



**MEETING AGENDA
JUNE 10, 2019**

1. CALL TO ORDER AND ESTABLISHMENT OF QUORUM
2. CONSIDERATION OF MINUTES, MEETING OF APRIL 29, 2019
3. RULEMAKING
 - A. FOR ADOPTION: SGC-12-19-00007-P-SPORTS WAGERING AT GAMING FACILITIES
 - B. FOR ADOPTION: SGC-13-19-00023-P-CASH 4 LIFE MULTI-JURISDICTION LOTTERY GAME
4. ADJUDICATIONS
 - A. IN THE MATTER OF FREDYS MENDOZA
 - B. IN THE MATTER OF MATTHEW TOLLIVER
5. OLD BUSINESS/NEW BUSINESS
 - A. OLD BUSINESS
 - B. NEW BUSINESS
6. ADJOURNMENT

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New York State Gaming Commission

Minutes

Meeting of April 29, 2019

A meeting of the Commission was conducted in New York, New York.

1. **Call to Order and Establishment of Quorum**

Acting Executive Director Robert Williams called the meeting to order at 1:12 p.m. Establishment of a quorum was noted by Acting Secretary Kristen Buckley. In attendance were Chairman Barry Sample and Commissioners John Crotty, Peter Moschetti, John Poklemba and Jerry Skurnik.

2. **Consideration of Minutes for Meeting of March 25, 2019**

The Commission considered previously circulated draft minutes of the meeting conducted on March 25, 2019. The minutes were accepted as circulated.

3. **Rulemaking**

a. **ADOPTION: SGC-01-19-00002-P, Treatment of Thoroughbred Horses with Ultrasound or Electro/Medical Equipment Before a Race**

The Commission considered the adoption of a proposed rulemaking to allow the treatment of Thoroughbred racehorses with ultrasonic, diathermy or other electro/medical equipment treatments until 24 hours before the scheduled post time of a horse's race.

ON A MOTION BY: Commissioner Skurnik
APPROVED: 5-0

b. **ADOPTION: SGC-01-19-00017-P, Jockey safety helmets and vests**

The Commission considered the adoption of a proposed rulemaking to update the requirements for helmets and safety vests worn by persons loading horses into the starting gate or while mounted on any horse while on the grounds of a Thoroughbred racetracks.

ON A MOTION BY: Commissioner Poklemba
APPROVED: 5-0

c. ADOPTION: SGC-40-18-00006, Amendment of multiple medication violation penalty enhancement rule

The Commission considered the adoption of proposal that would amend the Commission's rules regarding multiple medication penalties to conform to the national model rule standard.

ON A MOTION BY: Commissioner Crotty

APPROVED: 3-2, Commissioners Sample and Moschetti in the negative

4. Gaming Facility License Amendments

a. LAGO RESORT & CASINO, LLC doing business as del Lago Resort & Casino

The Commission considered a petition by Lago Resort & Casino, LLC doing business as del Lago Resort & Casino to reduce the number of their operational slot and table assets below the minimum detailed within Exhibit 1 of their Gaming Facility License and to conform their Operating Certificate to such amendment.

ON A MOTION BY: Commissioner Skurnik

APPROVED: 5-0

5. Adjudications

a. In the Matter of Corey Eulin

The Commission, having considered this matter at a meeting conducted pursuant to the judicial or quasi-judicial proceedings exemption of N.Y. Public Officers Law § 108.1, announced that it had agreed on a 5-0 vote to modify the Hearing Officer's Report and Recommendation, agreeing with the recommendation that the applicant's license denial be upheld, and sustaining the dismissed ground regarding non-disclosure.

b. In the Matter of Ben R. Mondello

The Commission, having considered this matter at a meeting conducted pursuant to the judicial or quasi-judicial proceedings exemption of N.Y. Public Officers Law § 108.1, announced that it had agreed on a 5-0 vote to sustain the Hearing Officer's Report and Recommendation that the applicant's registration denial be upheld.

c. In the Matter of Zaara Convenience Deli & Grocery, Inc.

The Commission, having considered this matter at a meeting conducted pursuant to the judicial or quasi-judicial proceedings exemption of N.Y. Public Officers Law § 108.1, announced that it had agreed on a 5-0 vote to sustain the Hearing Officer's Report and Recommendation that the applicant's registration denial be upheld.

6. Old Business/New Business

a. Old Business

1. Purse-to-Price Rule Implementation.

The Commission heard from staff regarding the results of the Thoroughbred claiming-price rule through the close of the Aqueduct Winter Meet. Commission Equine Medical Director Scott Palmer will be making a more refined, analytical presentation at the next meeting.

2. Santa Anita Park Developments.

The Commissioner heard from staff regarding the proposals advanced by The Stronach Group for Santa Anita Park and Golden Gate Park and about the recent initiative a coalition of Thoroughbred racing associations and organizations to phasing out the use of Lasix on two-year olds beginning in 2020 and eliminating the use of Lasix in stakes races at their tracks beginning in 2021.

Commissioners requested staff conduct a survey of relevant industry participants such as breeders' organizations, horsemen organizations, owners' groups, racetrack management and practicing veterinarians representing both breeds to gauge support for a rule change that would be consistent with the coalition's initiative.

b. New Business

No new business was presented

7. Adjournment

Prior to adjournment, Chairman Sample recognized the recent passing of George Karam, the Commission's Presiding Judge at Yonkers Raceway, noting that Karam was a longtime standardbred horseman who had a passion for

harness racing. The Chairman advised that Karam had served with great dedication and distinction and extended the Commission's most sincere condolences to his wife Joy and his son Brandon.

No next meeting was set before adjourning at 1:43 p.m.

#



Gaming Commission

One Broadway Center, P.O. Box 7500, Schenectady, NY 12301-7500
www.gaming.ny.gov

To: Commissioners

From: Edmund C. Burns

Date: June 5, 2019

Re: Adoption of Proposed Rulemaking for Sports Wagering (9 NYCRR Part 5329)

For Commission consideration is the adoption of regulations to govern sports wagering in sports lounges at the four licensed commercial casinos. New York Racing, Pari-Mutuel Wagering and Breeding Law ("Racing Law") section 1367 sets forth the statutory framework for sports gambling in New York and section 1367(3)(b) provides that sports wagering "shall be operated in a sports wagering lounge located at a casino." The statute directs the Commission to:

promulgate regulations necessary to carry out the provisions of this section, including, but not limited to, regulations governing the:

- (a) amount of cash reserves to be maintained by operators to cover winning wagers;
- (b) acceptance of wagers on a series of sports events;
- (c) maximum wagers which may be accepted by an operator from any one patron on any one sports event;
- (d) type of wagering tickets which may be used;
- (e) method of issuing tickets;
- (f) method of accounting to be used by operators;
- (g) types of records which shall be kept;
- (h) use of credit and checks by patrons;
- (i) type of system for wagering; and
- (j) protections for a person placing a wager. [Racing Law § 1367(5)]

The notice of proposed rulemaking was published in the March 20, 2019 State Register, a copy of which is attached. The full text of the proposed rule, as posted on the Commission's website, is attached. The public comment period expired on May 20, 2019. Nineteen comments were received. These comments are presented alphabetically.

Allen & Desnoyers LLP

The law firm Allen & Desnoyers LLP, by Patrick Kehoe, made several detailed comments on the proposed regulation text, summarized as follows:

Section 5329.1(a). The commentator suggests the definition of “automated ticket machines” should not allow for “other locations within the gaming facility as approved by the commission.”

Staff response

[REDACTED]

Section 5329.1(c): The commentator questions what type of entity might qualify as an integrity monitoring provider and suggests that reports of unusual betting activity be reported to the Gaming Inspector General.

Staff response

[REDACTED]

Section 5329.1(f). The commentator questions whether the definition of a “parlay card” would preclude automated ticket machine processing of a parlay card wager.

Staff response

[REDACTED]

Section 5329.1(h)(1). The commentator notes that the definition would prohibit an individual from placing a wager as an agent or proxy and questions whether the definition would prohibit partnerships, corporations or a “syndicate of players from designating a member or officer to physically on-site place wagers on behalf of the corporation or syndicate.”

Staff response

[REDACTED]

Section 5329.1(l)(3). The commentator states that the definition of “suspicious wager” should be “expanded to explain how an operator would reach” a conclusion that a wager “is not the sort of wager that a particular patron would normally be expected to place.”

Staff response

[REDACTED]

Section 5329.2(a)(2). This section provides that a person who is prohibited from wagering on sports is not permitted to own a 10 percent or more interest in a sports pool operator or vendor. The commentator states that any owner of a sports pool operator or vendor “must be deemed a ‘prohibited sports pool participant’ regardless of such person’s percent ownership.”

Staff response

[REDACTED]

Section 5329.2(f). The commentator states that the license application denial language in this subdivision should be mandatory, to read “shall deny” instead of “may deny.”

Staff response

[REDACTED]

Section 5329.3(b)(5). The commentator suggests that GAAP audited accounting statements should be required.

