AGENDA COLORADO LIMITED GAMING CONTROL COMMISSION

Meeting of November 18, 2021 Beginning at 9:15 a.m. Via Cisco Webex Division of Gaming – Lakewood Office 1707 Cole Blvd., Suite 300 Lakewood, CO 80401

This meeting will be held virtually at 9:15 a.m. and the video meeting 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 November 18, 2021. 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.

PUBLIC SESSION (reconvened)

II. Consideration of Licensing Actions

Limited Gaming Licenses

Renewal of the Retail and Master Licenses for Grand Z Casino Operator LLC d/b/a Grand Z Casino Johnny Z Casino Operator LLC d/b/a Johnny Z Casino Z Casino Black Hawk Operator LLC d/b/a Z Casino Black Hawk Monarch Black Hawk, Inc. d/b/a Monarch Casino Black Hawk

Renewal of the Manufacturer/Distributor License for Colorado Resorts Operator LLC Monarch Growth, Inc. Everi Games Inc. Everi Payments Inc.

Renewal of the Operator Licenses for Everi Games Inc.

Renewal of the Vendor Minor License for Everi Payments Inc.

Sports Betting Licenses

First Vendor Minor Licenses for
Gow Media, LLC
Shape Games A/S
Iris Media LLC
WeWinGames, LLC
TransUnion Gaming Services LLC
CLOVIS MEDIA GROUP INC.
TIM THE TATMAN, INC.
BetterPool, LLC
Fanalysts Inc.
BOS Media LLC
Sharp Football Holdings, LLC

- III. Opportunity for Public to Address the Commission
- IV. Consideration of Division Limited Gaming Financial Statements for September 2021
- V. <u>Consideration of Division Sports Betting Financial Statements for September 2021</u>
- VI. Consideration of Limited Gaming Rules 3, 5, 21 & 23
- VII. <u>Consideration of Organizational Matters</u> *Adoption of Minutes for October 21, 2021 Directors' Reports*
- VIII. Opportunity for Industry Members to Address the Commission on Current Issues and Events
- IX. Annual Commission Training
- X. 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 THREE (3) MONTHS ENDED
SEPTEMBER 30, 2021



1707 Cole Blvd., Suite 300 Lakewood, CO 80401

November 18, 2021

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 September 30, 2021 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 Alec Garnett Speaker of the House of Representatives

Senator Leroy Garcia President of the Senate

Senator Chris Holbert Senate Minority Leader

Representative Hugh McKean House Minority Leader

Senator Dominick Moreno 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. Cory Amend Senior Director of Enforcement, Department of Revenue

Mr. Daniel Hartman Director, Division of Gaming

Mr. Jason Grothaus Acting 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

Mr. George Orlowski State Archivist

Ms. Kerri Hunter State Auditor

Ms. Elizabeth Burger Joint Legislative Library

Mr. Ben Henderson Deputy Director for Budget, Governor's Office

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

TABLE OF CONTENTS

Comparative Tax Revenues	1
Comparative Statement of Revenues,	
Expenditures, and Changes in Fund Balance	2
Budget Status	3

COLORADO DIVISION OF GAMING TAX REVENUES COMPARISON SEPTEMBER 30, 2021 AND 2020

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

The tax rates for period ending June 30, 2022 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, 2022 are the same as they were for year ending June 30, 2021.

For Periods Beginning July 1, 2020 and 2021 through September 30, 2020 and 2021

AGP Comparison											
Range	Prior Year AGP		Current Year AGP					Difference	Percent Change		
\$0 - \$2 Million	\$	12,344,161	\$	12,015,628	\$	(328,533)	(2.66)%				
\$2 - \$5 Million	\$	45,729,680	\$	35,665,030	\$	(10,064,650)	(22.01)%				
\$5 - \$10 Million	\$	33,095,264	\$	49,772,591	\$	16,677,327	50.39%				
\$10 - \$13+ Million	\$	98,643,659	\$	172,539,507	\$	73,895,848	74.91%				
Total	\$	189,812,764	\$	269,992,756	\$	80,179,992	42.24%				

<u>Tax Comparison</u>												
Range		Prior Year Current Year Difference				Difference	Percent					
		Tax		Tax			Change					
\$0 - \$2 Million	\$	140,860	\$	150,039	\$	9,179	6.52%					
\$2 - \$5 Million	\$	934,594	\$	1,053,301	\$	118,707	12.70%					
\$5 - \$10 Million	\$	2,691,991	\$	3,334,760	\$	642,769	23.88%					
\$10 - \$13+ Million	\$	11,248,732	\$	23,934,767	\$	12,686,035	112.78%					
Total	\$	15,016,177	\$	28,472,867	\$	13,456,690	89.61%					

	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	12	9	(3)						
\$2 - \$5 Million	13	11	(2)						
\$5 - \$10 Million	5	8	3						
\$10 - \$13+ Million	4	5	1						
Total	34	33	(1)						

COLORADO DIVISION OF GAMING COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE THREE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020 (UNAUDITED)

