

**DEPARTMENT OF REVENUE**

**Division of Gaming**

**SPORTS BETTING REGULATIONS**

**1 CCR 207-2**

**BASIS AND PURPOSE FOR RULE 2**

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., 44-30-202, C.R.S., 44-30-203, C.R.S., 44-30-301, C.R.S., 44-30-302, C.R.S., 44-30-507, C.R.S., 44-30-705, C.R.S., 24-4-105, C.R.S. and part 15 of article 30 of title 44, C.R.S.

**RULE 2        POWERS AND DUTIES OF COMMISSION AND DIRECTOR**

**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~~ 1707 COLE BOULEVARD, SUITE 300, LAKEWOOD, 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.

**BASIS AND PURPOSE FOR RULE 4**

The purpose of Rule 4 is to collect sports betting taxes and other revenue in accordance with section 44-30-1508, C.R.S., and 44-30-1509, C.R.S., 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 funds transfer and allow monthly sports betting tax returns to be electronically transmitted. The statutory basis and purpose for Rule 4 is found in sections 44-30-201, C.R.S., 44-30-202, C.R.S., 44-30-203, C.R.S., 44-30-302, C.R.S., 44-30-602, C.R.S., 44-30-604, C.R.S., 44-30-1508, C.R.S., and 44-30-1509, C.R.S.

**RULE 4        TAXES AND FEES *Effective 4/14/20***

**4.1        Payment of taxes.**

(3)        UPON A LICENSEE'S REQUEST, THE DIRECTOR MAY GRANT AN EXTENSION UP OF NOT MORE THAN FIVE (5) DAYS FOR FILING A RETURN AND PAYMENT, EXCEPT THAT THE DIRECTOR SHALL NOT GRANT MORE THAN TWO EXTENSIONS DURING ANY ONE-YEAR PERIOD.

## 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 betting on sports events. The statutory basis for Rule 5 is found in sections 44-30-201, C.R.S., 44-30-202, 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.

## RULE 5 AUTHORIZED SPORTS BETTING ACTIVITIES *Effective 4/14/20*

### 5.1 Approved sports events and leagues.

- (1) Persons licensed to offer sports betting 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~~ THE OFFICIAL SPORTS BETTING CATALOG OF EVENTS AND WAGERS.
- (3) The Director or designee shall post THE OFFICIAL SPORTS BETTING CATALOG OF EVENTS AND WAGERS on the Division website ~~a list of authorized sports events, leagues and 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 and Bets List~~ OFFICIAL SPORTS BETTING CATALOG OF EVENTS AND WAGERS, and inform the Master, Sports Betting Operator and Internet Sports Betting Operator licensees and applicable sports governing bodies of those changes. UNLESS OTHERWISE STATED BY THESE RULES, ALL APPROVED New sports events approved by the Division SPORTS EVENTS OR WAGERS based on requests received from a Sports Betting Operation are considered MAY BE OFFERED BY ALL SPORTS BETTING OPERATORS approved for all Sports Betting Operations and will be noticed in accordance with this Rule.

### 5.2 ~~Application REQUESTS~~ to authorize new Sports Events.

- (1) Sports betting licensees may request ~~THAT~~ the DIVISION, THROUGH THE AUTHORITY DELEGATED BY THE Commission, authorize sports events, leagues or bets not already authorized and included on ~~the the OFFICIAL SPORTS BETTING CATALOG OF EVENTS AND WAGERS, Authorized Sports Betting Events and Leagues and Bets List~~. Licensees must apply THE REQUEST MUST BE APPROVED prior to ANY LICENSEE offering the new event or wager to the public. Licensees must submit the application at least 72 hours prior to any new scheduled event requested. REQUESTS MADE LESS THAN THREE (3) BUSINESS DAYS BEFORE A NEW EVENT FOR WHICH THE REQUEST IS MADE MAY BE DENIED AT THE DIVISION'S DISCRETION.
- (2) The ~~application REQUEST~~ shall be in a form as specified by the Division, including:
- (3) Where a sports betting licensee wishes to authorize a sports event conducted by an approved sports league, of a type not generally conducted by that sports league, the Division may contact the sport's governing body for input.
- (4) The Director or Director's designee will consider the ~~following REQUEST, factors~~ ALL PROVIDED MATERIALS AND ANY RELEVANT INPUT FROM THE SPORT'S GOVERNING BODY OR CONDUCTOR OF THE SPORTS EVENT prior to authorizing a sports event, league or portion of a sport or athletic event. THE WAGER BEING REQUESTED MUST MEET THE FOLLOWING CRITERIA BEFORE THE REQUEST MAY BE APPROVED:
  - (a) ~~Any relevant input from the sports governing body or conductor of the sports event;~~

