

**RULE 4  
OPERATION OF GAMING ESTABLISHMENTS**

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**4.010 Methods of operation.**

1. It is the policy of the Commission to require that all establishments wherein gaming is conducted in this state be operated in a manner suitable to protect the public health, safety, morals, good order and general welfare of the inhabitants of the State of Arkansas.

2. Responsibility for the employment and maintenance of suitable methods of operation rests with the licensee, and willful or persistent use or toleration of methods of operation deemed unsuitable will constitute grounds for license revocation or other disciplinary action.

3. In the case of a franchise holder and other casino licensees with previous gaming experience, the Commission shall be authorized to approve certain system, network, operational, and other standards necessary to implement Casino gaming on a temporary and immediate basis

as long as a deadline for full-compliance with permanent standards is provided at the time of approval. Extensions may be approved by the Commission if justification is provided to show that such additional time in the temporary environment is reasonably necessary.

**4.011 Grounds for disciplinary action.** The Commission deem any activity on the part of any licensee, the licensee's agents or employees, that is inimical to the public health, safety, morals, good order and general welfare of the people of the State of Arkansas, or that would reflect or tend to reflect discredit upon the State of Arkansas or the gaming industry, to be an unsuitable method of operation and shall be grounds for disciplinary action by the Commission in accordance with the Amendment and the Rules of the Commission. Without limiting the generality of the foregoing, the following acts or omissions may be determined to be unsuitable methods of operation:

1. Failure to exercise discretion and sound judgment to prevent incidents which might reflect on the repute of the State of Arkansas and act as a detriment to the development of the industry.

2. Permitting persons who are visibly impaired by alcohol or any other drug to participate in gaming activity.

3. Complimentary service of intoxicating beverages in the casino area to persons who are visibly impaired by alcohol or any other drug.

4. Failure to conduct advertising and public relations activities in accordance with decency, dignity, good taste, honesty and inoffensiveness, including, but not limited to, advertising that is false or materially misleading.

5. Catering to, assisting, employing or associating with, either socially or in business affairs, persons of notorious or unsavory reputation or who have extensive police records, or persons who have defied congressional investigative committees, or other officially constituted bodies acting on behalf of the United States, or any state, or persons who are associated with or support subversive movements, or the employing either directly or through a contract, or any other means, of any firm or individual in any capacity where the repute of the State of Arkansas or the gaming industry is liable to be damaged because of the unsuitability of the firm or individual or because of the unethical methods of operation of the firm or individual.

6. Employing in a position for which the individual could be required to be licensed as a key employee pursuant to the provisions these Rules, any person who has been denied a state Casino license on the grounds of unsuitability or who has failed or refused to apply for licensing as a key employee when so requested by the Commission.

7. Employing in any gaming operation any person whom the Commission or any court has found guilty of cheating or using any improper device in connection with any game, whether as a licensee, dealer, or player at a licensed game or device; as well as any person whose conduct of a licensed game as a dealer or other employee of a licensee resulted in revocation or suspension of the license of such licensee.

8. Failure to comply with or make provision for compliance with all federal, state and local laws and Rules and with all Commission approved conditions and limitations pertaining to the operations of a licensed establishment including, without limiting the generality of the foregoing,

payment of all license fees, withholding any payroll taxes, liquor and entertainment taxes and antitrust and monopoly statutes.

The Commission in the exercise of its sound discretion can make its own determination of whether or not the licensee has failed to comply with the aforementioned, but any such determination shall make use of the established precedents in interpreting the language of the applicable statutes. Nothing in this section shall be deemed to affect any right to judicial review.

9. (a) Possessing or permitting to remain in or upon any licensed premises any cards, dice, mechanical device or any other cheating device whatever, the use of which is prohibited by statute or ordinance, or

(b) Conducting, carrying on, operating or dealing any cheating or thieving game or device on the premises, either knowingly or unknowingly, which may have in any manner been marked, tampered with or otherwise placed in a condition, or operated in a manner, which tends to deceive the public or which might make the game more liable to win or lose, or which tends to alter the normal random selection of criteria which determine the results of the game.

10. Failure to conduct gaming operations in accordance with proper standards of custom, decorum and decency, or permit any type of conduct in the gaming establishment which reflects or tends to reflect on the repute of the State of Arkansas and act as a detriment to the gaming industry.

11. Whenever a licensed game or a slot machine, as defined in the Amendment, is available for play by the public:

(a) At a Casino location, failure to have an employee of the licensee present on the premises to supervise the operation of the game or machine;

(b) At a restricted location, failure to have a responsible person who is at least 21 years old present on the premises to supervise the operation of the game or machine.

12. Except as provided in these Rules and except as to transfers of interest under these Rules, the sale or assignment of any gaming credit instrument by a licensee, unless the sale is to a publicly traded or other bona fide financial institution pursuant to a written contract, and the transaction and the terms of the contract, including but not limited to the discount rate, are reported to the Commission for approval pursuant to these Rules.

13. Issuing credit to a patron to enable the patron to satisfy a debt owed to another licensee or person, including an affiliate of the licensee. This subsection shall not prohibit a licensee from collecting a debt owed to an affiliate of the licensee.

14. Denying any Commission member or agent, upon proper and lawful demand, access to, inspection or disclosure of any portion or aspect of a gaming establishment as authorized by applicable statutes and Rules.

**4.014 Criminal convictions as grounds for revocation or suspension.** The Commission may revoke or suspend the Casino license or finding of suitability of a person who is convicted of a crime, even though the convicted person's post-conviction rights and remedies have not been exhausted, if the crime or conviction discredits or tends to discredit the State of Arkansas or the gaming industry.

#### **4.025 Operation of keno games.**

1. As used in this Rule, "Director" means the Commission of the Arkansas Commission or the Commission's designee.

2. A licensee authorized to operate a keno game shall not increase the limits of winning tickets or the value of a keno game or a progressive keno game to an amount exceeding the total maximum sum of \$250,000 on any one game unless the licensee installs and uses a computerized keno system that satisfied the specification approved by the Commission.

3. A licensee shall not operate a keno game or progressive keno game with limits on winning tickets or the value of the keno game exceeding the total maximum sum of \$250,000 on any one game without the prior written approval of the Commission.

4. The Commission may:

(a) Require that a limit be imposed on a progressive keno game, or that the limits of winning tickets or the value of a keno game or a progressive keno game be decreased, if such a limit or decrease is deemed necessary for the licensee to maintain sufficient minimum bankroll requirements pursuant to these Rules; or

(b) Require the licensee to at all times maintain a reserve in the form of cash, cash equivalent, a bond, or a combination thereof in an amount determined by the Commission. Subject to the discretion of the Commission, the reserve provided for by this paragraph must be created and maintained in the same manner as a reserve required by these Rules.

5. Progressive keno is further subject to the provisions of these Rules governing progressive payoff schedules.

**4.030 Violation of law or Rules.** Violation of any provision of the Amendment or of these Rules by a licensee, the licensee's agent or employee shall be deemed contrary to the public health, safety, morals, good order and general welfare of the inhabitants of the State of Arkansas and grounds for suspension or revocation of a license and a fine in an amount of up to \$100,000. Acceptance of a state Casino license or renewal thereof by a licensee constitutes an agreement on the part of the licensee to be bound by all of the Rules of the Commission as the same now are or may hereafter be amended or promulgated. It is the responsibility of the licensee to keep informed of the content of all such Rules, and ignorance thereof will not excuse violations.

**4.040 Investigation of conduct of licensees, generally.** A Casino license is a revocable privilege, and no holder thereof shall be deemed to have acquired any vested rights therein or thereunder. The burden of proving his or her qualifications to hold any license rests at all times on the licensee. The Commission is charged by law with the duty of observing the conduct of all licensees to the end that licenses shall not be held by unqualified or disqualified persons or unsuitable persons or persons whose operations are conducted in an unsuitable manner.

**4.045 Compliance review and reporting system.**

1. Whenever the Commission is acting upon any application of a licensee, and if the Commission determines that special circumstances exist which require additional management review by a licensee, the Commission may impose a condition upon any license or order of registration to require implementation of a compliance review and reporting system by the licensee.

2. The terms of the condition may include, but shall not be limited to:

(a) That the condition shall expire on a certain date or after a designated period of time without Commission action;

(b) That the condition may be administratively removed by the Commission should a specified activity cease or a specified event occur; or

(c) That a periodic review shall be conducted by the Commission and upon such review the Commission may remove or continue to require the condition.

4. The compliance review and reporting system shall be created for the purpose of monitoring activities relating to the licensee's continuing qualifications under the provisions of the Amendment and Rules of the Commission in accordance with a written plan to be approved by the Commission administratively or as otherwise ordered by the Commission.

5. The written plan must provide for the operation of the compliance review and reporting system and must designate who shall be responsible for said system. The plan must provide for involvement of at least one person knowledgeable of the provisions of the Amendment and the Rules of the Commission. The plan must require periodic reports to senior management of the licensee. Such reports shall be advisory and the licensee shall maintain responsibility for compliance with the Amendment and Rules of the Commission. Copies of the reports must be provided to the Commission.

6. The activities to be monitored must be set forth in the written plan and must be determined by the circumstances applicable to the licensee. Without limitation, the activities that may be required to be monitored pursuant to the compliance review and reporting system include the following:

(a) Associations with persons denied licensing or other related approvals by the Commission or who may be deemed to be unsuitable to be associated with a licensee;

(b) Business practices or procedures that may constitute grounds for denial of a Casino license or registration;

(c) Compliance with other special conditions that may be imposed by the Commission upon the licensee;

(d) Review of reports submitted pursuant to the Amendment and Rules of the Commission;

(e) Compliance with the laws, regulations, or orders of duly constituted governmental agencies or entities having jurisdiction over the gaming affairs, or such other business activities which the Commission may deem necessary or proper, of the licensee, registrant, or its affiliates; and

(f) Review of such other activities determined by the Commission as being relevant to the licensee's continuing qualifications under the provisions of Amendment 100 and the Rules of the Commission.

