

**TITLE 179
LEGISLATIVE RULE
WEST VIRGINIA LOTTERY**

**SERIES 9
WEST VIRGINIA LOTTERY SPORTS WAGERING RULE**

§179-9-1. General.

1.1. Scope and Purpose. - The purpose of this legislative rule is to clarify and provide regulations that the Commission considers necessary for the successful implementation, administration, and enforcement of the West Virginia Lottery Sports Wagering Act codified in W.Va. Code §29-22D-1 et seq.

1.2. Authority. - W. Va. Code §29-22D-4(c), W.Va Code §29A-22-1 et seq., and W.Va. Code §29A-3-15.

1.3. Filing Date. - June 21, 2018.

1.4. Effective Date. - June 21, 2018.

1.5. Sunset Provision. – This rule shall terminate and have no further force or effect upon expiration of 5 years from its effective date.

§179-9-2 Terms

The following words and terms, when used in this chapter, shall have the following meanings unless the context clearly indicates otherwise:

2.1 "Authentication process" means a method used by a system to verify the validity of software.

2.2 "Cancelled wager" means a wager that has been cancelled by the system due to any issue with an event that prevents its completion.

2.3 "Dormant account" means an online sports wagering account, which has had no patron initiated activity for a period of one year.

2.4 "Event number" means a set of alpha and/or numeric characters that correspond to a sports event or an event ancillary to a sports event.

2.5 "Integrity monitoring system" means a system of policies and procedures approved by the Lottery through which an online sports pool operator receives and sends reports from sports pool operators to assist in identifying suspicious activity.

2.6 "Layoff wager" means a wager placed by a West Virginia wagering operator with another West Virginia wagering operator for the purpose of offsetting patron wagers made pursuant to this chapter.

2.7 "Mobile applications and other digital platforms" means any mobile application or interactive platform approved by the Lottery for operation of an online sports pool.

2.8 "Multi-factor authentication" means a type of strong authentication that uses two of the following

to verify a patron's identity:

2.8.1 Information known only to the patron, such as a password, pattern or answers to challenge questions;

2.8.2 An item possessed by a patron such as an electronic token, physical token or an identification card; or

2.8.3 A patron's biometric data, such as fingerprints, facial or voice recognition.

2.9 "Online sports pool" means a sports wagering operation in which wagers on sports events are made through computers or mobile application on mobile devices or other approved interactive devices accepted through a gaming system approved by the Lottery to operate an online sports pool.

2.10 "Online sports pool system" means all hardware, software, and communications that comprise a type of server-based gaming system for the purpose of offering an online sports pool.

2.11 "Operator" or "sports pool operator" means a casino licensee which has elected to operate a sports pool, either independently or jointly and any entity with whom a sports wagering licensee contracts to operate a sports pool or online sports pool on its behalf.

2.12 "Patron session" means a period of time when a patron is logged on to an online sports pool system.

2.13 "Pending wager account" means the account maintained by a server-based gaming system that holds the total balance of all wagers pending disposition and all other funds attributable to future events.

2.14 "Prohibited sports event" means all high school sports events, including high school electronic sports events and high school competitive video game events, but does not include esports in which participants are at least 18 years old.

2.15 "Prohibited sports pool participant" means any individual who is prohibited pursuant to any self-exclusion or casino exclusion list, any individual whose participation may undermine the integrity of the wagering or the sports event or for other good cause, including but not limited to, any individual placing a wager as an agent or a proxy, and any employee of the Lottery Commission or a licensed sports pool operator as provided in W.Va. Code §§ 29-22D-1 et seq.

2.16 "Remote gaming system" (RGS) means hardware and software used to provide an online sports pool or authorized games to patrons in conjunction with an online sports pool system. An RGS may be a standalone system or integrated within another part of the online sports pool system.

2.17 "Secure transaction file" means a file that contains data, which cannot be modified without detection.

2.18 "Sports pool" means the business of accepting wagers on any sports event by any system or method of wagering by the casino licensee or its sports pool intermediary on site at the casino or other authorized areas approved for the casino to accept wagers.

2.19 "Sports pool intermediary" means an independent entity affiliated with a licensed casino operator and approved by the Lottery to offer sports wagering activities in a sports wagering lounge or through an online sports pool. The customer accounts, or sports wagering accounts, of such

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intermediaries shall be owned by the licensed casinos.

2.20 "Sports pool manager" means a key employee of the casino licensee, or a qualified employee of a licensed management services provider that is operating under a contract with a casino licensee, responsible for the operations of sports wagering and final approval of all odds established on any wager made pursuant to this chapter.

2.21 "Sports pool system" means all equipment and software used in conjunction with the operation of a sports pool or online sports pool.

2.22 "Sports pool ticket" means a printed record issued or an electronic record maintained by the sports pool system that evidences a sports wager.

2.23 "Sports wagering account" means an account established by a casino licensee as defined in W.Va. Code § 29-22D-17 for an individual patron to use for online sports pool wagering.

