

DEPARTMENT OF REVENUE

Division of Gaming

SPORTS BETTING REGULATIONS

1 CCR 207-2

[Editor's Notes follow the text of the rules at the end of this CCR Document.]

BASIS AND PURPOSE FOR RULE 1

The purpose of Rule 1 is to provide definitions of various terms used throughout the sports betting Rules of the Colorado Limited Gaming Control Commission so that the Rules can be uniformly applied and understood. The definitions in 44-30-103, C.R.S. and 44-30-1501 C.R.S. shall also apply throughout this document. The statutory basis for Rule 1 is found in sections 44-30-102, C.R.S., 44-30-104, C.R.S., 44-30-201, C.R.S., 44-30-202, C.R.S., 44-30-203, C.R.S., and 44-30-302, C.R.S.

RULE 1 GENERAL RULES AND REGULATIONS

1.1 Applicable Laws, Rules, and Regulations.

- (1) In order to ensure that sports betting is seamlessly integrated into the regulatory system established for limited gaming under article 30, title 44, and except as otherwise provided in subsection (2), the applicable Gaming Rules and Regulations, located at 1 CCR 207-1, shall apply, unless such application conflicts with any other provision of these Sports Betting Rules and Regulations or the context otherwise requires. Where the Gaming Rules and Regulations are inconsistent with these Sports Betting Rules and Regulations, the Sports Betting Rules and Regulations must be followed. The application of relevant Gaming Rules and Regulations shall not be construed as to conflict with any other provision of these Sports Betting Rules, article 30, title 44 or any other applicable statute.
- (2) Notwithstanding subsection (1) of this Rule 1.1, the following Gaming Rules and Regulations shall not apply to the Sports Betting Rules and Regulations: 1 CCR 207-1, Rules 8-11; 14; 17; and 21-24.
- (3) Nothing in these rules shall be interpreted to be inconsistent with currently enacted and applicable Colorado state and federal law.

1.2 Authorized sports event.

- (1) Sports betting permitted pursuant to article 30 of title 44, C.R.S., shall include only the following: Any individual or team sport or athletic event in which the outcome is not determined solely by chance, whether amateur or professional, including an Olympic or international sport or athletic event and any collegiate sports event.
- (2) Any portion of an authorized sport or athletic event, including the individual performance statistics of athletes in a sports event or combination of sports events.
- (3) An authorized sanctioned motor sport; and
- (4) Any other sports event or combination of sports events as authorized by the Commission by Rule.

1.3 Unauthorized sports betting.

- (1) No licensee shall conduct or permit on its premises or through any online or electronic means any sports betting, except sports betting which is conducted according to all the Rules and Regulations promulgated by the Commission, or the laws and regulations governing other betting activities which are licensed or approved by an agency of the State of Colorado.
- (2) No person shall make any unauthorized wager or conduct any sports betting activity on its premises or through any online or electronic means unless in accordance with the act, the Rules and Regulations promulgated by the Commission, or the laws and regulations governing other betting activities which are licensed or approved by an agency of the State of Colorado.
- (3) No licensee shall conduct or permit on its premises or through any online or electronic means any sports betting on a high school sports event, a video game that is not sanctioned by a sports governing body or equivalent as an electronic competition, or proposition bets on collegiate sports events; and
- (4) No sports bet shall be accepted from a person under the age of twenty-one years, that does not originate in the State of Colorado, and that does not conform to the laws or Regulations.

1.4 Definitions.

- (1) "ACH" means Automated Clearing House, which is a network that connects all banking and financial institutions within the United States.
- (2) "Affiliate" means an individual or entity that promotes sport betting websites in exchange for a Commission or fee.
- (3) "Age and identity verification" means a method, system, or device used by a Sports Betting Operation to verify the validity of a patron's age and the patron's identity.
- (4) "Authentication process" means a method used by a Sports Betting Operation to verify the validity of software.
- (5) "Canceled wager" means a wager that has been canceled by the Sports Betting Operation due to any issue with an event that prevents its completion.
- (6) "Event number" means a set of alpha and/or numeric characters that corresponds to a sports event or an event ancillary to a sports event.
- (7) "exchange wagers" means a form of wagering in which two or more persons place identically opposing wagers in a given market, allowing patrons to wager on both winning and non-winning outcomes in the same event.
- (8) "Free bet" means a bet made by patrons using non-cashable vouchers, coupons, electronic credits or electronic promotions provided by Sports Betting Operations.
- (9) "Independent Integrity Monitoring Provider" means an independent individual or entity approved by the Director or Director's designee to receive reports of unusual betting activity from a Sports Betting Operation for the purpose of assisting in identifying suspicious betting activity.

- (10) "Internet Sports Betting Operator" means a person contracted by a Master License that is licensed to operate an internet Sports Betting Operation in which customers place bets within the State of Colorado on authorized sports events through a customer's personal computer, mobile or interactive device and accepted through an online gaming system approved by the Division. An Internet Sports Betting Operator may provide only one individually branded website, which may have an accompanying mobile application that must bear the same unique brand as the website for an internet Sports Betting Operation.
- (11) "Master License" means a person, that holds a retail gaming license as described in section 44-30-501 (1)(c), issued a sports betting license by the Commission pursuant to section 44-30-1505 (1)(a), that authorizes the licensee to either conduct sports betting and internet sports betting itself or contract with a Sports Betting Operator, an internet Sports Betting Operator, or both, to conduct sports betting.
- (12) "Net sports betting proceeds" means the total amount of all bets placed by players in a Sports Betting Operation or internet Sports Betting Operation, excluding free bets, less all payments to players and less all excise taxes paid pursuant to federal law. Payments to players include all payments of cash premiums, merchandise, or any other thing of value.
- (13) "Online Sports Betting Operation" means a Sports Betting Operation in which wagers on sports events are made through personal computers, or mobile or interactive devices, and accepted through an online gaming system approved by the Division.
- (14) "Prohibited sports betting participant" means any person who is prohibited pursuant to 44-30-1506, C.R.S., any individual whose participation may undermine the integrity of the betting or the sports event, or any person who is prohibited for other good cause, including, but not limited to: any individual placing a wager as an agent or proxy; any person who is an athlete, coach, referee, player, in, or on, any sports event overseen by that person's sports governing body based on publicly available information; a person who holds a position of authority or influence sufficient to exert influence over the participants in a sporting contest, including, but not limited to, coaches, managers, handlers, or athletic trainers; a person with access to certain types of exclusive information on any sports event overseen by that person's sports governing body based on publicly available information, or a person identified by any lists provided by the sports governing body to the Division.
- (15) "Proposition (Prop) bet" means a bet regarding the occurrence or non-occurrence of a certain outcome during an event that does not directly reflect the event's final outcome.
- (16) "Self-service betting device (kiosk)" means an automated device used by patrons to make wagers on sporting events; the kiosk may also be used to obtain betting information, process sports betting vouchers and betting tickets, and any other automated functions approved by the Commission. All self-service betting devices must be located in an approved designated sports betting wagering area.
- (17) "Sport Betting Operator" means a person that is licensed to operate a Sports Betting Operation in which customers place bets in person at a designated physical location. A Sports Betting Operator may take authorized sports bets within the designated sports betting wagering area during such times as the Master license that they have contracted with operates.
- (18) "Sports Betting Operation" means a licensed wagering operation in which bets are placed on sports events through any system or method of betting, including single-game bets, teaser bets, parlays, over-under, moneyline, pools, exchange wagering, in-game betting, in-play bets, proposition bets other than those relating to collegiate sports events, or straight bets.

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- (19) "Sports betting system" means all equipment and software used in conjunction with the Sports Betting Operation, including but not limited to, the following: (1) sports betting interactive components, including all hardware, software and associated equipment that comprise the sports betting platform for the purpose of authorizing sports betting and online and mobile sports betting, (2) self-service sports betting devices, (3) ticket/voucher redemption devices, and (4) any other device, service or system that the Commission determines to be related to the Sports Betting Operation.
- (20) "Sports betting wagering area" means an area(s), as designated by a licensee and approved by the Division, in which sports betting is conducted by a master license or Sports Betting Operator.
- (21) "Sports event" means any individual or team sport, athletic contest, or athletic event not prohibited by the Director, including all professional electronic sports and competitive video game events that are not sponsored by high schools, and do not include high school teams, and do not include a majority of participants that are under the age of 18 years.
- (22) "Sports governing body" means an organization that performs a regulatory or sanctioning function over the conduct of a sports event.
- (23) "Sports bet" means the business of accepting approved bets by a licensee on any sports event by any approved system or method of betting.
- (24) "Sports betting manager" means a key employee of a Master licensee or a qualified employee of a Sports Betting Operator or Internet Sports Betting Operator, responsible for the operations of sports betting and final approval of all odds established on any wager made pursuant to this chapter.
- (25) "Sports betting system" means all equipment and software used in conjunction with the operation of a Sports Betting Operation.
- (26) "Sports betting ticket" means a printed record issued or an electronic record maintained by the sports betting system that evidences a sports wager.
- (27) "Sports betting voucher" means a printed record issued by a sports betting system that may be used to fund a sports wager.
- (28) "Suspicious betting activity" means unusual betting activity that cannot be explained and is indicative of match fixing, the manipulation of an event, misuse of inside information, or other prohibited activity.
- (29) "Unusual betting activity" means abnormal betting activity exhibited by patrons and deemed by the Sports Betting Operation as a potential indicator of suspicious activity. Abnormal betting activity may include the size of a patron's wager or increased betting volume on a particular event or wager type.
- (30) "Voided wager" means a wager voided by a Sports Betting Operation with supervisor approval, pursuant to the Sports Betting Operation's internal controls for betting a specific event.

BASIS AND PURPOSE FOR RULE 2

The purpose of Rule 2 is, with respect to the regulation of sports betting, to delegate certain authority to the Director or other Division agent; provide for the review of any action taken pursuant to such authority; provide for the reference by the Director of matters delegated to the Director back to the Commission; and to establish procedures for Commission actions and hearings. Rule 2 also empowers the Commission to contract for legal counsel, and directs the Licensee to obtain moneys owed to a deceased patron and properly distribute such moneys. The statutory basis for Rule 2 is found in sections 44-30-201, C.R.S., 44-30-202, C.R.S., 44-30-203, C.R.S., 44-30-301, C.R.S., 44-30-302, C.R.S., 44-30-507, C.R.S., 44-30-705, C.R.S., 24-4-105, C.R.S. and part 15 of article 30 of title 44, C.R.S.

RULE 2 POWERS AND DUTIES OF COMMISSION AND DIRECTOR

2.1 Commission action.

In addition to meeting in person, the Commission may take action by telephone or video conferencing. If telephone or video conferencing is used, the Director must participate in the meeting and take minutes of the Commission's action. Telephone or video conferencing is a meeting of the Commission.

2.2 Recessed meetings.

Any meeting of the Commission may be recessed to consider matters duly noticed as items on the agenda of that meeting, to such time and place as the Commission may designate. Notice of a recessed meeting to consider matters duly noticed as items on the agenda may be given by announcement at the meeting, but where any other matters are to be considered at a recessed meeting, such matters must be duly noticed as required by statute.

2.3 Appointment of committees.

The Chairperson of the Commission may at the Chairperson's discretion appoint committees to study and report to the Division or the Commission on any matter appropriate to the Commission's administration of the Colorado Limited Gaming Act or these Rules.

2.4 Right of review.

The Commission may review any action taken by the Director by its own motion, by direction of the Chairperson, or by a request from a member of the Commission, the Attorney General, the Executive Director or the Governor.

2.5 Right of reference.

The Director, with approval of the Commission, may refer any matters delegated to the Director back to the Commission for its decision.

2.6 Delegation.

Unless the Commission determines otherwise, the Director may delegate an act required to be performed by the Director to any agent or employee of the Division.

2.7 Authority of Director.

- (1) The Director may issue key employee and support licenses, without necessity for Commission approval, to qualified applicants upon submission to the Director of proper applications, costs, and fees.

- (2) The Director may issue temporary, key employee and support licenses to qualified applicants upon the same terms and conditions as temporary licenses are issued by the Commission to applicants for other types of licenses.
- (3) The Director may deny a key employee license application for any reason that a support license application may be denied.
- (4) The Director may approve the suitability of officers and Directors of a licensee, without necessity for Commission approval, provided such officers or Directors have less than ten percent ownership equity in the licensee.
- (5) The Director may deny the suitability of officers and Directors of a licensee or applicant for any reason that a key employee license application may be denied.
- (6) The Director may approve ownership changes in a licensee, without necessity for Commission approval, when:
 - (a) The proposed change only reallocates ownership shares among persons whom the Commission has previously approved as owners; and
 - (b) When no person will attain a total effective ownership equity of ten percent or greater, when such person previously held less than ten percent equity.
- (7) All such ownership changes approved by the Director must be reported to the Commission at the time of the next renewal application of the licensee.

2.8 Petition for hearing in an adjudicatory proceeding.

A person aggrieved by an action of the Commission or the Director that was taken without a hearing may, within 30 days following the date of the action, petition the Commission for a hearing. The Commission may in its discretion, disallow the petition, determine that it be treated as one for a declaratory order, or it may grant a hearing to consider the matters alleged in the petition. If a hearing is granted, the Commission may direct the petitioner to provide certain information to the Division prior to the hearing or grant the hearing conditioned upon the fulfillment by the petitioner of other reasonable terms and conditions. The hearing must be held at a time and place convenient for the Commission and the petitioner. The hearing shall be considered an adjudicatory proceeding. The Commission shall issue all decisions in any adjudicatory proceeding in writing. Commission actions shall be deemed final in such cases upon the mailing of the decision by first class mail to the petitioner's address listed in the petition.

