## COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS SAIPAN, TINIAN, ROTA and NORTHERN ISLANDS



### **COMMONWEALTH REGISTER**

February 04, 2014 Addendum to VOLUME 36 NUMBER 01

## **JANUARY 28, 2014**

# **COMMONWEALTH REGISTER**

February 4, 2014 Addendum to

> VOLUME 36 NUMBER 01

January 28, 2014

## TABLE OF CONTENTS

#### **EMERGENCY REGULATION**

i

•

#### Commonwealth of the Northern Mariana Islands Department of Finance Larrisa Larson, Secretary Department of Finance, P.O. Box 5234 Capitol Hill, Saipan MP 96950 Tel. 664-1100

#### PUBLIC NOTICE OF EMERGENCY REGULATIONS WHICH ARE AMENDMENTS TO THE RULES AND REGULATIONS OF THE DEPARTMENT OF FINANCE

**EMERGENCY ADOPTION AND IMMEDIATE EFFECT:** The Commonwealth of the Northern Mariana Islands, Department of Finance ("the Secretary") finds that:

(1) the attached rules and regulations regarding the regulation of electronic gaming, shall be adopted immediately on an emergency basis because the public interest so requires, for the reasons stated below (1 CMC  $\S$  9104(b), (c); 1 CMC  $\S$  9105(b)(2)); and

(2) the same rules and regulations shall be adopted, after a proper notice and comment period, as permanent regulations pursuant to the attached Notice of Proposed Rules and Regulations and the Administrative Procedure Act, 1 CMC § 9104(a).

**AUTHORITY:** The Secretary of Finance ("Secretary") is empowered by statutory authority to adopt required regulations to aid in the implementation of Commonwealth laws. 1 CMC §§ 2553(j) (Department of Finance duties and responsibilities); 2557 (authority to adopt required regulations); 4 CMC § 1901 (authority to adopt regulations for tax administration); 9101-9115 (procedures for adoption of regulations under the Commonwealth Administrative Procedure Act).

The Administrative Procedure Act provides that an agency may adopt an emergency regulation upon fewer than 30 days' notice if it states its reasons in writing:

(b) If an agency finds that the public interest so requires, or that an imminent peril to the public health, safety, or welfare requires adoption of a regulation upon fewer than 30 days' notice, and states in writing its reasons for that finding, it may, with the concurrence of the Governor, proceed without prior notice or hearing or upon any abbreviated notice and hearing that it finds practicable, to adopt an emergency regulation. The regulation may be effective for a period of not longer than 120 days, but the adoption of an identical regulation under subsections (a)(1) and (a)(2) of this section is not precluded.

(c) No regulation adopted is valid unless adopted in substantial compliance with this section...

1 CMC § 9104(b), (c).

**COMMONWEALTH REGISTER** 

VOLUME 36

NUMBER 01

i

**THE TERMS AND SUBSTANCE:** These Rules and Regulations provide for implementation of the Tourism Entertainment and Destination Enhancement Act of 2013" (TEDE Act") as identified in P.L. 18-30 § 1. The specific issues involved are the issuances of licenses, establishment and payment of associated fees, and the regulation of electronic gaming in the Commonwealth.

THE SUBJECTS AND ISSUES INVOLVED: These rules and regulations:

1. Address licensing requirements associated with the TEDA Act, establishment of associated fees and their payment

2. The regulation of electronic gaming activities authorized by the TEDA Act.

**ADOPTION OF EMERGENCY REGULATIONS FOR 120 DAYS**: The Secretary has followed the procedures of 1 CMC § 9104(b) to adopt these Proposed Regulations on an emergency basis for 120 days.

**REASONS FOR EMERGENCY ADOPTION**: The Secretary finds that the public interest requires adoption of these regulations on an emergency basis, for the following reasons:

1. The TEDA Act authorizes the expansion of gaming activity in the Commonwealth which requires the immediate development and implementation of appropriate regulations to ensure protection of the public interests and compliance with the TEDA Act requirements.

2. Currently, the Commonwealth does not have regulations which address TEDA Act activities and therefore must act in an expeditious manner so as to ensure orderly development of this activity.

3. The proposed regulations will provide a basic structure for regulation of the importation, sale, and use of electronic gaming as authorized under the TEDA Act.

4. Adopting the regulations on this emergency basis will provide an immediate structure to regulate the electronic gaming authorized under the TEDA Act and ensure that the public interest is protected in this activity.

**DIRECTIONS FOR FILING AND PUBLICATION:** These Proposed Rules and Regulations shall be published in the Commonwealth Register in the section/s on emergency and proposed regulations (*see* 1 CMC § 9102(a)(1)) and posted in convenient places in the civic center and in local government offices in each senatorial district. (1 CMC § 9104(a)(1)) The Secretary shall take appropriate measures to make these Rules and Regulations known to the persons who may be affected by them (1 CMC 9105(b)(2)).

**IMMEDIATE EFFECT**: These emergency rules and regulations become effective immediately upon filing with the Commonwealth Register and delivery to the Governor. (1 CMC § 9105(b)(2)). This is because the Secretary has found that this effective date is required by the public interest or is necessary because of imminent peril to the public health, safety, or welfare. (*Id.*)

ii

COMMONWEALTH REGISTER

NUMBER 01

TO PROVIDE COMMENTS: No comments are required for these emergency rules and regulations. However, the related Notice of Proposed Rules and Regulations will specify comment procedures. Please see the notice regarding these emergency regulations being presented as proposed regulations, in the February, 2014, Commonwealth Register.

These emergency regulations were approved by the Secretary on January 24, 2014.

Submitted by:

(Received by

Secretary of Finance Esther'S. Fleming Special Asst. for Administration

Concurred by:

ELOY S. INOS Governor

arrisa Larson

Filed and Recorded by:

R SN. NESBITT Commonwealth Register

02.04.2014 Date

01/31/14

0 3 FEB 2014

Date

Date

Date

Pursuant to 1 CMC § 2153(e) (AG approval of regulations to be promulgated as to form) and 1 CMC § 9104(a)(3) (obtain AG approval) the proposed regulations attached hereto have been reviewed and approved as to form and legal sufficiency by the CNMI Attorney General and shall be published (1 CMC § 2153(f) (publication of rules and regulations)).

Dated the <u>3</u> day of January, 2014.