		FY 2022			FY 2021	
	EXTENDED	LIMITED	TOTAL	EXTENDED	LIMITED	TOTAL
	GAMING FUND	GAMING FUND	GAMING FUNDS	GAMING FUND	GAMING FUND	GAMING FUNDS
REVENUES:						
Gaming Taxes	\$ 0 \$	28,472,867 \$	28,472,867	\$ 0	\$ 15,016,473	15,016,473
License and Application Fees	0	214,339	214,339	0	131,343	131,343
Background Investigations	0	29,022	29,022	0	31,837	31,837
Fines	0	0	0	0	84	84
Interest Income	19,542	151,357	170,899	21,060	145,289	166,349
Other Revenue	0	1	1	0	29	29
TOTAL REVENUES	19,542	28,867,586	28,887,128	21,060	15,325,055	15,346,115
EXPENDITURES:						
Salaries and Benefits	0	2,089,897	2,089,897	0	2,015,121	2,015,121
Annual and Sick Leave Payouts	0	1,463	1,463	0	4,964	4,964
Professional Services	0	25,757	25,757	0	21,232	21,232
Travel	0	10,409	10,409	0	1,254	1,254
Automobiles	0	44.285	44.285	0	35.471	35.471
Printing	0	2,436	2,436	0	1,539	1,539
Police Supplies	0	1,169	1,169	0	4,149	4,149
Computer Services & Name Searches	0	28,075	28,075	0	15,877	15,877
Materials, Supplies, and Services	0	84,626	84,626	0	86,495	86,495
Postage	0	878	878	0	764	764
Telephone	0	19,084	19,084	0	22,461	22,461
Utilities	0	6,691	6,691	0	6,166	6,166
Other Operating Expenditures	0	22,521	22,521	0	25,364	25,364
Leased Space	0	23,329	23,329	0	61,010	61,010
EXPENDITURES - SUBTOTAL	0	2,360,620	2,360,620	0	2,301,867	2,301,867
STATE AGENCY SERVICES						
Colorado Bureau of Investigation	0	212,331	212,331	0	277,744	277,744
Division of Fire Prevention and Control	0	57,948	57,948	0	51,300	51,300
Colorado State Patrol	0	817,025	817,025	0	794,125	794,125
State Auditors	0	9,100	9,100	0	8,375	8,375
Indirect Costs - Department of Revenue	0	293,959	293,959	0	224,899	224,899
Regulatory Agencies	0	2,108	2,108	0	0	0
Colorado Department of Law	0	60,764	60,764	0	61,610	61,610
OIT Purchased Services	0	98,472	98,472	0	190,773	190,773
TOTAL STATE AGENCY SERVICES	0	1,551,707	1,551,707	0	1,608,826	1,608,826
Non Personal Services Background Exp.	0	841	841	0	631	631
TOTAL EXPENDITURES	0	3,913,168	3,913,168	0	3,911,324	3,911,324
Excess of Revenues Over Expenditures	19,542	24,954,418	24,973,960	21,060	11,413,731	11,434,791
FY21 & FY20 Extended Gaming Distr.	(17,647,531)	0	(17,647,531)	(15,310,639)	0	(15,310,639)
FUND BALANCE AT JULY 1, 2021 & 2020	17,647,531	2,267,873	19,915,404	15,310,639	2,765,627	18,076,266
TOTAL FUND BAL. SEPTEMBER 30, 2021 & 2020	\$ 19,542 \$	27,222,291	27,241,833	\$ 21,060	\$14,179,358_	\$ 14,200,418

COLORADO DIVISION OF GAMING STATEMENT OF BUDGET TO ACTUAL THREE MONTHS ENDED SEPTEMBER 30, 2021 (UNAUDITED)

				25% OF			
	BEGINNING BUDGET *	SUPPLE- MENTAL CHANGES / ROLLFORWARDS	ANNUAL REVISED ESTIMATED BUDGET **	BUDGETED AMOUNT EXCEPT FOR TAXES ***	YEAR-TO-DATE ACTUAL	OVER / (UNDER) ANNUAL BUDGET	% EARNED % EXPENDED OF ANNUAL BUDGET
REVENUES:							
Gaming Taxes	\$ 114,882,675	\$ 0	\$ 114,882,675	\$ 15,086,531	\$ 28,472,867	\$ (86,409,808)	24.78%
License and Application Fees	628,417	0	628,417	157,104	214,339	(414,078)	34.11%
Background Investigations	183,186	0	183,186	45,797	29,022	(154,164)	15.84%
Fines and Fees	0	0	0	0	0	-	100.00%
Interest Revenue	573,762	0	573,762	143,441	151,357	(422,405)	26.38%
Other Revenue	0		0	0	1	1	100.00%
TOTAL REVENUES	116,268,040	0	116,268,040	29,067,010 ^	28,867,586	(87,400,454)	24.83%
EXPENDITURES:							
Personal Services	9,045,115	8	9,045,123	2,261,280	2,120,079	(6,925,044)	23.44%
Operating Expenditures	782,488	0	782,488	195,622	106,003	(676,485)	13.55%
Workers Compensation	35,305	(2,320)	32,985	8,246	8,246	(24,739)	25.00%
Risk Management	22,683		22,815	5,704	5,704	(17,111)	25.00%
Licensure Activities	127,154	0	127,154	31,789	32,169	(94,985)	25.30%
Leased Space	312,677		144,914	36,229	23,329	(121,585)	16.10%
Vehicle Lease Payments - Fixed	85,000		140,889	35,222	23,106	(117,783)	16.40%
Vehicle Lease Payments - Variable	59,000		81,066	20,267	21,178	(59,888)	26.12%
Utilities	27,425		27,425	6,856	6,691	(20,734)	24.40%
Legal Services	243,054	0	243,054	60,764	60,764	(182,290)	25.00%
CORE Operations	71,780	(9,878)	61,902	15,476	15,476	(46,426)	25.00%
Payments to Office of Information Technology	60,324	(' '	393,887	98,471	98,472	(295,415)	25.00%
IT Division - MIPC Phones & ISD	77,000		51,269	12,817	9,847	(41,422)	19.21%
Indirect Costs - Department of Revenue	1,092,006	` ' '	1,175,835	293,958	293,959	(881,876)	25.00%
State Agency Services	5,079,898		5,079,898	1,269,975	1,087,304	(3,992,594)	21.40%
Division Expenditures	17,120,909	289,795	17,410,704	4,352,676	3,912,327	(13,498,377)	22.47%
Non Personal Services Background Expenditures	68,468	0	68,468	17,117	841	(67,627)	1.23%
TOTAL EXPENDITURES	17,189,377	289,795	17,479,172	4,369,793	3,913,168	(13,566,004)	22.39%
EXCESS OF REVENUES OVER EXPENDITURES	\$ 99,078,663	N/A	\$ 98,788,868	\$ 24,697,217	\$ 24,954,418	\$ (73,834,450)	25.26%

^{*} Represents original information given to the Commission in April of 2021. The percent of the fiscal year elapsed through September 30, 2021 is 25%.

