DEPARTMENT OF FINANCE

OFFICE OF THE STATE LOTTERY

Statutory Authority: 29 Delaware Code, Section 4805 (29 **Del.C.** §4805)
10 **DE Admin. Code** 203

PROPOSED

PUBLIC NOTICE

203 Video Lottery and Table Game Regulations

A. Type of Regulatory Action Required
Amendment to Existing Regulations

B. Synopsis of Subject Matter of the Regulation
Pursuant to 29 **Del.C.** §4805, the Delaware State Lottery proposes to amend 10 **DE Admin. Code** 203 Video Lottery and Table Game Regulations. The Delaware State Lottery will seek public comments on the issue of whether certain amendments to its current regulation should be adopted.

The proposed amendments are to subsections 17.3.1, 17.3.2, 17.4, 17.6 (added), 17.7 and 17.8 in 10 **DE Admin. Code** 203.

The amendment to these subsections will update, simplify and clarify current regulations regarding the opening and closing of table games and are primarily administrative in nature.

This amendment is separate from the December 2025 changes that are being finalized in this publication.

Persons wishing to present their views regarding this matter may do so by submitting written comments by the close of business on or before March 3, 2026, at the offices of the Delaware State Lottery, Attn: Jayne Gooden, 1575 McKee Road, Suite 102, Dover, DE 19904.

A copy of these regulations is available at the Delaware State Lottery office at the same address above. Copies are also published online at the Register of Regulations website: https://regulations.delaware.gov/register/current_issue.shtml.

C. Summary of Proposal
The first proposed amendment is to subsection 17.3.1 and removes the inventory requirement from the definition.

The second proposed amendment is to subsection 17.3.2 and clarifies when the table inventory is required.

The third proposed amendment is to subsection 17.4 and clarifies when the table inventory is required.

The fourth proposed amendment is to add subsection 17.6 waiving the requirement for table inventory on games that have been closed or unused for more than one gaming day.

The fifth proposed amendment is to renumber subsection 17.8 to more clearly identify where the requirements can be found.

The sixth proposed amendment is to renumber subsection 17.6 and 17.7 to 17.7 and 17.8.

203 Video Lottery and Table Game Regulations

1.0 Introduction: Role of State Lottery Office, Minimum Internal Control Standards

1.1 These regulations are authorized pursuant to 29 **Del.C.** §4805 of Title 29 of the Delaware Code. Video lottery and table game 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**.

1.2 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 which prescribe minimum procedures for the exercise of effective control over the internal fiscal affairs of an agent, 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 Minimum Internal Control Standards shall address, at a minimum, the following:

1.2.1 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 games, tables, and gaming devices;

1.2.2 The organizational structure of the agent and the required departments necessary to assure 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;

1.2.3 Formulas and required reports covering the calculation of hold percentages; revenue and drop; expense and overhead schedules; complimentary services; cash, counter check and cash equivalent transactions;

1.2.4 Adequate safeguards within the cashiers' cage for the receipt, storage, inventory and disbursal of chips, cash, counter checks and other cash equivalents used in gaming; the cashing of checks; the redemption of chips and other cash equivalents used in gaming; and the recording of transactions pertaining to gaming;

1.2.5 A system for the collection and security of moneys at the table games, the transfer and recordation of chips between the table games and the cashiers' cage, and the transfer of money from the table games to the counting process;

1.2.6 The process and equipment to assure security for the counting and recordation of revenue;

1.2.7 Security, storage and recordation of chips, cards, dice, cash, and other sensitive equipment utilized in gaming;

1.2.8 Standards governing the utilization of the surveillance and security departments within the video lottery facility;

1.2.9 Rules governing the conduct of authorized games and the responsibility of video lottery facility personnel in respect thereto;

1.2.10 The orderly shutdown of gaming operations in the event that a state of emergency is declared, including without limitation, the securing of all keys and gaming assets;

1.2.11 Physical and systems controls for information technology;

1.2.12 Currency Transaction and Suspicious Activity Reporting in accordance with the Bank Secrecy Act.

2.0 Definitions

The following words and terms, when used in this regulation, have the following meaning unless the context clearly indicates otherwise. Words importing the masculine gender include the feminine as well, except as otherwise clearly indicated by the context.

"**Agency**" or "**lottery office**" means the Delaware State Lottery Office created pursuant to 29 **Del.C.** Ch. 48, subch. I.

"**Agent**" or "**licensed agent**" or "**licensed video lottery agent**" means any person licensed by the Director of the agency to conduct table games and/or video lottery operations.

"**Applicant**" means any person applying for a license authorized under these regulations whether for itself or for another person that is owned either directly or indirectly by the person applying.

"**Authorized game**" means roulette, baccarat, blackjack, craps or mini craps, big six wheel, poker, Let it Ride, minibaccarat, red dog, pai gow, sic bo, 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 1 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.

"**Beneficial owner**" means a person that enjoys the benefits of owning an asset, property, or security, regardless of whose name is listed on the title of the asset, property or security, and includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares:

a. voting power in a business entity or other type of legal entity, which includes the power to vote, or to direct the voting of, such interest held in the business entity or other type of legal entity; and

b. investment power in a business entity or other type of legal entity. which includes the power to dispose of, or to direct the disposition of, such interest held in the business entity or other type of legal entity.

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

"**Cage**" means a secure work area within the video lottery facility for cashiers and a storage area for the agent's working fund of cash and gaming chips.

"**Career or professional offender**" means any person whose behavior is pursued in an occupational manner or context for the purpose of economic gain, utilizing such methods as are deemed criminal violations of the public policy of this state.

"**Cash equivalent**" means a certified check, cashier's check, treasurer's check, recognized traveler's check or recognized money order that: is made payable to the presenting patron or the agent where presented, or a holding company of the agent, or "bearer" or "cash;" is dated, but not postdated; and either does not contain any endorsement other than that of the presenting patron or is endorsed in blank by the presenting patron.

"**Central site**" means the location where the central video lottery communications' control systems shall be located.

"**Central system**" means the hardware, software and network components, which link and support all required video lottery machines and the central site.

"**Central system provider**" means a person with whom the agency has contracted for the purpose of providing and maintaining a central communication system and the related management facilities with respect to operating and servicing the video lottery machines.

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

"**Cheat**" means any person whose act or acts in any jurisdiction would constitute any offense under 11 **Del.C.** §1471, if prosecuted under Delaware law.

"**Chip**" means a small disk issued by the agent representing a set value that is used for making table game wagers and is redeemable only for cash, the agent's check or in redemption of a marker.

"**Count room**" means the room or rooms designated for the counting, wrapping, and recording of the agent's gaming receipts.

"**Counter check**" or "**marker**" means an electronic or written document that evidences an extension of credit to a patron by the agent, or a front money withdrawal, including any counter check taken in consolidation, redemption, or payment of a previous counter check.

"**Credit**" means the opportunity provided to a player to play a video game or redeem the credit for cash.

"**Credit slip**" means the receipt issued from a video lottery machine for payment of credits by an agent.

"**Crime of moral turpitude**" means a misdemeanor or felony crime punishable by incarceration, a court fine in any amount, or both, and that involves moral turpitude or is in itself immoral or wrong including, but not limited to, the following: Murder, manslaughter, assault, sexual assault, sexual abuse of a minor, unlawful exploitation of a minor, robbery, extortion, coercion, kidnapping, incest, arson, burglary, theft, forgery, criminal possession of a forgery device, offering a false instrument for recording, scheme to defraud, falsifying business records, commercial bribe receiving, commercial bribery, bribery, receiving a bribe, perjury, perjury by inconsistent statements, endangering the welfare of a minor, escape, promoting contraband, interference with official proceedings, receiving a bribe by a witness or a juror, jury tampering, misconduct by a juror, tampering with physical evidence, hindering prosecution, terroristic threatening, riot, criminal possession of explosives, unlawful furnishing of explosives, sex trafficking, criminal mischief, misconduct involving a controlled substance or an imitation controlled substance, permitting an escape, promoting gambling, possession of gambling records, distribution of child pornography, and possession of child pornography. A crime of moral turpitude also includes the following crimes listed in the Delaware Code (or similar crimes under the laws of other jurisdictions); 11 **Del.C.** §763 (sexual harassment); 11 **Del.C.** §764 (indecent exposure in the second degree); 11 **Del.C.** §765 (indecent exposure in the first degree); 11 **Del.C.** §766 (incest); 11 **Del.C.** §767 (unlawful sexual contact in the third degree); 11 **Del.C.** §781 (unlawful imprisonment in the second degree); 11 **Del.C.** §840 (shoplifting); 11 **Del.C.** §861 (forgery); 11 **Del.C.** §871 (falsifying business records); 11 **Del.C.** §881 (bribery); 11 **Del.C.** §907 (criminal impersonation); 11 **Del.C.** §1101 (abandonment of a child); 11 **Del.C.** §1102 (endangering the welfare of a child); 11 **Del.C.** §1105 (crime against a vulnerable adult); 11 **Del.C.** §1106 (unlawfully dealing with a child); 11 **Del.C.** §1107 (endangering children); 11 **Del.C.** §1245 (falsely reporting an incident); 11 **Del.C.** §1341 (lewdness); 11 **Del.C.** §1342 (prostitution); 11 **Del.C.** §1343 (patronizing a prostitute); 11 **Del.C.** §1355 (permitting prostitution); 16 **Del.C.** §1136 (violations in Health and Safety, Nursing Facilities and Similar Facilities); and 31 **Del.C.** §3913 (violations in Welfare, Adult Protective Services).

"**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**.

"**Drop box**" means the dual key-locked box attached to a table game that is used to collect currency, coin, chips, cash equivalents, documents verifying the extension and redemption of credit, requests for fill and credit forms and any other documents as approved by the Director.

"**Elector**" means any person who, under 29 **Del.C.** §4821, decides not to become an agent.

"**Excluded person**" means any person who has been placed upon the exclusion list by order of the Director or of a court of competent jurisdiction and who, pursuant to 29 **Del.C.** §4835 and these regulations, is required to be excluded or ejected from a video lottery facility.

"**Exclusion list**" means the list of names of persons who, pursuant to 29 **Del.C.** §4835 and these regulations, are required to be excluded or ejected from video lottery facilities.

"**Front money**" means a patron deposit that is used in lieu of credit to guarantee payment of a marker issued or to establish a line of credit for gaming purposes.

"**Gaming**" means the dealing, operating, carrying on, maintaining or exposing for play any video lottery machine or table game in a licensed video lottery facility.

"**Gaming area**" means a location in a video lottery facility where gaming activity is conducted at video lottery machines or table games.

"**Gaming employee**" means a person employed in the operation of a Video Lottery Facility and determined by the Director to have employment duties and responsibilities involving the security, maintenance, servicing, repair, or operation of video lottery machines and table game equipment, or is employed in a position that allows direct access to the internal workings of video lottery machines or table game equipment. Such employees shall include, without limitation, dealers, floorpersons, video lottery machine personnel, video lottery machine technicians, count room and cage personnel, security and surveillance employees, employees responsible for handling assets and proceeds associated with the operation of gaming activity, and employees with responsibility for policies concerning complimentaries or who are authorized to grant variances to policies concerning complimentaries.

"**Gaming equipment**" means any mechanical, electrical or electronic contrivance or machine or equipment used in connection with gaming including, without limitation:

a. roulette wheels and balls
b. big six wheels
c. cards
d. dice
e. value and non-value chips
f. gaming plaques
g. match play coupons
h. card dealing shoes and shuffling devices
i. drop boxes
j. pai gow tiles and shakers
k. table game layouts
l. other devices, machines, equipment, items or articles as determined by the Director

"**Gaming excursion**" means an arrangement, the purpose of which is to induce any person, selected or approved for participation therein on the basis of his ability to satisfy a financial qualification obligation related to his ability or willingness to gamble or on any other basis related to his propensity to gamble, to come to a video lottery facility for the purpose of gaming and pursuant to which, and as consideration for which, any or all of the cost of transportation, food, lodging, and entertainment for said person is directly or indirectly paid by a video lottery agent or employee thereof.

"**Gaming excursion provider**" means any person that provides gaming excursion services to an agent.

"**Gaming room service employee**" means a person employed to perform services or duties in a video lottery facility who has access to the gaming or restricted gaming area but who is not included within the definition of key employee or gaming employee.

"**Gaming vendor**" means any vendor that offers to the State of Delaware or to any agent any gaming equipment.

"**Gross table game revenue**" means the total of all table game win or loss and poker revenue, including checks received whether collected or not; received by a video lottery agent from table game operations; provided that if the value of gross table game revenue at any video lottery facility in a given fiscal year is less than zero, any liabilities to winners in such year shall be the responsibility of the video lottery agent. Gross table game revenue shall include entry fees charged in a tournament in excess of cash prizes awarded. For purposes of this section, any check which is invalid and unenforceable shall be treated as cash and included within gross table game revenue.

"**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.

"**Imprest**" means a specific amount of funds which are replenished from time to time or at the end of a shift in exactly the value of the expenditures made from the funds as documented. A review is made by a higher authority of the propriety of the expenditures before the replenishment.

"**Institutional investor**" means any of the following:

a. A retirement fund administered by a public agency for the exclusive benefit of federal, state, or local public employees;
b. An investment company registered under the Investment Company Act of 1940 (15 U.S.C. §80a-1 et seq.);
c. A collective investment trust organized by banks under Part Nine of the Rules of the Comptroller of the Currency;
d. A closed end investment trust;
e. A chartered or licensed life insurance company or property and casualty insurance company;
f. A banking or other chartered or licensed lending institution;
g. An investment advisor registered under The Investment Advisors Act of 1940 (15 U.S.C. §80b-1 et seq.); and
h. Any other persons whom the Director may reasonably determine to qualify as an institutional investor for reasons consistent with the purposes of Title 29, ch. 48, subch. I.

"**Key employee**" means a person employed in the operation of a video lottery facility and determined by the Director to be acting in a supervisory capacity or empowered to make discretionary decisions with respect to video lottery machine or table game operations, including, without limitation, the chief executive, financial and operation managers, video lottery department managers, cashier and cage supervisors, credit executives, pit bosses or managers, gaming employee shift managers 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 video lottery agent in collective bargaining, grievance representation, labor disputes, salaries, wages, rates of pay, hours of employment or conditions of work.

"**Legal owner**" means a person that has the opportunity, directly or indirectly, to profit or share in any profit derived from a transaction involving an interest in an asset, property, or security of a business entity or other type of legal entity.

"**License**" means the authorization granted by the agency which permits an applicant to engage in defined table game and/or video 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 table game and/or video lottery operations.

"**Licensee**" means any person authorized by the Director to participate in table game and/or video lottery operations.

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

"**Lottery Commission**" means the Lottery Commission of the State of Delaware as established by 29 **Del.C.** §4837.

"**Match play coupon**" means a promotional item in paper or plastic form with a fixed stated play ratio and value that is issued and used by an agent, and the stated value of which, when presented by a patron with gaming chips which are in the stated ratio in value to the stated value of the promotional item, is included in the amount of the patron's wager in determining the amount the patron receives as the result of a winning wager made with the gaming chips and their accompanying promotional item.

"**Maximum wager limit**" means the maximum amount that can be wagered on a single play on any single video game or table game event outcome, as determined by the Lottery Director from time to time.

"**MEAL**" means a machine entry authorization log required for each video lottery machine.

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

"**Net video lottery game proceeds**" means the total amount of credits or cash played 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 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 video lottery game proceeds.

"**Non-gaming vendor**" means any vendor offering goods or services other than gaming equipment.

"**Non-value chip**" means a chip which is clearly and permanently impressed, engraved, or imprinted with the name of the licensee, but which does not bear a value designation.

"**Occupational manner or context**" means the systematic planning, administration, management, or execution of an activity for financial gain.

"**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, limited liability company, trust, statutory or business trust, association, joint venture, or any other type of business entity or legal entity.

"**Pit**" means the area of arrangement of a group of gaming tables in which gaming employees administer and supervise the table games played at the grouping of tables.

"**Player**" means an individual who plays a table game or video lottery machine.