JOEY P. SAN NICOLAS Attorney General

COMMONWEALTH REGISTER

iii

#### NORTHERN MARIANA ISLAND ADMINISTRATIVE CODE TITLE 70 DEPARTMENT OF FINANCE REGULATIONS

#### **Regulation Title:**

Northern Mariana Island Administrative Code Title 70 (Department of Finance) Chapter 70-40 (Division of Revenue & Taxation) Subchapter 40.60 Electronic Gaming Regulation

### The following section shall be added to Title 70; Chapter 70-40; Subchapter 40:

#### CHAPTER 70-60 ELECTRONIC GAMING REGULATIONS

#### Subchapters

#### 70-60.1 Electronic Gaming Regulations

Part 001 General Provisions	L
Section 70-60.1-005 Authority	1
Section 70-60.1-010 - Purpose1	1
Section 70-60.1-015 – Electronic Games1	1
Section 70-60.1-020 – Criminal Penalties	1
Section 70-60.1-025 - Violation of Regulations as Grounds for Imposition of Civil Fines and Suspension of Licenses	1
Section 70-60.1-030 – Age Limit	1
Part 002 Electronic Gaming Licensing	2
Section 70-60.2-005 – Electronic Game License	2
Section 70-60.2-015 – Issuance of Electronic Game License Certification	2
Section 70-60.2-020 – Limits on Number and Placement of Electronic Games	2
Section 70-60.2-025 – Electronic Game Licensing Fees	2
Section 70-60.2-030 – Transfer of Electronic Gaming License Fees to Commonwealth. 2	2
Section 70-60.1-035 – Electronic Game Standards	3
Section 70-60.1-040 – Communications Protocol	3
Section 70-60.1-045 – Manufacturing Date	3
Section 70-60.1-050 – Testing of Electronic Games	3
Section 70-60.1-055 – Return on Wagers	3
Section 70-60.1-60 – Maintenance of Electronic Game Standards	4
Section 70-60.2-065 - Electronic Game Site Operator.	4

**COMMONWEALTH REGISTER** 

**VOLUME 36** 

NUMBER 01

а

Section 70-60.2-080 – Duties of Electronic Game Site Operator
Section 70-60.2-085 - Electronic Game Site Operator License Fee
Section 70-60.2-090 – Electronic Game Supplier License
Section 70-60.2-095 – Sales of Electronic Game Equipment
Section 70-60.2-100 – Electronic Gaming Site Operator and Electronic Game Supplier License Application Review.
Section 70-60.2-105 – Electronic Game Site Operator and Electronic Game Supplier Employee License Requirements
Section 70-60.2-110 – Electronic Game Site and Electronic Game Supplier Employee License Application
Section 70-60.2-120 – Electronic Game Employee License Application Review
Section 70-60.2-125 – Electronic Gaming Employee License Conditions
Section 70-60.2-130 – Denial of License
Section 70-60.2-135 – License Suspension and Revocation

Part 003 Electronic Gaming Operation	
Section 70-60.3-005 – Central Monitoring of Electronic Gaming Activity	•
Section 70-60.3-010 – Central Monitoring of Electronic Gaming User Fees	•
Section 70-60.3-015 – Video Surveillance Requirements	
Section 70-60.3-020 – Unauthorized Access to Electronic Games	••
Section 70-60.3-025 – Cashless System	••
Section 70-60.3-030 –Kiosks	•••
Section 70-60.3-035 – Progressive Gaming Devices	•
Section 70-60.3-040 – Promotional Systems	
Section 70-60.3-045 – Bonus Systems	•

**COMMONWEALTH REGISTER** 

NUMBER 01

February 04, 2014 Addendum to JANUARY 28, 2014 PAGE 034675

b

#### SUBCHAPTER 70-40.60 ELECTRONIC GAMING REGULATIONS

#### Part 001 General Provisions

#### Section 70-60.1-005 Authority

Authority for promulgation and issuance of this part is derived from the Commonwealth Code, including but not limited to, 1 CMC §§ 2553(j) (Department of Finance duties and responsibilities); 2557 (authority to adopt required regulations); 4 CMC § 1901 (authority to adopt regulations for tax administration); 9101-9115 (procedures for adoption of regulations under the Commonwealth Administrative Procedure Act); and P.L. 18-30 (Tourism Entertainment and Destination Enhancement Act of 2013).

#### Section 70-60.1-010 - Purpose

The purpose of these regulations are to provide structure for the implementation of the "Tourism Entertainment and Destination Act of 2013" as established in P.L. 18-30 by the Department of Finance ("Commonwealth").

#### Section 70-60.1-015 – Electronic Games

These regulations shall apply to use, purchase, supply or operation of any "electronic gaming machine or any electronic table game" (hereinafter "Electronic Games") authorized or permitted under P.L. 18-30 § 3. The term Electronic Game shall refer to both hardware and software used in conducting electronic gaming.

#### Section 70-60.1-020 – Criminal Penalties

P.L. 18-30 provides a limited and controlled exclusion from the prohibition of gambling in the Commonwealth. Actions by any party which deviate from this limited gambling exemption and the controls stated herein shall be treated as a violation on the prohibition of gambling and grounds for imposition of criminal penalties as established in 6 CMC § 3159.

## Section 70-60.1-025 - Violation of Regulations as Grounds for Imposition of Civil Fines and Suspension of Licenses

Any individual violating these regulations shall be subject to fines and penalties up to \$5,000 per occurrence per day or as otherwise noted. Violations by a licensee of these regulations shall serve as the basis for immediate revocation of the associated licenses.

#### Section 70-60.1-030 – Age Limit

No person under the age of 18 years of age may play an Electronic Game licensed by the Commonwealth. It shall be a specific duty of an operator of electronic gaming machines to takes steps necessary to enforce this prohibition. A violation of this section shall constitute grounds for imposition of criminal penalties as established in 6 CMC § 3159.

**COMMONWEALTH REGISTER** 

1

#### Part 002 Electronic Gaming Licensing

#### Section 70-60.2-005 – Electronic Game License

All Electronic Games in the Commonwealth must be duly licensed as established in these regulations ("Electronic Game License") to be operated in the Commonwealth. The issuance of an Electronic Game License provides authority to operate one specified Electronic Game for a one year period from date of issuance. Applications for an Electronic Game License shall be in the manner and form required by the Commonwealth.

#### Section 70-60.2-010 – Electronic Game Licensing Requirements

Applications for issuance of an electronic Game License are limited to parties who have a valid Commonwealth Electronic Game Site Operator's License. Electronic Games submitted for licensing must comply with all applicable standards and be supplied by a Commonwealth Licensed Electronic Game Supplier

#### Section 70-60.2-015 – Issuance of Electronic Game License Certification

Upon issuance of an Electronic Game License by the Commonwealth, a certificate of license shall be issued and placed on the front of Electronic Game by the Commonwealth which shall remain on the Electronic Game throughout the term of the license. The issued license applies to the specific Electronic Game tested and approved by the Commonwealth and is not transferable. The license certificate shall not be moved, covered over, or altered. A fine up to \$5,000 shall be imposed on any party violating these requirements, and shall be basis for suspension and or revocation of any associate d licenses

#### Section 70-60.2-020 – Limits on Number and Placement of Electronic Games

Only one thousand Electronic Game Licenses shall be issued annually. Only one thousand (1,000) Electronic Game Licenses shall be issued annually and no more than 100 Electronic Games Licenses may be active in a single Electronic Game Facility.

#### Section 70-60.2-025 – Electronic Game Licensing Fees

The annual Licensing fee for each Electronic Game used in the Commonwealth shall be \$2,500 per year paid at time of issuance of the license or fifteen percent of net gaming revenues paid monthly ("Net Gaming Revenues"), whichever is greater ("Electronic Gaming License Fee"). Net gaming Revenues is defined as the total amount wagered in an Electronic Game minus the amount paid out directly by the Electronic Game in prizes without any other deductions of any nature whatsoever. The determination of the Net Gaming Revenues shall be based on information provided by the Commonwealth's Central Control Monitoring System.

