



**NORTH CAROLINA
STATE LOTTERY COMMISSION**

Ripley Rand
Chair

Mark Michalko
Executive Director

DATE: March 20, 2024

AGENCY: North Carolina State Lottery Commission

ACTION: Notice of Proposed Rulemaking

DEADLINE FOR SUBMITTING COMMENTS: April 19, 2024

PUBLIC COMMENT SESSION: Tuesday, April 9, 2024, at 9:00 a.m. ET, located at the North Carolina State Lottery Commission Headquarters, 2728 Capital Boulevard, Suite 144, Raleigh, NC 27604. *Please note that Commission staff will conduct the public comment session; this is not a regular meeting of the Commission or its committees.*

All web links and forms identified below are accessible at: <https://ncgaming.gov/>

NOTICE OF PROPOSED RULEMAKING:

The North Carolina State Lottery Commission (“Commission”) is an independent, self-supporting, and revenue-raising agency of the State of North Carolina. It has been in operation since 2006 and is governed by Chapter 18C of the North Carolina General Statutes (the “Act”). The Commission’s primary purpose is to generate funds for educational purposes through operation of the North Carolina Education Lottery. The Commission is also the licensing and regulatory body for authorized sports wagering and pari-mutuel wagering on horse race events. The Commission’s wagering licensees generate tax revenues that the General Assembly statutorily allocates to support numerous programs. The Commission is empowered to adopt any rules necessary to carry out the provisions of the Act.

With this notice of proposed rulemaking, the Commission has set a public hearing and issued a request for public comment on the adoption of certain proposed rules and amendments to be included in the North Carolina State Lottery Commission Rules Manual for Sports Wagering and Pari-Mutuel Wagering. Proposed new rules and rule amendments noticed here include the following:

- Rule 1A-001 Definitions [24 NCAC 06A .0101]
- Rule 1A-102 Method of Payment [24 NCAC 06A .0112]
- Rule 1B-010 Consent to Background Investigation Required; Recent Criminal History Check [24 NCAC 06A .0210]
- Rule 1B-017 Review and Issue Licenses [24 NCAC 06A .0217]
- Rule 1B-025 Denial of Renewal [24 NCAC 06A .0225]
- Rule 1B-029 License Assignment or Transfer [24 NCAC 06A .0229]
- Rule 1B-032 License Display [24 NCAC 06A .0232]



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- Rule 1C-001 Grounds for Disciplinary Actions [24 NCAC 06A .0301]
- Rule 1C-021 Disqualification of Commission Member or Hearing Officer [24 NCAC 06A .0321]
- Rule 1D-013 Reserve Requirement [24 NCAC 06A .0413]
- Rule 1D-015 Taxation Requirements [24 NCAC 06A .0415]
- Rule 1D-016 Bank Secrecy Act Compliance [24 NCAC 06A .0416]
- Rule 1D-021 Disputes Pertaining to Wagering [24 NCAC 06A .0421]
- Rule 1D-024 Reporting Requirements Related to Ineligible Persons [24 NCAC 06A .0424]
- Rule 1D-028 Timely Response to Formal Letter of Inquiry [24 NCAC 06A .0428] [proposed new rule]
- Rule 1E-001 Wagering Rules [24 NCAC 06A .0501]
- Rule 1E-002 Acceptance of Wagers [24 NCAC 06A .0502]
- Rule 1F-004 Involuntary Exclusion [24 NCAC 06A .0604]
- Rule 1F-006 Operator Duties[24 NCAC 06A .0606]
- Rule 1G-001 Wagering Account Requirements [24 NCAC 06A .0701]
- Rule 1H-002 Floor Plan and Equipment List [24 NCAC 06A .0802]
- Rule 1H-003 Wagering Lounges [24 NCAC 06A .0803]
- Rule 1H-004 Responsible Gaming and Problem Gambling Information [24 NCAC 06A .0804]
- Rule 1H-006 Wagering Windows [24 NCAC 06A .0806]
- Rule 1H-010 Drop and Count [24 NCAC 06A .0810]
- Rule 1H-012 Cashiers, Windows, and Cages [24 NCAC 06A .0812]
- Rule 1H-013 Surveillance System and Procedures [24 NCAC 06A .0813]
- Rule 1H-014 Wagering Facility Security Procedures [24 NCAC 06A .0814]
- Rule 1H-015 Controlled Keys [24 NCAC 06A .0815]



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- Rule 1H-016 Wagering Facility Inspections [24 NCAC 06A .0816] [proposed new rule]
- Rule 2B-006 Written Designation Agreement [24 NCAC 06B .0206]

In the event the Commission ultimately adopts proposed rules, staff recommends that such amendments and new rules take effect thirty (30) days after such adoption.

ABOUT THE RULEMAKING PROCESS:

The Commission adopted a rulemaking policy in September 2023, to establish a transparent, deliberative rulemaking process for implementing Articles 9 and 10 of the Act. Taking into consideration the evolving nature of authorized gaming and wagering in North Carolina, the Rulemaking Policy and Procedure provides the Commission flexibility to act in a timely manner to serve the public interest, while including provisions that ensure the public and stakeholders have an opportunity to be heard through public comment.

The Commission's Rulemaking Policy and Procedure can be found at [this link](#). This rulemaking is proceeding according to Section 9f of the Policy, "Expedited rulemaking procedure," and is proceeding with a thirty-day comment period.

If you are interested in receiving future notices of the Commission's rulemaking process via email, please register to the Commission's rulemaking interested persons list by completing the registration form available at [this link](#).

PUBLIC COMMENT SESSION:

Where: The Commission has directed its staff to conduct a public comment session to collect comments and feedback regarding the proposed rules on April 9, 2024. The session will begin at 9:00 a.m. at the North Carolina State Lottery Commission Headquarters, 2728 Capital Boulevard, Suite 144, Raleigh, NC 27604. The session will adjourn no later than 12:00 p.m., though it may conclude earlier once registered parties present at Commission Headquarters have been provided their opportunity to speak.

Security: All those who wish to attend the public hearing may do so by visiting the Commission's Headquarters at the address above. Attendees are subject to the security protocols, which include presentation of a government issued ID. Attendees are encouraged to arrive approximately 15-20 minutes before the public comment hearing to complete the check-in process.

Register to Speak: Individuals who wish to make an oral presentation at the public comment session must register to speak at least one business day in advance of the hearing via web portal at [this link](#). Thus, registration must be submitted online by 9:00 a.m. ET on Monday, April 8, 2024. Note, however, registration to make an oral presentation does not guarantee the opportunity to speak. The Commission staff may limit the number of registrations and/or speakers due to time constraints.

Oral Presentations: All registered speakers should be present at Commission Headquarters and ready to speak by 9:00 a.m. ET on April 9, 2024. Registrants must identify themselves and any organization or entity on whose behalf they intend to speak. Oral presentations at the public hearing will be limited to three (3) minutes per speaker. Any deviation from this limit is at the discretion of Commission staff conducting the hearing. The public hearing will be memorialized by a stenographer or by a suitable technologic solution.



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The hearing will conclude after all registered speakers have had a chance to speak on the record, or at 12:00 p.m., whichever occurs earlier.

HOW TO SUBMIT COMMENTS:

To submit comments, utilize the Commission public comment webform located at [this link](#). The webform offers a place to easily comment on a specific rule or set of rules and provide any suggested changes.

If you prefer to submit comments in another format, please email comments to PublicComment@ncgaming.gov, along with your name and contact information, business or organization (if applicable), and the rule numbers to which your comments relate. All public comments must be submitted no later than April 19, 2024 to be considered. The Commission and staff favor use of the webform for submission of comments.

Only comments submitted in accordance with the instructions contained herein will be considered. Note that all comments are subject to the public records provisions of G.S. 132-1, et seq.

FOR FURTHER INFORMATION: Email the Commission at SportsWagering@ncgaming.gov or visit <https://ncgaming.gov/>.

CHAPTER 06 – NORTH CAROLINA STATE LOTTERY COMMISSION

SUBCHAPTER A - GENERAL WAGERING

SECTION .0100 – GENERAL PROVISIONS

9 24 NCAC 06A .0101 DEFINITIONS

10 In addition to defined terms in G.S. 18C-901 and G.S. 18C-1001, the following definitions apply throughout this Rules
11 Manual, unless otherwise specified in the Rule, Section, or Subchapter:

- 12 (1) “Abnormal Wagering Activity” means Wagering Activity exhibited by one or more Players and
13 considered by an Operator as a potential indicator of Suspicious or Illegal Wagering Activity,
14 including the size of a Player’s Wager, increased Wagering volume on a particular Wagering Event
15 or Wager Type, or unusual patterns of Wagering over a period of time.
- 16 (2) “Advertisement” means a notice, announcement, or communication to the public, or any specific
17 members thereof, made by an Operator or on its behalf, designed to solicit or entice an Individual
18 to participate in an Operator’s Sports Wagering or Pari-Mutuel Wagering offerings via broadcasting,
19 publication, or any other means of dissemination in this State, including social media, direct
20 messaging, text message, or electronic mail.
- 21 (3) “Affiliate” means a Person who directly or indirectly controls, or is controlled by, or is under
22 common control with, a specified Person.
- 23 (4) “Age and Identity Verification” means a method, system, or device used by an Operator to verify
24 the validity of a Player’s age and the Player’s identity.
- 25 (5) “Applicant” means a Person that applies for a License to engage in activity regulated under these
26 Rules and statutorily authorized by Articles 9 or 10 of the Act.
- 27 (6) “Authorized Representative” means a Responsible Party’s licensed attorney-at-law of record or its
28 authorized employee or other official representative; an Authorized Representative shall have full
29 authority to take binding action on behalf of the Responsible Party.
- 30 (7) "Background Investigation" means the statutorily required credit history check, tax record check,
31 criminal history record check, and any other checks or inquiries as determined by the Commission,
32 in its discretion, for Individuals connected with an Applicant for a License, Key Persons, and
33 Persons required to be disclosed as set forth by law, these Rules, or a License application approved
34 by the Commission.
- 35 (8) "Cancelled Wager" means a Wager that was valid at the time that it was made but has since been
36 invalidated in a manner acceptable by the Commission due to an event or action that prevents its
37 completion.

- 1
- 2 (9) "Cash" means US currency.
- 3 (10) "Cash Equivalent" has the meaning provided in G.S. 18C-901(2).
- 4 (11) "Commission" has the meaning provided in G.S. 18C-103(1).
- 5 (12) "Commissioner" has the meaning provided in G.S. 18C-103(2).
- 6 (13) "Communication Technology" means the methods used and the components employed to facilitate
- 7 the transmission of information, including electronic communications, and transmission and
- 8 reception systems based on wire, cable, radio, microwave, light, optics, or computer data networks
- 9 or similar electronic agents, including the internet and intranets.
- 10 (14) "Confidential Player Information" means:
- 11 (a) the amount of money credited to, debited from, withdrawn from, or present in a particular
- 12 Wagering Account;
- 13 (b) the amount of money Wagered by a particular Player on one or more Wagering events;
- 14 (c) the unique Wagering Account ID or username and authentication credentials that identify
- 15 the particular Registered Player;
- 16 (d) the identities of particular Wagering Events or Wager Types on which the Player is
- 17 Wagering or has Wagered; and
- 18 (e) unless otherwise authorized by the Player, the name, address, and other information in
- 19 possession of the Operator that would identify the Player to anyone other than the
- 20 Commission or the Operator.
- 21 (15) "Day" means a calendar day, unless otherwise specified in the Rule. In computing any period
- 22 prescribed or allowed by the Rule, the day of the act, event, or default from which the designated
- 23 period begins to run shall not be included.
- 24 (16) "Director" has the meaning provided in G.S. 18C-103(3).
- 25 (17) "Disciplinary Action" means action taken by the Commission or Director against a Responsible
- 26 Party to assess a civil penalty, suspend a License, or revoke a License.
- 27 (18) "Disciplinary Hearing" means a proceeding set forth in Subchapter A, Section .0300 of these Rules
- 28 to comply with the hearing requirement of G.S. 18C-916.
- 29 (19) "Event Corruption" means an intentional arrangement, act, or omission aimed at an improper
- 30 alteration of the result or the course of a Wagering Event in order to remove all or part of the
- 31 unpredictable nature of the event with a view to obtaining an undue advantage for oneself or for
- 32 others. By way of illustration, Event Corruption includes, but is not limited to, instances of: bribery,
- 33 Match Fixing, misuse of insider information, officiating abnormalities, or any illegal, immoral, or
- 34 unethical activity that attempts deliberately to distort the result of a Wagering Event for the personal
- 35 material gain of one or more parties involved in that corrupting activity.
- 36 (20) RESERVED FOR FUTURE USE.