Staff response

[REDACTED]

Section 5329.4(a). The commentator suggests adding language to the effect that any sports pool vendor contract shall have no legal effect unless and until such vendor obtains a casino vendor enterprise license.

Staff response

[REDACTED]

Section 5329.9(a). The commentator points out a typographical error.

Staff response

[REDACTED]

Section 5329.9(b)(2)(iv) and (3). The commentator points out that these provisions appear to be redundant.

Staff response

[REDACTED]

Section 5329.10(b). The commentator suggests that the regulation should allow or require a redundant server to be located outside the casino, but within New York.

Staff response

[REDACTED]

Section 5329.10(g)(4). The commentator suggests that a voucher should not expire and, instead, should be redeemable for up to three years, at which time it should be treated as abandoned property pursuant to New York law.

Staff response

[REDACTED]

Section 5329.10(g)(5). The commentator states that the reference to “permit holder” is not clear and should be changed to “voucher holder,” if that is what is intended.

Staff response

[REDACTED]

Section 5329.10(i)(5). The commentator questions whether the State intends to allow a ticket that is lost, destroyed or expired to be redeemed.

Staff response

[REDACTED]

Section 5329.10(i)(6). The commentator questions whether payment of winning tickets in excess of \$10,000 would require filing of currency transaction reports or suspicious activity reports pursuant to the federal Bank Secrecy Act that governs anti-money-laundering practices.

Staff response

[REDACTED]

Section 5329.10(k). The commentator suggests adding the word “placed” after the phrase “voiding or cancellation of wagers.”

Staff response

[REDACTED]

Section 5329.11. The commentator suggests that the term “no incompatible function(s)” be defined.

Staff response

[REDACTED]

Section 5329.11(e)(1). The commentator questions whether “gaming date” means “calendar date.”

Staff response

[REDACTED]

Section 5329.11(j)(4). The commentator suggests eliminating a reference to racetracks.

Staff response

[REDACTED]

Section 5329.12(a)(4). The commentator suggests that house rules should not be permitted to allow for acceptance of wagers at other than posted terms.

Staff response

[REDACTED]

Section 5329.12(a)(8). The commentator suggests that this paragraph conflicts with the definition of prohibited sports pool participant set forth in section 5329(1)(h)(3).

Staff response

[REDACTED]

Section 5329.15. The commentator questions whether layoff wagers are permissible absent a statutory change.

Staff response

[REDACTED]

Section 5329.18(a)(13). The commentator questions whether pari-mutuel wagering is authorized.

Staff response

[REDACTED]

Section 5329.21(b) and (c)(2). The commentator questions whether allowing cancellation of a wager at a patron's request contradicts the requirement that house rules state clearly "when and for what reason or reasons wagers will be cancelled."

Staff response

[REDACTED]

Section 5329.33. The commentator suggests that this section provide that the cost of an examination, review or audit shall be at the sole expense of the operator.

Staff response

[REDACTED]

American Wagering, Inc.

American Wagering, Inc. (doing business as William Hill US), a sports betting operator, made several detailed comments on the proposed regulations, summarized as follows:

Section 5329.9(b)(2)(iii). This section requires a segregated booth for a cashier cashing a ticket of more than \$20,000. The commentator suggests that this threshold be lowered to \$10,000, to better protect patron privacy and increase security.

Staff response

[REDACTED]

Section 5329.10(k). This section prohibits past-posting and wagering on known event outcomes. The commentator suggests adding language to allow the Commission to rescind wagers in the case of "obvious error."

Staff response

[REDACTED]

Section 5329.10(k). The commentator suggests requiring the Commission to rescind any wagers made more than five minutes after the event has started, other than wagers specifically designated as in-play wagers.

Staff response

[REDACTED]

Section 5329.10(p). This subdivision sets forth requirements for recording and maintaining information in regard to lost tickets that are redeemed. The commentator suggests modifying "sports pool system" with the following: " , which may consist of the entirety of a sports pool operator's operation,".

Staff response

[REDACTED]

Section 5329.11(e), (f) and (k). The commentator notes that in other jurisdictions in which it is a sports wagering vendor, casino employees are not involved in the vendor sports wagering operations. The commentator suggests adding “or sports pool employee” to subdivisions after referenced casino employees.

Staff response

[REDACTED]

Section 5329.11(k). The commentator suggests setting a minimum variance of \$500 in order to trigger a reporting obligation to the Commission.

Staff response

[REDACTED]

Section 5329.11(h). The commentator states that not all automated ticket machines dispense cash and, therefore, not all would have a currency cassette. The commentator suggests adding the following introductory clause to the subdivision: “If an operator utilizes an automated ticket machine with currency cassettes,”.

Staff response

[REDACTED]

Section 5329.16(b). This section requires the display of available wagering information to the operator’s surveillance system as well as to the public. The commentator suggests that the surveillance visibility is unnecessary and should be eliminated.

Staff response

[REDACTED]

Section 5329.16(c). This subdivision addresses lock-time requirements for wagers to be placed. The commentator suggests that in-play wagering be noted explicitly as an exception and that a sentence be added that a lock time could be a certain number of minutes before the official start of the game.

Staff response

[REDACTED]

Section 5329.16(c). The commentator suggested a sentence be added that a lock time could be a certain number of minutes before the official start of the game.

Staff response

[REDACTED]

Section 5329.18(a)(13). The commentator suggests that a “round-robin” wager payout should not be required to be stated on a wagering ticket, because there may be too numerous potential outcomes.

Staff response

[REDACTED]

Section 5329.20(f). The commentator suggests that a retention period for betting data be seven years instead of 10 years.

Staff response

[REDACTED]

Section 5329.26(e). The commentator suggests that the duty to report promptly any transaction that may involve money laundering be changed to a duty to report such transactions “in a timeframe consistent with federal law.”

Staff response

[REDACTED]

Section 5329.26(f)(3). The commentator suggests that the duty to report promptly any suspicious wager or wagering activity be changed to a duty to report such wager or activity “in a timeframe consistent with federal law.”

Staff response

[REDACTED]

Section 5329.27(h)(2). The commentator suggests deleting the language “that the commission deems appropriate,” believing that this language restricts the ability of an operator or vendor to share wagering information.

Staff response

[REDACTED]

New Yorkers for Constitutional Freedoms

New Yorkers for Constitutional Freedoms urges the Commission to reject the proposed regulations. It states that gambling damages the integrity of sports and that the gambling industry “prey[s] upon everyday New Yorkers—including New Yorkers suffering from gambling addictions.”

Staff response

[REDACTED]

Orrick, Herrington & Sutcliffe LLP

Jeremy Kudon of the law firm Orrick, Herrington & Sutcliffe LLP, on behalf of Major League Baseball, the National Basketball Association and the PGA Tour, urged the Commission to adopt the proposed regulations. He did, however, make several suggestions, summarized as follows:

Sections 5329.1, 5329.10, 5329.26, 5329.27 and 5329.31. The commentator suggested several amendments to protect the integrity of sports and maintain public confidence in athletic contests, including requiring greater cooperation between casinos and sports leagues by mandating casinos and their integrity monitoring providers be required to report integrity-related abnormalities to the affected sports league; that casinos be required to share real-time pseudonymized bet-level data with the affected sports governing body; and that casinos be required to cooperate with a sports league’s corruption investigations. The commentator states that the leagues and governing bodies are best positioned to detect corruption across casinos and jurisdictions and have access that others may lack to teams, referees, players and other insiders for investigation of irregularities.

Staff response

[REDACTED]

Section 5329.13(b)(2)(v). The commentator suggests that the proposed rule does not afford leagues an adequate opportunity to participate in the wager approval process and suggests that the proposed rules require notice to leagues of any proposed new bets to better afford them the opportunity to make and explain an objection. The commentator also suggests that each league should have the ability seek restrictions on certain high-risk bets and to opt out of wagers that it deems to pose unusual integrity risks.

Staff response

[REDACTED]

Sections 5329.1 and 5329.13. The commentator suggests that the proposed rules should require casinos to use official league data to settle in-game wagers to avoid manipulation and ensure consumer confidence, suggesting that unofficial data sources are susceptible to manipulation or falsification.

Staff response

[REDACTED]

Pegula Sports + Entertainment

Pegula Sports + Entertainment requests that the regulations be expanded to allow for in-game, in-venue sports wagering “at major professional sports venues in accordance with all applicable rules and laws.” The commentator recognizes that its request may require amendment of the Racing Law.

Staff response

[REDACTED]

Rivers Casino & Resort Schenectady

Rivers Casino submitted comments on proposed rules, summarized as follows:

Section 5329.1(c) and 5329.27(a) and (e)(1) and (2). The commentator recommends changing “unusual betting activity” to “suspicious betting activity” in the definition of “integrity monitoring provider” and in the section on identifying and reporting certain betting activity.

