

AGENDA
COLORADO LIMITED GAMING CONTROL COMMISSION

Meeting of February 16, 2023
Beginning at 9:15 a.m.
In person & via Cisco Webex

Division of Gaming
1707 Cole Blvd., Suite 300
Lakewood, CO 80401

This meeting will be held in person at the Lakewood Division of Gaming office at 1707 Cole Blvd., Suite 300, Lakewood, CO 80401 and will begin at 9:15 a.m. In addition to the in-person meeting, we will offer a virtual option. The virtual link can be found on our webpage: <https://sbg.colorado.gov/limited-gaming-control-commission>.

In addition to other matters that may properly be considered by the Colorado Limited Gaming Control Commission, the following items are scheduled for consideration and adoption on February 16, 2023. Times contained in the agenda are approximate.

PUBLIC SESSION

I. Call to Order

EXECUTIVE SESSION

Review of confidential background licensing reports scheduled for consideration during the public session as well as review of confidential reports for a business matter for consideration during the public session.

PUBLIC SESSION (reconvened)

II. Consideration of Licensing Actions

Limited Gaming Licenses

First Operator and Manufacturer/Distributor Licenses for
AGS, LLC

Sports Betting Licenses

First Vendor Major License for
K49A Media LLC

Renewal of Vendor Minor Licenses for
Ocean Media LLC
DISH Integration L.L.C.
Airship Group, Inc. d/b/a Airship
Global Ad Ventures Limited
GWEB MEDIA
LIR Industries, LLC
Time2Play Media Ltd.
CBS INTERACTIVE INC.

Akeyless Security Ltd.
ENGAGED NATION HOLDINGS, LLC
TARLOGIC SECURITY SL INC.
HEAP Inc. d/b/a Heap Analytics
Monterizo Ltd

First Vendor Minor Licenses for
Verified Digital Ltd.
Wizard Interactive LLC
Ariel Epstein
OCR Labs Global (USA) Inc.
SHOTAKE INC.
Famuyide LLC
Gronk Endorsements LLC
DGR Media LLC
SABIA MEDIA ISRAEL S.M LTD d/b/a Luns.io

- III. Opportunity for Public to Address the Commission
- IV. Consideration of Division Limited Gaming Financial Statements for December 2022
- V. Consideration of Division Sports Betting Financial Statements for December 2022
- VI. Consideration of Supplemental Limited Gaming Budget Changes for Fiscal Year 2023
- VII. Consideration of Stipulation and Agreement in the matter of Case No. DOG22002245
Monarch Black Hawk, Inc. d/b/a Monarch Casino Resort Spa – Master License
02621565
- VIII. Consideration of Order to Show Cause in the matter of Case No. DOG22002245
Nicholas Joseph Epstein – Support License 50580
- IX. Consideration of Notice of Denial in the matter of Case No. DOG0013047010 –
BORUSSIA DORTMUND GMBH & CO. KGAA License No. 94898983
- X. Consideration of International Gaming Technology (IGT) Mutli-Jursidiction
MEGAJACKPOTS Progressive System
- XI. Consideration of Responsible Gaming Grant Applications
- XII. Consideration of Colorado Limited Gaming Rule 12

XIII. Consideration of Organizational Matters

XIV. Opportunity for Industry Members to Address the Commission on Current Issues and Events

XV. Adjournment

At the discretion of the Commission, any or all of the above matters may be continued for consideration or adoption at a different time, may be considered out of order, or may be considered at the next meeting of the Commission.

Public Session



**STATEMENT OF GAMING REVENUES,
GAMING TAXES, AND EXPENDITURES
(UNAUDITED)**

**FOR THE SIX (6) MONTHS ENDED
DECEMBER 31, 2022**



COLORADO

Department of Revenue

Specialized Business Group—Gaming

1707 Cole Blvd., Suite 300
Lakewood, CO 80401

February 16, 2023

State Treasurer and Members of the Colorado Limited Gaming Control Commission:

Pursuant to Section 44-30-203 (i), C.R.S., the Colorado Division of Gaming is required to furnish monthly a, "report which contains a full and complete statement of the division's revenues and expenses."

The attached combined financial statements for December 31, 2022 have not been audited. They contain the most current data available. This information has been collected and recorded in accordance with generally accepted accounting principles.

Respectfully submitted,

Vickie Floyd
Division Controller

**COLORADO DIVISION OF GAMING
FINANCIAL STATEMENTS
(UNAUDITED)**

DISTRIBUTION

Honorable Jared Polis	Governor
Representative Julie McCluskie	Speaker of the House of Representatives
Senator Stephen Fenberg	President of the Senate
Senator Paul Lundeen	Senate Minority Leader
Representative Mike Lynch	House Minority Leader
Senator Rachel Zenzinger	Chair, Joint Budget Committee
Mr. Richard Nathan	Chair, Limited Gaming Control Commission
Mr. Justin Davis	Vice Chair, Limited Gaming Control Commission
Mr. Kevin Armstrong	Limited Gaming Control Commission
Mr. Shawn Coleman	Limited Gaming Control Commission
Ms. Patsy Landaveri	Limited Gaming Control Commission
Mr. Mark Ferrandino	Executive Director, Department of Revenue
Mr. Michael Phibbs	Senior Director, Specialized Business Group, Department of Revenue
Mr. Daniel Hartman	Director, Division of Gaming
Mr. Scott Koehler	Accounting Director, Department of Revenue
Mr. Ramon Alvarado	Deputy Budget Director, Department of Revenue
Mr. Bob Jaros	State Controller
Mr. Charles Scheibe	Chief Financial Officer, Department of the Treasury
Ms. Aly Jabrocki	State Archivist
Ms. Kerri Hunter	State Auditor
Ms. Amanda King	Joint Legislative Library
Ms. Megan Davisson	Deputy Director for Budget, Governor's Office
Colorado State Publications Depository and Distribution Center	State of Colorado Library

DIVISION OF GAMING
STATEMENT OF REVENUES
GAMING TAXES, AND EXPENDITURES
(UNAUDITED)

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**COLORADO DIVISION OF GAMING
TAX REVENUES COMPARISON
DECEMBER 31, 2022 AND 2021**

The Colorado Limited Gaming Control Commission assesses taxes based on adjusted gross proceeds (AGP).

The tax rates for period ending June 30, 2023 are:

3% on AGP from charitable gaming
.25% on amounts up to \$2 million
2% on amounts over \$2 million and up to \$5 million
9% on amounts over \$5 million and up to \$8 million
11% on amounts over \$8 million and up to \$10 million
16% on amounts over \$10 million and up to \$13 million
20% on amounts over \$13 million

The tax rates for year ending June 30, 2023 are the same as they were for year ending June 30, 2022.

For Periods Beginning July 1, 2021 and 2022 through December 31, 2021 and 2022

AGP Comparison				
Range	Prior Year AGP	Current Year AGP	Difference	Percent Change
\$0 - \$2 Million	\$ 1,127,188	\$ 2,534,495	\$ 1,407,307	124.85%
\$2 - \$5 Million	\$ 38,196,797	\$ 41,942,566	\$ 3,745,769	9.81%
\$5 - \$8 Million	\$ 41,230,209	\$ 38,411,043	\$ (2,819,166)	(6.84)%
\$8 - \$10 Million	\$ 38,122,555	\$ 18,816,204	\$ (19,306,351)	(50.64)%
\$10 - \$13 Million	\$ 34,569,052	\$ 56,235,474	\$ 21,666,422	62.68%
\$13+ Million	\$ 368,202,024	\$ 394,966,846	\$ 26,764,822	7.27%
Total	\$ 521,447,825	\$ 552,906,628	\$ 31,458,803	6.03%

Tax Comparison				
Range	Prior Year Tax	Current Year Tax	Difference	Percent Change
\$0 - \$2 Million	\$ 157,818	\$ 156,336	\$ (1,482)	(0.94)%
\$2 - \$5 Million	\$ 1,523,936	\$ 1,514,700	\$ (9,236)	(0.61)%
\$5 - \$8 Million	\$ 4,790,719	\$ 5,081,482	\$ 290,763	6.07%
\$8 - \$10 Million	\$ 2,873,481	\$ 2,925,386	\$ 51,905	1.81%
\$10 - \$13 Million	\$ 4,091,048	\$ 4,355,338	\$ 264,290	6.46%
\$13+ Million	\$ 55,440,405	\$ 60,872,187	\$ 5,431,782	9.80%
Total	\$ 68,877,407	\$ 74,905,429	\$ 6,028,022	8.75%

Open Casinos Comparison			
Range	Prior Year No. of Tax Returns Filed by Casinos	This Year No. of Tax Returns Filed by Casinos	Difference
\$0 - \$2 Million	2	4	2
\$2 - \$5 Million	11	10	(1)
\$5 - \$8 Million	6	5	(1)
\$8 - \$10 Million	4	2	(2)
\$10 - \$13 Million	3	5	2
\$13+ Million	7	7	0
Total	33	33	0

**COLORADO DIVISION OF GAMING
COMBINED STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE (UNAUDITED)
SIX MONTHS ENDED DECEMBER 31, 2022 AND 2021**

	FY 2023				FY 2022			
	EXTENDED GAMING FUND	RESPONSIBLE GAMING GRANT FUND	LIMITED GAMING FUND	TOTAL GAMING FUNDS	EXTENDED GAMING FUND	RESPONSIBLE GAMING GRANT FUND	LIMITED GAMING FUND	TOTAL GAMING FUNDS
REVENUES:								
Gaming Taxes	\$ 0	\$ 0	\$ 74,905,442	\$ 74,905,442	\$ 0	\$ 0	\$ 68,877,407	\$ 68,877,407
License and Application Fees	0	0	366,809	366,809	0	0	344,948	344,948
Background Investigations	0	0	52,466	52,466	0	0	47,273	47,273
Fines	0	0	1,512	1,512	0	0	84	84
Interest Income	95,424	22,855	643,902	762,181	19,587	0	239,096	258,683
Other Revenue	0	0	433	433	0	0	83	83
TOTAL REVENUES	95,424	22,855	75,970,564	76,088,843	19,587	0	69,508,891	69,528,478
EXPENDITURES:								
Salaries and Benefits	0	7,946	4,404,724	4,412,670	0	0	4,148,035	4,148,035
Annual and Sick Leave Payouts	0	0	26,584	26,584	0	0	24,022	24,022
Professional Services	0	0	65,345	65,345	0	0	58,705	58,705
Travel	0	0	58,474	58,474	0	0	17,471	17,471
Automobiles	0	0	104,278	104,278	0	0	89,936	89,936
Printing	0	0	7,588	7,588	0	0	6,286	6,286
Police Supplies	0	0	26,712	26,712	0	0	5,961	5,961
Computer Services & Name Searches	0	0	39,446	39,446	0	0	50,339	50,339
Materials, Supplies, and Services	0	0	182,643	182,643	0	0	178,335	178,335
Postage	0	0	1,247	1,247	0	0	2,309	2,309
Telephone	0	0	39,467	39,467	0	0	37,678	37,678
Utilities	0	0	15,768	15,768	0	0	13,226	13,226
Other Operating Expenditures	0	0	64,981	64,981	0	0	45,051	45,051
Leased Space	0	0	71,889	71,889	0	0	58,323	58,323
Capital Outlay	0	0	14,478	14,478	0	0	0	0
EXPENDITURES - SUBTOTAL	0	7,946	5,123,624	5,131,570	0	0	4,735,677	4,735,677
STATE AGENCY SERVICES								
Colorado Bureau of Investigation	0	0	0	0	0	0	119,750	119,750
Division of Fire Prevention and Control	0	0	134,307	134,307	0	0	121,993	121,993
Colorado State Patrol	0	0	1,737,573	1,737,573	0	0	1,661,838	1,661,838
State Auditors	0	0	20,000	20,000	0	0	8,690	8,690
Indirect Costs - Department of Revenue	0	0	582,750	582,750	0	0	587,918	587,918
Regulatory Agencies	0	0	0	0	0	0	2,362	2,362
Colorado Department of Law	0	0	115,793	115,793	0	0	121,527	121,527
OLT Purchased Services	0	0	74,935	74,935	0	0	196,944	196,944
TOTAL STATE AGENCY SERVICES	0	0	2,665,358	2,665,358	0	0	2,821,022	2,821,022
Non Personal Services Background Exp.	0	0	4,372	4,372	0	0	1,606	1,606
TOTAL EXPENDITURES	0	7,946	7,793,354	7,801,300	0	0	7,558,305	7,558,305
Excess of Revenues Over Expenditures	95,424	14,909	68,177,210	68,287,543	19,587	0	61,950,586	61,970,173
FY22 & FY21 Extended Gaming Distr.	(46,823,932)	0	0	(46,823,932)	(17,647,531)	0	0	(17,647,531)
FUND BALANCE AT JULY 1, 2022 & 2021	46,823,932	2,500,000	2,445,701	51,769,633	17,647,531	0	2,267,873	19,915,404
TOTAL FUND BAL. DECEMBER 31, 2022 & 2021	\$ 95,424	\$ 2,514,909	\$ 70,622,911	\$ 73,233,244	\$ 19,587	\$ 0	\$ 64,218,459	\$ 64,238,046

COLORADO DIVISION OF GAMING
STATEMENT OF BUDGET TO ACTUAL
SIX MONTHS ENDED DECEMBER 31, 2022
(UNAUDITED)

	BEGINNING BUDGET *	SUPPLE- MENTAL CHANGES / ROLLFORWARDS	ANNUAL REVISED ESTIMATED BUDGET **	50% OF BUDGETED AMOUNT EXCEPT FOR TAXES ***	YEAR-TO-DATE ACTUAL	OVER / (UNDER) ANNUAL BUDGET	% EARNED % EXPENDED OF ANNUAL BUDGET
REVENUES:							
Gaming Taxes	\$ 166,507,340	\$ 0	\$ 166,507,340	\$ 70,099,590	\$ 74,905,442	\$ (91,601,898)	44.99%
License and Application Fees	649,710	0	649,710	324,855	366,809	(282,901)	56.46%
Background Investigations	164,551	0	164,551	82,276	52,466	(112,085)	31.88%
Fines and Fees	0	0	0	0	1,512	1,512	100.00%
Interest Revenue	669,286	0	669,286	334,643	643,902	(25,384)	96.21%
Other Revenue	0	0	0	0	433	433	100.00%
TOTAL REVENUES	167,990,887	0	167,990,887	83,995,444 ^^	75,970,564	(92,020,323)	45.22%
EXPENDITURES:							
Personal Services	10,306,436	0	10,306,436	5,153,217	4,504,145	(5,802,291)	43.70%
Operating Expenditures	781,994	0	781,994	390,995	310,524	(471,470)	39.71%
Workers Compensation	25,015	0	25,015	12,508	12,508	(12,507)	50.00%
Risk Management	38,439	0	38,439	19,220	19,220	(19,219)	50.00%
Licensure Activities	127,074	0	127,074	63,537	40,722	(86,352)	32.05%
Leased Space	155,000	0	155,000	77,500	71,889	(83,111)	46.38%
Vehicle Lease Payments - Fixed	118,486	0	118,486	59,243	54,577	(63,909)	46.06%
Vehicle Lease Payments - Variable	86,000	(2,000)	84,000	42,000	49,621	(34,379)	59.07%
Utilities	28,925	0	28,925	14,463	15,768	(13,157)	54.51%
Legal Services	286,686	(55,100)	231,586	115,793	115,793	(115,793)	50.00%
CORE Operations	86,243	0	86,243	43,122	43,122	(43,121)	50.00%
Payments to Office of Information Technology	149,869	0	149,869	74,935	74,935	(74,934)	50.00%
IT Division - MIPC Phones & ISD	51,269	0	51,269	25,635	21,528	(29,741)	41.99%
Indirect Costs - Department of Revenue	1,165,499	0	1,165,499	582,750	582,750	(582,749)	50.00%
State Agency Services	4,018,554	0	4,018,554	2,009,277	1,871,880	(2,146,674)	46.58%
Division Expenditures	17,425,489	(57,100)	17,368,389	8,684,195	7,788,982	(9,579,407)	44.85%
Non Personal Services Background Expenditures	68,425	0	68,425	34,213	4,372	(64,053)	6.39%
TOTAL EXPENDITURES	17,493,914	(57,100)	17,436,814	8,718,407	7,793,354	(9,643,460)	44.69%
EXCESS OF REVENUES OVER EXPENDITURES	\$ 150,496,973	N/A	\$ 150,554,073	\$ 75,277,037	\$ 68,177,210	\$ (82,376,863)	45.28%

* Represents original information given to the Commission in April and May of 2022.

The percent of the fiscal year elapsed through December 31, 2022 is 50%.

** Amount includes Long Bill items and Supplemental Appropriations.

*** The original tax projection assumed an AGP increase of 10%, which was then applied to the existing casinos' graduated tax tiers. The \$70,099,590 is this tax projection through December, which is \$4,805,852 less than the actual taxes collected for the same period.

^^ Calculated number is not a sum, rather elapsed percentage of Annual Revised Estimated Budget.



COLORADO

Department of Revenue

Specialized Business Group—Gaming
1707 Cole Blvd., Suite 300
Lakewood, CO 80401

Memo

To: Colorado Limited Gaming Control Commission
From: Vickie Floyd, Gaming Controller
Cc: Dan Hartman, Gaming Director
Date: February 16, 2023
Re: December Gaming Fund Financial Statement Presentation

Following are highlights from the Gaming Fund financial statements ending December 31, 2022.

Statement of Revenues, Expenditures, and Changes in Fund Balance

Gaming tax revenues have increased by \$6,028,035 or 9% over last year. Please recall, Amendment 77, which removed betting limits and allowed other games, was effective May 1, 2021. Total Revenues for the Limited Gaming Fund as of December 31 were \$75,970,564, also a 9% increase compared to December 2021.

Total expenditures for the period ending December 31, 2022, were approximately \$7.8 million. This represents a 3% increase over last year. The main reason for the increase is in the Salaries and Benefits line, which increased by \$256,689 or 6% over last year. This is mostly because we have 2.5 more filled positions this December compared to last year and health, dental, and life expenditures have increased by an average of 3.4% over last fiscal year. The second largest increase of 5% is in the Colorado State Patrol line. This is reasonable, given the fact that their fiscal year 2023 interagency agreement is \$72,664 more than it was last fiscal year.

The excess of total revenues over expenditures was \$68,177,210. This is a 10% increase over last year and represents the amount we could distribute as of December 31.

Statement of Budget to Actual

Total revenues collected through December 31, 2022, were 45% of budgeted. Total expenditures were also 45% of budgeted, which is below the 50% of the fiscal year that has elapsed. In addition, the excess of revenues over expenditures was 45% of budgeted as well.

Please feel free to contact me if you have any questions on the Gaming Fund financial statements.



