DEPARTMENT OF FINANCE
Office of the State Lottery

206 Internet Lottery Rules and Regulations

1.0 Introduction

These regulations are authorized pursuant to 29 **Del.C.** §4826 of the Delaware Code. Internet lottery operations in the State of Delaware are strictly regulated by the Delaware State Lottery Office through the powers delegated to the Director of the Lottery pursuant to Title 29 of the Delaware Code.

2.0 Definitions

The following words and terms, when used in this regulation, have the following meaning.

"**Agency**" means the Delaware State Lottery Office created pursuant to 29 **Del.C.** Ch. 48.

"**Agent**" or "**licensed agent**" means any person licensed by the Director of the agency to conduct internet lottery games including internet ticket games, the internet video lottery and internet table games.

"**Applicant**" means any person applying for a license authorized under these regulations.

"**Authorized game**" means all lottery games in which the player's interaction with the game occurs over the internet including internet ticket games, the internet video lottery and internet table games, and any variations or composites of such games, provided that such variations or composites are found by the Director to be suitable for use after an appropriate test or experimental period under such terms and conditions as the Director may deem appropriate. "**Authorized game**" may also include any other game which is determined by the Director to be compatible with the public interest and to be suitable for use after such appropriate test or experimental period as the Director may deem appropriate. "Authorized game" includes gaming tournaments in which players compete against one another in one or more of the games authorized herein if the tournaments are authorized by the Director.

"**Background investigation**" means the security, fitness and background checks conducted of an applicant.

"**Business plan**" means a document containing information regarding internet lottery operations as may be required by the Director.

"**Certification**" means the authorization by the lottery in accordance with its inspection and approval process of internet lottery games, such certification to relate to either hardware or software.

"**DGE**" means the Division of Gaming Enforcement of the Department of Safety and Homeland Security, as authorized by the Delaware Code.

"**Director**" means the Director of the Delaware State Lottery Office as established by Title 29 of the Delaware Code.

"**Game cycle**" means all of the activities and communications over the duration of a game. A game cycle starts after the player account balance has adequate funds, the player has nominated the size of the wager to be placed on the game, and the player takes an action to initiate play. A single game cycle includes games which trigger a free game feature and any subsequent free games, bonus features, games with player choices, games where the rules permit the wagering of additional funds, and secondary game features, such as double up. A game cycle is considered complete when the final transfer of winnings to the player's account takes place or when all funds wagered are lost.

"**Gaming**" means the operating, carrying on, maintaining or exposing for play any internet lottery game.

"**Gaming employee**" means a person employed in the operation of an internet lottery and determined by the Director to have employment duties and responsibilities involving the security, maintenance, servicing, repair, or operation of internet lottery equipment, or is employed in a position that allows direct access to the internal workings of internet lottery equipment. Such employees shall include, without limitation, internet lottery IT staff, security and surveillance employees, and employees responsible for handling assets and proceeds associated with the operation of gaming activity.

"**Gaming vendor**" means any vendor offering goods or services relating to the manufacture, operation, maintenance, security, distribution, service or repair of internet lottery equipment.

"**Hearing officer**" means a member of the Lottery Commission or other qualified person designated by the Chairperson of the Lottery Commission to conduct a hearing on any matter within the jurisdiction of the Lottery.

"**Immediate family**" means a person's spouse and any children, whether by marriage, adoption or natural relationship.

"**Internet lottery**" means all lottery games in which the player's interaction with the game operated by the agency occurs over the internet (which, for the purposes of these regulations, shall include any public or private computer or terminal network, whether linked electronically, wirelessly, through optical networking technology or other means), including internet ticket games, the internet video lottery and internet table games.

"**Internet table game**" means a lottery game in which the player's interaction with the game operated by the agency occurs over the internet through a website or network of a video lottery agent, rather than at a table game in a video lottery facility, and in which the game is an internet variation or compilation of a table game or table games, provided that the game is expressly authorized by rule of the Director.

"**Internet ticket game**" means a lottery game in which the player's interaction with the game operated by the agency occurs over the internet through a website or network of the agency, and in which the winner is decided by chance through mechanical or electronic means, and which shall include keno but which shall not include the video lottery, table games, and other forms of the internet lottery.

"**Internet video lottery**" means a lottery game in which the player's interaction with the game operated by the agency occurs over the internet through a website or network of a video lottery agent, rather than at a video lottery machine in a video lottery facility, and in which the game is an internet variation of a video lottery game, and which shall not include keno, table games, and other forms of the internet lottery.

"**Key employee**" means a person employed in the operation of an internet lottery and determined by the Director to be acting in a supervisory capacity or empowered to make discretionary decisions with respect to internet lottery operations, including, without limitation, the chief executive, financial and operation managers, internet lottery department managers, credit executives, or any other employee so designated by the Director for reasons consistent with the public policies of 29 **Del.C.** and shall include any officer or any employee of an employee organization who has direct involvement with or who exercises authority, discretion or influence in the representation of employees of a Delaware internet lottery agent in collective bargaining, grievance representation, labor disputes, salaries, wages, rates of pay, hours of employment or conditions of work.

"**License**" means the authorization granted by the agency which permits an applicant to engage in defined internet lottery activities as an agent or service company; and authorization granted by the agency which permits an applicant to perform employment duties as a key employee or gaming employee.

"**License application**" means the process by which a person requests licensing for participation in the internet lottery operations.

"**Licensee**" means any person authorized by the Director to participate in internet lottery operations.

"**Lottery**" means the public gaming system or games established and operated by the Delaware State Lottery Office.

"**MICS**" means Minimum Internal Control Standards as adopted by the Director.

"**Net internet table game proceeds**" means the total amount of credits or cash played less chargebacks less the total amount of credits or cash won by the players less the amounts given away as free promotional play by the agent(s) which shall be within the limits as recommended by the Lottery Director and approved by the Secretary of Finance. "Net internet table game proceeds" does not include sums withheld from player winnings for tax liabilities incurred by the players, nor does it include amounts held in reserve for large or progressive prizes yet to be won by players. However, any interest earned on such amounts held in reserve is included in net internet table game proceeds.

"**Net internet video lottery game proceeds**" means the total amount of credits or cash played less chargebacks less the total amount of credits or cash won by the players less the amounts given away as free promotional play by the agent(s) which shall be within the limits as recommended by the Lottery Director and approved by the Secretary of Finance. "Net internet video lottery game proceeds" does not include sums withheld from player winnings for tax liabilities incurred by the players, nor does it include amounts held in reserve for large or progressive prizes yet to be won by players. However, any interest earned on such amounts held in reserve is included in net internet video lottery game proceeds.

"**Owner**" means a person who owns, directly or indirectly, 10% or more of an applicant or licensee.

"**Person**" means an individual, general partnership, limited partnership, corporation or other legal entity.

"**Player**" means an individual who plays an internet lottery game.

"**Poker revenue**" means the total value of rake and tournament fees charged to players at all poker tables pursuant to the approved rules of the game.

"**Rake**" means the percentage of the pot collected by the internet table game system pursuant to the approved rules of the game as poker revenue.

"**Request for proposals and qualifications**" means a document developed under the direction of the Delaware State Lottery Office for the purpose of soliciting responses from potential technology providers as a means of acquiring bids for goods or services.

"**Self excluded person**" means any person whose name is included, at his or her request, on the self-exclusion list maintained by the Lottery Director or Deputy Director.

"**Self exclusion list**" means a list of names of persons who have voluntarily agreed to be excluded from all internet lotteries and to be prohibited from collecting any winnings or recovering any losses at all licensed internet lottery agents.

"**Service employee**" means a person employed in the operation of an internet lottery and determined by the Director to have employment duties and responsibilities involving direct access to player and gaming information stored on internet lottery equipment. Such employees shall include, without limitation, internet lottery customer service staff, marketing and business intelligence employees, and employees responsible for handling player loyalty promotions.

"**Technology provider**" means any person or entity who proposes to contract with an internet lottery agent or the agency for the provision of goods or services related to an internet lottery, the provision of which requires a license pursuant to 29 **Del.C.** Ch. 48.

"**Tournament fee**" means the entry fee collected by the internet table game system when players register for a poker tournament pursuant to the approved rules of the game as poker revenue.

29 DE Reg. 701 (02/01/26)

3.0 Minimum Internal Control Standards

3.1 In order to ensure the public trust, the integrity of gaming operations and the collection of required tax revenue, the agency shall adopt Minimum Internal Control Standards (MICS) which prescribe minimum procedures for the exercise of effective control over the internal fiscal affairs of a licensed agent and internet lottery technology providers, including provisions for the safeguarding of assets and revenue, the recording of cash and evidence of indebtedness, and the maintenance of reliable records, accounts, and reports of transactions, operations and events, including reports to the Director. Such MICS shall address, at a minimum, the following:

3.1.1 A minimum uniform standard of accountancy methods, procedures and forms; a uniform code of accounts and accounting classifications; and such other standard operating procedures as may be necessary to assure consistency, comparability, and effective disclosure of all financial information, including calculations of percentages of profit by internet table games, internet ticket games and internet video lottery games;

3.1.2 The organizational structure of the agent and the technology provider required to provide assurance that management is held accountable within its area of responsibility and to provide adequate segregation so that incompatible functions do not permit employees to be in a position both to commit and conceal an error or to perpetrate a fraud in their normal course of duties;

3.1.3 Physical systems and controls for information technology covering physical access to internet lottery equipment, logical access controls to internet lottery equipment, remote access to internet lottery equipment, backup and recovery procedures, electronic storage of player account and gaming information, and change control processes;

3.1.4 Standards governing monitoring activities and security processes used to maintain the integrity of the internet lottery;

3.1.5 Rules governing the conduct of authorized games and the responsibility of the agent and the technology provider in respect thereto;

3.1.6 The ability of the internet lottery system to perform an orderly shutdown of gaming operations if deemed necessary by the Director, including without limitation, the securing of all internet lottery systems; and

3.1.7 Currency transaction and suspicious activity reporting in accordance with the Bank Secrecy Act 1970 (31 CFR 103) and the responsibility of the agent and the technology provider in respect thereto.

29 DE Reg. 701 (02/01/26)

4.0 Licensing of Agents

License Applications

4.1 Any potential internet lottery agent who is already licensed as a Delaware State Lottery video lottery agent is not required to apply for a separate internet lottery license. Any such agent must, however, file with the agency, the names, addresses, employer identification or social security numbers (if applicable) and dates of birth of its directors, officers or partners, owners, key employees and internet lottery operations employees not already provided under the agent's video lottery license application. The agent must also submit an amendment to its video lottery business plan.