Staff response

[REDACTED]

Sections 5329.1(h)(3) and (5), 5329.12(8), 5329.16(a), 5329.19 and 5329.27(e)(1) and (2). The commentator suggests a grammatical change to each paragraph.

Staff response

[REDACTED]

Sections 5329.9(a), 5329.17(a) and 5329.36(a). The commentator points out typographical errors.

Staff response

[REDACTED]

Section 5329.11. The commentator suggests changing “cage department” and “accounting department” to “finance department” in several places in subdivisions (d), (e), (f), (g), (h), (i) (j) and (k).

Staff response

[REDACTED]

[REDACTED]

Section 5329.11(i)(5). The commentator suggests eliminating a requirement for a duplicate copy of automated ticket machine fill attestations and for the fill receipt and credit receipt to be deposited in a locked accounting box.

Staff response

[REDACTED]

Section 5329.11(j)(4). The commentator suggests eliminating a reference to racetracks.

Staff response

[REDACTED]

Section 5329.11(k). The commentator suggests setting a minimum variance of \$250 in order to trigger a reporting obligation to the Commission.

Staff response

[REDACTED]

Section 5329.13(b)(2)(v) and (e). The commentator suggests that the term “public policy” be defined.

Staff response

[REDACTED]

Section 5329.20(a)(1). The commentator suggests applying the requirements for wagers and payouts greater than \$10,000 to cash wagers only.

Staff response

[REDACTED]

Section 5329.20(c) and (d). The commentator suggests that the regulations should allow for multiple wagers on a single ticket, with a code capable of distinguishing which of the multiple wagers is being redeemed. The commentator also suggests that tickets should be permitted to be “branded” as redeemed in an electronic manner.

Staff response

[REDACTED]

[REDACTED]

Section 5329.22(b), (c) and (d). The commentator suggests that recording and aggregating requirements for wagers greater than \$10,000 be limited to cash wagers. The commentator also suggests that these requirements be measured by a “gaming day” instead of a “24-hour period.”

Staff response

[REDACTED]

Section 5329.24. The commentator suggests that the cash reserve amount be set by the sports pool operator and approved by the Commission, instead of such amount being determined by the Commission.

Staff response

[REDACTED]

Section 5329.31. The commentator suggests a stylistic change to the section title.

Staff response

[REDACTED]

Seneca Gaming Corporation

Seneca Gaming Corporation submitted comments on proposed rules, summarized as follows:

Section 5329.1(a). The commentator expresses the opinion that the definition of “automated ticket machine” is broad enough to encompass mobile devices and suggests that the definition state so explicitly.

Staff response

[REDACTED]

Section 5329.9(b)(2)(iii). The commentator suggests eliminating the requirement for a separate cashier window for cashing winning tickets greater than \$20,000, asserting that the separate window is unnecessary, costly and inefficient.

Staff response

[REDACTED]

Section 5329.11(e)(2). The commentator suggests that requiring an identification number of a secured cart is unnecessary and does not add control to the process.

Staff response

[REDACTED]

Section 5329.11(f)(4). The commentator suggests that the cage, and not the count room, is the proper venue for counting bill validator boxes.

Staff response

[REDACTED]

Section 5329.11(g). The commentator suggests that requiring accounting employees to count bill validator boxes is unnecessary and inappropriate because accounting employees audit the activity.

Staff response

[REDACTED]

Section 5329.11(g)(4). The commentator suggests that bill validator paperwork should not be transferred from the cage to the count room, consistent with the position that counting should occur in the cage.

Staff response

[REDACTED]

Section 5329.11(h)(2). The commentator suggests that requiring the number of each bill denomination is unnecessary.

Staff response

[REDACTED]

Section 5329.11(i). The commentator suggests that employee references in this subdivision should be to “cage employee” and not “finance employee” or “accounting department employee.”

Staff response

[REDACTED]

Section 5329.11(i)(5). The commentator suggests that fill paperwork should not be dropped in an accounting box and should instead be maintained in the cage and picked up daily by the accounting department.

Staff response

[REDACTED]

Section 5329.11(i)(6). The commentator suggests that fill cassettes should be counted in the cage and not the count room.

Staff response

[REDACTED]

Section 5329.11(j). The commentator suggests that requiring accounting employees to count pulled cassettes is unnecessary and inappropriate because accounting employees audit the activity.

Staff response

[REDACTED]

Section 5329.11(k). The commentator states that the requirement of the account department to reconcile the unit's daily conflicts with the same department's duties to perform the count of the cassettes.

Staff response

[REDACTED]

Section 5329.17(b). The commentator suggests that allowing sports wagers to be made with gaming chips should be only at the option of the operator, instead of generally permissible.

Staff response

[REDACTED]

Section 5329.18(a)(14). The commentator suggests that requiring the placement of a patron account number of a wagering ticket is unnecessary because not all patrons will have accounts.

Staff response

[REDACTED]

Section 5329.20(c). The commentator suggests that the requirement to mark every cashed wagering ticket is unnecessary.

Staff response

[REDACTED]

Section 5329.20(e). The commentator suggests that restricting access to cashed tickets and related storage areas is unnecessary.

Staff response

[REDACTED]

Section 5329.22(b)(1). The commentator suggests that a multiple transaction log should allow for a patron's account number to be entered in lieu of a name and address.

Staff response

[REDACTED]

Section 5329.27(b). The commentator states that the sharing of unusual betting activity among operators would not encompass Native American casinos and suggests that the regulation state that this requirement applies to integrity monitoring providers.

Staff response

[REDACTED]

Additional discrete comments

The Commission received a variety of comments that were discrete or may be characterized as supporting one issue. These comments are summarized as follows:

Ten comments urged the Commission to provide for mobile sports wagering.

Staff response

[REDACTED]

One commentator expressed a desire to place sports wagers at casinos.

Staff response

[REDACTED]

One commentator suggested the regulations should address protections for bettors "who consistently win[]," whom casinos might limit or ban.

Staff response

[REDACTED]

One commentator encouraged removal of restrictions on college contests in New York or involving New York colleges.

Staff response

[REDACTED]

[REDACTED]
[REDACTED] The text to be amended in a Notice of Adoption, should the Commission decide to adopt, is attached, with potential changes highlighted.

[REDACTED]

attachments

cc: Robert Williams, Executive Director
Thomas Anapolis, Director, Division of Gaming

§ 5329.9. Sports wagering lounge.

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

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

* * *

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

* * *

(iii) a physical barrier designed to prevent direct access to the materials stored and activities performed in such booth if a cashier is cashing a winning **wagering ticket or voucher** of more than ~~\$20,000~~ **\$10,000**. Such windows shall be secured physically from any other cashier locations within the booth; and

* * *

§ 5329.10. Sports pool system requirements.

* * *

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

* * *

(8) an indication of when the **wagering** ticket expires.

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

* * *

(2) name and address of the party issuing the **wagering** ticket;

* * *

(4) method of redeeming winning **wagering** ticket via mail; and

(5) identification of the cashier or automated ticket machine generating the **wagering** ticket.

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

(1) date, time, and location of issuance;

(2) amount of the voucher;

(3) unique voucher identifier;

(4) expiration date of the voucher;

(5) name of **permit holder gaming facility**; and

* * *

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

* * *

(7) maintaining the following:

* * *

(ix) unique **wagering** ticket **or voucher** identifier;

(x) expiration date of **wagering** ticket;

* * *

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

* * *

(o) *Sports pool system*. A sports pool system shall be capable of preventing any sports pool wager in excess of \$10,000 or making a payout in excess of \$10,000 until authorized by a supervisor. A sports pool system shall be capable of maintaining the following:

* * *

- (9) unique **wagering** ticket **or voucher** identifier;
- (10) expiration date of **wagering** ticket;

* * *

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

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

§ 5329.11 Automated ticket machines

* * *

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

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

* * *

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

* * *

- (2) prepare or generate an automated ticket machine drop totals report that summarizes the total currency, **sports pool** **wagering** tickets, and sports pool vouchers counted;

* * *

(5) transport the ~~sports pool~~ **wagering** tickets and vouchers to a secured location approved by the commission for storage until permitted to destroy; and

* * *

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

* * *

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

* * *

§ 5329.12. House rules.

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

* * *

(5) expiration of any winning **wagering** ticket one year after the date of the event;

* * *

§ 5329.13. Wager types.

* * *

(b) *Limitations on wager type.*

(1) No wager type shall be approved unless:

* * *

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

(iv) the event is conducted in conformity with all applicable laws, rules and regulations. **;** **and**

* * *

§ 5329.16. Information posting.

* * *

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

(c) *Lock times.* An operator shall establish a lock time for a wager after which no further wagering shall be accepted, which may correspond to the happening of an event. Such lock time shall be disclosed conspicuously and shall not be changed once established ~~unless the official start time of an event has changed~~. No wager shall be accepted after such disclosed lock time.

* * *

§ 5329.17. Manner of placing wager.