**STATEMENT OF SPORTS BETTING REVENUES,
SPORTS BETTING TAXES, AND EXPENDITURES
(UNAUDITED)**

**FOR THE SIX (6) MONTHS ENDED
DECEMBER 31, 2022**

**DIVISION OF GAMING
STATEMENT OF REVENUES
SPORTS BETTING TAXES, AND
EXPENDITURES
(UNAUDITED)**

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COLORADO DIVISION OF GAMING
SPORTS BETTING COMBINED STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
SIX MONTHS ENDED DECEMBER 31, 2022 AND 2021
(UNAUDITED)

	FY 2023			FY 2022		
	HOLD-HARMLESS FUND	SPORTS BETTING FUND	TOTAL SPORTS BETTING FUNDS	HOLD-HARMLESS FUND	SPORTS BETTING FUND	TOTAL SPORTS BETTING FUNDS
REVENUES:						
Sports Betting Taxes	\$ 0	\$ 13,400,808	\$ 13,400,808	\$ 0	\$ 6,203,706	\$ 6,203,706
License and Application Fees	0	95,384	95,384	0	87,214	87,214
Sports Betting Operations Fees	0	1,912,500	1,912,500	0	2,034,100	2,034,100
Background Investigations	0	50,009	50,009	0	34,374	34,374
Fines	0	5,084	5,084	0	5,168	5,168
Interest Income	10,895	128,740	139,635	1,263	37,950	39,213
Other Revenue	0	203	203	0	164	164
TOTAL REVENUES	10,895	15,592,728	15,603,623	1,263	8,402,676	8,403,939
EXPENDITURES:						
Salaries and Benefits	0	1,127,439	1,127,439	0	904,187	904,187
Annual and Sick Leave Payouts	0	631	631	0	0	0
Professional Services	0	120,053	120,053	0	18,391	18,391
Travel	0	11,844	11,844	0	11,823	11,823
Automobiles	0	15,103	15,103	0	6,779	6,779
Printing	0	1,082	1,082	0	846	846
Police Supplies	0	1,870	1,870	0	227	227
Computer Services & Name Searches	0	15,587	15,587	0	11,505	11,505
Materials, Supplies, and Services	0	47,162	47,162	0	13,692	13,692
Postage	0	153	153	0	317	317
Telephone	0	6,832	6,832	0	4,019	4,019
Other Operating Expenditures	0	15,608	15,608	0	9,752	9,752
Leased Space	0	17,972	17,972	0	14,581	14,581
EXPENDITURES - SUBTOTAL	0	1,381,336	1,381,336	0	996,119	996,119
STATE AGENCY SERVICES						
Colorado Bureau of Investigation	0	0	0	0	6,303	6,303
State Auditors	0	20,000	20,000	0	228,170	228,170
Indirect Costs - Department of Revenue	0	62,668	62,668	0	63,644	63,644
Colorado Department of Law	0	40,860	40,860	0	71,194	71,194
OIT Purchased Services	0	21,992	21,992	0	74,036	74,036
TOTAL STATE AGENCY SERVICES	0	145,520	145,520	0	443,347	443,347
Non Personal Services Background Exp.	0	1,391	1,391	0	1,288	1,288
TOTAL EXPENDITURES	0	1,528,247	1,528,247	0	1,440,754	1,440,754
EXCESS OF REVENUES OVER EXPENDITURES	10,895	14,064,481	14,075,376	1,263	6,961,922	6,963,185
OTHER FINANCING SOURCES (USES):						
Sports Betting Distribution	0	(11,489,790)	(11,489,790)	0	(8,075,834)	(8,075,834)
Transferred to Hold-Harmless Fund	0	(746,727)	(746,727)	0	(488,782)	(488,782)
Transfer from Sports Betting Fund	746,727	0	746,727	488,782	0	488,782
FUND BALANCE AT JULY 1, 2022 & 2021	493,165	12,253,994	12,747,159	0	8,570,798	8,570,798
TOTAL FUND BAL. DECEMBER 31, 2022 & 2021	\$ 1,250,787	\$ 14,081,958	\$ 15,332,745	\$ 490,045	\$ 6,968,104	\$ 7,458,149

COLORADO DIVISION OF GAMING
SPORTS BETTING STATEMENT OF BUDGET TO ACTUAL
SIX MONTHS ENDED DECEMBER 31, 2022
(UNAUDITED)

	BEGINNING BUDGET *	SUPPLE- MENTAL CHANGES / ROLLFORWARDS	ANNUAL REVISED ESTIMATED BUDGET **	50.0% OF BUDGETED AMOUNT	YEAR-TO-DATE ACTUAL	OVER / (UNDER) ANNUAL BUDGET	% EARNED % EXPENDED OF ANNUAL BUDGET
REVENUES:							
Sports Betting Taxes	\$ 12,607,943	\$ 0	\$ 12,607,943	\$ 6,303,971	\$ 13,400,808	\$ 792,865	106.29%
License and Application Fees	185,250	0	185,250	92,625	95,384	(89,866)	51.49%
Sports Betting Operations Fees	2,536,075	0	2,536,075	1,268,038	1,912,500	(623,575)	75.41%
Background Investigations	89,860	0	89,860	44,930	50,009	(39,851)	55.65%
Fines and Fees	0	0	0	0	5,084	5,084	100.00%
Interest Revenue	97,141	0	97,141	48,571	128,740	31,599	132.53%
Other Revenue	0	0	0	0	203	203	100.00%
TOTAL REVENUES	15,516,269	0	15,516,269	7,758,135	15,592,728	76,459	100.49%
EXPENDITURES:							
Personal Services	3,490,526	0	3,490,526	1,745,263	1,264,996	(2,225,530)	36.24%
Operating Expenditures	110,134	0	110,134	55,067	82,205	(27,929)	74.64%
Workers Compensation	6,254	0	6,254	3,127	3,127	(3,127)	50.00%
Risk Management	9,610	0	9,610	4,805	4,805	(4,805)	50.00%
Licensure Activities	23,721	0	23,721	11,860	10,657	(13,064)	44.93%
Leased Space	39,000	0	39,000	19,500	17,972	(21,028)	46.08%
Vehicle Lease Payments - Fixed	12,731	0	12,731	6,365	6,793	(5,938)	53.36%
Legal Services	81,572	147	81,719	40,860	40,860	(40,859)	50.00%
CORE Operations	21,561	0	21,561	10,781	10,781	(10,780)	50.00%
Payments to Office of Information Technology	43,983	0	43,983	21,992	21,992	(21,991)	50.00%
Indirect Costs - Department of Revenue	125,336	0	125,336	62,668	62,668	(62,668)	50.00%
Division Expenditures	3,964,428	147	3,964,575	1,982,288	1,526,856	(2,437,719)	38.51%
Non Personal Services Background Expenditures	35,582	0	35,582	17,791	1,391	(34,191)	3.91%
TOTAL EXPENDITURES	4,000,010	147	4,000,157	2,000,079	1,528,247	(2,471,910)	38.20%
EXCESS OF REVENUES OVER EXPENDITURES	\$ 11,516,259	N/A	\$ 11,516,112	\$ 5,758,056	\$ 14,064,481	\$ 2,548,369	122.13%

* Represents original information given to the Commission in April of 2022.
The percent of the fiscal year elapsed through December 31, 2022 is 50.0%.
** Amount includes Long Bill items and Supplemental Appropriations.



COLORADO

Department of Revenue

Specialized Business Group—Gaming
1707 Cole Blvd., Suite 300
Lakewood, CO 80401

Memo

To: Colorado Limited Gaming Control Commission

From: Eric Shannon, Deputy Gaming Controller

Cc: Dan Hartman

Date: February 16, 2023

Re: December 2022 Sports Betting Fund Financial Statements

Following are highlights from the Sports Betting Fund financial statements ending December 31, 2022.

Statement of Revenues, Expenditures, and Changes in Fund Balance

Current fiscal year Sports Betting Tax revenue was \$13,400,808 which is an increase of \$7,197,102 or 116% over the prior fiscal year. The current fiscal year increase in Sports Betting Tax revenue is due primarily to the year over year increase in Net Sports Betting Proceeds of 163%.

Current fiscal year Sports Betting Operations Fees revenue was \$1,912,500 which is a decrease of \$121,600 over the prior fiscal year. Through December of the current fiscal year 39 total operations fees were collected, 24 for internet operations and 15 for on-site operations. Through December of the prior fiscal year 42 total operations fees were collected, 25 for internet operations and 17 for on-site operations. Internet operations fees did not change year over year while on-site operations fees decreased in amount year over year.

Total Sports Betting Fund revenues through December 2022 increased by \$7,190,052 or 86% over December 2021.

Total Sports Betting Fund expenditures through December 2022 were \$1,528,247 which is an increase of 6% year over year. Although current fiscal year salaries and benefits, and professional services have increased by about \$325,000 in total, current fiscal year payments to the State Auditor have decreased by roughly \$208,000 due to the Sports Betting performance audit being completed in fiscal year 2022.

Statement of Budget to Actual

Total revenues collected through December 2022 were about 100% of budgeted. Total expenditures were about 38% of budgeted, which is below the 50% of the fiscal year that has elapsed. Excess of revenues over expenditures was about 122% of budgeted.

Please feel free to contact me if you have any questions on the Sports Betting Fund financial statements.



Memo

To: Colorado Limited Gaming Control Commission
From: Budget Office, Specialized Business Group
Date: February 16, 2023
Re: Supplemental Budget Changes - Division of Gaming FY 23

This notice is to request approval from the Commission for appropriation changes to the FY 23 Gaming and Sports Betting budgets.

When Sports Betting was established, they had significantly less resources (FTEs) than Gaming and less was known regarding what operating budget was needed to sustain their business. Over the past few years Sports Betting has evolved and we now see the need for additional operating budget to help maintain the current level of the business. Sports Betting has not increased its operating budget since their inception. Historically, Gaming has spent about 8% of their overall budget on operating expenses and we believe that this is a good guideline to use for an operating budget within Sports Betting. With the movement of the appropriations below, both areas will maintain approximately 8% of their total appropriation (less common policy) within their operating budgets.

Gaming

With your approval, the current budget of \$17,436,814 will be decreased to \$17,361,814 for a total change of \$75,000. Details of those changes follow for appropriation TCCCE1003, Operating:

	Previous Allocation	Increase / (Decrease)	Current Allocation
Operating Expenses	\$977,493	(\$75,000)	\$902,493
Total	\$977,493	(\$75,000)	\$902,493

Sports Betting

With your approval, the current budget of \$4,000,157 will be increased to \$4,075,157 for a total change of \$75,000. Details of those changes follow for appropriation TCCCESB03:

	Previous Allocation	Increase / (Decrease)	Current Allocation
Operating Expenses	\$169,437	\$75,000	\$244,437
Total	\$169,437	\$75,000	\$244,437

BEFORE THE COLORADO LIMITED GAMING CONTROL COMMISSION
STATE OF COLORADO

Case No. DOG22002245

STIPULATION AND AGREEMENT

IN THE MATTER OF:

Monarch Black Hawk, Inc. d/b/a Monarch Casino Resort Spa
Colorado Master License No. 02621565

Respondent.

The Colorado Division of Gaming (the "Division") and Monarch Black Hawk, Inc., Master licensee No. 02621565 ("Respondent"), hereby stipulate and agree as follows:

1. Respondent has been the subject of a Division investigation concerning allegations that Respondent, as identified through the acts of certain employees, failed to observe and comply with the provisions of Colorado Limited Gaming Act sections 44-30-1506(2)(b)(II) & (IV), (6), and (8), C.R.S.; Colorado Sports Betting Regulations, 1 C.C.R. 207-2, Rules 1.3(1), 6.11(1)(a) & (3), and 7.5(2) & (3); and certain other provision of law referenced in this Stipulation and Agreement.

IT IS ALLEGED THAT:

- A. Respondent holds a Master license number 02621565. The business is located at 488 Main Street, Black Hawk, Colorado 80422. The mailing address is PO Box 9, Black Hawk, Colorado 80422.
- B. On June 20, 2022, Respondent discovered and immediately self-reported to the Division an incident involving their Sportsbook. The Sportsbook employees involved were Nicholas Epstein, Sportsbook Manager; Brian Lopez, Sportsbook Lead; and Ted Kilgore, Sportsbook Lead. Respondent promptly suspended and later terminated the involved employees. Respondent acknowledges that it is ultimately responsible for the oversight and supervision of its employees. During the course of the investigation, Respondent took immediate steps upon discovery of the initial violation to facilitate and aid the Division's investigation, promptly provided all supplemental information requested by Division investigators, and promptly instituted corrective measures to address identified gaps in Division-approved internal control procedures and technologies. The incident was described as follows:

I. Initial Investigation of Proxy Bet for Patron A

On June 13, 2022, Patron A legally placed a 6-leg parlay wager ("Parlay Wager"). The first five legs of the wager were graded as wins. The sixth leg was on Colorado

Avalanche to win against the Tampa Bay Lightning on June 15, 2022. The payout of the Parlay Wager was \$42,664.46.

On June 15, 2022, Epstein contacted Patron A by telephone. Epstein asked Patron A if Patron A wished to place an additional bet to hedge the Parlay Wager. Patron A agreed and requested Epstein place a \$16,000 wager ("Retail Wager") on the Lightning +1.5 for Patron A to win \$8,000. Epstein advised Patron A that if the Retail Wager was graded as a loss, Respondent would take funds from his \$42,664.46 payout. At 5:43pm, Kilgore wrote the Retail Wager at the Monarch Casino and Sportsbook inside the Monarch Casino in Black Hawk. At 5:45pm, Epstein texted Patron A an unknown picture. At 5:46pm, Epstein texted Patron A "Lightning +1.5 for \$16,000. Your player's card is on there as well." Patron A was not present at the Monarch Casino and Sportsbook when the Retail Wager was placed and the funds were not provided prior to placing the Retail Wager.

Both the final leg of Patron A's Parlay Wager and the Retail Wager were graded as wins.

At 9:17pm, Kilgore redeemed the Retail Wager ticket and created an \$8,000 cash voucher with Patron A's account. The voucher was placed in an envelope under the cash drawer for Patron A to pick up later. At 9:28pm, Epstein texted Patron A, "You got them both!" At 9:50pm, he texted "Please let me know when you plan to come up so I can have the amount ready."

On June 18, 2022, Respondent's Director of Floor Operations Larry Honeycutt seized the envelope with the voucher from the cash drawer and placed it in a secure location. Epstein, Lopez and Kilgore were not aware that Honeycutt took the voucher.

On June 20, 2022, Epstein, Lopez, and Kilgore discovered the envelope with Patron A's voucher was missing from the cash drawer. To replace the voucher, Lopez redeemed the missing voucher by manually typing the voucher number into the system. Lopez then printed a new \$8,000 cash voucher for Patron A.

- C. On June 20, 2022, Respondent administrators and Division investigators interviewed Epstein, Lopez, and Kilgore separately ("June 2022 Interviews"). Epstein, Lopez, and Kilgore each admitted to the events on June 15, 2022, and June 20, 2022. Epstein, Lopez, and Kilgore also admitted prior knowledge that placing the proxy bet for Patron A was a violation. Respondent seized Epstein's work cell phone.
- D. On June 24, 2022, Patron A redeemed the winning Parlay Wager at the Monarch Casino and Sportsbook for \$42,664.45 and was paid in cash. Respondent voided the Retail Wager.
- E. On June 26, 2022, the Division interviewed Patron A. Patron A confirmed the events on June 15, 2022, and that Epstein texted Patron A a photograph of the Retail Wager bet slip on June 15, 2022.

II. Investigation of Other Proxy Bets Placed for Patrons

- F. On June 24, 2022, Respondent provided to the Division the cell phone that had been issued to Epstein from Respondent. Respondent took particular care to ensure the chain of custody for future regulatory and/or criminal proceedings and provided Respondent's unqualified consent to search the phone and access and use any data contained thereon. On June 27, 2022, the Division downloaded the contents using forensic software. Throughout the course of the investigation, Division investigators searched the text messages extracted from the phone to identify additional proxy bets placed for patrons and evidence of other violations.
- G. Between June 22, 2022, and October 18, 2022, the Division submitted extensive document requests to Respondent. The requested documents included, but were not limited to, the account activity for patrons identified in the text messages of placing proxy bets through Epstein, Lopez, and Kilgore. Respondent promptly cooperated with all requests for documentation and voluntarily provided additional materials that might facilitate the Division's review.
- H. On October 19 and 20, 2022, an investigator for the Division interviewed Epstein, Lopez, and Kilgore separately ("October 2022 Interviews"). Epstein, Lopez, and Kilgore each admitted to placing additional proxy bets for other patrons discovered through the text messages and document review along with other alleged violations.

Violations of Section 44-30-1506(2)(b)(II) & (IV), C.R.S., and Sports Betting Regulation 1.3(1), and 6.11(1)(a) & (3)

- I. Under the Colorado Limited Gaming Act, sports betting operators shall not accept a bet from any person whose identity is known to the sports betting operator and who is an employee of the sports betting operator or an agent or proxy for any other person for the purpose of placing the bet. § 44-30-1506(2)(b)(II) & (IV), C.R.S. Under the Sports Betting Regulations, 1 CCR 207-2, a prohibited sports betting participant includes any individual placing a wager as an agent or proxy, other than those individuals involved in contests and/or weekly picks approved by the Division pursuant to Rule 6.20, and a sports betting operator shall make commercially reasonable efforts to confirm that the patron is not a prohibited sports betting participant. 1 CCR 207-2, Rule 6.11(1)(a) & (3).
- J. Under the Sports Betting Regulations, 1 CCR 207-2, no licensee shall conduct or permit on its 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, or the laws and regulations governing other betting activities which are licensed or approved by an agency of the State of Colorado. 1 CCR 207-2, Rule 1.3(1).

- K. The Division found evidence that between January 7, 2021, and June 15, 2022, Epstein, Kilgore, and Lopez placed 79 proxy bets totaling \$60,769.45 for Respondent's patrons. Nineteen of the proxy bets were retail wagers made at the Monarch Casino and Sportsbook. Lopez wrote 13 of the 19 retail wagers. Kilgore wrote the other 6 wagers, including Patron A's Retail Wager on June 15, 2022. Text messages showed that Epstein facilitated the proxy bets by communicating with the patron and directing Lopez and Kilgore to write the bets. The other 60 proxy bets were placed online by Epstein logging into patrons' BetMonarch mobile accounts and placing wagers for the patrons. The proxy bets are detailed in paragraphs L - W.
- L. The following patrons were identified as placing proxy bets through the Monarch Casino and Sportsbook employees.
- Patron A – Loveland, Colorado
 - Patron B – Denver, Colorado
 - Patron C – Sterling, Colorado
 - Patron D – Grand Junction, Colorado
 - Patron E – Clearwater, Florida
 - Patron F – Parker, Colorado
 - Patron G – Aurora, Colorado
 - Patron H – Berthoud, Colorado
 - Patron I – Vail, Colorado
 - Patron J – Arvada, Colorado
 - Patron K – Denver, CO
- M. Patron A: The Division identified that Epstein and Kilgore placed a \$16,000 proxy bet for Patron A on June 15, 2022. *See supra* ¶ B.
- N. Patron B: The Division identified that Epstein was involved in placing 50 online proxy bets totaling \$6,674.45 for Patron B.

On February 2, 2021, at 8:43pm, Patron B texted Epstein that Patron B was in Florida and requested help placing a wager. Epstein agreed and told Patron B to send his information. At 8:59pm, Patron B sent Epstein his email and password, and they confirmed the wager of \$1,000 on the Tampa Bay Buccaneers. At 9:01pm, Epstein texted "It's in. Log in and check."

Patron B's account activity showed that at 8:58pm, Patron B electronically deposited \$1,000 into his account. At 9:01pm, an online wager for \$1,000 on the Tampa Bay Buccaneers was placed through Patron B's account on the BetMonarch mobile app. The wager was made utilizing a mobile device with the device ID A2C03C653BF72DCC299 ("Epstein's device").¹ Geolocation data showed that at 9:01pm, Epstein's device was located at Epstein's home address on file with the Respondent.

¹ The investigation determined the mobile device with device ID A2C03C653BF72DCC299 was Epstein's work cell phone issued by the Respondent and any use was assumed to be made by Epstein. This included text messaging and placing online proxy bets for patrons.

From November 6, 2021, to November 24, 2021, Patron B's account activity showed 49 online wagers, totaling \$5,674.45, were placed through Patron B's account using the BetMonarch app. In 46 of the 49 wagers, Patron B sent Epstein screenshots from his BetMonarch app showing the wagers Patron B wanted placed. In two of the wagers, Patron B texted Epstein the information of the wagers Patron B wanted placed. All 49 wagers were made utilizing Epstein's device. Many of the screenshots displayed the time, which was two hours ahead of Mountain time indicating Patron B was not in Colorado. On November 20, 2021, Patron B sent what appeared to be a screenshot of his navigation system showing Patron B was in Fort Myers, Florida. On November 23, 2021, Epstein asked Patron B if he was "coming back tomorrow." Patron B replied yes, affirming he was out of town.

On October 12, 2022, an investigator with the Division interviewed Patron B. Patron B admitted that Epstein placed the 50 proxy bets through Patron B's BetMonarch mobile account at Patron B's request. Patron B stated he was in Florida at the time.

In the October 2022 Interview, Epstein admitted to placing the proxy bets for Patron B. Epstein stated all of proxy bets were made using Epstein's device, which was the work cell phone issued to Epstein by the Respondent. Epstein's device was retrieved on June 24, 2022 by the Division from the Respondent.

- O. Patron C: The Division identified that Epstein and Lopez were involved in placing seven proxy bets totaling \$4,295 for Patron C.

On September 5, 2021, at 9:31am, Patron C sent Epstein two screenshots of his BetMonarch app each showing a \$1000 wager on a 3-leg parlay. Patron C then texted Epstein that those were the wagers Patron C wanted placed. The time displayed on the screenshots showed 10:30am and 10:31am, which was one hour ahead of Mountain time, indicating that Patron C was not in Colorado. At 10:29am, Epstein responded to the texts confirming "\$1,000/per" and "2 total plays." At 10:32am, Epstein placed the two online wagers through Patron C's account on the BetMonarch app using Epstein's device.

On September 5, 2021, at 4:17pm, Patron C sent Epstein a screenshot of his BetMonarch app showing a wager for \$510.19 on a 3-leg parlay. Patron C then texted Epstein asking Epstein to place the wager. The time displayed on the screenshot showed 5:17pm which was again an hour ahead of Mountain time indicating that Patron C was not in Colorado. At 4:18pm, Patron C texted Epstein an email and account password. At 4:19pm, Epstein placed a \$510 online wager on the 3-leg parlay through Patron C's account on the BetMonarch app using Epstein's device.

On September 6, 2021, at 11:21am, Patron C sent Epstein two screenshots of his BetMonarch app each showing a wager. The first wager was \$200 on a 5-leg parlay. The second wager was \$210.19 on a 3-leg parlay. Patron C then texted Epstein asking Epstein to place the bets for Patron C and that Patron C "will be back tonight." The

time displayed on the screenshot again showed 12:20pm which was an hour ahead of Mountain time indicating that Patron C was not in Colorado. At 11:30am, Epstein placed the two parlay wagers, one for \$200 and the other for \$210, online through Patron C's account on the BetMonarch app. Neither wager was placed using Epstein's device, but both wagers were placed using a device with a device ID that never appeared again in Patron C's wagering history. At 11:31am, Epstein texted Patron C "Both plays confirmed."