2.9 Summoning of licensee.

The Commission may summon any licensee or licensee's agents or employees to appear to testify before it or its agents with regard to the conduct of the licensee or the agents or employees of the licensee. The testimony may be under oath and may embrace any matters which the Commission or its agents consider relevant to the discharge of its official duties. Testimony so taken may be used by the Commission as evidence in any proceeding or matter then before it or which may later come before it. Failure to appear and testify fully at the time and place designated, unless excused, may constitute grounds for disciplinary action against a license held by the person summoned, that person's principal or that person's employer.

2.10 Enforcement powers.

In addition to other powers and duties, the Director or an employee or agent of the Division by direction of the Director may perform the following activities:

- (1) Without notice, inspect and examine premises where sports betting or internet sports betting is conducted or sports betting system devices or equipment are located, sold, distributed, or stored;
- (2) Without notice or hearing, examine, inspect, seize or remove from the premises and impound any sports betting system devices, equipment or supplies for the purposes of examination and inspection;
- (3) At any time when business is being conducted, inspect, examine and photocopy, or remove and impound all records of applicants and licensees;
- (4) Investigate the conduct of all licensees, their employees, and other persons having any involvement with a licensee or licensed establishment, to assist in the enforcement of article 30 of title 44, C.R.S., and to ensure that there is no involvement in or with a licensee or a licensed establishment by unqualified or unsuitable persons.

2.11 Filing or notice.

If a filing or notice to the Commission or Director is permitted or required by these Rules, the filing or notice may be delivered in person or mailed to the Division at 17301 West Colfax Ave., Suite 135, Golden, Colorado 80401. A filing or notice is complete on the date it is received by the Division. Notification to the Division shall be deemed notification to the Commission for purposes of these Rules.

2.12 Attorney for Commission.

The Commission shall contract for legal counsel with the Colorado Attorney General.

2.13 Death of a sports betting patron.

All sports betting tickets or vouchers in the possession of a sports betting patron who dies before such sports betting tickets or vouchers are surrendered by such patron, and if the death of the patron is known or disclosed to the licensee, shall be paid by the licensee by check drawn upon a financial institution, chartered by any state or the United States Government, to the estate of the deceased patron unless the licensee is directed otherwise pursuant to an appropriate judicial order.

BASIS AND PURPOSE FOR RULE 3

The purpose of Rule 3 is to enable applications, investigations and licensure as related to sports betting, including to establish and provide the specific information required on license applications; to establish license fees for each type of license; to establish investigation fees for certain applicants and deposit procedures for investigation fees; to establish procedures for conducting background checks on applicants and other interested persons and assessing the costs of such background checks; to require certain information regarding the premises the applicant wishes to be licensed, and to provide a procedure for approval of modifications of such premises; and to provide for the issuance of conditional licenses. The statutory basis for Rule 3 is found in sections 44-30-201, C.R.S.; 44-30-203, C.R.S.; 44-30-302, C.R.S.; 44-30-507, C.R.S., and part 15 of article 30 of title 44, C.R.S.

RULE 3 APPLICATIONS, INVESTIGATIONS AND LICENSURE

3.1 License classifications.

In addition to the sports betting licenses authorized by section 44-30-1505(1)(a)–(c), C.R.S, the Commission authorizes the following additional license classifications.

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- (1) Vendor major license.
 - (a) Any person who is employed for, contracts with, or acts on behalf of an establishment licensed to operate sports betting, and who performs one or more of the following duties must hold a vendor major license:
 - (i) Manages, administers, or controls wagers that are initiated, received, or made on a sports betting gaming system;
 - (ii) Manages, administers, or controls the games with which the wagers that are initiated, received, or made on a sports betting gaming system are associated;
 - (iii) Maintains or operates the software or hardware of a sports betting gaming system;
 - (iv) Provides products, services, information or assets to an establishment licensed to operate sports betting and/or receives therefor a percentage of gaming revenue from the establishment's sports betting system.
 - (2) A vendor major license expires two years after the date of issuance but may be renewed upon the filing and approval of an application for renewal.
 - (3) Vendor minor license.
 - (a) Any person who is employed for, contracts with, or acts on behalf of an establishment licensed to operate sports betting, and is involved in the operation of sports betting, other than those activities specified under 30-301 (1), must hold a vendor minor license.
 - (b) A vendor minor license expires two years after the date of issuance but may be renewed upon the filing and approval of an application for renewal.
 - (4) Key employee license.
 - (a) The person designated to be responsible for the operation of a sports betting operation must hold a key employee license.
 - (b) Persons licensed as key employees for limited gaming purposes need not obtain a separate key employee license for sports betting.
 - (c) The determination of key employee status shall follow the same procedure as that set out in section 44-30-502, C.R.S., for key employees for limited gaming purposes.
 - (d) A key employee license expires two years after the date of issuance but may be renewed upon the filing and approval of an application for renewal.
 - (5) Support license.
 - (a) All employees of a sports betting licensee not otherwise required to hold a key employee license, a vendor major license, or a vendor minor license may be required to hold a support license.
 - (b) Persons licensed as support employees for limited gaming purposes need not obtain a separate support employee license for sports betting.
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- (c) No person required to hold a support license shall be an employee of, or assist, any sports betting licensee in the licensee's sports betting operation until the person obtains a valid support license.
- (d) A support license expires two years after the date of issuance but may be renewed upon the filing and approval of an application for renewal.

3.2 Qualifications for licensure.

To qualify for licensure an applicant must:

- (1) Be at least twenty-one years of age;
- (2) Possess a suitable character as determined by the Director or the Commission;
- (3) For applicants for a master license, possess premises to be used for sports betting that are deemed suitable by the Commission and that satisfy all health and safety requirements; and
- (4) Comply with all specific laws, rules and regulations regulating sports betting in Colorado, and any other regulatory or taxing authority.

3.3 Applications.

- (1) An applicant for any type of license must apply on forms provided by the Division. Such application forms shall be completed under penalty of perjury. The application forms may include questions concerning the following:
 - (a) Personal background information;
 - (b) Licensing background;
 - (c) Organizational information;
 - (d) Financial information;
 - (e) Participation in legal or illegal activities in Colorado or other jurisdictions, including foreign countries;
 - (f) Criminal record information;
 - (g) Information concerning all pecuniary and equity interests in the applicant; and
 - (h) Other information as required.

The application forms shall be accompanied and supplemented by such documents and information as may be specified or required. Failure to supply the information requested within five days after the request has been made by the Division constitutes grounds for delaying consideration of the application.

- (2) Renewal applications for licenses may be submitted and renewed upon the filing and approval of an application for renewal. Renewal applications for master licenses, sports betting operator licenses, internet sports betting operator licenses, vendor major licenses, and vendor minor licenses must be received by the Division 120 days before the expiration of the current license. Renewal applications for support employee and key employee licenses must be received by the Division 30 days before the expiration of the current license. Renewal applicants who fail to submit their completed applications when due shall not be considered to have made a timely and sufficient application for renewal, as such term is used in section 24-4-104(7), C.R.S.
- (3) When a key employee license or support employee license expires prior to renewal, the applicant for re-licensure shall file an original license application and shall pay the fee for an original application, and the Division shall process the application as an original license application.
- (4) Applicants, licensees, and others who submit documents to the Division or the Commission in connection with any investigation or inquiry are advised to keep a complete and detailed record of all such submissions. Once submitted, the documents become part of the Division's investigative files and work papers, and are presumed to be confidential and protected pursuant to section 44-30-1507, C.R.S. Because of the inconvenience to the Division in segregating this information from the investigative files, and in filtering confidential materials, disclosure to the person who initially submitted the record is not favored. The Commission may grant such a request only upon a showing of compelling cause.

3.4 License fees.

- (1) A non-refundable fee for issuance of a two-year license must accompany an application for any license required by this Rule.
- (2) The amount of the fee required by subsection (1) shall be set pursuant to the annual fee schedule proposed by the Director and approved by the Commission.

3.5 Investigation and background check costs.

- (1) All applicants for licenses shall pay the costs of investigations into their backgrounds, suitability, and qualifications for licensure.
 - (a) The cost of such investigations shall be at the current hourly rate set by the formula prepared by the Director and approved by the Commission for each hour spent by investigators of the Division, the Colorado Bureau of Investigation, or the Department of Revenue investigating the applicants until the conclusion of the investigation.
 - (b) All such applicants shall also pay the Division for the following actual costs incurred in conducting the background investigations: transportation, lodging, meals, and other expenses associated with traveling; significant office expense; document reproduction costs, preparation time; time necessary for administration of the investigation (including additional staffing on a temporary basis); and other similar expenses incurred until the conclusion of the investigation.
 - (c) An investigation concludes upon the issuance by the Commission of an initial order concerning the issuance or denial of the license, upon the issuance by either the Commission or the Division of an order approving the withdrawal of the application, or upon the issuance by the Division of an order of denial of the license which is not appealed to the Commission.

- (2) Applicants shall additionally submit a set of fingerprints to the Division. The Division shall forward the fingerprints to the Colorado Bureau of Investigation for the purpose of conducting a state and national fingerprint-based criminal history record check utilizing records of the Colorado Bureau of Investigation and the Federal Bureau of Investigation. The applicant for a sports betting license shall be responsible for the actual costs of submitting such fingerprints for investigation. The total amount of the fee for issuance of a license, investigation fees, and fees for the background check for an applicant for a sports betting license may not exceed one hundred and twenty-five thousand dollars.
- (3) Before any such investigations are conducted, each original applicant for a sports betting operator license or internet sports betting operator license, or vendor major license shall pay a deposit of \$10,000 by check made out to the Colorado Division of Gaming to the sports betting fund. Upon notice to the applicant, all other license types may be required to pay a deposit to the sports betting fund in an amount, which, in the Director's discretion, is sufficient to enable the investigation to be conducted.
- (4) As expenses are incurred, the Division shall draw upon the respective deposits in the sports betting fund. Upon request, a statement of costs, draws upon deposit, and deposit balance shall be sent to the applicant making the request.
- (5) When a deposit balance approaches zero dollars, or is forecasted to reach zero dollars due to anticipated or known expenses which will be incurred in the future, the Division may request a further deposit of an amount sufficient to cover the anticipated expenses and which will prevent the account balance from becoming negative. Until receipt of such further deposit, investigation of the application may cease.
- (6) Where an applicant disputes any investigative charges, or the necessity for further deposits, the applicant may request relief from the Commission, by declaratory order or other appropriate motion, regarding the matters in dispute.
- (7) No license, finding of suitability, or other approvals sought, shall be issued until payment for the full amount of any negative deposit balance has been received from the applicant.
- (8) Within 90 days of the conclusion of the investigation, any deposit balance shall be returned to the applicant. A statement of costs, also called an account detail report, draws upon deposit, and deposit balance shall accompany the return of the deposit balance to the applicant.

3.6 Contract approvals.

Applicants for a master license, sports betting operator license, internet sports betting operator license, and vendor major license must provide, at the time of application, contracts or proposed contracts with all other sports betting licensees or applicants for a sports betting license, in a form as specified by the Division.

3.7 Retail gaming licenses.

Any applicant who holds a retail gaming license may apply for a master license. Upon the applicant's submission of an application and payment of all applicable fees, the Commission may issue one master license for each retail gaming license the applicant holds.

3.8 Waiver of privilege.

An applicant may claim any privilege afforded by the Constitution of the United States, or of the State of Colorado in refusing to answer questions by the Division and the Commission. However, a claim of privilege with respect to any testimony or evidence pertaining to an application may constitute sufficient grounds for denial of an application or revocation of a license.

3.9 Waiver of application requirements.

Business applicants for a sports betting license and licensees, or holding, intermediate or subsidiary companies of an applicant or licensee, may petition the Division for a waiver of the requirements listed in sections 44-30-1504(1) or (2), C.R.S. Waivers may be granted in the discretion of the Director upon a showing of good cause, subject to Commission approval.

3.10 Untrue statements.

The Commission may refuse to grant a license to an applicant who makes deliberate misstatements, deliberate omissions, misrepresentations, or untruths in the application or in connection with the applicant's background investigation. Such conduct may also constitute a class 6 felony.

3.11 Designated gaming area.

(1) An applicant for a master license must specify the designated gaming area(s) within the casino, if any, where sports betting will take place by providing the following information:

- (a) An 8 1/2" x11" drawing to scale of the building, and each floor thereof, in which sports betting shall be conducted.

A diagram, outlined in red, of the proposed designated gaming area(s) on each floor within the building, and including the placement of any self-service sports betting devices. No sports betting, except online sports betting by a customer using his or her own computer or mobile or interactive device, shall be conducted or permitted outside of the designated gaming area(s). All persons participating in sports betting, except online sports betting by a customer using his or her own computer or mobile or interactive device, must stand or sit within the designated gaming area(s); and no licensee shall permit any person to conduct or participate in sports betting, except online sports betting by a customer using his or her own computer or mobile or interactive device, who is not within the designated gaming area(s). Nothing in this section, however, shall be construed to permit violation of any fire safety, health or building codes by any licensee. The designated gaming area(s) must be clearly marked as such so that the patrons of each establishment licensed to operate sports betting can readily discern the designated gaming area(s).

