

WAC 260-49-040 Advance deposit wagering service provider license for nonclass 1 racing associations. (1) Prior to accepting applications from Washington residents for advance deposit wagering accounts, the advance deposit wagering service provider must have:

(a) An agreement with a class 1 racing association, that has been approved by the commission; and

(b) A license from the commission to conduct advance deposit wagering.

(2) An application to operate as an advance deposit wagering service provider must address the requirements of this chapter, and the entity shall file with the commission an original and five copies of the application and plan of operation.

(3) The operator of an advance deposit wagering service provider applying for a license to conduct advance deposit wagering must provide the following information as part of the application:

(a) If the service provider is an individual, his/her legal name and the legal name of his/her spouse and dates of birth and address;

(b) If the service provider is a corporation:

(i) The date and place of incorporation;

(ii) The names and addresses of its shareholders, and the names, addresses and dates of birth of directors and officers who are natural persons; and

(iii) If a shareholder is a corporation then the date and place of its incorporation, and the names and addresses and dates of birth of those corporations' directors and officers. If the service provider is a corporation ultimately owned by a not-for-profit entity without any shareholders, or is a publicly traded corporation, the information required in this subsection shall be required from the directors of the not-for-profit entity, or the directors and officers of the publicly traded corporation, in lieu of the shareholders;

(c) If the service provider is a general or limited partnership, the names, addresses, and dates of birth of the partners; if a partner is a corporation, the date of incorporation, the place of incorporation and the names and addresses and dates of birth of its directors and officers must be provided;

(d) The commission reserves the right to require fingerprints as part of the license application process;

(e) Information from the service provider that demonstrates whether the service provider has the financial resources to operate as an advance deposit wagering service provider;

(f) A copy of the written agreement between the class 1 association and the advance deposit wagering service provider and an assurance that the commission will be notified of any other agreements between the association and the facility pertaining to this section, whether written or oral;

(g) Written approval to conduct advance deposit wagering from the appropriate regulatory authority in the state where the advance deposit wagering service provider is located;

(h) A description of how the state where the service provider is located regulates and monitors the advance deposit wagering facility for compliance with applicable law and protection of the public; and

(i) Any other information required by the commission.

(4) The written agreement between the class 1 racing association and the advance deposit wagering service provider must contain substantially the following terms:

(a) A description of the fee structure and fees to be paid to the class 1 racing association under the agreement;

(b) A provision requiring the facility to agree it shall not accept any wager that violates Washington law or rule.

(5) The commission's approval of a specific agreement under this section is not binding on the commission as to any other agreement.

(6) As part of the application for licensure as an advance deposit wagering service provider, the applicant shall submit a detailed plan of operations in a format and containing such information as required by the commission. At a minimum, the operating plan shall address the following issues:

(a) The manner in which the proposed simulcasting and wagering system will operate and the regular hours of operation;

(b) The process for handling wagers when wagering pools cannot be merged with the wagering pools of the race track where the race is being run live;

(c) Programs for responsible wagering;

(d) A plan for verification of an applicant's identity, age and residence when establishing an account;

(e) Establish a dispute resolution process for account holders who file a claim against the authorized advance deposit wagering service provider;

(f) The process for an account holder to make withdrawals from the account holder's account;

(g) An advance deposit wagering service provider located in Washington must include how the provider will implement the requirements for accounts established and operated for persons whose principal residence is outside of the state of Washington; and

(h) Any other issues as required by the commission.

(7) The commission may require changes to an advance deposit wagering service provider's proposed plan of operations as a condition of granting a license. No subsequent material changes in the plan of operations may occur unless ordered by the commission or until written approval is obtained from the commission.

(8) The advance deposit wagering service provider applying for a license shall provide to the commission the number of Washington accounts on file with its business as of 1:00 p.m. PST April 1, 2004, and the total wagering activity since that time until the date of the application for license in Washington. Any operator of an advance deposit wagering service provider authorized by the commission to conduct advance deposit wagering shall pay the source market fee on all advance deposit wagers for all accounts since 1:00 p.m. PST April 1, 2004, that have Washington as the principal resident address.

(9) The commission may conduct investigations or inspections or request additional information from the applicant for a license under this section as it deems appropriate in determining whether to approve the license application.

(10) Approval of a license under this section shall be for twelve months from the date of approval, unless rescinded by the commission.

(11) The advance deposit wagering service provider accepting a license from the commission recognizes and accepts the jurisdiction of the state of Washington as provided in RCW 4.28.185. The advance deposit wagering service provider shall provide to the commission or its staff access to review and audit all records and financial information of the advance deposit wagering service provider, including all Washington account information. An advance deposit wagering service provider located in Washington, shall also provide access to the commission, or its staff to review and audit all records and financial information maintained by the advance deposit wagering service provider

that relate to applications and accounts for persons whose primary residences are not located in Washington. This information shall be made available to the commission or its staff by the advance deposit wagering service provider at the service provider's location upon notice from the commission or commission staff at all reasonable times. The commission may require the service provider annually submit to the commission audited financial statements of the advance deposit wagering service provider.

[Statutory Authority: RCW 67.16.020. WSR 04-21-053, § 260-49-040, filed 10/18/04, effective 11/18/04.]