2.24 "Sports wagering lounge" means an area wherein a sports pool is operated within a licensed casino.

2.25 "Sports wagering satellite lounge" means one or more secondary areas approved by the Lottery where a sports pool is operated within a casino.

2.26 "Suspicious betting activity" means unusual betting activity which cannot be explained and is indicative of match fixing, the manipulation of an event, misuse of inside information, or other prohibited activity.

2.27 "Temporary sports pool facility" means an area approved by the Lottery for use in sports pool operations during the construction of a sports pool lounge and include the utilization of designated windows at the current casino cage for purposes of placing sports betting wagers and also includes self-service wagering machines located at the casino or the casino hotel complex.

2.28 "Unusual betting activity" means abnormal wagering activity exhibited by patrons and deemed by a sports pool operator as a potential indicator of suspicious activity. Abnormal wagering activity may include the size of a patron's wager or increased wagering volume on a particular event or wager type.

2.29 "Voided wager" means a wager voided by a ticket writer with supervisor approval for a specified event.

2.30 "Wagering event" means an occurrence of an event on which a wager authorized by the West Virginia Lottery Sports Wagering Act may be placed.

§179-9-3. General requirements for sports pools and online sports pools

3.1. A casino authorized to operate a sports pool or an online sports pool, or both, shall conduct such sports wagering activities in compliance with applicable requirements for West Virginia Lottery Racetrack Table Games provided in W.Va. Code of State Rules §§179-8-89-94, 96-101.

3.2 A sports pool intermediary authorized to operate a sports pool or an online sports pool, or both, shall conduct such sports wagering activities in compliance with applicable requirements for West Virginia Lottery Racetrack Table Games provided in W.Va. Code § 29-22C-1 et seq, and W.Va Code of State Rules § 179-8-1 et seq.

3.3 Sports wagering may commence upon approval of the Director in a temporary sports pool facility for a period not to exceed 9 months if the lounge is under construction. The Director may extend the use of the temporary facility only upon a showing of good cause.

3.4 A sports pool operator shall maintain a cash reserve of not less than the greater of \$500,000 or the amount necessary to ensure the ability to cover the outstanding sports pool and online sports pool liability.

3.5 Each licensed operator shall, prior to commencing operations and annually thereafter, perform a system integrity and security assessment of sports pool systems and online sports pool systems conducted by an independent professional selected by the licensee subject to approval of the Lottery. The independent professional's report on the assessment shall be submitted to the Lottery and shall include:

3.5.1 Scope of review;

3.5.2 Name and company affiliation of the individual(s) who conducted the assessment;

3.5.3 Date of assessment;

3.5.4 Findings;

3.5.5 Recommended corrective action, if applicable; and

3.5.6 The operator's response to the findings and recommended corrective action.

3.6 A sports pool operator and online sports pool operator shall investigate each patron complaint and provide a response to the patron within ten (10) calendar days. For complaints that cannot be resolved to the satisfaction of the patron, related to patron accounts, settlement of wagers, and/or illegal activity, a copy of the complaint and licensee's response, including all relevant documentation, shall be provided to the Lottery as applicable.

3.7 A casino licensee or sports pool intermediary shall only accept online and mobile wagers from patrons that have been affirmatively located as being physically present in the State of West Virginia at the time of their wager.

3.8 To conduct sports pool wagering transactions on premises, a casino shall have a cashier's cage that has been approved for the operation of West Virginia Lottery Racetrack Table Games or meets the same requirements necessary for the operation of West Virginia Lottery Racetrack Table Games. Sports pool wagering transactions shall be conducted from a sports wagering lounge booth located in the sports wagering lounge or other window locations as approved by the Lottery, kiosks in locations as approved by the Lottery, or, when a lounge booth is closed, a designated window in the cashier's cage for redemption of winning tickets only.

3.9 Sports pool operations within a casino shall be designed to promote optimum security of the facility, and shall include the installation and maintenance of security and surveillance equipment, including closed circuit television equipment, according to specifications approved by the Lottery. The Lottery shall have direct access to the system and its transmissions. Nothing in this section shall preclude the Lottery from permitting a sports pool operator to conduct sports pool wagering, subject to appropriate terms and conditions, in a location other than a sports pool lounge upon petition of a sports pool operator. Sports pool operator shall submit a surveillance plan for Lottery approval prior to accepting wagers in any approved sports pool lounge, satellite lounge, or temporary facility.

§179-9-4. Sports wagering integrity; confidential information

4.1 Casino operators shall have controls in place to identify unusual betting activity and report such activity according to the integrity monitoring system procedures approved by the Lottery.

4.2 All integrity monitoring system procedures shall provide for the sharing of information with each casino operator and shall disseminate all reports of unusual activity to all sports pool intermediary licensees as well as with any accredited regulatory agency or accredited sports integrity entity. All sports wagering operators shall review such reports and notify other operators of whether or not they have experienced similar activity in the manner approved by the Lottery. Specific reporting requirements shall be designated by the Commission in its MICS.

