

REFERENCE TITLE: **fantasy sports betting; event wagering.**

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

HB 2772

Introduced by
Representatives Weninger: Bolick, Chávez, Cook, Hernandez A, Hernandez D,
Jermaine, Nutt, Toma, Senators Borrelli, Shope

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, THE STATE
20 TREASURER SHALL INVEST AND DIVEST ANY TRUST FUND MONIES DEPOSITED IN THE
21 STATE TREASURY AS PROVIDED BY SECTIONS 35-313 AND 35-314.03, AND MONIES
22 EARNED FROM THE INVESTMENT SHALL BE CREDITED TO THE TRUST FUND.

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

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

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

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

1 Sec. 3. Title 5, Arizona Revised Statutes, is amended by adding
2 chapter 10, to read:

3 CHAPTER 10

4 FANTASY SPORTS CONTESTS

5 ARTICLE 1. GENERAL PROVISIONS

6 5-1201. Definitions

7 IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

8 1. "APPLICANT" MEANS ANY PERSON THAT HAS APPLIED FOR A LICENSE AS A
9 FANTASY SPORTS CONTEST OPERATOR OR THAT HAS BEEN APPROVED FOR ANY ACT
10 RELATED TO FANTASY SPORTS CONTESTS.

11 2. "APPLICATION" MEANS A REQUEST TO ISSUE A LICENSE AS A FANTASY
12 SPORTS CONTEST OPERATOR OR TO APPROVE ANY ACT RELATED TO FANTASY SPORTS
13 CONTESTS.

14 3. "ATHLETIC EVENT" MEANS A REAL-WORLD PROFESSIONAL, COLLEGIATE OR
15 NATIONALLY RECOGNIZED SPORTS GAME, CONTEST OR COMPETITION THAT INVOLVES
16 THE PHYSICAL EXERTION AND SKILL OF THE PARTICIPATING INDIVIDUAL ATHLETES
17 WHO ARE EACH PHYSICALLY PRESENT AT THE LOCATION IN WHICH THE SPORTS GAME,
18 CONTEST OR COMPETITION OCCURS, AND THE OUTCOME OF THE SPORTS GAME, CONTEST
19 OR COMPETITION IS DIRECTLY DEPENDENT ON THE PERFORMANCE OF THE
20 PARTICIPATING ATHLETES.

21 4. "DEPARTMENT" MEANS THE DEPARTMENT OF GAMING.

22 5. "ENTRY FEE" MEANS CASH OR CASH EQUIVALENT THAT IS PAID BY A
23 PARTICIPANT TO A FANTASY SPORTS CONTEST OPERATOR TO PARTICIPATE IN A
24 FANTASY SPORTS CONTEST.

25 6. "FANTASY SPORTS CONTEST" MEANS A SIMULATED GAME OR CONTEST
26 OFFERED TO THE PUBLIC WITH AN ENTRY FEE THAT MEETS ALL OF THE FOLLOWING
27 CONDITIONS:

28 (a) NO FANTASY SPORTS CONTEST TEAM IS COMPOSED OF THE ENTIRE ROSTER
29 OF A REAL-WORLD SPORTS TEAM.

30 (b) NO FANTASY SPORTS CONTEST TEAM IS COMPOSED ENTIRELY OF
31 INDIVIDUAL ATHLETES WHO ARE MEMBERS OF THE SAME REAL-WORLD SPORTS TEAM.

32 (c) EACH PRIZE OR AWARD OR THE VALUE OF ALL PRIZES OR AWARDS
33 OFFERED TO WINNING FANTASY SPORTS CONTEST PLAYERS IS MADE KNOWN TO THE
34 FANTASY SPORTS CONTEST PLAYERS IN ADVANCE OF THE FANTASY SPORTS CONTEST.

35 (d) EACH WINNING OUTCOME REFLECTS THE RELATIVE KNOWLEDGE AND SKILL
36 OF THE FANTASY SPORTS CONTEST PLAYERS AND IS DETERMINED BY THE AGGREGATED
37 STATISTICAL RESULTS OF THE PERFORMANCE OF MULTIPLE INDIVIDUAL ATHLETES
38 SELECTED BY THE FANTASY SPORTS CONTEST PLAYER TO FORM THE FANTASY SPORTS
39 CONTEST TEAM, WHOSE INDIVIDUAL PERFORMANCES IN THE FANTASY SPORTS CONTEST
40 DIRECTLY CORRESPOND WITH THE ACTUAL PERFORMANCE OF THOSE ATHLETES IN THE
41 ATHLETIC EVENTS IN WHICH THOSE INDIVIDUAL ATHLETES PARTICIPATED.

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

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

3 (i) RACING THAT INVOLVES ANIMALS.

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

8 (iii) A SLOT MACHINE OR OTHER MECHANICAL, ELECTROMECHANICAL OR
9 ELECTRONIC DEVICE, EQUIPMENT OR MACHINE, INCLUDING COMPUTERS AND OTHER
10 CASHLESS WAGERING SYSTEMS.

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

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

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

19 (vii) A CONTEST THAT INVOLVES OR RESULTS IN BETTING ON A RACE, A
20 GAME, A CONTEST OR SPORTS THAT CONSTITUTE EVENT WAGERING AS DEFINED IN
21 SECTION 5-1301.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

42 20. "PRIZE OR AWARD" MEANS ANYTHING OF VALUE OR ANY AMOUNT OF CASH
43 OR CASH EQUIVALENTS.

44 21. "PROTECTED INFORMATION" MEANS INFORMATION RELATED TO PLAYING
45 FANTASY SPORTS CONTESTS BY A FANTASY SPORTS CONTEST PLAYER THAT IS NOT

1 READILY AVAILABLE TO THE GENERAL PUBLIC AND THAT IS OBTAINED AS A RESULT
2 OF A PERSON'S EMPLOYMENT IN RELATION TO A FANTASY SPORTS CONTEST.

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

8 5-1202. Fantasy sports contests; exceptions; rules; licensure

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

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

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

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

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

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

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

35 E. EVERY APPLICANT FOR LICENSURE SHALL SUBMIT A COMPLETED
36 APPLICATION, ALONG WITH ANY REQUIRED INFORMATION, TO THE DEPARTMENT. THE
37 DEPARTMENT SHALL DETERMINE THE FORM AND CONTENT OF THE APPLICATION. EACH
38 APPLICATION SHALL BE ACCOMPANIED BY THE APPLICANT'S CURRENT PHOTOGRAPH AND
39 THE FEE REQUIRED BY THE DEPARTMENT. THE APPLICANT MUST ALSO SUBMIT A FULL
40 SET OF FINGERPRINTS TO THE DEPARTMENT FOR THE PURPOSE OF OBTAINING A STATE
41 AND FEDERAL CRIMINAL RECORDS CHECK PURSUANT TO SECTION 41-1750 AND PUBLIC
42 LAW 92-544. THE DEPARTMENT OF PUBLIC SAFETY MAY EXCHANGE THIS FINGERPRINT
43 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, ANY CRIMINAL RECORD OF AN INDIVIDUAL WHO IS A DIRECTOR,
12 OFFICER OR KEY EMPLOYEE OF, OR ANY INDIVIDUAL WHO HAS A TEN PERCENT OR
13 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 IF IT IS DETERMINED
23 THROUGH REGULATIONS ISSUED BY THE DEPARTMENT THAT 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.

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

5-1204. Financial responsibility

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

5-1205. Prohibitions; exception

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. A FANTASY SPORTS CONTEST OPERATOR SHALL TAKE REASONABLE STEPS TO ENSURE THAT PERSONS ON THE DEPARTMENT'S LIST OF SELF-EXCLUDED PERSONS ARE 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.