"**Poker revenue**" means the total value of rake charged to players at all poker tables. The poker revenue is determined by adding the value of cash, coupons, the amount recorded on the closer, the totals of amounts recorded on the credits and markers removed from a drop box, and subtracting the amount on the opener and the total of amounts recorded on fills removed from a drop box.

"**Premises**" means the building and grounds occupied by a licensed agent where the agent's table game or video lottery operations occur or support facilities for such operations exist, such as facilities for the service of food or drink, including those areas not normally open to the public, such as areas where records related to table game or video lottery operations are kept. "Premises" do not include areas where such operations or facilities do not take place or exist, such as racetrack areas, which are wholly unrelated to table game or video lottery operations. The boundaries of the premises will be delineated on the floor plan in an agent's business plan.

"**Prohibited person**" means both a self-excluded person and an excluded person as defined in these regulations and as described in 29 **Del.C.** §§4834 and 4835, respectively.

"**Rake**" means the amount of gaming chips, gaming plaques or coin collected by the dealer 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} service companies as a means of acquiring bids for goods or services.

"**Restricted gaming area**" means the cashiers' cage, the count room, the cage booths and runway areas, the interior of table game pits, the surveillance room, the video lottery machine repair room and any other area designated by the Director as a restricted gaming area.

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

"**Self-exclusion list**" means a list of names of persons who, pursuant to this subchapter, have voluntarily agreed to be excluded from all video lottery agent premises and to be prohibited from collecting any winnings or recovering any losses at all licensed video lottery agents.

"**Service companies**" means those persons who offer or provide goods or services as set forth in 29 **Del.C.** §4829(a)(1), (a)(2), or (a)(3), and which include gaming vendors, non-gaming vendors, and gaming excursion providers.

"**Service company license**" means the license required by the sections set forth in 29 **Del.C.** §4829(b) to (e).

"**Service technician**" means any person who performs service, maintenance and repair operations on table games or video lottery machines.

"**Table game**" means any game played with cards, dice or any mechanical, electromechanical or electronic device or machine (excluding video lottery machines) for money, credit or any representative of value, including, but not limited to, baccarat, blackjack, twenty one, poker, craps, roulette, bingo, wheel of fortune or any variation of these games, whether or not similar in design or operation, provided that the game is expressly authorized by rule of the Director.

"**Table game equipment**" means gaming tables, cards, dice, chips, tiles, shufflers, drop boxes or any other mechanical, electronic or other device, mechanism or equipment or related supplies used or consumed in the operation of any table games.

"**Table game win or loss**" means the value of gaming chips and cash won from patrons less the value of gaming chips and cash won by patrons at gaming tables other than poker tables. The table game win or loss is determined by adding the value of cash, total value of coupons, the amount recorded on the closer, the totals of amounts recorded on the credits and the issuance copies of markers removed from a drop box, subtracting the amount recorded on the opener and the total of amounts recorded on fills removed from a drop box. Match play coupons shall not be included, subject to limitations imposed by the Director.

"**Terminal**" means a gaming device linked to the central system as part of the video lottery operations.

"**Value chip**" means a chip that is clearly and permanently impressed, engraved, or imprinted with the name of the licensee and the specific value of the chip.

"**Video game**" means any game played on a video lottery machine, including but not limited to a variation of poker, blackjack, pull tabs, instant or line-up games.

"**Video game event outcome**" means the result of a video game achieved by a player at a video lottery machine.

"**Video lottery**" means any lottery conducted in a video lottery facility with a video lottery machine or a network of linked video lottery machines with an aggregate progression prize or prizes (excluding keno, table games, and the Internet lottery).

"**Video lottery agent license**" means the authorization granted by the agency which permits an applicant to engage in defined table game and video lottery activities as an agent.

"**Video lottery facility**" means a building containing a gaming room or rooms.

"**Video lottery machine**" means any machine in which coins, credits or tokens are deposited in order to play any game of chance in which the results, including options available to the player, are randomly determined by the machine. A machine may use spinning reels or video displays or both, and may or may not dispense coins or

tokens directly to winning players. A machine shall be considered a video lottery machine notwithstanding the use of an electronic credit system making the deposit of bills, coins, or tokens unnecessary.

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3.0 Licensing of Agents; Business Plans

3.1 Any applicant required by Delaware law to obtain a video lottery agent license shall apply to the agency on forms specified by the Director from time to time. All persons who directly or indirectly are beneficial owners or legal owners of over 10% in the applicant or in any person that will act as the agent must submit the information listed in this Section 3.0 and meet the qualifications set forth in subsection 3.8. Application forms shall require the applicant to provide the following, without limitation:

3.1.1 The applicant's legal name, form of entity (e.g., general or limited partnership, corporation), the names, addresses, federal employer identification or social security or individual taxpayer identification numbers (if applicable) and dates of birth (if applicable) for each of its directors, officers, partners, owners, key employees, table game employees and video lottery operations employees.

3.1.2 A description of the applicant's organizational structure.

3.1.3 With respect to any persons named in subsection 3.1.1 that are not individuals, the names, addresses, social security or individual taxpayer identification or federal employer identification numbers, and birth dates of all individuals who are directors, officers, owners, partners, trustees, members, LLC managers, key employees, or gaming employees of any such persons.

3.1.4 The percentages of shares of stock, membership shares, or other forms of ownership, if any, held by each person named in subsections 3.1.1 or 3.1.3 above. The Director may, at his or her discretion, cause periodic reexamination of the percentage of ownership shares held by persons subject to such disclosures under these regulations.

3.1.5 The names of all persons principally involved in the original creation of the applicant's company, trust, or other type of business entity or association.

3.1.6 The names, if any, and addresses, social security or individual taxpayer identification numbers, and dates of birth of any person who is or was a director, officer, owner, partner, key employee, or gaming employee of the applicant who has been charged with or convicted of a felony, a crime involving gambling, or a crime of moral turpitude.

3.1.7 Certified copies of the applicant's charter, articles or certificate of incorporation, certificate of formation, certificate of statutory (or business) trust, certificate of limited partnership, statement of partnership, and any other documents which constitute or explain the legal organization of the applicant plus a certificate of good standing that has been issued by the Secretary of State for the state in which the applicant was created and that is dated within 30 days of the date of the licensing application.

3.1.8 The name, address, social security or federal employer identification or individual taxpayer identification number and date of birth or date of creation of the record owner of the premises upon which the applicant’s business operations are located or the property upon which the premises are located or, if the applicant is not the sole owner of the premises or property, the information required by subsection 3.1.1 above with respect to all persons having an ownership interest in the premises or property and copies of all agreements pursuant to which the applicant occupies the premises or property, as well as copies of all documents relating to the premises or property including, without limitation, all mortgages, deeds of trust, bonds, debentures, pledges of corporate stock and voting trust agreements, but excluding easements; utility agreements; subdivision and plot plans; and, for the period prior to 3 years before the filing of the application, deeds in the chain of title and satisfied mortgages.

3.1.9 The information required by subsection 3.1.1 above as to any operator of any business conducted by the applicant and any other contractor (which is not a publicly traded entity) utilized by such applicant which has received compensation from such applicant in excess of $400,000 in any of the 3 preceding fiscal years, together with a copy of all agreements between the applicant and such operator or contractor and a statement of all compensation paid to such operator or contractor during said 3-year period.

3.1.10 Copies of the applicant's audited financial statements for the preceding 3 fiscal years and a copy of internally prepared financial statements for the current fiscal year as of the close of the most recent fiscal quarter.

3.1.11 Copies of the applicant's State and Federal income tax returns for a period of 3 fiscal or calendar years, as applicable.

3.1.12 Copies of the declaration pages of all insurance policies insuring the applicant or the premises upon which the applicant operates its gaming operations.

3.1.13 The information required by subsection 3.1.1 above as to the 10 largest unsecured creditors to which the applicant owes more than $25,000 for a period in excess of 60 days and which are not publicly traded business entities, accounting firms or legal firms of the applicant.

3.1.14 Disclosure of all gaming or gambling licenses or permits in any other jurisdiction regardless of whether they are expired, pending, active, denied, suspended, or revoked for the applicant and any other persons identified in subsections 3.1.1 or 3.1.3.

3.1.15 Any 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**, Ch. 48, subch. I.

3.2 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 or her knowledge, information and belief, based on diligent inquiry, the contents of the form or documents so supplied are true.

3.3 Upon 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.

3.4 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.

3.5 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, upon request, shall make available any and all of its books or records for inspection by the agency or the DGE.

3.6 The applicant shall submit with the application a proposed business plan for the conduct of table games and/or video lottery operations. Such plan shall be submitted in conformity with a separate form specified and supplied by the agency. The plan shall include, without limitation, the following items: a floor plan of the area to be used for table games or video lottery operations; an advertising/marketing plan; the proposed placement of table games and video lottery machines on the premises; the kind, type and number of table games and video lottery machines proposed, provided, however, that the name of the manufacturer(s) of such machines shall not be included; money control procedures; a security plan; a staffing plan for table games and video lottery operations; accounting and tax compliance procedures; and the method to be utilized for prize payments. The plan shall provide the details of any progressive jackpot games and shall provide for an escrow account or escrow accounts to be established and maintained in accordance with instructions provided by the agency for the purpose of holding in reserve large or progressive prizes yet to be won by players. The plan shall propose the use of video lottery machines such that a reasonable number of competitor manufacturers would be able to supply such machines. The specification of the kind, type and number of the video lottery machines in the business plans shall make clear whether or not the devices are video versus spinning reel; coin-in/coin-out versus coin-in/credit-out, etc. The plan shall also propose the generic games to be played on the devices (e.g., video poker, keno, bingo, blackjack, line-up games). The plan shall provide for payment for payout from video lottery machines such that the payouts shall not be less than 87% on an annual average basis, and shall otherwise comport with the requirements contained at 29 **Del.C.** §4805(a)(15).

3.6.1 The business plan shall also include a description of its initial system of internal procedures and administrative and accounting controls for gaming operations accompanied by a certification by its chief financial officer or equivalent that the submitted procedures provide adequate and effective controls, establish a consistent overall system of internal procedures and administrative and accounting controls, and conform to generally accepted accounting principles, except an additional standard may be required by the Director for gross revenue tax purposes.

3.6.2 Each initial internal control submission shall contain a narrative description of the internal control system to be utilized by the casino and address all areas of the MICS as required by the Director, including but not limited to those set forth in regulations 1.2.1 through 1.2.12 herein.

3.7 As soon as the agency receives the application, it shall forward the application to the DGE. As soon as practicable, DGE shall undertake and complete the background investigation of the applicant, its officers, directors, partners, owners, key employees, and gaming employees and report its findings to the agency.

3.8 The Director shall weigh the following factors in his or her evaluation of the application:

3.8.1 Whether the applicant holds at least 1 of the following: either a horse racing meet license pursuant to Title 3 or Title 28 of the Delaware Code or a harness racing meet license pursuant to Title 3 of the Delaware Code.

3.8.2 The criminal background, if any, of the applicant, or any of its officers, directors, partners, owners, key employees, and gaming employees. No license shall be issued to any applicant if any of the persons identified in this subsection have been convicted, within 10 years prior to the filing of the application, of any felony, a crime of moral turpitude or a crime involving gambling.

3.8.3 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 whomever has the ability to control or influence the activities of the applicant.

3.8.4 The degree to which the applicant has demonstrated its ability to finance the proposed table games and video lottery operations, as well as the source of such financing.

3.8.5 The degree to which the applicant has supplied accurate and complete information pursuant to the requirements of these regulations.

3.8.6 Whether the applicant holds a license as a service company. An agent license shall not be granted to an applicant who is an owner of a service company.

3.8.7 Whether the applicant has demonstrated the business ability and experience necessary to satisfactorily conduct the table games and/or video lottery operations.

3.8.8 The extent to which the applicant has cooperated with the agency and the DGE in connection with the background investigation.

3.8.9 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.

3.8.10 With respect to any past conduct which may adversely reflect upon 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 upon the applicant's fitness for the license.

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

3.8.12 The adequacy of the applicant's business plan, as it reflects on the applicant's competency or capability to conduct table games or video lottery operations in conformance with the requirements of these regulations.

3.8.13 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.

3.9 A license shall be issued to the applicant if the Director is satisfied, upon consideration of the factors specified in subsection 3.8, 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.

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

3.10.1 Operation pursuant 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.

3.10.2 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 table game or video lottery machines or records of the agent without acquiring a warrant.

3.10.3 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, upon 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.

3.10.4 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.

3.10.5 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.

3.10.6 The agent shall certify by a sworn notarized statement that it has not entered and does not intend to enter into any joint venture, partnership or teaming agreement in order to fulfill its obligations in connection with the table games or video lottery operations; that it is not acting as a distributor of products manufactured by another entity; and that it has not entered and does not intend to enter into any agreement whereunder the proceeds generated by any agreement between the agent and the agency would be shared with one or more other persons. Provided, however, that an agent may enter into a management agreement with a third-party, who is not licensed under these regulations as a {technology provider} service company, for the operation of the lottery on the agent's premises provided that: (1) the proposed management agreement is provided to and approved by the agency, and (2) the third-party complies with all these regulations which apply to agents, including without limitation the licensure requirements.

3.10.7 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 upon continuing suitability for licensure.

3.11 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.

3.12 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.

3.13 At the time of issuance of the license or thereafter, in the Director's sole discretion, the Director may approve the proposed business plan of the applicant or the agent. If the Director determines that an amendment or amendments to the plan are necessary to increase revenue from the table games or video lottery, protect the public welfare or ensure the security of the table games or video lottery, he or she may amend the plan accordingly. An agent may request an amendment to an approved business plan, which proposed amendment shall be subject to the approval of the Director. The Director shall also review a submission made pursuant to subsection 3.6.1 to determine whether it conforms to the requirements of the Delaware Code, to the regulations and MICS, and provides adequate and effective controls for the operations of the particular agent submitting it. If the Director is satisfied that all requirements have been met, a written approval of the submission shall be granted. No changes to the approved system of internal control shall be implemented until it is submitted to and approved by the Director in writing.

3.14 To the extent provided by law, any non-publicly available information obtained pursuant to this Section 3 shall be held in confidence and not subject to the Delaware Freedom of Information Act, 29 **Del.C.** Ch. 100.

3.15 Any potential agent who is already licensed as a Delaware State Lottery Video Lottery Agent is not required to apply for a separate table game 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 (if applicable) of its directors, officers or partners, owners, key employees and gaming 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 that shall include, without limitation, the items as described in subsection 3.6 of this regulation.

3.16 Unless exempted from the licensing requirements under subsection 3.1, the Director, in his sole discretion and upon receipt of a written application, may waive the licensing requirements for institutional investors that hold directly or indirectly up to 15% of the beneficial ownership or legal ownership in the applicant or in any person that will act as the agent. An applicant must submit to the Director any waiver applications at the same time that it submits its licensing application. If the Director grants or denies a person's waiver application, the Director must give the person a written notice of his decision within 60 days of receiving the waiver application. Upon any denial of a waiver, the person must submit to all of the licensing requirements set forth in this Section 3.0. The Director's decision to deny any person a waiver of the licensing requirements is final and cannot be appealed. However, the Director upon good cause and with written notice may later revoke any grant of a waiver.

3.16.1 Any person that applies for a waiver under subsection 3.16 must affirm under oath that he purchased, received, or otherwise acquired beneficial ownership or legal ownership in the applicant or the agent for investment purposes only and that he does not have any intention of influencing or affecting the affairs or operations of the applicant or the agent.

3.16.2 All waivers must be notarized affidavits and must state the signatory acknowledges that the statements he makes on the waiver form are subject to penalties of perjury under Delaware law.

3.16.3 If a person that has applied for or been granted a waiver under subsection 3.16 subsequently decides to influence or affect the affairs or operations of the applicant or agent, it shall provide not less than 30 days' notice of such decision to the lottery office. Such person shall then be required to file an application under Section 3.0 and be subject to the licensing requirements of these regulations before taking any action that may influence or affect the affairs of the applicant or the agent.

