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DEPARTMENT OF REVENUE

Division of Gaming

SPORTS BETTING REGULATIONS

1 CCR 207-2

BASIS AND PURPOSE FOR RULE 6

The purpose of Rule 6 is to specify the rights, responsibilities, and duties of licensees; specify certain duties of licensees related to permitting access to the Division of information, records, and premises controlled by the licensee, require licensees to maintain sufficient financial reserves, require that certain information be publicly posted, direct the licensee to prohibit certain conduct, and establish procedures for patron disputes, dissolution of corporations, transfers of interests and terminations of licensee employment or licensure. The statutory basis for Rule 6 is found in sections 44-30-201, C.R.S., 44-30-202, C.R.S., 44-30-203, C.R.S., 44-30-204, C.R.S., 44-30-302, C.R.S., 44-30-510, C.R.S., 44-30-528, C.R.S., 44-30-833, C.R.S. and part 15 of article 30 of title 44, C.R.S.

RULE 6 RIGHTS AND DUTIES OF LICENSEES *Effective 4/14/20*

6.1 Responsibility of licensee.

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

6.2 Discovery of violations.

Each licensee must immediately notify the Division of the discovery of a violation or of a suspected violation of article 30 of title 44, C.R.S., or the Rules and Regulations promulgated thereunder, or any other criminal violation occurring at a Sports Betting Operation.

6.3 Information to be furnished by licensee.

- (1) Reports and notices to the Division required by the Colorado Limited Gaming Act, or by the Rules and Regulations promulgated thereunder, must be made in writing, and must be submitted to the Division's main office in Golden, Colorado.
 - (a) If any section of the Act or of the Colorado Sports Betting Regulations requires that a report or notice be made in a different manner, then the specified manner shall be used.
 - (b) Delivery of notice may be made by United States mail, by personal or commercial delivery to the office, by facsimile transmission, or by electronic mail. Facsimile transmissions shall be made to the telephone number provided by the Division. Electronic mail transmissions shall be directed to the electronic mail address provided by the Division, or when available, by use of forms submitted from the Division's internet website.

- (2) Each Master, Sports Betting Operator, Internet Sports Betting Operator and/or Vendor Major licensee must report to the Division annually, the full name and address of every person, including lending agencies, who has a right to share in sports betting revenues, whether as an owner, assignee, landlord, or otherwise or to whom any interest or share in the profits of sports betting has been pledged or hypothecated as security for a debt or deposited as a security for the performance of an act or to secure the performance of a contract of sale.
- (3) Each Master, Sports Betting Operator, Internet Sports Betting Operator and/or Vendor Major licensee must immediately report to the Division the name, date of birth, and social security number of all persons who obtain an ownership, financial, or equity interest in the licensee of ten percent or greater, or who have the ability to control the licensee, or who have the ability to exercise significant influence over the licensee, or who is a lender from which the licensee currently has an outstanding loan.
- (4) Any person licensed by the Commission, and any associated person to a licensee, must make written notification to the Division of any criminal conviction and criminal charge pending against such person within ten days of such person's arrest, summons, charge or conviction. This notification requirement shall not apply to non-felony traffic violations unless they result in the person being taken into custody. Failure to make proper notification to the Division may be grounds for a disciplinary action.

6.4 Inspections.

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

6.5 Access to premises and production of records.

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

6.6 Employee on premises.

When a Sports Betting Operator or Master Licensee is open for play by the public, there must be a Key Employee of either the Sports Betting Operator or Master Licensee present on the premises to supervise the operation of the Sports Betting Operation.

6.7 Support and key licensee identification.

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

6.8 Display of license.

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

6.9 Payment of winners - reserves.

All persons licensed as a Master, Sports Betting Operator, or Internet Sports Betting Operator shall at all times have available sufficient financial reserves to pay those sports bets accepted, calculated, and settled by that Sports Betting Operation. A reserve in the form of cash or cash equivalents segregated from operational funds, an irrevocable letter of credit, payment processor reserves and receivables, or a combination thereof, shall be maintained in the amount necessary to cover the outstanding sports betting liability. The outstanding sports wagering liability shall be the sum of the following amounts: amounts held by a Master Licensee, Sports Betting Operator Licensee, or Internet Sports Betting Operator Licensee for player accounts; aggregate amounts accepted by a Master Licensee, Sports Betting Operator Licensee, or Internet Sports Betting Operator Licensee as wagers on sports events whose outcomes have not been determined; and amounts owed but unpaid by a Master Licensee, Sports Betting Operator Licensee, or Internet Sports Betting Operator Licensee on winning wagers through the period established by a Master Licensee, Sports Betting Operator Licensee, or Internet Sports Betting Operator Licensee for honoring winning wagers. An accounting of this reserve shall be made available for inspection to the Division upon request. The method of reserve shall be submitted to and approved by the Director or the Director's designee prior to implementation. Payment must be made to winners and participants by crediting their internet betting account, cash, or by check drawn upon a bank, or other financial institution, chartered by the State of Colorado or any other state or the United States Government, or by bond approved by the Director or the Director's designee, within 24 hours of any bona-fide demand by a winner or participant for payment, or within a reasonable time frame as approved if by bond. Any check issued by a Master, Sports Betting Operator, or check or account credit paid by an Internet Sports Betting Operator to any winner of a sports betting activity must, at the time of issuance and until cashed or six months has expired (whichever is earlier), be backed by and drawn upon sufficient funds to cover the full amount of the check or account credit issued by a Master, Sports Betting Operator, and/or Internet Sports Betting Operator.