**4.050 Information to be furnished by licensees.** Every licensee shall report to the Commission annual the full name and address of every person, including lending agencies, who has any right to share in the profits of such licensed games, whether as an owner, assignee, landlord or otherwise, or to whom any interest or share in the profits of any licensed game has been pledged or hypothecated as security for a debt or deposited as a security for the performance of any act or to secure the performance of a contract of sale. Such report shall be submitted concurrently with application for renewal of license.

#### **4.055 Reports of violations and of felony convictions.**

1. Each licensee shall immediately notify the on-site DF&A representatives by means acceptable to the Commission of the discovery of any violation or suspected violation of any gaming law regarding which the licensee has notified the local police or sheriff.

2. Each licensee, as relevant, shall immediately notify the on-site DF&A representatives by means acceptable to the Commission or, for reports pursuant to subsection (b) and (c), by telephone or via email, of:

(a) The discovery of any violation of any gaming law;

(b) The discovery of any suspected theft, larceny, embezzlement or other crime involving property, if such crime has been committed against a licensee or club venue operator or patron of a licensee or while on the premises of a licensee, by a gaming employee, a person required to be registered pursuant to these Rules, or any other person who has received an approval from the Commission, and the person allegedly committing the crime has been separated from employment or whose business relationship with the licensee has been terminated, regardless of whether such crime is a misdemeanor, gross misdemeanor or felony;

(c) The discovery of any suspected unlawful possession, sale, or use of a controlled substance on the premises of the licensee, if such possession, sale or use was committed by a gaming employee, a person required to be registered pursuant to these Rules, or any other person who has received an approval from the Commission, and the person allegedly committing the crime has been separated from employment or whose business relationship with the licensee has been terminated; and

(d) Any suspected violation of any gaming law regarding which the licensee has notified the local police or sheriff.

2. Any person holding a license, registration, or finding of suitability that is convicted of a felony in this state or is convicted of an offense in another state or jurisdiction which would be a felony if committed in this state shall notify the on-site DF&A representatives in writing within 10 business days of such conviction.

#### **4.060 Access to premises and production of records.**

1. No applicant, licensee or enrolled person shall neglect or refuse to produce records or evidence or to give information upon proper and lawful demand by the Commission, or shall otherwise interfere, or attempt to interfere, with any proper and lawful efforts by the Commission to produce such information.

2. Each Casino licensee, licensed manufacturer, and licensed distributor or seller shall immediately make available for inspection by the Commission all papers, books and records produced by any gaming business and all portions of the premises where gaming is conducted or where gambling devices or equipment are manufactured, sold or distributed. The Commission shall be given immediate access to any portion of the premises of any Casino licensee, licensed manufacturer or licensed distributor or seller for the purpose of inspecting or examining any records or documents required to be kept by such licensee under the Rules of the Commission, and any gaming device or equipment or the conduct of any gaming activity.

3. Access to the areas and records may be inspected or examined by the Commission shall be granted upon request by the Commission to any Commission member or agent who the Commission designates.

**4.070 Summoning of licensee.** The Commission may summon any licensee or the licensee's agents or employees to appear to testify before it or its agents with regard to the conduct of any licensee or the agents or employees of any licensee. All such testimony shall be under oath and may embrace any matters which the Commission or its agents may deem relevant to the discharge of its official duties. Any person so summoned to appear shall have the right to be represented by counsel. Any testimony so taken may be used by the Commission as evidence in any proceeding or matter then before it or the Commission or which may later come before it or the Commission. Failure to so appear and testify fully at the time and place designated, unless excused, shall constitute grounds for the revocation or suspension of any license held by the person summoned, his or her principal or employer.

**4.085 Unauthorized games.** No licensee shall permit any game other than those specifically authorized by the Commission's Rules to be operated without first applying for and receiving permission from the Commission to operate such game.

**4.090 Unlicensed games or devices.**

1. No unlicensed gambling games shall be operated upon the premises of a licensee.

2. Whenever a licensee desires to temporarily remove or suspend a game from a licensed status, the licensee shall provide advanced written notice to the Commission stating the type and number of games sought to be suspended, the initial date and duration of the proposed suspension, and in addition to such notice, the licensee shall thereafter physically remove the gaming device from any area exposed to the public; provided, however, a gaming device may remain in a public area while in an unlicensed status if the licensee, in addition to the foregoing written notification, removes from the gaming device all detachable fixtures such as drop boxes, chip racks, wheelheads, cages, and other similar removable items, and also covers any nondetachable chip rack and any chip rack space with a device capable of being locked and sealed in place; thereafter, the gaming device shall be inspected and sealed by the Commission and allowed to remain in a public area.

3. Before any game or gaming device suspended from a licensed status in accordance with the foregoing procedure may be reactivated and placed into play, the licensee shall advise the on-site DF&A representatives in writing of its intention and date to reactivate such game, and pay all fees and taxes applicable to said game, and upon the on-site DF&A representative's reinspection of any gaming device previously sealed, the game may be exposed to play.

**4.110 In-house progressive payoff schedules.**

1. As used in this section:

(a) "Base amount" means the amount of a progressive payoff schedule initially offered before it increases.

(b) "Director" means the Commission of the Arkansas Commission or the Commission's designee.

(c) "Incremental amount" means the difference between the amount of a progressive payoff schedule and its base amount.

(d) "Progressive payoff schedule" means a game or machine payoff schedule, including those associated with contests, tournaments or promotions, that increases automatically over time or as the game(s) or machine(s) are played.

2. The amount of a progressive payoff schedule shall be conspicuously displayed at or near the games or machines to which the payoff schedule applies. Each licensee shall record the base amount of each progressive payoff schedule when first exposed for play and subsequent to each payoff. At least once a month each licensee shall log the amount of each progressive payoff schedule at the licensee's establishment except for those that can be paid directly from a slot machine's hopper or those offered in conjunction with an inter-casino linked system. Explanations for reading decreases shall be maintained with the progressive logs. When the reduction is attributable to a payoff, the licensee shall record the payoff form number on the log or have the number reasonably available.

3. A licensee may change the rate of progression of any progressive payoff schedule provided that records of such changes are created.

4. A licensee may limit a progressive payoff schedule to an amount that is equal to or greater than the amount of the payoff schedule when the limit is imposed. The licensee shall post a conspicuous notice of the limit at or near the game(s) or machine(s) to which the limit applies.

5. A licensee shall not reduce the amount of a progressive payoff schedule or otherwise eliminate a progressive payoff schedule unless:

(a) A player wins the progressive payoff schedule;

(b) The licensee adjusts the progressive payoff schedule to correct a malfunction or to prevent the display of an amount greater than a limit imposed pursuant to subsection 4, and the licensee documents the adjustment and the reasons for it;

(c) The licensee distributes the entire incremental amount to another progressive payoff schedule on similar game(s) or machine(s) at the licensee's establishment or any other contest, tournament or promotion and:

(1) The licensee documents the distribution;

(2) Any game or slot machine offering the payoff schedule to which the licensee distributes the incremental amount does not require that more money be played on a single play to win the payoff schedule than the game or slot machine from which the incremental amount is distributed unless the incremental amount distributed is increased in proportion to the increase in the amount of the wager required to win the payoff schedule;

(3) If from a slot machine, any slot machine offering the payoff schedule to which the incremental amount is distributed complies with the minimum theoretical payout requirement of these Rules; and

(4) The distribution is completed within 180 days after the progressive payoff schedule is removed from play or within such longer period as the Commission may for good cause approve;

(d) For games other than slot machines, the incremental amount may be distributed within 180 days of removal through a concluding contest, tournament or promotion and the contest, tournament or promotion is conducted with a game(s) similar to the game(s) from which the amounts are distributed; or

(e) The Commission, upon a showing of exceptional circumstances, approves a reduction, elimination, distribution, or procedure not otherwise described in this subsection, which approval is confirmed in writing.



6. A progressive payoff schedule may be temporarily removed for a period of up to 30 days to allow for the remodeling of the licensed gaming establishment, or for such longer period or other good cause as the Commission may approve.

7. Except as otherwise provided by this section, the incremental amount of a progressive payoff schedule is an obligation to the licensee's patrons, and it shall be the responsibility of the licensee if the licensee ceases operation of the progressive game or slot machine for any reason, including a transfer of ownership of the licensed gaming establishment, to arrange for satisfaction of that obligation in a manner approved by the Commission.

8. Licensees shall maintain the records required by this section for at least five years after they are made unless the Commission approves otherwise in writing.

#### **4.112 Inter-casino linked payoff schedules.**

1. As used in this section:

(a) "Base amount" means the amount of a progressive payoff schedule initially offered before it increases.

(b) "Director" means the Commission of the Arkansas Commission or the Commission's designee.

(c) "Fixed payoff schedule" means a payoff schedule determined prior to the time the inter-casino linked system is offered to the public for play that does not increase automatically over time or as the inter-casino linked system is played.

(d) "Incremental amount" means the difference between the amount of a progressive payoff schedule and its base amount.

(e) "Operator" means any person or entity holding a license to operate a Casino that operates an inter-casino linked system for affiliates.

(f) "Progressive payoff schedule" means a payoff schedule that increases automatically over time or as the inter-casino linked system is played.

(g) "Reset fund" means monies collected pursuant to a contribution schedule set by an operator that are intended to be used for the funding of future progressive payoff schedules.

2. Inter-casino linked systems shall have signs or award cards which conspicuously display:

(a) The fixed payoff schedules at or near each game and on each machine;

(b) The current progressive payoff schedules at or near all games or machines; and

(c) Rules and, if applicable, the specific qualifying and final round date(s) for tournaments or contests

at or near all games or machines.

3. Each operator shall record the base amount of each progressive payoff schedule when first exposed for play and subsequent to each payoff. At least once each day, the operator must record on a log the amount of the progressive payoff schedule. Explanations for decreases in the payoff schedule shall be maintained with the progressive logs.

4. Subject to compliance with the minimum rate of progression requirements set forth in these Rules, an operator may change the rate of progression, including those between multiple progressive payoff schedules and reset funds, provided that records of such changes are created and maintained. The operator, upon request, shall provide such information to the Commission and participating locations.