3.17 All applicants, licensees, registrants, or any other person who must be qualified pursuant to 29 **Del.C.** Ch. 48, subch. I shall have the continuing duty to provide any assistance or information required by the Director or the DGE, and to cooperate in any background check or investigation conducted by the DGE or in any hearing conducted by the Director. If an applicant, licensee, registrant or any other person who must be qualified refuses to provide information, evidence or testimony upon formal request by the Director or the DGE, the

Director may deny or revoke the application, license, registration or qualification of such person as permitted by 29 **Del.C.** §4830(a).

22 DE Reg. 500 (12/01/18)

4.0 Licensing of Service Companies; Gaming and Non-Gaming Vendors

Gaming Vendors

4.1 As deemed necessary, the Director shall give public notice of the agency's intent to select gaming 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 gaming vendor. The issuance of a service company license to a gaming vendor shall not serve as the basis for requiring the Director to select the gaming vendor under the procurement procedures set forth in Ch. 69 of Title 29 of the **Delaware Code**.

4.1.1 A person expressing an interest to be selected as a gaming vendor pursuant to subsection 4.1 shall file an application for a service company license in accordance with these regulations.

4.1.2 A gaming vendor shall be licensed in accordance with the Delaware Code prior to conducting any business with the lottery office, provided, however, that upon a finding of good cause by the Director for each business transaction, the Director may permit an applicant for said license to conduct business transactions prior to the issuance of the license.

4.2 Each person desiring to obtain a service company license from the agency as a gaming vendor shall submit a license application on a form specified and supplied by the agency. The license application shall, among other things:

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

4.2.2 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 gaming employees, including but not limited to copies of financial statements, tax returns, insurance policies, and lists of creditors.

4.2.3 Require the applicant to disclose the identity of all customers to whom it has furnished video games or other gambling equipment or technology within the 3 years immediately preceding the date of the application.

4.2.4 Require the applicant to list all persons with whom the applicant has a communications protocol agreement.

4.2.5 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.

4.2.6 Provide a description of the means by which the applicant exercises security and financial control over the activities of service technicians in order to insure the integrity of video lottery operations.

4.2.7 Require the applicant to disclose its legal name, form or entity (e.g., general or limited partnership, corporation, etc.), the names, addresses, social security or federal employment identification or federal individual taxpayer identification numbers and dates of birth or formation dates of its directors, officers, partners, owners, key employees and gaming employees.

4.2.8 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.

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

4.2.10 Require the applicant to provide a description of its engineering and software development resources, technical support capabilities and ability to manufacture and deliver the video lottery machines.

4.2.11 Require persons who are proposing to contract with the agency or a video lottery agent to provide either a copy of their contract proposal or contact information for the agent that can confirm interest in conducting business with the applicant.

Non-Gaming Vendors and Gaming Excursion Providers

4.3 A non-gaming vendor and gaming excursion provider may transact business upon the filing of a vendor registration form (VRF) in accordance with this subsection. A VRF shall be required only for a non-gaming vendor that transacts business in excess of $10,000 per year.

4.4 An agent shall file a vendor registration form for each non-gaming vendor and gaming excursion provider that is not required to file an application for a service company license. The vendor registration form shall, among other things, include:

4.4.1 Company identification information as follows:

4.4.1.1 Nature of business;

4.4.1.2 The date on which a formal offer and acceptance of the agreement to conduct business occurred;
4.4.1.3 Names and addresses of all subsidiaries;
4.4.1.4 The name, address and percentage of ownership of each entity directly owning more than 10% of the non-gaming vendor or gaming excursion provider.

4.4.2 The names of each of the following:
4.4.2.1 Any individual who entered into the agreement with or will deal directly with the agent, including sales representatives, the immediate supervisors of such persons, and all persons responsible for the office out of which such supervisors work;
4.4.2.2 Any officer, partner, or director who will be significantly involved in the conduct of the non-gaming vendor's or gaming excursion provider's business with the agent;
4.4.2.3 If the non-gaming vendor or gaming excursion provider is a sole proprietorship, the name of the sole proprietor;
4.4.2.4 Each beneficial owner of more than 5% of the outstanding voting securities or other type of beneficial or legal ownership interests of the non-gaming vendor or gaming excursion provider, and the percentage of ownership; and
4.4.2.5 The name and position or title of the individual who supplied the information in the VRF.

4.4.3 Estimated dollar amount of the contract with the agent.

4.5 A non-gaming vendor and gaming excursion provider that provides goods or services to an agent on a regular and continuing basis shall be licensed in accordance with the Delaware Code and these regulations.

4.5.1 Banks and other licensed lending institutions and insurance companies that are licensed by a state bank commission or department of insurance shall be exempt from the license requirements under Section 4.0.

4.6 A non-gaming vendor shall be deemed to be transacting regular and continuing business if:

4.6.1 The total dollar amount of transactions with a single agent is or is expected to be equal to or greater than $400,000 within any 12-month period; or

4.6.2 The total dollar amount of such transactions with multiple agents is or is expected to be equal to or greater than $750,000 within any 12-month period.

4.7 A gaming excursion provider shall be deemed to be transacting regular and continuing business if:

4.7.1 The total dollar amount of transactions with a single agent is or is expected to be equal to or greater than $150,000 within any 12-month period; or

4.7.2 The total dollar amount of such transaction with multiple agents is or is expected to be equal to or greater than $300,000 within any 12-month period.

4.8 A non-gaming vendor or gaming excursion 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:

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

4.8.2 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 gaming employees;

4.8.3 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;

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

4.8.5 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

4.8.6 Require persons who are proposing to contract with the agency or a video lottery agent to provide either a copy of their contract proposal or contact information for the agent or the agency that can confirm interest in conducting business with the applicant.

For Gaming Vendors, Non-Gaming Vendors, and Gaming Excursion Providers

4.9 Upon request, the service company applicant shall supplement the information provided in the application form as deemed necessary by the Director.

4.10 To the extent, if any, that the information in the application or the supplemental information provided by the service company 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.

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

4.12 Subject the limitations in 29 **Del.C.** §4829(d) and (e), the service company applicant, upon 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 pursuant to this subsection shall, to the extent provided by law, be held in confidence and not subject to the Delaware Freedom of Information Act.

4.13 As soon as the agency receives the service company application, it shall forward the same to the DGE, which shall conduct as soon as practicable a background investigation of the applicant and all associated license applications and report its findings to the agency.

4.14 Notwithstanding any other provision contained herein to the contrary, the Director may determine, upon review of the licensing standards of another state, that such standards are so comprehensive, thorough, and provide similar adequate safeguards, that the license of a service company 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 service company 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 lottery.

4.15 In evaluating service company applications, the Director shall consider, in addition to the license criteria set forth in the Delaware Code, the following:

4.15.1 Whether the gaming vendor or non-gaming vendor applicant has demonstrated an ability to interface its technical capabilities with the selected central system and that it has the resources, experience and ability necessary to manufacture, deliver, install and service such number of video lottery machines as it may be required to supply under a contract with the agency.

4.16 A license shall not be issued to a service company that has any direct or indirect ownership or financial interest in an agent or the real or personal property of an agent.

4.17 An applicant for a service company license shall, prior to 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.

4.18 Gaming vendors shall be licensed for a term of 3 years. The term of a gaming vendor license shall expire and be renewable on the last day of the month on the third anniversary of the issuance date.

4.19 Non-gaming vendors and gaming excursion providers shall be licensed for a term of 4 years. The term of a license for a non-gaming vendor or a gaming excursion provider shall expire and be renewable on the last day of the month on the fourth anniversary of the issuance date.

4.20 At a minimum of 60 days prior to expiration, each service company licensee shall submit a new and updated license application form.

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

4.22 The fee for a service company license application and renewal application shall be $4,000 for a gaming vendor. In addition, a gaming vendor shall pay for all unusual or out of pocket expenses incurred by the Division of Gaming Enforcement or lottery office on matters directly related to the applicant or licensee.

4.23 The fee shall be $2,000 for a non-gaming vendor and gaming excursion provider application and renewal application.

22 DE Reg. 500 (12/01/18)
27 DE Reg. 678 (03/01/24)
28 DE Reg. 386 (11/01/24)

5.0 Service Companies: Contracts; Requirements; Duties

5.1 The Director shall, pursuant to the procedures set forth in Ch. 69 of Title 29 of the **Delaware Code**, enter into contracts with licensed service companies as he or she shall determine to be appropriate, pursuant to which the service companies shall furnish by sale or lease to the State video lottery machines in such numbers and for such video games as the Director shall approve from time to time as necessary for the efficient and economical operation of the lottery, or convenience of the players, and in accordance with the agents' business plans as approved and amended by the Director. No more than 2,500 video lottery machines shall be located within the confines of an agent's premises unless the Director approves up to an additional 1,500 machines or other number approved by the Director as permitted by law.

5.2 All contracts with service companies who are video lottery machine manufacturers shall include, without limitation, provisions to the following effect:

5.2.1 The service company 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 video lottery machines provided by such service company. Service company assistance shall be provided as requested by the agency in troubleshooting communication and technical problems that are discovered when video lottery machines are initially placed at the agent's site;

5.2.2 The service company shall submit video lottery machine illustrations, schematics, block diagrams, circuit analysis, 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 video lottery machines. A maximum of $100 shall be permitted for wagering on a single play of any video game except that the Director pursuant to subsection 7.3 may authorize play on a video lottery machine in excess of the $100 maximum bet limit;

5.2.3 For testing, examination and analysis purposes, the service company shall furnish working models of video lottery machines, associated equipment, and documentation at locations designated by the Director. The service company shall maintain the current software and video lottery machines in good working order acceptable to the agency. The service company shall pay all costs of any testing, examination, analysis and transportation of the video lottery machines, which may include the entire dismantling of the machines and some tests that may result in damage or destruction to 1 or more electronic components of the machines. The agency and its agents shall have no liability for any damage or destruction. The agency may require that the service company provide specialized equipment or the agency may employ the services of an independent technical laboratory expert to test the video lottery machine at the service company's expense;

5.2.4 Service companies shall submit all hardware, software, and test equipment necessary for testing of their video lottery machines, and shall provide the Director with keys and locks subject to the Director's specifications for each approved video lottery machine;

5.2.5 The EPROMs, CDs, or other equivalent technology of each video lottery machine shall be certified to be in compliance with published specifications;

5.2.6 No video lottery machine shall be put into use prior to certification of its model by the Director.

5.2.7 All game software being shipped into the State of Delaware is required to be sent to the lottery office.

5.3 All contracts with service companies shall include without limitation, provisions to the following effect;

5.3.1 Service companies shall agree to promptly report any violation or any facts or circumstances that may result in a violation of these rules; provide immediate access to all its records and its physical premises for inspection at the request of the Director; attend all trade shows or conferences as required by the Director;

5.3.2 Service companies shall agree to modify their hardware and software as necessary to accommodate video game changes directed by the agency from time to time;

5.3.3 Service companies 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; and

5.3.4 Service companies shall have a valid license to conduct business in the State of Delaware, shall comply with all applicable tax provisions, and shall in all other respects be qualified to conduct business in Delaware.

5.4 Each video lottery machine and table game equipment certified by the Director shall bear a unique serial number and shall conform to the exact specifications of the video lottery machine model or table game equipment model tested and certified by the Director.

5.5 The lottery office prescribes testing standards, or portions thereof, for video lottery machines and table game equipment, which standards are incorporated by reference into these regulations. The materials listed in this subsection have the full force of law.

5.5.1 To be certified by the Director, the video lottery machine or table game equipment must meet, as a minimum testing requirement, the standards set forth below, unless an exception is otherwise noted:

5.5.1.1 GLI Standard 11, version 3.0 (release date September 21 2016) for gaming devices.

5.5.1.2 GLI Standard 13, version 2.1 (release date September 6, 2011) for on-line monitoring and control systems and validation systems in casinos.

5.5.1.3 GLI Standard 24, version 1.3 (release date September 6, 2011) for electronic table game systems; however, as an exception, the minimum payout will be 82%.

5.5.2 All of the materials incorporated by reference are available for inspection from Gaming Laboratories International, Inc. ("GLI"), 600 Airport Road, Lakewood, New Jersey 08701. For more information, call 1-732-942-3999 or go to the GLI website at: https://www.gaminglabs.com/contact-us.

5.5.3 All of the materials incorporated by reference in this subsection are also publicly posted on the following websites:

5.5.3.1 For GLI-11 (gaming devices): https://www.gaminglabs.com/images/pdfs/new/GLI-11-Gaming-Devices-V3-0.pdf.

5.5.3.2 For GLI-13 (on-line monitoring and control systems and validation systems in casinos): https://www.gaminglabs.com/images/pdfs/new/GLI-13-v2-1-Standard.pdf.

5.5.3.3 For GLI-24 (electronic table game systems): https://www.gaminglabs.com/images/pdfs/new/GLI-24-v1-3-Standard.pdf.

5.6 Service companies 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.

5.7 A service company shall not distribute a video lottery machine for placement in the state unless the video lottery machine has been approved by the agency. Only licensed service companies may apply for approval of a video lottery machine or associated equipment. The service company shall submit 2 copies of video lottery machine illustrations, schematics, block diagrams, circuit analysis, technical and operation manuals, program source code and object code, and any other information requested by the agency for purposes of analyzing and testing the video lottery machine or associated equipment.

5.8 The agency may require that 2 working models of a video lottery machine be transported to the location designated by the agency for testing, examination, and analysis. The service company shall pay all costs of testing, examination, analysis and transportation of such video lottery machine models, which may include the entire dismantling of the video lottery machine and tests which may result in damage or destruction to one or more electronic components of such video lottery machine model. The agency may require that the service company provide specialized equipment or the services of an independent technical expert in testing the terminal.

5.9 After each test has been completed, the agency shall provide the video lottery machine service company with a report that contains findings, conclusions, and pass/fail results. Prior to approving a particular video lottery machine model, the agency may require a trial period not in excess of 60 days for a licensed agent to test the video lottery machine. During the trial period, the service company may not make any modifications to the video lottery machine model unless such modifications are approved by the agency.

5.10 The service company is responsible for the assembly and initial operation, in the manner approved and licensed by the agency, of all its video lottery machines and associated equipment. The service company may not change the assembly or operational functions of any of its video lottery machines approved for placement in Delaware unless a "request for modification to an existing video lottery machine prototype" is made to the agency, that request to contain all appropriate information relating to the type of change, reason for change, and all documentation required. The agency must approve such request prior to any changes being made, and the agency shall reserve the right to require second testing of video lottery machines after modifications have been made.

5.11 Each video lottery machine approved for placement in a licensed agent's place of business shall conform to the exact specifications of the video lottery machine prototype tested and approved by the agency. Any video lottery machine which does not so conform shall be disconnected from the Delaware video lottery system until compliance has been achieved. Each video lottery machine shall at all times operate and be placed in accordance with the provisions of these regulations.

5.12 The following duties are required of all licensed service companies, without limitation:

5.12.1 Manufacture terminals and associated equipment for placement in Delaware in accordance with the specifications of the agency.

5.12.2 Manufacture terminals and associated equipment to ensure timely delivery to licensed Delaware agents.

5.12.3 Maintain and provide an inventory of associated equipment to assure the timely repair and continued, approved operation and play of licensed video lottery machines acquired under the contract for placement in Delaware, provided further that said equipment will be maintained at a Delaware storage facility or warehouse.

5.12.4 Provide an appropriate number of service technicians with the appropriate technical knowledge and training to provide for the service and repair of its licensed video lottery machines and associated equipment so as to assure the continued, approved operation and play of those licensed video lottery machines acquired under contract for placement in Delaware.

5.12.5 Obtain any certification of compliance required under the applicable provisions of rules adopted by the Federal Communications Commission.

5.12.6 Promptly report to the agency any violation or any facts or circumstances that may result in a violation of State or Federal law and/or any rules or regulations adopted pursuant thereto.

5.12.7 Conduct video lottery operations in a manner that 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 video lottery.

5.12.8 Hold the agency and the State of Delaware and its employees harmless from any and all claims that may be made against the agency, the State of Delaware, or the employees of either, arising from the service company's participation in or the operation of a video lottery game.

5.12.9 Defend and pay for the defense of all claims that may be made against the agency, the State of Delaware, or the employees of either, arising from the service company's participation in video lottery operations.