5-1208. Requirements

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

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

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

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

E. BEFORE PAYING A PERSON ANY PRIZE OR AWARD, THE FANTASY SPORTS CONTEST OPERATOR SHALL DETERMINE IF THE PERSON IS IDENTIFIED IN THE INFORMATION PROVIDED TO IT ON A WEEKLY BASIS BY THE ARIZONA SUPREME COURT OR IN THE INFORMATION PROVIDED TO IT ON A MONTHLY BASIS BY THE DEPARTMENT OF ECONOMIC SECURITY DIVISION OF CHILD SUPPORT ENFORCEMENT, DEPARTMENT OF ECONOMIC SECURITY SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM AND ASSISTANCE OVERPAYMENT AND THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM. SUBSEQUENT TO STATUTORY STATE AND FEDERAL TAX WITHHOLDING, IF THE PERSON IS IDENTIFIED, THE FANTASY SPORTS CONTEST OPERATOR SHALL WITHHOLD THE FULL AMOUNT OF THE PRIZE OR AWARD OR SUCH PORTION OF THE PRIZE OR AWARD THAT SATISFIES THE PERSON'S PAST DUE, SETOFF OBLIGATION AND FORWARD THOSE MONIES TO THE IDENTIFYING AGENCY. THE FANTASY SPORTS CONTEST OPERATOR SHALL DISBURSE TO THE PERSON ONLY THAT PORTION OF THE PRIZE OR AWARD, IF ANY, REMAINING AFTER THE PERSON'S IDENTIFIED OBLIGATIONS HAVE BEEN SATISFIED. IF THE IDENTIFIED PERSON IS ALSO SELF-EXCLUDED, TAX LIABILITIES AND SETOFF OBLIGATIONS SHALL BE SATISFIED BEFORE ANY MONIES ARE DONATED TO THE DEPARTMENT'S DIVISION OF PROBLEM GAMBLING PURSUANT TO SECTION 15-1206. IF THE IDENTIFIED PERSON HAS MULTIPLE LIABILITIES, THOSE LIABILITIES SHALL BE SATISFIED IN THE FOLLOWING ORDER:

1. CHILD SUPPORT ENFORCEMENT.
2. THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM AND ASSISTANCE OVERPAYMENT.
3. THE ARIZONA SUPREME COURT.

5-1209. Revocation, suspension or denial of license; grounds;
definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

17 5-1211. Fees

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

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

31 C. THE DEPARTMENT SHALL DEPOSIT, PURSUANT TO SECTIONS 35-146 AND
32 35-147, THE FEES COLLECTED PURSUANT TO THIS SECTION IN THE FANTASY SPORTS
33 CONTEST FUND ESTABLISHED BY SECTION 5-1212.

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

42 5-1212. Fantasy sports contest fund

43 A. THE FANTASY SPORTS CONTEST FUND IS ESTABLISHED CONSISTING OF
44 MONIES DEPOSITED PURSUANT TO SECTION 5-1211 OR FROM ANY OTHER SOURCE. THE

DEPARTMENT SHALL ADMINISTER THE FUND. MONIES IN THE FUND ARE SUBJECT TO LEGISLATIVE APPROPRIATION.

B. ON NOTICE FROM THE DEPARTMENT, THE STATE TREASURER SHALL INVEST AND DIVEST MONIES IN THE FUND AS PROVIDED BY SECTION 35-313, AND MONIES EARNED FROM INVESTMENT SHALL BE CREDITED TO THE FUND.

C. THE DEPARTMENT MAY SPEND NOT MORE THAN TEN PERCENT OF MONIES ON THE DEPARTMENT'S ANNUAL COSTS OF REGULATING AND ENFORCING THIS CHAPTER. THE DEPARTMENT SHALL TRANSFER ANY REMAINING MONIES IN THE FUND TO THE STATE GENERAL FUND.

5-1213. Conditional enactment: notice

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

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

Sec. 4. Title 5, Arizona Revised Statutes, is amended by adding chapter 11, to read:

CHAPTER 11

EVENT WAGERING

ARTICLE 1. GENERAL PROVISIONS

5-1301. Definitions

IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

1. "ADJUSTED GROSS EVENT WAGERING RECEIPTS" MEANS AN EVENT WAGERING OPERATOR'S GROSS WAGERING RECEIPTS, EXCLUDING VOIDED BETS MINUS FEDERAL EXCISE TAX, ENTRY FEES OR OTHER COMPENSATION RECEIVED BY THE EVENT WAGERING OPERATOR FOR EVENT WAGERING TOURNAMENTS AND PRIZES PAID TO WINNING PLAYERS AS A RESULT OF EVENT WAGERING TOURNAMENTS, AND WINNINGS PAID TO PARTICIPANTS IN SPORTS EVENTS OR OTHER EVENTS.

2. "DEPARTMENT" MEANS THE DEPARTMENT OF GAMING.

3. "E-SPORT" MEANS AN ORGANIZED, MULTIPLAYER VIDEO GAME COMPETITION, PARTICULARLY BETWEEN PROFESSIONAL PLAYERS, INDIVIDUALLY OR AS TEAMS.

4. "EVENT WAGERING":

(a) MEANS ACCEPTING WAGERS ON SPORTS EVENTS OR OTHER EVENTS, PORTIONS OF SPORTS EVENTS OR OTHER EVENTS, THE INDIVIDUAL PERFORMANCE STATISTICS OF ATHLETES IN A SPORTS EVENT OR COMBINATION OF SPORTS EVENTS OR THE INDIVIDUAL PERFORMANCE OF INDIVIDUALS IN OTHER EVENTS OR A COMBINATION OF OTHER EVENTS BY ANY SYSTEM OR METHOD OF WAGERING, INCLUDING IN PERSON OR OVER THE INTERNET THROUGH WEBSITES AND ON MOBILE DEVICES.

(b) DOES NOT INCLUDE A FANTASY SPORTS CONTEST AS DEFINED IN SECTION 5-1201.

1 5. "EVENT WAGERING EMPLOYEE" MEANS AN EMPLOYEE OF AN EVENT WAGERING
2 OPERATOR, SPORTS FACILITY, MANAGEMENT SERVICES PROVIDER OR LIMITED EVENT
3 WAGERING OPERATOR WHO IS DIRECTLY INVOLVED IN THE OPERATION, MANAGEMENT OR
4 CONTROL OF THE CONDUCT OF EVENT WAGERING UNDER THIS CHAPTER IN THIS STATE.

5 6. "EVENT WAGERING FACILITY" MEANS A FACILITY AT WHICH EVENT
6 WAGERING IS CONDUCTED UNDER THIS CHAPTER.

7 7. "EVENT WAGERING OPERATOR" MEANS AN OWNER OR OPERATOR OF AN
8 ARIZONA PROFESSIONAL SPORTS TEAM OR FRANCHISE, AN OPERATOR OF A SPORTS
9 FACILITY IN THIS STATE THAT HOSTS AN ANNUAL TOURNAMENT ON THE PGA TOUR OR
10 A PROMOTER OF A PROFESSIONAL SPORTS EVENT BASED IN THIS STATE, OR THE
11 PROMOTER'S DESIGNEE, WHO IS LICENSED TO OFFER EVENT WAGERING UNDER THIS
12 CHAPTER.

13 8. "LIMITED EVENT WAGERING OPERATOR" MEANS A RACETRACK ENCLOSURE OR
14 ADDITIONAL WAGERING FACILITY THAT HOLDS A PERMIT ISSUED BY THE DIVISION OF
15 RACING TO OFFER WAGERS ON HORSERACING AND THAT IS LICENSED UNDER THIS
16 CHAPTER.

17 9. "OFFICIAL LEAGUE DATA" MEANS STATISTICS, RESULTS, OUTCOMES AND
18 OTHER DATA RELATED TO A SPORTS EVENT OR OTHER EVENT OBTAINED PURSUANT TO
19 AN AGREEMENT WITH THE RELEVANT SPORTS GOVERNING BODY OR AN ENTITY
20 EXPRESSLY AUTHORIZED BY THE SPORTS GOVERNING BODY TO PROVIDE SUCH
21 INFORMATION TO LICENSEES THAT AUTHORIZES THE USE OF SUCH DATA FOR
22 DETERMINING THE OUTCOME OF SPORTS WAGERS ON SPORTS EVENTS OR OTHER EVENTS.

