

House Engrossed

fantasy sports betting; event wagering.

State of Arizona
House of Representatives
Fifty-fifth Legislature
First Regular Session
2021

HOUSE BILL 2772

AN ACT

AMENDING SECTION 5-554, ARIZONA REVISED STATUTES; AMENDING TITLE 5, CHAPTER 6, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 5-605; AMENDING TITLE 5, ARIZONA REVISED STATUTES, BY ADDING CHAPTERS 10 AND 11; AMENDING SECTIONS 13-3301 AND 13-3305, ARIZONA REVISED STATUTES; RELATING TO AMUSEMENTS AND SPORTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 5-554, Arizona Revised Statutes, is amended to
3 read:

4 5-554. Commission; director; powers and duties; definitions

5 A. The commission shall meet with the director not less than once
6 each quarter to make recommendations and set policy, receive reports from
7 the director and transact other business properly brought before the
8 commission.

9 B. The commission shall oversee a state lottery to produce the
10 maximum amount of net revenue consonant with the dignity of the state. To
11 achieve these ends, the commission shall authorize the director to adopt
12 rules in accordance with title 41, chapter 6. Rules adopted by the
13 director may include the following:

14 1. Subject to the approval of the commission, the types of lottery
15 games and the types of game play-styles to be conducted.

16 2. The method of selecting the winning tickets or shares for
17 noncomputerized online games, except that ~~no~~ A method may NOT be used
18 that, in whole or in part, depends on the results of a dog race, a horse
19 race, ANY GAMING ACTIVITY CONDUCTED PURSUANT TO THE 2021 TRIBAL-STATE
20 GAMING COMPACT AMENDMENTS or any ~~sporting~~ SPORTS event OR OTHER EVENT.

21 3. The manner of payment of prizes to the holders of winning
22 tickets or shares, including providing for payment by the purchase of
23 annuities in the case of prizes payable in installments, except that the
24 commission staff shall examine claims and may not pay any prize based on
25 altered, stolen or counterfeit tickets or based on any tickets that fail
26 to meet established validation requirements, including rules stated on the
27 ticket or in the published game rules, and confidential validation tests
28 applied consistently by the commission staff. No particular prize in a
29 lottery game may be paid more than once, and in the event of a binding
30 determination that more than one person is entitled to a particular prize,
31 the sole remedy of the claimants is the award to each of them of an equal
32 portion of the single prize.

33 4. The method to be used in selling tickets or shares, except that
34 no elected official's name may be printed on the tickets or shares. The
35 overall estimated odds of winning some prize or some cash prize, as
36 appropriate, in a given game shall be printed on each ticket or share.

37 5. The licensing of agents to sell tickets or shares, except that a
38 person who is under eighteen years of age shall not be licensed as an
39 agent.

40 6. The manner and amount of compensation to be paid licensed sales
41 agents necessary to provide for the adequate availability of tickets or
42 shares to prospective buyers and for the convenience of the public,
43 including provision for variable compensation based on sales volume.

1 7. Matters necessary or desirable for the efficient and economical
2 operation and administration of the lottery and for the convenience of the
3 purchasers of tickets or shares and the holders of winning tickets or
4 shares.

5 8. THE LICENSING OF AUTHORIZED KENO LOCATIONS, INCLUDING THE
6 PERSONS THAT CONTROL THE BUSINESS OR OTHER ACTIVITY CONDUCTED AT AN
7 AUTHORIZED KENO LOCATION.

8 C. The commission shall authorize the director to issue orders and
9 shall approve orders issued by the director for the necessary operation of
10 the lottery. Orders issued under this subsection may include the
11 following:

12 1. The prices of tickets or shares in lottery games.

13 2. The themes, game play-styles, and names of lottery games and
14 definitions of symbols and other characters used in lottery games, except
15 that each ticket or share in a lottery game shall bear a unique
16 distinguishable serial number.

17 3. The sale of tickets or shares at a discount for promotional
18 purposes.

19 4. The prize structure of lottery games, including the number and
20 size of prizes available. Available prizes may include free tickets in
21 lottery games and merchandise prizes.

22 5. The frequency of drawings, if any, or other selections of
23 winning tickets or shares, except that:

24 (a) All drawings shall be open to the public.

25 (b) The actual selection of winning tickets or shares may not be
26 performed by an employee or member of the commission.

27 (c) Noncomputerized online game drawings shall be witnessed by an
28 independent observer.

29 6. Requirements for eligibility for participation in grand drawings
30 or other runoff drawings, including requirements for the submission of
31 evidence of eligibility within a shorter period than that provided for
32 claims by section 5-568.

33 7. Incentive and bonus programs designed to increase sales of
34 lottery tickets or shares and to produce the maximum amount of net revenue
35 for this state.

36 8. The method used for the validation of a ticket, which may be by
37 physical or electronic presentation of a ticket.

38 D. Notwithstanding title 41, chapter 6 and subsection B of this
39 section, the director, subject to the approval of the commission, may
40 establish a policy, procedure or practice that relates to an existing
41 online game or a new online game that is the same type and has the same
42 type of game play-style as an online game currently being conducted by the
43 lottery or may modify an existing rule for an existing online game or a
44 new online game that is the same type and has the same type of game
45 play-style as an online game currently being conducted by the lottery,

1 including establishing or modifying the matrix for an online game by
2 giving notice of the establishment or modification at least thirty days
3 before the effective date of the establishment or modification.

4 E. The commission shall maintain and make the following information
5 available for public inspection at its offices during regular business
6 hours:

7 1. A detailed listing of the estimated number of prizes of each
8 particular denomination expected to be awarded in any instant game
9 currently on sale.

10 2. After the end of the claim period prescribed by section 5-568, a
11 listing of the total number of tickets or shares sold and the number of
12 prizes of each particular denomination awarded in each lottery game.

13 3. Definitions of all play symbols and other characters used in
14 each lottery game and instructions on how to play and how to win each
15 lottery game.

16 F. Any information that is maintained by the commission and that
17 would assist a person in locating or identifying a winning ticket or share
18 or that would otherwise compromise the integrity of any lottery game is
19 deemed confidential and is not subject to public inspection.

20 G. The commission, in addition to other games authorized by this
21 article, may establish multijurisdictional lottery games to be conducted
22 concurrently with other lottery games authorized under subsection B of
23 this section. The monies for prizes, for operating expenses and for
24 payment to the state general fund shall be accounted for separately as
25 nearly as practicable in the lottery commission's general accounting
26 system. The monies shall be derived from the revenues of
27 multijurisdictional lottery games.

28 H. The commission, in addition to other games authorized by this
29 article, shall establish special instant ticket games with play areas
30 protected by paper tabs designated for use by charitable organizations.
31 The monies for prizes and for operating expenses shall be accounted for
32 separately as nearly as practicable in the lottery commission's general
33 accounting system. Monies saved from the revenues of the special games,
34 by reason of operating efficiencies, shall become other revenue of the
35 lottery commission and revert to the state general fund, except that the
36 commission shall transfer the proceeds from any games that are sold from a
37 vending machine in an age-restricted area to the state treasurer for
38 deposit in the following amounts:

39 1. Nine hundred thousand dollars each fiscal year in the internet
40 crimes against children enforcement fund established by section 41-199.

41 2. One hundred thousand dollars each fiscal year in the victims'
42 rights enforcement fund established by section 41-1727.

43 3. Any monies in excess of the amounts listed in paragraphs 1 and 2
44 of this subsection, in the state lottery fund established by section
45 5-571.

1 I. The commission or director shall not establish or operate any
2 online or electronic keno game or any game played on the internet, EXCEPT
3 FOR THE ELECTRONIC KENO GAME AND THE MOBILE DRAW GAME AUTHORIZED IN
4 SUBSECTION J OF THIS SECTION.

5 J. FROM AND AFTER THE DATE ON WHICH THE CONDITIONS PRESCRIBED IN
6 SECTIONS 5-1213 AND 5-1321 ARE MET, THE COMMISSION OR DIRECTOR, IN
7 ADDITION TO ANY OTHER GAME AUTHORIZED IN THIS SECTION, MAY ESTABLISH AND
8 OPERATE A SINGLE ELECTRONIC KENO GAME AND A SINGLE MOBILE DRAW GAME ON A
9 CENTRALIZED COMPUTER SYSTEM CONTROLLED BY THE LOTTERY THAT ALLOWS A PLAYER
10 TO PLACE WAGERS, VIEW THE OUTCOME OF A GAME AND RECEIVE WINNINGS OVER THE
11 INTERNET, INCLUDING ON PERSONAL ELECTRONIC DEVICES.

12 K. AN ELECTRONIC KENO GAME CONDUCTED PURSUANT TO SUBSECTION J OF
13 THIS SECTION MAY BE OPERATED ONLY WITHIN AN AUTHORIZED KENO LOCATION. IF
14 THE ELECTRONIC KENO GAME IS AUTHORIZED TO BE PLAYED ON PERSONAL ELECTRONIC
15 DEVICES, PLAYERS SHALL BE GEOGRAPHICALLY RESTRICTED BY MEANS OF GEOFENCING
16 TO AUTHORIZED KENO LOCATIONS. ELECTRONIC KENO GAME DRAWS MAY NOT BE
17 CONDUCTED MORE FREQUENTLY THAN ONCE EVERY FOUR MINUTES. THE NUMBER OF
18 AUTHORIZED KENO LOCATIONS MAY NOT EXCEED THE NUMBER PUBLISHED ANNUALLY BY
19 THE DIRECTOR, WHICH IS EQUAL TO THE TOTAL NUMBER OF ESTABLISHMENTS
20 LICENSED BY THE DEPARTMENT OF GAMING TO ALLOW WAGERING ON LIVE HORSE RACES
21 AND SIMULCAST WAGERING PURSUANT TO SECTION 5-107, PLUS THE TOTAL NUMBER OF
22 CLASS 14 LIQUOR LICENSES THAT THE DEPARTMENT OF LIQUOR LICENSES AND
23 CONTROL ISSUED TO FRATERNAL ORGANIZATIONS OR VETERANS' ORGANIZATIONS AS OF
24 JANUARY 1, 2021. THE TOTAL NUMBER OF AUTHORIZED KENO LOCATIONS SHALL BE
25 AUTOMATICALLY INCREASED BY TWO PERCENT EVERY TWO YEARS.

26 L. A MOBILE DRAW GAME CONDUCTED PURSUANT TO SUBSECTION J OF THIS
27 SECTION MAY OFFER PLAYERS MULTIPLE GAME PLAY STYLES AND WAGERING OPTIONS.
28 PLAYERS OF THE MOBILE DRAW GAME MAY NOT PLAY OR WIN A PRIZE MORE
29 FREQUENTLY THAN ONCE PER HOUR.

30 M. AN ELECTRONIC KENO GAME OR MOBILE DRAW GAME CONDUCTED PURSUANT
31 TO THIS SECTION MAY NOT PRESENT THE PLAYER WITH A USER INTERFACE DEPICTING
32 SPINNING REELS OR THAT REPLICATES A SLOT MACHINE, BLACKJACK, POKER,
33 ROULETTE, CRAPS OR ANY OTHER CASINO-STYLE GAME OTHER THAN TRADITIONAL KENO
34 OR A TRADITIONAL LOTTERY DRAW GAME.

35 ~~J.~~ N. EXCEPT AS PROVIDED IN SUBSECTIONS J, K, L AND M OF THIS
36 SECTION, the commission or director shall not establish or operate any
37 lottery game or any type of game play-style, either individually or in
38 combination, that uses gaming devices or video lottery terminals as those
39 terms are used in section 5-601.02, including monitor games that produce
40 or display outcomes or results more than once per hour.

41 ~~K.~~ O. The director shall print, in a prominent location on each
42 lottery ticket or share, a statement that help is available if a person
43 has a problem with gambling and a toll-free telephone number where problem
44 gambling assistance is available. The director shall require all licensed
45 agents to post a sign with the statement that help is available if a

1 person has a problem with gambling and the toll-free telephone number at
2 the point of sale as prescribed and supplied by the director.

3 ~~P.~~ P. For the purposes of this section:

4 1. "ADDITIONAL WAGERING FACILITY" HAS THE SAME MEANING PRESCRIBED
5 IN SECTION 5-101.

6 2. "AUTHORIZED KENO LOCATION" MEANS A PHYSICAL FACILITY LOCATED AT
7 LEAST FIVE MILES FROM AN INDIAN GAMING FACILITY THAT IS LICENSED BY THE
8 DIRECTOR IN THE SAME MANNER AS LICENSES ISSUED PURSUANT TO SECTION 5-562
9 BUT ONLY TO A FRATERNAL ORGANIZATION OR VETERANS' ORGANIZATION OR TO A
10 RACETRACK ENCLOSURE OR ADDITIONAL WAGERING FACILITY WHERE PARI-MUTUEL
11 WAGERING ON HORSE RACES IS CONDUCTED.

12 ~~3.~~ 3. "Charitable organization" means any nonprofit organization,
13 including not more than one auxiliary of that organization, that has
14 operated for charitable purposes in this state for at least two years
15 before submitting a license application under this article.

16 4. "ELECTRONIC KENO GAME" MEANS A HOUSE BANKING GAME IN WHICH:

17 (a) A PLAYER SELECTS FROM ONE TO TWENTY NUMBERS ON A CARD THAT
18 CONTAINS THE NUMBERS ONE THROUGH EIGHTY.

19 (b) THE LOTTERY RANDOMLY DRAWS TWENTY NUMBERS.

20 (c) PLAYERS WIN IF THE NUMBERS THEY SELECT CORRESPOND TO THE
21 NUMBERS DRAWN BY THE LOTTERY.

22 (d) THE LOTTERY PAYS ALL WINNERS, IF ANY, AND COLLECTS FROM ALL
23 LOSERS.

24 5. "FRATERNAL ORGANIZATION" HAS THE SAME MEANING PRESCRIBED IN
25 SECTION 5-401.

26 ~~6.~~ 6. "Game play-style" means the process or procedure that a
27 player must follow to determine if a lottery ticket or share is a winning
28 ticket or share.

29 ~~7.~~ 7. "Matrix" means the odds of winning a prize and the prize
30 payout amounts in a given game.

31 8. "MOBILE DRAW GAME" CONDUCTED PURSUANT TO SUBSECTION J OF THIS
32 SECTION, MEANS A LOTTERY DRAW GAME OFFERED TO PLAYERS OVER THE INTERNET,
33 INCLUDING ON MOBILE DEVICES, IN WHICH:

34 (a) A COMBINATION OF NUMBERS, SYMBOLS OR CHARACTERS IS SELECTED.

35 (b) A COMPUTER SYSTEM AUTHORIZED BY THE LOTTERY RANDOMLY SELECTS A
36 WINNING COMBINATION OF NUMBERS, SYMBOLS OR CHARACTERS.

37 (c) A COMPUTER SYSTEM VALIDATES ANY PRIZE AWARDED TO THE PLAYERS.

38 9. "OTHER EVENT" HAS THE SAME MEANING PRESCRIBED IN SECTION 5-1301.

39 10. "SPORTS EVENT" HAS THE SAME MEANING PRESCRIBED IN SECTION
40 5-1301.

41 11. "VETERANS' ORGANIZATION" HAS THE SAME MEANING PRESCRIBED IN
42 SECTION 5-401.

1 Sec. 2. Title 5, chapter 6, article 1, Arizona Revised Statutes, is
2 amended by adding section 5-605, to read:

3 5-605. Tribal-state compacts; 2021 compact trust fund; annual
4 report; definition

5 A. THE 2021 COMPACT TRUST FUND IS ESTABLISHED FOR THE EXCLUSIVE
6 PURPOSES OF MITIGATING IMPACTS TO INDIAN TRIBES FROM GAMING AUTHORIZED BY
7 THE 2021 GAMING COMPACT AMENDMENT AND PROVIDING ECONOMIC BENEFITS TO
8 BENEFICIARY TRIBES, INCLUDING THOSE WITH AN EFFECTIVE GAMING COMPACT THAT
9 INCLUDES THE 2021 AMENDMENTS AND DO NOT ENGAGE IN GAMING. THE TRUST FUND
10 CONSISTS OF CONTRIBUTIONS FROM INDIAN TRIBES DESIGNATED IN THE 2021 GAMING
11 COMPACT AMENDMENTS. THE TRUST FUND SHALL NOT INCLUDE TRIBAL CONTRIBUTIONS
12 MADE PURSUANT TO SECTION 5-601.02, SUBSECTION H.

13 B. THE DEPARTMENT OF GAMING SHALL ADMINISTER THE 2021 COMPACT TRUST
14 FUND AS TRUSTEE IN ACCORDANCE WITH THE TERMS OF SECTION 12.1 OF THE 2021
15 GAMING COMPACT AMENDMENT. THE STATE TREASURER SHALL ACCEPT, SEPARATELY
16 ACCOUNT FOR AND HOLD IN TRUST ANY MONIES DEPOSITED IN THE STATE TREASURY,
17 WHICH ARE CONSIDERED TO BE TRUST MONIES AS DEFINED BY SECTION 35-310 AND
18 WHICH SHALL NOT BE COMMINGLED WITH ANY OTHER MONIES IN THE STATE TREASURY
19 EXCEPT FOR INVESTMENT PURPOSES. ON NOTICE FROM THE DIRECTOR OF THE
20 DEPARTMENT OF GAMING, THE STATE TREASURER SHALL INVEST AND DIVEST ANY
21 TRUST FUND MONIES DEPOSITED IN THE STATE TREASURY AS PROVIDED BY SECTIONS
22 35-313 AND 35-314.03, AND MONIES EARNED FROM THE INVESTMENT SHALL BE
23 CREDITED TO THE TRUST FUND.

24 C. THE BENEFICIARIES OF THE TRUST FUND ARE FEDERALLY RECOGNIZED
25 INDIAN TRIBES WITH A 2021 GAMING COMPACT AMENDMENT THAT ARE ELIGIBLE TO
26 RECEIVE PAYMENTS FROM THE TRUST FUND ACCORDING TO THE TERMS OF THE 2021
27 GAMING COMPACT AMENDMENT.

28 D. MONIES IN THE TRUST FUND SHALL BE DISBURSED EXCLUSIVELY FOR THE
29 PURPOSES PRESCRIBED IN THIS ARTICLE AND IN ACCORDANCE WITH THE 2021 GAMING
30 COMPACT AMENDMENT. SURPLUS MONIES, INCLUDING ANY UNEXPENDED AND
31 UNENCUMBERED BALANCE AT THE END OF THE FISCAL YEAR, SHALL BE CARRIED
32 FORWARD TO THE FOLLOWING YEAR AND SHALL NOT REVERT OR BE TRANSFERRED TO
33 ANY OTHER FUND, INCLUDING THE STATE GENERAL FUND. MONIES IN THE TRUST FUND
34 ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF
35 APPROPRIATIONS.

36 E. ON OR BEFORE SEPTEMBER 30 OF EACH YEAR, THE DEPARTMENT OF GAMING
37 SHALL ISSUE A REPORT TO THE GOVERNOR, THE PRESIDENT OF THE SENATE, THE
38 SPEAKER OF THE HOUSE OF REPRESENTATIVES AND EACH TRIBE THAT HAS EXECUTED A
39 2021 GAMING COMPACT AMENDMENT THAT DISCLOSES ALL MONIES DEPOSITED IN AND
40 DISBURSED FROM THE TRUST FUND DURING THE PRIOR FISCAL YEAR.

41 F. FOR THE PURPOSES OF THIS SECTION, "2021 GAMING COMPACT
42 AMENDMENT" MEANS A TRIBAL-STATE GAMING COMPACT AMENDMENT THAT BECOMES
43 EFFECTIVE AFTER JANUARY 1, 2021.

1 (e) A WINNING OUTCOME IS NOT BASED ON RANDOMIZED OR HISTORICAL
2 EVENTS OR ON THE SCORE, POINT SPREAD OR PERFORMANCE IN AN ATHLETIC EVENT
3 OF A SINGLE REAL-WORLD SPORTS TEAM, A SINGLE ATHLETE OR ANY COMBINATION OF
4 REAL-WORLD SPORTS TEAMS.

5 (f) THE FANTASY SPORTS CONTEST DOES NOT CONSTITUTE OR INVOLVE AND
6 IS NOT BASED ON ANY OF THE FOLLOWING:

7 (i) RACING THAT INVOLVES ANIMALS.

8 (ii) A GAME OR CONTEST ORDINARILY OFFERED BY A HORSE TRACK OR
9 CASINO FOR MONEY, CREDIT OR ANY REPRESENTATIVE OF VALUE, INCLUDING ANY
10 RACES, GAMES OR CONTESTS THAT INVOLVE HORSES OR THAT ARE PLAYED WITH CARDS
11 OR DICE.

12 (iii) A SLOT MACHINE OR OTHER MECHANICAL, ELECTROMECHANICAL OR
13 ELECTRONIC DEVICE, EQUIPMENT OR MACHINE.

14 (iv) POKER, BLACKJACK, FARO, MONTE, KENO, BINGO, FAN-TAN,
15 TWENTY-ONE, SEVEN AND A HALF, KLONDIKE, CRAPS, CHUCK-A-LUCK, CHINESE
16 CHUCK-A-LUCK, WHEEL OF FORTUNE, CHEMIN DE FER, BACCARAT, PAI GOW, BEAT THE
17 BANKER, PANGUINGUE, ROULETTE OR OTHER BANKING OR PERCENTAGE GAMES.

18 (v) ANY OTHER GAME OR DEVICE THAT IS AUTHORIZED OR THAT IS NOT
19 AUTHORIZED BY THIS STATE.

20 (vi) A HIGH SCHOOL OR YOUTH SPORTING EVENT OR ANY EVENT THAT IS NOT
21 AN ATHLETIC EVENT.

22 (vii) A CONTEST THAT INVOLVES OR RESULTS IN BETTING ON A RACE, A
23 GAME, A CONTEST OR A SPORT THAT CONSTITUTES EVENT WAGERING AS DEFINED IN
24 SECTION 5-1301.

25 7. "FANTASY SPORTS CONTEST ADJUSTED REVENUES" MEANS THE AMOUNT
26 EQUAL TO THE TOTAL OF ALL ENTRY FEES THAT A FANTASY SPORTS CONTEST
27 OPERATOR COLLECTS FROM ALL FANTASY SPORTS CONTEST PLAYERS MINUS THE TOTAL
28 OF ALL SUMS PAID OUT AS PRIZES OR AWARDS TO ALL FANTASY SPORTS CONTEST
29 PLAYERS, MULTIPLIED BY THE IN-STATE PERCENTAGE.

30 8. "FANTASY SPORTS CONTEST OPERATOR" OR "OPERATOR" MEANS A PERSON
31 THAT IS ENGAGED IN THE BUSINESS OF PROFESSIONALLY CONDUCTING PAID FANTASY
32 SPORTS CONTESTS FOR CASH OR OTHER PRIZES OR AWARDS FOR MEMBERS OF THE
33 GENERAL PUBLIC THAT REQUIRES CASH OR CASH EQUIVALENT AS AN ENTRY FEE TO BE
34 PAID BY A MEMBER OF THE GENERAL PUBLIC WHO PARTICIPATES IN A PAID FANTASY
35 SPORTS CONTEST.