- 1 (21) "Gaming Day" means a twenty-hour period which begins at 12:00 a.m. Eastern Time and ends the
2 following Day at 11:59 p.m. Eastern Time.
- 3 (22) "Independent Testing Laboratory" means a laboratory which:
4 (a) holds an active accreditation in accordance with:
5 (i) ISO/IEC 17020, ISO/IEC 17025, and ISO/IEC 17065 by an accreditation body
6 that is a signatory to the International Laboratory Accreditation Cooperation
7 Mutual Recognition Agreement; or
8 (ii) other active accreditation satisfactory to the Commission from a recognized
9 accrediting body;
10 (b) has a reputation for honesty, independence, competence, and timeliness that is
11 demonstrably competent and which is qualified to scientifically test and to evaluate gaming
12 equipment for compliance with the Act, state and federal law, applicable case law, and
13 these Rules; and
14 (c) is approved by the Commission.
- 15 (23) "Indian Lands" has the meaning provided in the Indian Gaming Regulatory Act of 1988, 25 U.S.C.
16 2703(4).
- 17 (24) "Individual" means a natural person.
- 18 (25) "Ineligible Person" means:
19 (a) a Commissioner;
20 (b) an Underage Individual;
21 (c) an Individual prohibited from engaging in Sports Wagering pursuant to G.S. 18C-902(i);
22 (d) an Involuntarily Excluded Person;
23 (e) a Voluntarily Excluded Person;
24 (f) an Individual Wagering while not in the authorized geographic boundaries within the State
25 of North Carolina;
26 (g) a Person Wagering in violation of State, local, or federal law;
27 (h) an Individual Wagering on behalf of another Individual or Person;
28 (i) except for the purpose of Layoff Wagers, as defined in Rule .0101(18) of Subchapter B, a
29 Person that is not an Individual; or
30 (j) other Persons as determined by the Commission.
- 31 (26) "Integrity Monitoring" means the monitoring of Sports Wagering or Pari-Mutuel Wagering to
32 identify Abnormal Wagering Activity or Suspicious or Illegal Wagering Activities from an Event
33 Corruption standpoint, to include reporting these activities to required or other appropriate parties.
- 34 (27) "Internal Controls" means a system of internal procedures, as well as administrative and accounting
35 controls, related to the integrity of Sports Wagering and Pari-Mutuel Wagering.

- 1 (28) "Internet" means the international computer network of interoperable packet switched data
2 networks, inclusive of additional technological platforms, including mobile, satellite, and other
3 electronic distribution channels.
- 4 (29) "Involuntarily Excluded Person" means an Individual who has been involuntarily prohibited from
5 establishing a Wagering Account or participating in Sports Wagering Activities or Pari-Mutuel
6 Wagering Activities under the jurisdiction of the Commission.
- 7 (30) "Key Person" has the meaning provided in G.S. 18C-901(10).
- 8 (31) "License" means a License applied for by an Applicant or issued by the Commission under these
9 Rules and the Act.
- 10 (32) "Match Fixing" means the act of playing or officiating a Wagering Event with the intention of
11 achieving a pre-determined result, violating the rules of the event.
- 12 (33) "Multi-Factor Authentication" means a type of authentication which uses two or more of the
13 following to verify an Individual's identity:
- 14 (a) information known only to the Individual, including a password, pattern, or answers to
15 challenge questions;
- 16 (b) an item possessed by an Individual, including an electronic token, physical token, or an
17 identification card; or
- 18 (c) an Individual's biometric data, including fingerprints, voice recognition, or recognition of
19 any physiological characteristic, including facial recognition.
- 20 (34) "Operator" for purposes of these Rules means:
- 21 (a) an Interactive Sports Wagering Operator as defined in G.S. 18C-901(9); or
22 (b) an advance deposit wagering (ADW) licensee as defined in G.S. 18C-1001(2).
- 23 (35) "Operator License" for the purposes of these Rules means a License issued by the Commission to:
- 24 (a) an Interactive Sports Wagering Operator under G.S. 18C-904; or
25 (b) an advance deposit wagering (ADW) licensee under G.S. 18C-1005.
- 26 (36) "Pari-Mutuel Wager" or "Pari-Mutuel Wagering" has the meaning provided in G.S. 18C-1001(3).
- 27 (37) "Person" has the meaning provided in G.S. 18C-103(7).
- 28 (38) "Personal Information" has the meaning provided in G.S. 75-61(10).
- 29 (39) "Player" means a Person who Wagers on Wagering Events.
- 30 (40) "Registered Player" means an Individual who has established a Wagering Account with an Operator.
- 31 (41) "Responsible Party" means Operators, Sports Wagering Service Providers, and Sports Wagering
32 Suppliers.
- 33 (42) "Revocation" means action taken by the Commission or Director to terminate the rights and
34 privileges associated with a License and to permanently prohibit the Responsible Party from
35 applying for or receiving a License within the State.
- 36 (43) "Rule" means a requirement, condition, or directive adopted by the Commission in this Rules
37 Manual or any technical manual authorized herein that is applicable to an Applicant, Responsible

1 Party, Player, Person, Individual, or other party subject to the authority, oversight, or supervision of
2 the Commission.

3 (44) "Segregated Account" means a financial account that separates funds, to include Cash and Cash
4 Equivalents, owned by Players and that is restricted to funds owned by Players in the United States,
5 and has funds that are not commingled with the Operator's operational funds.

6 (45) "Sensitive Information" means information about an Individual, including Personal Information,
7 transactional Wagering data, authentication credentials, secure seeds and keys used in encryption,
8 and other data that shall be handled in a secure manner.

9 (46) "Service Provider" or "Sports Wagering Service Provider" has the meaning provided in G.S. 18C-
10 901(15).

11 (47) "Sports Facility" has the meaning provided in G.S. 18C-901(17).

12 (48) "Sports Governing Body" has the meaning provided in G.S. 18C-901(18).

13 (49) "Sports Wager" or "Sports Wagering" has the meaning provided in G.S. 18C-901(19).

14 (50) "Sports Wagering Operator" means an Interactive Sports Wagering Operator as defined in G.S.
15 18C-901(9).

16 (51) "State" means the State of North Carolina not to include the Indian Lands within its boundaries.

17 (52) "State Lottery Act" or "Act" means Chapter 18C of the General Statutes.

18 (53) "Sufficient Clarity" means the capacity of a Surveillance System to record images at a resolution
19 determined by the Commission to clearly identify the intended activity, Individual, object, or
20 location.

21 (54) "Supplier" or "Sports Wagering Supplier" has the meaning provided in G.S. 18C-901(22).

22 (55) "Surveillance Operation Room" means the secured area where surveillance takes place or where
23 active surveillance equipment is located.

24 (56) "Surveillance System" means a system of video cameras, monitors, recorders, video printers,
25 switches, selectors, and other equipment used for surveillance.

26 (57) "Suspension" means action taken by the Commission or Director to temporarily deauthorize the
27 rights and privileges associated with a License after which the Responsible Party shall cease all
28 activity regulated by these Rules for the requisite period of Suspension as defined in the Commission
29 decision or order.

30 (58) "Suspicious or Illegal Wagering Activity" means activities, actions, or behaviors that raise concerns
31 about the integrity of the Wagering Activity or the Wagering Event itself. This includes, but is not
32 limited to: Match Fixing or point-shaving, misuse of insider information, Abnormal Wagering
33 Activity, Wagering by Ineligible Persons, money laundering, use of multiple Accounts, collusion or
34 cheating, Wager or Wagering Event manipulation, unauthorized use of bots or automated systems,
35 and potential breaches of internal rules or code of conduct related to Wagering for a Sports
36 Governing Body, racing regulatory body, or equivalent.

- 1 (59) "Ticket Writer" means a cashier employed by an Operator who is assigned the responsibility for the
2 operation of a Ticket Writer Station.
- 3 (60) "Ticket Writer Station" means a point-of-sale system used by a Ticket Writer for the execution or
4 formalization of Wagers placed on behalf of a Player.
- 5 (61) "Tribal Gaming Enterprise" has the meaning provided in G.S. 18C-901(25).
- 6 (62) "Underage Person" means an Individual under twenty-one years of age.
- 7 (63) "Void Wager" or "Voided Wager" means a Wager that was not valid at the time it was placed or a
8 Wager that was valid at the time it was placed but has since become invalid for reasons, including
9 but not limited to the change in eligibility status of an event participant or subject of the Wager.
- 10 (64) "Voluntarily Excluded Person" means an Individual who is included, at their own request, in the
11 Voluntary Exclusion Program.
- 12 (65) "Voluntary Exclusion Program" means a program operated by the Commission to maintain a list of
13 Individuals who voluntarily exclude themselves from Sports Wagering or Pari-mutuel Wagering
14 and from establishing or maintaining a Wagering Account with an Operator for such Wagering.
- 15 (66) "Wager" means a sum of money or Cash Equivalent risked on an uncertain occurrence.
- 16 (67) "Wagering Account" or "Account" means:
17 (a) an Interactive Sports Wagering Account used for placing Sports Wagers as defined in G.S.
18 18C-901(8); or
19 (b) an advance deposit account used for placing Pari-Mutuel Wagers as contemplated in G.S.
20 18C-1015.
- 21 (68) "Wagering Activity" means Sports Wagering Activity or Pari-Mutuel Wagering Activity unless
22 otherwise specified.
- 23 (69) "Wagering Event" means:
24 (a) for Sports Wagering, a Sporting Event as defined in G.S. 18C-901(16); or
25 (b) for Pari-Mutuel Wagering, a horse race.
- 26 (70) "Wagering Facility" means:
27 (a) a place of public accommodation operated by an Interactive Sports Wagering Operator
28 approved by the Commission for in-person Sports Wagering; or
29 (b) a simulcast facility operated by an ADW licensee and approved by the Commission for in-
30 person Pari-Mutuel Wagering.
- 31 (71) "Wagering Kiosk" or "Kiosk" means a self-service automated device, computer terminal, or other
32 similar machine that a Player may use in a Wagering ~~Lounge Facility~~ to place a Wager using Cash
33 and Cash Equivalents. A Wagering Kiosk may also be used to redeem a Wager and for other
34 regulated functions where supported.
- 35 (72) ~~"Wagering Lounge" means the part of a Wagering Facility operated by an Operator and approved~~
36 ~~by the Commission for in person Sports Wagering or Pari Mutuel Wagering.~~ RESERVED FOR
37 FUTURE USE.