23 10. "LICENSEE" MEANS A PERSON THAT HOLDS AN EVENT WAGERING OPERATOR
24 LICENSE, LIMITED EVENT WAGERING LICENSE, SUPPLIER LICENSE OR MANAGEMENT
25 SERVICES PROVIDER LICENSE.

26 11. "MANAGEMENT SERVICES PROVIDER" MEANS A PERSON THAT OPERATES,
27 MANAGES OR CONTROLS EVENT WAGERING AUTHORIZED BY THIS CHAPTER ON BEHALF OF
28 AN EVENT WAGERING OPERATOR OR LIMITED EVENT WAGERING OPERATOR, INCLUDING
29 DEVELOPING OR OPERATING EVENT WAGERING PLATFORMS AND PROVIDING ODDS, LINES
30 AND GLOBAL RISK MANAGEMENT, AND MAY PROVIDE SERVICES TO MORE THAN ONE
31 LICENSED EVENT WAGERING OPERATOR OR LICENSED LIMITED EVENT WAGERING
32 OPERATOR.

33 12. "OTHER EVENT" MEANS AN EVENT OR COMPETITION OF RELATIVE SKILL
34 AUTHORIZED BY THE DEPARTMENT UNDER THIS CHAPTER.

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

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

41 15. "PROHIBITED CONDUCT" INCLUDES ANY STATEMENT, ACTION OR OTHER
42 COMMUNICATION INTENDED TO UNLAWFULLY INFLUENCE, MANIPULATE OR CONTROL A
43 BETTING OUTCOME OF A SPORTS EVENT OR OTHER EVENT OF ANY INDIVIDUAL
44 OCCURRENCE OR PERFORMANCE IN A SPORTS EVENT OR OTHER EVENT IN EXCHANGE FOR
45 FINANCIAL GAIN OR TO AVOID FINANCIAL OR PHYSICAL HARM.

1 16. "PROHIBITED PARTICIPANT" MEANS:

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

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

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

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

15 (e) AN INDIVIDUAL WITH ACCESS TO EXCLUSIVE INFORMATION ON ANY
16 SPORTS EVENT OR OTHER EVENT OVERSEEN BY THAT INDIVIDUAL'S SPORTS GOVERNING
17 BODY THAT IS NOT PUBLICLY AVAILABLE INFORMATION OR ANY INDIVIDUAL
18 IDENTIFIED BY ANY LISTS PROVIDED BY THE SPORTS GOVERNING BODY TO THE
19 DEPARTMENT.

20 17. "SPORTS EVENT" MEANS A PROFESSIONAL SPORT OR ATHLETIC EVENT, A
21 COLLEGIATE SPORT OR ATHLETIC EVENT, A MOTOR RACE EVENT, AN E-SPORT EVENT
22 OR AN OLYMPIC EVENT.

23 18. "SPORTS FACILITY" MEANS A FACILITY THAT IS OWNED BY A
24 COMMERCIAL, STATE OR LOCAL GOVERNMENT OR QUASI-GOVERNMENTAL ENTITY THAT
25 HOSTS PROFESSIONAL SPORTS EVENTS AND THAT HOLDS A SEATING CAPACITY OF MORE
26 THAN TEN THOUSAND PERSONS AT ITS PRIMARY FACILITY, ONE LOCATION IN THIS
27 STATE THAT HOSTS AN ANNUAL PGA GOLF TOURNAMENT ON THE PGA TOUR OR ONE
28 LOCATION THAT HOLDS AN OUTDOOR MOTORSPORTS FACILITY THAT HOSTS A NATIONAL
29 ASSOCIATION FOR STOCK CAR AUTO RACING NATIONAL TOUR RACE.

30 19. "SPORTS GOVERNING BODY" MEANS AN ORGANIZATION THAT PRESCRIBES
31 FINAL RULES AND ENFORCES CODES OF CONDUCT WITH RESPECT TO A SPORTS EVENT
32 AND PARTICIPANTS IN A SPORTS EVENT.

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

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

38 22. "SUPPLIER" MEANS A PERSON THAT MANUFACTURES, DISTRIBUTES OR
39 SUPPLIES EVENT WAGERING EQUIPMENT OR SOFTWARE, INCLUDING EVENT WAGERING
40 SYSTEMS.

41 23. "WAGER":

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

44 (b) INCLUDES TIER ONE AND TIER TWO SPORTS WAGERS, SINGLE-GAME BETS,
45 TEASER BETS, PARLAYS, OVER-UNDER BETS, MONEYLINE BETS, POOLS, EXCHANGE

1 WAGERING, IN-GAME WAGERING, IN-PLAY BETS, PROPOSITION BETS, STRAIGHT BETS
2 AND OTHER WAGERS APPROVED BY THE DEPARTMENT.

3 5-1302. Department of gaming; powers; duties

4 A. THE DEPARTMENT SHALL ENFORCE THIS CHAPTER AND SUPERVISE
5 COMPLIANCE WITH LAWS AND RULES RELATING TO REGULATING AND CONTROLLING
6 EVENT WAGERING IN THIS STATE.

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

9 C. THE DEPARTMENT SHALL EVALUATE ALL APPLICANTS TO DETERMINE
10 SUITABILITY FOR ISSUING ALL EVENT WAGERING OPERATOR LICENSES, LIMITED
11 EVENT WAGERING OPERATOR LICENSES, SUPPLIER LICENSES AND MANAGEMENT
12 SERVICES PROVIDER LICENSES AND LICENSE RENEWALS AND SHALL CHARGE AND
13 COLLECT ALL FEES PURSUANT TO THIS CHAPTER.

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

16 E. THE DEPARTMENT SHALL CONDUCT BACKGROUND CHECKS OF EVENT WAGERING
17 OPERATORS, LIMITED EVENT WAGERING OPERATORS, MANAGEMENT SERVICES PROVIDERS
18 AND EVENT WAGERING SUPPLIERS AND MAY MONITOR AND CONDUCT PERIODIC AUDITS
19 OF EVENT WAGERING OPERATIONS AND PROVIDERS.

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

24 G. THE DEPARTMENT SHALL OVERSEE EVENT WAGERING AND DEVELOP
25 STANDARDS AND PROCEDURES AND ENGAGE IN OTHER DUTIES AS THE DIRECTOR OF THE
26 DEPARTMENT PRESCRIBES TO FURTHER THE PURPOSES OF THIS CHAPTER, INCLUDING
27 ESTABLISHING AND ENFORCING STANDARDS AND PROCEDURES FOR:

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

30 2. OPERATING EVENT WAGERING AND MAINTAINING, TESTING, INSPECTING,
31 APPROVING AND AUDITING EVENT WAGERING ACCOUNTS, PLATFORMS, HARDWARE,
32 SOFTWARE AND DATA, INCLUDING PLAYER, FINANCIAL, ACCOUNTING AND WAGERING
33 DATA.

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

36 4. LICENSING AND CONTRACTING FOR THE USE OF GEOLOCATION SERVICES TO
37 REASONABLY ENSURE PERSONS ENGAGING IN EVENT WAGERING ARE LOCATED IN THIS
38 STATE OR ANOTHER DEPARTMENTALLY AUTHORIZED LOCATION ALLOWED BY THIS
39 CHAPTER AT THE TIME OF EVENT WAGERING.

40 5. APPROVING OTHER EVENTS ON WHICH WAGERS MAY BE TAKEN CONSISTENT
41 WITH THIS CHAPTER.

42 6. ESTABLISHING MECHANISMS DESIGNED TO DETECT AND PREVENT THE
43 UNAUTHORIZED USE OF PLAYER ACCOUNTS AND TO DETECT AND PREVENT FRAUD, MONEY
44 LAUNDERING AND COLLUSION, INCLUDING A REQUIREMENT THAT EVENT WAGERING

1 OPERATIONS CONTRACT WITH A DEPARTMENTALLY LICENSED INTEGRITY MONITORING
2 PROVIDER.

3 7. PAYING WINNING WAGERS, REPORTING TAXES AND COLLECTING DEBT
4 SETOFFS FROM ANY WINNING PRIZE, INCLUDING OVERDUE CHILD SUPPORT PAYMENTS,
5 STATE TAX DEBT AND DEBTS AS ESTABLISHED BY THE DEPARTMENT OF ECONOMIC
6 SECURITY.