36 9. "FANTASY SPORTS CONTEST PLATFORM" MEANS THE HARDWARE, SOFTWARE,
37 FIRMWARE, COMMUNICATIONS TECHNOLOGY OR OTHER EQUIPMENT, INCLUDING OPERATOR
38 PROCEDURES IMPLEMENTED TO ALLOW PLAYER PARTICIPATION IN DIGITAL OR ONLINE
39 FANTASY SPORTS CONTESTS, AND IF SUPPORTED, THE CORRESPONDING EQUIPMENT
40 RELATED TO THE DISPLAY OF THE OUTCOMES, AND OTHER SIMILAR INFORMATION
41 NECESSARY TO FACILITATE PLAYER PARTICIPATION IN WHICH A PLAYER IS PROVIDED
42 WITH THE MEANS TO ESTABLISH A PLAYER ACCOUNT AND THE FANTASY SPORTS
43 CONTEST OPERATOR IS PROVIDED WITH THE MEANS TO REVIEW PLAYER ACCOUNTS,
44 SUSPEND FANTASY SPORTS CONTESTS, GENERATE VARIOUS FINANCIAL TRANSACTION

1 AND ACCOUNT REPORTS, INPUT OUTCOMES FOR FANTASY SPORTS CONTESTS AND SET
2 ANY CONFIGURABLE PARAMETERS.

3 10. "FANTASY SPORTS CONTEST PLAYER" OR "PLAYER" MEANS AN INDIVIDUAL
4 WHO PARTICIPATES IN A FANTASY SPORTS CONTEST OFFERED BY A FANTASY SPORTS
5 CONTEST OPERATOR.

6 11. "FANTASY SPORTS CONTEST TEAM" MEANS THE SIMULATED TEAM COMPOSED
7 OF MULTIPLE INDIVIDUAL ATHLETES, EACH OF WHOM IS A MEMBER OF A REAL-WORLD
8 SPORTS TEAM THAT A FANTASY SPORTS CONTEST PLAYER SELECTS TO COMPETE IN A
9 FANTASY SPORTS CONTEST.

10 12. "HIGHLY EXPERIENCED PLAYER" MEANS A FANTASY SPORTS CONTEST
11 PLAYER WHO HAS DONE AT LEAST ONE OF THE FOLLOWING:

12 (a) ENTERED MORE THAN ONE THOUSAND FANTASY SPORTS CONTESTS OFFERED
13 BY A SINGLE FANTASY SPORTS CONTEST OPERATOR.

14 (b) WON MORE THAN THREE PRIZES OR AWARDS VALUED AT \$1,000 EACH OR
15 MORE FROM A SINGLE FANTASY SPORTS CONTEST OPERATOR.

16 13. "HOLDING COMPANY" MEANS A CORPORATION, FIRM, PARTNERSHIP,
17 LIMITED PARTNERSHIP, LIMITED LIABILITY COMPANY, TRUST OR OTHER FORM OF
18 BUSINESS ORGANIZATION THAT IS NOT AN INDIVIDUAL AND THAT DIRECTLY OR
19 INDIRECTLY DOES EITHER OF THE FOLLOWING:

20 (a) HOLDS AN OWNERSHIP INTEREST OF TEN PERCENT OR MORE, AS
21 DETERMINED BY THE HOLDING COMPANY'S BOARD, IN A FANTASY SPORTS CONTEST
22 OPERATOR.

23 (b) HOLDS VOTING RIGHTS WITH THE POWER TO VOTE TEN PERCENT OR MORE
24 OF THE OUTSTANDING VOTING RIGHTS OF A FANTASY SPORTS CONTEST OPERATOR.

25 14. "IN-STATE PERCENTAGE" MEANS FOR EACH FANTASY SPORTS CONTEST,
26 THE PERCENTAGE, ROUNDED TO THE NEAREST TENTH OF A PERCENT, EQUAL TO THE
27 TOTAL ENTRY FEES COLLECTED FROM ALL IN-STATE PARTICIPANTS DIVIDED BY THE
28 TOTAL ENTRY FEES COLLECTED FROM ALL PARTICIPANTS IN THE FANTASY SPORTS
29 CONTEST, UNLESS OTHERWISE PRESCRIBED BY THE DEPARTMENT.

30 15. "KEY EMPLOYEE" MEANS AN EMPLOYEE OF A FANTASY SPORTS CONTEST
31 OPERATOR WHO HAS THE POWER TO EXERCISE SIGNIFICANT INFLUENCE OVER
32 DECISIONS CONCERNING THE FANTASY SPORTS CONTEST OPERATOR.

33 16. "LICENSE" MEANS AN APPROVAL THAT IS ISSUED BY THE DEPARTMENT TO
34 ANY PERSON OR ENTITY TO BE INVOLVED IN A FANTASY SPORTS OPERATION.

35 17. "MANAGEMENT COMPANY" MEANS A PERSON RETAINED BY A FANTASY
36 SPORTS CONTEST OPERATOR TO MANAGE A FANTASY SPORTS CONTEST PLATFORM AND
37 PROVIDE GENERAL ADMINISTRATION AND OTHER OPERATIONAL SERVICES.

38 18. "PERSON" MEANS AN INDIVIDUAL, PARTNERSHIP, CORPORATION,
39 ASSOCIATION, LIMITED LIABILITY COMPANY, FEDERALLY RECOGNIZED INDIAN TRIBE
40 OR OTHER LEGAL ENTITY.

41 19. "PLAYER ACCOUNT" MEANS AN ACCOUNT THAT IS ESTABLISHED BY A
42 PATRON FOR THE PURPOSE OF PARTICIPATING IN FANTASY SPORTS CONTESTS,
43 INCLUDING DEPOSITS, WITHDRAWALS, ENTRY FEES AND PAYOUTS.

44 20. "PRIZE OR AWARD" MEANS ANYTHING OF VALUE OR ANY AMOUNT OF CASH
45 OR CASH EQUIVALENTS.

1 21. "PROTECTED INFORMATION" MEANS INFORMATION RELATED TO PLAYING
2 FANTASY SPORTS CONTESTS BY A FANTASY SPORTS CONTEST PLAYER THAT IS NOT
3 READILY AVAILABLE TO THE GENERAL PUBLIC AND THAT IS OBTAINED AS A RESULT
4 OF A PERSON'S EMPLOYMENT IN RELATION TO A FANTASY SPORTS CONTEST.

5 22. "SCRIPT" MEANS A LIST OF COMMANDS THAT A FANTASY
6 CONTEST-RELATED COMPUTER PROGRAM CAN EXECUTE AND THAT IS CREATED BY A
7 FANTASY SPORTS CONTEST PLAYER OR BY A THIRD PARTY FOR A FANTASY SPORTS
8 CONTEST PLAYER TO AUTOMATE PROCESSES ON A FANTASY SPORTS CONTEST PLATFORM.

9 5-1202. Fantasy sports contests; exceptions; rules; licensure

10 A. EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, A PERSON MAY NOT
11 OFFER FANTASY SPORTS CONTESTS IN THIS STATE UNLESS THE PERSON IS LICENSED
12 BY THE DEPARTMENT AS A FANTASY SPORTS CONTEST OPERATOR.

13 B. AN INDIVIDUAL MAY OFFER ONE OR MORE FANTASY SPORTS CONTESTS IF
14 ALL OF THE FOLLOWING APPLY:

15 1. THE FANTASY SPORTS CONTESTS ARE NOT MADE AVAILABLE TO THE
16 GENERAL PUBLIC.

17 2. EACH OF THE FANTASY SPORTS CONTESTS IS LIMITED TO NOT MORE THAN
18 FIFTEEN TOTAL FANTASY SPORTS CONTEST PLAYERS.

19 3. THE INDIVIDUAL COLLECTS NOT MORE THAN \$10,000 IN TOTAL ENTRY
20 FEES FOR ALL FANTASY SPORTS CONTESTS OFFERED IN A CALENDAR YEAR, AT LEAST
21 NINETY-FIVE PERCENT OF WHICH ARE AWARDED TO THE FANTASY SPORTS CONTEST
22 PLAYERS.

23 C. AN INDIAN TRIBE THAT LAWFULLY CONDUCTS CLASS III GAMING PURSUANT
24 TO A TRIBAL-STATE GAMING COMPACT WITH THIS STATE, DIRECTLY OR THROUGH A
25 THIRD-PARTY OPERATOR, MAY OFFER AND CONDUCT FANTASY SPORTS CONTESTS
26 WITHOUT APPLYING FOR OR HOLDING A LICENSE PURSUANT TO THIS SECTION IF ALL
27 ACTIVITIES OF THE FANTASY SPORTS CONTEST OCCUR WITHIN THE BOUNDARY OF ITS
28 INDIAN LANDS AND THE INDIAN TRIBE COMPLIES WITH ANY REGULATIONS THAT ARE
29 INCLUDED IN THE COMPACT OR ITS APPENDICES REGARDING FANTASY SPORTS
30 CONTESTS.

31 D. TO ENSURE THE INTEGRITY OF FANTASY SPORTS CONTESTS, THE
32 DEPARTMENT HAS JURISDICTION OVER EACH PERSON INVOLVED IN CONDUCTING A
33 FANTASY SPORTS CONTEST. THE DEPARTMENT MAY ADOPT RULES RELATED TO
34 CONDUCTING FANTASY SPORTS CONTESTS, INCLUDING RULES PRESCRIBING PENALTIES
35 FOR VIOLATING THIS CHAPTER OR ANY RULES ADOPTED UNDER THIS CHAPTER.

36 E. EVERY APPLICANT FOR LICENSURE SHALL SUBMIT A COMPLETED
37 APPLICATION, ALONG WITH ANY REQUIRED INFORMATION, TO THE DEPARTMENT. THE
38 DEPARTMENT SHALL DETERMINE THE FORM AND CONTENT OF THE APPLICATION. EACH
39 APPLICATION SHALL BE ACCOMPANIED BY THE APPLICANT'S CURRENT PHOTOGRAPH AND
40 THE FEE REQUIRED BY THE DEPARTMENT. THE APPLICANT MUST ALSO SUBMIT A FULL
41 SET OF FINGERPRINTS TO THE DEPARTMENT FOR THE PURPOSE OF OBTAINING A STATE
42 AND FEDERAL CRIMINAL RECORDS CHECK PURSUANT TO SECTION 41-1750 AND PUBLIC
43 LAW 92-544. THE DEPARTMENT OF PUBLIC SAFETY MAY EXCHANGE THIS FINGERPRINT
44 DATA WITH THE FEDERAL BUREAU OF INVESTIGATION.

1 F. THE INFORMATION REQUIRED BY THE DEPARTMENT SHALL INCLUDE
2 DOCUMENTATION OF ALL OF THE FOLLOWING:

3 1. THE NAME OF THE APPLICANT.
4 2. THE LOCATION OF THE APPLICANT'S PRINCIPAL PLACE OF BUSINESS.
5 3. THE APPLICANT'S TELEPHONE NUMBER.
6 4. THE APPLICANT'S SOCIAL SECURITY NUMBER OR, IF APPLICABLE, THE
7 APPLICANT'S FEDERAL TAX IDENTIFICATION NUMBER.

8 5. THE NAME AND ADDRESS OF EACH INDIVIDUAL THAT HOLDS A TEN PERCENT
9 OR MORE OWNERSHIP INTEREST IN THE APPLICANT OR IN SHARES OF THE APPLICANT.

10 6. THE APPLICANT'S CRIMINAL RECORD, IF ANY, OR IF THE APPLICANT IS
11 A BUSINESS ENTITY, ON REQUEST, ANY CRIMINAL RECORD OF AN INDIVIDUAL WHO IS
12 A DIRECTOR, OFFICER OR KEY EMPLOYEE OF, OR ANY INDIVIDUAL WHO HAS A TEN
13 PERCENT OR MORE OWNERSHIP INTEREST IN, THE APPLICANT.

14 7. ANY OWNERSHIP INTEREST THAT A DIRECTOR, OFFICER, KEY EMPLOYEE OR
15 INDIVIDUAL OWNER OF TEN PERCENT OR MORE OF THE APPLICANT HOLDS IN A PERSON
16 THAT IS OR WAS A FANTASY SPORTS CONTEST OPERATOR OR SIMILAR ENTITY IN ANY
17 JURISDICTION.

18 8. AN IDENTIFICATION OF ANY BUSINESS, INCLUDING, IF APPLICABLE, THE
19 STATE OF INCORPORATION OR REGISTRATION, IN WHICH AN APPLICANT, DIRECTOR,
20 OFFICER, KEY EMPLOYEE OR INDIVIDUAL OWNER OF TEN PERCENT OR MORE OF THE
21 APPLICANT, HAS AN EQUITY INTEREST OF FIVE PERCENT OR MORE.

22 9. WHETHER AN APPLICANT, DIRECTOR, OFFICER, KEY EMPLOYEE OR
23 INDIVIDUAL OWNER OF TEN PERCENT OR MORE OF THE APPLICANT HAS EVER APPLIED
24 FOR OR BEEN GRANTED ANY LICENSE, REGISTRATION OR CERTIFICATE ISSUED BY A
25 LICENSING AUTHORITY IN THIS STATE OR ANY OTHER JURISDICTION FOR A GAMING
26 ACTIVITY.

27 10. WHETHER AN APPLICANT, DIRECTOR, OFFICER, KEY EMPLOYEE OR
28 INDIVIDUAL OWNER OF TEN PERCENT OR MORE OF THE APPLICANT HAS FILED OR BEEN
29 SERVED WITH A COMPLAINT OR OTHER NOTICE FILED BY A PUBLIC BODY REGARDING
30 THE DELINQUENCY IN PAYMENT OF OR DISPUTE OVER FILINGS CONCERNING THE
31 PAYMENT OF ANY TAX REQUIRED UNDER FEDERAL, STATE OR LOCAL LAW, INCLUDING
32 THE AMOUNT OF TAX, THE TYPE OF TAX, THE TAXING AGENCY AND THE TIME PERIODS
33 INVOLVED.

34 11. A DESCRIPTION OF ANY PHYSICAL FACILITY OPERATED BY THE
35 APPLICANT IN THIS STATE, THE EMPLOYEES WHO WORK AT THE FACILITY AND THE
36 NATURE OF THE BUSINESS CONDUCTED AT THE FACILITY.

37 12. INFORMATION SUFFICIENT TO SHOW, AS DETERMINED BY THE
38 DEPARTMENT, THAT THE APPLICANT CAN MEET THE REQUIREMENTS OF PROCEDURES
39 SUBMITTED BY THE APPLICANT UNDER SECTION 5-1203 AND UNDER ANY RULES
40 ADOPTED UNDER THIS CHAPTER.

41 G. THE DEPARTMENT MAY REQUIRE LICENSURE OF A HOLDING COMPANY, A
42 MANAGEMENT COMPANY OR ANY OTHER PERSON IT CONSIDERS SUFFICIENTLY CONNECTED
43 TO THE FANTASY SPORTS CONTEST OPERATOR IF THAT LICENSURE IS NECESSARY TO
44 PRESERVE THE INTEGRITY OF FANTASY SPORTS CONTESTS AND PROTECT FANTASY
45 SPORTS CONTEST PLAYERS.

1 H. A LICENSE ISSUED UNDER THIS SECTION IS VALID FOR TWO YEARS. THE
2 DEPARTMENT SHALL RENEW A LICENSE BIENNIALY IF THE APPLICANT DEMONSTRATES
3 CONTINUED ELIGIBILITY FOR LICENSURE UNDER THIS CHAPTER AND PAYS THE
4 RENEWAL FEE. NOTWITHSTANDING THIS SUBSECTION, THE DEPARTMENT MAY
5 INVESTIGATE A LICENSEE AT ANY TIME THE DEPARTMENT DETERMINES IT IS
6 NECESSARY TO ENSURE THAT THE LICENSEE REMAINS IN COMPLIANCE WITH THIS
7 CHAPTER AND THE RULES ADOPTED PURSUANT TO THIS CHAPTER.

8 I. THE DEPARTMENT SHALL ESTABLISH THE INITIAL LICENSE FEE AND THE
9 LICENSE RENEWAL FEE. THE DEPARTMENT MAY ASSESS INVESTIGATIVE COSTS IF THE
10 COST OF A LICENSURE INVESTIGATION EXCEEDS THE AMOUNT OF THE INITIAL
11 LICENSE OR RENEWAL FEE.

12 J. ON RECEIPT OF A COMPLETED APPLICATION AND THE REQUIRED FEE, THE
13 DEPARTMENT SHALL CONDUCT THE NECESSARY BACKGROUND INVESTIGATION TO
14 DETERMINE IF THE APPLICANT MEETS THE QUALIFICATIONS FOR LICENSURE. ON
15 COMPLETION OF THE NECESSARY BACKGROUND INVESTIGATION, THE DEPARTMENT SHALL
16 EITHER ISSUE A LICENSE OR DENY THE APPLICATION. IF THE APPLICATION FOR
17 LICENSURE IS DENIED, A STATEMENT SETTING FORTH THE GROUNDS FOR DENIAL
18 SHALL BE FORWARDED TO THE APPLICANT TOGETHER WITH ALL OTHER DOCUMENTS
19 RELIED ON BY THE DEPARTMENT, TO THE EXTENT ALLOWED BY LAW.

20 5-1203. Prohibited employees; procedures and controls

21 A. THE FANTASY SPORTS CONTEST OPERATOR MAY NOT EMPLOY AN INDIVIDUAL
22 AND, IF ALREADY EMPLOYED, SHALL TERMINATE AN EMPLOYEE WHO IS IDENTIFIED
23 THROUGH REGULATIONS ISSUED BY THE DEPARTMENT IF THE INDIVIDUAL MEETS ANY
24 OF THE FOLLOWING CRITERIA:

25 1. HAS BEEN CONVICTED OF ANY GAMING OFFENSE.

26 2. HAS BEEN CONVICTED OF A FELONY IN THE SEVEN YEARS BEFORE
27 SUBMISSION OF THE EMPLOYMENT APPLICATION UNLESS THAT FELONY HAS BEEN SET
28 ASIDE.

29 3. HAS EVER BEEN CONVICTED OF A FELONY RELATED TO EXTORTION,
30 BURGLARY, LARCENY, BRIBERY, EMBEZZLEMENT, ROBBERY, RACKETEERING, MONEY
31 LAUNDERING, FORGERY, FRAUD, MURDER, VOLUNTARY MANSLAUGHTER OR A SEXUAL
32 OFFENSE THAT REQUIRES THE INDIVIDUAL TO REGISTER PURSUANT TO SECTION
33 13-3821.

34 4. HAS KNOWINGLY AND WILFULLY PROVIDED MATERIALLY IMPORTANT FALSE
35 STATEMENTS OR INFORMATION OR OMITTED MATERIALLY IMPORTANT INFORMATION ON
36 THE INDIVIDUAL'S EMPLOYMENT APPLICATION OR BACKGROUND QUESTIONNAIRE.

37 5. IS AN INDIVIDUAL WHOSE PRIOR ACTIVITIES, CRIMINAL RECORD, IF
38 ANY, OR REPUTATION, HABITS AND ASSOCIATIONS POSE A THREAT TO THE PUBLIC
39 INTEREST OR TO THE EFFECTIVE REGULATION AND CONTROL OF GAMING OR CREATE OR
40 ENHANCE THE DANGERS OF UNSUITABLE, UNFAIR OR ILLEGAL PRACTICES, METHODS
41 AND ACTIVITIES IN CONDUCTING GAMING OR CARRYING ON THE BUSINESS AND
42 FINANCIAL ARRANGEMENTS INCIDENTAL TO GAMING.

1 B. AS A CONDITION OF LICENSURE, A FANTASY SPORTS CONTEST OPERATOR
2 MUST SUBMIT TO AND RECEIVE APPROVAL FROM THE DEPARTMENT FOR COMMERCIALY
3 REASONABLE PROCEDURES AND INTERNAL CONTROLS INTENDED TO DO ALL OF THE
4 FOLLOWING:

5 1. PREVENT THE FANTASY SPORTS CONTEST OPERATOR OR ITS OWNERS,
6 DIRECTORS, OFFICERS AND EMPLOYEES AND ANY RELATIVE OF ANY OF THESE
7 INDIVIDUALS LIVING IN THE SAME HOUSEHOLD FROM PARTICIPATING IN A FANTASY
8 SPORTS CONTEST OFFERED TO THE PUBLIC.

9 2. PREVENT THE EMPLOYEES OR AGENTS OF THE FANTASY SPORTS CONTEST
10 OPERATOR FROM SHARING PROTECTED INFORMATION WITH THIRD PARTIES UNLESS THE
11 PROTECTED INFORMATION IS OTHERWISE MADE PUBLICLY AVAILABLE.

12 3. PREVENT PARTICIPANTS AND OFFICIALS IN AN ATHLETIC EVENT FROM
13 PARTICIPATING IN A FANTASY SPORTS CONTEST THAT IS BASED ON THE ATHLETIC
14 EVENT.

15 4. ESTABLISH THE NUMBER OF ENTRIES A SINGLE FANTASY SPORTS CONTEST
16 PLAYER MAY ENTER IN A SINGLE FANTASY SPORTS CONTEST AND TAKE REASONABLE
17 STEPS TO PREVENT FANTASY SPORTS CONTEST PLAYERS FROM SUBMITTING MORE THAN
18 THE ALLOWABLE NUMBER OF ENTRIES.

19 5. IDENTIFY EACH HIGHLY EXPERIENCED PLAYER BY A SYMBOL ATTACHED TO
20 THE HIGHLY EXPERIENCED PLAYER'S USERNAME.

21 6. OFFER SOME FANTASY SPORTS CONTESTS THAT ARE OPEN ONLY TO PLAYERS
22 OTHER THAN HIGHLY EXPERIENCED PLAYERS.

23 7. EITHER OF THE FOLLOWING:

24 (a) SEGREGATE THE DEPOSITS IN THE FANTASY SPORTS CONTEST PLAYERS'
25 ACCOUNTS FROM OPERATIONAL MONEY.

26 (b) MAINTAIN A RESERVE IN THE FORM OF CASH, CASH EQUIVALENTS,
27 PAYMENT PROCESSOR RESERVES, PAYMENT PROCESSOR RECEIVABLES, AN IRREVOCABLE
28 LETTER OF CREDIT, A BOND OR A COMBINATION OF THESE, THE AGGREGATE AMOUNT
29 OF WHICH EXCEEDS THE TOTAL DOLLAR VALUE AMOUNT OF DEPOSITS IN THE FANTASY
30 SPORTS CONTEST PLAYERS' ACCOUNTS. THE RESERVE MAY NOT BE USED FOR
31 OPERATIONAL ACTIVITIES.

32 8. ENSURE COMPLIANCE WITH THE APPLICABLE STATE AND FEDERAL
33 REQUIREMENTS TO PROTECT THE PRIVACY AND ONLINE SECURITY OF A FANTASY
34 SPORTS CONTEST PLAYER AND THE FANTASY SPORTS CONTEST PLAYER'S ACCOUNT.

35 9. OTHERWISE ENSURE THE INTEGRITY OF FANTASY SPORTS CONTESTS.

36 C. A LICENSED FANTASY SPORTS CONTEST OPERATOR SHALL COMPLY WITH THE
37 PROCEDURES AND INTERNAL CONTROLS THAT ARE SUBMITTED TO AND APPROVED BY THE
38 DEPARTMENT UNDER SUBSECTION B OF THIS SECTION. A LICENSED FANTASY SPORTS
39 CONTEST OPERATOR MAY MAKE TECHNICAL ADJUSTMENTS TO ITS PROCEDURES AND
40 INTERNAL CONTROLS IF THE ADJUSTMENTS ARE NOT MATERIAL AND IT NOTIFIES THE
41 DEPARTMENT WITHIN TWENTY-ONE DAYS OF THE CHANGES BECOMING EFFECTIVE AND
42 CONTINUES TO MEET OR EXCEED THE STANDARDS REQUIRED BY THIS CHAPTER AND ANY
43 RULES ADOPTED BY THE DEPARTMENT.

1 D. PROCEDURES SUBMITTED TO THE DEPARTMENT UNDER SUBSECTION B OF
2 THIS SECTION ARE CONFIDENTIAL AND PRIVILEGED AND ARE NOT SUBJECT TO
3 DISCLOSURE UNDER TITLE 39, CHAPTER 1, ARTICLE 2.

