

PART 5329
Sports Wagering

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§ 5329.1. Definitions.

Unless the context indicates otherwise, the following definitions and the definitions set forth in Racing, Pari-Mutuel Wagering and Breeding Law section 1367 are applicable throughout this Part:

(a) *Automated ticket machine* means an electronic device that, at a minimum, is used for the execution of permitted wagers placed by a patron directly and permissible redemption of winning wagers within a sports wagering lounge.

(b) *Event number* means a set of alphabetic and/or numeric characters that corresponds to a sports event or occurrence within a sports event.

(c) *Integrity monitoring provider* means a vendor approved by the commission to receive reports of unusual betting activity from sports pool operators for the purpose of assisting such operators in identifying suspicious betting activity.

(d) *Odds maker* means a person licensed as a casino key employee or as an employee of a casino vendor enterprise licensee responsible for the final approval of all odds established on any wager made pursuant to Racing, Pari-Mutuel Wagering and Breeding Law section 1367 and this Part.

(e) *Operations wagering manager* means a person licensed as a casino key employee or as an employee of a casino vendor enterprise licensee responsible for the operations of sports wagering at a casino.

(f) *Parlay card* means a physical instrument offering a multi-contest wager.

(g) *Parlay card wager* means a transaction on the outcome of a series of three or more sports events with a predetermined fixed payout.

(h) *Prohibited sports pool participant* means any person whose participation may undermine the integrity of wagering on a sports event or the conduct of such sports event itself, or any person who is prohibited for other good cause, including, without limitation:

(1) any individual placing a wager as an agent or proxy;

(2) any athlete whose performance may be used to determine, in whole or in part, the outcome of such wagering;

(3) any person who is an athlete, player, coach, referee or other game official, physician, trainer, team employee or governing body employee, in any sports event overseen by such person's sports governing body;

(4) any person with access to material, non-public confidential information about a sports event that is the subject of such wagering;

(5) a person identified to the commission by a sports governing body that the commission agrees is a person who should be a prohibited sports pool participant;
or

(6) any person who holds a position of authority or influence sufficient to exert influence over the participants in a sports event that is the subject of a wager, if such person is not otherwise described by this subdivision.

(i) *Sports pool vendor* means a licensed casino vendor enterprise that operates on behalf of a casino or assists a casino in the operation of a sports pool.

(j) *Structured wager* means to place knowingly a series of wager in any amount, at one or more facilities, on one or more days, in any manner, to circumvent knowingly the recording and reporting requirements of section 5329.22 of this Part. The wager or wagers need not exceed the dollar thresholds in section 5329.22 at any single facility in any single day in order to constitute structuring within the meaning of this definition.

(k) *Suspicious betting activity* means wagering activity that might be related to an attempt or effort to fix the outcome of a sports event, or any portion thereof, or occurrence within a sports event.

(l) *Suspicious wager* means a wager that an operator knows or has reason to suspect is being attempted or was placed, including, without limitation:

(1) in violation of or as part of a plan to violate or evade local, state or Federal law or regulation prohibiting wagering on a type of sports event; or

(2) in violation of or as part of a plan to violate or evade local, state or Federal law or regulation prohibiting wagering by, or on behalf of, a prohibited person, as defined in subdivision (b) of section 5329.19 of this Part; or

(3) by a person who has no business or apparent lawful purpose in placing such wager or is not the sort of wager that a particular patron would normally be expected to place.

(m) *Wager* means a transaction placed by a patron on an authorized sporting event or events or an occurrence or occurrences therein.

(n) *Wagering cashier* means an employee of an operator or sports pool vendor who accepts wagers at a sports wagering lounge.

(o) *Wagering platform* means a computer or other system approved by the commission that registers sports wagers and computes the wagering and payoffs in sports wagering.

(p) *Wagering ticket* means a physical record issued and maintained by the wagering platform that evidences a sports wager.

§ 5329.2. Sports pool license application.

(a) *Eligibility.*

(1) Only licensed casinos in good standing shall be eligible to obtain a sports pool license. As set forth in Racing, Pari-Mutuel Wagering and Breeding Law section 1367(3)(a), a casino that wishes to operate sports pools shall first obtain a sports pool license from the commission, which shall be in addition to the casino's gaming facility license. Any entity holding a casino operating license issued pursuant to article 13 shall be deemed to have the requisite financial stability, integrity and responsibility and good character, honesty and integrity so long as such license is in good standing.

(2) A prohibited sports pool participant shall not be permitted to have any ownership interest in, control of or otherwise be employed by an operator or a sports pool vendor. This prohibition shall not apply to any person who has less than 10 percent direct or indirect ownership interest in the operator or sports pool vendor.

(b) *Plan of operation.* Each applicant for a sports pool license shall submit a detailed plan of operation that includes such information as the commission deems necessary, including, without limitation, to the name of the sports pool vendor, if any, casino key employees responsible for the sports pool operation, specifications of the sports pool lounge, hours of operation, staffing plan and an integrity monitoring plan.

(c) *Evidence of experience in sports pools.* An applicant for a sports pool license shall disclose such applicant's experience, if any, and the experience of any sports pool vendor proposed to be involved in such applicant's sports pool operations, in the operation of sports pools in any jurisdiction, including, without limitation:

(1) a list of each jurisdiction in which such applicant or proposed sports pool vendor has been authorized to operate or assist in the operation of sports pools, including dates of authorized operation;

(2) all regulatory infractions, discipline or other sanctions that have been imposed on such applicant or proposed sports pool vendor relating to any gaming activity, including sports pools, along with a detailed description of the conduct involved and the nature of the sanction or discipline; and

(3) whether the applicant or proposed sports pool vendor has operated gaming activity, including sports pools, in any jurisdiction in an unauthorized manner or been accused or adjudicated to have engaged in illegal gambling or wagering of any kind, including a detailed description of the conduct involved and the nature of the sanction or discipline.

(d) *Internal Controls.* Prior to the issuance of a license, an applicant for a sports pool license shall submit for commission approval such applicant's proposed internal controls, pursuant to section 5329.8 of this Part.

(e) *Amendment.*

(1) Each applicant and licensee shall promptly file with the commission an update explaining any new or changed facts or circumstances whenever such occurs with respect to any matter set forth in a sports pool license application.

(2) All applicants and licensees shall have an obligation to ensure that information, documentation and assurances submitted to the commission are not misleading considering the circumstances in which such were submitted.

(3) The commission may permit any applicant to file an amendment to its application at any time prior to the commission's final action thereon.

(4) The failure of an applicant or licensee to comply with applicable laws and regulations shall be grounds for denial of the application or for suspension or revocation of a sports pool license.

(f) *Determination of application.* Upon evaluation of each application, the commission shall either:

(1) grant the application for a sports pool license;

(2) grant the application with conditions the commission deems necessary or advisable;

(3) request additional information or documentation; or

(4) deny the application.