6.10 House rules.

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

- (1) Method for calculation and payment of winning wagers;
- (2) Effect of schedule changes;
- (3) Method of notifying patrons of odds or proposition changes;
- (4) Acceptance of wagers at other than posted terms;
- (5) Expiration of any winning ticket one year after the date of the event;
- (6) Lost ticket policy;
- (7) Method of contacting the Sports Betting Operator for questions and complaints;
- (8) Description of prohibited sports betting participants;

- (9) Method of funding a sports wager;
- (10) Instructions on how to redeem a winning bet by mail, if the Sports Betting Operator allows patrons to do so;
- (11) Maximum payouts; however, such limits shall only be established through limiting the amount wagered and cannot be applied to reduce a winning wager amount; and
- (12) A policy by which the Sports Betting Operator can cancel or void wagers in accordance with these rules, including defining "obvious error."
 - (a) The house rules, together with any other information the Director deems appropriate, shall be conspicuously displayed in the sports betting wagering area, posted on the Operator's internet website, and included in the terms and conditions of the sports betting account and copies shall be made readily available to patrons.
 - (b) Amendments to the house rules must be filed with the Division highlighting the amendment(s). The Director or the Director's designee may at any time request additional explanation or modification of the changes.
- (13) A clear statement that the person who accepts and settles a wager is responsible for receiving and addressing any patron disputes.

6.11 Prohibited sports betting participant. *Amended 1/14/2026*

- (1) A prohibited sports betting participant must refrain from engaging in sports betting in the state of Colorado on the prohibited sports events and/or on the prohibited Sports Betting Operation platform(s).
- (2) A prohibited sports betting participant 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.
- (3) A Sports Betting Operation shall make commercially reasonable efforts to confirm that the patron is not a prohibited sports betting participant.
- (4) A sports wagering ticket may be received as a tip wager by an employee of a sports betting operator or master license so long as the receiver of tip wager did not solicit the sports wagering ticket, the receiver did not participate in the selection of the wager and the sports betting ticket is placed into a tip pool. *Effective 5/15/22*

6.12 Advertising.

No licensee shall allow, conduct, or participate in any false or misleading advertising concerning its Sports Betting Operations.

6.13 Wager Settlement. *Amended 5/15/22*

- (1) It is the responsibility of all Sports Betting Operations to attempt to resolve all valid wager settlement disputes directly with the patron. A wager settlement dispute is valid when a patron submits a written wager settlement dispute to the Sports Betting Operation via mail or electronic mail to the appropriate customer service address and when a winning wager was: *Amended 5/15/22*
 - (a) Settled as a losing wager; *Effective 5/15/22*

- (b) Settled as a winning wager but the payout was incorrect; *Effective 5/15/22*
- (c) Voided by the Sports Betting Operation prior to settlement; or *Effective 5/15/22*
- (d) Settled but the Sports Betting Operation has not paid out the winnings. *Effective 5/15/22*

(2) A Sports Betting Operation may resolve any verbal wager settlement dispute as a customer service complaint. Verbal wager settlement disputes not resolved in the first contact must be submitted by the patron as a valid wager settlement dispute. *Amended 5/15/22*

(3) Upon receipt of a valid wager settlement dispute, the Sports Betting Operation must investigate and provide the patron with a written response within ten (10) business days. The response must state the Sports Betting Operation's decision regarding whether or not it will pay out on the wager. *Amended 5/15/22*

(4) If the Sports Betting Operation determines it will not pay out on the wager, the response must provide an explanation stating minimum facts and any other relevant information supporting the decision, as well as a statement informing the patron of their right to appeal the decision when the amount in dispute is at least \$1,250. *Amended 5/15/22*

(5) It is the responsibility of all Sports Betting Operations to log all valid wager settlement disputes it receives. The log must document the: date the written wager settlement dispute was received; patron name; patron account number; wager description; amount wagered; purported payoff; and the Sports Betting Operation's action taken. This record should be kept by year and must be kept for a minimum of twelve (12) months. *Amended 5/15/22*

(6) If the Sports Betting Operation declines to pay a wager settlement dispute with a patron involving at least \$1250, the aggrieved patron may submit the initial wager settlement dispute and the Sports Betting Operation's response to the Division for further review. The dispute must be submitted in the form and manner as prescribed by the Division's website. Submissions not constituting a valid wager settlement dispute or reaching the minimum threshold amount will be treated as regulatory complaints. *Amended 5/15/22*

(7) Upon receipt of a qualifying submission, the Division will investigate the matter and the Director or the Director's designee will determine whether the wager should be paid. The patron and the Sports Betting Operation will be notified within ten (10) days of the completion of the investigation of the decision and the Director will issue an order on the matter. If the wager should be paid, the Sports Betting Operation must contact the patron within ten (10) business days of the order being issued to tender the funds. *Effective 5/15/22*

6.14 Closing of a Sports Betting Operation; Dissolution. *Amended 5/15/22*

(1) Closing of a Sports Betting Operation. *Effective 5/15/22*

- (a) A Sports Betting Operation must notify the Division of any temporary or permanent closing plans at least sixty (60) days prior to closing the Sports Betting Operation or as soon as the Operation knows that closing is imminent, whichever period is shorter.
- (b) Within thirty (30) days of notice to the Division, the Sports Betting Operation must provide the Division with a closing plan regarding the disposition of outstanding tickets and futures wagers.