4.3 If an operator finds that previously reported unusual betting activity rises to the level of suspicious activity, they shall immediately notify all other operators, the Lottery, and all other regulatory agencies or governing authorities as approved by the Lottery.

4.4 A casino licensee or sports pool intermediary receiving a report of suspicious activity shall be permitted to suspend wagering on events related to the report, but may only cancel related wagers after Lottery approval.

4.5 Integrity monitoring systems shall provide the Lottery with remote access which shall provide at a minimum:

4.5.1 All reports of unusual betting activity;

4.5.2 If the activity was determined to be suspicious; and

4.5.3 The actions taken according to the integrity monitoring system procedures approved by the Lottery.

4.6 Notwithstanding the other provisions of this section, all information and data received pursuant to administering the West Virginia Lottery Sports Wagering Act related to unusual or suspicious activity shall be considered confidential and shall not be revealed in whole or in part except upon the lawful order of a court of competent jurisdiction or, with any law enforcement entity, or regulatory agency that the Lottery deems appropriate.

§179-9-5. Internal controls; House rules

5.1 Casino licensees shall file with the Lottery internal controls for all aspects of sports pool and/or online sports pool wagering operations prior to commencing operations.

5.2 In the event of a failure of the sports pool system's ability to pay winning wagers, the licensee shall have internal controls detailing the method of paying winning wagers. The licensee shall also file an incident report for each system failure and document the date, time and reason for the failure along with the date and time the system is restored with the Lottery.

5.3 The internal controls shall address the following items regarding the sports pool system, at a minimum:

5.3.1 User access controls for all sports pool personnel;

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- 5.3.2 Segregation of duties;
- 5.3.3 Automated and manual risk management procedures;
- 5.3.4 Procedures for identifying and reporting fraud and suspicious conduct;
- 5.3.5 Procedures to prevent wagering by patrons prohibited from wagering;
- 5.3.6 Description of AML compliance standards;
- 5.3.7 Description of all types of wagers available to be offered by the system; and
- 5.3.8 Description of all integrated third party systems.

5.4 The internal controls shall detail the reconciliation of assets and documents contained in a sports wagering lounge ticket writer’s drawer, sports pool kiosks, and online sports pools.

5.5 Casino licensees and sports pool intermediaries shall adopt comprehensive house rules which shall be approved by the Lottery that include the following, at a minimum:

- 5.5.1 Method for calculation and payment of winning wagers;
- 5.5.2 Effect of schedule changes;
- 5.5.3 Method of notifying patrons of odds or proposition changes;
- 5.5.4 Acceptance of wagers at terms other than those posted;
- 5.5.5 Expiration of any winning ticket one year after the date of the event;
- 5.5.6 Method of contacting the operator for questions and complaints;
- 5.5.7 Description of prohibited sports pool participants; and
- 5.5.8 Method of funding a sports wager.

5.6 The house rules, together with any other information the Lottery deems appropriate, shall be conspicuously displayed in the sports wagering lounge, posted on the operator’s Internet website, and included in the terms and conditions of the account wagering system, and copies shall be made readily available to patrons.

§179-9-6. Sports Wagering System Requirements

6.1 Prior to operating a sports pool or online sports pool pursuant to W.Va. Code §§ 29-22D-1 et seq. all equipment and software used in conjunction with its operation shall be submitted to an independent testing laboratory or a testing laboratory operated in an accredited jurisdiction approved by the Lottery Commission.

6.2 All wagers on sporting events and other events authorized by W.Va. Code §§ 29-22D-1 et seq. shall be initiated, received, and otherwise made within this State unless otherwise determined by the

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Lottery in accordance with applicable federal and state laws. Consistent with the intent of the United States Congress as articulated in the Unlawful Internet Gambling Enforcement Act of 2006 (31 U.S.C. s.5361 et seq.) the intermediate routing of electronic data relating to a lawful intrastate wager authorized under this provision shall not determine the location or locations in which such wager is initiated, received, or otherwise made.

6.3 A sports pool system submission shall contain a description of the risk management framework including but not limited to:

- 6.3.1 User access controls for all sports pool personnel;
- 6.3.2 Information regarding segregation of duties;
- 6.3.3 Information regarding automated risk management procedures;
- 6.3.4 Information regarding fraud detection;
- 6.3.5 Controls ensuring regulatory compliance;
- 6.3.6 Description of anti-money laundering (AML) compliance standards;
- 6.3.7 Description of all software applications that comprise the system;
- 6.3.8 Description of all types of wagers available to be offered by the system;
- 6.3.9 Description of all integrated third party systems; and
- 6.3.10 Description of the method to prevent past posting.