The commission may deny a sports pool license to an applicant that has failed to establish such applicant's competence to operate a sports pool or provide an adequate plan of operation (including acceptability of a sports pool vendor). An applicant may request a de novo hearing to challenge an application denial or condition imposed. Such hearing shall be held pursuant to procedures the commission may establish.

§ 5329.3. Term of license and review.

(a) *Term.* A sports pool license shall remain valid for the period of the casino's gaming facility license, unless a condition of such sports pool license pursuant to paragraph (2) of subdivision (f) of section 5329.2 of this Part establishes a shorter sports pool license period.

(b) *Review.* No later than three months before each five-year anniversary of the issuance of a sports pool license, unless a condition of such sports pool license pursuant to paragraph (2) of subdivision (f) of section 5329.2 of this Part establishes a shorter time period, an operator shall submit to the commission the following information to enable the executive director of the commission to determine, pursuant to Racing, Pari-Mutuel Wagering and Breeding Law section 1367(3)(a), that such operator

continues to meet the requirements of article 13 of the Racing Pari-Mutuel Wagering and Breeding Law and this Part:

(1) a list of each jurisdiction in which such operator or a sports pool vendor with which such operator has contracted, has been authorized within the prior five years to operate or assist in the operation of sports pools, including dates of authorized operation;

(2) all regulatory infractions, discipline or other sanctions that have been imposed on such operator or a sports pool vendor with which such operator has contracted, within the prior five years relating to gaming activity, including sports pools. The submission shall include a detailed description of the conduct involved and the nature of the sanction or discipline;

(3) whether the operator or sports pool vendor has operated sports pools in any jurisdiction within the prior five years in an unauthorized manner or been accused or adjudicated to have engaged in illegal gambling or wagering of any kind, including a detailed description of the conduct involved and the nature of the sanction or discipline;

(4) whether the operator or sports pool vendor has committed any misconduct or engaged in any improper associations within the meaning of section 5329.7 of this Part; and

(5) the annual financial statements audited according to generally accepted accounting principles, of the sports pool vendor, if any, for the prior three years.

§ 5329.4. Vendor licensing.

(a) *Sports pool vendor.* An operator may contract with a sports pool vendor to operate or assist in the operation of sports pools on behalf of such operator, as permitted by Racing, Pari-Mutuel Wagering and Breeding Law section 1367(3)(f). As required by such statute, any such sports pool vendor shall obtain a casino vendor enterprise license pursuant to Part 5307 of this subchapter prior to the execution of any contract to so operate. An operator always shall remain responsible for compliance with article 13 of the Racing, Pari-Mutuel Wagering and Breeding Law and this subchapter, even if such licensee has engaged a sports pool vendor to conduct sports pool wagering on behalf of such licensee. A sports pool vendor shall also be independently responsible for compliance with article 13 of the Racing, Pari-Mutuel Wagering and Breeding Law and this subchapter.

(b) *Equipment providers.* All manufacturers, suppliers and service providers of sports pool wagering equipment, including, without limitation, wagering platforms, shall be licensed as casino vendor enterprises pursuant to section 5307.1 of this subchapter.

§ 5329.5. Reporting of changes.

Each operator and sports pool vendor shall have a continuing duty to disclose any material change or changes in such entity's business form or activity, information submitted in support of a review pursuant to section 5329.3 of this Part; information provided to patrons; information provided to investors; or information provided in an annual report, or statutory duty to provide information, to the commission.

§ 5329.6. Licensing of individuals.

(a) *Persons directly involved.* A person directly involved in the conduct and operation of a sports pool shall be licensed or registered by the commission as a casino key employee or as a casino employee, as determined by the commission pursuant to title 3 of article 13 of the Racing, Pari-Mutuel Wagering and Breeding Law and Parts 5303, 5304 and 5305 of this subchapter, as applicable, as required by Racing, Pari-Mutuel Wagering and Breeding Law section 1367(4)(a).

(b) *Persons not directly involved.* A person employed in a sports wagering lounge but not directly involved in wagering may be required to register with the commission as a casino employee, consistent with the registration standards applicable to persons not directly involved in casino gaming, as set forth in Part 5306 of this subchapter, as required by Racing, Pari-Mutuel Wagering and Breeding Law section 1367(4)(a).

(c) *Employees of a sports pool vendor.* Employees of a sports pool vendor shall be licensed or registered as section 5307.5 of this subchapter and Racing, Pari-Mutuel Wagering and Breeding Law section 1367(4)(a) require.

§ 5329.7. Misconduct and improper associations.

The commission may impose penalties or take other appropriate action against an operator or a sports pool vendor if the commission finds that any such licensee, or any person employed by or associated with such licensee:

(a) is associating, consorting or negotiating with persons who have been convicted of an unauthorized gambling or gambling-related crime;

(b) is guilty of any fraud or has attempted any fraud or misrepresentation in connection with sports pools or otherwise;

(c) has violated any law, rule or regulation with respect to sports pools in any jurisdiction; or

(d) has violated any rule, regulation or order of the commission.

§ 5329.8. Internal controls.

(a) *Submission and requirements.* Each operator shall submit to the commission for approval internal controls for all aspects of sports pool wagering operations prior to

commencing operations. Such internal controls shall address the following items in regard to the sports pool system, at a minimum:

- (1) user access controls for all sports pool personnel;
- (2) segregation of duties;
- (3) automated and manual risk management procedures;
- (4) procedures for identifying and reporting fraud and suspicious conduct;
- (5) procedures to prevent wagering by patrons prohibited from wagering;
- (6) description of anti-money laundering compliance standards;
- (7) description of all types of wagers available to be offered;
- (8) description of all integrated third-party systems;
- (9) procedures for the reconciliation of assets and documents contained in the wagering cashier drawers and automated ticket machines, which shall provide for the reporting of any overage or shortage; and
- (10) in the event of a failure of the sports pool's ability immediately to pay winning wagers, the licensee shall have internal controls detailing the method of ultimately paying winning wagers. The licensee also shall 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 commission.

(b) *Reconciliation*. The internal controls shall detail the reconciliation of assets and documents contained in a sports wagering lounge cashier's drawer.

§ 5329.9. Sports wagering lounge.

(a) *Lounge*. Sports wagering shall occur only in a sports wagering lounge of an operator, as required by Racing, Pari-Mutuel Wagering and Breeding Law section 1367(3)(b). Any such sports wagering lounge shall be no less than 500 square feet and promote optimum security of the facility, which shall include the installation and maintenance of security and surveillance equipment consistent with the requirements of sections 5314.4 and 5314.5 of this Part, including closed-circuit television equipment, according to specifications submitted to and approved by the commission. No wagering ticket shall be sold except at regular ticket windows, properly designated by signs, except that tickets may be issued by automated ticket machines within a sports wagering lounge.