4 5-1204. Financial responsibility

5 ON OR BEFORE JULY 1 OF EACH YEAR, A LICENSED FANTASY SPORTS CONTEST
6 OPERATOR SHALL CONTRACT WITH A CERTIFIED PUBLIC ACCOUNTANT TO PERFORM AN
7 INDEPENDENT AUDIT IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING
8 PRINCIPLES OF THE FINANCIAL CONDITION OF THE LICENSED FANTASY SPORTS
9 CONTEST OPERATOR'S TOTAL OPERATION FOR THE PREVIOUS FISCAL YEAR AND TO
10 ENSURE COMPLIANCE WITH THIS CHAPTER AND FOR ANY OTHER PURPOSE AS
11 PRESCRIBED BY RULE. NOT LATER THAN ONE HUNDRED EIGHTY DAYS AFTER THE END
12 OF THE FANTASY SPORTS CONTEST OPERATOR'S FISCAL YEAR, A LICENSED FANTASY
13 SPORTS CONTEST OPERATOR SHALL SUBMIT THE AUDIT RESULTS UNDER THIS SECTION
14 TO THE DEPARTMENT. THE RESULTS OF AN AUDIT SUBMITTED TO THE DEPARTMENT
15 UNDER THIS SECTION ARE CONFIDENTIAL AND PRIVILEGED AND ARE NOT SUBJECT TO
16 DISCLOSURE AS PROVIDED IN TITLE 39, CHAPTER 1, ARTICLE 2.

17 5-1205. Prohibitions; exception

18 A. A FANTASY SPORTS CONTEST OPERATOR SHALL PROHIBIT AN INDIVIDUAL
19 WHO IS UNDER TWENTY-ONE YEARS OF AGE FROM PARTICIPATING IN A FANTASY
20 SPORTS CONTEST.

21 B. A LICENSED FANTASY SPORTS CONTEST OPERATOR MAY NOT DO ANY OF THE
22 FOLLOWING:

23 1. ALLOW THE USE OF A SCRIPT THAT PROVIDES A FANTASY SPORTS CONTEST
24 PLAYER WITH AN UNFAIR COMPETITIVE ADVANTAGE. A SCRIPT MADE READILY
25 AVAILABLE TO ALL FANTASY SPORTS CONTEST PLAYERS DOES NOT PROVIDE A FANTASY
26 SPORTS CONTEST PLAYER WITH AN UNFAIR COMPETITIVE ADVANTAGE AND MAY NOT BE
27 DETERMINED OTHERWISE.

28 2. USE FALSE, DECEPTIVE OR MISLEADING ADVERTISING OR ADVERTISING
29 THAT IS NOT BASED ON FACT.

30 3. TARGET, IN ADVERTISING OR PROMOTIONS, EITHER OF THE FOLLOWING:

31 (a) INDIVIDUALS WHO HAVE RESTRICTED THEMSELVES FROM ENTERING A
32 FANTASY SPORTS CONTEST UNDER THE PROCEDURES ESTABLISHED BY THE DEPARTMENT
33 PURSUANT TO SECTION 5-1206.

34 (b) INDIVIDUALS WHO ARE UNDER TWENTY-ONE YEARS OF AGE.

35 C. A FANTASY SPORTS CONTEST MAY NOT BE OFFERED ON, AT OR FROM ANY
36 OF THE FOLLOWING:

37 1. A KIOSK OR MACHINE OPEN TO PUBLIC USE AND PHYSICALLY LOCATED IN
38 A RETAIL BUSINESS LOCATION, BAR, RESTAURANT OR OTHER COMMERCIAL
39 ESTABLISHMENT.

40 2. A KIOSK OR MACHINE OPEN TO PUBLIC USE AND PHYSICALLY LOCATED IN
41 A PLACE OF PUBLIC ACCOMMODATION, EXCEPT THAT A FRATERNAL ORGANIZATION OR
42 VETERANS' ORGANIZATION AS DEFINED IN SECTION 5-401 OR A LICENSED RACETRACK
43 MAY OPERATE UP TO TWO KIOSKS FOR THE SOLE PURPOSE OF OFFERING FANTASY
44 SPORTS.

1 D. THIS SECTION DOES NOT APPLY TO A FEDERALLY RECOGNIZED INDIAN
2 TRIBE OPERATING UNDER ITS TRIBAL-STATE GAMING COMPACT AND ANY AMENDMENTS.

3 5-1206. Problem gambling; self-exclusion list; program;
4 liabilities

5 A. A FANTASY SPORTS CONTEST OPERATOR SHALL DEVELOP A PROCEDURE TO
6 INFORM FANTASY SPORTS CONTEST PLAYERS THAT HELP IS AVAILABLE IF AN
7 INDIVIDUAL HAS A PROBLEM WITH GAMBLING AND, AT A MINIMUM, PROVIDE THE
8 STATEWIDE TOLL-FREE HELPLINE TELEPHONE NUMBER, TEXT MESSAGE AND WEBSITE
9 INFORMATION ESTABLISHED BY THE DEPARTMENT.

10 B. THE DEPARTMENT AND THE FANTASY SPORTS CONTEST OPERATOR SHALL
11 COMPLY WITH THE FOLLOWING REQUIREMENTS TO ALLOW PROBLEM GAMBLERS TO
12 VOLUNTARILY EXCLUDE THEMSELVES FROM FANTASY SPORTS CONTESTS STATEWIDE:

13 1. THE DEPARTMENT SHALL ESTABLISH A LIST OF PERSONS WHO
14 ACKNOWLEDGE, IN A MANNER TO BE ESTABLISHED BY RULE, THAT THEY HAVE A
15 COMPULSIVE PLAY PROBLEM AND VOLUNTARILY SEEK TO EXCLUDE THEMSELVES FROM
16 FANTASY SPORTS CONTESTS STATEWIDE. THE DEPARTMENT SHALL ESTABLISH
17 PROCEDURES FOR THE PLACEMENT ON AND REMOVAL FROM THE LIST OF SELF-EXCLUDED
18 PERSONS. ONLY A PERSON SEEKING VOLUNTARY SELF-EXCLUSION SHALL BE ALLOWED
19 TO INCLUDE THE PERSON'S NAME ON THE SELF-EXCLUSION LIST OF THE DEPARTMENT.

20 2. THE FANTASY SPORTS CONTEST OPERATOR SHALL ESTABLISH PROCEDURES
21 FOR ADVISING PERSONS WHO INQUIRE ABOUT SELF-EXCLUSION AND OFFER
22 SELF-EXCLUSION APPLICATION FORMS PROVIDED BY THE DEPARTMENT TO THOSE
23 PERSONS WHEN REQUESTED.

24 3. THE DEPARTMENT SHALL COMPILE IDENTIFYING INFORMATION CONCERNING
25 SELF-EXCLUDED PERSONS. SUCH INFORMATION SHALL CONTAIN, AT A MINIMUM, THE
26 FULL NAME AND ANY ALIASES OF THE PERSON, A PHOTOGRAPH OF THE PERSON, THE
27 SOCIAL SECURITY OR DRIVER'S LICENSE NUMBER OF THE PERSON AND THE CURRENT
28 PHYSICAL AND ELECTRONIC CONTACT INFORMATION, INCLUDING MAILING ADDRESS, OF
29 THE PERSON.

30 4. THE DEPARTMENT, ON A WEEKLY BASIS, SHALL PROVIDE THE COMPILED
31 INFORMATION TO FANTASY SPORTS CONTEST OPERATORS. FANTASY SPORTS CONTEST
32 OPERATORS SHALL TREAT THE INFORMATION RECEIVED FROM THE DEPARTMENT UNDER
33 THIS SECTION AS CONFIDENTIAL, AND THE INFORMATION MAY NOT BE DISCLOSED
34 EXCEPT TO VENDORS APPROVED BY THE DEPARTMENT FOR PURPOSES OF COMPLYING
35 WITH THIS SECTION, APPROPRIATE LAW ENFORCEMENT AGENCIES IF NEEDED IN
36 CONDUCTING AN OFFICIAL INVESTIGATION, OR UNLESS ORDERED BY A COURT OF
37 COMPETENT JURISDICTION.

38 5. A FANTASY SPORTS CONTEST OPERATOR SHALL CHECK THE MOST RECENT
39 SELF-EXCLUDED PERSONS LIST PROVIDED BY THE DEPARTMENT BEFORE CREATING A
40 PLAYER ACCOUNT FOR ANY SELF-EXCLUDED PERSON. A FANTASY SPORTS CONTEST
41 OPERATOR SHALL REVOKE A PLAYER ACCOUNT AND REMOVE ALL SELF-EXCLUDED
42 PERSONS FROM ALL MARKETING LISTS OF THE FANTASY SPORTS CONTEST OPERATOR.

43 6. A FANTASY SPORTS CONTEST OPERATOR SHALL TAKE REASONABLE STEPS TO
44 ENSURE THAT PERSONS ON THE DEPARTMENT'S LIST OF SELF-EXCLUDED PERSONS ARE
45 DENIED ACCESS TO ALL FANTASY SPORTS CONTESTS.

- 1 7. A FANTASY SPORTS CONTEST OPERATOR SHALL TAKE REASONABLE STEPS TO
2 IDENTIFY SELF-EXCLUDED PERSONS.
- 3 8. IF A SELF-EXCLUDED PERSON PARTICIPATES IN A FANTASY SPORTS
4 CONTEST, THE FANTASY SPORTS CONTEST OPERATOR SHALL REPORT TO THE
5 DEPARTMENT, AT A MINIMUM, THE NAME OF THE SELF-EXCLUDED PERSON, THE DATE
6 OF PARTICIPATION, THE AMOUNT OR VALUE OF ANY MONIES, PRIZES OR AWARDS
7 FORFEITED, IF ANY, AND ANY OTHER ACTION TAKEN. THE REPORT SHALL BE
8 PROVIDED TO THE DEPARTMENT WITHIN TWENTY-FOUR HOURS OF DISCOVERY.
- 9 C. A FANTASY SPORTS CONTEST OPERATOR MAY NOT PAY ANY PRIZE OR AWARD
10 TO A PERSON WHO IS ON THE DEPARTMENT'S SELF-EXCLUSION LIST. ANY PRIZE OR
11 AWARD WON BY A PERSON ON THE SELF-EXCLUSION LIST SHALL BE FORFEITED AND
12 SHALL BE DONATED BY THE FANTASY SPORTS CONTEST OPERATOR TO THE
13 DEPARTMENT'S DIVISION OF PROBLEM GAMBLING ON A QUARTERLY BASIS BY THE
14 TWENTY-FIFTH DAY OF THE FOLLOWING MONTH.
- 15 D. NOTWITHSTANDING ANY OTHER PROVISION OF THIS CHAPTER, THE
16 DEPARTMENT'S LIST OF SELF-EXCLUDED PERSONS IS NOT OPEN TO PUBLIC
17 INSPECTION.
- 18 E. A FANTASY SPORTS CONTEST OPERATOR SHALL DEVELOP AND MAINTAIN A
19 PROGRAM TO MITIGATE COMPULSIVE PLAY AND CURTAIL COMPULSIVE PLAY, WHICH MAY
20 BE IN CONJUNCTION WITH THE DEPARTMENT.
- 21 5-1207. Department of gaming; authority
- 22 THE DEPARTMENT SHALL ADOPT RULES TO IMPLEMENT THIS CHAPTER AS
23 PROVIDED IN TITLE 41, CHAPTER 6, INCLUDING RULES THAT DO ALL OF THE
24 FOLLOWING:
- 25 1. REQUIRE A FANTASY SPORTS CONTEST OPERATOR TO IMPLEMENT
26 COMMERCIALY REASONABLE PROCEDURES TO PROHIBIT ACCESS TO BOTH OF THE
27 FOLLOWING:
- 28 (a) INDIVIDUALS WHO REQUEST TO RESTRICT THEMSELVES FROM PLAYING
29 FANTASY SPORTS CONTESTS.
- 30 (b) INDIVIDUALS WHO ARE UNDER TWENTY-ONE YEARS OF AGE.
- 31 2. PRESCRIBE REQUIREMENTS RELATED TO BEGINNING PLAYERS AND HIGHLY
32 EXPERIENCED PLAYERS.
- 33 3. SUSPEND THE ACCOUNT OF A FANTASY SPORTS CONTEST PLAYER WHO
34 VIOLATES THIS CHAPTER OR A RULE ADOPTED UNDER THIS CHAPTER.
- 35 4. PROVIDE A FANTASY SPORTS CONTEST PLAYER WITH ACCESS TO
36 INFORMATION ON PLAYING RESPONSIBLY AND HOW TO ASK FOR ASSISTANCE FOR
37 COMPULSIVE PLAY BEHAVIOR.
- 38 5. REQUIRE AN APPLICANT FOR A FANTASY SPORTS CONTEST OPERATOR
39 LICENSE TO DESIGNATE AT LEAST ONE KEY EMPLOYEE AS A CONDITION OF OBTAINING
40 A LICENSE.
- 41 6. INCLUDE ANY OTHER RULE THE DEPARTMENT DETERMINES IS NECESSARY TO
42 ENSURE THE INTEGRITY OF FANTASY SPORTS CONTESTS.

1 5-1208. Requirements

2 A. AFTER A FANTASY SPORTS CONTEST OPERATOR IS LICENSED, THE FANTASY
3 SPORTS CONTEST OPERATOR SHALL REPORT ANY CHANGE TO THE INFORMATION
4 REGARDING OWNERSHIP INCLUDED IN ITS APPLICATION WITH THE DEPARTMENT WITHIN
5 THIRTY DAYS AFTER THE CHANGE IS EFFECTIVE. THE FANTASY SPORTS CONTEST
6 OPERATOR'S LICENSE SHALL REMAIN VALID UNLESS THE DEPARTMENT DETERMINES
7 THAT THE FANTASY SPORTS CONTEST OPERATOR IS NO LONGER QUALIFIED TO
8 MAINTAIN THE LICENSE DUE TO THE CHANGE.

9 B. A LICENSED FANTASY SPORTS CONTEST OPERATOR SHALL RETAIN AND
10 MAINTAIN IN A PLACE SECURE FROM THEFT, LOSS OR DESTRUCTION ALL OF THE
11 RECORDS REQUIRED TO BE MAINTAINED UNDER THIS CHAPTER AND THE RULES ADOPTED
12 UNDER THIS CHAPTER FOR AT LEAST THREE YEARS AFTER THE DATE THE RECORD IS
13 CREATED.

14 C. A LICENSED FANTASY SPORTS CONTEST OPERATOR SHALL ORGANIZE ALL
15 RECORDS UNDER SUBSECTIONS A AND B OF THIS SECTION IN A MANNER THAT ENABLES
16 THE LICENSED FANTASY SPORTS CONTEST OPERATOR TO PROVIDE THE DEPARTMENT
17 WITH THE RECORDS.

18 D. INFORMATION OBTAINED UNDER THIS SECTION IS CONFIDENTIAL AND
19 PRIVILEGED AND IS NOT SUBJECT TO DISCLOSURE AS PROVIDED IN TITLE 39,
20 CHAPTER 1, ARTICLE 2.

21 E. IF A FANTASY SPORTS CONTEST OPERATOR IS REQUIRED TO FILE A FORM
22 1099-MISC OR OTHER SUBSTANTIALLY EQUIVALENT FORM WITH THE UNITED STATES
23 INTERNAL REVENUE SERVICE FOR A PERSON WHO IS IDENTIFIED BY THE ARIZONA
24 ADMINISTRATIVE OFFICE OF THE COURTS, THE DEPARTMENT OF ECONOMIC SECURITY
25 DIVISION OF CHILD SUPPORT ENFORCEMENT, THE DEPARTMENT OF ECONOMIC SECURITY
26 SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM AND ASSISTANCE OVERPAYMENT OR
27 THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM ADMINISTRATION AS OWING AN
28 OBLIGATION, THE FANTASY SPORTS CONTEST OPERATOR SHALL WITHHOLD FROM THE
29 PERSON'S ACCOUNT THE AMOUNT OF OBLIGATIONS OWED AT THE TIME THE FORM
30 1099-MISC OR A SUBSTANTIALLY EQUIVALENT FORM IS ISSUED, IF THE FANTASY
31 SPORTS OPERATOR HAS BEEN NOTIFIED BY THIS STATE OF THE OBLIGATION. AT
32 THAT TIME, THE FANTASY SPORTS CONTEST OPERATOR SHALL TRANSMIT THE AMOUNT
33 WITHHELD FOR OBLIGATIONS TO THE DEPARTMENT OF GAMING AND SHALL ALSO
34 TRANSMIT ANY INFORMATION REQUESTED BY THE DEPARTMENT OF GAMING. THE
35 DEPARTMENT OF GAMING SHALL PROVIDE INFORMATION TO THE FANTASY SPORTS
36 CONTEST OPERATOR OF PERSONS WITH OUTSTANDING OBLIGATIONS. IF THE
37 IDENTIFIED PERSON IS ALSO SELF-EXCLUDED, TAX LIABILITIES AND SETOFF
38 OBLIGATIONS SHALL BE SATISFIED BEFORE ANY MONIES ARE DONATED TO THE
39 DEPARTMENT OF GAMING DIVISION OF PROBLEM GAMBLING PURSUANT TO SECTION
40 5-1206. IF THE IDENTIFIED PERSON HAS MULTIPLE LIABILITIES, THOSE
41 LIABILITIES SHALL BE SATISFIED IN THE FOLLOWING ORDER:

- 42 1. CHILD SUPPORT ENFORCEMENT.
- 43 2. SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM AND ASSISTANCE
44 OVERPAYMENT.
- 45 3. THE COURTS.

1 4. THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM ADMINISTRATION.
2 5-1209. Revocation, suspension or denial of license; grounds;
3 definitions

4 A. THE DEPARTMENT MAY REVOKE, SUSPEND OR DENY A LICENSE IF AN
5 APPLICANT OR LICENSEE MEETS ANY OF THE FOLLOWING CRITERIA:

6 1. VIOLATES, FAILS OR REFUSES TO COMPLY WITH THE PROVISIONS,
7 REQUIREMENTS, CONDITIONS, LIMITATIONS OR DUTIES IMPOSED BY LAW OR RULE, OR
8 IF ANY SUCH VIOLATION OCCURS ON ANY FANTASY SPORTS CONTEST PLATFORM
9 OPERATED BY ANY SUCH PERSON OR OVER WHICH THE PERSON HAS SUBSTANTIAL
10 CONTROL.

11 2. KNOWINGLY CAUSES, AIDS, ABETS OR CONSPIRES WITH ANOTHER TO CAUSE
12 ANY PERSON TO VIOLATE ANY OF THE LAWS OF THIS STATE OR THE RULES OF THE
13 DEPARTMENT.

14 3. OBTAINS A LICENSE BY FRAUD, MISREPRESENTATION, CONCEALMENT OR
15 THROUGH INADVERTENCE OR MISTAKE.

16 4. IS CONVICTED OR FORFEITED BOND ON A CHARGE OF OR PLEADS GUILTY
17 TO:

18 (a) FORGERY, LARCENY, EXTORTION OR CONSPIRACY TO DEFRAUD.

19 (b) WILFUL FAILURE TO MAKE REQUIRED PAYMENT OR REPORTS TO ANY
20 TRIBAL, STATE OR FEDERAL GOVERNMENTAL AGENCY, FILING FALSE REPORTS WITH
21 ANY TRIBAL, STATE OR FEDERAL GOVERNMENTAL AGENCY OR ANY SIMILAR OFFENSE OR
22 OFFENSES.

23 (c) BRIBING OR OTHERWISE UNLAWFULLY INFLUENCING A PUBLIC OFFICIAL
24 OF THIS STATE OR ANY OTHER STATE OR JURISDICTION.

25 (d) ANY CRIME, WHETHER A FELONY OR MISDEMEANOR, INVOLVING ANY
26 GAMING ACTIVITY, PHYSICAL HARM TO AN INDIVIDUAL OR MORAL TURPITUDE.

27 5. MAKES A MISREPRESENTATION OF OR FAILS TO DISCLOSE A MATERIAL
28 FACT TO THE DEPARTMENT.

29 6. FAILS TO PROVE, BY CLEAR AND CONVINCING EVIDENCE, THAT THE
30 PERSON IS QUALIFIED FOR LICENSURE.

31 7. IS SUBJECT TO CURRENT PROSECUTION OR PENDING CHARGES OR A
32 CONVICTION THAT IS UNDER APPEAL FOR ANY OF THE OFFENSES INCLUDED IN THIS
33 SUBSECTION. AT THE REQUEST OF AN APPLICANT FOR AN ORIGINAL LICENSE, THE
34 DEPARTMENT MAY DEFER DECISION ON THE APPLICATION DURING THE PENDENCY OF
35 THE PROSECUTION OR APPEAL.

36 8. HAS HAD A GAMING LICENSE ISSUED BY ANY JURISDICTION IN THE
37 UNITED STATES REVOKED OR DENIED.

38 9. DEMONSTRATES A WILFUL DISREGARD FOR COMPLIANCE WITH GAMING
39 REGULATORY AUTHORITY IN ANY JURISDICTION, INCLUDING SUSPENSION, REVOCATION
40 OR DENIAL OF AN APPLICATION FOR A LICENSE OR FORFEITURE OF A LICENSE.

41 10. HAS PURSUED OR IS PURSUING ECONOMIC GAIN IN AN OCCUPATIONAL
42 MANNER OR CONTEXT IN VIOLATION OF THE CRIMINAL LAWS OF ANY STATE IF THE
43 PURSUIT CREATES PROBABLE CAUSE TO BELIEVE THAT THE PERSON'S PARTICIPATION
44 IN GAMING OR RELATED ACTIVITIES WOULD BE DETRIMENTAL TO THE PROPER
45 OPERATION OF AUTHORIZED GAMING OR A RELATED ACTIVITY IN THIS STATE.

1 11. IS A CAREER OFFENDER OR A MEMBER OF A CAREER OFFENDER
2 ORGANIZATION OR AN ASSOCIATE OF A CAREER OFFENDER OR CAREER OFFENDER
3 ORGANIZATION THEREBY ESTABLISHING PROBABLE CAUSE TO BELIEVE THAT THE
4 ASSOCIATION IS OF SUCH A NATURE AS TO BE DETRIMENTAL TO THE PROPER
5 OPERATION OF AUTHORIZED GAMING OR RELATED ACTIVITIES IN THIS STATE.

6 12. IS A PERSON WHOSE PRIOR ACTIVITIES, CRIMINAL RECORD, IF ANY,
7 REPUTATION, HABITS AND ASSOCIATIONS POSE A THREAT TO THE PUBLIC INTEREST
8 OF THIS STATE OR TO THE EFFECTIVE REGULATION AND CONTROL OF FANTASY SPORTS
9 CONTESTS, OR CREATES OR ENHANCES THE DANGERS OF UNSUITABLE, UNFAIR OR
10 ILLEGAL PRACTICES, METHODS AND ACTIVITIES IN THE CONDUCT OF FANTASY SPORTS
11 CONTESTS, OR THE CARRYING ON OF THE BUSINESS AND FINANCIAL ARRANGEMENTS
12 INCIDENTAL THERETO.

13 13. FAILS TO PROVIDE ANY INFORMATION REQUESTED BY THE DEPARTMENT
14 WITHIN SEVEN DAYS OF THE REQUEST FOR THE INFORMATION.

15 B. THE DEPARTMENT, PURSUANT TO THE LAWS OF THIS STATE, MAY
16 SUMMARILY SUSPEND A LICENSE ISSUED PURSUANT TO THIS CHAPTER IF THE
17 CONTINUED LICENSURE OF A PERSON CONSTITUTES AN IMMEDIATE THREAT TO THE
18 PUBLIC HEALTH, SAFETY OR WELFARE.

