

DEPARTMENT OF REVENUE

Division of Gaming

SPORTS BETTING REGULATIONS

1 CCR 207-2

RULE 1 GENERAL RULES AND REGULATIONS

The purpose of Rule 1 is to present definitions of various terms used throughout the sports betting rules of the Colorado Limited Gaming Control Commission so that the rules can be uniformly applied and understood. The definitions in 44-30-103 C.R.S. and 44-30-1501 C.R.S. shall also apply throughout this document. The statutory basis for Rule 1 is found in sections 44-30-102 C.R.S., 44-30-103, C.R.S., 44-30-104, C.R.S., 44-30-201, C.R.S., 44-30-203, C.R.S., and 44-30-302, C.R.S., and part 15 of article 30 of title 44, C.R.S.

1.1 Unauthorized sports betting.

- 1) No licensee shall conduct or permit on its licensed premises or through any online or electronic means any sports betting, except sports betting which is conducted according to all the rules and regulations promulgated by the Commission.
- 2) No person shall make any unauthorized wager or conduct any sports betting activity on licensed premises or through any online or electronic means unless in accordance with the act, the rules and regulations promulgated by the Commission.
- 3) No licensee shall conduct or permit on its licensed premises or through any online or electronic means any sports betting on a high school sports event, a video game that is not sanctioned by a sports governing body as an electronic competition or proposition bets on collegiate sports events; and
- 4) No sports bet shall be accepted from a person under the age of twenty-one years of age, that does not originate in the State of Colorado, and that does not conform to the laws of the State of Colorado and regulations of the Commission.

1.2 Definitions.

- 1) "ACH" means Automated Clearing House, which is a network that connects all banking and financial institutions within the United States.
- 2) "Affiliate" means an individual or entity that promotes sports wagering websites in exchange for a commission or fee.
- 3) "Age and identity verification" means a method, system, or device used by a sports wagering operator to verify the validity of a patron's age and the patron's identity.

- 4) "Authentication process" means a method used by a sports wagering system to verify the validity of software.
- 5) "Canceled wager" means a wager that has been canceled by the system due to any issue with an event that prevents its completion.
- 6) "Designated gaming area" Area within the Master License's casino where sports betting activity has been approved by the Division. Areas so designated shall be the only area where a bet may be taken by a Sports Betting Operator. Area may include, but is not limited to the space approved for limited gaming.
- 7) "Event number" means a set of alpha and/or numeric characters that correspond to a sports event or an event ancillary to a sports event.
- 8) "Independent integrity monitoring provider" means an independent individual or entity approved by the director or director's designee to receive reports of unusual betting activity from a sports wagering operator for the purpose of assisting in identifying suspicious wagering activity.
- 9) "Internet sports betting operator" means a person contracted by a Master License that is licensed to operate an internet sports betting operation in which customers place bets within the State of Colorado on authorized sports events through a customer's personal computer, mobile or interactive device and accepted through an online gaming system approved by the Division. An Internet Sports Betting Operator may provide only one individually branded website, which may have an accompanying mobile application that must bear the same unique brand as the website for an internet sports betting operation.
- 10) "Master License" means a person, that holds a retail gaming license as described in section 44-30-501 (1)(c), issued a sports betting license by the commission pursuant to section 44-30-1505 (1)(a), that authorizes the licensee to either conduct sports betting and internet sports betting itself or contract with a sports betting operator, an internet sports betting operator, or both, to conduct sports betting
- 11) "Net sports betting proceeds" means the total amount of all bets placed by players in a sports betting operation or internet sports betting operation, excluding free bets, less all payments to players and less all excise taxes paid pursuant to federal law. Payments to players include all payments of cash premiums, merchandise, or any other thing of value.
- 12) "Online sports betting pool" means a sports betting operation in which wagers on sports events are made through computers, mobile or interactive devices and accepted through an online gaming system approved by the Division.
- 13) "Sport Betting Operator" means a person that is licensed to operate a sports betting operation in which customers place bets in person at a designated physical location. A Sports Betting Operator may take authorized sports bets within the designated sports betting wagering area during such times as the Master license that they have contracted with operates.
- 14) "Sports betting operation" means a person licensed by the Commission to conduct a wagering operation in which bets are placed on sports events through any approved

system or method of wagering, including single-game bets, teaser bets, parlays, over-under, moneyline, pools, exchange wagering, in-game wagering, in-play bets, proposition bets other than those relating to collegiate sports events, or straight bets.

- 15) "Sports betting system" means all equipment and software used in conjunction with the sports wagering operation, including but not limited to, the following: (1) sports wagering interactive components, including all hardware, software and associated equipment that comprise the sports wagering platform for the purpose of authorizing sports wagering and online and mobile sports wagering; (2) self-service sports wagering device; (3) ticket/voucher redemption devices; and (4) any other device, service or system that the commission determines to be related to the sports wagering system.
- 16) "Sports betting wagering area" means an area(s), as designated by a licensee and approved by the Division, in which sports wagering is conducted by a Sports Betting Operator. Sports betting offered by a Master licensee through a Sports Betting Operator may only be conducted in approved locations within the casino's designated gaming area. Any bet placed outside the designated gaming area within a casino may only be accepted by an Internet Sports Betting operator.
- 17) "Sports event" means any sport, athletic contest, or athletic event not prohibited by the Director, including all professional electronic sports and competitive video game events. Such events shall not include Fantasy sports Activity, events that are sponsored by high schools, events that include high school teams.
- 18) "Sports pool" means the business of accepting wagers on any sports event by any system or method of betting.
- 19) "Sports pool manager" means a key employee of a casino licensee or a qualified employee of a casino service industry enterprise, responsible for the operations of sports betting and final approval of all odds established on any wager made pursuant to this chapter.
- 20) "Sports pool system" means all equipment and software used in conjunction with the operation of a sports pool.
- 21) "Sports pool ticket" means a printed record issued or an electronic record maintained by the sports pool system that evidences a sports wager.
- 22) "Sports pool voucher" means a printed record issued by a sports pool system that may be used to fund a sports wager.
- 23) "Suspicious betting activity" means unusual betting activity that cannot be explained and is indicative of match fixing, the manipulation of an event, misuse of inside information, or other prohibited activity.
- 24) "Unusual betting activity" means abnormal betting activity exhibited by patrons and deemed by the sports pool operator as a potential indicator of suspicious activity. Abnormal betting activity may include the size of a patron's wager or increased betting volume on a particular event or wager type.

25) "Voided wager" means a wager voided by a ticket writer with supervisor approval for a specific event.

1.4 Variance from provisions.

The director may approve variations from the provisions of these rules upon written request if the Director determines that:

- 1) The requirement or procedure is impractical or burdensome; and
- 2) The alternative means of satisfying the requirement or procedure:
 - a) fulfills the purpose of the article 30 of title 44, C.R.S., part 15;
 - b) is in the best interest of the public and sports wagering in Colorado;
and
 - c) does not violate 30 of title 44, C.R.S.

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RULE 2 POWERS AND DUTIES OF COMMISSION AND DIRECTOR

The purpose of Rule 2 is, with respect to the regulation of sports betting, to delegate certain authority to the Director or other Division agent; provide for the review of any action taken pursuant to such authority; provide for the reference by the Director of matters delegated to the Director back to the Commission; and to establish procedures for Commission actions and hearings. Rule 2 also empowers the Commission to contract for legal counsel, and directs the Licensee to obtain moneys owed to a deceased patron and properly distribute such moneys. The statutory basis for Rule 2 is found in sections 44-30-201, C.R.S., 44-30-203, C.R.S., 44-30-301, C.R.S., 44-30-302, C.R.S., 44-30-501, C.R.S., 44-30-502, C.R.S., 44-30-507, C.R.S., 44-30-1103, C.R.S., and 24-4-105, C.R.S. and part 15 of article 30 of title 44, C.R.S.

2.1 Commission action.

In addition to meeting in person, the Commission may take action by telephone or video conferencing. If telephone or video conferencing is used, the Director must participate in the meeting and take minutes of the Commission's action. Telephone or video conferencing is a meeting of the Commission.

2.2 Recessed meetings.

Any meeting of the Commission may be recessed to consider matters duly noticed as items on the agenda of that meeting, to such time and place as the Commission may designate. Notice of a recessed meeting to consider matters duly noticed as items on the agenda may be given by announcement at the meeting, but where any other matters are to be considered at a recessed meeting, such matters must be duly noticed as required by statute.

2.3 Appointment of committees.

The Chairperson of the Commission may at the Chairperson's discretion appoint committees to study and report to the Division or the Commission on any matter appropriate to the Commission's administration of the Colorado Limited Gaming Act or these rules.

2.4 Right of review.

The Commission may review any action taken by the Director by its own motion, by direction of the Chairperson, or by a request from a member of the Commission, the Attorney General, the Executive Director or the Governor.

2.5 Right of reference.

The Director, with approval of the Commission, may refer any matters delegated to the Director back to the Commission for its decision.

2.6 Delegation.

Unless the Commission determines otherwise, the Director may delegate an act required to be performed by the Director to any agent or employee of the Division.

2.7 Authority of Director.

- (1) The Director may issue vendor minor, key employee and support licenses, without necessity for Commission approval, to qualified applicants upon submission to the Director of proper applications, costs, and fees.
- (2) The Director may issue temporary vendor minor, key employee and support licenses to qualified applicants upon the same terms and conditions as temporary licenses are issued by the Commission to applicants for other types of licenses.
- (3) The Director may deny vendor minor, key employee license applications for any reason that a support license application may be denied.
- (4) The director may approve the suitability of officers and directors of a licensee, without necessity for commission approval, provided such officers or directors have less than five percent ownership equity in the licensee.
- (5) The director may deny the suitability of officers and directors of a licensee or applicant for any reason that a key license application may be denied.
- (6) The director may approve ownership changes in a licensee, without necessity for commission approval, when:
 - (a) The proposed change only reallocates ownership shares among persons whom the commission has previously approved as owners; and
 - (b) When no person will attain a total effective ownership equity of five percent or greater, when such person previously held less than five percent equity.
- (7) All such ownership changes approved by the Director must be reported to the Commission at the time of the next renewal application of the licensee.

2.8 Petition for hearing in an adjudicatory proceeding.

A person aggrieved by an action of the Commission or the Director that was taken without a hearing may, within 30 days following the date of the action, petition the Commission for a hearing. The Commission may in its discretion, disallow the petition, determine that it be treated as one for a declaratory order, or it may grant a hearing to consider the matters alleged in the petition. If a hearing is granted, the Commission may direct the petitioner to provide certain information to the Division prior to the hearing or grant the hearing conditioned upon the fulfillment by the petitioner of other reasonable terms and conditions. The hearing must be held at a time and place convenient for the Commission and the petitioner. The hearing shall be considered an adjudicatory proceeding. The Commission shall issue all decisions in any adjudicatory proceeding in writing. Commission actions shall be deemed final in such cases upon the mailing of the decision by first class mail to the petitioner's address listed in the petition.