7 H. THE DEPARTMENT MAY ADOPT RULES AUTHORIZING EVENT WAGERING
8 OPERATORS TO OFFSET LOSS AND MANAGE RISK, DIRECTLY OR WITH A THIRD PARTY
9 APPROVED BY THE DEPARTMENT, THROUGH THE USE OF A LIQUIDITY POOL IN THIS
10 STATE OR ANOTHER JURISDICTION, IF THE EVENT WAGERING OPERATOR, ITS
11 DESIGNEE OR ITS MANAGEMENT SERVICES PROVIDER IS LICENSED BY SUCH
12 JURISDICTION TO OPERATE AN EVENT WAGERING OR SPORTS BETTING BUSINESS. AN
13 EVENT WAGERING OPERATOR'S USE OF A LIQUIDITY POOL DOES NOT ELIMINATE ITS
14 DUTY TO ENSURE THAT IT HAS SUFFICIENT MONIES AVAILABLE TO PAY BETTORS.

15 5-1303. Event wagering; license required; exception

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

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

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

26 D. THIS CHAPTER DOES NOT APPLY TO EVENT WAGERING CONDUCTED
27 EXCLUSIVELY ON INDIAN LANDS AS THAT TERM IS DEFINED IN THE INDIAN GAMING
28 REGULATORY ACT (P.L. 100-497; 102 STAT. 2467) BY AN INDIAN TRIBE OPERATED
29 IN ACCORDANCE WITH A TRIBAL-STATE GAMING COMPACT AND ANY AMENDMENTS. FOR
30 PURPOSES OF THIS CHAPTER, EVENT WAGERING IS CONDUCTED EXCLUSIVELY ON
31 INDIAN LANDS ONLY IF THE INDIVIDUAL WHO PLACES THE WAGER IS PHYSICALLY
32 PRESENT ON INDIAN LANDS WHEN THE WAGER IS INITIATED, RECEIVED OR OTHERWISE
33 MADE ON EQUIPMENT THAT IS PHYSICALLY LOCATED ON INDIAN LANDS, AND THE
34 WAGER IS INITIATED, RECEIVED OR OTHERWISE MADE IN CONFORMITY WITH THE SAFE
35 HARBOR REQUIREMENTS AS PROVIDED IN 31 UNITED STATES CODE SECTION
36 5362(10)(C). AN EVENT WAGERING OPERATOR MAY NOT ACCEPT ANY WAGER IF THE
37 INDIVIDUAL WHO PLACES THE WAGER IS PHYSICALLY PRESENT ON INDIAN LANDS WHEN
38 THE WAGER IS INITIATED.

39 E. A PERSON MAY NOT PROVIDE OR MAKE AVAILABLE EVENT WAGERING
40 DEVICES IN A PLACE OF PUBLIC ACCOMMODATION IN THIS STATE, INCLUDING A CLUB
41 OR OTHER ASSOCIATION, TO ENABLE INDIVIDUALS TO PLACE WAGERS EXCEPT AS
42 PROVIDED BY THIS CHAPTER. THIS SUBSECTION DOES NOT APPLY TO AN EVENT
43 WAGERING OPERATOR AGGREGATING, PROVIDING OR MAKING AVAILABLE EVENT
44 WAGERING DEVICES WITHIN ITS OWN EVENT WAGERING FACILITY.

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

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

5-1304. Licensure; application

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

1. AN OWNER OF AN ARIZONA PROFESSIONAL SPORTS TEAM OR FRANCHISE, OPERATOR OF A SPORTS FACILITY THAT HOST AN ANNUAL TOURNAMENT ON THE PGA TOUR, PROMOTER OF A SANCTIONED NATIONAL TOURING MOTORSPORTS RACING EVENT CONDUCTED IN THIS STATE OR THEIR DESIGNEE, CONTRACTED TO OPERATE EVENT WAGERING FOR BOTH RETAIL EVENT WAGERING AT A SPORTS FACILITY OR ITS COMPLEX AS PRESCRIBED IN SUBSECTION D OF THIS SECTION AND MOBILE EVENT WAGERING THROUGHOUT THE STATE. IF A DESIGNEE IS USED, THE DESIGNEE SHALL BE CONSIDERED THE APPLICANT AND SUBJECT TO ANY REQUIREMENTS OF THE APPLICATION PROCESS RATHER THAN THE OWNER, OPERATOR OR PROMOTER OF A PROFESSIONAL SPORTS TEAM EVENT OR FRANCHISE.

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

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

1. THE IDENTIFICATION OF THE APPLICANT'S PRINCIPAL OWNERS THAT OWN MORE THAN FIVE PERCENT OF THE COMPANY, THE PARTNERS, THE MEMBERS OF ITS BOARD OF DIRECTORS AND THE OFFICERS, THE IDENTIFICATION OF ANY HOLDING COMPANY, INCLUDING ITS PRINCIPALS, ENGAGED BY THE APPLICANT TO ASSIST IN

1 THE MANAGEMENT OR OPERATION OF EVENT WAGERING, IF APPLICABLE, AND
2 INFORMATION TO VERIFY THAT THE APPLICANT IS QUALIFIED TO HOLD A LICENSE
3 UNDER SUBSECTION A OF THIS SECTION.

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

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

18 4. A NOTICE AND DESCRIPTION OF CIVIL JUDGMENTS OBTAINED AGAINST THE
19 APPLICANT PERTAINING TO ANTITRUST OR SECURITY REGULATION LAWS OF THE
20 FEDERAL GOVERNMENT, OF THIS STATE OR OF ANY OTHER STATE, JURISDICTION,
21 PROVINCE OR COUNTRY.

22 5. IF THE APPLICANT HAS CONDUCTED GAMING OPERATIONS IN A
23 JURISDICTION THAT ALLOWS SUCH ACTIVITY, LETTERS OF COMPLIANCE FROM THE
24 REGULATORY BODY THAT REGULATES EVENT WAGERING, SPORTS WAGERING OR ANY
25 OTHER GAMING ACTIVITY THAT THE APPLICANT IS LICENSED FOR, CONDUCTS OR
26 OPERATES UNDER JURISDICTION OF THE REGULATORY BODY.

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

41 (a) THE ABILITY TO ENSURE THE FINANCIAL INTEGRITY OF EVENT WAGERING
42 OPERATIONS BY MAINTAINING A BANKROLL OR EQUIVALENT PROVISIONS ADEQUATE TO
43 PAY WINNING WAGERS TO BETTORS WHEN DUE. AN APPLICANT IS PRESUMED TO HAVE
44 MET THIS STANDARD IF THE APPLICANT OR ITS MANAGEMENT SERVICES PROVIDER
45 MAINTAINS, ON A DAILY BASIS, A BANKROLL OR EQUIVALENT PROVISIONS IN AN

1 AMOUNT THAT IS AT LEAST EQUAL TO THE AVERAGE DAILY MINIMUM BANKROLL OR
2 EQUIVALENT PROVISIONS, CALCULATED ON A MONTHLY BASIS, FOR THE
3 CORRESPONDING MONTH IN THE PREVIOUS YEAR.

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

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

8 7. INFORMATION TO ESTABLISH BY CLEAR AND CONVINCING EVIDENCE THAT
9 THE APPLICANT OR ITS MANAGEMENT SERVICES PROVIDER HAS SUFFICIENT BUSINESS
10 ABILITY AND GAMING EXPERIENCE AS TO ESTABLISH THE LIKELIHOOD OF CREATING
11 AND MAINTAINING A SUCCESSFUL AND STABLE EVENT WAGERING OPERATION.

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

15 9. INFORMATION ON THE AMOUNT OF ADJUSTED GROSS EVENT WAGERING
16 RECEIPTS AND ASSOCIATED ADJUSTED GROSS RECEIPTS THAN APPLICANT EXPECTS TO
17 GENERATE.