^{**} Amount includes Long Bill items and Supplemental Appropriations.

^{***} The original tax projection assumed an AGP increase of 6%, which was then applied to the existing casinos' graduated tax tiers. The \$15,086,531 is this tax projection through September, which is \$13,386,336 less than the actual taxes collected for the same period.

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



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

Date: November 18, 2021

Re: September Gaming Fund Financial Statement Presentation

Following are highlights from the Gaming Fund financial statements ending September 30, 2021.

Statement of Revenues, Expenditures, and Changes in Fund Balance

Gaming tax revenues have increased by \$13,456,394 or 90% over last year. Please recall, casinos had been closed from March 17 through June 15, 2020 due to the pandemic and were only open in limited capacity in fiscal year 2021. In addition, Amendment 77 was effective May 1, 2021. Total Revenues for the Limited Gaming Fund as of September 30 were \$28,867,586, an 88% increase compared to September 2020.

Total expenditures for the period ending September 2021 were approximately \$3.9 million. This represents a 0.05% increase over last year. The largest increase of \$74,776 is in the Salaries and Benefits line. This increase is primarily due to a 5.3% increase in health, dental, and life benefit costs. The largest decrease is in the OIT Purchased Services line, down by \$92,301. OIT will begin delayed real time billing in fiscal year 2022. Due to the pandemic and having to give all Department of Revenue employees the ability to work from home, OIT had increased estimated costs billed to the Division in fiscal year 2021. Their costs should be greatly reduced this fiscal year.

The excess of total revenues over expenditures was \$24,954,418. This is a 119% increase over last year and represents the amount we could distribute as of September 30.

Statement of Budget to Actual

Total revenues collected through September 2021 were 25% of budgeted. Total expenditures were 22% of budgeted, which is below the 25% of the fiscal year that has elapsed. In addition, the excess of revenues over expenditures was 25% of budgeted.

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

DR 4044 (05/01/19)



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

FOR THE THREE (3) MONTHS ENDED
SEPTEMBER 30, 2021

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

TABLE OF CONTENTS

Comparative Statement of Revenues,	
Expenditures, and Changes in Fund Balance	
Budget Status	

COLORADO DIVISION OF GAMING SPORTS BETTING COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE THREE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020 (UNAUDITED)

		FY 2022		FY 2021					
	HOLD-HARMLESS	SPORTS	TOTAL SPORTS	HOLD-HARMLESS	SPORTS	TOTAL SPORTS			
	FUND	BETTING FUND	BETTING FUNDS	FUND	BETTING FUND	BETTING FUNDS			
REVENUES:									
Sports Betting Taxes	\$ 0 \$	2,208,682 \$	2,208,682	\$ 0 9	501,032 \$	501,032			
License and Application Fees	0	52,422	52,422	0	49,111	49,111			
Sports Betting Operations Fees	0	2,034,100	2,034,100	0	1,541,700	1,541,700			
Background Investigations	0	10,962	10,962	0	40,268	40,268			
Fines	0	84	84	0	0	0			
Interest Income	29	24,702	24,731	0	9,861	9,861			
TOTAL REVENUES	29	4,330,952	4,330,981	0	2,141,972	2,141,972			
EXPENDITURES:									
Salaries and Benefits	0	440,789	440,789	0	287,008	287,008			
Professional Services	0	1,377	1,377	0	0	0			
Travel	0	4,562	4,562	0	0	0			
Automobiles	0	3,052	3,052	0	0	0			
Printing	0	556	556	0	426	426			
Computer Services & Name Searches	0	5,887	5,887	0	4,470	4,470			
Materials, Supplies, and Services	0	8,168	8,168	0	472	472			
Postage	0	230	230	0	55	55			
Telephone	0	1.741	1.741	0	608	608			
Other Operating Expenditures	0	4,859	4,859	0	5,012	5,012			
Leased Space	0	5,832	5,832	0	0,012	0,012			
EXPENDITURES - SUBTOTAL	0	477,053	477,053	0	298,051	298,051			
STATE AGENCY SERVICES						_			
Colorado Bureau of Investigation	0	7,721	7,721	0	0	0			
State Auditors	0	129,163	129,163	0	12,000	12,000			
Indirect Costs - Department of Revenue	0	32,364	32,364	0	31,822	31,822			
Colorado Department of Law	0	35,597	35,597	0	35,597	35,597			
OIT Purchased Services	0	37,018	37,018	0	37,018	37,018			
TOTAL STATE AGENCY SERVICES	0	241,863	241,863	0	116,437	116,437			
Non Personal Services Background Exp.	0	563	563	0	1,119	1,119			
TOTAL EXPENDITURES	0	719,479	719,479	0	415,607	415,607			
EXCESS OF REVENUES OVER EXPENDITURES	29	3,611,473	3,611,502	0	1,726,365	1,726,365			
OTHER FINANCING SOURCES (USES):									
Sports Betting Distribution	0	(8,075,834)	(8,075,834)	0	0	0			
Transferred to Hold-Harmless Fund	0	(488,782)	(488,782)	0	0	0			
Transfer from Sports Betting Fund	488,782	0	488,782	0	0	0			
FUND BALANCE AT JULY 1, 2021 & 2020	0	8,570,798	8,570,798	0	1,414,501	1,414,501			
TOTAL FUND BAL. SEPTEMBER 30, 2021 & 2020	\$\$	3,617,655	4,106,466	\$	3,140,866	3,140,866			

