

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 establish a Sports Betting Operations Fee to defray the cost of regulating the sports betting industry, specify the requirements regarding the certification, assessment and security of sports betting systems and kiosks, direct Sports Betting Operations to establish internal control procedures, including accounting controls, outline reporting requirements and the computation of taxes, establish geofence and sports betting account requirements, and to outline procedures for change control. The statutory basis for Rule 7 is found in sections 44-30-102, C.R.S., 44-30-201, C.R.S., 44-30-202, C.R.S., 44-30-203, C.R.S., 44-30-302, C.R.S., 44-30-503, C.R.S., 44-30-510, C.R.S., 44-30-528, C.R.S., 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 *Effective 4/14/20*

7.1 Sports Betting Operations fee.

- (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 is directed to intended beneficiaries, an annual fee, known as a Sports Betting Operations Fee, shall be established. The Sports Betting Operations Fee is not a tax, but a fee designed to defray the cost to the Commission and Division of providing the regulatory support services to sports betting licensees as set out in section 44-30-1501, C.R.S., *et seq.*, and as reflected by the Commission and Division's duties in Rules 6, 7, 8, and 9. By collecting fees that fund the regulatory commitment of the Commission and Division, the Commission may ensure tax collections are directed to the intended beneficiaries.
- (2) The Commission shall set the Sports Betting Operations Fee before June 1st of each fiscal year and shall review the amount of the fees annually.
- (3) In setting the Sports Betting Operations Fee, the Commission shall endeavor to approximate the Commission and Division's costs of providing regulatory compliance services to sports betting licensees and shall consider at least the following factors:
 - (a) The projected budget for the upcoming fiscal year, presented to the Commission by the Director no later than the regularly scheduled May Commission meeting;
 - (b) Projected number of Sports Betting Operators and Internet Sports Betting Operators, and Master Licensees conducting sports betting or internet sports betting themselves;
 - (c) Projected percentages for all wagers taken online and in sports books located in licensed casinos; and
 - (d) Total Commission appropriation for operational expenses related to sports betting, other than the Commission's direct and indirect costs of processing a licensee's application and conducting background investigations.
- (4) On or before July 31st, except fiscal year 2020 shall be remitted before May 1st, of each year, a Sports Betting Operator, Internet Sports Betting Operator, and Master Licensee conducting sports

betting or internet sports betting itself, shall remit the required Sports Betting Operations Fee. Failure to comply with this requirement may result in a fine, penalty, or revocation of license. Should a licensee begin operations after the remittance date in that fiscal year the required operational fee shall be submitted prior to commencing operations. In those cases, the fee may be prorated by the Director. Fees or partial fees shall not be refunded if a licensee ceases operations.

7.2 System assessment.

Each Sports Betting Operation shall, within ninety (90) days of commencing operations, and annually thereafter, perform a system integrity and security assessment of sports betting systems and online sports betting systems conducted by an independent professional selected by the licensee and subject to licensure and approval of the Director or Director's designee. The independent professional's report on the assessment shall be submitted to the Division 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.

7.3 Sports betting transactions.

To conduct sports betting retail transactions, a Sports Betting Operation shall submit a plan to the Commission that meets the requirements, and shall be approved by the Director or Director's designee. Sports betting 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 betting 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 betting tickets, only if the counter in the sports betting wagering area is closed.

7.4 Security requirements.

- (1) Sports Betting 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 security requirements set forth in the limited gaming ICMP and any other specifications approved by the Director or Director's designee.
- (2) The Commission shall have access to the primary server location in Colorado and the information contained therein. All information necessary for the Division to conduct any investigation shall be provided to the Division immediately upon request.

- (3) A Sports Betting Operation 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 betting kiosk locations in the licensed facility.

7.5 Internal control procedures.

Prior to beginning sports betting activity, a Sports Betting Operation must submit for approval internal controls for the following:

- (1) In the event of a failure of the sports betting system's ability to pay winning wagers, the Sports Betting Operation shall have internal controls detailing the method of paying winning wagers. The Sports Betting Operation 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) User access controls for all sports betting personnel;
- (3) Segregation of duties;
- (4) Automated and manual risk management procedures;
- (5) Procedures for identifying and reporting fraud and suspicious conduct, including identifying unusual betting activity and reporting such activity to an Independent Integrity Monitoring Provider;
- (6) Procedures to prevent betting by prohibited sports betting participants;
- (7) Procedures for Sports Betting Operation-imposed exclusion of patrons, including the following:
 - (a) Providing a notification containing operator-imposed exclusion status and general instructions for resolution;
 - (b) 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
 - (c) Ensuring that the patron is not prevented from withdrawing any or all of their account balance, provided that the Sports Betting Operation acknowledges that the funds have cleared, and that the reason(s) for exclusion would not prohibit a withdrawal.
- (8) Description of anti-money laundering compliance standards, which shall include limitations placed on anonymous betting at the sports betting kiosks;
- (9) Process for submitting or receiving approval of all types of wagers available to be offered by the system;
- (10) Description of process for accepting wagers and issuing pay outs, plus any additional controls for accepting wagers and issuing pay outs in excess of \$10,000;
- (11) Description of a process for accepting multiple wagers from one patron in a twenty-four (24) hour cycle, including a process to identify patron structuring of wagers to circumvent recording and reporting requirements;
- (12) Detail the procedure for reconciliation of assets and documents contained in a sports betting wagering area cashier's drawer, sports betting kiosks, and online sports betting, which shall include the drop and count procedures for sports betting kiosks;
- (13) Procedures for cashing winning tickets at the cage after the sports betting wagering area has closed, if applicable;
- (14) Procedures for accepting value game chips for sports wagers, if applicable;

- (15) Procedures for issuance and acceptance of promotional funds and free bets for sports betting;
- (16) Description of all integrated third-party systems;
- (17) Identifying and restricting prohibited sports betting participants;
- (18) Instituting a process to close out dormant accounts;
- (19) 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;
- (20) If the sports betting system allows online betting, a method for verifying geolocation systems to establish patrons' geographic locations;
- (21) Maintaining the security of identity and financial information of patrons;
- (22) Detailed problem gambling program procedures;
- (23) Secure method for implementing an online and on location responsible gaming and self-exclusion program, including what account limits may be set by patrons;
- (24) Method for securely issuing, modifying, and resetting a patron's account password, Personal Identification Number (PIN), biometric login, or other approved security feature, when applicable;
- (25) 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:
 - (a) Proof of identity, if in person;
 - (b) The correct response to two or more challenge questions;
 - (c) Strong authentication; or
 - (d) Two factor authentication.
- (26) Procedures for receiving, investigating and responding to all patron complaints and submitting any unresolved patron complaint reports to the Division;
- (27) Detail the location of the sports betting servers, including any third party remote location servers, and what controls will be in place to ensure security of the sports betting servers;
- (28) Terms and conditions for sports betting shall be included as an appendix;
- (29) Description of the process for line setting and line moving;
- (30) If allowed, method of redeeming lost tickets;
- (31) Method by which the Sports Betting Operator will identify and cancel wagers in accordance with Rule 7.6 (12), including defining "obvious error";
- (32) A process for voiding wagers.
- (33) A process for implementing the change management process detailed in these Rules; and
- (34) Any other internal control deemed necessary by the Director or the Director's designee.

The Sports Betting 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 44-30-1507, C.R.S., and this Rule 7.

7.6 Sport betting system requirements.

- (1) Certification testing.
 - (a) Prior to conducting sports betting, the entire sports betting system used in conjunction with the Sports Betting Operation shall be submitted to a Colorado approved independent testing laboratory for certification testing.
 - (b) A Colorado approved independent testing laboratory shall certify that the sports betting system used in conjunction with the Sports Betting Operation meets or exceeds the standards approved by the Commission, and the standards established by this document. Sports Betting Operations are prohibited from offering sports betting 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 Betting Operator shall document and maintain any system malfunction or deviation from the sports betting system and maintain that data for a minimum period of three (3) years.
 - (e) A Sports Betting Operator shall provide the Director or Director's designee, with betting transactions and related data as deemed necessary and in a manner approved by the Director or the Director's designee.
- (2) Server location.
 - (a) A Sports Betting Operator must locate the primary server in the state of Colorado. The primary server shall be the server responsible for the acceptance and storage of patron wagers. The location selected must have adequate security, including twenty-four (24) hour surveillance, and be licensed and approved by the Director or Director's designee.
 - (b) Third party data storage facilities or data storage managers must obtain a vendor minor license.
- (3) Cloud storage of duplicate data.
 - (a) The Director or Director's designee may approve the use of cloud storage for duplicate data, or data not related to transactional wagering data upon written request by a Sports Betting Operation.
- (4) Sports betting system requirements; logging.
 - (a) All online sports betting 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 betting 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 betting 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 betting systems shall provide promptly upon request, in a format required by the Commission, all online sports betting system data. Sports betting system data includes, but is not limited to, employee data and logs, geofence logs, player activity and betting information, and event logs related to Colorado Sports Betting Operations.
- (d) Requirements for system specifications and sports betting system logging shall be detailed by the Commission. Master, Sports Betting Operators, Internet Sports Betting Operators and sports betting Vendors shall address all such requirements in the internal controls submitted to the Commission for approval.