6.4 A sports pool system shall maintain all transactional betting data for a period of five (5) years.

6.5 A sports pool system shall be capable of recording the following information for each wager made:

- 6.5.1 Description of event;
- 6.5.2 Event number;
- 6.5.3 Wager selection;
- 6.5.4 Type of wager;
- 6.5.5 Amount of wager;
- 6.5.6 Date and time of wager;
- 6.5.7 Unique wager identifier;
- 6.5.8 An indication of when the ticket expires.

6.6 Additional requirements for all tickets generated by a cashier or at a kiosk:

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6.6.1 Name and address of the party issuing the ticket;

6.6.2 A barcode or similar symbol or marking as approved by the Lottery, corresponding to the unique wager identifier;

6.6.3 Method of redeeming winning ticket via mail; and

6.6.4 Cashier or kiosk generating the ticket.

6.7 If the sports pool system issues and redeems a sports pool voucher, the system shall be capable of recording the following information for each voucher:

6.7.1 Amount of voucher

6.7.2 Date, time and location of issuance;

6.7.3 Unique voucher identifier;

6.7.4 Expiration date of the voucher; and

6.7.5 Date, time and location of redemption, if applicable.

6.8 Sports pool vouchers issued by a sports pool system shall contain the following information:

6.8.1 Date, time and location of issuance;

6.8.2 Amount of the voucher;

6.8.3 Unique voucher identifier;

6.8.4 Expiration date of the voucher;

6.8.5 Name of casino licensee; and

6.8.6 An indication that the voucher can only be redeemed in exchange for a sports wager or cash.

6.9 A sports pool system that offers in-play wagering shall be capable of the following:

6.9.1 The accurate and timely update of odds for in-play wagers;

6.9.2 The ability to notify the patron of any change in odds after a wager is attempted;

6.9.3 The ability for the patron to confirm the wager after notification of the odds change; and

6.9.4 The ability to freeze or suspend the offering of wagers when necessary.

6.10 A sports pool system shall be configured to perform the following functions:

6.10.1 Creating wagers;

6.10.2 Settling wagers;

6.10.3 Voiding wagers;

6.10.4 Cancelling wagers; and

6.10.5 Preventing the acceptance of wagers from patrons prohibited from wagering.

6.11 A sports pool system shall be capable of processing lost, destroyed or expired wagering tickets.

6.12 When a sports pool wager is voided or cancelled, the system shall clearly indicate that the ticket is voided or cancelled, render it nonredeemable and make an entry in the system indicating the void or cancellation and identity of the cashier or automated process.

6.13 A sports pool system shall prevent past posting of wagers and the voiding or cancellation of wagers after the outcome of an event is known.

6.14 In the event a patron has a pending sports pool wager and then self-excludes, the wager shall be cancelled and the funds returned to the patron according to the casino licensee's internal controls.

6.15 A sports pool system shall, at least once every 24 hours, perform a self-authentication process on all software used to offer, record and process wagers to ensure there have been no unauthorized modifications. In the event of an authentication failure, at a minimum, shall immediately notify the casino licensee's Information Systems Officer (ISO) and the Lottery within 24 hours. The results of all self-authentication attempts shall be recorded by the system and maintained for a period of not less than 90 days.

6.16 A sports pool system shall have controls in place to review the accuracy and timeliness of any data feeds used to offer or settle wagers. In the event that an incident or error occurs that results in a loss of communication with data feeds used to offer or redeem wagers, such error shall be recorded in a log capturing the date and time of the error, the nature of the error and a description of its impact on the system's performance. Such information shall be maintained for a period of not less than one year.

6.17 The casino licensee or sports pool intermediary operating a sports pool system shall provide access to wagering transaction and related data as deemed necessary by the Lottery in a manner approved by the Lottery.

6.18 A sports pool system shall be capable of maintaining the following:

6.18.1 Description of the event;

6.18.2 Event number;

6.18.3 Wager selection;

6.18.4 Type of wager;

6.18.5 Amount of wager;

6.18.6 Amount of potential payout;

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- 6.18.7 Date and time of wager;
- 6.18.8 Identity of the cashier accepting the wager if applicable;
- 6.18.9 Unique ticket identifier;
- 6.18.10 Expiration date of ticket;
- 6.18.11 Patron name, if known;
- 6.18.12 Date, time, amount, and description of the settlement;
- 6.18.13 Location where wager was made;
- 6.18.14 Location of redemption; and
- 6.18.15 Identity of cashier settling the wager if applicable.

6.19 For all lost tickets that are redeemed, a sports pool system shall record and maintain the following information:

- 6.19.1 Date and time of redemption;
- 6.19.2 Employee responsible for redeeming the ticket;
- 6.19.3 Name of patron redeeming the wager;
- 6.19.4 Unique ticket identifier; and
- 6.19.5 Location of the redemption.