- 1 (73) "Wagering Rules" means the comprehensive rules established by an Operator for governing
2 Wagering Activities with that Operator.
- 3 (74) "Wagering Ticket" or "Ticket" means a printed record, or digital representation thereof, that contains
4 information pertaining to a Wager in connection with a Wagering Event.
- 5 (75) "Wagering Voucher" or "Voucher" means a printed record, or digital representation thereof, that
6 may be used to fund a Sports Wager or may be redeemable for Cash or Cash Equivalents.
- 7 (76) "Wagering Window" means a window in a structure approved by the Commission within a
8 Wagering Facility from which a Ticket Writer conducts Wagering Activity by accepting or
9 distributing Cash or Cash Equivalents.
- 10 (77) "Wager Type" means the form of a Wager offered by a Sports Wagering Operator, including but
11 not limited to Single-Game Wagers, Teaser Wagers, Parlays, Over-Under, Moneyline, Pools,
12 Exchange Wagering, In-Game Wagering, In-Play Wagers, Proposition Wagers, Straight Wagers,
13 and other Sports Wagers approved by the Commission.
- 14 (78) "Winnings" means the total Cash value of property or sums, including Cash, Cash Equivalents, or
15 instruments of monetary value paid, to a Player by an Operator as a direct result of a winning Wager.

1 Rule 1A-012

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3 **24 NCAC 06A .0112** ~~METHOD OF PAYMENT~~ **OF FEES**

4 (a) All required fees or sums to be paid to the Commission shall be paid via wire transfer of funds or other form as
5 prescribed by the Director.

6 (b) Checks, credit cards, and other forms of payment given to the Commission or its agents or vendors for fees due
7 that are returned unpaid shall be considered cause for license denial, Suspension, or Revocation.

1 Rule 1B-010

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3 **24 NCAC 06A .0210 CONSENT TO BACKGROUND INVESTIGATION REQUIRED; RECENT**
4 **CRIMINAL HISTORY CHECK**

5 (a) The Commission, or a third-party contractor approved by the Commission, shall conduct a Background
6 Investigation on the Applicant, Key Persons, and other Persons required to be disclosed on the application, as required
7 by the Commission.

8 (1) In the event an Applicant, its Key Persons, and its disclosed Persons have had a completed criminal
9 history record check in the 12 months prior to the application, the Commission may, in its discretion,
10 accept the results of that prior criminal history record check on submission of an affidavit that there
11 has been no change in criminal history since the prior criminal history record check in this or another
12 state or territories of the United States and the District of Columbia. The Commission or Director
13 shall prescribe the form and contents of such affidavit.

14 (2) The Commission shall not award a License if an Applicant, Key Person, or disclosed Person has
15 been convicted in any jurisdiction of a felony, a gambling offense, a criminal offense involving
16 moral turpitude or obstruction of justice, or any criminal offense involving dishonesty or breach of
17 trust within 10 years of application.

18 (b) An Applicant for Licensure, Key Persons, and Persons required to be disclosed on the application as deemed
19 necessary by the Commission shall consent to a criminal history record check, including criminal history record
20 information obtained from the Federal Bureau of Investigation. Refusal to consent to a criminal history record check
21 constitutes grounds for the Commission to deny Licensure summarily.

22 (1) If used, criminal history record information obtained from the Federal Bureau of Investigation
23 pursuant to this Rule shall include other state and national criminal history record information.

24 (2) All criminal history record information obtained by the Commission pursuant to this Rule is subject
25 to G.S. 18C-904(j), 18C-906(h), 18C-907(l), and 18C-916(b), is for the official use of the
26 Commission only, and shall be kept confidential.

27 (3) An Individual required to submit to a criminal history record check under this Rule shall submit to
28 having their fingerprints taken.

29 (c) Individuals, Key Persons, and disclosed Persons required to participate in the Background Investigation required
30 by these Rules or Articles 9 and 10 of the Act shall provide a statement that irrevocably gives consent to the
31 Commission, Director, and their investigative contractors, and other authorized Persons acting on the Commission's
32 behalf to:

33 (1) verify all information provided in the application; and

34 (2) conduct a Background Investigation.

35 (d) The statement shall be on a form made available by the Director and shall be submitted in a manner determined
36 by the Director.

1 (e) The Director shall make available an affidavit form for those Individuals subject to the Background Investigation
2 process who have completed a criminal history check in the 12 months prior to the application's submission.

3 (1) A complete copy of the previous criminal history check shall be attached to the affidavit form.

4 (2) The Director reserves the right, in their sole discretion, to undertake a supplemental or additional
5 Background Investigation of any individual who submits an affidavit involving a prior criminal
6 history check.

7 (f) If, while conducting a Background Investigation, a basis for recommending denial of a License is discovered,
8 Commission staff shall:

9 (1) informally notify the Applicant; and

10 (2) if a final decision has not yet issued on the application, allow the application to be withdrawn or
11 amended within a specified period.

12 (g) For an Applicant who ~~is a citizen of~~ has resided in any country other than the United States ~~or was previously a~~
13 ~~citizen of a country other than United States~~ during the past ten years, the Background Investigation shall require an
14 international criminal history records check.

1 Rule 1B-017

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3 **24 NCAC 06A .0217 REVIEW AND ISSUE LICENSES**

4 The Commission shall review and issue Licenses to qualified Applicants within 60 Days of receipt of a completed,
5 administratively sufficient application. The Commission may extend the review period for an additional 30 Days if
6 the Background Investigation is outstanding ~~or for other reasons determined by the Director~~. The Commission shall
7 provide notice to an Applicant that the review period for its application has been extended.

1 Rule 1B-025

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3 **24 NCAC 06A .0225 DENIAL OF RENEWAL**

4 (a) The Commission may deny a License renewal based on:

5 (1) one or more of the same grounds that would constitute denial of an initial application under Rule
6 .0213 of this Subchapter;

7 (2) a violation of the Act or these Rules;

8 (3) a pattern of noncompliance with Rules or directives promulgated by the Commission;

9 (4) failure to pay the taxes or fees imposed under these Rules; ~~or~~

10 (5) the Commission's previous decision to suspend or impose civil penalties on the Responsible Party;
11 ~~or or its Key Persons.~~

12 (6) a final determination by the North Carolina Department of Revenue that the Responsible Party
13 violated a provision in Article 2E of Chapter 125 of the North Carolina General Statutes.

14 (b) The Commission may deny a License renewal if the Commission finds good cause that the Responsible Party has
15 not materially complied with one or more provisions of the Act or one or more provisions in these Rules.

1 Rule 1B-029

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3 **24 NCAC 06A .0229 LICENSE ASSIGNMENT OR TRANSFER**

4 (a) A Responsible Party may request the assignment or transfer of their License to another Person by submitting a
5 request in writing.

6 (b) The assignee or transferee shall complete the requisite Licensure application and include the following:

7 (1) a copy of the Responsible Party's written request for assignment or transfer of their License;

8 (2) a draft copy of the proposed Assignment and Assumption Agreement; and

9 (3) if seeking transfer or assignment of a Sports Wagering Operator License, a Written Designation
10 Agreement, pursuant to Rule .0206 of Subchapter B.

11 (c) To qualify for consideration of the License transfer or assignment, the assignee or transferee shall first pay the
12 requisite application fee and meet all qualifications and Background Investigation requirements for the requisite
13 License.

14 (d) The Director may approve or deny the License assignment or transfer. The grounds for the denial of a License
15 assignment or transfer are the same as those provided in Rule .0213(c) of this Subchapter with respect to the denial of
16 an Application for a License. Denial of a License assignment or transfer is treated as a denial of an Application and
17 affords the assignee or transferee the same right to seek reconsideration pursuant to Rule .0219 of this Subchapter, as
18 if it were an Applicant whose Application was denied.

19 (e) The Assignment and Assumption Agreement shall be subject to the approval of the Director and shall include the
20 Director as a signatory solely for the purpose of consenting to the Assignment and Assumption Agreement.

21 (f) An unauthorized assignment or transfer of a License voids the License.

22 ~~(g) The Responsible Party may seek reconsideration of the Director's decision to deny a license transfer or assignment,~~
23 ~~as outlined in Rule .0219 of this Subchapter.~~

1 Rule 1B-032

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3 **24 NCAC 06A .0232 LICENSE DISPLAY**

4 An Operator shall prominently display the License issued by the Commission on its websites, mobile applications,
5 and, if applicable, within the Wagering ~~Lounge~~ Facility.

SECTION .0300 – DISCIPLINARY ACTIONS AND HEARINGS

5 24 NCAC 06A .0301 GROUNDS FOR DISCIPLINARY ACTIONS

6 (a) The Commission, the Sports Betting Committee, or Director may suspend a License, revoke a License, or assess
7 a civil penalty for a violation committed by a Responsible Party, or by the Responsible Party’s employees or agents
8 whether or not such actors hold a License issued by the Commission. An Operator may be subject to Disciplinary
9 Action for violations committed by other Responsible Parties acting on its behalf, for its benefit, or at its direction.

10 (b) The following are examples of conduct that constitute grounds for Disciplinary Action:

- 11 (1) violation of the Act or other law, including, but not limited to, failure to maintain qualifications or
12 suitability needed for a License;
- 13 (2) violation of Rules promulgated under the Act;
- 14 (3) violation of conditions of Licensure;
- 15 (4) violation of Commission directives, orders, or resolutions;
- 16 (5) violation of Laws, Rules, regulations, or ordinances impacting public safety;
- 17 (6) any act or omission of fraud, deceit, misrepresentation, or conduct prejudicial to public confidence
18 in the integrity of Wagering Activity;
- 19 (7) suspension or Revocation of a similar License held in another state or territory; ~~or~~
- 20 (8) other grounds identified by the Commission or Director; or
- 21 (9) a final determination by the North Carolina Department of Revenue that the Responsible Party
22 violated a provision in Article 2E of Chapter 125 of the North Carolina General Statutes.

23 (c) Acceptance or renewal of a License constitutes an agreement by the Responsible Party to be bound by Commission
24 Rules. It is the responsibility of the Responsible Party to remain self-informed of the content of and any revisions to
25 these Rules; ignorance of the Rules does not excuse violations.

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24 NCAC 06A .0321 DISQUALIFICATION OF COMMISSION MEMBER OR HEARING OFFICER

(a) A member of the Commission or the hearing officer may withdraw from a proceeding whenever the Commissioner or hearing officer deems themselves to be disqualified.

(b) Any party may request a Commissioner or hearing officer, before or at the time of the hearing, to withdraw on grounds of conflict, personal bias, or reason for disqualification, by filing a motion. Such motion shall set forth in detail the matters alleged to constitute grounds for disqualification.

(c) If, in the opinion of the Commissioner or hearing officer, the motion referred to in Paragraph (b) of this Rule is filed with reasonable cause and is sufficient on its face, the Commissioner or hearing officer shall forthwith be disqualified and withdraw from the proceeding.

(d) When a Commissioner or the hearing officer is disqualified or withdraws from the proceeding, the Chair of the Commission, or the Chair of the Sports Betting Committee if the Chair of the Commission is unavailable, shall appoint a different hearing officer or Commissioner to participate in the proceeding.

(e) If the Commissioner or hearing officer denies the request for disqualification and does not withdraw from the proceeding, the Commissioner or hearing officer shall so rule upon the record, stating the grounds for ruling and shall proceed with the hearing, or, if the hearing has closed, the Commissioner or hearing officer shall proceed with the issuance of a written decision and the provisions of Rule .0329 of this Subchapter shall thereupon apply.