2.9 Summoning of licensee.

The Commission may summon any licensee or licensee's agents or employees to appear to testify before it or its agents with regard to the conduct of the licensee or the agents or employees of the licensee. The testimony may be under oath and may embrace any matters which the Commission or its agents consider relevant to the discharge of its official duties. Testimony so taken may be used by the Commission as evidence in any proceeding or matter then before it or which may later come before it. Failure to appear and testify fully at the time and place designated, unless excused, may constitute grounds for disciplinary action against a license held by the person summoned, that person's principal or that person's employer.

2.10 Enforcement powers.

In addition to other powers and duties, the Director or an employee or agent of the Division by direction of the Director may perform the following activities:

- (1) Without notice, inspect and examine premises where sports betting or internet sports betting is conducted or sports betting system devices or equipment are located, sold, distributed, or stored;
- (2) Without notice or hearing, examine, inspect, seize or remove from the premises and impound any sports betting system devices, equipment or supplies for the purposes of examination and inspection;
- (3) At any time when business is being conducted, inspect, examine and photocopy, or remove and impound all records of applicants and licensees;
- (4) Investigate the conduct of all licensees, their employees, and other persons having any involvement with a licensee or licensed establishment, to assist in the enforcement of article 30 of title 44, C.R.S., and to ensure that there is no involvement in or with a licensee or a licensed establishment by unqualified or unsuitable persons.

2.11 Filing or notice

If a filing or notice to the Commission or Director is permitted or required by these rules, the filing or notice may be delivered in person or mailed to the Division at 17301 West Colfax Ave., Suite 135, Golden, Colorado 80401. A filing or notice is complete on the date it is received by the Division. Notification to the Division shall be deemed notification to the Commission for purposes of these rules.

2.12 Attorney for Commission.

The Commission shall contract for legal counsel with the Colorado Attorney General.

2.13 Death of a gaming patron.

All betting sports pool tickets or vouchers in the possession of a gaming patron who dies before such betting sports pool tickets or vouchers are surrendered by such patron, shall be paid by the licensee by check drawn upon a financial institution, chartered by the State of Colorado or any other state or the United States Government, to the estate of the deceased patron unless the licensee is directed otherwise pursuant to an appropriate judicial order.

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RULE 3 APPLICATIONS, INVESTIGATIONS AND LICENSURE

BASIS AND PURPOSE FOR TEMPORARY RULE 3

The purpose of Temporary Rule 3 is to enable applications, investigations and licensure as related to sports betting, including to establish and provide the specific information required on license applications; to establish license fees for each type of license; to establish investigation fees for certain applicants and deposit procedures for investigation fees; to establish procedures for conducting background checks on applicants and other interested persons and assessing the costs of such background checks; to require certain information regarding the premises the applicant wishes to be licensed, and to provide a procedure for approval of modifications of such premises; and to provide for the issuance of conditional licenses. The statutory basis for Temporary Rule 3 is found in sections 44-30-201, C.R.S.; 44-30-203, C.R.S.; 44-30-302, C.R.S.; 44-30-507, C.R.S., and part 15 of article 30 of title 44, C.R.S.

3.1 License classifications.

In addition to the sports betting licenses authorized by section 44-30-1505(1)(a)–(c), C.R.S, the Commission authorizes the following additional license classifications.

- (1) Vendor major license.
 - (a) Any person who is employed for, contracts with, or acts on behalf of an establishment licensed to operate sports betting, and who performs one or more of the following duties must hold a vendor major license:
 - (i) Manages, administers, or controls wagers that are initiated, received, or made on a sports betting gaming system;
 - (ii) Manages, administers, or controls the games with which the wagers that are initiated, received, or made on a sports betting gaming system are associated;
 - (iii) Maintains or operates the software or hardware of a sports betting gaming system;
 - (iv) Provides products, services, information or assets to an establishment licensed to operate sports betting and/or receives therefore a percentage of gaming revenue from the establishment's sports betting system.
 - (b) A vendor major license expires two years after the date of issuance but may be renewed upon the filing and approval of an application for renewal.
- (2) Vendor minor license.
 - (a) Any person who is employed for, contracts with, or acts on behalf of an establishment licensed to operate sports betting, but is not required to hold a vendor major license, must hold a vendor minor license.

- (b) A vendor minor license expires two years after the date of issuance but may be renewed upon the filing and approval of an application for renewal.
- (3) Key employee license.
 - (a) The person designated to be responsible for the operation of sports betting licensee must hold a key employee license.
 - (b) Persons licensed as key employees for limited gaming purposes need not obtain a separate key employee license for sports betting.
 - (c) The determination of key employee status shall follow the same procedure as that set out in section 44-30-502 for key employees for limited gaming purposes.
 - (d) A key employee license expires two years after the date of issuance but may be renewed upon the filing and approval of an application for renewal.
- (4) Support license.
 - (a) All employees of a sports betting licensee not otherwise required to hold a key employee license, a vendor major license, or a vendor minor license may be required to hold a support license.
 - (b) PERSONS LICENSED AS SUPPORT EMPLOYEES FOR LIMITED GAMING PURPOSES NEED NOT OBTAIN A SEPARATE SUPPORT EMPLOYEE LICENSE FOR SPORTS BETTING.**
 - (c) No person required to hold a support license shall be an employee of, or assist, any sports betting licensee until the person obtains a valid support license.
 - (d) A support license expires two years after the date of issuance but may be renewed upon the filing and approval of an application for renewal.

3.2 Qualifications for licensure.

To qualify for licensure an applicant must:

- (1) Be at least twenty-one years of age;
- (2) Possess a suitable character as determined by the Director or the Commission;
- (3) For applicants for a master license, possess premises to be used for sports betting that are deemed suitable by the Commission and that satisfy all health and safety requirements; and
- (4) Comply with all specific laws, rules and regulations regulating sports betting in Colorado, and any other regulatory or taxing authority.

3.3 Applications.

- (1) An applicant for any type of license must apply on forms provided by the Division. Such application forms shall be completed under penalty of perjury. The application forms may include questions concerning the following:
 - (a) Personal background information;
 - (b) Licensing background;
 - (c) Organizational information;
 - (d) Financial information;

- (e) Participation in legal or illegal activities in Colorado or other jurisdictions, including foreign countries;
- (f) Criminal record information;
- (g) Information concerning all pecuniary and equity interests in the applicant; and
- (h) Other information as required.

The application forms shall be accompanied and supplemented by such documents and information as may be specified or required. Failure to supply the information requested within five days after the request has been made by the Division constitutes grounds for delaying consideration of the application.

- (2) Renewal applications for licenses may be submitted and renewed upon the filing and approval of an application for renewal. Renewal applications for master licenses, sports betting operator licenses, internet sports betting operator licenses, vendor major licenses, and vendor minor licenses must be received by the Division 120 days before the expiration of the current license. Renewal applications for support employee and key employee licenses must be received by the Division 30 days before the expiration of the current license. Renewal applicants who fail to submit their completed applications when due shall not be considered to have made a timely and sufficient application for renewal, as such term is used in section 24-4-104(7) C.R.S.
- (3) When a key employee license or support employee license expires prior to renewal, the applicant for re-licensure shall file an original license application and shall pay the fee for an original application, and the Division shall process the application as an original license application.
- (4) Applicants, licensees, and others who submit documents to the Division or the Commission in connection with any investigation or inquiry are advised to keep a complete and detailed record of all such submissions. Once submitted, the documents become part of the Division's investigative files and work papers, and are presumed to be confidential and protected pursuant to section 44-30-1507, C.R.S. Because of the inconvenience to the Division in segregating this information from the investigative files, and in filtering confidential materials, disclosure to the person who initially submitted the record is not favored. The Commission may grant such a request only upon a showing of compelling cause.

3.4 License fees.

- (1) A non-refundable fee for issuance of a two-year license must accompany an application for any license required by this Rule.
- (2) The amount of the fee required by subsection (1) shall be set pursuant to the annual fee schedule proposed by the Director and approved by the Commission.

3.5 Investigation and background check costs.

- (1) All applicants for licenses shall pay the costs of investigations into their backgrounds, suitability, and qualifications for licensure.
 - (a) The cost of such investigations shall be at the current hourly rate set by the formula prepared by the Director and approved by the Commission for each hour spent by investigators of the Division, the Colorado Bureau of Investigation, or the Department of Revenue investigating the applicants until the conclusion of the investigation.
 - (b) All such applicants shall also pay the Division for the following actual costs incurred in conducting the background investigations: transportation; lodging; meals, and other expenses associated with traveling; significant office expense; document reproduction

costs, preparation time; time necessary for administration of the investigation (including additional staffing on a temporary basis); and other similar expenses incurred until the conclusion of the investigation.

- (c) An investigation concludes upon the issuance by the Commission of an initial order concerning the issuance or denial of the license, upon the issuance by either the Commission or the Division of an order approving the withdrawal of the application, or upon the issuance by the Division of an order of denial of the license which is not appealed to the Commission.
- (2) Applicants shall additionally submit a set of fingerprints to the Division. The Division shall forward the fingerprints to the Colorado Bureau of Investigation for the purpose of conducting a state and national fingerprint-based criminal history record check utilizing records of the Colorado Bureau of Investigation and the Federal Bureau of Investigation. The applicant for a sports betting license shall be responsible for the actual costs of submitting such fingerprints for investigation. The total amount of the fee for issuance of a license, investigation fees, and fees for the background check for an applicant for a sports betting license may not exceed one hundred and twenty-five thousand dollars.
- (3) Before any such investigations are conducted, each original applicant for a sports betting operator license or internet sports betting operator license, or vendor major license shall pay a deposit of \$10,000 by check made out to the Colorado Division of Gaming to the sports betting fund. Upon notice to the applicant, all other license types may be required to pay a deposit to the sports betting fund in an amount, which, in the Director's discretion, is sufficient to enable the investigation to be conducted.
- (4) As expenses are incurred, the Division shall draw upon the respective deposits in the sports betting fund. Upon request, a statement of costs, draws upon deposit, and deposit balance shall be sent to the applicant making the request.
- (5) When a deposit balance approaches zero dollars, or is forecasted to reach zero dollars due to anticipated or known expenses which will be incurred in the future, the Division may request a further deposit of an amount sufficient to cover the anticipated expenses and which will prevent the account balance from becoming negative. Until receipt of such further deposit, investigation of the application may cease.
- (6) Where an applicant disputes any investigative charges, or the necessity for further deposits, the applicant may request relief from the Commission, by declaratory order or other appropriate motion, regarding the matters in dispute.
- (7) No license, finding of suitability, or other approvals sought, shall be issued until payment for the full amount of any negative deposit balance has been received from the applicant.
- (8) Within 90 days of the conclusion of the investigation, any deposit balance shall be returned to the applicant. A statement of costs, also called an account detail report, draws upon deposit, and deposit balance shall accompany the return of the deposit balance to the applicant.

3.6 Contracts between master licensees with internet sports betting operators and/or sports betting operators.

Applicants for a master license, sports betting operator license, internet sports betting operator license, and vendor major license must provide, at the time of application, proposed contracts with all other sports betting licensees or applicants for a sports betting license, in a form as specified by the Division.