(a) *Placement of wagers.* All wagers pursuant to this Part shall be placed within a sports wagering lounge with a wagering cashier at a wagering counter or at an automated ticket machine located within a sports wagering lounge or other location ~~or other location~~ within the gaming facility as approved by the commission.

* * *

§ 5329.18. Wagering tickets.

* * *

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

* * *

§ 5329.20. Certain payouts; ~~wagering~~ ticket control.

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

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

* * *

(iii) record, on a log, the following information, at a minimum:

* * *

(d) name and signature of the cashier identifying the patron and generating the **wagering** ticket or making the payout.

* * *

(c) *Marking cashed **wagering** tickets.* An operator shall **establish procedures, approved by the commission, ensuring ensure** that each cashed or refunded sports wagering ticket ~~is branded or marked in a manner that indicates that such ticket has been cashed or refunded but does not destroy the identity of such ticket~~ shall not have the ability to be **cashed or refunded again.**

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

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

* * *

§ 5329.21. Cancellation of wagers.

* * *

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

- (1) when wagers are affected by cancelled events; **and**
- (2) when and for what reason or reasons wagers will be cancelled.; **and**
- (3) application of aggregate limits as outlined in subdivision (b) of section 5329.14 of this Part.

* * *

§ 5329.24. Operator reserve requirement.

Each operator must establish a cash reserve in an amount necessary to ensure the ability to cover outstanding sports pool liability, as **determined approved** by the commission.

* * *

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

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

* * *

- consisting of the same basic controls currently utilized, i.e., a well-designed and operated landfill gas collection and control system (GCCS) - but on an accelerated basis.

NATURE OF IMPACT

New Part 208 will not have an adverse impact on job and employment opportunities. An analysis revealed that every affected "existing" MSW landfill from across the state has already installed a GCCS. Since every affected MSW landfill has already incurred the resources (i.e., manpower, costs) for installing their GCCS, and for obtaining the required Title V permits, the impact is negligible. In addition, existing MSW landfills already employ the necessary staff to sustain the operating and maintenance of the GCCS equipment along with the regulatory monitoring and reporting requirements.

The impact on the Department consists of time for rulemaking development and outreach. Department enforcement staff will continue to conduct enforcement activities to ensure compliance with the current Part 208, and the revised rule is not expected to require additional staff time to implement the rule.

CATEGORIES AND NUMBERS OF JOBS OR EMPLOYMENT OPPORTUNITIES AFFECTED

Because every affected existing MSW landfill has already installed a GCCS and is meeting the current regulatory requirements, which are very similar to the new ones, the Department expects no adverse employment opportunity impact attributed to this rulemaking.

REGIONS OF ADVERSE IMPACT

The MSW landfills affected by this proposal are distributed throughout the state. Because every affected existing MSW landfill has already installed a GCCS and is meeting the current regulatory requirements, which are very similar to the new ones, the Department expects no adverse employment opportunity impact attributed to this rulemaking.

MINIMIZING ADVERSE IMPACT

To minimize any adverse impacts, Department staff in April 2017 met with stakeholders (i.e., Waste Management and GHD) at High Acres Landfill in Fairport, NY at the NYSDEC's Region 8 Avon sub office, and again in May and June 2017 at the Albany and Colonie landfills, respectively, to discuss the proposed rule. In addition, in May, 2018 Department staff conducted a comprehensive stakeholder conference call that included MSW landfills, environmental justice groups, environmental advocacy groups and environmental consultants working on landfill related issues.

Additionally, this regulation contains flexibility that will facilitate compliance, including an optional Tier 4 methodology by which MSW landfills currently operating a GCCS can remain exempt for the GCCS monitoring and reporting requirements; the removal of the nitrogen/oxygen operational standards at the wellheads which will eliminate any corrective action due to exceedances and the associated cost for reporting; and new federal electronic reporting requirements which allows landfills to maintain electronic copies of certain records instead of hard copies.

SELF-EMPLOYMENT OPPORTUNITIES

The adoption of revised Part 208 is not expected to result in negative impacts to self-employment opportunities.

Section 5329.1 sets forth definitions applicable to sports wagering.

Section 5329.2 sets forth the process by which a gaming facility may petition for a sports pool license.

Section 5329.3 sets forth the term of a sports pool license and describes the review process for continuing licensure.

Section 5329.4 allows for contracting with a sports pool vendor to operate or assist in the operation of sports pools on behalf of a gaming facility and sets forth licensing requirements.

Section 5329.5 establishes a continuing duty to report operator and sports pool vendor changes.

Section 5329.6 describes occupational licensing requirements of individuals.

Section 5329.7 authorizes action in the event of misconduct or improper associations.

Section 5329.8 requires internal controls and sets forth minimum requirements for internal controls.

Section 5329.9 sets forth requirements for the sports wagering lounge physical space.

Section 5329.10 sets forth sports pool system requirements.

Section 5329.11 sets forth regulations for automated ticket machines.

Section 5329.12 requires each operator to establish house rules for sports wagering and sets forth minimum requirements for house rules.

Section 5329.13 regulates wager types and sets forth that prior Commission approval of a wager type is required.

Section 5329.14 sets forth requirements for parlay card wagers.

Section 5329.15 allows layoff wagers as a risk management tool.

Section 5329.16 requires certain information to be available to patrons.

Section 5329.17 sets forth requirements for the manner in which wagers may be placed.

Section 5329.18 sets forth requirements for wagering tickets.

Section 5329.19 sets forth certain restrictions on wagering, including by minors, prohibited persons and proxies.

Section 5329.20 regulates ticket payout procedures and establishes certain reporting requirements.

Section 5329.21 regulates the circumstances under which wagers may be cancelled.

Section 5329.22 prohibits the structuring of wagers to avoid compliance with law or regulation.

Section 5329.23 requires diligent investigation of patron complaints.

Section 5329.24 sets forth operator reserve requirements.

Section 5329.25 prohibits dishonest actions in connection with sports wagering.

Section 5329.26 establishes duties to report dishonest or unlawful acts, bribes, suspicious activity and suspected money laundering.

Section 5329.27 requires the establishment of controls to identify unusual betting activity and requires the retention of an integrity monitoring provider to assist in the identification of suspicious betting activity and cooperation with others in protecting the integrity of underlying sports events.

Section 5329.28 sets forth regulations in regard to the payment and reporting of tax.

Section 5329.29 sets forth procedures to report and reconcile gross gaming revenue.

Section 5329.30 sets forth requirements for accounting and financial records.

Section 5329.31 establishes a duty to give evidence to the Commission when requested or ordered to do so.

Section 5329.32 requires compliance assessments.

Section 5329.33 empowers the Commission to review and examine records.

Section 5329.34 requires compliance with responsible gaming obligations.

Section 5329.35 sets forth that other casino regulations apply.

Section 5329.36 sets forth Commission power to suspend or revoke licenses or impose fines, when appropriate.

Text of proposed rule and any required statements and analyses may be obtained from: Kristen M. Buckley, New York State Gaming Commission, One Broadway Center, P.O. Box 7500, Schenectady, New York 12301-7500, (518) 388-3332, email: gamingrules@gaming.ny.gov

Data, views or arguments may be submitted to: Same as above.

Public comment will be received until: 60 days after publication of this notice.

Regulatory Impact Statement

1. STATUTORY AUTHORITY: Racing, Pari-Mutuel Wagering and Breeding Law ("Racing Law") section 104(19) grants authority to the Gaming Commission ("Commission") to promulgate rules and regulations that it deems necessary to carry out its responsibilities.

Racing Law section 1307(1) authorizes the Commission to adopt regulations that it deems necessary to protect the public interest in carry-

New York State Gaming Commission

PROPOSED RULE MAKING NO HEARING(S) SCHEDULED

Sports Wagering at Gaming Facilities

I.D. No. SGC-12-19-00007-P

PURSUANT TO THE PROVISIONS OF THE State Administrative Procedure Act, NOTICE is hereby given of the following proposed rule:

Proposed Action: Addition of Part 5329 to Title 9 NYCRR.

Statutory authority: Racing, Pari-Mutuel Wagering and Breeding Law, sections 104(19), 1307(1), (2)(g), 1367(3)(a), (b) and (5)

Subject: Sports wagering at gaming facilities.

Purpose: To regulate and control sports wagering as directed by statute.

Substance of proposed rule (Full text is posted at the following State website: www.gaming.ny.gov/proposedrules): The addition of Part 5329 of Subtitle T of Title 9 NYCRR will allow the New York State Gaming Commission ("Commission") to prescribe the rules for sports wagering at gaming facilities.

ing out the provisions of Racing Law, Article 13, section 1367(3)(a), (b) and (5).

Racing Law section 1307(2)(g) authorizes the Commission to define and limit areas of operation, the rules of authorized games, the devices permitted and the method of operation if such games and devices.

Racing Law section 1367(3)(a) authorizes the Commission to promulgate regulations in regard to the operation of sports pools.

Racing Law section 1367(3)(b) authorizes the Commission to regulate the requirements of sports lounges.