COLORADO DIVISION OF GAMING SPORTS BETTING STATEMENT OF BUDGET TO ACTUAL THREE MONTHS ENDED SEPTEMBER 30, 2021 (UNAUDITED)

	-	BEGINNING BUDGET *	SUPPLE- MENTAL CHANGES / ROLLFORWARDS	_	ANNUAL REVISED ESTIMATED BUDGET **	_	25.0% OF BUDGETED AMOUNT	`	YEAR-TO-DATE ACTUAL	_	OVER / (UNDER) ANNUAL BUDGET	% EARNED % EXPENDED OF ANNUAL BUDGET
REVENUES:												
Sports Betting Taxes License and Application Fees Sports Betting Operations Fees Background Investigations Fines and Fees Interest Revenue	\$	6,310,903 220,150 2,342,925 181,144 0 57,315	\$ 0 0 0 0 0 0	\$	6,310,903 220,150 2,342,925 181,144 0 57,315	\$	1,577,726 55,037 585,731 45,286 0 14,329	\$_	2,208,682 52,422 2,034,100 10,962 84 24,702	\$	(4,102,221) (167,728) (308,825) (170,182) 84 (32,613)	35.00% 23.81% 86.82% 6.05% 100.00% 43.10%
TOTAL REVENUES	-	9,112,437	0	_	9,112,437	-	2,278,109	_	4,330,952		(4,781,485)	47.53%
EXPENDITURES:												
Personal Services		2,503,377	0		2,503,377		625,844		569,503		(1,933,874)	22.75%
Operating Expenditures		110,197	0		110,197		27,549		17,837		(92,360)	16.19%
Workers Compensation		7,820	(515)		7,305		1,826		1,826		(5,479)	25.00%
Risk Management		5,671	33		5,704		1,426		1,426		(4,278)	25.00%
Licensure Activities		23,735	0		23,735		5,934		3,652		(20,083)	15.39%
Leased Space		78,169	(41,941)		36,228		9,057		5,832		(30,396)	16.10%
Vehicle Lease Payments - Fixed		8,000	(2,463)		5,537		1,384		2,712		(2,825)	48.98%
Legal Services		142,388	0		142,388		35,597		35,597		(106,791)	25.00%
CORE Operations		15,898	(2,188)		13,710		3,428		3,428		(10,282)	25.00%
Payments to Office of Information Technology		13,361	134,711		148,072		37,018		37,018		(111,054)	25.00%
Indirect Costs - Department of Revenue		127,287	0		127,287		31,822		32,364		(94,923)	25.43%
State Agency Services	-	60,070	0	_	60,070	-	15,018	_	7,721	_	(52,349)	12.85%
Division Expenditures		3,095,973	87,637		3,183,610		795,903		718,916		(2,464,694)	22.58%
Non Personal Services Background Expenditures	-	35,602	0	_	35,602	-	8,901	_	563	_	(35,039)	1.58%
TOTAL EXPENDITURES	-	3,131,575	87,637	_	3,219,212		804,804	_	719,479	_	(2,499,733)	22.35%
EXCESS OF REVENUES OVER EXPENDITURES	\$_	5,980,862	N/A	\$_	5,893,225	\$	1,473,305	\$_	3,611,473	\$	(2,281,752)	61.28%

^{*} Represents original information given to the Commission in April of 2021. The percent of the fiscal year elapsed through September 30, 2021 is 25.0%. ** Amount includes Long Bill items and Supplemental Appropriations.



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: November 18, 2021

Re: September 2021 Sports Betting Fund Financial Statements

Following are highlights from the Sports Betting Fund financial statements ending September 30, 2021.

Statement of Revenues, Expenditures, and Changes in Fund Balance

Current fiscal year Sports Betting Tax revenue was \$2,208,682 which is an increase of \$1,707,650 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 active Sports Betting Operations.

Current fiscal year Sports Betting Operations Fees revenue was \$2,034,100, which is an increase of \$492,400 over the prior fiscal year. Through September of the current fiscal year 42 total operations fees were collected, 25 for internet operations and 17 for on-site operations. Through September of the prior fiscal year 30 total operations fees were collected, 17 for internet operations and 13 for on-site operations. Both internet and on-site operations fees decreased in amount for fiscal year 2022 as compared to fiscal year 2021.

Total Sports Betting Fund revenues through September 2021 increased by \$2,188,980 or 102% over September 2020.

Total Sports Betting Fund expenditures through September 2021 were \$719,479. This is an increase of about 73% over September 2020. The increase is due primarily to the increase in salaries and benefits, and the payments to the State Auditors for the performance audit.

Statement of Budget to Actual

Total revenues collected through September 2021 were about 48% of budgeted. Total expenditures were about 22% of budgeted, which is below the 25% of the fiscal year that has elapsed. Excess of revenues over expenditures was 61% of budgeted.

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

DR 4044 (05/01/19)



Memo

To: Colorado Limited Gaming Commission

From: Joseph Nguyen, Criminal Investigator

CC: Dan Hartman, Kirsten Gregg & Kenya Collins

Date: November 8, 2021

Re: Proposed Rule Changes - Summary

On November 18, 2021, I will be presenting Rule changes to the Commission on behalf of the Division. The proposed changes will affect <u>Gaming Rule 3 Applications</u>, <u>Investigations and Licensure</u>, <u>Rule 5 Grounds and Procedures for Disciplinary Actions</u>, <u>Rule 21 Rules for Blackjack-Poker Combination</u> Games, and Rule 23 Rules for Craps.

The amendment to Rule 3 will allow the Division to begin accepting additional forms of payment for background investigation deposits when the Division's new online licensing system goes live.