(5) Bets.

Patron wagers placed in a Sports Betting Operation, self-service betting device or other approved area within a licensed facility shall be made with:

- (a) Cash;
- (b) Cash equivalent;
- (c) Credit or debit card;
- (d) Free bets;
- (e) Sports betting vouchers;
- (f) Value gaming chips; and
- (g) Any other means approved by the Director or Director's designee.

(6) Patron sports betting via credit or debit card.

- (a) A patron may place a wager via credit or debit card, whether the patron places the wager at a casino in the sports betting wagering area, sports betting kiosk, online, or by a mobile device.
- (b) Funding of an account may be made online, in person, or through an online account with an Internet Sports Betting Operator, on a bettor's own personal computer or mobile device. Other methods of funding may be approved by the Director.

(7) Wager displays.

When displaying wagers to the public through the Sports Betting Operation's close circuit television system, the display shall include, but is not limited to, the following:

- (a) The odds; and
- (b) A brief description of the event.

(8) Ticket contents.

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

- (a) The date and time the wager was placed;
 - (b) The date and time the event is expected to occur;
 - (c) Any patron choices involved in the wager:
 - (i) Wager selection;
 - (ii) Type of wager and line postings;
 - (iii) Any special condition(s) applying to the wager; and
 - (iv) Pay out, applicable at the time the wager is placed.
 - (d) Total amount wagered, including any promotional/bonus credits, if applicable;
 - (e) Event and market identifiers, if applicable; and,
 - (f) Unique identification number of the wager record.
 - (g) For printed wager records, the following must also be included:
 - (i) Sports Betting Operation name;
 - (ii) Unique sports betting device ID which issued the wager record; and
 - (iii) Expiration period, if applicable.
- (9) Currency transaction reports and multiple transaction logs. Wagers and pay outs made under these rules shall be subject to the requirements of the Division.
- (10) Cancelled events and markets. The house rules and information available to the patron through the sports betting 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.
- (11) Cancellation of wagers; prohibited sports betting participants. A Sports Betting Operation shall cancel a wager made by a prohibited sports betting participant and refund the amount wagered. A Sports Betting Operation must cancel a wager under this rule at the time the Sports Betting Operation becomes aware or should have been aware that the patron is a prohibited sports betting participant.
- (12) Cancellation of wagers. A Sports Betting Operation may, in its discretion, cancel an accepted wager for obvious error or in the case of a change in circumstance that makes grading the wager an impossibility. Obvious error shall be defined in the Sports Betting Operator's house rules. Any cancellation of wagers shall be reported to the Division.
- (13) 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.
- (14) Prohibiting wagers for good cause.

- (a) Pursuant to 44-30-1505 (7), C.R.S., a sports governing body may request that the Commission restrict, limit or exclude a type of wager based solely upon the actions of a single player.
- (b) A sports governing body may submit to the Director or Director's designee in writing (by providing notice in such form and manner as the Director or Director's designee may require) a request to restrict, limit or exclude a certain type of wager based solely upon the actions of a single player with respect to sporting events of such body, if the sports governing body believes that such type, form, or category of sports wagering with respect to sporting events of such body is contrary to public policy, unfair to consumers, may undermine the perceived integrity of such body or sporting events of such body, or affects the integrity of such body or sporting events of such body.
- (c) The Director or Director's designee shall request comment from Sports Betting Operations on all such sports governing body requests. The Director or Director's designee may also request comment from independent monitoring providers and other jurisdictions.
- (d) After giving due consideration to all comments received, the Director or Director's designee shall, upon a demonstration of good cause from the requesting sports governing body, grant the request. The Director or Director's designee shall respond to a request concerning a particular event before the start of the event, or if it is not feasible to respond before the start of the event, no later than 7 days after the request is made. If the Director or Director's designee determines that the requesting sports governing body is more likely than not to prevail in successfully demonstrating good cause for its request, the Director or Director's designee may provisionally grant the request of the sports governing body until the Director or Director's designee makes a final determination as to whether the requesting sports governing body has demonstrated good cause. Absent such a provisional grant by the Director or Director's designee, Sports Betting Operations may continue to offer sports wagering on sporting events that are the subject of such a request during the pendency of the Director or Director's designee's consideration of the applicable request.