4.2 Any applicant desiring to obtain a license to act as an internet lottery agent shall apply to the agency on forms specified by the Director from time to time. Application forms shall require the applicant to provide the following, without limitation:

4.2.1 The applicant's legal name and form of entity (e.g., general or limited partnership, corporation);

4.2.2 The names, addresses, employer identification or social security numbers (if applicable) and dates of birth (if applicable) of its directors, officers, partners, owners, key employees, and internet lottery operations employees.

4.2.3 A Statement of Eligibility to hold an internet lottery license, including disclosure regarding the applicant, or any persons identified in subsection 4.2.2, who have:

4.2.3.1 Been convicted of an offense other than a traffic violation;
4.2.3.2 Been subject to any disciplinary action, past or pending, by any administrative, government, or regulatory body;
4.2.3.3 Been charged with a violation of any statute, rule, regulation, or ordinance of any administrative, regulatory, or other government body; or
4.2.3.4 Been in default of any taxes, fees, or other obligations owed to the State of Delaware, local or federal government.

4.2.4 The following documentation in conjunction with application forms as required by the Director:
4.2.4.1 A copy of a license issued by the Delaware Division of Revenue to conduct business in the State of Delaware;
4.2.4.2 A personal financial statement of and for the applicant, or any persons identified in subsection 4.2.2, or, at the Director's discretion, copies of the applicant's audited financial statements for the previous 3 years;
4.2.4.3 Copies of the State and Federal tax returns for the most recent 3 completed tax years for the applicant, or any persons identified in subsection 4.2.2;
4.2.4.4 Personal Guaranty (corporations only);
4.2.4.5 Notarized Criminal History Affidavit signed by the applicant and all persons identified in subsection 4.2.2;
4.2.4.6 Delaware criminal history record for the applicant and any persons identified in subsection 4.2.2;
4.2.4.7 Federal criminal history record for the applicant and any persons identified in subsection 4.2.2; and
4.2.4.8 Any and all other information as the Director may require to determine the competence, honesty and integrity of the applicant as required by Title 29 of the Delaware Code.

4.3 The application, as well as other documents submitted to the agency by or on behalf of the applicant for purposes of determining the qualifications of the applicant or agent, shall be sworn to or affirmed before a notary public. If any form or document is signed by an attorney for the applicant, the signature shall certify that the attorney has read the forms or documents and that, to the best of his knowledge, information and belief, based on diligent inquiry, the contents of the form or documents so supplied are true.

4.4 On request of the agency, the applicant shall supplement the information provided in the application form as deemed necessary by the agency. The applicant shall furnish all information, including financial data and documents, certifications, consents, waivers, individual history forms, tax returns, cancelled checks or other materials required or requested by the agency for purposes of determining the qualifications of the applicant or agent.

4.5 To the extent, if any, that the information supplied in the application or otherwise supplied by the applicant or on the applicant's behalf, becomes inaccurate or incomplete, the applicant shall so notify the agency in writing as soon as it is aware that the information is inaccurate or incomplete, and shall at that time supply the information necessary to correct the inaccuracy or incompleteness of the information.

4.6 The applicant shall cooperate fully with the agency and the Division of Gaming Enforcement (DGE) with respect to its background investigation of the applicant. Among other things, the applicant, on request, shall make available any and all of its books or records for inspection by the agency or the DGE.

4.7 The Director shall weigh the following factors in evaluation of the application:
4.7.1 The criminal background, if any, of the applicant, or any of its officers, directors, partners, owners, key employees, and internet lottery operations employees. No license shall be issued to any applicant if any of the persons identified in this subsection have been convicted, within 10 years before the filing of the application, of any felony, a crime of moral turpitude or a crime involving gambling;
4.7.2 The extent to which, if any, the applicant would be subject to the control or influence of its activities by any person having a financial interest pertaining to the applicant, including a mortgage or other lien against property of the applicant or, who in the opinion of the agency, might otherwise influence its activities. In such case the Director shall consider the character, honesty and integrity of whoever has the ability to control or influence the activities of the applicant.
4.7.3 The degree to which the applicant has supplied accurate and complete information in response to the requirements of these regulations.
4.7.4 Whether the applicant has demonstrated the business ability and experience necessary to satisfactorily conduct the internet lottery operations.
4.7.5 Whether the person, or any of its officers, directors, partners, owners, key employees, or gaming employees are known to associate with persons of nefarious backgrounds or disreputable character such that the association could adversely affect the general credibility, security, integrity, honesty, fairness or reputation of the lottery.

4.7.6 With respect to any past conduct which may adversely reflect on the applicant, the nature of the conduct, the time which has passed since the conduct, the frequency of the conduct and any extenuating circumstances which affect or reduce the impact of the conduct or otherwise reflect on the applicant's fitness for the license.

4.7.7 The extent, if any, to which the applicant has failed to follow any applicable tax laws of the federal, state or local governments.

4.7.8 Any other information before the Director, including substantially similar background investigations performed by other agencies or jurisdictions, which relates to the applicant's competency, financial capability, honesty, integrity, reputation, habits, or associations.

4.8 A license shall be issued to the applicant if the Director is satisfied, on consideration of the factors specified in subsection 4.7, that the applicant would be a fit agent and not pose a threat to the public interest, the reputation of the lottery, or the effective control of the lottery. At the discretion of the Director, a license may be issued as "conditional" based on information received or determinations made during the internet lottery application process.

4.9 If the Director proposes to deny a license application and the agency is subject to the requirements contained in subchapter IV of 29 **Del.C.** Ch. 101, the agency shall first give written notice to the applicant of the intended action, the reasons therefore, and the right to a hearing as provided for in 29 **Del.C.** Ch. 101.

4.10 To the extent provided by law, any information obtained in response to this Section 4 shall be held in confidence and not subject to the Delaware Freedom of Information Act, 29 **Del.C.** Ch. 100.

License Conditions

4.11 The approval of any license or the renewal of a license to an agent is subject to the following conditions:

4.11.1 Agent licenses shall be for a term of 3 years. The term of an agent license shall expire and be renewable on the last day of the month on the third anniversary of the issuance date.

4.11.2 Agents shall have a valid license to conduct business in the State of Delaware, shall follow all applicable tax provisions, and shall in all other respects be qualified to conduct business in Delaware.

4.11.3 Operation in response to a license issued under these regulations shall signify agreement by the agent to abide by all provisions of the regulations, including those contained in this section.

4.11.4 The agent shall submit a business plan for the conduct of internet lottery operations to the agency. Such plan shall be submitted in conformity with a separate form specified and supplied by the agency. The plan shall include, without limitation, the requirements specified in the MICS.

4.11.5 The agent shall submit to the Director a description of its system of internal procedures and administrative and accounting controls which shall conform to the rules and regulations of the agency and be otherwise satisfactory to the Director in his sole discretion.

4.11.6 The agent shall keep current on all payments, tax obligations and other obligations to the agency and other licensees with whom internet lottery business is conducted. The agent shall pay the players and transfer the net proceeds to the State lottery fund in conformity with the requirements set forth in these regulations and 29 **Del.C.** Ch.48.

4.11.7 The agent shall at all times make its premises available for inspection by authorized representatives of the agency or the DGE personnel, on a 24-hour unannounced basis. The Lottery and the DGE shall be authorized entry to the premises and access to any internet lottery equipment or records of the agent without acquiring a warrant.

4.11.8 The agent and any entity owned by the agent in which the agent has a controlling ownership interest shall consent in writing to the examination of all accounts, bank accounts, and records under the control of the agent or the owned entity; and, on request of the agency, shall authorize all third parties in possession or control of the said documents to allow the agency to examine such documents.

4.11.9 To the extent permitted by law, an agent accepts all risks of adverse public notice, embarrassment, criticism, damages, or financial loss which may result from any disclosure or publication of material or information supplied to the agency in connection with the application for the agent's operations.

4.11.10 An agent has a continuing duty to maintain suitability for licensure. A license does not create a property right, but is a revocable privilege contingent on continuing suitability for licensure.

Modification to and Surrender of License

4.12 Any license granted may not be transferred, assigned or pledged as collateral. A change of ownership which occurs after the Director has issued a license shall automatically terminate the license 90 days thereafter. Provided, however, that the Director may issue a license to the new owner if satisfied, after the submission of an application that the new owner has met the requirements contained in 29 **Del.C.** §4806(a)(1)-(4), as well as the fitness and background standards contained in such law and these regulations. In the case of a death of an owner, the estate of such owner shall be deemed to have met the requirements of §4806(a)(1)-(4) for a period of 1-year following such death without the need for submitting an application, and, thereafter, need only supply

such additional information as the Director may request. In the case of a shift in equity positions of owners, or a transfer among owners, notice shall be given the Director, but the license shall not terminate so long as no new owner is created or results. An agent may also seek approval of a proposed change in ownership prior to the actual change.

4.13 An agent shall immediately notify the agency of any proposed or effective change regarding the makeup of the owners, directors, officers, partners, or key employees of the agent.

4.14 An agent may surrender its internet lottery license by written notice to the Director. The surrender takes effect on the day specified in the surrender notice, or if no day is specified on the surrender notice, 1 month after the surrender notice is given to the Director.

29 DE Reg. 701 (02/01/26)

5.0 Licensing of Technology Providers

5.1 As deemed necessary, the Director shall give public notice of the agency's intent to select technology providers of internet lottery systems that consist of the hardware software and expertise to operate a gaming platform providing an integrated suite of modules including player account management, network management, multi-level tracking and reporting and integration with multiple game content vendors through a request for proposal and qualifications by advertising in a newspaper of general circulation in Delaware and in a prominent trade publication requesting expressions of interest to be selected as a technology provider. The licensing of a technology provider shall not serve as the basis of requiring the Director to select the technology provider under the procurement procedures set forth in Ch. 69 of Title 29 of the Delaware Code.

Classification of Technology Providers

5.2 A person or entity shall be classified as a technology provider if:

5.2.1 It provides the hardware, software or operational services required to operate the internet lottery gaming platform; or

5.2.2 It provides game content to the internet lottery gaming platform using one or more connections from an external gaming platform; or

5.2.3 The operation of the person’s products or services contributes directly to the outcome of internet lottery games.

License Applications

5.3 Each person desiring to obtain a license from the agency as a technology provider shall submit a license application on a form specified and supplied by the agency. Any person who proposes to contract with an internet lottery agent or the Lottery for the provision of goods or services related to internet lottery operations, must obtain a technology provider license in response to these internet Lottery Regulations. The license application shall, among other things:

5.3.1 Give notice that the applicant will be required to submit to a background investigation, the cost of which must be borne by the applicant.

