



**NORTH CAROLINA
STATE LOTTERY COMMISSION**

Ripley Rand
Chair

Mark Michalko
Executive Director

TO: Interactive Sports Wagering Operators; Commission Licensees

FROM: Sterl Carpenter, Chief Regulatory Officer

DATE: September 25, 2024

SUBJECT: Permanent Place of Public Accommodation Certificate of Compliance: Requirements and Guidance¹

This memorandum provides interactive sports wagering operators (“Operators”) and other Responsible Parties with a summary of requirements associated with the Place of Public Accommodation Certificate of Compliance (“PoPA Certificate”) that an Operator must obtain in order to offer in-person sports wagers at a permanent location.

I. Background

When the North Carolina State Lottery Commission unanimously adopted its Sports Wagering Authorization on January 24, 2024, it designated March 11, 2024, as the first day for authorized *mobile* sports wagering in the State. The Commission directed staff to take certain actions regarding in-person wagering:

The Commission directs staff to evaluate and, where appropriate, authorize an Operator’s proposed sports wagering offerings at statutorily-authorized locations for places of public accommodation. To be eligible to offer sports wagers at a place of public accommodation, an Operator must demonstrate to the Executive Director and the Deputy Executive Director [*note: now Chief Regulatory Officer*] (1) effective, compliant operations with respect to mobile betting, and (2) its ability to satisfy statutory and regulatory requirements relevant to places of public accommodation. The Executive Director and Deputy Executive Director are directed to create and utilize a separate “Place of Public Accommodation Certificate of Compliance” process to approve in-person betting on a case-by-case basis for those Operators that seek to open such wagering facilities.

See Sports Wagering Authorization at section I.E, p. 3.

¹ **Pari-mutuel wagering on horse races is not yet authorized in North Carolina.** This memorandum does **not** address pari-mutuel wagering or advance deposit account wagering, each of which facilitates wagering on live, in-person horse races and simulcast horse races. See Article 10 “Pari-Mutuel Wagering,” of Chapter 18C of the North Carolina General Statutes.



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II. Effective, Compliant Operations with Respect to Mobile Betting

The launch of a PoPA is a significant gaming operation. In order to be eligible to obtain a PoPA Certificate of Compliance for a permanent Wagering Facility, a licensed Operator must demonstrate to the Commission its ability to commence and operate an efficacious and compliant wagering operation. This will include an evaluation of the Operator's existing wagering operations in North Carolina, mobile and in-person, and consideration of an Operator's history of compliance operating in other jurisdictions.

Thus, an Operator that has been fined, sanctioned, suspended or has entered into a settlement agreement with a government entity or regulatory body regarding its wagering operation shall demonstrate to the satisfaction of the Chief Regulatory Officer that it has cured, addressed, resolved, or otherwise mitigated any non-compliant conduct.

When an Operator seeks to open a Wagering Facility for sports betting but is also the subject of an ongoing Commission investigation, Commission staff may elect to prioritize allocation of Commission resources to complete the investigation before allocating resources to processes referenced or described in this memorandum.

**III. Place of Public Accommodation Certificate of Compliance:
Process and Requirements**

In order to obtain a PoPA Certificate, a licensed Operator shall comply with the processes described in this document and demonstrate to the substantial satisfaction of Commission staff, including the Chief Regulatory Officer, that its planned in-person sports wagering operation(s) meets statutory requirements and Commission Rules. Please note that processes and requirements described in this document are not meant to displace or modify any applicable statute, Commission rule, or local code, ordinance, or regulations.

Staff expects that each proposed project to open a permanent Wagering Facility for sports betting will proceed according to its own unique timeline. Accordingly, this memorandum does not set specific deadlines or timelines for an Operator's planned or proposed project(s). Be advised that while the Commission and its staff are not subject to Operator-created deadlines or project plans, they will complete tasks based upon the Commission's timeline, available resources, and priorities. Commission staff will work diligently and efficiently to help facilitate Operator's project(s), including conducting due diligence that staff deem necessary prior to the issuance of the Certificate of Compliance.

