

69.5-01-05-02. License fees.

55. Simulcast-site <u>Site</u> operator	New \$1,000.00 Renew \$250.00
56. Simulcast-service <u>Service</u> provider	New \$2,500.00 <u>7,500.00</u> Renew \$1,000.00 <u>2,500.00</u>
57. Totalizator companies	New \$2,500.00 Renew \$1,000.00 <u>1,500.00</u>

History: Effective July 1, 1989; amended effective January 1, 2008; _____.

General Authority: NDCC ~~53-06.2-04, 53-06.2-05, 53-06.2-10~~

Law Implemented: NDCC 53-06.2-05, 53-06.2-06, 53-06.2-07, 53-06.2-08

69.5-01-08-04. Calculation and distribution of pools.

1. **General.** The only pari-mutuel wagering pools permitted are for win, place, show, daily double, exacta, quinella, trifecta, pick (n) pools, ~~superfecta pools, twin trifecta pools, and tri-superfecta,~~ twin superfecta, twin quinella, mad scramble, pick 1-2-3, and pick 1-2-3-4-5. In each pool there must be a separate and independent calculation and distribution. From each pool there must be deducted by each association the commissions as provided by state law. ~~Odd cents over any multiple of ten cents of winning per dollar wagered are deducted and retained by the licensee as breaks as the outs set forth in subsection 4 of section 69.5-01-08-11.~~ The remainder of the moneys in the pool constitute the net pool for distribution as payoff to ticketholders as set out in subsections 2 through 11.

15. **Mad scramble pool.**

- a. The mad scramble pool requires selection of the official first six place finishers, in their exact positions, in designated contests. The service provider must obtain written approval from the commission and site operator concerning the scheduling of the mad scramble contests and designate the percentage of the amount of carryover. The mad scramble pool with a daily pool and jackpot carryover must have predetermined percentages set aside for the major pool designated to winners who selected the first six place finishers and the carryover to the jackpot pool. The major pool will be distributed to the winners who selected the first six place finishers, in their

exact positions, and they will then be eligible for the random drawing of the numbers assigned to the wager's ticket to be drawn for the awarding of the jackpot pool. To be awarded the jackpot pool the winner of the daily mad scramble pool must have the matching number on their ticket that is drawn randomly from the pool of sixty numbers. Any changes to the approved mad scramble format require prior approval from the commission and the site operator.

- b. Unless otherwise stated, the major share of the net mad scramble pool shall be distributed as a single price pool to those who selected all six finishers, in exact positions, based upon the official order of finish.
- c. The mad scramble pool shall be apportioned under method one, position six, with no minor pool and carryover.
 - (1) The net mad scramble pool shall be distributed in accordance with the method for distributing the major share to all winners who selected the first six place finishers, in exact positions.
 - (2) If there are no wagers qualifying for the major share, the net mad scramble pool shall be added to the carryover.
- d. If there is a dead heat in the mad scramble pool involving:
 - (1) Contestants representing the same betting interest, the major pool will be distributed as if no dead heat occurred.
 - (2) Contestants representing two or more betting interests, the mad scramble pool will be distributed as a single price pool with each winning wager receiving an equal share of the profit.
- e. The mad scramble pool shall be canceled and all mad scramble wagers for the individual performance shall be refunded under the following conditions:
 - (1) If the mad scramble contests are canceled or declared no contest prior to the first mad scramble contest being declared official, the entire mad scramble pool shall be refunded on wagers for those contests.

(2) - If all remaining mad scramble contests are canceled or declared no contest after the first mad scramble contest is declared official, the entire net mad scramble pool, but not the mad scramble carryover, shall be distributed as a single price pool to wagers selecting the winning combination in the mad scramble contest. However, if there are no wagers selecting the winning combination in the mad scramble contest, the entire pool shall be refunded on wagers for those contests.

f. Mandatory distribution.

(1) The service provider must submit a written request to the commission and the site operator for permission to distribute the mad scramble carryover on a specific performance. The request to the commission and site operator shall contain justification for the mandatory distribution, an explanation of the benefit to be derived, and the intended date and performance of the distribution. The service provider must notify the commission and site operator at least ten days prior to implementation. If the mad scramble pool cannot be distributed during a designated performance, the mandatory distribution shall resume on the next approved mandatory distribution performance.

(2) If the mad scramble carryover is designated for distribution on a specific date and performance, and if there are no wagers qualifying for the major share, then the following precedence shall be followed in determining the winning wagers for the mad scramble pool and carryover pool:

(a) The major share and the mad scramble carryover shall be distributed as a single price pool to those who selected all six finishers, in exact positions, based upon the official order of finish.

(b) The major share and the mad scramble carryover shall be distributed as a single price pool to those who correctly selected the most finishers, in their exact positions, based upon the official order of finish.

g. If for any reason, the mad scramble carryover must be held over to the corresponding mad scramble pool of a subsequent meet, the carryover shall be deposited in an interest-bearing account

approved by the commission and the site operator. The mad scramble carryover plus accrued interest shall then be added to the mad scramble pool of the following meet on a date and performance so designated by the commission and approved by the site operator.

- h. With written approval of the commission and the site operator, the service provider may contribute to the mad scramble carryover a sum of money not to exceed the current sum of the pool.
- i. Providing information to any person regarding covered combinations, amounts wagered on specific combinations, number of tickets sold, or number of live tickets remaining is strictly prohibited. This shall not prohibit necessary communication between totalizator and pari-mutuel department employees for process of pool data.
- j. The service provider may suspend previously approved mad scramble wagering with prior approval from the commission and upon notification to the site operator. Any carryover shall be held until the suspended mad scramble wagering is reinstated. A service provider may request approval of the mad scramble wager or a separate mad scramble wagering pool for specific performances.

16. **Pick 1-2-3 pool.** The pick 1-2-3 pool requires selection of the first three finishers, irrespective of order, in each of three designated contests. Payment of the ticket may be made only to the purchaser who has selected the qualifying finishers in three designated races.

- a. Pick 1-2-3 requires a selection of a combination of either nine, eight, seven, or six, first, second, and third place finishers, in any order, in three consecutive races that are designated as pick 1-2-3 races to qualify for a payout. There will be no monetary award for the winning combination for winning the first pick 1-2-3 race or any combination of five or less qualifiers in each of the three races.
- b. The service provider must obtain written approval from the commission and site operator concerning the scheduling of the pick 1-2-3 contests, the designation of qualifying races and the cap to be set on the carryover. Any changes to the pick 1-2-3 wager format requires prior approval from the commission and the site operator.

c. The pick 1-2-3 pool and carryover, if any, shall be distributed as a single price pool to those who selected the winning combination of the top three finishers in three races, or a decreasing scale of qualifiers eight of nine, seven of nine, or six of nine, in the following payout method:

- (1) Fifty percent of net pool and accumulated jackpot divided between players selecting nine of nine.
- (2) Thirty percent of net pool divided between players selecting eight of nine.
- (3) Fifteen percent of net pool divided between players selecting seven of nine.
- (4) Five percent of net pool divided between players selecting six of nine.
- (5) If there are no winning wagers for the nine of nine winners, then fifty percent of the net pool carryover will be added to the next pick 1-2-3 race in the race meet schedule.

d. Dead heats. In the event of a dead heat in any of the position pick 1-2-3 contest based upon the official order of finish for the purposes of determining whether a wager correctly selected the finishers in exact position, contestants in a dead heat are deemed to jointly occupy both or all positions in the dead heat. For example, if five and six finish in a dead heat for first, then a selection of five for either first or second is correct and a selection of six for either first or second is also correct.

e. Scratches.

- (1) If, due to a late scratch, the number of betting interests in a contest of the pick 1-2-3 pool is reduced to fewer than six contestants, for the purposes of the pick 1-2-3 pool only, such contests shall be declared no contest and the pick 1-2-3 pool shall be declared a canceled contest.
- (2) Should a betting interest in any contest of the pick 1-2-3 pool be scratched or excused from the contest, no more wagers shall be accepted selecting that scratched contestant.
- (3) Scratch contestant loses:

- (a) The scratch contestant is deemed to be a loser, for the purposes of the pick 1-2-3 pool only.
- (b) Other correctly selected finishers in the pick 1-2-3 shall continue to count towards winning, as usual.

f. Cancelled contests.

- (1) If any of the pick 1-2-3 contests are canceled or declared no contest prior to the first pick 1-2-3 contest being declared official, the entire pick 1-2-3 pool shall be refunded on the pick 1-2-3 wagers for those contests.
- (2) If all remaining pick 1-2-3 contests are canceled or declared no contest after the first pick 1-2-3 contest is declared official, the entire net pick 1-2-3 pool, but not the pick 1-2-3 carryover, shall be distributed as a single price pool to wagers selecting the winning combination in the first pick 1-2-3 contest. However, if there are no wagers selecting the winning combination in the first pick 1-2-3 contest, the entire pick 1-2-3 pool shall be refunded on pick 1-2-3 wagers for those contests.

g. Mandatory distribution.

- (1) The service provider must submit a written request for permission to distribute the pick 1-2-3 carryover on a specific performance to the commission and site operator. The request shall contain justification for the mandatory distribution, an explanation of the benefit to be derived, and the intended date and performance for the distribution. The service provider must notify the commission at least ten days prior to implementation. If the pick 1-2-3 pool cannot be distributed during a designated performance, the mandatory distribution shall resume on the next approved mandatory distribution performance.

h. Coupled entries and mutuel fields. Coupled entries and mutuel fields are not permitted in pick 1-2-3 contests.

17. **Pick 1-2-3-4-5 pool.** Pick 1-2-3-4-5 requires selection of the first five finishers, irrespective of order, in each of three designated contests.

Payment of the ticket may be made only to the purchaser who has selected the qualifying finishers in three designated races.