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

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

23 C. ANY APPLICANT FOR LICENSURE AGREES TO BE SUBJECT TO STATE
24 JURISDICTION TO THE EXTENT NECESSARY TO DETERMINE THE APPLICANT'S
25 QUALIFICATION TO HOLD A LICENSE, INCLUDING ALL NECESSARY ADMINISTRATIVE
26 PROCEDURES, HEARINGS AND APPEALS AS PROVIDED IN TITLE 41, CHAPTER 6 AND
27 DEPARTMENT RULES.

28 D. A LICENSE ISSUED BY THE DEPARTMENT PURSUANT TO THIS SECTION
29 AUTHORIZES AN EVENT WAGERING OPERATOR IDENTIFIED IN SUBSECTION A,
30 PARAGRAPH 1 OF THIS SECTION TO OFFER BOTH:

31 1. EVENT WAGERING IN THIS STATE THROUGH AN EVENT WAGERING FACILITY
32 WITHIN A FIVE-BLOCK RADIUS OF THE EVENT WAGERING OPERATOR'S SPORTS
33 FACILITY. AN EVENT WAGERING FACILITY WITHIN ONE MILE OF A TRIBAL GAMING
34 FACILITY MUST BE:

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

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

39 2. EVENT WAGERING THROUGH A MOBILE PLATFORM AS SPECIFIED BY THE
40 DEPARTMENT. A LICENSED EVENT WAGERING OPERATOR OR ITS DESIGNATED
41 MANAGEMENT SERVICES PROVIDER MAY OFFER EVENT WAGERING THROUGH AN EVENT
42 WAGERING PLATFORM AS SPECIFIED BY THE DEPARTMENT.

43 E. A LICENSE ISSUED UNDER THIS SECTION IS VALID FOR FIVE YEARS IF
44 THE LICENSEE SUBMITS AN ANNUAL LICENSE FEE, MAINTAINS THE QUALIFICATIONS
45 TO OBTAIN A LICENSE UNDER THIS SECTION AND SUBSTANTIALLY COMPLIES WITH

THIS CHAPTER AND OTHER LAWS AND RULES RELATING TO EVENT WAGERING. A LICENSEE MAY RENEW ITS LICENSE BY SUBMITTING AN APPLICATION IN A FORM PRESCRIBED BY DEPARTMENT RULE AND THE APPLICATION FEE. A LICENSE MAY NOT BE RENEWED IF IT IS DETERMINED BY THE DEPARTMENT THAT THE EVENT WAGERING OPERATOR HAS NOT SUBSTANTIALLY COMPLIED WITH THIS CHAPTER OR ANY OTHER LAW REGULATING ITS EVENT WAGERING OPERATIONS OR OTHER OPERATIONS LICENSED BY THE DEPARTMENT. A LICENSEE SHALL SUBMIT THE NONREFUNDABLE ANNUAL LICENSE AND APPLICATION FEES PRESCRIBED IN SECTION 5-1310 WITH ITS APPLICATION FOR THE RENEWAL OF ITS LICENSE.

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

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

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

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

1. HAS BEEN CONVICTED OF ANY GAMING OFFENSE.
2. HAS BEEN CONVICTED OF A FELONY IN THE SEVEN YEARS BEFORE SUBMITTING AN APPLICATION UNLESS THAT FELONY HAS BEEN SET ASIDE.
3. HAS EVER BEEN CONVICTED OF A FELONY RELATED TO EXTORTION, BURGLARY, LARCENY, BRIBERY, EMBEZZLEMENT, ROBBERY, RACKETEERING, MONEY LAUNDERING, FORGERY, FRAUD, MURDER, VOLUNTARY MANSLAUGHTER, A SEXUAL OFFENSE THAT REQUIRES THE INDIVIDUAL TO REGISTER PURSUANT TO SECTION 13-3821 OR KIDNAPPING.
4. KNOWINGLY AND WILFULLY PROVIDES MATERIALLY IMPORTANT FALSE STATEMENTS OR INFORMATION OR OMITTS MATERIALLY IMPORTANT INFORMATION ON THE PERSON'S EMPLOYMENT APPLICATION OR BACKGROUND QUESTIONNAIRE.
5. IS A PERSON WHOSE PRIOR ACTIVITIES, CRIMINAL RECORD, IF ANY, OR REPUTATION, HABITS AND ASSOCIATIONS POSE A THREAT TO THE PUBLIC INTEREST OR TO THE EFFECTIVE REGULATION AND CONTROL OF GAMING OR CREATE OR ENHANCE THE DANGERS OF UNSUITABLE, UNFAIR OR ILLEGAL PRACTICES, METHODS AND

1 ACTIVITIES IN THE CONDUCT OF GAMING OR THE CARRYING ON OF THE BUSINESS AND
2 FINANCIAL ARRANGEMENTS INCIDENTAL THERETO.

3 C. WITHIN THIRTY DAYS AFTER RECEIPT OF A COMPLETE APPLICATION, THE
4 DEPARTMENT SHALL ISSUE A LICENSE TO THE APPLICANT UNLESS THE BACKGROUND
5 INVESTIGATION UNDERTAKEN BY THE DEPARTMENT DISCLOSES THAT THE APPLICANT
6 HAS A CRIMINAL HISTORY OR UNLESS OTHER GROUNDS SUFFICIENT TO DISQUALIFY
7 THE APPLICANT ARE APPARENT ON THE FACE OF THE APPLICATION. THE DEPARTMENT
8 SHALL REVIEW AND APPROVE OR DENY AN APPLICATION FOR A LICENSE AS PROVIDED
9 IN TITLE 41, CHAPTER 6, ARTICLE 10.

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

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

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

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

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

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

42 5-1306. License revocation; suspension; denial; grounds;
43 definitions

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

1 1. VIOLATES, FAILS OR REFUSES TO COMPLY WITH THE PROVISIONS,
2 REQUIREMENTS, CONDITIONS, LIMITATIONS OR DUTIES IMPOSED BY THIS CHAPTER
3 AND OTHER LAWS AND RULES, OR IF ANY SUCH VIOLATION HAS OCCURRED ON ANY
4 EVENT WAGERING SYSTEM OPERATED BY ANY SUCH PERSON OR OVER WHICH THE PERSON
5 HAS SUBSTANTIAL CONTROL.

6 2. KNOWINGLY CAUSES, AIDS, ABETS OR CONSPIRES WITH ANOTHER TO CAUSE
7 ANY PERSON TO VIOLATE ANY OF THE LAWS OF THIS STATE OR THE RULES OF THE
8 DEPARTMENT.

9 3. OBTAINS A LICENSE BY FRAUD, MISREPRESENTATION, CONCEALMENT OR
10 THROUGH INADVERTENCE OR MISTAKE.

11 4. IS CONVICTED OR FORFEITED BOND ON A CHARGE OF OR PLEADS GUILTY
12 TO:

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

14 (b) WILFUL FAILURE TO MAKE REQUIRED PAYMENT OR REPORTS TO ANY
15 TRIBAL, STATE OR FEDERAL GOVERNMENTAL AGENCY, FILING FALSE REPORTS WITH
16 ANY TRIBAL, STATE OR FEDERAL GOVERNMENTAL AGENCY OR ANY SIMILAR OFFENSE OR
17 OFFENSES.

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

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

22 5. MISREPRESENTS OR FAILS TO DISCLOSE A MATERIAL FACT TO THE
23 DEPARTMENT.

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

26 7. IS SUBJECT TO CURRENT PROSECUTION OR PENDING CHARGES OR A
27 CONVICTION THAT IS UNDER APPEAL FOR ANY OF THE OFFENSES INCLUDED IN THIS
28 SUBSECTION. AT THE REQUEST OF AN APPLICANT FOR AN ORIGINAL LICENSE, THE
29 DEPARTMENT MAY DEFER DECISION ON THE APPLICATION DURING THE PENDENCY OF
30 THE PROSECUTION OR APPEAL.