19 C. ANY APPLICANT FOR LICENSURE AGREES BY MAKING SUCH APPLICATION TO
20 BE SUBJECT TO STATE JURISDICTION TO THE EXTENT NECESSARY TO DETERMINE THE
21 APPLICANT'S QUALIFICATION TO HOLD SUCH LICENSE, INCLUDING ALL NECESSARY
22 ADMINISTRATIVE PROCEDURES, HEARINGS AND APPEALS PURSUANT TO TITLE 41,
23 CHAPTER 6 AND THE DEPARTMENT'S RULES.

24 D. AN APPLICANT FOR LICENSURE MAY NOT WITHDRAW AN APPLICATION
25 WITHOUT THE DEPARTMENT'S WRITTEN PERMISSION. THE DEPARTMENT MAY NOT
26 UNREASONABLY WITHHOLD PERMISSION TO WITHDRAW AN APPLICATION.

27 E. FOR THE PURPOSES OF THIS SECTION:

28 1. "CAREER OFFENDER" MEANS ANY INDIVIDUAL WHO BEHAVES IN AN
29 OCCUPATIONAL MANNER OR CONTEXT FOR THE PURPOSES OF ECONOMIC GAIN BY
30 VIOLATING FEDERAL LAW OR THE LAWS AND PUBLIC POLICY OF THIS STATE.

31 2. "CAREER OFFENDER ORGANIZATION" MEANS ANY GROUP OF INDIVIDUALS
32 WHO OPERATE TOGETHER AS CAREER OFFENDERS.

33 3. "OCCUPATIONAL MANNER OR CONTEXT" MEANS THE SYSTEMATIC PLANNING,
34 ADMINISTRATION, MANAGEMENT OR EXECUTION OF AN ACTIVITY FOR FINANCIAL GAIN.

35 5-1210. Violations; classification; penalties

36 A. A PERSON MAY NOT DO ANY OF THE FOLLOWING:

37 1. EXCEPT AS OTHERWISE PROVIDED IN THIS CHAPTER, OFFER A FANTASY
38 SPORTS CONTEST IN THIS STATE UNLESS THE PERSON IS LICENSED BY THE
39 DEPARTMENT.

40 2. KNOWINGLY MAKE A FALSE STATEMENT ON AN APPLICATION FOR A LICENSE
41 UNDER THIS CHAPTER.

42 3. KNOWINGLY PROVIDE FALSE TESTIMONY TO THE DEPARTMENT OR ANY
43 AUTHORIZED REPRESENTATIVE OF THE DEPARTMENT.

1 B. THE DEPARTMENT MAY NOT ISSUE A LICENSE UNDER THIS CHAPTER TO A
2 PERSON THAT VIOLATES SUBSECTION A OF THIS SECTION.

3 C. A PERSON THAT VIOLATES SUBSECTION A, PARAGRAPH 1 OF THIS SECTION
4 IS GUILTY OF A CRIME AS FOLLOWS:

5 1. FOR THE FIRST OR SECOND VIOLATION, THE PERSON IS GUILTY OF A
6 CLASS 3 MISDEMEANOR.

7 2. FOR A THIRD OR SUBSEQUENT VIOLATION, THE PERSON IS GUILTY OF A
8 CLASS 1 MISDEMEANOR.

9 D. THE DEPARTMENT MAY ISSUE A CEASE AND DESIST ORDER AND OBTAIN
10 INJUNCTIVE RELIEF AGAINST A PERSON THAT VIOLATES THIS CHAPTER.

11 E. THE DEPARTMENT MAY IMPOSE A CIVIL PENALTY OF NOT MORE THAN
12 \$10,000 FOR A VIOLATION OF THIS CHAPTER, A RULE ADOPTED UNDER THIS CHAPTER
13 OR AN ORDER OF THE DEPARTMENT. A CIVIL PENALTY IMPOSED UNDER THIS SECTION
14 IS PAYABLE TO THIS STATE AND MAY BE COLLECTED IN A CIVIL ACTION BROUGHT BY
15 THE DEPARTMENT.

16 F. THE DEPARTMENT MAY SUSPEND, REVOKE OR RESTRICT THE LICENSE OF A
17 FANTASY SPORTS CONTEST OPERATOR THAT VIOLATES THIS CHAPTER, A RULE ADOPTED
18 UNDER THIS CHAPTER OR AN ORDER OF THE DEPARTMENT.

19 5-1211. Fees

20 A. THE DEPARTMENT SHALL ESTABLISH A FEE FOR THE PRIVILEGE OF
21 OPERATING FANTASY SPORTS CONTESTS. IN DETERMINING THE FEE, THE DEPARTMENT
22 SHALL CONSIDER THE HIGHEST PERCENTAGE OF REVENUE SHARE THAT AN INDIAN
23 TRIBE PAYS TO THIS STATE PURSUANT TO THE TRIBAL-STATE GAMING COMPACTS AND
24 ANY AMENDMENTS. A FANTASY SPORTS CONTEST OPERATOR SHALL REPORT TO THE
25 DEPARTMENT AND PAY THE FEE FROM ITS MONTHLY FANTASY SPORTS CONTEST
26 ADJUSTED REVENUES, ON A FORM AND IN THE MANNER PRESCRIBED BY THE
27 DEPARTMENT. THIS SUBSECTION DOES NOT APPLY TO AN INDIVIDUAL WHO OFFERS A
28 FANTASY SPORTS CONTEST UNDER SECTION 5-1202, SUBSECTION B.

29 B. THE FEE ESTABLISHED PURSUANT TO SUBSECTION A OF THIS SECTION IS
30 DUE AND PAYABLE TO THE DEPARTMENT BY THE TWENTY-FIFTH DAY OF EACH MONTH
31 AND SHALL BE BASED ON MONTHLY FANTASY SPORTS CONTEST ADJUSTED REVENUE
32 DERIVED DURING THE PREVIOUS MONTH.

33 C. THE DEPARTMENT SHALL DEPOSIT, PURSUANT TO SECTIONS 35-146 AND
34 35-147, THE FEES COLLECTED PURSUANT TO THIS SECTION IN THE FANTASY SPORTS
35 CONTEST FUND ESTABLISHED BY SECTION 5-1212.

36 D. A LICENSED FANTASY SPORTS CONTEST OPERATOR WHO FAILS TO REMIT TO
37 THE DEPARTMENT THE FEES REQUIRED UNDER THIS SECTION IS LIABLE, IN ADDITION
38 TO ANY SANCTION OR PENALTY IMPOSED UNDER THIS CHAPTER, FOR THE PAYMENT OF
39 A PENALTY OF FIVE PERCENT PER MONTH UP TO A MAXIMUM OF TWENTY-FIVE PERCENT
40 OF THE AMOUNTS ULTIMATELY FOUND TO BE DUE, TO BE RECOVERED BY THE
41 DEPARTMENT. PENALTIES IMPOSED AND COLLECTED BY THE DEPARTMENT UNDER THIS
42 SUBSECTION MUST BE DEPOSITED IN THE FANTASY SPORTS CONTEST FUND
43 ESTABLISHED BY SECTION 5-1212.

1 EVENT WAGERING FOR THE PURPOSES OF THIS PARAGRAPH. AN EVENT WAGERING
2 OPERATOR MAY DEDUCT UP TO TWENTY PERCENT OF AN EVENT WAGERING OPERATOR'S
3 GROSS WAGERING RECEIPTS DURING ANY PERIOD THAT THE OPERATOR CONDUCTS EVENT
4 WAGERING BEFORE JANUARY 1 OF THE FIRST YEAR OF EVENT WAGERING OPERATIONS.
5 2. "DEPARTMENT" MEANS THE DEPARTMENT OF GAMING.
6 3. "E-SPORT" MEANS AN ORGANIZED, MULTIPLAYER VIDEO GAME
7 COMPETITION, PARTICULARLY BETWEEN PROFESSIONAL PLAYERS, INDIVIDUALLY OR AS
8 TEAMS.
9 4. "EVENT WAGERING":
10 (a) MEANS ACCEPTING WAGERS ON SPORTS EVENTS OR OTHER EVENTS,
11 PORTIONS OF SPORTS EVENTS OR OTHER EVENTS, THE INDIVIDUAL PERFORMANCE
12 STATISTICS OF ATHLETES IN A SPORTS EVENT OR COMBINATION OF SPORTS EVENTS
13 OR THE INDIVIDUAL PERFORMANCE OF INDIVIDUALS IN OTHER EVENTS OR A
14 COMBINATION OF OTHER EVENTS BY ANY SYSTEM OR METHOD OF WAGERING, INCLUDING
15 IN PERSON OR OVER THE INTERNET THROUGH WEBSITES AND ON MOBILE DEVICES.
16 (b) DOES NOT INCLUDE A FANTASY SPORTS CONTEST AS DEFINED IN SECTION
17 5-1201.
18 5. "EVENT WAGERING EMPLOYEE" MEANS AN EMPLOYEE OF AN EVENT WAGERING
19 OPERATOR, SPORTS FACILITY, MANAGEMENT SERVICES PROVIDER OR LIMITED EVENT
20 WAGERING OPERATOR WHO IS DIRECTLY INVOLVED IN THE MANAGEMENT OR CONTROL OF
21 THE CONDUCT OF EVENT WAGERING UNDER THIS CHAPTER IN THIS STATE.
22 6. "EVENT WAGERING FACILITY" MEANS A FACILITY AT WHICH EVENT
23 WAGERING IS CONDUCTED UNDER THIS CHAPTER.
24 7. "EVENT WAGERING OPERATOR" MEANS EITHER:
25 (a) AN OWNER OR OPERATOR OF AN ARIZONA PROFESSIONAL SPORTS TEAM OR
26 FRANCHISE, AN OPERATOR OF A SPORTS FACILITY IN THIS STATE THAT HOSTS AN
27 ANNUAL TOURNAMENT ON THE PGA TOUR OR A PROMOTER OF A NATIONAL ASSOCIATION
28 FOR STOCK CAR AUTO RACING NATIONAL TOURING RACE IN THIS STATE, OR THE
29 DESIGNEE OF SUCH AN OWNER, OPERATOR OR PROMOTER, WHO IS LICENSED TO OFFER
30 EVENT WAGERING UNDER THIS CHAPTER. IF AN OWNER, OPERATOR OR PROMOTER THAT
31 QUALIFIED FOR AN EVENT WAGERING OPERATOR LICENSE APPOINTS A DESIGNEE, THE
32 DESIGNEE WILL BE CONSIDERED THE EVENT WAGERING OPERATOR AND THE LICENSEE
33 WITH RESPECT TO THE APPLICABLE LICENSE FOR THE PURPOSES OF THIS CHAPTER.
34 (b) AN ARIZONA INDIAN TRIBE OR AN ENTITY FULLY OWNED BY AN ARIZONA
35 INDIAN TRIBE, OR ITS DESIGNEE, LICENSED TO OPERATE ONLY MOBILE EVENT
36 WAGERING OUTSIDE THE BOUNDARIES OF ITS INDIAN LANDS AND THROUGHOUT THIS
37 STATE IF IT HAS SIGNED THE MOST RECENT TRIBAL-STATE GAMING COMPACT AND ANY
38 APPLICABLE APPENDICES OR AMENDMENTS. IF AN INDIAN TRIBE THAT QUALIFIED
39 FOR AN EVENT WAGERING OPERATOR LICENSE APPOINTS A DESIGNEE, THE DESIGNEE
40 WILL BE CONSIDERED THE EVENT WAGERING OPERATOR AND THE LICENSEE WITH
41 RESPECT TO THE APPLICABLE LICENSE FOR THE PURPOSES OF THIS CHAPTER.
42 8. "LIMITED EVENT WAGERING OPERATOR" MEANS A RACETRACK ENCLOSURE OR
43 ADDITIONAL WAGERING FACILITY THAT HOLDS A PERMIT ISSUED BY THE DIVISION OF
44 RACING TO OFFER WAGERS ON HORSERACING AND THAT IS LICENSED UNDER THIS
45 CHAPTER.

1 9. "OFFICIAL LEAGUE DATA" MEANS STATISTICS, RESULTS, OUTCOMES AND
2 OTHER DATA RELATED TO A SPORTS EVENT OR OTHER EVENT OBTAINED PURSUANT TO
3 AN AGREEMENT WITH THE RELEVANT SPORTS GOVERNING BODY OR AN ENTITY
4 EXPRESSLY AUTHORIZED BY THE SPORTS GOVERNING BODY TO PROVIDE SUCH
5 INFORMATION TO LICENSEES THAT AUTHORIZES THE USE OF SUCH DATA FOR
6 DETERMINING THE OUTCOME OF SPORTS WAGERS ON SPORTS EVENTS OR OTHER EVENTS.

7 10. "LICENSEE" MEANS A PERSON THAT HOLDS AN EVENT WAGERING OPERATOR
8 LICENSE, LIMITED EVENT WAGERING LICENSE, SUPPLIER LICENSE OR MANAGEMENT
9 SERVICES PROVIDER LICENSE.

10 11. "MANAGEMENT SERVICES PROVIDER" MEANS A PERSON THAT OPERATES,
11 MANAGES OR CONTROLS EVENT WAGERING AUTHORIZED BY THIS CHAPTER ON BEHALF OF
12 AN EVENT WAGERING OPERATOR OR LIMITED EVENT WAGERING OPERATOR, INCLUDING
13 DEVELOPING OR OPERATING EVENT WAGERING PLATFORMS AND PROVIDING ODDS, LINES
14 AND GLOBAL RISK MANAGEMENT, AND MAY PROVIDE SERVICES TO MORE THAN ONE
15 LICENSED EVENT WAGERING OPERATOR OR LICENSED LIMITED EVENT WAGERING
16 OPERATOR.

17 12. "OTHER EVENT" MEANS A COMPETITION OF RELATIVE SKILL OR AN EVENT
18 AUTHORIZED BY THE DEPARTMENT UNDER THIS CHAPTER.

19 13. "PERSON" MEANS AN INDIVIDUAL, PARTNERSHIP, COMMITTEE,
20 ASSOCIATION, CORPORATION, INDIAN TRIBE OR AN ENTITY FULLY OWNED BY AN
21 INDIAN TRIBE, OR ANY OTHER ORGANIZATION OR GROUP OF PERSONS.

22 14. "PROFESSIONAL SPORT" MEANS A SPORT CONDUCTED AT THE HIGHEST
23 LEVEL LEAGUE OR ORGANIZATIONAL PLAY FOR ITS RESPECTIVE SPORT AND INCLUDES
24 BASEBALL, BASKETBALL, FOOTBALL, GOLF, HOCKEY, SOCCER AND MOTORSPORTS.

25 15. "PROHIBITED CONDUCT" INCLUDES ANY STATEMENT, ACTION OR OTHER
26 COMMUNICATION INTENDED TO UNLAWFULLY INFLUENCE, MANIPULATE OR CONTROL A
27 BETTING OUTCOME OF A SPORTS EVENT OR OTHER EVENT OF ANY INDIVIDUAL
28 OCCURRENCE OR PERFORMANCE IN A SPORTS EVENT OR OTHER EVENT IN EXCHANGE FOR
29 FINANCIAL GAIN OR TO AVOID FINANCIAL OR PHYSICAL HARM.

30 16. "PROHIBITED PARTICIPANT" MEANS:

31 (a) ANY INDIVIDUAL WHOSE PARTICIPATION MAY UNDERMINE THE INTEGRITY
32 OF THE WAGERING, THE SPORTS EVENT OR THE OTHER EVENT.

33 (b) ANY INDIVIDUAL WHO IS PROHIBITED FROM PLACING A WAGER AS AN
34 AGENT, PROXY OR BECAUSE OF SELF-EXCLUSION.

35 (c) ANY INDIVIDUAL WHO IS AN ATHLETE, COACH, REFEREE, PLAYER,
36 TRAINER OR PERSONNEL OF A SPORTS ORGANIZATION IN ANY SPORTS EVENT OR OTHER
37 EVENT OVERSEEN BY THAT INDIVIDUAL'S SPORTS ORGANIZATION WHO, BASED ON
38 INFORMATION THAT IS NOT PUBLICLY AVAILABLE, HAS THE ABILITY TO DETERMINE
39 OR TO UNLAWFULLY INFLUENCE THE OUTCOME OF A WAGER.

40 (d) AN INDIVIDUAL WHO HOLDS A POSITION OF AUTHORITY OR INFLUENCE
41 SUFFICIENT TO EXERT INFLUENCE OVER THE PARTICIPANTS IN A SPORTING CONTEST,
42 INCLUDING COACHES, MANAGERS, HANDLERS AND ATHLETIC TRAINERS, SUCH THAT
43 THEIR ACTIONS CAN AFFECT THE OUTCOME OF A WAGER.

44 (e) AN INDIVIDUAL WITH ACCESS TO EXCLUSIVE INFORMATION ON ANY
45 SPORTS EVENT OR OTHER EVENT OVERSEEN BY THAT INDIVIDUAL'S SPORTS GOVERNING

1 BODY THAT IS NOT PUBLICLY AVAILABLE INFORMATION OR ANY INDIVIDUAL
2 IDENTIFIED BY ANY LISTS PROVIDED BY THE SPORTS GOVERNING BODY TO THE
3 DEPARTMENT.

4 17. "SPORTS EVENT" MEANS A PROFESSIONAL SPORT OR ATHLETIC EVENT, A
5 COLLEGIATE SPORT OR ATHLETIC EVENT, A MOTOR RACE EVENT, AN E-SPORT EVENT
6 OR AN OLYMPIC EVENT.

7 18. "SPORTS FACILITY" MEANS A FACILITY THAT IS OWNED BY A
8 COMMERCIAL, STATE OR LOCAL GOVERNMENT OR QUASI-GOVERNMENTAL ENTITY THAT
9 HOSTS PROFESSIONAL SPORTS EVENTS AND THAT HOLDS A SEATING CAPACITY OF MORE
10 THAN TEN THOUSAND PERSONS AT ITS PRIMARY FACILITY, ONE LOCATION IN THIS
11 STATE THAT HOSTS AN ANNUAL GOLF TOURNAMENT ON THE PGA TOUR AND ONE
12 LOCATION THAT HOLDS AN OUTDOOR MOTORSPORTS FACILITY THAT HOSTS A NATIONAL
13 ASSOCIATION FOR STOCK CAR AUTO RACING NATIONAL TOURING RACE.

14 19. "SPORTS GOVERNING BODY" MEANS AN ORGANIZATION HEADQUARTERED IN
15 THE UNITED STATES THAT PRESCRIBES FINAL RULES AND ENFORCES CODES OF
16 CONDUCT WITH RESPECT TO A SPORTS EVENT AND PARTICIPANTS IN A SPORTS EVENT.

17 20. "TIER ONE SPORTS WAGER" MEANS A SPORTS WAGER THAT IS DETERMINED
18 SOLELY BY THE FINAL SCORE OR FINAL OUTCOME OF THE SPORTS EVENT AND THAT IS
19 PLACED BEFORE THE SPORTS EVENT HAS BEGUN.

20 21. "TIER TWO SPORTS WAGER" MEANS A SPORTS WAGER THAT IS NOT A TIER
21 ONE SPORTS WAGER.

22 22. "SUPPLIER" MEANS A PERSON THAT MANUFACTURES, DISTRIBUTES OR
23 SUPPLIES EVENT WAGERING EQUIPMENT OR SOFTWARE, INCLUDING EVENT WAGERING
24 SYSTEMS.

25 23. "WAGER":

26 (a) MEANS A SUM OF MONEY OR THING OF VALUE RISKED ON AN UNCERTAIN
27 OCCURRENCE.

28 (b) INCLUDES TIER ONE AND TIER TWO SPORTS WAGERS, SINGLE-GAME BETS,
29 TEASER BETS, PARLAYS, OVER-UNDER BETS, MONEYLINE BETS, POOLS, EXCHANGE
30 WAGERING, IN-GAME WAGERING, IN-PLAY BETS, PROPOSITION BETS, STRAIGHT BETS
31 AND OTHER WAGERS APPROVED BY THE DEPARTMENT.

32 5-1302. Department of gaming; powers; duties

33 A. THE DEPARTMENT SHALL ENFORCE THIS CHAPTER AND SUPERVISE
34 COMPLIANCE WITH LAWS AND RULES RELATING TO REGULATING AND CONTROLLING
35 EVENT WAGERING IN THIS STATE.

36 B. THE DEPARTMENT MAY ADOPT RULES IN ACCORDANCE WITH THIS CHAPTER
37 AND TITLE 41, CHAPTER 6.

38 C. THE DEPARTMENT SHALL EVALUATE ALL APPLICANTS TO DETERMINE
39 SUITABILITY FOR ISSUING ALL EVENT WAGERING OPERATOR LICENSES, LIMITED
40 EVENT WAGERING OPERATOR LICENSES, SUPPLIER LICENSES AND MANAGEMENT
41 SERVICES PROVIDER LICENSES AND LICENSE RENEWALS AND SHALL CHARGE AND
42 COLLECT ALL FEES PURSUANT TO THIS CHAPTER.

43 D. THE DEPARTMENT MAY DENY, REVOKE OR SUSPEND LICENSES OR RENEWALS
44 OR DENY AN APPLICANT'S REQUEST TO WITHDRAW A LICENSE APPLICATION.

1 E. THE DEPARTMENT SHALL CONDUCT BACKGROUND CHECKS OF EVENT WAGERING
2 OPERATORS, LIMITED EVENT WAGERING OPERATORS, MANAGEMENT SERVICES PROVIDERS
3 AND EVENT WAGERING SUPPLIERS AND MAY MONITOR AND CONDUCT PERIODIC AUDITS
4 OF EVENT WAGERING OPERATIONS AND PROVIDERS.

5 F. HEARINGS SHALL BE CONDUCTED PURSUANT TO TITLE 41, CHAPTER 6,
6 ARTICLE 10. EXCEPT AS PROVIDED IN SECTION 41-1092.08, SUBSECTION H, ANY
7 PARTY AGGRIEVED BY A FINAL ORDER OR DECISION OF THE DEPARTMENT MAY SEEK
8 JUDICIAL REVIEW PURSUANT TO TITLE 12, CHAPTER 7, ARTICLE 6.

9 G. THE DEPARTMENT SHALL OVERSEE EVENT WAGERING AND DEVELOP
10 STANDARDS AND PROCEDURES AND ENGAGE IN OTHER DUTIES AS THE DIRECTOR OF THE
11 DEPARTMENT PRESCRIBES TO FURTHER THE PURPOSES OF THIS CHAPTER, INCLUDING
12 ESTABLISHING AND ENFORCING STANDARDS AND PROCEDURES FOR:

13 1. COLLECTING, DEPOSITING AND DISBURSING ALL APPLICABLE LICENSE
14 FEES AND PAYMENTS AS REQUIRED BY THIS CHAPTER.

15 2. OPERATING EVENT WAGERING AND MAINTAINING, TESTING, INSPECTING,
16 APPROVING AND AUDITING EVENT WAGERING ACCOUNTS, PLATFORMS, HARDWARE,
17 SOFTWARE AND DATA, INCLUDING PLAYER, FINANCIAL, ACCOUNTING AND WAGERING
18 DATA.

19 3. OPERATING EVENT WAGERING FACILITIES, INCLUDING LOCATION,
20 SECURITY AND SURVEILLANCE, DEPARTMENTAL ACCESS, INSPECTIONS AND APPROVALS.

21 4. LICENSING AND REQUIREMENTS FOR THE USE OF GEOLOCATION SERVICES
22 TO REASONABLY ENSURE PERSONS ENGAGING IN EVENT WAGERING ARE LOCATED IN
23 THIS STATE OR ANOTHER DEPARTMENTALLY AUTHORIZED LOCATION ALLOWED BY THIS
24 CHAPTER AT THE TIME OF EVENT WAGERING.

25 5. APPROVING OTHER EVENTS ON WHICH WAGERS MAY BE TAKEN CONSISTENT
26 WITH THIS CHAPTER.