5.12.10 Maintain all required records.

5.12.11 Lease or sell only those licensed video lottery machines, validation units and associated equipment approved under these regulations.

5.12.12 It shall be the continuing duty of the service company licensee to provide the Director with an updated list of the names and addresses of all its employees who are involved in the daily operation of the video lottery machines. These employees will include individuals or their supervisors involved with (1) the repair or maintenance of the video lottery machines, or (2) positions that provide direct access to the video lottery machines. It shall be the continuing duty of the service company licensee to provide for the bonding of each of these individuals to ensure against financial loss resulting from wrongful acts on their parts.

5.12.13 It shall be the ongoing duty of the service company licensee to notify the Director of any change in officers, partners, directors, key employees, video 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 constitute "cause" for the suspension or revocation of the service company's license.

5.12.14 Supervise its employees and their activities to ensure compliance with these rules.

5.12.15 Promptly report to the lottery office any violation or any facts or circumstances that may result in a violation of State or Federal law and/or any rules or regulations pursuant thereto, excluding violations concerning motor vehicle laws.

5.12.16 Comply with such other requirements as shall be specified by the Director.

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6.0 Agents: Duties

The following duties are required of all licensed agents:

6.1 Provide a secure location for the placement, operation, and play of all licensed table games or video lottery machines located on the licensed agent's premises.

6.2 Ensure that only table games authorized by the Director shall be offered for play and shall be conducted only in accordance with rules promulgated and authorized by the Director.

6.3 Permit no person to tamper with or interfere with the approved operation of any licensed video lottery machine, table game or other gaming equipment without prior written approval of the agency and the DGE, unless otherwise directed by the lottery office.

6.4 Assure that telephone lines from the agency's central computer to the licensed video lottery machines located on the licensed agent's premises are at all times connected, and prevent any person from tampering or interfering with the continuous operation of the lines.

6.5 With respect to video lottery operations, contract only with officers, directors, owners, partners, key employees, and suppliers of video lottery equipment and paraphernalia authorized by the agency to participate in video lottery operations within the State of Delaware.

6.6 Ensure that no gaming equipment or any other related accessory shall be used in a video lottery facility if the equipment, materials and suppliers have not been previously approved by the agency.

6.7 Ensure that table games or licensed video lottery machines are placed and remain as placed unless the agency authorizes their movement within the sight and control of the agent or a designated employee, through physical presence and by the use of surveillance cameras at all times.

6.8 Ensure that table games or licensed video lottery machines are placed and remain as placed in the specific area of the premises as approved by the lottery office. The initial placement and any subsequent relocation of any table games or video lottery machine requires the prior written approval of the agency.

6.9 Monitor table games and video lottery machine play and prevent access to or play by persons who are under the age of 21 years or who are intoxicated, or whom the agent has reason to believe are intoxicated, and prohibit play by persons who are barred by law or self-barred from playing any table games or video lottery machine.

6.10 Commit no violations of the laws of this State concerning the sale, dispensing, and consumption on the premises of alcoholic beverages that result in suspension or revocation of an alcoholic beverage license.

6.11 Maintain at all times sufficient tokens, change and cash in denominations accepted by the video machines located in the premises.

6.12 Exercise caution and good judgment in extending credit for table games or video lottery machine play, and comply with all applicable federal and state laws.

6.13 Exercise caution and good judgment in providing cash for checks presented for table games or video lottery machine play. The agent shall also ensure that any contractor who performs check-cashing services for the agent also exercises caution and good judgment in providing cash for checks under this regulation.

6.14 Report promptly all video lottery machine malfunctions to the appropriate service company and agency and notify the agency of any technology provider failure to provide service and repair of such terminals and associated equipment.

6.15 Conduct agency approved advertising and promotional activities related to table games or video lottery operations.

6.16 Install, post and display prominently at locations within or about the premises signs, redemption information and other promotional material as may be required by the agency.

6.17 Conduct video lottery and table games operations only during those hours established and approved by the Director or designee.

6.18 Assume responsibility for the proper and timely payment to players of credits or tokens awarded.

6.19 Prohibit the possession, use or control of gambling paraphernalia on the premises not directly related to the lottery or horse racing or harness horse racing and prohibit illegal gambling on the premises.

6.20 Attend all meetings, seminars, and training sessions required by the agency.

6.21 Supervise its employees and their activities to ensure compliance with these rules.

6.22 Assume responsibility for the proper and immediate redemption of all credits; however, no credits may be redeemed by a person under 21 years of age, and no credits submitted for redemption beyond the 1 year time limit will be redeemed. No credits or prizes may be redeemed by or for any person illegally on the agent's premises or persons who have requested that they be self-banned from the agent's premises.

6.23 Provide dedicated power and a proper video lottery machine environment in accordance with the specifications of the agency. The agent shall permit no person to completely shut off power to an operational video lottery machine or table game without the prior approval of the agency.

6.24 Furnish to the Director complete information pertaining to any change in ownership of the agent or the owner of the premises or beneficial owner (other than a change in ownership by an owner of less than 20% of the issued and outstanding capital stock of the agent or premises owner if such stock is publicly traded).

6.25 Immediately report to the agency any violation or any facts or circumstances that may result in a violation of State or Federal law and/or any rules or regulations pursuant thereto by the agent, its employees, or anyone acting on behalf of the agent, excluding violations concerning motor vehicle laws.

6.26 Conduct table game and video lottery operations in a manner that 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 lottery.

6.27 Hold the Director, the State of Delaware, and employees thereof harmless from and defend and pay for the defense of any and all claims which may be asserted against the Director, the State or the employees thereof, arising from the participation in the table game or video lottery system, except claims arising from the negligence or willful misconduct of the Director, the State or the employees thereof.

6.28 Maintain all required records.

6.29 Provide at the request of the Director or the DGE immediate access to the premises and to all records related to any aspect of these regulations, including without limitation the duties imposed by these regulations.

6.30 Keep current on all payments, tax obligations and other obligations to the agency and other licensees with whom table game or video lottery business is conducted. The agent shall {pay the players and} transfer the net video lottery game proceeds and gross table game revenue to the State lottery fund in conformity with the requirements set forth in these regulations and 29 **Del.C.** Ch. 48.

6.31 Locate all table games and video lottery machines within the viewing range of closed circuit television cameras at all times, including both normal business hours and those periods when operations are closed. The presence of these cameras is to ensure the integrity of the lottery, the table games and video lottery operations, and the safety of the patrons. Surveillance video will be maintained by the agent according to a schedule established by the Director and the DGE. The installation of any new closed circuit television or repositioning of any CCTV cameras or new surveillance system must be reviewed and approved by the Director and the DGE before placed in to operation.

6.32 Comply with such other requirements as shall be specified by the Director. 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 or her sole discretion.

6.33 Provide, on a continuing basis, to the Director the names and addresses of all employees who are involved in the daily operation of table games or the video lottery machines. These employees will include individuals or their supervisors involved with (1) the security of the table games or video lottery machines, (2) the handling or transporting of proceeds from the table games or video lottery machines, or (3) positions that provide direct access to table games or video lottery machines. It shall be the continuing duty of the video lottery agent licensee to provide for the bonding of any of the above-mentioned employees to ensure against financial loss resulting from wrongful acts on their parts. Likewise, the agent shall post a bond or irrevocable letter of credit in a manner and in an amount established by the agency. Any such bonds 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.

6.34 Notify the Director on a continuing basis of any change in officers, partners, directors, key employees, table games or gaming employees, and owners.

6.34.1 The video lottery agent shall provide this information to the lottery office and the DGE on a weekly basis. Such persons will also be subject to a background investigation. The failure of any of the above-mentioned persons to satisfy a background investigation may constitute "cause" for the suspension or

revocation of the video lottery agent's license, provided that an agent is first given a reasonable opportunity to remove or replace such person if the agent was unaware of such "cause" prior to the background investigation. The agent must supply the DGE with the completed License Application Form ("LAF") and fingerprint cards for each employee before the employee begins employment. Agent employees required to be licensed by the Delaware lottery laws, 29 **Del.C.** Ch. 48, and these regulations must have been successfully completed and been issued a valid license under Section 14.0 of these regulations prior to commencement of employment.

6.34.2 The agent must notify the agency and DGE of the transfer of any employee within the agent's organization on a weekly basis. The lottery office and the DGE will determine if a new or updated LAF must be submitted for the transferred employee.

6.34.3 The agent must notify the lottery office and the DGE of the termination of any employee and the reason for the termination on a weekly basis.

6.34.4 The agent must submit to the lottery office and the DGE on a weekly basis the names of all new employees who will work on the video lottery premises.

6.34.5 The agent must obtain advance approval before any temporary employee, consultant, or contractor will be permitted access to a restricted area. The agent must submit a Request for Temporary Work Approval Form (TWA) to the lottery office at least 48 hours prior to the date of assignment. The TWAs must be accompanied by a copy of a valid photo identification for each temporary employee, consultant, or contractor. The lottery office will not approve a TWA for any individual who has been convicted of a felony within the past 10 years. The lottery office may approve a TWA for no longer than 6 months per applicant.

6.35 As soon as it is known to the agent, file with the Director a copy of any current or proposed agreement and disclose to the Director any other relationship between the agent, its parents, subsidiaries, related entities, partners, owners, directors, officers or key employees for the sale, lease, maintenance, repair or other assignment of the agent's premises, or any other relationship of any vendor, manufacturer or other person who stands to benefit financially from the possession or use of video lottery machines or table games by such agent.

6.36 Any such contract may be reviewed by the Director on the basis of the qualifications of the owners, officers, employees, and directors of any enterprise involved in the contract, which qualifications shall be reviewed according to the license standards enunciated in Title 29 **Del.C.** §4830 of the Delaware Code. If the Director disapproves such a contract or the owners, officers, employees, or directors of any enterprise involved therein, the Director shall serve a written notice of an intent to terminate the contract upon the parties to the contract. A person aggrieved by a decision of the Director to terminate a contract shall have an opportunity to file an appeal for reconsideration before the Lottery Commission pursuant to the procedures set forth in subsection 13.1 et.seq. The contract shall terminate within 30 days of this notice unless an appeal for reconsideration is filed.

6.37 Comply with the applicable requirements contained in Title 3 **Del.C.** §10048 and §10148 and Title 28 **Del.C.** §427 of the Delaware Code. The agent shall file an annual report, due January 15th of each year, which provides sufficient information for the Director to determine whether the agent has satisfied the requirements of this provision.

6.38 Comply with the provisions of the business plans as approved and amended.

6.39 Comply on a continuing basis with the requirements for obtaining or retaining a license under the provisions of these regulations and 29 **Del.C.** Ch. 48.

6.40 Immediately notify the DGE and agency about, and submit any evidence of, any gaming equipment or other device used in a video lottery facility which has been, or there is reasonable suspicion that it may have been, tampered with or altered in such a way that the integrity or conformity of the gaming equipment or the device may have affected its use.

6.40.1 Immediately notify the DGE about any illegal and/or suspicious activities that occur or are occurring in the agent's video lottery facility that relate to the safety, security and/or gaming operations of the facility. An agent shall also immediately notify the DGE of any illegal or suspicious activities that occur outside of the video lottery facility that relate to the safety, security and/or gaming operations of the video lottery facility.

6.40.2 Immediately notify the DGE if the agent's security personnel or anyone acting on behalf of the agent physically detain a person suspected of a violation of 11 **Del.C.** 1471.

6.41 The agent who has retained any gaming equipment or other devices, under a reasonable suspicion that said gaming equipment or article was tampered with or altered, or who has retained any device of those specified in these regulations under a reasonable suspicion that said device was introduced or used or intended to be used in the video lottery facility in violation of the law or the regulations, shall keep said equipment or article in the state in which it was found when it was retained, and shall deliver said equipment or article to a representative of the DGE as soon as possible.

6.41.1 The agent shall be responsible for ensuring that any gaming equipment or any other device and any evidence related to the same which should be submitted to the DGE is maintained in a secure manner until the arrival of an authorized representative of the DGE.

7.0 Game Requirements, Voluntary and Involuntary Exclusion

7.1 The Director shall authorize such table games and video games to be played on the agent's premises in conformity with approved business plans, as amended.

7.2 Video games shall be based on bills, coins, tokens or credits, worth between $.01 and $100 each, in conformity with approved business plans as amended.

7.3 The Director, in his or her discretion, may authorize play on a video lottery machine to which the maximum wager limit of $100 shall not apply.

7.4 Each video game shall display the amount wagered and the amount awarded for each possible winning occurrence based on the number of credits wagered.

7.5 Each video game shall provide a method for players to view payout tables.

7.6 Each player shall be at least 21 years of age. In the event an underage player attempts to claim a prize, the video lottery agent should treat the play of the game as void and the underage player shall not be entitled to any prize won or a refund of amounts bet. In the event a person illegally on the premises or a self-barred person attempts to claim a prize, the video lottery agent will also treat the play of the game as void and the person shall not be entitled to any prize won or a refund of amounts bet. This policy prohibiting persons underage, persons illegally entering the premises, and persons self-barred from winning prizes shall be prominently displayed on the premises of the video lottery agent.

7.7 Agents shall redeem credit slips, tokens, or video lottery machine credits presented by a player in accordance with procedures proposed by the agent and approved by the Director prior to the opening of the premises for video game play. Such procedures shall be modified at the direction of the Director in his or her sole discretion at any time. Nothing in this subsection (7.7) shall prohibit the use of coin-in/coin-out machines. Players claiming prizes may be required to present sufficient identification as required by the agency.

7.8 Credit slips and prize claim forms may be redeemed by a player at the designated place on the premises where the video game issuing the credit slip or prize claim form is located during the 1 year redeeming period commencing on the date the credit slip or prize claim form was issued.

7.9 No credit slip or prize claim shall be redeemed more than 1 year from the date of issuance. No jackpot from a coin-in/coin-out machine shall be redeemed more than 1 year from the date on which the jackpot occurred. Funds reserved for the payment of a credit slip or expired unclaimed jackpot shall be treated as net proceeds if unredeemed 1 year from the date of issuance of the credit slip or occurrence of the winning jackpot. The 1 year redemption policy in this regulation shall be prominently displayed on the premises of the video lottery agent.

7.9.1 No person may play or attempt to play credits on a video lottery machine that were won by another player on that machine and inadvertently or accidentally left on the machine by the original player. Any such play of another person's credits shall be treated as void and the person who plays another player's credits that were accidentally left on the machine shall not be entitled to any prize won or a refund. The tracks shall prominently post this policy on the premises.

7.9.2 Any unclaimed credits left on a video lottery machine shall revert to the agency after a 1-year period.

7.10 No payment for a credit slip or a prize claim form for a prize awarded on a video lottery machine may be made unless the credit slip or prize claim form meets the following requirements:

7.10.1 It is presented on a fully legible, valid, printed credit slip on paper approved by the agency, containing the information as required;

7.10.2 It is not mutilated, altered, unreadable, or tampered with in any manner, or previously paid;

7.10.3 It is not counterfeit in whole or in part; and

7.10.4 It is presented by a person authorized to play.

7.11 Method of Payment. The management of each licensed agent shall designate employees authorized to redeem credit slips during the hours of operation. Credits shall be immediately paid in cash or by check when a player presents a credit slip for payment meeting the requirements of this section.

7.12 Restrictions on Payment. Agents may only redeem credit slips for credits awarded on video lottery machines located on its premises. The agency and the State of Delaware are not liable for the payment of any credits on any credit slips.

7.13 Redeemed Tickets Defaced. All credit slips redeemed by a licensed agent shall be marked or defaced in a manner that prevents any subsequent presentment and payment.

7.14 Liability for Malfunction. The agency and the State of Delaware are not responsible for any video lottery machine malfunction or for any error by the agent that causes credit to be wrongfully awarded or denied to players.