3.7 Retail gaming licenses.

Any applicant who holds a retail gaming license may apply for a master license. Upon the applicant's submission of an application and payment of all applicable fees, the Commission may issue one master license for each retail gaming license the applicant holds.

3.8 Waiver of privilege.

An applicant may claim any privilege afforded by the Constitution of the United States, or of the State of Colorado in refusing to answer questions by the Division and the Commission. However, a claim of privilege with respect to any testimony or evidence pertaining to an application may constitute sufficient grounds for denial of an application or revocation of a license.

3.9 Waiver of application requirements.

Corporate applicants for a sports betting license and licensees, or holding, intermediate or subsidiary companies of an applicant or licensee, may petition the Division for a waiver of the requirements listed in sections 44-30-1504(1) or (2), C.R.S. Waivers may be granted in the discretion of the Director upon a showing of good cause, subject to Commission approval.

3.10 Untrue statements.

The Commission may refuse to grant a license to an applicant who makes deliberate misstatements, deliberate omissions, misrepresentations, or untruths in the application or in connection with the applicant's background investigation. Such conduct may also constitute a class 6 felony.

3.11 Licensed premises.

- (1) An applicant for a master license must specify the portion of the licensee's premises, if any, where sports betting will take place by providing the following information:
 - (a) An 8 1/2" x11" drawing to scale of the building, and each floor thereof, in which sports betting shall be conducted.

A diagram, outlined in red, of the proposed licensed premises on each floor within the building, and including the placement of any self-service sports betting devices. No sports betting, except online sports betting by a customer using his or her own computer or mobile or interactive device, shall be conducted or permitted outside of the licensed premise. All persons participating in sports betting, except online sports betting by a customer using his or her own computer or mobile or interactive device, must stand or sit within the licensed premises; and no licensee shall permit any person to conduct or participate in sports betting, except online sports betting by a customer using his or her own computer or mobile or interactive device, who is not within the licensed premises. Nothing in this section, however, shall be construed to permit violation of any fire safety, health or building codes by any licensee. The licensed premises must be clearly marked as such so that the patrons of each establishment licensed to operate sports betting can readily discern the licensed premises.
 - (b) A certificate of compliance approved by the local fire and building officials which has been approved, or deemed approved, by the Colorado Division of Fire Prevention and Control; and a written statement by the appropriate local official that handicapped access to the licensed premises has been provided.
- (2) Any master licensee may change the configuration of its licensed premises upon prior approval of the Division. Application to modify the licensed premises must be made on forms furnished by the

Division. No application to modify the licensed premises of any licensee shall be approved unless the licensed premises, as modified, meets the requirements of article 30 of title 44, C.R.S., and the rules promulgated thereunder.

- (3) An applicant for a sports betting license, other than a master license, must specify the portion of the master licensee's premises, if any, where sports betting will take place by submitting such information along with its contract with a master licensee.

3.12 Temporary license.

- (1) The Commission may issue a temporary license to any applicant for a permanent license.
- (2) No licensee issued a temporary license pursuant to this article shall be entitled to receive any refund of the license fee submitted in connection with the license application.
- (3) The Commission may change a temporary license into a permanent license where: all investigations into the license application are complete; and the Commission is satisfied the holder of a temporary license qualifies to hold a permanent license.
- (4) When the Commission changes a temporary into a permanent license, the date of issuance of the permanent license shall be deemed to be that of the first temporary license.
- (5) A temporary license may expire of its own accord, or it may be suspended, revoked, or summarily suspended under the same terms and conditions as a permanent license.
- (6) The Commission may issue consecutive temporary licenses in its discretion.

3.13 Approval with conditions or for a limited period.

The Commission may grant a license with special conditions or for a limited period, or both.

3.14 Approval.

- (1) Except as otherwise provided in subsection (2) of this rule, the Commission shall approve an application for any license that meets all requirements imposed by article 30 of title 44, C.R.S., and the rules and regulations thereunder, including payment of all fees and costs.
- (2) The Director may issue temporary or permanent key employee and support licenses, without necessity for Commission approval, to qualified applicants upon submission to the Director of proper applications, costs, and fees.

3.15 Transferability of licenses.

- (1) A license issued pursuant to these rules may not be transferred without prior approval by the Commission. The Commission reserves the right to terminate any license and revoke the privileges of such license whenever appropriate.

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RULE 4 Taxes, Fees and Distributions

BASIS AND PURPOSE FOR RULE 4

The purpose of Rule 4 is to collect sport betting taxes and other revenue in accordance with section 44-30-1508, C.R.S. and 44-30-1509, to provide for security for the payment of sports betting taxes to the Department, and to provide for the payment of sports betting taxes by electronic fund transfer and filing monthly sports betting tax returns to electronically transmitted. The statutory basis for purpose for Rule 4 is found in sections 44-30-201, C.R.S., 44-30-203, C.R.S., 44-30-302, C.R.S., 44-30-602, C.R.S., 44-30-604, C.R.S., 44-30-1508, C.R.S. and 44-30-1509

4.1 Sports Betting Taxes.

There is hereby imposed a tax on sports betting activity, at the rate of ten percent of net sports betting proceeds.

4.2 Collection of revenues into the Sports Betting Fund.

All sports betting tax revenues, license fees, investigation fees, sport authorization permit fees, fines and other revenues collected by the Division of Gaming shall be deposited into the Sports Betting Fund in accordance with Section 44-30-1509.

4.3 Distributions.

- 1) All expenses of the division related to sports betting regulation, including the expenses of investigation and prosecution relating to sports betting, shall be paid from the fund.
- 2) From the money in the sports betting fund, to the extent the unexpended and unencumbered balance in the fund so permits, the commission shall determine amounts due and direct the State Treasurer to disperse the funds accordingly, in order as listed, as follows:
 - a) First, transfer an amount to the general fund to repay any appropriation made from the general fund for the commission's and division's startup costs.

- b) Second, pay all ongoing expenses related to administering sports betting incurred by the Commission, the department, the division and any other state agency from whom assistance related to sports betting is requested by the commission or the director. The Division shall present to the Commission an annual budget for the administration of sports betting. Once approved, the director shall request that the State Treasurer withhold the amount sufficient from the fund or wait until such amount is available in the cash fund to pay the expenses until the next annual distribution.
- c) Third, transfer an amount equal to six percent of the full fiscal year sports betting tax revenues to the wagering revenue recipient's hold-harmless fund in the State Treasury. Beginning in 2021, persons and entities, described in 44-30-1509(2)(c)(I), may make application, for consideration of any loss of revenue that they can demonstrate, to the commission's satisfaction, is attributable to sports betting. The applications shall be due within thirty days following the annual distributions, by the commission, from the Sport Betting Fund. The form and manner in which the application must be made, including the commissions criteria for verifying the amount of each applicant's revenue loss attributed to sports betting shall be approved by the commission. The approved form and criteria shall be made available February 1st each year, beginning 2021.
- d) Fourth, transfer one hundred thirty thousand dollars annually to the office of behavioral health in the department of human services, to be used as follows:
 - (i) Thirty thousand dollars for the operation of a crisis hotline for gamblers by rocky mountain crisis partners or its successor organization; and
 - (ii) One hundred thousand dollars for prevention, education, treatment, and workforce development by, and including the payment of salaries of, counselors certified in the treatment of gambling disorders.
- e) Fifth, transfer all remaining unexpended and unencumbered money in the fund to the water plan implementation cash fund created in section 37-60-123.3.

3) Payment of Taxes

- a) Payment of the gaming tax by the retail licensee shall be made to the Department by an electronic funds transfer or by any other method permitted in articles 20, 21, and 26 of title 39, C.R.S. Electronic funds

transfer is defined to be Automated Clearing House (ACH) debit. Any electronic funds transfer shall be made using ACH debit transaction in the Cash Concentration or Disbursement (CCD) entry format with addendum record as defined by the 1994 ACH rules published by the National Automated Clearing House Association. The data contained in the addendum record shall be in the format of the tax payment (TXP) banking convention published by the National Automated Clearing House Association in 1990. *(The references to the rules and conventions of the National Automated Clearing House Association in this regulation do not include later amendments or editions of this referenced material. Certified copies of these rules and conventions are on file at the Department of Revenue and may be obtained or examined by contacting the manager of Deposit Control, 1375 Sherman Street, Denver, Colorado 80261.)* The payment for sports betting taxes shall be made separately and apart from any other taxes which are paid to the Department. In addition to the payment, the retail licensee shall electronically transmit to the Department a tax return in the format provided by the Department. The return shall be transmitted to be received by the Department no later than the 15th day of the month succeeding the calendar month in which the adjusted gross proceeds were received by the retail licensee or the due date if later in accordance with Section 39-21-119(3) C.R.S. (1994). All monthly sports betting tax returns beginning with the return for May 2020 taxes shall be transmitted electronically.

- b) Payment is timely if the payment settles to the Departments bank account by the 16th day of the month succeeding the calendar month in which the net sports betting proceeds were received by the retail licensee or the due date if later in accordance with Section 39-21-119(3) C.R.S.
- c) The electronic tax return shall provide a computation of the monthly tax due based on the sports betting tax rate of 10% of net sports betting proceeds.

DEPARTMENT OF REVENUE

Division of Gaming

SPORTS BETTING REGULATIONS

1 CCR 207-2

RULE 5 AUTHORIZED SPORTS BETTING ACTIVITIES

BASIS AND PURPOSE FOR RULE 5

The purpose of Rule 5 is to establish the types of sports betting activities to be conducted by sports betting licensees, including to establish and provide the specific information required to request the authorization of new sports events; to establish the prohibited sports events; to establish the sports events previously authorized; and to establish procedures and fee requirements for sports betting licensees to offer wagering on sports events. The statutory basis for Rule 5 is found in sections 44-30-201, C.R.S.; 44-30-203, C.R.S.; 44-30-302, C.R.S; and part 15 of article 30 of title 44, C.R.S.

5.1 Approved Sports Events and Leagues.

- (1) Persons licensed to offer sports betting (1) may accept wagers on those sports events and leagues approved by the Commission, which shall be reflected on an Authorized Sports Betting Sports Events, Leagues or Bets List.
- (2) The Director or designee shall post on the Division website an initial list of authorized sports events, leagues or bets. As new events and or leagues are authorized per 1 CCR 207- 2 (5.2) the Director or designee shall update the list of Authorized Sports betting Sports Events, Leagues or Bets List, and inform the sports betting master, sports betting operator and internet sports betting operator licensees of those changes.

5.2 Application to authorize new Sports Events.

- (1) Sports betting licensees may request the Commission authorize sports events, leagues or bets not already authorized and included on the Authorized Sports Betting Events and Leagues List or the Temporarily Authorized Sports Betting Events and Leagues List. Licensees must apply prior to offering the new event or wager to the public. Licensees must submit the application at least 48 hours prior to any new scheduled event requested.
- (2) The application shall be in a form as specified by the Division, including:
 - (a) The name of the sport's governing body; and
 - (b) A description of its policies and procedures regarding event integrity.
- (3) The Division will temporarily authorize the sports event or league where:
 - (a) [insert standards to determine if the sports event or league should be authorized]
 - (b) [Add to Temporarily Authorized Sports Betting Events and Leagues List]

5.3 Prohibited Sports Events.

The following sporting events are prohibited and shall not be authorized:

- (1) High school sports events;
- (2) A video game that is not sanctioned by a sport's governing body as an electronic competition; and
- (3) Only with respect to proposition bets, a collegiate sports event.