27 6. ESTABLISHING MECHANISMS DESIGNED TO DETECT AND PREVENT THE
28 UNAUTHORIZED USE OF PLAYER ACCOUNTS AND TO DETECT AND PREVENT FRAUD, MONEY
29 LAUNDERING AND COLLUSION, INCLUDING A REQUIREMENT THAT EVENT WAGERING
30 OPERATIONS CONTRACT WITH A DEPARTMENTALLY LICENSED INTEGRITY MONITORING
31 PROVIDER.

32 7. PAYING WINNING WAGERS, REPORTING TAXES AND COLLECTING DEBT
33 SETOFFS FROM A PAYOUT OF WINNINGS THAT TRIGGERS THE LICENSEE'S OBLIGATION
34 TO FILE A FORM W-2G OR A SUBSTANTIALLY EQUIVALENT FORM WITH THE UNITED
35 STATES INTERNAL REVENUE SERVICE, INCLUDING OVERDUE CHILD SUPPORT PAYMENTS,
36 STATE TAX DEBT AND DEBTS AS ESTABLISHED BY THE DEPARTMENT OF ECONOMIC
37 SECURITY.

38 H. THE DEPARTMENT MAY ADOPT RULES AUTHORIZING EVENT WAGERING
39 OPERATORS TO OFFSET LOSS AND MANAGE RISK, DIRECTLY OR WITH A THIRD PARTY
40 APPROVED BY THE DEPARTMENT, THROUGH THE USE OF A LIQUIDITY POOL IN THIS
41 STATE OR ANOTHER JURISDICTION, IF THE EVENT WAGERING OPERATOR OR ITS
42 MANAGEMENT SERVICES PROVIDER IS LICENSED BY SUCH JURISDICTION TO OPERATE
43 AN EVENT WAGERING OR SPORTS BETTING BUSINESS. AN EVENT WAGERING
44 OPERATOR'S USE OF A LIQUIDITY POOL DOES NOT ELIMINATE ITS DUTY TO ENSURE
45 THAT IT HAS SUFFICIENT MONIES AVAILABLE TO PAY BETTORS.

1 5-1303. Event wagering; license required; exception

2 A. EVENT WAGERING MAY BE CONDUCTED ONLY TO THE EXTENT THAT IT IS
3 CONDUCTED IN ACCORDANCE WITH THIS CHAPTER. A PERSON MAY NOT OFFER ANY
4 ACTIVITY IN CONNECTION WITH EVENT WAGERING IN THIS STATE UNLESS ALL
5 NECESSARY LICENSES HAVE BEEN OBTAINED IN ACCORDANCE WITH FEDERAL AND STATE
6 LAW AND ANY APPLICABLE RULES OF THE DEPARTMENT.

7 B. A WAGER PLACED BY A PARTICIPANT IN THIS STATE AND RECEIVED BY AN
8 EVENT WAGERING OPERATOR OR ITS MANAGEMENT SERVICES PROVIDER IN THIS STATE
9 IS CONSIDERED TO BE GAMBLING OR GAMING THAT IS CONDUCTED IN THIS STATE.

10 C. A LAW THAT IS INCONSISTENT WITH THIS CHAPTER DOES NOT APPLY TO
11 EVENT WAGERING AS PROVIDED FOR BY THIS CHAPTER.

12 D. THIS CHAPTER DOES NOT APPLY TO EVENT WAGERING CONDUCTED
13 EXCLUSIVELY ON INDIAN LANDS AS THAT TERM IS DEFINED IN THE INDIAN GAMING
14 REGULATORY ACT (P.L. 100-497; 102 STAT. 2467) BY AN INDIAN TRIBE OPERATED
15 IN ACCORDANCE WITH A TRIBAL-STATE GAMING COMPACT AND ANY AMENDMENTS. FOR
16 PURPOSES OF THIS CHAPTER, EVENT WAGERING IS CONDUCTED EXCLUSIVELY ON
17 INDIAN LANDS ONLY IF THE INDIVIDUAL WHO PLACES THE WAGER IS PHYSICALLY
18 PRESENT ON INDIAN LANDS WHEN THE WAGER IS INITIATED, RECEIVED OR OTHERWISE
19 MADE ON EQUIPMENT THAT IS PHYSICALLY LOCATED ON INDIAN LANDS, AND THE
20 WAGER IS INITIATED, RECEIVED OR OTHERWISE MADE IN CONFORMITY WITH THE SAFE
21 HARBOR REQUIREMENTS AS PROVIDED IN 31 UNITED STATES CODE SECTION
22 5362(10)(C). AN EVENT WAGERING OPERATOR MAY NOT ACCEPT ANY WAGER IF THE
23 INDIVIDUAL WHO PLACES THE WAGER IS PHYSICALLY PRESENT ON INDIAN LANDS WHEN
24 THE WAGER IS INITIATED.

25 E. A PERSON MAY NOT PROVIDE OR MAKE AVAILABLE EVENT WAGERING
26 DEVICES IN A PLACE OF PUBLIC ACCOMMODATION IN THIS STATE, INCLUDING A CLUB
27 OR OTHER ASSOCIATION, TO ENABLE INDIVIDUALS TO PLACE WAGERS EXCEPT AS
28 PROVIDED BY THIS CHAPTER. THIS SUBSECTION DOES NOT APPLY TO AN EVENT
29 WAGERING OPERATOR AGGREGATING, PROVIDING OR MAKING AVAILABLE EVENT
30 WAGERING DEVICES WITHIN ITS OWN EVENT WAGERING FACILITY.

31 F. FOR PURPOSES OF THIS CHAPTER, THE INTERMEDIATE ROUTING OF
32 ELECTRONIC DATA IN CONNECTION WITH EVENT WAGERING, INCLUDING ROUTING
33 ACROSS STATE LINES, DOES NOT DETERMINE THE LOCATION OR LOCATIONS IN WHICH
34 THE WAGER IS INITIATED, RECEIVED OR OTHERWISE MADE.

35 G. AN EVENT WAGERING OPERATOR MAY USE MORE THAN ONE EVENT WAGERING
36 PLATFORM TO OFFER, CONDUCT OR OPERATE EVENT WAGERING. ONLY AN EVENT
37 WAGERING OPERATOR OR ITS MANAGEMENT SERVICES PROVIDER MAY PROCESS, ACCEPT,
38 OFFER OR SOLICIT WAGERS. THE EVENT WAGERING OPERATOR MUST CLEARLY DISPLAY
39 ITS OWN BRAND OR THAT OF AN AFFILIATE ON THE EVENT WAGERING PLATFORM THAT
40 IT USES. THE EVENT WAGERING OPERATOR, IN ITS SOLE DISCRETION, MAY ALSO
41 ELECT TO HAVE THE BRAND OF THE MANAGEMENT SERVICES PROVIDER THAT IT USES
42 BE THE NAME AND LOGOS OF THE EVENT WAGERING PLATFORM PROVIDER IF THE EVENT
43 WAGERING PLATFORM ALSO CLEARLY DISPLAYS THE EVENT WAGERING OPERATOR'S OWN
44 TRADEMARKS AND LOGOS OR THOSE OF AN AFFILIATE.

1 H. AN OWNER, OPERATOR, PROMOTER OR INDIAN TRIBE THAT QUALIFIES FOR
2 AN EVENT WAGERING OPERATOR LICENSE AND APPOINTS A DESIGNEE TO BE LICENSED
3 AS AN EVENT WAGERING OPERATOR IS NOT RESPONSIBLE FOR THE CONDUCT OF ITS
4 DESIGNEE.

5 5-1304. Licensure; application

6 A. THE DEPARTMENT MAY ISSUE NOT MORE THAN TEN EVENT WAGERING
7 OPERATOR LICENSES TO APPLICANTS OTHER THAN AN INDIAN TRIBE. THE
8 DEPARTMENT MAY ISSUE NOT MORE THAN TEN EVENT WAGERING OPERATOR LICENSES TO
9 INDIAN TRIBES IN THIS STATE IF THE INDIAN TRIBE RECEIVING A LICENSE HAS
10 SIGNED THE MOST RECENT TRIBAL-STATE GAMING COMPACT AND ANY APPLICABLE
11 APPENDICES OR AMENDMENTS. THE DEPARTMENT SHALL ISSUE EVENT WAGERING
12 OPERATOR LICENSES ONLY TO APPLICANTS THAT ARE EITHER OF THE FOLLOWING IN
13 COMPLIANCE WITH THIS CHAPTER:

14 1. AN OWNER OF AN ARIZONA PROFESSIONAL SPORTS TEAM OR FRANCHISE,
15 OPERATOR OF A SPORTS FACILITY THAT HOSTS AN ANNUAL TOURNAMENT ON THE PGA
16 TOUR, PROMOTER OF A NATIONAL ASSOCIATION FOR STOCK CAR AUTO RACING
17 NATIONAL TOURING RACE CONDUCTED IN THIS STATE OR THE OWNER'S, OPERATOR'S
18 OR PROMOTER'S DESIGNEE, CONTRACTED TO OPERATE EVENT WAGERING FOR BOTH
19 RETAIL EVENT WAGERING AT A SPORTS FACILITY OR ITS COMPLEX AS PRESCRIBED IN
20 SUBSECTION D OF THIS SECTION AND MOBILE EVENT WAGERING THROUGHOUT THE
21 STATE. IF A DESIGNEE IS USED, THE DESIGNEE SHALL BE CONSIDERED THE
22 APPLICANT AND BE SUBJECT TO ANY REQUIREMENTS OF THE APPLICATION PROCESS
23 RATHER THAN THE OWNER, OPERATOR OR PROMOTER.

24 2. AN INDIAN TRIBE, OR AN ENTITY FULLY OWNED BY AN INDIAN TRIBE, OR
25 ITS DESIGNEE CONTRACTED TO OPERATE ONLY MOBILE EVENT WAGERING OUTSIDE THE
26 BOUNDARIES OF ITS INDIAN LANDS AND THROUGHOUT THE STATE IF IT HAS SIGNED
27 THE MOST RECENT TRIBAL-STATE GAMING COMPACT AND ANY APPLICABLE APPENDICES
28 OR AMENDMENTS.

29 B. AN APPLICANT FOR AN EVENT WAGERING LICENSE SHALL SUBMIT AN
30 APPLICATION IN A FORM PRESCRIBED BY THE DEPARTMENT, INCLUDING ALL OF THE
31 FOLLOWING:

32 1. THE IDENTIFICATION OF THE APPLICANT'S PRINCIPAL OWNERS THAT OWN
33 MORE THAN FIVE PERCENT OF THE COMPANY, THE PARTNERS, THE MEMBERS OF ITS
34 BOARD OF DIRECTORS AND THE OFFICERS, THE IDENTIFICATION OF ANY HOLDING
35 COMPANY, INCLUDING ITS PRINCIPALS, ENGAGED BY THE APPLICANT TO ASSIST IN
36 THE MANAGEMENT OR OPERATION OF EVENT WAGERING, IF APPLICABLE, AND
37 INFORMATION TO VERIFY THAT THE APPLICANT IS QUALIFIED TO HOLD A LICENSE
38 UNDER SUBSECTION A OF THIS SECTION.

39 2. A FULL SET OF FINGERPRINTS FOR THE PURPOSE OF OBTAINING A STATE
40 AND FEDERAL CRIMINAL RECORDS CHECK PURSUANT TO SECTION 41-1750 AND PUBLIC
41 LAW 92-544. THE DEPARTMENT OF PUBLIC SAFETY MAY EXCHANGE THIS FINGERPRINT
42 DATA WITH THE FEDERAL BUREAU OF INVESTIGATION. THE FINGERPRINTS SHALL BE
43 FURNISHED BY THE APPLICANT'S OFFICERS AND DIRECTORS, IF A CORPORATION,
44 MEMBERS, IF A LIMITED LIABILITY COMPANY, AND PARTNERS, IF A PARTNERSHIP.
45 AN APPLICANT CONVICTED OF A DISQUALIFYING OFFENSE MAY NOT BE LICENSED.

1 3. INFORMATION, DOCUMENTATION AND ASSURANCES AS MAY BE REASONABLY
2 REQUIRED TO ESTABLISH BY CLEAR AND CONVINCING EVIDENCE THE APPLICANT'S
3 GOOD CHARACTER, HONESTY AND INTEGRITY, INCLUDING INFORMATION THAT PERTAINS
4 TO FAMILY CONNECTIONS, CRIMINAL AND ARREST RECORDS, BUSINESS ACTIVITIES,
5 FINANCIAL AFFAIRS AND BUSINESS, PROFESSIONAL AND PERSONAL ASSOCIATES
6 COVERING AT LEAST THE TEN-YEAR PERIOD IMMEDIATELY PRECEDING THE FILING OF
7 THE APPLICATION.

8 4. A NOTICE AND DESCRIPTION OF CIVIL JUDGMENTS OBTAINED AGAINST THE
9 APPLICANT PERTAINING TO ANTITRUST OR SECURITY REGULATION LAWS OF THE
10 FEDERAL GOVERNMENT, OF THIS STATE OR OF ANY OTHER STATE, JURISDICTION,
11 PROVINCE OR COUNTRY.

12 5. IF THE APPLICANT HAS CONDUCTED GAMING OPERATIONS IN A
13 JURISDICTION THAT ALLOWS SUCH ACTIVITY, LETTERS OF COMPLIANCE FROM THE
14 REGULATORY BODY THAT REGULATES EVENT WAGERING, SPORTS WAGERING OR ANY
15 OTHER GAMING ACTIVITY THAT THE APPLICANT IS LICENSED FOR, CONDUCTS OR
16 OPERATES UNDER JURISDICTION OF THE REGULATORY BODY.

17 6. INFORMATION, DOCUMENTATION AND ASSURANCES CONCERNING FINANCIAL
18 BACKGROUND AND RESOURCES OF THE APPLICANT OR ITS MANAGEMENT SERVICES
19 PROVIDER AS MAY BE REQUIRED TO ESTABLISH BY CLEAR AND CONVINCING EVIDENCE
20 THE FINANCIAL STABILITY, INTEGRITY AND RESPONSIBILITY OF THE APPLICANT OR
21 ITS MANAGEMENT SERVICES PROVIDER, INCLUDING BANK REFERENCES, BUSINESS AND
22 PERSONAL INCOME AND DISBURSEMENT SCHEDULES, TAX RETURNS AND OTHER REPORTS
23 FILED WITH GOVERNMENTAL AGENCIES, AND BUSINESS AND PERSONAL ACCOUNTING AND
24 CHECK RECORDS AND LEDGERS. EACH APPLICANT OR ITS MANAGEMENT SERVICES
25 PROVIDER, IN WRITING, SHALL AUTHORIZE THE EXAMINATION OF ALL BANK ACCOUNTS
26 AND RECORDS AS MAY BE DEEMED NECESSARY BY THE DEPARTMENT. THE DEPARTMENT
27 MAY CONSIDER ANY RELEVANT EVIDENCE OF FINANCIAL STABILITY. THE APPLICANT
28 IS PRESUMED TO BE FINANCIALLY STABLE IF THE APPLICANT OR ITS MANAGEMENT
29 SERVICES PROVIDER ESTABLISHES BY CLEAR AND CONVINCING EVIDENCE THAT IT
30 MEETS EACH OF THE FOLLOWING STANDARDS:

31 (a) THE ABILITY TO ENSURE THE FINANCIAL INTEGRITY OF EVENT WAGERING
32 OPERATIONS BY MAINTAINING A BANKROLL OR EQUIVALENT PROVISIONS ADEQUATE TO
33 PAY WINNING WAGERS TO BETTORS WHEN DUE. AN APPLICANT IS PRESUMED TO HAVE
34 MET THIS STANDARD IF THE APPLICANT OR ITS MANAGEMENT SERVICES PROVIDER
35 MAINTAINS, ON A DAILY BASIS, A BANKROLL OR EQUIVALENT PROVISIONS IN AN
36 AMOUNT THAT IS AT LEAST EQUAL TO THE AVERAGE DAILY MINIMUM BANKROLL OR
37 EQUIVALENT PROVISIONS, CALCULATED ON A MONTHLY BASIS, FOR THE
38 CORRESPONDING MONTH IN THE PREVIOUS YEAR.

39 (b) THE ABILITY TO MEET ONGOING OPERATING EXPENSES THAT ARE
40 ESSENTIAL TO MAINTAINING CONTINUOUS AND STABLE EVENT WAGERING OPERATIONS.

41 (c) THE ABILITY TO PAY, AS AND WHEN DUE, ALL STATE AND FEDERAL
42 TAXES.

43 7. INFORMATION TO ESTABLISH BY CLEAR AND CONVINCING EVIDENCE THAT
44 THE APPLICANT OR ITS MANAGEMENT SERVICES PROVIDER HAS SUFFICIENT BUSINESS

1 ABILITY AND GAMING EXPERIENCE AS TO ESTABLISH THE LIKELIHOOD OF CREATING
2 AND MAINTAINING A SUCCESSFUL AND STABLE EVENT WAGERING OPERATION.

3 8. INFORMATION REGARDING THE FINANCIAL STANDING OF THE APPLICANT,
4 INCLUDING EACH PERSON OR ENTITY THAT HAS PROVIDED LOANS OR FINANCING TO
5 THE APPLICANT OR ITS MANAGEMENT SERVICES PROVIDER.

6 9. INFORMATION ON THE AMOUNT OF ADJUSTED GROSS EVENT WAGERING
7 RECEIPTS AND ASSOCIATED ADJUSTED GROSS RECEIPTS THAT THE APPLICANT EXPECTS
8 TO GENERATE.

9 10. A NONREFUNDABLE APPLICATION FEE OR ANNUAL LICENSING FEE AS
10 PRESCRIBED BY SECTION 5-1310.

11 11. ANY ADDITIONAL INFORMATION REQUIRED BY THE DEPARTMENT TO
12 DETERMINE THE FINANCIAL AND OPERATIONAL ABILITY TO FULFILL ITS OBLIGATIONS
13 AS AN EVENT WAGERING OPERATOR.

14 C. ANY APPLICANT FOR LICENSURE AGREES TO BE SUBJECT TO STATE
15 JURISDICTION TO THE EXTENT NECESSARY TO DETERMINE THE APPLICANT'S
16 QUALIFICATION TO HOLD A LICENSE, INCLUDING ALL NECESSARY ADMINISTRATIVE
17 PROCEDURES, HEARINGS AND APPEALS AS PROVIDED IN TITLE 41, CHAPTER 6 AND
18 DEPARTMENT RULES.

19 D. A LICENSE ISSUED BY THE DEPARTMENT PURSUANT TO THIS SECTION
20 AUTHORIZES AN EVENT WAGERING OPERATOR IDENTIFIED IN SUBSECTION A,
21 PARAGRAPH 2 OF THIS SECTION TO OPERATE ONLY MOBILE EVENT WAGERING OR AN
22 EVENT WAGERING OPERATOR IDENTIFIED IN SUBSECTION A, PARAGRAPH 1 OF THIS
23 SECTION TO OFFER BOTH:

24 1. EVENT WAGERING IN THIS STATE THROUGH AN EVENT WAGERING FACILITY
25 WITHIN A FIVE-BLOCK RADIUS OF THE EVENT WAGERING OPERATOR'S SPORTS
26 FACILITY OR, IN THE CASE OF A DESIGNEE, THE SPORTS FACILITY OR THE
27 DESIGNATING OWNER, OPERATOR OR PROMOTER OF A PROFESSIONAL SPORTS TEAM,
28 EVENT OR FRANCHISE. AN EVENT WAGERING FACILITY WITHIN ONE MILE OF A
29 TRIBAL GAMING FACILITY MUST BE:

30 (a) WITHIN A SPORTS COMPLEX THAT INCLUDES RETAIL CENTERS THAT ARE
31 ADJACENT TO THE SPORTS FACILITY.

32 (b) NOT MORE THAN ONE-FOURTH OF A MILE FROM A SPORTS FACILITY
33 WITHIN THE SPORTS COMPLEX.

34 2. EVENT WAGERING THROUGH A MOBILE PLATFORM AS SPECIFIED BY THE
35 DEPARTMENT. A LICENSED EVENT WAGERING OPERATOR OR ITS DESIGNATED
36 MANAGEMENT SERVICES PROVIDER MAY OFFER EVENT WAGERING THROUGH AN EVENT
37 WAGERING PLATFORM AS SPECIFIED BY THE DEPARTMENT.

38 E. A LICENSE ISSUED UNDER THIS SECTION IS VALID FOR FIVE YEARS IF
39 THE LICENSEE SUBMITS AN ANNUAL LICENSE FEE, MAINTAINS THE QUALIFICATIONS
40 TO OBTAIN A LICENSE UNDER THIS SECTION AND SUBSTANTIALLY COMPLIES WITH
41 THIS CHAPTER AND OTHER LAWS AND RULES RELATING TO EVENT WAGERING. A
42 LICENSEE MAY RENEW ITS LICENSE BY SUBMITTING AN APPLICATION IN A FORM
43 PRESCRIBED BY DEPARTMENT RULE AND THE APPLICATION FEE. A LICENSE MAY NOT
44 BE RENEWED IF IT IS DETERMINED BY THE DEPARTMENT THAT THE EVENT WAGERING
45 OPERATOR HAS NOT SUBSTANTIALLY COMPLIED WITH THIS CHAPTER OR ANY OTHER LAW

1 REGULATING ITS EVENT WAGERING OPERATIONS OR OTHER OPERATIONS LICENSED BY
2 THE DEPARTMENT. A LICENSEE SHALL SUBMIT THE NONREFUNDABLE ANNUAL LICENSE
3 AND APPLICATION FEES PRESCRIBED IN SECTION 5-1310 WITH ITS APPLICATION FOR
4 THE RENEWAL OF ITS LICENSE.

5 F. A PERSON MAY NOT APPLY FOR OR OBTAIN MORE THAN ONE EVENT
6 WAGERING OPERATOR LICENSE. A MANAGEMENT SERVICES PROVIDER MAY OFFER
7 SERVICES TO MORE THAN ONE EVENT WAGERING OPERATOR.

8 5-1305. License review; approval; fees; material change;
9 exemption; display; transferability

10 A. ON RECEIPT OF A COMPLETED APPLICATION AND THE REQUIRED FEE, THE
11 DEPARTMENT SHALL CONDUCT THE NECESSARY BACKGROUND INVESTIGATION TO ENSURE
12 THE APPLICANT IS QUALIFIED FOR LICENSURE. ON COMPLETION OF THE NECESSARY
13 BACKGROUND INVESTIGATION, THE DEPARTMENT SHALL EITHER ISSUE A LICENSE OR
14 DENY THE APPLICATION. IF THE APPLICATION IS DENIED, THE DEPARTMENT SHALL
15 FORWARD A STATEMENT SETTING FORTH THE GROUNDS FOR DENIAL TO THE APPLICANT
16 TOGETHER WITH ALL OTHER DOCUMENTS ON WHICH THE DEPARTMENT RELIED, TO THE
17 EXTENT ALLOWED BY LAW.

18 B. THE DEPARTMENT MAY CONDUCT ADDITIONAL BACKGROUND INVESTIGATIONS
19 OF ANY PERSON REQUIRED TO BE LICENSED AT ANY TIME WHILE THE LICENSE
20 REMAINS VALID. THE ISSUANCE OF A LICENSE DOES NOT CREATE OR IMPLY A RIGHT
21 OF EMPLOYMENT OR CONTINUED EMPLOYMENT. THE EVENT WAGERING OPERATOR OR
22 LIMITED EVENT WAGERING OPERATOR MAY NOT EMPLOY AND, IF ALREADY EMPLOYED,
23 SHALL TERMINATE AN EVENT WAGERING EMPLOYEE IF IT IS DETERMINED THAT THE
24 PERSON MEETS ANY OF THE FOLLOWING CRITERIA:

25 1. HAS BEEN CONVICTED OF ANY GAMING OFFENSE.