## Section 70-60.2-030 – Transfer of Electronic Gaming License Fees to Commonwealth

1. The fees owed to the Commonwealth for Electronic Gaming Licenses shall be electronically transferred to the Commonwealth no later than 9 a.m. of the fifteenth day of the month following when they are earned.

2

**COMMONWEALTH REGISTER** 

NUMBER 01

- 2. Electronic Gaming Licensing fees shall be deposited according to specific procedures identified by the Department of Finance.
- 3. Failure to timely deposit the fees will be grounds for imposition of a one thousand dollar (\$1,000) fine for every hour or portion thereof in violation of this requirement in depositing the funds and shall also serve as grounds for immediate suspension of all associated Electronic Gaming Licenses.

#### Section 70-60.1-035 – Electronic Game Standards

Only Electronic Games that comply with all standards as identified in Commonwealth regulations shall be licensed. Electronic Games must comply with the most current applicable standards as established by Gaming Laboratories International ("GLI") including, but not limited to GLI 23 or GLI 24 and maintain these and all other applicable standards at all times.

#### Section 70-60.1-040 – Communications Protocol

All Electronic Games used in the Commonwealth must include and be capable of communications with the Commonwealth's Central Control System via a slot accounting system ("SAS") that is approved and fully compliant with requirements of the Commonwealth.

#### Section 70-60.1-045 – Manufacturing Date

No Electronic Games in the Commonwealth may have a manufacturing date before 1-1 2012. The term "manufacturing date" is defined as the date that the Electronic Game was initially assembled by the original manufacturer

#### Section 70-60.1-050 – Testing of Electronic Games

All Electronic Games proposed for use, sale, licensing, or distribution in the Commonwealth shall be tested by the Commonwealth to ensure compliance with all applicable standards ("Electronic Game Testing"). All costs for testing of Electronic Games shall be in addition to any license fees and shall be borne by the Applicant and shall be paid in full prior to release of test results or issuance of an Electronic Game License.

#### Section 70-60.1-055 – Return on Wagers

All Electronic Games in the Commonwealth must provide a return on wagers of between eighty-five percent (85%) to ninety-five percent (95%) ("Return on Wagers") and be reflected as such in examination and testing of the Electronic Game by the Commonwealth at all times. Once the Return on Wagers is established for a specific Electronic Game and certified by the Commonwealth it must be maintained at all times until authorized in writing and further certification to be changed. The Return on Wagers ("Return on Wager Display") for each Electronic Game must be prominently displayed at using one inch lettering on the front of any Electronic Game licensed by the Commonwealth for use in Electronic Gaming Activity.

COMMONWEALTH REGISTER

**VOLUME 36** 

#### NUMBER 01

3

#### Section 70-60.1-60 – Maintenance of Electronic Game Standards

All Electronic Games in the Commonwealth must continuously comply with all standards established in these regulations. All Electronic Games shall be subject to continuous electronic monitoring and random testing by the Commonwealth to ensure continuing compliance with GLI Standards. Any Electronic Game that fails to maintain constant compliance with GLI and Commonwealth standards shall have the associated Electronic Gaming License immediately suspended and removed from use. Any violation of this requirement may result in fines up to \$1,000 per hour and grounds for immediate suspension of the site operator's license and operation of all Electronic Games.

#### Section 70-60.2-065 - Electronic Game Site Operator

The term "Electronic Game Site Operator" is defined as a party who has been issued a license by the Commonwealth to operate "Electronic Gaming Activity" at one specific site that complies with Commonwealth requirements ("Electronic Game Site Requirements").

#### Section 70-60.2-070 - Electronic Game Site Operator License

All Electronic Game Site Operators must be licensed by the Commonwealth. In order to provide an adequate base for support of Electronic Game Sites and to allow for proper monitoring of this activity, only ten Electronic Game Site Licenses will be issued at any given time. The annual license fee for an Electronic Game Site Operator shall be one hundred thousand dollars (\$100,000) or one percent of Net Gaming Revenues whichever is greater (collectively, "Game Site Operator License Fee"). An Electronic Game Site Operator License shall be valid for a five (5) year period with annual reviews. The purpose of the annual review will be to evaluate the Electronic Game Site Operators compliance with all terms and conditions of the Electronic Game Site Operator License.

In order to promote competition and the establishment of a viable Electronic Game activity, no individual may have a significant interest in more than two Electronic Game Sites. As used in this regulation, the term "significant interest" means any form of ownership, control, consulting contract, officer, director, agent interest, or lease arrangement. All significant interests of any Electronic Site Operator must be fully disclosed in the application documents. Any violation of this requirement or undisclosed interests will be grounds for immediate suspension and initiation of license revocation procedures.

#### Section 70-60.2-075 – Selection of Electronic Game Site Operator Licensees

Award of the ten Electronic Game Site Operator Licensees shall be through the use of a public request for proposal evaluation process in order to determine which proposal ("Proposals") would be in the best interest of the Commonwealth. Applicants for a license as Electronic Game Supplier shall complete all required forms requested by the Commonwealth and provide the following information, without limitation:

1. The Applicant's legal name, form of entity (e.g., general or limited partnership, corporation), the names, addresses, employer identification or social security numbers (if applicable or alternatively, if not applicable, passport numbers) and dates of birth (if applicable) of its directors, officers, partners, owners, and Electronic Game Site

4

**COMMONWEALTH REGISTER** 

operations employees.

- 2. A description of the Applicant's organizational structure and a copy of current organizational documents and any subsequent amendments.
- 3. With respect to any entities named in subparagraph (1) that are not individuals, the names, addresses, social security numbers, and birth dates of all individuals who are directors, officers, owners, partners, key employees, or Electronic Game operations employees of any such entity.
- 4. The percentages of shares of stock, if any, held by each person named in subparagraph (1) or subparagraph (3) above.
- 5. The names of all persons principally involved in the original creation of the Applicant's enterprise.
- 6. The names, if any, and addresses, social security numbers, and dates of birth of any person who is or was a director, officer, owner, partner, employee of the Applicant who has been charged with or convicted of a felony, a crime involving gambling, dishonesty, or moral turpitude.
- 7. Certified copies of the applicant's charter, articles of incorporation, partnership agreement, and other documents which constitute or explain the legal organization of the applicant.
- 8. Copies of the applicant's Commonwealth or United States tax returns for the three (3) most immediate previous fiscal years.
- 9. Copies of the declaration pages of all insurance policies insuring the applicant.
- Disclosure regarding the applicant or any other persons identified in subparagraphs
  (1) or (3) who were rejected for any gambling or gaming license or permit in any other jurisdiction.
- 11. Current tax clearance (issued within 30 days of date of application) from the Commonwealth Department of Revenue & Taxation.
- 12. Any and all other information as the Commonwealth may required to determine the competence, honesty and integrity of the applicant.
- 13. Authorized disclosure and release forms;
- 14. Identification of all gaming experience;
- 15. Proposed insurances and bonds;
- 16. Proposal submissions to the Commonwealth by or on behalf of the applicant for purposes of determining the qualifications of the applicant or agent, shall be sworn to or affirmed before a notary public. If any form or document is signed by an attorney for the applicant, the signature shall certify that the attorney has read the forms or documents and that, to the best of his or her knowledge, information and belief, based on diligent inquiry, the contents of the form or documents so supplied are true.
- 17. Upon request of the Commonwealth, the applicant shall supplement the information provided in the application form as deemed necessary by the Commonwealth.
- 18. The applicant shall furnish all information, including financial data and documents, certifications, consents, waivers, individual history forms, tax returns, cancelled checks or other materials required or requested by the Commonwealth for purposes of determining the qualifications of the applicant or agent.
- 19. To the extent, if any, that the information supplied in the application or otherwise supplied by the applicant or on the applicant's behalf, becomes inaccurate or incomplete, the applicant shall so notify the Commonwealth in writing as soon as

5

**COMMONWEALTH REGISTER** 

it is aware that the information is inaccurate or incomplete, and shall at that time supply the information necessary to correct the inaccuracy or incompleteness of the information.