5.4 Sport Authorization Permits required.

- (1) To offer sports betting on authorized sports and events, a Sports Betting Operator, Internet Sports Betting Operator, or Master Licensee that conducts either sports betting or internet sports betting itself, must apply for a Sport Authorization Permit.
- (2) Application for a Sport Authorization Permit shall be made electronically on the Division's website. The applicant must remit the appropriate Sport Authorization Permit Fee within 10 days of application. Applications for a Sport Authorization Permit shall be in a form specified by the Division and must include:
 - (a) The licensee name;
 - (b) The sport or sporting event;
 - (c) Whether it is a yearly sport or event, a seasonal sport or event, including start and end date of the season and playoffs, or an annual all sports or event inclusive permit; and
 - (d) Source for scores, statistics, and in-game updates.
- (3) Any licensee required to obtain a Sports Authorization Permit may not advertise or offer sports betting on any sports event prior to issuance of such permit. Any person who fails to obtain a required Sports Event Authorization Permit may be subject to a fine, penalty or revocation of license by the Commission.

5.5 Types of Sport Authorization Permits.

- (1) Seasonal Sport Authorization Permit
 - (a) For each seasonal sport or event offered for wagering, a Sports Betting Operator, Internet Sports Betting Operator, or Master Licensee that conducts either sports betting or internet sports betting itself, must apply for a Type I Sport Authorization Permit;
 - (b) Application for a Seasonal Sport Authorization Permit shall be made electronically on the Division's website. Application shall be made at least thirty days prior to the beginning of the season. Late applications for permits applied for within thirty days of the season, must be accompanied by a late fee of \$____.
- (2) Annual Sport Authorization Permit
 - (a) For each annual sport or series of events in one sport, a Sports Betting Operator and Internet Sports Betting Operator licensees must apply for a Type II Sport Authorization Permit;
 - (b) Application for an Annual Sport Authorization Permit shall be made electronically on the Division's website. Application shall be made at least thirty days prior to January 1st. Late applications for permits applied for within thirty days of the January 1st must be accompanied by a late fee of \$____.
- (3) Special Sport Authorization Permit

- (a) For each special event sport, series of special sporting events or special types of bets taken, a Sports Betting Operator and Internet Sports Betting Operator licensees must apply for a Type III Sport Authorization Permit.
 - (b) Special event sports shall be defined as those that occurs less than annually or as a special one-time event. Special bets may include bets such as parlays or in game wagers.
 - (c) Application for a Special Sport Authorization Permit shall be made electronically on the division's website. Application shall be made at least thirty days prior to the event or in the case of special types of bets shall be made thirty days prior to January 1st of each year. Late applications for permits applied for within thirty days of the special event must be accompanied by a late fee of \$____.
- (4) All Sports or Event Inclusive Sport Authorization Permit
- (a) In lieu of obtaining separate Sport Authorization Permits for each sport or event, licensees who wish to offer all annual and seasonal sports or series of events, and all special events or types of bets, may apply for a Type IV Sport Authorization Permit.
 - (b) Applications for a Sport Authorization Permit shall be made electronically on the division's website. Applications for All Sports or Event Inclusive Sport Authorization Permit shall be at least thirty days prior to January 1st. Late applications for permits applied for within thirty days of the January 1st must be accompanied by a late fee.

5.6 Sports Event Authorization Permit Fees.

- (1) The Commission declares that, due to increased administrative and personnel costs of regulating sports betting, outside any and all costs of the licensing process already contemplated by the licensing fees, and to ensure that tax revenue from net sports betting proceeds are directed to intended beneficiaries, an additional fee, known as a Sports Event Authorization Permit Fee, shall be established. The Sports Event Authorization Permit Fee is not a tax, but a fee designed to defray the cost to the Division of ongoing regulation of wagering on the authorized sports offered by sports betting licensees. By collecting fees that fund the regulatory commitment of the Division, the Commission may ensure tax collections are directed to the intended beneficiaries.
- (2) The Commission shall set the Sports Event Authorization Permit Fee by ____ of each fiscal year and shall review the amount of the fees annually. No later than _____, the Director will present to the Commission the projected budget for the upcoming fiscal year. In setting the Sports Event Authorization Permit Fees, the Commission shall endeavor to approximate operational needs of the Division and shall consider the following factors:
 - (a) Projected number of Sports Betting Operators and Internet Sports Betting Operators, and Master Licensees conducting sports betting or internet sports betting themselves;
 - (b) Projected percentages for all wagers taken online and in sports books located in licensed casinos;
 - (c) Total Commission appropriation for operational expenses related to sports betting, other than those related to licensing; and
 - (d) Expected sports, events and wagers thereon, including listing of proposed fee types.

DEPARTMENT OF REVENUE

Division of Gaming

SPORTS BETTING REGULATIONS

1 CCR 207-2

BASIS AND PURPOSE FOR RULE 6

The purpose of Rule 6 is to specify the rights, responsibilities, and duties of licensees; specify certain duties of licensees related to permitting access to the Division of information, records, and premises controlled by the licensee; require licensees to maintain sufficient financial reserves; require that certain information be publicly posted; direct the licensee to prohibit certain conduct; and establish procedures for patron disputes, dissolution of corporations, transfers of interests and terminations of licensee employment or licensure. The statutory basis for Rule 6 is found in sections 44-30-201, C.R.S., 44-30-203, C.R.S., 44-30-301, C.R.S., and 44-30-502, C.R.S., 44-30-510, C.R.S., 44-30-528, C.R.S., and 44-30-833, C.R.S. and part 15 of article 30 of title 44, C.R.S.

RULE 6 RIGHTS AND DUTIES OF LICENSEES

6.1 Responsibility of licensee.

Responsibility for the employment and maintenance of lawful methods of operation rests with the licensee, and willful or persistent use or toleration of methods of operation considered unlawful by the Commission is prohibited. Each licensee shall fully and timely perform each and every term, condition and duty required by the rules and regulations of the Commission.

6.2 Discovery of violations.

Each licensee must immediately notify the Division of the discovery of a violation or of a suspected violation of article 30 of title 44, C.R.S., or the rules and regulations promulgated thereunder, or any other criminal violation occurring at a sports betting operation.

6.3 List of personnel.

Prior to opening for business, a licensee must furnish to the Director on a form, or other medium required by the Division, a list of all persons, permanently or temporarily on property, licensed and unlicensed, including birth dates, employed by the licensee. Additionally, the retail licensee must by the first day of each month submit changes to its lists of employees, unless the Director, in writing, demands more frequent notification or allows less frequent notification.

6.5 Information to be furnished by licensee.

- (1) Reports and notices to the Division required by the Colorado Limited Gaming Act, or by the rules and regulations promulgated thereunder, must be made in writing, and must be submitted to the Division's main office in Golden, Colorado.
 - (a) If any section of the Act or of the Colorado sports betting regulations requires that a report or notice be made in a different manner, then the specified manner shall be used.

- (b) Delivery of notice may be made by United States mail, by personal or commercial delivery to the office, by facsimile transmission, or by electronic mail. Facsimile transmissions shall be made to the telephone number provided by the Division. Electronic mail transmissions shall be directed to the electronic mail address provided by the Division, or when available, by use of forms submitted from the Division's internet website
- (2) Each retail licensee must report to the Division at least quarterly the full name and address of every person, including lending agencies, who has a right to share in the revenues of limited gaming, whether as an owner, assignee, landlord, or otherwise or to whom any interest or share in the profits of limited gaming has been pledged or hypothecated as security for a debt or deposited as a security for the performance of an act or to secure the performance of a contract of sale.
- (3) Each licensed Master, Sports Betting Operator, Internet Sports Betting Operator and Vendor Major licensee must immediately report to the Division the name, date of birth, and social security number of all persons who obtain an ownership, financial, or equity interest in the licensee of five percent or greater, or who have the ability to control the licensee, or who have the ability to exercise significant influence over the licensee, or who loan any money or other thing of value to the licensee.
- (4) Any person licensed by the Commission, and any associated person to a licensee, must make written notification to the Division of any criminal conviction and criminal charge pending against such person within ten days of such person's arrest, summons, or conviction. This notification requirement shall not apply to non-felony traffic violations unless they result in the person being taken into custody. Failure to make proper notification to the Division may be grounds for a disciplinary action.

6.6 Inspections.

A Master, Sports Betting Operator, Internet Sports Betting Operator and Vendor Major licensee must immediately make available for inspection by the Commission, Director, or its agents or investigators, local sheriffs, or their agents or investigators, and police departments upon demand, all papers, books, and records produced, used or kept in connection with sports betting, and all portions of the premises where sports betting is conducted or where a sports betting system is housed. Upon demand, employees and agents of the Commission, Division, local sheriffs, and police departments, must be given immediate access to any portion of the premises of a Master, Sports Betting Operator, Internet Sports Betting Operator and Vendor Major licensee for the purpose of inspecting or examining records or documents, sports betting systems, or the conduct of sports betting activity.

6.7 Access to premises and production of records.

No applicant or licensee, or applicant or licensee's employee or agent may neglect or refuse to produce records or evidence or to give information on lawful demand by the Commission or the Division. No applicant or licensee shall interfere or attempt to interfere with lawful efforts by the Commission or Division to obtain or produce such information.

6.9 Employee on premises.

When a Sports Betting Operator or Master Licensee is open for play by the public, each licensee must have a licensed employee of the Sports Betting Operator or Master Licensee present on the premises to supervise the operation of the sports betting operation.

6.10 Support and key licensee identification.

Every person licensed as a support or key employee licensee must wear in plain view identification issued by the Commission, Division or Licensee. This section shall not to employees engaged in undercover security operations for the licensee, except that all licensees must have their license identification badges in their possession while working and must present them to division employees upon demand.

6.11 Display of license.

All persons licensed as Master, Sports Betting Operator, Internet Sports Betting Operator must display their licenses, in a manner plainly visible to the public, on the licensed premises or Internet Sports Betting operations office.

6.12 Payment of winners - reserves.

All Master, Sports Betting Operator, Internet Sports Betting Operator shall at all times have available sufficient financial reserves. A reserve in the form of cash or cash equivalents segregated from operational funds, an irrevocable letter of credit, payment processor reserves and receivables, a bond, or a combination thereof, shall be maintained in the amount necessary to cover the outstanding sports wagering liability. An accounting of this reserve shall be made available for inspection to the commission upon request. The method of reserve shall be submitted to and approved by the Director or their designee prior to implementation. Payment must be made to winners and participants by crediting their internet betting account, cash or by check drawn upon a bank, or other financial institution in Colorado, chartered by the State of Colorado or any other state or the United States Government, within 24 hours of any bona-fide demand by a winner or participant for payment. Any check issued by a Master, Sports Betting Operator, or check or account credit paid by an Internet sports betting operator to any winner of a sports betting activity must, at the time of issuance and until cashed or six months has expired (whichever is earlier), be backed by and drawn upon sufficient funds to cover the full amount of the check or account credit issued by an Internet Sports Betting Operator.