5. An operator may limit the amount of progressive payoff schedule to an amount that is equal to or greater than the amount of the progressive payoff schedule when the limit is imposed. The operator shall post a conspicuous notice of the limit at or near each game or machine to which the limit applies. An operator shall notify the Commission and the participating locations of such limitation, in writing, contemporaneously with the imposition of such limitation.

6. An operator, including an operator that ceases operations, shall not reduce the amount of a progressive payoff schedule or otherwise eliminate a progressive payoff schedule unless:

(a) A player wins the progressive payoff schedule and any reset fund;

(b) For games other than slot machines, the incremental amount of the progressive payoff schedule(s) and any reset fund may be distributed within 180 days of removal through a concluding contest, tournament or promotion and the contest, tournament or promotion is conducted with a game(s) similar to the game(s) from which the amounts are distributed;

(c) The progressive payoff schedule is adjusted to correct a malfunction or to prevent the display of an amount greater than a limit imposed by subsection 5, and the operator documents the adjustment and the reasons for it;

(d) The operator distributes the entire incremental amount and any reset fund to another single inter-casino linked payoff schedule and reset fund, whether progressive or not, on similar games or machines at substantially the same locations, and:

(1) The operator documents the distribution;

(2) Any game or slot machine offering the payoff schedule to which the operator distributes the incremental amount or reset fund does not require that more money be played on a single play to win the payoff schedule than the game or slot machine from which the incremental amount or reset fund is distributed unless the incremental amount distributed is increased in proportion to the increase in the amount of the wager required to win the payoff schedule;

(3) If from a slot machine, any slot machine offering the payoff schedule to which the incremental amount or reset fund is distributed complies with the minimum theoretical payout requirement of these Rules; and

(4) The distribution is completed within 30 days after the progressive payoff schedule or reset fund is removed from play or within such longer period as the Commission may for good cause approve; or

(e) The Commission, upon a showing of exceptional circumstances, approves a reduction, elimination, distribution, or procedure not otherwise described in this subsection, which approval is confirmed in writing.

7. An operator may remove from a licensee's premises games or machines with progressive payoff schedules which are part of an inter-casino linked system if the payoff schedule is otherwise available for play in the same city, or such other geographic area as may be determined by the Commission.

8. Operators shall maintain the records required by this section for at least five years after the records are made unless the Commission approves otherwise in writing.

#### **4.115 Periodic payments.**

1. Except as provided in this Rule, a licensee shall remit the total prizes awarded to a patron as the result of conducting any game, including a race book or sports pool, tournament, contest, or promotional activity (hereinafter collectively referred to as "gaming or promotional activity")

conducted in Arkansas or arising from the operation of a multi-jurisdictional progressive prize system upon validation of the prize payout.

2. As used in this section of the Rule:
- (a) “Approved funding sources” means cash or U.S. Treasury securities that are used for the funding of a trust pursuant to these Rules or the reserve method of funding periodic payments pursuant to these Rules.
  - (b) “Brokerage firm” means an entity that:
    - (1) Is both a broker-dealer and an investment adviser;
    - (2) Has one or more classes of its equity securities listed on the New York Stock Exchange or American Stock Exchange, or is a wholly-owned subsidiary of such an entity; and
    - (3) Has assets under management in an amount of \$10 billion or more as reported in its most recent report on Form 10-K or Form 10-Q filed with the United States Securities and Exchange Commission, or is a wholly-owned subsidiary of such an entity.
  - (c) “Broker-dealer” means any person engaged in the business of effecting transactions in securities for the account of others or for the person’s own account; and:
    - (1) Is licensed as a broker-dealer with the Arkansas Securities Department; or
    - (2) Is exempt from licensing and is registered as a broker-dealer with the United States Securities and Exchange Commission and the National Association of Securities Dealers pursuant to Title 15 USC 780 as amended.
  - (d) “Director” means the Commission of the Arkansas Commission or the Commission’s designee.
  - (e) “Date of calculation” means the last day for which a discount rate was obtained prior to the conclusion of the validation period.
  - (f) “Discount rate” means the current prime rate as published in the Wall Street Journal. For those licensees using the reserve method of funding pursuant to these Rules, “discount rate” means either: (i) the aforementioned current prime rate, or (ii) a blended rate computed from the various U.S. Treasury securities selected by the licensee for which quotes are obtained at least three times a month.
  - (g) “Independent financial institution” means an institution that is not affiliated through common ownership with the licensee and is either:
    - (1) A bank or national banking association that is authorized to do business in this state, a banking corporation formed or regulated under the laws of this state or a wholly-owned subsidiary of such a banking association or corporation that is formed or regulated under the laws of this state or a national bank with an office in Arkansas; or
    - (2) An insurance company admitted to transact insurance in the State of Arkansas with an A.M. Best Insurance rating of at least “A+” or such other equivalent rating.
  - (h) “Investment adviser” means any person who, for compensation, engages in the business of advising others as to the value of securities or as to the advisability of investing in, purchasing or selling securities, or who, for compensation and as a part of a regular business issues or promulgates analyses or reports concerning securities and:
    - (1) Is registered as an investment adviser with the Arkansas Securities Department; or
    - (2) Is registered as an investment adviser with the United States Securities and Exchange Commission pursuant to Title 15 USC 80b-3a, as amended.
  - (i) “Periodic payments,” for purposes of this Rule only, means a series of payments that are paid at least annually for prizes awarded through gaming or promotional activity.

- (j) “Present value” means the current value of a future payment or series of payments, discounted using the discount rate.
- (k) “Qualified prize” means the sum of periodic payments, awarded to a patron as a result of any gaming or promotional activity, payable over a period of at least 10 years.
- (l) “Qualified prize option” means an option that entitles a patron to receive from a licensee a single cash payment in lieu of receiving a qualified prize, or any remaining portion thereof, which shall be exercised no later than 60 days after validation of the qualified prize.
- (m) “Reserve” means a restricted account consisting of approved funding sources used exclusively to satisfy periodic payments of prizes arising from all gaming or promotional activity conducted in Arkansas, including such prizes arising from the operation of a multi-jurisdictional progressive prize system, and includes any existing funding methods previously approved by the Commission. The reserve shall not be less than the sum of the following:
  - (1) The present value of the aggregate remaining balances owed on all prizes awarded to patrons who are receiving periodic payments. For balances previously funded using U.S. Treasury securities, the discount rate on the date of funding shall be used for calculating the present value of the reserve.
  - (2) An amount sufficient to pay the single cash payments offered in conjunction with qualified prize options for prizes previously awarded for which elections have not been made by the patrons;
  - (3) An amount sufficient to fully fund the present value of all prizes currently on public display for which periodic payments are offered;
  - (4) If cash is used as the approved funding source, an amount equal to satisfy the current liabilities to all patrons receiving periodic payments due and payable within 12 months; and
  - (5) Any additional amounts administratively required by the Commission.

□ As used in this paragraph, the term “multi-jurisdictional progressive prize system” shall have the meaning ascribed by these Rules.
- (n) “Restricted account” means an account with an independent financial institution described in these Rules, or a brokerage firm, which is to be exclusively used for the reserve method of funding of gaming or promotional activity as provided in this Rule.
- (o) “Single cash payment” means a single discounted, lump-sum cash payment in the amount of the present value of the total periodic payments otherwise due and owing for a qualified prize, less the amount of any partial payment of such qualified prize previously made by the licensee to a patron.
- (p) “Trust” means an irrevocable fiduciary relationship in which one person is the holder of the title to the property subject to an equitable obligation to keep or use the property for the benefit of another.
- (q) “U.S. Treasury securities” means a negotiable debt obligation issued and guaranteed by the U.S. government.
- (r) “Validation period” means the period of time between when a patron has met the conditions required to receive a prize, and when the prize payout is validated. The validation period shall not exceed 72 hours, unless otherwise extended by the Commission.

3. Periodic payments of prizes awarded to a patron as a result of conducting any gaming or promotional activity may be made if the method of funding the periodic payments provides such payments to a patron through the establishment of any one of the following funding methods:

- (a) An irrevocable surety bond or an irrevocable letter of credit with an independent financial institution which will provide for either the periodic payments or a single cash payment for the remaining periodic payments should the licensee default on paying the scheduled periodic payments for any reason. The form of the written agreement establishing an irrevocable surety bond or the irrevocable letter of credit, and a written commitment to execute such bond or letter from the financial institution, shall be submitted to the Commission for approval no less than 45 days prior to the commencement of the gaming or promotional activity.
- (b) An irrevocable trust with an independent financial institution in accordance with a written trust agreement, the form of which shall be submitted to the Commission for approval at least 45 days prior to the commencement of any new gaming or promotional activity, and which provides periodic payments from an unallocated pool of assets to a group of patrons and which shall expressly prohibit the patron from encumbering, assigning or otherwise transferring in any way the patron's right to receive the deferred portion of the prizes except to the patron's estate. The assets of the trust shall consist of approved funding sources in an amount sufficient to meet the periodic payments as required.
- (c) A reserve maintained at all times by a licensee, together with the continuing satisfaction of and compliance with certain financial ratios and tests, and monitoring and reporting procedures related thereto. The conditions under which a reserve method may be used shall be prescribed by the Commission in a written notice distributed to licensees and all interested persons. Licensees shall notify the Commission in writing at least 45 days prior to the commencement of any new gaming or promotional activity for which periodic payments may be used. Unless otherwise informed within such time period in writing by the Commission and assuming a stop order has not been issued during such period, the use of a reserve method for funding periodic payments shall be deemed approved.
- (d) Another method of providing the periodic payments to a patron consistent with the purpose of this Rule and which is approved by the Commission prior to the commencement of the gaming or promotional activity. Proposed modifications to a periodic payment plan previously approved by the Commission shall be submitted to the Commission for review at least 45 days prior to the effective date of the change. The Commission, after whatever investigation or review the Commission deems necessary, may administratively approve the modification or require the licensee to submit the requested modification to the Commission for review and approval.