- (~~b~~A) ~~Whether t~~The outcome is NOT determined solely by chance;
- (~~e~~B) ~~Whether t~~The outcome can be verified;
- (~~d~~C) ~~Whether t~~The event generating the outcome is conducted in a manner that ensures sufficient integrity controls exist so the outcome can be trusted;
- (~~e~~D) ~~That t~~The outcome is not affected by any bet placed; and
- (~~f~~E) ~~Whether t~~The event is conducted in conformity with all applicable laws.

**5.4 FIXED ODDS OR PRICE ON HORSE AND GREYHOUND WAGERING.**

(1) FOR THE PURPOSES OF THIS RULE 5.4 ONLY:

(A) "THE GOVERNING BODY" MEANS THE RACING COMMISSION, GOVERNMENTAL OR OTHER ORGANIZATION THAT IS IN ENTRUSTED WITH THE REGULATORY DUTY TO ENSURE INTEGRITY OF THE OUTCOME, FROM THE RACETRACK WHERE THE RACE IS CONTESTED.

(B) "THE OWNER" MEANS THE OWNER(S) OF THE ANIMAL IN THE CONTEST.

(C) "FIXED ODDS WAGERING" OR "PRICE WAGERING" MEANS THE SYSTEM OR METHOD OF WAGERING USED FOR BETTING ON HORSE OR GREYHOUND RACES WHERE THE ODDS, PRICING AND PAYOUT ARE OFFERED OR DETERMINED BY THE SPORTS BETTING OPERATION AT THE TIME THE BET IS MADE BY THE PLAYER. "FIXED ODDS WAGERING" OR "PRICE WAGERING" DOES NOT INCLUDE ANY FORM OF PARI-MUTUEL WAGERING AS DEFINED BY SECTION 44-32-102, C.R.S.

(2) SPORTS BETTING LICENSEES MAY REQUEST, UNDER SPECIFIC CONDITIONS, THAT THE COMMISSION AUTHORIZE HORSE AND GREYHOUND RACING AS SPORTS EVENTS AND BETS. ANY APPROVAL OF HORSE AND GREYHOUND RACING AS SPORTS EVENTS AND BETS WILL BE SPECIFIC TO THE SPORTS BETTING LICENSEE REQUESTING THE EVENT OR BET.

(3) ON THE APPLICATION FOR HORSE AND GREYHOUND RACING AS SPORTS EVENTS AND BETS, SPORTS BETTING LICENSEES MUST AFFIRM THE LICENSEES HAVE RECEIVED CONSENT FROM THE FOLLOWING PARTIES:

(A) TO OFFER IN-STATE HORSE RACING EVENTS AS A SPORTS EVENT, SPORTS BETTING LICENSEES MUST AFFIRM ON THE APPLICATION THAT THE LICENSEE HAS RECEIVED CONSENT FROM THE FOLLOWING PARTIES:

(i) THE COLORADO RACING COMMISSION;

(ii) THE RACETRACK WHERE THE RACE IS CONDUCTED; AND

(iii) THE ASSOCIATION THAT REPRESENTS THE HORSE PERSONS COMPETING AT ALL LICENSED CLASS B COLORADO HORSE TRACK(S). THIS CONSENT MAY BE A PART OF THE CONSENT PROVIDED BY THE CONSENT RECEIVED IN 5.4(3)(A)(II).