- a. Pick 1-2-3-4-5 requires the selection of a combination of either fifteen, fourteen, thirteen, or twelve first, second, third, fourth, and fifth place finishers, in any order, in three consecutive races that are designed as pick 1-2-3-4-5 races to qualify for a payout. There will be no monetary award for the winning combination for winning the first pick 1-2-3-4-5 race or any combination of eleven or less qualifiers in each of the three races.
- b. The service provider must obtain written approval from the commission and the site operator concerning the scheduling of the pick 1-2-3-4-5 contests, the designation of qualifying races and the cap to be set on the carryover. Any changes to the pick 1-2-3-4-5 wager format require prior approval from the commission and the site operator.
- c. The pick 1-2-3-4-5 pool and carryover, if any, shall be distributed as a single price pool to those who selected the first five finishers in three races or a decreasing scale of qualifiers fifteen of fifteen, fourteen of fifteen, thirteen of fifteen, or twelve of fifteen in the following payout method:
 - (1) Fifty percent of net pool and accumulated jackpot divided between players selecting fifteen of fifteen.
 - (2) Thirty percent of net pool divided between players selecting fourteen of fifteen.
 - (3) Fifteen percent of net pool divided between players selecting thirteen of fifteen.
 - (4) Five percent of net pool divided between players selecting twelve of fifteen.
 - (5) If there are no winning wagers for the fifteen of fifteen winners, then fifty percent of the net pool carryover will be added to the next pick 1-2-3-4-5 race in the race meet schedule.
- d. Dead heats. In the event of a dead heat in any of the position pick 1-2-3-4-5 contest based upon the official order of finish for the purposes of determining whether a wager correctly selected the

finishers in exact position, contestants in a dead heat are deemed to jointly occupy both or all positions in the dead heat. For example, if five and six finish in a dead heat for first, then a selection of five for either first or second is correct and a selection of six for either first or second is also correct.

e. Scratches.

- (1) If, due to a late scratch, the pick 1-2-3-4-5 pool is reduced to fewer than six contestants, for the purposes of the pick 1-2-3-4-5 pool only, such contests shall be declared no contest and the pick 1-2-3-4-5 pool shall be declared a canceled contest.
- (2) Should a betting interest in any contest of the pick 1-2-3-4-5 pool be scratched or excused from the contest, no more wagers shall be accepted selecting that scratched contestant.
- (3) Scratch contestant loses:
 - (a) The scratch contestant is deemed to be a loser, for the purposes of the pick 1-2-3-4-5 pool only.
 - (b) Other correctly selected finishers in the pick 1-2-3-4-5 shall continue to count towards winning, as usual.

f. Cancelled contests.

- (1) If any of the pick 1-2-3-4-5 contests are canceled or declared no contest prior to the first pick 1-2-3-4-5 contest being declared official, the entire pick 1-2-3-4-5 pool shall be refunded on the pick 1-2-3-4-5 wagers for those contests.
- (2) If all remaining pick 1-2-3-4-5 contests are canceled or declared no contest after the first pick 1-2-3-4-5 contest is declared official, the entire net pick 1-2-3-4-5 pool, but not the pick 1-2-3-4-5 carryover, shall be distributed as a single price pool to wagers selecting the winning combination in the first pick 1-2-3-4-5 contest. However, if there are no wagers selecting the winning combination in the first pick 1-2-3-4-5 contest, the entire pick 1-2-3-4-5 pool shall be refunded on pick 1-2-3-4-5 wagers for those contests.

g. Mandatory distribution.

(1) The service provider must submit a written request for permission to distribute the pick 1-2-3-4-5 carryover on a specific performance to the commission and site operator. The request shall contain justification for the mandatory distribution, an explanation of the benefit to be derived, and the intended date and performance for the distribution. The service provider must notify the commission at least ten days prior to implementation. If the pick 1-2-3-4-5 pool cannot be distributed during a designated performance, the mandatory distribution shall resume on the next approved mandatory distribution performance.

h. Coupled entries and mutuel fields. Coupled entries and mutuel fields are not permitted in pick 1-2-3-4-5 contests.

18. **Refunds.** After wagering has commenced, if a horse not coupled with another as a betting interest is excused by the stewards or is prevented from racing because of failure of the starting gate door to open properly, the wagers on such horse must be deducted from the pools, and refunded upon presentation and surrender thereof. If more than one horse represents a single betting interest by reason of coupling as a mutuel entry or mutuel field, such single betting interest being the sole subject of a wager or part of a combination then there may be no refund unless all of the horses representing such single betting interest are excused by the stewards or are prevented from racing because of failure of the starting gate doors to open properly, or both.

~~16-19.~~ **Race canceled.** If for any reason a race is canceled or declared "no race" by the stewards after wagering has commenced on such race, then all wagering thereon must be refunded upon presentation and surrender of pari-mutuel tickets thereon; except as to daily double wagers upon cancellation of the second daily double race, which must be distributed as provided under subsection 5.

~~17-20.~~ **Totalizator breakdown.** In the event of an irreparable breakdown of the totalizator during the wagering on a race, the wagering on that race must be declared closed and the payoff must be computed on the sums wagered in each pool up to the time of the breakdown.

History: Effective July 1, 1989; amended effective January 1, 2008; _____.

General Authority: NDCC 53-06.2-04, 53-06.2-05, 53-06.2-10

Law Implemented: NDCC 53-06.2-06, 53-06.2-10, 53-06.2-10.1, 53-06.2-11

69.01-09-01. Definitions. ~~As use in this chapter~~

- ...
1. "Accredited North Dakota-bred race horse" means a horse qualifying for and duly registered in the North Dakota breeders' fund program. For purposes of awards and purse supplements, such accreditation for horses racing shall continue through the age of six twelve years. Awards for breeding mares and stallions shall continue indefinitely.
- ...

History: Effective July 1, 1990; amended effective March 1, 2002; _____.

General Authority: NDCC ~~53-06.2-04~~, 53-06.2-05

Law Implemented: NDCC 53-06.2-04.1, 53-06.2-11

**CHAPTER 69.5-01-11
SIMULCASTING**

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69.5-01-11-01. Definitions. For the purposes of this chapter, unless the context otherwise requires:

1. ~~"Association" means an organization eligible to conduct offtrack wagering pursuant to North Dakota Century Code section 53-06.2-06. Unless otherwise specifically defined, the simulcast site operator shall be defined as the association. "Account wagering" means a form of pari-mutuel wagering in which an individual deposits money in an account and uses the account balance to pay for pari-mutuel wagers. It includes advance deposit wagering.~~
2. "Authorized pari-mutuel wagering entity" means a licensed racetrack, association, simulcast service provider, or simulcast site operator.
3. ~~"Authorized receivers" means simulcast site operators and simulcast service providers.~~
4. "Combined pari-mutuel pool" means the pari-mutuel wagers received at simulcast sites being contributed into one or more pari-mutuel pools as required by the commission.

- ~~5. "Commission" means the North Dakota racing commission.~~
- ~~6. "Decoder" means a device or means to convert encrypted audiovisual signals or data, or both, into a form recognizable as the original content of the signals.~~
- ~~7. "Downlink" means a receiving antenna coupled with an audiovisual signal receiver compatible with and capable of receiving simultaneous audiovisual signals or data emanating from a sending track, and includes the electronic transfer of received signals from the receiving antenna to television monitors within the satellite facility.~~
- 8 4. "Eligible organization" means an organization eligible to conduct offtrack wagering pari-mutuel wagering pursuant to North Dakota Century Code section 53-06.2-06.
- ~~9. "Encryption" means the scrambling or other manipulation of the audiovisual signals to mask the original content of the signal and so cause such signals to be indecipherable and unrecognizable to any person receiving such signal.~~
- ~~10. "Guest association" means the simulcast service provider.~~
- 14 5. "Independent real-time monitoring system" means a system operated and approved by the commission for the purpose of immediate and continuous analysis of wagering and other pari-mutuel systems data in order to detect suspect wagering transactions or other activity indicating a possible problem relating to the integrity of the pari-mutuel system and which transmits transactional level data to a wagering security data base.
- ~~12. "Interstate simulcast wagering" means wagering conducted by a betting system outside the state of North Dakota on the results of one or more races being run at a North Dakota track or wagering conducted by a betting system within the state of North Dakota on the results of one or more races being run at a site outside the state of North Dakota.~~
- ~~13. "Intrastate simulcast wagering" means pari-mutuel wagering at a North Dakota simulcast site on horse races run at a North Dakota track.~~
- ~~14. "Landlord" means the person or other entity owning or operating the physical plant or base business within which the simulcast site is located.~~
- 15 6. "Pari-mutuel manager" means the person responsible for managing the pari-mutuel wagering system, including managing all teller and wagering

operations, monitoring tote operations, opening and closing tote, communicating with tote hub, issuing wagering system reports, and maintaining wagering system records.

- ~~16.~~ "Person" means any person, firm, corporation, association, or organization.
- ~~17~~ 7. "Sending track" means any track from which simulcast signals originate.
- ~~18~~ 8. "Simulcast employee or agent" means any person employed by a simulcast service provider or simulcast site operator, but does not include custodial or maintenance personnel not directly involved in wagering and others exempted by the commission.
- ~~19~~ 9. "~~Simulcast service~~ Service provider" means a person engaged in providing simulcasting or account wagering services to a simulcast site operator and establishing, operating, and maintaining the combined pari-mutuel pool, but does not include persons authorized by the federal communications commission to provide telephone service or space segment time on satellite transponders.
- ~~20~~ 10. "Simulcast services" means services provided to a simulcast site operator including the simulcast signal from a sending track and the operation of the combined North Dakota pari-mutuel pool.
- ~~24~~ 11. "~~Simulcast site~~ Site" means the physical premises, structure, and equipment utilized by a simulcast site operator for the conduct of pari-mutuel wagering on horse racing events being run elsewhere.
- ~~22~~ 12. "~~Simulcast site~~ Site operator" means an eligible organization licensed by the commission to offer, sell, cash, redeem, or exchange pari-mutuel tickets on races being simulcast from a sending track or to conduct account wagering.
- ~~23.~~ "~~Totalizator system standards~~" means the minimum standards for approval and operation of a pari-mutuel wagering system.
- ~~24.~~ "Uplink" means an earth station broadcasting facility, whether mobile or fixed, which is used to transmit audiovisual signals or data, or both, on federal communications commission-controlled frequencies, and includes any electronic transfer of the audiovisual signals from within the racing enclosure to the location of the transmitter at the uplink.

25 13. "Voucher"-means a document or card produced by a pari-mutuel system device on which a stored cash value is represented and the value of which is recorded in and redeemed through the pari-mutuel system.

History: Effective March 1, 1990; amended effective August 1, 2007; _____.

General Authority: NDCC 53-06.2-05

Law Implemented: NDCC 53-06.2-10.1

69.5-01-11-02. General licensing requirements.