4. The funding of periodic payment plans shall be completed within 30 days of the conclusion of the validation period, or where a qualified prize option is offered for such prize payout, within 30 days of the date the patron makes an election thereunder. Where a single cash payment is elected, the licensee shall pay to the patron in cash, certified check or wire transfer the full amount less any prior payment(s) within 15 days after receiving the patron's written notification of such election.

5. Periodic payments shall not be used for prize payouts of \$100,000 or less. Periodic payments for total amounts won greater than \$100,000 shall be paid as follows:

- (a) For amounts won greater than \$100,000, but less than \$200,000, payments shall be at least \$10,000 annually;

- (b) For amounts won greater than \$200,000 or more, payments shall be no less than 1/20th of the total amount annually;
- (c) For amounts won equal to or in excess of \$5,000,000, payments shall be made in the manner set forth in (b), above, or in such manner as approved by the Commission upon application by the licensee; and
- (d) The first installment payment shall be made upon the conclusion of the validation period, notwithstanding that a qualified prize option may be offered to the patron. In the event that a qualified prize option is offered to a patron, it shall not be construed as a requirement that the patron shall receive a single cash payment instead of periodic payments.

Waivers of subsections (a), (b) and (c) of this section that have been previously granted by the Commission shall remain in full force and effect pursuant to the current terms and provisions of such waivers.

6. The licensee shall provide the Commission with an appropriate, signed legal document, prior to the commencement of any gaming or promotional activity for which periodic payments are to be offered, that shall irrevocably and unconditionally remise, release, indemnify and forever discharge the State of Arkansas, the Commission, and their members, employees, agents and representatives, including those of the Attorney General's Office, of and from any and all claims, actions, causes of actions, losses, damages, liabilities, costs, expenses and suits of any nature whatsoever, in law or equity, including reasonable attorney's fees, arising from any act or omission of the Commission, and their members, employees, agents and representatives.

7. For any gaming or promotional activity for which periodic payments are used, the licensee shall provide a notice on each gaming device or, if no gaming device is used, then in each gaming or promotional area specifically setting forth the terms of the periodic payment plan, and include in all radio, television, other electronic media, or print advertising that such prizes will be awarded using periodic payments.

8. Notwithstanding any other Rule to the contrary, if a licensee offers a qualified prize option to a patron who is awarded a qualified prize, the licensee shall provide the option to the patron in writing within five days after the conclusion of the validation period. Such written option shall explain the method used to compute the single cash payment, including the discount rate as of the date of calculation, and shall state that the patron is under no obligation to accept the offer of a single cash payment and may nevertheless elect to receive periodic payments for the qualified prize.

9. The licensee shall maintain the following amounts, as applicable, related to each gaming or promotional activity that uses periodic payments in calculating its minimum bankroll requirement for the purpose of complying with these Rules:

- (a) For periodic payment plans approved in accordance with these Rules, the installment payments due within the next 12-month period for all amounts won or on public display for which the licensee will be making periodic payments.
- (b) For periodic payment plans approved in accordance with these Rules, the first installment payment, if not yet paid, and the present value of all future payments:
  - (1) For amounts won or awarded but for which the funding has not been completed; and

(2) For all prizes which have not been won or awarded but are on public display, including a progressive meter.

(c) An alternative amount and/or method required by the Commission to satisfy the minimum bankroll requirement for other approved funding plans used for periodic payments.

10. At all times the licensee is responsible for the payment of all prizes resulting from any gaming or promotional activity upon conclusion of the validation period, regardless of the method used to fund the periodic payments allowed under this Rule. In the event of a default by any financial institution with which the licensee has contracted to guarantee or make periodic payments, the licensee will be liable for the periodic payments owed to patrons.

11. At least annually, the licensee shall verify that the independent financial institution and brokerage firm being used to guarantee or remit periodic payments to patrons or to hold approved funding sources related thereto continues to meet the applicable qualifications required by these Rules. In the event that such entities are found to no longer meet the defined requirements, the licensee shall immediately notify the Commission of the change in status and within 30 days provide a written plan to comply with these requirements.

12. At least 60 days prior to the cessation of operations, a licensee responsible for remitting periodic payments to patrons shall submit a plan to satisfy the liability for approval. The Commission, after whatever investigation or review the Commission deems necessary, may approve the plan.

13. Copies of the related contracts and agreements executed pursuant to these Rules shall be submitted to the Commission within 30 days after execution. For all methods of funding periodic payments, the licensee must maintain documents, executed contracts and agreements for a period no less than the duration of the periodic payments plus five years thereafter.

14. Where a licensee is found to be in noncompliance with the funding requirements provided in this Rule, the Commission may require the licensee to immediately cease offering any gaming or promotional activity for which periodic payments are used or the Commission may require other corrective action.

15. Any failure of the licensee to maintain full compliance with each and every provision set forth in this Rule, including the Commission's requirements established pursuant to these Rules, or any failure of the licensee to immediately notify the Commission of any noncompliance thereof, shall constitute an unsuitable method of operation. Such noncompliance may subject the licensee to disciplinary action.

#### **4.120 Finder's fees.**

1. Except as limited by subsection 2, the term "finder's fee" means any compensation in money in excess of the sum of \$10,000, or real or personal property valued in excess of the sum of \$10,000 which is paid or transferred or agreed to be paid or transferred to any person in consideration for the arranging or negotiation of an extension of credit to a licensee, a registered company, or applicant for licensing if the proceeds of such extension of credit are intended to be used for any of the following purposes:

- (a) The acquisition of an interest in a gaming establishment or registered company.
- (b) To finance the gaming operations of a licensed gaming establishment.

2. The term "finder's fee" shall not include:

- (a) Compensation to the person who extends the credit.
- (b) Normal and customary payments to employees of the person to whom the credit is extended if the arranging or negotiation of credit is part of their normal duties.
- (c) Normal and customary payments for bona fide professional services rendered by lawyers, accountants, engineers and appraisers.
- (d) Underwriting discounts paid to a member of the National Association of Securities Dealers, Inc.

3. It is an unsuitable method of operation for any licensee, registered company or applicant for licensing or registration to pay any finder's fee without the prior approval of the Commission, acting upon a recommendation of the Commission. An application for approval of payment of a finder's fee shall make a full disclosure of all material facts. The Commission may disapprove any such application if the person to whom the finder's fee is proposed to be paid does not demonstrate that he or she is suitable to hold a state Casino license.

#### **4.140 Collection of gaming credit.**

1. Only bonded, duly licensed collection agencies, or a licensee's employees, junket representatives, attorneys, or affiliated or wholly-owned corporation and their employees, may collect, on the licensee's behalf and for any consideration, gaming credit extended by the licensee.

2. Notwithstanding the provisions of subsection 1, no licensee shall permit any person who has been found unsuitable, or who has been denied a Casino license or work permit, or who has had a work permit revoked, to collect, on the licensee's behalf and for any consideration, gaming credit extended by the licensee.

3. Each licensee shall maintain for the Commission's inspection records that describe credit collection arrangements and that include any written contracts entered into with the persons described in subsection 1, unless such persons are the licensee's key employees or junket representatives.

#### **4.150 Devices prohibited under 5.104(4)(a)(ii); exceptions.**

- 1. It shall not be a violation of these Rules for a person to:
  - (a) Make and refer to handwritten records of the cards played at baccarat;
  - (b) Make and refer to handwritten records of roulette results; or
  - (c) Refer to records of the cards played at faro, where the records are made by the licensee in the manner traditional to that game.

2. The Commission, in the Commission's sole and absolute discretion, may approve the use of devices not described in subsection 1 upon the written request of a licensee, subject to such conditions as the Commission may impose. No approval shall be effective unless it is in writing. It shall not be a violation of these Rules for a person to possess or use, in accordance with the terms of the approval, a device approved pursuant to this subsection. As used in this subsection, "Director" means the Commission of the Arkansas Commission or the Commission's designee.

#### **4.160 Surveillance systems.**

- 1. As used in this section:
  - (a) "Applicant" means a person or entity having a pending application to become a licensee.



(b) "Director" means the Commission of the Arkansas Commission or the Commission's designee.

(c) "Licensed establishment" means the establishment of a licensee.

(d) "Licensee" means a person or entity licensed to conduct a Casino operation. The term does not include a person or entity licensed as a holder of a security or other ownership interest in the operation, or as an officer, director or key employee of the operation, or due to any other relationship or involvement with the operation.

2. The Commission shall adopt standards for the installation, maintenance and operation of casino surveillance systems at all licensed establishments. The purposes of a casino surveillance system are to assist the licensee and the state in safeguarding the licensee's assets, in deterring, detecting and prosecuting criminal acts, and in maintaining public confidence and trust that licensed gaming is conducted honestly and free of criminal elements and activity.

3. At least 30 days before adopting any casino surveillance standards or revisions, the Commission shall:

(a) Publish notice of the proposed adoption or revision, together with the effective date thereof, by posting the proposed change or revision on the Commission's website;

(b) Provide notice of the posting of the proposed casino surveillance standards or revisions on the Commission's website, together with the effective date thereof, to each licensee and every other person who has filed a request therefor with the Commission; and

(c) Provide a copy of the proposed casino surveillance standards or revisions and the effective date to the Commission.

4. Any licensee may object to the proposed casino surveillance standards or revisions, by filing a request for a review of the Commission's administrative decision. If, any licensee files a request for review, then the effective date of the proposed casino surveillance standards or revisions will be stayed pending action by the Commission. If no requests for review are filed with the Commission, then the casino surveillance standards or revisions shall become effective on the date set by the Commission.

5. Any licensee may propose the repeal or revision of any existing casino surveillance standard or the adoption and approval of any new casino surveillance standard by submitting a request to the Commission, who shall consider the request at the Commission's discretion. If such a request is approved by the Commission, then the proposed repeal, revision or adoption must be processed in accordance with subsections 3 and 4. If such a request is denied by the Commission, then the licensee may file the request for a review as an administrative approval decision with the Commission.

6. Except as otherwise provided in subsections 8 and 9, each licensee shall install, maintain and operate a casino surveillance system in accordance with the casino surveillance standards adopted by the Commission. The failure of a licensee to comply with this section and the casino surveillance standards adopted by the Commission or any variation to the casino surveillance standards approved pursuant to subsection 8 is an unsuitable method of operation.

