such as during Super Bowl week. Prop bets are also considered novelty bets because unlike traditional sporting wagers, the bet is not determined by which team wins. For instance, a common prop bet would be whether a certain starting quarterback throws more or less than 2 interceptions in the Super Bowl, regardless of which team wins.

Prop bets do have limitations, however, namely because of the fact that they are always linked to a sporting event.

For the most part, other type of novelty bets based on non-sporting or racing events have not been available in Nevada sports books, such as who will win a presidential election or which movie will win Best Picture at the 2018 Oscars.



The emergence of eSports in the last several years has caused debate on whether a wager on an eSports contest is actually betting on a sporting event and or

just placing a wager on a video game that has no connection to athletics or sports at all. For reference, eSports are events where players compete against each other not on an athletic field but in the virtual arena of a video game. The Gaming Control Board approved wagering on an eSports event for the first time on November 18, 2016, at the Downtown Grand, with the actual contest happening a week later.<sup>10</sup> Previously, the Gaming Control Board approved each such tournament or event on a case-by-case basis.<sup>11</sup>



The Nevada legislature, aided by a group of students in the UNLV Gaming Law Policy class,<sup>12</sup> addressed the issue in May 2017 with the introduction of Nevada Senate Bill 240 (SB 240).<sup>13</sup> SB 240 is a straightforward bill that amends NRS 464.005(3), by changing the definition of “Off-track pari-mutual wagering” to “mean[sic] any pari-mutual system of wagering approved by the Nevada Gaming Commission for the acceptance of wagers on: (a) Horse or dog races which take place outside of this state; (b) Sporting events; or (3) *Other events*. [Emphasis Added]<sup>14</sup> Governor Sandoval signed SB 240 into law on May 27, 2017 and the bill became effective on July 1, 2017.<sup>15</sup> The Nevada Gaming Commission acted quickly on June 18, 2017, by amending NGC Regulation 26(B) in a comprehensive manner specifically including a definition of “Other Event” that mirrors the statutory change and otherwise appropriately incorporates “other event” throughout Reg. 26(B).<sup>16</sup>

This change will serve to solidify and expand the concept of pari-mutuel wagering on events that are not traditional sporting events or horse races. One of the immediate impacts will be legitimizing eSports wagering, and potentially leading casino licensees to build more “eSports arenas” to encourage viewing and participation at such events, in addition to the associated wagering activities at the sports books.





## SO NOW WHAT?

These regulatory changes do not on their face call for development of any specific new technology or equipment. However, with these changes, the goals of SB 9 come into play again, encouraging technology development for the Nevada gaming industry. In *The Tipping Point*, author Malcom Gladwell explores the causes of social phenomena and rapid business success that happen in relatively short time periods.<sup>17</sup> In many instances, this type of success results from the introduction of a few simple ideas to a group or organization that has impacts well beyond their initial or intended scope.<sup>18</sup> Can a few relatively simple regulatory changes in Nevada lead to a “tipping point” of creating gaming technologies and services that are drastically different than today’s gaming floor options?



Nevada casinos may soon be taking wagers on events ranging from head to head casino skill-based games (the original technology focus of SB 9) to real-time indoor drone racing (yes, drone racing is a thing, look it up...). The potential exists for players eventually to “log in” to an entire casino upon sitting down at a slot machine for the first time. The patron could seamlessly take a short diversion from the spinning reels of a slot game by logging on to the Twitch app to watch the world’s most popular video game players or even to place a wager on an upcoming eSports event.

Systems incorporating any of these concepts could be created, provided casino licensees have a market to

serve on their gaming floors and the manufacturers commit to the technology development. Also, the state legislature and regulators have shown a firm commitment to allowing the introduction of the best ideas and technology to Nevada casinos. While it is not clear if the Nevada gaming industry is on the verge of a “tipping point” for new casino gaming options, more and more building blocks are in place.



A.C. Ansani is Vice President, Systems, Gaming for Scientific Games. He is a 1994 graduate of the University of Pittsburgh School of Law, becoming a member of the Nevada bar in 1999. He has worked almost exclusively in-house for gaming manufacturers since moving to Nevada in 1998.

- 1 Notice to Licensees #2017-49, (June 14, 2017), Nevada Gaming Commission.
- 2 Proposed Amendments to Regulation 26C, (Draft Date May 8, 2017), Nevada Gaming Control Board. Former NGC Reg. 26(C)(4), read “A race book licensed to accept off-track pari-mutuel horse race wagers may establish wagering accounts for residents of Nevada and residents of any state or foreign jurisdiction 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.”
- 3 Proposed Amendments to Regulation 5A, (Draft Date March 30, 2017), Nevada Gaming Control Board. Former NGC Reg. 5A.020(3), read “Interactive gaming account means an electronic ledger operated and maintained by an operator of interactive gaming wherein information relative to interactive gaming is recorded on behalf of a an authorized player...”
- 4 Kanchan, A. (2012), *Trends in Retail Banking Channels: Improving Client Service and Operating Costs*, 4-5. Retrieved from the World Wide Web, June 20, 2017, [https://www.capgemini.com/resources/channel?page=4&f\[0\]=im\\_field\\_taxo\\_industry%3A601](https://www.capgemini.com/resources/channel?page=4&f[0]=im_field_taxo_industry%3A601)
- 5 Kanchan, *Id.*, at 7.
- 6 *Id.*
- 7 Nev. Gaming Comm’n. Reg. 5.225(d)
- 8 See Nevada Gaming Control Board Notice #2016-60, announcing a public regulation workshop for possible amendments to Regulations 5, 5A, 22 and 26(C), regarding without limitation, wagering accounts. This is one of several notices of public regulation workshops related to the topic, reflecting numerous discussions and meetings between NGCB staff and interested parties prior to this notice.
- 9 See 31 C.F.R., §1021 et. seq.
- 10 Velotta, R., *Las Vegas Sports Book to take First- Ever Wagers on eSports*, Las Vegas Review Journal, November 18, 2016.
- 11 Scavone, J. Fair Game: *Writing the Rules for eSports*, UNLV News Center, Business and Community (April 3, 2017).
- 12 *Id.*
- 13 Nevada Senate Bill No. 240, 79th Legislative Session (2017)
- 14 *Id.*
- 15 NELIS, SB 240, Overview, Retrieved June 20, 2017 from the World Wide Web: <https://www.leg.state.nv.us/App/NELIS/REL/79th2017/Bill/5154/Overview>
- 16 Disposition June 2017 Meeting, Nevada Gaming Commission, June 22, 2017.
- 17 Gladwell, M. (2000), *The Tipping Point*. Little, Brown & Company.
- 18 *Id.*