1. Any ~~simulcast~~ site operator, ~~simulcast~~ service provider, or totalizator company must be licensed by the commission and approved by the attorney general. Totalizator companies contracting for service within the state and their employees whose principal work address is within the state must be licensed by the commission. Other vendors and their employees may be required to be licensed at the discretion of the commission. Application for a license must include the license fee as prescribed by the commission. Applications for licenses must be in such form as may be prescribed by the commission and must contain such information or other material or evidence as the commission may require. All licenses must be for a period of one year commencing January first and ending December thirty-first of each calendar year. The initial license fee for a ~~simulcast~~ service provider is ~~two~~ seven thousand five hundred dollars, for a ~~simulcast~~ site operator is one thousand dollars, and for a totalizator company is two thousand five hundred dollars.
2. The application for renewal of license must be made to the commission by such date as may be prescribed by the commission. If the commission has not specifically set application dates for renewal of the class of license, application must be made no later than thirty days prior to the date of expiration of the license. Application for renewal of license must be made in such form as may be prescribed by the commission. Application for license renewal must include the license fee for a ~~simulcast~~ service provider, ~~one~~ two thousand five hundred dollars; ~~simulcast~~ site operator, two hundred fifty dollars; and totalizator company, one thousand five hundred dollars.
3. Approval or disapproval of an application for ~~simulcast~~ site operator ~~or~~, ~~simulcast~~ service provider, or totalizator company license must include consideration by the commission of the following:
 - a. The ~~operator's or provider's~~ applicant's general benefit to the state of North Dakota.

- b. The ~~operator's or provider's~~ applicant's general benefit to the state's horse racing industry.
 - c. The ~~operator's or provider's~~ applicant's integrity.
 - (1) Individual and corporate conduct and reputation.
 - (2) Criminal history.
 - (3) Betting and gaming industry conduct and reputation.
 - d. The ~~operator's or provider's~~ applicant's credibility.
 - (1) Accuracy of feasibility study.
 - (2) Experience and expertise of the ~~operator or provider~~ applicant in the simuleast industry.
 - e. Financial stability.
4. A simuleast service provider cannot operate without an executed contract with a simuleast site operator.
 5. The commission may require licensing of any entity or person contracting with or providing services or commodities to any simuleast site operator, simuleast service provider, or simuleast employee licensed by the commission.

History: Effective March 1, 1990; amended effective August 1, 2007; _____.

General Authority: NDCC 53-06.2-05

Law Implemented: NDCC 53-06.2-05, 53-06.2-06, 53-06.2-07, 53-06.2-08, 53-06.2-10.1, 53-06.2-14

69.5-01-11-03. Licensing simulcast service providers and totalizator companies.

1. ~~Simulcast service~~ Service providers and totalizator companies must be licensed by the commission and approved by the attorney general.
2. Before the commission may grant such license, it shall review and approve the services to be provided by the applicant. The applicant shall submit such information as required by the commission which must include, but not be limited to:
 - a. The services and equipment to be provided.
 - b. Projected revenue and costs associated with the operations of the applicant ~~as a simulcast service provider.~~
 - c. A complete financial statement demonstrating adequate capitalization to maintain the intended services.
 - d. A description of the management or management groups responsible for the operation of the ~~simulcast services company~~ service provider or totalizator company.
 - e. A complete description of the transmission, totalizator, and data processing equipment to be used.
 - f. A history of the company demonstrating the experience and technical knowledge necessary to supply the intended services.
 - g. Written agreements between the applicant and all parties assisting in providing ~~simulcast~~ services.
 - h. A description of the security measures to be used to protect the propriety of the signal and the integrity of the wagering process.
 - i. The system of accounts to be utilized in the collection and distribution of revenues directly or indirectly related to the ~~simulcast~~ operation and the combined pari-mutuel pool.
 - j. A detailed statement demonstrating individual and corporate conduct, ability, and reputation of the applicant and supervisory personnel.

- k. The commission may require an audit of the applicant at the expense of the applicant.
 - l. The commission may require totalizator companies to provide documentation of third party compliance and testing within two years of application.
3. The commission may license one or more ~~simulcast~~ totalizator companies concurrently to provide services, as defined by this chapter, to one or more licensed ~~simulcast~~ site operators within the state. Fees for such license shall be as prescribed by the commission. Licenses will be for a term of one calendar year. The commission may establish license fees separately for first-time applicants and for renewal of existing licenses in order to recognize additional costs of investigation and analysis required for first-time licenses.
4. Each applicant for a service provider license shall give bond payable to this state with good security as approved by the commission. The bond must be in the amount the commission determines will adequately protect the amount normally due and owing to this state in a regular payment period or, in the case of new or altered conditions, based on the projected revenues.

History: Effective March 1, 1990; amended effective August 1, 2007; _____.

General Authority: NDCC 53-06.2-05

Law Implemented: NDCC 53-06.2-05, 53-06.2-08, 53-06.2-10.1, 53-06.2-14

69.5-01-11-04. Duties of simulcast service providers.

- 1. ~~Simulcast service~~ Service providers shall comply with all state and federal laws, including section 3001, et seq. of title 15 of the United States Code.
- 2. A ~~simulcast~~ service provider intending to make any change in its structure or operations which would alter any of the responses given in its original license application must obtain prior approval of such changes by the commission and must file with the commission a statement including, but not limited to:
 - a. The changes to be made.
 - b. A statement that the ~~simulcast~~ service provider is in compliance with section 3001, et seq. of title 15 of the United States Code and any other applicable federal laws.

- c. The ~~date and time the simulcast~~ service provider intends to commence said changes.
3. A ~~simulcast~~ service provider may not be licensed as a ~~simulcast~~ site operator.
4. A service provider shall maintain records of all wagering at sites where it provides services. Such records shall be available to the commission for review and shall be retained in safekeeping for periods of time as follows:
 - a. ~~Hard~~ A copy of daily computer report - for one year and until payment is made to the commission for unclaimed tickets.
 - b. Digital storage - for three years.
 - c. Summary reports - for five years.
 - d. Other wagering records as may be required from time to time and are specifically defined by the commission.
5. ~~A licensed service provider shall initiate testing as provided in section 69.5-01-11-12.~~
6. A ~~simulcast~~ service provider shall maintain such security controls over its ~~simulcast, account wagering,~~ and communications system as directed by the commission.
- 7 6. A ~~simulcast~~ service provider shall provide the commission with a ~~certified~~ report of its operations as directed by the commission. The operations summary shall be provided to the commission on a weekly basis, with race weeks ending on Sunday. The report must contain content as directed by the commission. ~~The report of a simulcast service provider may also include information, and may also satisfy the operations report of guest associations required by section 69.5-01-11-12.~~
- 8 7. A ~~licensed simulcast~~ service provider may only provide simulcast and account wagering services to a ~~simulcast~~ site operator licensed by the commission, except that a ~~simulcast~~ service provider may provide simulcast services to an Indian tribal entity within the state which may not be licensed pursuant to the provision of an existing racing addendum to a tribal gaming compact ~~or to a racing association or simulcast site operator properly licensed by the recognized authority within another state.~~

- 9 ~~8~~. A simulcast service provider shall provide services access to the simulcast system to all simulcast site operators licensed by the commission on an equal, nondiscriminatory basis. A simulcast service provider may require compliance by the simulcast site operator with contractual provisions necessary to maintain the integrity of the simulcast and pari-mutuel systems and to ensure proper operation of offtrack wagering.
- 10 ~~9~~. A simulcast service provider shall provide access by the commission or its designated representative to the provider its facility and to all, records of the provider, and any other information as required by the commission or its representative.
- 11 ~~10~~. Simulcasting and account wagering may be permitted only on races conducted at approved locations at pari-mutuel tracks governed by a racing commission, racing board, or governmental agency.
- 12 ~~11~~. A simulcast service provider shall participate in a combined pari-mutuel pool, ensure the integrity of its participation, and establish procedure as approved by the commission for the use of federally insured financial institutions for receipt and disbursement of funds which are part of the combined pari-mutuel pool. Such procedure must include provision for timely reconciliation and settlement of pool accounts with simulcast site operators serviced by a simulcast service provider. Times within which settlement of pool accounts are to be settled must be specified in contracts or service agreements between a simulcast service provider and host associations or simulcast site operators.
- 13 ~~12~~. Payment of taxes and other funds:
- a. A simulcast service provider shall pay all pari-mutuel taxes, special fund contributions, and other funds due and owing the state of North Dakota as indicated in the certified report of its operations, required in this chapter, directly to the racing commission.
 - b. Amounts due to the state of North Dakota for pari-mutuel taxes, promotion fund, breeders' fund, purse fund, and breakage shall be paid to the racing commission in monthly payments on or before the last day of the next month succeeding the month in which the pari-mutuel tax or other funds due to the state of North Dakota occurred or accrued.
 - c. A simulcast service provider shall submit a report and a corresponding payment of funds owing to the racing commission for the full amount of outs (unclaimed winning tickets) within fifteen

days after the end of the calendar quarter following the calendar quarter in which such wager was made. A ~~simulcast~~ service provider shall also submit a report and a corresponding payment of funds to the ~~rac~~ing commission for the full amount of all breakage retained by a ~~simulcast~~ service provider. Breakage shall be calculated by deducting odd cents over any multiple of five cents of winnings per dollar from the portion of the pari-mutuel pool to be redistributed.

- d. The ~~rac~~ing commission may, when a ~~simulcast~~ service provider is delinquent in remittance of taxes or other funds owed to ~~the state North Dakota~~, notify the surety providing bond coverage to ~~the state North Dakota~~ of the delinquent status of such taxes or funds, and may make a claim for payment from the surety.
 - e. If a ~~simulcast~~ service provider fails to submit a report of its operations as required, or fails to pay pari-mutuel taxes or other funds due ~~the state North Dakota~~ within the time required by this section, or if upon audit it is found to owe additional taxes or other funds, a ~~simulcast~~ service provider is subject to a late fee of five percent of the amount of tax or other funds due, plus interest of one percent of the tax or other funds due per month or a fraction of a month of delay after the due date for the remittance of the moneys according to this chapter. A ~~simulcast~~ service provider with seven of fourteen delinquent payments may be subject to a late fee of ten percent of the moneys due plus interest of one percent of the amounts due per month or a fraction of a month of delinquency. The late fees and interest must be paid to the ~~rac~~ing commission and disposed of in the same manner as other receipts under this chapter.
 - f. The ~~rac~~ing commission may suspend or revoke a license of a ~~simulcast~~ service provider for failure to submit a report of its operations as required by law or administrative rule or for failure to pay funds due ~~the state North Dakota~~ as required by law or administrative rule. The ~~rac~~ing commission may also take such other actions as may be authorized by law.
- 44 13. The commission may ~~appoint stewards~~ approve auditors as reasonably necessary for the protection of the public interest. The commission shall be reimbursed on a monthly basis for the salaries, benefit, and travel expenses by the ~~simulcast~~ service provider for the auditors ~~and stewards~~ assigned to them. Duties of a ~~steward~~ or an auditor shall include the following:

- a. An independent weekly record and report of each race program presented by a simulcast service provider. The report must be based on a review of each race contained in a program.
 - b. Reconciliation of all operating exceptions by the simulcast service provider and the sites it services that are not within the definitions of this chapter or are departures from normal operating practice. Such reconciliation shall include identification, investigation, reporting, and recommendation for adjustment or disposition directly to the commission.
 - c. Independent review and reporting directly to the director of the commission racing of all actions taken by the simulcast service provider or the totalizator company operating under contract with the simulcast service provider.
 - d. The ~~steward or~~ auditor shall have authority as presiding official at any time the ~~steward or~~ auditor is on the premises of a simulcast service provider. In the absence of the ~~steward or~~ auditor, the representative ~~of~~ of a simulcast service provider shall be the designee of the commission as presiding official.
- 15 14. A simulcast service provider and a totalizator company operating under contract with a simulcast service provider shall serve as the designees of the commission to supervise simulcast and account wagering operations pertaining to pari-mutuel wagering as is reasonably necessary to ensure the public interest.
- 16 15. All reports must be signed by the presiding official and filed with the commission. The presiding official shall take immediate emergency actions as necessary to assure the continued operation and integrity of the simulcast or account wagering system. All such actions shall be reported to the commission. The presiding official shall, when such acts are not, in the official's judgment an emergency, report to the commission prior to acting.
- 17 16. A ~~licensed simulcast~~ service provider shall adopt and adhere to emergency operating procedures as follows. Totalizator system operations will be maintained by a service provider hub. Wagering data will be transferred from the simulcast wagering site to the hub via data transmission lines or electronic transmission. Wagering will be conducted in ontrack pools. The hub will transfer all wagering data from simulcast the wagering site to the ontrack totalizator system. The locking procedure for

the purpose of locking all teller windows at post time will be initiated by an ontrack official; the lock will be electronically conducted through the totalizator system to lock all tellers windows at the simulcast wagering site. Back-up locking procedures will be maintained by the presiding official, the hub pari-mutuel operator and the hub totalizator system operator. In the event of a lock procedure failure, in which one or more windows fail to lock at the designated time, wagers shall be refunded. In the event of a locking procedure failure, a report will be submitted to the commission. Included will be computer reports reflecting all wagering activity.

- a. In the event of an interruption of the audiovisual satellite signal or the direct wagering and information dissemination connection from the host racetrack, the ~~hub~~ pari-mutuel ~~operator~~ manager must:
 - (1) Notify the host track of the loss of signal.
 - (2) Maintain telephone contact with host track pari-mutuel department. The simulcast service provider licensee may continue to accept wagering on the balance of the program.
 - (3) In the event the hub totalizator system fails to transfer the data to the ontrack totalizator system, the totalizator hub pari-mutuel operator must notify ontrack totalizator system representative of the problem and request additional time prior to the start of the race to allow for a transmission of the data.
 - (4) A simulcast service provider licensee's provider's ~~hub~~ pari-mutuel ~~operator~~ manager shall prepare a report indicating that the transfer of data could not be completed electronically. The report shall also include all the following:
 - (a) A copy of the totalizator report prior to the failure of the transfer of data.
 - (b) A copy of the totalizator report.
 - (c) A brief statement as to where the failure occurred, when the ontrack officials were notified.
- b. The ontrack pari-mutuel manager must be notified of the system failure.

- c. In the event that the ontrack totalizator system experiences a complete failure, the ~~hub~~ pari-mutuel ~~operator~~ manager may pay ontrack prices or refund amounts wagered.
- d. In the event any emergency arises in connection with the operation of the pari-mutuel system not provided for by these rules, then the ~~hub~~ pari-mutuel ~~operator~~ manager shall make an immediate decision and render a full report to the ~~North Dakota~~ racing commission.
- e. The ~~hub~~ pari-mutuel ~~operator~~ manager is responsible during the simulcast racing operating hours for the reporting of any problems or delays to the wagering site. The wagering site is responsible for reporting any problems or delays to the public.

History: Effective March 1, 1990; amended effective August 1, 2007; _____.

General Authority: NDCC 53-06.2-05

Law Implemented: NDCC 53-06.2-04, 53-06.2-05, 53-06.2-10.1, 53-06.2-11, 53-06.2-12, 53-06.2-13, 53-06.2-14

69.5-01-11-05. Licensing simulcast site operators.

- 1. Before the commission may grant a license to a simulcast site operators, it shall review and approve a plan of operation submitted by an applicant including, but not limited to, the following information:
 - a. A feasibility study denoting the revenue earnings expected from the simulcast facility and the costs expected to operate such facility. The feasibility study must include:
 - (1) The number of races to be simulcast.
 - (2) The types of wagering to be offered.
 - (3) The level of attendance expected and the area from which such attendance will be drawn.
 - (4) The level of anticipated wagering activity.
 - (5) The source and amount of revenue expected from other than pari-mutuel wagering.

- (6) - The cost of operating the simulcast facility and the identification of costs to be amortized and the method of amortization of such costs.
 - b. The security measures to be employed to protect the facility, to control crowds, to safeguard the transmission of the simulcast signal and to control the transmission of wagering data to effectuate common wagering pools.
 - c. The description of the management groups responsible for the operation of the simulcast facility.
 - d. The system of accounts to maintain a separate record of revenues collected by the simulcast facility, the distribution of such revenues, and the accounting of costs relative to the simulcast operation.
 - e. The location of each simulcast site and a copy of the lease or site agreement.
 - f. All written agreements or letters of consent between parties to the operation of the simulcast system, including a licensed service provider.
 - g. Proof of eligibility under North Dakota Century Code section 53-06.2-06.
 - h. Applicant's financial information demonstrating adequate capitalization to carry on the duties of a simulcast site operator.
 - i. Support or nonsupport of the local jurisdictional government.
 - j. Proof of adequate experience and knowledge necessary to conduct simulcasting and pari-mutuel wagering operations.
2. The license fee shall be as prescribed by the commission. Simulcast-site Site operators may apply for a license and may operate one or more sites at the fees prescribed by the commission. Licenses will be for a term of one calendar year.
 3. Licenses to simulcast site operators may be granted as follows:
 - a. Organizations eligible under North Dakota Century Code section 53-06.2-06.

- b. Indian tribal entities within the state which may be licensed pursuant to the provision of an existing racing addendum to a tribal gaming compact with the state.
 - c. No simulcast service providers may be licensed as site operators.
4. Each applicant for a license under this chapter shall give bond payable to this state with good security as approved by the commission. The bond must be in the amount the commission determines will adequately protect the amount normally due and owing to this state in a regular payment period or, in the case of new or altered conditions, based on the projected revenues.
 5. No simulcasting or pari-mutuel wagering may be conducted at a simulcast site not approved by the commission.

History: Effective March 1, 1990; amended effective August 1, 2007; _____.

General Authority: NDCC 53-06.2-05

Law Implemented: NDCC 53-06.2-04, 53-06.2-05, 53-06.2-06, 53-06.2-07, 53-06.2-08, 53-06.2-10.1, 53-06.2-14

69.5-01-11-06. Duties of simulcast site operators.

1. A simulcast site operator shall conduct the pari-mutuel wagering at a simulcast site approved by the commission.
2. A simulcast site operator shall provide access to the commission or its designated representative to the simulcast site and to all records of the site operator and any other information as required by the commission or its designated representative.
3. ~~If a licensee or an applicant for a live horse race meet license requests a shutdown of a simulcast site, the commission may require such simulcast site to shut down during the hours that the live race meet is run.~~
4. A simulcast site operator is responsible for cash shortages which occur at a simulcast site.
- ~~5.~~ 4. The provisions of North Dakota Century Code section 53-06.2-11 are applicable to simulcasting and ~~offtrack pari-mutuel~~ account wagering. A simulcast site operator shall establish a system of monitoring and supervising accounts to facilitate and to make record of compliance with this section. Such supervision of accounts must provide for timely payoffs to winning patrons either through immediate cash payments or by

vouchers payable upon demand as soon as necessary funds transfer can be made through the clearing process of the banking system by the service provider. Such accounts must also provide for timely transfer to ~~the simulcast site operator's service provider~~ of all funds owing to the state North Dakota. These shall include pari-mutuel taxes, breakage, unclaimed tickets, purse fund contributions, breeders' fund contributions, and promotion fund contributions. The simulcast site operator's service agreement with its service provider must include provision for such timely transfer of these funds.

- ~~6.~~ 5. A simulcast site operator may only take a signal or conduct account wagering from a service provider licensed by the commission.
- ~~7.~~ 6. All wagers are made on the official results of the sending track.
- ~~8.~~ 7. Only a licensed employee of a simulcast site operator may conduct simulcast or pari-mutuel wagering on behalf of a simulcast site operator, except where valid pari-mutuel tickets are issued by a pari-mutuel ticket machine which is an automated ticket machine, conducted electronically, telephonically, or through the internet. A simulcast site operator may use such automated ticket machines only with the prior approval of the commission. When automated teller machines are used by a simulcast site operator, the operator may contract with persons other than employees whose activities on behalf of the simulcast site operators must be limited to the following:
- a. To collect and account for cash receipts extracted from a voucher-issuing machine.
 - b. To pay out cash for winning ticket vouchers issued by an automated teller machine.
 - c. To maintain a record of such cash-handling activities using a record keeping system devised by the site operators and approved by the commission.

Such contractors must be licensed by the commission.

History: Effective March 1, 1990; amended effective August 1, 2007; _____.

General Authority: NDCC 53-06.2-05

Law Implemented: NDCC 53-06.2-04, 53-06.2-05, 53-06.2-06, 53-06.2-07, 53-06.2-08, 53-06.2-10.1, 53-06.2-11, 53-06.2-12, 53-06.2-14

69.5-01-11-07. Licensing of simulcast employees.

1. No person may be a simulcast employee unless that person is the holder of a valid license issued by the North Dakota racing commission.
2. The employment of an unlicensed person by a ~~simulcast~~ site operator or ~~simulcast~~ service provider is prohibited. Upon discharge of a licensed simulcast employee, the site operator or service provider shall report that fact to the commission, including the name and occupation of the discharged licensee and the reason for discharge.
3. The commission will not issue a license to a simulcast employee unless the application includes the prior endorsement of the employer.
4. The initial license fee and the renewal fee shall be prescribed by the commission. For each change of employment, name change, or replacement of a lost or destroyed license, a fee may be assessed as prescribed by the commission. The term of licenses shall be one calendar year.
5. Maintenance and administrative representatives of ~~simulcast~~ service providers and their vendors or suppliers must have current North Dakota racing commission licenses available for presentation prior to requesting admittance to restricted areas of ~~simulcast~~ sites. If such representatives are not licensed by the ~~North Dakota racing~~ commission, they must be accompanied by a licensed representative or have the prior identification and endorsement of a licensed representative.
6. Each simulcast employee shall wear a valid license at all times while working in a simulcast site. The license must be worn on the upper one-third of the employee's body. All information on the license or permit must be easily visible. No license may be transferred to any other person.
7. No employee or agent of a ~~simulcast~~ service provider may be employed by a ~~simulcast~~ site operator. No employee of a ~~simulcast~~ site operator may be employed by a service provider.
8. No simulcast employee may wager at a ~~simulcast~~ site while on duty. For purposes of this section, a simulcast employee taking a temporary break is still considered on duty.