On May 6, 2022, at 2:37pm, Patron C texted Epstein and asked Epstein to place two wagers for Patron C. The first wager was \$500 on the Reds and the second was on the Twins to win \$500. At 2:38pm, Epstein forwarded the text to Lopez and told Lopez to write the tickets. At approximately 2:41pm, \$1,375 was withdrawn from Patron C's account. A \$500 retail wager on the Reds and a \$875 retail wager on the Twins to win \$500 were then placed through Patron C's account. The withdrawal and both wagers were completed by Lopez at the Monarch Casino and Sportsbook. At 2:45pm, Lopez texted a picture of the two bet slips and the Account Withdrawal Confirmation slip to Epstein. At 2:45pm, Epstein forwarded the photo to Patron C. Patron C's signature on the withdrawal slip was noticeably different than two other slips believed to be legitimately signed.

On October 13, 2022, an investigator for the Division interviewed Patron C. Patron C confirmed that Epstein placed the seven proxy bets described above for Patron C at Patron C's request. The five proxy bets on September 5-6, 2021, were made through Patron C's BetMonarch mobile account while Patron C was in Oklahoma. For the two proxy bets on May 6, 2022, Patron C was in Colorado but could not access the BetMonarch app due to a broken cell phone.

- P. Patron D: The Division identified that Epstein, Kilgore, and/or Lopez were involved in placing six proxy bets totaling \$10,200 for Patron D.

On October 9, 2021, at 1:43pm, Epstein placed a \$2,200 online wager on 1st half BYU through Patron D's account on the BetMonarch app using Epstein's device. Geolocation data showed at 1:43pm, Epstein's device was located in Black Hawk, Colorado. Patron D used a mobile device with device ID 44DB47097E5DE7022C9 to place approximately 88 wagers between October 3, 2021 and November 1, 2021. Geolocation data showed that at 1:41pm, Patron D's device, Device ID 44DB47097E5DE7022C9, was located in Palisade, Colorado approximately 212 miles away.

On October 15, 2021, at 7:00pm, a \$1,500 retail wager was placed through Patron D's account. At 7:01pm, a second \$1,500 retail wager was placed through Patron D's account. At 7:02pm, \$3,000 was withdrawn from Patron D's account. Both wagers and the withdrawal were made completed by Lopez at the Monarch Casino and Sportsbook. At 7:03pm, Lopez texted Epstein a photo of the two bet slips and stated Lopez withdrew the funds from the account. Epstein then sent the photo to Patron D. At 7:37pm, Patron D thanked Epstein. Geolocation data showed at 6:58pm, Patron D's device, device ID

44DB47097E5DE7022C9, was located in Grand Junction, Colorado, approximately 220 miles from the Monarch casino.

On October 16, 2021, at 9:57pm, \$2,000 was withdrawn from Patron D's account and a \$2,000 retail wager placed through Patron D's account. The withdrawal and wager were completed by Lopez at the Monarch Casino and Sportsbook. Geolocation data showed that at 9:05pm, Patron D's device, device ID 44DB47097E5DE7022C9, was located in Palisade, Colorado, approximately 214 miles from the Monarch casino.

On October 17, 2021, at 7:56pm, Patron D texted Epstein his email and password. At 7:58pm, Epstein placed a \$2,000 online wager on the Steelers through Patron D's account on the BetMonarch app using Epstein's device. At 8:00pm, Epstein placed a \$1,000 online wager on the Steelers through Patron D's account on the BetMonarch app using Epstein's device. At 8:01pm, Epstein texted Patron D, "It's in. \$1000 Pitt". At 8:02pm, Patron D thanked Epstein. Geolocation data showed that at 7:57pm, Epstein's device was located in Blackhawk, Colorado. At 6:18pm, Patron D's first device, device ID 44DB47097E5DE7022C9, was located in Palisade, Colorado approximately 212 miles away. At 8:03pm, Patron D's second device, device ID CB36333FE6C23BA4D24, which Patron D used to make 53 wagers from October 3, 2021 to November 1, 2021, was located in Arvada, Colorado approximately 26 miles away.

- Q. Patron E: The Division identified that Epstein, Kilgore, and/or Lopez were involved in placing five proxy bets totaling \$6,750 for Patron E.

On January 7, 2021, at 7:04pm, Patron E sent Epstein a screenshot of his BetMonarch app showing a \$1,500 wager on the Mavericks. Patron E provided his email and password and asked Epstein to place the bet for Patron E. Patron E then changed the wager to win \$500. At 7:29pm, Epstein placed a \$750 online wager on the Mavericks to win \$500 through Patron E's account on the BetMonarch app using Epstein's device. At 7:30pm, Epstein texted Patron E saying "It's in." Geolocation data showed that at 7:29pm, Epstein's device was located next to Epstein's home address on file with the Respondent.

On March 28, 2021, at 5:05pm, Patron E sent Epstein a screenshot of his BetMonarch app showing a \$770 wager on 1st half UCLA with the error message "Acquiring location". Patron E told Epstein that Patron E was on his way to place the wager with cash but might not make it before the game started. Patron E asked Epstein to place the bet. At 5:07pm, a \$770 retail wager on 1st half UCLA was placed through Patron E's account. The wager was written by Lopez at the Monarch Casino and Sportsbook. No funds were withdrawn from Patron E's account. At 5:07pm, Epstein texted Patron E saying that Lopez had printed the ticket, and it was awaiting Patron E's arrival. At 5:08pm, Patron E replied he was on his way.

On July 10, 2021, at 6:36pm, Patron E sent Epstein a screenshot of his BetMonarch app showing a \$3,250 wager on Dustin Poirier with the error message "The maximum

bet is (2600). Please lower your bet.” Patron E explained that Patron E already placed a \$2,600 wager but wanted to place another \$2,600 wager. The account activity showed at 6:37pm, Patron E placed a \$2,600 online wager on Dustin Poirier on the BetMonarch app using a mobile device with device ID 7B7BB456A2BD5E8FFE. At 7:00pm, Epstein texted that Epstein could place the second \$2,600 wager for Patron E. Patron E confirmed. At 7:00pm, \$2,600 was withdrawn from Patron E’s account and a second \$2,600 retail wager was placed on Dustin Poirier through Patron E’s account. The withdrawal and wager were completed by Lopez at the Monarch Casino and Sportsbook. The two wagers were graded a win. At 10:36pm, Epstein texted Patron E that Epstein was cashing and depositing Patron E’s winning ticket. At 10:50pm, the ticket was redeemed for \$4,600 at the Monarch Casino and Sportsbook and deposited into Patron E’s account. Both the ticket redemption and deposit were completed by Lopez. Geolocation data showed 1185 transactions between January 3, 2021 and October 17, 2021, in which Patron E used the mobile device with device ID 7B7BB456A2BD5E8FFE to place wagers. At 6:43pm and 11:23pm, Patron E’s device, device ID 7B7BB456A2BD5E8FFE, was located in Woodland Park, Colorado approximately 83 miles away from the Monarch casino. Patron E’s signature on the \$2,600 withdrawal slip and \$4,600 deposit slip were noticeably different than others believed to be legitimately signed.

On September 25, 2021, at 9:55am, Patron E sent Epstein a screenshot of his BetMonarch app showing a \$330 wager on 1st half Wisconsin with the error message “Acquiring location”. Patron E asked Epstein to place the bet for Patron E. At 9:57am, Epstein texted Kilgore the details and told Kilgore to place the bet. At 9:59am, a \$330 retail wager on 1st half Wisconsin was placed through Patron E’s account. The wager was written by Kilgore at the Monarch Casino and Sportsbook. No funds were withdrawn from Patron E’s account. At 9:59am, Epstein texted Patron E that “It’s in.” Patron E thanked Epstein and stated Patron E would be there shortly.

On September 30, 2021, at 4:42pm, Patron E texted Epstein and asked Epstein to place a \$2,300 wager on the Bengals. Patron E stated Patron E would bring Epstein the cash later but wanted to lock in the line. Epstein confirmed the details and stated Epstein would call Lopez. At 4:48pm, Lopez texted Epstein that there was only \$18.51 in Patron E’s account. Epstein told Patron E that Patron E did not have the funds. Patron E replied that he had cash with him. At 4:50pm, Epstein texted Lopez that Patron E was on his way and to write the ticket. At 4:51pm, a \$2,300 retail wager on the Bengals was placed through Patron E’s account. The wager was written by Lopez at the Monarch Casino and Sportsbook. At 4:52pm, Lopez sent Epstein a photograph of the \$2,300 wager on the Bengals associated with Patron E’s account. Epstein forward the photo to Patron E. At 5:16pm, Lopez texted Epstein stating Patron E had paid for the ticket.

On October 13, 2022, an investigator with the Division interviewed Patron E. Patron E confirmed each of the proxy bets, described above, were placed through Epstein. Patron E stated that Patron E was in Colorado for each proxy bet placed through Epstein.

Patron E typically contacted Epstein to place a bet when the BetMonarch app would not work.

- R. Patron F: The Division identified that Epstein and Lopez placed 3 proxy bets totaling \$150 for Patron F.

On September 24, 2021, at 7:37pm, Patron F contacted Epstein because Patron F was having trouble placing a wager on his mobile device. Epstein asked Patron F for the details of the wager. Patron F replied, "Liberty 2nd half for \$50." At 7:38pm, a \$50 online wager on 2nd half Liberty was placed through Patron F's account on the BetMonarch app using a mobile device with device ID 1CC75F938D527707CEB. At 7:39pm, Patron F texted that his wager went through. At 7:39pm, Lopez placed a \$50 wager at the Monarch Casino and Sportsbook on 2nd half Liberty, but did not associate a player's account with the wager. At 7:39pm, Epstein texted Patron F that Epstein just made Patron F "a ticket" and sent an unknown image. Patron F responded that he would take the ticket. At 7:59pm, \$50 was withdrawn from Patron F's account. The withdrawal was processed by Lopez at the Monarch Casino and Sportsbook. Geolocation data showed that at 7:38pm, Patron F's device, device ID 1CC75F938D527707CEB, was located in Parker, Colorado approximately 57 miles away from the Monarch casino.

On October 30, 2021, at 8:02pm, Patron F texted Epstein that Patron F could not get cell service and asked how to place a bet on Stanford without money in his account. Epstein offered to place the wager for Patron F. Patron F described two wagers as "50 FH and 50 for game." At 8:09pm, a \$50 retail wager on Stanford and a \$50 retail wager on 1st half Stanford were placed through Patron F's account. The wagers were written by Lopez at the Monarch Casino and Sportsbook. At 8:12pm, Epstein texted Patron F that they could "settle after dinner."

On October 13, 2022, an investigator with the Division interviewed Patron F. Patron F confirmed each of the proxy bets, as described above, were placed through Epstein. Patron F stated on both occasions Patron F was having trouble with the BetMonarch app.

- S. Patron G: The Division identified that Epstein and Lopez placed two proxy bets totaling \$6,500 for Patron G.

On August 9, 2021, at 5:27pm, \$1,500 was withdrawn from Patron G's account and a \$1,500 retail wager placed through Patron G's account. The withdraw and wager were completed by Lopez at the Monarch Casino and Sportsbook. At 5:28pm, Epstein sent Patron G a text message notifying Patron G that his "play was in." At 5:29pm, Lopez sent Epstein a photo of the bet slip and Account Withdrawal Confirmation. At 5:33pm, Epstein sent the photo to Patron G. Epstein then instructed Lopez to lock the ticket up for the night. On August 10, 2021, at 9:15am, Patron G texted Epstein asking if Patron G had to come to the casino since Patron G's bet won. Epstein told Patron G his ticket was locked up, and a Sportsbook employee would deposit the payout into his account

when the employee arrived at work. At 12:01pm, Lopez texted Epstein asking what Lopez should do with Patron G's ticket. Epstein replied telling Lopez to deposit it. At approximately 12:26pm, Patron G's ticket was redeemed, and the \$3,054.55 payout deposited into Patron G's account. Both the ticket redemption and deposit were completed by Lopez at the Monarch Casino and Sportsbook. At 12:27pm, Lopez texted Epstein that Patron G was "good." At 12:36pm, Epstein texted Patron G that his payout had been deposited. Patron G's signature on the Account Withdrawal Confirmation slip was noticeably different when compared to Patron G's driver license and a deposit slip believed to be legitimately signed.

On August 10, 2021, at 4:45pm, Patron G texted Epstein and asked if Patron G could place another wager through Epstein. Epstein agreed. Patron G requested a \$5,000 wager on the Mariners and texted Epstein Patron G's password. At 4:57pm, Epstein placed a \$5,000 online wager on the Mariners through Patron G's account on the BetMonarch app using Epstein's device. Geolocation data showed that at 4:57pm, Epstein's device was located in Black Hawk, Colorado. At 4:58pm, Epstein notified Patron G that the wager had been placed.

On October 13, 2022, an investigator with the Division interviewed Patron G. Patron G stated that on a few occasions, Epstein placed a proxy bet for him to lock in a line when Patron G was running late. Patron G would later give Epstein the cash when Patron G arrived at the Monarch Casino and Sportsbook. Patron G could not recall the details of the proxy bets on August 9-10, 2021, but believed the data was accurate.

- T. Patron H: The Division identified that Epstein and Kilgore were involved in placing two proxy bets totaling \$700 for Patron H.

On June 5, 2021, at 9:24am, Patron H texted Epstein that Patron H was out of state, and asked Epstein to place a bet for him. Epstein replied that he could take the funds from Patron H's account and place the wager at the sportsbook. At 10:00am, Patron H provided the details of two wagers, \$400 on the White Sox -1.5 and \$300 on the White Sox -225. At 10:04am, Epstein texted Kilgore instructions to withdraw \$700 from Patron H's account and place the two bets. At 10:06am, \$700 was withdrawn from Patron H's account and the two retail wagers placed through Patron H's account. The withdraw and wagers were completed by Kilgore at the Monarch Casino and Sportsbook. At 10:09am, Kilgore replied "done" and sent Epstein an unknown picture. At 10:10am, Epstein sent Patron H an unknown picture and texted "Withdraw of \$700. Wagers placed and we ran your players card also." Patron H asked for Epstein's Venmo account and sent Epstein \$25 for helping. Patron H's signature on the Account Withdrawal Confirmation was noticeably different than two others believed to be legitimately signed.

On October 12, 2022, an investigator for the Division interviewed Patron H. Patron H confirmed that Epstein placed the two proxy bets described above for Patron H on June 5, 2021. Patron H stated he was in Idaho at the time.

- U. Patron I: The Division identified that Epstein and Lopez placed a \$6,000 retail proxy bet for Patron I.

On October 14, 2021, at 4:37pm, Epstein and Patron I communicated about placing a \$6,000 wager. Epstein advised Patron I to try and sign back into Patron I's BetMonarch account and place the wager. Geolocation data showed that at 7:01pm, Epstein attempted to place a \$6,000 wager through Patron I account on the BetMonarch app using Epstein's device, but the wager was not successfully completed. Epstein's device at the time was located at the Monarch casino. At 7:03pm, \$6,000 was withdrawn from Patron I's account and a \$6,000 retail wager placed on the Giants through Patron I's account. The withdrawal and wager were completed by Lopez at the Monarch Casino and Sportsbook. At 7:04pm, Lopez sent a photograph to Epstein of the bet slip and Account Withdrawal Confirmation. At 7:35pm, Epstein sent the photo to Patron I. Patron I's signature on the Account Withdrawal Confirmation was noticeably different than other slips believed to be legitimately signed.

On October 12, 2022, an investigator for the Division interviewed Patron I. Patron I did not recall the specific proxy bet on October 14, 2021, but stated "it made sense." The only time Patron I would have asked Epstein to place a proxy bet was when Patron I was frustrated with the BetMonarch app.

- V. Patron J: The Division identified that Epstein and Kilgore placed a \$1,500 proxy bet for Patron J.

On October 3, 2021, at 2:22pm, a \$1,500.00 retail wager was placed through Patron J's account. At 2:26pm, \$1,500 was withdrawn from Patron J's account. Both the wager and withdrawal were completed by Kilgore at the Monarch Casino and Sportsbook. Geolocation data showed that from September 23, 2021 to November 25, 2021, Patron J used only one mobile device with device ID CB36333FE6C23BA4D24. At 2:17pm, Patron J's device, device ID CB36333FE6C23BA4D24, was located near Patron J's residence in Arvada, Colorado approximately 24 miles away from the Monarch casino.

At 5:49pm, Patron J texted Epstein complaining that the \$1,500 wager, which paid out \$2,863.65, was not showing in Patron J's account. Epstein replied that Patron J's payout had not been processed because Epstein had the physical ticket at the casino. At 5:58pm, the bet slip was redeemed for \$2,863.65 at the Monarch Casino and Sportsbook. At 5:59pm, the \$2,863.65 was deposited into Patron J's account at the Monarch Casino and Sportsbook. Both the ticket redemption and deposit were completed by Lopez. At 5:59pm, Epstein texted Patron J "It's in." At approximately 6:02pm, Patron J placed two online wagers totaling \$2,863.65 on the BetMonarch app using Patron J's device, device ID CB36333FE6C23BA4D24. Geolocation data showed that at 6:02pm, Patron J's device, device ID CB36333FE6C23BA4D24, was located in Westminster, Colorado approximately 37 miles away from the Monarch casino. Patron J's signature on his \$1,500 Account Withdrawal Confirmation and \$2,863.65 Account Deposit Confirmation were noticeably different than other slips believed to be legitimately signed.

On October 12, 2022, an investigator for the Division interviewed Patron J. Patron J did not specifically recall the proxy bet on October 3, 2021. Patron J stated the only time he contacted Epstein for help placing a bet was when Patron J had trouble with the BetMonarch app.

- W. Patron K: The Division identified that Epstein and Kilgore placed a \$2,000 proxy bet for Patron K.

On June 14, 2022, at 10:32am, Patron K texted Epstein stating Patron K forgot the password to Patron K's account, and asked Epstein to place a \$2,000 wager on the Celtics. At 10:51am, Epstein texted Kilgore that Patron K wanted the Celtics ticket. At 11:12am, Kilgore confirmed the details with Epstein texting "+310 on the Celtics for [Patron K], right?" At 11:45am, a \$2,000 retail wager on the Celtics +310 was placed through Patron K's account. At 11:46am, \$2,000 was withdrawn from Patron K's account. Both the wager and withdraw were completed by Kilgore at the Monarch Casino and Sportsbook. At 11:46am, Kilgore sent Epstein two unknown photographs and texted "done and locked away." At 11:46am, Epstein sent an unknown photograph to Patron K texting "All set" and then "And the withdraw" followed by a second unknown photograph. At 11:47am, Patron K thanked Epstein. Patron K's signature on the Account Withdrawal Confirmation slip was noticeably different than other deposit and withdrawal slips believed to be legitimately signed.

On October 12, 2022, an investigator for the Division interviewed Patron K. Patron K confirmed that Epstein placed the proxy bet for Patron K on June 14, 2022. Patron K wanted to place the bet the previous day at the Monarch Casino and Sportsbook but the line was not out yet. When the line was set on June 14, 2022, Patron K asked Epstein to place the proxy bet.

- X. By Respondent's employees placing 79 proxy bets for patrons, Respondent's employees acted contrary to Respondent's policies and provisions of Colorado law and accepted bets from a person whose identity is known and who is a proxy for another person 79 times.
- Y. By accepting bets from a person whose identity is known and who is a proxy for another person 79 times, Respondent through the acts of its employees, who were acting contrary to know company policies and provisions of law, committed 79 counts of violations of section 44-30-1506(2)(b)(II) & (IV), C.R.S., and Colorado Sports Betting Regulations, 1 C.C.R. 207-2, Rules 1.3(1) and 6.11(1)(a) & (3).

Violation of Section 44-30-1506(6) & (8), C.R.S.

- Z. Under the Colorado Limited Gaming Act, all bets authorized under the Colorado Sports Betting Act must be initiated, received, and otherwise made within Colorado unless otherwise determined by the division in accordance with applicable federal and state

laws. § 44-30-1506(6), C.R.S. An internet sports betting operator shall accept bets only from persons physically located within the state of Colorado. § 44-30-1506(8), C.R.S.

