

**Chapter 260-49 WAC**  
**ADVANCE DEPOSIT WAGERING**

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**WAC**

260-49-010	Definitions.
260-49-020	Requirements to conduct authorized advance deposit wagering.
260-49-030	Advance deposit wagering service provider license for a class 1 racing association.
260-49-040	Advance deposit wagering service provider license for nonclass 1 racing associations.
260-49-050	Establishing an account.
260-49-060	Operation of an account.
260-49-070	Distribution of source market fee.
260-49-080	Distribution of source market fee—More than one class 1 racing association.
260-49-090	Licensing fees to operate advance deposit wagering.
260-49-100	Enforcement and penalties.

**WAC 260-49-010 Definitions.** For the purposes of this chapter, unless otherwise indicated by the context in which the term is used, the following terms shall have the meaning set forth herein:

(1) "Account" shall mean an account for advance deposit wagering with a complete record of credits, wagers and debits established by an account holder and managed by an authorized advance deposit wagering service provider.

(2) "Account holder" shall mean a natural person, at least twenty-one years of age for whom an authorized advance deposit wagering service provider has opened an account.

(3) "Advance deposit wagering" means a form of parimutuel wagering in which an individual deposits money in an account with an entity authorized by the commission to conduct advance deposit wagering and then the account funds are used to pay for parimutuel wagers made in person, by telephone, or through communication by other electronic means.

(4) "Authorized advance deposit wagering service provider" means an entity licensed by the commission, pursuant to this chapter, to conduct advance deposit wagering including such entity's facility location, equipment and staff involved in the management, servicing and operation of advance deposit wagering.

(5) "Applicant" is a natural person, at least twenty-one years of age, who has submitted an application to establish an account with an authorized advance deposit wagering service provider.

(6) "Application" shall mean the form or forms and other required submissions received from an applicant for the purpose of opening an account.

(7) "Class 1 racing association" shall mean any person or entity holding a current and valid license issued by the commission pursuant to chapter 67.16 RCW to hold race meets.

(8) "Commission" means the Washington horse racing commission.

(9) "Communications by other electronic means" includes communications by any electronic communication device or combination of devices including, but not limited to, the following: Personal computers, the internet, private networks, interactive televisions and wireless communication technologies or other technologies approved by the commission.

(10) "Confidential information" shall include the following:

(a) The amount of money credited to, debited from, withdrawn from, or present in any particular account holder's account;

(b) The amount of money wagered by a particular account holder on any race or series of races;

(c) The account number and secure personal identification code of a particular account holder;

(d) The identities of particular entries on which the account holder is wagering or has wagered; and

(e) Unless otherwise authorized by the account holder, the name, address, and other information in the possession of an authorized advance deposit wagering service provider that would identify the account holder to anyone other than the commission, the authorized advance deposit wagering service provider, the regulatory authority in the state that regulates the authorized advance deposit wagering service provider or as otherwise required by state or federal law.

(11) "Credits" shall mean all deposits of money into an account.

(12) "Debits" shall mean all withdrawals of money from an account.

(13) "Deposit" shall mean a payment of money by cash, check, money order, credit card, debit card, or electronic funds transfer made by an account holder to the account holder's account.

(14) "Foreign jurisdiction" shall mean a jurisdiction of a foreign country or political subdivision thereof.

(15) "Natural person" shall mean any person, at least twenty-one years of age, but does not include any corporation, partnership, limited liability company, trust, or estate.

(16) "Principal residence address" shall mean that place where the natural person submitting an application for an account resides at least fifty percent of the time during the calendar year.

(17) "Proper identification" shall mean a form of identification sufficient to ensure that the person making a transaction is an account holder.

(18) "Secure personal identification code" shall mean an alpha and/or numeric character code chosen by an account holder as a means by which the authorized advance deposit wagering service provider may verify a wager or account transaction as authorized by the account holder.

(19) "Source market fee" shall mean the part of a wager made on any race by a person whose principal residence address is in Washington that is returned to the class 1 racing association and the commission.

(20) "Source market fee area" means the state of Washington.

(21) "Withdrawal" shall mean a payment of money from an account by an authorized advance deposit wagering service provider to the account holder.