- 20. The applicant shall cooperate fully with the Commonwealth and its representatives or agents with respect to its background investigation of the applicant. Among other things, the applicant, upon request, shall make available any and all of its books or records for inspection by the Commonwealth or its representatives.
- 21. To the extent provided by law, any information obtained pursuant to this Section shall be held in confidence and not subject to the Commonwealth Freedom of Information Act.
- 22. Proposers shall pay for all costs associated with proposal review and shall deposit an initial amount of five thousand dollars (\$5,000) as deposit ("Deposit") at time of submission of the proposal for these expenses at time of submission of the application which the Commonwealth may draw upon as required. The Commonwealth shall provide Applicant with monthly report on all expenses charged against the Deposit. If expenses exceed the amount of Deposit, Applicant will be required to reimburse the Commonwealth for these additional expenses. Any balance of the Deposit shall be returned to the Applicant.
- 23. The applicant must provide specific details on the proposed site. The information that must be provided regarding the proposed site includes the following:
  - a. conceptual design;
  - b. gaming credentials and past experience of licensed architect or engineer that will design facility and stamp plans so as to assure that they meet or exceed most current gaming facility design standards.
  - c. gaming machine layout;
  - d. cashier areas;
  - e. Security issues
  - f. customer amenities;
  - g. description of fixtures and finishes;
  - h. HVAC and electrical considerations
  - i. Lighting;
  - j. Electrical services;
  - k. Video monitoring system;
  - 1. Fixtures and finishes;
  - m. Parking;
  - n. Compliance with applicable building and safety codes;
  - o. Integration of central control requirements; and
  - p. Fixture replacement program.
- 24. Proposed Business Plan which shall describe the plan of operation for the proposed Gaming Facility Site including discussion of the following issues:
  - a. Identification of proposed site;
  - b. Gaming facility acoustics
  - c. Smoking areas
  - d. Electronic Game repair and storage area
  - e. Secure counting room
  - f. Electronic cashier services;

6

COMMONWEALTH REGISTER

VOLUME 36

NUMBER 01

- g. Fire protection;
- h. Emergency power;
- i. Lighting;
- j. Flooring;
- k. Documentation of site control;
- I. Cashier services plan;
- m. Electronic game repair and maintenance services plan;
- n. Video monitoring plan;
- o. Integration of food and beverages;
- p. Security plan;
- q. Proposed games;
- r. Proposed suppliers;
- s. Other entertainment activities;
- t. Customer amenities;
- u. Bonus systems;
- v. Progressive gaming
- w. Gaming promotion/Advertising;
- x. Gaming Site Management Structure;
- y. Time schedule for implementation;
- z. Proposed staffing;
- aa. Facility maintenance and replacement plan.

#### Section 70-60.2-080 – Duties of Electronic Game Site Operator

The duties of an Electronic Game Site Operator in the Commonwealth are as follows:

- 1. Compliance with all laws and regulations of the Commonwealth and the United States and particularly the requirements associated with Electronic Gaming in the Commonwealth.
- 2. Compliance with proposal elements as established in the licensed issued by the Commonwealth.
- 3. Maintenance of proper conduct at Gaming Site consistent with the promotion of gaming.
- 4. Provision of adequate maintenance of gaming facility to meet the highest standard of appearance and repair so as to promote continuous growth of tourism related gaming in the Commonwealth.
- 5. Provision of adequate security at the Gaming Facility so as to ensure patron protection, security of all gaming funds, promotion of gaming, public trust and integrity of gaming activity.
- 6. Dutiful compliance with required payments to the Commonwealth;
- 7. Provision of financial security acceptable to the Commonwealth;
- 8. Exceptional customer services.
- 9. Continued annual growth of gaming as measured by net gaming revenues.
- 10. Control of costs so as to maintain viability of gaming operations.
- 11. Take required steps to prevent tampering or unauthorized access to Electronic Games
- 12. Only permit authorized individuals to access Electronic Games.

7

**COMMONWEALTH REGISTER** 

NUMBER 01

- 13. Adequate supervision and control of staff so as to ensure proper licensing, protection of integrity of gaming activities, and promotion of tourism related gaming.
- 14. Continuous operational capacity of at least 95% of all licensed Electronic Games located at the Electronic Game Site and available for public use twenty-four hours a day, three hundred and sixty-five days per calendar year.
- 15. The licensee shall at all times make its premises available for inspection by authorized representatives of the Commonwealth or the Commonwealth personnel, on a 24-hour unannounced basis.
- 16. Commonwealth agents shall be authorized entry to the premises and access to any electronic gaming machines or records of the agent without acquiring a warrant.
- 17. The licensee shall consent in writing to the examination of all records and, upon request of the Commonwealth, shall authorize all third parties in possession or control of the said documents to allow the Commonwealth to examine such documents.
- 18. To the extent permitted by law, a licensee accepts all risks of adverse public notice, embarrassment, criticism, damages, or financial loss which may result from any disclosure or publication of material or information supplied to the Commonwealth in connection with the license application.
- 19. A licensee shall immediately notify the Commonwealth of any proposed or effective change regarding the makeup of the owners, directors, officers, partners, or employees of the contractor.
- 20. A licensee shall certify by a sworn notarized statement that it has not entered and does not intend to enter into any joint venture, partnership, independent contractor or teaming agreement in order to fulfill its obligations in connection with electronic gaming operations and that it has not entered and does not intend to enter into any agreement whereunder the proceeds generated by any agreement between the agent and the Commonwealth would be shared with one or more other persons.
- 21. No license granted may be transferred, assigned or pledged as collateral.
- 22. No change of ownership or control of a licensee that occurs after the Commonwealth has issued a license shall be allowed without prior consent of the Commonwealth.
- 23. Electronic Gaming Operator, Officers, Directors and employees are prohibited from participating in electronic gaming wagering in any form or manner

#### Section 70-60.2-085 - Electronic Game Site Operator License Fee

- 1. The annual licensing fee for an Electronic Game Site Operator shall be a minimum fee of one hundred thousand dollars (\$100,000) ("Minimum Fee") or one percent of net winnings ("1% License Fee"), whichever is greater. Payment of the Minimum Fee shall be payable in full at time of granting of the license.
- 2. Once total annual Net Gaming Revenues of the associated site exceed ten million dollars (\$10,000,000) the 1% License Fee shall be due and payable to the Commonwealth on any Net Gaming revenues that exceed this amount and shall be paid monthly at 8 a.m. on the first day of the month following the month in which it is earned and in a manner that is in full compliance with Commonwealth

8

COMMONWEALTH REGISTER

VOLUME 36

NUMBER 01

directives.