7. Neither this section or any casino surveillance standard adopted pursuant to it, alters, amends, supersedes or removes any condition of any licensee or approval imposed on any licensee by the Commission. However, a licensee shall be deemed to have complied with a



2. In addition to any other requirements set forth in these Rules, all operators of systems and licensed establishments shall comply with the following requirements:

(a) All systems shall be connected only to gaming devices or games that have been approved by the Commission, that comply with these Rules, and that are operated in licensed gaming establishments. The exposure for play of games or devices that are part of a system shall be limited as follows:

(1) In the case of systems with fixed payoff schedules that exceed \$250,000 or in the case of systems with progressive payoff schedules that are expected to exceed \$250,000, installations are limited to Casino gaming operations having gross revenue of \$1,000,000 or more for the 12 months ended June 30 each year; or

(2) In the case of systems with fixed payoff schedules of \$250,000 or less, systems with progressive payoff schedules that are expected to be \$250,000 or less, or systems without payoff schedules, installations are permitted at any Casino gaming operation.

□ Notwithstanding the foregoing, any games or machines connected to an inter-casino linked system at the time this Rule is adopted may continue to be operated as part of the inter-casino linked system. Additionally, upon a showing of adequate surveillance and internal control procedures by a licensee, the Commission may waive the provisions of this subsection, provided that such waiver is not inconsistent with any license conditions placed on the operator or licensee and that such waiver is confirmed in writing.

(b) The operator or licensee, whichever may be liable for payment of the amount in dispute, shall be responsible for any patron dispute arising at the licensed establishment with respect to any system and the gaming devices or games connected thereto. This fact shall be disclosed to the patron at the time of the dispute. Licensees and operators shall cooperate in the resolution of patron disputes arising at the licensee's establishment.

(c) Operators of systems featuring progressive payoff schedules shall, upon request, disclose to the Commission and all licensees who have contracted to use their systems, on a confidential basis, the rate of progression of all progressive payoff schedules and, if applicable, any reset funds, of their systems.

(d) Operators shall provide the Commission prior to commencing operations of the system with a list of all persons who may access the main computer or data communications components of their systems and any changes to that list shall be provided within ten (10) days to the Commission.

(e) At the request of the Commission, an operator shall establish and maintain with the Commission a revolving fund, in an amount not to exceed \$10,000, for the purpose of funding periodic testing and evaluation of the system by the Commission.

(f) At the request of the Commission, an operator shall provide and maintain, at its sole expense and at such location as the Commission may designate, a terminal and printer for the purpose of monitoring information regarding the system including, but not limited to, the current progressive payoff schedules, reset funds, the real-time date and time, the number and location of gaming devices and games connected to the system, the names of persons accessing the main computer or data communication components of the system, the identification of functions being performed by such persons, the audible notification of any progressive payoff schedule won, and the identification of the location, machine number, and amount of any progressive payoff schedule won.

(g) The operator shall provide in writing to each participating licensed establishment its method for determining the pro rata share of a system payout for purposes of gross revenue deductibility.

(h) Operators shall retain and provide Commission agents, upon request, all records pertaining to their inter-casino linked systems including, without limitation, all progressive payoff schedule payout verification documents, exception reports, end-of-day reports, progressive payoff schedule reports, computer room visitors logs, machine performance reports, weekly reconciliation reports, contribution to progressive payoff schedule reports, and tax sharing methodology.

3. Failure to comply with any of the requirements set forth in subsection 2 shall be an unsuitable method of operation.

4. The Commission may, upon request of an operator or an applicant for licensing as an operator, and for good cause, waive any of the requirements set forth in this Rule.

5. Operators shall maintain the records required by this section for at least five years after they are made unless the Commission approves otherwise in writing.

#### **4.190 Aggregate payout limits for gambling games.**

1. As used within this Rule, “aggregate payout limit” means a maximum payoff amount that will be paid by a licensee to two or more patrons as the result of winning wagers resulting from any single call of the game or hand of play.

2. Except as otherwise provided herein, a licensee may establish an aggregate payout limit on any game, as well as on a separate bonus feature requiring a separate wager made in conjunction with or in association with the game. Aggregate payout limits may not be combined for different types of wagers.

3. Each separate aggregate payout limit established for the game or bonus feature may not be an amount which is less than the highest award with the minimum wager required to play the game or bonus feature.

4. All aggregate payout limits must be prominently displayed on the table layout or on a sign placed on the table, which is unobstructed and clearly visible from all player positions, using language approved by the Commission.

5. Aggregate payout limits may not be imposed upon payouts from slot machines, race books, sports pools or any game where the highest payoff odds on a winning wager are less than 50 to 1, unless otherwise allowed by Rules of the Commission. This section does not apply to bingo or keno.

6. The Commission may, in the Commission’s sole and absolute discretion, waive one or more of the provisions of this section, subject to such conditions as the Commission may impose.

#### **4.215 Operation of a system supported or system based gaming device.**

1. Definitions. As used in this section:

(a) “Director” means the Commission of the Arkansas Commission or the Commission’s designee.

(b) "Licensee" means a person or entity licensed to conduct a Casino gaming operation. The term does not include a person or entity licensed as a holder of a security or other ownership interest in the operation, or as an officer, director or key employee of the operation, or due to any other relationship or involvement with the operation.

(c) "Operator" means any licensee that operates a system supported or system based gaming device on the premises where its gaming operation is located.

(d) "System" means system supported or system based gaming device.

2. In addition to any other requirements set forth in the Amendment or these Rules, all operators of a system shall comply with the following requirements:

(a) Prior to commencing operations of its system, an operator shall provide the Commission with a list of all persons who may access the main computer or data communications components of its system. The list shall describe the role or roles assigned to each person on the list. Any changes to the list in a particular month shall be provided to the Commission on or before the fifteenth (15th) day of the following month.

(b) At the request of the Commission, an operator shall establish and maintain with the Commission a revolving fund, in an amount not to exceed \$10,000, for the purpose of funding periodic testing and evaluation of the system by the Commission.

(c) At the request of the Commission, an operator shall provide and maintain, at its sole expense and at such location as the Commission may designate, networked equipment for the purpose of monitoring information regarding the system including, but not limited to, the names of persons accessing the main computer or data communications components of the system, the identification of functions being performed by such persons, gaming application authentication information, and any other information required to be logged by the system in accordance with these Rules.

(d) An operator shall retain and provide Commission agents, upon request, all records pertaining to its system, including, without limitation, computer room visitor logs and system transaction logs.

3. Failure to comply with any of the requirements set forth in subsection 2 shall be an unsuitable method of operation.

4. The Commission may, upon request of an operator or an applicant for licensing as an operator, and for good cause, waive any of the requirements set forth in this Rule.

#### **4.220 Operation of a mobile gaming system.**

1. Definitions. As used in this section:

(a) "Director" means the Commission of the Arkansas Commission or the Commission's designee.

(b) "Communications technology" means any method used and the components employed by a licensed gaming establishment to facilitate the transmission of information, including, without limitation, transmission and reception by systems based on wireless network, wireless fidelity, wire, cable, radio, microwave, light, optics or computer data networks. The term does not include the Internet.

(c) "Equipment associated with mobile gaming" means associated equipment, which will be approved as associated equipment.

(d) "Licensed gaming establishment" means the establishment of a licensee, which includes all land, together with all buildings and improvements located thereon.

(e) "Licensee" means a person or entity licensed to conduct Casino gaming operations, who at all times exposes to the public for play, 100 or more slot machines and at least one table game, within its licensed gaming establishment. The term does not include a person or entity licensed as a holder of a security or other ownership interest in the licensee, or as an officer, director or key employee of the licensee, or due to any other relationship or involvement with the licensee or gaming operation.

(f) "Mobile communications device" means a device which displays information relating to the game to a participant in the game as part of a system.

(g) "Mobile gaming system" or "system" means a system that allows for the conduct of games through mobile communications devices operated solely within the licensed gaming establishment by the use of communications technology that allows a patron to bet or wager, and corresponding information related to the display of the game, gaming outcomes or other similar information.

(h) "Operator of a mobile gaming system" or "operator" means a person or entity, who, under any agreement whereby consideration is paid or payable for the right to place a mobile gaming system, engages in the business of placing and operating a mobile gaming system within a licensed gaming establishment and who is authorized to share in the revenue from the mobile gaming system without having been individually licensed to conduct gaming at the establishment.

2. Mobile gaming systems may be exposed for play as follows:

(a) A system may only be exposed for play to the public by an operator licensed by the Commission at a licensed gaming establishment in an area approved by the Commission.

(b) A licensee or an operator may submit a request to the Commission for approval to expose a system for play at a licensed gaming establishment.

(1) Such a request must specify at a minimum:

(A) In what areas the system will be exposed for play;

(B) How the operator intends to:

(i) Adequately monitor play of the system and

(ii) Reasonably assure only players of lawful age will operate the mobile communications devices; and

(C) Such additional information as the Commission may require.

(2) A licensee or an operator aggrieved by a decision of the Commission may request a hearing before the Commission and may appeal any decision by the Commission under the Arkansas Administrative Procedures Act.

3. In addition to any other requirements set forth in these Rules, the operator and licensee where a system is operated shall comply with the following requirements:

(a) Only a system that has been approved by the Commission may be exposed for play within a licensed gaming establishment.

(b) The licensee shall be responsible for all payouts from each system operated within its licensed gaming establishment.

(c) Systems that expose games with fixed payoff schedules that exceed \$250,000 or in the case of systems that expose games with progressive payoff schedules that are expected to exceed \$250,000, are limited to Casino gaming operations.

(d) At the request of the Commission, an operator shall deposit with the Commission and thereafter maintain a revolving fund in an amount of \$20,000 unless a lower amount is approved by the Commission, which shall be used to ensure compliance of the system with applicable laws and regulations. Upon surrendering its operator's license, the Commission may refund the balance remaining in the revolving fund.