§179-9-7. Patron Wagers

7.1 A casino licensee or sports pool intermediary shall not accept any wager on a sports event unless it has provided written notification to the Lottery Director of the first time that wagering on a category of wagering event (for example, wagering on a particular type of professional sport) or type of wager (for example an in play wager or exchange wager) is offered to the public. Such notice shall be submitted prior to accepting a wager on such category of wagering event. Notice is not required whenever the odds change on a previously offered wagering event and the Lottery shall respond within 24 hours or by the next business day. The Lottery Director reserves the right to prohibit the acceptance of wagers, and may order the cancellation of wagers and require refunds on any event for which wagering would be contrary to the public policies of the State.

7.2 Pursuant to section 7.1 of this rule, a casino licensee or sports pool intermediary shall only accept wagers on sports events and other events for which:

- 7.2.1 The outcome can be verified;
- 7.2.2 The outcome can be generated by a reliable and independent process;

7.2.3 The outcome is not be affected by any wager placed; and

7.2.4 The event is conducted in conformity with all applicable laws.

7.3 Patron wagers pursuant to the West Virginia Lottery Sports Wagering Act placed in a sports pool lounge or other approved area within a licensed casino shall be made with:

7.3.1 Cash;

7.3.2 Cash equivalent;

7.3.3 Credit or debit card;

7.3.4 Promotional funds;

7.3.5 Sports pool vouchers;

7.3.6 Value gaming chips; and

7.3.7 Any other means approved the Lottery Commission.

7.4 The available wagers shall be displayed in a manner visible to the public and the casino operator's close-circuit television system. The display shall include the event number, odds, and a brief description of the event.

7.5 A patron may redeem a winning wagering ticket by mail according to the casino operator's internal controls.

7.6 A casino licensee may, in its discretion, accept a layoff wager from another licensed sports pool operator. A licensed sports pool operator placing a layoff wager shall disclose its identity to the other licensed sports pool operator accepting the wager.

§179-9-8. Sports pool reports; wagering revenue; computation of taxes; reconciliation

8.1 The sports wagering system shall be required to generate those reports necessary to record gross sports wagering revenue, wagering liability, ticket redemption, and such other information relating to sports betting as deemed necessary by the Lottery Commission as required by MICS. Such reports shall distinguish by type and status where applicable and shall meet the Lottery's Minimum Internal Control Standards (MICS).

8.2 Wagering revenue generated from sports betting shall equal the total of all wagers received less voided wagers and less amounts paid out for winning wagers ("adjusted gross receipts").

8.3 For sports wagering operations, an accounting department member shall determine the daily win amount by comparing a win report from the sports wagering system to the reconciliation of the sports wagering drawers. The wagering operator shall be required to report sports wagering revenue as the higher amount unless otherwise authorized by the Lottery Commission in its MICS.

8.4 The casino licensee's adjusted gross sports wagering receipts subject to the 10% privilege tax shall be computed as the total of all sums received by the casino in wagers placed in on premise sports pools and online sports pools minus total of all sums paid out as winnings to patrons.

8.5 The casino licensee shall permit duly authorized representatives of the Lottery Director to examine the operator's accounts and records for the purpose of certifying gross revenue and adjusted gross receipts. The Lottery Director shall notify the casino operator of any sports pool gross revenue deficiencies disclosed during the gross revenue certification process.

§179-9-9. Sports wagering kiosks

9.1 The casino licensee or its sports pool intermediary may utilize sports pool kiosks for wagering transactions in conjunction with an approved sports pool system in a location approved by the Lottery Director.

9.2 On a daily basis, an operator of a sports pool shall remove the bill validator boxes in the sports pool kiosks (the sports pool kiosk drop). The sports pool kiosk drop shall be monitored and recorded by surveillance. The casino licensee shall submit the sports pool kiosk drop schedule to the Lottery Director.

9.3 The casino licensee's accounting department shall reconcile the sports pool kiosks on a daily basis pursuant to internal controls. Any variance of \$ 500.00 or more shall be documented by the accounting department and reported in writing to the Lottery Director within 72 hours of the end of the gaming day during which the variance was discovered. The report shall indicate the cause of the variance and shall contain any documentation required to support the stated explanation.

9.4 All sports wagering kiosks must satisfy all MICS requirements and be detailed in the casino licensee's internal controls approved by the Lottery Commission.

§179-9-10. Accounting controls for the sports pool lounge

10.1 A ticket writer shall begin a shift with an imprest amount of currency and coin to be known as the "sports wagering inventory." No funds shall be added to or removed from the sports wagering inventory during such shift except:

10.1.1 In collection of sports wagering wagers;

10.1.2 In order to make change for a patron buying a sports wagering ticket;

10.1.3 In collection for the issuance of sports wagering vouchers;

10.1.4 In payment of winning or properly cancelled or refunded sports wagering tickets;

10.1.5 In payment for sports wagering vouchers; or

10.1.6 In exchanges with the cashiers' cage, a satellite cage, or sports wagering lounge booth vault supported by proper documentation which documentation shall be sufficient for accounting reconciliation purposes.

10.2 A "sports wagering count sheet" shall be completed and signed by the sports wagering shift supervisor. The information to be recorded on the sports wagering count sheet, at the time when such count sheet is due, shall be set forth by the Lottery Commission in its MICS.