3. Late payments of the 1% License Fee shall be penalized by a fine of one thousand dollars for every hour or portion thereof that the payment is late and shall be grounds for immediate suspension of all associated Electronic Gaming Licenses.

#### Section 70-60.2-090 – Electronic Game Supplier License

Specified equipment used in Electronic Gaming in the Commonwealth may only be imported into the Commonwealth by a Commonwealth licensed Electronic Game Supplier and offered for sale, lease, or use by an Electronic Gaming Site Operator.

- 1. Applicants for a license as Electronic Game Supplier shall complete all required forms requested by the Commonwealth and provide the following information, without limitation:
  - a. The applicant's legal name, form of entity (e.g., general or limited partnership, corporation), the names, addresses, employer identification or social security numbers (if applicable or alternatively, if not applicable, passport numbers) and dates of birth (if applicable) of its directors, officers, partners, owners, and Electronic Game Supplier employees.
  - b. A description of the applicant's organizational structure and a copy of current organizational documents and any subsequent amendments.
  - c. With respect to any entities named in subparagraph (1) that are not individuals, the names, addresses, social security numbers, and birth dates of all individuals who are directors, officers, owners, partners, key employees, or Electronic Game operations employees of any such entity.
  - d. The percentages of shares of stock, if any, held by each person named in subparagraph (1) or subparagraph (3) above.
  - e. The names of all persons principally involved in the original creation of the applicant's enterprise.
  - f. The names, if any, and addresses, social security numbers, and dates of birth of any person who is or was a director, officer, owner, partner, employee of the applicant who has been charged with or convicted of a felony, a crime involving gambling, dishonesty, or moral turpitude.
  - g. Certified copies of the applicant's charter, articles of incorporation, partnership agreement, and other documents which constitute or explain the legal organization of the applicant.
  - h. Copies of the applicant's Commonwealth or United States tax returns for the three (3) most immediate previous fiscal years.
  - i. Copies of the declaration pages of all insurance policies insuring the applicant.
  - j. Disclosure regarding the applicant or any other persons identified in subparagraphs (1) or (3) who were rejected for any gambling or gaming
    - license or permit in any other jurisdiction.
  - k. Current tax clearance (issued within 30 days of date of application) from the Commonwealth Department of Revenue & Taxation.
  - 1. Any and all other information as the Commonwealth may require to determine the competence, honesty and integrity of the applicant.
  - m. Authorized disclosure and release forms.
  - n. Proposed insurances and bonds.

COMMONWEALTH REGISTER

NUMBER 01

- o. Identification of all gaming experience including the identification of the following:
  - (1) History of gaming activity in the past ten years
  - (2) Sites where applicant is currently conducting gaming activities;
  - (3) Types of game hardware and software currently in use;
- p. Proposed Business Plan identifying the following:
  - (1) Proposed gaming hardware and software and associated equipment;
  - (2) Communications protocol;
  - (3) Compliance with GLI standards
  - (4) Proposed suppliers;
  - (5) Sites where equipment is currently being used
  - (6) Date of manufacture of proposed Electronic Games;
  - (7) Game maintenance systems and staffing; and
  - (8) Promotion of gaming growth;
- 2. The application, as well as other documents submitted to the Commonwealth by or on behalf of the applicant for purposes of determining the qualifications of the applicant or agent, shall be sworn to or affirmed before a notary public. If any form or document is signed by an attorney for the applicant, the signature shall certify that the attorney has read the forms or documents and that, to the best of his or her knowledge, information and belief, based on diligent inquiry, the contents of the form or documents so supplied are true.
- 3. Upon request of the Commonwealth, the applicant shall supplement the information provided in the application form as deemed necessary by the Commonwealth.
- 4. The applicant shall furnish all information, including financial data and documents, certifications, consents, waivers, individual history forms, tax returns, or other materials required or requested by the Commonwealth for purposes of determining the qualifications of the applicant or agent.
- 5. To the extent, if any, that the information supplied in the application or otherwise supplied by the applicant or on the applicant's behalf, becomes inaccurate or incomplete, the applicant shall so notify the Commonwealth in writing as soon as it is aware that the information is inaccurate or incomplete, and shall at that time supply the information necessary to correct the inaccuracy or incompleteness of the information.
- 6. The applicant shall cooperate fully with the Commonwealth and its representatives or agents with respect to its background investigation of the applicant. Among other things, the applicant, upon request, shall make available any and all of its books or records for inspection by the Commonwealth or its representatives.
- 7. To the extent provided by law, any information obtained pursuant to this Section shall be held in confidence and not subject to the Commonwealth Freedom of Information Act.
- 8. Applicant shall pay for all costs associated with License application and shall deposit an initial amount of two thousand dollars (\$2,000) as deposit ("Deposit") for these expenses at time of submission of the application which the Commonwealth may draw upon as required. The Commonwealth shall provide Applicant with monthly report on all expenses charged against the Deposit. If expenses exceed the amount

10

COMMONWEALTH REGISTER

of Deposit, Applicant will be required to reimburse the Commonwealth for these additional expenses. Upon issuance of license or denial, any balance of the Deposit shall be returned to the Applicant.

#### Section 70-60.2-095 – Sales of Electronic Game Equipment

- 1. Specified equipment ("Specified Electronic Game Equipment") used in association with Electronic Gaming in the Commonwealth may only imported by and offered for sale, lease or use by an Electronic Game Supplier licensed to Commonwealth Licensed Electronic Game Site Operators.
- 2. Importation of Electronic Games by parties that are not licensed by the Commonwealth as an Electronic Game Supplier is strictly prohibited and will be considered as contraband subject to confiscation procedures under 6 CMC § 2159.
- 3. The list of Specified Electronic Game Equipment includes, but is not limited to the following:
  - 1. Electronic Games as defined herein;
  - 2. Cashless Gaming Systems as defined herein and in GLI 16 or similar equipment;
  - 3. Kiosks as defined herein and in GLI-20 or similar equipment;
  - 4. Progressive Gaming Systems as defined herein and GLI-12 and similar equipment;
  - 5. Promotional Systems as defined herein and GLI-18 and similar equipment;
  - 6. Bonus Systems as identified herein and GLI-17 and similar equipment.

All specified Electronic Gaming Equipment must be submitted to the Commonwealth by the licensed Electronic Game Supplier for testing and approval prior to its use in Electronic Gaming in the Commonwealth. All costs for testing are to be borne by the Electronic Game Supplier. If questions arise whether equipment associated with the conduct of Electronic Gaming should be submitted for testing an inquiry should be made to the Commonwealth prior to its use and a written decision will be timely issued.