(15) Layoff wagers.

Sports Betting Operations shall be permitted to place and accept layoff wagers. A layoff wager shall be defined as a wager placed by a Sports Betting Operation with another Sports Betting Operation for the purpose of offsetting patron wagers. Such wagers shall be reported to the Division.

(16) Promotions.

- (a) Patrons must be able to access information pertaining to any promotions or bonuses available to them. 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 Betting Operation shall comply with Commission rules regarding complimentary play or any promotional event related to the conduct of sports betting.

(17) Exchange wagers.

Prior to accepting exchange wagers a sports betting operation must obtain approval from the Commission. The Commission rates taken on such bets must be approved by the Director and are subject to all taxes and tax requirements as are paid on net sports betting proceeds.

7.7 sports betting kiosks.

- (1) In general.
 - (a) A Sports Betting Operator may utilize Self-service betting devices(kiosks) located in a licensed facility for betting transactions in conjunction with a sports betting system in a location approved by the Director or Director's designee.
 - (b) Self-service sports betting devices (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 betting 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 betting kiosk meets or exceeds the most current Division approved version of standards for Kiosks, or equivalent standards as approved by the Commission, and the standards established by the Division.
- (3) Reconciliation. The Sports Betting Operation's accounting department shall reconcile self-service sports betting devices (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 5 business days after drop and count of kiosks. The report shall indicate the cause of the variance and shall contain any documentation required to support the stated explanation.
- (4) Transaction reports. Each self-service sports betting device (kiosk) or corresponding 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 betting vouchers dispensed and inserted; and
 - (f) The value of all sports betting tickets dispensed and inserted.
- (5) Connection to sports betting system.
 - (a) When used to redeem sports betting tickets or vouchers, sports betting kiosks shall work in conjunction with an approved sports betting system and shall be designed to:
 - (i) 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 betting system for the purpose of redemption;
 - (ii) Issue currency or a sports wager voucher or both in exchange for the item presented only if the sports betting system has authorized and recorded the transaction; and

- (iii) Return a sports wager ticket and voucher to the patron when it cannot be validated by the sports betting system or is otherwise unredeemable.
- (b) When used to redeem sports wager vouchers, the sports betting kiosk or sports betting 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.
- (c) When used to redeem sports wager tickets, the sports betting kiosk or sports betting 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.
- (d) When used to issue sports wager vouchers, the sports betting kiosk or sports betting 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.
- (e) When used for credit card and debit card transactions, the sports betting kiosk or sports betting 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.

7.8 Sports betting reports; betting revenue; computation of taxes; reconciliation.

(1) Reports required.

- (a) The sports betting system shall be required to generate those reports necessary to record the adjusted gross receipts, patron liability, ticket redemption, and such other information relating to sports betting 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 Betting Operator's accounting department shall compare a win report from the sports betting system to the reconciliation of the sports betting drawers. The operator shall be required to calculate and report adjusted gross sports betting receipts using the higher amount identified in such comparison, unless otherwise authorized in its internal controls.
- (c) The Sports Betting 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 betting taxes shall be the sole responsibility of the licensee that accepts, calculates, and is responsible for settlement of the sports wager. Such responsibility shall be included in the operating agreements between parties.
- (b) If the amount of net sports betting proceeds on a gaming day is a negative figure, the Sports Betting Operation shall remit no sports betting tax for that reporting period. Any negative net sports betting proceeds 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.