- (b) A certificate of compliance approved by the local fire and building officials which has been approved, or deemed approved, by the Colorado Division of Fire Prevention and Control; and a written statement by the appropriate local official that handicapped access to the designated gaming area(s) has been provided.

(2) Any master licensee may change the configuration of its designated gaming area(s) upon prior approval of the Division. Application to modify the designated gaming area(s) must be made on forms furnished by the Division. No application to modify the designated gaming area(s) of any licensee shall be approved unless the designated gaming area(s), as modified, meets the requirements of article 30 of title 44, C.R.S., and the rules promulgated thereunder.

- (3) An applicant for a sports betting license, other than a master license, must specify the portion of the master licensee's premises, if any, where sports betting will take place by submitting such information along with its contract with a master licensee.

3.12 Temporary license.

- (1) The Commission may issue a temporary license to any applicant for a permanent license.
- (2) No licensee issued a temporary license pursuant to this Rule 3 or part 15 of article 30 of title 44, C.R.S., shall be entitled to receive any refund of the license fee submitted in connection with the license application.
- (3) The Commission may change a temporary license into a permanent license where: all investigations into the license application are complete; and the Commission is satisfied the holder of a temporary license qualifies to hold a permanent license.
- (4) When the Commission changes a temporary license into a permanent license, the date of issuance of the permanent license shall be deemed to be the date that the Commission approved the permanent license.
- (5) A temporary license may expire of its own accord, or it may be suspended, revoked, or summarily suspended under the same terms and conditions as a permanent license.
- (6) The Commission may issue consecutive temporary licenses in its discretion.

3.13 Approval with conditions or for a limited period.

The Commission may grant a license with special conditions or for a limited period, or both.

3.14 Approval.

- (1) Except as otherwise provided in subsection (2) of this rule, the Commission shall approve an application for any license that meets all requirements imposed by article 30 of title 44, C.R.S., and the rules and regulations thereunder, including payment of all fees and costs.
- (2) The Director may issue temporary or permanent key employee and support licenses required by this Rule 3, without necessity for Commission approval, to qualified applicants upon submission to the Director of proper applications, costs, and fees.

3.15 Transferability of licenses.

- (1) A license issued pursuant to these rules may not be transferred without prior approval by the Commission. The Commission reserves the right to terminate any license and revoke the privileges of such license whenever appropriate.

BASIS AND PURPOSE FOR RULE 4

The purpose of Rule 4 is to collect sports betting taxes and other revenue in accordance with section 44-30-1508, C.R.S., and 44-30-1509, C.R.S., to provide for security for the payment of sports betting taxes to the Department, and to provide for the payment of sports betting taxes by electronic funds transfer and allow monthly sports betting tax returns to be electronically transmitted. The statutory basis and purpose for Rule 4 is found in sections 44-30-201, C.R.S., 44-30-202, C.R.S., 44-30-203, C.R.S., 44-30-302, C.R.S., 44-30-602, C.R.S., 44-30-604, C.R.S., 44-30-1508, C.R.S., and 44-30-1509, C.R.S.

RULE 4 TAXES AND FEES

4.1 Payment of taxes.

- (1) Payment of sports betting taxes by the Sports Betting Operation, at the statutorily set rate of ten percent of net sports betting proceeds, shall be made to the Department by an electronic funds transfer or by any other method permitted in articles 20, 21, and 26 of title 39, C.R.S. Electronic funds transfer is defined to be Automated Clearing House (ACH) debit. Any electronic funds transfer shall be made using ACH debit transaction in the Cash Concentration or Disbursement (CCD) entry format with addendum record as defined by the 1994 ACH Rules published by the National Automated Clearing House Association. The data contained in the addendum record shall be in the format of the tax payment (TXP) banking convention published by the National Automated Clearing House Association in 1990. *(The references to the rules and conventions of the National Automated Clearing House Association in this regulation do not include later amendments or editions of this referenced material. Certified copies of these rules and conventions are on file at the Department of Revenue and may be obtained or examined by contacting the manager of Deposit Control, 1375 Sherman Street, Denver, Colorado 80261.)*
- (2) The payment for sports betting taxes shall be made by the person required to make tax payments pursuant to Rule 7.8(2) who must remit sports betting taxes separately and apart from any other taxes which are paid to the Department. In addition to the payment, the Sports Betting Operation shall electronically transmit to the Department a tax return in the format provided by the Department. The return and payment shall be made no later than the 15th day of the month succeeding the calendar month in which the net sports betting proceeds were received by the licensee or the due date if later in accordance with section 39-21-119(3), C.R.S. (1994). All monthly sports betting tax returns beginning with the return for May 2020 taxes shall be transmitted electronically.
 - (a) Payment is timely if the payment settles to the Department's bank account by the 16th day of the month succeeding the calendar month in which the net sports betting proceeds were received by the licensee or the due date if later in accordance with Section 39-21-119(3), C.R.S.
 - (b) The electronic tax return shall provide a computation of the monthly tax due based on the sports betting tax rate of 10% of net sports betting proceeds.
 - (c) The department shall notify the master licensee within seven days if a Sports Betting Operator or internet Sports Betting Operator, operating under that master license, fails to make any timely payment of sports betting taxes.

4.2 Hold Harmless Fund applications.

- (1) Claimants eligible pursuant to section 44-30-1509(2)(c)(i)(A)-(E), C.R.S., who wish to apply for available payments from the Wagering Revenue Recipients Hold-Harmless Fund ("Hold-Harmless Fund") shall submit the Hold-Harmless Fund Application Form found on the Division of Gaming website, in addition to all supporting documents required by this rule and any additional documents, as requested by the Commission or Division, necessary for review of the claim.
- (2) Completed applications shall be due within thirty (30) days following the annual distributions, by the Commission, from the limited gaming fund, beginning 2021. THE COMMISSION SHALL MAKE ANY DISTRIBUTIONS BASED ON THESE APPLICATIONS ON OR BEFORE DECEMBER 31 OF THAT SAME YEAR.
- (3) In determining the validity of Hold Harmless Fund applications, the Commission shall consider, at a minimum, the following factors:

- (a) Total amount of damages claimed;
- (b) Profit and Loss statements of claimants;
- (c) Factors other than sports betting that may have contributed to loss; and
- (d) Whether the claimant is eligible to receive or receives funding for such purposes from other sources and the total amount of funds received, if any.

BASIS AND PURPOSE FOR RULE 5

The purpose of Rule 5 is to establish the types of sports betting activities to be conducted by sports betting licensees, including to establish and provide the specific information required to request the authorization of new sports events; to establish the prohibited sports events; to establish the sports events previously authorized; and to establish procedures and fee requirements for sports betting licensees to offer betting on sports events. The statutory basis for Rule 5 is found in sections 44-30-201, C.R.S., 44-30-202, C.R.S., 44-30-203, C.R.S., 44-30-302, C.R.S., and part 15 of article 30 of title 44, C.R.S.

RULE 5 AUTHORIZED SPORTS BETTING ACTIVITIES

5.1 Approved sports events and leagues.

- (1) Persons licensed to offer sports betting may accept wagers on those sports events and leagues approved by the Commission, which shall be reflected on an Authorized Sports Betting Sports Events, Leagues or Bets List.
- (2) Where a sports league is authorized, persons licensed to offer sports betting may accept wagers on all sports events conducted by such sports league, where the sports event is of the kind generally conducted by that league.
- (3) The Director or designee shall post on the Division website a list of authorized sports events, leagues and bets. As new events and/or leagues are authorized per 1 CCR 207- 2 (5.2), the Director or designee shall update the list of Authorized Sports Betting Sports Events, Leagues and Bets List, and inform the Master, Sports Betting Operator and Internet Sports Betting Operator licensees and applicable sports governing bodies of those changes. New sports events approved by the Division based on requests received from a Sports Betting Operation are considered approved for all Sports Betting Operations and will be noticed in accordance with this Rule.

5.2 Application to authorize new Sports Events.

- (1) Sports betting licensees may request the Commission authorize sports events, leagues or bets not already authorized and included on the Authorized Sports Betting Events and Leagues and Bets List. Licensees must apply prior to offering the new event or wager to the public. Licensees must submit the application at least 72 hours prior to any new scheduled event requested.
- (2) The application shall be in a form as specified by the Division, including:
 - (a) The name of the sports governing body; and
 - (b) A description of its policies and procedures regarding event integrity.

- (3) Where a sports betting licensee wishes to authorize a sports event conducted by an approved sports league, of a type not generally conducted by that sports league, the Division may contact the sports governing body for input.
- (4) The Director or Director's designee will consider the following factors prior to authorizing a sports event, league or portion of a sport or athletic event:
 - (a) Any relevant input from the sports governing body or conductor of the sports event;
 - (b) Whether the outcome is determined solely by chance;
 - (c) Whether the outcome can be verified;
 - (d) Whether the event generating the outcome is conducted in a manner that ensures sufficient integrity controls exist so the outcome can be trusted;
 - (e) That the outcome is not affected by any bet placed; and
 - (f) Whether the event is conducted in conformity with all applicable laws.

5.3 High School sports events.

- (1) Betting on high school sports and equivalent level club or specialty sports events is prohibited and shall not be authorized.

BASIS AND PURPOSE FOR RULE 6

The purpose of Rule 6 is to specify the rights, responsibilities, and duties of licensees; specify certain duties of licensees related to permitting access to the Division of information, records, and premises controlled by the licensee, require licensees to maintain sufficient financial reserves, require that certain information be publicly posted, direct the licensee to prohibit certain conduct, and establish procedures for patron disputes, dissolution of corporations, transfers of interests and terminations of licensee employment or licensure. The statutory basis for Rule 6 is found in sections 44-30-201, C.R.S., 44-30-202, C.R.S., 44-30-203, C.R.S., 44-30-204, C.R.S., 44-30-302, C.R.S., 44-30-510, C.R.S., 44-30-528, C.R.S., 44-30-833, C.R.S. and part 15 of article 30 of title 44, C.R.S.

RULE 6 RIGHTS AND DUTIES OF LICENSEES

6.1 Responsibility of licensee.

Responsibility for the employment and maintenance of lawful methods of operation rests with the licensee, and willful or persistent use or toleration of methods of operation considered unlawful by the Commission is prohibited. Each licensee shall fully and timely perform each and every term, condition and duty required by the statutes and Rules and Regulations of the Commission.

6.2 Discovery of violations.

Each licensee must immediately notify the Division of the discovery of a violation or of a suspected violation of article 30 of title 44, C.R.S., or the Rules and Regulations promulgated thereunder, or any other criminal violation occurring at a Sports Betting Operation.

6.3 Information to be furnished by licensee.

- (1) Reports and notices to the Division required by the Colorado Limited Gaming Act, or by the Rules and Regulations promulgated thereunder, must be made in writing, and must be submitted to the Division's main office in Golden, Colorado.
 - (a) If any section of the Act or of the Colorado Sports Betting Regulations requires that a report or notice be made in a different manner, then the specified manner shall be used.
 - (b) Delivery of notice may be made by United States mail, by personal or commercial delivery to the office, by facsimile transmission, or by electronic mail. Facsimile transmissions shall be made to the telephone number provided by the Division. Electronic mail transmissions shall be directed to the electronic mail address provided by the Division, or when available, by use of forms submitted from the Division's internet website.
- (2) Each Master, Sports Betting Operator, Internet Sports Betting Operator and/or Vendor Major licensee must report to the Division annually, the full name and address of every person, including lending agencies, who has a right to share in sports betting revenues, whether as an owner, assignee, landlord, or otherwise or to whom any interest or share in the profits of sports betting has been pledged or hypothecated as security for a debt or deposited as a security for the performance of an act or to secure the performance of a contract of sale.
- (3) Each Master, Sports Betting Operator, Internet Sports Betting Operator and/or Vendor Major licensee must immediately report to the Division the name, date of birth, and social security number of all persons who obtain an ownership, financial, or equity interest in the licensee of ten percent or greater, or who have the ability to control the licensee, or who have the ability to exercise significant influence over the licensee, or who is a lender from which the licensee currently has an outstanding loan.
- (4) Any person licensed by the Commission, and any associated person to a licensee, must make written notification to the Division of any criminal conviction and criminal charge pending against such person within ten days of such person's arrest, summons, charge or conviction. This notification requirement shall not apply to non-felony traffic violations unless they result in the person being taken into custody. Failure to make proper notification to the Division may be grounds for a disciplinary action.

6.4 Inspections.

A Master, Sports Betting Operator, Internet Sports Betting Operator and Vendor Major licensee must immediately make available for inspection by the Commission, Director, or its agents or investigators, local sheriffs, or their agents or investigators, and police departments upon demand, all papers, books, and records produced, used or kept in connection with sports betting, and all portions of the premises where sports betting is conducted or where a sports betting system is housed. Upon demand, employees and agents of the Commission and Division, must be given immediate access to any portion of the premises of a Master, Sports Betting Operator, Internet Sports Betting Operator and Vendor Major licensee for the purpose of inspecting or examining records or documents, sports betting systems, or the conduct of sports betting activity.

6.5 Access to premises and production of records.

No applicant or licensee, or applicant or licensee's employee or agent may neglect or refuse to produce records or evidence or to give information on lawful demand by the Commission or the Division. No applicant or licensee shall interfere or attempt to interfere with lawful efforts by the Commission or Division to obtain or produce such information.