7.15 Self-Excluded Players

7.15.1 Request for Self-Exclusion; Form

7.15.1.1 Any person may have his or her name placed on the self-exclusion list by submitting a request for self-exclusion in the form and manner required by these regulations. Such self-exclusion form

must include the following information concerning the person submitting the request for self-exclusion:

7.15.1.1.1 Their name, including any aliases or nicknames;

7.15.1.1.2 Their date of birth;

7.15.1.1.3 Their address of current residence;

7.15.1.1.4 The telephone number of their current residence or their cell phone number;

7.15.1.1.5 Their social security or individual taxpayer identification number;

7.15.1.1.6 Their physical description, including height, weight, gender, hair color, eye color, and any other physical characteristic that may assist in the identification of the person;

7.15.1.1.7 The length of minimum self-exclusion requested by the person, which may be 1 year, 5 years, or for the lifetime of the person;

7.15.1.1.8 A waiver and release, which shall release and forever discharge the State of Delaware, its employees, and agents, and all agents, their employees, and their agents from any liability to the person requesting self-exclusion and his or her heirs, administrators, executors, and assigns for any harm, monetary or otherwise, which may arise out of or by reason of any act or omission relating to the request for self-exclusion or request for removal from the self-exclusion list, including:

7.15.1.1.8.1 Its processing or enforcement;

7.15.1.1.8.2 The failure of a video lottery agent to prevent video lottery or table game play by a self-excluded person, or the failure by the agent to restore the ability of self-excluded person to play video lottery machines or table games;

7.15.1.1.8.3 Permitting a self-excluded person to engage in video lottery or table game play at a video lottery agent's premises while on the list of self-excluded persons; and

7.15.1.1.8.4 Disclosure of the information contained in the self-exclusion request or list, except for a willfully unlawful disclosure of such information.

7.15.1.1.9 Their signature and the following statement:

"I am voluntarily requesting exclusion from all gaming activities at all licensed Delaware video lottery agents because I am a problem gambler. I certify that the information provided above is true and accurate. I have read, understood, and agreed to the waiver and release included with this request for self-exclusion. I am aware that my signature below authorizes the Delaware Lottery and the DGE to direct all licensed video lottery agents to prohibit my access to all video lottery facilities in accordance with this request until such time as the Delaware Lottery removes my name from the self-exclusion list in response to my written request to terminate my voluntary self-exclusion, unless, however, I have requested to be excluded for life. I am aware (and agree) that during any period of self-exclusion, I shall not collect any winnings or recover any losses resulting from any gaming activity at any licensed video lottery agents' premises. I am aware (and agree) that while I am on the self-exclusion list, any money or thing of value that I obtain from, or am owned by, a licensed video lottery agent from playing video lottery games or table games will be subject to forfeiture."

7.15.1.1.10 The type of identification credentials the lottery office examined, which must contain the signature of the person requesting self-exclusion, and whether said credentials included a photograph and general physical description of the person; and

7.15.1.1.11 The signature of an authorized lottery office employee who accepted the person's request for self-exclusion. The lottery office employee must indicate on the form that the signature of the person on the request for self-exclusion appears to agree with the signature contained on his or her identification credentials and that any photograph and physical description of the person appears to agree with his or her actual appearance.

7.15.1.2 Any person requesting placement on the self-exclusion list shall submit a completed self-exclusion form to the Delaware State Lottery as required in this regulation. Any person submitting a self-exclusion form shall be required to provide valid government issued photo identification. The Delaware State Lottery requires a photograph from each person who requests self-exclusion pursuant to this regulation and upon submission of the self-exclusion form.

7.15.2 Self-exclusion list.

7.15.2.1 The lottery office shall maintain the official self-exclusion list and shall notify each video lottery agent of any addition to or deletion from the list by mailing a notice to each video lottery agent. The lottery office shall make available copies of the official self-exclusion list to the DGE as well as the documents required by subsection 7.15.1.

7.15.2.2 Each video lottery agent shall maintain its own copy of the self-exclusion list. In addition, each video lottery shall establish procedures to ensure that its copy of the self-exclusion list is updated

and that all appropriate employees and agents of the video lottery agent are notified of any addition to or deletion from the list within 48 hours after the notice is mailed by the lottery office. The notice mailed by the lottery office shall include the information regarding the excluded person that is listed in subsections 7.15.1.1.1 through 7.15.1.1.8 and a copy of the photograph that the lottery office or DGE took of the excluded person.

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

7.15.4 No video 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, a video lottery agent may disclose the name of and information about a self-excluded person to appropriate employees of another video lottery agent for the purpose of alerting other video lottery agents that a self-excluded person has tried to play a video lottery machine or table game or obtain access to the premises of a video lottery agent.

7.15.5 Duties of Video Lottery Agent

7.15.5.1 Each video lottery agent shall establish procedures that are designed, to the greatest extent practicable, to:

7.15.5.1.1 Permit appropriate employees of the video lottery agent to identify a self-excluded person when present in a video lottery facility and, upon such identification, notify:

7.15.5.1.1.1 Those employees of the video lottery agent designated to monitor the presence of the self-excluded persons;

7.15.5.1.1.2 Designated representatives of the lottery office and the DGE.

7.15.5.1.2 Refuse access to the premises for any self-excluded person;

7.15.5.1.3 Deny check cashing privileges, player club membership, complimentary goods and services, and other similar privileges and benefits to any self-excluded person;

7.15.5.1.4 Ensure that self-excluded persons do not receive, from the video lottery agent any solicitations, targeted mailings, telemarketing promotions, player club materials or other promotional materials relating to video lottery or table game activities at the video lottery agent's premises;

7.15.5.2 Each video lottery agent shall submit to the lottery office and the DGE, a copy of its procedures established to comply 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 office and the DGE at least 3 business days prior to the implementation. If the lottery office and the DGE do not object to said procedures or amendments thereto, such procedures or amendments shall be deemed to be approved.

7.15.5.3 If any agent recognizes a self-excluded person entering or attempting to enter any video lottery premises, the agent shall immediately notify the lottery office, the Lottery Commission, and DGE of such fact. The agent shall also take all reasonable steps to initiate and maintain video surveillance of the self-excluded person if they are on video lottery premises and securely retain any ensuing recordings until directed otherwise by the lottery office or DGE.

7.15.6 Removal from Self-Exclusion List

7.15.6.1 Except for those persons choosing a lifetime self-exclusion, any self-excluded person may, upon the expiration of the period of self-exclusion requested pursuant to subsection 7.15.2, request removal of his or her name from the self-exclusion list by submitting a completed request for removal as required in subsection 7.15.6.2 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.

7.15.6.2 A request for removal from the self-exclusion list shall be in a form prescribed by the Lottery, which form shall include:

7.15.6.2.1 The identifying information specified in subsection 7.15.1.1;

7.15.6.2.2 The signature of the person requesting removal from the self-exclusion list indicating acknowledgment of the following statement:

"I certify that the information that I have provided above is true and accurate. I am aware that my signature below constitutes a revocation of my previous request for self-exclusion, and I authorize the Delaware Lottery to permit all video lottery agents to reinstate my video lottery and table games privileges at licensed video lottery premises;"

7.15.6.2.3 The type of identification credentials examined containing the signature of the person requesting removal from the self-exclusion list, and whether said credentials included a photograph and general physical description of the person; and,

7.15.6.2.4 The signature of a Lottery or DGE employee authorized to accept such request, indicating that the signature of the person on the request for removal from the self-exclusion list appears to agree with that contained on his or her identification credentials and that any photograph and physical description appears to agree with his or her actual appearance.

7.15.6.3 The Lottery shall delete the name of the person requesting the removal from the self-exclusion list and notify each video lottery agent of such removal by mailing a notice to each video lottery agent.

7.16 Involuntary Exclusion

7.16.1 Maintenance and distribution of excluded persons list

7.16.1.1 The Director shall maintain an updated master exclusion list pursuant to this subsection and shall notify all agents in writing of any additions to or deletions from the exclusion list. Each agent shall acknowledge receipt of the notice in writing. An updated master exclusion list shall be maintained by each agent. The lottery office shall make available a current copy of the official exclusion list to the DGE and upon request to any agent.

7.16.1.2 The list shall be open to public inspection.

7.16.1.3 Each video lottery agent shall have the responsibility to distribute copies of the exclusion list to its employees. Any additions, deletions, or other updates to the exclusion list shall be distributed by each video lottery agent to its employees within 2 business days of receipt of such updates from the Director.

7.16.2 Criteria for exclusion. The exclusion list may include any person who meets any of the following criteria:

7.16.2.1 Prior conviction of a crime which is a felony in this state or under the laws of the United States; or a crime involving moral turpitude; or a violation of the gaming laws of any state;

7.16.2.2 Violation or conspiracy to violate any of the provisions of 11 **Del.C.** §1471;

7.16.2.3 The failure to disclose an interest in a video lottery facility for which the person must obtain a license; or

7.16.2.4 Willful evasion of fees or taxes;

7.16.2.5 Notorious or unsavory reputation which would adversely affect public confidence and trust that the Delaware Lottery is free from criminal or corruptive elements; or

7.16.2.6 Written order of a governmental agency which authorizes the exclusion or ejection of the person from an establishment at which gaming or pari-mutuel wagering is conducted.

7.16.2.7 A career or professional offender whose presence in a video lottery facility would be inimical to the interest of the State of Delaware or of lottery operations therein;

7.16.2.8 An associate of a career or professional offender whose association is such that his or her presence in a video lottery facility would be inimical to the interest of the State of Delaware or of lottery operations therein;

7.16.2.9 Any person whose presence in a video lottery facility would be inimical to the interest of the State of Delaware or of lottery operations therein, including, but not limited to:

7.16.2.9.1 Cheats;

7.16.2.9.2 Persons whose privileges for licensure have been revoked;

7.16.2.9.3 Persons who pose a threat to the safety of the patrons or employees of a video lottery agent; and

7.16.2.9.4 Persons with a documented history of conduct involving the undue disruption of the video lottery and/or table games operations of video lottery agents.

7.16.2.10 For purposes of this subsection, a person's presence may be considered "inimical to the interest of the State of Delaware or of lottery operations therein" if known attributes of such person's character and background:

7.16.2.10.1 Are incompatible with the maintenance of public confidence and trust in the credibility, integrity and stability of lottery operations;

7.16.2.10.2 Could reasonably be expected to impair the public perception of, and confidence in, the Lottery or its regulatory processes; or

7.16.2.10.3 Would create or enhance a risk of the fact or appearance of unsuitable, unfair or illegal practices, methods or activities in the conduct of lottery operations or in the business or financial arrangements incidental thereto.

7.16.2.11 A finding of inimicality may be based upon the following:

7.16.2.11.1 The nature and notoriety of the attributes of character or background of the person;

7.16.2.11.2 The history and nature of the involvement of the person with lottery operations in Delaware or with licensed gaming in any other jurisdiction;

7.16.2.11.3 The nature and frequency of any contacts or associations of the person with any video lottery agents or with any employees thereof; or

7.16.2.11.4 Any other factor reasonably related to the maintenance of public confidence in the efficacy of the regulatory process and the integrity of lottery operations, video lottery agents and their employees.

7.16.2.12 In considering placement on the exclusion list, it shall be improper to discriminate on any basis prohibited by §711(a) of Title 19.

7.16.3 Duties of the Director, Lottery Commission, and the DGE

7.16.3.1 The DGE shall promptly investigate any individual who would appear to be an appropriate candidate for placement on the exclusion list. If, upon completion of an investigation, the Director of the DGE determines that the person so investigated satisfies the criteria for exclusion, the DGE shall file a verified petition with the Director as set forth in 29 **Del.C.** §4835(a) and request that the person be placed on the exclusion list. The verified petition shall state with particularity the reasons why the person satisfies the criteria for exclusion~~,~~ and shall also contain all identifying information required in subsection 7.18.4.7.

7.16.3.2 Upon receipt of a verified petition that complies in form and substance with 29 **Del.C.** §4835 and these regulations, the Director shall place the person so named on the exclusion list. Whenever the name and description of any person is placed on the exclusion list pursuant to this subsection, the Director shall serve notice of such fact to such person:

7.16.3.2.1 By personal service;

7.16.3.2.2 By certified mail to the last known address of such person; or

7.16.3.2.3 By publication daily for 1 week in 1 of the principal newspapers published in the city of Dover and in 1 of the principal newspapers published in the city of Wilmington, Delaware.

7.16.3.3 Within 30 days after service by mail or in person or 60 days after the last publication, the person named may request a hearing before the Lottery Commission and show cause why he should have his name taken from such a list. Failure to request a hearing within the time allotted in this section precludes the person from having an administrative hearing, but in no way affects his right to petition for judicial review.

7.16.3.4 Upon receipt of a request for hearing, the Lottery Commission shall set a time and place for the hearing. This hearing must not be held later than 30 days after receipt of the request for the hearing, unless the time of the hearing is changed by the Lottery Commission with the agreement of the DGE and the person demanding the hearing. At the hearing, the DGE shall have the affirmative obligation to establish a reasonable basis that the person named for exclusion satisfies the criteria for exclusion established by statute and these regulations. The Lottery Commission may admit any relevant evidence, except that it shall observe the rules of privilege recognized by law. The Lottery Commission may exclude any evidence which is irrelevant, unduly repetitious, or lacking a substantial probative effect. A record shall be made of all hearings and all witnesses shall be sworn and subject to cross examination.

7.16.3.5 If, upon completion of the hearing, the Lottery Commission determines that:

7.16.3.5.1 The DGE has not met its burden of proof, the Lottery Commission shall prepare and issue a written decision and order that sets forth its findings of fact and conclusions of law, includes a statement that the person's name must be removed from the exclusion list, directs the Director to notify all agents of the person's removal from the exclusion list, and directs the Director to serve a copy of its written decision and order on the person so named; or

7.16.3.5.2 Placing the excluded person on the exclusion list was proper, in which case the Lottery Commission shall prepare and issue a written decision and order that sets forth its findings of fact and conclusions of law, includes a statement that the person's name must remain on the exclusion list, and directs the Director to serve a copy of its written decision and order on the person so named.

7.16.3.6 The Director shall serve the Lottery Commission's written decision and order on the person whose name will be removed from the exclusion list or whose name will remain on the exclusion list in one of the manners listed in subsections 7.17.4.2.1, 7.17.4.2.2, or 7.17.4.2.3. This written decision and order are subject to review in the Superior Court, which shall have exclusive jurisdiction over appeals of exclusion listings from the Lottery Commission.

7.16.3.7 The Director may revoke, limit, condition, or suspend the license of a video lottery agent, or impose a fine or other monetary penalty, if that video lottery agent knowingly fails to exclude or eject from its premises any excluded person.

7.16.3.8 The Director may revoke, limit, condition, or suspend the license of a video lottery agent, or impose a fine or other monetary penalty, if that video lottery agent knowingly fails to exclude or eject from its premises any person placed on the list of persons to be excluded or ejected. This written decision and order are subject to review in the Superior Court, which shall have exclusive jurisdiction over appeals of exclusion listings from the Lottery Commission.

7.16.4 Information contained on the list of excluded persons

7.16.4.1 The following information and data shall be provided for each excluded person:

7.16.4.1.1 The full name and all aliases the person is believed to have used;

7.16.4.1.2 A description of the person's physical appearance, including height, weight, type of build, color of hair and eyes and any other physical characteristics which may assist in the identification of the person;

7.16.4.1.3 Date of birth;

7.16.4.1.4 The effective date of the order mandating the exclusion or ejection of the person named therein;

7.16.4.1.5 A photograph, if obtainable, and the date thereof;

7.16.4.1.6 Such other miscellaneous information as is deemed necessary by the Director for the enforcement of this regulation.

7.16.5 Duties of video lottery agents

7.16.5.1 A video lottery agent shall exclude or eject the following persons from its video lottery facility:

7.16.5.1.1 Any excluded person; or

7.16.5.1.2 Any person known to the agent to satisfy the criteria for exclusion set forth in these regulations.

7.16.5.2 If an excluded person enters, attempts to enter, or is in a video lottery facility and is recognized by the agent, the agent shall immediately notify the Lottery Commission and DGE of such fact. The agent shall also take all reasonable steps to initiate and maintain video surveillance coverage of the person while he/she is on the premises and securely retain any ensuing recordings until directed otherwise by the Lottery and/or DGE.