A. Schedule a Project Initiation and Planning Meeting with Commission Staff



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To begin the process of opening a permanent Wagering Facility for sports wagering, the Operator shall request a project initiation and planning meeting with Commission staff. Purposes of the meeting include (among others): (i) introducing the PoPA project to Commission staff; (ii) establishing expectations regarding communications; (iii) identifying potential project milestones; (iv) discussing project and meeting schedules; and (v) providing an opportunity for staff and the Operator to ask questions of each other regarding the project.

Please contact Compliance Manager Diana Lehman at diana.lehman@lotterync.net to schedule an in-person meeting at the Commission’s headquarters in Raleigh, North Carolina. At least ten (10) days before the scheduled meeting, the Operator shall provide the following information and materials in writing to Commission staff:

- Operator’s single point-of-contact for the Commission regarding the proposed PoPA;
- A single point-of-contact from the Operator’s written designation agreement partner for purposes of the proposed PoPA;
- Submit questions in advance in writing;
- Updated or supplemental application materials regarding (i) the proposed PoPA and (ii) Key Persons (if applicable and available)²;
- Preliminary project timeline;
- Copies of any amendments to the Written Designation Agreement concerning the planned place of public accommodation or other matters (see 24 NCAC 06B .0207);
- A proposed meeting cadence;
- If available, any contract, building permit(s), approvals, blueprints, surveillance proposed layouts, vault/main bank construction/location/details, armored car routes, and writer locations.

As appropriate under State law, Operators should designate materials as “Confidential” before submitting them to the Commission. Include “Confidential” or other necessary text (i) in the body of the submitted document and (ii) in the file name of the document. Please use the Commission’s online general portal for sensitive submissions: <https://pdcliqid.lotterync.net/filedrop/gendocs> to transmit the documents.

B. Written Submissions regarding the Wagering Facility

Commission Rules set forth certain submission requirements concerning the Wagering Facility Location as well as its Floor Plan and the placement of Equipment. *See* 24 NCAC 06A .0801 and 24 NCAC 06A .0802. Staff will meet with interested Operators to address the timing, form, and content of submissions needed to satisfy Commission rules, including supplemental submissions

² See Commission Rule 24 NCAC 06A .0211 Duty to Update Application; Process to Amend and Commission Rule 24 NCAC 06A .0227 Duty to Report.



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that may be necessary to address proposed updates or project changes that may arise during construction or implementation of a PoPA facility.

C. Proposed Internal Controls Related to a Wagering Facility for Sports Wagering

An Operator seeking to open a place of public accommodation shall provide a complete set of proposed internal controls for each of its planned in-person wagering operations. Commission staff, with support from Commission vendor partners, will review submitted internal controls for completeness and compliance.

The wagering facility internal controls shall clearly state in their title that they apply to in-person wagering and not mobile wagering; for example, an Operator could include “Facility,” “PoPA,” an address, or similar information in each internal control title. An Operator that runs a PoPA shall complete and maintain a comprehensive set of internal controls for its (i) mobile operation and (ii) each wagering facility location. For the avoidance of any doubt, all internal controls must be addressed separately for a wagering facility location. Should an internal control be the same as the one used for the Operator’s platform, please note that under the title. Additional guidance and instructions concerning the form and manner in which the Commission expects internal controls to be submitted will be provided during planning meetings with Commissions staff.

Generally, wagering facility internal controls must be submitted to the Commission at least 90 days prior to the proposed opening for review; however, Commission staff reserves the right to set different deadlines and submission timetables for IC reviews.

D. Submission of Proposed Wagering Rules

As contemplated by Rule 24 NCAC 06A .0501 (Wagering Rules), each Operator is required to adopt comprehensive wagering rules (commonly referred to as “house rules”) and to submit them for approval. Proposed Wagering Rules applicable to Places of Public Accommodation shall be submitted to the Chief Regulatory Officer for approval in a form and manner prescribed by staff. To distinguish between Wagering Rules applicable to mobile sports wagering and in-person sports wagering, the rules applicable within a place of public accommodation shall be displayed near the wagering window and kiosk locations and have the word ‘Facility’ in its title.