26 2. HAS BEEN CONVICTED OF A FELONY IN THE SEVEN YEARS BEFORE
27 SUBMITTING AN APPLICATION UNLESS THAT FELONY HAS BEEN SET ASIDE.

28 3. HAS EVER BEEN CONVICTED OF A FELONY RELATED TO EXTORTION,
29 BURGLARY, LARCENY, BRIBERY, EMBEZZLEMENT, ROBBERY, RACKETEERING, MONEY
30 LAUNDERING, FORGERY, FRAUD, MURDER, VOLUNTARY MANSLAUGHTER, A SEXUAL
31 OFFENSE THAT REQUIRES THE INDIVIDUAL TO REGISTER PURSUANT TO SECTION
32 13-3821 OR KIDNAPPING.

33 4. KNOWINGLY AND WILFULLY PROVIDES MATERIALLY IMPORTANT FALSE
34 STATEMENTS OR INFORMATION OR OMITTS MATERIALLY IMPORTANT INFORMATION ON THE
35 PERSON'S EMPLOYMENT APPLICATION OR BACKGROUND QUESTIONNAIRE.

36 5. IS A PERSON WHOSE PRIOR ACTIVITIES, CRIMINAL RECORD, IF ANY, OR
37 REPUTATION, HABITS AND ASSOCIATIONS POSE A THREAT TO THE PUBLIC INTEREST
38 OR TO THE EFFECTIVE REGULATION AND CONTROL OF GAMING OR CREATE OR ENHANCE
39 THE DANGERS OF UNSUITABLE, UNFAIR OR ILLEGAL PRACTICES, METHODS AND
40 ACTIVITIES IN THE CONDUCT OF GAMING OR THE CARRYING ON OF THE BUSINESS AND
41 FINANCIAL ARRANGEMENTS INCIDENTAL THERETO.

42 C. NOT LATER THAN SIXTY DAYS AFTER THE DEPARTMENT RECEIVES A
43 COMPLETE APPLICATION, THE DEPARTMENT SHALL ISSUE A LICENSE TO THE
44 APPLICANT UNLESS THE BACKGROUND INVESTIGATION THE DEPARTMENT CONDUCTS
45 DISCLOSES THAT THE APPLICANT HAS A CRIMINAL HISTORY OR UNLESS OTHER

1 GROUNDS SUFFICIENT TO DISQUALIFY THE APPLICANT ARE APPARENT ON THE FACE OF
2 THE APPLICATION. IF MORE THAN TEN APPLICATIONS ARE RECEIVED FOR A
3 PARTICULAR LICENSE TYPE, THE DEPARTMENT SHALL ADOPT A PROCESS FOR ENSURING
4 AN EQUAL OPPORTUNITY FOR ALL QUALIFIED APPLICANTS TO OBTAIN A
5 LICENSE. THE DEPARTMENT SHALL REVIEW AND APPROVE OR DENY AN APPLICATION
6 FOR A LICENSE AS PROVIDED IN TITLE 41, CHAPTER 6, ARTICLE 10.

7 D. FOR EACH APPLICATION FOR LICENSURE OR RENEWAL OF A LICENSE THAT
8 IS APPROVED UNDER THIS SECTION, THE AMOUNT OF THE APPLICATION FEE MUST BE
9 CREDITED TOWARD THE LICENSEE'S LICENSE FEE AND THE LICENSEE SHALL REMIT
10 THE BALANCE OF THE INITIAL LICENSE FEE TO THE DEPARTMENT ON APPROVAL OF A
11 LICENSE. THE FEES COLLECTED FROM LICENSEES UNDER THIS SECTION SHALL BE
12 DEPOSITED IN THE EVENT WAGERING FUND ESTABLISHED BY SECTION 5-1318 AND
13 USED BY THE DEPARTMENT TO PAY THE ACTUAL OPERATING AND ADMINISTRATIVE
14 EXPENSES INCURRED FOR EVENT WAGERING.

15 E. EACH PERSON LICENSED UNDER THIS CHAPTER SHALL GIVE THE
16 DEPARTMENT WRITTEN NOTICE WITHIN THIRTY DAYS AFTER A MATERIAL CHANGE IS
17 MADE TO INFORMATION PROVIDED IN THE LICENSEE'S APPLICATION FOR A LICENSE
18 OR RENEWAL.

19 F. INDIAN TRIBES WITHIN THIS STATE OPERATING EVENT WAGERING
20 EXCLUSIVELY ON INDIAN LANDS ARE EXEMPT FROM THE LICENSURE REQUIREMENTS OF
21 THIS SECTION. EVENT WAGERING ON INDIAN LANDS IS GOVERNED BY THE
22 TRIBAL-STATE GAMING COMPACT, ITS APPENDICES, ANY AMENDMENTS AND THE INDIAN
23 GAMING REGULATORY ACT (P.L. 100-497; 102 STAT. 2467).

24 G. EACH LICENSEE SHALL DISPLAY ITS LICENSE CONSPICUOUSLY IN THE
25 LICENSEE'S PLACE OF BUSINESS OR HAVE THE LICENSE AVAILABLE FOR INSPECTION
26 BY AN AGENT OF THE DEPARTMENT OR A LAW ENFORCEMENT AGENCY. EACH LICENSEE
27 THAT OPERATES AN EVENT WAGERING PLATFORM SHALL CONSPICUOUSLY DISPLAY A
28 NOTICE OF THE LICENSE ON ITS PLATFORM'S LANDING PAGE.

29 H. THE DEPARTMENT SHALL KEEP ALL INFORMATION, RECORDS, INTERVIEWS,
30 REPORTS, STATEMENTS, MEMORANDA OR OTHER DATA SUPPLIED TO OR USED BY THE
31 DEPARTMENT IN THE COURSE OF ITS REVIEW OR INVESTIGATION OF AN APPLICATION
32 FOR AN EVENT WAGERING OPERATOR LICENSE OR RENEWAL OF A LICENSE
33 CONFIDENTIAL. THE MATERIALS DESCRIBED IN THIS SUBSECTION ARE EXEMPT FROM
34 DISCLOSURE PURSUANT TO TITLE 39, CHAPTER 1, ARTICLE 2.

35 I. A LICENSE ISSUED UNDER THIS CHAPTER MAY NOT BE TRANSFERRED TO
36 ANOTHER PERSON OR ENTITY WITHOUT PRIOR APPROVAL OF THE DEPARTMENT. THE
37 DEPARTMENT SHALL WORK WITH APPLICANTS AND LICENSEES TO ENSURE THERE IS NO
38 GAP IN THE VALIDITY OF THE LICENSE.

39 5-1306. License revocation; suspension; denial; grounds;
40 definitions

41 A. THE DEPARTMENT MAY REVOKE, SUSPEND OR DENY A LICENSE WHEN AN
42 APPLICANT OR LICENSEE MEETS ANY OF THE FOLLOWING CRITERIA:

43 1. VIOLATES, FAILS OR REFUSES TO COMPLY WITH THE PROVISIONS,
44 REQUIREMENTS, CONDITIONS, LIMITATIONS OR DUTIES IMPOSED BY THIS CHAPTER
45 AND OTHER LAWS AND RULES, OR IF ANY SUCH VIOLATION HAS OCCURRED ON ANY

- 1 EVENT WAGERING SYSTEM OPERATED BY ANY SUCH PERSON OR OVER WHICH THE PERSON
2 HAS SUBSTANTIAL CONTROL.
- 3 2. KNOWINGLY CAUSES, AIDS, ABETS OR CONSPIRES WITH ANOTHER TO CAUSE
4 ANY PERSON TO VIOLATE ANY OF THE LAWS OF THIS STATE OR THE RULES OF THE
5 DEPARTMENT.
- 6 3. OBTAINS A LICENSE BY FRAUD, MISREPRESENTATION, CONCEALMENT OR
7 THROUGH INADVERTENCE OR MISTAKE.
- 8 4. IS CONVICTED OR FORFEITED BOND ON A CHARGE OF OR PLEADS GUILTY
9 TO:
 - 10 (a) FORGERY, LARCENY, EXTORTION OR CONSPIRACY TO DEFRAUD.
 - 11 (b) WILFUL FAILURE TO MAKE REQUIRED PAYMENT OR REPORTS TO ANY
12 TRIBAL, STATE OR FEDERAL GOVERNMENTAL AGENCY, FILING FALSE REPORTS WITH
13 ANY TRIBAL, STATE OR FEDERAL GOVERNMENTAL AGENCY OR ANY SIMILAR OFFENSE OR
14 OFFENSES.
 - 15 (c) BRIBING OR OTHERWISE UNLAWFULLY INFLUENCING A PUBLIC OFFICIAL
16 OF THIS STATE OR ANY OTHER STATE OR JURISDICTION.
 - 17 (d) ANY CRIME, WHETHER A FELONY OR MISDEMEANOR, INVOLVING ANY
18 GAMING ACTIVITY, PHYSICAL HARM TO AN INDIVIDUAL OR MORAL TURPITUDE.
- 19 5. MISREPRESENTS OR FAILS TO DISCLOSE A MATERIAL FACT TO THE
20 DEPARTMENT.
- 21 6. FAILS TO PROVE, BY CLEAR AND CONVINCING EVIDENCE, THAT THE
22 PERSON IS QUALIFIED FOR LICENSURE.
- 23 7. IS SUBJECT TO CURRENT PROSECUTION OR PENDING CHARGES OR A
24 CONVICTION THAT IS UNDER APPEAL FOR ANY OF THE OFFENSES INCLUDED IN THIS
25 SUBSECTION. AT THE REQUEST OF AN APPLICANT FOR AN ORIGINAL LICENSE, THE
26 DEPARTMENT MAY DEFER DECISION ON THE APPLICATION DURING THE PENDENCY OF
27 THE PROSECUTION OR APPEAL.
- 28 8. HAS HAD A GAMING LICENSE ISSUED BY ANY JURISDICTION IN THE
29 UNITED STATES REVOKED OR DENIED.
- 30 9. DEMONSTRATES A WILFUL DISREGARD FOR COMPLIANCE WITH GAMING
31 REGULATORY AUTHORITY IN ANY JURISDICTION, INCLUDING SUSPENSION, REVOCATION
32 OR DENIAL OF AN APPLICATION FOR A LICENSE OR FORFEITURE OF A LICENSE.
- 33 10. HAS PURSUED OR IS PURSUING ECONOMIC GAIN IN AN OCCUPATIONAL
34 MANNER OR CONTEXT IN VIOLATION OF THE CRIMINAL LAWS OF ANY STATE IF THE
35 PURSUIT CREATES PROBABLE CAUSE TO BELIEVE THAT THE PERSON'S PARTICIPATION
36 IN GAMING OR RELATED ACTIVITIES WOULD BE DETRIMENTAL TO THE PROPER
37 OPERATION OF AN AUTHORIZED GAMING OR RELATED ACTIVITY IN THIS STATE.
- 38 11. IS A CAREER OFFENDER OR A MEMBER OF A CAREER OFFENDER
39 ORGANIZATION OR AN ASSOCIATE OF A CAREER OFFENDER OR CAREER OFFENDER
40 ORGANIZATION THEREBY ESTABLISHING PROBABLE CAUSE TO BELIEVE THAT THE
41 ASSOCIATION IS OF SUCH A NATURE AS TO BE DETRIMENTAL TO THE PROPER
42 OPERATION OF THE AUTHORIZED GAMING OR RELATED ACTIVITIES IN THIS STATE.
- 43 12. IS A PERSON WHOSE PRIOR ACTIVITIES, CRIMINAL RECORD, IF ANY,
44 REPUTATION, HABITS AND ASSOCIATIONS POSE A THREAT TO THE PUBLIC INTEREST
45 OF THIS STATE OR TO THE EFFECTIVE REGULATION AND CONTROL OF EVENT

1 WAGERING, CREATES OR ENHANCES THE DANGERS OF UNSUITABLE, UNFAIR OR ILLEGAL
2 PRACTICES, METHODS AND ACTIVITIES IN THE CONDUCT OF EVENT WAGERING OR THE
3 CARRYING ON OF THE BUSINESS AND FINANCIAL ARRANGEMENTS INCIDENTAL THERETO.

4 13. FAILS TO PROVIDE ANY INFORMATION REQUESTED BY THE DEPARTMENT
5 WITHIN SEVEN DAYS AFTER THE REQUEST FOR THE INFORMATION, EXCEPT FOR GOOD
6 CAUSE AS DETERMINED BY THE DEPARTMENT.

7 B. ANY APPLICANT FOR LICENSURE OR HOLDER OF A LICENSE SHALL BE
8 ENTITLED TO A FULL HEARING ON ANY FINAL ACTION BY THE DEPARTMENT THAT MAY
9 RESULT IN THE REVOCATION, SUSPENSION OR DENIAL OF LICENSURE. THE HEARING
10 SHALL BE CONDUCTED IN ACCORDANCE WITH THE PROCEDURES AS PROVIDED IN TITLE
11 41, CHAPTER 6 AND THE DEPARTMENT'S RULES.

12 C. THE DEPARTMENT MAY SUMMARILY SUSPEND ANY LICENSE IF THE
13 CONTINUED LICENSING OF THE PERSON CONSTITUTES AN IMMEDIATE THREAT TO THE
14 PUBLIC HEALTH, SAFETY OR WELFARE.

15 D. FOR THE PURPOSES OF THIS SECTION:

16 1. "CAREER OFFENDER" MEANS ANY INDIVIDUAL WHO BEHAVES IN AN
17 OCCUPATIONAL MANNER OR CONTEXT FOR THE PURPOSES OF ECONOMIC GAIN BY
18 VIOLATING FEDERAL LAW OR THE LAWS AND PUBLIC POLICY OF THIS STATE.

19 2. "CAREER OFFENDER ORGANIZATION" MEANS ANY GROUP OF INDIVIDUALS
20 WHO OPERATE TOGETHER AS CAREER OFFENDERS.

21 3. "OCCUPATIONAL MANNER OR CONTEXT" MEANS THE SYSTEMATIC PLANNING,
22 ADMINISTRATION, MANAGEMENT OR EXECUTION OF AN ACTIVITY FOR FINANCIAL GAIN.

23 5-1307. Limited event wagering operator licenses; definition

24 A. AN EVENT WAGERING OPERATOR MAY PARTNER WITH A RACETRACK
25 ENCLOSURE OR ADDITIONAL WAGERING FACILITY THAT HOLDS A PERMIT THAT IS
26 ISSUED BY THE DIVISION OF RACING TO OBTAIN A LIMITED EVENT WAGERING
27 LICENSE FOR EVENT WAGERING ONLY AT ONE SPECIFIC PHYSICAL LOCATION. ON
28 APPLICATION, THE DEPARTMENT MAY ISSUE A TOTAL OF UP TO TEN LIMITED EVENT
29 WAGERING LICENSES TO AUTHORIZE EVENT WAGERING AT TEN SPECIFIC PHYSICAL
30 LOCATIONS.

31 B. AN ENTITY SEEKING A LIMITED EVENT WAGERING LICENSE SHALL PROVIDE
32 THE FOLLOWING INFORMATION TO THE DEPARTMENT IN ITS APPLICATION:

33 1. A COPY OF ITS CURRENT APPROVAL BY THE DIVISION OF RACING TO
34 CONDUCT RACING MEETINGS OR APPROVAL AS AN ADDITIONAL WAGERING FACILITY.

35 2. A LETTER FROM AN EVENT WAGERING OPERATOR OF ITS PARTNERSHIP FOR
36 THE PURPOSES OF EVENT WAGERING.

37 3. AN ATTESTATION AND MAP DEMONSTRATING THAT THE SPECIFIC PHYSICAL
38 LOCATION OF THE EVENT WAGERING FACILITY IS LOCATED AT LEAST FIVE MILES
39 FROM:

40 (a) A TRIBAL GAMING FACILITY.

41 (b) THE SPECIFIC EVENT WAGERING FACILITY LOCATION OPERATED BY AN
42 EVENT WAGERING OPERATOR.

43 (c) THE SPECIFIC EVENT WAGERING FACILITY LOCATION OPERATED BY
44 ANOTHER LIMITED EVENT WAGERING OPERATOR.

1 C. THE DEPARTMENT SHALL ISSUE A LIMITED EVENT WAGERING LICENSE IF
2 THE FOLLOWING CONDITIONS ARE MET:
3 1. THE APPLICANT IS IN COMPLIANCE WITH ALL DIVISION OF RACING RULES
4 REGARDING ITS RACING OR ADDITIONAL WAGERING FACILITY OPERATIONS.
5 2. THE APPLICANT HAS A CURRENT LICENSE WITH THE DIVISION OF RACING.
6 3. THE APPLICANT IS NOT CURRENTLY THE SUBJECT OF AN INVESTIGATION
7 BY THE DIVISION OF RACING FOR A VIOLATION OF DIVISION RULES.
8 4. THE APPLICANT SUBMITS FEES AS REQUIRED BY THE DEPARTMENT.
9 D. A LIMITED EVENT WAGERING LICENSE ALLOWS THE LICENSEE TO CONDUCT
10 EVENT WAGERING ONLY IN ACCORDANCE WITH THIS CHAPTER AND ANY APPLICABLE
11 RULES ADOPTED BY THE DEPARTMENT.
12 E. A LIMITED EVENT WAGERING OPERATOR SHALL BE LICENSED BY THE
13 DEPARTMENT BEFORE THE COMMENCEMENT OF OPERATION AND EVERY TWO YEARS
14 THEREAFTER. THE LICENSE SHALL INCLUDE EACH PRINCIPAL, THE PRIMARY
15 MANAGEMENT OFFICIAL AND KEY EMPLOYEES.
16 F. THE DEPARTMENT SHALL DEPOSIT, PURSUANT TO SECTIONS 35-146 AND
17 35-147, THE FEES COLLECTED FROM LICENSES UNDER THIS SECTION IN THE EVENT
18 WAGERING FUND ESTABLISHED BY SECTION 5-1318.
19 G. FOR THE PURPOSES OF THIS SECTION, "ADDITIONAL WAGERING FACILITY"
20 HAS THE SAME MEANING PRESCRIBED IN SECTION 5-101.
21 5-1308. Supplier license
22 A. THE DEPARTMENT MAY ISSUE A SUPPLIER LICENSE TO A PERSON THAT
23 MANUFACTURES, DISTRIBUTES, SELLS OR LEASES EVENT WAGERING EQUIPMENT,
24 SYSTEMS OR OTHER GAMING ITEMS TO CONDUCT EVENT WAGERING AND OFFERS
25 SERVICES RELATED TO THE EQUIPMENT OR OTHER GAMING ITEMS AND DATA TO AN
26 EVENT WAGERING OPERATOR OR LIMITED EVENT WAGERING OPERATOR WHILE THE
27 LICENSE IS ACTIVE. THE DEPARTMENT MAY ACCEPT A LICENSE ISSUED BY ANOTHER
28 JURISDICTION THAT THE DEPARTMENT DETERMINES TO HAVE SIMILAR LICENSURE
29 REQUIREMENTS AS EVIDENCE THE APPLICANT MEETS SUPPLIER LICENSURE
30 REQUIREMENTS.
31 B. THE DEPARTMENT MAY ADOPT RULES THAT ESTABLISH ADDITIONAL
32 REQUIREMENTS FOR A SUPPLIER AND ANY SYSTEM OR OTHER EQUIPMENT USED FOR
33 EVENT WAGERING.
34 C. AN APPLICANT FOR A SUPPLIER LICENSE SHALL DEMONSTRATE THAT THE
35 EQUIPMENT, SYSTEM OR SERVICES THAT THE APPLICANT PLANS TO OFFER TO THE
36 EVENT WAGERING OPERATOR CONFORM TO STANDARDS ESTABLISHED BY THE DEPARTMENT
37 AND APPLICABLE STATE LAW. THE DEPARTMENT MAY ACCEPT APPROVAL BY ANOTHER
38 JURISDICTION THAT THE DEPARTMENT DETERMINES HAS SIMILAR EQUIPMENT
39 STANDARDS AS EVIDENCE THE APPLICANT MEETS THE STANDARDS ESTABLISHED BY THE
40 DEPARTMENT AND APPLICABLE STATE LAW.
41 D. AN APPLICANT SHALL PAY TO THE DEPARTMENT A NONREFUNDABLE LICENSE
42 AND APPLICATION FEE AS PRESCRIBED BY SECTION 5-1310. A LICENSE IS VALID
43 FOR TWO YEARS. THE DEPARTMENT SHALL GRANT A RENEWAL OF A SUPPLIER LICENSE
44 IF THE RENEWAL APPLICANT HAS CONTINUED TO COMPLY WITH ALL APPLICABLE
45 STATUTORY AND REGULATORY REQUIREMENTS, SUBMITS THE RENEWAL APPLICATION ON

1 A DEPARTMENT-ISSUED RENEWAL FORM AND PAYS THE RENEWAL FEE PRESCRIBED BY
2 SECTION 5-1310. THE DEPARTMENT SHALL DEPOSIT, PURSUANT TO SECTIONS 35-146
3 AND 35-147, THE FEES COLLECTED FROM LICENSEES UNDER THIS SUBSECTION IN THE
4 EVENT WAGERING FUND ESTABLISHED BY SECTION 5-1318.

5 E. A SUPPLIER SHALL SUBMIT TO THE DEPARTMENT A LIST OF ALL EVENT
6 WAGERING EQUIPMENT AND SERVICES SOLD, DELIVERED OR OFFERED TO AN EVENT
7 WAGERING OPERATOR IN THIS STATE, AS REQUIRED BY THE DEPARTMENT, ALL OF
8 WHICH MUST BE TESTED AND APPROVED BY AN INDEPENDENT TESTING LABORATORY
9 APPROVED BY THE DEPARTMENT. AN EVENT WAGERING OPERATOR OR LIMITED EVENT
10 WAGERING OPERATOR MAY CONTINUE TO USE SUPPLIES ACQUIRED FROM A LICENSED
11 SUPPLIER, EVEN IF A SUPPLIER'S LICENSE EXPIRES OR IS OTHERWISE CANCELED,
12 UNLESS THE DEPARTMENT FINDS A DEFECT IN THE SUPPLIES.

13 5-1309. Management services provider license

14 A. AN EVENT WAGERING OPERATOR MAY CONTRACT WITH AN ENTITY TO
15 CONDUCT EVENT WAGERING IN ACCORDANCE WITH THE RULES OF THE DEPARTMENT AND
16 THIS CHAPTER. THE ENTITY SHALL OBTAIN A LICENSE FROM THE DEPARTMENT AS A
17 MANAGEMENT SERVICES PROVIDER PURSUANT TO THIS CHAPTER AND ANY RULES
18 ADOPTED BY THE DEPARTMENT BEFORE THE EXECUTION OF ANY SUCH CONTRACT. A
19 MANAGEMENT SERVICES PROVIDER MAY PROVIDE SERVICES TO MORE THAN ONE EVENT
20 WAGERING OPERATOR OR LIMITED EVENT WAGERING OPERATOR UNDER ITS LICENSE.

21 B. EACH APPLICANT FOR A MANAGEMENT SERVICES PROVIDER LICENSE SHALL
22 MEET ALL REQUIREMENTS FOR LICENSURE AND PAY A NONREFUNDABLE LICENSE AND
23 APPLICATION FEE AS PRESCRIBED BY SECTION 5-1310. THE DEPARTMENT MAY ADOPT
24 RULES ESTABLISHING ADDITIONAL REQUIREMENTS FOR A MANAGEMENT SERVICES
25 PROVIDER. THE DEPARTMENT MAY ACCEPT A LICENSE ISSUED BY ANOTHER
26 JURISDICTION THAT THE DEPARTMENT DETERMINES TO HAVE SIMILAR LICENSURE
27 REQUIREMENTS AS EVIDENCE THE APPLICANT MEETS MANAGEMENT SERVICES PROVIDER
28 LICENSURE REQUIREMENTS. THE DEPARTMENT SHALL DEPOSIT, PURSUANT TO
29 SECTIONS 35-146 AND 35-147, THE FEES COLLECTED FROM LICENSEES UNDER THIS
30 SUBSECTION IN THE EVENT WAGERING FUND ESTABLISHED BY SECTION 5-1318.