7.16.5.3 The Director may, upon request of any video lottery agent or any person who has been excluded or ejected from a video lottery facility pursuant to subsection 7.16.5.1, refer a matter to the DGE for investigation to determine whether such person meets the criteria for exclusion.

7.16.5.4 It shall be the continuing duty of a video lottery agent to inform the DGE in writing of the names of persons it believes are appropriate for placement on the exclusion list.

7.16.6 Petition to remove name from exclusion list

7.16.6.1 An excluded person may petition the Lottery Commission to request a hearing concerning his or her removal from the list at any time after 5 years from the placement of such person on the list.

7.16.6.2 The petition shall be verified under oath by a notary public, with supporting affidavits, and shall state with particularity the grounds believed by the petitioner to constitute good cause for his removal from the list. Upon receipt of such petition, the Lottery Commission shall request the DGE to update its previous investigation of the excluded person, to include an examination of the claims set forth in the verified petition.

7.16.6.3 Upon the receipt of the results of the DGE investigation, the Lottery Commission may summarily deny the petition or may grant the petition and direct that a hearing be held. The Lottery Commission shall grant the petition only upon a finding that there is new evidence which is material and necessary, or that circumstances have changed since the placement of the excluded person on the list, and that there would be a reasonable likelihood that the Lottery Commission would alter its previous decision.

7.16.6.4 Any excluded person who is barred from requesting a hearing concerning his or her removal from the list by subsection 7.16.6.1 may petition the Lottery Commission for early consideration at any time; provided, however, that no excluded person may, within the 5-year period of exclusion, file more than 1 such petition. Such petition shall be verified, with supporting affidavits, and shall state with particularity any grounds upon which exclusion was based, and the facts and circumstances which warrant the relief sought. Upon receipt of such petition, the Lottery Commission shall request the DGE to update its previous investigation of the excluded person, including but not limited to an examination of the claims set forth in the verified petition. Upon the receipt of the results of the DGE investigation, the Lottery Commission may summarily deny the petition or may grant the petition and direct that a hearing be held. The Lottery Commission shall grant the petition only upon a finding that there exist extraordinary facts and circumstances warranting early consideration of the excluded person's request for removal from the list.

7.17 Forfeiture of Winnings by Prohibited Person

7.17.1 If any prohibited person obtains any money or thing of value ("winnings") from gaming activity in a video lottery facility, the prohibited person shall forfeit the winnings and shall not transfer them to anyone else.

7.17.2 Within 30 days after a prohibited person forfeits any winnings, the prohibited person may request a hearing from the Director. Failure to demand a hearing within the time allotted in this subsection precludes the prohibited person from having an administrative hearing, but in no way affects his right to petition for judicial review.

7.17.3 Upon receiving a written demand for a hearing, the Director or his designee shall set a time and place for the hearing. This hearing must be held not later than 30 days after the Director receives the written

demand, unless the time of the hearing is changed by the Director or his designee, with the agreement of the prohibited person. At the hearing, the prohibited person shall have the obligation to demonstrate by clear and convincing evidence that the forfeiture determination was in error.

7.17.4 If, upon completion of the hearing, the Director or his designee determines that the prohibited person has met that person's burden of proof, the Director will enter an order to that effect. The Director or his designee will then send a copy of the written notice to the agent and direct it to distribute the winnings to the prohibited person. If, however, upon completion of the hearing, the Director or his designee finds that the prohibited person has not met their burden of proof, the Director or designee will enter an order to that effect, and the winnings will remain in forfeiture.

7.17.5 If the prohibited person fails to file a timely written request for a hearing or loses a hearing on the forfeiture decision and 60 days have passed, the forfeited winnings shall be forwarded to the lottery office and will be sent to the Delaware Department of Health and Social Services, Division of Substance Abuse and Mental Health to be applied to funding programs for the treatment, education and assistance of compulsive gamblers and their families.

7.18 Promotional Video Lottery Tournaments

7.18.1 The lottery office will be solely responsible for the procurement of any modified video lottery terminals ("Promotional Tournament Terminals") to be used by an agent for promotional tournaments. A Promotional Tournament Terminal will be modified so that at a minimum, it does not contain any bill acceptor, coin acceptor, or hopper. A blank plate must replace the bill acceptor or coin acceptor on the Promotional Tournament Terminal.

7.18.2 If an agent wishes to obtain Promotional Tournament Terminals, the agent must submit a written request to the lottery office. Under 29 **Del.C.** §4820(b), agents may have a maximum of 30 video lottery machines used exclusively for promotional tournaments in which players are not required to pay any fee to participate. Agents must send to the lottery office a request for a promotional tournament on a Promotional Tournament Request Form that the lottery office will make available. Any request to hold a promotional tournament must contain the following:

7.18.2.1 The number of Promotional Tournament Terminals requested;

7.18.2.2 A description of the location where the Promotional Tournament Terminal will be stored or installed on the agent's premises; and

7.18.2.3 A description of the agent's security plan for the Promotional Tournament Terminals when they are in storage and when they are being used for promotional tournaments.

7.18.3 The lottery office with lease or purchase Promotional Tournament Terminals and provided these to the agents to use for promotional tournaments.

7.18.4 An agent may store the Promotional Tournament Terminals in a secure, locked room when the machines are not being used for approved promotional tournaments. The locked storage area must be under surveillance at all times. The storage area must be approved by the lottery office. The agent must control access to the locked storage area that holds the Promotional Tournament Terminals. The agent's security team will maintain and control the key to this area with a sign-in and sign-out log. If an agent installs Promotional Tournament Terminals on a permanent basis on its gaming floor, the Promotional Tournament Terminals will be subject to the lottery office's minimum standards for security, and the terms of these regulations. Promotional Tournament Terminals will be available only during scheduled tournaments approved by the lottery office.

7.18.5 All Promotional Tournament Terminals located at an agent's gaming facility must have the same CPU lock. This lock must be different than the locks used on other video lottery terminals in the State of Delaware. In addition, the DGE will maintain the CPU keys, unless the lottery office otherwise directs.

7.18.6 After the independent laboratory designed by the lottery office conducts its standard review and gives its approval, all EPROM chips and programming disks must be sent to the lottery office to be certified for use in promotional tournament games, unless otherwise directed by the lottery office. EPROM chips will be taped when installed in the Promotional Tournament Terminals under the supervision of the lottery office. The lottery office and members of the DGE will be the only persons permitted to access the logic area and chips of the Promotional Tournament Terminals, unless otherwise directed by the lottery office.

7.18.7 Any agent who wishes to conduct a promotional tournament using the Promotional Tournament Terminals must first obtain the approval of the lottery office. The agent must complete a Promotional Tournament Request Form that will be available from the lottery office. The Promotional Tournament Request Form will require, at a minimum, the following:

7.18.7.1 The date(s) and time(s) when the tournament will be held;

7.18.7.2 The rules for the tournament;

7.18.7.3 The location of the tournament; and

7.18.7.4 Security and surveillance arrangements for the tournament.

7.18.8 The play area for Promotional Tournament Terminals must comply with the normal game security and surveillance requirements for all other video lottery machines under these regulations. If the lottery office

approves an agent's request to conduct promotional tournaments, that approval will also constitute approval for the movement of any Promotional Tournament Terminals.

7.18.9 Agents shall not hold any promotional tournaments until after the lottery office has reviewed and approved the agent's Promotional Tournament Request Form and distributed copies of the completed form to the appropriate parties.

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8.0 Accounting and Distribution Procedures; Forms, Records and Documents

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

8.2 Each agent and service company 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.

8.2.1 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 video lottery agents and to compile information regarding the performance and trends of the table game and video lottery industry in the State of Delaware.

8.2.2 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.

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

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

8.2.5 Each video lottery agent and service company, unless specifically exempted by the agency, shall conduct its operations in accordance with the Internal Control Submission approved by the Director and to meet the minimum requirements set forth in the agency's Minimum Internal Control Standards (MICS).

8.3 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 service company. To such end, the agents and service companies shall fully cooperate with whomever undertakes the audit.

8.4 The agency shall provide licensed service companies with the protocol documentation data necessary to enable the respective video lottery machines to communicate with the agency's central computer when transmitting the auditing program information and controls approved by the agency.

8.5 The net video lottery game proceeds and gross table game revenue of the agent's operations shall be remitted daily or weekly to the agency at the discretion of the Lottery Director through the electronic transfer of funds to an EFT account segregated and held in trust for the agency. To the extent, if any, that such daily or weekly 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 to 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.

8.6 The agency is not responsible for resolving discrepancies which are differences between actual money collected and the amount shown on the accounting meters or billing statement. Further, the agency is not responsible for the loss or theft of money prior to its deposit in the agency's account in the bank.

8.7 Agents shall comply with 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.

8.8 Any discrepancy regarding settlement of accounts will be resolved by the Director as he or she deems appropriate.

8.9 Each agent shall maintain complete, accurate, and legible records of all transactions pertaining to revenue and gaming activities. Each agent shall maintain detailed, supporting, subsidiary records sufficient to meet the following:

8.9.1 Individual and statistical game records to reflect statistical drop, statistical win, and the percentage of statistical win to statistical drop by each table game, and to reflect statistical drop, statistical win, and the percentage of statistical win to statistical drop for each type of table game, by day, cumulative month-to-

date and year-to-date, and individual and statistical game records reflecting similar information for all other games;

8.9.2 Records of all patron counter checks initially accepted by the agent, deposited by the agent, returned to the agent as "uncollected," and ultimately written-off as uncollectible;

8.9.3 Records supporting the accumulation of the costs and number of persons, by category of service, for regulated complimentary services;

8.9.4 Records which identify the purchase, receipt, and destruction of gaming chips and plaques.

8.9.5 Records to comply with all federal financial record keeping requirements of Title 31 Code of Federal Regulations, part 103; and

8.9.6 All records provided for in the MICS and the approved system of internal accounting controls as required.

8.10 If the agent fails to maintain the records used by it to calculate the gross revenue from the operation of table games, the agency may compute and determine the amount upon the basis of an audit conducted by the agency using available information.

8.10.1 For table games, gross revenue means the total dollar amount that is won by the agent through play at live table games as defined in Section 2.0 of these regulations

8.10.2 For each card game and any other game in which the agent is not a party to a wager, gross revenue equals all money received by the operation as compensation for conducting the game.

8.11 All information required to be placed on any form, record, or document and in stored data shall be recorded on such form, record, or document and in stored data in ink or other permanent form. Whenever duplicate or triplicate copies are required of a form, record, or document the name of the recipient receiving a copy shall be preprinted on the bottom of that copy so as to differentiate one from the other.

8.12 Serial numbers on manual forms shall be printed on the form by the manufacturer and computerized forms shall be sequentially numbered by the computer.

8.13 The accounting department shall be responsible for receipt, control and issuance of all pre-numbered forms and appropriate documentation shall be maintained to account for the forms. Whenever serial numbers are required to be accounted for or copies of forms are required to be compared for agreement and exceptions are noted, such exceptions shall be reported immediately in writing to management and the agency for investigation.

8.14 The agent shall establish an inventory system of retained documents that facilitates their preservation, includes an indexing system, makes them readily available for review or copying by regulatory authorities and other authorized individuals or groups, and provides procedures for destruction.

9.0 Maintenance of Video Lottery Machines

9.1 No video lottery machine may be placed in operation in Delaware until the service company has provided its personnel with sufficient and appropriate training in the service and repair of each of its approved video lottery machine models.

9.2 Each service company shall service and maintain its video lottery machines, current software, and associated equipment in the manner and condition required by the agency and in accordance with its contractual arrangements.

9.3 A MEAL shall be kept for each video lottery machine. Every person, including agency personnel, who gains entry into any internal space of a video lottery machine shall indicate the time and reason for entry in the MEAL. The MEAL shall be retained by agents for a period of 3 years from the date of the last entry. The MEAL shall be made available upon request for inspection by the agency.

9.4 Service companies shall provide the agency or its designee upon request with a master key for access into each locked compartment of each video lottery machine placed in operation (i.e., cash box, main cabinet, logic box).

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10.0 Transportation, Registration, and Location of Video Lottery Machines

10.1 No person shall ship or transport a video lottery machine into the State without first obtaining a written authorization for such transport from the Director or designee. Shipping requests should be submitted 5 days prior to shipping, when possible. Transporting or shipping into the State means the starting point is outside the State and terminates in the State. Any person shipping a video lottery machine into Delaware shall provide the agency in writing at the time of shipment the following information on forms required by the agency:

10.1.1 The full name and address of the person shipping the video lottery machines;

10.1.2 The method of shipment and the name of the carrier;

10.1.3 The full name and address of the person to whom the video lottery machines are being sent and the destination of said terminals, if different from the address;

10.1.4 The number of video lottery machines in the shipment;

10.1.5 The serial number of each video lottery machine in the shipment;

10.1.6 The model number and description of each video lottery machine in the shipment; and
10.1.7 The expected arrival date of the video lottery machines at their respective destination within Delaware.

10.2 The agency will maintain forms for video lottery machines installed containing the following information:
10.2.1 The full name and address of the person receiving the video lottery machines;
10.2.2 The full name and address of the person from whom the video lottery machines were received;
10.2.3 The serial number of each video lottery machine received;
10.2.4 The model number and description of each video lottery machine received;
10.2.5 The manufacturer of each video lottery machine received;
10.2.6 The location where each video lottery machine will be placed; and
10.2.7 The expected date and time of video lottery machine installation.

If the video lottery machine will not be placed in operation, the service company shall notify the agency of the address where said terminal is to be warehoused or otherwise kept. Prior to use, the storage facility shall be inspected and approved for video lottery machine storage by the agency and DGE.

10.3 Transporting of video lottery machines within the State of Delaware shall be accomplished by the service company or his designate, with the concurrence of the Director or designee. Shipping requests should be submitted 5 days prior to shipment, when possible. Video lottery agents are not authorized to transport video lottery machines at any time without agency approval. Any person transporting a video lottery machine from one location to another within the State, shall notify the agency in writing prior to the transportation of said video lottery machine and shall provide the following information on forms required by the agency:
10.3.1 The full name and address of the person transporting the video lottery machine;
10.3.2 The reason for transporting the video lottery machine;
10.3.3 The full name and address of the person where the video lottery machine is currently located;
10.3.4 The full name and address of the person to whom the terminal is being sent and the destination of the video lottery machine, if different from the address;
10.3.5 The serial and model numbers of each video lottery machine received;
10.3.6 The manufacturer of the video lottery machine; and
10.3.7 The expected date and time of video lottery machine installation.

This requirement does not apply to the movement of video lottery machines within the same location.

10.4 Any person shipping video lottery machines out of the State shall first obtain written agency approval prior to the shipment and shall provide the agency with the following information on forms required by the agency:
10.4.1 The full name and address of the person shipping the video lottery machines;
10.4.2 The method of shipment and the name of the carrier;
10.4.3 The full name and address of the person to whom the video lottery machines are being sent and the destination of the video lottery machines if different from the address;
10.4.4 The serial number of each video lottery machine being shipped;
10.4.5 The model number and description of the video lottery machine being shipped;
10.4.6 The name of the manufacturer of the video lottery machine being shipped; and
10.4.7 The expected date and time of the shipment.

10.5 All table games and video lottery machines located at an agent's premises shall be placed as follows:
10.5.1 In an area which is at all times monitored by the agent, manager or an employee of the licensed agent to prevent access or play of video lottery machines by persons under the age of 21;
10.5.2 Initial locations for video lottery machines within an agent's business require prior approval by the agency and shall be accomplished by the service company; and
10.5.3 Any relocation of video lottery machines within an agent's business requires prior approval by the agency.
10.5.4 The initial installation of any new video lottery machine at an agent's premises requires the presence of an agency representative.

10.6 Section 10.0 shall not apply to video lottery machines which at no time are or have been located on an agent's premises. Provided, however, that all Section 10.0 requirements are applicable to video lottery machines prior to their arrival at an agent's premises. Provided, further, that agents shall not transport video lottery machines, without agency approval, regardless of whether they are or have been located on an agent's premises.