(e) All revenue received from the system, regardless of whether any portion of the revenue is shared with the operator, must be attributed to the licensee of the licensed gaming establishment and counted as part of the gross revenue of the licensee. The operator, if receiving a share of the revenue from a system, is liable to the licensee for the operator's proportionate share of the license fees paid by the licensee.

(f) Each separate mobile communications device is subject to the same fees and taxes made applicable to all other Casino gaming receipts.

(g) Operators shall retain and provide Commission agents, upon request, all records pertaining to their mobile gaming systems including, without limitation, all revenue and cash records, end-of-day reports, computer room visitors logs, details of any patron disputes, device or game performance reports, weekly reports, and any other financial or non-financial records or reports required to be provided by the Commission.

4. Failure to comply with any of the requirements set forth in subsection 3 shall be an unsuitable method of operation.

5. Except for subsections 3(f) and 3(g), the Commission may, for good cause shown, waive any of the requirements set forth in this Rule.

6. Operators shall maintain the records required by this section for at least five years after the records are made unless the Commission approves otherwise in writing.

7. Before a wager may be made on a system, a wagering account must be established in accordance with these Rules.

#### **4.225 Wagering accounts.**

1. Definitions. As used in this section:

(a) "Director" means the Commission of the Arkansas Commission or the Commission's designee.

(b) "Licensee" means any person to whom a valid Casino license has been issued.

(c) "Secure personal identification" means a method of uniquely identifying a patron through which the licensee may verify access to, or use of, a wagering account.

(d) "Wagering account" means an electronic ledger operated and maintained by a licensee for a patron in connection with the patron's use and play of any or all authorized games and gaming devices, including, but not limited to, race books, sports pools, mobile gaming systems, and interactive gaming, wherein information relative to such use and play is recorded on behalf of the patron including, but not limited to, the following types of transactions:

- (1) Deposits;
- (2) Withdrawals;
- (3) Debits;
- (4) Credits;
- (5) Service or other transaction-related charges authorized by the patron; and
- (6) Adjustments to the wagering account.

2. Except as otherwise specified in these Rules, as applicable, a licensee shall comply with the provisions of this section for the creation and use of wagering accounts for all forms of wagering.

3. Scope of use of wagering accounts.

(a) Subject to paragraph (b) of this subsection, a licensee may establish and allow the use of wagering accounts for patrons' gaming activity with any licensed gaming establishment of the licensee and with any affiliate of the licensee.

(b) Before a licensee allows its wagering accounts to be used by patrons in connection with their use and play of games and gaming devices with any other gaming establishment of the licensee or with any affiliate of the licensee, the licensee must:

(1) Submit to the Commission a written proposal for implementation of such wagering accounts that addresses the following:

(I) The proper reporting of revenue;

(II) How minimum bankroll requirements will be satisfied;

(III) How the reserve requirements of this section will be satisfied;

(IV) Compliance with the Commission's minimum internal control procedures adopted pursuant to these Rules; and

(V) Any additional items or information as the Commission may require.

(2) Obtain the written administrative approval from the Commission subject to such conditions or limitations that the Commission may impose.

4. Operation and maintenance of wagering accounts by third-parties.

(a) A licensee may use a licensed cash access and wagering instrument service provider or a licensed manufacturer to operate and maintain wagering accounts on behalf of the licensee provided such wagering accounts are within the State of Arkansas.

(b) A licensed cash access and wagering instrument service provider or a licensed manufacturer that acts on behalf of a licensee to operate and maintain wagering accounts shall be subject to the provisions of this section applicable to such services to the same extent as the licensee.

(c) A licensee continues to have an obligation to ensure, and remains responsible for compliance with, this Rule, the Amendment and all other Rules of the Commission regardless of its use of a licensed cash access and wagering instrument service provider or a licensed manufacturer to operate and maintain wagering accounts on its behalf.

(d) A licensed cash access and wagering instrument service provider or a licensed manufacturer acting on behalf of a licensee, and with the consent of the licensee and the patron, may use a patron's personal identification information to administer all other wagering accounts created for that patron on behalf of additional licensees.

5. A licensee may create a wagering account for a patron only after it has registered the patron, either remotely or in person, as follows:

(a) Obtained, recorded, and verified:

(1) The identity of the patron;

(2) The patron's date of birth;

(3) The patron's physical address; and

(4) The patron's social security number, if a United States resident.

(b) Have the patron affirm:



(1) That the information provided by the patron to the licensee to open the wagering account is accurate;

(2) That the patron has reviewed and acknowledged the rules and procedures established by the licensee for use of the wagering account;

(3) That the patron has been informed of and acknowledged that they are prohibited from allowing any other person not assigned to the wagering account access to or use of their wagering account; and

(4) That the patron consents to the monitoring and recording by the licensee and the Commission of the use of the wagering account.

(c) Determined that the patron is not on the list of excluded persons.

A licensee may assign more than one patron to a single wagering account provided that each additional patron is registered as provided herein.

6. Once a wagering account is created, a secure personal identification for each patron authorized to use the wagering account shall be implemented by the licensee that is reasonably designed to prevent the unauthorized access to, or use of, the wagering account by any person other than the patron or patrons for whom the wagering account is established.

7.A licensee shall not allow a patron to make any wagers using the wagering account until the patron personally appears before an employee of the licensee at its licensed gaming establishment or at the licensed gaming establishment of its affiliate where the patron presents a government issued picture identification credential confirming the patron's identity.

8. A licensee shall not allow a wagering account to be created anonymously or in a fictitious name. Patrons may, while using or playing a game or gaming device, represent themselves using a name other than their actual name or may remain anonymous.

9. Funds may be deposited by a patron into the patron's wagering account as follows:

(a) Cash deposits made directly with the licensee;

(b) Personal checks, cashier's checks, wire transfer and money order deposits made directly or mailed to the licensee;

(c) Transfers from a patron's safekeeping or front money accounts otherwise held by the licensee;

(d) Debits from the patron's debit instrument, prepaid access instrument, or credit card;

(e) Transfers from another account verified to be controlled by the patron through the automated clearing house or another mechanism designed to facilitate electronic commerce transactions;

(f) Funds derived from the extension of credit to the patron by the licensee; or

(g) Any other means approved by the Commission.

10. Funds may be withdrawn by a patron from their wagering account as follows:

(a) Issuance of cash directly to the patron by the licensee;

(b) Issuance of a personal check, cashier's check, money order, or wire transfer by the licensee made payable to the patron and issued directly or mailed to the patron;

(c) Transfers to the patron's safekeeping or front money accounts held by the licensee;

(d) Credits to the patron's debit instrument, prepaid access instrument, or credit card;

- (e) Transfers to another account verified to be controlled by the patron through the automated clearing house or another mechanism designed to facilitate electronic commerce transactions;
- (f) As repayment of outstanding credit owed by the patron to the licensee; or
- (g) Any other means approved by the Commission.

11. Credits to a wagering account may be made by the following means:

- (a) Deposits;
- (b) Amounts won by the patron;
- (c) Transfers from a game or gaming device;
- (d) Promotional credits, or bonus credits provided by the licensee and subject to the terms of use established by the licensee and as long as such credits are clearly identified as such;
- (e) Adjustments made by the licensee following the resolution of a dispute; or
- (f) Any other means approved by the Commission.

12. Debits to a wagering account may be made by the following means:

- (a) Withdrawals;
- (b) Amounts wagered by the patron;
- (c) Transfers to a game or gaming device;
- (d) Adjustments made by the licensee following the resolution of a dispute;
- (e) Service or other transaction-related charges authorized by the patron; or
- (f) Any other means approved by the Commission.

13. Unless there is a pending unresolved player dispute or investigation, a licensee shall comply with a request for a withdrawal of funds by a patron from the patron's wagering account in accordance with the terms of the wagering account agreement between the licensee and its patron.

14. A licensee shall not allow a patron to electronically transfer funds from their wagering account to any other patron's wagering account.

15. A licensee shall not allow a wagering account to be overdrawn unless caused by payment processing issues outside the control of the licensee.

16. A licensee shall suspend a wagering account if the wagering account has not been used to make any wagers for a consecutive 16-month period. The licensee may re-activate a suspended wagering account only after re-verifying the information required by this Rule and upon the patron presenting a current government issued picture identification credential.

17. A licensee shall record and maintain, for a period of at least 5 years after creation, the following in relation to a wagering account:

- (a) All information used by the licensee to register a patron and create the wagering account pursuant to this Rule;
- (b) The method used to verify the information provided by a patron to establish the wagering account, including a description of the identification credential provided by a patron to confirm their identity and its date of expiration;
- (c) The date and time the wagering account is opened and terminated;
- (d) The date and time the wagering account is accessed by any person, including the patron or the licensee;

- (e) All deposits, withdrawals, credits and debits; and
- (f) The patron's account number.

18. Responsible Gambling.

(a) Licensees shall ensure that its patrons have the ability to select responsible gambling options associated with their wagering account that include deposit limits establishing the amount of total deposits a patron can make to their wagering account within a specified period of time.

(b) Licensees shall conspicuously display and make available to patrons, upon access to their wagering account, the following responsible gambling message:

[Licensee's name] encourages you to gamble responsibly. For problem gambling information and assistance, call \_\_\_\_\_.

If either the helpline number or website address changes, the Commission may administratively approve the use of an alternative helpline number or website address.

19. Each licensee that offers wagering accounts shall adopt, conspicuously display, make available, and adhere to written, comprehensive rules governing wagering account transactions. Such rules must include, at a minimum, the following:

(a) That the licensee's house rules apply to wagering accounts, as applicable.

(b) That the licensee shall provide each patron, upon reasonable request and consistent with its internal control policies, with a statement of account showing each wagering account deposit, withdrawal, credit, and debit made during the time period reported by the account statement. The patron may dispute any transaction in accordance with these Rules.

(c) That for all wagers, the licensee is required to make a voice, print, electronic or other approved record of the entire transaction and shall not accept any such wager if the recording system is inoperable. The licensee's record of a patron's confirmation of all wagers shall be deemed to be the transaction of record. Such records are made available to the Commission upon request.