#### Section 70-60.2-100 – Electronic Gaming Site Operator and Electronic Game Supplier License Application Review

- 1. Upon determination by the Commonwealth that the application is complete, it shall, as soon as practicable, undertake and complete the background investigation of the Electronic Gaming Site Operator and Electronic Game Supplier License applicant ("Applicant") and report its findings.
- 2. The Commonwealth shall weigh the following factors in the evaluation of the application:
  - a. The criminal background, if any, of the Applicant, or any of its officers, directors, partners, owners, and employees. No license shall be issued to any applicant if any of the persons identified in this subsection have been convicted, within 10 years prior to the filing of the application, of any felony, a crime of moral turpitude, gambling, or dishonesty.
  - b. The extent to which, if any, the Applicant would be subject to the control or influence of its activities by any person having a financial interest pertaining to the Applicant, including a mortgage or other lien against property of the Applicant or, who in the opinion of the Commonwealth, might otherwise influence its activities. In such case the Commonwealth shall consider the

11

COMMONWEALTH REGISTER

VOLUME 36

NUMBER 01

character, honesty and integrity of whoever has the ability to control or influence the activities of the applicant.

- c. The degree to which the Applicant has demonstrated its ability to finance the proposed operations, as well as the source of such financing.
- d. The degree to which the Applicant has supplied accurate and complete information pursuant to the requirements of these regulations.
- e. Whether the Applicant has demonstrated the business ability and experience necessary to satisfactorily conduct the Electronic Game operations.
- f. The extent to which the Applicant has cooperated with the Commonwealth in connection with the background investigation.
- g. Whether the person, or any of its officers, directors, partners, owners, key employees, or employees are known to associate with persons of nefarious backgrounds or disreputable character such that the association could adversely affect the general credibility, security, integrity, honesty, fairness or reputation of commonwealth Electronic Gaming.
- h. With respect to any past conduct which may adversely reflect upon the Applicant, the nature of the conduct, the time that has passed since the conduct, the frequency of the conduct and any extenuating circumstances that affect or reduce the impact of the conduct or otherwise reflect upon the Applicant's fitness for the license.
- i. The extent, if any, to which the Applicant has failed to comply with any applicable tax laws of the United States, Commonwealth or other governments or agencies.
- j. Any other information before the Commonwealth, including substantially similar background investigations performed by other agencies or jurisdictions, which relates to the Applicant's competency, financial capability, honesty, integrity, reputation, habits, or associations.
- k. The proposed Business Plan
- 1. The proposed Electronic Gaming Site Facility Design (limited to Electronic Game Site Operator applicants).
- m. Proposed insurances and bonds.
- 3. A license shall be issued to the applicant if the Commonwealth is satisfied, upon consideration of the factors specified herein that the applicant would be a fit licensee and not pose a threat to the public interest, the reputation of the lottery, or the effective control of the lottery.

#### Section 70-60.2-105 – Electronic Game Site Operator and Electronic Game Supplier Employee License Requirements

- 1. Only employees of an Electronic Game Operator Employee or Electronic Game Supplier who have been licensed and authorized to perform specified Electronic Game Services may perform the functions specified herein.
- 2. The following services of an Electronic Game Supplier or Electronic Game Site Operator are limited to individuals licensed as an "Electronic Game Technician" or "Electronic Game Technician Manager":
  - a. access to the internal area of an Electronic Game;
  - b. Performance of maintenance or repair of an Electronic Game;

12

COMMONWEALTH REGISTER

VOLUME 36

NUMBER 01

- c. Movement of an Electronic Game;
- d. Testing of an Electronic Game;
- e. Management of services of Electronic Game Technicians,"
- f. Repair or maintenance of change machines or cashless gaming systems.
- 3. The following services are limited to employees of an Electronic Game Site Operator who are licensed as an "Electronic Game Cashier" or "Electronic Game Cashier Manager":
  - a. Handling of Electronic Gaming Funds;
  - b. Providing change, money exchange, or cashier services to Electronic Gaming Patrons.
- 4. The employer of individuals licensed as an Electronic Game Cashier or Electronic Game Cashier Manager must provide a \$100,000 bond payable to the Commonwealth upon any claim for willful or negligence performance of duties.
- 5. The following services are limited to employees of an Electronic Game Supplier who are licensed as a "Electronic Game Supplier Agent:" Act as representative or agent of Electronic Game Supplier.
- 6. The following services of an Electronic Game Supplier or Electronic Game Site Operator are limited to individuals licensed as an "Electronic Game Site Manager" or "Electronic Game Supplier Manager":
  - a. Management of Electronic Game Technicians and Electronic Game Technician Managers;
  - b. Management of Electronic Game Site Operator Cashiers;
  - c. Management of Electronic Game Supplier Agents

#### Section 70-60.2-110 – Electronic Game Site and Electronic Game Supplier Employee License Application

- 1. Applicants for a license as:
  - a. Electronic Game Technician;
  - b. Electronic Game Technician Manager;
  - c. Electronic Game Cashier;
  - d. Electronic Game Cashier Manager
  - e. Electronic Game Supplier Agent;
  - f. Electronic Game Supplier Agent Manager
  - g. Electronic Game Site Manager

("Electronic Gaming Employee Applicant" or "Applicant") shall apply to the Commonwealth for the respective licenses on specified forms and shall provide the following, without limitation:

- a. Name;
- b. Address of residence;
- c. Driver's License or Passport;
- d. Last two years of income tax returns;
- e. Telephone number;
- f. e-mail address;
- g. any previous name used;
- h. Arrest record;
- i. Identification of any prior criminal convictions;

13

COMMONWEALTH REGISTER

VOLUME 36

NUMBER 01

- j. Education level;
- k. Any creditor or bankruptcy proceedings;
- 1. Current tax clearance (issued within 30 days of date of application) from Commonwealth Department of Revenue & Taxation;
- m. Fingerprints;
- n. Employment history;
- o. Authorized disclosure and release forms; and
- p. Identification of all gaming experience.
- 2. Upon request of the Commonwealth, the Applicant shall supplement the information provided in the application form as deemed necessary. The Applicant shall furnish all information, including financial data and documents, certifications, consents, waivers, individual history forms, tax returns, or other materials required or requested by the Commonwealth for purposes of determining the qualifications of the Applicant.
- 3. To the extent, if any, that the information supplied in the application or otherwise supplied by the Applicant or on the Applicant's behalf, becomes inaccurate or incomplete, the Applicant shall so notify the Commonwealth in writing as soon as he or she is aware that the information is inaccurate or incomplete, and shall at that time supply the information necessary to correct the inaccuracy or incompleteness of the information.
- 4. The Applicant shall cooperate fully with the Commonwealth and representatives with respect to its background investigation of the applicant.
- 5. Applicant shall pay for all costs associated with License application and shall deposit an initial amount of two hundred dollars (\$100) as deposit ("Deposit") for these expenses at time of submission of the application which the Commonwealth may draw upon as required. If expenses exceed the amount of Deposit, Applicant will be required to reimburse the Commonwealth for these additional expenses. Upon issuance of license or denial, any balance of the Deposit shall be returned to the Applicant.