Racing Law section 1367(5) authorizes the Commission to regulate the conduct of sports wagering.

2. LEGISLATIVE OBJECTIVES: The above referenced statutory provisions carry out the legislature’s stated goal “to tightly and strictly” regulate casinos “to guarantee public confidence and trust in the credibility and integrity of all casino gambling in the state,” as set forth in Racing Law section 1300(10).

3. NEEDS AND BENEFITS: The proposed rule is necessary because statutes direct the Gaming Commission to implement statutory requirements through rulemaking and develop regulations in regard to aspects of sports wagering at casinos. In particular, Racing Law section 1367(5) directs the Commission to promulgate regulations necessary to carry out the provisions of this section, including, but not limited to, regulations governing the:

- (a) amount of cash reserves to be maintained by operators to cover winning wagers;
- (b) acceptance of wagers on a series of sports events;
- (c) maximum wagers which may be accepted by an operator from any one patron on any one sports event;
- (d) type of wagering tickets which may be used;
- (e) method of issuing tickets;
- (f) method of accounting to be used by operators;
- (g) types of records which shall be kept;
- (h) use of credit and checks by patrons;
- (i) type of system for wagering; and
- (j) protections for a person placing a wager.

Adoption of the regulations would allow licensed gaming facilities to conduct sports wagering, thereby increasing appeal to patrons, gaming facility revenue and tax revenue to the State, within a regulatory environment designing to protect patrons, promote the integrity of wagering, enhance monitoring of the integrity of underlying sports events that are the subject of wagering and promote responsible gaming.

4. COSTS:

(a) Costs to the regulated parties for the implementation of and/or continuing compliance with this rule: The anticipated cost of implementing and complying with the proposed regulations is not yet determined, but would entail an investment in systems, vendors and integrity monitoring providers, among other things.

(b) Costs to the regulating agency, the State, and local governments for the implementation of and continued administration of the rule: The costs to the Commission for the implementation of and continued administration of the rule will be negligible given that all such costs are the responsibility of the gaming facility. These rules will not impose any additional costs on local governments.

(c) The information, including the source or sources of such information, and methodology upon which the cost analysis is based: The cost estimates are based on the Commission’s experience regulating racing and gaming activities within the State.

5. LOCAL GOVERNMENT MANDATES: There are no local government mandates associated with these rules.

6. PAPERWORK: The rule is not expected to impose any significant paperwork or reporting requirements on the regulated entities.

7. DUPLICATION: The rule does not duplicate, overlap or conflict with any existing State or federal requirements.

8. ALTERNATIVES: The Commission consulted stakeholders and reviewed other gambling jurisdiction best practices and regulations. Alternatives were discussed and considered with stakeholders and compared to other jurisdiction regulations, such as whether wager types should require Commission approval, whether automated ticket machines would be permitted outside a sports wagering lounge, whether to reduce the require records retention period, whether to reduce the automated ticket machine replenishment requirements, what type of suspicious activity should be reported to the Commission and parlay card regulations. Racing Law section 1367(5) directs the Commission “to regulate sports pools and the conduct of sports wagering...to the same extent that the commission regulates other gaming.” That Racing Law section also provides, “In developing rules and regulations applicable to sports wagering, the commission shall examine the regulations implemented in other states where sports wagering is conducted and shall, as far as practicable, adopt a similar regulatory framework.”

9. FEDERAL STANDARDS: There are no federal standards applicable

to the licensing of gaming facilities in New York; it is purely a matter of New York State law.

10. COMPLIANCE SCHEDULE: The Commission anticipates that the affected parties will be able to achieve compliance with these rules upon adoption.

Regulatory Flexibility Analysis, Rural Area Flexibility Analysis and Job Impact Statement

The proposed rule will not have any adverse impact on small businesses, local governments, jobs or rural areas. This rule is intended to promote public confidence and trust in the credibility and integrity of sports wagering at casinos in New York State.

The proposed rule does not impact local governments or small businesses as no local government or small business is eligible to hold a sports pool license and no local government or small business is anticipated to be a sports pool vendor.

The proposed rule imposes no adverse impact on rural areas. The rule applies uniformly throughout the state.

The proposed rule will have no adverse impact on job opportunities.

This rule will not adversely impact small businesses, local governments, jobs, or rural areas. Accordingly, a full Regulatory Flexibility Analysis, Rural Area Flexibility Analysis, and Job Impact Statement are not required and have not been prepared.

Department of Health

NOTICE OF ADOPTION

Stroke Services

I.D. No. HLT-42-18-00007-A

Filing No. 153

Filing Date: 2019-03-04

Effective Date: 2019-03-20

PURSUANT TO THE PROVISIONS OF THE State Administrative Procedure Act, NOTICE is hereby given of the following action:

Action taken: Addition of section 405.34 to Title 10 NYCRR.

Statutory authority: Public Health Law, section 2803

Subject: Stroke Services.

Purpose: NYS criteria for stroke center designation as part of an accrediting process for certification by nationally recognized accrediting agencies.

Text or summary was published in the October 17, 2018 issue of the Register, I.D. No. HLT-42-18-00007-P.

Final rule as compared with last published rule: No changes.

Text of rule and any required statements and analyses may be obtained from: Katherine Ceroalo, DOH, Bureau of Program Counsel, Reg. Affairs Unit, Room 2438, ESP Tower Building, Albany, NY 12237, (518) 473-7488, email: regsqna@health.ny.gov

Initial Review of Rule

As a rule that requires a RFA, RAFA or JIS, this rule will be initially reviewed in the calendar year 2022, which is no later than the 3rd year after the year in which this rule is being adopted.

Assessment of Public Comment

Public comments were submitted to the New York State Department of Health (Department) in response to the proposed regulation. The public comment period for this regulation ended on December 17, 2018. The Department received comments from physicians, health care associations and legislators. The comments and the Department’s responses are summarized below.

COMMENT: A commenter recommended that section 405.34(g)(2) be amended to clarify that a hospital will not be prohibited from becoming a designated stroke center if it does not seek to become certified in the two-year period following the adoption of the regulations. The commenter expressed concern that hospitals may be discouraged from applying for certification if they do not apply within the two-year transition period.

RESPONSE: The intent of the proposed regulation at section 405.34(g) is to offer a transition period for hospitals that are currently recognized as stroke centers in NYS. Section 405.34(g)(1) states that hospitals currently recognized as designated stroke centers by the Department prior to the effective date of this section shall have two years from the effective date of the regulation to initiate the stroke center certification process with a Department approved certifying organization. In the event that a hospital currently recognized as a stroke center does not initiate the process within

A new PART 5329 would be added to the New York Codes, Rules and Regulations, Title 9, Subtitle T, Chapter IV, Subchapter B, to read as follows:

PART 5329
Sports Wagering

| Section | |
|---------|--|
| 5329.1 | Definitions |
| 5329.2 | Sports pool license petition |
| 5329.3 | Term of license and review |
| 5329.4 | Vendor licensing |
| 5329.5 | Reporting of changes |
| 5329.6 | Licensing of individuals |
| 5329.7 | Misconduct and improper associations |
| 5329.8 | Internal controls |
| 5329.9 | Sports wagering lounge |
| 5329.10 | Sports pool system requirements |
| 5329.11 | Automated ticket machines |
| 5329.12 | House rules |
| 5329.13 | Wager types |
| 5329.14 | Parlay card wagers |
| 5329.15 | Layoff wagers |
| 5329.16 | Information posting |
| 5329.17 | Manner of placing wagers |
| 5329.18 | Wagering tickets |
| 5329.19 | Wagering restrictions |
| 5329.20 | Certain payouts; ticket control |
| 5329.21 | Cancellation of wagers |
| 5329.22 | Structuring of multiple wagers |
| 5329.23 | Patron complaints |
| 5329.24 | Operator reserve requirements |
| 5329.25 | Prohibited actions |
| 5329.26 | Duties to report |
| 5329.27 | Sports pool integrity; confidential information |
| 5329.28 | Tax |
| 5329.29 | Gross gaming revenue reports and reconciliation |
| 5329.30 | Accounting and financial records |
| 5329.31 | Duties to give evidence |
| 5329.32 | Reporting of compliance |
| 5329.33 | Review, examination of records |
| 5329.34 | Responsible gaming |
| 5329.35 | Other regulations apply |
| 5329.36 | Suspension, fines, revocation and other discipline |

§ 5329.1. Definitions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

§ 5329.2. Sports pool license petition.

(a) *Eligibility.*

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

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

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

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

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

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

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

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

(e) *Amendment.*

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

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

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

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

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

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

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

(3) request additional information or documentation; or

(4) deny the application.

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

§ 5329.3. Term of license and review.