6.15 House rules.

Master or Sports Betting Operator licensee and an Internet Sports Betting Operator shall adopt comprehensive house rules, Master or Sports Betting Operator licensees must post and have available their house rules on the licensed premise. An Internet Sports Betting Operator must post and have available on their internet site and mobile applications it's house rules. Initial house rules shall be approved by the Director or the Director's designee that include, at a minimum, the following:

- (1) Method for calculation and payment of winning wagers;
- (2) Effect of schedule changes;
- (3) Method of notifying patrons of odds or proposition changes;
- (4) Acceptance of wagers at other than posted terms;
- (5) Expiration of any winning ticket one year after the date of the event;
- (6) Lost ticket policy;
- (7) Method of contacting the sports wagering operator for questions and complaints;
- (8) Description of prohibited sports wagering participants;
- (9) Method of funding a sports wager;
- (10) If the sports wagering operator permits a patron to redeem a winning wagering ticket by mail, patron instructions on how to do so; and
- (11) Maximum payouts; however, such limits shall only be established through limiting the amount wagered and cannot be applied to reduce a winning wager amount.
- (12) A policy by which the sports wagering operator can cancel wagers in accordance with including defining "obvious error."

(b) The house rules, together with any other information the director deems appropriate, shall be conspicuously displayed in the sports wagering area, posted on the operator's Internet website,

and included in the terms and conditions of the sports wagering account and copies shall be made readily available to patrons.

(c) Amendments to the house rules must be filed with the division highlighting the amendment(s). The Director or the Director's designee may at any time request additional explanation or modification of the changes.

6.16 Prohibited sports pool participant

Any person who is prohibited pursuant to 44-30-1506 C.R.S., any individual whose participation may undermine the integrity of the betting or the sports event, or any person who is prohibited for other good cause, including, but not limited to:

- 1) Any individual placing a wager as an agent or proxy;
- 2) Any person who is an athlete, coach, referee, player, or a referee personnel member, in, or on, any sports event overseen by that person's sports governing body based on publicly available information;
- 3) A person who holds a position of authority or influence sufficient to exert influence over the participants in a sporting contest, including, but not limited to, coaches, managers, handlers, or athletic trainers;
- 4) A person under the age of 21;
- 5) A person with access to certain types of exclusive information on any sports event overseen by that person's sports governing body based on publicly available information, or
- 6) A person identified by any lists provided by the sports governing body to the Division.

6.17 Advertising.

No licensee shall allow, conduct, or participate in any false or misleading advertising concerning its sports betting operations.

6.18 Patron disputes.

In a patron dispute, a licensee must notify the disputing patron that the patron has a right to contact the Division regarding the dispute.

If a licensee refuses payment of alleged winnings to a patron, the licensee and the patron are unable to resolve the dispute to the patron's satisfaction, or the dispute involves at least \$250, the licensee must immediately notify the Division. The Director shall conduct whatever investigation is necessary and must determine whether or not payment should be made. An agent of the Division may investigate the dispute and may report either to the Commission or to the Director for a decision.

The Director must notify the licensee and the patron in writing of the Director's decision regarding the dispute, within ten business days after the completion of the investigation.

Failure immediately to notify the Division of a dispute, or to notify a patron of the patron's rights or failure to pay after an adverse decision, is a violation by the licensee.

6.20 Procedure upon dissolution.

Upon dissolution of a corporation, partnership, or association, the licensee must surrender the license to the Commission within 10 days following the date of the dissolution.

6.21 Transfers of interest.

Except as provided in **Rule** xx, no person may sell, lease, purchase, convey, or acquire an interest in a Master, Sports Betting Operator, Internet Sports Betting Operator or Vendor Major licensee, or business without the prior approval of the Commission.

6.22 Termination of qualifying licensee, manager, or agent.

Upon the termination of a manager's or agent's affiliation with the licensee, the licensee must name one or more new managers or agents, including temporary appointments until a permanent appointment is made, and notify the Division within seven days.

6.23 Post-termination matters.

Upon termination of a retail or operator license for any reason, no further gaming activity shall be conducted by said licensee or on the previously licensed premises. After such termination, at a date designated by the Director, said licensee shall submit to the Division a final accounting and surrender the license.

6.24 Restrictions on time, place, and structures.

Sports betting conducted pursuant to article 30 of title 44, C.R.S. and these rules shall be permitted 24 hours a day, three hundred and sixty-five days a year. During leap years, this shall be three hundred and sixty-six days a year. Sports betting may only take place within the licensed premises of a Master Licensee establishment or Online by an Internet Sports Betting licensee possessing a license to conduct such gaming.

DEPARTMENT OF REVENUE

Division of Gaming

SPORTS BETTING REGULATIONS

1 CCR 207-2

BASIS AND PURPOSE FOR RULE 7

The purpose of Rule 7 is to specify the requirements of sports betting operators; specify certain duties of licensees related to permitting access to the Division of information, records, and premises controlled by the licensee; require licensees to maintain sufficient financial reserves; require that certain information be publicly posted; direct the licensee to prohibit certain conduct; and establish procedures for patron disputes, dissolution of corporations, transfers of interests and terminations of licensee employment or licensure. The statutory basis for Rule 7 is found in sections 44-30-201, C.R.S., 44-30-203, C.R.S., 44-30-301, C.R.S., and 44-30-502, C.R.S., 44-30-510, C.R.S., 44-30-528, C.R.S., and 44-30-833, C.R.S. and part 15 of article 30 of title 44, C.R.S.

RULE 7 Requirements of Sports Betting Operations

7.1 System assessment.

Each sports wagering operator shall, within ninety (90) days of commencing operations, and annually thereafter, perform a system integrity and security assessment of sports wagering systems and online sports wagering systems conducted by an independent professional selected by the licensee and subject to approval of the director or director's designee. The independent professional's report on the assessment shall be submitted to the commission and shall include:

- 1) Scope of review;
- 2) Name and company affiliation of the individual(s) who conducted the assessment;
- 3) Date of assessment;
- 4) Findings;
- 5) Recommended corrective action, if applicable; and
- 6) The operator's response to the findings and recommended corrective action.

7.2 Patron complaints.

- 1) A sports wagering operator shall attempt to resolve all patron disputes with the patron. A sports wagering operator shall investigate each patron complaint and provide a response to the patron within ten (10) calendar days.
- 2) For complaints related to patron accounts, settlement of wagers, and illegal activity that cannot be resolved to the satisfaction of the patron, a copy of the complaint and the sports wagering operator's response, including all relevant documentation, shall be provided to the Division, as applicable.

7.3 Sports wagering transactions.

To conduct sports wagering retail transactions, a sports wagering operator shall submit a plan to the commission that meets the requirements, and shall be approved by the director or designee. Sports wagering transactions shall be conducted from:

- 1) A Counter located in the sports betting wagering area or other window locations as approved by the director or director's designee;
- 2) Sports wagering kiosks in locations as approved by the director or director's designee; or
- 3) A designated window in the cashier's cage for the redemption of winning sports wagering tickets only.

7.4 Security requirements.

- 1) Sports wagering operations within a licensed facility shall be designed to promote optimum security of the licensed facility, and shall include the installation and maintenance of security and surveillance equipment, including closed circuit television equipment, pursuant to the requirements set forth in and any other specifications approved by the director or director's designee.
- 2) The commission shall have direct access to the system and its transmissions.
- 3) A sports wagering operator shall submit a surveillance plan for approval by the director or director's designee prior to accepting wagers in any approved sports betting area or approved sports wagering kiosk locations in the licensed facility.

7.5 Internal controls.

1) Internal Control Procedures.

Prior to beginning sports wagering operations, a sports wagering operator must submit for approval internal controls for the following:

- 1) In the event of a failure of the sports wagering system's ability to pay winning wagers, the sports wagering operator shall have internal controls detailing the method of paying winning wagers. The sports wagering operator shall also file an incident report for each system failure and document the date, time, and reason for the failure along with the date and time the system is restored with the Division.
- 2) The internal controls shall address the following items regarding the sports wagering system and online sports wagering systems, at a minimum:
 - a) In the event of a failure of the sports wagering system's ability to pay winning wagers, the sports wagering operator shall have internal controls detailing the method of paying winning wagers. The sports wagering operator shall also file an incident report for each system failure and document the date, time, and reason for the failure along with the date and time the system is restored with the Division.
 - b) User access controls for all sports wagering personnel;
 - c) Segregation of duties;
 - d) Automated and manual risk management procedures;

- e) Procedures for identifying and reporting fraud and suspicious conduct including identifying unusual betting activity and reporting such activity to an independent integrity monitoring provider;
- f) Procedures to prevent wagering by prohibited sports wagering participants;
- g) Procedures for sports wagering operator-imposed exclusion of patrons, including the following:
 - (i) Providing a notification containing operator-imposed exclusion status and general instructions for resolution;
 - (ii) Ensuring that immediately upon executing the operator-imposed exclusion order, no new wagers or deposits are accepted from the patron, until such time as the operator-imposed exclusion has been revoked; and
 - (iii) Ensuring that the patron is not prevented from withdrawing any or all of their account balance, provided that the sports wagering operator acknowledges that the funds have cleared, and that the reason(s) for exclusion would not prohibit a withdrawal.
- h) Description of anti-money laundering compliance standards, which shall include limitations placed on anonymous wagering at the sports wagering kiosks;
- i) Process for submitting or receiving approval of all types of wagers available to be offered by the system;
- j) Description of process for accepting wagers and issuing payouts, plus any additional controls for accepting wagers and issuing payouts in excess of \$10,000;
- k) Description of process for accepting multiple wagers from one patron in a twenty-four (24) hour cycle, including process to identify patron structuring of wagers to circumvent recording and reporting requirements;
- l) Detail the procedure for reconciliation of assets and documents contained in a Sports betting wagering area cashier's drawer, sports wagering kiosks, and online sports wagering, which shall include the drop and count procedures for sports wagering kiosks;
- m) Procedures for cashing winning tickets at the cage after the Sports betting wagering area has closed, if applicable;
- n) Procedures for accepting value game chips for sports wagers, if applicable;
- o) Procedures for issuance and acceptance of promotional funds for sports wagering;
- p) Description of all integrated third-party systems;
- q) Identifying and restricting prohibited sports wagering participants;
- r) Instituting a process to close out dormant accounts;
- s) Detail procedures for making adjustments to a patron's account, providing a method for a patron to close out an account and detail how a patron will be refunded after the closure of an account;
- t) If the sports wagering system allows online wagering, method for verifying geolocation system to establish patron geographic location;
- u) Maintaining the security of identity and financial information of patrons;
- v) Withholding winnings from Gambling Intercept obligors in accordance with;
- w) Detailed problem gambling program procedures;
- x) Method for securely implementing the statewide internet self-restriction program;
- y) Method for securely issuing, modifying, and resetting a patron's account password, Personal Identification Number (PIN), or other approved security feature, when applicable;
- z) Methods of patron notification including any password or security modification via electronic or regular mail, text message, or other manner approved by the director or director's designee. Such methods shall include at a minimum:
 - (i) Proof of identity, if in person;

- (ii) The correct response to two or more challenge questions;
 - (iii) Strong authentication; or
 - (iv) Two step authentication.
 - aa) Procedures for receiving, investigating and responding to all patron complaints and submitting any unresolved patron complaint reports to the Division;
 - bb) Detail the location of the sports wagering servers, including any third party remote location servers, and what controls will be in place to ensure security of the sports wagering servers;
 - cc) Terms and conditions for sports wagering shall be included as an appendix;
 - dd) Description of the process for line setting and line moving;
 - ee) If allowed, method of redeeming lost tickets;
 - ff) Method by which the sports wagering operator will identify and cancel wagers in accordance with, including defining "obvious error"; and
 - gg) Any other internal control deemed necessary by the director or the director's designee.
- 3) The sports wagering operator shall stamp or otherwise mark each page of the internal control procedures submitted to the commission with the word "CONFIDENTIAL" if the material submitted is not subject to disclosure under xxx.