(B) TO OFFER HORSE RACING EVENTS THAT OCCUR OUTSIDE THE STATE OF COLORADO, BUT INSIDE THE UNITED STATES, AS A SPORTS EVENT, SPORTS BETTING LICENSEES MUST AFFIRM THE LICENSEES HAVE RECEIVED CONSENT FROM THE FOLLOWING PARTIES:

(I) THE HOST RACING COMMISSION, OR IF APPLICABLE BREED SPECIFIC RACING COMMISSION, IN THE STATE WHERE THE RACE IS CONDUCTED;

(II) THE COLORADO RACING COMMISSION;

(III) ALL LICENSED CLASS B COLORADO HORSE TRACK(S);

(IV) THE RACETRACK WHERE THE RACE IS CONDUCTED; AND

(V) THE ASSOCIATION THAT REPRESENTS THE HORSE PERSONS OR GREYHOUND PERSONS COMPETING AT THE RACETRACK WHERE THE RACE IS CONDUCTED. THIS CONSENT MAY BE A PART OF THE CONSENT PROVIDED BY THE CONSENT RECEIVED IN 5.4(3)(B)(IV).

(VI) FOR HORSE RACING EVENTS, OPERATORS MUST ALSO OBTAIN THE CONSENT OF THE ASSOCIATION THAT REPRESENTS THE HORSE PERSONS COMPETING AT ALL LICENSED CLASS B COLORADO HORSE TRACK(S). THIS CONSENT MAY BE A PART OF THE CONSENT PROVIDED BY THE CONSENT RECEIVED IN 5.4(3)(B)(III).

(C) TO OFFER HORSE RACING EVENTS THAT OCCUR OUTSIDE OF THE UNITED STATES AS A SPORTS EVENT, SPORTS BETTING LICENSEES MUST AFFIRM THE LICENSEES HAVE RECEIVED CONSENT FROM THE FOLLOWING PARTIES:

(I) THE COLORADO RACING COMMISSION;

(II) ALL LICENSED CLASS B COLORADO HORSE TRACK(S);

(III) THE RACETRACK WHERE THE RACE IS CONDUCTED; AND

(IV) FOR HORSE RACING EVENTS, THE ASSOCIATION THAT REPRESENTS THE HORSE PERSONS COMPETING AT ALL LICENSED CLASS B COLORADO HORSE TRACK(S). THIS CONSENT MAY BE A PART OF THE CONSENT PROVIDED BY THE CONSENT RECEIVED IN 5.4(3)(C)(II).

(4) TO OFFER AN ESPORT CONTEST THAT IS BASED ON THE SPORT OF RACING HORSES, AND HAS BEEN APPROVED BY THE DIRECTOR, SPORTS BETTING LICENSEES MUST AFFIRM THE LICENSEES HAVE RECEIVED CONSENT FROM THE FOLLOWING PARTIES:

(A) ALL LICENSED CLASS B COLORADO HORSE TRACK(S);

(B) FOR HORSE RACING EVENTS, THE ASSOCIATION THAT REPRESENTS THE HORSE PERSONS COMPETING AT ALL LICENSED CLASS B COLORADO HORSE TRACK(S). THIS CONSENT MAY BE A PART OF THE CONSENT PROVIDED BY THE CONSENT RECEIVED IN 5.4(3)(D)(II).