31 C. MANAGEMENT SERVICES PROVIDER LICENSES SHALL BE RENEWED EVERY TWO
32 YEARS TO LICENSEES WHO CONTINUE TO BE IN COMPLIANCE WITH ALL REQUIREMENTS
33 AND WHO PAY THE RENEWAL FEE.

34 5-1310. License fees; bond

35 A. THE DEPARTMENT SHALL ESTABLISH AND COLLECT FEES FOR
36 APPLICATIONS, INITIAL LICENSES AND RENEWALS OF THE FOLLOWING:

- 37 1. EVENT WAGERING OPERATOR LICENSES.
- 38 2. LIMITED EVENT WAGERING OPERATOR LICENSES.
- 39 3. MANAGEMENT SERVICES PROVIDER LICENSES.
- 40 4. SUPPLIER LICENSES.

41 B. IF ACTUAL COSTS INCURRED BY THE DEPARTMENT TO INVESTIGATE THE
42 BACKGROUND OF AN APPLICANT EXCEED THE FEES PURSUANT TO SUBSECTION A OF
43 THIS SECTION, THOSE COSTS MAY BE ASSESSED TO THE APPLICANT DURING THE
44 INVESTIGATION PROCESS. PAYMENT IN FULL TO THE DEPARTMENT SHALL BE
45 REQUIRED BEFORE THE DEPARTMENT ISSUES A LICENSE. THE DEPARTMENT MAY

1 REQUIRE EVENT WAGERING OPERATORS, LIMITED EVENT WAGERING OPERATORS AND
2 SUPPLIERS APPLYING FOR LICENSURE TO POST A BOND SUFFICIENT TO COVER THE
3 ACTUAL COSTS THAT THE DEPARTMENT ANTICIPATES WILL BE INCURRED IN
4 CONDUCTING A BACKGROUND INVESTIGATION OF THE APPLICANT.

5 5-1311. License restrictions; prohibited licensees;
6 violation; classification

7 A. THE FOLLOWING PERSONS OR THEIR IMMEDIATE FAMILY MEMBERS MAY NOT
8 APPLY FOR OR OBTAIN A LICENSE UNDER THIS CHAPTER:

- 9 1. AN EMPLOYEE OF THE DEPARTMENT.
10 2. AN EMPLOYEE OF ANY PROFESSIONAL SPORTS TEAM.
11 3. A COACH OF OR PLAYER FOR A COLLEGIATE, PROFESSIONAL OR OLYMPIC
12 SPORTS TEAM OR SPORT.

13 4. AN INDIVIDUAL WHO HAS BEEN CONVICTED OF A CRIME RELATED TO
14 SPORTS OR EVENT WAGERING ON A SPORTS EVENT OR OTHER EVENT, CHEATING,
15 EXTORTION, BURGLARY, LARCENY, BRIBERY, EMBEZZLEMENT, ROBBERY,
16 RACKETEERING, MONEY LAUNDERING, FORGERY OR FRAUD.

17 5. AN INDIVIDUAL WHO HAS THE ABILITY TO DIRECTLY AFFECT THE OUTCOME
18 OF A SPORTS EVENT OR OTHER EVENT FOR WHICH WAGERS ARE ALLOWED.

19 6. ANY OTHER CATEGORY OF INDIVIDUALS THAT, IF LICENSED, WOULD
20 NEGATIVELY AFFECT THE INTEGRITY OF EVENT WAGERING IN THIS STATE.

21 B. A LICENSEE MAY NOT:

- 22 1. ALLOW A PERSON UNDER TWENTY-ONE YEARS OF AGE TO PLACE A WAGER.
23 2. OFFER, ACCEPT OR EXTEND CREDIT TO A BETTOR.
24 3. TARGET MINORS IN ADVERTISING OR PROMOTIONS.

25 4. OFFER OR ACCEPT A WAGER ON ANY EVENT, OUTCOME OR OCCURRENCE,
26 INCLUDING A HIGH SCHOOL SPORTS EVENT OFFERED, SPONSORED OR PLAYED IN
27 CONNECTION WITH A PUBLIC OR PRIVATE INSTITUTION THAT OFFERS EDUCATION AT
28 THE SECONDARY LEVEL, OTHER THAN A SPORTS EVENT OR OTHER EVENT.

29 5. ACCEPT A WAGER FROM A PERSON WHO IS ON THE DEPARTMENT'S LIST OF
30 SELF-EXCLUDED PERSONS CREATED AND MAINTAINED BY AN INDIAN TRIBE OR THE
31 DEPARTMENT.

32 6. ACCEPT A WAGER FROM A PROHIBITED PARTICIPANT.

33 C. A VIOLATION OF THIS SECTION IS:

- 34 1. FOR A FIRST OFFENSE, A CLASS 3 MISDEMEANOR.
35 2. FOR A SECOND OR SUBSEQUENT OFFENSE, A CLASS 1 MISDEMEANOR.

36 5-1312. Reporting

37 A. ON OR BEFORE SEPTEMBER 30 OF EACH YEAR, THE DEPARTMENT SHALL
38 PREPARE AND SUBMIT AN ANNUAL REPORT TO THE GOVERNOR, THE PRESIDENT OF THE
39 SENATE AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES, AND SHALL PROVIDE
40 A COPY TO THE SECRETARY OF STATE THAT CONTAINS THE FOLLOWING INFORMATION:

- 41 1. THE NUMBER OF ACTIVE LICENSEES BY TYPE.
42 2. THE AGGREGATE GROSS AND NET REVENUE OF ALL LICENSEES.
43 3. THE NUMBER OF INVESTIGATIONS CONDUCTED TO ENFORCE THIS CHAPTER.
44 4. THE FINANCIAL IMPACT ON THIS STATE OF THE EVENT WAGERING
45 INDUSTRY IN THIS STATE.

1 B. THE REPORT MAY BE INCLUDED WITH OTHER INFORMATION REQUIRED TO BE
2 SUBMITTED BY THE DEPARTMENT ANNUALLY. A REPORT SUBMITTED UNDER SUBSECTION
3 A OF THIS SECTION MAY BE SUBMITTED ELECTRONICALLY.

4 5-1313. Escrow account; insurance; cash-on-hand; financial
5 practices; audit; post-employment restrictions

6 A. THE DEPARTMENT SHALL ESTABLISH:

7 1. THE AMOUNT OF A BOND IN ESCROW AND THE AMOUNT OF CASH THAT MUST
8 BE KEPT ON HAND TO ENSURE THAT ADEQUATE RESERVES EXIST FOR PAYOUTS.

9 2. ANY INSURANCE REQUIREMENTS FOR A LICENSEE.

10 3. MINIMUM REQUIREMENTS BY WHICH EACH LICENSEE MUST EXERCISE
11 EFFECTIVE CONTROL OVER ITS INTERNAL FISCAL AFFAIRS, INCLUDING REQUIREMENTS
12 FOR ALL OF THE FOLLOWING:

13 (a) SAFEGUARDING ASSETS AND REVENUES, INCLUDING EVIDENCE OF
14 INDEBTEDNESS.

15 (b) MAINTAINING RELIABLE RECORDS RELATING TO ACCOUNTS,
16 TRANSACTIONS, PROFITS AND LOSSES, OPERATIONS AND EVENTS.

17 (c) RISK MANAGEMENT.

18 4. REQUIREMENTS FOR INTERNAL AND INDEPENDENT AUDITS OF LICENSEES.

19 5. THE MANNER IN WHICH PERIODIC FINANCIAL REPORTS MUST BE SUBMITTED
20 TO THE DEPARTMENT FROM EACH LICENSEE, INCLUDING THE FINANCIAL INFORMATION
21 TO BE INCLUDED IN THE REPORTS.

22 6. THE TYPE OF INFORMATION DEEMED CONFIDENTIAL FINANCIAL OR
23 PROPRIETARY INFORMATION THAT IS NOT SUBJECT TO ANY REPORTING REQUIREMENTS
24 UNDER THIS SUBSECTION.

25 7. POLICIES, PROCEDURES AND PROCESSES DESIGNED TO MITIGATE THE RISK
26 OF FRAUD, CHEATING OR MONEY LAUNDERING.

27 8. ANY POST-EMPLOYMENT RESTRICTIONS FOR DEPARTMENT EMPLOYEES
28 NECESSARY TO MAINTAIN THE INTEGRITY OF EVENT WAGERING IN THIS STATE.

29 B. THE LICENSEE MAY MAINTAIN THE BOND AT ANY BANK LAWFULLY
30 OPERATING IN THIS STATE OR ANOTHER ENTITY AS APPROVED BY THE DEPARTMENT,
31 AND THE LICENSEE MUST BE THE BENEFICIARY OF ANY INTEREST ACCRUED ON THE
32 BOND.

33 5-1314. Event wagering authorized

34 A. NOTWITHSTANDING ANY OTHER LAW RELATING TO WAGERING EXCEPT FOR
35 TITLE 5, CHAPTER 1 AND TITLE 13, CHAPTER 33, THE OPERATION OF EVENT
36 WAGERING IS LAWFUL ONLY IF THE EVENT WAGERING IS CONDUCTED IN ACCORDANCE
37 WITH THIS CHAPTER AND ANY OTHER RELEVANT LAWS AND RULES.

38 B. NOTWITHSTANDING SECTION 5-112, WAGERS ON RACING MEETINGS OR
39 SIMULCASTED RACES MAY BE MADE, OFFERED OR RECEIVED THROUGH THE MEANS THAT
40 OTHER WAGERS ALLOWED BY THIS CHAPTER ARE MADE, OFFERED OR RECEIVED UNLESS
41 OTHERWISE PROHIBITED BY FEDERAL LAW.

42 C. EACH EVENT WAGERING OPERATOR SHALL ADOPT AND ADHERE TO A
43 WRITTEN, COMPREHENSIVE POLICY OUTLINING THE HOUSE RULES GOVERNING THE
44 ACCEPTANCE OF WAGERS AND PAYOUTS. THE POLICY AND RULES MUST BE APPROVED
45 BY THE DEPARTMENT BEFORE THE EVENT WAGERING OPERATOR ACCEPTS WAGERS. THE

1 POLICY AND RULES MUST BE READILY AVAILABLE TO A BETTOR AT ANY EVENT
2 WAGERING FACILITY LOCATION AND ON ANY EVENT WAGERING PLATFORM.

3 D. THE DEPARTMENT SHALL ADOPT RULES REGARDING:

4 1. THE MANNER IN WHICH AN EVENT WAGERING OPERATOR ACCEPTS WAGERS
5 FROM AND ISSUES PAYOUTS TO BETTORS, INCLUDING PAYOUTS IN EXCESS OF
6 \$10,000.

7 2. REPORTING REQUIREMENTS NECESSARY TO COMPLY WITH THE BANK SECRECY
8 ACT (P.L. 91-508; 84 STAT. 1114) AND PATRIOT ACT (P.L. 107-56; 115 STAT.
9 272) AND FOR ANY OTHER APPLICABLE LAWS AND RULES GOVERNING REPORTING
10 SUSPICIOUS WAGERS.

11 E. EACH WAGER PLACED IN ACCORDANCE WITH THIS CHAPTER IS DEEMED TO
12 BE AN ENFORCEABLE CONTRACT UNDER LAW.

13 F. IF THE GOVERNING BODY OF A SPORT OR SPORTS LEAGUE, ORGANIZATION
14 OR ASSOCIATION OR OTHER AUTHORIZED ENTITY THAT MAINTAINS OFFICIAL LEAGUE
15 DATA OPTS TO PROVIDE OFFICIAL LEAGUE DATA FOR THE PURPOSES OF EVENT
16 WAGERING, AN EVENT WAGERING OPERATOR SHALL EXCLUSIVELY USE OFFICIAL LEAGUE
17 DATA FOR PURPOSES OF TIER TWO SPORTS WAGERS UNLESS THE EVENT WAGERING
18 OPERATOR CAN DEMONSTRATE TO THE DEPARTMENT THAT THE GOVERNING BODY OF A
19 SPORT OR SPORTS LEAGUE, ORGANIZATION OR ASSOCIATION OR OTHER AUTHORIZED
20 ENTITY CANNOT PROVIDE A FEED OF OFFICIAL LEAGUE DATA FOR TIER TWO SPORTS
21 WAGERS IN ACCORDANCE WITH COMMERCIALLY REASONABLE TERMS, AS DETERMINED BY
22 THE DEPARTMENT.

23 5-1315. Prohibited wagers

24 A. A PERSON MAY NOT WAGER ON ANY OF THE FOLLOWING:

25 1. INJURIES, PENALTIES AND OTHER TYPES OR FORMS OF EVENT WAGERING
26 UNDER THIS CHAPTER THAT ARE CONTRARY TO LAW.

27 2. INDIVIDUAL ACTIONS, EVENTS, OCCURRENCES OR NONOCCURRENCES TO BE
28 DETERMINED DURING A COLLEGIATE SPORTS EVENT, INCLUDING ON THE PERFORMANCE
29 OR NONPERFORMANCE OF A TEAM OR INDIVIDUAL PARTICIPANT DURING A COLLEGIATE
30 SPORTS EVENT. THIS PARAGRAPH DOES NOT PROHIBIT WAGERS ON THE OVERALL
31 OUTCOME OF A COLLEGIATE SPORTS EVENT OR SEASONAL AWARDS BASED ON A
32 PLAYER'S CUMULATIVE OVERALL PLAY.

33 B. AN EVENT WAGERING OPERATOR MAY OFFER ONLY PARLAY AND PROPOSITION
34 BETS OF THE TYPE OR CATEGORY AS PRESCRIBED BY THE DEPARTMENT. THE
35 DEPARTMENT SHALL PRESCRIBE THE TYPES AND CATEGORIES OF PARLAY AND
36 PROPOSITION BETS THAT MAY BE OFFERED IN THIS STATE, IF ANY.

37 C. AN EVENT WAGERING OPERATOR, PROFESSIONAL SPORTS TEAM, LEAGUE,
38 ASSOCIATION OR INSTITUTION OF HIGHER EDUCATION MAY SUBMIT TO THE
39 DEPARTMENT IN WRITING A REQUEST TO PROHIBIT A TYPE OR FORM OF EVENT
40 WAGERING, OR TO PROHIBIT A CATEGORY OF PERSONS FROM EVENT WAGERING, IF THE
41 EVENT WAGERING OPERATOR, TEAM, LEAGUE, ASSOCIATION OR INSTITUTION BELIEVES
42 THAT SUCH EVENT WAGERING BY TYPE, FORM OR CATEGORY IS CONTRARY TO PUBLIC
43 POLICY, UNFAIR TO CONSUMERS OR AFFECTS THE INTEGRITY OR PERCEIVED
44 INTEGRITY OF A PARTICULAR SPORT OR THE SPORTS BETTING INDUSTRY. SUCH A
45 REQUEST SHALL PROVIDE A REASONABLE AMOUNT OF TIME FOR THE DEPARTMENT TO

1 CONDUCT DUE DILIGENCE BEFORE DECISION-MAKING, ABSENT THE NEED TO PROCEED
2 ON AN EMERGENCY BASIS.

3 D. THE DEPARTMENT SHALL REVIEW A REQUEST MADE PURSUANT TO
4 SUBSECTION C OF THIS SECTION TO DETERMINE IF GOOD CAUSE EXISTS TO GRANT
5 THE REQUEST. IN MAKING A DETERMINATION UNDER THIS SECTION, THE DEPARTMENT
6 SHALL SEEK INPUT FROM LICENSEES UNLESS THE EMERGENCY NATURE OF THE MATTER
7 DOES NOT PROVIDE SUFFICIENT TIME FOR SUCH DUE DILIGENCE. THE DEPARTMENT
8 SHALL RESPOND TO THE REQUEST CONCERNING A PARTICULAR EVENT BEFORE THE
9 START OF THE EVENT, OR IF IT IS NOT FEASIBLE TO RESPOND BEFORE THE START
10 OF THE EVENT, AS SOON AS PRACTICABLE.

11 5-1316. Integrity; reporting prohibited or suspicious
12 conduct; investigations

13 A. ALL LICENSEES UNDER THIS CHAPTER SHALL IMMEDIATELY REPORT TO THE
14 DEPARTMENT AND THE RELEVANT SPORTS GOVERNING BODY THAT HAS REQUESTED TO
15 RECEIVE IT ANY INFORMATION RELATING TO ANY OF THE FOLLOWING:

16 1. ABNORMAL BETTING ACTIVITY OR PATTERNS THAT MAY INDICATE A
17 CONCERN WITH THE INTEGRITY OF A SPORTS EVENT OR EVENTS, OR ANY OTHER
18 CONDUCT THAT CORRUPTS A BETTING OUTCOME OF A SPORTS EVENT OR EVENTS FOR
19 PURPOSES OF FINANCIAL GAIN, INCLUDING MATCH FIXING.

20 2. ANY POTENTIAL BREACH OF A SPORTS GOVERNING BODY'S INTERNAL RULES
21 AND CODES OF CONDUCT PERTAINING TO EVENT WAGERING.

22 3. CONDUCT THAT CORRUPTS THE BETTING OUTCOME OF EVENT WAGERING FOR
23 PURPOSES OF FINANCIAL GAIN, INCLUDING MATCH FIXING.

24 4. SUSPICIOUS OR ILLEGAL EVENT WAGERING ACTIVITIES, INCLUDING
25 CHEATING, THE USE OF MONIES DERIVED FROM ILLEGAL ACTIVITY, WAGERS TO
26 CONCEAL OR LAUNDER MONIES DERIVED FROM ILLEGAL ACTIVITY, USING AGENTS TO
27 PLACE WAGERS OR USING FALSE IDENTIFICATION.

28 B. LICENSEES SHALL REPORT TO THE DEPARTMENT, IN REAL TIME AND AT
29 THE ACCOUNT LEVEL, INFORMATION REGARDING A BETTOR, THE AMOUNT AND TYPE OF
30 BET, THE TIME THE BET WAS PLACED, THE LOCATION OF THE BET, INCLUDING THE
31 INTERNET PROTOCOL ADDRESS IF APPLICABLE, THE OUTCOME OF THE BET AND
32 RECORDS RELATED TO SUBSECTION A OF THIS SECTION. INFORMATION REPORTED
33 UNDER THIS SUBSECTION MUST BE SUBMITTED IN THE FORM AND MANNER ESTABLISHED
34 BY THE DEPARTMENT.

35 C. IF A SPORTS GOVERNING BODY HAS NOTIFIED THE DEPARTMENT THAT
36 REAL-TIME INFORMATION SHARING FOR WAGERS PLACED ON ITS SPORTS EVENTS IS
37 NECESSARY AND DESIRABLE, LICENSEES SHALL SHARE THE SAME INFORMATION WITH
38 THE SPORTS GOVERNING BODY OR ITS DESIGNEE WITH RESPECT TO WAGERS ON ITS
39 SPORTS EVENTS. SUCH INFORMATION MAY BE PROVIDED IN ANONYMIZED FORM AND
40 MAY BE USED BY A SPORTS GOVERNING BODY SOLELY FOR INTEGRITY PURPOSES.

41 D. THE DEPARTMENT AND LICENSEES SHALL MAKE COMMERCIALY REASONABLE
42 EFFORTS TO COOPERATE WITH INVESTIGATIONS CONDUCTED BY SPORTS GOVERNING
43 BODIES, INCLUDING USING COMMERCIALY REASONABLE EFFORTS TO PROVIDE OR
44 FACILITATE THE PROVISION OF BETTING INFORMATION FOR THE PURPOSES OF
45 INVESTIGATIONS.

1 E. THE DEPARTMENT SHALL ESTABLISH A HOTLINE OR OTHER METHOD OF
2 COMMUNICATION THAT ALLOWS ANY PERSON TO CONFIDENTIALLY REPORT TO THE
3 DEPARTMENT INFORMATION ABOUT PROHIBITED CONDUCT.

4 F. THE DEPARTMENT SHALL INVESTIGATE ALLEGATIONS AND REFER TO
5 PROSECUTORIAL ENTITIES PROHIBITED CONDUCT UNDER THIS CHAPTER.

6 G. THE IDENTITY OF ANY REPORTING PERSON SHALL REMAIN CONFIDENTIAL
7 UNLESS THAT PERSON AUTHORIZES DISCLOSURE OF THE PERSON'S IDENTITY OR UNTIL
8 SUCH TIME AS THE ALLEGATION OF PROHIBITED CONDUCT IS REFERRED TO A
9 PROSECUTORIAL ENTITY.

10 H. IF THE DEPARTMENT RECEIVES A COMPLAINT OF PROHIBITED CONDUCT BY
11 AN ATHLETE, THE DEPARTMENT SHALL NOTIFY THE APPROPRIATE SPORTS GOVERNING
12 BODY TO REVIEW THE COMPLAINT FOR APPROPRIATE ACTION.

13 I. NOTWITHSTANDING ANY CONFIDENTIALITY PROVISIONS OF THIS CHAPTER,
14 THE DEPARTMENT MAY PROVIDE OR FACILITATE ACCESS TO INFORMATION REGARDING
15 ACCOUNT-LEVEL BETTING INFORMATION AND DATA FILES RELATING TO PERSONS
16 PLACING WAGERS ON NOTIFICATION BY A SPORTS GOVERNING BODY OF AN OFFICIAL
17 INVESTIGATION BEING CONDUCTED INTO A PERSON OR PERSONS WHO ARE PROHIBITED
18 BY THAT BODY FROM PARTICIPATING IN WAGERING OR WHO ARE BELIEVED TO HAVE
19 TAKEN ACTION THAT AFFECTS THE INTEGRITY OR PERCEIVED INTEGRITY OF THE
20 SPORT IT GOVERNS. ANY INFORMATION OBTAINED BY A SPORTS GOVERNING BODY
21 SHALL BE KEPT CONFIDENTIAL UNLESS THE INFORMATION HAS BEEN MADE PUBLIC
22 THROUGH A CRIMINAL PROCEEDING OR BY A COURT ORDER.

23 5-1317. Sports governing body agreements

24 THIS CHAPTER DOES NOT PROHIBIT A SPORTS GOVERNING BODY ON WHOSE
25 EVENTS THE DEPARTMENT HAS AUTHORIZED WAGERING FROM ENTERING INTO
26 AGREEMENTS WITH LICENSEES IN WHICH THE SPORTS GOVERNING BODY MAY SHARE IN
27 THE AMOUNT BET FROM SPORTS WAGERING ON THE EVENTS OF THE SPORTS GOVERNING
28 BODY. A SPORTS GOVERNING BODY IS NOT REQUIRED TO OBTAIN A LICENSE OR ANY
29 OTHER APPROVAL FROM THE DEPARTMENT TO LAWFULLY ACCEPT SUCH AMOUNTS.

30 5-1318. Fees; event wagering fund

31 A. THE DEPARTMENT SHALL ESTABLISH A FEE FOR THE PRIVILEGE OF
32 OPERATING EVENT WAGERING. IN DETERMINING THE FEE, THE DEPARTMENT SHALL
33 CONSIDER THE HIGHEST PERCENTAGE OF REVENUE SHARE THAT AN INDIAN TRIBE PAYS
34 TO THIS STATE PURSUANT TO THE TRIBAL-STATE GAMING COMPACT. THE EVENT
35 WAGERING OPERATOR OR DESIGNEE HAS THE OPTION TO CHOOSE EITHER THE CASH
36 ACCRUAL OR MODIFIED ACCRUAL BASIS METHOD OF ACCOUNTING FOR PURPOSES OF
37 CALCULATING THE AMOUNT OF THE FEE OWED BY THE EVENT WAGERING OPERATOR OR
38 DESIGNEE. THE FEES REQUIRED PURSUANT TO THIS SECTION ARE DUE AND PAYABLE
39 TO THE DEPARTMENT NOT LATER THAN THE TWENTY-FIFTH DAY OF THE MONTH
40 FOLLOWING THE CALENDAR MONTH IN WHICH THE ADJUSTED GROSS EVENT WAGERING
41 RECEIPTS WERE RECEIVED AND THE OBLIGATION WAS ACCRUED.