(f) A hearing officer shall not participate in a hearing under the following circumstances:

(1) The hearing officer has a personal bias or prejudice concerning a party, or personal knowledge of disputed evidentiary facts concerning the hearing;

(2) The hearing officer served as lawyer in the matter in controversy, or a lawyer with whom the hearing officer previously practiced law, served during such association as a lawyer concerning the matter, or the hearing officer or such lawyer has been a material witness concerning it;

(3) The hearing officer knows that they, individually or as a fiduciary, or the hearing officer's spouse or minor child residing in the hearing officer household, has a financial interest in the subject matter in controversy or in a party to the hearing, or any other interest that could be substantially affected by the outcome of the hearing;

(4) the hearing officer maintains an active interactive wagering account with a Commission licensee.

(5) The hearing officer or the hearing officer spouse, or a person within the third degree of relationship to either of them, or the spouse of such a person:

(A) Is a party to the hearing, or an officer, director, or trustee of a party;

(B) Is acting as a lawyer in the hearing;

(C) Is known by the hearing officer to have an interest that could be substantially affected by the outcome of the proceeding;

(D) Is to the hearing officer's knowledge likely to be a material witness in the hearing.

1 (g) A hearing officer should inform themselves about their own personal and fiduciary financial interests, and make a
2 reasonable effort to inform themselves about the personal financial interests of the judge's spouse and minor children
3 residing in the judge's household.

4 (h) For purposes of this Rule:

5 (1) The degree of relationship is calculated according to the civil law system;

6 (2) "Fiduciary" includes such relationships as executor, administrator, trustee and guardian;

7 (3) "Financial interest" means ownership of a substantial legal or equitable interest (i.e., an interest that would
8 be significantly affected in value by the outcome of the subject legal proceeding), or a relationship
9 as director or other active participant in the affairs of a party, except that:

10 (A) ownership in a mutual or common investment fund that holds securities is not a "financial
11 interest" in such securities unless the hearing officer participates in the management of the
12 fund;

13 (B) an office in an educational, cultural, historical, religious, charitable, fraternal or civic
14 organization is not a "financial interest" in securities held by the organization.

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3 **24 NCAC 06A .0413 RESERVE REQUIREMENT**

4 (a) The Internal Controls shall include a plan to maintain and protect sufficient Cash or Cash Equivalents and other
5 supplies to continuously conduct Sports Wagering or Pari-Mutuel Wagering through a reserve in the amount needed
6 to ensure the security of funds held in Wagering Accounts and the ability to cover the outstanding liabilities for
7 Wagering.

8 (b) The reserve may take the form of a bond, an irrevocable letter of credit, payment processor reserves and
9 receivables, Cash or Cash Equivalents segregated from operational funds, a guaranty letter, a combination thereof, or
10 another means as approved by the Commission.

11 (c) The reserve shall be calculated as follows:

12 (1) For Sports Wagering, the reserve shall be not less than the greater of five hundred thousand dollars
13 (\$500,000), or the sum of the:

14 (A) cashable amounts held by the Operator on Wagering Accounts;

15 (B) pending withdrawals from Wagering Accounts;

16 (C) amounts accepted by the Operator on Sports Wagers whose outcomes have not been
17 determined;

18 (D) amounts owed but unpaid on winning Sports Wagers; and

19 (E) average monthly amount of Sports Wagering taxes due to the State of North Carolina for
20 the past 12 months, except during the first 11 months of licensure which shall be calculated
21 as the average monthly amount of Sports Wagering taxes due to the State of North Carolina
22 since the Operator started accepting Sports Wagers.

23 (2) For Pari-Mutuel Wagering, the reserve shall not be less than the sum of the:

24 (A) cashable amounts held by the Operator on Wagering Accounts;

25 (B) pending withdrawals from Wagering Accounts;

26 (C) amounts accepted by the Operator on Pari-Mutuel Wagers whose outcomes have not been
27 determined;

28 (D) amounts owed but unpaid on winning Pari-Mutuel Wagers; and

29 (E) one twelfth (1/12) of the aggregate Annual fee for ADW licensees accrued for the past 12
30 months, except during the first 11 months of licensure which shall be calculated as the
31 aggregate accrued Annual Fee for ADW licensees divided by the number of months the
32 ADW licensee has been accepting ADW Wagers.

33 (3) The reserve shall be adequate to pay all winning Wagers when due.

34 (4) Amounts available to Players for Wagering that are not redeemable for Cash may be excluded from
35 the reserve computation.

1 (d) An Operator is presumed to have met this requirement if the Operator maintains, on a daily basis, a minimum
2 reserve in an amount that is equal to or exceeds the average daily minimum reserve, calculated on a monthly basis,
3 for the corresponding month in the previous year.

4 (e) An Operator shall have access to Wagering Account and transaction data to ensure the amount of its reserve is
5 sufficient. Unless otherwise directed by the Commission or Director, an Operator shall file a monthly attestation with
6 the Director, in the form and manner prescribed by the Commission, that funds have been safeguarded under this
7 Rule.

8 (f) The Director may audit an Operator's reserve at any time and may direct an Operator to take action required to
9 ensure the purposes of this Rule are achieved, including but not limited to requiring the Operator to modify the form
10 of its reserve or increase the amount of its reserve.

11 (g) An Operator shall deposit and maintain reserve funds with a financial institution insured by the Federal Deposit
12 Insurance Corporation and ~~licensed~~ authorized to transact business in North Carolina.

1 Rule 1D-015

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3 **24 NCAC 06A .0415 TAXATION REQUIREMENTS**

4 The Internal Controls shall ensure that the Operator remains in full compliance with Internal Revenue Service and
5 North Carolina Department of Revenue requirements, and the Operator shall provide for the withholding or reporting
6 of income tax of Players as required by applicable state or federal law. The Operator shall:

7 (1) Comply with applicable state and federal tax laws and regulations including, without limitation,
8 laws and regulations applicable to tax withholding and laws and regulations applicable to providing
9 information about payouts and withholdings to taxing authorities and to Players.

10 (2) Disclose potential tax liabilities to Players at the time of the award of Wagering payouts in excess
11 of limits set by the Internal Revenue Service. These disclosures will include a statement that the
12 obligation to pay applicable taxes on payouts is the responsibility of the Player and that failure to
13 pay applicable tax liabilities may result in civil penalties or criminal liability. On written request,
14 the Operator shall provide Players with summarized tax information on Wagering Activities.

1 Rule 1D-016

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3 **24 NCAC 06A .0416 BANK SECRECY ACT COMPLIANCE**

4 The Internal Controls shall ensure that the Operator remains in full compliance with provisions of The Bank Secrecy
5 Act of 1970, 31 U.S.C 5311, and related federal regulations, applicable to the operation of Sports Wagering or Pari-
6 Mutuel Wagering. The Operator shall:

7 (1) Maintain records related to its compliance with The Bank Secrecy Act of 1970, 31 U.S.C 5311,
8 including currency transaction reports, suspicious activity reports, and supporting documentation,
9 for five years or for a period required by law for inspection by agents or officials of the State or
10 federal government. If a litigation, claim, or audit is started before the expiration of the five-year
11 period, the records shall be retained until litigation, claims, or audit findings involving the records
12 have been resolved. The Operator shall provide the records to the Director and appropriate law
13 enforcement agencies on request consistent with the authorization prescribed in The Bank Secrecy
14 Act of 1970, 31 U.S.C 5311, and applicable regulations.

15 (2) Provide written notice to the Director as soon as the Operator becomes aware of a compliance review
16 that is conducted by the Internal Revenue Service under The Bank Secrecy Act of 1970, 31 U.S.C
17 5311, and involves or impacts the Operator. The Operator shall provide a copy of the compliance
18 review report or the equivalent to the Director within ~~44~~10 Days after the receipt of the report by
19 the Operator.

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3 **24 NCAC 06A .0421 DISPUTES PERTAINING TO WAGERING**

4 (a) The Operator's Internal Controls shall set forth its procedures for receiving, investigating, responding to and
5 reporting on disputes submitted to it by Players.

6 (b) An Operator shall include on their websites, mobile applications, and if applicable, within the Wagering Lounge
7 Facility, a clear mechanism to inform Players of their right to submit a dispute against the Operator, including:

- 8 (1) information explaining how to submit a dispute to the Operator;
- 9 (2) how the Operator seeks to respond to or resolve the dispute submitted by the Player; and
- 10 (3) how the Player may submit to the Commission a report of their dispute.

11 (c) When a Player submits a dispute to the Operator, the Operator shall immediately create a written dispute report,
12 setting out the:

- 13 (1) name of the Player or the Player's email address;
- 14 (2) nature of the dispute asserted;
- 15 (3) name of the Persons against whom the dispute was made, including employees or contractors;
- 16 (4) date and time of the purported conduct or incident giving rise to the dispute;
- 17 (5) date the Player submitted the dispute; and
- 18 (6) the nature of relief or action sought by the Player and, if applicable, the action taken or proposed to
19 be taken by the Operator to address the dispute.

20 (d) An Operator shall investigate and attempt to resolve disputes with the Player.

- 21 (1) An Operator shall respond to disputes in writing within 10 Days or may seek an extension of time
22 from the Director not to exceed 10 Days by providing information about why a response cannot be
23 provided within that time period.
- 24 (2) If the Operator will not grant or provide the Player the relief requested to resolve the dispute, then
25 the Operator shall state in writing and with specificity the reasons why the requested relief or action
26 will not be provided.
- 27 (3) If an Operator's response to a dispute is that more information is needed to address the dispute, the
28 Operator shall provide specific information to the Player about the form and nature of the needed
29 information. When the Player provides the Operator additional information, the Operator shall
30 provide to the Player any further response within seven Days.
- 31 (4) In its written response to the dispute asserted by the Player, the Operator shall advise the Player of
32 their right to submit the dispute to the Commission in the form and manner prescribed by the
33 Commission or Director.

34 (e) Unless otherwise directed by the Commission, for disputes related to Wagering Accounts, settlement of Wagers,
35 or activity that is contrary to the law related to Wagering that cannot be resolved to the satisfaction of the Player, the
36 Operator shall promptly notify the Director of the dispute, including all information submitted by the Player and the
37 Operator's response, along with other pertinent information and documentation.

1 (f) On receipt of a dispute from a Player or notification of an unresolved dispute from an Operator, the Director may
2 investigate as they consider to be appropriate and may direct an Operator to take corrective action the Commission or
3 Director considers appropriate, consistent with law and these Rules.

4 (g) Disputes received by an Operator from a Player and the Operator's responses to disputes, including internal records
5 such as dispute reports, shall be retained for five years thereafter or for a period required by law for inspection by
6 agents or officials of the State or federal government.

7 (1) If a litigation, claim, or audit is started before the expiration of the five-year period, the records shall
8 be retained until litigation, claims or audit findings involving the records have been resolved.

9 (2) The Operator shall produce these records to the Commission or Director within 10 Days of a request
10 by the Commission or Director or may seek an extension of time in writing from the Director not to
11 exceed 10 Days by providing information about why the requested records cannot be provided
12 within that time period and identifying when these records will be produced.

1 Rule 1D-024

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3 **24 NCAC 06A .0424 REPORTING REQUIREMENTS RELATED TO INELIGIBLE PERSONS**

4 (a) The Internal Controls shall ensure that an Operator submits an Ineligible Person Report to the Director each month
5 reporting the following information for the previous month, as applicable:

6 (1) the number of Ineligible Persons found in a Wagering ~~Lounge Facility~~;

7 (2) the number of Ineligible Persons found who made a Wager or attempted to make a Wager; and

8 (3) the number of Ineligible Persons referred to a law enforcement authority by the Operator.

9 (b) If an Operator does not identify or encounter any reportable activity with respect to Ineligible Persons, then it shall
10 affirmatively state so in the report.

11 (c) In making such report, the Operator may create a custom submission or utilize the form provided by the Director.
12 The Director shall establish deadlines for report submissions.