5.3.2 Require the applicant to supply specified information and documents related to the applicant's fitness and the background of its owners, partners, directors, officers, key employees, and internet lottery operations employees, including but not limited to copies of financial statements, tax returns, insurance policies, and lists of creditors.

5.3.3 Require the applicant to disclose the identity of all customers to whom it has furnished internet lottery systems within the 3 years immediately preceding the date of the application.

5.3.4 Require the applicant to disclose whether the applicant, or any of its present or former officers, directors, owners, partners, key employees, or internet lottery operations employees, is or has been the subject of an investigation in another jurisdiction, the nature of the investigation, and the outcome, if any, of such investigation.

5.3.5 Provide a description of the means by which the applicant exercises security and financial control over the activities of technical staff in order to insure the integrity of internet lottery operations.

5.3.6 Require the applicant to disclose its legal name, form or entity (e.g., general or limited partnership, corporation), the names, addresses, social security numbers and dates of birth of its directors, officers, partners, owners, key employees and internet lottery operations employees.

5.3.7 Require the applicant to disclose the names and addresses of individuals who have been authorized by the applicant to engage in dealings with the agency for purposes of representing the interests of the applicant.

5.3.8 Require the applicant to enclose copies of its audited financial statements for the preceding 5 fiscal years and a copy of internally prepared financial statements for the current fiscal year or at the close of the most recent fiscal quarter.

5.3.9 Require the applicant to provide a description of its risk management capabilities**,** engineering and software development resources, technical and maintenance support capabilities and ability to develop and deliver the internet lottery system.

5.3.10 Require persons who are proposing to contract with the agency or a internet lottery agent to provide a copy of their contract proposal.

5.4 On request, the applicant shall supplement the information provided in the application form as deemed necessary by the Director.

5.5 To the extent, if any, that the information in the application or the supplemental information provided by the applicant becomes inaccurate or incomplete, the applicant shall so notify the agency in writing as soon as it is aware that the information is inaccurate or incomplete, and shall at that time supply the information necessary to make the application or supplementary information accurate and complete.

5.6 The applicant shall cooperate fully with the agency and the DGE in any background investigation of the applicant.

5.7 The applicant, on request of the agency or the DGE, shall make any and all of its books and records available for inspection by the agency or the DGE. Provided, however, that any information obtained in response to this subsection shall, to the extent provided by law, be held in confidence and not subject to the Delaware Freedom of Information Act.

5.8 As soon as the agency has determined that the application form is complete and that the applicant is otherwise qualified, it shall forward the same to the DGE which shall conduct as soon as practicable a background investigation of the applicant, its officers, partners, owners, directors, key employees, and internet lottery operations employees, and report its findings to the agency.

5.9 Notwithstanding any other provision contained herein to the contrary, the Director may determine, on review of the licensing standards of another state, that such standards are so comprehensive, thorough, and provide similar adequate safeguards, that the license of an applicant in such other state precludes the necessity of a full application and background check. In such case, the Director shall require a limited application and background check, as determined by the Director in his sole discretion, as are necessary to assure that the applicant is fit for the license and does not pose a threat to the public interest of the State or to the reputation of or effective regulation of the internet lottery.

5.10 In evaluating applications, the Director shall consider:

5.10.1 Whether the applicant has demonstrated that it has the resources, experience and ability necessary to supply the necessary internet lottery systems as may be required under a contract with the agency.

5.10.2 Any past conduct of the applicant, or any of its present or former officers, directors, partners, owners, key employees, or internet lottery operations employees which may adversely reflect on the applicant, the nature of the conduct, the time that has passed since the conduct, the frequency of the conduct and any extenuating circumstances that affect or reduce the impact of the conduct or otherwise reflect on the applicant's fitness for the license. No license shall be issued to any applicant if any of the persons identified in this subsection have been convicted, within 10 years before the filing of the application, of any felony, a crime of moral turpitude or a crime involving gambling.

5.10.3 Any findings provided by the DGE following its background investigation.

5.10.4 The extent, if any, to which the applicant has failed to follow any applicable tax laws of the Federal, State or local governments.

5.10.5 The association of the applicant, or any of its officers, directors, owners, partners, key employees, or internet lottery operations employees with persons of known criminal background or persons of disreputable character, that may adversely affect the general credibility, security, integrity, honesty, fairness or reputation of internet lottery operations.

5.10.6 Any other information supplied in connection with the application, including substantially similar background investigations performed by other agencies or jurisdictions, which relates to the applicant's competence, financial capability, honesty, integrity, reputation, habits, or associations.

5.10.7 The degree to which the applicant has supplied accurate and complete information in response to the requirements of these regulations.

5.10.8 A license shall not be issued to a technology provider if the applicant technology provider has any direct or indirect financial interest in an agent licensee or the real or personal property of an agent licensee.

5.11 A license shall be issued to the applicant if the Director is satisfied, on consideration of the factors specified in subsection 5.10, that the applicant would be a fit technology provider and not pose a threat to the public interest, the reputation of the lottery or to the effective control of the lottery.

5.12 An applicant for a technology provider's license shall, before issuance of the license, post a bond or irrevocable letter of credit in a manner and in an amount established by the agency. Any such bond shall be issued by a

surety company authorized to transact business in Delaware and said company shall be approved by the State Insurance Commissioner as to solvency and responsibility.

5.13 The fee for a technology service provider license application and renewal application shall be $5,000. To the extent the vendor is already licensed as a gaming vendor under the Video Lottery and Table Games regulations, a second license is not required.

5.14 The agency, with the assistance of the DGE, may require licensed technology providers to annually update information submitted with their initial license application.

License Conditions

5.15 The approval of any license or the renewal of a license to a technology provider is subject to the following conditions:

5.15.1 Technology provider licenses shall be for a term of 3 years. The term of a technology provider license shall expire and be renewable on the last day of the month on the third anniversary of the issuance date.

5.15.2 Technology providers shall, if required by law, have a valid license to conduct business in the State of Delaware, shall follow all applicable tax provisions, and shall in all other respects be qualified to conduct business in Delaware;

5.15.3 Technology providers shall provide such bonds and provide evidence of such insurance as the Director shall require from time to time and in such amounts and issued by such companies as the Director shall approve;

5.15.4 Technology providers shall agree to modify their hardware and software as necessary to accommodate internet lottery changes directed by the agency from time to time;

5.15.5 Technology providers shall agree to promptly report any violation or any facts or circumstances that may result in a violation of these rules;

5.15.6 Technology providers shall attend all trade shows or conferences as required by the Director;

5.15.7 Operation in response to a license issued under these regulations shall signify agreement by the technology provider to abide by all provisions of the regulations, including those contained in this section;

5.15.8 Conduct internet lottery operations in a manner which does not pose a threat to the public health, safety, or welfare of the citizens of Delaware, or reflect adversely on the security or integrity of the internet lottery;

5.15.9 Technology providers shall hold harmless the agency, the State of Delaware, and their respective employees for any claims, loss, cost, damage, liability or expense, including, without limitation, legal expense arising out of any hardware or software malfunction resulting in the wrongful award or denial of credits or cash.

5.15.10 The technology provider shall make its premises available for inspection by authorized representatives of the agency or the DGE personnel, on the provision of 24 hours notice by the agency. The agency and the DGE shall be authorized entry to the premises and access to any internet lottery equipment or records of the technology provider without acquiring a warrant;

5.15.11 The technology provider shall maintain all operational records as required by these regulations, the technical standards specified by the agency and the MICS specified by the agency;

5.15.12 To the extent permitted by law, a technology provider accepts all risks of adverse public notice, embarrassment, criticism, damages, or financial loss which may result from any disclosure or publication of material or information supplied to the agency in connection with the application for the technology provider's operations;

5.15.13 The technology provider shall provide only the internet lottery products and services authorized under these regulations.

Modification to and Surrender of License

5.16 Any license granted may not be transferred, assigned or pledged as collateral. A change of ownership which occurs after the Director has issued a license shall automatically terminate the license.

5.17 A technology provider licensee shall immediately notify the agency of any change in officers, partners, directors, key employees, internet lottery operations employees, or owners. These individuals shall also be subject to a background investigation. The failure of any of the above-mentioned individuals to satisfy a background investigation may be cause for the suspension or revocation of the technology provider’s license.

5.18 A technology provider may surrender its technology provider’s license by written notice to the Director. The surrender takes effect on the day specified in the surrender notice, or if no day is specified on the surrender notice, 1 month after the surrender notice is given to the Director.

29 DE Reg. 701 (02/01/26)

6.0 Licensing of Internet Lottery Service Providers

Classification of Service Providers

6.1 Service providers shall be selected by the Lottery, internet lottery technology provider and the internet lottery agent, or both to provide ancillary services to support the operation of the internet lottery system. The ancillary services provided by the service provider shall not contribute to the outcome of internet lottery games. In cases where the classification of the service provider is unclear, the Director shall make a determination of whether the person should apply for a service provider license.

License Applications

6.2 A service provider that provides goods or services to an internet lottery agent or technology provider on a regular and continuing basis shall be licensed in accordance with the Delaware Code and these regulations.

6.3 A service provider shall be deemed to be transacting regular and continuing business if:

6.3.1 The total dollar amount of transactions with a single technology provider is or will be equal to or greater than $100,000 within any 12-month period; or

6.3.2 The total dollar amount of such transactions with all technology providers is or will be equal to or greater than $150,000 within any 12-month period.

6.4 Notwithstanding the above, the Director may in his sole discretion determine that a service provider is required to apply for a service provider license.

6.5 Service providers that provide payment processing services licensed by a state bank commission, department of insurance, or equivalent regulatory authority recognized by the Lottery, shall be exempt from the license requirements.

6.6 A technology provider shall provide a record of all contracts which relate to the provision of functions and services to the Lottery, specifying the service provider, date and duration of the contract and the dollar amount of the contract, as follows:

6.6.1 For technology provider defined in subsection 5.2.1, on a quarterly basis; and

6.6.2 For technology providers defined in subsections 5.2.2 and 5.2.3, on an annual basis.

6.7 A service provider that is deemed to be conducting regular and continuing business as defined above shall submit a license application on a form specified and supplied by the agency. The license application shall, among other things:

6.7.1 Give notice that the applicant will be required to submit to a background investigation, the cost of which must be borne by the applicant;

6.7.2 Require the applicant to supply specified information and documents related to the applicant's fitness and the background of its owners, partners, directors, officers, and key employees;

6.7.3 Require the applicant to disclose whether the applicant, or any of its present or former officers, directors, owners, partners, key employees, or gaming employees, is or has been the subject of an investigation in another jurisdiction, the nature of the investigation, and the outcome, if any, of such investigation;

6.7.4 Require the applicant to disclose its legal name, form or entity (e.g., general or limited partnership, corporation), the names, addresses, social security numbers and dates of birth of its directors, officers, partners, owners and key employees;

6.7.5 Require the applicant to disclose the names and addresses of individuals who have been authorized by the applicant to engage in dealings with the agency for purposes of representing the interests of the applicant; and

6.7.6 Require persons who are proposing to contract with the agency or an internet lottery agent to provide a copy of their contract proposal.