7.6 Sport betting system requirements.

1) Certification testing.

(a) Prior to conducting sports wagering, the entire sports wagering system used in conjunction with the sports wagering operation shall be submitted to a Colorado approved independent testing laboratory for certification testing pursuant to.

(b) A Colorado approved independent testing laboratory shall certify that the sports wagering system used in conjunction with the sports wagering operation meets or exceeds the standard as approved by the commission, and the standards established by this DOCUMENT. Sports wagering operators are prohibited from offering sports wagering in Colorado without such certification.

(c) All wagers shall be initiated, received, and otherwise made within the State of Colorado unless otherwise permitted by the Commission in accordance with applicable federal and state laws. Consistent with the intent of the United States Congress as articulated in the Unlawful Internet Gambling Enforcement Act of 2006 (31 U.S.C. §§5361 et seq.), the intermediate routing of electronic data relating to a lawful intrastate wager authorized under this provision shall not determine the location or locations in which such wager is initiated, received, or otherwise made.

(d) A sports wagering operator shall document and maintain any system malfunction or deviation from the sports wagering system and maintain that data for a minimum period of three (3) years.

(e) A sports wagering operator shall provide the director or director's designee, with access to wagering transactions and related data as deemed necessary and in a manner approved by the director or the director's designee.

2) Server location.

A sports wagering operator must locate the primary server in the state of Colorado. The location selected must have adequate security, including twenty-four (24) surveillance, and be approved by the director or director's designee.

- 3) **Cloud storage of duplicate data.** The director or director's designee may approve of the use of cloud storage for duplicate data upon written request by a sports betting operation.

- 4) **Sports wagering system requirements; logging.**

(a) All online sports wagering systems authorized by the Division and these rules shall be designed to ensure the integrity and confidentiality of all patron communications and ensure the proper identification of the sender and receiver of all communications. If communications are performed across a public or third-party network, the system shall either encrypt the data packets or utilize a secure communications protocol to ensure the integrity and confidentiality of the transmission.

(b) Sports wagering systems shall employ a mechanism capable of maintaining a separate copy of all of the information required to be logged in this section on a separate and independent logging device capable of being administered by an employee with no incompatible function. If the online sports wagering system can be configured such that any logged data is contained in a secure transaction file, a separate logging device is not required.

(c) Sports wagering systems shall provide a mechanism for the commission to query and export, in a format required by the commission, all online sports wagering system data.

(d) Requirements for system specifications and sports wagering system logging shall be detailed by the commission. Master, Sports Betting Operators, Internet Sports Betting Operators and sports wagering Vendors shall address all such requirements in the internal controls submitted to the commission for approval.

7.6 Patron Wagers.

- 1) Commission approval required.

(a) Before accepting wagers on any event category from patrons, a sports betting operation must receive event category approval as provided for in Rule 5. The commission reserves the right to prohibit the acceptance of any wagers, and may order the cancellation of wagers and require refunds on any event for which wagering would be contrary to the public policies of the state.

(b) The commission will post approved event categories to its website.

- 2) Commission approval of wagering on other events.

(a) A request for approval to accept wagers on an event other than professional and collegiate sporting events shall be made by a sports wagering operator on such forms approved by the director, and shall include:

- (1) A full description of the event and the manner in which wagers would be placed and winning wagers would be determined;
- (2) A full description of any technology which would be utilized to offer the event;
- (3) Assurance that the event meets the requirements of 7.6(3); and
- (4) Any other information deemed necessary by the director or the director's designee.

(b) The commission will post approved other events to its website.

3)Wager and source of data requirements.

A sports wagering operator shall only accept sports wagers for events for which:

- (1) The outcome can be verified;
- (2) The outcome can be generated by a reliable and independent process;
- (3) The outcome is not affected by any wager placed; and
- (4) The event is conducted in conformity with all applicable laws.

(b) The commission reserves the right to disapprove of the source of data for any reason, including but not limited to, the type of wager and method of data collection.

4) Wagers.

Patron wagers placed in a sports betting operation, sports wagering kiosk or other approved area within a licensed facility shall be made with:

- (1) Cash;
- (2) Cash equivalent;
- (3) Credit or debit card, provided the patron has created a sports wagering account;
- (4) Promotional funds;
- (5) Sports wagering vouchers;
- (6) Value gaming chips; and
- (7) Any other means approved by the director or director's designee.

5)Patron sports wagering account required for credit or debit card wagering.

A patron may only place a wager via credit or debit card, whether the patron places the wager at a casino in the sports betting area, sports wagering kiosk, online, or by a mobile device, if the patron has a sports wagering account with the sports wagering operation.

6)Wager displays.

The available wagers shall be displayed in a manner visible to the public and the operator's close-circuit television system. The display shall include:

- (1) The event number;
- (2) The odds; and
- (3) A brief description of the event.

7) Ticket contents.

Upon completion of a wagering transaction, the patron shall receive a virtual or printed wager record which shall contain at a minimum the following information:

- (1) The date and time the wager was placed;
- (2) The date and time the event is expected to occur;
- (3) Any patron choices involved in the wager:
 - a. Wager selection;
 - b. Type of wager and line postings;
 - c. Any special condition(s) applying to the wager; and
 - d. Payout.
- (4) Total amount wagered, including any promotional/bonus credits, if applicable;
- (5) Event and market identifiers;
- (6) Unique identification number of the wager record;
- (7) For printed wager records, the following must be also included:
 - a. Sports betting operation name;
 - b. Unique sports wagering device ID which issued the wager record; and
 - c. Expiration period, if applicable.

8) Currency transaction reports and multiple transaction logs.

Wagers and payouts made under these rules shall be subject to the requirements of the division.

9) Cancelled events and markets.

The house rules and information available to the patron through the sports wagering device, or upon request at a licensed facility, must clearly state what is to occur when an event or market is cancelled, including the handling of wagers with multiple events, such as parlays, where one or more of these legs are cancelled. If a single event or market is cancelled for any reason, all wagers are to be refunded in full as soon as reasonably possible.

10) Cancellation of wagers; prohibited sports wagering participants.

A sports wagering operation shall cancel a wager made by a prohibited sports wagering participant and refund the amount wagered. A sports wagering operation must cancel a wager under this at the time the sports wagering operation becomes aware or should have been aware that the patron is a prohibited sports wagering participant.

11) Cancellation of wagers.

A sports wagering operation may, in its discretion, cancel an accepted wager for obvious error. Obvious error shall be defined in the sports wagering operator's house rules.

12) Cashier cancelled wagers.

A cashier may not cancel a wager for which the cashier wrote the ticket and must instead call a supervisor to cancel the wager.

- 13) Prohibiting wagers for good cause.
 - 1) Pursuant to 44-30-1505 (7), a sports governing body may request that commission restrict, limit or exclude a type of wager based solely upon the actions of a single player.
 - 2) To demonstrate good cause, the sports governing body should provide, in writing, information that indicates a credible threat to the integrity of sports wagering which is beyond the control of the sports governing body to preemptively remedy or mitigate.
 - 3) The commission shall promptly review the information provided and respond as expeditiously as possible to the request.
 - 4) In making its determination, the commission may consult with an sport betting operations, independent monitoring provider and other jurisdictions.

- 14) Layoff wagers.

- 15) Promotions.
 - (a) Patrons must be able to access information pertaining to any available promotions or bonuses. This information must be clear and unambiguous, especially where promotions or bonuses are limited to certain events, markets, or when other specific conditions apply.
 - (b) A sports wagering operator shall comply with commission rules regarding complimentary play or any promotional event related to the conduct of sports wagering.

7.7 Sports wagering kiosks

1. In general.
 - a) A sports wagering operator may utilize sports wagering kiosks located in a licensed facility for wagering transactions in conjunction with a sports wagering system in a location approved by the director or director's designee.
 - b) Sports wagering kiosks shall be subject to the approvals and other requirements of the Commission.

2. Testing and certification.

Before being deployed for use at a licensed facility, all sports wagering kiosks must be submitted to a Colorado approved independent testing laboratory for testing and receive the required certification. The Colorado approved independent testing laboratories shall certify that the sports wagering kiosk meets or exceeds the most current division approved version

of Standards for Kiosks, or equivalent standard as approved by the commission, and the standards established by the division.

3. Reconciliation.

The sports wagering operator's accounting department shall reconcile the sports wagering kiosks on a daily basis pursuant to internal controls. Any variance of \$500.00 or more shall be documented by the accounting department and reported in writing to the commission's audit department within seventy-two (72) hours of the end of the gaming day during which the variance was discovered. The report shall indicate the cause of the variance and shall contain any documentation required to support the stated explanation.

4. Transaction reports.

Each sports wagering kiosk or sports wagering kiosk computer system shall be capable of generating a "Transaction Report," which documents each attempted and completed transaction. Unless otherwise approved by the commission, the report shall include, at a minimum:

- a. The date and time;
- b. A description of the transaction;
- c. The value of credit card and debit card transactions;
- d. The value of currency dispensed and inserted;
- e. The value of all sports wagering vouchers dispensed and inserted; and
- f. The value of all sports wagering tickets dispensed and inserted.

5. Connection to sports wagering system.

- 1) When used to redeem sports wagering tickets or vouchers, sports wagering kiosks shall work in conjunction with an approved sports wagering system and shall be designed to:
 - a) Accurately obtain the unique identification number of the item presented for redemption and cause such information to be accurately and securely relayed to the sports wagering system for the purpose of redemption;
 - b) Issue currency or a sports wager voucher or both in exchange for the item presented only if the sports wagering system has authorized and recorded the transaction; and
 - c) Return a sports wager ticket and voucher to the patron when it cannot be validated by the sports wagering system or is otherwise unredeemable.