- (5) LICENSEES MUST SUBMIT THE APPLICATION AT LEAST 72 HOURS PRIOR TO ANY NEW SCHEDULED EVENT REQUESTED. IT SHALL BE THE RESPONSIBILITY OF THE OPERATOR REQUESTING THE EVENT TO OBTAIN ALL THE CONSENTS PROVIDED FOR IN THESE RULES.
- (6) THE APPLICATION SHALL BE IN A FORM AS SPECIFIED BY THE DIVISION, INCLUDING:
- (A) THE NAME OF THE HORSE OR GREYHOUND MEET, SPORT EVENT(S) OR RACE;
  - (B) HOST TRACK;
  - (C) A DESCRIPTION OF ITS POLICIES AND PROCEDURES REGARDING EVENT INTEGRITY; AND
  - (D) WHETHER THE OUTCOME CAN BE VERIFIED.
- (7) THE DIRECTOR OR DIRECTOR'S DESIGNEE WILL CONSIDER THE FOLLOWING FACTORS PRIOR TO DETERMINING WHETHER TO AUTHORIZE HORSE AND GREYHOUND RACING AS SPORTS EVENTS:
- (A) WHETHER ALL REQUIRED CONSENTS HAVE BEEN SUBMITTED;
  - (B) WHETHER THE OUTCOME IS DETERMINED SOLELY BY CHANCE;
  - (C) WHETHER THE OUTCOME CAN BE VERIFIED;
  - (D) WHETHER THE EVENT GENERATING THE OUTCOME IS CONDUCTED IN A MANNER THAT ENSURES SUFFICIENT INTEGRITY CONTROLS EXIST SO THE OUTCOME CAN BE TRUSTED;
  - (E) THAT THE OUTCOME IS NOT AFFECTED BY ANY BET PLACED; AND
  - (F) WHETHER THE EVENT IS CONDUCTED IN CONFORMITY WITH ALL APPLICABLE LAWS.
- (8) THE COMMISSION HAS A DUTY TO PROMULGATE RULES TO ENSURE THAT ACTIVITIES RELATED TO FIXED ODDS RACING ARE CONDUCTED HONESTLY AND COMPETITIVELY. WHERE THE HOLDING, INTERMEDIARY, OR SUBSIDIARY COMPANY OF A SPORTS BETTING OPERATOR, INTERNET SPORTS BETTING OPERATOR, OR MASTER LICENSEE IS THE HOLDING, INTERMEDIARY, OR SUBSIDIARY COMPANY OF THE HOST-TRACK, THE SPORTS BETTING LICENSEE MUST PROVIDE DOCUMENTATION OF THE FOLLOWING CONDITIONS WITH THE APPLICATION FOR THE RACING SPORTS EVENT:
- (A) THAT THE CONSENT GIVEN BY THE HOST-TRACK TO THE SPORTS BETTING LICENSEE MUST BE GIVEN TO ALL LICENSED SPORTS BETTING OPERATIONS IN COLORADO;
  - (B) THAT PRIOR TO COMMENCING WAGERING ON THOSE EVENTS, ANY OTHER CONSENTS GIVEN TO THE SPORTS BETTING LICENSEE RELATED TO THE RACING SPORT EVENT, AS REQUIRED BY RULE 5.4(3), BE GIVEN TO ALL LICENSED SPORTS BETTING OPERATIONS IN COLORADO; AND
  - (C) THAT THE HOST-TRACK SHALL MAKE AVAILABLE TO ALL LICENSED SPORTS BETTING OPERATIONS IN COLORADO, THAT RACING SPORT EVENT, RACE OR CONTENT ON THE USUAL AND CUSTOMARY TERMS, INCLUDING PRICE OR COMMISSION, SHOULD THEY ALSO WISH TO CONTRACT FOR THAT RACING SPORT EVENT, RACE OR CONTENT.