(2) Closing of an Internet Sports Betting Operation. *Effective 5/15/22*

- (a) An Internet Sports Betting Operation must notify the Division of any permanent cessation of operation number at least sixty (60) days prior to operations ceasing, or the change of ownership, or as soon as the Operation knows that closing is imminent, whichever period is shorter.
- (b) Within 30 days of notice to the Division, the Internet Sports Betting Operation must provide the Division with a closing plan regarding the disposition of player accounts, funds in those accounts, and futures wagers.

(3) Upon the dissolution of a Sports Betting Operation, or an Internet Sports Betting Operation that is a corporation, partnership or association, the Operation shall surrender the license within 10 days of the dissolution effective date. *Effective 5/15/22*

6.15 Transfers of interest.

Except as provided in Colorado Limited Gaming Control Commission Rule 4.5, no person may sell, lease, purchase, convey, or acquire an interest in a Master, Sports Betting Operator, Internet Sports Betting Operator, or Vendor Major licensee, without the prior approval of the Commission.

6.16 Termination of qualifying licensee, manager, or agent.

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

6.17 Post-termination matters.

Upon termination of a Master, Sports Betting Operator, Internet Sports Betting Operator, or Vendor Major license for any reason, no further sports betting activity shall be conducted by said licensee or, or on the previously designated sports betting wagering area . After such termination, at a date designated by the Director, said licensee shall submit to the Division a final accounting and surrender the license.

6.18 Restrictions on time, place, and structures.

Sports betting conducted pursuant to article 30 of title 44, C.R.S. and these Rules shall be permitted 24 hours a day, three hundred and sixty-five days a year. During leap years, this shall be three hundred and sixty-six days a year. Sports betting may only take place within the sports betting wagering area of a Master License establishment or online by an Internet Sports Betting licensee possessing a license to conduct such sports betting activity. Online sports betting may take place in any location within the state of Colorado via a licensed Internet Sports Betting Operator, unless an area is deemed by the Commission or Division Director to be an area where betting may not occur. Boundaries of an area so defined will be made available to Internet Sports Betting Operators.

6.19 Sports Betting Wagering Area

- (1) Sports betting offered by a Master License or a Master License through a Sports Betting Operator may only be conducted in approved locations within the casino's designated and approved area. The designated area may include:
 - (a) All or part of the designated approved gaming area for limited gaming; or
 - (b) Other portions of the master licensee's premises as approved;
- (2) The Designated area excludes areas authorized for support services pursuant to section 44-30-1505(5)(c)

(3) Any bet placed outside the designated area within a casino may only be accepted by an Internet Sports Betting Operator.

6.20 Pools, shared liquidity pools, contests and weekly pick events. *Amended 12/15/20*

(1) Pool, shared liquidity pool, contest or weekly pick event, means a betting or promotional offering where patrons may make selections of outcomes on a set number of sports events on a card in order to enter for a chance to win all or a portion of the prize pool.

(2) Prior to offering a pool, contest or weekly pick event that will be made available to patrons in Colorado, or a shared liquidity pool available to patrons in Colorado and other jurisdictions, with the prize pool being comprised of entry fees collected from patrons in multiple jurisdictions, a Sports Betting Operation must obtain approval from the Director. The request must provide a detailed description of the pool, shared liquidity pool, contest or weekly pick event, and must include the rules, requirements for entry, the rake and winning pay out(s). Once a Sports Betting Operation receives approval to offer a pool, shared liquidity pool, contest or weekly pick event the Sports Betting Operation shall not be required to seek additional approvals from the Director for each subsequent offering that is substantially similar.

(3) The Sports Betting Operation shall be responsible for establishing the rake. The Sports Betting Operation's rake collected from patrons that enter a pool, shared liquidity pool, contest or weekly pick while located in the State of Colorado, less any rake adjustment, if applicable, shall be considered net sports betting proceeds and are subject to all taxes and tax requirements outlined in Part 15 of the Colorado Limited Gaming Act.

(4) At no time shall the calculation resulting from a rake adjustment be negative.

(5) The rake rate must be the same for all jurisdictions participating in a shared liquidity pool available to patrons in Colorado and other jurisdictions.

(6) Agents or proxies shall not be allowed in a betting offering. A pool, shared liquidity pool, contest or weekly pick event that is offered for promotional or other purpose that do not involve activity that can be characterized as gambling and/or sports betting in violation of Colorado laws and Regulations must identify any agent and/or proxy acting on behalf of any participant and the name of that individual.