42 B. THE EVENT WAGERING FUND IS ESTABLISHED CONSISTING OF MONIES
43 DEPOSITED PURSUANT TO THIS CHAPTER OR FROM ANY OTHER SOURCE. THE
44 DEPARTMENT SHALL ADMINISTER THE FUND. EXCEPT AS OTHERWISE PROVIDED IN
45 THIS CHAPTER, THE DEPARTMENT SHALL DEPOSIT, PURSUANT TO SECTIONS 35-146

1 AND 35-147, ALL MONIES COLLECTED UNDER THIS CHAPTER IN THE EVENT WAGERING
2 FUND. ON THE TWENTY-FIFTH OF EACH MONTH, ANY MONIES REMAINING IN THE
3 EVENT WAGERING FUND SHALL BE TRANSFERRED TO THE STATE GENERAL FUND. ON
4 NOTICE FROM THE DEPARTMENT, THE STATE TREASURER SHALL INVEST AND DIVEST
5 MONIES IN THE FUND AS PROVIDED BY SECTION 35-313, AND MONIES EARNED FROM
6 INVESTMENT SHALL BE CREDITED TO THE FUND.

7 C. UNLESS OTHERWISE DETERMINED BY THE LEGISLATURE, THE DEPARTMENT
8 MAY SPEND NOT MORE THAN TEN PERCENT OF MONIES ON THE DEPARTMENT'S ANNUAL
9 COSTS OF REGULATING AND ENFORCING THIS CHAPTER, AND ANY REMAINING MONIES
10 IN THE FUND REVERT TO THE STATE GENERAL FUND.

11 5-1319. Financial responsibility

12 ON OR BEFORE JULY 1 OF EACH YEAR, A LICENSED EVENT WAGERING OPERATOR
13 AND MANAGEMENT SERVICES PROVIDER SHALL CONTRACT WITH A CERTIFIED PUBLIC
14 ACCOUNTANT TO PERFORM AN INDEPENDENT AUDIT, IN ACCORDANCE WITH GENERALLY
15 ACCEPTED ACCOUNTING PRINCIPLES PUBLISHED BY THE AMERICAN INSTITUTE OF
16 CERTIFIED PUBLIC ACCOUNTANTS, THE FINANCIAL CONDITION OF THE LICENSED
17 EVENT WAGERING OPERATOR'S OR MANAGEMENT SERVICES PROVIDER'S TOTAL
18 OPERATION FOR THE PREVIOUS FISCAL YEAR AND TO ENSURE COMPLIANCE WITH THIS
19 CHAPTER AND FOR ANY OTHER PURPOSE AS PRESCRIBED BY RULE. NOT LATER THAN
20 ONE HUNDRED EIGHTY DAYS AFTER THE END OF THE EVENT WAGERING OPERATOR'S OR
21 MANAGEMENT SERVICES PROVIDER'S FISCAL YEAR, A LICENSED EVENT WAGERING
22 OPERATOR OR MANAGEMENT SERVICE PROVIDER SHALL SUBMIT THE AUDIT RESULTS
23 UNDER THIS SECTION TO THE DEPARTMENT. THE RESULTS OF AN AUDIT SUBMITTED
24 TO THE DEPARTMENT UNDER THIS SECTION ARE CONFIDENTIAL AND PRIVILEGED AND
25 ARE NOT SUBJECT TO DISCLOSURE AS PROVIDED IN TITLE 39, CHAPTER 1,
26 ARTICLE 2.

27 5-1320. Problem gambling; self-exclusion list; program;
28 liabilities

29 A. A LICENSEE SHALL DEVELOP A PROCEDURE TO INFORM PLAYERS THAT HELP
30 IS AVAILABLE IF A PERSON HAS A PROBLEM WITH GAMBLING AND, AT A MINIMUM,
31 PROVIDE THE STATEWIDE TOLL-FREE HELPLINE TELEPHONE NUMBER, TEXT MESSAGE
32 AND WEBSITE INFORMATION ESTABLISHED BY THE DEPARTMENT.

33 B. THE DEPARTMENT AND LICENSEES SHALL COMPLY WITH THE FOLLOWING
34 REQUIREMENTS TO ALLOW PROBLEM GAMBLERS TO VOLUNTARILY EXCLUDE THEMSELVES
35 FROM EVENT WAGERING STATEWIDE:

36 1. THE DEPARTMENT SHALL ESTABLISH A LIST OF PERSONS WHO, BY
37 ACKNOWLEDGING IN A MANNER TO BE ESTABLISHED BY THE DEPARTMENT THAT THEY
38 ARE PROBLEM GAMBLERS, VOLUNTARILY SEEK TO EXCLUDE THEMSELVES FROM EVENT
39 WAGERING STATEWIDE. THE DEPARTMENT SHALL ESTABLISH PROCEDURES FOR THE
40 PLACEMENT ON AND REMOVAL FROM THE LIST OF SELF-EXCLUDED PERSONS. A PERSON
41 OTHER THAN THE PERSON SEEKING VOLUNTARY SELF-EXCLUSION MAY NOT INCLUDE
42 THAT PERSON'S NAME ON THE SELF-EXCLUSION LIST OF THE DEPARTMENT.

43 2. EVENT WAGERING OPERATORS, COMMERCIAL SPORTS LICENSE HOLDERS AND
44 LIMITED EVENT WAGERING OPERATORS SHALL ESTABLISH PROCEDURES FOR ADVISING
45 PERSONS WHO INQUIRE ABOUT SELF-EXCLUSION AND OFFER SELF-EXCLUSION

1 APPLICATION FORMS PROVIDED BY THE DEPARTMENT TO THOSE PERSONS WHEN
2 REQUESTED.

3 3. THE DEPARTMENT SHALL COMPILE IDENTIFYING INFORMATION CONCERNING
4 SELF-EXCLUDED PERSONS. SUCH INFORMATION SHALL CONTAIN, AT A MINIMUM, THE
5 FULL NAME AND ANY ALIASES OF THE PERSON, A PHOTOGRAPH OF THE PERSON, THE
6 SOCIAL SECURITY OR DRIVER'S LICENSE NUMBER OF THE PERSON AND THE CURRENT
7 PHYSICAL AND ELECTRONIC CONTACT INFORMATION, INCLUDING MAILING ADDRESS, OF
8 THE PERSON.

9 4. THE DEPARTMENT SHALL PROVIDE THE COMPILED INFORMATION TO EVENT
10 WAGERING OPERATORS, COMMERCIAL SPORTS LICENSE HOLDERS AND LIMITED EVENT
11 WAGERING OPERATORS ON A WEEKLY BASIS. EVENT WAGERING OPERATORS,
12 COMMERCIAL SPORTS LICENSE HOLDERS AND LIMITED EVENT WAGERING OPERATORS
13 SHALL TREAT THE INFORMATION RECEIVED FROM THE DEPARTMENT UNDER THIS
14 SECTION AS CONFIDENTIAL, AND THE INFORMATION SHALL NOT BE DISCLOSED EXCEPT
15 TO VENDORS APPROVED BY THE DEPARTMENT FOR PURPOSES OF COMPLYING WITH THIS
16 SECTION, APPROPRIATE LAW ENFORCEMENT AGENCIES IF NEEDED IN CONDUCTING AN
17 OFFICIAL INVESTIGATION OR UNLESS ORDERED BY A COURT OF COMPETENT
18 JURISDICTION.

19 5. EVENT WAGERING OPERATORS, COMMERCIAL SPORTS LICENSE HOLDERS AND
20 LIMITED EVENT WAGERING OPERATORS SHALL CHECK THE MOST RECENT SELF-EXCLUDED
21 PERSONS LIST PROVIDED BY THE DEPARTMENT BEFORE CREATING A PLAYER ACCOUNT.
22 THE EVENT WAGERING OPERATOR, COMMERCIAL SPORTS LICENSE HOLDER OR LIMITED
23 EVENT WAGERING OPERATOR SHALL REVOKE A PLAYER ACCOUNT AND REMOVE ALL
24 SELF-EXCLUDED PERSONS FROM ALL MAILING LISTS OF THE EVENT WAGERING
25 OPERATOR, COMMERCIAL SPORTS LICENSE HOLDER OR LIMITED EVENT WAGERING
26 OPERATOR.

27 6. EVENT WAGERING OPERATORS, COMMERCIAL SPORTS LICENSE HOLDERS AND
28 LIMITED EVENT WAGERING OPERATORS SHALL TAKE COMMERCIALY REASONABLE STEPS
29 TO ENSURE THAT PERSONS ON THE DEPARTMENT'S LIST OF SELF-EXCLUDED PERSONS
30 ARE DENIED ACCESS TO ALL EVENT WAGERING.

31 7. EVENT WAGERING OPERATORS, COMMERCIAL SPORTS LICENSE HOLDERS AND
32 LIMITED EVENT WAGERING OPERATORS SHALL TAKE COMMERCIALY REASONABLE STEPS
33 TO IDENTIFY SELF-EXCLUDED PERSONS. IF A SELF-EXCLUDED PERSON PARTICIPATES
34 IN EVENT WAGERING, THE EVENT WAGERING OPERATOR, COMMERCIAL SPORTS LICENSE
35 HOLDER AND LIMITED EVENT WAGERING OPERATOR SHALL REPORT TO THE DEPARTMENT,
36 AT A MINIMUM, THE NAME OF THE SELF-EXCLUDED PERSON, THE DATE OF
37 PARTICIPATION, THE AMOUNT OR VALUE OF ANY MONIES, PRIZES OR AWARDS
38 FORFEITED, IF ANY, AND ANY OTHER ACTION TAKEN. THE REPORT SHALL BE
39 PROVIDED TO THE DEPARTMENT WITHIN TWENTY-FOUR HOURS OF DISCOVERY.

40 C. EVENT WAGERING OPERATORS, COMMERCIAL SPORTS LICENSE HOLDERS AND
41 LIMITED EVENT WAGERING OPERATORS MAY NOT PAY ANY PRIZE OR AWARD TO A
42 PERSON WHO IS ON THE DEPARTMENT'S SELF-EXCLUSION LIST. ANY PRIZE OR AWARD
43 WON BY A PERSON ON THE SELF-EXCLUSION LIST SHALL BE FORFEITED AND SHALL BE
44 DONATED BY THE EVENT WAGERING OPERATOR, COMMERCIAL SPORTS LICENSE HOLDER
45 OR LIMITED EVENT WAGERING OPERATOR TO THE DEPARTMENT'S DIVISION OF PROBLEM

1 GAMBLING ON A QUARTERLY BASIS BY THE TWENTY-FIFTH DAY OF THE FOLLOWING
2 MONTH.

3 D. NOTWITHSTANDING ANY OTHER PROVISION OF THIS CHAPTER, THE
4 DEPARTMENT'S LIST OF SELF-EXCLUDED PERSONS IS NOT OPEN TO PUBLIC
5 INSPECTION.

6 E. EVENT WAGERING OPERATORS, COMMERCIAL SPORTS LICENSE HOLDERS AND
7 LIMITED EVENT WAGERING OPERATORS SHALL DEVELOP AND MAINTAIN A PROGRAM TO
8 MITIGATE PROBLEM GAMBLING AND CURTAIL COMPULSIVE GAMBLING, WHICH MAY BE IN
9 CONJUNCTION WITH THE DEPARTMENT.

10 F. BEFORE PAYING A PERSON A PAYOUT OF WINNINGS THAT TRIGGERS THE
11 LICENSEE'S OBLIGATION TO FILE A FORM W-2G OR A SUBSTANTIALLY EQUIVALENT
12 FORM WITH THE UNITED STATES INTERNAL REVENUE SERVICE, THE EVENT WAGERING
13 FACILITY OPERATOR SHALL CHECK TO DETERMINE IF THE PERSON IS IDENTIFIED AS
14 HAVING A PAST-DUE, SETOFF OBLIGATION IN THE INFORMATION PROVIDED TO THE
15 DEPARTMENT OF GAMING ON A WEEKLY BASIS BY THE ADMINISTRATIVE OFFICE OF THE
16 COURTS OR IN THE INFORMATION PROVIDED ON A MONTHLY BASIS BY THE DEPARTMENT
17 OF ECONOMIC SECURITY DIVISION OF CHILD SUPPORT ENFORCEMENT, DEPARTMENT OF
18 ECONOMIC SECURITY SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM AND ASSISTANCE
19 OVERPAYMENT AND THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM
20 ADMINISTRATION. THE DEPARTMENT OF GAMING SHALL PROVIDE TO THE EVENT
21 WAGERING FACILITY OPERATOR INFORMATION OF PERSONS WITH OUTSTANDING
22 OBLIGATIONS. SUBSEQUENT TO STATUTORY STATE AND FEDERAL TAX WITHHOLDING,
23 IF A PERSON RECEIVES A PAYOUT OF WINNINGS THAT TRIGGERS THE LICENSEE'S
24 OBLIGATION TO FILE A FORM W-2G OR A SUBSTANTIALLY EQUIVALENT FORM WITH THE
25 UNITED STATES INTERNAL REVENUE SERVICE AND IS IDENTIFIED, THE EVENT
26 WAGERING FACILITY OPERATOR SHALL WITHHOLD THE FULL AMOUNT OF THE WINNINGS
27 OR SUCH PORTION OF THE WINNINGS THAT SATISFIES THE PERSON'S PAST-DUE,
28 SETOFF OBLIGATION AND FORWARD THOSE MONIES TO THE IDENTIFYING AGENCY. THE
29 EVENT WAGERING FACILITY OPERATOR SHALL DISBURSE TO THE PERSON ONLY THAT
30 PORTION OF THE PRIZE, IF ANY, REMAINING AFTER THE PERSON'S IDENTIFIED
31 OBLIGATIONS HAVE BEEN SATISFIED. IF THE IDENTIFIED PERSON IS ALSO
32 SELF-EXCLUDED, TAX LIABILITIES AND SETOFF OBLIGATIONS ARE TO BE SATISFIED
33 BEFORE ANY MONIES ARE DONATED TO THE DEPARTMENT'S DIVISION OF PROBLEM
34 GAMBLING. IF THE IDENTIFIED PERSON HAS MULTIPLE LIABILITIES, THEY SHALL
35 BE SATISFIED IN THIS ORDER:

36 1. CHILD SUPPORT ENFORCEMENT.

37 2. SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM AND ASSISTANCE
38 OVERPAYMENT.

39 3. THE COURTS.

40 4. THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM ADMINISTRATION.

41 G. THIS SECTION DOES NOT WAIVE AN INDIAN TRIBE'S SOVEREIGN IMMUNITY
42 FROM A SUIT BY A PERSON LISTED AND WHOSE WINNINGS ARE WITHHELD FOR AN
43 IDENTIFIED OBLIGATION.

1 5-1321. Conditional enactment; notice

2 A. THIS CHAPTER DOES NOT BECOME EFFECTIVE UNLESS AND BEFORE EACH
3 INDIAN TRIBE WITH A GAMING FACILITY IN PIMA COUNTY AND EACH INDIAN TRIBE
4 WITH A GAMING FACILITY IN THE PHOENIX METROPOLITAN AREA, AS DEFINED IN THE
5 2021 COMPACT AMENDMENT, HAS ENTERED INTO A 2021 GAMING COMPACT AMENDMENT
6 AND NOTICE OF THE UNITED STATES SECRETARY OF THE INTERIOR'S APPROVAL OR
7 APPROVAL BY OPERATION OF LAW HAS BEEN PUBLISHED IN THE FEDERAL REGISTER.

8 B. THE DEPARTMENT SHALL NOTIFY THE DIRECTOR OF THE ARIZONA
9 LEGISLATIVE COUNCIL IN WRITING OF THE DATE ON WHICH THE CONDITION WAS MET.

10 Sec. 5. Section 13-3301, Arizona Revised Statutes, is amended to
11 read:

12 13-3301. Definitions

13 In this chapter, unless the context otherwise requires:

14 1. "Amusement gambling" means gambling involving a device, game or
15 contest ~~which~~ THAT is played for entertainment if all of the following
16 apply:

17 (a) The player or players actively participate in the game or
18 contest or with the device.

19 (b) The outcome is not in the control to any material degree of any
20 person other than the player or players.

21 (c) The prizes are not offered as a lure to separate the player or
22 players from their money.

23 (d) Any of the following:

24 (i) No benefit is given to the player or players other than an
25 immediate and unrecorded right to replay, which is not exchangeable for
26 value.

27 (ii) The gambling is an athletic event and no person other than the
28 player or players derives a profit or chance of a profit from the money
29 paid to gamble by the player or players.

30 (iii) The gambling is an intellectual contest or event, the money
31 paid to gamble is part of an established purchase price for a product, no
32 increment has been added to the price in connection with the gambling
33 event and no drawing or lottery is held to determine the winner or
34 winners.

35 (iv) Skill and not chance is clearly the predominant factor in the
36 game and the odds of winning the game based ~~upon~~ ON chance cannot be
37 altered, provided the game complies with any licensing or regulatory
38 requirements by the jurisdiction in which it is operated, no benefit for a
39 single win is given to the player or players other than a merchandise
40 prize ~~which~~ THAT has a wholesale fair market value of less than ~~ten~~
41 ~~dollars~~ \$10 or coupons ~~which~~ THAT are redeemable only at the place of play
42 and only for a merchandise prize ~~which~~ THAT has a fair market value of
43 less than ~~ten dollars~~ \$10 and, regardless of the number of wins, no
44 aggregate of coupons may be redeemed for a merchandise prize with a

1 wholesale fair market value of greater than ~~five hundred fifty dollars~~
2 \$550.

3 2. "Conducted as a business" means gambling that is engaged in with
4 the object of gain, benefit or advantage, either direct or indirect,
5 realized or unrealized, but not ~~when~~ IF incidental to a bona fide social
6 relationship.

7 3. "Crane game" means an amusement machine ~~which~~ THAT is operated
8 by player controlled buttons, control sticks or other means, or a
9 combination of the buttons or controls, which is activated by coin
10 insertion into the machine and where the player attempts to successfully
11 retrieve prizes with a mechanical or electromechanical claw or device by
12 positioning the claw or device over a prize.

13 4. "EVENT WAGERING" HAS THE SAME MEANING PRESCRIBED IN SECTION
14 5-1301.

15 5. "FANTASY SPORTS CONTEST" HAS THE SAME MEANING PRESCRIBED IN
16 SECTION 5-1201.

17 ~~4.~~ 6. "Gambling", ~~or~~ "gamble" OR "WAGER" means one act of risking
18 or giving something of value for the opportunity to obtain a benefit from
19 a game or contest of chance or skill or a future contingent event but does
20 not include bona fide business transactions ~~which~~ THAT are valid under the
21 law of contracts including contracts for the purchase or sale at a future
22 date of securities or commodities, contracts of indemnity or guarantee,
23 ~~and~~ life, health or accident insurance AND FANTASY SPORTS CONTESTS AS
24 DEFINED IN SECTION 5-1201 AND CONDUCTED PURSUANT TO TITLE 5, CHAPTER 10.

25 ~~5.~~ 7. "Player" means a natural person who participates in
26 gambling.

27 ~~6.~~ 8. "Regulated gambling" means either:

28 (a) Gambling conducted in accordance with a tribal-state gaming
29 compact or otherwise in accordance with the requirements of the Indian
30 gaming regulatory act of 1988 (P.L. 100-497; 102 Stat. 2467; 25 United
31 States Code sections 2701 through 2721 and 18 United States Code sections
32 1166 through 1168); or

33 (b) Gambling to which all of the following apply:

34 (i) It is operated and controlled in accordance with a statute,
35 rule or order of this state or of the United States.

36 (ii) All federal, state or local taxes, fees and charges in lieu of
37 taxes have been paid by the authorized person or entity on any activity
38 arising out of or in connection with the gambling.

39 (iii) If conducted by an organization which is exempt from taxation
40 of income under section 501 of the internal revenue code, the
41 organization's records are open to public inspection.

42 (iv) ~~Beginning on June 1, 2003,~~ None of the players is under
43 twenty-one years of age.

44 (c) EVENT WAGERING THAT IS CONDUCTED PURSUANT TO TITLE 5,
45 CHAPTER 11.

1 ~~7.~~ 9. "Social gambling" means gambling that is not conducted as a
2 business and that involves players who compete on equal terms with each
3 other in a gamble if all of the following apply:

4 (a) No player receives, or becomes entitled to receive, any
5 benefit, directly or indirectly, other than the player's winnings from the
6 gamble.

7 (b) No other person receives or becomes entitled to receive any
8 benefit, directly or indirectly, from the gambling activity, including
9 benefits of proprietorship, management or unequal advantage or odds in a
10 series of gambles.

11 (c) ~~Until June 1, 2003, none of the players is below the age of~~
12 ~~majority. Beginning on June 1, 2003,~~ None of the players is under
13 twenty-one years of age.

14 (d) Players "compete on equal terms with each other in a gamble"
15 when no player enjoys an advantage over any other player in the gamble
16 under the conditions or rules of the game or contest.

17 Sec. 6. Section 13-3305, Arizona Revised Statutes, is amended to
18 read:

19 13-3305. Betting and wagering; classification

20 A. Subject to the exceptions ~~contained~~ PRESCRIBED in section 5-112
21 AND TITLE 5, CHAPTER 11, no person may engage for a fee, property, salary
22 or reward in the business of accepting, recording or registering any bet,
23 purported bet, wager or purported wager or engage for a fee, property,
24 salary or reward in the business of selling wagering pools or purported
25 wagering pools with respect to the result or purported result of any race,
26 sporting event, contest or other game of skill or chance or any other
27 unknown or contingent future event or occurrence whatsoever.

28 B. SUBJECT TO THE EXCEPTIONS PRESCRIBED IN TITLE 5, CHAPTER 11, a
29 person shall not directly or indirectly knowingly accept for a fee,
30 property, salary or reward anything of value from another to be
31 transmitted or delivered for wagering or betting on the results of a race,
32 sporting event, contest or other game of skill or chance or any other
33 unknown or contingent future event or occurrence whatsoever conducted
34 within or without this state or anything of value as reimbursement for the
35 prior making of such a wager or bet on behalf of another person.

36 C. A person who violates this section is guilty of a class 1
37 misdemeanor.

38 Sec. 7. Exemption from rulemaking

39 For the purposes of this act, the department of gaming is exempt
40 from the rulemaking requirements of title 41, chapter 6, Arizona Revised
41 Statutes, for one year after the effective date of this act. The
42 department of gaming shall initiate rulemaking and adopt rules to
43 effectuate this act within sixty days after the effective date of this
44 act.

1 Sec. 8. Legislative intent

2 The legislature recognizes the promotion of public safety is an
3 important consideration for sports leagues, teams, players and fans at
4 large. All persons who present sporting contests or other events where
5 wagers are allowed are encouraged to take reasonable measures to ensure
6 the safety and security of all involved or attending such events. Persons
7 who present sporting contests or other events where wagers are allowed are
8 encouraged to establish codes of conduct that forbid all persons
9 associated with the sporting contest from engaging in violent and unlawful
10 behavior and to hire, train and equip safety and security personnel to
11 enforce those codes of conduct. Persons who present sporting contests or
12 other events where wagers are allowed are further encouraged to provide
13 public notice of those codes of conduct.

14 Sec. 9. Emergency

15 This act is an emergency measure that is necessary to preserve the
16 public peace, health or safety and is operative immediately as provided by
17 law.