7.9 Accounting controls for the casino onsite Sports Betting Operation.

- (1) Internal audit procedures. The procedures and requirements outlined in this Rule shall apply to Sports Betting Operators and Sports Betting Operations.
- (2) Observation and testing of cashiering.
 - (a) The Sports Betting Operator shall establish procedures for the observation and testing of the compliance with the system of internal controls for sports betting cashiering.
 - (b) The internal auditor or equivalent shall observe and review, on a semi-annual basis, the following procedures, at a minimum:
 - (i) The countdown procedures;
 - (ii) The casino cage accountability to the general ledger;
 - (iii) The casino cage accountability to the main bank, vault, and change banks;
 - (iv) Check cashing procedures;
 - (v) Shift and day procedures; and
 - (vi) Any other procedures deemed necessary by the Director or the Commission to ensure compliance with Limited Gaming ICMP.
 - (c) The internal auditors or equivalent shall test, on a quarterly basis, the following procedures, at a minimum:
 - (i) Reconcile summary sheets to physical instruments on a sample basis;
 - (ii) Review processing of payments on returned checks; and
 - (iii) If applicable, review procedures and controls over the primary, secondary, and non-value chip inventory.
 - (d) Any other procedures deemed necessary by the Director or the Commission to ensure compliance with limited Gaming ICMP.
- (3) Accounting controls for the Sports Betting Operation.
 - (a) A cashier shall begin a shift with an imprest amount sports betting inventory, consisting of currency and coin. No funds shall be added to or removed from the sports betting inventory during such shift except:
 - (i) In collection of sports wagers;
 - (ii) In order to make change for a patron buying a sports betting ticket;
 - (iii) In collection for the issuance of sports betting vouchers;
 - (iv) In payment of winning or properly cancelled or refunded sports betting tickets;
 - (v) In payment of sports betting vouchers; or

- (vi) 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.
 - (b) A "sports betting 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:
 - (i) The date, time, and shift of preparation;
 - (ii) The denomination of currency and coin in the sports betting inventory issued to the cashier;
 - (iii) The total amount of each denomination of currency and coin in the sports betting inventory issued to the cashier;
 - (iv) The sports betting window number to which the cashier is assigned; and
 - (v) The signature of the sports betting shift supervisor.
 - (c) A cashier assigned to a cashier window shall count and verify the sports betting inventory at the sports betting vault, and shall agree the count to the sports betting count sheet. The cashier shall sign the count sheet attesting to the accuracy of the information recorded thereon. The sports betting inventory shall be placed in a cashier's drawer and transported directly to the appropriate Sports Betting Operation booth window by the cashier.
 - (d) If the sports betting window net receipts for the shift, as generated by the system, does not agree with the sports betting count sheet total plus the sports betting 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 Division. The report shall include the following:
 - (i) Date on which the discrepancy occurred;
 - (ii) Shift during which the discrepancy occurred;
 - (iii) Name of the cashier;
 - (iv) Name of the supervisor;
 - (v) Window number; and
 - (vi) Amount of the discrepancy.
 - (e) 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 betting count sheet total plus the sports betting inventory, shall agree the count to the sports betting count sheet and sign the sports betting 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:

- (a) All transactions shall be recorded on a main bank or vault accountability form or its equivalent on a per shift basis.
 - (i) All increases or decreases to the main bank or vault shall be supported by the appropriate documentation.
 - (ii) At the end of a shift, the cashiers assigned to the outgoing shift shall:
 - (1) 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
 - (2) Reconcile the total closing inventory with the total opening inventory.
- (b) 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.
- (c) Signature requirements shall be established for outgoing and incoming cashiers.
- (d) Any other policies and procedures deemed necessary by the Director to ensure compliance.

7.10 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 Betting Operation shall:
 - (i) Utilize a geofence system to reasonably detect the physical location of a patron attempting to access the online sports betting system and place a wager; and to monitor and block unauthorized attempts to access the online sports betting system in order to place a wager.
 - (ii) 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 betting system in order to place a wager throughout the duration of the sports betting 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 patron's or device location.

7.11 Sports betting accounts.

- (1) Account required.
 - (a) A Sports Betting Operation shall limit each patron to one (1) active and continuously used sports betting account and username.

- (b) A Sports Betting Operation shall implement rules and publish procedures to terminate all accounts of any sports betting account patron that knowingly and intentionally establishes or seeks to establish multiple active accounts, in contravention of this Rule, 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 betting. The Sports Betting Operation must deny the ability to deposit funds or participate in betting 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 in conformity with Rule 6.11 to confirm that the patron is not a prohibited sports betting 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 betting 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
 - (iv) 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 betting 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 Betting Operation 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 betting 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.
- (c) A master licensee is not required to treat a patron's self-imposed limitations:
- (i) On limited gaming as applying to any sports betting activities that it conducts or that are conducted by its affiliated or contracting entities; or
 - (ii) On sports betting as applying to any limited gaming activities it conducts or its affiliated limited gaming licensees conduct.
- (4) Account requirements. In order to establish a sports betting account, a Sports Betting 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 betting 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 Betting Operator's or sports betting intermediary's terms and conditions to participate in betting 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 and they are not a prohibited sports betting participant.
 - (h) Record the patron's acknowledgment that the legal age for sports betting is 21, and that he or she is prohibited from allowing any other person to access or use his or her sports betting account.
 - (i) Notify the patron of the establishment of the account via electronic mail or regular mail.
- (5) Account funding.