History: Effective March 1, 1990; amended effective August 1, 2007; _____.

General Authority: NDCC 53-06.2-05

Law Implemented: NDCC 53-06.2-05, 53-06.2-08, 53-06.2-10.1, 53-06.2-14

69.5-01-11-09. Denial, suspension, and revocation of simulcast licenses.

1. Reasons for denial, suspension, and revocation. The commission may deny, suspend, or revoke licenses for just cause. Actions constituting just cause include:
 - a. Any action or attempted action by a person contrary to any law.
 - b. Corrupt practices, which include:
 - (1) Prearranging or attempting to prearrange the order of finish of a race.
 - (2) Failing to properly pay winnings to a bettor or to properly return change to a bettor purchasing a ticket.
 - (3) Falsifying or manipulating the odds on any entrant in a race.
 - c. Any violation of the rules of racing ~~or~~ simulcasting, or account wagering adopted by the commission.
 - d. Willful falsification or misstatement of facts in an application for ~~simulcasting privileges or~~ a license.
 - e. Material false statement to a racing ~~or simulcast~~ official or to the commission.
 - f. Willful disobedience of a commission order or of a lawful order of an agent of the commission.
 - g. Continued failure or inability to meet financial obligations ~~connected with the operation of any part of a simulcast system or simulcast site.~~
 - h. Failure or inability to properly maintain a simulcast system, ~~simulcast site, or combined pari-mutuel pool,~~ or account wagering system.
 - i. Failure to fulfill contractual obligations ~~to other facets of the simulcast system.~~
 - j. The suspension or revocation of racing or pari-mutuel wagering activity of the applicant or licensee by an out-of-state regulatory agency recognized by the commission.

- k. Failure to meet the considerations of subsection 3 of section 69.5-01-11-02.
2. The procedures to be followed in denial, suspension, or revocation of simulcast licenses must be as prescribed by North Dakota Century Code section 53-06.2-15.

History: Effective March 1, 1990; amended effective January 1, 2008; _____.

General Authority: NDCC 53-06.2-05

Law Implemented: NDCC 53-06.2-05, 53-06.2-07, 53-06.2-08, 53-06.2-10.1, 53-06.2-14

69.5-01-11-11. Account wagering. Repealed effective _____, 2010.

69.5-01-11-11.1 Account wagering. The requirements for account wagering are as follows:

1. A site operator may offer a system of account wagering to its players in which wagers are debited and payouts credited to a sum of money, deposited in an account by the player, that may be held by a service provider. The service provider shall notify the player, at the time of opening the account, of any rules the site operator or service provider has made concerning reporting, monitoring, changes of awards, account activity (deposits or withdrawals), user fees, or any other aspect of the operation of the account. The service provider shall notify the player and the site operator whenever the rules governing the account are changed. The notification must occur thirty days before the new rules are applied to the account. The player shall be deemed to have accepted the rules of account operation upon opening or not closing the account. The site operator and service provider shall present the method of account wagering to the commission for review and approval.
2. To establish an account with the service provider, the player must be approved through a review process developed by the service provider and shared with the site operator and commission.
3. The information each player submits must be subject to electronic verification. The verification must identify clients and obtain information with respect to name, principal residence address, date of birth, and verification of information through testing criteria established by electronic verification pertinent to doing financial business with them. The service provider must verify that the customer is not on any list of known fraudsters, terrorists, or money launderers. If there is a discrepancy

between the application submitted and the information provided by the electronic verification described above, or, if no information on the applicant is available from such electronic verification, another individual reference service may be accessed or another technology meeting the requirements described above may be used to verify the information provided. The service provider must utilize software that would provide name analysis and trend monitoring to assist in identifying unusual activity and money laundering. The information secured by the service provider must be documented and available to the site operator and commission upon request. The verification must be specific, measurable, timely, and proportionate to the risk and resources. The service provider may close or refuse to open an account for what it deems good and sufficient reason, and shall order an account closed if it is determined that information that was used to open account was false, or that the account has been used in violation of law or rules.

4. The player shall maintain an account balance established by the service provider and identified in the contract with the site operator.
5. The service provider may offer to players:
 - a. Accounts that are operational for any performance offered by the service provider, whereby wagers are placed by the player at a self-service terminal or by any electronic means.
 - b. The service provider may reserve the right at any time to refuse to open an account, to accept a wager, or to accept a deposit.
 - c. The service provider shall provide, for each player, a confidential account number and password to be used by the player to confirm validity of every account transaction.
6. Deposits may be made by check or electronic transfer. Holding periods will be determined by the service provider, and the player will be informed of this period. A receipt for the deposit may be issued electronically to the player by the service provider.
7. The service provider may only debit an account as follows:
 - a. Upon receipt by the service provider of information needed to place a wager. The service provider shall only debit the account in the amount of the wager at the time the wager is placed.

- b. For fees for service or other transaction-related charges by the service provider.
 - c. Authorized withdrawal from an account when the player sends to the service provider a properly identifiable request for a withdrawal. The service provider will honor the request contingent on funds being available in the account. If the funds are not sufficient to cover the withdrawal, the player will be notified, and the funds that are available may be made available for withdrawal. These transactions will be completed in accordance with financial institutions funds availability schedules.
- 8. Each player shall be deemed to be aware of the status of that account at all times. Wagers will not be accepted which would cause the balance of the account to drop below the minimum account balance set by the service provider.
- 9. When a player is entitled to a payout or refund, said monies will be credited to the respective account, thus increasing the balance. It is the responsibility of the player to verify proper credits, and, if in doubt, notify the service provider within the time frame identified by the service provider.
- 10. The service provider shall maintain complete records of every deposit, withdrawal, wager, and winning payment for each player account. These records shall be made available to the commission and site operator upon request.
 - a. Any account wagering system shall provide for the player's review and finalization of a wager before it is accepted by the service provider. Neither the player nor the service provider shall change a wager after the player has reviewed and finalized the wager.
 - b. For wagers made telephonically or electronically the service provider shall make a voice or electronic recording of the entire transaction, and shall not accept any such wager if the voice or electronic recording system is operable. The voice and electronic recording of the transaction shall be deemed to be the actual wager regardless of what was recorded by the pari-mutuel system.
- 11. The service provider may close any account when the player attempts to operate with an insufficient balance or when the account is dormant for a period determined by the commission or the site operator. In either case

the service provider shall refund the remaining balance of the account to the player within thirty days.

12. The service provider shall establish with the site operator the minimum amount due to the operator as negotiated by each entity. This information should be filed with the commission.
 - a. The service provider shall provide real time monitoring of all accounts to the site operator and the commission.
 - b. Service providers shall notify site operators of proposed rebate programs and receive authorization from site operators before implementation.
 - c. Service providers shall provide reports of account wagering activity to the site operator for their review, approval, or objection to the transactions.

History: Effective _____.

General Authority: NDCC 53-06.2-05

Law Implemented: NDCC 53-06.2-04, 53-06.2-05, 53-06.2-06, 53-06.2-10.1, 53-06.2-14

69.5-01-11-11.2. Totalizator system general provisions.

1. Pari-mutuel wagering utilizes a totalizator to pool wagers. The totalizator system may be located at a site, or may, subject to compliance with applicable law and rules, reside at another location other than within the State of North Dakota.
2. Wagering, subject to approval and compliance with applicable law and rules, may be accepted by separate totalizator systems in this or other jurisdictions, and combined via communication between totalizator systems.
3. The commission may, without specific reference in these rules, utilize a designee for the purposes of licensing, certification, verification, inspection, testing and investigation. A commission designee may be another commission or equivalent regulatory authority, a multi-jurisdictional group of regulatory authorities, association of regulatory authorities, or auditing, consulting, security, investigation, legal services, or other qualified entities or persons.

4. The commissions may enter into multi-jurisdiction agreements with other regulatory authorities to facilitate certification of compliance with requirements by, and licensing of, service providers and totalizator companies. Such agreements shall, at a minimum, ensure certification and licensing requirements comparable to this jurisdiction.

History: Effective _____.

General Authority: NDCC 53-06.2-05

Law Implemented: NDCC 53-06.2-04, 53-06.2-05, 53-06.2-08, 53-06.2-10.1, 53-06.2-14

69.5-01-11-12. Totalizator system standards. Repealed effective _____.

69.5-01-11-13. Totalizator system standards – facilities and equipment.

1. **Facility requirements.**

a. **On-site totalizator Room.** An authorized pari-mutuel wagering entity may provide a totalizator room to house the main computing and communications equipment and the operator's terminal at the authorized pari-mutuel wagering entity facility. The room must include all of the following:

- (1) Air conditioning with humidity control to maintain a stable environment that meets the specifications of the computer equipment manufacturer.
- (2) A master power switch that allows all or part of the equipment housed in the room to be turned off in an emergency.
- (3) A smoke and fire alarm system that sounds locally and is tied into the authorized pari-mutuel wagering entity master alarm system.
- (4) Fire extinguishers to address minor electrical fires.
- (5) An internal communication system connecting the totalizator operator with all of the following:
 - (a) For racetrack's only, the stewards and racing judges.
 - (b) The pari-mutuel manager.

- (c) Each betting line.
- (d) The commission office on site, if any.
- (6) A private outside line for communication with supervisors, programmers, or totalizator personnel at other sites.
- (7) Fire resistant, locking storage cabinets to hold removable data storage devices and documents necessary for operating the system.

b. **Totalizator room at a central processing location.** An authorized pari-mutuel wagering entity may contract with a totalizator that uses a central processing location off the authorized pari-mutuel wagering entity's grounds. The totalizator company shall ensure all of the following:

- (1) That the totalizator central processing location satisfies the requirements of subdivision a of subsection 1.
- (2) That the totalizator central processing location has a communications system connecting the central processing location operator with all of the following:
 - (a) The totalizator operator at the authorized pari-mutuel wagering entity.
 - (b) A private outside line for communication with supervisors, programmers, or totalizator personnel at other locations.