6.6 Employee on premises.

When a Sports Betting Operator or Master Licensee is open for play by the public, there must be a Key Employee of either the Sports Betting Operator or Master Licensee present on the premises to supervise the operation of the Sports Betting Operation.

6.7 Support and key licensee identification.

Every person licensed as a support or key employee licensee must wear in plain view identification issued by the Commission, Division or Licensee. This section shall not apply to employees engaged in undercover security operations for the licensee, except that all licensees must have their license identification badges in their possession while working and must present them to Division employees upon demand.

6.8 Display of license.

All persons licensed as a Master, Sports Betting Operator, or Internet Sports Betting Operator must display their licenses, in a manner plainly visible to the public, on the premises or Internet Sports Betting Operations office.

6.9 Payment of winners - reserves.

All persons licensed as a Master, Sports Betting Operator, or Internet Sports Betting Operator shall at all times have available sufficient financial reserves to pay those sports bets accepted, calculated, and settled by that Sports Betting Operation. A reserve in the form of cash or cash equivalents segregated from operational funds, an irrevocable letter of credit, payment processor reserves and receivables, or a combination thereof, shall be maintained in the amount necessary to cover the outstanding sports betting liability. The outstanding sports wagering liability shall be the sum of the following amounts: amounts held by a Master Licensee, Sports Betting Operator Licensee, or Internet Sports Betting Operator Licensee for player accounts; aggregate amounts accepted by a Master Licensee, Sports Betting Operator Licensee, or Internet Sports Betting Operator Licensee as wagers on sports events whose outcomes have not been determined; and amounts owed but unpaid by a Master Licensee, Sports Betting Operator Licensee, or Internet Sports Betting Operator Licensee on winning wagers through the period established by a Master Licensee, Sports Betting Operator Licensee, or Internet Sports Betting Operator Licensee for honoring winning wagers. An accounting of this reserve shall be made available for inspection to the Division upon request. The method of reserve shall be submitted to and approved by the Director or the Director's designee prior to implementation. Payment must be made to winners and participants by crediting their internet betting account, cash, or by check drawn upon a bank, or other financial institution, chartered by the State of Colorado or any other state or the United States Government, or by bond approved by the Director or the Director's designee, within 24 hours of any bona-fide demand by a winner or participant for payment, or within a reasonable time frame as approved if by bond. Any check issued by a Master, Sports Betting Operator, or check or account credit paid by an Internet Sports Betting Operator to any winner of a sports betting activity must, at the time of issuance and until cashed or six months has expired (whichever is earlier), be backed by and drawn upon sufficient funds to cover the full amount of the check or account credit issued by a Master, Sports Betting Operator, and/or Internet Sports Betting Operator.

6.10 House rules.

Master or Sports Betting Operator licensees and an Internet Sports Betting Operator shall adopt comprehensive house rules. Master or Sports Betting Operator licensees must post prominently and have available for inspection their house rules on the licensed premises. An Internet Sports Betting Operator must post prominently and have available on their internet site and mobile applications its house rules. Initial house rules shall be approved by the Director or the Director's designee that include, at a minimum, the following:

- (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) Lost ticket policy;
- (7) Method of contacting the Sports Betting Operator for questions and complaints;
- (8) Description of prohibited sports betting participants;
- (9) Method of funding a sports wager;
- (10) Instructions on how to redeem a winning bet by mail, if the Sports Betting Operator allows patrons to do so;
- (11) Maximum payouts; however, such limits shall only be established through limiting the amount wagered and cannot be applied to reduce a winning wager amount; and
- (12) A policy by which the Sports Betting Operator can cancel or void wagers in accordance with these rules, including defining "obvious error."
 - (a) The house rules, together with any other information the Director deems appropriate, shall be conspicuously displayed in the sports betting wagering area, posted on the Operator's internet website, and included in the terms and conditions of the sports betting account and copies shall be made readily available to patrons.
 - (b) Amendments to the house rules must be filed with the Division highlighting the amendment(s). The Director or the Director's designee may at any time request additional explanation or modification of the changes.
- (13) A clear statement that the person who accepts and settles a wager is responsible for receiving and addressing any patron disputes.

6.11 Prohibited sports betting participant.

- (1) Prohibited sports betting participants include any person who is prohibited pursuant to 44-30-1506, C.R.S., any individual whose participation may undermine the integrity of the betting or the sports event, or any person who is prohibited for other good cause, including, but not limited to:
 - (a) Any individual placing a wager as an agent or proxy, other than those individuals involved in contests and/or weekly picks approved by the Division pursuant to Rule 6.20;
 - (b) Any person who is an athlete, coach, referee, player, in, or on, any sports event overseen by that person's sports governing body based on a list provided to the applicable Sports Betting Operation by that person's sports governing body through the division;

- (c) A person who holds a position of authority or influence sufficient to exert influence over the participants in a sporting contest, including, but not limited to, coaches, managers, handlers, or athletic trainers based on a list provided to the applicable Sports Betting Operation by that person's sports governing body through the division;
 - (d) A person under the age of 21;
 - (e) A person with access to certain types of exclusive information on any sports event overseen by that person's sports governing body based on publicly available information, or based on a list provided to the applicable Sports Betting Operation by that person's sports governing body through the Division
 - (f) A list provided to the Division by a sports governing body shall be in a format and contain data fields designated by the Director or the Director's designee. When a list or updated list is provided, the Division will direct that list to all Sports Betting Operations. This list shall be deemed confidential and only be used for compliance with this rule.
- (2) A prohibited sports betting participant must refrain from engaging in sports betting in the state of Colorado and must disclose his or her status as a prohibited sports betting participant to all relevant persons and/or governing bodies. Failure to comply with the provisions of this rule may result in disciplinary action up to and including criminal prosecution.
- (3) A Sports Betting Operation shall make commercially reasonable efforts to confirm that the patron is not a prohibited sports betting participant.

6.12 Advertising.

No licensee shall allow, conduct, or participate in any false or misleading advertising concerning its Sports Betting Operations.

6.13 Patron disputes.

- (1) A Sports Betting Operation shall attempt to resolve all patron disputes with the patron. A Sports Betting Operation shall investigate each patron complaint and provide a response to the patron within ten (10) business days.
- (2) In a patron dispute, the licensee who accepted, and is charged with settling the wager must notify the disputing patron that the patron has a right to contact the Division regarding the dispute.
- (3) If a licensee refuses payment of alleged winnings to a patron, the licensee and the patron are unable to resolve the dispute, and the dispute involves at least \$1250, the licensee to whom the wager was made must immediately notify the Division. The Director shall conduct whatever investigation is necessary and must determine whether or not payment should be made. An agent of the Division may investigate the dispute and may report either to the Commission or to the Director for a decision.
- (4) For complaints related to patron accounts, settlements of wagers (involving at least \$1250) and illegal activity that cannot be resolved to the satisfaction of the patron, a copy of the complaint and the Sports Betting Operation's response including all relevant documentation, shall be provided to the Division, as applicable.
- (5) The Director must notify the licensee and the patron in writing of the Director's decision regarding the dispute, within ten business days after the completion of the investigation.

- (6) Failure to immediately notify the Division of a dispute, or to notify a patron of the patron's rights, or failure to pay after an adverse decision, is a violation by the licensee charged with providing notice who accepted, and is charged with settling, the wager.

6.14 Procedure upon dissolution.

Upon dissolution of a corporation, partnership, or association, the licensee must surrender the license to the Commission within 10 days following the date of the dissolution.

6.15 Transfers of interest.

Except as provided in Colorado Limited Gaming Control Commission Rule 4.5, no person may sell, lease, purchase, convey, or acquire an interest in a Master, Sports Betting Operator, Internet Sports Betting Operator, or Vendor Major licensee, without the prior approval of the Commission.

6.16 Termination of qualifying licensee, manager, or agent.

Upon the termination of a manager's or agent's affiliation with the licensee, the licensee must name one or more new managers or agents, including temporary appointments until a permanent appointment is made, and notify the Division within seven days.

6.17 Post-termination matters.

Upon termination of a Master, Sports Betting Operator, Internet Sports Betting Operator, or Vendor Major license for any reason, no further sports betting activity shall be conducted by said licensee or, or on the previously designated sports betting wagering area . After such termination, at a date designated by the Director, said licensee shall submit to the Division a final accounting and surrender the license.

6.18 Restrictions on time, place, and structures.

Sports betting conducted pursuant to article 30 of title 44, C.R.S. and these Rules shall be permitted 24 hours a day, three hundred and sixty-five days a year. During leap years, this shall be three hundred and sixty-six days a year. Sports betting may only take place within the sports betting wagering area of a Master License establishment or online by an Internet Sports Betting licensee possessing a license to conduct such sports betting activity. Online sports betting may take place in any location within the state of Colorado via a licensed Internet Sports Betting Operator, unless an area is deemed by the Commission or Division Director to be an area where betting may not occur. Boundaries of an area so defined will be made available to Internet Sports Betting Operators.

6.19 Sports Betting Wagering Area

- (1) Sports betting offered by a Master License or a Master License through a Sports Betting Operator may only be conducted in approved locations within the casino's designated and approved area. The designated area may include:
- (a) All or part of the designated approved gaming area for limited gaming; or
 - (b) Other portions of the master licensee's premises as approved;
- (2) The Designated area excludes areas authorized for support services pursuant to section 44-30-1505(5)(c)
- (3) Any bet placed outside the designated area within a casino may only be accepted by an Internet Sports Betting Operator.

6.20 Contests and Weekly Picks.

Contests and weekly picks are those events that are offered for promotional or other purpose that do not involve activity that can be characterized as gambling and/or sports betting in violation of Colorado laws and regulations. Contests and weekly picks offered by Sports Betting Operations must be approved by the Division prior to offer. Requests shall be made pursuant to the following provisions:

- (1) The request must be made to the Division on a form designated by the Division at least three (3) business days prior to the date of offer.
- (2) The request must identify any agent and/or proxy acting on behalf of any sports betting participant and the name of that individual.
- (3) The request must provide a detailed description of the contest or weekly pick, and must include the rules of the contest, requirements for entry, and winning pay out(s).

BASIS AND PURPOSE FOR RULE 7

The purpose of Rule 7 is to establish a Sports Betting Operations Fee to defray the cost of regulating the sports betting industry, specify the requirements regarding the certification, assessment and security of sports betting systems and kiosks, direct Sports Betting Operations to establish internal control procedures, including accounting controls, outline reporting requirements and the computation of taxes, establish geofence and sports betting account requirements, and to outline procedures for change control. The statutory basis for Rule 7 is found in sections 44-30-102, C.R.S., 44-30-201, C.R.S., 44-30-202, C.R.S., 44-30-203, C.R.S., 44-30-302, C.R.S., 44-30-503, C.R.S., 44-30-510, C.R.S., 44-30-528, C.R.S., 44-30-833, C.R.S., and part 15 of article 30 of title 44, C.R.S.

RULE 7 REQUIREMENTS OF SPORTS BETTING OPERATIONS

7.1 Sports Betting Operations fee.

- (1) The Commission declares that, due to increased administrative and personnel costs of regulating sports betting, outside any and all costs of the licensing process already contemplated by the licensing fees, and to ensure that tax revenue from net sports betting proceeds is directed to intended beneficiaries, an annual fee, known as a Sports Betting Operations Fee, shall be established. The Sports Betting Operations Fee is not a tax, but a fee designed to defray the cost to the Commission and Division of providing the regulatory support services to sports betting licensees as set out in section 44-30-1501, C.R.S., *et seq.*, and as reflected by the Commission and Division's duties in Rules 6, 7, 8, and 9. By collecting fees that fund the regulatory commitment of the Commission and Division, the Commission may ensure tax collections are directed to the intended beneficiaries.
- (2) The Commission shall set the Sports Betting Operations Fee before June 1st of each fiscal year and shall review the amount of the fees annually.
- (3) In setting the Sports Betting Operations Fee, the Commission shall endeavor to approximate the Commission and Division's costs of providing regulatory compliance services to sports betting licensees and shall consider at least the following factors:
 - (a) The projected budget for the upcoming fiscal year, presented to the Commission by the Director no later than the regularly scheduled May Commission meeting;
 - (b) Projected number of Sports Betting Operators and Internet Sports Betting Operators, and Master Licensees conducting sports betting or internet sports betting themselves;

- (c) Projected percentages for all wagers taken online and in sports books located in licensed casinos; and
 - (d) Total Commission appropriation for operational expenses related to sports betting, other than the Commission's direct and indirect costs of processing a licensee's application and conducting background investigations.
- (4) On or before July 31st, except fiscal year 2020 shall be remitted before May 1st, of each year, a Sports Betting Operator, Internet Sports Betting Operator, and Master Licensee conducting sports betting or internet sports betting itself, shall remit the required Sports Betting Operations Fee. Failure to comply with this requirement may result in a fine, penalty, or revocation of license. Should a licensee begin operations after the remittance date in that fiscal year the required operational fee shall be submitted prior to commencing operations. In those cases, the fee may be prorated by the Director. Fees or partial fees shall not be refunded if a licensee ceases operations.

7.2 System assessment.

Each Sports Betting Operation shall, within ninety (90) days of commencing operations, and annually thereafter, perform a system integrity and security assessment of sports betting systems and online sports betting systems conducted by an independent professional selected by the licensee and subject to licensure and approval of the Director or Director's designee. The independent professional's report on the assessment shall be submitted to the Division and shall include:

- (1) Scope of review;
- (2) Name and company affiliation of the individual(s) who conducted the assessment;
- (3) Date of assessment;
- (4) Findings;
- (5) Recommended corrective action, if applicable; and
- (6) The operator's response to the findings and recommended corrective action.