(d) That the licensee has the right to;

- (1) Refuse to establish a wagering account for what it deems good and sufficient reason;
- (2) Refuse deposits to wagering accounts for what it deems good and sufficient reason;
- (3) Refuse to accept all or part of any wager for what it deems good and sufficient reason;
- (4) Declare that any or all wagers will no longer be received; and
- (5) Unless there is a pending Commission investigation or patron dispute, suspend or close

any wagering account at any time pursuant to the terms of the agreement between the licensee and the patron, provided, however, when a wagering account is closed, the licensee shall immediately return the balance of the wagering account at the time of said action, subject to compliance with these Rules, the licensee's house rules, and federal and state laws and regulations, by sending a check to the patron's address of record or as otherwise provided pursuant to the terms of the wagering account agreement; and

(e) That the licensee shall keep confidential, except from the Commission, except from financial institutions participating in a program established in accordance with Section 314(b) of the USA Patriot Act, except as required by state or federal law, or except as otherwise authorized by the patron, the following:

(1) The amount of money credited to, debited from, or present in any particular patron's wagering account;

(2) The amount of money wagered by a particular patron on any game or gaming device;

(3) The account number and secure personal identification method that identifies the patron;

(4) The identities of particular entries on which a patron is wagering or has wagered; and

(5) The name, address, and other information in the possession of the licensee that would identify the patron to anyone other than the Commission or the licensee.

(f) That the licensee shall disclose its policy regarding the acceptance of personal checks, cashier's checks, wire transfers, money orders, debit instruments, credit cards and electronic transfers of money to the patron.

Prior to adopting or amending such wagering account rules, a licensee shall submit them to the Commission for approval.

#### 20. Reserve requirements for licensees.

(a) A licensee shall maintain a reserve in the form of cash, cash equivalents, an irrevocable letter of credit, a bond, or a combination thereof for the benefit and protection of patrons' funds held in wagering accounts. The reserve may be maintained by a licensee's holding company and may be combined as a single amount for all patrons' funds held in wagering accounts maintained by the licensee and its affiliate licensees.

(b) The amount of the reserve shall be not less than the greater of \$25,000 or the sum of all patrons' funds held in the wagering accounts. Amounts available to patrons for play that is not redeemable for cash may be excluded from the reserve requirement. In calculating the sum of all patrons' funds held in wagering accounts when such wagering accounts are used for multiple types of wagering, these Rules, as applicable, shall not be construed to require the tallying of such patrons' funds more than once.

(c) If a reserve is maintained in the form of cash, cash equivalent, or an irrevocable letter of credit, it must be held or issued, as applicable, by a federally-insured financial institution. If the reserve is maintained in the form of a bond, it must be written by a bona fide insurance carrier. The reserve must be established pursuant to a written agreement between the licensee and the financial institution or insurance carrier, but the licensee may engage an intermediary company or agent acceptable to the Commission to deal with the financial institution or insurance carrier, in which event the reserve may be established pursuant to written agreements between the licensee and the intermediary and between the intermediary and the financial institution or insurance carrier.

(d) The agreements described in paragraph (c) of this subsection must reasonably protect the reserve against claims of the licensee's creditors other than the patrons for whose benefit and protection the reserve is established, and must provide that:

(1) The reserve is established and held in trust for the benefit and protection of patrons to the extent the licensee holds money in wagering accounts for such patrons;

(2) The reserve must not be released, in whole or in part, except to the Commission on the written demand of the Commission or to the licensee on the written instruction of the Commission. The reserve must be available within 60 days of the written demand or written notice. The licensee may receive income accruing on the reserve unless the Commission instructs otherwise pursuant to paragraph (k) of this subsection;

(3) The licensee has no interest in or title to the reserve or income accruing on the reserve except to the extent expressly allowed in this subsection;

(4) Arkansas law and this subsection govern the agreements and the licensee's interest in the reserve and income accruing on the reserve;

(5) The agreements are not effective until the Commission's approval has been obtained pursuant to paragraph (e) of this subsection; and

(6) The agreements may be amended only with the prior, written approval of the Commission.

(e) Each licensee shall submit to the Commission all information and copies of all documents relating to its proposed reserve arrangement, including copies of the agreements described in paragraphs (c) and (d) of this subsection, and must obtain the Commission's approval of the agreements and of the reserve arrangements generally. The Commission shall determine whether the agreements and arrangements satisfy the purposes and requirements of this subsection, may require appropriate changes or withhold approval if they do not, and shall notify the licensee of the determination. Amendments to reserve agreements or arrangements must be approved in the same manner.

(f) A licensee must calculate its reserve requirements each day. In the event a licensee determines that its reserve is not sufficient to cover the calculated requirement, the licensee must, within 24 hours, notify the Commission of this fact in writing and must also indicate the steps the licensee has taken to remedy the deficiency.

(g) Each licensee must engage an independent certified public accountant to examine the pertinent records relating to the reserve each month and determine the reserve amounts required by this subsection for each day of the previous month and the reserve amounts actually maintained by the licensee on the corresponding days. The licensee shall make available to the accountant whatever records are necessary to make this determination. The accountant shall report the findings with respect to each day of the month under review in writing to the Commission and the licensee no later than the tenth day of the next month. The report shall include the licensee's statement addressing each day of noncompliance and the corrective measures taken.

(h) The report described in paragraph (g) of this subsection may be prepared by an employee of the licensee that is independent of the gaming operations if written approval has been received from the Commission.

The report must contain the signature of an employee attesting to the accuracy of the submitted information.

(i) If the Commission is notified pursuant to paragraph (f) of this subsection, or the report described in paragraph (g) of this subsection indicates that at any time during the month under review the amount of the

reserve did not meet the requirements of this section, the Commission may instruct the book to either increase the reserve accordingly or cease accepting wagers and money for the account of patrons until such time as the reserve meets the requirements of this subsection and is confirmed to the Commission's satisfaction. The Commission may demand that this reserve be increased to correct any deficiency or for good cause to protect patrons.

(j) If the reserve exceeds the requirements of this subsection, the Commission shall, upon the licensee's written request, authorize the release of the excess.

(k) When a licensee ceases operating and its license lapses, is surrendered, or is revoked, the Commission may demand payment of the reserve, any income accruing on the reserve after operations cease, and, if

instructions from the Commission that income accruing on the reserve not be paid to the licensee are in effect when operations cease, any income accruing since the instructions took effect. The Commission may interplead the funds in state district court for distribution to the patrons for whose protection and benefit the reserve was established and to such other persons as the court determines are entitled thereto, or shall take such other steps as are necessary to effect the proper distribution of the funds, or may do both.

(l) As used in this subsection, “month” means a calendar month unless the Commission requires or approves a different monthly period to be used for purposes of this subsection, in which case “month” means the monthly period so required or approved.

21. Upon written request and good cause shown, the Commission may waive one or more of the requirements of this Rule. If a waiver is granted, the Commission may impose alternative requirements.

#### **4.230 Hosting center; registration required.**

1. Before certain parts of any game, gaming device, cashless wagering system or race book or sports pool operation can be operated at a hosting center, the hosting center, along with all owners and operators of the hosting center, and persons having significant involvement with the hosting center as determined by the Commission, including but not limited to key employees, must register with the Commission pursuant to this Rule. Such registration does not become effective until the registration is approved by the Commission in writing. Any person or entity whose request for registration is not approved by the Commission may appeal the decision using the administrative appeal process found under these Rules.

2. Registration required by subsection 1, shall be made, processed, and determined using such forms as the Commission may require or approve and must be accompanied and supplemented by such documents and information as may be specified or required. The information requested shall include, but not be limited to, the following:

(a) For the registration of natural persons:

- (1) Full name, including aliases, past and present;
- (2) Residential address or addresses for the last five years;
- (3) Contact information, including phone numbers and email addresses;
- (4) Employment history, both current and for the past ten years;
- (5) Date and place of birth;
- (6) Social Security Number;
- (7) Full legal name of the hosting center to which the person’s registration relates;
- (8) Description of the person’s relationship with the relevant hosting center, and the person’s duties or responsibilities under that relationship;
- (9) List and description of any professional licenses that the person has held, past and present, and any past or current disciplinary action against those licenses;
- (10) List and description of any arrests or convictions of the person by law enforcement involving a felony or crime of moral turpitude;
- (11) List and description of any incidents in which the person has, either individually or part of a group, been refused a gaming license or otherwise been found unsuitable by a regulatory body;

(b) For the registration of business organizations or associations:

- (1) Legal name, address, and contact information of every business organization or association under which the entity does business;
- (2) Date and jurisdiction under which each business organization or association provided under subsection (2)(b)(1) is registered as a legal entity;
- (3) Tax identification number of each business organization or association provided under subsection (2)(b)(1);
- (4) List of all affiliates of the business organization or association;
- (5) Organization chart depicting the business organization’s or association’s management structure;

(6) Organization chart depicting the business organization's or association's ownership structure, including, but not limited to any parent and affiliated entities;

(7) List of the names of all officers, directors, managers, and key employees of the business organization or association;

(8) Where the business organization or association is not the hosting center itself, a description of the business organization's or association's relationship to the relevant hosting center, and of what duties or responsibilities it will have under that relationship;

(9) List and description of any professional licenses that the business organization or association has held, past and present, and any past or current disciplinary action against those licenses;

(10) List and description of any criminal charges brought against the business organization or association involving a felony or crime of moral turpitude; and

(11) List and description of any incidents where the business organization or association has, either individually or as part of a group, been refused a gaming license or otherwise been found unsuitable by a regulatory body;

(c) For each hosting center provide a description of the facility and services available. The following descriptions must be provided:

(1) Location description including:

- (a) Floor plan;
- (b) Reliability of power and telecommunications;
- (c) Bandwidth availability;
- (d) Compliance of server room to international standards;
- (e) Redundancy of power and telecommunications feeds;
- (f) Offline power capabilities (e.g. UPS and generator power);
- (g) Refueling requirements of generators and fuel acquisition arrangements;
- (h) Fire suppression system(s);
- (i) Temperature and humidity control system(s);
- (j) Procedures for switching to offline power; and

(2) Security description including:

- (a) Perimeter boundary fences;
- (b) Use of security guards (employees or contracted);
- (c) Access controls;
- (d) Alarm systems;
- (e) Video surveillance coverage and storage;
- (f) Monitoring of personnel access to sensitive areas;
- (g) Anti-surveillance measures;
- (h) Tenants; and
- (i) Contractors in use for services such as cleaning and maintenance.