10.7 Project Request Forms
10.7.1 A video lottery agent or service company must complete a Project Request Form whenever it seeks approval for the movement of table games or video lottery terminals or for other modifications or changes to video lottery terminals or table games and other gaming related equipment.
10.7.2 A Project Request Proposal Form must be submitted whenever an agent or service provider seeks: i) to move or modify a table game, related gaming equipment, or a video lottery machine on the premises; ii) to convert a game theme on a video lottery machine; iii) to convert the play denomination on a video lottery machine; iv) to change the percentage payout on a video lottery machine; v) to change any software on a video lottery machine; vi) to change the jackpot lockup amount on a video lottery machine;

vii) to change the configuration of a video lottery machine; viii) to perform a wholesale replacement of parts of a video lottery machine.

10.7.3 The Project Request Form must be fully completed and include the following: 1) a description of type of project proposed; 2) a listing of project location and project start date and time; 3) a listing of project end date and end time; 4) project estimated "go live" date; 5) authorization by the agent's representative; 6) pertinent schedule and any other relevant information related to the request; 7) authorization by a designated representative(s) of the affected service company or companies.

10.7.4 The video lottery agent or service company will submit the completed Project Request Form to the Lottery's Central System Provider for review and a signed authorization. If approved by the Central System Provider, the Central System Provider will then forward the Project Request Form to the Lottery for review. If the Project Request Form is in order, the Lottery will approve the Project Request Form and provide a signed copy to the video lottery agent, and any other affected parties.

10.7.5 The video lottery agent is responsible for notifying Security and Surveillance of any approved Project and for arranging sufficient staffing to complete the project in a timely manner.

10.7.6 No project is approved until the Lottery has signed the Project Request Form and distributed copies of the completed form to the appropriate parties. The Lottery will strictly enforce the approved start and end time on the Project Request Form. No video lottery agent or service provider under any circumstances will be permitted to shut down or otherwise modify any table games or video lottery terminal prior to the approved start time or after the approved end time listed on a Project Request Form without written approval from the Lottery Office.

10.7.7 A video lottery agent must notify the Lottery Office if any project is cancelled or not completed as originally submitted based on a decision of the video lottery agent. A service company must notify the Lottery Office if any project is cancelled or not completed as originally submitted based on a decision of the service company.

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11.0 Standards for Advertising, Marketing and Promotional Materials

11.1 All advertising, marketing and promotional materials, related to table games or the video lottery or referencing table games or the video 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 prior to 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, such as in the size of a billboard.

11.2 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.

12.0 Foregoing Video Lottery Opportunities

12.1 Any person who qualifies pursuant to the requirements contained in 29 **Del.C.** §4821 may elect to forego the opportunity to become a video lottery agent by notifying the Director and all other video lottery agents of such decision in writing.

12.2 The elector shall provide the Director with sufficient written documentation to enable the Director to determine whether the person qualifies for each annual payment provided for in §4821. If the Director requests additional information to facilitate such determination, the elector shall promptly supply it.

12.3 The Director shall notify all video lottery agents of his or her determination, within ten days of such determination, and of any obligation on the part of the video lottery agents to make the payments required pursuant to §4821.

12.4 The video lottery agents shall make the required payments within 30 days after receipt of notification by the Director.

12.5 An election to forego the opportunity to become a video lottery agent shall be effective for 1 year from the date of such election, after which time the elector may apply for a license to become a video lottery agent or may elect to forego such opportunity for an additional year.

13.0 Enforcement and Hearings

13.1 Except for those situations when the Director may issue an emergency order under 29 **Del.C.** §4830(i), the Director shall not deny, refuse to renew, or revoke any license for a key employee, a gaming employee, or a gaming room service employee unless he has first afforded the applicant or licensee an opportunity for a hearing on an appeal for reconsideration before the Lottery Commission.

13.2 If the Director determines that an applicant or licensee for a key employee, a gaming employee, or a gaming room service employee has not satisfied or continued to satisfy the license requirements for the granting or

retention of an application or license, a written notice of an intent to deny or revoke the application or license shall be served upon the applicant or licensee. The written notice shall include the reasons for the intended denial or revocation and shall advise the applicant or licensee of the right to request a hearing on an appeal for reconsideration before the Lottery Commission.

13.3 For a key employee, a gaming employee, or a gaming room service employee, an applicant or licensee who has received a notice of intent to deny an application or an intent to revoke or suspend a license shall have an opportunity to request a hearing on an appeal for reconsideration before the Lottery Commission within 30 days of receipt of the written notice.

13.4 If an applicant or licensee for a key employee, a gaming employee, or a gaming room service employee license desires a hearing on an appeal for reconsideration, it shall provide the Lottery Commission and Director with a written statement within 30 days of receipt of the notice of the intent to deny the application or intent to revoke or suspend the license. The statement shall contain the following:

13.4.1 Clear and concise reasons for appealing the decision of the Director;

13.4.2 A signed and sworn verification by the applicant or licensee that the information provided is true and accurate; and

13.4.3 The signature of the applicant or licensee as witnessed by and signed by a notary public.

13.5 If an applicant or licensee for a key employee, a gaming employee, or a gaming room service employee license fails to timely file an appeal for reconsideration or withdraws the appeal for reconsideration, the Director shall determine that there is a waiver of the right to a hearing and an admission of all allegations of fact set forth in the Director's notice of intent to deny or revoke a license. The Director shall take final action, including denying or revoking the key employee or gaming employee license.

13.6 The appeal for reconsideration shall be heard by the Lottery Commission, provided, however, that the Chairperson of the Lottery Commission may, in his discretion, designate a member of the Lottery Commission, or other qualified person other than an employee of the Lottery Commission, to serve as a hearing officer in a particular matter. The hearing shall be conducted within 30 days of the receipt of the letter of appeal unless extenuating circumstances require a longer period.

13.7 At the hearing, the Director or his designee shall be responsible for presenting the matter in support of his determination to the Lottery Commission, including calling witnesses, introducing any relevant evidence and making any necessary arguments.

13.8 Notice of the hearing shall be given by the Lottery Commission to the parties at least 20 days before the date it is to be held.

13.9 If the parties agree to a settlement prior to the conclusion of the hearing before the Lottery Commission or the designated hearing officer, a written stipulation signed by all parties shall be submitted to the Lottery Commission. The settlement shall be scheduled for disposition by the Lottery Commission at a public meeting at which the Lottery Commission shall:

13.9.1 Approve the settlement;

13.9.2 Approve the settlement as modified by the Lottery Commission with the consent of the parties;

13.9.3 Reject the settlement and schedule the matter for further proceedings; or

13.9.4 Take such action as the Lottery Commission deems appropriate.

13.10 No settlement shall be approved by the Lottery Commission unless the settlement agreement is voluntary, consistent with the law and fully dispositive of all issues in controversy.

13.11 An executed stipulation of settlement shall, upon approval by the Lottery Commission, be considered a withdrawal of an appeal for reconsideration and evidence of informed consent to such final Lottery Commission action as described therein.

13.12 The applicant or licensee may appear individually or by legal counsel. In the absence of the applicant or licensee, written evidence of a legal counsel’s authority shall be presented to the Lottery Commission in a form satisfactory to the Lottery Commission.

13.13 The applicant or licensee or his legal counsel may, with the approval of the Lottery Commission, 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.

13.14 The applicant or licensee shall be given an opportunity for argument within the time limits fixed by the Lottery Commission or designated hearing officer following submission of the evidence. The Lottery Commission or hearing officer, upon request of the applicant or 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 Lottery Commission or hearing officer.

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

13.16 A court reported record shall be made of all hearings, and all witnesses shall be sworn and subject to cross examination.

13.17 An applicant or licensee for a key employee, a gaming employee, or a gaming room service employee shall have the affirmative obligation to establish by clear and convincing evidence that the Director's determination was in error under the criteria for licensing established by 29 **Del.C.** §4830.

13.18 An applicant or licensee for a key employee, a gaming employee, or a gaming room service employee shall have the affirmative obligation to establish by clear and convincing evidence rehabilitation in accordance with 29 **Del.C.** §4830(d).

13.19 A written decision shall be rendered by the Lottery Commission, or by a designated hearing officer, setting forth findings of fact and conclusions of law within 45 days of the hearing unless extenuating circumstances require a longer period. An order shall be entered memorializing the decision.

13.20 A copy of the written decision and order of the Lottery Commission or hearing officer shall be submitted to the Director who shall serve the order and written decision upon the applicant or licensee and any attorney of record in person or by registered or certified mail.

13.21 In cases where the written decision is rendered by a designated hearing officer, a person aggrieved by the decision of the hearing officer may, within 30 days of the decision, file a notice of an intent to contest the findings of fact and conclusions of law of the hearing officer, which shall set forth the reasons for contesting the decision. A written response to the notice of intent to contest the findings of fact and conclusions of law may be filed within 20 days by the opposing party. Upon the filing of the notice of intent, the aggrieved person shall be afforded an opportunity to appear before the Lottery Commission within 30 days of said filing. The Lottery Commission may adopt, remand for further proceedings, modify or reverse the decision of the hearing officer, by written decision and order, within 45 days of the decision of the hearing officer. A copy of the written decision and order of the Lottery Commission shall be submitted to the Director who shall serve the order and written decision upon the applicant or licensee and any attorney of record in person or by registered or certified mail.

13.22 If a notice of intent is not filed in accordance with the timelines set forth herein, the matter shall be submitted to the Lottery Commission for final disposition. An order memorializing the decision of the Lottery Commission shall be entered within 45 days of the decision of the hearing officer. The Lottery Commission may adopt, remand for further proceedings, modify or reverse the decision of the hearing officer by written decision and order. A copy of the order of the Lottery Commission shall be submitted to the Director who shall serve the order upon the applicant or licensee and any attorney of record in person or by registered or certified mail.

13.23 A person aggrieved by a final decision or order of the Lottery Commission made after a hearing may obtain judicial review thereof by appeal to the Superior Court pursuant to §10142 of Title 29. The filing of an appeal shall not stay enforcement of the decision or order of the Lottery Commission unless a stay is obtained from the court upon application in accordance with the rules of court or from the Lottery Commission.

13.24 An applicant or licensee for a key employee or gaming employee license whose license has been revoked or whose application for a license has been denied shall be prohibited from reapplying for any license for a period of 5 years from the date of the order denying or revoking the license.

13.25 Any party may, within 10 days after the service of a final order of the Lottery Commission, file a motion for reconsideration which motion may seek to reopen the record. The motion shall be in writing and shall state the grounds upon which relief is sought. The Lottery Commission may grant such motion, under such terms and conditions as the Commission may deem appropriate, when the Lottery Commission finds just cause for reconsideration of the order based upon legal, policy or factual argument advanced by the movant or raised by the Lottery Commission on its own motion.

13.26 Any party may, within 1 year after the service of a final order of the Lottery Commission, file a motion to reopen the record based upon newly discovered evidence. The motion shall be supported by an affidavit of the moving party or counsel showing with particularity the materiality and necessity of the additional evidence and the reason why such evidence was not presented at the original hearing or on a motion for reconsideration. The Lottery Commission may grant such motion upon a showing that the newly discovered evidence is material and necessary, that sufficient reason existed for failure to present such evidence, and that the evidence is reasonably likely to change the final decision of the Lottery Commission. Upon reconsideration, the Lottery Commission may modify its decision and order as the additional evidence may warrant.

13.27 Any party may, within 1 year of the service of a final order of the Lottery Commission, file a motion for relief from such an order. The motion shall be in writing and shall state the grounds upon which relief is sought. The Lottery Commission may grant such motion and vacate or modify the order, reopen the record, or grant a hearing upon a showing of the following:

13.27.1 Mistake, inadvertence, surprise or excusable neglect;

13.27.2 Fraud, misrepresentation or other misconduct of an adverse party; or

13.27.3 Any other reason consistent with public policy and in the interests of justice.

13.27.4 No motion filed pursuant to this section, and no order granting such motion, shall suspend the operation of any order of the Lottery Commission unless otherwise specified by order of the Lottery Commission.

13.28 Whoever violates the Lottery Ch. 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.** §4805, or any Administrative Order issued pursuant to Lottery statutes or regulations shall be punishable as follows:

13.28.1 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 pursuant 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.

13.28.2 If the violation is continuing or if 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.

13.29 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. Prior to 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 file an appeal for reconsideration before the Lottery Commission in accordance with the procedures set forth above. A hearing, if requested, shall be held prior to the imposition of the penalty in accordance with the procedures set forth above. 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 pursuant to this subsection shall be appealable to Superior Court, and such appeal shall be governed by §10142 of Title 29.

13.30 In his discretion, the Director may endeavor 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.

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

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

13.33 Appeals by Video Lottery Agents

13.33.1 If the Director denies a license to any applicant required by Delaware law to obtain a video lottery agent license, or suspends or revokes an agent's video lottery agent license for cause as set forth in 29 **Del.C.** §4805(c) or based on a change in ownership as set forth in 29 **Del.C.** §4805(b)(13) and (c), the applicant or licensee may appeal within 30 days of receiving the Director's written notice of denial, suspension, or revocation. Any appeal must be in writing and sent to the Delaware Secretary of Finance with a copy to the Director.

13.33.2 Upon receiving a timely appeal, the Secretary of Finance shall schedule a hearing date, time, and place within a reasonable amount of time after he receives the appeal and shall appoint a hearing officer who will hold the hearing and determine whether the license should be granted, denied, suspended, or revoked.

13.33.3 Any aggrieved applicant may appeal the hearing officer's decision to deny, suspend, or revoke a video lottery agent license by filing an appeal to the Delaware Superior Court under the provisions of the Administrative Procedures Act, 29 **Del.C.** Ch. 101.

22 DE Reg. 500 (12/01/18)

14.0 Employee License Procedure

14.1 Requirements for all Employee Applicants:

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

14.1.2 The lottery office will not accept an employee license application until the lottery office receives written confirmation that a video lottery agent or a licensed service company has extended an offer of employment to an applicant that is applying for a license for the first time. The lottery office will not accept a renewal employee license application until the lottery office receives written confirmation that a video lottery agent or a licensed service company intends to continue employing the applicant.

14.1.3 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 subsection 14.1.4. 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.

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

14.1.4.1 One of the following authentic documents:

14.1.4.1.1 A current United States passport;

14.1.4.1.2 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

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

14.1.4.2 Any 2 of the following authentic documents:

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

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

14.1.4.2.3 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;

14.1.4.2.4 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;

14.1.4.2.5 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;

14.1.4.2.6 An unexpired foreign passport with an authorization issued by INS.

14.1.5 Each applicant shall be fingerprinted by the State Bureau of Identification or the Division of Gaming Enforcement prior to acceptance of his or her application by the Lottery. An application shall not be accepted for processing unless accompanied by a receipt for fingerprinting.

14.1.6 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.

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

14.1.7.1 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.

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

14.1.7.3 The fee for an initial and renewal gaming room service employee license shall be the cost of fingerprinting by the State Bureau of Identification (SBI).

Key Employees:

14.2 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:

14.2.1 Personal background information;

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

14.2.3 Education and training;

14.2.4 Record of military service;

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

14.2.6 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;

14.2.7 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;

14.2.8 Any interest in or employment presently 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;

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

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

14.2.11 Gaming regulatory history; and

14.2.12 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.

Gaming Employees:

14.3 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:

14.3.1 Personal background information;

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

14.3.3 Education and training;

14.3.4 Record of military service;

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

14.3.6 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;

14.3.7 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;

14.3.8 Any interest in or employment presently 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;

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

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

14.3.11 Gaming regulatory history.

Gaming Room Service Employees:

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

14.4.1 Personal background information;

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

14.4.3 Education and training;

14.4.4 Record of military service;

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

14.4.6 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;

14.4.7 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;

14.4.8 Any interest in or employment presently 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;

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

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

14.4.11 Gaming regulatory history.

Rehires/Transfers

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

14.5.1 Applicants will be required to follow the procedures in subsections 14.1-14.5 if 12 months or more have passed since the end of the applicant's former employment.

14.5.2 Applicants will be required to follow the procedures in subsections 14.1-14.5, 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. The fingerprinting requirement may be waived in the Director's discretion if the applicant was fingerprinted for Lottery licensing purposes in the 12 months immediately preceding the date of the application.