#### Section 70-60.2-120 – Electronic Game Employee License Application Review

- 1. As soon as the Commonwealth has determined that the Electronic Gaming Employee application is complete, it shall, as soon as practicable, undertake and complete the background investigation of the Applicant and report its findings.
- 2. The Commonwealth shall weigh the following factors in his or her evaluation of the application:
  - a. The criminal background, if any, of the Applicant. No license shall be issued to any applicant who has been convicted, within 10 years prior to the filing of the application, of any felony, a crime of moral turpitude, gambling, or dishonesty.
  - b. The extent to which, if any, the applicant would be subject to the control or influence of its activities by any person having a financial interest pertaining to the applicant, including a mortgage or other lien against property of the applicant or, who in the opinion of the Commonwealth, might otherwise influence his or her activities. In such case the Commonwealth shall consider the character, honesty and integrity of whoever has the ability to control or influence the activities of the Applicant.

COMMONWEALTH REGISTER

**VOLUME 36** 

NUMBER 01

- c. The degree to which the Applicant has supplied accurate and complete information pursuant to the requirements of these regulations.
- d. The extent to which the Applicant has cooperated with the Commonwealth and the Commonwealth in connection with the background investigation.
- e. Whether the Applicant is known to associate with persons of nefarious backgrounds or disreputable character such that the association could adversely affect the general credibility, security, integrity, honesty, fairness or reputation of the lottery.
- f. With respect to any past conduct which may adversely reflect upon the Applicant, the nature of the conduct, the time that has passed since the conduct, the frequency of the conduct and any extenuating circumstances that affect or reduce the impact of the conduct or otherwise reflect upon the Applicant's fitness for the license.
- g. The extent, if any, to which the Applicant has failed to comply with any applicable tax laws of the United States, Commonwealth or other governments.
- h. Any other information before the Commonwealth, including substantially similar background investigations performed by other agencies or jurisdictions, which relates to the Applicant's competency, financial capability, honesty, integrity, reputation, habits, or associations.
- 3. A license shall be issued to the Applicant if the Commonwealth is satisfied, upon consideration of the factors specified that the Applicant would be a fit licensee and not pose a threat to the public interest, the reputation of the lottery, or the effective control of the lottery.
- 4. The Commonwealth will communicate the results of suitability in writing regarding an employee to the Electronic Gaming Site Operator or Electronic Game Supplier sponsoring said individual.
- 5. All records pertaining to criminal background checks, and copies of suitability determinations of Applicants for licensure, shall be maintained in a confidential manner.
- 6. Access to criminal background check records, and letters of reference accompanying out-of-state criminal background checks, and determinations of suitability of Applicants shall be limited to the Commonwealth and designated personnel.

#### Section 70-60.2-125 – Electronic Gaming Employee License Conditions

- 1. All Electronic Gaming Employees must possess a currently valid Electronic Gaming Employee License to perform any of the specified duties or functions.
- 2. Licenses are valid for a two year period from date of issuance.
- 3. Employee must comply with Commonwealth laws and regulations.
- 4. Employees must limit their duties to the specific job duties associated with their job description and activity limits associated with their Electronic Game contractor employer.
- 5. Employees may not engage in unauthorized activity associated with the electronic game machines.
- 6. Employees must update license information to reflect any changes that occur during the year.

15

**COMMONWEALTH REGISTER** 

VOLUME 36

NUMBER 01

- 7. Electronic Game Operator Employees are prohibited from participating in electronic game wagering in any form or manner.
- 8. Electronic Game Operator Employees must wear license in prominent display on front of shirt area at all times during hours of employment.
- 9. Every license issued by the Commonwealth shall bear thereon the distinguishing number assigned to the licensee and shall contain the name and photograph of the licensee. The license shall also contain the name of the sponsoring employer.
- 10. The Electronic Game Employee License is the property of the Commonwealth. The license shall be returned to the Commonwealth if it is suspended, expires, or upon termination of employment.

#### Section 70-60.2-130 – Denial of License

- 1. If a determination is made to deny a license, the person or entity shall have an opportunity to appeal for reconsideration as identified herein.
- 2. Appeal shall be initiated by a party notified that he/she is being denied a license pursuant to the Electronic Gaming Regulations by submitting a request for a hearing to the Commonwealth within ten (10) working days of the receipt of the written notice.
- 3. Purpose of the hearing is for the Commonwealth to present reasons for license revocation and opportunity to licensee to refute asserted reasons for revocation or denial and present reasons why the license should not be denied.
- 4. If an Applicant desires a hearing, he shall provide the Commonwealth with a written statement within ten days of receipt of the notice of denial which contains the following:
  - a. A clear and concise assignment of each error which the Commonwealth alleges to have been committed in the tentative determination to deny the license. Each assignment of error should be listed in a separately numbered paragraph.
  - b. A clear and concise statement of the facts on which the Applicant relies in support of each assignment of error.
  - c. A prayer setting forth the relief sought.
  - d. The signature of the Applicant verifying that the statements contained in the statement are true.
- 5. The appellant shall be given the right to be heard within thirty (30) working days of the receipt of the letter of appeal, unless extenuating circumstances require a longer period.
- 6. A written decision shall be rendered by within thirty (30) working days of the hearing unless extenuating circumstances require a longer period. All decisions made under this appeal procedure are final.
- 7. Hearing will be conducted by a hearing officer who shall establish appropriate rules and procedures.
- 8. Parties will be allowed to present relevant evidence.
- 9. A recording of the hearing will be made and retained for a one year period from date of hearing.
- 10. A person determined to be unsuitable for licensure pursuant to these Regulations shall be prohibited from reapplying for licensure for a period of twelve (12) months.

16

COMMONWEALTH REGISTER

VOLUME 36

NUMBER 01

11. Decisions of the hearing officer may be appealed within 30 days of decision to the Commonwealth Superior court.

#### Section 70-60.2-135 – License Suspension and Revocation

- 1. The license of an Electronic Game Site Operator, Electronic Game Supplier, or Electronic Game Employee ("licensee") may be suspended or revoked for the following reasons:
  - a. Failure to file with the Commonwealth the information required pursuant these regulations;
  - b. For cause, such as, but not limited to, falsifying any application for license or report to the Commonwealth; failure to report information required by the regulations; the material violation of the regulations; or any conduct by the
    - licensee, or any of its owners, officers, directors, partners, key employees, or Electronic Game operations employees, which undermines the public confidence in the Electronic Game system or serves the interest of organized gambling or crime and criminals in any manner.
  - c. A license may be revoked for an unintentional violation of any Federal, or Commonwealth law or regulation provided that the violation is not cured within a reasonable time as determined by the Commonwealth, or a longer period where the Electronic Game agent has made diligent efforts to cure. For purposes of this provision, the licensee is deemed to be familiar with all the provisions of these regulations and unintentional violations shall not include violations which the licensee asserts are unintentional because of lack of awareness of these regulations. Likewise, for purposes of this provision, diligent efforts to cure shall not constitute a defense to a suspension or revocation of the license arising out of reasons identified above or in situations where the violation would not have occurred had the licensee exercised diligent efforts to comply with the requirements when they were first applicable.
- 2. Prior to the revocation or suspension of any license, the Commonwealth shall notify the licensee of the intended revocation or suspension of the license, and the reasons therefore. No revocation or suspension shall be effective until a final order is issued pursuant to the following procedure, except when the public welfare clearly requires emergency action and the Commonwealth's order so states. The notice of the intended revocation or suspension shall afford the licensee with an opportunity for a hearing.
- 3. If the licensee desires a hearing, it shall provide the Commonwealth with a written statement within ten days of receipt of the notice which contains the following:
  - a. A clear and concise assignment of each error which the licensee alleges to have been committed in the tentative determination to suspend or revoke the license. Each assignment of error should be listed in a separately numbered paragraph.
  - b. A clear and concise statement of the facts on which the licensee relies in support of each assignment of error.
  - c. A prayer setting forth the relief sought.