- AA. The Division identified that 57 proxy bets were placed by Respondent's employees for patrons who were out of state. This included all 50 proxy bets for Patron B, five proxy bets for Patron C, and two proxy bets for Patron H. The total amount of out-of-state proxy bets was \$10,294.45. *See supra* ¶¶ N, O, & T. In doing so, Respondent's employees acted contrary to Respondent's policies and provisions of Colorado law without Respondent's knowledge or consent.
- BB. Respondent contracted with Stadium Technology Group LLC (Vendor Major license no. 41215377) ("Stadium") to conduct geolocation checks for online wagers. The Division learned through its investigation and discussion with Respondent that Stadium did not perform geolocation checks when patrons logged on, deposited money, or withdrew money through their BetMonarch mobile account. Stadium did not analyze geolocation transactions to detect the use of multiple device IDs and unrealistic location "jumping" in order to identify potential proxy bets for out of state patrons. Respondent acknowledges that they have an ongoing responsibility to ensure that systems operated by them need to conform to all applicable Colorado sports betting regulations.
- CC. By Respondent's employees accepting 57 proxy bets for patrons who were out of state, Respondent through the acts of its employees committed 57 counts of violation of section 44-30-1506(6) & (8), C.R.S.

Violation of Sports Betting Regulation 7.5(2) & (3)

- DD. Under Colorado Sports Betting Regulation 1 CCR 207-2, sports betting operators must submit for approval internal controls to address user access controls for all sports betting personnel and the segregation of duties. 1 CCR 207-2, Rule 7.5(2) & (3).
- EE. The Division reviewed the Respondent's Sports Betting Internal Control Procedures dated May 11, 2020 which included controls to address Rule 7.5(2) & (3). The procedures addressing Rule 7.5(2) User Access Controls did not mention the sharing of account credentials as described below.
- The procedures addressing Rule 7.5(3) Segregation of Duties stated, in part, that a Manager, Assistant Manager or Supervisor will always be present in the Book. Employees who approve void tickets, over limit wagers, and administrative functions or have access to the administrative terminal do not write or cash tickets.
- FF. The Division located multiple occasions in which Epstein provided Lopez and Kilgore with Epstein's username and password to Epstein's accounts on the Monarch computer systems. During an interview on August 4, 2021, Respondent Internal Controls Officer Kirk Webb stated Epstein would have a username and password for Windows to sign onto his computer, IGT Patron system to manage player's accounts, and Stadium to

manage sports wagers. As a manager, Epstein would have more access in those systems than Lopez and Kilgore.

GG. During the June 2022 Interview, Kilgore stated that Epstein would leave Epstein's Team Member ID card with Kilgore and Lopez for convenience when Epstein was required to authorize certain transactions but was not onsite.

HH. The Division located the following text message conversations between Epstein, Kilgore, and Lopez retrieved from Epstein's work issued cell phone as examples. The usernames and passwords were redacted.

On August 16, 2021, Epstein, Kilgore, and Lopez texted:

Epstein – "For reference: [redacted], [redacted] for my desktop." "[redacted] for Stadium related login."

Lopez – "Thanks"

On August 4, 2021, Epstein and Kilgore texted:

Kilgore – "Got stuck with some BS, I'm up in your office now"

Epstein – "Okay. [redacted]" "To get in. Then remote in from search tab."
"[redacted] again."

Kilgore – "I'm in."

Epstein – "Then the new desktop will open. Click on the customer service icon, left side, white icon." "[redacted], [redacted]. Click OK with call center."
"Last name [redacted]."

Kilgore – "Ok"

Epstein – "He's not answering." "I will let you know."

Kilgore – Sent unknown picture.

On September 4, 2021, Epstein and Lopez texted:

Lopez – "Hey when you get here we need an app verification. I tried to log in with [redacted] and [redacted]and [redacted]and none took so I'm not sure. Didn't want to lock your account."

Epstein – "Okay." "Windows is [redacted]" "PL is [redacted]" "Is Windows or PL locked"

Lopez – "PL, Windows is Ok"

II. The Division located one text message conversation between Epstein and Lopez in which Epstein requested Lopez's username and password to write a wager while Lopez was gone. Lopez provided them. The username and password were redacted.

On December 22, 2021, Epstein and Lopez texted:

Lopez – "The Z didn't have the truck outside so I went to Idaho Springs and they are sold out. I'm going to try a Walgreens in Evergreen."

Epstein – "Okay, Wal-Mart in Evergreen might work also." "[Patron G] is here. Send me your credentials."

Lopez – "[redacted]" "[redacted]"

Epstein – “Thank you.”

JJ. In the October 2022 Interviews, Epstein, Lopez, and Kilgore admitted Epstein shared his username and password with Lopez and Kilgore. Epstein stated he did it so work tasks would get done when he was not onsite.

KK. By Respondent’s employees sharing computer account credentials and accessing computer systems under other employees’ credentials, Respondent failed to implement internal controls that adequately address user access controls for all sports betting personnel.

LL. By Respondent failing to follow their internal controls requiring a Manager, Assistant Manager, or Supervisor always present in the sportsbook, Respondent failed to implement internal controls that adequately address the segregation of duties.

MM. By Respondent’s employees purposeful non-compliance with Division-approved internal controls regarding user access controls and segregation of duties and the Respondent’s failure to detect such wrongdoing earlier through its oversight and control of its employees, Respondent did not meet the objectives of Colorado Sports Betting Regulation 1 C.C.R. 207-2, Rule 7.5(2) & (3).

2. Respondent acknowledges receipt of sufficient notice, advisement of rights, and process of the proceedings and wishes to resolve all issues by entering into this Stipulation and Agreement.

3. The Division and Respondent have discussed the merits of the investigation and allegations, and they have come to a mutual agreement and understanding to jointly propose to the Commission a resolution of the allegations in lieu of proceeding to the issuance by the Commission of an Order to Show Cause and conducting a hearing to determine the merits of such allegations.

4. Respondent admits the violations as alleged above in paragraph 1. Respondent understands the requirements of the Colorado Constitution, the Limited Gaming Act of 1991 and the rules promulgated pursuant thereto, and further assures the Division and the Commission that Respondent will comply with the letter of the law in this regard.

5. The Division is aware that Respondents’ employees engaged in other acts and/or practices that departed from legal requirements applicable to licensees such as the Respondent. In doing so, Respondent’s employees acted contrary to known company policies and provisions of Colorado law and without Respondents express or implied consent. Such practices included:

- A. Placement of a retail proxy bet prior to the funds being withdrawn from the patron's account or cash being accepted from the patron;
- B. Acceptance of a tip or gratuity by an employee in a supervisory position from a patron at the licensed gaming establishment where he or she is employed;
- C. Redirection of certain casino benefits for identified patrons (here, free drink vouchers) from one patron's account to gift such benefits to other casino patrons;

- D. Failure to comply with internal controls and procedures for adjusting patron accounts, properly closing out patron accounts, and refunding amounts held on account after patron's accounts are closed; and
- E. Participation in limited gaming by an employee holding a support license at the gaming establishment where the licensee is employed or in any other establishment owned by the licensee's employer.
- F. Sharing of account credentials and taking actions that violated known internal control requirements regarding user access controls and segregation of duties.

6. The Division acknowledges that Respondent took immediate steps upon discovery of the initial violation to facilitate and aid the Division's investigation, brought all facts necessary to this investigation to the Division's attention, promptly provided all supplemental information requested by Division investigators, and promptly instituted corrective measures to address identified gaps in Division-approved internal control procedures and technologies.

7. Respondent acknowledges that the laws governing sports betting, whether on-site at a licensed casino or online through a licensed internet sports betting operation, requires licensees to exercise ultimate oversight and supervision of employees to assure compliance with all pertinent statutes and regulations of the Colorado Limited Gaming Control Commission, as well as, approved internal controls. Respondent acknowledges it must provide such oversight and supervision relating to the acts and circumstances addressed in this stipulation and agreement, consistent with its obligations as a licensee.

8. Respondent agrees, in lieu of the issuance of an Order to Show Cause, and subsequent proceedings, to submit to the following sanctions:

- A. Respondent agrees to pay a total fine of \$400,000. In calculating the total fine, Respondent agrees to a fine rate of \$5,000 per count/proxy bet placed, based upon the quantity of proxy bets accepted, and \$5,000 for the additional violations identified. The subsequent actions of Respondent in correcting the issue are considered in the calculation.
 - 1. \$200,000 is due and payable within ten (10) days of the Commission's Order accepting this Stipulation. Respondent shall ensure that the Division receives the payment within ten (10) days of the Commission's Order accepting this Stipulation. Payment should be delivered to the Division of Gaming, 1707 Cole Boulevard, Suite 300, Lakewood, CO 80401, Attention: Michele Routzon.
 - 2. The remaining \$200,000 will be held in abeyance for a period of 731 days (or two years) from the date of the Commission's Order accepting this Stipulation. If Respondent is found in violation of any Colorado laws under Part 15 of Article 30 of Title 44, C.R.S. and/or any of the Commission's Regulations under 1 C.C.R. 207-2 (Sports Betting Regulations), and such violation was committed within the 731 day period, following an evidentiary hearing or through another stipulation and agreement, then, in addition to any fine or penalty imposed or agreed to for the new violation(s), the Respondent shall remit the entire remaining \$200,000, due and payable within ten (10) days of a

final decision or fully executed stipulated agreement, establishing any such violations.

- B. Respondent implemented a system upgrade to their sports betting online platform's geolocation services to address the unlawful wagering activity identified in this Stipulation and Agreement. Respondent's upgrade has been recertified by a Division-approved independent testing laboratory.
- C. Respondent agrees to have a Key licensee responsible for supervision of their Sports Book Operations on site while such on site Operations are open for business and offering regulated services to customers in accordance with Sports Betting Rule 6.6, 1 C.C.R. 207-2.
- D. Respondent agrees to audit their Internal Controls, create separate Internal Control documents for their retail and online sports betting operations ("amended internal controls"), and submit the proposed changes to the Division to address compliance issues identified herein within ninety (90) days. This includes but is not limited to user access controls, segregation of duties, prohibited sports betting participants, PIN resets, ticket writing, cash vouchers, and items listed in the Division's Sports Operator Internal Controls Guidelines document. Respondent's compliance is not dependent on the time required for Division review, comment, and approval of the same.

Respondent, in addition to actions already taken when matters were discovered, agrees to: (1) continue to actively monitor and implement internal controls that apply to matters identified herein including requiring strict adherence to approved internal controls by employees, and (2) address any noncompliance by persons acting on its behalf through additional supervision of such employees. Respondent shall submit its plans in this regard to the Division for its approval within ninety (90) days.

- E. Respondent agrees to continue to review and update their Accounting Plan to include parameters to address compliance issues identified herein within ninety (90) days. Respondent's compliance is not dependent on the time required for Division review, comment, and approval of the same.
- F. Respondent agrees to enact a Sportsbook tip policy acceptable to the Division to address compliance issues identified herein within ninety (90) days.
- G. Respondent agrees to continue to require all sportsbook employees to complete formal training that includes Respondent's Internal Controls, AML procedures, Colorado Revised Statutes regarding sports betting, and Colorado Sports Betting Regulations. Respondent will provide a copy of the training to the Division along with verification each employee completed the training within thirty (30) days after the amended internal controls are submitted to the Division. Respondent's compliance is not dependent on the time required for Division review, comment, and approval of the same.

H. Respondent assures the Division it will affirmatively and actively, at all times hereafter, comply with the Colorado Constitution, the Colorado Limited Gaming Act, and Colorado Sports Betting Regulations.

9. Respondent agrees to strictly adhere to and meet all requirements established in this Stipulation and Agreement.

10. Proof of failure to comply with the terms of this Stipulation and Agreement shall be considered prima facie evidence of a violation of Part 15 of Article 30 of Title 44, C.R.S. and the Commission's Regulations under 1 C.C.R. 207-2 (Sports Betting Regulations). If Respondent fails to comply with one or more of the conditions of this Stipulation and Agreement, Respondent will be ordered to appear before the Commission to show cause why further judgment and discipline should not be imposed against Respondent.

11. This Stipulation and Agreement shall not be effective unless and until approved by the Commission. The Commission ultimately has the right to accept or reject this Stipulation and Agreement. Should the Commission reject the terms hereof, Respondent's admissions herein shall be withdrawn, and the matter will be scheduled for a hearing on the Order to Show Cause. Should the Commission modify any term hereof, Respondent may accept or reject the change. If Respondent rejects the modified terms, the Commission must receive a written objection at its Golden office within seven days of the Commission's determination, at which time Respondent's admissions herein will be withdrawn, and the matter will be scheduled for a hearing after issuance of an Order to Show Cause. Otherwise, Respondent shall be deemed to have accepted the modified terms imposed by the Commission.

12. By the signatures below, Respondent also acknowledges:

A. Respondent understands and has been advised of the maximum penalty under law if this matter proceeds to a hearing on the Order to Show Cause (revocation or suspension of licensing privileges, and \$25,000 for each count charged);

B. Respondent waives the right to a hearing on the Order to Show Cause, the right to compel the attendance of witnesses to testify in its behalf, the right to testify or not testify at the hearing in its behalf, and any rights to further due process not herein referenced, including the right to appeal; and,


C. Respondent voluntarily admits the violations noted above, and further agrees that this Stipulation and Agreement incorporates all agreements between the parties, and that no other representation by agents of the Division or of the Office of the Attorney General induced participation in this Stipulation and Agreement.

AGREED TO BY:

_____, 2023
Daniel J. Hartman, Director
Colorado Division of Gaming

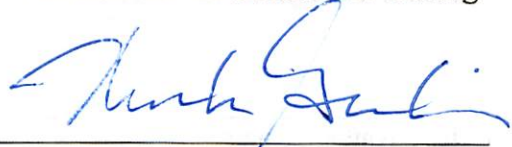
Respondent:

Monarch Black Hawk, Inc.
Master Licensee No. 02621565

By:  _____, 2023
Representative for Respondent
February 6

APPROVED AS TO FORM:

_____, 2023
Torrey Samson
Assistant Attorney General
Counsel for the Division of Gaming

 _____, 2023
Mark Grueskin
Recht Kornfeld P.C.
Counsel for Respondent
Feb. 6

BEFORE THE COLORADO LIMITED GAMING CONTROL COMMISSION
STATE OF COLORADO

Case No. DOG22002245

ORDER APPROVING STIPULATION AND AGREEMENT

IN THE MATTER OF:

Monarch Black Hawk, Inc. d/b/a Monarch Casino Resort Spa
Colorado Master License No. 02621565

Respondent.

The Commission, having reviewed the Stipulation and Agreement in this matter entered between the Division and the Respondent to resolve the allegations contained therein, finds the terms of the Stipulation and Agreement are reasonable and just.

THEREFORE, the Stipulation and Agreement is approved, and its terms are hereby adopted as an Order of this Commission.

ORDERED AND ENTERED this ____ day of February, 2023.

COLORADO LIMITED GAMING
CONTROL COMMISSION

By: _____

Richard Nathan, Chair

BEFORE THE COLORADO LIMITED GAMING CONTROL COMMISSION
STATE OF COLORADO

Case No. DOG22002245

ORDER TO SHOW CAUSE

IN THE MATTER OF:

Nicholas Joseph Epstein
Support License No. 50580

Respondent.

TO: Nicholas Joseph Epstein

Pursuant to section 44-30-524(1), C.R.S., any license granted pursuant to the Limited Gaming Act of 1991 may be suspended or revoked for any cause which would have prevented its issuance or for any violation by the licensee of the Limited Gaming Act of 1991 or any rule promulgated by the Colorado Limited Gaming Control Commission (“the Commission”). In addition to revocation or suspension, or in lieu of revocation or suspension, the Commission may impose a reprimand or a monetary penalty not to exceed \$2,500 if the licensee holds a **support** gaming license per violation. § 44-30-524(1)(b)(VI), C.R.S.

Pursuant to Rule 10.1 of the Colorado Sports Betting Regulations, 1 C.C.R. 207-2, the Commission may levy a monetary penalty or may suspend or revoke any license issued by it or the Director for any violations by the person holding the license, or such licensee’s employees or agents, of any of the provisions of article 30 of title 44, C.R.S., or any of the Rules and Regulations promulgated thereunder. Acceptance of a state sports betting license or renewal thereof by a licensee constitutes an agreement on the part of the licensee to be bound by all the Regulations of the Commission as the same now are or may hereafter be amended or promulgated. It is the responsibility of the licensee to keep the licensee self-informed of the content of all such Regulations, and ignorance thereof will not excuse violations.

WHEREAS, it has been made to appear to the Commission that Nicholas Joseph Epstein, License No. 50580 (“Respondent”), has violated the statutes or the rules of the Commission governing his license in the following particulars:

FACTUAL ALLEGATIONS

1. On April 14, 2020, Respondent applied for and was granted sports betting support license 50580.

2. On March 28, 2022, Respondent submitted an application to renew his sports betting support license 50580, which was subsequently renewed.
3. Respondent signed the Statement of Understanding on March 28, 2022, affirming that Respondent is responsible for knowing and complying with state laws and regulations.
4. At all times relevant hereto, the Monarch Black Hawk, Inc. d/b/a Monarch Casino Resort Spa ("Monarch") held a Master License 02621565.
5. At all times relevant hereto, Respondent was employed as a Sportsbook Manager by Monarch and working in a licensed capacity.
6. Respondent is no longer employed by Monarch.

I. Initial Investigation of Proxy Bet for Patron A

7. On June 20, 2022, the Monarch notified the Division of an incident involving their Sportsbook.
8. The Monarch's Sportsbook employees involved in the incident were: Respondent, Brian Lopez, Sportsbook Lead ("Lopez"), and Ted Kilgore, Sportsbook Lead ("Kilgore").
9. On June 13, 2022, Patron A legally placed a 6-leg parlay wager ("Parlay Wager").
10. The first five legs of the Parlay Wager were graded as wins. The sixth leg was on Colorado Avalanche to win against the Tampa Bay Lightning on June 15, 2022.
11. The payout of the Parlay Wager was \$42,664.46.
12. On June 15, 2022, Respondent contacted Patron A by telephone. Respondent asked Patron A if Patron A wished to place an additional bet to hedge the Parlay Wager.
13. Patron A agreed and requested Respondent place an additional \$16,000 bet ("Retail Wager") on the outcome of the Avalanche/Lightning game on behalf of Patron A.
14. Respondent advised Patron A that if the Retail Wager was graded as a loss, Monarch would take funds from his \$42,664.46 payout.
15. At 5:43pm on June 15, 2022, Kilgore wrote the Retail Wager at the Monarch Sportsbook inside the Monarch Casino in Black Hawk ("Monarch Casino").
16. At 5:45pm on June 15, 2022, Respondent texted Patron A an unknown picture. He then texted: "Lightning +1.5 for \$16,000. Your players *[sic]* card is on there as well."

17. Patron A was not present at the Monarch Casino when the Retail Wager was placed and the funds were not provided prior to placing the Retail Wager.

II. Investigation of Proxy Bets Placed for Patrons B-K

18. On June 24, 2022, the Division retrieved the cell phone that Monarch had issued Respondent and obtained Monarch's consent to search the phone.
19. On June 27, 2022, the Division downloaded the contents using forensic software.
20. The Division's investigation determined the cell phone issued to Respondent from Monarch was the mobile device designated with the device ID A2C03C653BF72DCC299 ("Respondent's Device").
21. On October 20, 2022, an investigator for the Division interviewed Respondent ("October 2022 Interview").
22. During October 2022 Interview, Respondent admitted to placing proxy bets for additional patrons discovered through the text messages and document review along with other alleged violations.
23. Between January 7, 2021, and June 15, 2022, Respondent placed or directed to be placed seventy-eight (78) proxy bets totaling \$58,769.45 for patrons.
24. Eighteen (18) of the seventy-eight (78) proxy bets were retail wagers made at the Monarch Casino.
25. Respondent facilitated the eighteen retail proxy bets by communicating with the patron and directing Lopez or Kilgore.
26. The other sixty (60) proxy bets were placed online by Respondent logging into patrons' BetMonarch mobile accounts and placing wagers on behalf of the patrons.
27. The following patrons were identified as placing proxy bets through the Monarch Sportsbook employees.
 - Patron A – Loveland, Colorado
 - Patron B – Denver, Colorado
 - Patron C – Sterling, Colorado
 - Patron D – Grand Junction, Colorado
 - Patron E – Clearwater, Florida
 - Patron F – Parker, Colorado
 - Patron G – Aurora, Colorado
 - Patron H – Berthoud, Colorado
 - Patron I – Vail, Colorado
 - Patron J – Arvada, Colorado
 - Patron K – Denver, CO

Patron A

28. The Division identified that Respondent was involved in placing a \$16,000 proxy bet for Patron A on June 15, 2022. *See supra* ¶¶ 7-17.
29. During an interview with a Division investigator on June 26, 2022, Patron A confirmed that Respondent placed a proxy bet (the Retail Wager) on June 15, 2022 for Patron A at Patron A's request, and Respondent texted Patron A a photograph of the bet slip.

Patron B

30. The Division identified that Respondent was involved in placing fifty (50) proxy bets totaling \$6,674.45 for Patron B.