10.3 The count sheets shall be due by noon on the next gaming day.

10.4 The sports wagering lounge booth shift supervisor shall compare the ticket writer window net for the shift as generated by the terminal and if it agrees with the sports wagering count sheet total plus the sports wagering inventory, shall agree the count to the sports wagering count sheet and sign the sports wagering count sheet attesting to the accuracy.

10.5 If the sports wagering window net for the shift as generated by the system does not agree with the sports wagering count sheet total plus the sports wagering inventory, the sports wagering shift supervisor shall record any overage or shortage. If the count does not agree, the ticket writer and the sports wagering shift supervisor shall attempt to determine the cause of the discrepancy in the count. If the discrepancy cannot be resolved by the ticket writer and the sports wagering shift supervisor, such discrepancy shall be reported in writing to the sports wagering manager, or department supervisor in charge at such time. Any discrepancy in excess of \$500 shall be reported to the Lottery Director. The report shall include the following:

10.5.1 Date;

10.5.2 Shift;

10.5.3 Name of the ticket writer;

10.5.4 Name of the supervisor;

10.5.5 Window number; and

10.5.6 Amount of the discrepancy.

§179-9-11. Interim license approval to immediately commence sports pool or online sports pool operations

11.1 A casino licensee may submit a request to the Lottery Director for the immediate commencement of sports pool or online sports pool operations. Such request shall include the initial license fee of \$100,000.

11.2 Upon receiving a request for an interim license approval, the Lottery Director shall review the request. If the Lottery Director determines that the casino requesting the interim license approval holds a valid casino license, has paid the sports wagering license fee, and is in compliance with this section, the Lottery shall issue a sports wagering license. Such license shall be valid for one year.

11.3 A casino receiving a interim license approval shall be permitted to commence sports pool wagering or online sports pool wagering operations for a period of 270 days from the date of the Lottery Director's approval. Any sports pool wagering operation or online sports pool wagering operation not in compliance with all regulations relating to sports wagering shall cease operations at that time and shall remain inactive until compliance is achieved.

11.4 Any sports pool intermediary seeking to operating a sports wagering pool or online sports wagering pool pursuant to a contract with the licensed casino operator must be licensed as a management services provider. An applicant for a management services provider license shall be eligible to receive an interim license approval to conduct business prior to receiving such license subject to any conditions imposed by the Lottery Director and Commission.

11.5 All sports pool wagering and online sports pool wagering conducted under authority of an interim license approval shall comply with all of these rules.

§179-9-12. Limitations on licensed operators

12.1 Each casino licensee, in its discretion, may provide no more than three individually branded online sports pool websites and accompanying mobile applications.

12.2 Any individually branded online sports pool website/mobile application provided by a sports pool intermediary must, on its webpage, conspicuously bear the name of the casino licensee with which it is affiliated.

§179-9-13. Additional requirements for wagers placed on mobile applications and other digital platforms [online sports pools]

13.1 A casino licensee or sports pool intermediary shall file with the Lottery, internal controls for all aspects of online sports pool operations prior to implementation and any time a change is made thereafter. The internal controls shall include detailed procedures for system security, operations, accounting, and reporting of problem gamblers.

13.2 A casino licensee or sports pool intermediary offering online sports pools shall describe in its internal controls the method for securely issuing, modifying, and resetting a patron's account password, Personal Identification Number (PIN), or other approved security feature, where applicable. Any method shall include notification to the patron following any modification via electronic or regular mail, text message, or other manner approved by the Lottery Director or Commission. Such method shall include at a minimum:

13.2.1 Proof of identity, if in person;

13.2.2 The correct response to two or more challenge questions; or

13.2.3 Strong authentication.

13.3 All terms and conditions for online sports pools shall be included as an appendix to the internal controls of the licensee addressing all aspects of the operation.

13.4 Each online sports pool website or mobile application shall display a responsible gaming logo in a manner approved by the Lottery to direct a patron to the site's responsible gaming page. The responsible gaming page shall be accessible to a patron during a patron session and shall contain, at a minimum, the following:

13.4.1 A prominent message, which states "If you or someone you know has a gambling problem and wants help, call 1-800-Gambler";

13.4.2 A direct link to the Problem Gamblers Help Network of West Virginia and one other organization based in the United States dedicated to helping people with potential gambling problems;

13.4.3 A clear statement of the online sports pool operator's policy and commitment to responsible gaming;

13.4.4 Rules governing self-imposed responsible gaming limits and the ability for the patron to establish those limits.

§179-9-14. Sports wagering accounts

14.1 Online sports pool wagering shall only be engaged in by patrons who have established a sports wagering account.

14.2 In order to establish a sports wagering account, a casino licensee or sports pool intermediary shall:

14.2.1 Create an electronic patron file, which shall include at a minimum:

14.2.1.1 Patron's legal name;

14.2.1.2 Patron's date of birth;

14.2.1.3 Entire or last four digits of the patron's Social Security number or equivalent for a foreign patron such as a passport or taxpayer identification number;