VOLUME 36

4. The signature of the licensee or an officer authorized to request the hearing.

**COMMONWEALTH REGISTER** 

NUMBER 01

- 5. A verification by the licensee or counsel for the licensee that the statements contained in the statement are true.
- 6. The Commonwealth shall appoint a hearing officer within a reasonable time of receipt of the statement referenced in the preceding paragraph. Notice of the hearing shall be given at least 20 days before the date it is to be held.
- 7. The licensee may appear individually, by legal counsel, or by any other duly authorized representative. In the absence of the licensee, written evidence of a representative's authority shall be presented to the hearing officer in a form satisfactory to the hearing officer.
- 8. The licensee or his duly authorized representative, may, with the approval of a hearing officer, waive the hearing and agree to submit the case for decision on the record, with or without a written brief. Such a waiver or agreement shall be in writing and placed in the record.
- 9. The licensee shall be given an opportunity for argument within the time limits fixed by the hearing officer following submission of the evidence. The hearing officer, upon request of the licensee, may accept briefs in lieu of argument. The briefs shall be filed within ten days after the hearing date or within such other time as fixed by the hearing officer.
- 10. The hearing officer may admit any relevant evidence, except that it shall observe the rules of privilege recognized by law. The hearing officer may exclude any evidence which is irrelevant, unduly repetitious, or lacking a substantial probative effect.
- 11. A record shall be made of all hearings and all witnesses shall be sworn and subject to cross examination.
- 12. Following the conclusion of the hearing and within ten days of the receipt of the transcript thereof, or within such other time as fixed by the hearing officer but in no event later than forty-five days following the hearing, the hearing officer shall prepare a final decision, including his or her findings of fact and conclusions of law, and the order signed by the hearing officer shall be final. A copy of said order shall be served upon the licensee and any attorney of record in person or by registered or certified mail.

#### **Part 003 Electronic Gaming Operation**

#### Section 70-60.3-005 – Central Monitoring of Electronic Gaming Activity

All Electronic Games used in the Commonwealth shall be subject to continuous monitoring and control by a centralized monitoring system as established and maintained by the Commonwealth ("Centralized Monitoring System"). All Electronic Games must be fully compliant with standards as established for monitoring and control of Electronic Gaming activity as established by the Commonwealth.

Any Electronic Game that fail to maintain proper communications with the centralized Monitoring System shall have the associated Electronic Gaming License suspended and shall be immediately removed from service by the Commonwealth through the Central Control. Any violation of this requirement may result in fines up to one thousand dollars (\$1,000) per hour and grounds for immediate suspension of the site operator's license and

18

**COMMONWEALTH REGISTER** 

VOLUME 36

NUMBER 01

all associated Electronic Game activity.

Section 70-60.3-010 – Central Monitoring of Electronic Gaming User Fees Costs for the Commonwealth's Centralized Monitoring System shall be distributed among all Electronic Games as a user fee ("Central Control Monitoring User Fee") and shall be payable monthly. The Central Monitoring Fee shall be paid by 8 a.m. on the first day of the succeeding month for which charges are incurred. Payment shall be made electronically per specific directions of the Commonwealth.

#### Section 70-60.3-015 - Video Surveillance Requirements

Electronic Game Site Operators are required to install and maintain a video surveillance system that continuously monitors and records every Electronic Game on the premises and all cashier areas ("Video Surveillance System"). The Video Surveillance system must meet standards established by the Commonwealth to ensure financial security of funds, maintain security in the gaming site, prevent unauthorized tampering with Electronic Games and provide a record of activities ("Recordings"). The Recordings shall be kept for a ninety-day (90) period and available to the Commonwealth for their needs. The Video Surveillance System shall provide a connection for real time monitoring of all Electronic Gaming activity by the Commonwealth.

#### Section 70-60.3-020 – Unauthorized Access to Electronic Games

Electronic Game Site Operators shall develop and implement written procedures for limiting access to Electronic Games. These requirements shall permit limited access to patrons for usual game functions, but strictly monitor and prohibit any attempt by anyone to tamper with an Electronic Game or have internal access to Electronic Games. No one shall have access to the inside of an Electronic Game unless licensed by the Commonwealth to do so and duly authorized by that license. Individuals licensed by the Commonwealth as Cashiers shall have limited authority to access revenue collection areas of the Electronic Game. Individuals licensed by the Commonwealth as Electronic Game Technicians shall have limited access to the internal area of an Electronic Game. Violations of these restrictions may result in fines up to \$5,000 per occurrence and shall be grounds for suspension of an Electronic Game Site Operator license.

#### Section 70-60.3-025 – Cashless System

At the Electronic Game Site Operator's option, Electronic Gaming activity may use a "cashless system" as defined and according to the standards established in GLI Standard GLI 16. A "cashless system" is one in which patrons to play Electronic Games through the use of a magnetic strip player card which accesses a player's account at host system at the gaming establishment ("Host") as described in GLI 16.

#### Section 70-60.3-030 -Kiosks

Commonwealth Electronic Game Site Operators may use patron interface units ("Kiosks") as defined and according to standards established by Gaming Laboratories International Standard GLI-20. The services that may be offered by these Kiosks are limited to issuance of payments as interfaced with Electronic Games; bill breaking, promotional point redemption, and information reporting.

19

COMMONWEALTH REGISTER

VOLUME 36

NUMBER 01

#### Section 70-60.3-035 – Progressive Gaming Devices

Electronic Gaming in the Commonwealth can include the use of Progressive Gaming. The term "Progressive Gaming System" refers to a system in which an increasing winning pool in which multiple electronic game devices are linked at one Electronic Gaming Site (i.e., single site) are linked to a common increasing winning pool. Any Progressive Gaming System must comply with GLI Standard GLI-12 for a Multiple Gaming Device (Linked) Progressive.

#### Section 70-60.3-040 – Promotional Systems

Electronic Gaming activity in the Commonwealth may include promotional systems as defined in GLI Standard GLI-18 and according to the standards contained therein. As defined, "Promotional Systems" are gaming devices that are configures to participate electronically communicated promotional award payments from a host system and the host system control the promotional award issuance parameters. Promotional awards entitle players to special awards based on patron play activity.

#### Section 70-60.3-045 – Bonus Systems

Electronic Gaming in the Commonwealth may include Bonus systems as defined and per the requirements of GLI Standard GLI-17. "Bonus Systems" are comprised of gaming devices that are configured to participate in electronically communicated bonus award payments from a host system

**COMMONWEALTH REGISTER** 

NUMBER 01