- 2) When used to redeem sports wager vouchers, the sports wagering kiosk or sports wagering kiosk computer system shall be capable of generating a voucher redemption report for each gaming day. The report shall include the voucher's unique identifier, the date and time of redemption and the value of the voucher.
- 3) When used to redeem sports wager tickets, the sports wagering kiosk or sports wagering kiosk computer system shall be capable of generating a ticket redemption report for each gaming day. The report shall include the ticket's unique identifier, the date and time of redemption and the value of the ticket.
- 4) When used to issue sports wager vouchers, the sports wagering kiosk or sports wagering kiosk computer system shall be capable of generating a voucher issuance report for each gaming day. The report shall include the voucher's unique identifier, the date and time of issuance and the value of the voucher.
- 5) When used for credit card and debit card transactions, the sports wagering kiosk or sports wagering kiosk computer system shall be capable of generating a credit card and debit card transaction report for each gaming day. The report shall include the transaction's unique identifier, the date and time of transaction and the value of the transaction.

7.9. Sports wagering reports; wagering revenue; computation of taxes; reconciliation

1. Reports required.

(a) The sports wagering system shall be required to generate those reports necessary to record the adjusted gross receipts, wagering liability, ticket redemption, and such other information relating to sports wagering as deemed necessary by the director or as required by internal controls. Such reporting shall be done using cash basis accounting.

(b) To determine the daily win amount, the sports wagering operator's accounting department shall compare a win report from the sports wagering system to the reconciliation of the sports wagering drawers. The operator shall be required to calculate and report adjusted gross sports wagering receipts using the higher amount identified in such comparison, unless otherwise authorized by the commission in its internal controls.

(c) The sports wagering operator shall permit duly authorized representatives of the commission's audit department to examine the operator's accounts and records for the purpose of certifying total gross revenue receipts and adjusted gross revenue receipts.

(d) Such information shall be entered on forms prescribed by the commission.

2. Calculation of taxes.

- (a) Remittance of wagering taxes shall be the sole responsibility of the certificate holder.
- (b) If the amount of adjusted gross receipts on a gaming day is a negative figure, the certificate holder shall remit no sports wagering tax for that gaming day. Any negative adjusted gross receipts shall be carried over and calculated as a deduction on the subsequent gaming days until the negative figure has been brought to a zero (0) balance.

7.8 Accounting controls for the casino onsite sports betting operation

1. Internal audit procedures.

The procedures and requirements outlined in shall apply to sports wagering operators and sports wagering operations.

2. Observation and testing of cashiering and credit.

- 1) The sports wagering operator shall establish procedures for the observation and testing of the compliance with the system of internal controls for sports wagering cashiering and credit.
- 2) The internal auditor or equivalent shall observe and review, on a semi-annual basis, the following procedures, at a minimum:
 - a) The countdown procedures.
 - b) The casino cage accountability to the general ledger.
 - c) The casino cage accountability to the main bank, vault, and change banks.
 - d) Check cashing procedures and issuance of credit procedures.
 - e) Shift and day procedures.
 - f) Any other procedures deemed necessary by the director or the commission to ensure compliance with.
- 3) The internal auditors or equivalent shall test, on a quarterly basis, the following procedures, at a minimum:
 - a) Reconcile summary sheets to physical instruments on a sample basis.
 - b) Review processing of payments on returned checks.
 - c) If applicable, review procedures and controls over the primary, secondary, and nonvalue chip inventory.
- 4) Ascertain compliance with credit limits and other pre-established credit issuance procedures.
- 5) Any other procedures deemed necessary by the director or the commission to ensure compliance.

3. Accounting controls for the sports betting operation.

- 1) A cashier shall begin a shift with an imprest amount sports wagering inventory, consisting of currency and coin. No funds shall be added to or removed from the sports wagering inventory during such shift except:
 - a) In collection of sports wagers;
 - b) In order to make change for a patron buying a sports wagering ticket;
 - c) In collection for the issuance of sports wagering vouchers;

- d) In payment of winning or properly cancelled or refunded sports wagering tickets;
 - e) In payment of sports wagering vouchers; or
 - f) In exchanges with the cashier's cage, a satellite cage, or sports betting operation booth vault supported by proper documentation which documentation shall be sufficient for accounting reconciliation purposes.
- 2) A "sports wagering count sheet" shall be completed and signed by a supervisor, and the following information, at a minimum, shall be recorded thereon at the commencement of a shift:
- a) The date, time, and shift of preparation;
 - b) The denomination of currency and coin in the sports wagering inventory issued to the cashier;
 - c) The total amount of each denomination of currency and coin in the sports wagering inventory issued to the cashier;
 - d) The sports wagering window number to which the cashier is assigned; and
 - e) The signature of the sports wagering shift supervisor.
- 3) A cashier assigned to a cashier window shall count and verify the sports wagering inventory at the sports wagering vault, and shall agree the count to the sports wagering count sheet. The cashier shall sign the count sheet attesting to the accuracy of the information recorded thereon. The sports wagering inventory shall be placed in a cashier's drawer and transported directly to the appropriate sports betting operation booth window by the cashier.
- 4) If the sports wagering window net receipts for the shift, as generated by the system, does not agree with the sports wagering count sheet total plus the sports wagering inventory, the shift supervisor shall record any overage or shortage. If the count does not agree, the cashier and the shift supervisor shall attempt to determine the cause of the discrepancy in the count. Any discrepancy that cannot be resolved by the cashier and the shift supervisor shall be reported in writing to the department supervisor in charge at such time. Any discrepancy in excess of \$500 shall be reported to the commission. The report shall include the following:
- a. Date on which the discrepancy occurred;
 - b. Shift during which the discrepancy occurred;
 - c. Name of the cashier;
 - d. Name of the supervisor;
 - e. Window number; and
 - f. Amount of the discrepancy.
- 5) The sports betting operation booth shift supervisor shall compare the cashier window net for the shift as generated by the terminal and if it agrees with the sports wagering count sheet total plus the sports wagering inventory, shall agree the count to the sports wagering count sheet and sign the sports wagering count sheet attesting to the accuracy.

4. Transactions.

The sports betting operator shall establish policies and procedures to ensure that all transactions that flow through the casino cage within the sports betting operation are accounted for. These policies and procedures shall include, but are not limited to, the following:

- (1) All transactions shall be recorded on a main bank or vault accountability form or its equivalent on a per shift basis.
- (2) All increases or decreases to the main bank or vault shall be supported by the appropriate documentation.
- (3) At the end of a shift, the cashiers assigned to the outgoing shift shall:
 - a) record on a main bank or vault accountability form, or its equivalent, the face value of each cage inventory item counted and the total of the opening and closing cage inventories; and
 - b) reconcile the total closing inventory with the total opening inventory.
- (4) At the conclusion of each gaming day, copies of the main bank or vault accountability forms and all supporting documentation shall be forwarded to the accounting department.
- (5) Signature requirements shall be established for outgoing and incoming cashiers.
- (6) Any other policies and procedures deemed necessary by the director to ensure compliance.

7.9 Geofence Requirement

- 1) Geofence requirement.
 - a) In order to prevent unauthorized use of the internet or a mobile device to place a sports wager when a patron is not within the state of Colorado, the sports wagering operator shall utilize a geofence system to reasonably detect the physical location of a patron attempting to access the online sports wagering system and place a wager; and to monitor and block unauthorized attempts to access the online sports wagering system in order to place a wager when a patron is not within the permitted boundary.
 - b) The geofencing system shall ensure that any patron is located within the permitted boundary when placing any wager, and shall be equipped to dynamically monitor the patron's location and block unauthorized attempts to access the online sports wagering system in order to place a wager throughout the duration of the sports wagering patron session.
- 2) The director shall approve technical specifications for geolocation systems and any specific requirements related to geofence technology. The director may

require additional system requirements to combat emerging threats to the security of the geolocation system and verification of the patrons or device location.

7.10 Sports wagering accounts.

1) Account required.

(a) A sports wagering operation shall limit each patron to one (1) active and continuously used sports wagering account and username.

(b) A sports wagering operator shall implement rules and publish procedures to terminate all accounts of any sports wagering account patron that establishes or seeks to establish multiple active accounts, whether directly or by use of another person as a proxy.

2) Age and identify verification.

A full identity check must be undertaken before a patron is allowed to place a wager:

a) Only patrons twenty-one (21) years of age and older may deposit funds or participate in wagering. The sports wagering operator must deny the ability to deposit funds or participate in wagering to any person that submits a birth date that indicates they are under the legal participation age.

b) Patron verification must use commercially reasonable standards to confirm that the patron is not a prohibited sports wagering participant.

c) Details of patron verification must be kept in a secure manner.

d) Third-party service providers may be used for age and identity verification of patrons.

e) The operator must have a documented policy for the handling of patrons discovered to be using an account in a fraudulent manner, including but not limited to:

- i. The maintenance of information about any patron's activity, such that if fraudulent activity is detected, the regulatory body has all of the necessary information to take appropriate action;
- ii. The suspension of any patron account discovered to be providing access to fraudulent patrons; and

- iii. The treatment of deposits, wagers, and wins associated with a fraudulent patron's account.

3) Patron account controls.

(a) Patron protection information must be readily accessible to the patron. The patron protection information must contain at a minimum:

- i. Information about potential risks associated with excessive participation, and where to get help related to wagering responsibly;
- ii. The self-imposed limitations shall be available to the patron at both the time of account registration and first deposit;
- iii. A list of the available patron protection measures that can be invoked by the patron, such as self-imposed limits, and information on how to invoke those measures; and (4) Mechanisms in place which detect unauthorized use of their account, such as reviewing credit card statements against known deposits.

(b) Patrons must be provided with an easy and obvious method to impose limitations for wagering parameters including, but not limited to, deposits, wagers and time-based limitations. The self-imposed limitation method must provide the following functionality:

- i. Upon receiving any self-imposed limitation order, the sports wagering operator must ensure that all specified limits are correctly implemented immediately or at the point in time that was clearly indicated to the patron;
- ii. The self-imposed limitations set by a patron must not override more restrictive operator imposed limitations. The more restrictive limitations must take priority;
- iii. Once established by a patron and implemented by the sports wagering system, it must only be possible to reduce the severity of self-imposed limitations upon 24 hours' notice, or as required by the commission; and
- iv. Self-imposed limitations must not be compromised by internal status events, such as self-imposed exclusion orders and revocations.

4) Account requirements. In order to establish a sports wagering account, a sports wagering operation shall:

(a) Create an electronic patron file, which shall include at a minimum:

- i. The patron's legal name;
- ii. The patron's date of birth;

- iii. The patron's Social Security number, or the last four digits thereof, or an equivalent identification number for a noncitizen patron, such as a passport or taxpayer identification number;
- iv. The patron's sports wagering account number or username;
- v. The patron's residential address, a post office box is not acceptable;
- vi. The patron's electronic mail address;
- vii. The patron's telephone number;
- viii. Any other information collected from the patron used to verify his or her identity;
- ix. The method used to verify the patron's identity; and
- x. The date of verification.

(b) Encrypt all of the following information contained in an electronic patron file:

- i. Any portion of the patron's Social Security number or equivalent identification number for a noncitizen patron, such as a passport or taxpayer identification number;
- ii. The patron's passwords and PINs; and
- iii. The patron's personal financial information.