14.2.1.4 Patron's online sports pool account number;

14.2.1.5 Patron's residential address (a post office box is not acceptable);

14.2.1.6 Patron's electronic mail address;

14.2.1.7 Patron's telephone number;

14.2.1.8 Any other information collected from the patron used to verify his or her identity;

14.2.1.9 The method used to verify the patron's identity; and

14.2.1.10 Date of verification.

14.2.2 Encrypt all of the following information contained in an electronic patron file:

14.2.2.1 Patron's Social Security number or equivalent for a foreign patron such as a passport or taxpayer identification number;

14.2.2.2 Patron's passwords and/or PINs; and

14.2.2.3 Credit card numbers, bank account numbers, or other personal financial information.

14.2.3 Verify the patron's identity in accordance with:

14.2.3.1 West Virginia Code of State Rules § 179-8-121, and, in addition, record the document number of the government issued credential examined; or

14.2.3.2 Other methodology for remote multi-sourced authentication, which may include

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third-party and governmental databases, as approved by the Lottery (Know Your Customer or “KYC”).

14.2.4 Require the patron to establish a password or other access security feature as approved by the Lottery and advise the patron of the ability to utilize "strong authentication" log in protection;

14.2.5 Verify that the patron is of the legal age of 21, not self-excluded, on the exclusion list, or otherwise prohibited from participation in gaming;

14.2.6 Record the patron's acceptance of the casino licensee's or sports pool intermediary's terms and conditions to participate in wagering through the mobile application or any authorized digital platform accepting wagers online;

14.2.7 Record the patron's certification that the information provided to the operator by the individual who registered is accurate;

14.2.8 Record the patron's acknowledgement that the legal age for wagering in an online sports pool is 21, and that he or she is prohibited from allowing any other person to access or use his or her sports wagering account; and

14.2.9 Notify the patron of the establishment of the account via electronic mail or regular mail.

14.3 A patron shall have only one sports wagering account for each casino licensee or sports pool intermediary. Each sports wagering account shall be:

14.3.1 Non-transferable;

14.3.2 Unique to the patron who establishes the account; and

14.3.3 Distinct from any other account number that the patron may have established with the casino licensee.

14.4 A patron's sports wagering account for online sports pools may be funded through the use of:

14.4.1 A patron's deposit account pursuant to W.Va. Code of State Rules § 179-8-121;

14.4.2 A patron's credit or debit card;

14.4.3 A patron's deposit of cash, gaming chips, or slot tokens at a cashiering location approved by the Lottery.

14.4.4 A patron's reloadable prepaid card, which has been verified as being issued to the patron and is non-transferable;

14.4.5 Cash complimentary, promotional credit, or bonus credit;

14.4.6 Winnings;

14.4.7 Adjustments made by the licensee with documented notification to the patron;

14.4.8 ACH transfer, provided that the operator has security measures and controls to prevent ACH fraud pursuant to section 14.5 below; or

14.4.9 Any other means approved by the Lottery Commission.

14.5 A failed ACH deposit attempt shall not be considered fraudulent if the patron has successfully deposited funds via an ACH transfer on a previous occasion with no outstanding chargebacks. Otherwise, the operator shall:

14.5.1 Temporarily block the patron's account for investigation of fraud after five consecutive failed ACH deposit attempts within a 10-minute time period. If there is no evidence of fraud, the block may be vacated; and

14.5.2 Suspend the patron's account after five additional consecutive failed ACH deposit attempts within a 10-minute period.

14.6 A casino licensee or sports pool intermediary shall not permit a patron to transfer funds to another patron.

14.7 All adjustments to patron accounts for amounts of \$ 500.00 or under shall be periodically reviewed by supervisory personnel as set forth in the casino licensee's internal controls. All other adjustments shall be authorized by supervisory personnel prior to being entered.

14.8 Online sports pool systems shall provide an account statement with account details to a patron on demand, which shall include detailed account activity for at least the six months preceding 24 hours prior to the request. In addition, an online sports pool system shall, upon request, be capable of providing a summary statement of all patron activity during the past year.

14.9 A casino licensee shall maintain a West Virginia bank account separate from all other operating accounts to ensure the security of funds held in patron sports wagering accounts. The balance maintained in this account shall be greater than or equal to the sum of the daily ending cashable balance of all patron sports wagering accounts, funds on game, and pending withdrawals. A casino licensee shall have unfettered access to all patron sports wagering account and transaction data to ensure the amount held in its independent account is sufficient. The casino controller or above shall file a monthly attestation with the Lottery Director that the funds have been safeguarded pursuant to this subsection.

14.10 A casino licensee or sports pool intermediary shall periodically re-verify a patron's identification upon reasonable suspicion that the patron's identification has been compromised.