- (9) A CONTENT PROVIDER THAT HOLDS A SPORTS BETTING LICENSE, HAS EXCLUSIVE RIGHTS TO RACING CONTENT, AND, IS NOT CONNECTED TO A LICENSED SPORTS BETTING OPERATOR, INTERNET SPORTS BETTING OPERATOR OR MASTER LICENSE, SHALL MAKE AVAILABLE TO ALL LICENSED SPORTS BETTING OPERATIONS IN COLORADO, THAT RACING CONTENT ON THE USUAL AND CUSTOMARY TERMS, INCLUDING PRICE, COMMISSION OR DISCOUNTS. A CONTENT PROVIDER MAY SECURE THE CONSENTS REQUIRED IN THIS 5.4 (3) FOR A CONTRACTED SPORTS BETTING OPERATOR. ADDITIONALLY, WHERE MORE THAN ONE LICENSED CONTENT PROVIDER IS OPERATING IN THE STATE, THOSE OPERATORS SHALL USE THEIR BEST EFFORTS WORKING TOGETHER TO PROVIDE THE BEST CONTENT EXPERIENCE TO THE COLORADO SPORTS BETTOR.
- (10) PAYMENT ON WINNING BETS SHALL BE MADE BASED ON THE ORDER OF FINISH POSTED AND DECLARED "OFFICIAL" UNLESS OTHERWISE STATED IN THE HOUSE RULES OF THE SPORTS BETTING OPERATION.
- (11) THE DIRECTOR MAY REQUEST THE CONSENT OF THE COLORADO RACING COMMISSION IN ADVANCE FOR THE CONDUCT OF SPORTS BETTING ON HORSE AND GREYHOUND RACING AS SPORTS EVENTS AND BETS, FOR ALL SPORTS BETTING OPERATIONS, TO FULFILL THE REQUIREMENTS OF THE CONSENT NEEDED IN 5.4(3).
- (12) NOTHING IN THESE RULES SHALL USURP ON THE AUTHORITY OF THE COLORADO RACING COMMISSION AND ITS REGULATION AND CONDUCT OF PARI-MUTUAL RACING AND WAGERING IN COLORADO.
- (13) THIS RULE 5.4 WILL EXPIRE EIGHTEEN (18) MONTHS FROM THE APPROVAL DATE OF THIS RULE 5.4, UNLESS OTHERWISE REPEALED OR EXTENDED BY THE LIMITED GAMING CONTROL COMMISSION PRIOR TO THE EXPIRATION DATE. ANY HEARING, INVESTIGATION, ACCUSATION, OR OTHER MATTER INITIATED BY OR PENDING BEFORE THE COMMISSION OR THE DIVISION OF GAMING PRIOR TO THE EXPIRATION DATE WILL CONTINUE UNTIL COMPLETION OF SUCH MATTER INCLUDING ANY ASSOCIATED ADMINISTRATIVE PROCEEDINGS. ANY AND ALL AUTHORIZATIONS FOR SPORTS EVENTS THAT ARE AUTHORIZED PURSUANT TO THIS RULE 5.4 ARE VOIDED AS OF THE EXPIRATION DATE, EIGHTEEN (18) MONTHS FROM THE APPROVAL DATE OF THIS RULE 5.4, UNLESS OTHERWISE REPEALED OR EXTENDED BY THE COMMISSION PRIOR TO THE EXPIRATION DATE.