(b) *Booth*. Each lounge shall include a booth that:

(1) shall be designed and constructed to provide maximum security for the materials stored and the activities performed therein;

(2) includes one or more cashier windows, each of which shall contain:

(i) a cashier's drawer and terminal through which financial transactions related to sports wagering are conducted;

(ii) a permanently affixed number, which shall be visible to the CCTV surveillance system;

(iii) a physical barrier designed to prevent direct access to the materials stored and activities performed in such booth if a cashier is cashing a winning ticket of more than \$20,000. Such windows shall be secured physically from any other cashier locations within the booth; and

(iv) manually triggered silent alarm systems, which shall be connected directly to the monitoring rooms of the casino surveillance and the casino security departments;

(3) includes manually triggered silent alarm systems, which shall be connected directly to the monitoring rooms of the casino surveillance and the casino security departments;

(4) includes closed circuit television cameras capable of accurate visual monitoring and taping of any activities, including the capturing of the patron's facial image when conducting transactions at the counter;

(5) has an alarm for each emergency exit door that is not a mantrap; and

(6) includes a secure location for the purpose of storing funds issued by a cage to be used in the operation of a sports pool.

(c) *Required personnel.* Each operator shall have, or otherwise retain through a sports pool vendor, an:

(1) oddsmaker; and

(2) operations wagering manager.

§ 5329.10. Sports pool system requirements.

(a) *Submission to laboratory.* Prior to operating a sports pool, all equipment and software used in conjunction with its operation shall be submitted to a licensed independent gaming test laboratory for review and approval.

(b) *Server and wager creation.* The server or other equipment to accept wagers at a sports pool shall be located within the casino. In creating wagers that will be offered to

the public, a sports pool manager may receive advice and recommendations from any source or entity in other jurisdictions and may take into consideration information in regard to odds and wagers placed on sports events.

(c) *Risk management framework.* A sports pool system submission shall contain a description of the risk management framework, including, without limitation:

- (1) user access controls for all sports pool personnel;
- (2) information in regard to segregation of duties;
- (3) information in regard to automated risk management procedures;
- (4) information in regard to fraud detection;
- (5) controls ensuring regulatory compliance;
- (6) description of anti-money laundering compliance standards;
- (7) description of all software applications that comprise the system;
- (8) description of all types of wagers available to be offered by the system;
- (9) description of all integrated third-party systems; and
- (10) description of the method to prevent past posting.

(d) *Data retention.* A sports pool system shall maintain all transactional betting data for a period of 10 years.

(e) *Information recording.* A sports pool system shall be capable of recording the following information for each wager made:

- (1) description of event;
- (2) event number;
- (3) wager selection;
- (4) type of wager;
- (5) amount of wager;
- (6) date and time of wager;
- (7) unique wager identifier; and
- (8) an indication of when the ticket expires.

(f) *Tickets*. Each ticket a cashier or automated ticket machine generates shall include:

- (1) all of the information set forth in subdivision (e) of this section;
- (2) name and address of the party issuing the ticket;
- (3) a barcode or similar symbol or marking as approved by the commission, corresponding to the unique wager identifier;
- (4) method of redeeming winning ticket via mail; and
- (5) identification of the cashier or automated ticket machine generating the ticket.

(g) *Vouchers*. Sports pool vouchers issued by a sports pool system shall contain the following information:

- (1) date, time, and location of issuance;
- (2) amount of the voucher;
- (3) unique voucher identifier;
- (4) expiration date of the voucher;
- (5) name of permit holder; and
- (6) an indication that the voucher can be redeemed only in exchange for a sports wager or cash.

(h) *Voucher redemption*. If a sports pool system issues and redeems a sports pool voucher, the system shall be capable of recording the following information for each voucher:

- (1) amount of voucher;
- (2) date, time, and location of issuance;
- (3) unique voucher identifier;
- (4) expiration date of the voucher; and
- (5) date, time, and location of redemption, if applicable.

(j) *Required system functions*. A sports pool system shall be capable of performing the following functions:

- (1) creating wagers;
- (2) settling wagers;

- (3) voiding wagers;
- (4) cancelling wagers;
- (5) processing lost, destroyed or expired wagering tickets;
- (6) preventing any sports pool wager in excess of \$10,000 or making a payout in excess of \$10,000 until authorized by a supervisor; and
- (7) maintaining the following:
 - (1) description of the event;
 - (2) event number;
 - (3) wager selection;
 - (4) type of wager;
 - (5) amount of wager;
 - (6) amount of potential payout;
 - (7) date and time of wager;
 - (8) identity of the cashier accepting the wager;
 - (9) unique ticket identifier;
 - (10) expiration date of ticket;
 - (11) patron name, if known;
 - (12) date, time, amount, and description of the settlement;
 - (13) location where the wager was made;
 - (14) location of redemption; and
 - (15) identity of cashier settling the wager if applicable.

(k) *Voided and cancelled wagers.* When a sports pool wager is voided or cancelled, the system shall indicate clearly that the ticket is voided or cancelled, render such ticket nonredeemable and make an entry in the system indicating the void or cancellation and identity of the cashier or automated process.

(l) *Past posting and known event outcomes.* 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.

(m) *Self-authentication.* 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, the system immediately shall notify the casino operations wagering manager using an automated process. The operations manager shall notify the commission promptly of the authentication failure. The system shall record the results of all self-authentication attempts and maintained such record for a period of not less than 90 days.

(n) *Controls.* 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 such error's impact on the system's performance. Such information shall be maintained for a period of not less than six months.

(o) *Commission access to data.* Consistent with existing commission authority, the operator shall provide access to wagering transaction and related data the commission may deem necessary, in a manner approved by the commission.

(q) A sports pool system shall be capable of preventing any sports pool wager in excess of \$10,000 or making a payout in excess of \$10,000 until authorized by a supervisor.

(r) A sports pool system shall be capable of maintaining the following:

1. Description of the event;
2. Event number;
3. Wager selection;
4. Type of wager;
5. Amount of wager;
6. Amount of potential payout;
7. Date and time of wager;
8. Identity of the cashier accepting the wager;
9. Unique ticket identifier;
10. Expiration date of ticket;
11. Patron name, if known;

12. Date, time, amount, and description of the settlement;
13. Location where the wager was made;
14. Location of redemption; and
15. Identity of cashier settling the wager if applicable.

(s) (p) *Redeemed lost tickets.* For all lost tickets that are redeemed, a sports pool system shall record and maintain the following information:

- (1) date and time of redemption;
- (2) employee responsible for redeeming the ticket;
- (3) name of patron redeeming the wager;
- (4) unique ticket identifier; and
- (5) location of the redemption.

§ 5329.11 Automated ticket machines

(a) *Permitted.* An operator may use an automated ticket machine or machines for wagering transactions in conjunction with an approved sports pool system in a sports wagering lounge.

(b) *Restrictions.* An automated ticket machine used in accordance with this section shall not:

- (1) issue or redeem a sports pool voucher with a value of more than \$3,000;
- (2) issue a ticket with a potential payout of more than \$10,000; and
- (3) redeem a ticket with a value of more than \$3,000.