1 Rule 1D-028

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3 **24 NCAC 06A .0428 TIMELY RESPONSE TO FORMAL LETTER OF INQUIRY**

4 (a) The Commission, through its legal counsel or other staff, may send a Responsible Party, Key Person, or applicant
5 a formal letter of inquiry requesting a response. The Letter of Inquiry, or attachments thereto, shall set forth the subject
6 matter of the inquiry investigated. The response shall include:

7 (1) a disclosure of all requested information; and

8 (2) copies of all requested documents

9 (b) The Commission or its agent may identify a deadline for the recipient of the formal letter of inquiry to provide a
10 response. If no date is identified, then a complete written response is required within 10 days of receipt.

SECTION .0500 – STANDARDS FOR WAGERING

5 24 NCAC 06A .0501 WAGERING RULES

6 (a) The Operator shall adopt comprehensive Wagering Rules, which shall be approved by the Director. The Wagering
7 Rules, together with other information the Director considers appropriate, shall be conspicuously displayed on the
8 Operator’s websites, mobile applications, and if applicable, within the Wagering ~~Lounge~~ Facility. Copies shall be
9 made readily available to Individuals and Players.

10 (b) The Operator shall not implement changes or modifications of the practices, procedures, or representations on
11 which the approval was based without the prior written approval of the Director.

12 (c) The Internal Controls shall ensure that the Operator keeps a log of any changes to the Wagering Rules for a period
13 of five years.

14 (d) Failure by an Operator to act in accordance with the Wagering Rules may result in monetary penalties, Suspension
15 or Revocation of its License, civil damages, injunctive relief, or criminal liability.

1 Rule 1E-002:

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3 **24 NCAC 06A .0502 ACCEPTANCE OF WAGERS**

4 (a) Wagers shall be placed through a Wagering Account or within a Wagering ~~Lounge~~ Facility.

5 (b) Available Wagers shall be displayed to Players and include the lines or odds, the Wager Type, and Wagering Event
6 on which Wagers are being accepted.

7 (c) An Operator may not set lines or odds or offer Wagering propositions designed to ensure that a Player will win a
8 Wager or a series of Wagers, unless the lines, odds, or Wagering propositions are offered in connection with a
9 promotion or bonus conducted in accordance with Rule .0503 of this Subchapter. An Operator may not accept a Wager
10 on a Wagering Event unless a Wagering proposition is posted on the Operator's websites, mobile applications, or if
11 applicable, within the Wagering ~~Lounge~~ Facility.

12 (d) Wagers may only be made by Players using:

13 (1) Cash;

14 (2) Cash Equivalents converted to Cash;

15 (3) credit cards or debit cards;

16 (4) electronic funds transfers including automated clearing house and other electronic methods;

17 (5) promotional or bonus credits;

18 (6) winning Wagering Tickets or Vouchers;

19 (7) funds within a Wagering Account;

20 (8) a Player's reloadable prepaid account or card, which has been verified as being issued to the Player
21 and is nontransferable; and

22 (9) other forms of payment approved by the Commission.

23 (e) The Operator shall debit the amount Wagered by a Player from their Wagering Account. Wagers shall not be
24 accepted in an amount in excess of an Account balance.

25 (f) No Operator shall accept a Wager from a Person through the use of the Wagering Account of or for another Person.
26 No Operator shall knowingly allow a Person to make a Wager utilizing the Wagering Account of another Person.

27 (g) An Operator shall file with the Commission, in a manner and form developed by the Commission, a report of an
28 error that occurs in offering a Wagering Event or Wager or if an unapproved event or Wager Type is offered to the
29 public.

1 Rule 1F-006:

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3 **24 NCAC 06A .0606 OPERATOR DUTIES**

4 (a) The Operator shall maintain its own copies of the exclusion lists and shall establish Internal Controls to ensure that
5 its copies of the lists are kept up to date. The Operator shall obtain the lists from the Commission in a secure and
6 confidential manner, such as via SFTP, at minimum every 72 hours. The lists may only be accessed by Individuals
7 authorized in accordance with the Internal Controls.

8 (b) The Operator shall establish and implement Internal Controls to ensure that it, at minimum, undertakes
9 commercially reasonable efforts to:

10 (1) Prevent Voluntarily Excluded Persons and Involuntarily Excluded Persons from opening a new
11 Wagering Account.

12 (2) Identify and suspend any Wagering Accounts of Voluntarily Excluded Persons and Involuntarily
13 Excluded Persons.

14 (3) Seize any Winnings that accrue after an Individual’s Exclusion.

15 (4) Eject or refuse Voluntarily Excluded Persons and Involuntarily Excluded Persons from entry into a
16 Wagering Facility.

17 (5) Refund any remaining Account balances to Voluntarily Excluded Persons and Involuntarily
18 Excluded Persons provided the Operator acknowledges that the funds have cleared.

19 (6) Ensure that Voluntarily Excluded Persons and Involuntarily Excluded Persons do not receive
20 targeted or personalized mailings, Advertisements, marketing materials, promotions, Player club
21 materials, reward materials, or other promotional materials or incentives related to Wagering via
22 any channel, including, but not limited to, U.S. Mail, email, text message, push notification, social
23 media messaging, or phone. For purposes of this Subparagraph, “targeted” means that materials or
24 messages are sent directly to an address, email address, telephone number, or other contact
25 associated with the excluded Individual on their application or in the Operator’s demographic record
26 or files.

27 (7) Notify the Director in a manner prescribed by the Director if a Voluntarily Excluded Person or an
28 Involuntarily Excluded Person is found in its Wagering Facility or attempting to place a Wager.

29 (8) In cooperation with the Commission, and where reasonably possible, determine the amount
30 Wagered and lost by an Individual identified as a Voluntarily Excluded Person or an Involuntarily
31 Excluded Person.

32 (9) If a Player has pending Wagers prior to being excluded, handle these Wagers in accordance with
33 the terms and conditions.

34 (c) At the request of the Director or Commission, Operators shall identify the parties or entities with whom it shares
35 Voluntarily Excluded Person and Involuntarily Excluded Person data, and the technical methods it uses to share the
36 information securely.

1 (d) Winnings seized from Voluntarily Excluded Persons and Involuntarily Excluded Persons and amounts Wagered
2 and lost by such Persons shall be ~~deemed unclaimed prizes under G.S. 18C-132(b)~~ identified and collected by the
3 Operator and conveyed to the Commission to be used solely to support gambling addiction education and treatment
4 programs.

5 (e) Nothing in the Act or these Rules shall be construed to preclude an Operator from seeking the payment of a debt
6 accrued by an Individual during a period when the Individual was not participating in the Voluntary Exclusion
7 Program.

8

SECTION .0700 – WAGERING ACCOUNTS

24 NCAC 06A .0701 WAGERING ACCOUNT REQUIREMENTS

6 (a) The Operator shall adopt Internal Controls related to Account registration. An Individual shall have an established
7 Wagering Account with the Operator to participate in Wagering over the Internet. Nothing in this Rule shall be
8 interpreted to prohibit the Operator from accepting anonymous Wagers by a Wagering Kiosk or Ticket Writer Station
9 within the Wagering ~~Lounge~~ Facility.

10 (b) A Wagering Account shall only be established in the name of a Registered Player who is a natural person and may
11 not be in the name of a beneficiary, custodian, joint trust, corporation, partnership, or another entity.

12 (c) An Operator shall collect the following information from Players:

- 13 (1) the Player’s full legal name;
- 14 (2) the Player’s date of birth;
- 15 (3) the Player’s principal residential address, a post office box is not acceptable;
- 16 (4) the Player’s Social Security number, or the last four digits of the Social Security number, or an
17 equivalent government identification number for a noncitizen, for example, a passport or taxpayer
18 identification number; and
- 19 (5) other information collected from the Player used to verify their identity and to prove the Player is
20 not an Ineligible Person.

21 (d) During the Wagering Account registration process, the Player shall:

- 22 (1) be denied the ability to register for an Account if they submit a birth date which indicates that they
23 are an Underage Person;
- 24 (2) if not all fields are “required,” be informed on the Account application which information fields are
25 “required,” which are not, and what will be the consequences of not filling in the required fields;
- 26 (3) agree to the terms and conditions and privacy policies of the Operator, which shall comply with
27 applicable law, including, but not limited to, G.S. 18C-910(i);
- 28 (4) consent to the monitoring and recording of the use of their Account by the Operator and the
29 Commission;
- 30 (5) affirm that:
 - 31 (A) the Player meets eligibility requirements for registration; and
 - 32 (B) the Personal Information the Player is providing to open the Account is accurate; and
- 33 (6) authorize the provision of notices and other required communications either through a designated
34 mobile or other interface or to an electronic mail address designated by the Player.

35 (e) An Operator shall maintain an electronic Player file, which shall include the following for Wagering Accounts, as
36 applicable:

- 37 (1) the unique Wagering Account ID and username, if different;

- 1 (2) the information indicated in Paragraph (c) of this Rule to register a Player and create the Account;
- 2 (3) the date and method of identity verification, including, where applicable, the document number of
- 3 the government issued identification credential examined and its date of expiration, if applicable. If
- 4 a government issued identification credential is not required for registration, the electronic record
- 5 that details the process used to confirm the Player's identity shall be recorded;
- 6 (4) the date of Player agreement to the terms and conditions and privacy policies;
- 7 (5) previous Wagering Accounts and reason for de-activation;
- 8 (6) the date and method from which the Wagering Account was registered;
- 9 (7) the date and time a Wagering Account is accessed by an Individual, including IP address;
- 10 (8) a history of financial transactions, including deposits, withdrawals, and Account adjustments;
- 11 (9) Account details and current balance, including restricted Wagering credits and unrestricted funds.
- 12 Restricted Wagering credits and unrestricted funds that have a possible expiration shall be
- 13 maintained separately; and
- 14 (10) the current status of the Wagering Account.

15 (f) The following information maintained as part of the electronic Player file shall be encrypted or hashed to other
16 cryptographic algorithms as allowed by the Director:

- 17 (1) the Registered Player's government identification number, or portions thereof;
- 18 (2) the Registered Player's previous and current passwords, pins, or other authentication credentials,
- 19 including biometric information; and
- 20 (3) the Registered Player's previous and current debit instrument numbers, debit card numbers, bank
- 21 account numbers or other personal financial information.

22 (g) An Operator may allow the Registered Player to update authentication credentials, registration information and
23 the account used for financial transactions. A Multi-Factor Authentication process shall be used for these purposes.

1 Rule 1H-002

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3 **24 NCAC 06A .0802 FLOOR PLAN-~~AND EQUIPMENT LIST~~**

4 (a) The Operator shall establish and submit to the Director for approval a detailed floor plan of the Wagering Facility.

5 The proposed floor plan shall detail:

6 (1) a drawing to scale of the Wagering Facility, and each floor thereof, in which Sports Wagering or
7 Pari-Mutuel Wagering shall be conducted, at a scale sufficient to identify the information
8 established in this Rule. The drawing shall depict the following, as applicable:

9 (A) the total square footage of the Wagering ~~Lounge~~ Facility;

10 (B) a diagram, outlined in red, of the proposed designated Wagering area on each floor within
11 the building;

12 (C) ~~the Wagering Lounge, including all~~ Wagering Windows;

13 (D) the locations and number of Wagering Kiosks, though the Wagering Facility may move
14 Wagering Kiosks from one location to another with approval of the Director;

15 (E) ~~Wagering Lounge Facilities~~ that are, or are from time to time, a restricted Wagering ~~Lounge~~
16 Facility, specifying the nature of the restrictions and when they will apply;

17 (F) the cage;

18 (G) the count room;

19 (H) the vault;

20 (I) other restricted areas; and

21 (J) all areas subject to surveillance;

22 (2) a certificate of compliance approved by the local fire and building officials which has been
23 approved;

24 (3) a written statement by the appropriate local official that handicapped access to the designated
25 Wagering Facility has been provided; and

26 (4) when a Wagering Facility is located in a Sports Facility, a drawing depicting the location of the
27 Wagering Facility within the Sports Facility.