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

33 9. DEMONSTRATES A WILFUL DISREGARD FOR COMPLIANCE WITH GAMING
34 REGULATORY AUTHORITY IN ANY JURISDICTION, INCLUDING SUSPENSION,
35 REVOCATION, DENIAL OF APPLICATION OR FORFEITURE OF LICENSE.

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

41 11. IS A CAREER OFFENDER OR A MEMBER OF A CAREER OFFENDER
42 ORGANIZATION OR AN ASSOCIATE OF A CAREER OFFENDER OR CAREER OFFENDER
43 ORGANIZATION THEREBY ESTABLISHING PROBABLE CAUSE TO BELIEVE THAT THE
44 ASSOCIATION IS OF SUCH A NATURE AS TO BE DETRIMENTAL TO THE PROPER
45 OPERATION OF THE AUTHORIZED GAMING OR RELATED ACTIVITIES IN THIS STATE.

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

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

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

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

D. FOR THE PURPOSES OF THIS SECTION:

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

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

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

5-1307. Limited event wagering operator licenses; definition

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

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

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

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

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

(a) A TRIBAL GAMING FACILITY.

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

1 (c) THE SPECIFIC EVENT WAGERING FACILITY LOCATION OPERATED BY
2 ANOTHER LIMITED EVENT WAGERING LICENSEE.

3 C. THE DEPARTMENT SHALL ISSUE A LIMITED EVENT WAGERING LICENSE IF
4 THE FOLLOWING CONDITIONS ARE MET:

5 1. THE APPLICANT IS IN COMPLIANCE WITH ALL DIVISION OF RACING RULES
6 REGARDING ITS RACING OR ADDITIONAL WAGERING FACILITY OPERATIONS.

7 2. THE APPLICANT HAS A CURRENT LICENSE WITH THE DIVISION OF RACING.

8 3. THE APPLICANT IS NOT CURRENTLY THE SUBJECT OF AN INVESTIGATION
9 BY THE DIVISION OF RACING FOR A VIOLATION OF DIVISION RULES.

10 4. THE APPLICANT SUBMITS FEES AS REQUIRED BY THE DEPARTMENT.

11 D. A LIMITED EVENT WAGERING LICENSE ALLOWS THE LICENSEE TO CONDUCT
12 EVENT WAGERING ONLY IN ACCORDANCE WITH THIS CHAPTER AND ANY APPLICABLE
13 RULES ADOPTED BY THE DEPARTMENT.

14 E. A LIMITED EVENT WAGERING LICENSEE SHALL BE LICENSED BY THE
15 DEPARTMENT BEFORE THE COMMENCEMENT OF OPERATION AND EVERY TWO YEARS
16 THEREAFTER. THE LICENSE SHALL INCLUDE EACH PRINCIPAL, PRIMARY MANAGEMENT
17 OFFICIAL AND KEY EMPLOYEES.

18 F. THE DEPARTMENT SHALL DEPOSIT, PURSUANT TO SECTIONS 35-146 AND
19 35-147, THE FEES COLLECTED FROM LICENSES UNDER THIS SECTION IN THE EVENT
20 WAGERING FUND ESTABLISHED BY SECTION 5-1318.

21 G. FOR THE PURPOSES OF THIS SECTION, "ADDITIONAL WAGERING FACILITY"
22 HAS THE SAME MEANING PRESCRIBED IN SECTION 5-101.

23 5-1308. Supplier license

24 A. THE DEPARTMENT MAY ISSUE A SUPPLIER LICENSE TO A PERSON THAT
25 MANUFACTURES, DISTRIBUTES, SELLS OR LEASES EVENT WAGERING EQUIPMENT,
26 SYSTEMS OR OTHER GAMING ITEMS TO CONDUCT EVENT WAGERING AND OFFERS
27 SERVICES RELATED TO THE EQUIPMENT OR OTHER GAMING ITEMS AND DATA TO AN
28 EVENT WAGERING OPERATOR OR LIMITED EVENT WAGERING LICENSEE WHILE THE
29 LICENSE IS ACTIVE. THE DEPARTMENT MAY ACCEPT A LICENSE ISSUED BY ANOTHER
30 JURISDICTION THAT THE DEPARTMENT DETERMINES TO HAVE SIMILAR LICENSURE
31 REQUIREMENTS AS EVIDENCE THE APPLICANT MEETS SUPPLIER LICENSURE
32 REQUIREMENTS.

33 B. THE DEPARTMENT MAY ADOPT RULES THAT ESTABLISH ADDITIONAL
34 REQUIREMENTS FOR A SUPPLIER AND ANY SYSTEM OR OTHER EQUIPMENT USED FOR
35 EVENT WAGERING.

36 C. AN APPLICANT FOR A SUPPLIER LICENSE SHALL DEMONSTRATE THAT THE
37 EQUIPMENT, SYSTEM OR SERVICES THAT THE APPLICANT PLANS TO OFFER TO THE
38 EVENT WAGERING OPERATOR CONFORM TO STANDARDS ESTABLISHED BY THE DEPARTMENT
39 AND APPLICABLE STATE LAW. THE DEPARTMENT MAY ACCEPT APPROVAL BY ANOTHER
40 JURISDICTION THAT THE DEPARTMENT DETERMINES HAS SIMILAR EQUIPMENT
41 STANDARDS AS EVIDENCE THE APPLICANT MEETS THE STANDARDS ESTABLISHED BY THE
42 DEPARTMENT AND APPLICABLE STATE LAW.

43 D. AN APPLICANT SHALL PAY TO THE DEPARTMENT A NONREFUNDABLE LICENSE
44 AND APPLICATION FEE AS PRESCRIBED BY SECTION 5-1310. A LICENSE IS VALID
45 FOR TWO YEARS. THE DEPARTMENT SHALL GRANT A RENEWAL OF A SUPPLIER LICENSE

1 IF THE RENEWAL APPLICANT HAS CONTINUED TO COMPLY WITH ALL APPLICABLE
2 STATUTORY AND REGULATORY REQUIREMENTS, SUBMITS THE RENEWAL APPLICATION ON
3 A DEPARTMENT-ISSUED RENEWAL FORM AND PAYS THE RENEWAL FEE PRESCRIBED BY
4 SECTION 5-1310. THE DEPARTMENT SHALL DEPOSIT, PURSUANT TO SECTIONS 35-146
5 AND 35-147, THE FEES COLLECTED FROM LICENSEES UNDER THIS SUBSECTION IN THE
6 EVENT WAGERING FUND ESTABLISHED BY SECTION 5-1318.

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

15 5-1309. Management services provider license

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

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

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

37 5-1310. License fees; bond

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

- 40 1. EVENT WAGERING OPERATOR LICENSES.
- 41 2. LIMITED EVENT WAGERING OPERATOR LICENSES.
- 42 3. MANAGEMENT SERVICES PROVIDER LICENSES.
- 43 4. SUPPLIER LICENSES.

B. IF ACTUAL COSTS INCURRED BY THE DEPARTMENT TO INVESTIGATE THE BACKGROUND OF AN APPLICANT EXCEED THE FEES PURSUANT TO SUBSECTION A OF THIS SECTION, THOSE COSTS MAY BE ASSESSED TO THE APPLICANT DURING THE INVESTIGATION PROCESS. PAYMENT IN FULL TO THE DEPARTMENT SHALL BE REQUIRED BEFORE THE DEPARTMENT ISSUES A LICENSE. THE DEPARTMENT MAY REQUIRE EVENT WAGERING OPERATORS, LIMITED EVENT WAGERING OPERATORS AND SUPPLIERS APPLYING FOR LICENSURE TO POST A BOND SUFFICIENT TO COVER THE ACTUAL COSTS THAT THE DEPARTMENT ANTICIPATES WILL BE INCURRED IN CONDUCTING A BACKGROUND INVESTIGATION OF THE APPLICANT.