(3) Disaster recovery capabilities, testing, and auditing.

(4) Internal Control Procedures including:

- (a) Visitor access procedures and controls;
- (b) Maintenance and audit of access logs;
- (c) Alarm procedures for technical and security response;
- (d) Due diligence performed on contractors, tenants, and staff;
- (e) Emergency access procedures; and
- (f) Any other relevant procedures.

3. Any request for registration pursuant to subsection 1 shall contain a statement subscribed by the applicant for registration that:

(a) The information being provided to the Commission is accurate and complete;

(b) That the applicant for registration agrees to cooperate with requests, inquiries, or investigations of the Commission; and

(c) The applicant for registration acknowledges that the Commission may demand the person or entity to submit an application for finding of suitability, and that a failure to submit such an application within 30 days of the demand may constitute grounds for a finding of unsuitability by the Commission.

4. Any applications for registration required under this section shall be prepared and submitted by the relevant hosting center.

5. By the 15th day of each January, each registered hosting center shall inform the Commission in writing of any changes in the information provided in its application for registration, and the applications for registration of any owner, operator, or person having significant involvement with the hosting center, or provide the Commission with an affirmative statement indicating that there have been no changes to that information. If such information or statement is not provided to the Commission within ninety days of January 15th of each year, the hosting center's registration, and the registrations of each owner, operator, and person having significant involvement with the hosting center will lapse. If any registrations lapse pursuant to this subsection, the applicable registrants must reapply for registration with the Commission in order to reinstate the person's or entity's registered status.

6. The Commission, in its sole and absolute discretion may, upon receipt of a written request:

(a) Waive the registration requirements of subsections 2(a) and 2(b) for an individual or entity that currently holds a nonrestricted gaming license, or an affiliate thereof that has been registered or found suitable by the Commission; or

(b) Waive the registration requirements of subsection 2(c) if the hosting center can demonstrate, to the Commission's satisfaction, that the disclosure to the Commission of certain information required under that subsection would hinder operations or pose a hardship due to contractual obligations.

#### **4.231 Hosting center; access to premises.**

1. The premises on which a registered hosting center is located is subject to the power and authority of the Commission, as though the premises is where gaming is conducted and as if the hosting center is a gaming licensee. The Commission may waive this requirement for portions of the hosting center premises if the hosting center can demonstrate to the Commission's satisfaction that:

(a) Such portions do not host certain parts of any game, gaming device, cashless wagering system or race book or sports pool operation; and

(b) Access to such portions of the premises causes undue hardship on the hosting center or its tenants.

#### **4.232 Hosting center; determination of suitability.**

1. The Commission may, upon recommendation of the Commission, require a person or entity owning, operating or having a significant involvement with a hosting center to file an



application for finding of suitability to be associated with licensed gaming, including race book or sports book operations.

2. The Commission shall give written notice to a person or entity of its decision to require the filing of an application for a finding of suitability under subsection 1. Unless otherwise stated by the Commission in its written notice, a person or entity that has been ordered to file an application for a finding of suitability may continue to own, operate, or otherwise be involved with a hosting center unless and until the Commission finds the person unsuitable.

3. If the Commission finds any person or entity to be unsuitable under this section:

(a) The registration of such person or entity is thereupon cancelled; and

(b) All registered hosting centers and gaming licensees shall, upon written notification from the Commission, terminate any existing relationship, direct or indirect, with such person.

4. Failure of a gaming licensee to terminate any association or agreement, direct or indirect, with a person or entity found unsuitable under this section upon receiving written notice of the determination of unsuitability constitutes an unsuitable method of operation.

5. Failure of a registered hosting center to terminate any association or agreement with a person or entity found unsuitable under this section upon receiving written notice of the determination of unsuitability shall constitute grounds for the revocation of the hosting center's registration.

6. The Commission retains jurisdiction to determine the suitability of a person or entity described in paragraph 1 regardless of whether or not that person or entity has severed any relationship with a registered hosting center or gaming licensee.

7. Failure on the part of a person or entity described in paragraph 1 to submit an application for a finding of suitability within 30 days of being demanded to do so by the Commission shall constitute grounds for a finding of unsuitability of that person or entity.

**4.235 Hosting center; requirements on licensees utilizing hosting centers; limitations on operations at hosting centers.**

1. Gaming licensees may only operate parts of any game, gaming device, cashless wagering system or race book or sports pool operation at hosting centers that have an active registration with the Commission pursuant to these Rules.

2. A gaming licensee must report in writing to the Commission the name of any registered hosting center it intends to utilize along with a description of what operations will take place at the hosting center. A gaming licensee must inform the Commission in writing should any operations at the hosting center change or if the gaming licensee ceases operations at the hosting center altogether.

3. The parts of the operation of any game, gaming device, cashless wagering system or race book or sports pool operation that involve the physical acceptance of a wager from a patron or payout of winnings to a patron cannot occur at the hosting center, but rather must only occur in such manner and location as allowed under the Gaming Control Act or the Rules adopted thereunder.



- (i) A licensed operator of interactive gaming who provides such services for its patrons;
- (ii) A licensed interactive gaming service provider who provides such services; or
- (iii) A person who provides such services to a licensed operator of interactive gaming or licensed interactive gaming service provider, so long as the licensed operator of interactive gaming or licensed interactive gaming service provider assumes responsibility for the service provided.

(g) "Service provider" means a person who:

- (i) Acts on behalf of another licensed person who conducts Casino gaming operations, and who assists, manages, administers or controls wagers or games, or maintains or operates the software or hardware of games on behalf of such a licensed person, and is authorized to share in the revenue from games without being licensed to conduct gaming at an establishment;
- (ii) Is an interactive gaming service provider as defined pursuant to these Rules;
- (iii) Is a cash access and wagering instrument service provider;
- (iv) Is an information technology service provider;
- (v) Acts on behalf of another licensed person who conducts Casino gaming operations where the services provided include those functions that fall within the definition of "gaming employee";
- (vi) Is a geolocation service provider;
- (vii) Is a patron identification service provider; or
- (viii) Is a payment processing service provider.

3. Service provider investigation classifications. The level of investigation conducted by the Commission of a service provider applicant is classified based on the significance of the activities to be provided on behalf of a licensee and regulatory risk of the service provider. The investigation classifications are as follows:

(a) The following service providers are subject to a class 1 investigation:

- (i) Any interactive gaming service provider;
- (ii) Any service provider who receives payments based on earnings or profits from any gambling game; or
- (iii) Any other applicant for a service provider license who, upon a determination of the Commission, should be subject to a class 1 investigation. Such determination shall be based on the policy set forth in this subsection.

(b) Any service provider other than those identified in subsection 3(a) of this section is subject to a class 2 investigation.

4. A licensee may only use a service provider that is licensed as such by the Commission.

5. A licensee continues to have an obligation to ensure, and remains responsible for, compliance with this Rule, the Amendment and all other Rules of the Commission regardless of its use of a service provider.

6. A person may act as a service provider only if that person holds a license authorizing the person to act as a service provider and subject to any further conditions, limitations and restrictions imposed by the Commission. Once licensed, a service provider may act on behalf of one or more Casino licensees.

## 7. Licensing

(a) Applications for a service provider license that is subject to a class 1 investigation shall be made, processed, and determined in the same manner as applications for Casino licenses, using such forms as the Commission may require or approve.

(b) Applications for a service provider license that is subject to a class 2 investigation shall be made, processed, and determined using such forms as the Commission may require or approve and must be accompanied and supplemented by such documents and information as may be specified or required. Such service providers shall be subject to an investigation and review by the Commission as deemed necessary by the Commission based on the regulatory risk and the intended activities of the service provider but that is at a level less than a class 1 investigation.

(c) Before receiving a license, a service provider must meet the qualifications for licensing.

(d) Nothing in this Rule shall be construed to limit or prevent the Commission from conducting such supplementary or expanded investigations of any applicant for a service provider license as determined necessary by the Commission. The Commission may require an applicant for a service provider license to pay any supplementary investigative fees and costs in accordance with these Rules.

8. An applicant for a service provider's license shall have the burden of showing that its operations are secure and reliable.

9. Applications for a service provider license shall be subject to the application and investigative fees established pursuant to these Rules.

10. The premises on which a service provider conducts its operations is subject to the power and authority of the Commission. It shall be an unsuitable method of operation for a service provider holding a license issued by the Commission to deny any Commission member or agent, upon proper and lawful demand, access to, inspection or disclosure of any portion or aspect of their operations.

11. A service provider shall be liable to the licensee on whose behalf the service provider acts for the service provider's proportionate share of the fees and taxes paid by the licensee.

12. Employees of Service Provider. Any employee of a service provider who is connected directly with the operations of the service provider or who, on behalf of a licensee or on behalf of the service provider, performs the duties of a gaming employee is a gaming employee subject to the provisions of these Rules.

13. License fees.

(a) Before the Commission issues an initial license or renews a license for a service provider, the service provider shall pay a license fee of \$1,000.

(b) All service provider licenses shall be issued for the calendar year beginning on January 1 and expiring on December 31. If the operation as a service provider is continuing, the fee prescribed by subsection (a) shall be due on or before December 31 of the ensuing calendar year. Regardless of the date of application or issuance of the license, the fee charged and collected under this section is the full annual fee.

14. Any provisions of Rule 5 specifically applicable to interactive gaming service providers shall control over this Rule.

15. Grounds for Disciplinary Action.

(a) Failure to comply with the provisions of this Rule shall be an unsuitable method of operation and grounds for disciplinary action.

(b) The Commission may limit, condition, suspend, revoke or fine any license, registration, finding of suitability or approval given or granted under this Rule on the same grounds as it may take such action with respect to any other license, registration, finding of suitability or approval.

**End Rule 4**