6.8 On request, the applicant shall supplement the information provided in the application form as deemed necessary by the Director.

6.9 To the extent, if any, that the information in the application or the supplemental information provided by the applicant becomes inaccurate or incomplete, the applicant shall so notify the agency in writing as soon as it is aware that the information is inaccurate or incomplete, and shall at that time supply the information necessary to make the application or supplementary information accurate and complete.

6.10 The applicant shall cooperate fully with the agency and the DGE in any background investigation of the applicant.

6.11 The applicant, on request of the agency or the DGE, shall make any and all of its books and records available for inspection by the agency or the DGE. Provided, however, that any information obtained in response to this subsection shall, to the extent provided by law, be held in confidence and not subject to the Delaware Freedom of Information Act.

6.12 As soon as the agency has determined that the application form is complete and that the applicant is otherwise qualified, it shall forward the same to the DGE, which shall conduct as soon as practicable a background investigation of the applicant, its officers, partners, owners, directors, key employees, and gaming employees, and report its findings to the agency.

6.13 Notwithstanding any other provision contained herein to the contrary, the Director may determine, on review of the licensing standards of another state, that such standards are so comprehensive, thorough, and provide similar adequate safeguards, that the license of an applicant in such other state precludes the necessity of a full application and background check. In such case, the Director shall require a limited application and background check, as determined by the Director in his sole discretion, as are necessary to assure that the applicant is fit for the license and does not pose a threat to the public interest of the State or to the reputation of or effective regulation of the internet lottery.

6.14 In evaluating applications, the Director shall consider in addition to the license criteria set forth in the Delaware Code:

6.14.1 Whether the applicant has demonstrated an ability to interface its technical capabilities with the selected gaming platform and that it has the resources, experience and ability necessary to provide the services it may be required to supply under a contract with the agency.

6.15 A license shall not be issued to a service provider which has any direct or indirect ownership or financial interest in an internet lottery agent or internet lottery technology provider.

6.16 An applicant for a service provider license shall, before issuance of the license, post a bond or irrevocable letter of credit in a manner and in an amount established by the agency. Any such bond shall be issued by a surety company authorized to transact business in Delaware and said company shall be approved by the State Insurance Commissioner as to solvency and responsibility.

6.17 Service providers shall be licensed for a term of five years coinciding with the term of the technology provider's contract with the agency.

6.18 At a minimum of 60 days before expiration, each service provider licensee shall submit a new and updated license application form.

6.19 A service provider license shall remain valid pending the disposition of a license renewal application filed in accordance with the timelines set forth herein.

6.20 The fee for a service provider license application and renewal application shall be $2,000. In addition, a service provider shall pay for all unusual or out of pocket expenses incurred by the Division of Gaming Enforcement or Lottery on matters directly related to the applicant or licensee.

License Conditions

6.21 The approval of any license or the renewal of a license to a service provider is subject to the following conditions:

6.21.1 Operation in response to a license issued under these regulations shall signify agreement by the service provider to abide by all the provisions of the regulations, including those contained in this section;

6.21.2 Service providers shall have a valid license to conduct business in the State of Delaware, shall follow all applicable tax provisions, and shall in all respects be qualified to conduct business in Delaware.

6.21.3 Service providers shall hold harmless the agency, the State of Delaware, and their respective employees for any claims, loss, cost, damage, liability or expense, including, without limitation, legal expense arising out of any hardware or software malfunction resulting in wrongful operation of the gaming platform;

6.21.4 Service providers shall only provide the services authorized under these regulations.

Modification to and Surrender of License

6.22 Any license granted may not be transferred, assigned or pledged as collateral. A change of ownership which occurs after the Director has issued a license shall automatically terminate the license.

6.23 A service provider licensee shall immediately notify the agency of any change in officers, partners, directors, key employees, Delaware internet lottery operations employees, or owners. These individuals shall also be subject to a background investigation. The failure of any of the above-mentioned individuals to satisfy a background investigation may be cause for the suspension or revocation of the service provider's license.

6.24 A service provider may surrender its service provider's license by written notice to the Director. The surrender takes effect on the day specified in the surrender notice, or if no day is specified on the surrender notice, one month after the surrender notice is given to the Director.

29 DE Reg. 701 (02/01/26)

7.0 Employee Licensing

Requirements for all Employee Applicants

7.1 Any person who accepts, begins or continues employment in a position requiring a key employee license, or a gaming employee license, or a service employee license without holding a current and valid license permitting such employment is guilty of a Class A misdemeanor.

7.2 The Director may issue a temporary employee license upon a finding that the license is necessary for the efficient operation of the internet lottery. A temporary license is valid for 6 months.

7.2.1 A waiver will be signed by the applicant indicating that should the DGE provide evidence that the applicant is disqualified pursuant to the Delaware Code, the applicant's temporary license will be suspended. If a

temporary license is suspended, the applicant shall have an opportunity to request a hearing in accordance with these regulations.

7.3 An employee license application shall not be accepted for processing without confirmation of an offer of employment from an internet lottery agent, a licensed technology provider or licensed service provider. The completed application form shall be reviewed and witnessed by the applicant's human resources personnel or designee.

7.4 For employees working within the United States, it shall be the affirmative responsibility of each applicant to produce clear and convincing evidence of his or her United States citizenship; lawful status granted by the United States Department of Justice, Immigration and Naturalization Service; or authorization to work in the United States, in accordance with the requirements set forth in 7.5. The failure of an applicant to establish by clear and convincing evidence his or her United States citizenship, lawful status from the United States Department of Justice, Immigration and Naturalization Service, or authorization to work in the United States shall be a basis for denial of an employee license application.

7.5 Each applicant for an employee license shall establish his or her identity by providing either:

7.5.1 One of the following authentic documents:

7.5.1.1 A current passport from the United States or another country;

7.5.1.2 A Certificate of United States Citizenship, or a Certificate of Naturalization issued by the United States Department of Justice, Immigration and Naturalization Service (INS); or

7.5.1.3 A current identification card issued by a government body containing a photograph or fingerprints and identifying information such as name, date of birth, sex, height, color of eyes and address; or

7.5.2 Any 2 of the following authentic documents:

7.5.2.1 A certified copy of a birth certificate issued by a state, county or municipal authority in the United States or another country bearing an official seal;

7.5.2.2 A current driver's license containing a photograph or identifying information such as name, date of birth, sex, height, color of eyes and address;

7.5.2.3 A current identification card issued to persons who serve in the United States military or their dependents by the United States Department of Defense containing a photograph or identifying information such as name, date of birth, sex, height, color of eyes and address;

7.5.2.4 A current student identification card containing a photograph, an expiration date, the seal or logo of the issuing institution, and the signature of the card holder;

7.5.2.5 A current identification card issued by a federal, state or local government agency containing a photograph or identifying information such as name, date of birth, sex, height, color of eyes and address;

7.6 Each applicant shall be fingerprinted by the State Bureau of Identification or shall supply fingerprints to the Delaware Lottery before acceptance of his or her application by the Lottery. An application shall not be accepted for processing unless accompanied by a receipt for fingerprinting.

7.7 Each applicant for an employee license shall file an employee application as specified in this section in electronic or hard copy as specified by the Lottery.

7.8 An employee license application fee shall be due and payable at the time of the application submission. The fees shall be as follows:

7.8.1 The fee for an initial and renewal key employee license application shall be $500. In addition, an applicant for a key license shall pay for all unusual or out of pocket expenses incurred by the Division of Gaming Enforcement or Lottery on matters directly related to the applicant or licensee.

7.8.2 The fee for an initial and renewal gaming employee license shall be $200.

7.8.3 There is no fee for an initial and renewal service employee license, however costs associated with criminal history checks will be assessed.

7.9 The State Bureau of Identification shall act as the intermediary for the receipt of the federal criminal history record checks performed by the Federal Bureau of Investigation. The State Bureau of Identification shall forward the results of these federal record checks to the attention of the DGE in a confidential manner.

7.10 Every licensed badge issued by the agency shall bear thereon the distinguishing number assigned to the licensee and shall contain the name and photograph of the licensee. The license badge shall also contain the name of the sponsoring agent, technology provider or service provider.

7.11 The licensed badge is the property of the agency. The licensed badge shall be returned to the agency if the Director suspends or revokes a person's license to participate in internet lottery operations.

7.12 The agency will communicate the results of suitability in writing regarding an employee to either the internet lottery agent, technology provider or service provider employing said individual.

7.13 All records pertaining to criminal background checks, pursuant to 29 **Del.C.** §4807A and copies of suitability determinations of applicants for licensure, shall be maintained in a confidential manner, including, but not limited to the following:

7.13.1 Access to criminal background check records, and letters of reference accompanying out-of-state criminal background checks, and determinations of suitability of applicants shall be limited to the Director and designated personnel;

7.13.2 All such records shall be kept in locked, fireproof cabinets;

7.13.3 No information from such records shall be released without the signed release of the applicant.

Key Employees

7.14 Each applicant for a key employee license shall file a Multi Jurisdictional Form and a Delaware Supplement to the Multi Jurisdictional Form as prescribed by the Director. These application forms shall, among other things, require the applicant to provide:

7.14.1 Personal background information;

7.14.2 Employment history of the applicant and the applicant's immediate family;

7.14.3 Education and training;

7.14.4 Record of military service;

7.14.5 Government positions and offices now or previously held, and offices, trusteeships, directorships or fiduciary positions now or previously held with any business entity, by the applicant and the applicant's spouse;

7.14.6 Licenses, registrations, permits, certification and other approvals held by or applied for by the applicant or, where specified, the applicant's spouse, in this State or any other jurisdiction;

7.14.7 Any denial, suspension or revocation by a governmental agency of a license, registration, permit or certification held by or applied for the applicant or the applicant's spouse, or any entity in which the applicant or the applicant's spouse was a director, officer, partner or an owner of a 5% or greater interest;

7.14.8 Any interest in or employment now or previously held by the applicant with an entity which has applied for a permit, license, certificate or qualification in connection with any lawful gambling or alcoholic beverage operation in this State or any other jurisdiction; and any current employment or other association by the applicant's family with the gambling or alcoholic beverage industries in this State or any other jurisdiction;

7.14.9 Criminal record history including arrests of the applicant and all immediate family members;

7.14.10 Civil litigation history where the applicant was or is a party;

7.14.11 Gaming regulatory history; and

7.14.12 Financial data of the applicant and the applicant's spouse and dependent children as indicated on the net worth statement and supporting schedules in a format prescribed by the Director.