14.11 An online sports pool system shall provide a conspicuous and readily accessible method for a patron to close his or her account through the account management or similar page. Any balance remaining in a patron's sports wagering account closed by a patron shall be refunded pursuant to the licensee's internal controls.

§179-9-15. Geolocation Requirement

15.1 In order to prevent unauthorized use of a online sports pool system, the casino licensee or sports pool intermediary must utilize a Geolocation System to reasonably detect the physical location of a player attempting to access the online sports pool system; and to monitor and block unauthorized attempts to access the online sports pool system.

15.2 The Geolocation System shall ensure that any player is continually located within the permitted boundary, and shall be equipped to dynamically monitor the player's location and block unauthorized

attempts to access the online sports pool system throughout the duration of the patron session.

15.3 The Lottery Commission shall approve technical specifications for Geolocation Systems and any specific requirements related to geolocation as part of its MICS for sports betting, and may also issue such requirements in the form of technical bulletins.

§179-9-16. Online sports pool system requirements; logging

16.1 All sports pool systems authorized by this chapter shall be designed to ensure the integrity and confidentiality of all patron communications and ensure the proper identification of the sender and receiver of all communications. If communications are performed across a public or third-party network, the system shall either encrypt the data packets or utilize a secure communications protocol to ensure the integrity and confidentiality of the transmission.

16.2 Sports pool systems shall employ a mechanism capable of maintaining a separate copy of all of the information required to be logged in this section on a separate and independent logging device capable of being administered by an employee with no incompatible function. If the sports pool system can be configured such that any logged data is contained in a secure transaction file, a separate logging device is not required.

16.3 Sports pool systems shall provide a mechanism for the Lottery to query and export, in a format required by the Lottery, all sports pool system data.

16.4 System specifications and sports pool system logging requirements shall be specified by the Commission through the issuance of technical bulletins and/or included in the MICS. Casino licensees and its sports pool intermediaries shall include all required information in the internal controls submitted to the Commission for approval.

§179-9-17. Additional reports for online sports pool; reconciliation; test accounts

17.1 The online sports pool system shall be designed to generate the reports required by this section or otherwise required by the Commission in a format approved by the Lottery's Finance & Administration and Information Technology divisions. Additional reporting requirements shall be approved by the Lottery Commission for inclusion in the MICS or otherwise issued through technical bulletins.

17.2 All required reports shall be generated by the online sports pool system, even if the period specified contains no data to be presented. The report generated shall indicate all required information and contain an indication of "No Activity" or similar message if no data appears for the period specified.

17.3 All data required by this rule must be available in report image formats as well as database type formats as approved by the Lottery Director. The initial approved format is comma separated variables.

17.4 An online sports pool system shall, at a minimum, generate the daily reports for each gaming day in order to calculate the taxable revenue or to ensure the integrity of operations related to operating an online sports pool.

17.5 The casino licensee and its sports pool intermediaries shall set up test accounts to be used to test each of the various components and operations of the gaming system in accordance with internal controls approved by the commission.

§179-9-18. Remote gaming systems (RGS)

18.1 Each RGS that provides content to another sports pool system shall:

18.1.1 Maintain internal controls for all aspects of gaming operations prior to implementation and any time a change is made thereafter. The internal controls shall include detailed procedures for system security, operations, and accounting;

18.1.2 Maintain internal controls approved by the Lottery Director that address compliance with all online sports pool system requirements;

18.1.3 Employ personnel responsible for duties of an IT Department, ensuring the operation and integrity of the sports betting and reviewing all reports of suspicious behavior as determined and approved by the Lottery Commission;

18.1.4 Perform an annual system integrity and security assessment conducted by an independent professional selected by the licensee, subject to the approval of the Lottery. The independent professional's report on the assessment shall be submitted to the Lottery annually in compliance with the requirements provided in section 3.5 of this rule; and

18.1.5 Provide the Lottery Director with physical and logical access to the RGS to review and collect all data contained therein.

§179-9-19. Temporary approvals for expedited implementation

19.1 The Lottery Director shall be authorized to approve certain system, network, operational, and other standards necessary to implement sports betting on a temporary 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 Lottery Director if justification is provided to show that such additional time in the temporary environment is reasonably necessary.

§179-9-20. Racetrack Modernization Fund Reimbursement

20.1 The casino licensee shall submit requests for reimbursement from its Racetrack Modernization Fund allowance to the Lottery Director for any new and unused purchases of sports betting system or other equipment necessary to modernize the facility to accept sports wagers. The Commission may further define covered acquisitions by issuing Lottery Commission Policy Statements.

§179-9-21. Advertising

21.1 The Lottery Director shall approve all advertising in advance of a casino licensee, its sports pool intermediaries, its agents, or its affiliates publishing or otherwise releasing such advertisements. Further requirements shall be defined by the Lottery Commission in its MICS.

21.2 The Lottery Commission may set a certain amount or percentage of revenue that may be used for promotional play, but any excess promotional play offered must be accounted for as taxable revenue. This amount will be set quarterly by Commission Order.