## **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., 44-30-202, C.R.S., 44-30-203, C.R.S., 44-30-204, C.R.S., 44-30-302, 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 6 RIGHTS AND DUTIES OF LICENSEES** *Effective 4/14/20*

### **6.11 Prohibited sports betting participant.**

- (4) A SPORTS WAGERING TICKET MAY BE RECEIVED AS A TIP WAGER BY AN EMPLOYEE OF A SPORTS BETTING OPERATOR OR MASTER LICENSE SO LONG AS THE RECEIVER OF TIP WAGER DID NOT SOLICIT THE SPORTS WAGERING TICKET, THE RECEIVER DID NOT PARTICIPATE IN THE SELECTION OF THE WAGER AND THE SPORTS BETTING TICKET IS PLACED INTO A TIP POOL.



6.13 Patron WAGER SETTLEMENT disputes.

- (1) ~~A Sports Betting Operation shall attempt to resolve all patron disputes with the patron. A Sports Betting Operation shall investigate each patron complaint and provide a response to the patron within ten (10) business days.~~ IT IS THE RESPONSIBILITY OF ALL SPORTS BETTING OPERATIONS TO ATTEMPT TO RESOLVE ALL VALID WAGER SETTLEMENT DISPUTES DIRECTLY WITH THE PATRON. A WAGER SETTLEMENT DISPUTE IS VALID WHEN A PATRON SUBMITS A WRITTEN WAGER SETTLEMENT DISPUTE TO THE SPORTS BETTING OPERATION VIA MAIL OR ELECTRONIC MAIL TO THE APPROPRIATE CUSTOMER SERVICE ADDRESS AND WHEN A WINNING WAGER WAS:
  - (A) SETTLED AS A LOSING WAGER;
  - (B) SETTLED AS A WINNING WAGER BUT THE PAYOUT WAS INCORRECT;
  - (C) VOIDED BY THE SPORTS BETTING OPERATION PRIOR TO SETTLEMENT; OR
  - (D) SETTLED BUT THE SPORTS BETTING OPERATION HAS NOT PAID OUT THE WINNINGS.
- (2) ~~In a patron dispute, the licensee who accepted, and is charged with settling the wager must notify the disputing patron that the patron has a right to contact the Division regarding the dispute.~~ A SPORTS BETTING OPERATION MAY RESOLVE ANY VERBAL WAGER SETTLEMENT DISPUTE AS A CUSTOMER SERVICE COMPLAINT. VERBAL WAGER SETTLEMENT DISPUTES NOT RESOLVED IN THE FIRST CONTACT MUST BE SUBMITTED BY THE PATRON AS A VALID WAGER SETTLEMENT DISPUTE.
- (3) ~~If a licensee refuses payment of alleged winnings to a patron, the licensee and the patron are unable to resolve the dispute, and the dispute involves at least \$1250, the licensee to whom the wager was made 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.~~ UPON RECEIPT OF A VALID WAGER SETTLEMENT DISPUTE, THE SPORTS BETTING OPERATION MUST INVESTIGATE AND PROVIDE THE PATRON WITH A WRITTEN RESPONSE WITHIN TEN (10) BUSINESS DAYS. THE RESPONSE MUST STATE THE SPORTS BETTING OPERATION'S DECISION REGARDING WHETHER OR NOT IT WILL PAY OUT ON THE WAGER.
- (4) ~~For complaints related to patron accounts, settlements of wagers (involving at least \$1250) and illegal activity that cannot be resolved to the satisfaction of the patron, a copy of the complaint and the Sports Betting Operation's response including all relevant documentation, shall be provided to the Division, as applicable.~~ IF THE SPORTS BETTING OPERATION DETERMINES IT WILL NOT PAY OUT ON THE WAGER, THE RESPONSE MUST PROVIDE AN EXPLANATION STATING MINIMUM FACTS AND ANY OTHER RELEVANT INFORMATION SUPPORTING THE DECISION, AS WELL AS A STATEMENT INFORMING THE PATRON OF THEIR RIGHT TO APPEAL THE DECISION WHEN THE AMOUNT IN DISPUTE IS AT LEAST \$1,250.
- (5) ~~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.~~ IT IS THE RESPONSIBILITY OF ALL SPORTS BETTING OPERATIONS TO LOG ALL VALID WAGER SETTLEMENT DISPUTES IT RECEIVES. THE LOG MUST DOCUMENT THE: DATE THE WRITTEN WAGER SETTLEMENT DISPUTE WAS RECEIVED; PATRON NAME; PATRON ACCOUNT NUMBER; WAGER DESCRIPTION; AMOUNT WAGERED; PURPORTED PAYOUT; AND THE SPORTS BETTING OPERATION'S ACTION TAKEN. THIS RECORD SHOULD BE KEPT BY YEAR AND MUST BE KEPT FOR A MINIMUM OF TWELVE (12) MONTHS.



- (6) ~~Failure to immediately 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 charged with providing notice who accepted, and is charged with settling, the wager. IF THE SPORTS BETTING OPERATION DECLINES TO PAY A WAGER SETTLEMENT DISPUTE WITH A PATRON INVOLVING AT LEAST \$1250, THE AGGRIEVED PATRON MAY SUBMIT THE INITIAL WAGER SETTLEMENT DISPUTE AND THE SPORTS BETTING OPERATION'S RESPONSE TO THE DIVISION FOR FURTHER REVIEW. THE DISPUTE MUST BE SUBMITTED IN THE FORM AND MANNER AS PRESCRIBED BY THE DIVISION'S WEBSITE. SUBMISSIONS NOT CONSTITUTING A VALID WAGER SETTLEMENT DISPUTE OR REACHING THE MINIMUM THRESHOLD AMOUNT WILL BE TREATED AS REGULATORY COMPLAINTS.~~
- (7) ~~UPON RECEIPT OF A QUALIFYING SUBMISSION, THE DIVISION WILL INVESTIGATE THE MATTER AND THE DIRECTOR OR THE DIRECTOR'S DESIGNEE WILL DETERMINE WHETHER THE WAGER SHOULD BE PAID. THE PATRON AND THE SPORTS BETTING OPERATION WILL BE NOTIFIED WITHIN TEN (10) DAYS OF THE COMPLETION OF THE INVESTIGATION OF THE DECISION AND THE DIRECTOR WILL ISSUE AN ORDER ON THE MATTER. IF THE WAGER SHOULD BE PAID, THE SPORTS BETTING OPERATION MUST CONTACT THE PATRON WITHIN TEN (10) BUSINESS DAYS OF THE ORDER BEING ISSUED TO TENDER THE FUNDS.~~

#### **6.14 ~~Procedure upon dissolution~~ CLOSING OF A SPORTS BETTING OPERATION; 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.~~