[Statutory Authority: RCW 67.16.020. WSR 04-21-053, § 260-49-010, filed 10/18/04, effective 11/18/04.]

**WAC 260-49-020 Requirements to conduct authorized advance deposit wagering.** (1) The advance deposit wagering rules set forth in this chapter shall apply to the establishment and operation of accounts by an authorized advance deposit wagering service provider for applicants whose principal residence address is in the state of Washington.

(2) Advance deposit wagering by any person whose principal residence address is in the state of Washington may be conducted only by an authorized advance deposit wagering service provider licensed by the commission pursuant to this chapter.

(3) A class 1 racing association must have a contract in place with an authorized advance deposit wagering service provider that complies with all state and federal laws and regulations. Contracts shall be approved by the commission.

(4) No advance deposit wagering service provider shall solicit, accept, open or operate an account for any person with a principal residence address in the state of Washington unless the service provider has received a license in good standing from the commission.

(5) The commission may suspend or revoke a license to operate as an authorized advance deposit wagering service provider, withdraw approval of a contract between a class 1 racing association and an authorized advance deposit wagering service provider and/or impose fines, if the authorized advance deposit wagering service provider, its officers, directors, or employees violate chapter 67.16 RCW or Title 260 WAC.

(6) An authorized advance deposit wagering service provider located within Washington shall not solicit, accept, open or operate advance deposit wagering accounts for persons whose principal residence is outside of the state of Washington, including residents of foreign jurisdictions unless:

(a) The service provider has received a license from the commission in good standing;

(b) Wagering on that same type of live racing is lawful in the jurisdiction which is the person's principal residence; and

(c) The authorized advance deposit wagering service provider complies with the provisions of the Interstate Horseracing Act, 15 U.S.C. §§ 3001 to 3007, and the laws of the jurisdiction, which is the principal place of residence of the applicant.

(7) The authorized advance deposit wagering service provider shall provide a bond or irrevocable letter of credit in an amount set by the commission for the purpose of ensuring that payments to the commission and to Washington account holders are made. In the alternative, a service provider may provide other means of assurance of such payment including, but not limited to, evidence of bond(s), irrevocable letter(s) of credit or other forms of financial guarantees posted and in good standing with regulatory authorities in other jurisdictions, which shall be subject to the approval of the commission. Any bond, letter of credit or other assurance of payment acceptable to the commission provided by the service provider shall run to the Washington horse racing commission as obligee, and shall be for the benefit of the commission and any account holder who suffers a loss by reason of the service provider's violation of chapter 67.16 RCW or these rules. The bond, letter of credit or other assurance of payment shall be conditioned on the obligor as licensee faithfully complying with chapter 67.16 RCW and these rules. The bond shall be continuous and may be canceled by the surety only upon the surety giving written notice to the executive secretary of its intent to cancel the bond. The notice of cancellation shall be effective no sooner than thirty days after the notice is received by the executive secretary. In the event of cancellation of the bond, letter of credit or other assurance of payment the service provider shall file a new bond, letter of credit or other assurance of payment prior to the effective date of the cancellation notice.

(8) Persons whose primary residence is within Washington shall not participate in advance deposit wagering unless such activity is conducted through an authorized advance deposit wagering service provider.

(9) The content and frequency of reports from an authorized advance deposit wagering service provider shall be at the discretion of the commission.

(10) No class 1 racing association shall enter into a written agreement under this section that is in violation of, or may be construed as waiving any provision of chapter 67.16 RCW, Title 260 WAC or any applicable federal, state or local law.

(11) Every class 1 racing association approved under this chapter shall file with the commission a monthly statement showing amounts contributed to and balances in the purse fund and the breeders awards fund. This statement shall be filed with the commission no later than twenty-five days after the end of each month.

(12) In determining whether to approve an application under this chapter, the commission shall consider the following factors:

(a) The impacts on all entities conducting business as part of the Washington horse racing industry;

(b) Whether the commission deems the state compliance and monitoring efforts of the state where the authorized advance deposit wagering service provider is located are sufficient for compliance with applicable laws and for the protection of the public and to ensure the integrity of all operations and financial transactions under the agreement between the class 1 racing association and the authorized advance deposit wagering service provider; and

(c) Any other factor the commission identifies on the record as relevant to its determination.

