



GAMING & HOSPITALITY LEGAL NEWS

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NEVADA PASSES NEW LAW THAT PROVIDES FLEXIBILITY FOR ESPORTS WAGERING

by Jennifer Gaynor, Greg Gemignani, Kate Lowenhar-Fisher, and Jeff Silver

The Nevada Legislature has just passed Senate Bill 240 (SB240). This bill clarifies that the pari-mutuel system of gaming may be used for events other than horse racing, dog racing, or sporting events. Pari-mutuel is a betting system that allows the sports book or "house" to minimize risk in taking wagers because the wagers are placed together in a pool, with the winners sharing in the pool (after taxes and the house take or "vigorish" are removed).

This legislation was brought by the Boyd School of Law (at University of Nevada, Las Vegas) gaming law class of adjunct professors Greg Gemignani and Jennifer Roberts, working in close coordination with the Nevada Gaming Control Board and Gaming Commission and the bill sponsor, Boyd alum Nevada Senator Becky Harris. The Boyd School of Law has a long tradition of bringing a gaming law bill to the Nevada Legislature each session – a tradition started by the late Bob Faiss, who was a professor of gaming law at Boyd for many years and is considered by many to be the "grandfather" of gaming law due to his involvement in drafting the original set of laws governing modern regulated gaming in Nevada.

With the growing popularity of "eSports" – competitive video games, where players often compete in a stadium-style tournament – the gaming law class believed that it would be helpful to provide flexibility to gaming operators in offering wagers on such events. But SB240 opens the door to the pari-mutuel system of gaming to not only eSports but also any other type of "other event" approved by Nevada regulators. This means that creative sports books could potentially take pari-mutuel bets on a wide range of events, including on the winners of competition shows like *Dancing with the Stars*.

Before a sports pool may take wagers on such "other event," it must receive the approval of Nevada's gaming regulators. Nevada's gaming laws require that such other events must not be ones where the outcome is predetermined. As provided in the gaming regulations, a "licensed sports pool shall not accept a wager on an event unless the date and time at which the outcome of the event is determined can be confirmed from reliable

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sources satisfactory to the [Gaming Commission] chairman or from records created and maintained by the book in such manner as the chairman may approve."

Other conditions for approval include that the sports book must provide a full description of the event and the manner in which wagers would be placed and winning wagers would be determined; a full description of any technology which would be utilized to offer the event; and "such other information or documentation which demonstrates that:



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- (1) The event could be effectively supervised;
- (2) The outcome of the event would be verifiable;
- (3) The outcome of the event would be generated by a reliable and independent process;
- (4) The outcome of the event would be unlikely to be affected by any wager placed;
- (5) The event could be conducted in compliance with any applicable laws; and
- (6) The granting of the request for approval would be consistent with the public policy of the state."

And, unlike in the United Kingdom, where the presidential race between Donald Trump and Hillary Clinton brought heavy wagering action, wagers on the outcome of political elections remain specifically verboten under Nevada law.

The Nevada Gaming Control Board has already noticed its workshop to revise its regulations to implement SB240. On June 22, 2017, the Board will workshop its proposal to revise Regulation 26B, which governs pari-mutuel wagering on sporting events, to clarify that this regulation applies to pari-mutuel wagering on "other events" and to add the term "other event" where necessary to Regulation 26B to allow such other wagers to be included under the provisions of this regulation.

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