E. Submission of Terms & Conditions Document(s)

In order to demonstrate compliance with Rule 24 NCAC 06A .0704 (Terms and Conditions and Privacy Policies for Wagering Accounts), an Operator shall submit to the Chief Regulatory Officer its applicable Terms & Conditions document(s) for sports wagering accounts in North Carolina, as applicable to Wagering Facilities. To the extent that an Operator utilizes hyperlinks to incorporate terms, provisions, or other materials into its Terms & Conditions for North Carolina



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Wagering Facilities, copies of such materials must be submitted, organized, and clearly labeled. To distinguish between Terms and Conditions applicable to mobile sports wagering and in-person sports wagering, the Terms and Conditions applicable within a place of public accommodation shall (at a minimum) include the Operator's name and the word 'Facility' in the title.

F. Submission of Privacy Policy Document(s)

In order to demonstrate compliance with Rule 24 NCAC 06A .0704 (Terms and Conditions and Privacy Policies for Wagering Accounts), an Operator shall submit to the Chief Regulatory Officer its applicable Privacy Policy document(s) for wagering accounts in North Carolina. To the extent that an Operator utilizes hyperlinks to incorporate terms, provisions, or other materials into its Privacy Policies for North Carolina wagering accounts, copies of such materials shall also be submitted and clearly labeled, organized and include the word 'Facility' in the title.

G. Testing and Certifications from Independent Testing Laboratories

Operators are required to work with Commission-approved independent testing laboratories to collect and submit all necessary certifications contemplated in Commission Rules, including technical standards incorporated by reference. *See, e.g.*, Rule 24 NCAC .06B .0102 (incorporating by reference GLI-33: Standards for Event Wagering Systems, Version 1.1 and GLI-CMP: Change Management Program Guide, Version 1.0).

H. On-site Inspections and Verifications

During planning sessions held throughout this process, the parties shall coordinate on-site activities based on Commission staff's availability and identify specific dates for various in-person inspections and verifications. Required on-site inspections and verifications will vary depending on the Operator's building and operation plans. Generally, on-site inspections and verifications will include, but are not limited to:

- back-end system access, functionality, and security,
- kiosk surveillance, software, and hardware compliance,
- retail terminal surveillance and user permissions,
- pre- and post-cage construction and count room (if separate),
- surveillance system coverage and operation,
- security procedures,
- proper display of responsible gaming information,
- proof of building permits and certificates of occupancy issued by local government,
- proof of certificate of compliance approved by local fire or building officials, and
- written statement by local official(s) that sufficient handicapped access to the Wagering Facility has been provided.



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The Commission staff may conduct on-site inspections and verifications themselves, or with the assistance of other local or state government representatives, or independent test lab representatives, as their expertise and approvals are required.

In accordance with 24 NCAC 06A .0816, the Operator shall request a final pre-operational inspection prior to the initial opening of the Wagering Facility. The Operator shall not open the Wagering Facility until the pre-operational inspection has been completed and they receive a passing result notification from the Commission.

I. Back Office Access; On Floor Verification

Each Operator must set-up an account(s) available for use by Commission staff or their authorized agents, who will be able to have ‘read only’ back office access to player transaction data and Operator reporting for places of public accommodation. The Operator must also have front end test accounts in order to verify all forms of wager acceptance on the gaming floor. A Commission representative will need a property employee with the appropriate credentials to conduct the verification with access to funds as well as back-end reporting to confirm results.

J. Player Account Management Platform – Demonstration and Review

If the Operator intends to utilize a player account management (PAM) platform to conduct wagering at the Wagering Facility, the PAM shall be tested and certified by the independent test lab. Additionally, the Operator shall provide Commission staff with a demonstration and overview of its PAM platform. An Operator shall provide summary documentation identifying the key components and actors of its PAM platform and provide additional information upon request.

K. Show Capacity and Ability to Provide Daily Financial Reporting

Pursuant to N.C. Gen. Stat. § 18C-910(h), each “operator shall provide a daily summary of all sports wagering activity, detailing all transactions processed through each wagering system, provided in a format established by the Commission, at the close of each business day.” *See also* Rule 24 NCAC 06B .0312 (Daily Summary). Using dummy data in a test environment, each Operator shall demonstrate its ability to report daily sports wagering from places of public accommodation in the format and manner required by the Commission.

L. Operator-Specific Considerations Identified by the Commission or Staff

The Chief Regulatory Officer may incorporate additional Operator-specific requirements into the Certificate of Compliance process on a case-by-case basis in order to address unique circumstances that may arise.