[Statutory Authority: RCW 67.16.020. WSR 16-17-056, § 260-49-020, filed 8/12/16, effective 9/12/16; WSR 04-21-053, § 260-49-020, filed 10/18/04, effective 11/18/04.]

**WAC 260-49-030 Advance deposit wagering service provider license for a class 1 racing association.** (1) A class 1 racing association licensed under chapters 67.16 RCW and 260-13 WAC may apply for a license from the commission to operate as an advance deposit wagering service provider in accordance with chapter 67.16 RCW and this chapter.

(2) An application to operate as an advance deposit wagering service provider must address the requirements of this chapter, and the class 1 racing association shall file with the commission an original and five copies of the application and plan of operation.

(3) As part of the application, the class 1 racing association shall submit a detailed plan of how its proposed advance deposit wagering service provider would operate. At a minimum, the operating plan shall address the following issues:

(a) The manner in which the proposed simulcasting and advance deposit wagering service provider will operate and the regular hours of operation;

(b) Programs for responsible wagering;

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

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

(e) The requirements for accounts established and operated for persons whose principal residence is outside of the state of Washington;

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

(g) 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; and

(h) Any additional information required by the commission.

(4) The commission may require changes in a proposed plan of operations as a condition of granting a license.

(5) The commission may conduct investigations or inspections or request additional information from the class 1 racing association, as it deems appropriate in determining whether to license the class 1 racing association to operate as an advance deposit wagering service provider.

(6) A license authorizes the class 1 racing association to establish, manage and operate an advance deposit wagering service provider. The class 1 racing association shall not subcontract operation of the advance deposit wagering service provider to another person or entity without authorization from the commission. The class 1 racing association shall assume liability in respect to Washington accounts for any subcontractor authorized by the commission.

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

(8) No subsequent changes in the advance deposit wagering service provider's plan of operations may occur unless ordered by the commission or until written approval is obtained from the commission.

(9) The commission, or its staff, shall be given access to review and audit all records and financial information of a class 1 racing association related to the conduct of advance deposit wagering, including resident and nonresident accounts. This information shall be made available to the commission or its staff by the class 1 racing association at its location at reasonable hours. The commission may require the class 1 racing association to annually submit to the commission audited financial statements of the advance deposit wagering service provider.

(10) The class 1 racing association, as the operator of an advance deposit wagering entity shall at least monthly, unless otherwise directed by the commission, deposit directly to the commission's operating account six tenth of one percent of the total gross handle from Washington residents.

(a) The commission shall distribute twenty-five percent of the six tenth of one percent deposit to the Washington bred owners' bonus fund and breeders award account.

(b) The association shall contribute an amount equal to the commission's distribution of the twenty-five percent of the six tenth of one percent into the Washington bred owners' bonus fund and breeders awards prior to the yearly distribution of the awards.

[Statutory Authority: RCW 67.16.020. WSR 16-17-056, § 260-49-030, filed 8/12/16, effective 9/12/16; WSR 04-21-053, § 260-49-030, filed 10/18/04, effective 11/18/04.]

**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.]

**WAC 260-49-050 Establishing an account.** (1) An established account is necessary to place advance deposit wagers. An account may only be established with an authorized advance deposit wagering service provider.

(a) To establish an account, an application form must be signed or otherwise authorized in a manner acceptable to the commission and include:

- (i) The applicant's full legal name;
- (ii) Principal residence address;
- (iii) Telephone number;
- (iv) Proper identification or certification demonstrating that the applicant is at least twenty-one years of age; and
- (v) Any additional information required by the commission.

(b) Each application submitted shall be verified with respect to name, principal residence address, and date of birth by either an independent service provider or another means which meets or exceeds the reliability, security, accuracy, privacy and timeliness provided by an independent service provider. If there is a discrepancy between the application submitted and the information provided by the verification described above or if no information on the applicant is available from such verification process, another individual reference service may be accessed or another technology meeting the requirements described above may be used to verify the information provided. If the applicant's information cannot be verified, the authorized advance deposit wagering service provider shall not establish an account.