2. **Totalizator room security.** The totalizator room housing the computer processing unit that processes wagers made at an authorized pari-mutuel wagering entity facility must be secured. Annually, on a date established by the commission, the totalizator company shall submit to the commission for approval a security plan for the totalizator room housing the computer processing unit that processes wagers made at the authorized pari-mutuel wagering entity's facility. The security plan must include all of the following:

- a. A security system covering the totalizator room and any other related service room, electrical room, or equipment room that consists of locking closed doors and detecting unauthorized entry.

b. A system of controlled entry to the totalizator room and other related rooms using all of the following:

- (1) Locking devices on all doors or entry points.
- (2) Control over distribution of keys or codes necessary to unlock the doors.
- (3) A sign-in log for visitors escorted by authorized personnel.
- (4) A system that identifies and records each person entering and leaving the room.

3. **Hardware requirements.**

a. **Cash/Sell System.** A totalizator company shall use a cash/sell totalizator system. The system must comply with these rules regardless of the location of the central processing unit for the system.

- (1) A totalizator system must be a multi-computer or multi-processor system with independence in the transaction processing and system control functions distributed among the computers as specified in the contract with the authorized pari-mutuel wagering entity. At least one computer shall be independent, sharing no loads or processing functions with the master computer. The computers must be configured so that, if one computer actively tracking events fails, another computer will take over all functions of the failed computer on a timely basis.
- (2) The schematic chart, required pursuant to subdivision b of subsection 3, must be submitted to the commission at least two weeks before the scheduled date for system installation and testing.

b. **Schematic chart.** The totalizator company must provide to the commission an overview of the equipment in the totalizator system. The overview must be a detailed schematic chart showing each piece of hardware and the network interconnections. The chart must indicate, where appropriate, the part of the database each terminal can access as well as the amount and degree of access each terminal has to the application and operating system programs. User assignments must be determined by access, and

the schematic chart must also reflect the usual and potential user types assigned to each terminal. If the totalizator company changes any component in the hardware or the network layout, the company must revise the schematic chart and submit it to the commission, within seven days.

c. **Peripherals.** A totalizator system must include all of the following peripherals:

- (1) A log printer for each computer if the system is unable to reproduce the logs upon request.
- (2) A master control terminal that allows the operator to execute routine maintenance and operational functions based on individual operator identification and authentication.
- (3) User terminals that allow restricted system access for the stewards or racing judges to allow the order of finish to be input.
- (4) Wagering information screen displays.
- (5) Data storage devices to record necessary system data.
- (6) Backup devices capable of recording complete system information on removable media for storage and restoration.

d. **Stop wagering devices.** The totalizator company shall install two separate devices that activate the stop wagering function of the totalizator system in a manner consistent with stop wagering procedures approved by the commission. The primary device must be located in or near the stewards or racing judges, in a location approved by the commission, to issue the stop wagering command during normal operations and activate the "off bell". The secondary "back up" device must be installed in the totalizator room to allow the totalizator operator to issue the stop wagering command if a totalizator malfunction or human error prevents the totalizator system from activating the stop wagering function at the appropriate time. The totalizator company shall ensure that stop wagering occurs. The totalizator company, for good reason, may request from the commission additional or alternative stop wagering devices.

- e. **Tote board.** Unless otherwise approved by the commission, the tote board must do all of the following:
- (1) Update the odds on each betting interest in the win pool at intervals of not more than sixty seconds, or at more frequent intervals expressly directed by the commission.
 - (2) Allow the stewards or racing judges or designee of the stewards or racing judges to post the times, running order, order of finish, the official sign, inquiry sign, objection sign, or dead heat sign.
- f. **Uninterruptible power supply.** The computer system must be supported by an uninterruptible power supply to allow for system shutdown if a power failure occurs. In a system shutdown, all wagering data in the computer at the time of the failure must remain intact and all race and end-of-day reports must be produced. The uninterruptible power supply must be able to supply even power to the totalizator system, for a minimum of fifteen minutes, when a power surge or drop occurs. An alarm associated with the uninterruptible power supply must be readily recognizable by the totalizator operator from inside the totalizator room.
- g. **Wagering devices.** Wagering devices (cash/sell terminals) in a network are not required to be intelligent, but must have identities. A program related to the production or verification of the wager identification number printed on a mutuel ticket or assigned by the main computer may not reside in a wagering device. A wagering device may not access the wagering database except to conduct the wagering or cashing functions necessary for a teller to serve the public. Wagering shall not occur in the totalizator room.
- h. **Maintenance.** A totalizator company shall provide preventative maintenance to a totalizator system to ensure the system hardware will provide a high degree of reliability. Maintenance must include, but is not limited to, physical cleaning of system components and peripherals and testing the uninterruptible power supply for battery life and power stability.
- i. **Common Pooling.**
- (1) A totalizator company shall use a totalizator system that operates in either a tote to tote network or a wagering device to tote network. The totalizator system must, without regard

- to the location of the central processing unit, use all of the following:
 - (a) The current version of inter-tote systems protocol recognized by the standard prescribed by the commission.
 - (b) The standard track codes recognized by the association of racing commissioners international.
- (2) A totalizator company may common pool if all equipment used is of an approved type and in an approved location.
- (3) The pari-mutuel pool host must provide a totalizator system that meets all of the following requirements:
 - (a) It directs each totalizator system involved with the common pool regarding the pools offered, live and scratched betting interest, common pool totals, network and guest authorized pari-mutuel wagering entity specific odds and probable payouts, start and stop wagering commands, official orders of finish, deduction and payout calculations.
 - (b) It produces reports showing the amount wagered on each betting interest and pool from each site, in accordance with the current inter-tote systems protocol or other inter-tote communication standard prescribed by the commission.
- (4) An authorized pari-mutuel wagering entity and the totalizator company must file with the commission, at the time of license application, a disaster recovery plan that will ensure that the authorized pari-mutuel wagering entity may continue to conduct pari-mutuel wagering within a reasonable period of time.
- (5) The totalizator company utilizing inter-tote systems protocol shall follow a method of progressive scanning for those wagers including Pick (N) with four or more legs and superfecta or other method approved by the commission.

i. **Emergency procedures.**

- (1) - The totalizator system must be supported by an uninterruptible power supply as described in subsection (f) of this section.
- (2) A totalizator company must have emergency procedures to address a totalizator system failure. The procedures will apply whether the system is operating as a stand-alone wagering site for separate pool wagering or as a satellite in a common pool network.
- (3) If a hardware problem, excluding routine repair of wagering terminals, occurs, the totalizator company may make an emergency fix to the totalizator system. No later than twenty-four hours after the fix has been made to the totalizator system, the totalizator company shall file a written report with the commission stating the situation that caused the need for the fix and the corrective changes made.

k. **Remote access.** The totalizator company shall use a monitoring server that records keystrokes for all users accessing the tote system.

l. **Independent monitoring system.** The totalizator system shall transmit data in real time to an independent real time monitoring system approved by the commission. This system is to provide information in a read only format. The system must meet all of the following requirements:

- (1) The system shall verify all transactions performed by the totalizator.
- (2) Access to the independent monitoring system shall be provided to the commission and the authorized pari-mutuel wagering entity for monitoring activity.
- (3) In the case where the system detects a discrepancy in the totalizator operation or with the independent monitoring system, the system shall automatically notify the authorized pari-mutuel wagering entity's pari-mutuel manager or duly appointed representative. The pari-mutuel manager shall determine the cause of the error and require any necessary repairs or adjustments to be made pursuant to the rules.

- (4) - Notification of discrepancies shall be made to the commission no later than twenty-four hours after each occurrence.

4. Software requirements.

a. General requirements.

- (1) The totalizator system program must be able to do all of the following:
- (a) Sell, calculate, cash and refund according to the pool profile, current rules, and number of races.
 - (b) Produce the required reports and logs and other reports and logs the commission may prescribe.
 - (c) Accept and store advanced wagers.
 - (d) Network with the remote wagering sites.
 - (e) Offer simultaneous wagering cards.
 - (f) Allow access to program functions and identification of each user based on the user identifications and passwords provided from the operating system or program login, in the case of administrative terminals, or by physical connection to the computer system, in the case of wagering devices.
 - (g) Automatically maintain all carry-over data required for the next performance on a rotating basis, including system date and time, without operator intervention.
 - (h) Be subject to modification only by authorized individuals holding specific user identifications that allow gateways to the operating system.
 - (i) Document changes to programs, including who made the change and when the change was made. This log is to be made available to the commission upon request.

- (j) Provide software or hardware restrictions that eliminate the capability of printing duplicate tickets.
 - (k) Provide software or hardware restrictions that prevent invalid claims on unclaimed funds.
 - (l) Be able to detect abnormal system operation and the cause, such as a validation problem, communication difficulty, and computer downtime, and immediately notify the totalizator operator.
 - (m) Generate, within the approved time-frame, data usable across two major revisions, and within all minor revisions, or retrieve archived data reports as requested by the commission.
 - (n) Contain a utility program that backs up the totalizator system and schedules these backups at regular intervals.
 - (o) Provide a utility or application that writes requested pari-mutuel wagering data on media readable by the commission. The totalizator company must also provide documentation about the structure of the data.
 - (p) Have the ability to close remote sites before the post time if the commission requires.
- (2) The operating system must be separated from the application program. The operating system must be based on identified individual users and maintain auditable records of those users.
- (3) The totalizator company must upon request make available to the commission an inventory of all totalizator system programs included in the system.
- (4) A totalizator system must be able to produce a copy of all historical data necessary to recreate the wagering activity of any race performance within a three year period that the commission requests.

b. **Documentation.** Software documentation, using computer software industry accepted methods, must be available to the commission upon request and must provide all of the following:

- (1) Documentation of modules or sections within the source code, detailing the function of the module or section, the definition of all variables used within the module or section, the source of all variables passed to the module, and the method of passing variables for example passed by reference or by value.
- (2) Complete documentation of all program functions as seen by the end user of the program.
- (3) Complete inventory of all programs contained on the system, their purpose, the date and time of their last modification, and the size, in bytes, of each file.
- (4) Clarification of differences between major and minor revisions of the totalizator software. This clarification must include a complete history of all revisions, the intended reasons for and differences between major and minor revisions, the date of implementation, and a listing of the current revision number.
- (5) Any change in software requiring the assignment of either a new major or minor revision number.

c. **Backup.** Before beginning operations, the totalizator company shall submit a backup procedure plan to the commission for approval, and should include all of the following:

- (1) Full system backups made at weekly intervals. Full system backups must include all files contained on the totalizator system.
- (2) Incremental system backups made at daily intervals. Incremental system backups must include all files that were changed since either the last full system or incremental backup.
- (3) Backups stored at an off-site storage area in a disaster-resistant environment.

d. Change to totalizator software.