7.15 Key employee licenses shall be for a term of 3 years. The term of a key employee license shall expire and be renewable on the last day of the month on the third anniversary of the issuance date.

7.15.1 At a minimum of 60 days before expiration, each employee licensee shall submit a renewal application form for a background investigation.

7.15.2 An employee license shall remain valid pending the disposition of a license renewal application filed in accordance with the timelines set forth herein.

7.16 The licensed badge is the property of the Lottery and shall be returned to the Lottery when the licensee's employment is either terminated involuntarily by the employer or terminated at the request of the employee.

7.17 Any person licensed under these regulations or any employee who has submitted a license application shall notify the Lottery within 72 hours of any change in his/her criminal history information. This subsequent criminal history information shall be used by the Lottery in making a determination about the person's continued suitability as a licensee or employee of an internet lottery agent or other licensed entity.

Gaming Employees

7.18 Each applicant for a gaming employee license shall file a Delaware Gaming Employee License application as prescribed by the Director. This application form shall, among other things, require the applicant to provide:

7.18.1 Personal background information;

7.18.2 Employment history of the applicant and the applicant's immediate family;

7.18.3 Education and training;

7.18.4 Record of military service;

7.18.5 Government positions and offices now or previously held, and offices, trusteeships, directorships or fiduciary positions now or previously held with any business entity, by the applicant and the applicant's spouse;

7.18.6 Licenses, registrations, permits, certification and other approvals held by or applied for by the applicant or, where specified, the applicant's spouse, in this State or any other jurisdiction;

7.18.7 Any denial, suspension or revocation by a governmental agency of a license, registration, permit or certification held by or applied for the applicant or the applicant's spouse, or any entity in which the applicant or the applicant's spouse was a director, officer, partner or an owner of a 5.0% or greater interest;

7.18.8 Any interest in or employment now or previously held by the applicant with an entity which has applied for a permit, license, certificate or qualification in connection with any lawful gambling or alcoholic beverage operation in this State or any other jurisdiction; and any current employment or other association by the applicant's family with the gambling or alcoholic beverage industries in this State or any other jurisdiction;

7.18.9 Criminal record history including arrests of the applicant and all immediate family members;

7.18.10 Civil litigation history where the applicant was or is a party; and

7.18.11 Gaming regulatory history.

7.19 Gaming employee licenses shall be for a term of 4 years. The initial term of a gaming employee license shall expire and be renewable on the last day of the month on the fourth anniversary of the issuance date.

7.19.1 At a minimum of 60 days before expiration, each employee licensee shall submit a new and updated license application form for a background investigation.

7.19.2 An employee license shall remain valid pending the disposition of a license renewal application filed in accordance with the timelines set forth herein.

7.20 The licensed badge is the property of the Lottery and shall be returned to the Lottery when the licensee's employment is either terminated involuntarily by the employer or terminated at the request of the employee.

7.21 Any person licensed under this regulation or any employee who has submitted a license application shall notify the Lottery within 72 hours of any change in his/her criminal history information. This subsequent criminal history information shall be used by the Lottery in making a determination about the person's continued suitability as a licensee or employee of an internet lottery agent or other licensed entity.

Service Employees

7.22 Each applicant for a service employee license shall file a Delaware Service Employee application as prescribed by the Director. This application form shall, among other things, require the applicant to provide:

7.22.1 Personal background information;

7.22.2 Employment history of the applicant;

7.22.3 Any denial, suspension or revocation by a governmental agency of a license, registration, permit or certification held by or applied for the applicant or the applicant's spouse;

7.22.4 Criminal record history including arrests of the applicant; and

7.22.5 Gaming regulatory history.

7.23 Service employee licenses shall be for a term of 5 years. The term of a service employee license shall expire and be renewable on the last day of the month on the fifth anniversary of the issuance date.

7.23.1 At a minimum of 60 days before expiration, each employee licensee shall submit a new and updated license application form for a background investigation.

7.23.2 An employee license shall remain valid pending the disposition of a license renewal application filed in accordance with the timelines set forth herein.

7.24 The licensed badge is the property of the Lottery and shall be returned to the Lottery when the licensee's employment is either terminated involuntarily by the employer or terminated at the request of the employee.

7.25 Any person licensed under these regulations or any employee who has submitted a license application shall notify the Lottery within 72 hours of any change in his/her criminal history information. This subsequent criminal history information shall be used by the Lottery in making a determination about the person's continued suitability as a licensee or employee of an internet lottery agent or other licensed entity.

Rehires and Transfers

7.26 A licensee that voluntarily ends his employment or is terminated while in good standing with a former employer may apply for a new key, gaming or service employee license in the following manner:

7.26.1 Applicants will be required to follow the procedures in regulations 7.1 - 7.28 if 12 months or more have passed since the end of the applicant's former employment.

7.26.2 Applicants will be required to follow the procedures in regulations 7.1 - 7.28, except for the fingerprinting requirements, if less than 12 months but more than 30 days have passed since the end of the applicant's prior employment.

7.26.3 Applicants will be required to fill out a License Application Update Form including a release of information waiver form and submit to a new background investigation if less than 30 days have passed since the end of the applicant's prior employment.

7.27 Licensees transferring employment from one licensed entity to another licensed entity under this regulation will be required to fill out a License Application Update Form and submit to a new background investigation including a release of information waiver form.

Register of Licensed Employees

7.28 The agency shall maintain a register of all individuals who have been licensed as key employees, gaming employees or service employees.

7.29 The register shall be updated monthly as individuals:

7.29.1 Change their personal details;

7.29.2 Receive new licenses;

7.29.3 Surrender licenses.

29 DE Reg. 701 (02/01/26)

8.0 Approval of Gambling Equipment

8.1 All equipment used in the provision of internet lottery games must be approved by the Director.

Application for Approval

8.2 All contracts with technology providers who are internet lottery system providers shall include without limitation, the following provisions for the approval of internet lottery systems:

8.2.1 The technology provider shall furnish a person to work with the agency and its consultants to provide assistance as needed in establishing, planning and executing acceptance tests on the internet lottery systems provided by the technology provider;

8.2.2 The technology provider shall submit internet lottery schematics, network diagrams, technical and operation manuals, program source code and object code and any other information requested by the Director for purposes of analyzing and testing the internet lottery system;

8.2.3 For testing, examination and analysis purposes, the technology provider shall furnish working test environments of internet lottery systems, associated equipment, and documentation at locations designated by the Director. The technology provider shall maintain the current approved test environment in good working order acceptable to the agency;

8.2.4 The agency may require that the technology provider provide specialized equipment or the agency may employ the services of an independent technical laboratory expert to test the internet lottery system at the technology provider's expense;

8.2.5 The technology provider shall pay all costs of any testing, examination, and analysis of the internet lottery systems. The agency and its agents shall have no liability for any damage or destruction to the submitted systems which may result from such testing, examination and analysis of the internet lottery systems;

8.2.6 After system testing has been completed, the agency shall provide the internet lottery systems provider with a report that contains findings, conclusions, and pass or fail results. Before approving a particular internet lottery system, the agency may require a trial period not in excess of 60 days for a licensed agent to test the internet lottery system.

8.2.7 All components of the internet lottery system shall be certified to be in compliance with the technical standards established by the Director before being installed in a production environment, except that the Director may issue a waiver for compliance with one or more requirements of the technical standard where the Director has determined, at his sole discretion, that the lack of compliance does not pose a risk to the operation of the internet lottery; and

8.2.8 No internet table game or internet video lottery game which offers play for money shall be deployed into production before its certification by the Director.

8.2.9 The Director may approve the deployment of play for free internet table games or internet video lottery games without prior certification under the following conditions:

8.2.9.1 The licensed agent and technology provider must submit a formal application to the Director for conditional approval of a game;

8.2.9.2 The technology provider shall submit to the Director the rules for the game, details of all game payouts and any other information requested by the Director to enable consideration of the application;

8.2.9.3 Each approval shall be for a maximum period of 90 days, but may be renewed on application by the licensed agent and technology provider;

8.2.9.4 The Director may attach conditions to the approval for deployment at his sole discretion; and

8.2.9.5 The Director may rescind conditional approval of a game if the game exhibits behavior inconsistent with the information provided to the Director at the time of the application.

Criteria for Evaluation

8.3 All components of the internet lottery system shall be certified to be compliant with the technical standards specified by the Director.

Primary Server and Backup Locations

8.4 The primary gaming server shall be located within the United States unless otherwise authorized by the Director.

8.5 The backup gaming server may be located outside of the United States provided that its operation does not require the communication or storage of personally identifiable information outside of the United States, or unless authorized by the Director.

29 DE Reg. 701 (02/01/26)

9.0 Changes to Approved Gambling Equipment

9.1 The technology provider may not change the assembly or operational functions of any internet lottery system approved for operation in Delaware unless before the change the agency is:

9.1.1 Informed of the reason for the change;

9.1.2 Provided with all appropriate information relating to the type of change being requested;

9.1.3 Provided with all documentation required by the Director as part of the change control process established in the MICS.

9.2 The agency must approve such request before any changes being made, and the agency shall reserve the right to require additional testing of proposed changes to the internet lottery system as provided for in the change control process established in the MICS.

29 DE Reg. 701 (02/01/26)

10.0 Approval of Internal Control System

10.1 Internet lottery games shall not be offered without the system of internal procedures and administrative and accounting controls used to govern the operations of the internet lottery system being approved by the Director.

Application for Approval

10.2 The agent and the technology provider shall submit a description of the system of internal procedures and administrative and accounting controls which shall be used to govern the operations of the internet lottery system for approval by the Director.

Criteria for Evaluation

10.3 The internal control system shall be evaluated for conformance to the rules and regulations of the agency and any standards established in the MICS, and be satisfactory to the Director in his sole discretion.

29 DE Reg. 701 (02/01/26)

11.0 Changes to Approved Internal Control System

11.1 The agent or technology provider may not change the system of internal controls used to govern the operation of an approved internet lottery system unless the changes are approved by the Director.