(c) *Drop.* On a daily basis, an operator shall remove the bill validator boxes in the automated ticket machines (the *automated ticket machine drop*). Surveillance shall monitor and record the automated ticket machine drop. An operator shall submit an automated ticket machine drop schedule to the commission, which shall include:

- (1) the time the drop is scheduled to commence; and
- (2) the number and locations of automated ticket machines.

(d) *Keys.* A security department member and a cage cashier shall obtain the keys necessary to perform the automated ticket machine drop and/or currency cassette replacement, in accordance with the casino's key sign-out and sign-in procedures.

(e) *Cage cashier.* A cage cashier with no incompatible functions shall place empty bill validator boxes needed for the automated ticket machine drop into a secured cart and prepare an automated ticket machines bill validator drop form, which shall include the following:

- (1) gaming date;
- (2) identification number of the secured cart;
- (3) number of empty boxes placed into the secured cart; and
- (4) signature of the cage cashier documenting that the number of empty boxes equals the number of automated ticket machines in use.

(f) *Completion of drop.* In the presence of a security department member, a cage cashier shall complete the automated ticket machines drop at each automated ticket machine by:

- (1) unlocking the cabinet(s) housing the bill validator boxes;
- (2) removing the bill validator boxes and place the removed bill validator boxes into a secured cart and insert the empty bill validator boxes and reject bins;
- (3) locking the cabinets housing the bill validator boxes; and
- (4) transporting the secured cart to a count room or other location approved by the commission for the count of the automated ticket machine drop.

(g) *Count.* The contents of the bill validator boxes shall be counted by one or more accounting department employees with no incompatible function, who shall:

- (1) document the contents, by item and amount, for each box on a balance receipt;
- (2) prepare or generate an automated ticket machine drop totals report that summarizes the total currency, sports pool tickets, and sports pool vouchers counted;
- (3) verify that the number of bill validator boxes counted equals the number of empty boxes initially recorded on the automated ticket machine bill validator drop form. Any exceptions encountered during the drop and count process shall be documented on this form;
- (4) transfer the currency to a main bank cashier with a copy of the automated ticket machine drop totals report;
- (5) transport the sports pool tickets and vouchers to a secured location approved by the commission for storage until permitted to destroy; and

(6) transport the balance receipts, the automated ticket machine drop totals report and automated ticket machine bill validator drop form to the casino accounting department.

(h) *Replenishment*. On a daily basis, an operator shall replenish the currency cassettes in the automated ticket machines. A cashier with no incompatible functions shall prepare the currency cassettes to replenish the automated ticket machines, which shall be documented on a two-part automated ticket machines cassette fill form. The cashier shall retain one copy of such form and the duplicate shall be used to document the completion of the transaction. The form shall include:

- (1) designation of the automated ticket machine to which the fill is to be performed;
- (2) for each denomination, the number of bills and total value;
- (3) the total value of all currency cassettes;
- (4) date and time prepared; and
- (5) signature of the cashier.

(i) *Completion of replenishment*. An accounting department employee shall place the replacement currency cassettes and empty reject bins into a secured cart. In the presence of a security department member, the accounting department employee shall complete the sports pool currency cassette replenishment at each automated ticket machine by:

- (1) unlocking the cabinets housing the currency cassettes and reject bins;
- (2) removing all currency cassettes and the reject bin, which shall be placed in a secure cart and generate a credit receipt that, at a minimum, includes:
 - (i) an identification number of the automated ticket machine;
 - (ii) the date and time;
 - (iii) the denomination of each currency cassette; and
 - (iv) the total value of the total number of bills per denomination remaining in each currency cassette being replenished and the reject bin;
- (3) inserting the replacement currency cassettes and currency cassette reject bin; and
- (4) entering data into the automated ticket machine that describes the fill and generating a fill receipt that, at a minimum, includes:
 - (i) an identification number of the automated ticket machine;

(ii) the date and time the fill was performed;

(iii) the denomination of currency for each currency cassette inserted into the machine; and

(iv) the total value of the total number of bills per denomination, for each currency cassette being inserted into the machine;

(5) locking the cabinet and signing the duplicate copy of the automated ticket machine cassette fill attesting that the fill was completed. The fill receipt and the credit receipt shall be deposited in a locked accounting box; and

(6) returning all removed currency cassettes and reject bins in a secured cart to the count room or other location approved by the commission.

(j) *Count and documentation.* One or more accounting department employees with no incompatible function shall count and document the value of the contents of each removed currency cassette and currency cassette reject bin by:

(1) documenting the count of each currency cassette and reject bin on a balance receipt, by automated ticket machine;

(2) preparing or generating a sports pool currency cassette replenishment totals report that summarizes the total currency counted;

(3) transferring the currency to a main bank cashier with a copy of the currency cassette replenishment totals report; and

(4) transporting the balance receipts and currency cassette replenishment totals report to the casino or racetrack accounting department.

(k) *Reconciliation.* The casino accounting department shall reconcile the automated ticket machines on a daily basis pursuant to internal controls. Any variance shall be documented by the accounting department and reported in writing to the commission 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.

§ 5329.12. House rules.

(a) *Content.* Each operator shall adopt comprehensive house rules, which shall be submitted for written approval by the commission. Such house rules shall include the following, at a minimum:

(1) method for calculation and payment of winning wagers;

(2) effect of schedule changes;

- (3) method of notifying patrons of odds or proposition changes;
- (4) acceptance of wagers at other than posted terms;
- (5) expiration of any winning ticket one year after the date of the event;
- (6) method of contacting the operator for questions and complaints;
- (7) description of prohibited sports pool participants;
- (8) method of the process for any employee of a sports governing body or member team who is not prohibited from wagering to register with the commission prior to placing a sports wager; and
- (9) method of funding a sports wager.

(b) *Availability*. An operator's house rules, together with any other information the commission deems appropriate, shall be displayed conspicuously in the sports wagering lounge, posted on the operator's website, made readily available to patrons in printed form.

§ 5329.13. Wager types.

(a) *Approval of wagering menu*. An operator applying for licensure shall submit to the commission the types of wagers such operator would like to offer and the sports leagues, associations or organizations on whose contests the operator wishes to offer such wagers. Each type of wager and each sports league, association or organization on whose contests such operator wishes to offer wagering is subject to commission approval and may be subject to such conditions as the commission may determine. After licensing of an operator, commission approval is required at least 10 business days in advance before such operator is permitted to offer any type of wager not previously offered by such operator, or an existing wager type for a sport, league, association or organization on whose contests the commission has not previously authorized wagering. To obtain commission approval, an operator shall specify the underlying sport and sports league, association or organization upon which the proposed type of wager is based, provide rules for the wager and demonstrate that the new type of wager will comply with Racing, Pari-Mutuel Wagering and Breeding Law section 1367 and this Part. Following review of the proposed wager type, the commission shall inform all operators whether the proposed wager type is approved or denied or whether additional information from such operator is required.