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

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

1. AN EMPLOYEE OF THE DEPARTMENT.
2. AN EMPLOYEE OF ANY PROFESSIONAL SPORTS TEAM.
3. A COACH OF OR PLAYER FOR A COLLEGIATE, PROFESSIONAL OR OLYMPIC SPORTS TEAM OR SPORT.
4. AN INDIVIDUAL WHO HAS BEEN CONVICTED OF A CRIME RELATED TO SPORTS OR EVENT WAGERING ON A SPORTS EVENT OR OTHER EVENT, CHEATING, EXTORTION, BURGLARY, LARCENY, BRIBERY, EMBEZZLEMENT, ROBBERY, RACKETEERING, MONEY LAUNDERING, FORGERY OR FRAUD.

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

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

B. A LICENSEE MAY NOT:

1. ALLOW A PERSON UNDER TWENTY-ONE YEARS OF AGE TO PLACE A WAGER.
2. OFFER, ACCEPT OR EXTEND CREDIT TO A BETTOR.
3. TARGET MINORS IN ADVERTISING OR PROMOTIONS.
4. OFFER OR ACCEPT A WAGER ON ANY EVENT, OUTCOME OR OCCURRENCE OTHER THAN A SPORTS EVENT OR OTHER EVENT, INCLUDING A HIGH SCHOOL SPORTS EVENT OFFERED, SPONSORED OR PLAYED IN CONNECTION WITH A PUBLIC OR PRIVATE INSTITUTION THAT OFFERS EDUCATION AT THE SECONDARY LEVEL.

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

6. ACCEPT A WAGER FROM A PROHIBITED PARTICIPANT.

C. A VIOLATION OF THIS SECTION IS:

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

5-1312. Reporting

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

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

6 B. THE REPORT MAY BE INCLUDED WITH OTHER INFORMATION REQUIRED TO BE
7 SUBMITTED BY THE DEPARTMENT ANNUALLY. A REPORT SUBMITTED UNDER SUBSECTION
8 A OF THIS SECTION MAY BE SUBMITTED ELECTRONICALLY.

9 5-1313. Escrow account; insurance; cash-on-hand; financial
10 practices; audit; post-employment restrictions

11 A. THE DEPARTMENT SHALL ESTABLISH:

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

14 2. ANY INSURANCE REQUIREMENTS FOR A LICENSEE.

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

18 (a) SAFEGUARDING ASSETS AND REVENUES, INCLUDING EVIDENCE OF
19 INDEBTEDNESS.

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

22 (c) RISK MANAGEMENT.

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

24 5. THE MANNER IN WHICH PERIODIC FINANCIAL REPORTS MUST BE SUBMITTED
25 TO THE DEPARTMENT FROM EACH LICENSEE, INCLUDING THE FINANCIAL INFORMATION
26 TO BE INCLUDED IN THE REPORTS.

27 6. THE TYPE OF INFORMATION DEEMED CONFIDENTIAL FINANCIAL OR
28 PROPRIETARY INFORMATION THAT IS NOT SUBJECT TO ANY REPORTING REQUIREMENTS
29 UNDER THIS SUBSECTION.

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

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

34 B. THE LICENSEE MAY MAINTAIN THE BOND AT ANY BANK LAWFULLY
35 OPERATING IN THIS STATE OR ANOTHER ENTITY AS APPROVED BY THE DEPARTMENT,
36 AND THE LICENSEE MUST BE THE BENEFICIARY OF ANY INTEREST ACCRUED ON THE
37 BOND.

38 5-1314. Event wagering authorized

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

43 B. NOTWITHSTANDING SECTION 5-112, WAGERS ON RACING MEETINGS OR
44 SIMULCASTED RACES MAY BE MADE, OFFERED OR RECEIVED THROUGH THE MEANS THAT
45 OTHER WAGERS ALLOWED BY THIS CHAPTER ARE MADE, OFFERED OR RECEIVED.

C. EACH EVENT WAGERING OPERATOR SHALL ADOPT AND ADHERE TO A WRITTEN, COMPREHENSIVE POLICY OUTLINING THE HOUSE RULES GOVERNING THE ACCEPTANCE OF WAGERS AND PAYOUTS. THE POLICY AND RULES MUST BE APPROVED BY THE DEPARTMENT BEFORE THE EVENT WAGERING OPERATOR ACCEPTS WAGERS. THE POLICY AND RULES MUST BE READILY AVAILABLE TO A BETTOR AT ANY EVENT WAGERING FACILITY LOCATION AND ON ANY EVENT WAGERING PLATFORM.

D. THE DEPARTMENT SHALL ADOPT RULES REGARDING:

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

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

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

F. IF THE GOVERNING BODY OF A SPORT OR SPORTS LEAGUE, ORGANIZATION OR ASSOCIATION OR OTHER AUTHORIZED ENTITY THAT MAINTAINS OFFICIAL LEAGUE DATA OPTS TO PROVIDE OFFICIAL LEAGUE DATA. FOR THE PURPOSES OF EVENT WAGERING, AN EVENT WAGERING OPERATOR SHALL EXCLUSIVELY USE OFFICIAL LEAGUE DATA FOR PURPOSES OF LIVE BETTING UNLESS THE EVENT WAGERING OPERATOR CAN DEMONSTRATE TO THE DEPARTMENT THAT THE GOVERNING BODY OF A SPORT OR SPORTS LEAGUE, ORGANIZATION OR ASSOCIATION OR OTHER AUTHORIZED ENTITY CANNOT PROVIDE A FEED OF OFFICIAL LEAGUE DATA FOR LIVE BETTING IN ACCORDANCE WITH COMMERCIALLY REASONABLE TERMS, AS DETERMINED BY THE DEPARTMENT.

5-1315. Prohibited wagers

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

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

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

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

C. AN EVENT WAGERING OPERATOR, PROFESSIONAL SPORTS TEAM, LEAGUE, ASSOCIATION OR INSTITUTION OF HIGHER EDUCATION MAY SUBMIT TO THE DEPARTMENT IN WRITING A REQUEST TO PROHIBIT A TYPE OR FORM OF EVENT WAGERING, OR TO PROHIBIT A CATEGORY OF PERSONS FROM EVENT WAGERING, IF THE EVENT WAGERING OPERATOR, TEAM, LEAGUE, ASSOCIATION OR INSTITUTION BELIEVES THAT SUCH EVENT WAGERING BY TYPE, FORM OR CATEGORY IS CONTRARY TO PUBLIC

1 POLICY, UNFAIR TO CONSUMERS OR AFFECTS THE INTEGRITY OR PERCEIVED
2 INTEGRITY OF A PARTICULAR SPORT OR THE SPORTS BETTING INDUSTRY. SUCH A
3 REQUEST SHALL PROVIDE A REASONABLE AMOUNT OF TIME FOR THE DEPARTMENT TO
4 CONDUCT DUE DILIGENCE BEFORE DECISION-MAKING, ABSENT THE NEED TO PROCEED
5 ON AN EMERGENCY BASIS.

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

14 5-1316. Integrity: reporting prohibited or suspicious
15 conduct; investigations

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

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

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

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

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

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

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

44 D. THE DEPARTMENT AND LICENSEES SHALL MAKE COMMERCIALY REASONABLE
45 EFFORTS TO COOPERATE WITH INVESTIGATIONS CONDUCTED BY SPORTS GOVERNING

BODIES, INCLUDING USING COMMERCIALY REASONABLE EFFORTS TO PROVIDE OR FACILITATE THE PROVISION OF BETTING INFORMATION FOR THE PURPOSES OF INVESTIGATIONS.