Proxy Bet #1

31. On February 2, 2021, at 8:43pm, Patron B texted Respondent that Patron B was in Florida and requested help placing a wager.
32. Respondent agreed and told Patron B to send his information.
33. At 8:58pm, Patron B electronically deposited \$1,000 into his account.
34. At 8:59pm, Patron B sent Respondent his email and password, and they confirmed the wager of \$1000 on the Tampa Bay Buccaneers +3.5.
35. At 9:01pm, Respondent texted "It's in. Log in and check."
36. At 9:01pm, Respondent placed an online wager for \$1,000 on the Tampa Bay Buccaneers through Patron B's account on the BetMonarch mobile app using Respondent's Device.
37. Geolocation data showed that at 9:01pm, Respondent's Device was located at Respondent's home address on file with Monarch.

Proxy Bets #2-50

38. From November 6, 2021 to November 24, 2021, Patron B's account activity showed forty-nine (49) wagers, totaling \$5,674.45, were placed through Patron B's account using the BetMonarch app on Respondent's Device.
39. In forty-six (46) of the forty-nine (49) wagers, Patron B sent Respondent screenshots from his BetMonarch app of the wagers Patron B wanted placed.
40. In two of the wagers, Patron B texted Respondent the information of the wagers Patron B wanted placed.
41. On November 20, 2021, Patron B sent what appeared to be a screenshot of his navigation system showing Patron B was in Fort Myers, Florida.

42. On November 23, 2021, Respondent asked Patron B if he was “coming back tomorrow.” Patron B replied yes, affirming he was out of town.
43. During an interview with a Division investigator on October 12, 2022, Patron B admitted that Respondent placed the fifty (50) proxy bets through Patron B’s BetMonarch mobile account at Patron B’s request.
44. Patron B also confirmed during the interview that he was in Florida at the time the fifty (50) proxy bets were placed.

Patron C

45. The Division identified that Respondent was involved in placing seven (7) proxy bets totaling \$4,295 for Patron C.

Proxy Bets #1-2

46. On September 5, 2021, at 9:31am, Respondent received a text from Patron C with two screenshots of Patron C’s BetMonarch app, each screenshot showing a \$1,000 wager on a 3-leg parlay.
47. The time displayed on the screenshots that Respondent received at 9:31am MDT showed 10:30am and 10:31am.
48. The time difference in the screenshots that Respondent received from Patron C on September 5, 2021, at 9:31am MDT indicates that Patron C was not in Colorado.
49. Patron C texted Respondent that those were the wagers Patron C wanted placed.
50. At 10:29am, Respondent responded to Patron C confirming “\$1,000/per” and “2 total plays.”
51. At 10:32am, Respondent placed the two online wagers through Patron C’s account on the BetMonarch app using Respondent’s Device.

Proxy Bet #3

52. On September 5, 2021, at 4:17pm, Respondent received a text from Patron C with a screenshot of Patron C’s BetMonarch app showing a wager for \$510.19 on a 3-leg parlay.
53. The time displayed on the screenshot that Respondent received on September 5, 2021, at 4:17pm MDT showed 5:17pm.
54. The time difference in the screenshots that Patron C sent Respondent on September 5, 2021, at 4:17pm indicates that Patron C was not in Colorado.
55. Patron C texted Respondent asking Respondent to place the wager.

56. At 4:18pm, Respondent received a text from Patron with Patron C's email and account password.

57. At 4:19pm, Respondent placed a \$510 online wager on the 3-leg parlay through Patron C's account on the BetMonarch app using Respondent's Device.

Proxy Bet #4-5

58. On September 6, 2021, at 11:21am, Respondent received a text from Patron C with two screenshots of Patron C's BetMonarch app, each screenshot showing a wager.

59. The first wager was \$200 on a 5-leg parlay.

60. The second wager was \$210.19 on a 3-leg parlay.

61. The time displayed on the screenshot that Respondent received on September 6, 2021, at 11:21am MDT showed 12:20pm.

62. The time difference in the screenshots that Respondent received on September 6, 2021, at 11:21am indicates that Patron C was not in Colorado.

63. Patron C texted Respondent asking Respondent to place the bets for Patron C and that Patron C "will be back tonight."

64. At 11:30am, Respondent placed the wager for \$200 on a 5-leg parlay online through Patron C's account on the BetMonarch app.

65. At 11:30am, Respondent placed the wager for \$210 on a 3-leg parlay online through Patron C's account on the BetMonarch app.

66. Both wagers were placed using a device with a device ID that never appeared again in Patron C's wagering history.

67. At 11:31am, Respondent texted Patron C "Both plays confirmed."

68. During an interview with a Division investigator on October 13, 2022, Patron C confirmed that Respondent placed the five (5) proxy bets on September 5-6, 2021 through Patron C's BetMonarch mobile account at Patron C's request.

69. Patron C also confirmed during the interview that Patron C was in Oklahoma at the time the five (5) proxy bets were placed.

Proxy Bet #6-7

70. On May 6, 2022, at 2:37pm, Patron C texted Respondent and asked Respondent to place two wagers for Patron C.

71. The first wager was \$500 on the Reds.

72. The second wager was on the Twins to win \$500.
73. At 2:38pm, Respondent forwarded the text to Lopez and directed Lopez to write the tickets.
74. At 2:41pm, Lopez placed a \$500 retail wager on the Reds through Patron C's account at the Monarch Casino.
75. At 2:42pm, Lopez placed a \$875 retail wager on the Twins to win \$500 through Patron C's account at the Monarch Casino.
76. At 2:42pm, Lopez withdrew \$1,375 from Patron C's account at the Monarch Casino.
77. At 2:45pm, Lopez texted a photograph of the two bet slips and the Account Withdrawal Confirmation slip to Respondent.
78. At 2:45pm, Respondent forwarded the photograph to Patron C.
79. During an interview with a Division investigator on October 13, 2022, Patron C confirmed that Respondent placed the two (2) proxy bets on May 6, 2022 for Patron C at Patron C's request.

Patron D

80. The Division identified that Respondent was involved in placing five (5) proxy bets totaling \$8,200 for Patron D.

Proxy Bet #1

81. On October 9, 2021, at 1:43pm, Respondent placed a \$2,200 online wager on 1st half BYU through Patron D's account on the BetMonarch app using Respondent's Device.
82. Geolocation data showed at 1:43pm, Respondent's Device was located in Black Hawk, Colorado.
83. Patron D used a mobile device with device ID 44DB47097E5DE7022C9 ("Patron D's device") to place approximately 88 wagers between October 3, 2021 and November 1, 2021.
84. Geolocation data showed that at 1:41pm, Patron D's device was located in Palisade, Colorado approximately 212 miles away.

Proxy Bets #2-3

85. On October 15, 2021, before 7:00pm, Respondent directed Lopez to place two \$1,500 retail wagers on behalf of Patron D.

86. On October 15, 2021, at 7:00pm, Lopez placed a \$1,500 retail wager on 2nd half Marshall through Patron D's account at the Monarch Casino.
87. On October 15, 2021, at 7:01pm, Lopez placed a second \$1,500 retail wager on 2nd half Clemson through Patron D's account at the Monarch Casino.
88. On October 15, 2021, at 7:02pm, Lopez withdrew \$3,000 from Patron D's account at the Monarch Casino.
89. At 7:03pm, Lopez texted Respondent a photograph of the two bet slips and stated Lopez withdrew the funds from the account.
90. At 7:03pm, Respondent sent the photograph of the two bet slips to Patron D.
91. At 7:37pm, Patron D thanked Respondent.
92. Geolocation data showed at 6:58pm, Patron D's device was located in Grand Junction, Colorado, approximately 220 miles from the Monarch casino.

Proxy Bets #4-5

93. On October 17, 2021, at 7:56pm, Patron D texted Respondent his email and password.
94. At 7:58pm, Respondent placed a \$2,000 online wager on the Steelers through Patron D's account on the BetMonarch app using Respondent's Device.
95. At 8:00pm, Respondent placed a \$1,000 online wager on the Steelers through Patron D's account on the BetMonarch app using Respondent's Device.
96. At 8:01pm, Respondent texted Patron D, "It's in. \$1000 Pitt".
97. At 8:02pm, Patron D thanked Respondent.
98. Geolocation data showed that at 7:57pm, Respondent's Device was located in Blackhawk, Colorado.
99. At 6:18pm, Patron D's device was located in Palisade, Colorado approximately 212 miles away from Blackhawk, Colorado.
100. At 8:03pm, Patron D's second device, which Patron D used to make fifty-three (53) wagers from October 3, 2021 to November 1, 2021, was located in Arvada, Colorado approximately 26 miles away from Blackhawk, Colorado.

Patron E

101. The Division identified that Respondent was involved in placing five (5) proxy bets totaling \$6,750 for Patron E.

Proxy Bet #1

102. On January 7, 2021, at 7:04pm, Patron E sent Respondent a screenshot of his BetMonarch app showing a \$1,500 wager on the Mavericks.
103. Patron E provided his email and password and asked Respondent to place the bet for Patron E.
104. Patron E then changed the wager to win \$500.
105. At 7:29pm, Respondent placed a \$750 online wager on the Mavericks to win \$500 through Patron E's account on the BetMonarch app using Respondent's Device.
106. At 7:30pm, Respondent texted Patron E saying "It's in."
107. Geolocation data showed that at 7:29pm, Respondent's Device was located at or near Respondent's home address on file with the Respondent.

Proxy Bet #2

108. On March 28, 2021, at 5:05pm, Patron E sent Respondent a screenshot of his BetMonarch app showing a \$770 wager on 1st half UCLA with the error message "Acquiring location".
109. Patron E asked Respondent to place the bet.
110. Between 5:05pm and 5:07pm, Respondent directed Lopez to place a \$770 retail wager on behalf of Patron E.
111. At 5:07pm, Lopez placed a \$770 retail wager on 1st half UCLA through Patron E's account at the Monarch Casino.
112. At 5:07pm, Respondent texted Patron E saying that Lopez had printed the ticket, and it was awaiting Patron E's arrival.

Proxy Bet #3

113. On July 10, 2021, at 6:36pm, Patron E sent Respondent a screenshot of his BetMonarch app showing a \$3,250 wager on Dustin Poirier with the error message: "The maximum bet is (2600). Please lower your bet."
114. Patron E explained that Patron E already placed a \$2,600 wager but wanted to place another \$2,600 wager.
115. The account activity showed at 6:37pm, Patron E placed a \$2,600 online wager on Dustin Poirier on the BetMonarch app using a mobile device with device ID 7B7BB456A2BD5E8FFE ("Patron E's device").

- 116. At 7:00pm, Respondent texted that Respondent could place the second \$2,600 wager for Patron E. Patron E confirmed.
- 117. At about 7:00pm, Respondent directed Lopez to withdraw \$2,600 from Patron E's account and place a second \$2,600 retail wager on behalf of Patron E.
- 118. At 7:00pm, Lopez withdrew \$2,600 from Patron E's account and placed a second \$2,600 retail wager on Dustin Poirier through Patron E's account at the Monarch Casino.
- 119. Both of \$2,600 wagers were graded a win.
- 120. At 10:36pm, Respondent texted Patron E that Respondent was cashing and depositing Patron E's winning ticket.
- 121. At 10:50pm, Lopez redeemed the bet slip and deposited the payout into Patron E's account.
- 122. Geolocation data showed that at 6:43pm and at 11:23pm, Patron E's device was located in Woodland Park, Colorado, approximately 83 miles away from the Monarch casino.

Proxy Bet #4

- 123. On September 25, 2021, at 9:55am, Patron E sent Respondent a screenshot of his BetMonarch app showing a \$330 wager on 1st half Wisconsin with the error message "Acquiring location".
- 124. Patron E asked Respondent to place the bet for Patron E.
- 125. At 9:57am, Respondent texted Kilgore the details and told Kilgore to place the bet.
- 126. At 9:59am, Kilgore placed a \$330 retail wager on 1st half Wisconsin through Patron E's account at the Monarch Casino.
- 127. At 9:59am, Respondent texted Patron E that "It's in."
- 128. Patron E thanked Respondent and stated Patron E would be there shortly.

Proxy Bet #5

- 129. On September 30, 2021, at 4:42pm, Patron E texted Respondent and asked Respondent to place a \$2,300 wager on the Bengals for Patron E.
- 130. Respondent confirmed the details and stated Respondent would call Lopez.
- 131. Between 4:42pm and 4:48pm, Respondent directed Lopez to place a \$2,300 wager on the Bengals on behalf of Patron E.

- 132. At 4:48pm, Lopez texted Respondent that there was only \$18.51 in Patron E's account.
- 133. At 4:50pm, Respondent texted Lopez that Patron E was on his way and to write the ticket.
- 134. At 4:51pm, Lopez placed a \$2,300 retail wager on the Bengals through Patron E's account at the Monarch Casino.
- 135. At 4:52pm, Lopez texted a photograph of the bet slip to Respondent. .
- 136. At 4:54pm, Respondent sent the photograph of bet slip to Patron E.
- 137. During an interview with a Division investigator on October 13, 2022, Patron E confirmed that Respondent placed the five (5) proxy bets described in the allegations above for Patron E at Patron E's request.

Patron F

- 138. The Division identified that Respondent was involved in placing three (3) proxy bets totaling \$150 for Patron F.

Proxy Bet #1

- 139. On September 24, 2021, at 7:37pm, Patron F contacted Respondent because Patron F was having trouble placing a wager on his mobile device.
- 140. Respondent asked Patron F for the details of the wager.
- 141. Patron F replied, "Liberty 2nd half for \$50."
- 142. Between 7:37pm and 7:39pm, Respondent directed Lopez to place a \$50 retail wager on 2nd half Liberty.
- 143. At 7:38pm, a \$50 online wager on 2nd half Liberty was placed through Patron F's account on the BetMonarch app using a mobile device with device ID 1CC75F938D527707CEB ("Patron F's device").
- 144. At 7:39pm, Patron F texted that his wager went through.
- 145. At 7:39pm, Lopez placed a \$50 retail wager at the Monarch Casino on 2nd half Liberty, but did not associate a player's account with the wager.
- 146. At 7:39pm, Respondent texted Patron F that Respondent just made Patron F "a ticket" and sent an unknown image.
- 147. Patron F responded that Patron F would take the ticket.
- 148. At 7:59pm, Lopez withdrew \$50 from Patron F's account at the Monarch Casino.

149. Geolocation data showed that at 7:38pm, Patron F's device was located in Parker, Colorado, approximately 57 miles away from the Monarch casino.

Proxy Bets #2-3

150. On October 30, 2021, at 8:02pm, Patron F texted Respondent that Patron F could not get cell service and asked how to place a bet on Stanford without money in his account.
151. Respondent offered to place the wager for Patron F.
152. Patron F described two wagers as "50 FH and 50 for game."
153. Between 8:02pm and 8:09pm, Respondent directed Lopez to place a \$50 retail wager on Stanford and a \$50 retail wager on 1st half Stanford on behalf of Patron F.
154. At 8:09pm, Lopez placed a \$50 retail wager on Stanford and a \$50 retail wager on 1st half Stanford through Patron F's account at the Monarch Casino.
155. At 8:12pm, Respondent texted Patron F that they could "settle after dinner."
156. During an interview with a Division investigator on October 13, 2022, Patron F confirmed that Respondent placed the three (3) proxy bets described in the allegations above for Patron F at Patron F's request.

Patron G

157. The Division identified that Respondent was involved in placing two (2) proxy bets totaling \$6,500 for Patron G.

Proxy Bet#1

158. Prior to August 9, 2021, at 5:27pm, Respondent directed Lopez to withdraw \$1,500 from Patron G's account and place a \$1,500 retail wager on a 2-leg parlay on behalf of Patron G.
159. On August 9, 2021, at 5:27pm, Lopez withdrew \$1,500 from Patron G's account and placed a \$1,500 retail wager on a 2-leg parlay through Patron G's account at the Monarch Casino.
160. At 5:28pm, Respondent sent Patron G a text message notifying Patron G that his "play was in."
161. At 5:29pm, Lopez texted a photograph of the bet slip and Account Withdrawal Confirmation to Respondent.
162. At 5:33pm, Respondent sent the photograph of the bet slip and Account Withdrawal Confirmation to Patron G.

163. Respondent instructed Lopez to lock the ticket up for the night.
164. On August 10, 2021, at 9:15am, Patron G texted Respondent asking if Patron G had to come to the casino since Patron G's bet won.
165. Respondent told Patron G his ticket was locked up, and a Sportsbook employee would deposit the payout into his account when the employee arrived at work.
166. At 12:01pm, Lopez texted Respondent asking what Lopez should do with Patron G's ticket.
167. Respondent replied telling Lopez to deposit Patron G's ticket.
168. At 12:26pm, Lopez redeemed Patron G's ticket and deposited the \$3,054.55 payout into Patron G's account at the Monarch Casino.
169. At 12:27pm, Lopez texted Respondent that Patron G was "good."
170. At 12:36pm, Respondent texted Patron G that his payout had been deposited.

Proxy Bet #2

171. On August 10, 2021, at 4:45pm, Patron G texted Respondent and asked Respondent to place a wager for Patron G.
172. Respondent agreed. Patron G requested a \$5,000 wager on the Mariners and texted Respondent Patron G's password.
173. At 4:57pm, Respondent placed a \$5,000 online wager on the Mariners through Patron G's account on the BetMonarch app using Respondent's Device.
174. At 4:58pm, Respondent notified Patron G that the wager had been placed.
175. During an interview with a Division investigator on October 13, 2022, Patron G confirmed that Respondent had placed proxy bets for Patron G at Patron G's request, but Patron G did not remember the specific bets described in the allegations above.

Patron H

176. The Division identified that Respondent was involved in placing two (2) proxy bets totaling \$700 for Patron H.

Proxy Bets #1-2

177. On June 5, 2021, at 9:24am, Patron H texted Respondent that Patron H was out of state, and asked Respondent to place a bet for him.
178. Respondent replied that Respondent could take the funds from Patron H's account and place the wager at the sportsbook.

179. At 10:00am, Patron H provided the details of two wagers: \$400 on the White Sox -1.5 and \$300 on the White Sox -225.
180. At 10:04am, Respondent texted Kilgore instructions to withdraw \$700 from Patron H's account and place the two bets.
181. At 10:06am, Kilgore withdrew \$700 from Patron H's account and placed the two retail wagers through Patron H's account at the Monarch Casino.
182. At 10:09am, Kilgore replied "done" and sent Respondent an unknown picture.
183. At 10:10am, Respondent sent Patron H an unknown picture and texted "Withdraw of \$700. Wagers placed and we ran your players card also."
184. Patron H asked for Respondent's Venmo account and sent Respondent \$25 for placing the bets for him.
185. During an interview with a Division investigator on October 12, 2022, Patron H confirmed that Respondent placed the two proxy bets described in the allegations above on June 5, 2021 for Patron H at Patron H's request.
186. During the interview, Patron H stated he was in Idaho on June 5, 2021.

Patron I

187. The Division identified Respondent was involved in placing a \$6,000 retail proxy bet for Patron I.

Proxy Bet #1

188. On October 14, 2021, at 4:37pm, Respondent and Patron I communicated about placing a \$6,000 wager.
189. Respondent advised Patron I to try and sign back in to Patron I's BetMonarch account and place the wager.
190. Geolocation data showed that at 7:01pm, Respondent attempted to place a \$6,000 wager through Patron I account on the BetMonarch app using Respondent's Device, but the wager was not successfully completed.
191. Geolocation data showed that at 7:01pm, Respondent's Device was located at the Monarch Casino.
192. Between 7:01pm and 7:03pm, Respondent directed Lopez to withdraw \$6,000 from Patron I's account and place a \$6,000 retail wager on the Giants on behalf of Patron I.

193. At 7:03pm, Lopez withdrew \$6,000 from Patron I's account and placed a \$6,000 retail wager on the Giants through Patron I's account at the Monarch Casino.
194. At 7:04pm, Lopez sent a photograph of the bet slip and Account Withdrawal Confirmation to Respondent.
195. At 7:35pm, Respondent sent the photograph of the bet slip and Account Withdrawal Confirmation to Patron I.
196. During an interview with a Division investigator on October 12, 2022, Patron I stated that Respondent likely placed the proxy bet on October 14, 2021 described in the allegations above for Patron I at Patron I's request, but Patron I did not remember the remember the specific bet. Patron I admitted the only time Patron I requested Respondent place a proxy bet for Patron I was when the BetMonarch app would not work.

Patron J

197. The Division identified that Respondent was involved in placing a \$1,500 proxy bet for Patron J.

Proxy Bet #1

198. Prior to October 3, 2021 at 2:22pm, Respondent directed Kilgore to withdraw \$1,500 and place a \$1,500 wager on the Packers on behalf of Patron J.
199. On October 3, 2021, at 2:22pm, Kilgore placed a \$1,500 retail wager on the Packers through Patron J's account at the Monarch Casino.
200. At 2:26pm, Kilgore withdrew \$1,500 from Patron J's account at the Monarch Casino.
201. Geolocation data showed that from September 23, 2021 to November 25, 2021, Patron J used only one mobile device with device ID CB36333FE6C23BA4D24 ("Patron J's device").
202. Geolocation data showed that at 2:17pm, Patron J's device was located in Arvada, Colorado, approximately 24 miles away from the Monarch Casino.
203. At 5:49pm, Patron J texted Respondent complaining that the \$1,500 wager, which paid out \$2,863.65, was not showing in Patron J's account.
204. Respondent replied that Patron J's payout had not been processed because Respondent had the physical ticket at the casino.
205. At 5:58pm, Lopez redeemed the bet slip for \$2,863.65 at the Monarch Casino.
206. At 5:59pm, Lopez deposited the \$2,863.65 into Patron J's account at the Monarch Casino.