- (1) All changes to the software on the central site computers, peripherals, or firmware changes downloaded to terminals may be subject to the approval of the commission and the jurisdiction's taxing and finance authority, if appropriate.
- (2) The totalizator company is responsible to notify the commission at least thirty days prior to any major revisions.
- (3) A major revision to the software may not be initialized or operated during wagering until tested and approved by the commission and the jurisdiction's taxing and finance authority, if appropriate. The daily computer log must show all of the following:
 - (a) When a change was loaded into the totalizator system.
 - (b) The time the work commenced and the time the work was completed.
 - (c) When the old software was removed from the system.
- (4.) If a software problem occurs, the programmers may make an emergency fix to the totalizator software. No later than twenty-four hours after the fix has been made to the software, the totalizator company shall file a written report with the commission that stating the situation that caused the need for the fix, the corrective changes the programmers made, and the new revision number.

History: Effective _____.

General Authority: NDCC 53-06.2-05

Law Implemented: NDCC 53-06.2-04, 53-06.2-05, 53-06.2-08, 53-06.2-10.1, 53-06.2-14

69.5-01-11-14. Totalizator system standards – operational requirements.

1. General management requirements.

a. Programming.

- (1) A totalizator company shall develop and maintain written procedure manuals that outline structured programming

- methods used by the programmers. The manuals must give the programmers sufficient information to understand the programming methodologies, base operating systems, and maintenance procedures.
- (2) The totalizator company shall develop and maintain a written systems development life cycle that requires sign-offs at pertinent checkpoints. It must address all the following, or the equivalent as acceptable to the commission:
 - (a) A procedure for accepting written requests for systems design or major program changes from users and a method for handling and recording these requests.
 - (b) The feasibility study stage.
 - (c) The general systems design stage.
 - (d) Detailed systems specification.
 - (e) Program testing.
 - (f) System testing.
 - (g) Conversion.
 - (h) Systems acceptance by the totalizator company.
- (3) A totalizator company must develop and follow procedures to manage all program changes without regard to the complexity of the modification. The procedures must do all of the following:
 - (a) Establish controls to prevent unauthorized and potentially inaccurate program changes from being incorporated into the production environment.
 - (b) Regulate both scheduled and emergency changes to ensure the integrity of the computer system.
 - (c) Permit revisions of computer programs only after receiving a written or electronic request from a user, submitted on a sequentially numbered change request form, which is maintained.

- (d) Require program changes to be developed, tested, and compiled only in a test environment that is not connected to an on-line totalizator network.
 - (e) Require all program changes to be thoroughly tested, reviewed and approved by a totalizator company supervisor before being placed into operation.
 - (f) Maintain a written or electronic log, to be made available to the commission upon request, when programmers have physical access to the totalizator room or electronic access to the operation environment.
- (4) Before a totalizator company may place a major programming revision into production or transfer any data affected by the revision from the test environment to the production environment, the totalizator company must follow the procedures required by subdivision d of subsection 4 of section 69.5-01-11-13.

b. **Totalizator operations.** A totalizator company shall maintain a written operations manual for the totalizator system in the totalizator room. The manual must clarify the authority, duties, responsibilities, and lines of communication for totalizator operators and network managers. The manual must contain sufficient detail to ensure totalizator personnel understand their job duties. The operations manual must include complete documentation for operation of the totalizator system and its software, including all of the following:

- (1) The duties described in subsection 2.
- (2) Clearly defined restrictions for totalizator room access.
- (3) General block diagrams of program options (menu tree) available to totalizator operations.
- (4) A glossary of terms used in reports, including formulas for calculating the displayed results.
- (5) The relationship, if any, between information contained in reports.

- (6) - Start-up and shutdown procedures.
- (7) General operating procedures.
- (8) Restart and recovery procedures.
- (9) Emergency procedures, including a list of individuals to notify if a system requires an emergency revision.

2. Personnel requirements.

a. General requirements.

- (1) A totalizator company must provide necessary personnel to perform the duties described in the rules. The totalizator company shall employ a sufficient number of personnel to ensure an adequate segregation of duties between the personnel performing the network manager, programmer, totalizator operator, and technician duties. The totalizator company may use job titles different from those in the rules.
- (2) All totalizator personnel assigned to work on totalizator operations in North Dakota must be licensed by the commission.
- (3) The totalizator company shall have procedures and documentation that show the verification of totalizator position applicants' experience and education as indicated on their job applications. The totalizator company must prescribe and maintain job descriptions containing the experience, education, and organization training requirements for all of the following totalizator positions:
 - (a) Network manager.
 - (b) Programmer or software engineer.
 - (c) Systems analyst.
 - (d) Totalizator operator.
 - (e) Technicians.

- (4) - The totalizator company must certify in writing annually that its personnel are properly trained to program, manage, operate, and maintain the totalizator system. The totalizator company must provide ongoing training to its personnel and document the training.
- (5) The totalizator company is responsible for the actions of its personnel relating to the operations and use of the totalizator system. The totalizator company shall designate an individual to act as a point of contact for communications between the commission and the totalizator company.
- (6) A totalizator company employee may not hold a position of programmer and totalizator operator simultaneously unless approved by the commission.
- (7) A totalizator company employee is prohibited from wagering at any time at any location where the company provides service.
- (8) The totalizator company shall have a policy of mandatory time away from the job for each totalizator personnel within each calendar year.

b. **Network Manager.** The duties of a network manager shall include all of the following:

- (1) Coordinate the totalizator company's totalizator systems operating in North Dakota or at a specific site in North Dakota.
- (2) Ensure each totalizator operator follows proper procedures when operating the totalizator system.
- (3) Determine the on-site and off-site storage locations for the back-up media.
- (4) Provide information and prepare any report requested by the authorized pari-mutuel wagering entity, the commission, or the North Dakota's taxing and finance authority, if appropriate.
- (5) Ensure a current list of personnel is maintained, all totalizator operators are qualified, and the appropriate pari-

- mutuel information is maintained within the operating system and application programs.

c. **Totalizator operator.** The duties of a totalizator operator shall include all of the following:

- (1) Maintain the communication links and ensure data is transmitted accurately.
- (2) Consult with the pari-mutuel manager and the commission or duly appointed representative, if available, when a problem occurs in determining a pool or calculation, and suggest alternatives for continued operation, including possible temporary restrictions on or suspension of the communication links.
- (3) Perform necessary daily performance testing, system initialization, monitoring of wagering operations, and system shutdown.
- (4) Execute established procedures to shutdown system software and hardware in emergency situations including loss of communication between computers or peripheral devices, power surges or failures, operating with a partial system, and restarting the system during a performance.
- (5) Perform necessary system maintenance.
- (6) Perform daily back-ups required by subdivision c of subsection 4 of section 69.5-01-11-13.
- (7) Ensure information is entered in the tote maintenance log detailing all repairs or modifications to the totalizator system.
- (8) Provide to the commission an initial incident report within twenty-four hours of the incident, with a final report submitted as necessary, detailing each unusual occurrence during totalizator system operations including a description of the probable cause of the occurrence and the corrective action taken.
- (9) Maintain a copy of the incident report or enter information about each unusual occurrence in the system incident log.

(10) Consult with the commission or duly appointed representative regarding any other operational issues encountered.

d. **Technicians.** The duties of technicians shall include all of the following:

(1) Service and maintain the totalizator.

(2) Perform maintenance on wagering devices and the tote board.

(3) Record in the totalizator maintenance log all maintenance and repair activities performed.

3. **Totalizator Network.** Common pools must be merged and calculated at the site the totalizator company designates as the network computing center. In a tote-to-tote network or at remote sites, the totalizator company must use the inter-tote system protocol endorsed by the association of racing commissions international or another inter-tote communication protocol prescribed by the commission.

4. **Data transmission protocols.** An authorized pari-mutuel wagering entity using a wagering device to tote network may use whatever communications protocol it wishes. A remote site is considered part of a tote to tote network and is subject to the requirements of subsection 3 of section 69.5-01-11-13. If the failure to compile pools or payout winning prices is isolated to a remote site, the stopping of wagering or the manual cashing and accounting of tickets need only occur at the affected site. The relevant information must be transmitted between the central processing location and the remote site through the established communication links or facsimile machine and must be verified.

History: Effective _____.

General Authority: NDCC 53-06.2-05

Law Implemented: NDCC 53-06.2-04, 53-06.2-05, 53-06.2-08, 53-06.2-10.1, 53-06.2-14

69.5-01-11-15. Totalizator system standards – reporting and log requirements.

1. **General requirements.**

- a. A totalizator system must be able to produce reports and logs necessary to audit pari-mutuel activity and to recreate any given day of wagering in its entirety in a format prescribed by the commission.
 - b. A totalizator company shall retain the information needed to produce these reports and logs on storage devices for at least three years after the end of the calendar year during which the reports and logs were created, unless otherwise released by the commission.
 - c. A totalizator company shall provide a report or log requested by the commission within forty-eight hours, unless required otherwise, after the totalizator company receives the request. A printed report must have consecutively numbered pages. Each page of the report must be headed with all of the following:
 - (1) The name of the race track.
 - (2) The date and time, in hours, minutes, and seconds, the report was produced.
 - (3) The performance number if applicable.
 - (4) The wagering sites to which the report refers.
 - (5) The version of software in use.
2. **Pre-race reports.** Unless otherwise exempted by the commission, before starting wagering each day, the totalizator operator shall print all of the following reports:
- a. System initialization report showing all of the following:
 - (1) The date and time the system was initialized.
 - (2) The identity of the totalizator operator initializing the system.
 - (3) The software version in use.
 - b. **Configuration parameter report** showing all of the following:

- (1) - The pools that may be offered as well as those that are currently operational in the totalizator system.
- (2) The display cycle frequency, pools, any minimum pool required, minimum wagers, and means of display of any approximate odds or will-pays produced.
- (3) The minimum and maximum value of wagers for every pool that a wagering device may accept.
- (4) Which wagering devices are activated, including a listing of all terminals operational that session or day.
- (5) Which remote sites may input into the totalizator system.
- (6) The split percentages and payout parameters for each multi-leg pool offered.
- (7) Verification of all operational locking devices.
- (8) The amount of delay between locking switch activation and actual stop betting or canceling.
- (9) The canceling parameters for regular and supervisory wagering devices.
- (10) Configurations placed on each wagering device.
- (11) The method of breakage and rounding used in calculating the payout.
- (12) Takeout percentages for each host site and for the live races including takeout percentages for each association, state and other statutory takeouts used in price calculations including net pool pricing calculations.
- (13) Federal tax withholding rates and parameters.
- (14) Required currency conversion tables.

c. **Race information report** showing, for each race to be offered, all of the following:

- (1) - The pools to be opened, indicating totals starting at zero and totals starting with money from advance wagering.
 - (2) Pool summaries of all advance wagering.
 - (3) Money added due to overages.
 - (4) Underpayments or money added due to carry-overs, miss pools, or any other reasons.
 - (5) The betting interest for each race, showing entries and scratches.
- d. **Odds report** showing the opening line of odds for the win pool.
 - e. **Wagering device report** listing the teller's identity assigned to each wagering device for that session or day if applicable.
3. **Race-by-race reports.** For each race offered, the totalizator system must be capable of printing all the following reports, and have them available to review by the pari-mutuel manager and the commission:
- a. **Scratch report** showing the time each late scratch was entered into the totalizator system and the amount of money to be refunded in each pool.
 - b. **Betting report** produced immediately on activation of the stop betting command and final merge of wagering information from all sites showing all of the following:
 - (1) The amount wagered and to be refunded for each betting interest or combination in each pool offered, and the net amount for each pool to be used for calculating the payout.
 - (2) The final dollar odds for the win pool.
 - (3) Time of stop betting and time of each pool transmission.
 - c. **Calculating price report,** produced before each race is declared official, showing all of the following for each pool:
 - (1) The winning betting interests or combinations.
 - (2) The winning monies in total and for imported hubs.