11.2 The agent or technology provider shall submit a request to change the system of internal controls to the agency which shall include:

11.2.1 The reason for the change;

11.2.2 The type of change being requested;

11.2.3 All documentation required by the Director to assess the impact of the change on the operations of the internet lottery.

11.3 The Director must approve all such requests before any changes being made, and the Director shall reserve the right to have the impact of proposed changes to the internet lottery internal control system assessed by an expert third party.

29 DE Reg. 701 (02/01/26)

12.0 Incomplete Games

12.1 A licensee shall take all reasonable steps to ensure that the licensee's approved internet lottery system enables a player whose participation in a game, after making a wager, is interrupted by a failure of the telecommunications system or a failure of the player's computer system which prevents the player from continuing the game, to resume participation in the game which was interrupted on the restoration of the system.

12.2 Where the player is unable to continue, after restoration of the system, with a game interrupted by a failure of the telecommunications system or the player's computer system, the licensee shall update the player's account and game history according to the terms and conditions agreed to by the player when registering for an account.

12.3 If a game is started but miscarries because of a failure of the technology provider's internet lottery system, the technology provider shall:

12.3.1 Process any pending wagers in accordance with the terms and conditions;

12.3.2 Inform the Lottery and the internet lottery agent immediately of the circumstances of the incident; and

12.3.3 Disable the game if the game is likely to be affected by the same failure.

29 DE Reg. 701 (02/01/26)

13.0 Customers: Registration, Funds and Protection

Requirement to Register

13.1 No player may play an internet lottery game without first registering to become an authorized player.

13.2 Regardless of location, PC and Mac players may register to play for free by providing, at a minimum, the following:

13.2.1 Full Name

13.2.2 Address and email address, or both

13.2.3 Date of Birth or affirmation of legal gambling age

13.2.4 Self-verification that the information provided is correct.

13.3 Automated identity and age verification need not be performed for players registering to play for free. Only subsection 13.2.3 shall be required for players registering to play for free on a mobile device.

13.4 Players intending to play for real-money wagering must register by providing the following:

13.4.1 Full Name

13.4.2 Address

13.4.3 Cellular phone number

13.4.4 Email address

13.4.5 Date of birth

13.4.6 Social security number, if a United States resident or other form of government issued identification for non-US residents

13.5 Identity and age verification must be performed for players registering to play for real-money wagering.

13.6 Only players who complete the registration for real money wagering will be permitted to deposit funds into their gaming accounts. Funds may be deposited to the account of a player registered for real money wagering from any geographic location.

13.7 Only authorized players who access the licensed agent's website and have been reasonably determined to be located within the state of Delaware will be able to play internet lottery games for real-money wagering.

Single Customer Account

13.8 Players shall be permitted to have 1 active account at each internet lottery agent provided the internet lottery system employs a method of preventing inappropriate or fraudulent play resulting from an individual attempting to log on at more than one agent's site at the same time.

13.8.1 Each player account shall be treated independently and players shall not be permitted to transfer funds between accounts held with different internet lottery agents.

13.8.2 Players shall not be permitted to transfer funds to an account held by another player.

Identity Verification

13.9 The internet lottery system must have a means to verify the identity and age of a registrant.

State Exclusion List

13.10 Before completing the registration of a person for an internet lottery gaming account, the internet lottery system must verify that the person is not on the official exclusion list of persons to be excluded or ejected from internet lottery and video lottery facilities in the State of Delaware.

13.10.1 The agency or licensed agents will provide a current copy of the official exclusion list to the technology provider for the purposes of screening applicants registering for or attempting to play with an internet lottery gaming account.

Self-Exclusion

13.11 All internet lottery platforms shall have a link to the self exclusion page of the Lottery website.

13.12 Any person may request to be placed on the self-exclusion list by submitting a request for self-exclusion in the form and manner required by 10 **DE Admin. Code** 203, Section 7.0 Video Lottery and Table Game Regulations.

13.13 [Reserved]

13.14 [Reserved]

Self-Exclusion List

13.15 The Lottery shall maintain the official self-exclusion list and shall notify each internet lottery agent of any addition to or deletion from the list by mailing a notice to each internet lottery agent. The Lottery may provide copies of the official self-exclusion list to the DGE.

13.16 Each internet lottery agent shall maintain its own copy of the self-exclusion list and shall establish procedures to ensure that its copy of the self-exclusion list is updated and that all appropriate employees and agents of the internet lottery agent are notified of any addition to or deletion from the list within 48 hours after the notice is mailed by the Lottery. The notice mailed by the Lottery shall include the name and date of birth of any person whose name shall be removed from self-exclusion list and the following information concerning any person whose name shall be added to the self-exclusion list:

13.16.1 Name, including any aliases or nicknames;

13.16.2 Date of birth;
13.16.3 Address of current residence;
13.16.4 Telephone number;
13.16.5 Social security number or other form of government issued identification for non-US residents; and

13.17 Information furnished to or obtained by the Lottery or DGE shall be deemed confidential and not be disclosed except in accordance with these regulations.

13.18 No internet lottery agent or employee or agent thereof shall disclose the name of, or any information about, any person who has requested self-exclusion to anyone other than employees of the agent whose duties and functions require access to such information. Notwithstanding the foregoing, an internet lottery agent may disclose the name of and information about a self-excluded person to appropriate employees of another internet lottery agent for the purpose of alerting other internet lottery agents that a self-excluded person has tried to register on the website of an internet lottery agent.

13.19 Each internet lottery agent and technology provider shall establish procedures that are designed, to the greatest extent practicable to:

13.19.1 Prevent any self-excluded person from registering an internet lottery gaming account.

13.19.2 Ensure that self-excluded persons do not receive, from the internet lottery agent any solicitations, targeted mailings, telemarketing promotions, player club materials or other promotional materials relating to internet lottery activities;

13.20 Each internet lottery agent shall submit to the Lottery and the DGE, a copy of its procedures established to follow with these self-exclusion regulations within 30 days of the effective date of these regulations. The agent's procedures will be incorporated into the agent's internal control submission with the agency. Any amendments to said procedures shall be submitted to the Lottery and the DGE at least 3 business days before the implementation. If the Lottery and the DGE do not object to said procedures or amendments thereto, such procedures or amendments shall be deemed to be approved.

13.21 Except for those persons choosing a lifetime self-exclusion, any self-excluded person may, upon the expiration of the period of self-exclusion requested, request to be removed from the self-exclusion list by submitting a completed request for removal as required in subsection 13.21.1 of this regulation. The request shall be submitted to the Delaware State Lottery Office. Any person submitting a request for removal from the list shall be required to present valid government issued photo identification.

13.21.1 A request for removal from the self-exclusion list shall be in a form prescribed by the Lottery, which form shall include information as specified in 10 **DE Admin. Code** 203, Section 7.0 Video Lottery and Table Game Regulations.

Geolocation

13.22 The internet lottery system shall include functionality to identify the geographic location of any player who requests access to play for money games.

13.22.1 The internet lottery system shall block access to play for money games from any player for whom a geographic location cannot be determined.

13.22.2 The internet lottery system shall only allow players access to play for money games if there is reasonable assurance that the players are physically located in either the State of Delaware or a jurisdiction pursuant to a compact to which Delaware is a party.

Customer Accounts

13.23 Customer account balances shall be updated after each game cycle to ensure that sufficient funds are available for any future real money games the customer may choose to play.

13.23.1 It is not permitted to have a negative customer account balance.

13.23.2 Credit cannot be extended to customers by a Video Lottery Agent.

13.24 Funds may only be deposited into customer accounts by the following means:

13.24.1 Credit card;
13.24.2 Bank transfer; or
13.24.3 Other means approved by the Director.

13.25 Funds may only be withdrawn from customer accounts by the following means:

13.25.1 Bank transfer;
13.25.2 Bank draft; or
13.25.3 Other means approved by the Director.

Inactive Accounts

13.26 Accounts shall be deemed inactive as specified in Title 29, Section 4826 (c)(4) of the Delaware Code.

13.27 Inactive accounts shall be treated according to the Title 12, Chapter 11, Subchapter II of the Delaware Code related to abandoned or unclaimed property.

13.27.1 On or before November 10 in each year every internet lottery license holder shall make a verified written report to the State Escheator which shall contain a true and accurate statement, as of the preceding June 30, of all inactive accounts held by it.

13.27.2 Such report shall, with respect to the inactive accounts specified in 13.20 above, include:

13.27.2.1 The name and last registered address of the account holder,

13.27.2.2 The amount due to the account holder,

13.27.2.3 The date of the last account login; and

13.27.2.4 Such other identifying information as the State Escheator may require.

13.27.3 Such report shall be in the form prescribed by the State Escheator.

13.27.4 In case any internet lottery license holder shall on June 30 in any year not hold any inactive accounts, it shall on or before November 10 of the same year make a verified written report to the State Escheator stating as much.

13.27.5 On or before November 10, every internet lottery license holder shall pay to the State Escheator the balances of all inactive accounts specified in the report, except for inactive accounts which have ceased to be inactive.

Privacy Policy

13.28 During the registration process the customer must agree to the terms and conditions which govern the relationship between the internet lottery licensee and the customer. The terms and conditions must include a privacy policy which governs the protection and use of the customer's data.

13.29 A license holder or an employee or other person engaged in duties related to the conduct of an internet lottery must not:

13.29.1 Disclose information about the name, or other identifying particulars, of a player; or

13.29.2 Use information about a player for a purpose other than the purpose for which the information was given.

13.30 The disclosure of information, or its use for a purpose other than the purpose for which it was given, is authorized if the disclosure or use is:

13.30.1 Approved in writing by the player

13.30.2 Reasonably necessary for the conduct of internet lottery games; or

13.30.3 Required for the administration or enforcement of these regulations or required by a court of law.

Customer Complaints and Disputes

13.31 The internet lottery agent and the technology provider shall establish a process for resolving customer complaints and disputes, and this process shall form part of the internal control system submitted to the agency for approval.

13.32 The internet lottery licensee shall include on an appropriate page within part of its website the availability of a mechanism for resolving a customer's complaint.

13.33 Where a registered customer is unable to resolve a dispute using the process implemented by the internet lottery agent and the technology provider, the Director shall initiate a full investigation of the complaint to be carried out by a duly authorized officer of the agency.

13.33.1 After investigating the complaint the Director shall:

13.33.1.1 Make a preliminary determination of the matter in dispute between the customer and the internet lottery licensee;

13.33.1.2 Give written notice of that determination and the reasons for it to the customer and the internet lottery licensee, at the same time inquiring of them whether each accepts his determination.