Executive Order D 2012-002, and Senate Bill 14-063 require State agencies to review all agency Rules at least once every ten years. Gaming Rules 5, 13, 15, and 19 were reviewed this year. It has been determined that no changes are necessary to Rules 13, 15, and 19. Updates are being made to Rule 5, to correct minor errors, to add language to Regulation 506 that will be consistent with the other Gaming Rules, and to increase the amount of time the Gaming Commission has to hold a hearing after the imposition of a summary suspension, from 30 days to 45.

Changes are proposed to Rule 21 in order to promulgate rules for a new blackjack-poker combination game, TriLux Blackjack, and to Rule 23 to promulgate rules for a new game of craps, Dice-Ology.

BASIS AND PURPOSE FOR RULE 3

The purpose of Rule 3 is to establish and provide the specific information required on license applications; to establish yearly license fees for each type of license; to establish nonrefundable application fees; to establish investigation fees for certain applicants and deposit procedures for investigation fees; to establish procedures for conducting background checks on applicants and other interested persons and assessing the costs of such background checks; to require certain information regarding the premises the applicant wishes to be licensed, and to provide a procedure for approval of modifications of such premises; and to provide for the issuance of conditional, temporary, and duplicate licenses. The statutory basis for Rule 3 is found in sections 44-30-102, C.R.S., 44-30-103, C.R.S., 44-30-201, C.R.S., 44-30-203, C.R.S., 44-30-302, C.R.S., and part 5 of article 30 of title 44, C.R.S. *Amended* 1/14/15

RULE 3 APPLICATIONS, INVESTIGATIONS AND LICENSURE

30-305 Investigation fees.

Before any such investigations are conducted, each applicant shall pay a deposit by check made out to the Colorado Division of Gaming to the gaming fund as follows: Eff 04/01/2007

BASIS AND PURPOSE FOR RULE 5

The purpose of Rule 5 is to establish procedures and articulate grounds for disciplinary actions and informal resolution of allegations of violations of the provisions of article 30 of title 44 C.R.S. or any rules and regulations promulgated pursuant to such article, to provide procedures to impose sanctions for violations, and to provide for certain conditions to be met for reissuance of licenses to persons who formerly held a license. The statutory basis for Rule 5 is found in sections 44-30-201, C.R.S., 44-30-203, C.R.S., 44-30-504, C.R.S., 44-30-523, C.R.S., 44-30-524, C.R.S., and 24-4-104, C.R.S.

RULE 5 GROUNDS AND PROCEDURES FOR DISCIPLINARY ACTIONS

30-501 Grounds for disciplinary action.

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 Rrules and Rregulations promulgated thereunder. Acceptance of a state gaming license or renewal thereof by a licensee constitutes an agreement on the part of the licensee to be bound by all the Rregulations 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 Rregulations, and ignorance thereof will not excuse violations. Amended 11/14/15

30-502 Initiation of disciplinary proceedings.

- (1) Upon its own motion, upon motion of the Director, or upon written complaint signed and sworn to by the complainant, the Commission may determine to initiate disciplinary proceedings against any person licensed pursuant to article 30 of title 44, C.R.S. Disciplinary proceedings, as used herein, shall mean those procedures undertaken by the Commission to suspend or revoke any license issued by it or the Director, to levy a monetary penalty against any licensee, or to otherwise sanction violations of gaming laws and Rrules.
- (2) The Commission may initiate disciplinary proceedings against a license where it determines that there is probable cause to believe: that the licensee, the licensee's employees, or agents have violated any of the provisions of article 30 of title 44, C.R.S., or the Rr ules and Rr egulations thereunder; that the licensee or persons associated with the licensee are of unsatisfactory moral character; or that violations by the licensee, the licensee's employees, or agents, of laws other

than the limited gaming laws make the licensee no longer suitable for licensing by the Commission or Director.

30-506 Assurance of voluntary compliance.

The Director OR DIRECTOR'S DESIGNEE may accept an assurance of voluntary compliance regarding any act or practice alleged to violate article 30 of title 44, C.R.S., or the Requiles and Regulations thereunder, from a person who has engaged in, is engaging in, or is about to engage in such acts or practices. The assurance must be in writing and may include a stipulation for the voluntary payment of the costs of the investigation and an amount necessary to restore to a person money or property which may have been acquired by the alleged violator because of the acts or practices. An assurance of voluntary compliance may not be considered an admission of a violation for any purpose; however, proof of failure to comply with the assurance of voluntary compliance is prima facie evidence of a violation of article 30 of title 44, C.R.S., or the Requiles and Regulation thereunder. The Commission may approve or review an assurance of voluntary compliance.

30-512 Summary Suspension.

(1) Where the Commission has reasonable grounds to believe and finds that any person licensed under article 30 of title 44, C.R.S., has been guilty of a deliberate or willful violation of any of the provisions of article 30 of title 44, C.R.S., or the Rrules and Rregulations thereunder, or that the licensee has been charged with a felony in Colorado or in another state, or that due to other violations of law by the licensee or its patrons, the public health, safety, or welfare imperatively requires emergency action, and where the Commission incorporates such findings in its order, the Commission may summarily suspend the licensee's license pending disciplinary proceedings for suspension or revocation. Any such disciplinary proceedings shall be promptly instituted and determined.

30-514 Disciplinary proceeding notice required.

The Director must have served upon the summarily suspended licensee a formal notice initiating disciplinary proceedings and a notice of hearing within five (5) days after receipt by the licensee of the notice of summary suspension. The notice initiating disciplinary proceedings and the notice of hearing may be issued by the Director without prior Commission approval. The Commission shall hear the matter on an expedited basis, but in no event later than 3045 days after the imposition of the summary suspension unless such licensee has requested a later date pursuant to regulation 30-512(2). (amended perm. 03/02/01), Amended 11/14/15

BASIS AND PURPOSE FOR RULE 21

The purpose of Rule 21 is to establish playing rules for authorized types of games which combine the play of blackjack with the play of poker, and management procedures for conducting blackjack-poker combination games in compliance with section 44-30-302 (2), C.R.S. The statutory basis for Rule 21 is found in sections 44-30-201, C.R.S., 44-30-302, C.R.S., 44-30-816, C.R.S., and 44-30-818, C.R.S. *Amended 8/14/16*

RULE 21 RULES FOR BLACKJACK-POKER COMBINATION GAMES

30-2115 THE PLAY - TRILUX BLACKJACK.