7.3 Sports betting transactions.

To conduct sports betting retail transactions, a Sports Betting Operation shall submit a plan to the Commission that meets the requirements, and shall be approved by the Director or Director's designee. Sports betting transactions shall be conducted from:

- (1) A Counter located in the sports betting wagering area or other window locations as approved by the Director or Director's designee;
- (2) Sports betting kiosks in locations as approved by the Director or Director's designee; or
- (3) A designated window in the cashier's cage for the redemption of winning sports betting tickets, only if the counter in the sports betting wagering area is closed.

7.4 Security requirements.

- (1) Sports Betting Operations within a licensed facility shall be designed to promote optimum security of the licensed facility, and shall include the installation and maintenance of security and surveillance equipment, including closed circuit television equipment, pursuant to the security requirements set forth in the limited gaming ICMP and any other specifications approved by the Director or Director's designee.
- (2) The Commission shall have access to the primary server location in Colorado and the information contained therein. All information necessary for the Division to conduct any investigation shall be provided to the Division immediately upon request.
- (3) A Sports Betting Operation shall submit a surveillance plan for approval by the Director or Director's designee prior to accepting wagers in any approved sports betting area or approved sports betting kiosk locations in the licensed facility.

7.5 Internal control procedures.

Prior to beginning sports betting activity, a Sports Betting Operation must submit for approval internal controls for the following:

- (1) In the event of a failure of the sports betting system's ability to pay winning wagers, the Sports Betting Operation shall have internal controls detailing the method of paying winning wagers. The Sports Betting Operation 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 Division;
- (2) User access controls for all sports betting personnel;
- (3) Segregation of duties;
- (4) Automated and manual risk management procedures;
- (5) Procedures for identifying and reporting fraud and suspicious conduct, including identifying unusual betting activity and reporting such activity to an Independent Integrity Monitoring Provider;
- (6) Procedures to prevent betting by prohibited sports betting participants;
- (7) Procedures for Sports Betting Operation-imposed exclusion of patrons, including the following:
 - (a) Providing a notification containing operator-imposed exclusion status and general instructions for resolution;
 - (b) Ensuring that immediately upon executing the operator-imposed exclusion order, no new wagers or deposits are accepted from the patron, until such time as the operator-imposed exclusion has been revoked; and
 - (c) Ensuring that the patron is not prevented from withdrawing any or all of their account balance, provided that the Sports Betting Operation acknowledges that the funds have cleared, and that the reason(s) for exclusion would not prohibit a withdrawal.
- (8) Description of anti-money laundering compliance standards, which shall include limitations placed on anonymous betting at the sports betting kiosks;

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- (9) Process for submitting or receiving approval of all types of wagers available to be offered by the system;
 - (10) Description of process for accepting wagers and issuing pay outs, plus any additional controls for accepting wagers and issuing pay outs in excess of \$10,000;
 - (11) Description of a process for accepting multiple wagers from one patron in a twenty-four (24) hour cycle, including a process to identify patron structuring of wagers to circumvent recording and reporting requirements;
 - (12) Detail the procedure for reconciliation of assets and documents contained in a sports betting wagering area cashier's drawer, sports betting kiosks, and online sports betting, which shall include the drop and count procedures for sports betting kiosks;
 - (13) Procedures for cashing winning tickets at the cage after the sports betting wagering area has closed, if applicable;
 - (14) Procedures for accepting value game chips for sports wagers, if applicable;
 - (15) Procedures for issuance and acceptance of promotional funds and free bets for sports betting;
 - (16) Description of all integrated third-party systems;
 - (17) Identifying and restricting prohibited sports betting participants;
 - (18) Instituting a process to close out dormant accounts;
 - (19) Detail procedures for making adjustments to a patron's account, providing a method for a patron to close out an account, and detail how a patron will be refunded after the closure of an account;
 - (20) If the sports betting system allows online betting, a method for verifying geolocation systems to establish patrons' geographic locations;
 - (21) Maintaining the security of identity and financial information of patrons;
 - (22) Detailed problem gambling program procedures;
 - (23) Secure method for implementing an online and on location responsible gaming and self-exclusion program, including what account limits may be set by patrons;
 - (24) Method for securely issuing, modifying, and resetting a patron's account password, Personal Identification Number (PIN), biometric login, or other approved security feature, when applicable;
 - (25) Methods of patron notification including any password or security modification via electronic or regular mail, text message, or other manner approved by the Director or Director's designee. Such methods shall include at a minimum:
 - (a) Proof of identity, if in person;
 - (b) The correct response to two or more challenge questions;
 - (c) Strong authentication; or
 - (d) Two factor authentication.
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- (26) Procedures for receiving, investigating and responding to all patron complaints and submitting any unresolved patron complaint reports to the Division;
- (27) Detail the location of the sports betting servers, including any third party remote location servers, and what controls will be in place to ensure security of the sports betting servers;
- (28) Terms and conditions for sports betting shall be included as an appendix;
- (29) Description of the process for line setting and line moving;
- (30) If allowed, method of redeeming lost tickets;
- (31) Method by which the Sports Betting Operator will identify and cancel wagers in accordance with Rule 7.6 (12), including defining "obvious error";
- (32) A process for voiding wagers.
- (33) A process for implementing the change management process detailed in these Rules; and
- (34) Any other internal control deemed necessary by the Director or the Director's designee.

The Sports Betting Operator shall stamp or otherwise mark each page of the internal control procedures submitted to the Commission with the word "CONFIDENTIAL" if the material submitted is not subject to disclosure under 44-30-1507, C.R.S., and this Rule 7.

7.6 Sport betting system requirements.

- (1) Certification testing.
 - (a) Prior to conducting sports betting, the entire sports betting system used in conjunction with the Sports Betting Operation shall be submitted to a Colorado approved independent testing laboratory for certification testing.
 - (b) A Colorado approved independent testing laboratory shall certify that the sports betting system used in conjunction with the Sports Betting Operation meets or exceeds the standards approved by the Commission, and the standards established by this document. Sports Betting Operations are prohibited from offering sports betting in Colorado without such certification.
 - (c) All wagers shall be initiated, received, and otherwise made within the State of Colorado unless otherwise permitted by the Commission 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. §§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.
 - (d) A Sports Betting Operator shall document and maintain any system malfunction or deviation from the sports betting system and maintain that data for a minimum period of three (3) years.
 - (e) A Sports Betting Operator shall provide the Director or Director's designee, with betting transactions and related data as deemed necessary and in a manner approved by the Director or the Director's designee.

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- (2) Server location.
- (a) A Sports Betting Operator must locate the primary server in the state of Colorado. The primary server shall be the server responsible for the acceptance and storage of patron wagers. The location selected must have adequate security, including twenty-four (24) hour surveillance, and be licensed and approved by the Director or Director's designee.
 - (b) Third party data storage facilities or data storage managers must obtain a vendor minor license.
- (3) Cloud storage of duplicate data.
- (a) The Director or Director's designee may approve the use of cloud storage for duplicate data, or data not related to transactional wagering data upon written request by a Sports Betting Operation.
- (4) Sports betting system requirements; logging.
- (a) All online sports betting systems authorized by the Division and these Rules 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.
 - (b) Sports betting 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 online sports betting system can be configured such that any logged data is contained in a secure transaction file, a separate logging device is not required.
 - (c) Sports betting systems shall provide promptly upon request, in a format required by the Commission, all online sports betting system data. Sports betting system data includes, but is not limited to, employee data and logs, geofence logs, player activity and betting information, and event logs related to Colorado Sports Betting Operations.
 - (d) Requirements for system specifications and sports betting system logging shall be detailed by the Commission. Master, Sports Betting Operators, Internet Sports Betting Operators and sports betting Vendors shall address all such requirements in the internal controls submitted to the Commission for approval.
- (5) Bets.
- Patron wagers placed in a Sports Betting Operation, self-service betting device or other approved area within a licensed facility shall be made with:
- (a) Cash;
 - (b) Cash equivalent;
 - (c) Credit or debit card;
 - (d) Free bets;
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- (e) Sports betting vouchers;
 - (f) Value gaming chips; and
 - (g) Any other means approved by the Director or Director's designee.
- (6) Patron sports betting via credit or debit card.
- (a) A patron may place a wager via credit or debit card, whether the patron places the wager at a casino in the sports betting wagering area, sports betting kiosk, online, or by a mobile device.
 - (b) Funding of an account may be made online, in person, or through an online account with an Internet Sports Betting Operator, on a bettor's own personal computer or mobile device. Other methods of funding may be approved by the Director.

(7) Wager displays.

When displaying wagers to the public through the Sports Betting Operation's close circuit television system, the display shall include, but is not limited to, the following:

- (a) The odds; and
- (b) A brief description of the event.

(8) Ticket contents.

Upon completion of a betting transaction, the patron shall receive an unalterable virtual or printed wager record which shall contain at a minimum the following information:

- (a) The date and time the wager was placed;
- (b) The date and time the event is expected to occur;
- (c) Any patron choices involved in the wager:
 - (i) Wager selection;
 - (ii) Type of wager and line postings;
 - (iii) Any special condition(s) applying to the wager; and
 - (iv) Pay out, applicable at the time the wager is placed.
- (d) Total amount wagered, including any promotional/bonus credits, if applicable;
- (e) Event and market identifiers, if applicable; and,
- (f) Unique identification number of the wager record.
- (g) For printed wager records, the following must also be included:
 - (i) Sports Betting Operation name;
 - (ii) Unique sports betting device ID which issued the wager record; and

- (iii) Expiration period, if applicable.
- (9) Currency transaction reports and multiple transaction logs. Wagers and pay outs made under these rules shall be subject to the requirements of the Division.
- (10) Cancelled events and markets. The house rules and information available to the patron through the sports betting device, or upon request at a licensed facility, must clearly state what is to occur when an event or market is cancelled, including the handling of wagers with multiple events, such as parlays, where one or more of these legs are cancelled. If a single event or market is cancelled for any reason, all wagers are to be refunded in full as soon as reasonably possible.
- (11) Cancellation of wagers; prohibited sports betting participants. A Sports Betting Operation shall cancel a wager made by a prohibited sports betting participant and refund the amount wagered. A Sports Betting Operation must cancel a wager under this rule at the time the Sports Betting Operation becomes aware or should have been aware that the patron is a prohibited sports betting participant.
- (12) Cancellation of wagers. A Sports Betting Operation may, in its discretion, cancel an accepted wager for obvious error or in the case of a change in circumstance that makes grading the wager an impossibility. Obvious error shall be defined in the Sports Betting Operator's house rules. Any cancellation of wagers shall be reported to the Division.
- (13) Cashier cancelled wagers. A cashier may not cancel a wager for which the cashier wrote the ticket and must instead call a supervisor to cancel the wager.
- (14) Prohibiting wagers for good cause.
 - (a) Pursuant to 44-30-1505 (7), C.R.S., a sports governing body may request that the Commission restrict, limit or exclude a type of wager based solely upon the actions of a single player.
 - (b) A sports governing body may submit to the Director or Director's designee in writing (by providing notice in such form and manner as the Director or Director's designee may require) a request to restrict, limit or exclude a certain type of wager based solely upon the actions of a single player with respect to sporting events of such body, if the sports governing body believes that such type, form, or category of sports wagering with respect to sporting events of such body is contrary to public policy, unfair to consumers, may undermine the perceived integrity of such body or sporting events of such body, or affects the integrity of such body or sporting events of such body.
 - (c) The Director or Director's designee shall request comment from Sports Betting Operations on all such sports governing body requests. The Director or Director's designee may also request comment from independent monitoring providers and other jurisdictions.

- (d) After giving due consideration to all comments received, the Director or Director's designee shall, upon a demonstration of good cause from the requesting sports governing body, grant the request. The Director or Director's designee shall respond to a request concerning a particular event before the start of the event, or if it is not feasible to respond before the start of the event, no later than 7 days after the request is made. If the Director or Director's designee determines that the requesting sports governing body is more likely than not to prevail in successfully demonstrating good cause for its request, the Director or Director's designee may provisionally grant the request of the sports governing body until the Director or Director's designee makes a final determination as to whether the requesting sports governing body has demonstrated good cause. Absent such a provisional grant by the Director or Director's designee, Sports Betting Operations may continue to offer sports wagering on sporting events that are the subject of such a request during the pendency of the Director or Director's designee's consideration of the applicable request.

(15) Layoff wagers.

Sports Betting Operations shall be permitted to place and accept layoff wagers. A layoff wager shall be defined as a wager placed by a Sports Betting Operation with another Sports Betting Operation for the purpose of offsetting patron wagers. Such wagers shall be reported to the Division.

(16) Promotions.

- (a) Patrons must be able to access information pertaining to any promotions or bonuses available to them. This information must be clear and unambiguous, especially where promotions or bonuses are limited to certain events, markets, or when other specific conditions apply.
- (b) A Sports Betting Operation shall comply with Commission rules regarding complimentary play or any promotional event related to the conduct of sports betting.

(17) Exchange wagers.

Prior to accepting exchange wagers a sports betting operation must obtain approval from the Commission. The Commission rates taken on such bets must be approved by the Director and are subject to all taxes and tax requirements as are paid on net sports betting proceeds.

7.7 sports betting kiosks.

(1) In general.