- (1) CLOSING OF A SPORTS BETTING OPERATION.
- (A) A SPORTS BETTING OPERATION MUST NOTIFY THE DIVISION OF ANY TEMPORARY OR PERMANENT CLOSING PLANS AT LEAST SIXTY (60) DAYS PRIOR TO CLOSING THE SPORTS BETTING OPERATION OR AS SOON AS THE OPERATION KNOWS THAT CLOSING IS IMMINENT, WHICHEVER PERIOD IS SHORTER.
- (B) WITHIN THIRTY (30) DAYS OF NOTICE TO THE DIVISION, THE SPORTS BETTING OPERATION MUST PROVIDE THE DIVISION WITH A CLOSING PLAN REGARDING THE DISPOSITION OF OUTSTANDING TICKETS AND FUTURES WAGERS.
- (2) CLOSING OF AN INTERNET SPORTS BETTING OPERATION.
- (A) AN INTERNET SPORTS BETTING OPERATION MUST NOTIFY THE DIVISION OF ANY PERMANENT CESSATION OF OPERATION NUMBER AT LEAST SIXTY (60) DAYS PRIOR TO OPERATIONS CEASING, OR THE CHANGE OF OWNERSHIP, OR AS SOON AS THE OPERATION KNOWS THAT CLOSING IS IMMINENT, WHICHEVER PERIOD IS SHORTER.
- (B) WITHIN 30 DAYS OF NOTICE TO THE DIVISION, THE INTERNET SPORTS BETTING OPERATION MUST PROVIDE THE DIVISION WITH A CLOSING PLAN REGARDING THE DISPOSITION OF PLAYER ACCOUNTS, FUNDS IN THOSE ACCOUNTS, AND FUTURES WAGERS.
- (3) UPON THE DISSOLUTION OF A SPORTS BETTING OPERATION, OR AN INTERNET SPORTS BETTING OPERATION THAT IS A CORPORATION, PARTNERSHIP OR ASSOCIATION, THE OPERATION SHALL SURRENDER THE LICENSE WITHIN 10 DAYS OF THE DISSOLUTION EFFECTIVE DATE.

#### **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*

### **7.2 System assessment.**

(1) 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. SHOULD A LICENSEE BE OPERATING UNDER A TEMPORARY LICENSE, THEY SHALL PERFORM A SYSTEM AND SECURITY ASSESSMENT WITHIN ONE YEAR FOLLOWING THE INITIAL NINETY (90) DAY ASSESSMENT. The independent professional's report on the assessment shall be submitted to the Division and shall include:

(~~4~~A) Scope of review;

(~~2~~B) Name and company affiliation of the individual(s) who conducted the assessment;

(~~3~~C) Date of assessment;

(~~4~~D) Findings;

(~~5~~E) Recommended corrective action, if applicable; and

(~~6~~F) The operator's response to the findings and recommended corrective action-

(2) IF THE INDEPENDENT PROFESSIONAL'S REPORT RECOMMENDS CORRECTIVE ACTION, THE SPORTS BETTING OPERATION MUST PROVIDE THE DIVISION WITH A RESOLUTION PLAN WHICH DETAILS THE SPORTS BETTING OPERATION'S ACTIONS AND SCHEDULE TO IMPLEMENT THE CORRECTIVE ACTION. ONCE THE CORRECTIVE ACTION HAS BEEN TAKEN, THE OPERATOR WILL PROVIDE THE DIVISION WITH DOCUMENTATION EVIDENCING COMPLETION.

### **7.5 Internal control procedures.**

(31) Method by which the Sports Betting Operation will identify and cancel wagers in accordance with Rule 7.6 (12), including defining "obvious error";

The Sports Betting Operation 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.

(d) A Sports Betting Operation 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 Operation 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 Operation 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.

### 7.7 Sports betting kiosks.

(3) Reconciliation. The Sports Betting Operation's accounting department shall reconcile self-service sports betting devices (kiosks) AT MINIMUM EVERY SEVEN DAYS, 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.

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

(1) Reports required.

(b) To determine the daily win amount, the Sports Betting Operation'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 Operation 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 PROVIDED AS PRESCRIBED BY THE DIVISION.~~

(2) 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.~~ IN DETERMINING SPORTS BETTING TAX LIABILITY FOR A REPORTING PERIOD, A SPORTS BETTING OPERATOR SHALL TAKE THE SUM OF TAXABLE PROCEEDS FOR ALL GAMING DAYS IN THE PERIOD AND MULTIPLY BY THE DECIMAL REPRESENTATION OF THE SPORTS BETTING TAX PERCENTAGE.