(2) Each account shall have a unique identifying account number. The identifying account number may be changed at any time by the advance deposit wagering service provider provided the account holder is given notice in writing prior to the change.

(3) The applicant shall supply a secure personal identification code when the account holder is placing an advance deposit wager. The account holder has the right to change this code at any time.

(4) The holder of the account shall receive at the time the account is approved:

- (a) Unique account identification number;
- (b) Copy of the advance deposit wagering rules and such other information and material that is pertinent to the operation of the account;

(c) Notice that the account holder must be at least twenty-one years of age, and that individuals under the age of twenty-one shall not have access to the account;

(d) Such other information as the authorized advance deposit wagering service provider or the commission may deem appropriate.

(5) Accounts shall only be accepted in the name of a natural person.

(6) The account is nontransferable between natural persons.

(7) The authorized advance deposit wagering 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 an account was false, or that the account has been used in violation of these rules.

(8) Any disputes between an account holder and an authorized advance deposit wagering service provider shall follow the dispute resolution procedures contained in the authorized advance deposit wagering service provider's plan of operations as approved by the commission. If the authorized advance deposit wagering service provider fails to resolve the dispute, the commission may take appropriate action including claims against the bond or other form of financial security.

(9) The authorized advance deposit wagering service provider shall state in all advertising in the state of Washington that residents under the age of twenty-one are not permitted to open, own or have access to an advance deposit wagering account.

(10) If the authorized advance deposit wagering service provider is located in Washington, no account shall be established for any natural person under the age of twenty-one.

[Statutory Authority: RCW 67.16.020. WSR 04-21-053, § 260-49-050, filed 10/18/04, effective 11/18/04.]

**WAC 260-49-060 Operation of an account.** (1) The authorized advance deposit wagering service provider may refuse deposits to an account for what it deems good and sufficient reason.

(2) The authorized advance deposit wagering service provider may suspend any account or close any account at any time provided that when an account is closed, they shall, within seven calendar days, return to the account holder all moneys then on deposit by sending a check to the last known principal residence address.

(3) Credits to an account after the initial establishment of the account may be made as follows:

(a) Deposits to an account by an account holder may be made in the following forms:

(i) Cash, which may be deposited at financial or retail outlets designated by the authorized advance deposit wagering service provider;

(ii) Check, money order or negotiable order of withdrawal given or sent to an authorized advance deposit wagering service provider;

(iii) Charges made to an account holder's credit card or debit card upon the direct and personal instruction of the account holder, if the use of the card has been approved by the authorized advance deposit wagering service provider;

(iv) Transfer by means of an electronic funds transfer from a monetary account controlled by an account holder to his/her account, said account holder to be liable for any charges imposed by the transmitting or receiving entity with such charges to be deducted from the account; or

(v) Funds so deposited will be made available for wagering use in accordance with financial institution funds availability schedules.

(b) Credit for winnings from wagers placed with funds in an account and credit for account wagers on entries that are scratched shall be posted to the account by the authorized advance deposit wagering service provider.

(4) Debits to an account shall be made as follows:

(a) Upon receipt by the authorized advance deposit wagering service provider of an advance deposit wager, the authorized advance de-

posit wagering service provider shall debit the account in the amount of the wager;

(b) For fees for service or other transaction-related charges by the authorized advance deposit wagering service provider;

(c) The authorized advance deposit wagering service provider may close accounts in which there has been no activity for at least six months, returning funds remaining therein to the account holder at his/her last known principal residence address; or

(d) In the event an account holder is deceased, funds accrued in the account shall be released to the decedent's legal representative upon receipt of a copy of a valid death certificate, tax releases or waivers, probate court authorizations or other documents required by applicable laws.

(5) Account holders may communicate instructions concerning advance deposit wagers to the advance deposit wagering service provider in person, by mail, telephone, or other electronic means.

(6) The authorized advance deposit wagering service provider shall not accept wagers from an account holder in an amount in excess of the account balance.

(7) Notwithstanding any other rules, the authorized advance deposit wagering service provider may at any time declare the advance deposit wagering closed for receiving wagers on any parimutuel pool, race, group of races, or closed for all wagering. Any time advance deposit wagering is closed other than coincident with the start of a race, a written report must be filed with the commission within forty-eight hours. Any time the authorized advance deposit wagering service provider is closed during its normal hours of operation a written report must be filed with the commission within forty-eight hours.