- (a) A Sports Betting Operator may utilize Self-service betting devices(kiosks) located in a licensed facility for betting transactions in conjunction with a sports betting system in a location approved by the Director or Director's designee.
- (b) Self-service sports betting devices (kiosks) shall be subject to the approvals and other requirements of the Commission.

- (2) Testing and certification. Before being deployed for use at a licensed facility, all sports betting kiosks must be submitted to a Colorado approved independent testing laboratory for testing and receive the required certification. The Colorado approved independent testing laboratories shall certify that the sports betting kiosk meets or exceeds the most current Division approved version of standards for Kiosks, or equivalent standards as approved by the Commission, and the standards established by the Division.

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- (3) Reconciliation. The Sports Betting Operation's accounting department shall reconcile self-service sports betting devices (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 Commission's audit department within 5 business days after drop and count of kiosks. The report shall indicate the cause of the variance and shall contain any documentation required to support the stated explanation.
- (4) Transaction reports. Each self-service sports betting device (kiosk) or corresponding system shall be capable of generating a "Transaction Report," which documents each attempted and completed transaction. Unless otherwise approved by the Commission, the report shall include, at a minimum:
- (a) The date and time;
 - (b) A description of the transaction;
 - (c) The value of credit card and debit card transactions;
 - (d) The value of currency dispensed and inserted;
 - (e) The value of all sports betting vouchers dispensed and inserted; and
 - (f) The value of all sports betting tickets dispensed and inserted.
- (5) Connection to sports betting system.
- (a) When used to redeem sports betting tickets or vouchers, sports betting kiosks shall work in conjunction with an approved sports betting system and shall be designed to:
 - (i) Accurately obtain the unique identification number of the item presented for redemption and cause such information to be accurately and securely relayed to the sports betting system for the purpose of redemption;
 - (ii) Issue currency or a sports wager voucher or both in exchange for the item presented only if the sports betting system has authorized and recorded the transaction; and
 - (iii) Return a sports wager ticket and voucher to the patron when it cannot be validated by the sports betting system or is otherwise unredeemable.
 - (b) When used to redeem sports wager vouchers, the sports betting kiosk or sports betting kiosk computer system shall be capable of generating a voucher redemption report for each gaming day. The report shall include the voucher's unique identifier, the date and time of redemption and the value of the voucher.
 - (c) When used to redeem sports wager tickets, the sports betting kiosk or sports betting kiosk computer system shall be capable of generating a ticket redemption report for each gaming day. The report shall include the ticket's unique identifier, the date and time of redemption and the value of the ticket.
 - (d) When used to issue sports wager vouchers, the sports betting kiosk or sports betting kiosk computer system shall be capable of generating a voucher issuance report for each gaming day. The report shall include the voucher's unique identifier, the date and time of issuance and the value of the voucher.

- (e) When used for credit card and debit card transactions, the sports betting kiosk or sports betting kiosk computer system shall be capable of generating a credit card and debit card transaction report for each gaming day. The report shall include the transaction's unique identifier, the date and time of transaction and the value of the transaction.

7.8 Sports betting reports; betting revenue; computation of taxes; reconciliation.

(1) Reports required.

- (a) The sports betting system shall be required to generate those reports necessary to record the adjusted gross receipts, patron liability, ticket redemption, and such other information relating to sports betting as deemed necessary by the Director or as required by internal controls. Such reporting shall be done using cash basis accounting.
- (b) To determine the daily win amount, the Sports Betting Operator's accounting department shall compare a win report from the sports betting system to the reconciliation of the sports betting drawers. The operator shall be required to calculate and report adjusted gross sports betting receipts using the higher amount identified in such comparison, unless otherwise authorized in its internal controls.
- (c) The Sports Betting Operator shall permit duly authorized representatives of the Commission's audit department to examine the operator's accounts and records for the purpose of certifying total gross revenue receipts and adjusted gross revenue receipts.
- (d) Such information shall be entered on forms prescribed by the Commission.

(2) Calculation of taxes.

- (a) Remittance of betting taxes shall be the sole responsibility of the licensee that accepts, calculates, and is responsible for settlement of the sports wager. Such responsibility shall be included in the operating agreements between parties.
- (b) If the amount of net sports betting proceeds on a gaming day is a negative figure, the Sports Betting Operation shall remit no sports betting tax for that reporting period. Any negative net sports betting proceeds shall be carried over and calculated as a deduction on the subsequent gaming days until the negative figure has been brought to a zero (0) balance.

7.9 Accounting controls for the casino onsite Sports Betting Operation.

(1) Internal audit procedures. The procedures and requirements outlined in this Rule shall apply to Sports Betting Operators and Sports Betting Operations.

(2) Observation and testing of cashiering.

- (a) The Sports Betting Operator shall establish procedures for the observation and testing of the compliance with the system of internal controls for sports betting cashiering.
- (b) The internal auditor or equivalent shall observe and review, on a semi-annual basis, the following procedures, at a minimum:
 - (i) The countdown procedures;
 - (ii) The casino cage accountability to the general ledger;

- (iii) The casino cage accountability to the main bank, vault, and change banks;
 - (iv) Check cashing procedures;
 - (v) Shift and day procedures; and
 - (vi) Any other procedures deemed necessary by the Director or the Commission to ensure compliance with Limited Gaming ICMP.
 - (c) The internal auditors or equivalent shall test, on a quarterly basis, the following procedures, at a minimum:
 - (i) Reconcile summary sheets to physical instruments on a sample basis;
 - (ii) Review processing of payments on returned checks; and
 - (iii) If applicable, review procedures and controls over the primary, secondary, and non-value chip inventory.
 - (d) Any other procedures deemed necessary by the Director or the Commission to ensure compliance with limited Gaming ICMP.
- (3) Accounting controls for the Sports Betting Operation.
- (a) A cashier shall begin a shift with an imprest amount sports betting inventory, consisting of currency and coin. No funds shall be added to or removed from the sports betting inventory during such shift except:
 - (i) In collection of sports wagers;
 - (ii) In order to make change for a patron buying a sports betting ticket;
 - (iii) In collection for the issuance of sports betting vouchers;
 - (iv) In payment of winning or properly cancelled or refunded sports betting tickets;
 - (v) In payment of sports betting vouchers; or
 - (vi) In exchanges with the cashier's cage, a satellite cage, or Sports Betting Operation booth vault supported by proper documentation which documentation shall be sufficient for accounting reconciliation purposes.
 - (b) A "sports betting count sheet" shall be completed and signed by a supervisor, and the following information, at a minimum, shall be recorded thereon at the commencement of a shift:
 - (i) The date, time, and shift of preparation;
 - (ii) The denomination of currency and coin in the sports betting inventory issued to the cashier;
 - (iii) The total amount of each denomination of currency and coin in the sports betting inventory issued to the cashier;
 - (iv) The sports betting window number to which the cashier is assigned; and

- (v) The signature of the sports betting shift supervisor.
 - (c) A cashier assigned to a cashier window shall count and verify the sports betting inventory at the sports betting vault, and shall agree the count to the sports betting count sheet. The cashier shall sign the count sheet attesting to the accuracy of the information recorded thereon. The sports betting inventory shall be placed in a cashier's drawer and transported directly to the appropriate Sports Betting Operation booth window by the cashier.
 - (d) If the sports betting window net receipts for the shift, as generated by the system, does not agree with the sports betting count sheet total plus the sports betting inventory, the shift supervisor shall record any overage or shortage. If the count does not agree, the cashier and the shift supervisor shall attempt to determine the cause of the discrepancy in the count. Any discrepancy that cannot be resolved by the cashier and the shift supervisor shall be reported in writing to the department supervisor in charge at such time. Any discrepancy in excess of \$500 shall be reported to the Division. The report shall include the following:
 - (i) Date on which the discrepancy occurred;
 - (ii) Shift during which the discrepancy occurred;
 - (iii) Name of the cashier;
 - (iv) Name of the supervisor;
 - (v) Window number; and
 - (vi) Amount of the discrepancy.
 - (e) The Sports Betting Operation booth shift supervisor shall compare the cashier window net for the shift as generated by the terminal and if it agrees with the sports betting count sheet total plus the sports betting inventory, shall agree the count to the sports betting count sheet and sign the sports betting count sheet attesting to the accuracy.
- (4) Transactions.
- The Sports Betting Operator shall establish policies and procedures to ensure that all transactions that flow through the casino cage within the Sports Betting Operation are accounted for. These policies and procedures shall include, but are not limited to, the following:
- (a) All transactions shall be recorded on a main bank or vault accountability form or its equivalent on a per shift basis.
 - (i) All increases or decreases to the main bank or vault shall be supported by the appropriate documentation.
 - (ii) At the end of a shift, the cashiers assigned to the outgoing shift shall:
 - (1) Record on a main bank or vault accountability form, or its equivalent, the face value of each cage inventory item counted and the total of the opening and closing cage inventories; and
 - (2) Reconcile the total closing inventory with the total opening inventory.

- (b) At the conclusion of each gaming day, copies of the main bank or vault accountability forms and all supporting documentation shall be forwarded to the accounting department.
- (c) Signature requirements shall be established for outgoing and incoming cashiers.
- (d) Any other policies and procedures deemed necessary by the Director to ensure compliance.

7.10 Geofence requirement.

(1) Geofence requirement.

- (a) In order to prevent unauthorized use of the internet or a mobile device to place a sports wager when a patron is not within the state of Colorado, the Sports Betting Operation shall:
 - (i) Utilize a geofence system to reasonably detect the physical location of a patron attempting to access the online sports betting system and place a wager; and to monitor and block unauthorized attempts to access the online sports betting system in order to place a wager.
 - (ii) The geofencing system shall ensure that any patron is located within the permitted boundary when placing any wager, and shall be equipped to dynamically monitor the patron's location and block unauthorized attempts to access the online sports betting system in order to place a wager throughout the duration of the sports betting patron session.

- (2) The Director shall approve technical specifications for geolocation systems and any specific requirements related to geofence technology. The Director may require additional system requirements to combat emerging threats to the security of the geolocation system and verification of the patron's or device location.

7.11 Sports betting accounts.

(1) Account required.

- (a) A Sports Betting Operation shall limit each patron to one (1) active and continuously used sports betting account and username.
- (b) A Sports Betting Operation shall implement rules and publish procedures to terminate all accounts of any sports betting account patron that knowingly and intentionally establishes or seeks to establish multiple active accounts, in contravention of this Rule, whether directly or by use of another person as a proxy.

(2) Age and identify verification.

A full identity check must be undertaken before a patron is allowed to place a wager:

- (a) Only patrons twenty-one (21) years of age and older may deposit funds or participate in betting. The Sports Betting Operation must deny the ability to deposit funds or participate in betting to any person that submits a birth date that indicates they are under the legal participation age.
- (b) Patron verification must use commercially reasonable standards in conformity with Rule 6.11 to confirm that the patron is not a prohibited sports betting participant.

- (c) Details of patron verification must be kept in a secure manner.
 - (d) Third-party service providers may be used for age and identity verification of patrons.
 - (e) The operator must have a documented policy for the handling of patrons discovered to be using an account in a fraudulent manner, including but not limited to:
 - (i) The maintenance of information about any patron's activity, such that if fraudulent activity is detected, the regulatory body has all of the necessary information to take appropriate action;
 - (ii) The suspension of any patron account discovered to be providing access to fraudulent patrons; and
 - (iii) The treatment of deposits, wagers, and wins associated with a fraudulent patron's account.
- (3) Patron account controls.
- (a) Patron protection information must be readily accessible to the patron. The patron protection information must contain at a minimum:
 - (i) Information about potential risks associated with excessive participation, and where to get help related to betting responsibly;
 - (ii) The self-imposed limitations shall be available to the patron at both the time of account registration and first deposit;
 - (iii) A list of the available patron protection measures that can be invoked by the patron, such as self-imposed limits, and information on how to invoke those measures; and
 - (iv) Mechanisms in place which detect unauthorized use of their account, such as reviewing credit card statements against known deposits.
 - (b) Patrons must be provided with an easy and obvious method to impose limitations for betting parameters including, but not limited to, deposits, wagers and time-based limitations. The self-imposed limitation method must provide the following functionality:
 - (i) Upon receiving any self-imposed limitation order, the Sports Betting Operation must ensure that all specified limits are correctly implemented immediately or at the point in time that was clearly indicated to the patron;
 - (ii) The self-imposed limitations set by a patron must not override more restrictive operator imposed limitations. The more restrictive limitations must take priority;
 - (iii) Once established by a patron and implemented by the sports betting system, it must only be possible to reduce the severity of self-imposed limitations upon 24 hours' notice, or as required by the Commission; and
 - (iv) Self-imposed limitations must not be compromised by internal status events, such as self-imposed exclusion orders and revocations.
 - (c) A master licensee is not required to treat a patron's self-imposed limitations:

- (i) On limited gaming as applying to any sports betting activities that it conducts or that are conducted by its affiliated or contracting entities; or
 - (ii) On sports betting as applying to any limited gaming activities it conducts or its affiliated limited gaming licensees conduct.
- (4) Account requirements. In order to establish a sports betting account, a Sports Betting Operation shall:
 - (a) Create an electronic patron file, which shall include at a minimum:
 - (i) The patron's legal name;
 - (ii) The patron's date of birth;
 - (iii) The patron's Social Security number, or the last four digits thereof, or an equivalent identification number for a noncitizen patron, such as a passport or taxpayer identification number;
 - (iv) The patron's sports betting account number or username;
 - (v) The patron's residential address; a post office box is not acceptable;
 - (vi) The patron's electronic mail address;
 - (vii) The patron's telephone number;
 - (viii) Any other information collected from the patron used to verify his or her identity;
 - (ix) The method used to verify the patron's identity; and
 - (x) The date of verification.
 - (b) Encrypt all of the following information contained in an electronic patron file:
 - (i) Any portion of the patron's Social Security number or equivalent identification number for a noncitizen patron, such as a passport or taxpayer identification number;
 - (ii) The patron's passwords and PINs; and
 - (iii) The patron's personal financial information.
 - (c) Verify the patron's identity in accordance with:
 - (i) Reliable forms of personal identification specified in internal controls; or
 - (ii) Other methodology for remote multi-source authentication, which may include third party and governmental databases, as approved by the Director or Director's designee.
 - (d) Record the document number of the government issued identification credential examined, if applicable. If a government issued identification credential is not required for registration, the electronic record that details the process used to confirm patron identity must be recorded.