- 207. At 5:59pm, Respondent texted Patron J “It’s in.”
- 208. At approximately 6:02pm, Patron J placed two online wagers totaling \$2,863.65 on the BetMonarch app using Patron J’s device.
- 209. Geolocation data showed that at 6:02pm, Patron J’s device was located in Westminster, Colorado approximately 37 miles away from the Monarch Casino.
- 210. During an interview with a Division investigator on October 12, 2022, Patron J did not remember the specific proxy bet on October 3, 2021, but admitted contacting Respondent for assistance placing bets for Patron J when Patron J received an “Acquiring Location” error using the BetMonarch app.

Patron K

- 211. The Division identified that Respondent was involved in placing a \$2,000 retail proxy bet for Patron K.

Proxy Bet #1

- 212. On June 14, 2022, at 10:32am, Patron K texted Respondent stating Patron K forgot the password to Patron K’s account, and asked Respondent to place a \$2,000 wager on the Celtics.
- 213. At 10:51am, Respondent texted Kilgore that Patron K wanted the Celtics ticket.
- 214. At 11:12am, Kilgore confirmed the details with Respondent texting “+310 on the Celtics for [Patron K], right?”
- 215. At 11:45am, Kilgore placed a \$2,000 retail wager on the Celtics +310 through Patron K’s account at the Monarch Casino.
- 216. At 11:46am, Kilgore withdrew \$2,000 from Patron K’s account at the Monarch Casino.
- 217. At 11:46am, Kilgore sent Respondent two unknown photographs and texted “done and locked away.”
- 218. At 11:46am, Respondent sent an unknown photograph to Patron K texting “All set” and then “And the withdraw” followed by a second unknown photograph.
- 219. At 11:47am, Patron K thanked Respondent.
- 220. During an interview with a Division investigator on October 12, 2022, Patron K confirmed that Respondent placed the proxy bet on June 14, 2022 described in the allegations above for Patron K at Patron K’s request.

III. Proxy Bets Placed on Behalf of Respondent

221. The Division identified three proxy bets totaling \$1,350 that were requested by Respondent, and placed by Lopez and Kilgore on Respondent's personal BetMGM and PointsBet accounts while Respondent was out of state.
222. The Division located the following text message conversations between Respondent, Kilgore and Lopez retrieved from Respondent's work-issued cell phone.

Proxy Bet #1

223. On August 18, 2021, Respondent and Lopez texted:
Respondent – "MGM just sent me \$100 free bet. One of you need to be my agent and place it. It expires in 3 days."
Lopez – "Sorry was at the dentist, I can do it" "Just meet me know when, I'll be available anytime"
224. On August 19, 2021, Respondent and Lopez texted:
Respondent – "*****r1" "*****84" "MGM login. The bet is ready to be placed. Just click on the my bets button on the bottom of the page."
Lopez – "Ok one sec" "I'm in but doesn't show the preset up bet."
Respondent – "Okay" "Baseball. Dodgers and Brewers tonight." "Tennis. Berretini." "3 banger."
Lopez – "It's in, check."
Respondent – "Thank you."
Lopez – "+261" "No problem, good luck."

Proxy Bet #2

225. On August 19, 2021, Respondent and Kilgore texted:
Respondent - "Ep*****NJ@hotmail.com" "*****21" "MMA Goltsov - 300/Bruno -225." "Two teamer for \$500."
Kilgore – "Ok" "Is Bruno on the same ticket?"
Respondent – "Denis is first, Bruno is third on the list." "-300/-225" "\$500 at - 108...."
Kilgore – [screenshot of bet placed]
Respondent – "Sweet. Thank you."
Kilgore – "No problem"

Proxy Bet #3

226. On August 21, 2021, Respondent and Kilgore texted:
Respondent – "Yo." "MGM." "*****r1.....*****84" "The parlay should be in there." "Hit betslip and bank it for \$750." "5 teamer."
Kilgore – "Okay" "Didn't save in the bet slip."
Respondent - "Okay" "Yanks, Dodgers, Chase Sherman UFC, Medvedev ATP Tennis, Blue Jays O2.5 runs team total."
Kilgore – "Ok" "ML Yanks and Dodgers?"
Respondent – "yes"
Kilgore "Ok" [screenshot of the betslip] "Look correct?"

Respondent – “Bingo!”

Kilgore – “Add a parlay boost?” “Looks like that’s an option”

Respondent – “No, they only let you do \$100”

Kilgore – “Got it”

Respondent – “Not a big deal”

Kilgore – “Okay” [screenshot of betslip] “Okay, done”

Respondent – “Fucking A. Here we go” “Thanks”

Kilgore – “Haha no problem”

Respondent – “Medvedev fucked me. Won the 1st set, lost the next two.”

Kilgore – “Damn! Fighter seem so tough to figure out” “Probably because I don't follow it.”

Respondent – “Tennis....”

Kilgore – “Oh fuck lol I forgot about tennis being on that ticket.”

Respondent – “Yeah, fuck.” “Life goes on. I just left the beach.”

227. On August 21, 2021, Respondent and Lopez texted:

Lopez – “What time does your flight come in on Monday?”

Respondent – “8:30”

228. On August 23, 2021, Respondent texted:

Respondent – “Hopping on the plane. I will be unavailable for a while.”

229. The Division obtained Respondent’s account activity from BetMGM and confirmed that a \$100 wager on August 19, 2021 and a \$750 wager on August 21, 2021 were placed through Respondent’s account.

230. The Division obtained Respondent’s account activity from PointsBet and confirmed that a \$500 wager on Denis Goltsov and Bruno Cappelozza was placed on August 19, 2021 through the Respondent's account.

IV. Tips Accepted While Serving in a Supervisory Position

231. The Division found three (3) instances where Respondent accepted a tip or gratuity from a player or patron at the licensed gaming establishment where Respondent was employed while serving in a supervisory position.

Accepting Gratuities from Patron H

232. The Division located the following text message conversations between Respondent and Patron H.

233. On June 5, 2021, Respondent and Patron H texted:

Patron H - “Hey nick I’m out of state, could throw a bet down for me today and I’ll Venmo you some cash for your efforts?”

Respondent - “Do you have funds in your account? I can take the funds and make a bet on it at the counter.”

Patron H - “Yeah. I have 1700 in the account...” “How ever works best for you is cool with me” “

Patron H - White Sox -1.5 risk 400” “White Sox -225 risk 300”

Respondent - “What is your account number?”

Patron H - “If you want to do it on the app. My password is *****3!” “Umm..”

Respondent - “Log in and it will say in the drop down.”

[Patron H sent a screenshot of the BetMonarch app which showed his name, email and account number.]

Patron H - “What’s your Venmo?”

Respondent - “Okay. I am going to have my writer execute this and I will get back to you.”

Patron H - “Cool. Thanks a bunch buddy.”

Respondent - “@E*****84”

Patron H - “Just shot ya over 25. I appreciate ya”

Respondent - “Thank you very much. I will send you pictures shortly.”

Patron H - “Is that good?” “Cool”

Respondent sent an unknown image.

Respondent – “Withdraw of \$700.” “Wagers placed and we ran your players card also.”

Patron H - “Sweet thanks!!”

Accepting Gratuities with Lopez and Kilgore

234. The Division located the following text message conversations between Respondent, Lopez, and Kilgore.
235. On August 29, 2021, Lopez texted Respondent:
Lopez – “I’m about to head out, I’ll leave your tip on your desk”
236. On October 25, 2021, Respondent and Kilgore texted:
Respondent – “[Patron J] is here. I see him as I am walking the floor.” “He says, ‘Tom wanted me to give you this.’” “\$100” “I took \$50. You and Brian getting the other half. You guys should have a solid day.”
Kilgore – “That’s awesome”
237. On December 24, 2021, Respondent and Kilgore texted:
Respondent – “I am making some tips today though, Ha!!!”
Kilgore – “OMG haha well there’s always that positive.”
238. During October 2022 Interview, Respondent acknowledged the tip from Patron H and Patron J and admitted to taking tips “a couple times.”

CHARGE I

Pursuant to section 44-30-1511(1)(c), C.R.S., it is unlawful for any person to accept a bet at any place or in any manner other than a place or manner authorized and specified in a sports betting license. Additionally, pursuant to Regulation 1.3, Sports Betting Regulation, 1 CCR 207-2, no person shall make any unauthorized wager or conduct any sports betting activity on its premises or through any online or electronic means unless in accordance with the act, the Rules

and Regulations promulgated by the Commission, or the laws and regulations governing other betting activities which are licensed or approved by an agency of the State of Colorado.

Under section 44-30-1506(2)(b)(IV), C.R.S., a sports betting operator shall not accept a bet from any person whose identity is known to the sports betting operator and who is an agent or proxy for any other person for the purpose of placing the bet. Further, pursuant to Regulation 6.11, Sports Betting Regulations, 1 CCR 207-2, prohibited sports betting participants include 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 any individual placing a wager as an agent or proxy.

The facts and circumstances alleged in paragraphs 1 through 238237 above are incorporated by this reference as though set forth fully herein: Respondent placed fifty (50) wagers on behalf of Patron B. *See supra* ¶¶ 30-44. Respondent placed five wagers on behalf of Patron C. *See supra* ¶¶ 46-69. Respondent placed three wagers on behalf of Patron D. *See supra* ¶¶ 81-84, 93-100. Respondent placed one wager on behalf of Patron E. *See supra* ¶¶ 102-107, 137. Respondent placed one wager on behalf of Patron G. *See supra* ¶¶ 171-175. Respondent directed Kilgore to place one wager on behalf of Patron A. *See supra* ¶¶ 7-17, 28-29. Respondent directed Kilgore to place one wager on behalf of Patron E. *See supra* ¶¶ 123-128, 137. Respondent directed Kilgore to place two wagers on behalf of Patron H. *See supra* ¶¶ 176-186. Respondent directed Kilgore to place one wager on behalf of Patron J. *See supra* ¶¶ 197-210. Respondent directed Kilgore to place one wager on Patron K. *See supra* ¶¶ 211-220. Respondent directed Lopez to place two wagers on behalf of Patron C. *See supra* ¶¶ 70-79. Respondent directed Lopez to place two wagers on behalf of Patron D. *See supra* ¶¶ 85-92. Respondent directed Lopez to place three wagers on behalf of Patron E. *See supra* ¶¶ 108-122, 129-137. Respondent directed Lopez to place three wagers on behalf of Patron F. *See supra* ¶¶ 138-156. Respondent directed Lopez to place one wager on behalf of Patron G. *See supra* ¶¶ 158-170, 175. Respondent directed Lopez to place one wager on behalf of Patron I. *See supra* ¶¶ 187-196.

Respondent's actions detailed in the facts and circumstances alleged in paragraphs 1 through 2378 above and the paragraphs above under Charge I violate sections 44-30-1506(2)(b)(IV) and 44-30-1511(1)(c), C.R.S., and thereby subject his support license to discipline in accordance with section 44-30-524, C.R.S., and Commission Sports Betting Rules under 1 C.C.R. 207-2.

Respondent's actions detailed in the facts and circumstances alleged in paragraphs 1 through 2378 above and the paragraphs above under Charge I violate Regulation 1.3, Sports Betting Regulation, 1 CCR 207-2, and thereby subject his support license to discipline in accordance with section 44-30-524, C.R.S., and Commission Sports Betting Rules under 1 C.C.R. 207-2.

CHARGE II

Pursuant to section 44-30-1511(1)(c), C.R.S., it is unlawful for any person to accept a bet at any place or in any manner other than a place or manner authorized and specified in a sports betting license. Additionally, pursuant to Regulation 1.3, Sports Betting Regulation, 1 CCR 207-

2, no person shall make any unauthorized wager or conduct any sports betting activity on its premises or through any online or electronic means unless in accordance with the act, the Rules and Regulations promulgated by the Commission, or the laws and regulations governing other betting activities which are licensed or approved by an agency of the State of Colorado.

Under Regulation 1.3, Sports Betting Regulation, 1 CCR 207-2, no sports bet shall be accepted that does not originate in the State of Colorado or that does not conform to the laws or Regulations. Additionally, under section 44-30-1506(6) and (8), all sports bets must be initiated, received, and otherwise made within Colorado, and an internet sports betting operator shall accept bets only from persons physically located within the state of Colorado.

The facts and circumstances alleged in paragraphs 1 through 237238 above are incorporated by this reference as though set forth fully herein: Respondent placed fifty (50) wagers on behalf of Patron B while Patron B was not physically located in the state of Colorado. *See supra* ¶¶ 30-44. Respondent placed five wagers on behalf of Patron C while Patron C was not physically located in the state of Colorado. *See supra* ¶¶ 46-69. Respondent directed Kilgore to place two wagers on behalf of Patron H while Patron H was not physically located in the state of Colorado. *See supra* ¶¶ 176-186.

Respondent's actions detailed in the facts and circumstances alleged in paragraphs 1 through 237238 above and the paragraphs above under Charge II violate sections 44-30-1511(1)(c) and 44-30-1506(6) and (8), C.R.S., and thereby subject his support license to discipline in accordance with section 44-30-524, C.R.S., and Commission Sports Betting Rules under 1 C.C.R. 207-2.

Respondent's actions detailed in the facts and circumstances alleged in paragraphs 1 through 237238 above and the paragraphs above under Charge II violate Regulation 1.3, Sports Betting Regulation, 1 CCR 207-2 and thereby subject his support license to discipline in accordance with section 44-30-524, C.R.S., and Commission Sports Betting Rules under 1 C.C.R. 207-2.

CHARGE III

Pursuant to section 44-30-1511(1)(c), C.R.S., it is unlawful for any person to accept a bet at any place or in any manner other than a place or manner authorized and specified in a sports betting license. Additionally, pursuant to Regulation 1.3, Sports Betting Regulation, 1 CCR 207-2, no person shall make any unauthorized wager or conduct any sports betting activity on its premises or through any online or electronic means unless in accordance with the act, the Rules and Regulations promulgated by the Commission, or the laws and regulations governing other betting activities which are licensed or approved by an agency of the State of Colorado.

Pursuant to section 44-30-1506(2)(b)(II), C.R.S., a sports betting operator shall not accept a bet from any person whose identity is known to the sports betting operator and who is the employee of the sports betting operator. Further, under to Regulation 6.11, Sports Betting Regulation, 1 CCR 207-2, prohibited sports betting participants include 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: (a) Any individual placing a wager as an agent or proxy, other than those individuals involved in contests and/or weekly picks approved by the Division pursuant to Rule 6.20. Further, a prohibited sports betting participant must refrain from engaging in sports betting in the state of Colorado and must disclose his or her status as a prohibited sports betting participant to all relevant persons and/or governing bodies. Failure to comply with the provisions of this rule may result in disciplinary action up to and including criminal prosecution.

The facts and circumstances alleged in paragraphs 1 through 237238 above are incorporated by this reference as though set forth fully herein: Respondent directed Lopez and Kilgore to place three wagers for Respondent, while Respondent was a prohibited sports betting participant. *See supra* ¶¶ 221-230.

Respondent's actions detailed in the facts and circumstances alleged in paragraphs 1 through 238 above and the paragraphs above under Charge III violate 44-30-1511(1)(c) and 44-30-1506(2)(b)(II), C.R.S., and thereby subject his support license to discipline in accordance with section 44-30-524, C.R.S., and Commission Sports Betting Rules under 1 C.C.R. 207-2.

Respondent's actions detailed in the facts and circumstances alleged in paragraphs 1 through 238 above and the paragraphs above under Charge III violate Regulations 1.3 and 6.11, Sports Betting Regulation, 1 CCR 207-2, and thereby subject his support license to discipline in accordance with section 44-30-524, C.R.S., and Commission Sports Betting Rules under 1 C.C.R. 207-2.

CHARGE IV

Pursuant to section 44-30-820, C.R.S., it is unlawful for a dealer, floorperson, or other employee who serves in a supervisory position to solicit or accept a tip or gratuity from a player or patron at the licensed gaming establishment where he or she is employed.

The facts and circumstances alleged in paragraphs 1 through 237238 above are incorporated by this reference as though set forth fully herein: Respondent accepted gratuities while serving in a supervisory position on three occasions. *See supra* ¶¶ 231-238.

Respondent's actions detailed in the facts and circumstances alleged in paragraphs 1 through 237238 above and the paragraphs above under Charge IV violate 44-30-820, C.R.S., and thereby subject his support license to discipline in accordance with section 44-30-524, C.R.S., and Commission Sports Betting Rules under 1 C.C.R. 207-2.

CHARGE V

Pursuant to section 44-30-524, C.R.S., any license granted pursuant to the Limited Gaming Act of 1991 may be suspended or revoked for any cause which would have prevented its issuance or for any violation by the licensee of this article or any rule or regulation promulgated by the Colorado Limited Gaming Control Commission. Further, pursuant to section 44-30-504, C.R.S., no licensee acquires any vested interest or property right in a license. The revocable privilege for any

license issued is conditioned upon the proper and continuing qualification of the licensee. Under Regulation 3.2(2) & (4), Sports Betting Regulation, 1 CCR 207-2, to qualify for licensure an applicant must (2) Possess a suitable character as determined by the Director of the Commission; and (4) Comply with all specific laws, rules and regulations regulating sports betting in Colorado, and any other regulatory or taxing authority. Finally, under section 44-30-801(2)(a), C.R.S., Respondent must be a person of good moral character, honesty, and integrity.

The facts and circumstances alleged in paragraphs 1 through 237238 above are incorporated by this reference as though set forth fully herein: Respondent's persistent failure to comply with the requirements of his gaming license reflects poorly upon Respondent's suitability to hold a gaming license.

Respondent's actions detailed in the facts and circumstances alleged in paragraphs 1 through 238 above and the paragraphs above under Charge V violate section 44-30-504 and 44-30-524, C.R.S., and Regulation 3.2, Sports Betting Regulation, 1 CCR 207-2, and thereby subject his support license to discipline in accordance with section 44-30-524, C.R.S., and Commission Sports Betting Rules under 1 C.C.R. 207-2.

Respondent's actions detailed in the facts and circumstances alleged in paragraphs 1 through 238 above and the paragraphs above under Charge V violate Regulation 3.2, Sports Betting Regulation, 1 CCR 207-2, and thereby subject his support license to discipline in accordance with section 44-30-524, C.R.S., and Commission Sports Betting Rules under 1 C.C.R. 207-2.

NOW THEREFORE, you are hereby ordered to appear before the Commission to *show cause* why disciplinary action should not be taken by the Commission as provided by law. Pursuant to law, you must file a written answer to these charges with the Lakewood office of the Colorado Division of Gaming (Division) at 1707 Cole Boulevard, Suite 300, Lakewood, CO 80401 within 30 days of service of this Order to Show Cause.

You are hereby ordered to appear in person at any hearing set in this matter and answer the charges against you.

1. Right to counsel. You are entitled to have an attorney represent you at the hearing or you may represent yourself. At the hearing you have the right to present any relevant evidence in your behalf, rebut any evidence presented against you and cross-examine any witnesses testifying against you. If you retain an attorney, you shall do so well in advance of the hearing because a continuance is not granted except for good cause shown. If you do retain an attorney, have the attorney enter an appearance with the Commission at least 10 days prior to the hearing.

2. Service on the Attorney General. Whenever you or your attorney corresponds or files documents with the Commission, you must simultaneously transmit by the United States first class mail or personal delivery a copy of every such correspondence or document to the Assistant Attorney Generals whose names appear on the certificate of service attached hereto, at the Department of Law, Ralph L. Carr Colorado Judicial Center, 8th Floor, 1300 Broadway, Denver, Colorado 80203.

3. Risk of Default. Pursuant to Section 24-4-105(2)(b), C.R.S., you must file a written answer with the Division to the charges against you within 30 days of the service of this order. If you fail to file an answer or to appear at any hearing set in this matter, your limited gaming license may be subject to revocation or other sanction without further notice. If a default adjudication is entered against you for failure to answer, it may only be set aside for good cause shown within ten days of its entry.

Please be further advised that if the Commission does find you in violation of the above cited section(s) of the Colorado Limited Gaming Act of 1991, the Commission may consider, in selecting the sanction to be imposed against you, all prior violations of the Limited Gaming Act of 1991 by you, as well as any sanctions previously imposed against you.

IT IS FURTHER ORDERED that a copy of this Order and Notice shall be mailed or delivered to the above-mentioned Licensee.

ORDERED AND ENTERED this ____ day of February, 2023.