13.33.1.3 Where both the customer and the internet lottery licensee accepts the preliminary determination, the determination shall be considered as final.

13.33.1.4 Where one or both recipients of the Director's preliminary determination do not accept it, the dissenting party or parties shall provide the agency with a written statement within ten days of receipt of the preliminary determination which contains the following:

13.33.1.4.1 A clear and concise assignment of each error alleged to have been committed in the preliminary determination.

13.33.1.4.2 A clear and concise statement of the facts on which the complainant relies in support of each assignment of error.

13.33.1.4.3 A prayer setting forth the relief sought.

13.33.1.4.4 The signature of the complainant.

13.33.1.4.5 A verification by the complainant or counsel for the complainant that the statements contained in the statement are true.

13.33.1.5 The Secretary of Finance shall appoint a hearing officer within a reasonable time of receipt of the statement referenced in the preceding paragraph. Notice of the hearing shall be given at least 20 days before the date it is to be held.

13.33.1.6 The complainant may appear individually, by legal counsel, or by any other duly authorized representative. In the absence of the complainant, written evidence of a representative's authority shall be presented to the hearing officer in a form satisfactory to the hearing officer.

13.33.1.7 The complainant or his duly authorized representative, may, with the approval of a hearing officer, waive the hearing and agree to submit the case for decision on the record, with or without a written brief. Such a waiver or agreement shall be in writing and placed in the record.

13.33.1.8 The complainant shall be given an opportunity for argument within the time limits fixed by the hearing officer following submission of the evidence. The hearing officer, on request of the licensee, may accept briefs in lieu of argument. The briefs shall be filed within ten days after the hearing date or within such other time as fixed by the hearing officer.

13.33.1.9 The hearing officer may admit any relevant evidence, except that it shall observe the rules of privilege recognized by law. The hearing officer may exclude any evidence which is irrelevant, unduly repetitious, or lacking a substantial probative effect.

13.33.1.10 A record shall be made of all hearings and all witnesses shall be sworn and subject to cross examination.

13.33.1.11 Following the conclusion of the hearing and within 10 days of the receipt of the transcript thereof, or within such other time as fixed by the hearing officer but in no event later than 45 days following the hearing, the hearing officer shall prepare a final decision, including his or her findings of fact and conclusions of law, and the order signed by the hearing officer shall be final. A copy of said order shall be served on the complainant and any attorney of record in person or by registered or certified mail.

18 DE Reg. 370 (11/01/14)
29 DE Reg. 701 (02/01/26)

14.0 Promotional Gaming Activities

Advertising

14.1 All advertising, marketing and promotional materials, related to the internet lottery or referencing the internet lottery, to be utilized by an agent or person acting on behalf of the agent shall be submitted to the agency for review and approval before use, except that such materials need not be submitted for review and approval if identical materials have been previously submitted and approved. Materials are not identical for purposes of this provision if they vary in any respect.

14.2 The agency shall review any materials submitted pursuant to this section and approve their use unless in the judgment of the agency such materials, if used, would result in an appearance which reflects adversely on the agency, would reasonably be expected to offend a substantial number of people, contain inaccurate or misleading information, or otherwise be inappropriate.

14.3 Each internet lottery agent and the technology provider shall ensure that excluded persons do not receive from the internet lottery agent any solicitations, targeted mailings, telemarketing promotions, player club materials or other promotional materials relating to the internet lottery activities of the licensed internet lottery agent.

Play for Free

14.4 To minimize the risk that players are misled about the likelihood of winning due to the behavior of play for free games, play for free games must accurately represent the likelihood of winning and the prize distribution in the real money wagering game:

14.4.1 The play for free game shall use the same random number generator, scaling algorithms and symbol mapping as the corresponding real money wagering game.

14.4.2 The prize distribution shall accurately represent the play for money game:

14.4.2.1 Where play for free games use virtual cash, the virtual cash payouts should be the same as the corresponding real money wagering game

14.4.2.2 Where play for free games use tokens, the allocation of tokens as prizes should be proportionate to the stakes and prizes in the real money wagering game.

14.5 Play for free games may be deployed under conditional approval by the director according to the requirements in subsection 8.2.9.

Player Loyalty Accounts

14.6 If player loyalty promotions affect the taxation basis of the internet lottery operator by converting player loyalty points into game play or cash which can be redeemed, then:

14.6.1 Rules and policies for player loyalty accounts including the awarding, redeeming and expiration of points shall be available to a registered player on the website where the promotional activity is being conducted;

14.6.2 Secure procedures must be established to enable the transfer or conversion of loyalty points between a licensed agent’s land-based and online programs;

14.6.3 The use of player tracking data must not breach the internet lottery licensee's privacy policy;
14.6.4 Redemption of player loyalty points must be a secure transaction which automatically debits the points balance for the value of the prize redeemed;
14.6.5 All player loyalty database transactions are to be recorded as critical data by the internet lottery system;
14.6.6 The player loyalty database must be maintained on a secure part of the internet lottery system; and
14.6.7 The internet lottery licensee shall implement internal controls which restrict access to player tracking systems and loyalty accounts to authorized personnel only.

14.7 Video Lottery Agents shall retain full ownership of all customer data, including but not limited to, all player data from game play as well as deposit/withdrawal, fraud, collusion, personal player information as well as all qualitative information pertaining to players such as all analytical information/data on players, e.g. player segmentation and factoring. Technology Service Providers shall not sell or disclose customer data to any third parties, shall not retain any customer data in any form once their contracts have ended, and shall only have the right to access and use customer data for the benefit and on behalf of the Lottery and the Video Lottery Agents. The Lottery has the right to access all player data.

Affiliated Operations of Casinos

14.8 Where the transfer of funds into or out of a registered player's internet lottery account and the player's casino account is approved by the agency:
14.8.1 Transfers must be performed through an agency-approved mechanism designed to facilitate electronic financial transactions; and
14.8.2 A daily report of all such transfers must be provided to the agency.

29 DE Reg. 701 (02/01/26)

15.0 Gaming Records

Method of Storage

15.1 Daily backup and recovery procedures shall be in place and include:
15.1.1 Application data
15.1.2 Application executable files, unless such files can be reinstalled.
15.1.3 Database contents and transaction logs

15.2 Backup media shall be transferred to a storage location which is secured to prevent unauthorized access and provides adequate physically protection to prevent the permanent loss of any data.

15.3 Reports and other documents/records may be directly written to an electronic document retention system in a portable document format (PDF) or scanned to an electronic document retention system into either a portable document format or standard image format provided that the system:
15.3.1 Is properly configured to maintain the original version along with all subsequent versions reflecting all changes to the document;
15.3.2 Maintains a unique "hash" signature or provides a mechanism for identifying and alterations made to each version of the document;
15.3.3 Retains and reports a complete log of changes to all documents including who (user ID and name) performed the changes and when (date and time);
15.3.4 Provides a method of complete indexing for easily locating and identifying the document including at least the following (which may be input by the user):
15.3.4.1 Date and time document was generated;
15.3.4.2 Application or system generating the document;
15.3.4.3 Title and description of the document;
15.3.4.4 Name and title of the user/employee generating the document; and
15.3.4.5 Any other information that may be useful in identifying the document and its purpose.
15.3.5 Is configured to limit access to modify or add documents to the system through logical security of specific user accounts; and
15.3.6 Is configured to provide a complete audit trail of all administrative user account activity.

15.4 Electronic document retention systems may utilize CD-ROM, DVD-ROM, Hard Drive, or other type of storage, but the system must be properly secured through use of logical security measures (user accounts with appropriate access, proper levels of event logging, and document the version control, etc.) and the system must be physically secured with all other critical components of the interactive gaming system.

15.5 Electronic document retention systems must be equipped to prevent disruption of document availability and loss of data through hardware and software redundancy best practices, and backup processes.

Duration of Storage

15.6 All gaming records are to be kept for a minimum of 5 years.

Access Controls

15.7 Production networks serving an internet lottery system and its components shall be secured from outside traffic and systems shall be configured to detect and report security-related events.

15.8 Network shared drives containing application files and data for interactive gaming system shall be secured such that only authorized personnel may gain access.

15.9 Login accounts and passwords required to administer network and other equipment are secured such that only authorized IT personnel may gain access to these devices.

15.10 Remote access to the internet lottery system components (production servers, operating system, network infrastructure, application, database and other components) shall be limited to authorized IT department personnel employed by the technology provider of the internet lottery system.

15.11 Remote access by vendor personnel to any component of the internet lottery system is allowed for purposes of support or updates and is enabled only when approved by authorized IT personnel employed by the technology provider. If the remote access to a database is performed by unlicensed vendor personnel, the remote access must be continuously monitored by IT personnel employed by the technology provider of the internet lottery system.

15.12 Remote access to any component of the internet lottery system shall not result in the transfer of personally identifiable information outside of the United States.

29 DE Reg. 701 (02/01/26)

16.0 Accounting and Distribution Procedures

Maintenance of Accounts

16.1 The technology provider will provide an accounting mechanism for the internet lottery system as a whole, which mechanism shall achieve compliance with the standards of integrity, security and control established by the agency.

16.2 The agency or its designated agents shall have the right to audit the books and records including without limitation tax returns and IRS withholding and reporting records of any agent and each technology provider. To such end, the agents and technology providers shall fully cooperate with whoever undertakes the audit.

16.3 The agency will maintain a separate bank account to hold funds deposited into registered player's accounts.

16.4 All proceeds, net of proceeds returned to players, from the operation of the internet lottery shall be electronically transferred no less than monthly at the discretion of the Lottery Director into designated accounts held by the licensed internet lottery agents. To the extent, if any, that such remission cannot be achieved due to the unavailability of bank services, the remission shall be made on the first day that such services are available. Agents shall furnish to the agency all information and bank authorizations required to facilitate the timely transfer of monies from the State lottery fund. Agents shall provide the agency 30 days advance notice of any proposed account changes in order to assure the uninterrupted electronic transfer of funds.

16.5 Agents shall follow all prescribed Federal requirements for tax withholding, recording and reporting, including, without limitation, those requirements relating to the transfer of funds withheld from player winnings from the agents to the tax authorities.

16.6 Any discrepancy regarding settlement of accounts will be resolved by the Director as deemed appropriate.

Anti-money Laundering

16.7 Each agent and technology provider shall maintain complete, accurate, and supporting records sufficient to comply with all federal financial record keeping requirements of Title 31 Code of Federal Regulations, part 103.

