

**CHAPTER 197. ADVANCE DEPOSIT ACCOUNT WAGERING—  
TEMPORARY REGULATIONS**

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**§ 197.1. License required to conduct advance deposit account wagering.**

(a) In addition to the electronic wagering provisions set forth in sections 9351—9359 (relating to additional licensing requirements for licensed racing entity, secondary pari-mutuel organization, totalisator and racing vendors) of the act and Subpart B (relating to licensing) of the Commission's regulations, a licensed racing entity, a racing vendor providing ADW services on behalf of a licensed racing entity or a SPMO licensed by the Commission to operate in this jurisdiction, may apply for a license to operate an ADW system whereby wagers are debited and payouts are credited to an account held by the licensed racing entity, racing vendor or SPMO on behalf of a person who has applied for the account and been accepted under these rules.

(b) An entity that operates an ADW and is not otherwise involved in pari-mutuel wagering may be licensed as both a SPMO and an ADW in a consolidated licensing procedure as prescribed by the Commission.

(c) A provider of advanced deposit account wagering facilities or systems for an ADW must be licensed by the Commission if account facilities, equipment or personnel are located in this jurisdiction under a contract with a licensed association or SPMO.

**§ 197.2. ADW license application.**

- (a) The ADW license application shall include the following information:
- (1) A copy of the contracts to provide services to an association or SPMO licensed by the Commission.
  - (2) A list of personnel assigned to work in this Commonwealth, a list of all employees involved in accepting pari-mutuel wagers placed in this Commonwealth and a list of employees with access to facilities where the wagers are placed, or systems and records relating to account wagering are operated and secured, who are not located in this jurisdiction.
  - (3) List of all officers, directors, partners, and share-holders with a 5% or greater share of ownership or beneficial interest.
  - (4) Full disclosure of all fees and other financial considerations relating to the contract with the licensed racing entity or SPMO.
  - (5) Certify to the Commission that the entity will provide prompt access to reports, logs, wagering transaction detail, and customer account detail, in printed form or standard electronic format approved by the Commission.

- (6) Provide a detailed description and certification of systems and procedures used to validate the identity, age, and jurisdiction of legal residence of account holders and to validate the legality of wagers accepted.
- (7) Certify to the Commission prompt access to all records relating to customer identify, age, and residency in hard copy or standard electronic format acceptable to the Commission.
- (8) Certify to the Commission prompt access to customer account detail in hard copy or an electronic format acceptable to the Commission for:
- (i) Persons who place wagers on races conducted in this jurisdiction, customers are identified as legal residents of this jurisdiction, who place wagers on races ran in this jurisdiction and races available for wagering by persons in this jurisdiction,
  - (ii) Persons the Commission has reason to investigate based on possible placing of wagers for persons other than the account holder, wagers that may be related to the investigation of any race or wagering pattern or relevant to any other investigation as may be determined by the Commission.
- (9) Include certification of secure retention of all records related to wagering and customers' accounts for a period of not less than 3 years or longer period specified by the Commission.
- (10) Include, as an attachment, a certified copy of rules governing the acceptance and management of accounts, and a certified copy of any changes in the rules at least 30 days prior to the effective date.
- (b) All persons employed by ADWs as listed in subsection (a), not licensed by the Commission, shall hold a current pari-mutuel employee or vendor employee license issued by the National License Compact. The ADW shall provide and maintain with the Commission a current list of the employees and including their current National License number.
- (c) Must utilize and communicate pari-mutuel wagers to a pari-mutuel system meeting all requirements for pari-mutuel systems employed by licensed racing associations in this jurisdiction.
- (d) An ADW must operate and communicate with the totalisator system in a way as not to provide or facilitate a wagering advantage based on access to information and processing of wagers by ADW account holders relative to persons who wager at race tracks or public off-track wagering facilities. The ADW shall have in place an independent real time monitoring system and use approved by the Commission, and use other procedures as needed, to insure compliance with this requirement.

**§ 197.3. Advance deposit account wagering rules.**

- (a) The ADW shall notify the patron, at the time of opening the account, of any rules the association has made concerning deposits, withdrawals, average daily balance, user fees, interest payments and any other aspect of the operation of the account. The ADW shall notify the patron whenever the rules governing

the account are changed, the notification occurring before the new rules are applied to the account and including the opportunity for the patron to close or cash-in the account. The patron shall be deemed to have accepted the rules of account operation upon opening or not closing the account. The ADW shall request authorization from the Commission before a system of account wagering is offered.