(8) The authorized advance deposit wagering service provider has the right at any time and for what it deems good and sufficient reason to refuse to accept all or part of any wager.

(9) Accounts are for the personal use of the account holder. The account holder is responsible for maintaining the secrecy of the account number and his/her personal identification code.

(10) Payment on winning parimutuel wagers and credits for advance deposit wagers on entries which are scratched shall be posted to the credit of the account holder as soon as practicable after the race is declared official.

(11) The authorized advance deposit wagering service provider shall provide written or electronic statements of an individual's account activity at any time upon the request of the account holder.

(12) No employee or agent of the authorized advance deposit wagering service provider shall divulge any confidential information related to the placing of any wager or any confidential information related to the operation of the authorized advance deposit wagering service provider, except to the account holder or as required by these rules, the commission, and as otherwise required by state or federal law, or Title 260 WAC.

[Statutory Authority: RCW 67.16.020. WSR 04-21-053, § 260-49-060, filed 10/18/04, effective 11/18/04.]

**WAC 260-49-070 Distribution of source market fee.** (1) A source market fee shall be paid monthly, unless otherwise directed by the commission, for the source market fee area on all accounts that have Washington as the principal residence address.

(2) The authorized advance deposit wagering service provider shall, at least monthly, unless otherwise directed by the commission, distribute the total source market fee as follows:

(a) One hundred percent of the total source market fee directly to the class 1 racing association.

(b) The class 1 racing association shall submit monthly 2.5 percent of the total source market fee to the commission of which 2.5 percent to be deposited into the Washington bred owners' bonus fund and zero percent to be deposited into the commission's operating account.

(c) The class 1 racing association shall distribute two and one-half percent of the total source market fee to the Washington bred breeder award account as provided in RCW 67.16.175.

(d) The class 1 racing association and the recognized horsemen's organization shall negotiate a separate agreement for contributions to the purse account from the source market fee and submit the agreement for review and approval by the commission. The class 1 racing association shall distribute the horsemen's share of the source market fee in accordance with the horseman's agreement.

(3) The commission shall annually review the distribution of the source market fee. Any changes to the distribution shall be adopted by rule.

[Statutory Authority: RCW 67.16.020. WSR 23-12-024, § 260-49-070, filed 5/26/23, effective 7/1/23; WSR 22-24-110, § 260-49-070, filed 12/7/22, effective 1/7/23; WSR 22-02-047, § 260-49-070, filed 1/3/22, effective 2/3/22; WSR 20-19-062, § 260-49-070, filed 9/11/20, effective 10/12/20; WSR 11-17-056, § 260-49-070, filed 8/15/11, effective 9/15/11. Statutory Authority: RCW 67.16.020 and 67.16.040. WSR 09-21-015, § 260-49-070, filed 10/9/09, effective 11/9/09; WSR 05-19-015, § 260-49-070, filed 9/9/05, effective 10/10/05. Statutory Authority: RCW 67.16.020. WSR 04-21-053, § 260-49-070, filed 10/18/04, effective 11/18/04.]

**WAC 260-49-080 Distribution of source market fee—More than one class 1 racing association.** (1) The source market fee generated from wagers on a class 1 racing association's live races will be distributed to the class 1 racing association conducting that meet after deducting contributions to the commission, one percent owners bonus, breeders awards, and class C purse fund per WAC 260-49-070. The remaining source market fee from the class 1 racing association's live meet shall be distributed in accordance with the agreement between the class 1 racing association and the recognized horsemen's association.

(2) The source market fee generated from races conducted outside Washington shall be allocated proportionate to the gross amount of all sources of parimutuel wagering during each twelve-month period derived from the associations' live race meets after deducting contributions to the commission, one percent owners' bonus, and breeders awards. The remaining proportional share of the source market fee from races conducted outside Washington shall be distributed in accordance with the agreement between the class 1 racing association and the recognized horsemen's association. "All sources of parimutuel wagering" shall mean the total of in-state and out-of-state wagering on the associations' live race meet. This percentage must be calculated annually. The commission shall calculate the proportion of the source market fee

for each class 1 racing association based upon the preceding calendar year. The commission shall inform the authorized advance deposit wagering service provider(s) of the percentage of source market fee to be distributed to each class 1 racing association. The authorized advance deposit wagering service provider(s) shall distribute the source market fee to the class 1 racing associations according to the percentages established by the commission.