(b) *Limitations on wager type*.

- (1) No wager type shall be approved unless:
 - (i) the event on which the wager is based is an event whose outcome can be verified;

(ii) the outcome of the wager can be generated by a reliable and independent process;

(iii) the outcome of the event is not affected by any wager placed;

(iv) the event is conducted in conformity with all applicable laws; and

(v) the event includes elements of physical skill or exertion or is a component of an event that includes elements of physical skill or exertion

(2) An operator shall not offer wagers on:

(i) any prohibited sports event, as defined in Racing, Pari-Mutuel Wagering and Breeding Law section 1367(1)(f);

(ii) any horse race;

(iii) any amateur or youth sports event, except collegiate sports events approved by the commission;

(iv) any event that is not a sports event; and

(v) any sports event on which the commission deems wagering to be contrary to public policy, either on the commission's own initiative or upon commission affirmation of a request by a league or governing body that governs such sports event, so long as such request has been made in writing to the commission at least 60 days in advance of such sports event with an explanation of why wagering on such event should not be permitted as a matter of public policy.

(c) *Variations on wager types.* An operator may introduce variations of permissible types of wagers by seeking commission approval. An operator is not required to amend a previously approved submission to describe a variation if approved by the commission.

(d) *Conditions placed on wager type.* The commission may approve conditionally a wager type or the use of a wager type for a particular sport, league, association or organization as the commission may deem advisable, such as establishing a limited trial period for a type of wager or imposing limits on a particular wager, to protect the wagering public, the integrity of wagers, the integrity of the sports event upon which a wager is based, in whole or in part, or for any other reason consistent with the policies underlying article 13 of the Racing, Pari-Mutuel Wagering and Breeding Law or this subchapter.

(e) *Withholding of approval.* The commission may, in the exercise of discretion, withhold approval of any proposed wagering type that directly or indirectly violates any requirement for permissible wagers or that the commission determines to be contrary to public policy.

(f) *Information to commission.* An operator shall comply with every commission request for information about any type of wager that such operator proposes to offer to the public.

(g) *Wagering tournaments.* No wagering tournament shall be conducted without prior approval of the commission. An operator shall submit the rules of any proposed wagering tournament for commission approval no later than 30 days prior to the anticipated start date of such wagering tournament.

§ 5329.14. Parlay card wagers.

(a) *Requirements for parlay card wagers.* Each operator that offers parlay card wagers shall disclose fully, accurately and unambiguously on all parlay card wagering forms:

(1) the amounts to be paid to winners, the method by which such amounts are to be determined and aggregate payout amount;

(2) the minimum and maximum betting limits, if any;

(3) the effect of ties or draws in sports events;

(4) the effect of a sports event not being played on the date specified and of other occurrences that will cause selections to be invalid;

(5) the procedure for claiming winnings, including, without limitation, the documentation a patron must present to claim winnings;

(6) the requirement that a parlay card wager must consist of at least three selections that have not become invalid under applicable house rules or the wager will be void and will be refunded;

(7) the rights, if any, reserved by the operator, including, without limitation, the right to eliminate any selection prior to the acceptance of a wager, or to withhold payouts of specified amounts until the outcome of each proposition offered by the parlay card has been determined;

(8) the requirement that the point spreads, if any, printed on the parlay card wagering form when the wager is accepted will be used to determine the outcomes of the wagers; and

(9) that the operator's house rules apply to parlay cards unless otherwise stated on the parlay card wagering form.

(b) *Payout.*

(1) An operator may limit, with commission approval, the aggregate amount to be paid to winners on a parlay card. Any such aggregate limit shall not be less than an amount disclosed on the parlay card (the *aggregate limit*).

(2) When an operator knows or reasonably should know that actual payouts on a parlay card will be limited by an aggregate limit, the operator shall cease accepting wagers on such parlay card and making payouts on such parlay card.

(3) When an operator ceases accepting wagers and making payouts on a parlay card pursuant to paragraph (2) of this subdivision, if the parlay card, patron receipts and related documentation are distinguishable from the parlay card, receipts and documentation as to which the operator has ceased accepting wagers, then the operator may accept wagers on only those sports events listed on the parlay card whose outcomes have not been determined, in which case such parlay card shall be considered a different parlay card for purposes of this subdivision.

(4) After the outcome of the final sports event offered on a parlay card has been determined, the operator shall determine the total amount of all winning wagers on such parlay card from all patrons. If such total amount exceeds the aggregate limit, the operator, unless paragraph (5) of this subdivision applies, may pay each winning wager, instead of the amount that would have been due in the absence of such aggregate limit, an amount equal to the amount of such winning wager multiplied by such aggregate limit and divided by the total amount of all winning wagers (including payouts made prior to the suspension of payouts) that would otherwise have been made without regard to such aggregate limit.

(5) Notwithstanding the aggregate limit, if an operator pays a winner of a parlay card wager more than 10 percent of the aggregate limit before the outcome of every proposition offered by such parlay card has been determined, such operator shall pay every winner of a wager on such parlay card the proper payout amount stated on such parlay card in full and without regard to any aggregate limit.

(6) In specific cases, the commission, only in writing, may waive the requirements of this subdivision or impose requirements more restrictive than the requirements of this subdivision.

§ 5329.15. Layoff wagers.

An operator may, in its discretion, accept a layoff wager from another New York state licensed operator. Any such wager shall be placed in the name of the operator itself. A layoff wager and, if applicable, a resultant payout shall not be included in the calculation of sports pool gross gaming revenue. Each layoff wager shall be reported to the commission in such manner as the commission may direct.

§ 5329.16. Information posting.

(a) *Information posting.* An operator shall make available in written form in conspicuous locations in the sports wagering lounge and on conspicuously accessible electronic screens a general explanation of each type of wager offered and the point or money line odds. Any explanation shall not be misleading or unfair to patrons.

(b) *Display of available wagering information.* The available wagering information for specific sports events shall be displayed in a manner visible to the public and the operator's surveillance system. The display shall include the event number, point or money line odds and a brief description of the event. Such information also shall be available on conspicuously accessible electronic screens. Any display shall not be misleading or unfair to patrons.

(c) *Lock times.* An operator shall establish a lock time for a wager after which no further wagering shall be accepted. Such lock time shall be disclosed conspicuously and shall not be changed once established. No wager shall be accepted after such disclosed lock time.

§ 5329.17. Manner of placing wager.

(a) *Placement of wagers.* All wagers pursuant to this Part shall be placed within a sports wagering lounge with a wagering cashier at a wagering counter or at an automated ticket machine located within a sports wagering lounge.

(b) *Forms of payment.* Wagers pursuant to this Part shall be made in cash, vouchers, gaming chips or validated wagering tickets of value.

(c) *Rescission.* An operator shall not rescind any wager made pursuant to this Part unless extraordinary circumstances exist and the prior written approval of the commission has been obtained.

§ 5329.18. Wagering tickets.