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

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

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

- (1) a list of each jurisdiction in which such operator or a sports pool vendor with which such operator has contracted, has been authorized within the prior five years to operate or assist in the operation of sports pools, including dates of authorized operation;
- (2) all regulatory infractions, discipline or other sanctions that have been imposed on such operator or a sports pool vendor with which such operator has contracted, within the prior five years relating to gaming activity, including sports pools. The submission shall include a detailed description of the conduct involved and the nature of the sanction or discipline;
- (3) whether the operator or sports pool vendor has operated sports pools in any jurisdiction within the prior five years in an unauthorized manner or been accused or adjudicated to have engaged in illegal gambling or wagering of any kind, including a detailed description of the conduct involved and the nature of the sanction or discipline;
- (4) whether the operator or sports pool vendor has committed any misconduct or engaged in any improper associations within the meaning of section 5329.7 of this Part; and
- (5) the annual financial statements audited according to generally accepted accounting principles, of the sports pool vendor, if any, for the prior three years.

§ 5329.4. Vendor licensing.

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

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

§ 5329.5. Reporting of changes.

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

§ 5329.6. Licensing of individuals.

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

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

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

§ 5329.7. Misconduct and improper associations.

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

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

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

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

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

§ 5329.8. Internal controls.

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

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

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

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

§ 5329.9. Sports wagering lounge.

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

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

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

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

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

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

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

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

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

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

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

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

(c) *Required personnel.* Each operator shall have, or otherwise retain through a sports pool vendor, one or more persons to serve as an:

(1) oddsmaker; and

(2) operations wagering manager.

§ 5329.10. Sports pool system requirements.

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

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

from any source or entity in other jurisdictions and may take into consideration information in regard to odds and wagers placed on sports events.

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

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

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

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

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

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

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

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

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

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

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

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

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

(4) cancelling wagers;

(5) processing lost, destroyed or expired wagering tickets;

(6) preventing any sports pool wager in excess of \$10,000 or making a payout in excess of \$10,000 until authorized by a supervisor; and

(7) maintaining the following:

- (i) description of the event;
- (ii) event number;
- (iii) wager selection;
- (iv) type of wager;
- (v) amount of wager;
- (vi) amount of potential payout;
- (vii) date and time of wager;
- (viii) identity of the cashier accepting the wager;
- (ix) unique ticket identifier;
- (x) expiration date of ticket;
- (xi) patron name, if known;
- (xii) date, time, amount, and description of the settlement;
- (xiii) location where the wager was made;
- (xiv) location of redemption; and
- (xv) identity of cashier settling the wager, if applicable.

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

(k) *Past posting and known event outcomes.* A sports pool system shall prevent past posting of wagers and the voiding or cancellation of wagers after the outcome of an event is known.

(l) *Self-authentication.* A sports pool system shall, at least once every 24 hours, perform a self-authentication process on all software used to offer, record and process wagers to ensure there have been no unauthorized modifications. In the event of an authentication failure, at a minimum, the system immediately shall notify the casino operations wagering manager using an automated process. The operations manager shall notify the commission promptly of the authentication failure. The system shall record the results of all self-authentication attempts and maintained such record for a period of not less than 90 days.

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

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

(o) *Sports pool system.* A sports pool system shall be capable of preventing any sports pool wager in excess of \$10,000 or making a payout in excess of \$10,000 until authorized by a supervisor. A sports pool system shall be capable of maintaining the following:

- (1) description of the event;
- (2) event number;
- (3) wager selection;
- (4) type of wager;
- (5) amount of wager;
- (6) amount of potential payout;
- (7) date and time of wager;
- (8) identity of the cashier accepting the wager;
- (9) unique ticket identifier;
- (10) expiration date of ticket;
- (11) patron name, if known;

- (12) date, time, amount, and description of the settlement;
- (13) location where the wager was made;
- (14) location of redemption; and
- (15) identity of cashier settling the wager, if applicable.

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

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

§ 5329.11 Automated ticket machines

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (ii) the date and time the fill was performed;
 - (iii) the denomination of currency for each currency cassette inserted into the machine; and
 - (iv) the total value of the total number of bills per denomination, for each currency cassette being inserted into the machine;
- (5) locking the cabinet and signing the duplicate copy of the automated ticket machine cassette fill attesting that the fill was completed. The fill receipt and the credit receipt shall be deposited in a locked accounting box; and
- (6) returning all removed currency cassettes and reject bins in a secured cart to the count room or other location approved by the commission.
- (j) *Count and documentation.* One or more accounting department employees with no incompatible function shall count and document the value of the contents of each removed currency cassette and currency cassette reject bin by:
- (1) documenting the count of each currency cassette and reject bin on a balance receipt, by automated ticket machine;
 - (2) preparing or generating a sports pool currency cassette replenishment totals report that summarizes the total currency counted;
 - (3) transferring the currency to a main bank cashier with a copy of the currency cassette replenishment totals report; and
 - (4) transporting the balance receipts and currency cassette replenishment totals report to the casino or racetrack accounting department.
- (k) *Reconciliation.* The casino accounting department shall reconcile the automated ticket machines on a daily basis pursuant to internal controls. Any variance shall be documented by the accounting department and reported in writing to the commission within 72 hours of the end of the gaming day during which the variance was discovered. The report shall indicate the cause of the variance and shall contain any documentation required to support the stated explanation.

§ 5329.12. House rules.

- (a) *Content.* Each operator shall adopt comprehensive house rules, which shall be submitted for written approval by the commission. Such house rules shall include the following, at a minimum:
- (1) method for calculation and payment of winning wagers;
 - (2) effect of schedule changes;

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

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

§ 5329.13. Wager types.

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

(b) *Limitations on wager type.*

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

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

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

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

(2) An operator shall not offer wagers on:

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

(ii) any horse race;

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

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

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

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

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

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

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

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

§ 5329.14. Parlay card wagers.

This section applies to parlay card wagers and not parlay wagers.

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

- (1) the amounts to be paid to winners, the method by which such amounts are to be determined and aggregate payout amount;
- (2) the minimum and maximum betting limits, if any;
- (3) the effect of ties or draws in sports events;
- (4) the effect of a sports event not being played on the date specified and of other occurrences that will cause selections to be invalid;
- (5) the procedure for claiming winnings, including, without limitation, the documentation a patron must present to claim winnings;
- (6) the requirement that a parlay card wager must consist of at least three selections that have not become invalid under applicable house rules or the wager will be void and will be refunded;
- (7) the rights, if any, reserved by the operator, including, without limitation, the right to eliminate any selection prior to the acceptance of a wager, or to withhold payouts of specified amounts until the outcome of each proposition offered by the parlay card has been determined;
- (8) the requirement that the point spreads, if any, printed on the parlay card wagering form when the wager is accepted will be used to determine the outcomes of the wagers; and
- (9) that the operator's house rules apply to parlay cards unless otherwise stated on the parlay card wagering form.

(b) *Payout.*

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

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

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

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

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

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

§ 5329.15. Layoff wagers.

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

§ 5329.16. Information posting.

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

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

(c) *Lock times.* An operator shall establish a lock time for a wager after which no further wagering shall be accepted, which may correspond to the happening of an event. Such lock time shall be disclosed conspicuously and shall not be changed once established. No wager shall be accepted after such disclosed lock time.

§ 5329.17. Manner of placing wager.

(a) *Placement of wagers.* All wagers pursuant to this Part shall be placed within a sports wagering lounge with a wagering cashier at a wagering counter or at an automated ticket machine located within a sports wagering lounge or other location or other location within the gaming facility as approved by the commission.

(b) *Forms of payment.* Wagers pursuant to this Part shall be made in cash, vouchers, gaming chips or validated wagering tickets of value or any other form of payment approved by the commission.

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

§ 5329.18. Wagering tickets.

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

- (1) operator's name;
- (2) event number;
- (3) description of event;
- (4) type of wager

- (5) unique wagering ticket identifier;
- (6) a barcode or similar symbol or marking, as approved by the commission, corresponding to the unique wagering ticket number;
- (7) date and time of issuance;
- (8) cashier identifier or automated ticket machine identifier;
- (9) location of issuance;
- (10) amount of the wager;
- (11) date, or dates, of the sports event or events;
- (12) payout odds;
- (13) amount to be paid on a winning wager, unless the wager is a pari-mutuel wager;
- (14) the patron's player card account number, if any; and
- (15) mail-in redemption instructions.

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

§ 5329.19. Wagering restrictions.

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

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

(c) *Proxy wagering and collection prohibited.* An operator shall not make payment on a winning wager to a person who the operator knows or reasonably should know is collecting the payment on behalf of another for monetary consideration or in violation of local, state or Federal law. An operator shall not make payment on a winning wager to a

person who the operator knows or reasonably should know is engaging in such activity for profit or as a business enterprise. An operator may withhold payment of a winning wager if a customer refuses to supply identification or any other documentation required by this Part or article 13 of the Racing, Pari-Mutuel Wagering and Breeding Law.

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

§ 5329.20. Certain payouts; ticket control.

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

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

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

(2) For the purposes of this section, signatures may be electronic.

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

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

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

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

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

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

§ 5329.21. Cancellation of wagers.

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

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

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

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

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

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

§ 5329.22. Structuring of multiple wagers.