(3) A class 1 racing association is not entitled to source market fees until it has completed one race meet in accordance with the requirements of RCW 67.16.200.

(4) A class 1 racing association must complete a live race meet in accordance with RCW 67.16.200 within each succeeding twelve-month period to maintain eligibility to continue participating in advance deposit wagering and to receive a proportionate share of the source market fee.

[Statutory Authority: RCW 67.16.020. WSR 16-17-056, § 260-49-080, filed 8/12/16, effective 9/12/16; WSR 04-21-053, § 260-49-080, filed 10/18/04, effective 11/18/04.]

**WAC 260-49-090 Licensing fees to operate advance deposit wagering.**

(1) Application fees.

(a) A nonrefundable application fee of five thousand dollars must be submitted with all license applications to conduct authorized advance deposit wagering.

(b) The applicant will be billed and shall be responsible for any costs involved in the background checks, investigation, and review of the application in excess of five thousand dollars.

(2) An annual license fee of one thousand dollars shall be payable to the commission on issuance of the original license. Thereafter, the annual renewal license fee shall be one thousand dollars due thirty days prior to the license expiration. The licensee will be billed and shall be responsible for any costs in excess of one thousand dollars associated with the review and investigation of the annual renewal application.

[Statutory Authority: RCW 67.16.020. WSR 04-21-053, § 260-49-090, filed 10/18/04, effective 11/18/04.]

**WAC 260-49-100 Enforcement and penalties.** (1) Any violations of this chapter will be referred to the executive secretary. The executive secretary has sole authority to ensure compliance with these rules, make initial agency determination on violations, and determine penalties for violations.

(2) The executive secretary may suspend or revoke a license issued to an advance deposit wagering service provider, withdraw approval of a contract between a class 1 racing association and an advance deposit wagering service provider and/or impose fines, if the licensee:

(a) Violates any of the requirements of chapter 67.16 RCW or these rules;

(b) Fails to provide a bond or letter of credit or evidence thereof in another jurisdiction to the satisfaction of the commission;

(c) Fails to make payments in a timely manner as required by these rules;

(d) Fails to comply with any conditions on the license imposed by the commission;

(e) Has demonstrated willful disregard for complying with ordinances, statutes, administrative rules, or court orders, whether at the local, state, or federal level. This includes, but is not limited to, failure to make required payments to other state regulatory agencies;

(f) Poses a threat to the effective regulation of wagering or creates or increases the likelihood of unfair or illegal practices, methods, and activities in the conduct of wagering activities, as demonstrated through the prior activities, criminal record, reputation, habits, or associations;

(g) Fails to provide at the office of the commission any information required under the commission's rules within the time required therefore by applicable rule, or if no maximum time has been established respecting the particular kind of information by other rule, then within thirty days after receiving a written request therefore from the commission or its staff;

(h) Commits, or has committed, any other act that the executive secretary determines constitutes a sufficient reason in the public interest for denying, suspending, or revoking licenses or approval of agreements.

(3) The executive secretary will afford a licensee the opportunity for a conference prior to denial, suspending or revoking a license or imposing fines, and shall provide a class 1 racing association and/or an authorized advance deposit wagering service provider a conference on refusal of approval or withdrawal of approval of the agreement between the association and the service provider.

(4) The executive secretary has authority to ensure compliance with these regulations, including, but not limited to, injunctive relief and the imposition of fines, suspensions and revocation of license and repayment of outstanding source market fees.

(5) If the executive secretary imposes a fine, suspension, or revocation of license, the applicant or licensee may request a hearing before the commission.

[Statutory Authority: RCW 67.16.020 and 67.16.040. WSR 08-07-039, § 260-49-100, filed 3/13/08, effective 4/13/08. Statutory Authority: RCW 67.16.020. WSR 04-21-053, § 260-49-100, filed 10/18/04, effective 11/18/04.]