28 (b) A floor plan may be amended on request by the Operator and upon approval by the Commission or Director. A
29 request shall be filed with the Director in writing at least five Days prior to the time for which implementation of the
30 amendment is sought.

31 (c) An Operator shall provide the Director with a comprehensive list of all equipment for use related to Wagering at
32 its Wagering Facility. An Operator shall submit updates to the equipment list to the Director, as applicable, on a
33 monthly basis.

1 Rule 1H-003

2

3 **24 NCAC 06A .0803 WAGERING ~~LOUNGES~~ FACILITY RESTRICTIONS**

4 (a) ~~Designated Wagering Lounges within the~~ An Operator's Internal Controls for the Wagering Facility shall be
5 established so as to control access by the general public and prevent entry by an Underage Person or an Individual
6 otherwise not permitted to place Wagers.

7 (b) An Underage Person shall not be permitted to purchase or Cash a Wagering Ticket or Voucher.

8 (c) The Wagering ~~Lounge~~ Facility shall provide notification that underage gambling is a criminal offense and that
9 anyone who facilitates an Underage Person to place a Wager has committed a criminal offense.

2

3 **24 NCAC 06A .0804 RESPONSIBLE GAMING AND PROBLEM GAMBLING INFORMATION**

4 Commission-approved or Director-approved responsible gaming and problem gambling information shall be
5 prominently displayed in the Wagering Facility. The Wagering Facility shall:

6 (1) post in a conspicuous place ~~in every Wagering Lounge~~ a sign that bears a telephone number or
7 website of a Commission-approved organization that provides assistance to problem or compulsive
8 gamblers;

9 (2) provide Commission-approved informational leaflets or other similar materials ~~in the Wagering~~
10 ~~Lounge~~ containing responsible gaming and problem gambling information including a Commission-
11 approved telephone number or website that an Individual may use to obtain information about
12 problem gambling and resources addressing addiction and compulsive behavior and where to seek
13 assistance with these issues; and

14 (3) provide Players expressing concern with a gambling problem with information regarding
15 Commission-approved or Director-approved organizations that provide assistance to problem or
16 compulsive gamblers.

2

3 **24 NCAC 06A .0806 WAGERING WINDOWS**

4 (a) A Wagering Facility may have one or more Wagering Windows ~~located in the Wagering Lounge or in other~~
5 ~~window locations as approved by the Commission.~~ A Wagering Window shall:

6 (1) be designed and constructed to provide maximum security for the materials stored and the activities
7 performed therein, in a manner approved by the Director;

8 (2) include one or more Ticket Writer Stations, which shall:

9 (A) interface with the Wagering system for Wagers placed;

10 (B) contain a permanently affixed number, which shall be visible to the Surveillance System;

11 (C) contain manually triggered silent alarm systems, which shall be connected directly to the
12 Surveillance Operation Room and the Commission office if required; and

13 (D) contain full enclosures, unless funds are either secured in a drop safe or other means
14 approved by the Commission or transferred to the vault or cage;

15 (3) provide for surveillance equipment capable of accurate visual monitoring and recording of activities;
16 and

17 (4) require an emergency exit door that is not a mantrap to be alarmed.

18 (b) A Wagering Window shall have access to a secure location, including a vault, to store funds issued by a cage to
19 be used in the operation of Sports Wagering or Pari-Mutuel Wagering. The secure location shall:

20 (1) be a fully enclosed room, located in an area not accessible to the public;

21 (2) have a metal door with a locking mechanism that shall be maintained and controlled by the Wagering
22 manager responsible for the ~~Wagering Lounge~~ Facility;

23 (3) have an alarm device that signals surveillance personnel if the door to the secure location is opened;
24 and

25 (4) have surveillance equipment capable of accurate visual monitoring and recording of activities in the
26 secure location.

27 (c) A Wagering Window shall have an operating balance not to exceed an amount specified in the Internal Controls
28 and approved by the Director. Funds in excess of the operating balance shall be transferred to the cage in a secured
29 container by an employee of the counter with a Wagering Facility security officer. Prior to transporting the funds,
30 Wagering Facility security personnel shall notify surveillance personnel that the transfer will take place. Surveillance
31 personnel shall monitor the transfer. The funds shall be transferred with appropriate documentation as set forth in the
32 Internal Controls.

33 (d) The assets for which a Ticket Writer is responsible shall be maintained on an imprest basis. A Ticket Writer shall
34 not permit another Person to access the Ticket Writer's imprest inventory.

35 (e) A Ticket Writer shall begin a shift with an imprest amount of currency and coin to be known as the "Wagering
36 inventory." No funds shall be added to or removed from the Wagering inventory during a shift except:

37 (1) in collection of Wagers;

- 1 (2) to make change for a Player placing a Wager;
- 2 (3) in collection for the issuance of Vouchers;
- 3 (4) in payment of winning or properly canceled or refunded Wagers;
- 4 (5) in payment of Vouchers;
- 5 (6) to process deposits or withdrawals to or from a Wagering Account, where supported;
- 6 (7) in exchanges with the cashier's cage, a satellite cage, or vault supported by proper documentation
- 7 which documentation shall be sufficient for accounting reconciliation purposes; or
- 8 (8) in payment of appeasement payments to resolve a dispute with a Player.

9 (f) A Wagering inventory slip shall be completed by the Wagering manager, and the following information shall be
10 recorded thereon at the start of a shift:

- 11 (1) the date, time, and shift of preparation;
- 12 (2) the denomination of currency and coin in the Wagering inventory issued to the Ticket Writer;
- 13 (3) the total amount of each denomination of currency and coin in the Wagering inventory issued to the
14 Ticket Writer;
- 15 (4) the Ticket Writer Station to which the Ticket Writer is assigned; and
- 16 (5) the written or digital signature of the Wagering manager.

17 (g) A Ticket Writer assigned to a Ticket Writer Station shall count and verify the Wagering inventory at the vault or
18 other approved location and shall reconcile the count to the Wagering inventory slip. The Ticket Writer shall sign the
19 count sheet attesting to the accuracy of the information recorded thereon. The Wagering inventory shall be placed in
20 a Ticket Writer's drawer and transported directly to the appropriate Ticket Writer Station by the Ticket Writer.

21 (h) If funds are transferred from the vault to a Ticket Writer, the Wagering manager responsible for the vault shall
22 prepare a two-part writer transfer-out form. On completion of the form, the original shall be retained by the vault
23 manager and the duplicate shall be retained by the Ticket Writer. The form shall include the:

- 24 (1) date and time of the transfer;
- 25 (2) designation of the vault location;
- 26 (3) Ticket Writer Station to where the funds are being transferred;
- 27 (4) amount of each denomination being transferred;
- 28 (5) total amount of the transfer;
- 29 (6) written or digital signature of the preparer of the transfer;
- 30 (7) written or digital signature of the manager verifying and issuing the funds; and
- 31 (8) written or digital signature of the Ticket Writer verifying and receiving the funds.

32 (i) If funds are transferred from the Ticket Writer to a vault, a two-part writer transfer-In form shall be prepared in a
33 manner outline in the Operator's Internal Controls. Upon completion of the form, the original shall be retained by the
34 Ticket Writer and the duplicate shall be immediately returned with the funds to the vault. The form shall include the:

- 35 (1) date and time of the transfer;
- 36 (2) designation of the vault location to where the funds are being transferred;
- 37 (3) Ticket Writer Station from which the funds are being transferred;

- 1 (4) amount of each denomination being transferred;
- 2 (5) total amount of the transfer;
- 3 (6) written or digital signature of the Ticket Writer verifying and sending the funds to the vault; and
- 4 (7) written or digital signature of the manager verifying and receiving the funds.

5 (j) At the conclusion of a Ticket Writer's shift, the Ticket Writer's drawer and its contents shall be transported directly
6 to the vault or to a location in the Wagering Window approved by the Director where the Ticket Writer shall count
7 the contents of the drawer and record on the Wagering inventory slip the:

- 8 (1) date, time, and shift of preparation;
- 9 (2) denomination of currency and coupons in the drawer;
- 10 (3) total amount of each denomination of currency and coupons in the drawer;
- 11 (4) total of the writer transfer-out forms;
- 12 (5) total of the writer transfer-in forms;
- 13 (6) total amount in the drawer; and
- 14 (7) written or digital signature of the Ticket Writer.

15 (k) The Wagering manager shall compare the Ticket Writer closing balance to the Wagering inventory slip total,
16 record over or short amounts, and sign the Wagering inventory slip.

17 (l) If the Wagering Inventory Slip lists an overage or shortage, the Ticket Writer and the Wagering manager shall
18 attempt to determine the cause of the discrepancy in the count. If the discrepancy cannot be resolved, a discrepancy
19 shall be reported to surveillance personnel and the Wagering manager or supervisor in charge at the time.
20 Discrepancies in excess of five hundred dollars (\$500.00) shall be reported to the Commission. This report shall
21 include the:

- 22 (1) date on which the discrepancy occurred;
- 23 (2) shift during which the discrepancy occurred;
- 24 (3) name of the Ticket Writer;
- 25 (4) name of the Wagering manager;
- 26 (5) Ticket Writer Station number; and
- 27 (6) amount of the discrepancy.

28 (m) If funds are transferred from the vault to the cashier's cage, the Wagering manager responsible for the vault shall
29 prepare a two-part vault transfer-out form. On completion of the form, the original shall be retained by the vault
30 manager and the duplicate shall be transferred with the funds to the cashier's cage. The form shall include the:

- 31 (1) date and time of the transfer;
- 32 (2) designation of the vault location;
- 33 (3) designation of the cage location;
- 34 (4) amount of each denomination being transferred;
- 35 (5) total amount of the transfer;
- 36 (6) written or digital signature of the preparer of the transfer;
- 37 (7) written or digital signature of the vault manager verifying and issuing the funds; and

- 1 (8) written or digital signature of the cage cashier verifying and receiving the funds.
- 2 (n) If funds are transferred from the cashier's cage to a vault, a two-part vault transfer-in form shall be prepared. On
- 3 completion of the form, the original shall be retained by the cage cashier and the duplicate shall be transferred with
- 4 the funds to the vault. The form shall include the:
- 5 (1) date and time of the transfer;
- 6 (2) designation of the vault location to which the funds are being transferred;
- 7 (3) cashier location from which the funds are being transferred;
- 8 (4) amount of each denomination being transferred;
- 9 (5) total amount of the transfer;
- 10 (6) written or digital signature of the cage cashier verifying and sending the funds to the vault; and
- 11 (7) written or digital signature of the vault manager verifying and receiving the funds.
- 12 (o) In lieu of separate Wagering Windows with live Ticket Writers, cage personnel may write and Cash Tickets.

2

3 **24 NCAC 06A .0810 DROP AND COUNT**

4 (a) The Wagering Facility shall have a count room whose physical access shall be limited to count team employees,
5 designated staff, Commission staff, and other Persons authorized by the Operator. The count room shall remain locked
6 unless entry and exit is required by authorized Persons.

7 (1) Count team employees shall not exit or enter the count room during the count except for emergencies
8 or scheduled breaks.

9 (2) Surveillance staff shall be notified if count room employees exit or enter the count room during the
10 count.