Submission of Reports to Lottery

16.8 Each agent and technology provider shall submit to the Director such financial and operating information as the Director shall require from time to time at such times and in such format as the Director shall specify. For purposes of submission of this and other information, each agent shall have a computer on the premises which is suitable for this purpose.

16.8.1 Each agent, unless specifically exempted by the Agency, shall file weekly, monthly, quarterly, and annual reports and statistical data in a format specified by the Director. The data may be used by the agency to evaluate the financial position and operating performance of individual internet lottery agents and to compile information regarding the performance and trends of the internet lottery industry in the State of Delaware.

16.8.2 Each agent, unless specifically exempted by the Agency, shall at its own expense, cause its annual financial statements to be audited in accordance with generally accepted auditing standards by an independent certified public accountant licensed to practice in the State of Delaware.

16.8.3 The annual financial statement shall be prepared on a comparative basis for the current and prior fiscal year, and shall present the internet lottery agent's present financial position and results of operations in conformity with generally accepted accounting principles.

16.8.4 The agency may periodically prescribe a set of standard reporting forms and instructions to be used by each internet lottery agent for filing the weekly, monthly, and quarterly reports.

16.8.5 Each internet lottery agent and technology provider, unless specifically exempted by the Agency, shall conduct its internet lottery operations to meet the minimum requirements set forth in the Agency's Minimum Internal Control Standards (MICS).

29 DE Reg. 701 (02/01/26)

17.0 Monitoring of Operations

Internal Audit

17.1 Each agent shall maintain an internal audit function either through a separate on-site department, or through the use of corporate internal audit, or through the outsourcing of this function. The internal audit function shall maintain its independence through an organizational reporting line that is outside the management of the gaming operation. The director of the function shall report directly to the license holder, a corporate executive outside the property, or to an independent audit committee.

17.1.1 The internal audit function shall operate with audit programs, checklists, or reports which, at a minimum, address the regulations and MICS and properly document the work performed, the conclusions reached, the resolution of all exceptions, and any other additional information as required by the director. Reports documenting audits performed shall be maintained for a minimum of 5 years and shall be made available to the Director on request.

Periodic Security Audits

17.2 The technology provider shall:

17.2.1 Have the external interface of the website scanned for known vulnerabilities at least once every 6 months by an expert third party.

17.2.2 Have the external interface of the website subjected to penetration testing at least annually by an expert third party.

17.2.3 Submit the resulting reports of vulnerability scanning and penetration testing to the Director no later than 1 month after the date of the scan or penetration test.

29 DE Reg. 701 (02/01/26)

18.0 Enforcement

18.1 The license of an internet lottery agent, technology provider or service provider may be suspended or revoked for the following reasons:

18.1.1 Failure of the agent to file with the Director the information required pursuant to 29 **Del.C.** §4826; and

18.1.2 For cause, such as, but not limited to falsifying any application for license or report to the agency; failure to report information required by the regulations; the material violation of the regulations; or any conduct by the licensee, or any of its owners, officers, directors, partners, key employees, or internet lottery operations employees, which undermines the public confidence in the internet lottery system or serves the interest of organized gambling or crime and criminals in any manner. A license may be revoked for an unintentional violation of any Federal, State or local law, rule or regulation provided that the violation is not cured within a reasonable time as determined by the Director, or a longer period where the internet lottery agent has made diligent efforts to cure. For purposes of this provision, the licensee is deemed to be familiar with all the provisions of these regulations and unintentional violations shall not include violations which the agent, technology provider or service provider asserts are unintentional because of lack of awareness of these regulations. Likewise, for purposes of this provision, diligent efforts to cure shall not be a defense to a suspension or revocation of the license arising out of situations where the violation would not have occurred had the licensee exercised diligent efforts to follow the requirements when they were first applicable.

18.2 Before the revocation or suspension of any license, the agency shall notify the licensee of the intended revocation or suspension of the license, and the reasons for such action. No revocation or suspension shall be effective until a final order is issued in response to the following procedure, except when the public welfare clearly requires emergency action and the agency's order so states. The notice of the intended revocation or suspension shall follow any applicable requirements of the Delaware Administrative Procedures Act and, at a minimum, afford the licensee with an opportunity for a hearing.

18.3 If the licensee desires a hearing, it shall provide the agency with a written statement within 10 days of receipt of the notice which contains the following:

18.3.1 A clear and concise assignment of each error which the licensee alleges to have been committed in the tentative determination to suspend or revoke the license. Each assignment of error should be listed in a separately numbered paragraph.

18.3.2 A clear and concise statement of the facts on which the licensee relies in support of each assignment of error.

18.3.3 A prayer setting forth the relief sought.

18.3.4 The signature of the licensee or an officer authorized to request the hearing.

18.3.5 A verification by the licensee or counsel for the licensee that the statements contained in the statement are true.

18.4 The Secretary of Finance with respect to petitions filed by agents, and the Director with respect to petitions filed by technology providers and service providers, shall appoint a hearing officer within a reasonable time of receipt of the statement referenced in the preceding paragraph. Notice of the hearing shall be given at least 20 days before the date it is to be held.

18.5 The licensee may appear individually, by legal counsel, or by any other duly authorized representative. In the absence of the licensee, written evidence of a representative's authority shall be presented to the hearing officer in a form satisfactory to the hearing officer.

18.6 The licensee or his duly authorized representative, may, with the approval of a hearing officer, waive the hearing and agree to submit the case for decision on the record, with or without a written brief. Such a waiver or agreement shall be in writing and placed in the record.

18.7 The licensee shall be given an opportunity for argument within the time limits fixed by the hearing officer following submission of the evidence. The hearing officer, on request of the licensee, may accept briefs in lieu of argument. The briefs shall be filed within 10 days after the hearing date or within such other time as fixed by the hearing officer.

18.8 The hearing officer may admit any relevant evidence, except that it shall observe the rules of privilege recognized by law. The hearing officer may exclude any evidence which is irrelevant, unduly repetitious, or lacking a substantial probative effect.

18.9 A record shall be made of all hearings and all witnesses shall be sworn and subject to cross examination.

18.10 Following the conclusion of the hearing and within 10 days of the receipt of the transcript thereof, or within such other time as fixed by the hearing officer but in no event later than 45 days following the hearing, the hearing officer shall in proceedings involving agents prepare a final decision, including his or her findings of fact and conclusions of law, and the order signed by the hearing officer shall be final. A copy of said order shall be served on the licensee and any attorney of record in person or by registered or certified mail. In proceedings involving technology providers and service providers, the hearing officer shall submit his or her recommendations to the Director for decision.

18.11 Notwithstanding the procedures set forth herein regarding technology providers, there shall be no right of hearing or judicial review allowed with respect to decisions involving technology providers unless otherwise provided by law.

18.12 Whoever violates the Lottery chapter 29 **Del.C.** Ch. 48, or any Lottery rule or regulation duly promulgated thereunder, or any condition of a license issued pursuant to 29 **Del.C.** §4826, or any Administrative Order issued in response to Lottery statutes or regulations shall be punishable as follows:

18.12.1 If the violation has been completed, by a civil penalty imposed by Superior Court, which by 29 **Del.C.** §4823 shall have jurisdiction of civil penalty actions brought in response to this section, of not less than $1,000 nor more than $10,000 for each completed violation. Each day of a continued violation shall be considered as a separate violation if, on each such day, the violator has knowledge of the facts constituting the violation and knows or should know that such facts constitute or may constitute a violation. Lack of knowledge regarding such facts or violation shall not be a defense to a continued violation with respect to the first day of its occurrence.

18.12.2 If the violation is continuing or there is a substantial likelihood that it will reoccur, the Director may also seek a temporary restraining order, preliminary injunction, or permanent injunction in the Court of Chancery, which shall have jurisdiction of an action for such relief.

18.12.3 In his discretion, the Director may impose an administrative penalty of not more than $1,000 for each administrative penalty for each violation. Each day of continued violation shall be considered as a separate violation if the violator has knowledge of the facts constituting the violation and knows or should know that such facts constitute or may constitute a violation. Lack of knowledge regarding such facts or violations shall not be a defense to a continued violation with respect to the first day of its occurrence. Before the assessment of an administrative penalty, written notice of the Director's proposal to impose such penalty shall be given to the violator, and the violator shall have 30 days from receipt of such notice to request a public hearing. Any public hearing, if requested, shall be held before the imposition of the penalty and shall be governed by §10125 of Title 29. If no hearing is timely requested, the proposed penalty shall become final and shall be paid no later than 60 days from receipt of the notice of proposed penalty.

Assessment of an administrative penalty shall take into account the circumstances, nature, and gravity of the violation, as well as any prior history of violations, the degree of culpability, the economic benefit to the violator resulting from the violation, any economic loss to the State, and such other matters as justice may require. In the event of nonpayment of an administrative penalty within 30 days after all legal appeal rights

have been waived or otherwise exhausted, a civil action may be brought by the Director in Superior Court for the collection of the penalty, and for interest, from the date payment was due, attorneys' fees and other legal costs and expenses. The validity or amount of such administrative penalty shall not be subject to review in an action to collect the penalty. Any penalty imposed after a public hearing is held in regard to this subsection shall be appealable to Superior Court, and such appeal shall be governed by §10142 of Title 29.

18.12.4 In his discretion, the Director may try to obtain compliance with requirements of the Lottery chapter, 29 **Del.C.** Ch. 48, by written Administrative Order. Such order shall be provided to the responsible party, shall specify the complaint, and propose a time for correction of the violation. It may also provide an opportunity for a public hearing at which the Director shall hear and consider any submission relevant to the violation, corrective action, or the deadline for correcting the violation.

18.13 The Director shall enforce Ch. 48, 29 Delaware Code and any rules, regulations, or Administrative Orders issued thereunder.

18.14 Any interest, costs or expenses collected by the Lottery under actions instituted by 29 **Del.C.** §4823 or these regulations shall be appropriated to the State Lottery Office to carry out the purposes of 29 **Del.C.** Ch. 48.

29 DE Reg. 701 (02/01/26)

19.0 Severability

The sections and subsections of these rules and regulations shall be deemed severable. Should any section or subsection be deemed by judicial opinion or legislative enactment to be invalid, unconstitutional or in any manner contrary to the laws of the State of Delaware, then such opinion or enactment shall invalidate only that particular section or subsection of these rules and regulations and all other sections shall remain in full force and effect.

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17 DE Reg. 317 (09/01/13)
18 DE Reg. 370 (11/01/14)
29 DE Reg. 701 (02/01/26)