- (e) Require the patron to establish a password or other access security feature as approved by the Commission and advise the patron of the ability to utilize strong authentication log in protection.
- (f) Record the patron's acceptance of the Sports Betting Operator's or sports betting intermediary's terms and conditions to participate in betting through the mobile application or any authorized digital platform accepting wagers online.
- (g) Record the patron's certification that the information provided to the operator is accurate and they are not a prohibited sports betting participant.
- (h) Record the patron's acknowledgment that the legal age for sports betting is 21, and that he or she is prohibited from allowing any other person to access or use his or her sports betting account.
- (i) Notify the patron of the establishment of the account via electronic mail or regular mail.

(5) Account funding.

A patron's sports betting account for sports betting may be funded through the use of:

- (a) A patron's credit or debit card;
- (b) A patron's deposit of cash or vouchers at a cashiering location approved by the Director or Director's designee;
- (c) A patron's reloadable prepaid card, which has been verified as being issued to the patron and is non-transferable;
- (d) Promotional credit;
- (e) Winnings;
- (f) Adjustments made by the Sports Betting Operator with documented notification to the patron;
- (g) ACH transfer, provided that the operator has security measures and controls to prevent ACH fraud regarding failed ACH deposits;
- (h) Wire transfer; or
- (i) Any other means approved by the Commission.
- (j) Accounts may be funded outside the state of Colorado in accordance with these Rules.

(6) Failed ACH deposits.

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:

- (a) Temporarily block the patron's account for investigation of fraud after five (5) consecutive failed ACH deposit attempts within a 10-minute time period. If there is no evidence of fraud, the block may be vacated; and

- (b) Suspend the patron's account after five (5) additional consecutive failed ACH deposit attempts within a 10-minute period.
- (7) Transfer of funds prohibited. A Sports Betting Operation shall not permit a patron to transfer funds from a patron account to another patron account.
- (8) Account review requirements. All adjustments to patron accounts for amounts of \$500.00 or under shall be periodically reviewed by supervisory personnel as set forth in the Sports Betting Operator's internal controls. All other adjustments shall be authorized by supervisory personnel prior to being entered.
- (9) Account information.
 - (a) Sports betting systems shall provide an account statement with account details to a patron on demand, which shall include detailed account activity for at least the prior six (6) months. In addition, an online sports betting system shall, upon request, be capable of providing a summary statement of all patron activity during the past two (2) years.
 - (b) A Sports Betting Operation shall periodically re-verify a patron's identification upon reasonable suspicion that the patron's identification has been compromised.
- (10) Account closure.

A sports betting 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 or through the sports betting system's customer support team. Any balance remaining in a patron's sports betting account closed by a patron shall be refunded pursuant to the operator's internal controls.
- (11) Patron account withdrawal.
 - (a) A patron must be allowed to withdraw the funds maintained in his or her account, whether such account is open or closed.
 - (b) A Sports Betting Operation must honor such patron request to withdraw funds within five (5) business days of the request, unless the conditions set forth in subsection (c) are met.
 - (c) The Sports Betting Operation may decline to honor a patron request to withdraw funds only if the Sports Betting Operator believes in good faith that the patron engaged in either fraudulent conduct or other conduct that would put the Sports Betting Operator in violation of the law. In such cases, the Sports Betting Operator shall:
 - (i) Provide notice to the patron of the nature of the investigation of the account; and
 - (ii) Conduct its investigation in a reasonable and expedient fashion, providing the patron additional written notice of the status of the investigation every tenth business day starting from the day the original notice was provided to the patron.
 - (d) For purposes of this provision, a request for withdrawal will be considered honored if it is processed by the Sports Betting Operator notwithstanding a delay by a payment processor, credit card issuer, or the custodian of a financial account.
- (12) Dormant patron accounts. A Sports Betting Operation shall consider a patron account to be dormant if the patron has not logged into the account for at least three (3) years. A dormant account shall be closed by the Sports Betting Operation.

- (13) Unclaimed funds in a dormant patron account.
- (a) Subject to the provisions of Colorado Revised Statute 38-13-201, funds of patrons that remain in a dormant patron account shall be presumed abandoned.
 - (b) The Sports Betting Operation shall report and deliver all funds of patrons that are presumed abandoned to the office of the Colorado Department of the Treasury as provided in Colorado Revised Statute 38-13-201.
 - (c) At least sixty (60) days prior to reporting any funds of the patron to the Colorado Department of the Treasury, the Sports Betting Operation shall provide notice to the patron's last known physical or email address and conduct due diligence to locate the patron.

7.12 Change Control.

- (1) Prior to beginning sports betting activity, a Sports Betting Operation must submit for approval a change control document detailing the operations change management process. Change control minimizes the risk of changes impacting the IT environment in a negative or unanticipated way. The focus of change control is change management, which is implemented to understand the addition, modification or removal of any component that will affect the IT environment. A licensee must ensure that their change management processes and procedures address at a minimum the following:
- (a) Introduction.

The process is designed to provide visibility and control to the regulator while supporting agile development and frequent change cycle. Change management process is to have a clear and transparent framework to assist in managing deployments and other changes in the regulated live production environment. the Division will provide additional details as needed for completing or updating the change management document.
 - (b) Process description.
 - (i) Roles in change management process.
 - (ii) Handling requests for change (RFC).
 - (iii) Change classification procedure.
 - (c) Categories of requests for change.
 - (i) Substantial change process (requires lab testing, release note).

Notification submission and approval is required when a core function of the sports betting system is affected. This includes the security, integrity, recovery and availability of the sports betting system. The licensee must submit a notification to the Division to determine if a certification is required by the independent testing lab prior to Division approval.
 - (ii) Non-substantial change process (log no communication).

All changes to the sports betting system must be put on a change log. The change log must include date, summary of change, requestor, implementer, and results. The log must be made available to the Division upon request.

- (iii) Notify & do change process.

Notification to the Division is required when a change in functionality of the sports betting system is being implemented. The notification must be sent to the Division prior to the implementation. The changes must be logged. The log must be made available to the Division upon request.

- (iv) Emergency change process.

When an unanticipated incident occurs that causes a disruption in the collection, accuracy, integrity, or availability of the sports betting system, the licensee must notify the Division as soon as a practically possible . The fix must be documented in the change log and the Division must be notified of the resolution within 48 business hours of resuming normal operations.

- (d) Keeping the change management log.

- (e) Writing Release Notes.

- (f) Implementation.

This process must include notification to system users, a schedule as to when the change will be implemented, a project plan to implement, and back out recovery procedures.

BASIS AND PURPOSE FOR RULE 8

The purpose of Rule 8 is to specify the requirements of sports betting integrity; confidential information; specify certain duties of licensees related to sports betting information, sports betting integrity, and nature of the confidentiality of betting information. "Confidential information" as referred to in this section is not governed by the provisions of 44-30-526, C.R.S., unless otherwise deemed applicable by the Division and/or Commission. The statutory basis for Rule 8 is found in sections 44-30-201, C.R.S., 44-30-202, C.R.S., 44-30-203, C.R.S., 44-30-302, C.R.S., 44-30-510, C.R.S., 44-30-528, C.R.S., 44-30-833, C.R.S., and part 15 of article 30 of title 44, C.R.S.

RULE 8 SPORTS BETTING INTEGRITY; CONFIDENTIAL INFORMATION

8.1 Sports betting integrity.

- (1) All licensed Sports Betting Operations in the State of Colorado shall provide betting information as required by applicable Rules and Regulations to the Division. To facilitate the collection of aggregate data in a format that can be efficiently utilized by the Division, licensees will submit required betting information to an approved Independent Integrity Monitoring provider(s) with sufficient information to ensure the Division can properly monitor sports betting information. The following information shall be reported to the Division via its approved Independent Integrity Monitoring Provider:

- (a) Time of wager;
- (b) Odds of wager;
- (c) Location of wager (while labeling relevant wagers "mobile" if applicable);
- (d) Amount of dollars wagered;

- (e) Win amount of wager;
 - (f) Wager type (e.g., straight bet, parlay, point spread, total, moneyline, etc.); and
 - (g) Team, side or total that the wager was placed upon.
- (2) A Sports Betting Operation shall have internal controls in place to identify unusual betting activity and report such activity to the Division and an Independent Integrity Monitoring Association as directed by the Division Director.
 - (3) All Independent Integrity Monitoring Providers shall share information with each member and shall disseminate all reports of unusual activity to all member Sports Betting Operations. All Sports Betting Operations shall review such reports and notify the Independent Integrity Monitoring Provider whether they have experienced similar activity.
 - (4) If an Independent Integrity Monitoring Provider finds that previously reported unusual betting activity rises to the level of suspicious betting activity, it shall immediately notify all other Independent Integrity Monitoring Providers, their member Sports Betting Operations, the Division, and all other regulatory agencies as directed by the Division. All Independent Integrity Monitoring Providers receiving a report under this section shall share such report with their member Sports Betting Operations.
 - (5) A Sports Betting Operation must submit a yearly report to the Division which details its integrity monitoring efforts and summarizes any unusual betting activity or other suspicious betting activity notifications issued during that time period.
 - (6) A Sports Betting Operation receiving a report of suspicious betting activity shall be permitted to suspend betting and related wagers on events related to the report, but may only cancel related wagers after receiving approval from the Director or the Director's designee.
 - (7) If the Division receives a suspicious betting activity report from an Independent Integrity Monitoring Provider, the Division shall notify the relevant sports governing body as expeditiously as possible.
 - (8) The Division may require a Sports Betting Operation to provide hardware necessary to the Division for evaluation of its sports betting offering or to conduct further monitoring of data provided by its system.
 - (9) As authorized by section 44-30-1506(7), C.R.S., each Sports Betting Operation may set such bet limits as it, in its sole discretion, finds appropriate, including limits as to a form or class of sports betting, a specific sports event, or a person placing a bet.

8.2 Confidential information.

- (1) All information and data received pursuant to this Rule 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 as required by law, by the Commission, or by lawful order of a court of competent jurisdiction, or to any law enforcement entity, member club, sports governing body, Independent Integrity Monitor Provider, or regulatory agency that the Commission deems appropriate to protect the integrity of sport betting.

- (2) All information, including personally identifiable information of patrons, disclosed between Sports Betting Operations and member clubs, sports governing bodies, or Independent Integrity Monitor Providers pursuant to this rule, shall be kept private and confidential by all of the above persons and entities, except as required by law, by the Commission, or pursuant to the lawful order of a court of competent jurisdiction. With respect to any information provided by Sports Betting Operations to member clubs, sports governing bodies or, Independent Integrity Monitor Providers, such person or entity:
 - (a) May only use such information for integrity purposes; and
 - (b) Shall maintain the confidentiality of such information, unless disclosure is required by law, the Commission, court order, or unless the Sports Betting Operation consents to disclosure, provided that such person or entity may make disclosures necessary to conduct and resolve integrity-related investigations and may publicly disclose such information if required by such person's or entity's integrity policies or if deemed by the such person or entity in its reasonable judgment to be necessary to maintain the actual or perceived integrity of its sporting events, and subject in all cases to such person's or entity's compliance with federal, state and local laws and regulations, including without limitation, laws and regulations relating to privacy and personally identifiable information. Prior to any such public disclosure that would identify the Sports Betting Operation by name, such person or entity will provide such Sports Betting Operation with notice of such disclosure and an opportunity to object to such disclosure.
- (3) No information disclosed between Sports Betting Operations and member clubs, sports governing bodies or, Independent Integrity Monitor Providers shall be used by any party for marketing, advertising, or other commercial purposes.
- (4) Where necessary and/or required, redaction of confidential or personally identifiable information shall occur prior to release of information pursuant to this rule.

8.3 Licensing Independent Integrity Monitoring Providers.

Any Independent Integrity Monitoring Provider operating in Colorado must obtain a Vendor Minor license.

BASIS AND PURPOSE FOR RULE 9

The purpose of Rule 9 is to specify the requirements of Sports Betting Operations and responsible gaming, patron responsible gaming, and to specify certain duties of licensees and patrons related to self-restriction. The statutory basis for Rule 9 is found in sections 44-30-201, C.R.S., 44-30-202, C.R.S., 44-30-203, C.R.S., 44-30-302, C.R.S., 44-30-502, C.R.S., 44-30-510, C.R.S., 44-30-528, C.R.S., 44-30-833, C.R.S. and part 15 of article 30 of title 44, C.R.S.