TAXABLE PROCEEDS FOR A GAMING DAY ARE THE NET SPORTS BETTING PROCEEDS FOR THE GAMING DAY MINUS THE ABSOLUTE VALUE OF ANY CARRY OVER LOSS FROM THE PREVIOUS

GAMING DAY. IF THE TAXABLE PROCEEDS FOR A GAMING DAY RESULT IN A NEGATIVE NUMBER, THE TAXABLE PROCEEDS FOR THAT GAMING DAY IS ZERO AND THE RESULTING NEGATIVE NUMBER IS THE CARRY OVER LOSS APPLIED TO THE NEXT GAMING DAY.

#### 7.11 Sports betting accounts.

(4) Account requirements. In order to establish a sports betting account, a Sports Betting Operation shall:

(f) Record the patron's acceptance of the Sports Betting Operation'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.

(5) Account funding.

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

(f) Adjustments made by the Sports Betting Operation with documented notification to the patron;

### BASIS AND PURPOSE FOR RULE 8

The purpose of Rule 8 is to specify the requirements of sports betting integrity; confidential information; specify certain duties of licensees related to sports betting information, sports betting integrity, and nature of the confidentiality of betting information. "Confidential information" as referred to in this section is not governed by the provisions of 44-30-526, C.R.S., unless otherwise deemed applicable by the Division and/or Commission. The statutory basis for Rule 8 is found in sections 44-30-201, C.R.S., 44-30-202, C.R.S., 44-30-203, C.R.S., 44-30-302, C.R.S., 44-30-510, 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 8 SPORTS BETTING INTEGRITY; CONFIDENTIAL INFORMATION *Effective 4/14/20*

#### 8.1 Sports betting integrity.

(1) All licensed Sports Betting Operations in the State of Colorado shall provide betting information as required by applicable Rules and Regulations to the Division. To facilitate the collection of aggregate data in a format that can be efficiently utilized by the Division, licensees will submit required betting information to ~~an approved Independent Integrity Monitoring provider(s) with sufficient information to ensure the Division can properly monitor sports betting information.~~ The following information shall be reported to the Division via its approved ~~Independent Integrity Monitoring Provider:~~ DATA GATEWAY AND IN THE REQUIRED DATA FORMAT. DIRECTOR APPROVED DATA GATEWAY AND DATA FORMAT WILL BE COMMUNICATED VIA DIVISION BULLETIN.

~~(a) Time of wager;~~

~~(b) Odds of wager;~~

~~(c) Location of wager (while labeling relevant wagers "mobile" if applicable);~~

~~(d) Amount of dollars wagered;~~

~~(e) Win amount of wager;~~

~~(f) Wager type (e.g., straight bet, parlay, point spread, total, moneyline, etc.); and~~

~~(g) Team, side or total that the wager was placed upon.~~

~~(5) A Sports Betting Operation must submit a yearly report to the Division which details its integrity monitoring efforts and summarizes any unusual betting activity or other suspicious betting activity notifications issued during that time period.~~

(65) A Sports Betting Operation receiving a report of suspicious betting activity shall be permitted to suspend betting and related wagers on events related to the report, but may only cancel related wagers after receiving approval from the Director or the Director's designee.

(76) If the Division receives a suspicious betting activity report from an Independent Integrity Monitoring Provider, the Division shall notify the relevant sports governing body as expeditiously as possible.

(87) The Division may require a Sports Betting Operation to provide hardware necessary to the Division for evaluation of its sports betting offering or to conduct further monitoring of data provided by its system.

(98) As authorized by section 44-30-1506(7), C.R.S., each Sports Betting Operation may set such bet limits as it, in its sole discretion, finds appropriate, including limits as to a form or class of sports betting, a specific sports event, or a person placing a bet.

## 8.2 Confidential information.

(1) All information and data received pursuant to this Rule by the Commission related to unusual or suspicious betting activity or WAGERING DATA shall be considered confidential and shall not be revealed in whole or IN PART, except as required by law, by the Commission, or by lawful order of a court of competent jurisdiction, or to any law enforcement entity, member club, sports governing body, Independent Integrity Monitor Provider, or regulatory agency that the Commission deems appropriate to protect the integrity of sport betting.