TRILUX BLACKJACK IS A COPYRIGHTED AND PATENT-PROTECTED BLACKJACK AND POKER VARIATION GAME, THE RIGHTS TO WHICH ARE OWNED BY SG GAMING INC. OF LAS VEGAS, NEVADA, AND WHICH MAY BE TRANSFERRED OR ASSIGNED.

TRILUX BLACKJACK IS AN OPTIONAL BONUS WAGER FOR BLACKJACK. THIS OPTIONAL WAGER MAY INCLUDE A TRILUX BONUS, TRILUX SUPER 3 AND/OR TRILUX BUST BONANZA. TRILUX BLACKJACK MAY BE PLAYED ONLY ON TABLES DISPLAYING THE TRILUX BLACKJACK LAYOUT. TRILUX BLACKJACK USES A STANDARD 52 CARD DECK. REFER TO PAY TABLES BELOW FOR THE CORRESPONDING NUMBER OF DECKS TO BE USED FOR EACH OF THE BONUS OPTIONS.

- AT THE SAME TIME A PLAYER MAKES HIS/HER STANDARD BLACKJACK WAGER, THE PLAYER HAS AN OPPORTUNITY TO MAKE THE OPTIONAL TRILUX BONUS, TRILUX SUPER 3 AND/OR TRILUX BUST BONANZA WAGERS. HOWEVER, PLAYERS MUST MAKE THE TRILUX BONUS WAGER TO BE ELIGIBLE TO MAKE THE TRILUX SUPER 3 WAGER. ALL WAGERS MUST BE IN AN AMOUNT BETWEEN THE POSTED TABLE MINIMUM AND THE TABLE MAXIMUM. WAGER LIMITS ARE DETERMINED BY THE HOUSE AND IN ACCORDANCE WITH APPLICABLE LAW.
 - (A) IF THE CASINO RULES ALLOW, A PLAYER MAY PLAY MULTIPLE HANDS.
 - (B) A PLAYER PLAYING MULTIPLE HANDS MAY PLACE TRILUX BONUS, TRILUX SUPER 3 AND TRILUX BUST BONANZA WAGERS ON NONE, ONE OR ALL OF HIS/HER HANDS.
 - (C) DEALER TIP WAGERS MAY BE PLACED ON THE TRILUX BONUS, TRILUX SUPER 3 AND TRILUX BUST BONANZA WAGERS BY PLACING THE DEALER TIP IN FRONT OF THE PLAYER'S TRILUX BONUS, TRILUX SUPER 3 AND TRILUX BUST BONANZA WAGERS. ANY RESTRICTIONS ON DEALER TIP WAGERS MUST BE POSTED AT THE TABLE OR AS WALL SIGNAGE.
- (2) THE DEALER THEN FOLLOWS HOUSE PROCEDURES FOR DEALING BLACKJACK.
- (3) ONCE EACH PLAYER HAS RECEIVED TWO CARDS, THE DEALER SETTLES ALL TRILUX BONUS AND TRILUX SUPER 3 WAGERS ACCORDING TO HOUSE PROCEDURES. IF A PLAYER'S FIRST TWO CARDS AND THE DEALER'S UP CARD ARE AT LEAST A PAIR OR FLUSH DEPENDING ON THE PAY TABLE, HE OR SHE WINS THE TRILUX BONUS WAGER ACCORDING TO THE POSTED PAY TABLE. IF THE PLAYER'S FIRST TWO CARDS AND THE DEALER'S UP CARD ARE NOT AT LEAST A FLUSH, HE OR SHE LOSES HIS OR HER TRILUX BONUS WAGER. IF A PLAYER'S FIRST TWO CARDS AND THE DEALER'S UP CARD ARE AT LEAST A THREE OF A KIND, HE OR SHE WINS THE TRILUX SUPER 3 WAGER ACCORDING TO THE POSTED PAY TABLE. IF THE PLAYER'S TWO CARDS AND THE DEALER'S UP CARD ARE NOT AT LEAST A THREE OF A KIND, HE OR SHE LOSES HIS OR HER TRILUX SUPER 3 WAGER.
 - (A) WHEN THE CARDS ARE DEALT FACE UP, THE TRILUX BONUS AND TRILUX SUPER 3 WAGERS WILL BE SETTLED IMMEDIATELY AFTER ALL PLAYERS RECEIVE THEIR FIRST TWO CARDS AND THE DEALER HAS RECEIVED HIS/HER FIRST TWO CARDS. WINNERS WILL BE PAID AND LOSING WAGERS WILL BE PICKED UP IN ORDER OF PLACEMENT, FROM THE DEALER'S RIGHT TO LEFT. NORMAL BLACKJACK PLAY WILL THEN CONTINUE.
 - (B) WHEN THE CARDS ARE DEALT FACE DOWN, THE TRILUX BONUS AND TRILUX SUPER 3 WAGERS WILL BE SETTLED ON A HAND TO HAND BASIS, AS THE DEALER GOES FROM LEFT TO RIGHT ASKING FOR HIT/STAND DETERMINATIONS.
- PLAYERS MAY MAKE THE TRILUX BUST BONANZA WAGER AFTER THEY HAVE ACTED ON THEIR HANDS, BUT BEFORE THE DEALER ACTS ON THE DEALER HAND. IF THE DEALER BUSTS, THE PLAYER WINS ACCORDING TO THE POSTED PAY TABLE. IF THE DEALER DOES NOT BUST, THE PLAYER LOSES HIS/HER TRILUX BUST BONANZA WAGER.
 - (A) PLAYER BLACKJACKS ARE PAID PRIOR TO THE DEALER RESOLVING THE DEALER HAND AND ARE NOT ELIGIBLE TO MAKE THE TRILUX BUST BONANZA WAGER.
 - (B) PLAYER'S WITH HANDS THAT BUST ARE NOT ELIGIBLE TO MAKE THE TRILUX BUST BONANZA WAGER.
- (5) WINNING TRILUX BONUS, TRILUX SUPER 3 AND TRILUX BUST BONANZA WAGERS WILL BE PAID IN FRONT OF THE BETTING AREA AND PUSHED OFF TOWARD THE PLAYER.
- (6) LUCKY GEORGE: THE LUCKY GEORGE IS A PAY OUT FOR THE DEALER AS A TIP, WHEN A QUALIFYING HAND IS WON BY A PLAYER.
- (7) PAY TABLES:

TRILUX BONUS (WITHOUT LUCKY GEORGE):

HAND	TRI-01	TRI-02	TRI-05	
	PAYS PAYS	PAYS PAYS	PAYS PAYS	
THREE OF A KIND	9 TO 1	2.5 TO 1	7 TO 1	
STRAIGHT FLUSH	9 TO 1	2.5 TO 1	7 TO 1	
STRAIGHT	9 TO 1	2.5 TO 1	<mark>7 TO 1</mark>	
FLUSH	9 TO 1	2.5 TO 1	7 TO 1	
PAIR	N/A	2.5 TO 1	PUSH	
DECK TYPE	2-8 DECKS	2 DECKS	2-8 DECKS	

HAND	TRI-03	TRI-04	TRI-06	TRI-07
	PAYS	PAYS PAYS	PAYS	PAYS PAYS
MINI ROYAL (A, K, Q SUITED)	100 TO 1	N/A	100 TO 1	50 TO 1

STRAIGHT FLUSH	35 TO 1	30 TO 1	30 TO 1	30 TO 1
THREE OF A KIND	33 TO 1	20 TO 1	20 TO 1	20 TO 1
STRAIGHT	10 TO 1	10 TO 1	10 TO 1	10 TO 1
FLUSH	5 TO 1	<mark>5 TO 1</mark>	<mark>5 TO 1</mark>	5 TO 1
DECK TYPE	2-8 DECKS	2-8 DECKS	2-8 DECKS	2-8 DECKS

TRILUX BONUS (WITH LUCKY GEORGE):

HAND	TRILG-01		TRILG-02		TRILG-03		TRILG-04***	
	PAYS*	LUCKY GEORGE**	PAYS*	LUCKY GEORGE **	PAYS*	LUCKY GEORGE **	PAYS*	LUCKY GEORGE **
STRAIGHT FLUSH	8 TO 1	<mark>\$1</mark>	25 TO 1	<mark>\$10</mark>	25 TO 1	<mark>\$10</mark>	25 TO 1	<mark>\$10</mark>
THREE OF A KIND	8 TO 1	<mark>\$1</mark>	15 TO 1	<mark>\$5</mark>	15 TO 1	<mark>\$5</mark>	15 TO 1	<mark>\$5</mark>
STRAIGHT	8 TO 1	<mark>\$1</mark>	8 TO 1	<mark>\$2</mark>	10 TO 1	<mark>\$2</mark>	10 TO 1	<mark>\$2</mark>
FLUSH	8 TO 1	<mark>\$1</mark>	5 TO 1	<mark>\$1</mark>	5 TO 1	N/A	5 TO 1	<mark>\$1</mark>
DECK TYPE	1, 2, 6 AND 8 DECKS							
* PAY TABLE IS USED WITH THE LUCKY GEORGE VERSION ONLY.								
**PAY OUTS ARE FIXED DOLLAR PAYS.								
***PAY TABLE TRILG-04 MUST BE A MINIMUM OF \$5 ONLY.								

TRILUX SUPER 3:

HAND	SUP-01*	SUP-02*	SUP-03*	
	PAYS*	PAYS	PAYS	
THREE OF A KIND (SUITED)	270 TO 1	1,000 TO 1	500 TO 1	
STRAIGHT FLUSH	180 TO 1	100 TO 1	150 TO 1	
THREE OF A KIND	90 TO 1	70 TO 1	75 TO 1	
DECK TYPE	4-8 DECKS	6-8 DECKS	5-8 DECKS	
			_	
*TRILLIX BONUS WAGER MUST BE MADE TO BE FLIGIBLE TO MAKE THE TRILLIX SUPER 3 WAGER				

TRILUX BUST BONANZA:

DEALER UP-CARD	PAY	TABLE 1	PAY TABLE 2		
	DEALER BUST	DEALER SUITED BUST	DEALER BUST	DEALER SUITED BUST	
2	1 TO 1	25 TO 1	1 TO 1	25 TO 1	
3	1 TO 1	15 TO 1	1 TO 1	15 TO 1	
<mark>4</mark>	1 TO 1	10 TO 1	1 TO 1	10 TO 1	
<u>5</u>	1 TO 1	5 TO 1	1 TO 1	<mark>5 TO 1</mark>	
<mark>6</mark>	1 TO 1	3 TO 1	1 TO 1	3 TO 1	
<mark>7</mark>	1 TO 1	15 TO 1	1 TO 1	15 TO 1	
8	2 TO 1	10 TO 1	2 TO 1	10 TO 1	
9	2 TO 1	20 TO 1	2 TO 1	20 TO 1	
10/FACE CARD	2 TO 1	20 TO 1	2 TO 1	20 TO 1	
ACE	3 TO 1	50 TO 1	3 TO 1	50 TO 1	
888*	25 TO 1	N/A	25 TO 1	<mark>75 TO 1</mark>	
DECK TYPE	2 DECKS ONLY		6 DECKS ONLY		

BASIS AND PURPOSE FOR RULE 23

The purpose of Rule 23 is to establish playing rules for craps and procedures for conducting craps games in compliance with section 44-30-302 (2). The statutory basis for Rule 23 is found in sections 44-30-201, C.R.S., 44-30-203, C.R.S., 44-30-302, C.R.S., and 44-30-818, C.R.S.