(b) The ADW may reserve the right at any time to refuse to open an account, to accept a wager or to accept a deposit.

(c) Each account holder shall provide the personal information as the ADW and the Commission require, including an address to which communications are to be delivered. The ADW shall provide each account holder, a confidential account number and password to be used by the patron to confirm the validity of every account transaction.

(d) Deposits may be made in cash, by check or by other methods approved by the Commission. Holding periods will be determined by the ADW and advised to the account holder. A written or electronic receipt for the deposit may be issued to the account holder but does not need to reflect the current account balance.

(e) Each account holder shall be deemed to be aware of the status of that account at all times and shall maintain an adequate fund balance. Wagers will not be accepted which would exceed the available balance of that account. Any account not updated when a transaction is completed shall be inoperable until the transaction is posted and the account balance updated.

(f) When an account is entitled to a payout or refund, said moneys will be credited to the respective accounts, thus increasing the credit balance. It is the responsibility of the account holder to verify proper credits and, if in doubt, notify the association within the agreed upon time-frame for consideration. Unresolved disputes may be forwarded to the Commission by the ADW or the account holder. No claim will be considered by the Commission unless submitted in writing and accompanied by supporting evidence.

(g) The ADW must maintain complete records of every deposit, withdrawal, wager and winning payout for each. These records shall be made available to the Commission upon request.

(h) For wagers made for an account by telephone, the ADW shall make a voice recording of the entire transaction and shall not accept any wager if the voice recording system is inoperable. Voice recordings shall be retained for not less than 6 months and shall be made available to the Commission for investigative purposes.

(i) Any account wagering system must provide for the account holder's review and finalization of a wager before it is accepted by the ADW. Neither the account holder nor the ADW shall change a wager after the account holder has reviewed and finalized the wager. In the case of a wager made by telephone, the voice recording of the transaction shall be deemed to be the actual wager, regardless of what was recorded by the pari-mutuel system.

(j) The ADW may close any account when the holder thereof attempts to operate with an insufficient balance or when the account is dormant for a period approved by the Commission. In either case, the ADW shall refund the remaining balance of the account to the account holder.

#### Cross References

This section cited in 7 Pa. Code § 197.4 (relating to ADWs in other jurisdictions).

### § 197.4. ADWs in other jurisdictions.

As a condition of approval of any simulcasting or common pool wagering contract, or both, between a licensed racing entity in this Commonwealth and an ADW in another jurisdiction, the agreement subject to Commission approval, shall include:

- (1) Disclosure of all ADWs wagering on any races run in this jurisdiction, and all ADWs wagering on races run in other jurisdictions that would be available for wagering in this jurisdiction, under the contract;
- (2) Certification of ADW licensing, authorization or approval by the recognized pari-mutuel authority in the other jurisdiction;
- (3) Certification of compliance with rules for operation of an ADW comparable to those stated in § 197.3 (relating to advance deposit account wagering rules);
- (4) Full disclosure of all fees, market share revenue and other financial considerations relating to the contract;
- (5) Certify to the Commission that it will provide prompt access to reports, logs, wagering transaction detail and customer account detail, in printed form or standard electronic format approved by the Commission;
- (6) Provide a detailed description and certification of systems and procedures used to validate the identity, age, and jurisdiction of legal residence of account holders and to validate the legality of wagers accepted;
- (7) Include certification to the Commission that it will promptly provide access to all records relating to customer identify, age and residency in hard copy or standard electronic format acceptable to the Commission;
- (8) Certify to the Commission that it will promptly provide access to customer account detail in hard copy or an electronic format acceptable to the Commission for:
  - (i) Persons who place wagers on races conducted in this jurisdiction, customers are identified as legal residents of this jurisdiction, who place wagers on races ran in this jurisdiction and races available for wagering by persons in this jurisdiction,
  - (ii) Persons the Commission has reason to investigate based on possible placing of wagers for persons other than the account holder, based on wagers

placed that may be related to the investigation of any race or wagering pattern, or relevant to any other investigation as may be determined by the Commission.

(9) Include certification of secure retention of all records related to wagering and customers' accounts for a period of not less than 3 years or longer period specified by the Commission;

(10) Include, as an attachment, a certified copy of rules governing the acceptance and management of accounts and provide a certified copy of any changes in the rules at least 30 days prior to the effective date.

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