(a) *Wagering ticket requirements.* Upon accepting a wager, a wagering cashier shall cause the wagering platform to generate a wagering ticket. The wagering ticket shall include, at a minimum, the following:

- (1) operator's name;
- (2) event number;
- (3) description of event;
- (4) type of wager
- (5) unique wagering ticket identifier;
- (6) a barcode or similar symbol or marking, as approved by the commission, corresponding to the unique wagering ticket number;
- (7) date and time of issuance;
- (8) cashier identifier or automated ticket machine identifier;
- (9) location of issuance;

- (10) amount of the wager;
- (11) date, or dates, of the sports event or events;
- (12) payout odds;
- (13) amount to be paid on a winning wager, unless the wager is a pari-mutuel wager;
- (14) the patron's player card account number, if any; and
- (15) mail-in redemption instructions.

(b) *Expiration date of ticket.* Any winning ticket shall be deemed lapsed and ineligible for payment one year after the date of the last sports event that forms the basis of such wager. Any lapsed ticket shall be unclaimed funds and shall be deposited by the commission pursuant to the requirements of Racing, Pari-Mutuel Wagering and Breeding Law section 1354 and subdivision (c) of section 5329.29 of this Part. The wagering ticket shall display clearly, on the front of the wagering ticket, the expiration date.

§ 5329.19. Wagering restrictions.

(a) *Age.* No person under 21 years of age may place a wager with an operator, as required by Racing, Pari-Mutuel Wagering and Breeding Law section 1367(3)(d).

(b) *Prohibited persons.* An operator shall not knowingly accept any wager from any prohibited sports pool participant. No prohibited sports pool participant is permitted to make such a wager at any operator or collect winnings from any such wager, which wager shall be deemed void. Any person who is a direct or indirect legal or beneficial owner of 10 percent or greater of a sports governing body or any of such body's member teams shall not place or accept wagers on a sports event in which any member team of such sports governing body participates.

(c) *Proxy wagering and collection prohibited.* An operator shall not make payment on a winning wager to a person who the operator knows or reasonably should know is collecting the payment on behalf of another for monetary consideration or in violation of local, state or Federal law. An operator shall not make payment on a winning wager to a person who the operator knows or reasonably should know is engaging in such activity for profit or as a business enterprise. An operator may withhold payment of a winning wager if a customer refuses to supply identification or any other documentation required by this Part or article 13 of the Racing, Pari-Mutuel Wagering and Breeding Law.

(d) *Minimum and maximum wager.* Minimum and maximum amounts of wagers shall be as established by an operator's house rules approved by the commission. An operator shall disclose clearly the maximum and minimum wagers applicable to the wagers such operator offers.

§ 5329.20. Certain payouts; ticket control.

(a) Wagers and payouts greater than \$10,000.

(1) Prior to accepting any wager in excess of \$10,000 or making a payout in excess of \$10,000 on a winning wager, an operator shall:

- (i) create a patron identification file and identify the patron;
- (ii) obtain and record the patron's Social Security number in the patron identification file; and
- (iii) record, on a log, the following information, at a minimum:
 - (a) date of the wager or payout;
 - (b) name of the patron;
 - (c) name and signature of the employee authorizing the acceptance of the wager; and
 - (d) name and signature of the cashier identifying the patron and generating the ticket or making the payout.

(2) An operator shall monitor all wagering transactions to ensure patrons are not circumventing the identification requirements of paragraph (1) of this subdivision.

(b) Redemption. Winning wagering tickets shall be redeemed by a wagering cashier, an automated ticket machine located within a sports wagering lounge or a commission-approved mail-in procedure after verifying the validity of the wagering ticket through the wagering platform. The wagering platform shall redeem electronically and cancel the wagering ticket upon redemption. Should the sports wagering lounge be closed, the casino cage shall be made available to redeem a winning wagering ticket.

(c) Marking cashed tickets. An operator shall ensure that each cashed or refunded sports wagering ticket is branded or marked in a manner that indicates that such ticket has been cashed or refunded but does not destroy the identity of such ticket.

(d) Storage. An operator shall maintain facilities and procedures that ensure the security of cashed tickets and the integrity of records of outstanding tickets. An operator shall store cashed tickets for one year and one day following the sporting event in a secure area consistent with such operator's internal controls as approved by the commission.

(e) Access. An operator shall prohibit unauthorized individuals from having access to the cashed tickets and related storage areas. A list of authorized individuals with access to such storage areas shall be filed with the commission. Any storage area shall comply with surveillance requirements set forth in sections 5314.4 and 5314.5 of the Part.

(f) *Betting data retention.* Each operator shall maintain all betting data for a wager for at least 10 years and shall make any such data available to the commission upon request.

§ 5329.21. Cancellation of wagers.

(a) *Commission void.* The commission may order the voiding of wagers, and require refunds, on any event for which wagering, or the continuation of wagering, would be contrary to the public policies of the state.

(b) *Patron cancellation.* A wagering ticket may be cancelled by a patron at the discretion of the operator, so long as no sporting event upon which the wager was made has commenced.

(c) *Payout adjustments.* House rules shall state clearly circumstances in which the payouts are to be adjusted, including, without limitation:

(1) when wagers are affected by cancelled events; and

(2) when and for what reason or reasons wagers will be cancelled.

(3) application of aggregate limits as outlined in subdivision (b) of section 5329.14 of this Part.

§ 5329.22. Structuring of multiple wagers.

(a) *Prohibition.* An operator shall not knowingly allow, and shall take reasonable steps to prevent, the circumvention of reporting requirements through a patron making a structured wager, including multiple wagers or a series of wagers that are designed to accomplish indirectly that which could not be accomplished directly. A wager or wagers need not exceed the dollar thresholds at any single operator in any single day in order to constitute prohibited structuring. No operator shall encourage or instruct the patron to structure or attempt to structure wagers. This section does not prohibit an operator from informing a patron of the regulatory requirements imposed upon the operator, including the definition of structured wagers. An operator shall not knowingly assist a patron in structuring or attempting to structure wagers.

(b) *Recording requirements.* Each operator shall maintain multiple transaction logs to monitor compliance. Such logs shall record all wagers made within any 24-hour period in excess of \$10,000, or in smaller amounts that aggregate in excess of \$10,000, when any single officer, employee or agent of such operator has actual knowledge of the wagers or would in the ordinary course of business have reason to know of the wagers. Each log entry shall be made by the employee accepting or approving the wager, immediately after accepting the wager, and shall include at a minimum:

(1) patron's name and address;

(2) window number or other identification of the location where the wager occurred;

- (3) time and date of the wager;
- (4) dollar amount of the wager;
- (5) signature or electronic signature of person accepting or approving the wager; and
- (6) patron's player card number, if known.

(c) *Aggregating requirement.* Each operator shall aggregate all wagers in excess of \$10,000 when any single officer, employee or agent of such operator would in the ordinary course of business have knowledge of the wagers.