FOR THE COLORADO LIMITED GAMING
CONTROL COMMISSION

Richard Nathan, Chair

APPROVED AS TO FORM:

PHILIP J. WEISER
Attorney General

Torrey Samson*
Assistant Attorney General
Bradford Jones
Senior Assistant Attorney General
Attorneys for the Department of Revenue

BEFORE THE LIMITED GAMING CONTROL COMMISSION
STATE OF COLORADO

Case Report No. **DOG0013047010**

NOTICE OF DENIAL

IN THE MATTER OF THE APPLICATION OF:

Name	BORUSSIA DORTMUND GMBH & CO. KGAA
Account	LICENSE # 94898983

TO: BORUSSIA DORTMUND GMBH & CO. KGAA
Janine Wahner

You are hereby notified that the Limited Gaming Control Commission has denied your application for a vendor minor license.

In addition to all information disclosed in the application, the specific grounds for which your application has been denied are as follows:

ALLEGATIONS

1. On Monday, August 16, 2021, Division Investigator requested Ms. Wahner register BORUSSIA DORTMUND GMBH & CO. KGAA with the Colorado Secretary of State, a requirement for licensure in Colorado. Ms. Wahner was provided a link to the web address to complete this task.
2. On Wednesday, October 6, 2021, Ms. Wahner emailed a Division Investigator and notified them she was having difficulties processing the \$100 payment for the Colorado Secretary of State registration.
3. On Sunday, April 10, 2022, a Division Investigator emailed Ms. Wahner and asked her if there was any progress in completing the Colorado Secretary of State registration. No response was received. As of Wednesday, January 11, 2023, BORUSSIA DORTMUND GMBH & CO. KGAA had yet to register with the Secretary of State's Office.
4. On Wednesday, September 14, 2022, a Division Investigator emailed Ms. Wahner

detailed instructions on how to proceed with the process of obtaining a Vendor Minor license in the State of Colorado. No response was received.

5. On Tuesday, October 4, 2022, a Division Investigator attempted to contact Ms. Wahner via email regarding any progress regarding the emailed tasks from the September 14, 2022, correspondence. No response was received.
6. On Monday, November 7, 2022, a Division Investigator emailed Ms. Wahner and offered assistance with processing the Colorado Secretary of State registration. Ms. Wahner was requested to communicate with Division Investigators if a license in the State of Colorado was no longer needed or requested. Further, assistance was offered with processing a withdrawal, if necessary. No response was received.
7. On Monday, November 7, 2022, a Division Investigator submitted a contact card on BORUSSIA DORTMUND GMBH & CO. KGAA's website, which was the only form of contact information available on the site. A general message was received in return for the submission, but no further contact was established regarding this contact request.
8. On Friday, January 6, 2023, a Division Investigator sent another email to Ms. Wahner in an attempt to establish contact regarding their licensing process. No response was received.

CHARGES

- (X) Section 44-30-509(1)(a), C.R.S. Failure of the applicant to prove by clear and convincing evidence that the applicant is qualified in accordance with the Limited Gaming Act of 1991.¹
- (X) Section 44-30-510(2), C.R.S. Upon formal request, failure of or refusal by the applicant to answer or produce information, evidence, or testimony.
- (X) Section 44-30-514, C.R.S. Failure of the applicant to meet requirements of general suitability and/or refusal by an applicant to provide all information requested by the Commission or to allow investigation.
- (X) Rule 3.3(1), Colorado Sports Betting Regulations, 1 C.C.R. 207-2. Failure of the applicant to provide all information requested by the application forms and/or all other information which the Division has deemed necessary for examination of the background, personal history, financial associations, character, record, and reputation of applicants.

¹ The statutory provisions under Part 5 of Article 30 apply to sports betting applicants and licensees. See §§ 44-30-103(2) & (20).

You are entitled to have a hearing on this denial if you file a written request with the Division for a hearing no later than 60 days from the date of this notice. Please send the request to Breanne Nolan at the Colorado Division of Gaming, at 1707 Cole Blvd, suite 300, Lakewood, CO 80401. If no such request is filed, the denial of your application for a vendor minor license shall become final 60 days from the date of this notice, and thereafter is no longer subject to judicial review.

If you do request a hearing, you will be notified in advance of the time and place of the hearing. You may have an attorney represent you at the hearing. At that time, you may present any relevant evidence and witnesses, and you will be given a full opportunity to cross-examine any witnesses testifying against you.

ORDERED and filed this _____ day of _____, 2023.

BY ORDER OF THE COLORADO LIMITED GAMING CONTROL COMMISSION

Richard Nathan,
Chair



COLORADO
Department of Revenue

Specialized Business Group—Gaming
1707 Cole Blvd., Suite 300
Lakewood, CO 80401

Memo

To: Colorado Limited Gaming Commission
CC: Daniel Hartman, Director
From: Georgia McBride, Chief Technology Officer
Date: February 7, 2023
Re: International Gaming Technology Multi-Jurisdictional MEGA JACKPOTS Progressive System

International Game Technology (IGT) has submitted a request for approval by the Colorado Limited Gaming Control Commission to offer a multi-state multi-link wide-area progressive system (MSWAP). This system is referred to as, IGT Multi-Jurisdictional MEGA JACKPOTS Progressive System. Colorado Regulation 30-1244.30 Multi-State Multi-Link/Wide Area Progressive (MSWAP) Systems (Rule 30-1244.30) allows multi-state multi-link progressive systems to be offered in Colorado upon successful completion of testing and receiving approval by the Colorado Limited Gaming Control Commission as outlined in Rule 30-1244.30. The MEGA JACKPOTS multi-jurisdictional progressive system consists of the Money Mania Link and Wheel of Fortune Deluxe Link.

About the Systems

This will be the first IGT multi-state multi-link wide-area progressives offered in Colorado. IGT currently has an intrastate wide area progressive (WAP) TV HITS link operating in Colorado since 2003. The central site for all interstate and intrastate progressives is located at 9295 Prototype Dr. Reno, Nevada. The central site is maintained by IGT who has a Manufacturer/Distributor License and employees of IGT who hold a gaming support license.

The Money Mania Link has two game themes. The Money Mania Cleopatra is a 5-line 30-wheel video reel game and Money Mania Pharaoh's Fortune is a 5-line 30-wheel video reel game. The games have been approved by Gaming Laboratories, Inc. (GLI) based on Colorado rules and regulations. The games have been installed and tested at The Lodge Casino in Blackhawk, CO. The Money Mania link offers two jackpot awards. The primary award is a \$100,000.00 static award with 1 in 50,000,000 odds. The secondary progressive award starts at \$4,000.00 with a 1 in 1,000,000 odds.

Licensees will pay 2.9% of coin-in for the opportunity to offer the new multi-state progressive. The theoretical award amount for the secondary progressive award is approximately \$7,000.00 and the primary award is a static \$100,000.00. Both awards are instant wins and paid upon verification.

Colorado casinos will be joining the Money Mania multi-state multi-link wide-area progressive system with Nevada, New Jersey, Virginia, Arkansas, South Dakota. Other jurisdictions may join this link in the future.

The Wheel of Fortune Link is using the Wheel of Fortune High Roller theme. It is a 5 reel, 243-way video reel game. These games have been approved by Gaming Laboratories, Inc. based on Colorado rules and regulations. The games have been installed and tested at the Double Eagle Casino in Cripple Creek, CO. The top progressive award begins at \$500,000.00 with 1 in 35,791,964 odds. The progressive award is paid in periodic installments or lump sum in accordance with Rule 30-1244.30

Licensees will pay 3.5% of coin-in for the opportunity to offer the new multi-state progressive. The theoretical award for the top progressive is approximately \$1,036,000.00. It is offered as a 20-year installment or as a discounted cash option.

Colorado casinos will be joining the Wheel of Fortune multi-state multi-link wide-area progressive system with Nevada, New Jersey, Virginia, Arkansas, South Dakota. Other jurisdictions may join this link in the future.

Adjusted Gross Proceeds

In calculating adjusted gross proceeds for Colorado, participating retail licensees have the sole responsibility to pay all revenue generated and game jackpots awarded except the MSP progressive amount in accordance with Colorado Regulation 30-1603 Adjusted gross proceeds computations.

If the statewide and multi-state multi-link system offers a secondary jackpot that is reimbursed by the system vendor, the following applies. When licensees pay out secondary jackpots, 100% of the amount paid to the patron is not deducted to arrive at taxable AGP on the gaming tax return. The pro-rated portion of the secondary jackpot is the amount allowed as a deduction on the gaming tax return to arrive at taxable AGP in accordance with ICMP Section 11 Accounting (O).

When the MSP Progressive is awarded the retail licensees deduct its pro-rata contribution in the month in which the MSP Progressive is awarded in accordance with Rule 30-1244.30(1)(m). IGT provides each participating retail licensee with its pro-rata contribution amount listed on its Progressive Jackpot Contribution Report. IGT also provides the same report to the Division with all participating retail licensees and their pro-rate contribution amount. This report is used by the Division to support the retail licensee's deduction on the gaming tax return.

Testing Requirements

Rule 30-1244.30 allows a licensee to offer multi-state multi-link wide area progressive system upon successfully passing Phase I and Phase II testing, and receiving the Commission's approval.

Phase I testing is conducted by Gaming Laboratories International (GLI) and includes the testing of the gaming devices and communication hardware. The IGT gaming devices and communication hardware successfully passed the Phase I testing.

Phase II testing is conducted jointly with IGT, GLI and the Division. This Phase includes a field inspection at the central computer site, located in Reno, Nevada, and testing of the system including gaming machines at The Lodge Casino (Money Mania) in Blackhawk, CO, and Double Eagle Casino (WOF Deluxe) in

Cripple Creek, CO. The IGT multi-jurisdictional wide area progressive successfully passed the Phase II testing.

Recommendation

Based upon the Division's review of the results for Phase I and Phase II testing the Division recommends the approval of the IGT multi-jurisdictional MEGAJACKPOTS progressive system links for use in Colorado. The Division will continue to monitor the IGT multi-jurisdictional progressive system, and the various reports submitted by IGT during the field trial to ensure the system is operating in accordance with the gaming rules and regulations.

Upon approval by the Commission at the February 2023 Commission meeting, IGT will begin the system field trial. Upon successful completion the Division will release IGT from the field trial.



Responsible Gaming Grants

Round 1 Applications Submissions



COLORADO
Department of Revenue

Overview of Applications

- Six Applications from Three Organizations, Five Proposals are Moving Forward for Recommendation for Funding
- Total Amount Requested: **\$1,571,965.00**
- Process Included:
 - Independent Review of Each Applications
 - Scoring Rubric
 - Meetings with Applicants
 - Follow-up Questions and Information Requests
 - Modified Proposals and Budget Submissions
 - Notify Applicants of Option to Attend Commission Meeting to Answer Questions on Proposal

Proposals and Requested Funding Amounts

MA Council on Gaming and Health	Building Capacity in Colorado for a System of Responsible and Problem Gambling-Informed Stakeholders	\$200,000.00
Kindbridge Research Institute	Strategic Approaches to Gambling Expansion: A Review of Gambling Treatment Quality and Availability in Colorado	\$264,265.00
Problem Gambling Coalition of Colorado	Problem Gamingling Center	\$286,880.00
Problem Gambling Coalition of Colorado	Collegiate Education and Prevention Program	\$250,000.00
Problem Gambling Coalition of Colorado	Awareness and Education Project	\$570,820.00

Massachusetts Council on Gaming and Health

- **Project:** *Building Capacity in Colorado for a System of Responsible and Problem Gambling-Informed Stakeholders*
- **Amount Requested:** \$200,000
- **Request Description:** Funding for the development and implementation of a Colorado Problem Gambling Specialist Certificate Program (C-PGS) and capacity initiatives, reimbursement for Community Health and Clinical trainers, implementation of a multifaceted digital marketing campaign reaching Colorado residents engaged in gambling and their friends and family, and materials and distribution to market the C-PGS Program.
- **Division Recommendation for Funding:** Recommended for Full Funding

Kindbridge Research Institute

- **Project:** *Strategic Approaches to Gambling Expansion: A Review of Gambling Treatment Quality and Availability in Colorado*
- **Amount Requested:** \$264,265
- **Request Description:** Funding is requested to conduct a comprehensive analysis of Colorado's mental health treatment disparities in relation to Gambling Disorder and create an implementation strategy for Gambling Disorder treatment across the state. The engagement will employ four researchers and analysts for one year to create a robust population health implementation strategy for the state of Colorado regarding Gambling Disorder. KRI will have one researcher based in Colorado and other staff will be on-site throughout the year across all regions of the state, working with major health systems, universities, VA Facilities, tribal communities, prison populations, and rural residents.
- **Division Recommendation for Funding:** Recommended for Full Funding

Problem Gambling Coalition of Colorado

- **Project:** *PGCC Problem Gambling Center*
- **Amount Requested:** \$286,880
- **Request Description:** Grant funding will be used to expand the current office of the Problem Gambling Coalition of Colorado in Lakewood, CO into a Problem Gambling Center that will provide a safe, non-stigmatizing, and welcoming environment for problem gamblers and their families to gather and seek support. The PGCC Problem Gambling Center will serve as a hub for certified treatment and recovery services targeted towards reducing harm for those at risk or suffering from gambling problem behavior.
- **Division Recommendation for Funding:** Recommended for Full Funding

Problem Gambling Coalition of Colorado

- **Project:** *Collegiate Gambling Education and Prevention Program*
- **Amount Requested:** \$250,000
- **Request Description:** PGCC, in partnership with EPIC Risk Management, will provide education and awareness sessions to college-age students and emerging adults about gambling-related harms and responsible gambling. The program is designed to help any student make better-informed choices, become aware of the impact on mental health, protect them from harm and increase their confidence levels in seeking help if facing problems with their gambling behavior or encouraging fellow students to seek help. The program will be approximately 50 minutes in length and consist of statistics, the risks to college-age students, the growth of sports betting and integrity issues, and personal stories of former athletes who struggled with gambling and the negative impact it had on their respective careers.
- **Division Recommendation for Funding:** Recommended for Full Funding

Problem Gambling Coalition of Colorado

- **Project:** *PGCC Problem Awareness and Education Project*
- **Amount Requested:** \$570,820
- **Request Description:** Grant funding for this project will be used to expand PGCC's current education and outreach efforts with existing partners, and a subcontracted marketing company that focuses on social marketing to increase public awareness through multi-faceted traditional and non-traditional marketing strategies. The intent is to usher in a first-of-its-kind campaign, comprehensive in its scope, to create and expand awareness of problem gambling and to educate a workforce capable of treating those individuals who are at risk of our presently struggling with a gambling addiction. The campaign will include static, digital, audio, and video messaging to reach our target audiences through TV, web-based, and direct marketing applications. The efforts to inform and implement this campaign will be implemented in Four Phases during a 24-month period, each building upon the other.
- **Division Recommendation for Funding:** Recommended for Full Funding for Phase One and Two



COLORADO
Department of Revenue
Specialized Business Group—Gaming

Memo

To: Colorado Limited Gaming Commission
From: Director Dan Hartman
CC: Kirsten Gregg & Kenya Collins
Date: February 7, 2023
Re: Proposed Rule Changes - Summary

On February 16, 2023, I will be presenting Rule changes to the Commission on behalf of the Division. The proposed changes will affect Gaming Rule 12 Gaming Devices and Equipment. The Division is seeking approval for Regulations that will allow for the use of cashless systems technology in Colorado Casinos.

BASIS AND PURPOSE FOR RULE 12

The purpose of Rule 12 is to establish a procedure for the testing and approval by the Commission of gaming devices and equipment, to establish requirements for the gaming devices and equipment to be used in limited gaming in Colorado, and to establish procedures for the storage of gaming devices and equipment in compliance with section 44-30-302 (2), C.R.S. The statutory basis for Rule 12 is found in sections 44-30-201, C.R.S., 44-30-203, C.R.S., 44-30-302, C.R.S., and 44-30-806, C.R.S.

RULE 12 GAMING DEVICES AND EQUIPMENT

30-1296 CASHLESS SYSTEMS.

- (1) A CASHLESS SYSTEM ALLOWS PLAYERS TO PLAY SLOT MACHINES GAMING DEVICES OR AUTHORIZED GAMES THROUGH THE USE OF A PLAYER CARD OR OTHER APPROVED INTERFACE METHOD, WHICH ACCESSES A PLAYER'S ACCOUNT AT THE GAMING SYSTEM OR OTHER APPROVED SYSTEM. FUNDS MAY BE ADDED TO THIS PLAYER CASHLESS ACCOUNT VIA COINS, TICKETS, VOUCHERS, BILLS, COUPONS, AND DIGITAL/ELECTRONIC WALLETS, INCLUDING SPORT BETTING WALLETS, AND ANY OTHER FUNDS FUNDING METHODS APPROVED BY THE DIRECTOR. THE ACCOUNT VALUE MAY BE REDUCED EITHER THROUGH DEBIT TRANSACTIONS AT A SLOT MACHINES GAMING DEVICE OR BY CASHING OUT AT A CASHIER'S CAGE. A CASHLESS SYSTEM IS CHARACTERIZED AS A SYSTEM WHEREBY A PLAYER MAINTAINS AN ELECTRONIC ACCOUNT ON THE CASINO'S DATABASE OR DIGITAL WALLET. A CASINO ISSUES A PATRON, WITH ESTABLISHES A PROCESS FOR THE PATRON TO ACCESS THEIR CASHLESS ACCOUNTS, INCLUDING PASSWORD AND MULTI-FACTOR AUTHENTICATION FOR MOBILE DEVICES. ALL MONETARY TRANSACTIONS BETWEEN A SUPPORTING GAMING MACHINE DEVICE AND THE APPROVED CASHLESS SYSTEM MUST BE SECURED. SECURE ACCESS TO A CASHLESS ACCOUNT MEANS A METHOD OF UNIQUELY IDENTIFYING A PROCESS THROUGH WHICH THE LICENSEE CAN VERIFY THE IDENTITY OF THE PATRON AND ALLOW ACCESS TO, OR USE OF, A WAGERING ACCOUNT OR DIGITAL WALLET, WHICH CAN INCLUDE THE USE OF BIOMETRIC IDENTIFICATION MEASURES ON A PATRON'S MOBILE DEVICE. A PATRON SHALL NOT BE ABLE TO MAKE ANY WAGERS USING THE CASHLESS SYSTEM UNTIL THE PATRON'S IDENTITY IS CONFIRMED, DURING ACCOUNT CREATION, WITH AN UPLOAD OR PHYSICAL VALIDATION OF A VALID GOVERNMENT ISSUED PICTURE IDENTIFICATION CREDENTIAL COUPLED WITH AN IDENTIFICATION METHOD THAT ENABLES THE LICENSEE TO FORM A REASONABLE BELIEF THAT IT KNOWS THE TRUE IDENTITY OF THE PATRON. AFTER THE PLAYER'S IDENTITY IS CONFIRMED, THE DEVICE MUST VISIBLY DISPLAY THE PRESENT TRANSFER OPTIONS TO THE PATRON, WHICH REQUIRES SELECTION USING A KEYPAD/TOUCH SCREEN, OR OTHER APPROVED INTERFACE METHOD, BEFORE OCCURRING. SUCH OPTIONS SHALL INCLUDE HOW MANY CREDITS THE PLAYER WISHES TO WITHDRAW AND PLACE ON THE MACHINE GAMING DEVICE THE PLAYER IS PLAYING. A SYSTEM WILL DEBIT THE PATRON DEFINED AMOUNT AND ADD THE CREDITS TO THE GAMING DEVICE FOR PLAY OR FOR PURCHASE OF CHIP/TOKENS. ONCE PLAY IS COMPLETE THE PLAYER MAY MOVE SOME OF THE CREDITS BACK TO THE PLAYER'S ACCOUNT OR CASH OUT SOME CREDITS. A SYSTEM MAY REQUIRE THAT THE ENTIRE CREDIT VALUE BE TRANSFERRED BACK TO THE SYSTEM. THE CASHLESS SYSTEM WILL DEFINE A PERIOD OF TIME WITH NO ACTIVITY, AFTER WHICH, A GAMING DEVICE IS CONSIDERED IDLE. ONCE IDLE, THE SYSTEM WILL TRANSFER THE REMAINING CREDITS BACK TO THE PLAYER'S ACCOUNT.

CASHLESS SYSTEMS MUST INCLUDE THE ABILITY FOR THE PATRON TO SET LIMITS ON THE AMOUNT OF CREDITS TRANSFERRED FROM CASHLESS ACCOUNTS OR THE AMOUNTS DEPOSITED INTO A DIGITAL WALLET. THE SYSTEM MUST INCLUDE INITIAL PATRON TRANSFER OR DEPOSIT LIMITS THAT THE PATRON MAY CHANGE. THESE LIMITS SHALL FIRST BE AVAILABLE TO THE PATRON AT THE TIME OF ACCOUNT REGISTRATION AND ANY TIME THE ACCOUNT REMAINS OPEN. THESE LIMITS MUST INCLUDE THE AMOUNT ALLOWED TO BE TRANSFERRED OR DEPOSITED, THE TOTAL NUMBER OF TRANSFERS IN A 24-HOUR PERIOD, AND A SELF-IMPOSED "COOLING-OFF PERIOD" ONCE THESE LIMITS ARE MET. PATRONS FUNDS HELD IN AN EXTERNAL FUNDING ACCOUNT MUST BE HELD IN AN FDIC INSURED ACCOUNT. PATRONS FUNDS HELD IN DIGITAL WALLETS OR INTERNAL CASINO ACCOUNTS SHALL BE INCLUDED IN THE LICENSEES RESERVE REQUIREMENTS.