(c) Verify the patron's identity in accordance with:

- i. Reliable forms of personal identification specified in internal controls; or
- ii. Other methodology for remote multi-source authentication, which may include third party and governmental databases, as approved by the director or director's designee.

(d) Record the document number of the government issued identification credential examined, if applicable. If a government issued identification credential is not required for registration, the electronic record that details the process used to confirm patron identity must be recorded.

(e) Require the patron to establish a password or other access security feature as approved by the commission and advise the patron of the ability to utilize strong authentication log in protection.

(f) Record the patron's acceptance of the sports wagering operator's or sports wagering intermediary's terms and conditions to participate in wagering through the mobile application or any authorized digital platform accepting wagers online.

(g) Record the patron's certification that the information provided to the operator is accurate.

(h) Record the patron's acknowledgment that the legal age for sports wagering is 21, and that he or she is prohibited from allowing any other person to access or use his or her sports wagering account.

(i) Notify the patron of the establishment of the account via electronic mail or regular mail.

- 5) Account funding.

A patron's sports wagering account for sports wagering may be funded through the use of:

 - (1) A patron's credit or debit card;
 - (2) A patron's deposit of cash or vouchers at a cashiering location approved by the director or director's designee;
 - (3) A patron's reloadable prepaid card, which has been verified as being issued to the patron and is non-transferable;
 - (4) Promotional credit;
 - (5) Winnings;
 - (6) Adjustments made by the sports wagering operator with documented notification to the patron;
 - (7) ACH transfer, provided that the operator has security measures and controls to prevent ACH fraud regarding failed ACH deposits;
 - (8) Wire transfer; or
 - (9) Any other means approved by the commission.

- 6) Failed ACH deposits.

A failed ACH deposit attempt shall not be considered fraudulent if the patron has successfully deposited funds via an ACH transfer on a previous occasion with no outstanding chargebacks. Otherwise, the operator shall:

 - (1) Temporarily block the patron's account for investigation of fraud after five (5) consecutive failed ACH deposit attempts within a 10-minute time period. If there is no evidence of fraud, the block may be vacated; and
 - (2) Suspend the patron's account after five (5) additional consecutive failed ACH deposit attempts within a 10-minute period.

- 7) Transfer of funds prohibited. A sports wagering operator shall not permit a patron to transfer funds from a patron account to another patron account.

- 8) Account review requirements. All adjustments to patron accounts for amounts of \$500.00 or under shall be periodically reviewed by supervisory personnel as set forth in the sports wagering operator's internal controls. All other adjustments shall be authorized by supervisory personnel prior to being entered.

- 9) Account information.
 - (a) Sports wagering systems shall provide an account statement with account details to a patron on demand, which shall include detailed account activity for at least the six (6) months. In addition, an online sports wagering system shall, upon request, be capable of providing a summary statement of all patron activity during the past two (2) years.

(b) A sports wagering operator shall periodically re-verify a patron's identification upon reasonable suspicion that the patron's identification has been compromised.

10) Account closure.

A sports wagering system shall provide a conspicuous and readily accessible method for a patron to close his or her account through the account management or similar page or through the sports wagering system's customer support team. Any balance remaining in a patron's sports wagering account closed by a patron shall be refunded pursuant to the operator's internal controls.

11) Patron account withdrawal.

(a) A patron must be allowed to withdraw the funds maintained in his or her account, whether such account is open or closed.

(b) A sports wagering operator must honor such patron request to withdraw funds within five (5) business days of the request, unless the conditions set forth in subsection (c) are met.

(c) The sports wagering operator may decline to honor a patron request to withdraw funds only if the sports wagering operator believes in good faith that the patron engaged in either fraudulent conduct or other conduct that would put the sports wagering operator in violation of the law. In such cases, the sports wagering operator shall:

(1) provide notice to the patron of the nature of the investigation of the account; and

(2) conduct its investigation in a reasonable and expedient fashion, providing the patron additional written notice of the status of the investigation every tenth business day starting from the day the original notice was provided to the patron.

(d) For purposes of this provision, a request for withdrawal will be considered honored if it is processed by the sports wagering operator notwithstanding a delay by a payment processor, credit card issuer, or the custodian of a financial account.

12) Dormant patron accounts. A sports wagering operator shall consider a patron account to be dormant if the patron has not logged into the account for at least three (3) years. A dormant account shall be closed by the sports wagering operator.

13) Unclaimed funds in a dormant patron account.

(a) Subject to the provisions of Colorado statute 38-13-103, funds of patrons that remain in a dormant patron account shall be presumed abandoned.

(b) The sports wagering operator shall report and deliver all funds of patrons that are presumed abandoned to the office of the Colorado Department of the Treasury as provided in Colorado statute 38-13-103.

(c) At least sixty (60) days prior to reporting any funds of the patron to the Colorado Department of the Treasury, the sports wagering operator shall provide notice to the patron's last known address and conduct due diligence to locate the patron.

14) Sports wagering system requirements; logging.

(a) All online sports wagering systems authorized by the Commission and these rules shall be designed to ensure the integrity and confidentiality of all patron communications and ensure the proper identification of the sender and receiver of all communications. If communications are performed across a public or third-party network, the system shall either encrypt the data packets or utilize a secure communications protocol to ensure the integrity and confidentiality of the transmission.

(b) Sports wagering systems shall employ a mechanism capable of maintaining a separate copy of all of the information required to be logged in this section on a separate and independent logging device capable of being administered by an employee with no incompatible function. If the online sports wagering system can be configured such that any logged data is contained in a secure transaction file, a separate logging device is not required.

(c) Sports wagering systems shall provide a mechanism for the commission to query and export, in a format required by the commission, all online sports wagering system data.

(d) Requirements for system specifications and sports wagering system logging shall be detailed by the commission. Sports wagering operators and sports wagering intermediaries shall address all such requirements in the internal controls submitted to the commission for approval.

DEPARTMENT OF REVENUE

Division of Gaming

SPORTS BETTING REGULATIONS

1 CCR 207-2

BASIS AND PURPOSE FOR RULE 8

The purpose of Rule 8 is to specify the requirements of sports wagering integrity; confidential information; specify certain duties of licensees related to Sports wagering information, sports wagering integrity, and nature of the confidentiality of wagering information. The statutory basis for Rule 8 is found in sections 44-30-201, C.R.S., 44-30-203, C.R.S., 44-30-301, C.R.S., and 44-30-502, C.R.S., 44-30-510, C.R.S., 44-30-528, C.R.S., and 44-30-833, C.R.S. and part 15 of article 30 of title 44, C.R.S.

RULE 8 Sports Wagering Integrity; Confidential Information

8.1 Sports wagering integrity.

- 1) A sports wagering operator shall have internal controls in place to identify unusual betting activity and report such activity to an independent integrity monitoring provider.
- 2) All independent integrity monitoring providers shall share information with each member and shall disseminate all reports of unusual activity to all member sports wagering operators. All sports betting operation shall review such reports and notify the independent integrity monitoring provider whether they have experienced similar activity.
- 3) If an independent integrity monitoring provider finds that previously reported unusual betting activity rises to the level of suspicious wagering activity, it shall immediately notify all other independent integrity monitoring providers, their member sports wagering operators, the Division, and all other regulatory agencies as directed by the Division. All independent integrity monitoring providers receiving a report under this SECTION shall share such report with their member sports wagering operators.
- 4) A sports betting operation must submit a yearly report to the Division which details its integrity monitoring services and summarizes any unusual betting activity or other suspicious wagering activity notifications issued during that time period.
- 5) A sports betting operation receiving a report of suspicious wagering activity shall be permitted to suspend wagering on events related to the report, but may only cancel related wagers after receiving approval from the director or the director's designee.
- 6) If the Division receives a suspicious wagering activity report from an independent integrity monitoring service provider, the Division shall notify the relevant sports governing body as expeditiously as possible.
- 7) The Division may require a sports wagering operator to provide any hardware necessary to the Division for evaluation of its sports wagering offering or to conduct further monitoring of data provided by its system.

8.2 Confidential information.

- 1) All information and data received pursuant to this rule by the commission related to unusual or suspicious wagering activity shall be considered confidential and shall not be revealed in whole or in part, except upon the lawful order of a court of competent jurisdiction or, with any law enforcement entity, member club, sports governing body, or regulatory agency that the commission deems appropriate.

8.3 Licensing independent integrity monitoring providers.

- 1) Any independent integrity monitoring provider operating in Colorado must obtain a Vendor Minor license.

DEPARTMENT OF REVENUE

Division of Gaming

SPORTS BETTING REGULATIONS

1 CCR 207-2

BASIS AND PURPOSE FOR RULE 9

The purpose of Rule 9 is to specify the requirements of sports betting operations and responsible gaming; patron responsible gaming; specify certain duties of licensees and patrons related to self-restriction. The statutory basis for Rule 9 is found in sections 44-30-201, C.R.S., 44-30-203, C.R.S., 44-30-301, C.R.S., and 44-30-502, C.R.S., 44-30-510, C.R.S., 44-30-528, C.R.S., and 44-30-833, C.R.S. and part 15 of article 30 of title 44, C.R.S.

RULE 9 Responsible Gaming and Self-Restriction

9.1 Each sports wagering website or mobile application shall display a responsible gaming logo in a manner approved by the executive director or executive director's designee to direct a patron to the sports wagering operator's responsible gaming webpage. The responsible gaming webpage shall be accessible to a patron during a sports wagering patron session and shall contain, at a minimum, the following:

- (1) A prominent message, which states "call 1-800-522-4700";
- (2) A direct link to the website and other internet resources dedicated to helping people with potential gambling problems as directed by the commission;
- (3) A clear statement of the sports wagering operator's policy and commitment to responsible gaming along with a link to the sports wagering operator's specific self-exclusion program.

9.2 Sports wagering operations self-exclusion. Each sports wagering operation shall establish and maintain a self-exclusion program for patrons specific to that sports wagering operator. The sports wagering operator specific self-exclusion program is separate from the commission's statewide internet self-restriction program.

9.3 Direct marketing to prohibited sports wagering participants.

(a) A sports wagering operator shall make all reasonable attempts to ensure that prohibited sports wagering participants do not receive direct marketing from the sports wagering operator.

(b) A sports wagering operator will satisfy this requirement if the sports wagering operator removes the prohibited sports wagering participant's name from the list of patrons to whom direct marketing materials are sent.

9.4 Responsible advertising and promotions.

(a) All offers and bonuses must:

- (1) Include terms and conditions that are full, accurate, clear, concise, transparent and not contain misleading information;
- (2) Have advertising materials that include any material terms and conditions for that offer or bonus and have those material terms in close proximity to the headline claim of the offer or bonus and in reasonably prominent size;
- (3) Not be described as free unless they absolutely are free. If the customer has to risk or lose their own money or has conditions attached to their own money, then the offer or bonus must disclose those terms;
- (4) Not be described as risk free if the customer needs to incur any loss or risk their own money to use or withdraw winnings from the risk free bet; and
- (5) Not restrict the customer from withdrawing their own funds or withdrawing winnings from bets placed using their own funds.