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

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

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

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

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

5-1317. Sports governing body agreements

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

5-1318. Fees; event wagering fund

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

1 B. THE EVENT WAGERING FUND IS ESTABLISHED CONSISTING OF MONIES
2 DEPOSITED PURSUANT TO THIS CHAPTER OR FROM ANY OTHER SOURCE. THE
3 DEPARTMENT SHALL ADMINISTER THE FUND. EXCEPT AS OTHERWISE PROVIDED IN
4 THIS CHAPTER, THE DEPARTMENT SHALL DEPOSIT, PURSUANT TO SECTIONS 35-146
5 AND 35-147, ALL MONIES COLLECTED UNDER THIS CHAPTER IN THE EVENT WAGERING
6 FUND. ON THE TWENTY-FIFTH OF EACH MONTH, ANY MONIES REMAINING IN THE
7 EVENT WAGERING FUND SHALL BE TRANSFERRED TO THE STATE GENERAL FUND. ON
8 NOTICE FROM THE DEPARTMENT, THE STATE TREASURER SHALL INVEST AND DIVEST
9 MONIES IN THE FUND AS PROVIDED BY SECTION 35-313, AND MONIES EARNED FROM
10 INVESTMENT SHALL BE CREDITED TO THE FUND.

11 C. THE DEPARTMENT MAY SPEND NOT MORE THAN TEN PERCENT OF MONIES ON
12 THE DEPARTMENT'S ANNUAL COSTS OF REGULATING AND ENFORCING THIS CHAPTER,
13 AND ANY REMAINING MONIES IN THE FUND REVERT TO THE STATE GENERAL FUND.

14 5-1319. Financial responsibility

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

30 5-1320. Problem gambling; self-exclusion list; program;
31 liabilities

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

36 B. THE DEPARTMENT AND LICENSEES SHALL COMPLY WITH THE FOLLOWING
37 REQUIREMENTS TO ALLOW PROBLEM GAMBLERS TO VOLUNTARILY EXCLUDE THEMSELVES
38 FROM EVENT WAGERING STATEWIDE:

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

1 2. EVENT WAGERING OPERATORS, COMMERCIAL SPORTS LICENSE HOLDERS AND
2 LIMITED EVENT WAGERING OPERATORS SHALL ESTABLISH PROCEDURES FOR ADVISING
3 PERSONS WHO INQUIRE ABOUT SELF-EXCLUSION AND OFFER SELF-EXCLUSION
4 APPLICATION FORMS PROVIDED BY THE DEPARTMENT TO THOSE PERSONS WHEN
5 REQUESTED.

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

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

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

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

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

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

1 DONATED BY THE EVENT WAGERING OPERATOR, COMMERCIAL SPORTS LICENSE HOLDER
2 OR LIMITED EVENT WAGERING OPERATOR TO THE DEPARTMENT'S DIVISION OF PROBLEM
3 GAMBLING ON A QUARTERLY BASIS BY THE TWENTY-FIFTH DAY OF THE FOLLOWING
4 MONTH.

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

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

12 F. BEFORE PAYING A PERSON ANY JACKPOT, PRIZE OR AWARD WHERE A
13 PERSON'S IDENTIFICATION MUST BE VERIFIED, THE EVENT WAGERING FACILITY
14 OPERATOR SHALL CHECK TO DETERMINE IF THE PERSON IS IDENTIFIED AS HAVING A
15 PAST-DUE, SET-OFF OBLIGATION IN THE INFORMATION PROVIDED TO IT ON A WEEKLY
16 BASIS BY THE ARIZONA SUPREME COURT OR IN THE INFORMATION PROVIDED TO IT ON
17 A MONTHLY BASIS BY THE DEPARTMENT OF ECONOMIC SECURITY DIVISION OF CHILD
18 SUPPORT ENFORCEMENT, DEPARTMENT OF ECONOMIC SECURITY SUPPLEMENTAL
19 NUTRITION ASSISTANCE PROGRAM AND ASSISTANCE OVERPAYMENT AND THE ARIZONA
20 HEALTH CARE COST CONTAINMENT SYSTEM. SUBSEQUENT TO STATUTORY STATE AND
21 FEDERAL TAX WITHHOLDING, IF A PERSON IS IDENTIFIED, THE EVENT WAGERING
22 FACILITY OPERATOR SHALL WITHHOLD THE FULL AMOUNT OF THE JACKPOT, PRIZE OR
23 AWARD OR SUCH PORTION OF THE JACKPOT, PRIZE OR AWARD THAT SATISFIES THE
24 PERSON'S PAST-DUE, SET-OFF OBLIGATION AND FORWARD THOSE MONIES TO THE
25 IDENTIFYING AGENCY. THE EVENT WAGERING FACILITY OPERATOR SHALL DISBURSE
26 TO THE PERSON ONLY THAT PORTION OF THE PRIZE, IF ANY, REMAINING AFTER THE
27 PERSON'S IDENTIFIED OBLIGATIONS HAVE BEEN SATISFIED. IF THE IDENTIFIED
28 PERSON IS ALSO SELF-EXCLUDED, TAX LIABILITIES AND SET-OFF OBLIGATIONS ARE
29 TO BE SATISFIED BEFORE ANY MONIES ARE DONATED TO THE DEPARTMENT'S DIVISION
30 OF PROBLEM GAMBLING. IF THE IDENTIFIED PERSON HAS MULTIPLE LIABILITIES,
31 THEY SHALL BE SATISFIED IN THIS ORDER:

- 32 1. CHILD SUPPORT ENFORCEMENT.
- 33 2. SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM AND ASSISTANCE
34 OVERPAYMENT.
- 35 3. ARIZONA SUPREME COURT.
- 36 4. THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM.

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

40 5-1321. Conditional enactment; notice

41 A. THIS CHAPTER DOES NOT BECOME EFFECTIVE UNLESS AND BEFORE EACH
42 INDIAN TRIBE WITH A GAMING FACILITY IN PIMA COUNTY AND IN THE PHOENIX
43 METROPOLITAN AREA, AS DEFINED IN THE 2021 COMPACT AMENDMENT, HAS ENTERED
44 INTO A 2021 GAMING COMPACT AMENDMENT AND NOTICE OF THE UNITED STATES

1 SECRETARY OF THE INTERIOR'S APPROVAL OR APPROVAL BY OPERATION OF LAW HAS
2 BEEN PUBLISHED IN THE FEDERAL REGISTER.

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

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

7 13-3301. Definitions

8 In this chapter, unless the context otherwise requires:

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

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

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

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

18 (d) Any of the following:

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

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

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

30 (iv) Skill and not chance is clearly the predominant factor in the
31 game and the odds of winning the game based ~~upon~~ ON chance cannot be
32 altered, provided the game complies with any licensing or regulatory
33 requirements by the jurisdiction in which it is operated, no benefit for a
34 single win is given to the player or players other than a merchandise
35 prize ~~which~~ THAT has a wholesale fair market value of less than ~~ten~~
36 ~~dollars~~ \$10 or coupons ~~which~~ THAT are redeemable only at the place of play
37 and only for a merchandise prize ~~which~~ THAT has a fair market value of
38 less than ~~ten-dollars~~ \$10 and, regardless of the number of wins, no
39 aggregate of coupons may be redeemed for a merchandise prize with a
40 wholesale fair market value of greater than ~~five hundred fifty dollars~~
41 \$550.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13 13-3305. Betting and wagering; classification

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

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

30 C. A person who violates this section is guilty of a class 1
31 misdemeanor.

32 Sec. 7. Exemption from rulemaking

33 For the purposes of this act, the department of gaming is exempt
34 from the rulemaking requirements of title 41, chapter 6, Arizona Revised
35 Statutes, for one year after the effective date of this act. The
36 department of gaming shall initiate rulemaking and adopt rules to
37 effectuate this act within sixty days after the effective date of this
38 act.

39 Sec. 8. Legislative intent

40 The legislature recognizes the promotion of public safety is an
41 important consideration for sports leagues, teams, players and fans at
42 large. All persons who present sporting contests or other events where
43 wagers are allowed are encouraged to take reasonable measures to ensure
44 the safety and security of all involved or attending such events. Persons
45 who present sporting contests or other events where wagers are allowed are

1 encouraged to establish codes of conduct that forbid all person associated
2 with the sporting contest from engaging in violent and unlawful behavior
3 and to hire, train and equip safety and security personnel to enforce
4 those codes of conduct. Persons who present sporting contests or other
5 events where wagers are allowed are further encouraged to provide public
6 notice of those codes of conduct.

7 Sec. 9. Emergency

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