RULE 9 RESPONSIBLE GAMING AND SELF-RESTRICTION

9.1 Display of responsible gaming logo.

- (1) Each sports betting website, mobile application, and self-service gaming device (kiosk) shall display a responsible gaming logo in a manner approved by the Director or Director's designee to direct a patron to the Sports Betting Operator's responsible gaming webpage. Master, Sports Betting Operator, and Internet Sports Betting Operator licensees shall operate under the same responsible gaming guidelines as detailed in these Rules, where applicable. The responsible gaming webpage shall be accessible to a patron during a sports betting patron session and shall contain, at a minimum, the following:
 - (a) A prominent message, which states, "Gambling problem? Call 1-800-522-4700";

- (b) A direct link to the website and other internet resources dedicated to helping people with potential gambling problems as directed by the Commission;
 - (c) A clear statement of the Sports Betting Operation's policy and commitment to responsible gaming along with a link to the Sports Betting Operator's specific self-exclusion program.
- (2) Sports Betting Operations with brick and mortar locations must have a policy in effect for all of its properties providing opportunities for patrons to request in writing the revocation of their privileges for specific services such as:
- (a) Direct sports betting promotions;
 - (b) Player club/card privileges related to sports betting;
 - (c) On-site check-cashing; and,
 - (d) Complimentaries.
- (3) Sports Betting Operations with brick and mortar locations must make information available promoting responsible gaming and where to find assistance, including a toll-free help line number. This information shall be available and visible in sports betting areas and at cash access devices.

9.2 Sports Betting Operations self-exclusion.

Each Sports Betting Operation shall establish and maintain a self-exclusion program for patrons specific to that Sports Betting Operator.

9.3 Direct marketing to prohibited sports betting participants.

- (1) A Sports Betting Operation shall make all reasonable efforts to ensure that prohibited sports betting participants do not receive direct marketing from the Sports Betting Operation or marketing affiliates.
- (2) A Sports Betting Operation will satisfy this requirement if the Sports Betting Operation and/or marketing affiliates remove the prohibited sports betting participant's name and resident address from the list of patrons to whom direct marketing materials are sent.

9.4 Responsible advertising and promotions.

- (1) All offers and bonuses must:
 - (a) Include terms and conditions that are full, accurate, clear, concise, transparent, and do not contain misleading information;
 - (b) Have advertising materials that include any material terms and conditions for that offer or bonus and have those material terms in close proximity to the headline claim of the offer or bonus and in reasonably prominent size;
 - (c) Not be described as free unless they absolutely are free. If the customer has to risk or lose their own money or has conditions attached to their own money, then the offer or bonus must disclose those terms;
 - (d) Not be described as risk free if the customer needs to incur any loss or risk their own money to use or withdraw winnings from the risk free bet; and

- (e) Not restrict the customer from withdrawing their own funds or withdrawing winnings from bets placed using their own funds.

BASIS AND PURPOSE FOR RULE 10

The purpose of Rule 10 is to establish procedures and articulate grounds for disciplinary actions and informal resolution of allegations of violations of the provisions of article 30 of title 44 C.R.S., or any Rules and Regulations promulgated pursuant to such article, to provide procedures to impose sanctions for violations, and to provide for certain conditions to be met for reissuance of licenses to persons who formerly held a license. The statutory basis for Rule 10 is found in sections 44-30-201, C.R.S., 44-30-202, C.R.S., 44-30-203, C.R.S., 44-30-302, C.R.S., 44-30-504, C.R.S., 44-30-523, C.R.S., 44-30-524, C.R.S., 24-4-104, C.R.S. and part 15 of article 30 of title 44, C.R.S.

RULE 10 GROUNDS AND PROCEDURES FOR DISCIPLINARY ACTIONS

10.1 Grounds for disciplinary action.

The Commission may levy a monetary penalty or may suspend or revoke, any license issued by it or the Director for any violations by the person holding the license, or such licensee's employees or agents, of any of the provisions of article 30 of title 44, C.R.S., or any of the Rules and Regulations promulgated thereunder. Acceptance of a state sports betting license or renewal thereof by a licensee constitutes an agreement on the part of the licensee to be bound by all the Regulations of the Commission as the same now are or may hereafter be amended or promulgated. It is the responsibility of the licensee to keep the licensee self-informed of the content of all such Regulations, and ignorance thereof will not excuse violations.

10.2 Initiation of disciplinary proceedings.

- (1) Upon its own motion, upon motion of the Director, or upon written complaint signed and sworn to by the complainant, the Commission may determine to initiate disciplinary proceedings against any person licensed pursuant to article 30 of title 44, C.R.S. Disciplinary proceedings, as used herein, shall mean those procedures undertaken by the Commission to suspend or revoke any license issued by it or the Director, to levy a monetary penalty against any licensee, or to otherwise sanction violations of sports betting laws and Rules.
- (2) The Commission may initiate disciplinary proceedings against a license where it determines that there is probable cause to believe: that the licensee, the licensee's employees, or agents have violated any of the provisions of article 30 of title 44, C.R.S., or the Rules and Regulations thereunder; that the licensee or persons associated with the licensee are of unsatisfactory moral character; or that violations by the licensee, the licensee's employees, or agents, of laws other than the sports betting laws make the licensee no longer suitable for licensing by the Commission or Director.
- (3) Disciplinary proceedings shall be initiated by the Commission, or the Director, sending to the licensee by first class mail at the last known mailing address of the licensee, a list of the grounds for the proposed disciplinary action and a notice containing at least the time and place for any hearing before the Commission concerning the proposed disciplinary action. Said list and notice shall be mailed to the licensee at least 30 days prior to the hearing.

10.3 Citizen complaints authorized — procedure following filing.

Any person claiming that a licensee has engaged or is engaging in conduct constituting grounds for disciplinary action may file with the Director a sworn written complaint stating the name and address of the licensee complained against. The complaint must fully detail the conduct, alleged to violate a specified sports betting statute or regulation or other legal requirement, upon which the complaint is made. If the Director determines the complaint has merit, the Director must immediately serve by first class mail on the licensee complained against and any other affected parties a copy of the complaint. The licensee complained against has 20 days to answer after service of the complaint on the licensee, which answer shall be filed with the Director, on behalf of the Division and the Commission. The Director may reject a complaint if it does not meet the requirements of this section. If the licensee answers the complaint, the licensee must serve an original and one (1) copy.

10.4 Dismissal of citizen complaint.

After receipt of the answer to the complaint, after the time has expired to answer, or after having determined that no answer is necessary, the Director must examine the complaint, any answer, and other supporting documents to determine whether the complaint has merit or is frivolous or whether it charges conduct constituting grounds for disciplinary action. If the Director determines that the complaint is without merit or is frivolous or that it does not charge conduct constituting grounds for disciplinary action, the Director must dismiss the complaint and notify in writing the complainant, the licensee complained against, and other affected parties, stating the reasons for dismissal. The Director may investigate the complaint and use extrinsic evidence to determine if the complaint has merit.

10.5 Informal consultation.

If the Director considers the citizen complaint, or any other allegations, to be grounds for disciplinary action, the Director may consult with the licensee and the parties affected in an effort to resolve the matter satisfactorily without a formal hearing. The Director must notify in writing the complainant, the licensee complained against, and affected parties of the results of the informal consultation. The informal consultation does not prevent the Commission from conducting a formal hearing.

10.6 Assurance of voluntary compliance.

The Director may accept an assurance of voluntary compliance regarding any act or practice alleged to violate article 30 of title 44, C.R.S., or the Rules and Regulations thereunder, from a person who has engaged in, is engaging in, or is about to engage in such acts or practices. The assurance must be in writing and may include a stipulation for the voluntary payment of the costs of the investigation and an amount necessary to restore to a person money or property which may have been acquired by the alleged violator because of the acts or practices. An assurance of voluntary compliance may not be considered an admission of a violation for any purpose; however, proof of failure to comply with the assurance of voluntary compliance is prima facie evidence of a violation of article 30 of title 44, C.R.S., or the Rules and Regulation thereunder. The Commission may approve or review an assurance of voluntary compliance.

10.7 Decision to initiate disciplinary action.

At any time during the review and investigation of a citizen complaint, the Director or the Commission may decide to initiate formal disciplinary proceedings where grounds exist to sustain their initiation.

10.8 Criminal convictions as grounds for revocation or suspension.

The Commission may revoke or suspend the sports betting license of any person who is convicted of a crime, even though the convicted person's post-conviction rights and remedies have not been exhausted, if the crime or conviction involves a felony, gambling, or sports betting or if it discredits or tends to discredit the State of Colorado, sports betting or gaming industry.

10.9 Facts of criminal charge.

The charge in any jurisdiction of a licensee with a felony or with a misdemeanor involving moral turpitude is grounds for disciplinary action. The Commission may find the licensee guilty of a violation of this article based on the facts of the criminal charge even though the licensee has been acquitted on the criminal charge.

10.10 Per diem and mileage.

The Commission may authorize per diem and mileage for complainants, witnesses, and affected parties at informal consultations and for complainants and witnesses at formal hearings. The per diem and the mileage may not exceed the amounts authorized by laws generally applicable to state disciplinary proceedings.

10.11 Final action by Commission.

After hearing the evidence and reaching a decision in connection with any disciplinary proceeding, the Commission may find the licensee not guilty of any of the grounds alleged for disciplinary action; in which event the disciplinary proceedings shall be terminated. The Commission may, however, find the licensee guilty by a preponderance of the evidence of some or all of the grounds alleged for disciplinary action; in which event the Commission may revoke the license, may suspend the license for a particular period of time, may impose a monetary penalty as provided in section 44-30-524 (1), C.R.S., may issue a public or private letter of reprimand to be placed in the file of the licensee, or may take any combination of these actions. This section does not prevent the Commission from compromising or settling at any time a formal hearing, and the Commission may also allow an assurance of voluntary compliance. Written findings of fact, conclusions of law, and an order must be entered before any decision of the Commission to suspend or revoke a license shall be considered final. The Commission may allow or require briefs of law before making any decision.

10.12 Summary Suspension.

- (1) Where the Commission has reasonable grounds to believe and finds that any person licensed under article 30 of title 44, C.R.S., has been guilty of a deliberate or willful violation of any of the provisions of article 30 of title 44, C.R.S., or the Rules and Regulations thereunder, or that the licensee has been charged with a felony in Colorado or in another state, or that due to other violations of law by the licensee or its patrons, the public health, safety, or welfare imperatively requires emergency action, and where the Commission incorporates such findings in its order, the Commission may summarily suspend the licensee's license pending disciplinary proceedings for suspension or revocation. Any such disciplinary proceedings shall be promptly instituted and determined.
- (2) The summary suspension of a license without notice pending a public hearing shall be for a period not to exceed thirty days except that a licensee may waive the thirty day hearing requirement by requesting a continuance in writing no later than five (5) business days prior to the scheduled hearing. In no event, however, shall the requested continuance be granted unless the licensee requesting the continuance has complied with the order of summary suspension by surrendering such licensee's license or license identification badge to a Division office.

10.13 Notice.

The Director or designee must have delivered a notice of summary suspension personally or by mail to the licensee who has been suspended. The notice must state when the suspension will begin and end and must state the reasons for the suspension.

10.14 Disciplinary proceeding notice required.

The Director must have served upon the summarily suspended licensee a formal notice initiating disciplinary proceedings and a notice of hearing within five (5) days after receipt by the licensee of the notice of summary suspension. The notice initiating disciplinary proceedings and the notice of hearing may be issued by the Director without prior Commission approval. The Commission shall hear the matter on an expedited basis, but in no event later than 30 days after the imposition of the summary suspension unless such licensee has requested a later date pursuant to regulation 10.12 (2).

10.15 Conditions imposed by Commission for reissuance of license.

The Commission or Director may require a person who formerly held a license to meet certain conditions before reissuing a license to that person, including but not limited to the following:

- (1) Restitution of money;
- (2) Restitution of property; and
- (3) Making periodic reports to the Commission or Director as required.

10.16 Costs.

- (1) In addition to the sanction, denial, or granting or issuance by the Commission of any license or other affirmative approval, the Commission may direct the payment by the applicant of any reasonable costs incurred by the Commission, by the Division, or by any applicant, party, or witness regarding the application.
 - (a) The Commission may enter any such order of its own initiative, or upon timely application and showing by the Division or any other party or witness in the action prior to the expiration of any time for appealing the underlying order.
 - (b) The filing of such an application does not stay the effectiveness of the underlying order.
- (2) Reimbursable costs shall include, but are not limited to: witness fees and per diem; expert witness fees; duplication costs; court reporter, transcription, and other costs incurred in administering or preserving any record; extraordinary staffing costs of the Division; legal fees; Commissioner per diem pursuant to § 44-30-301(1)(f), C.R.S.; expenses incurred in commencing, accommodating, or conducting the hearing; investigative costs; exhibit costs; and any other judicially or statutorily recognized cost, whether incurred prior or subsequent to the conclusion of the investigation of the matter.
- (3) The Commission reserves the discretion to deny, in whole or in part, any request for reimbursement of costs.
- (4) Unless otherwise ordered, costs must be paid to the ordered recipient on or before the thirtieth day from the date of the order awarding the costs, unless stayed by the Commission or other court of competent jurisdiction. Failure to pay and tender costs as ordered shall constitute grounds for sanction, including fine and revocation of any license or other affirmative approval.

Editor's Notes

History

Temporary Rule 3 emer. rule eff. 11/21/2019.

Rule 3 eff. 03/16/2020.

Rules 1, 2, 4-10 eff. 04/14/2020.