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

- (a) A patron's credit or debit card;
- (b) A patron's deposit of cash or vouchers at a cashiering location approved by the Director or Director's designee;
- (c) A patron's reloadable prepaid card, which has been verified as being issued to the patron and is non-transferable;
- (d) Promotional credit;
- (e) Winnings;
- (f) Adjustments made by the Sports Betting Operator with documented notification to the patron;
- (g) ACH transfer, provided that the operator has security measures and controls to prevent ACH fraud regarding failed ACH deposits;

- (h) Wire transfer; or
- (i) Any other means approved by the Commission.
- (j) Accounts may be funded outside the state of Colorado in accordance with these Rules.

(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:

- (a) 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
- (b) 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 Betting Operation 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 Betting Operator's internal controls. All other adjustments shall be authorized by supervisory personnel prior to being entered.

(9) Account information.

- (a) Sports betting systems shall provide an account statement with account details to a patron on demand, which shall include detailed account activity for at least the prior six (6) months. In addition, an online sports betting system shall, upon request, be capable of providing a summary statement of all patron activity during the past two (2) years.
- (b) A Sports Betting Operation shall periodically re-verify a patron's identification upon reasonable suspicion that the patron's identification has been compromised.

(10) Account closure.

A sports betting 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 betting system's customer support team. Any balance remaining in a patron's sports betting 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 Betting Operation 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 Betting Operation may decline to honor a patron request to withdraw funds only if the Sports Betting Operator believes in good faith that the patron engaged in either

fraudulent conduct or other conduct that would put the Sports Betting Operator in violation of the law. In such cases, the Sports Betting Operator shall:

- (i) Provide notice to the patron of the nature of the investigation of the account; and
 - (ii) 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 Betting Operator notwithstanding a delay by a payment processor, credit card issuer, or the custodian of a financial account.
- (12) Dormant patron accounts. A Sports Betting Operation 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 Betting Operation.
- (13) Unclaimed funds in a dormant patron account.
- (a) Subject to the provisions of Colorado Revised Statute 38-13-201, funds of patrons that remain in a dormant patron account shall be presumed abandoned.
 - (b) The Sports Betting Operation 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 Revised Statute 38-13-201.
 - (c) At least sixty (60) days prior to reporting any funds of the patron to the Colorado Department of the Treasury, the Sports Betting Operation shall provide notice to the patron's last known physical or email address and conduct due diligence to locate the patron.

7.12 Change Control.

- (1) Prior to beginning sports betting activity, a Sports Betting Operation must submit for approval a change control document detailing the operations change management process. Change control minimizes the risk of changes impacting the IT environment in a negative or unanticipated way. The focus of change control is change management, which is implemented to understand the addition, modification or removal of any component that will affect the IT environment. A licensee must ensure that their change management processes and procedures address at a minimum the following:
- (a) Introduction.

The process is designed to provide visibility and control to the regulator while supporting agile development and frequent change cycle. Change management process is to have a clear and transparent framework to assist in managing deployments and other changes in the regulated live production environment. the Division will provide additional details as needed for completing or updating the change management document.
 - (b) Process description.
 - (i) Roles in change management process.
 - (ii) Handling requests for change (RFC).
 - (iii) Change classification procedure.

(c) Categories of requests for change.

(i) Substantial change process (requires lab testing, release note).

Notification submission and approval is required when a core function of the sports betting system is affected. This includes the security, integrity, recovery and availability of the sports betting system. The licensee must submit a notification to the Division to determine if a certification is required by the independent testing lab prior to Division approval.

(ii) Non-substantial change process (log no communication).

All changes to the sports betting system must be put on a change log. The change log must include date, summary of change, requestor, implementer, and results. The log must be made available to the Division upon request.

(iii) Notify & do change process.

Notification to the Division is required when a change in functionality of the sports betting system is being implemented. The notification must be sent to the Division prior to the implementation. The changes must be logged. The log must be made available to the Division upon request.

(iv) Emergency change process.

When an unanticipated incident occurs that causes a disruption in the collection, accuracy, integrity, or availability of the sports betting system, the licensee must notify the Division as soon as practically possible. The fix must be documented in the change log and the Division must be notified of the resolution within 48 business hours of resuming normal operations.

(d) Keeping the change management log.

(e) Writing Release Notes.

(f) Implementation.

This process must include notification to system users, a schedule as to when the change will be implemented, a project plan to implement, and back out recovery procedures.