11 (3) The Internal Controls shall include a count team policy that shall address the transportation of
12 extraneous personal items including personal belongings, toolboxes, or beverage containers, into or
13 out of the count room.

14 (b) Security of the count and the count room shall be ensured to prevent unauthorized access, misappropriation of
15 funds, forgery, theft, or fraud.

16 (1) All counts shall be performed by two or more employees.

17 (2) At no time during the count shall there be fewer than two count team employees in the count room
18 until responsibility for the drop proceeds has been accepted by cage or vault personnel.

19 (3) Count team employees shall be independent of the department being counted. A cage or vault
20 employee may be used if they are not the sole recorder of the count and do not participate in the
21 transfer of drop proceeds to the cage or vault. An accounting employee may be used if there is an
22 independent audit of count documentation.

23 (4) Items brought into a count room shall be transported or packaged in transparent wrappers or
24 containers.

25 (c) Currency cassettes and drop boxes shall be securely removed from Wagering Kiosks.

26 (1) Surveillance shall be notified prior to the currency cassettes or drop boxes being accessed in a Kiosk.

27 (2) Two or more employees shall be involved in the collection of currency cassettes and drop boxes
28 from Kiosks and one or more of those employees shall be independent of Kiosk accountability.

29 (3) ~~Currency cassettes and drop boxes shall be secured in a manner that restricts access to only~~
30 ~~employees authorized by the Operator.~~ Reserved.

31 (4) If applicable, redeemed Vouchers collected from the Kiosk shall be secured and delivered to the
32 appropriate department, for example, cage or accounting, for reconciliation.

33 (5) The Internal Controls for the Wagering Facility shall ensure that currency cassettes contain the
34 correct denominations and have been properly installed.

35 (6) Access to stored full currency cassettes and drop boxes shall be restricted to:

36 (A) employees authorized by the Operator; and

1 (B) in an emergency, additional Wagering Facility personnel authorized for the resolution of a
2 problem.

3 (7) The Kiosk count shall be performed in a secure area, including the cage or count room.

4 (8) If counts from Kiosks and other areas requiring counts occur simultaneously in the count room,
5 Internal Controls shall be in effect that prevent the commingling of funds from the Kiosks with other
6 areas requiring counts.

7 (9) The Kiosk currency cassettes and drop boxes shall be individually emptied and counted so as to
8 prevent the commingling of funds between Kiosks until the count of the Kiosk contents has been
9 recorded.

10 (10) Internal Controls shall be implemented to ensure that corrections to the count documentation are
11 permanent and identifiable, and that the original, corrected information remains legible. Corrections
12 shall be verified by two employees.

1 Rule 1H-012

2

3 **24 NCAC 06A .0812 CASHIERS, WINDOWS, AND CAGES**

4 (a) The Wagering Facility shall have within ~~it~~ or immediately adjacent to ~~it the Wagering Lounge~~ a physical structure
5 known as a cashiers' cage (cage) to house the cashiers. A Wagering Facility may also have within or immediately
6 adjacent to the Wagering ~~Lounge Facility~~, one or more satellite cages.

7 (b) A cage or satellite cage shall be fully enclosed and shall, at a minimum:

- 8 (1) perform financial transactions related to Sports Wagering or Pari-Mutuel Wagering;
- 9 (2) be designed and constructed to provide maximum security for the materials stored and the activities
10 performed therein. This design and construction shall be approved by the Commission;
- 11 (3) include openings at one or more numbered cashier windows, each of which shall contain a cashier's
12 drawer and through which financial transactions related to Sports Wagering or Pari-Mutuel
13 Wagering will be conducted;
- 14 (4) include manually triggered silent alarm systems, which shall be connected directly to the
15 surveillance and the Wagering Facility security monitoring rooms;
- 16 (5) provide for surveillance equipment capable of accurate visual monitoring and recording of activities;
17 and
- 18 (6) include a mantrap if the cage or satellite cage secure assets, including, but not limited to, currency
19 having a value greater than an amount established by the Director. The outer door of the mantrap
20 shall be controlled by Wagering Facility security personnel and the inner door shall be controlled
21 by accounting personnel or another department personnel approved by the Director that are not the
22 same as the personnel controlling the outer door. The doors of the mantrap shall have separate and
23 distinct locking mechanisms on doors of the double door entry and exit system. The mantrap shall
24 be subject to continuous surveillance coverage.

25 (c) A cage or satellite cage may have one or more service windows to serve as a location in the Wagering Facility to
26 conduct financial transactions. These windows shall be designed and constructed in accordance with this Rule, and
27 access shall be controlled by an accounting supervisor.

28 (d) If approved paperless systems are not in use, the Internal Controls shall require that documents regarding the funds
29 stored in cages shall be transported between cages in a secure manner approved by the Commission and with Wagering
30 Facility security personnel.

31 (e) A Wagering Facility shall have on hand in the cage, or readily available including in a restricted bank account or
32 by bond, a reserve of Cash to pay winning Players.

33 (f) A cashiers' cage and any satellite cage shall be segregated by personnel so that no single Person has both control
34 and approval for any aspects of cage operations is maintained.

35 (g) A qualified supervisor may perform the functions of a cashier provided that the functions are not incompatible
36 with proper separation of duties outlined in Internal Controls. A supervisor shall not operate from another cashier or
37 supervisor's imprest inventory.

- 1 (1) The assets for which a general cashier is responsible shall be maintained on an imprest basis. A
2 general cashier shall not permit another Person to access their imprest inventory. General cashier
3 functions shall include, but are not limited to:
- 4 (A) performing check consolidations, total or partial redemptions, or substitutions for Players;
 - 5 (B) receiving Cash, authorized Cash Equivalents and authorized electronic transfers from
6 Players in exchange for currency or Wagering Vouchers;
 - 7 (C) performing deposit and withdrawal transactions for Wagering Accounts, where supported;
 - 8 (D) processing exchanges with cashiers, supported by documentation with written or digital
9 signatures thereon, for the effective segregation of functions in the cashiers' cage;
 - 10 (E) receiving Wagering Tickets or Vouchers from Players or authorized employees in
11 exchange for Cash; and
 - 12 (F) exchanging and reconciling imprest funds used by attendants, including imprest
13 change/pouch payout funds.
- 14 (2) The Wagering Facility may consolidate the cashier functions if the cashier is qualified to perform
15 functions and performs no functions incompatible with proper separation of duties outlined in
16 Internal Controls.

2

3 **24 NCAC 06A .0813 SURVEILLANCE SYSTEM AND PROCEDURES**

4 The Wagering Facility shall install, maintain, and operate a Surveillance System that has the capability to monitor and
5 record continuous unobstructed views of Wagering and financial transactions as well as dynamic displays of Wagering
6 information. In addition, Internal Controls shall ensure there is general surveillance coverage for other areas of the
7 Wagering Facility in a manner approved by the Director with exclusions for areas where Player privacy is expected
8 including bathrooms and changing rooms.

9 (1) The Surveillance System shall:

10 (a) have the capability to display camera views on a monitor;

11 (b) record camera views; and

12 (c) time stamp all recordings with the current local time which shall be synchronized to the
13 official United States Naval Observatory Master Clock.

14 (2) The Surveillance System shall be maintained and operated from a Surveillance Operation Room or,
15 when authorized by the Commission, a secured location, including a locked cabinet.

16 (a) The Surveillance Operation Room shall be secured to prevent unauthorized entry.

17 (b) The location of the Surveillance Operation Room shall ensure that the interior is not visible
18 to the public or other employees who do not work in the surveillance room.

19 (c) Access to the Surveillance Operation Room shall be limited to surveillance personnel, the
20 Commission, and other authorized Persons.

21 (d) Surveillance Operation Room access logs shall be maintained, recording entries and exits.

22 (e) Personal recording devices are not permitted in the Surveillance Operation Room. This
23 includes, but is not limited to, cameras, video recorders, and mobile phones.

24 (f) Surveillance Operation Room equipment shall have total override capability over other
25 satellite surveillance equipment.

26 (3) In the event of power loss or malfunction to the Surveillance System, alternative Wagering Facility
27 security procedures, including additional supervisory or Wagering Facility facility—security
28 personnel, shall be implemented immediately.

29 (4) The Surveillance System shall record an accurate date and time stamp on recorded events. The
30 displayed date and time shall not significantly obstruct the recorded view.

31 (5) All surveillance employees shall be trained in the use of the equipment and about the Wagering
32 Rules.

33 (6) A periodic inspection of the Surveillance Systems shall be conducted. When a dedicated camera
34 stops providing coverage in the Wagering ~~Lounge Facility~~ Facility, the coverage failure and required repairs
35 shall be documented, and repairs initiated within 72 hours.

- 1 (a) If a dedicated camera stops providing coverage, alternative Wagering Facility security
2 procedures, including additional supervisory or facility security personnel, shall be
3 implemented immediately.
- 4 (b) The Commission shall be notified in writing of a coverage failure for more than 24 hours
5 and whenever the alternative Wagering Facility security measures are implemented.
- 6 (7) Surveillance coverage shall be provided for the following areas as follows:
- 7 (a) For public entrances to the Wagering Facility:
- 8 (i) Entrances shall have sufficient coverage that two or more cameras shall be able
9 to positively identify a Person entering.
- 10 (ii) Wagering Facility security check-in points at the entrances shall have a dedicated
11 camera to capture an unobstructed facial view of Persons entering the Wagering
12 Facility.
- 13 (b) For non-public entrances to the Wagering Facility, including loading docks and emergency
14 exits:
- 15 (i) Entrances shall have sufficient surveillance coverage such that there are two or
16 more cameras with sufficient image quality to be able to positively identify a
17 Person entering.
- 18 (ii) Employee entrances shall be secured either via the use of digitally controlled
19 access systems or by in-person verification conducted by facility security
20 personnel.
- 21 (iii) Internal Controls shall be in place requiring that employees entering the Wagering
22 Facility be identifiable and of sufficient quality to positively identify a Person
23 entering.
- 24 (c) For restricted areas of the Wagering Facility:
- 25 (i) All restricted areas shall have surveillance coverage sufficient that Persons in the
26 area can be clearly identified.
- 27 (ii) All restricted areas shall have sufficient coverage and resolution such that
28 controlled equipment and currency and currency equivalents are identifiable.
- 29 (iii) All restricted areas shall have additional camera coverage sufficient to provide
30 asset protection as approved by the Commission.
- 31 (iv) Access to coverage of the Surveillance Operation Room is limited to senior
32 management and the Commission.
- 33 (d) For ~~Wagering Lounges~~ Facilities:
- 34 (i) The Surveillance System shall monitor and record general activities, to include
35 the Ticket Writer and cashier areas, with Sufficient Clarity to identify the
36 personnel performing the different functions.