RULE 23 RULES FOR CRAPS

30-2399.06 THE PLAY - DICE-OLOGY.

DICE-OLOGY IS A PATENT-PROTECTED CRAPS VARIATION GAME, THE RIGHTS TO WHICH ARE OWNED BY SG GAMING, INC. OF LAS VEGAS, NV, AND WHICH MAY BE TRANSFERRED OR ASSIGNED. CRAPS WITH DICE-OLOGY MUST BE PLAYED ACCORDING TO THE FOLLOWING RULES:

- (2) DICE-OLOGY IS AN OPTIONAL WAGER FOR CRAPS AND CONSISTS OF THREE SEPARATE WAGERS, LITTLE ONES, BIG ONES AND BOOM OR BUST. THESE BETS WILL BE IN THE AMOUNT SPECIFIED AT THE TABLE BY THE RETAIL LICENSEE.
- (3) EACH DICE-OLOGY WAGER IS INDEPENDENT AND HAS NO EFFECT ON THE PRIMARY GAME OF CRAPS OR THE OTHER WAGERS. ALL DICE-OLOGY WAGERS CAN BE MADE ON THE COME OUT ROLL OR ANY TIME BEFORE A NUMBER BY THE CHOSEN BET HAS BEEN ROLLED.
- (4) PLAYERS MUST PLACE THEIR DICE-OLOGY WAGER IN THE MARKED AREA. DEALERS WILL THEN MOVE THE WAGERS TO THE APPROPRIATE BETTING AREAS FOR THE LITTLE ONES, BIG ONES AND BOOM OR BUST.
- (5) ANY DEALER TIP DELIVERED AS A DICE-OLOGY WAGER MAY BE PLACED AT THE TOP OF THE DICE-OLOGY BETTING AREA OR PIGGY-BACKED (DEALER BET SITS ON TOP OF THE PLAYER'S BET SLIGHTLY PUSHED FORWARD) ON TOP OF THE PLAYER'S DICE-OLOGY WAGER. ANY RESTRICTIONS ON DEALER TIP WAGERS MUST BE POSTED AT THE TABLE OR AS WALL SIGNAGE.
- (6) WHEN A PLAYER MAKES A POINT, THE STICKMAN, BOXMAN, OR DEALER WILL USE A LAMMER TO KEEP TRACK OF THE NUMBER OF PASSES.
- (7) AS THE SHOOTER ROLLS FOR ANY NUMBER OTHER THAN A SEVEN (7), THE BOXMAN OR DEALER WILL
 PLACE A LAMMER ON THE CIRCLE INDICATING THE NUMBER ROLLED. IF A NUMBER IS REPEATED BY THE
 SHOOTER, IT HAS NO EFFECT ON THE WAGER. WHEN THE SHOOTER ROLLS A SEVEN (7) ALL BETS LOSE AND
 THE DEALER WILL CLEAR ALL LOSING BETS AND LAMMERS.
 - (A) WHEN ALL "LITTLE" NUMBERS (2, 3, 4, 5, 6) HAVE BEEN ROLLED BEFORE A SEVEN (7) IS ROLLED THE LITTLE ONES BET WILL PAY OUT ACCORDING TO THE CHOSEN PAY TABLE. PLAYERS MAY NOW, AT THE DISCRETION OF THE CASINO, RE-BET THE LITTLE ONES PROPOSITION WAGER OR WAIT FOR A 7 TO BE ROLLED. THE BET LOSES WHEN A SEVEN (7) IS ROLLED, INCLUDING A SEVEN (7) ON THE COME OUT ROLL.
 - (B) WHEN ALL "BIG" NUMBERS (8, 9, 10, 11, 12) HAVE BEEN ROLLED BEFORE A SEVEN (7), THE BIG ONES BET WILL PAY OUT ACCORDING TO THE CHOSEN PAY TABLE. PLAYERS MAY NOW, AT THE DISCRETION OF THE CASINO, RE-BET THE BIG ONES PROPOSITION WAGER OR WAIT FOR A 7 TO BE ROLLED. THE BET LOSES WHEN A SEVEN (7) IS ROLLED, INCLUDING A SEVEN (7) ON THE COME OUT ROLL.
 - (C) BOOM OR BUST WILL PAY OUT WHEN ALL OF THE NUMBERS (2, 3, 4, 5, 6, 8, 9, 10, 11, 12) HAVE BEEN ROLLED BEFORE A SEVEN (7), BOOM OR BUST WILL PAY OUT ACCORDING TO THE CHOSEN PAY TABLE. PLAYERS MAY NOW, AT THE DISCRETION OF THE CASINO, RE-BET THE BOOM OR BUST PROPOSITION WAGER OR WAIT FOR A 7 TO BE ROLLED. THE BET LOSES WHEN A SEVEN (7) IS ROLLED.
- (8) THE PAY SCHEDULE IN USE, OR PAY OUTS DERIVED FROM THE PAY SCHEDULES, MUST BE DISPLAYED ON THE TABLE LAYOUT OR ON SIGNAGE AT THE TABLE:

SIDE BET	PAY TABLE 1	PAY TABLE 2
LITTLE ONES	34 TO 1	30 TO 1
BIG ONES	34 TO 1	30 TO 1
BOOM OR BUST	175 TO 1	150 TO 1