- (3) The minimum payout prices.
- (4) The breakage.
- (5) The amount payable to the public.
- (6) The total amount wagered.
- (7) The total amount refunded.
- (8) The amount added to the pool.
- (9) The actual pool total.
- (10) The takeout in total dollars.

d. **Probable payout report** showing the payouts for multiple and exotic pools, subject to scratches, cancellations, and dead heats.

e. b for multi-leg pools of four or more legs, showing all of the following:

- (1) The total wagered in the pool.
- (2) The amounts of any carryover.
- (3) The winners of completed legs.
- (4) The amount of possible winning, based on paying the winner of completed legs combined with every betting interest entered in subsequent legs.
- (5) Late scratches in each leg.

f. **Race summary report**, produced before and after the race results are official, showing, as the sum for all pools paid out in that race, all of the following:

- (1) The amount wagered.
- (2) The amount refunded.
- (3) The net amount to be used for calculating the payout.

- (4) Any money added to the pool.
- (5) The actual pool total.
- (6) The total commission.
- (7) The breakage.
- (8) The amount paid to the public.
- (9) The carryover balances.
- (10) The liabilities (due to/due from).
- (11) The daily summary report showing the cumulative totals, for each pool and for all pools combined, of the items listed under the race summary report.

4. **End-of-day reports.** For each race offered, the totalizator system must be capable of producing all the following reports, and have them available for review by the pari-mutuel manager and the commission:

a. **Balance report** showing for every wagering device operated on that day including all of the following:

- (1) The teller's name or identification number, if applicable.
- (2) The total value and number of tickets sold, canceled, and cashed, separating the outs from the current day's tickets.
- (3) The total amount of money drawn from the money room, including the beginning draws.
- (4) The total amount of money returned to the money room.
- (5) A listing of adjustments made to each wagering device balance after each wagering device has been individually balanced.

b. **Wagering summary report** showing all of the following:

- (1) By wagering site, the amount wagered, refunded, and added for every pool and for each race.

- (2) The time of day each race's pools closed.
 - (3) The commissions deducted, breakage calculated, and amount paid out for every pool in each race.
 - (4) The total value of outstanding tickets before the pools were opened for the performance, the value of tickets cashed during the performance, the value of tickets to be added to the outstanding ticket total, and the new outstanding ticket total.
 - (5) The total value of outstanding vouchers before the pools were opened for the performance, the value of vouchers cashed during the performance, the value of vouchers to be added to the outstanding voucher total, and the new outstanding voucher total.
- c. **System balance report** comparing the pool and paid-out totals obtained by processing the transaction files with the pool and paid-out totals obtained from the actual calculations.
 - d. **Money room balance report** showing cash added and subtracted from the beginning day's balance resulting from the day's wagering and cashing transactions.
 - e. **Internal revenue service report** showing the winner's social security number, the ticket number, amount won, and taxes withheld for each transaction requiring a Form W2-G.
5. Other standard and special reports.
- a. A totalizator company shall produce any of the following standard reports requested by the commission no later than seventy-two hours, unless otherwise directed, after receiving the request:
 - (1) **Odds progression report** showing each successive line of odds for the win pool and the time it was displayed to the public.
 - (2) **Ticket and transaction history report** showing the appropriate portion of the ticket history log for the requested ticket identification numbers.

- (3) **Terminal history report** showing the portion of the terminal log requested.
- (4) **Outstanding ticket report** showing all the following information for uncashed winning tickets retained in the totalizator system:
 - (a) The ticket identification number.
 - (b) The wagers on the ticket.
 - (c) The date and performance for which the ticket is outstanding.
 - (d) The value of the winning wagers.
 - (e) The wagering device location and number.
- (5) **Outstanding tickets cashed report** for a performance, race, or pool, showing each outstanding ticket cashed that day, in the form of the outstanding ticket report, including the identity of the wagering device that cashed the ticket and an indication as to whether the ticket was cashed using a manual keyboard entry or an automatic machine read.
- (6) **Manually cashed tickets report** for a performance, race, or pool, showing every ticket cashed that day in the form of the ticket history report, the identity of the wagering device that cashed the ticket, and an indication as to whether the ticket was cashed using a manual keyboard entry or an automatic machine read as well as a subtotal for each wagering device.
- (7) **Canceled tickets report** for a performance or race, showing each ticket canceled that day in the form of the ticket history report, the identity of the wagering device that cashed the ticket, and an indication as to whether the ticket was cashed using a manual keyboard entry or an automatic machine read as well as a subtotal for each wagering device.
- (8) **Network balance report** summarizing the activity and liabilities for each site within a tote-to-tote network.

- (9) **Teller inquiry report** showing the time of each cash balance inquiry made by each teller.
- (10) **Wagering report** required for multi-leg pools, four legs or more, showing the amount bet on every combination of the pool and total amount bet.
- (11) **Account history report** showing all activity for each account.
- (12) **Inter-track wagering report** for a card showing the separate or consolidated report for wagers made at participating tracks, including all money wagered on each runner or combination of runners in each pool for each race. Separate or consolidated reports for the host track and each satellite track and the combined totals are required and any additional reports, as determined by the Commission.
- (13) **Ticket history report and terminal history report** in the case of a wagering device to totalizator network failure, for specific locations and time periods in order to determine what wagers have been recorded in the totalizator from the remote site, including any advance bets.
- (14) **Pool transmission report** listing time of each pool transmission.

b. The totalizator system must be able to produce a special report that filters data by all of the following:

- (1) Performance.
- (2) Race.
- (3) Pool.
- (4) Betting interest.
- (5) Wagering device.
- (6) Sites.
- (7) Any combination of 1 through 6.

6. **Logs.**

a. **On-line logs.** The totalizator operator shall produce a daily log to the commission on request. The totalizator system must produce all the following logs in a format prescribed by the commission:

(1) **Teller or machine history log** showing for every wagering device operated during a performance all of the following:

(a) Each time the wagering device was opened and closed.

(b) For each wagering transaction, the wagers made, tickets issued, and total value of the transaction.

(c) For each cashing, canceling, or refunding transaction, the identification numbers of the tickets processed, the wagers paid out, and the value of the wagers paid out.

(d) For each cashing transaction, an indication as to whether the ticket was cashed using a manual keyboard entry or an automatic machine read.

(e) The amount of each cash draw and return.

(f) Any special function, including teller balance, accessed through the wagering device.

(g) The times of day each of the transactions listed were made.

(2) **Ticket history log** showing all of the following for every ticket issued:

(a) The identification number of each cashed or canceled ticket.

(b) The wagering device location and number.

(c) The wagers and their values.

(d) The cashing or canceling machine location and number.

(e) The amount paid out.

- (f) The time of day each transaction occurred.
 - (g) An indication as to whether each transaction was manual or automatic.
- (3) **User terminal log** showing the time of day of each entry for all of the following:
- (a) Each terminal other than a wagering device operating during a day including all of the following:
 - (i) Each log-on or log-off and the operator's identification code.
 - (ii) Each command or transaction entered.
 - (iii) Each stop betting, order of finish, official, and sales open command and the device that issued it.
 - (iv) Each occurrence of loss or restoration of communication between computers or sites.
 - (v) Each occurrence of discrepancy between computers or sites when comparing databases.
 - (b) Each wagering device operated during a performance including all of the following:
 - (i) Each log-on or log-off and the teller's identification code, if applicable.
 - (ii) Each instance of loss or restoration of communication and the wagering device.
- (4) **System error log** showing the date and time of each error.
- (5) **System journal log** including date and time of each entry, including remote access, showing all of the following for every day the system is operated for wagering, maintenance, or other purpose:

- (a) System shutdown commands, the device from which they were issued, and the user identification of the individual issuing the commands.
 - (b) The individual user identification used and the originating device for every attempt, successful or unsuccessful, to access the operating system.
 - (c) The individual user identification used and the originating device for every attempt, successful or unsuccessful, to access the application programs.
 - (d) All commands that affect the operating environments issued from the operating system command line.
 - (e) All commands issued from within the application program in an attempt to access the operating system.
 - (f) A listing of every operational or operating terminal during computer operation.
- (6) **Account history log** showing all of the following for every account:
- (a) The identification number of the account.
 - (b) Each time the account was accessed, the location and time of each access point.
 - (c) For each wagering transaction, the amount, time, betting interest selected, type of wagers made, the wagering device used to make the wager, and total value of the transaction.
 - (d) For each cashing, canceling, or refunding transaction, the identification numbers of the tickets processed, the wagers paid out, the location, time, and value of the wagers paid out.
 - (e) For each withdraw and deposit the amount, location, and time.

b. **Off-line log.** In addition to the computer generated reports and logs, the totalizator personnel must maintain all the following logs for review by the commission or duly appointed representative:

- (1) **System incident log** showing a description of each incident involving the totalizator system, including system failures, their causes, and corrective actions taken.
- (2) **Totalizator room access log** of all authorized persons entering and leaving the totalizator central computer room. This includes entries of date, time, and user identification of each person entering and leaving the room.
- (3) **Totalizator maintenance log** of all maintenance work completed on wagering devices and the main totalizator computers or printers showing all of the following:
 - (a) The name of person performing the work.
 - (b) The date and time of day when the maintenance was performed.
 - (c) The type of maintenance job performed.

History: Effective _____.

General Authority: NDCC 53-06.2-05

Law Implemented: NDCC 53-06.2-04, 53-06.2-05, 53-06.2-08, 53-06.2-10.1, 53-06.2-14