(d) *Identification requirement.* If a patron places a wager that is to be aggregated with previous wagers for which a record has been completed pursuant to this section, the operator shall complete the identification, recordation and reporting procedures for any additional wager regardless of amount occurring during the 24-hour period.

§ 5329.23. Patron complaints.

An operator shall investigate diligently all patron complaints within five calendar days. Where a complaint is made to commission staff, consistent with existing commission authority, the commission shall have unfettered access to all information related to patron wagers and application of this Part or house rules as such information relates to assisting in addressing patron complaints. Any patron complaint that results in a dispute in excess of \$5,000 shall be brought immediately to the attention of the commission.

§ 5329.24. Operator reserve requirement.

Each operator must establish a cash reserve of not less than the greater of \$500,000 or the amount necessary to ensure the ability to cover outstanding sports pool liability, as determined by the commission.

§ 5329.25. Prohibited actions.

(a) *Dishonest obtaining of a benefit.* No person shall, in relation to an authorized wager, obtain a benefit by any dishonest act, practice or scheme or otherwise dishonestly obtain a benefit through the use of any device or item.

(b) *Altering or falsification of information.* Any person who knowingly alters or falsifies information recorded on any record, document or report required under this Part, for any purpose, including, without limitation, for the purpose of concealment, deception or circumvention of minimum internal control procedures, may be subject to penalties and other actions the commission may take pursuant to law (e.g., a fine, penalty or revocation of a sports pool license by the commission).

§ 5329.26. Duties to report.

(a) *Dishonest or unlawful acts.* In the event that an operator or its employee, sports pool vendor or employee of a sports pool vendor, becomes aware, or reasonably suspects, a person has obtained a personal benefit or a benefit for another person by a dishonest or unlawful act affecting the conduct of a wager or a sports event, the results of which formed the basis, in whole or in part, of a wager; and/or there has been an unlawful act that has affected a wager or a sports event the results of which formed the basis, in whole or in part, of a wager, such operator, operator's employee, sports pool vendor or sports pool vendor's employee shall give promptly the commission a written notice advising the commission of all material facts known about the matter and any documents or other evidence in the possession or control of such entity or person in connection with the matter.

(b) *Bribes.* If an operator, operator's employee, sports pool vendor or sports pool vendor's employee is approached with an offer or promise of a bribe or with a request or a suggestion for a bribe or for any improper, corrupt or fraudulent act or practice in relation to a wager or a sports event relating to a wager or with a suggestion that any wager or sports event relating to a wager be conducted otherwise than in accordance with the rules and regulations of the commission, it shall be the duty of such person to report such suggestion, offer, promise or bribe promptly to the commission. Failure to so report shall subject such person or persons and such operator and/or sports pool vendor associated with such person to the penalties and other actions the commission may take.

(c) *Suspicious activity.* An operator shall report promptly to the commission any other suspicious activity involving such operator in the operation of sports pools, whether such acts are committed by such operator, operator's employee, sports pool vendor or sports pool vendor's employee, or whether such acts are committed against such operator or sports pool vendor, including, without limitation, criminal activity, financial irresponsibility, fraud, misrepresentation, security breaches, breach of confidentiality of a patron's personal information or any violation of article 13 of the Racing, Pari-Mutuel Wagering and Breeding Law or this Part.

(d) *Sports event integrity.* In the event an operator or sports pool vendor becomes aware of or reasonably suspects that the integrity of a sports event or occurrence within a sports event has been affected or compromised by wagering activity, such licensee or vendor shall report to the commission promptly all facts and circumstances relating to such awareness or suspicion.

(e) *Money laundering.* In the event an operator becomes aware or reasonably suspects that there is a fraudulent or suspicious transaction in the operation of sports pools that may involve money laundering, or an activity similar to money laundering, as set forth in section 5315.17 of this subchapter, the operator shall report promptly in writing the suspicious activity to the commission. Nothing in this section shall relieve the operator from any related reporting requirements under any other local, state or Federal laws. Such operator shall make available to the commission any documents or access to

computer or other data systems that the commission may request in connection with the matter.

(f) *Suspicious betting activity and suspicious wagers.* An operator:

(1) shall file with the commission a report of any suspicious betting activity or suspicious wager, if such suspicious betting activity or suspicious wager involves or aggregates to more than \$10,000 in funds or other assets;

(2) may file a report of any suspicious betting activity or suspicious wager, without regard to the amount, if the operator believes that such reporting may be relevant to the possible violation of any law or regulation; and

(3) shall file any report pursuant to paragraphs (1) or (2) of this subdivision no later than two calendar days after the initial detection by the operator of facts that may constitute a basis for filing such a report. If no suspect was identified on the date of the detection of the incident requiring the filing, an operator may delay filing a report for an additional seven calendar days to identify a suspect. In no case shall reporting be delayed more than nine calendar days after the date of initial detection of a reportable transaction. In situations involving violations that require immediate attention, an operator shall notify commission staff immediately, in addition to timely filing a report.

(g) *Retention period.* An operator shall maintain a copy of any report filed and the original or business record equivalent of any supporting documentation for a period of five years from the date of filing the report.

§ 5329.27. Sports pool integrity; confidential information

(a) *Identification and reporting of unusual betting activity.* Each operator shall have controls in place to identify unusual betting activity and report such activity to an integrity monitoring provider.

(b) *Notification to all operators and reporting of similar activity.* Each integrity monitoring provider shall share information in regard to any unusual betting activity with each other integrity monitoring provider working with other operators in this State and shall provide a report of such unusual betting activity to all participating sports pool operators. Each sports pool operator shall review each such report and notify the integrity monitoring provider of whether or not such operator has experienced similar activity.

(c) *Suspicious betting activity identification and notification.* If an integrity monitoring provider finds that previously reported unusual betting activity rises to the level of suspicious betting activity, such integrity monitoring provider immediately shall notify all other integrity monitoring providers, each sports pool operator, the commission, the appropriate sports governing authority and, if so directed by the commission, other regulatory agencies.

(d) *Suspension of wagering.* A sports pool operator receiving a report of suspicious betting activity shall be permitted to suspend wagering on events related to such report, but may cancel related wagers only upon commission approval to do so.

(e) *Commission access to monitoring system.* Each integrity monitoring provider shall provide the commission with remote access to the following information of such provider:

- (1) all reports of unusual betting activity;
- (2) whether the unusual betting activity was determined to be suspicious betting activity; and
- (3) the actions taken by the integrity monitoring provider.

(f) *Information sharing.* The commission and sports governing bodies may share information in regard to the integrity of sports events.

(g) *Hardware access.* The commission may require a sports pool operator to provide any hardware necessary to the commission for evaluation of a sports pool offering or to conduct further monitoring of data provided by the system of such operator.

(h) *Confidentiality.* All information and data received pursuant to this Part by the commission related to unusual or suspicious betting activity shall be considered confidential and shall not be revealed in whole or in part, except

- (1) upon the lawful order of a court of competent jurisdiction; or
- (2) with any law enforcement entity, team, college or university, sports governing body or regulatory agency that the commission deems appropriate.