- 1 (ii) All Wagering ~~Lounges-Facilities~~ shall have sufficient coverage that a Player may
2 be tracked throughout the entirety of the Wagering ~~Lounge-Facility~~.
- 3 (e) For Ticket Writer Stations:
- 4 (i) All Ticket Writer Stations shall have sufficient coverage to identify currency
5 amounts.
- 6 (ii) Ticket Writer Stations that may be used for placing Wagers shall have
7 surveillance coverage sufficient to identify the Player and employee involved in
8 the transaction.
- 9 (iii) Surveillance personnel shall have access to the Ticket Writer Stations to access
10 transaction amounts.
- 11 (f) For all exits from the Wagering Facility:
- 12 (i) Exits shall have sufficient coverage that two or more cameras shall be able to
13 positively identify a Person exiting.
- 14 (g) For Wagering Kiosks, the Surveillance System shall monitor and record a general overview
15 of activities occurring at the Kiosks with accurate time stamps and Sufficient Clarity to
16 identify the activity and the Individuals performing it, including maintenance, drops or
17 fills, and redemption of Wagering Tickets or Vouchers.
- 18 (h) For the cage and vault:
- 19 (i) The Surveillance System shall monitor and record a general overview of activities
20 occurring in the cage and vault areas with accurate time stamps and Sufficient
21 Clarity to identify Individuals within the cage and Players and staff members at
22 the window areas and to confirm the amount of Cash transactions.
- 23 (ii) Cashier stations shall be equipped with one dedicated overhead camera covering
24 the transaction area.
- 25 (iii) The cage or vault area in which exchange and transfer transactions occur shall be
26 monitored and recorded by a dedicated camera or motion activated dedicated
27 camera that provides coverage with Sufficient Clarity to identify the amounts on
28 the exchange and transfer documentation. Amounts provided by a computerized
29 exchange and transfer system constitute an adequate alternative to viewing the
30 amounts on the exchange and transfer documentation.
- 31 (i) For count rooms, the Surveillance System shall:
- 32 (i) Monitor and record with Sufficient Clarity a general overview of areas where
33 Cash or Cash Equivalents may be stored or counted.
- 34 (ii) Provide coverage of count equipment with Sufficient Clarity to view attempted
35 manipulations of the recorded data.
- 36 (j) All machines capability of dispensing Cash shall have sufficient coverage to view the
37 transition and the currency amount being dispensed and the Individuals at the machine.

2

3 **24 NCAC 06A .0814 WAGERING FACILITY SECURITY PROCEDURES**

4 (a) The Internal Controls shall include appropriate Wagering Facility security procedures to enable a suitable response
5 to a security issue within the Wagering ~~Lounge~~ Facility and prevent a Person from tampering with or interfering with
6 the operation of Sports Wagering or Pari-Mutuel Wagering.

7 (b) The Wagering Facility shall establish provisions describing the duties and operation of its facility security
8 department, which shall include details relative to the design, construction, and location of primary and secondary
9 armored car routes, including provisions for the security of these routes.

10 (c) The Wagering Facility shall use an incident reporting system to document incidents and activities within the
11 Wagering Facility.

- 12 (1) Facility security procedures approved by the Directors shall be implemented for reporting:
- 13 (A) an Individual engaged in, attempting to engage in, or suspected of cheating, theft,
14 embezzlement, or other illegal activities;
- 15 (B) an Individual possessing a firearm, electronic control device, dangerous weapon, or other
16 device or object prohibited under the Act and these Rules;
- 17 (C) an Individual in the Wagering ~~Lounge~~ Facility who is a ~~prohibited~~ Ineligible Person,
18 impaired due to alcohol or other substance ingestion, or a potential victim of human
19 trafficking;
- 20 (D) all camera, system or recording outages;
- 21 (E) routine tasks accomplished by Wagering Facility security or surveillance personnel at the
22 request of another team; and
- 23 (F) suspicious incidents observed.
- 24 (2) Violations of the Act or these Rules shall be identified in the incident reporting system.
- 25 (3) The Commission and the Director shall have real-time read-only access to the incident reporting
26 system.
- 27 (4) The incident reporting system shall be capable of generating reports that detail incident types and
28 these reports shall be delivered to the Commission or Director on request or as required on a
29 schedule set by the Commission or Director.
- 30 (5) The incident reporting system shall be in an electronic format equipped with software that prevents
31 modification of an entry after it has been initially entered into the system.
- 32 (6) The incident reporting system shall document the:
- 33 (A) assignment number of the incident;
- 34 (B) incident category or type;
- 35 (C) date and time;
- 36 (D) name and position of the Individuals documenting and responding to the incident;
- 37 (E) nature of the incident; and

- 1 (F) resolution of the incident.
- 2 (7) All recordings required by this Rule shall be retained for a minimum retention period of 30 Days.
- 3 Suspected crimes, recordings of Player disputes subject to Rule .0421 of this Subchapter, illegal
- 4 activity, or detentions by Wagering Facility security personnel discovered within the initial retention
- 5 period shall be copied and retained for a period not less than five years.
- 6 (8) At minimum, all security video recordings shall be retained for a minimum of 15 days.
- 7 (9) An Operator shall retain any recording beyond the applicable minimum retention period specified
- 8 in this Rule when requested to do so by the Commission, as required by law, or as needed to conform
- 9 to applicable internal controls.
- 10 (10) An Operator shall produce recordings to the Commission upon request as well as to any other
- 11 authorized Person or government authority, as required by law.

1 Rule 1H-015

2

3 **24 NCAC 06A .0815 CONTROLLED KEYS**

4 (a) The Wagering Facility shall implement Internal Controls to safeguard the use, access, and security of Wagering
5 Facility keys.

6 (b) Custody of all keys involved in the drop and count shall be maintained by a department independent of the drop
7 and count employees as well as those departments being dropped and counted.

8 (c) Each of the following requires a separate and unique key lock or alternative secure access method:

- 9 (1) count room keys;
- 10 (2) storage racks and carts;
- 11 (3) Wagering Kiosk keys;
- 12 (4) currency cassette release;
- 13 (5) currency cassette contents;
- 14 (6) drop box release;
- 15 (7) drop box contents; and
- 16 (8) surveillance room.

17 (d) Access to and return of keys or equivalents shall be documented with the date, time, and written or digital signature
18 of the employee accessing or returning the keys.

- 19 (1) Two or more drop team employees are required to be present to access and return keys.
- 20 (2) Two or more count team employees are required to be present at the time count room and other
21 count keys are issued for the count.

22 (e) Documentation of all keys, including duplicates, shall be maintained, including:

- 23 (1) unique identifier for each Individual key;
- 24 (2) key storage location;
- 25 (3) number of keys made, duplicated, and destroyed; and
- 26 (4) authorization and access.

27 (f) Other than the count team, no employee may have access to the currency cassette or drop box content keys while
28 in possession of storage rack keys or release keys.

29 (g) Other than the count team, only employees authorized to remove currency cassettes or drop boxes are allowed
30 access to currency cassette or drop box release keys.

31 (h) Any use of keys at times other than the scheduled drop and count shall be properly authorized and documented.

32 (i) Emergency manual keys, such as an override key, for computerized, electronic, and alternative key systems shall
33 be maintained in accordance with the following:

- 34 (1) Access to the emergency manual keys used to access the box containing the drop and count keys
35 requires the physical involvement of at least three employees. The custody of the emergency manual
36 keys requires the presence of two employees from separate departments from the time of the keys'
37 issuance until the time of their return.

1 (2) Routine physical maintenance, that requires access to the emergency manual keys and does not
2 involve accessing the drop and count keys, only requires the presence of two employees from
3 separate departments.

4 (3) The date, time, and reason for accessing the emergency manual keys shall be documented with the
5 written or digital signatures of all participating employees signing the keys out and in.

6 (j) On a quarterly basis, an inventory of all keys shall be performed by the Operator and reconciled to records of keys
7 made, issued, and destroyed. The Operator shall perform investigations for all keys unaccounted for, with the
8 investigations being documented and reported to the Commission.

1 Rule 1H-016

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3 **24 NCAC 06A .0816 WAGERING FACILITY INSPECTIONS**

4 (a) Prior to the initial opening of a Wagering Facility, the Operator shall submit a written request to the Director for a
5 pre-operational inspection to verify that the proposed Wagering Facility complies with the requirements of the Act,
6 these Rules, and relevant Internal Controls submitted by the Operator. The Operator shall not open the Wagering
7 Facility until the pre-operational inspection has been completed and they receive a passing result notification from the
8 Commission.

9 (b) The Director will approve requests for pre-operational inspections and schedule a date and time for the pre-
10 operational inspection only after the Operator has submitted the required internal controls addressing the requirements
11 in Section .0800 of this Subchapter.

12 (c) The Director may conduct an inspection of any Wagering Facility after initial opening, with or without notice to
13 the Operator. The Operator shall timely admit the Commission, Director, their staff or their agents upon presentation
14 of credentials. Operators failure to admit such individuals to the Wagering Facility is grounds or Disciplinary Action.

15 (d) After an inspection is conducted, the Operator will be notified by Commission staff with a passing or failing result.
16 If the result is a failed inspection, the notification will include requirements to cure any noted deficiency in the
17 inspection. The Commission may require a Wagering Facility to close until the Operator can cure a deficiency
18 identified by the inspection.

19 (e) An Operator shall comply with any inspection conducted by the Commission.

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3 **24 NCAC 06B .0206 WRITTEN DESIGNATION AGREEMENT**

4 (a) In order to qualify for a Sports Wagering Operator License, the Applicant shall enter into and maintain a Written
5 Designation Agreement with a Persons or Persons enumerated under G.S. 18C-905(a).

6 (b) The Applicant or Sports Wagering Operator shall submit an executed copy of the Written Designation Agreement
7 with its application for licensure or renewal as a Sports Wagering Operator.

8 (1) All related and ancillary agreements between and among the signatory parties and their respective
9 Affiliates shall be considered part of the Written Designation Agreement, regardless of how such
10 agreements are denominated.

11 (2) Failure to include all related and ancillary agreements between the parties and their Affiliates with
12 the application for licensure or renewal may be grounds for summary denial of the application or
13 renewal application.

14 (3) A letter of intent to enter into a Written Designation Agreement is not a substitute for an executed
15 Written Designation Agreement.

16 (c) The Written Designation Agreement shall meet the following minimum requirements:

17 (1) The agreement shall be executed by duly authorized Individuals.

18 (2) The agreement shall state a clear contract term length, with any option to renew being contingent
19 on the renewal of the Sports Wagering Operator’s License.

20 (3) The agreement shall be governed by North Carolina law, with express consent of the parties to
21 submit to the jurisdiction of the North Carolina court system to resolve any disputes that are not
22 otherwise addressed through agreed-upon alternative dispute resolution methods such as arbitration
23 or mediation.

24 (4) The agreement shall require any place of public accommodation be operated solely by the Licensed
25 Sports Wagering Operator, in accordance with G.S. 18C-905(c) and 18C-926.

26 (5) The agreement shall not authorize the non-operator party to the Written Designation Agreement to
27 engage in any regulated activity requiring a License under the Act unless it independently obtains a
28 License and only engages in activities authorized by such License.

29 (6) The agreement shall be terminated if the Licensed Sports Wagering Operator has its License
30 revoked, the Licensed Sports Wagering Operator surrenders its License pursuant to Rule 1C-005,
31 or the non-operator party loses its authority to enter a Written Designation Agreement under G.S.
32 18C-905.

33 (7) The agreement shall require that the non-operator party’s employees be prohibited from Sports
34 Wagering in accordance with G.S. 18C-902(i)(6) or (7), as applicable, and receive appropriate and
35 applicable training about Persons prohibited from engaging in sports Wagering.

36 (8) The agreement shall be marked “confidential.”

1 (d) The Commission may deny an application for a Sports Wagering Operator License or suspend or revoke a Sports
2 Wagering Operator License if at any time it finds that the Written Designation Agreement would be disadvantageous
3 to the interests of the State of North Carolina. A Written Designation Agreement may, without limitation, be
4 considered disadvantageous to the interests of the State if:

5 (1) the Commission determines that the Written Designation Agreement would cause a violation of any
6 of the applicable considerations set forth in the Act, Commission Rules, or State, federal, or local
7 law;

8 (2) the Written Designation Agreement fails to meet one or more of the requirements in Paragraph (c)
9 of this Rule; or

10 (3) the parties to the Written Designation Agreement fail to fulfill one or more of the requirements in
11 Paragraph (c) of this Rule.