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

the definition of structured wagers. An operator shall not knowingly assist a patron in structuring or attempting to structure wagers.

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

- (1) patron's name and address;
- (2) window number or other identification of the location where the wager occurred;
- (3) time and date of the wager;
- (4) dollar amount of the wager;
- (5) signature or electronic signature of person accepting or approving the wager; and
- (6) patron's player card number, if known.

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

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

§ 5329.23. Patron complaints.

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

§ 5329.24. Operator reserve requirement.

Each operator must establish a cash reserve in an amount necessary to ensure the ability to cover outstanding sports pool liability, as determined by the commission.

§ 5329.25. Prohibited actions.

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

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

§ 5329.26. Duties to report.

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

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

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

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

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

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

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

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

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

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

§ 5329.27. Sports pool integrity; confidential information

(a) *Identification and reporting of unusual betting activity.* Each operator shall have controls in place to identify unusual betting activity and report such activity to an integrity monitoring provider, or to the commission if the commission so directs.

(b) *Notification to all operators and reporting of similar activity.* Each integrity monitoring provider shall share information in regard to any unusual betting activity with each other

integrity monitoring provider working with other operators in this State and shall provide a report of such unusual betting activity to all participating sports pool operators. Each sports pool operator shall review each such report and notify the integrity monitoring provider of whether or not such operator has experienced similar activity.

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

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

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

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

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

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

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

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

§ 5329.28. Tax.

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

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

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

(d) *Additional tax or refunds.* When the commission finds that an operator is required to pay additional taxes or finds that an operator is entitled to a refund of taxes, the commission shall report to such operator its findings, along with the legal basis upon which such findings are made.

§ 5329.29. Gross gaming revenue reports and reconciliation.

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

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

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

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

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

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

§ 5329.30. Accounting and financial records.

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

(b) *Accounting requirements.* The accounting records maintained by an operator shall be maintained using a double-entry system of accounting with transactions recorded on the accrual basis and supported by detailed subsidiary records. Such subsidiary records shall include, at a minimum, each of the following:

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

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

§ 5329.31. Duties to give evidence.

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

§ 5329.32. Reporting of compliance.

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

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

§ 5329.33. Review, examination of records.

The commission or the commission's designee may:

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

§ 5329.34. Responsible gaming.

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

§ 5329.35. Other regulations apply.

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

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

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

- (1) violations of article 13 of the Racing, Pari-Mutuel Wagering and Breeding Law, this subchapter or any other applicable law or regulation;
- (2) failure to comply with instructions of the commission concerning a licensed activity;
- (3) conviction of any:
 - (i) felony offense, as such term as defined in Penal Law section 10.00(5), or an equivalent offense committed in another jurisdiction;
 - (ii) a misdemeanor related to gambling, gaming, bribery, fraud or any other offense prejudicial to public confidence;
- (4) failure to file any returns or reports, keep records or to pay any fee or submit revenue as may be required;
- (5) fraud, deceit, misrepresentation or conduct prejudicial to public confidence in gaming;
- (6) whenever the commission finds that the operator's experience, character, and general fitness are such that participation in operating a sports pool is inconsistent with the public interest or convenience; or
- (7) for any other reason within the discretion of the commission.

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



Gaming Commission

One Broadway Center, Schenectady, NY 12305
www.gaming.ny.gov

To: Commissioners

From: Edmund C. Burns

Date: May 28, 2019

Re: Adoption of proposed rulemaking to amend the Cash 4 Life game (9 NYCRR § 5007.15)

For Commission consideration is the adoption of amendments to certain features of the multi-state Cash 4 Life lottery draw game, which New York offers along with Florida, Georgia, Indiana, Maryland, New Jersey, Pennsylvania, Tennessee and Virginia. The participating states are changing the frequency of drawings from two per week to daily and adjusting the description of the maximum length of a subscription accordingly. These changes will take effect July 1, 2019. New York will need to conform its rules to the group's rules to continue to offer the game.

The notice of proposed rulemaking was published in the March 27, 2019 State Register, a copy of which is attached. The public comment period expired May 28, 2019. No comments were received.


attachment

cc: Robert Williams, Acting Executive Director
Gweneth Dean, Director, Division of Lottery

necessary to company with the National Association of Insurance Commissioners' valuation manual (the "Manual") and Insurance Law § 4217(g). This is a consequence of new Insurance Law § 4217(g), which requires that the minimum standard for the valuation of certain life insurance policies and annuity contracts will be the standard prescribed in the Manual as adopted by the Superintendent. However, under the law, a domestic insurance company and a fraternal benefit society that only writes business in New York may, with the Superintendent's approval, obtain an exemption for specific product forms or product lines.

4. Minimizing adverse impact: This rule uniformly affects life insurers that are located in both rural and non-rural areas of New York State. The rule should not have an adverse impact on rural areas.

5. Rural area participation: Life insurers in rural areas will have an opportunity to participate in the rule-making process when the notice of proposed rule-making is published in the State Register and posted on the Department of Financial Services' website.

Job Impact Statement

This rule should not adversely impact jobs or employment opportunities in New York State. The rule merely implements Insurance Law § 4217(g) by making clear that the Superintendent of Financial Services ("Superintendent") may require a life insurance company or fraternal benefit society to change an assumption or method that in the Superintendent's opinion is necessary to comply with the valuation manual adopted by the Superintendent and § 4217(g), and that the life insurance company or fraternal benefit society must adjust the reserves as the Superintendent requires.

Assessment of Public Comment

The agency received no public comment.

New York State Gaming Commission

**PROPOSED RULE MAKING
NO HEARING(S) SCHEDULED**

Cash 4 Life Multi-Jurisdiction Lottery Game

I.D. No. SGC-13-19-00023-P

PURSUANT TO THE PROVISIONS OF THE State Administrative Procedure Act, NOTICE is hereby given of the following proposed rule:

Proposed Action: Amendment of section 5007.15 of Title 9 NYCRR.

Statutory authority: Tax Law, sections 1601, 1604, 1612(a), 1617; Racing, Pari-Mutuel Wagering and Breeding Law, sections 103(2), 104(1) and (19)

Subject: Cash 4 Life multi-jurisdiction lottery game.

Purpose: To provide for daily Cash 4 Life drawings to raise additional revenue for education.

Text of proposed rule: Section 5007.15 of Title 9 of the NYCRR is amended to read as follows:

§ 5007.15. Cash 4 Life.

(a) Definitions. The following definitions apply to the Cash 4 Life:

* * *

(13) Purchaser means a player of the Cash 4 Life game who purchases a ticket within New York State in accordance with Cash 4 Life rules and New York State governing laws and regulations.

* * *

(c) Game description.

(2) The commission reserves the right to change the field of numbers in the Cash 4 Life game. Any change in the field of numbers shall be [publicly] announced publicly by the commission in advance of the effective date of such change.

(3) A Cash 4 Life subscription sales program may be offered at the discretion of the commission. No subscription for the Cash 4 Life game shall remain in effect longer than one year.

* * *

(d) Play characteristics and restrictions.

* * *

(2) A multi-draw Cash 4 Life ticket may be purchased for a specified number of future drawings. Such multi-draw ticket shall not be considered a subscription pursuant to paragraph (3) of subdivision (c) of this section or Part 5005 of this subchapter.

(3) A Cash 4 Life ticket may not be purchased [in any other state] anywhere by any commission employee or any spouse, child, brother, sister or parent residing as a member of the same household in the principal place of abode of any commission employee.

(e) Drawings. [Cash 4 Life drawings shall be conducted twice per week] Cash 4 Life drawings shall be conducted each calendar day at a time and at a location authorized by the party lotteries. The [day,] time, frequency and location of the Cash 4 Life drawings may be changed following a public announcement.

(f) Pool, prize structure and probability of winning.

(1) Prize pool. The prize pool for the aggregate of all prize categories shall consist of 55 percent of the sales for each drawing period after the prize reserve accounts are funded to predetermined amounts. If the Cash 4 Life game is no longer offered in New York State, any amount remaining in the prize pool at the end of the game shall be carried forward to a replacement game or used in a manner as permitted by New York State law.

(2) Prize reserve accounts. The prize reserve account may be adjusted as needed to maintain an approved maximum balance and shares from each of the party lotteries as specified by the party lotteries. If the Cash 4 Life game is no longer offered in New York State, any amount remaining in a prize reserve account at the end of the game shall be carried forward to a replacement prize reserve account or used in a manner as permitted by New York State law.

(3) Prize payout and structure. There are nine prize levels in the Cash 4 Life game. The prize payout percentage and prize structure are as follows, unless there are multiple winners in a prize category, in which case prize amounts may be reduced as set forth in subdivision (h) of this section:

* * *

Text of proposed rule and any required statements and analyses may be obtained from: Kristen M. Buckley, New York State Gaming Commission, One Broadway Center, P.O. Box 7500, Schenectady, New York 12301-7500, (518) 388-3332, email: gamingrules@gaming.ny.gov

Data, views or arguments may be submitted to: Same as above.