- (2) PATRON ACCOUNTS. IN ORDER TO ESTABLISH A CASHLESS ACCOUNT OR DIGITAL WALLET, PLAYERS MUST PROVIDE THE FOLLOWING:

(A) LEGAL NAME;

(B) DATE OF BIRTH;

(C) SOCIAL SECURITY NUMBER, BUT AT A MINIMUM MUST BE THE LAST FOUR DIGITS THEREOF, OR AN EQUIVALENT IDENTIFICATION NUMBER FOR A NONCITIZEN PATRON, SUCH AS A PASSPORT OR TAXPAYER IDENTIFICATION NUMBER;

(D) RESIDENTIAL ADDRESS; A POST OFFICE BOX IS NOT ACCEPTABLE;

(E) ELECTRONIC MAIL ADDRESS;

(F) TELEPHONE NUMBER;

(G) ANY OTHER INFORMATION COLLECTED FROM THE PATRON USED TO VERIFY HIS OR HER IDENTITY;

(H) ACKNOWLEDGEMENT OF THE TERMS AND CONDITIONS OF THE CASHLESS SYSTEM; AND

(I) ACKNOWLEDGEMENT OF THE PENALTIES FOR VIOLATION OF GAMING REGULATIONS.

USING THIS INFORMATION, LICENSEES MUST VERIFY THE PLAYER'S IDENTITY, AND THEN ESTABLISH THE PATRON ACCOUNT OR DIGITAL WALLET. TO ENSURE THAT PATRON INFORMATION REMAINS UP-TO-DATE, THIS INFORMATION MUST BE UPDATED, AT THE MINIMUM, EVERY 18 MONTHS REGULARLY, WITH THE FREQUENCY DETERMINED BY THE DIRECTOR.

PERSONAL INFORMATION, LIKE A PATRON'S SOCIAL SECURITY, TAXPAYER IDENTIFICATION NUMBER, AND PLAYER ACCESS CODE MUST BE ENCRYPTED.

(3) CURRENCY TRANSACTION REPORTING. LICENSEES THAT ALLOW PLAYERS TO USE A CASHLESS GAMING SYSTEM MUST ESTABLISH INTERNAL CONTROL MINIMUM PROCEDURES TO COMPLY WITH FINCEN AND BANK SECRECY ACT REQUIREMENTS.

(4) PHASES OF CERTIFICATION. FOR THE APPROVAL OF CASHLESS SYSTEMS SEE REGULATION 30-1202.

(5) CONFIGURING CASHLESS TRANSACTIONS ON A GAMING DEVICE. SINCE A CASHLESS FEATURE IMPACTS THE ELECTRONIC ACCOUNTING METERS, ALL COMMUNICATIONS BETWEEN GAMING DEVICES AND THE CASHLESS SYSTEM MUST BE ROBUST AND STABLE ENOUGH TO SECURE ALL TRANSACTIONS SUCH THAT ALL TRANSACTION CAN BE IDENTIFIED AND LOGGED FOR SUBSEQUENT AUDIT AND RECONCILIATION.

(6) AUDIT TRAILS FOR CASHLESS TRANSACTIONS. A GAMING DEVICE CONFIGURED FOR CASHLESS FUNCTIONALITY MUST HAVE THE ABILITY TO RECALL AT LEAST 25 MONETARY TRANSACTIONS RECEIVED FROM THE GAMING SYSTEM OR CASHLESS SYSTEM, AND AT LEAST 25 MONETARY TRANSACTIONS TRANSMITTED TO THE GAMING SYSTEM OR CASHLESS SYSTEM. HOWEVER, IF A GAMING DEVICE HAS PROMOTIONAL OR HOST-BONUSING FEATURES, OR BOTH, ENABLED SIMULTANEOUSLY WITH CASHLESS FEATURES, A SINGLE 100-EVENT LOG IS SUFFICIENT. THE FOLLOWING INFORMATION MUST BE DISPLAYED:

(A) THE TYPE OF TRANSACTION (UPLOAD/DOWNLOAD);

(B) THE NATURE OF THE TRANSACTION (E.G. PROMOTION, BONUS, CASH);

(C) THE TRANSACTION VALUE;

(D) THE TIME AND DATE; AND

(E) THE PLAYER'S ACCOUNT NUMBER OR A UNIQUE TRANSACTION NUMBER, EITHER OF WHICH CAN BE USED TO AUTHENTICATE THE SOURCE OF THE FUNDS.

(7) TRANSACTION CONFIRMATION. THE GAMING DEVICE, SYSTEM DISPLAY OR MOBILE DEVICE, MUST BE CAPABLE OF PROVIDING CONFIRMATION OR DENIAL OF EVERY CASHLESS TRANSACTION INITIATED. THIS CONFIRMATION OR DENIAL MUST INCLUDE:

(A) THE TYPE OF TRANSACTION (UPLOAD OR DOWNLOAD);

(B) THE TRANSACTION VALUE;

- (C) THE TIME AND DATE (IF PRINTED CONFIRMATION);
- (D) THE PLAYER'S ACCOUNT NUMBER OR A UNIQUE TRANSACTION NUMBER, EITHER OF WHICH CAN BE USED TO AUTHENTICATE THE SOURCE OF THE FUNDS; AND
- (E) A DESCRIPTIVE MESSAGE AS TO WHY THE TRANSACTION WAS NOT COMPLETED AS INITIATED. THIS APPLIES ONLY TO THE DENIED TRANSACTIONS. CUSTOMER SERVICE CONTACT INFORMATION FOR PATRONS TO CONTACT TO PROVIDE FURTHER INFORMATION REGARDING DECLINED TRANSACTIONS.
- (8) ERROR CONDITIONS. THE FOLLOWING SUBDIVISIONS OUTLINE THE ERROR CONDITIONS THAT APPLY TO THE:
- (A) HOST SYSTEM. THE FOLLOWING CONDITIONS MUST BE MONITORED AND A MESSAGE MUST BE DISPLAYED TO THE PLAYER AT THE HOST CARD READER, FOR THE FOLLOWING:
- (I) INVALID PLAYER ACCESS CODE OR PLAYER ID (PROMPTS FOR REENTRY UP TO A CERTAIN NUMBER OF TIMES); AND
- (II) ACCOUNT UNKNOWN; AND
- (B) ANY CREDITS ON THE CASHLESS GAMING DEVICE THAT ARE ATTEMPTED TO BE TRANSFERRED TO THE HOST SYSTEM, THAT RESULT IN A COMMUNICATION FAILURE FOR WHICH THIS IS THE ONLY AVAILABLE PAYOUT MEDIUM FOR THE PLAYER TO CASH OUT, MUST RESULT IN AN ERROR CONDITION ON THE GAMING DEVICE.
- (9) TRANSFER OF TRANSACTIONS. IF A PLAYER INITIATES A CASHLESS TRANSACTION AND THAT TRANSACTION EXCEEDS GAME CONFIGURED LIMITS INCLUDING THE CREDIT LIMIT, THE TRANSACTION MAY ONLY BE PROCESSED PROVIDED THAT THE PLAYER IS CLEARLY NOTIFIED THAT THE PLAYER HAS RECEIVED OR DEPOSITED LESS THAN REQUESTED AMOUNT TO AVOID PLAYER DISPUTES.
- (10) IDENTIFYING A CASHLESS DEVICE. A PLAYER SHALL BE ABLE TO IDENTIFY EACH CASHLESS COMPATIBLE GAMING DEVICE BY A MEANS LEFT TO THE DISCRETION OF THE DIVISION. WITH THE DIVISION'S APPROVAL THE LICENSEE MAY REMOVE DISPLAY MENU ITEMS THAT PERTAIN TO CASHLESS OPERATION FOR GAMING DEVICES NOT PARTICIPATING; PROVIDE A HOST MESSAGE INDICATING CASHLESS CAPABILITY; OR AFFIX A SPECIFIC STICKER ON GAMING MACHINES/DEVICES TO INDICATE PARTICIPATION OR NON-PARTICIPATION.
- (11) SYSTEMS IN A CASHLESS ENVIRONMENT. THE GAMING SYSTEM AND/OR OTHER APPROVED SYSTEM, MUST ONLY ALLOW AUTHORIZED LICENSED PERSONNEL THE ABILITY FOR CHANGING OF ANY OF THE ASSOCIATED PARAMETERS OR ACCESSING ANY PLAYER ACCOUNT. ADDITIONALLY, THE COMMUNICATION PROCESS USED BY THE CASHLESS GAMING DEVICE AND THE GAMING SYSTEM AND/OR OTHER APPROVED SYSTEM, MUST BE ROBUST AND STABLE ENOUGH TO SECURE EACH CASHLESS TRANSACTION SUCH THAT ANY FAILURE EVENT MAY BE IDENTIFIED AND LOGGED FOR SUBSEQUENT AUDIT AND RECONCILIATION.
- EACH CASINO LICENSEE SHALL PERFORM AN ANNUAL SYSTEM INTEGRITY AND SECURITY ASSESSMENT CONDUCTED BY AN INDEPENDENT PROFESSIONAL SELECTED BY THE LICENSEE, SUBJECT TO THE APPROVAL OF THE DIVISION. THE INDEPENDENT PROFESSIONAL'S REPORT ON THE ASSESSMENT SHALL BE SUBMITTED TO THE DIVISION ANNUALLY AND SHALL INCLUDE:
- (A) THE SCOPE OF REVIEW;
- (B) THE NAME AND COMPANY AFFILIATION OF THE INDIVIDUAL(S) WHO CONDUCTED THE ASSESSMENT;
- (C) THE DATE OF THE ASSESSMENT;
- (D) THE FINDINGS;
- (E) THE RECOMMENDED CORRECTIVE ACTION, IF APPLICABLE; AND
- (F) THE CASINO LICENSEE'S RESPONSE TO THE FINDINGS AND RECOMMENDED CORRECTIVE ACTION.
- (12) MODIFICATION OF PLAYER INFORMATION. PLAYER INFORMATION MAY ONLY BE CHANGED BY AN AUTHORIZED, LICENSED, EMPLOYEE AT THE REQUEST OF THE PATRON, OR BY THE PATRON. SECURITY OF

THIS INFORMATION, INCLUDING A PLAYER ACCESS CODE OR EQUIVALENT PLAYER IDENTIFICATION MUST BE GUARANTEED AT ALL TIMES.

- (13) BALANCE ADJUSTMENTS. LICENSEES MUST ESTABLISH THE AMOUNT OF AN ADJUSTMENT TO AN ACCOUNT BALANCE THAT REQUIRES A SUPERVISOR'S APPROVAL WITH EACH ADJUSTMENT BEING LOGGED OR REPORTED, OR BOTH, INDICATING WHO, WHAT, WHEN, AND THE ITEM VALUE BEFORE THE ADJUSTMENT, INCLUDING THE REASON FOR THE ADJUSTMENT.
- (14) SECURITY LEVELS. THE HOST SYSTEM MUST HAVE THE ABILITY TO STRUCTURE PERMISSION LEVELS AND LOGINS SO THAT USER ROLES MAY BE SEPARATED.
- (15) PREVENTION OF UNAUTHORIZED TRANSACTIONS. THE FOLLOWING MINIMAL CONTROLS SHALL BE IMPLEMENTED TO ENSURE THAT EACH GAME IS PREVENTED FROM RESPONDING TO ANY COMMAND FOR CREDITING OUTSIDE OF A PROPERLY AUTHORIZED CASHLESS TRANSACTION:
 - (A) THE NETWORK HUB IS SECURED EITHER IN A LOCKED AND MONITORED ROOM OR AREA AND NO ACCESS IS ALLOWED ON ANY NODE WITHOUT VALID LOGIN AND PASSWORD;
 - (B) THE NUMBER OF STATIONS WHERE CRITICAL CASHLESS APPLICATIONS OR ASSOCIATED DATABASES MAY BE ACCESSED IS LIMITED; AND
 - (C) THE PROCEDURES SHALL BE IN PLACE ON THE SYSTEM TO IDENTIFY AND FLAG SUSPECT PLAYER AND EMPLOYEE ACCOUNTS TO PREVENT UNAUTHORIZED USE INCLUDING:
 - (I) ESTABLISHING A MAXIMUM NUMBER OF INCORRECT PIN AND/OR LOGIN CREDENTIAL ENTRIES BEFORE ACCOUNT LOCKOUT;
 - (II) FLAGGING OF A HOT ACCOUNTS SUSPECTED FRAUD ACCOUNT LOCKOUT BASED ON UNUSUAL PLAYER ACTIVITY, INCLUDING MULTIPLE FUNDING SOURCES, CHARGEBACKS OR WHERE CARDS HAVE BEEN STOLEN;
 - (III) INVALIDATING SUSPECT ACCOUNTS AND TRANSFERRING BALANCES INTO A NEW ACCOUNT AT A LEGITIMATE PATRON'S DIRECTION; AND
 - (IV) ESTABLISHING LIMITS FOR MAXIMUM CASHLESS ACTIVITY IN AND OUT AS A GLOBAL OR INDIVIDUAL VARIABLE TO PRECLUDE MONEY LAUNDERING.
- (16) DIAGNOSTIC TESTS ON A CASHLESS GAMING DEVICE. ANY TESTING OR TEST ACCOUNT MUST BE LOGGED BY THE HOST SYSTEM. NO PERSON MAY PERFORM ANY CASHLESS ACTIVITY WITHOUT BEING LOGGED BY THE SYSTEM.
- (17) CASHLESS SYSTEM TECHNOLOGY. THE HOST SYSTEM MAY ALLOW A PLAYER TO ACCESS THE PLAYER'S ACCOUNT USING ANY TESTED AND CERTIFIED TECHNOLOGY, INCLUDING BUT NOT LIMITED TO MAGNETIC STRIP AND SMART CARDS, AND MOBILE DEVICES (E.G., CELL PHONES.)
- (18) LOSS OF COMMUNICATION. IF COMMUNICATION BETWEEN THE CASHLESS ACCOUNTING SYSTEM AND THE CASHLESS GAMING DEVICE IS LOST, THE GAME OR SYSTEM DISPLAY MUST DISPLAY A MESSAGE OR VISUAL INDICATOR TO THE PLAYER THAT CASHLESS TRANSFERS CANNOT CURRENTLY BE PROCESSED.
- (19) ENCRYPTION. ALL COMMUNICATION RELATING TO CASHLESS OPERATION MUST EMPLOY ENCRYPTION TECHNOLOGY, WHICH TECHNOLOGY MUST BE REVIEWED AND APPROVED BY THE DIVISION. THIS SECTION DOES NOT APPLY TO ANY COMMUNICATION BETWEEN THE SLOT MACHINE GAMING DEVICE AND THE INTERFACE ELEMENT.
- (20) CASHLESS SYSTEM LOGS. THE HOST SYSTEM SHALL BE ABLE TO PRODUCE LOGS FOR ALL PENDING AND COMPLETED CASHLESS TRANSACTIONS. THESE LOGS SHALL BE CAPABLE OF BEING FILTERED BY:
 - (A) MACHINE GAMING DEVICE NUMBER;
 - (B) PLAYER ACCOUNT; AND
 - (C) TIME AND DATE.

- (21) CASHLESS SYSTEM REPORTS. THE HOST SYSTEM SHALL BE ABLE TO PRODUCE THE FOLLOWING FINANCIAL AND PLAYER REPORTS:
- (A) PLAYER ACCOUNT SUMMARY AND DETAIL REPORT. THIS REPORT SHALL BE IMMEDIATELY AVAILABLE TO A PLAYER UPON REQUEST. THE REPORT SHALL INCLUDE BEGINNING AND ENDING ACCOUNT BALANCE, TRANSACTION INFORMATION DEPICTING GAMING MACHINE/DEVICE NUMBER, DOLLAR OR CREDIT AMOUNT, AND DATE AND TIME;
 - (B) LIABILITY REPORT. THIS REPORT IS TO INCLUDE PREVIOUS DAYS ENDING VALUE OR TODAY'S STARTING VALUE OF OUTSTANDING CASHLESS LIABILITY, TOTAL CASHLESS-IN AND TOTAL CASHLESS-OUT AND THE CURRENT DAY'S ENDING CASHLESS LIABILITY;
 - (C) CASHLESS METER RECONCILIATION SUMMARY AND DETAIL REPORT. THIS REPORT SHALL RECONCILE EACH PARTICIPATING SLOT MACHINE'S CASHLESS METER AGAINST THE HOST SYSTEM'S CASHLESS ACTIVITY; AND
 - (D) CASHIER SUMMARY AND DETAIL REPORT. THIS REPORT SHALL INCLUDE PLAYER ACCOUNT, BUY-INS AND CASH-OUT, AMOUNT OF TRANSACTION, AND THE DATE AND TIME OF TRANSACTION.
- (22) MONETARY TRANSACTIONS. ANY MONETARY TRANSACTION BETWEEN A SUPPORTING CASHLESS GAMING DEVICE AND THE HOST SYSTEM MUST BE SECURED BY AN APPROVED ACCESS METHOD. AFTER THE PLAYER'S IDENTITY IS CONFIRMED, THE DEVICE MUST PRESENT TRANSFER OPTIONS TO THE PATRON WHICH REQUIRES SELECTION USING A KEYPAD OR TOUCH SCREEN BEFORE OCCURRING. SUCH OPTIONS MAY INCLUDE HOW MUCH MONEY THE PLAYER WISHES TO WITHDRAW AFTER ENSURING THE PLAYER-IMPOSED LIMITS ARE NOT EXCEEDED, AND BE PLACED ON THE CASHLESS GAMING DEVICE. A HOST SYSTEM MAY MOVE THE ENTIRE PLAYER'S BALANCE TO THE MACHINE/GAMING DEVICE FOR PLAY, IF DOING SO DOES NOT EXCEED THE PLAYER IMPOSED OR GAMING DEVICE LIMITS. ONCE PLAY IS COMPLETE THE PLAYER MAY HAVE THE OPTION TO MOVE SOME OF THE CREDITS BACK TO THE ACCOUNT OR CASH OUT. A HOST SYSTEM MAY REQUIRE THAT THE ENTIRE CURRENCY VALUE OF THE CREDIT BALANCE BE TRANSFERRED BACK TO THE CASHLESS SYSTEM.
- (23) ADDING MONEY TO A PLAYER'S ACCOUNT. MONEY MAY BE ADDED TO THE PLAYER'S ACCOUNT VIA A CASHIER STATION OR ANY SYSTEM-CONTROLLED KIOSK. THE SYSTEM-CONTROLLED KIOSK MUST BE TESTED AND CERTIFIED. MONEY MAY ALSO BE ADDED BY ANY SUPPORTING CASHLESS GAMING DEVICE THROUGH CREDITS WON, THE INSERTION OF COINS, VOUCHERS, DOLLAR CURRENCY, OR COUPONS.
- (24) REMOVING MONEY FROM A PLAYER'S ACCOUNT. MONEY MAY BE REMOVED FROM A PLAYER'S ACCOUNT EITHER THROUGH DOWNLOADING OF CREDITS TO THE CASHLESS GAMING DEVICE, BY CASHING OUT AT A CASHIER'S CAGE, SYSTEM-CONTROLLED KIOSK, OR THE ORIGINATING DIGITAL/ELECTRONIC WALLET.
- (25) MOVEMENT OF MONEY. A PLAYER MAY BE PROVIDED THE OPTION OF MOVING THE PLAYER'S SYSTEM CREDIT TO A CASHLESS GAMING DEVICE THROUGH WITHDRAWAL FROM THE PLAYER'S ACCOUNT, WHICH IS MAINTAINED BY THE HOST SYSTEM. WHEN THE PLAYER IS FINISHED PLAYING, THE PLAYER MAY DEPOSIT THE BALANCE FROM THE MACHINE/GAMING DEVICE ONTO THE PLAYER'S ACCOUNT.
- (26) PLAYER ACCOUNT BALANCE. CURRENT PLAYER ACCOUNT BALANCE INFORMATION SHALL BE AVAILABLE ON DEMAND FROM ANY PARTICIPATING SLOT MACHINE/GAMING DEVICE VIA THE ASSOCIATED CARD READER OR ITS EQUIVALENT, THE DIGITAL WALLET APPLICATION, AFTER CONFIRMATION OF PLAYER IDENTITY. THE PLAYER ACCOUNT BALANCE SHALL BE PRESENTED IN TERMS OF CURRENCY TO THE PLAYER.