§ 5329.28. Tax.

(a) *Tax rate.* Gross gaming revenue from sports pool wagering shall be taxed at the rate applied to gross gaming revenue from all other sources within the meaning of Racing, Pari-Mutuel Wagering and Breeding Law section 1351.

(b) *Payment.* Tax attributable to sports pool wagering, including any applicable interest and penalties, shall be transmitted weekly by electronic funds transfer to the commission. All gross gaming taxes are the responsibility of, and shall be paid by, an operator.

(c) *Reports.* All weekly gross gaming revenue tax reports filed with the commission pursuant to this section shall reflect all gross gaming revenue received by the operator for the period of the return.

(d) *Additional tax or refunds.* When the commission finds that an operator is required to pay additional taxes or finds that an operator is entitled to a refund of taxes, the

commission shall report to such operator its findings, along with the legal basis upon which such findings are made.

§ 5329.29. Gross gaming revenue reports and reconciliation.

(a) *Gross gaming revenue.* Gross gaming revenue generated pursuant to this Part shall equal the total of all wagers received less voided or cancelled wagers and amounts paid out for winning wagers. The amounts of wagers placed by an operator and amounts received by the operator as payments on layoff wagers made pursuant to section 5329.15 of this Part shall not affect the computation of the operator's gross gaming revenue.

(b) *Daily gross gaming revenue.* For sports wagering operations, an operator's accounting department member shall determine the daily gross gaming revenue amount as set forth in such operator's internal controls.

(c) *Unclaimed funds.* Unclaimed funds, cash and prizes shall be reported to the commission on the gross gaming revenue report during the week in which the funds, cash and prizes expire and shall be remitted to the commission with the gross gaming revenue for that week for deposit pursuant to the requirements of Racing, Pari-Mutuel Wagering and Breeding Law section 1354.

(d) *Forfeiture of winnings.* Forfeiture of winnings as set forth in Racing, Pari-Mutuel Wagering and Breeding Law section 1345 and gross gaming tax as prescribed in Racing, Pari-Mutuel Wagering and Breeding Law section 1351, including any applicable interest and penalties, shall be transmitted weekly by electronic funds transfer to the commission. Such transmissions are the responsibility of, and shall be made by, the operator.

(e) *Examination by commission.* The operator shall permit duly authorized representatives of the commission to examine the operator's accounts and records for the purpose of certifying gross revenue.

(f) *Promotions.* Promotional gaming credits shall not be used in a sports wagering lounge. No promotion related to sports wagering may be offered without the prior approval of the commission.

§ 5329.30. Accounting and financial records.

(a) *Record of transactions.* An operator shall maintain complete, accurate and legible records of all transactions pertaining to such licensee's revenues, expenses, assets, liabilities and equity in conformance with generally accepted accounting principles. The failure of an operator to maintain such records according to such principles shall be a violation of this section.

(b) *Accounting requirements.* The accounting records maintained by an operator shall be maintained using a double-entry system of accounting with transactions recorded on

the accrual basis and supported by detailed subsidiary records. Such subsidiary records shall include, at a minimum, each of the following:

- (1) detailed general ledger accounts identifying all revenue, expenses, assets, liabilities and equity for such operator;
- (2) a record of all investments, advances, loans and accounts receivable balances due to such operator;
- (3) a record of all loans and other accounts payable by such operator;
- (4) a record of all accounts receivable written off as uncollectible by such operator;
- (5) records that identify total winnings paid out:
 - (i) on each wager; or
 - (ii) by another accounting period pre-approved in writing by the commission;
- (6) records required by such operator's system of internal controls;
- (7) work papers supporting the monthly reconciliation of cash accountability; and
- (8) other records that the commission may require, in writing, to be maintained.

(c) *Retention period.* Notwithstanding anything in this section to the contrary, each accounting record shall be kept by an operator for a period of not less than five years from date of creation of such record.

§ 5329.31. Duties to give evidence.

It shall be the duty of each operator and each employee or other person associated with each such licensee to report promptly when requested or ordered to do so by any official of the commission in furtherance of an investigation or hearing pursuant to this subchapter and to testify under oath concerning any facts within such licensee's or such person's knowledge and to produce any books, records, written matter or other evidence within such licensee's or such person's possession or control relevant to such matter.

§ 5329.32. Reporting of compliance.

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

- (a) scope of review;

- (b) name and company affiliation of each person who conducted the assessment;
- (c) date of the assessment;
- (d) findings;
- (e) recommended corrective action, if applicable; and
- (f) the operator's response to the findings and recommended corrective action.

§ 5329.33. Review, examination of records.

The commission or the commission's designee may:

- (a) conduct periodic examinations of the accounting and financial records of operators;
- (b) review the accounting principles and procedures used by operators;
- (c) review and observe methods and procedures used by operators to count and handle wagers made with cash, vouchers, gaming chips or wagering tickets of value;
- (d) examine accounting and financial records of an operator or a person controlling, controlled by or under common control with such operator;
- (e) obtain copies from the operator of outstanding deposited check instruments, checks returned and held, collection activities taken and settlement of disputed items.

§ 5329.34. Responsible gaming.

Each operator and sports pool vendor licensee shall comply with the problem gaming, self-exclusion and excluded person requirements set forth in sections 5325, 5326 and 5327 of this subchapter.

§ 5329.35. Other regulations apply.

Unless the context of this Part indicates otherwise, the regulations set forth elsewhere in this subchapter are applicable to sports wagering.

§ 5329.36. Suspension, fines, revocation and other discipline.

(a) *Discipline.* Consistent with existing commission authority, the commission may suspend or revoke a sports pool license or a gaming vendor license, or fine or otherwise discipline an operator or gaming vendor licensee for any reason or combination of reasons set forth in this subdivision:

- (1) violations of article 13 of the Racing, Pari-Mutuel Wagering and Breeding Law, this subchapter or any other applicable law or regulation;

(2) failure to comply with instructions of the commission concerning a licensed activity;

(3) conviction of any:

(i) felony offense, as such term as defined in Penal Law section 10.00(5), or an equivalent offense committed in another jurisdiction;

(ii) a misdemeanor related to gambling, gaming, bribery, fraud or any other offense prejudicial to public confidence;

(4) failure to file any returns or reports, keep records or to pay any fee or submit revenue as may be required;

(5) fraud, deceit, misrepresentation or conduct prejudicial to public confidence in gaming;

(6) whenever the commission finds that the operator's experience, character, and general fitness are such that participation in operating a sports pool is inconsistent with the public interest or convenience; or

(7) for any other reason within the discretion of the commission.

(b) *Opportunity to be heard.* The commission shall allow an operator or sports pool vendor an opportunity to be heard before imposing any discipline pursuant to this section. An operator or sports pool vendor that has been disciplined pursuant to this section may request a de novo hearing before a hearing officer, with the matter to be decided by the commission.