Public comment will be received until: 60 days after publication of this notice.

This rule was not under consideration at the time this agency submitted its Regulatory Agenda for publication in the Register.

Regulatory Impact Statement

1. Statutory authority: The New York State Gaming Commission ("Commission") is authorized to promulgate this rule by Tax Law Sections 1601, 1604, 1612(a) and 1617 and by Racing, Pari-Mutuel Wagering and Breeding Law ("Racing Law") Sections 103(2) and 104(1, 19). Tax Law Section 1601 describes the purpose of the New York State Lottery for Education Law (Tax Law Article 34) as being to establish a lottery operated by the State, the net proceeds of which are applied exclusively to aid to education. Tax Law Section 1604 authorizes the promulgation of rules governing the establishment and operation of such lottery. Tax Law Section 1612(a) describes the distribution of revenues for a joint, multi-jurisdiction, and out-of-state lottery. Section 1617 of such law authorizes the Commission to enter into an agreement with a government-authorized group of one or more other jurisdictions for the operation and administration of such a joint, multi-jurisdiction and out-of-state lottery.

Racing Law Section 103(2) provides that the Commission is responsible to operate and administer the state lottery for education, as prescribed by Article 34 of the Tax Law. Racing Law Section 104(1) provides the Commission with general jurisdiction over all gaming activities within the State and over any person, corporation or association engaged in such activities. Section 104(19) of such law authorizes the Commission to promulgate any rules it deems necessary to carry out its responsibilities.

2. Legislative objectives: To raise additional revenue for education through the offering of lottery games that are attractive to customers.

3. Needs and benefits: This rulemaking will allow New York Lottery customers to purchase tickets for daily drawings of the Cash 4 Life multi-jurisdiction lottery game instead of only two drawings per week as offered presently. The Commission and the other state-operated lotteries that offer the Cash 4 Life game believe that daily Cash 4 Life drawings will increase ticket sales and revenue earned for each lottery's mission program, including aid to education in the State of New York.

The Cash 4 Life game has been successful following its introduction in June 2014. The New York Lottery has sold approximately \$480 million in Cash 4 Life tickets since the game's inception, and Cash 4 Life sales have contributed approximately \$145 million in aid to education for the State of New York. The New York Lottery's average weekly sales for Cash 4 Life since the game was introduced are \$1.9 million per week.

Research suggests that holding Cash 4 Life drawings daily will result in an incremental sales increase for state-operated lotteries that offer Cash 4

Life. The Commission asked IGT Global Solutions Corporation (“IGT”), the Commission’s full-service lottery system operator, to conduct a study regarding the impact that switching from two Cash 4 Life drawings per week to drawings every day will have on New York Lottery Cash 4 Life ticket sales. IGT concluded that incremental spending forecasts are positive for Cash 4 Life among frequent players. IGT further concluded that incremental spending forecasts are even more positive among less frequent Cash 4 Life players if the change to daily drawings is made, which indicates an opportunity to bring in new dollars. Regarding the possibility of cannibalization of other lottery games, IGT predicted that a greater percentage of the Cash 4 Life ticket sales increase that is anticipated will come from new dollars spent on New York Lottery tickets rather than detracting from ticket sales for existing lottery games.

IGT’s conclusions about Cash 4 Life sales trends are largely consistent with the Commission’s assumptions about how daily drawings will affect overall Cash 4 Life ticket sales. The Commission also predicts that weekly Cash 4 Life sales totals will increase if the change to daily drawings is made and that daily Cash 4 Life drawings will be appealing to new players in addition to existing players.

The Cash 4 Life multi-jurisdiction lottery game is also offered in Florida, Georgia, Indiana, Maryland, New Jersey, Pennsylvania, Tennessee and Virginia. Other state-operated lotteries may soon offer Cash 4 Life as well.

4. Costs:

a. Costs to regulated parties for the implementation and continuing compliance with the rule: There are no costs to stakeholders. Existing lottery agents will be able to sell these tickets the same as they do other lottery games.

b. Costs to the agency, the State, and local governments for the implementation and continuation of the rule: No additional operating costs are anticipated. The Commission can administer this game using existing resources.

c. Sources of cost evaluations: The foregoing cost evaluations are based on the Commission’s experience operating State Lottery games for more than 50 years.

5. Local government mandates: The proposed amendment does not impose any new programs, services, duties or responsibilities upon any country, city, town, village school district, fire district or other special district.

6. Paperwork: There are no changes in paperwork requirements. Lottery agents will be able to report the sales of this game using the same electronic reporting system.

7. Duplication: There are no relevant State programs or regulations that duplicate, overlap or conflict with the proposed amendment.

8. Alternatives: The alternative to amending this regulation is to no longer offer the Cash 4 Life game in the State of New York. This alternative was rejected because Cash 4 Life has proven to be a successful game, and the revenue that it earns for aid to education would not be easily replaced.

9. Federal standards: The proposed amendment does not exceed any minimum standards imposed by Federal government.

10. Compliance schedule: The Commission believes that regulated persons will be able to achieve compliance with the rule upon adoption of this rule.

Regulatory Flexibility Analysis, Rural Area Flexibility Analysis and Job Impact Statement

A regulatory flexibility analysis for small business and local governments, a rural area flexibility analysis, and a job impact statement are not required for this rulemaking because it will have no adverse effect on small businesses, local governments, rural areas, or jobs.

The rulemaking will allow New York Lottery customers to purchase tickets for daily drawings of the Cash 4 Life multi-jurisdiction lottery game instead of only two drawings per week as offered presently by the New York State Gaming Commission, operator of the New York Lottery. This amendment will impose no significant technological changes. No local government activity is involved. Lottery sales agents offer new or different lottery games only in order to increase sales. Customers are not required to play. There will be no new reporting, record keeping or other compliance requirements on small businesses or local governments or rural areas. The change to daily drawings of the Cash 4 Life multi-jurisdiction lottery game will not adversely affect employment opportunities or jobs.

Based on the foregoing, no regulatory flexibility analysis for small businesses and local governments, rural area flexibility analysis, or a job impact statement is required for this proposed rulemaking.

Office of General Services

NOTICE OF ADOPTION

Service-Disabled Veteran-Owned Business Enterprises

I.D. No. GNS-46-18-00001-A

Filing No. 156

Filing Date: 2019-03-06

Effective Date: 2019-03-27

PURSUANT TO THE PROVISIONS OF THE State Administrative Procedure Act, NOTICE is hereby given of the following action:

Action taken: Amendment of sections 252.1 and 252.2 of Title 9 NYCRR.

Statutory authority: Executive Law, sections 200 and 369-i(5)

Subject: Service-Disabled Veteran-Owned Business Enterprises.

Purpose: To establish standards, procedures and criteria with respect to the Service-Disabled Veteran-Owned Business Enterprise program.

Text or summary was published in: the November 14, 2018 issue of the Register, I.D. No. GNS-46-18-00001-P.

Final rule as compared with last published rule: No changes.

Text of rule and any required statements and analyses may be obtained from: Paula B. Hanlon, Esq., Office of General Services, 41st Floor, Corning Tower, Empire State Plaza, Albany, NY 12242, (518) 474-5607, email: RegsReceipt@ogs.ny.gov

Assessment of Public Comment

The agency received no public comment.

Higher Education Services Corporation

EMERGENCY RULE MAKING

NYS Part-Time Scholarship (PTS) Award Program

I.D. No. ESC-13-19-00006-E

Filing No. 161

Filing Date: 2019-03-07

Effective Date: 2019-03-07

PURSUANT TO THE PROVISIONS OF THE State Administrative Procedure Act, NOTICE is hereby given of the following action:

Action taken: Addition of section 2201.20 to Title 8 NYCRR.

Statutory authority: Education Law, sections 653, 655 and 667-c-1

Finding of necessity for emergency rule: Preservation of general welfare.

Specific reasons underlying the finding of necessity: This statement is being submitted pursuant to subdivision (6) of section 202 of the State Administrative Procedure Act and in support of the New York State Higher Education Services Corporation’s (HESC) Emergency Rule Making seeking to add a new section 2201.20 to Title 8 of the Official Compilation of Codes, Rules and Regulations of the State of New York.

This regulation implements a statutory student financial aid program providing for awards to be made to students beginning with the 2017-18 academic year, which generally starts in August. Emergency adoption is necessary to avoid an adverse impact on the processing of awards to eligible scholarship applicants. The statute provides for tuition benefits to college-going students pursuing their undergraduate studies at a community college at the State University of New York or the City University of New York. Decisions on applications for student financial aid programs are customarily made prior to the beginning of the term. Therefore, it is critical that the terms of the Program as provided in the regulation be effective immediately in order for HESC to begin processing scholarship applications. To accomplish this mandate, the statute further provides for HESC to promulgate emergency regulations to implement the Program. For these reasons, compliance with section 202(1) of the State Administrative Procedure Act would be contrary to the public interest.