14.5.3 Applicants will be required to complete 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. Fingerprinting may be required if the applicant was not fingerprinted for Lottery licensing purposes in the 12 months immediately preceding the date of the application. The applicant may be required to submit to a new background investigation in the Director's discretion.

14.6 The following rules shall apply to transfers:

14.6.1 Licensees transferring employment from 1 licensed entity to another licensed entity under this regulation will be required to complete a License Application Update Form, including a release of information waiver form, and may be required to submit to a new background investigation in the Director's discretion.

14.6.2 Licensees transferring to another position which requires a higher level of licensure must submit the appropriate license application and submit to a new background investigation. Licensees will also be required to be fingerprinted unless they have been fingerprinted for Lottery licensing purposes in the 12 months immediately preceding the date of the transfer.

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

14.7.1 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.

14.8 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.

14.9 Every license issued by the Lottery shall bear thereon the distinguishing number assigned to the licensee and shall contain the name and photograph of the licensee. The license shall also contain the name of the sponsoring employer, agent, or service company.

14.10 The license is the property of the Lottery. The license shall be returned to the Lottery if the Director or Lottery Commission suspends or revokes a person's license to participate in video lottery operations.

14.11 The Lottery will communicate the results of suitability in writing regarding an employee to either the video lottery agent or service company employing said individual. The Lottery will provide a copy of the criminal history record to the employee upon request.

14.12 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:

14.12.1 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;

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

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

14.13 All licensees will prominently display their license while on duty or acting in their official capacity at the approved video lottery facility.

14.14 License Terms and Renewal Filing Requirements

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

14.14.2 Gaming employee licenses shall be for a term of 4 years. The 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.

14.14.3 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.

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

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

14.15 A person who is rehired or transferred shall maintain the license expiration date in accordance with the original license issue date, unless the license has expired before rehire or transfer.

14.16 A person who held an active and current key employee license prior to the effective date of this amendment shall not be subject to additional filing requirements until the expiration date of the current license.

14.16.1 Persons holding video lottery operations employee licenses shall remain licensed as gaming employees, but shall be required to seek renewal of their licenses no later than 6 months following enactment of House Bill No. 310.

14.17 Terminations/End of Employment

14.17.1 The license 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.

14.18 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 a video lottery agent or other licensed entity.

22 DE Reg. 500 (12/01/18)
27 DE Reg. 678 (03/01/24)
28 DE Reg. 386 (11/01/24)

15.0 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.

16.0 The Agent's Organization

16.1 Each agent shall maintain an organizational structure which meets the following criteria designed to preserve the integrity of gaming operations. Provided the criteria of this section are met, each agent shall be permitted to tailor its organizational structure to meet the needs of its own particular management style. The proposed table of organization of each agent shall be approved by the Director and shall provide for the following criteria:

16.1.1 A system of personnel and chain of command which permits management and supervisory personnel to be held accountable for actions or omissions within their area of responsibility; and

16.1.2 The segregation of incompatible functions so that no employee is in a position both to commit an error or perpetrate a fraud and to conceal the error or fraud in the normal course of his or her duties;

16.1.3 Primary and secondary supervisory positions which permit the authorization or supervision of necessary transactions at all relevant times; and

16.1.4 Areas of responsibility which are not so extensive as to be impractical for one person to monitor.

16.2 In addition to satisfying the requirements of subsection 16.1, each agent's organizational structure shall include the following departments and supervisory positions as required by the Director. Each of these departments and supervisors shall be required to cooperate with, yet perform independently of all other departments and supervisors.

16.2.1 Accounting Department. Each agent shall have in its accounting department one or more individuals responsible for and dedicated to verifying table game financial transactions and reviewing and controlling accounting forms and data. This function, which may be referred to as gaming income or revenue audit, shall be independent of the transactions under review. Among other things, this function shall include, but not be limited to, a daily audit of the table games' documentation, a daily audit of the main cage accountability, a daily audit of the coin vault accountability, and document control and signature verification. The accounting department shall also include the cashiers' cage, supervised by a cage manager or an equivalent responsible for the cage and all related functions.

16.2.2 Surveillance Department. Each agent shall have a surveillance department that is independent of all aspects of video lottery facility operations and shall be supervised by a director of surveillance. The director of surveillance shall report to either the independent audit committee of the Board of Directors; the independent audit committee of any holding company of the agent which has absolute authority to direct operations of the video lottery facility; the senior executive of any holding company if such person

reports directly to the independent audit committee; or to comparable positions for gaming facilities that are not corporate entities or any such reporting line as approved by the Director.

16.2.2.1 The personnel of the surveillance department shall at all times be employees of the agent. The agent shall not outsource the surveillance function to any third party.

16.2.2.2 The surveillance department shall be responsible for the covert monitoring of:

16.2.2.2.1 The conduct and operation of the video lottery machines and table games;

16.2.2.2.2 The conduct and operation of the cashiers' cage;

16.2.2.2.3 The collection and count of the table games;

16.2.2.2.4 The movement of cash, chips and any other video lottery facility assets;

16.2.2.2.5 Detection of cheating, theft, embezzlement, and other illegal activities in the video lottery facility;

16.2.2.2.6 Detection of the presence in the video lottery facility of any person who is required to be excluded; and

16.2.2.2.7 Illegal, suspicious or unusual activities.

16.2.3 Security Department. Each agent shall have a security department supervised by a director of security that is independent of all aspects of gaming operations and is responsible for the overall security of the facility including, without limitation, the following:

16.2.3.1 The physical safety of patrons and employees in the video lottery facility;

16.2.3.2 The physical safeguarding of assets transported to, from, or through the video lottery facility and immediate notification to the agency and the DGE of any incident that has compromised the safeguarding of such assets;

16.2.3.3 The protection of patrons, employees and video lottery facility property from illegal activity;

16.2.3.4 The recordation of any and all unusual occurrences including the date, time, nature of the incident, persons involved in the incident, and the assigned security department personnel;

16.2.3.5 The control and maintenance of a system for the issuance of temporary license credentials and vendor access credentials;

16.2.3.6 Ensuring the gaming facility is constantly secure during normal operations and any emergencies due to malfunctioning equipment, loss of power, any natural disaster or any other cause; and

16.2.3.7 The identification, monitoring and removal of any person who is required to be excluded pursuant to Ch. 7 of these regulations.

16.2.3.7.1 The personnel of the security department who participate in any aspect of the gaming operation shall at all times be employees of the agent.

16.2.3.7.2 The security department shall maintain sufficient staff in accordance with regulations, minimum internal control standards and operational needs to meets its assigned responsibilities.

16.2.4 Table Games Department. Each agent shall have a table games department responsible for the conduct of the table games in accordance with the established rules of the games, as well as the MICS and approved internal controls of the agent, and which ensures that there is sufficient supervision, knowledge and training within the department to provide for the proper and fair conduct of the games.

16.2.5 Internal Audit. 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.

16.2.5.1 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 upon request.

16.2.6 Management Information Systems (MIS) Department. Each agent shall maintain an MIS Department which shall be responsible for the accuracy, integrity, confidentiality and availability of all computer systems. The MIS Department will have specific responsibility for Information Technology (IT) operations, physical and environmental security of IT hardware, system-wide security of information resources, back-up of information resources and business continuity. The MIS Department shall be responsible for, without limitation, the following activities:

16.2.6.1 The acquisition, installation and maintenance of all hardware, software and data communications' resources required to support gaming operations;

16.2.6.2 To provide physical and environment security, insure that access to computer hardware and data communication equipment is limited to authorized personnel and provide standard environmental components, including reliable electric service and appropriate temperature control;

16.2.6.3 The timely back-up of information resources and the development of a business continuity plan;

16.2.6.4 The development and maintenance of access controls that limit the use of all information resources to authorized users and permit access only to the types of transactions and functions that authorized users are permitted to exercise; and

16.2.6.5 The development of IT audit procedures and the preservation of audit data that enable the monitoring and investigation of unlawful, unauthorized, or inappropriate information system activity and insure that these actions can be traced to the user(s) responsible.

22 DE Reg. 500 (12/01/18)

17.0 Table Game Inventory, Opening and Closing

17.1 Each table game shall have attached to it a table tray (float), which shall have the table inventory of chips and coin used for gaming. The table tray shall have a clear locking cover which shall be clearly marked on the outside with the game and the gaming table number to which it corresponds and be secured to the gaming table or other secure location approved by the agency.

17.2 Access to table tray keys shall be limited to pit supervisors or above, and keys shall be controlled in accordance with the MICS.

17.3 Table inventory slips shall at a minimum be a 2-part form. One part of the form shall have "opener" pre-printed on it, and the other part shall have "closer" pre-printed on it.

17.3.1 "Closer" means the original of the table inventory slip upon which each table inventory is recorded ~~at the end of each shift~~.

17.3.2 "Opener" means the duplicate copy of the table inventory slip upon which each table inventory is recorded ~~at the end of each shift~~ and serves as the record of each table inventory at the beginning of the next ~~succeeding~~ shift or when the table is opened.

17.4 ~~At the close of each shift,~~At least once per gaming day and any time a table game is closing, the table inventory shall be counted and recorded on a table inventory form unless exempt in accordance with subsection 17.6 of this regulation. The form shall be prepared in accordance with MICS and shall contain the signature of the outgoing dealer and pit supervisor attesting to the accuracy of the form.

17.5 The closer shall be placed in the drop box. The opener shall be secured in the table tray face-up and able to be seen through the clear, locked cover.

17.6 Gaming tables that have remained closed or unused for more than 1 gaming day are exempt from table inventory requirements, with the exception that the opener shall remain in the table tray in accordance with subsection 17.5 of this regulation.

~~17.6~~17.7 Whenever a table game is opened, the dealer and pit supervisor shall remove the opener from the table tray and verify the count recorded on the form to the table tray inventory. If the count is correct, the dealer and pit supervisor shall sign the opener attesting to the accuracy of the information recorded thereon. If a discrepancy exists between the opener and the table inventory, the pit supervisor shall notify the surveillance department and complete a table inventory discrepancy form in accordance with procedures required by the MICS.

~~17.7~~17.8 Nothing in the requirements ~~herein~~ in Section 17.0 of this regulation shall preclude the use of an electronic system for Table Inventory in accordance with procedures as approved by the Director.

18.0 Distribution of Chips to and from Table Games: Fills and Credits

18.1 Whenever chips are distributed to (fill) or removed from (credit) a table game, documentation must be prepared to accompany the movement, and a copy must be dropped in the drop box to assure the correct calculation of table game win. An agent who uses an imprest table inventory system for the game of poker may, with the approval of the agency, waive the requirements of this section provided they comply with the requirements of Section 19.0.

18.2 A manual or computerized fill slip must be prepared in accordance with the MICS and will accompany all gaming chips, coins and plaques distributed to the table games from the cashiers' cage.

18.3 The fill shall be processed and transported in accordance with the MICS directly to the table games from the cashiers' cage by a representative of the security department. At a minimum, the following shall be documented:

18.3.1 The total of each denomination and the total of all the gaming chips, coins and plaques being distributed;

18.3.2 The game and table number to which the gaming chips, coins and plaques are being distributed;

18.3.3 The time, date and shift when the distribution of gaming chips, coins and plaques occurs; and

18.3.4 Signatures attesting to the accuracy of the information contained on the fill slip and to indicate responsibility for acceptance of the amounts recorded thereon.

18.4 A manual or computerized credit slip must be prepared in accordance with the MICS and will accompany all gaming chips, coins and plaques removed from the table games and transported to the cashiers' cage.

18.5 The credit slip shall be processed and transported in accordance with the MICS directly to the cashiers' cage from the table games by a representative of the security department. At a minimum the following shall be documented:

18.5.1 The total of each denomination and the total of all the gaming chips, coins and plaques being returned to the cage;
18.5.2 The game and table number from which the gaming chips, coins and plaques are being credited;
18.5.3 The time, date and shift when the transport of gaming chips, coins and plaques occurs; and
18.5.4 Signatures attesting to the accuracy of the information contained on the credit slip and to indicate responsibility for acceptance of the amounts recorded thereon.

18.6 When fills and credits are computer-prepared, system controls must exist to assure that only authorized personnel can generate such transactions and that all information printed on the forms must also be simultaneously stored in machine-readable form. The stored data shall not be susceptible to change or removal by any personnel after preparation.

18.7 Manual fill slips and credit slips must be serially pre-numbered and shall be used in sequential order, and the series numbers shall be accounted for by employees with no incompatible functions. Unissued forms shall be safeguarded and adequate procedures shall be employed in their distribution, use and control.

22 DE Reg. 500 (12/01/18)

19.0 Imprest Poker Table Inventory, Chip Carts and Runners

19.1 Whenever a patron requests to exchange currency for chips at a poker table, the dealer may exchange the currency for chips from the table inventory imprest or may summon a chip cart or runner to exchange the currency with the cage.

19.2 The dealer shall count the currency being exchanged and, if using the table imprest, provide the patron with the chips and place the currency in the table inventory container.

19.3 When requesting chips from a chip cart or the cage, the dealer shall count the currency being exchanged and summon a chip cart or runner to the table. The dealer shall exchange currency for chips in accordance with procedures established in the MICS as approved by the Director.

19.4 A chip cart must provide security over the funds contained therein and the procedures for its use must be approved by the Director.

20.0 Drop Box Characteristics and Transportation to and from Table Games

20.1 Each agent shall place on file with the agency a schedule setting forth the specific times at which the drop boxes will be brought to or removed from the table games. Any changes to the schedule must first be approved by the agency. No drop box shall be brought to or removed from any table game at other than the time specified in such schedule except with the approval of a representative of the agency. Such approval shall be documented in a manner approved by the agency.

20.2 The table game drop shall be performed by a minimum of 2 persons, one of which shall be a representative of the security department and the other a table games supervisor.

20.3 Table game drop shall be performed at a minimum, at least once each gaming day. However, the agency may require that table game boxes be dropped more frequently.

20.4 All locked table game drop boxes shall be removed, and a separate empty drop box shall be placed on each table in a continuous process. Upon removal from the tables, table game drop boxes shall be transported in a locked trolley directly to the count room and locked in a secure manner until the count takes place.

20.5 When not in use, empty table game drop boxes shall be stored in a locked trolley in the count room or in a secure area as approved by the agency. The involvement of at least 2 persons from independent departments shall be required to access stored empty table game drop boxes.

20.6 Each table game drop box shall have as a minimum:

20.6.1 A number corresponding to a permanent number on the gaming table and marked to indicate game and table number, except that emergency drop boxes may be maintained without such number or marking provided the word "emergency" is permanently imprinted or impressed thereon and, when put into use, is temporarily marked with the number of the gaming table and identification of the game and day;

20.6.2 A slot opening through which currency, coins, forms, records, and documents can be inserted into the drop box which shall automatically lock when the drop box is removed from the table;

20.6.3 Two different keys securing the contents of the drop box (content keys) and a separate key to release the drop box from the table (release key). Procedures for the issuance, control and security over the keys shall be as authorized by the agency, in compliance with the following minimum requirements:

20.6.3.1 Only the persons authorized to remove table game drop boxes from the tables shall be allowed access to the table game drop box release key; however, the count team members may have access to the release keys during the soft count in order to reset the table game drop boxes.

20.6.3.2 Persons authorized to remove the table game drop boxes shall be precluded from having simultaneous access to the table game drop box contents keys and release keys.

22 DE Reg. 500 (12/01/18)
27 DE Reg. 106 (08/01/23)

21.0 The Count Room and Counting of the Table Game Drop

21.1 The table game drop box count shall be performed in a soft count room, and access to the count room during the count shall be restricted to members of the drop and count teams, with the exception of authorized observers, supervisors for resolution of problems, and authorized maintenance personnel.

21.2 The soft count room shall be designed and constructed to provide maximum security for the materials housed therein and for the activities conducted therein. Each agent shall design and construct a count room as approved by the Director with, at a minimum, the following security measures:

21.2.1 A metal door installed on each entrance and exit equipped with:

21.2.1.1 Two separate locks as required by the MICS and approved by the Director;

21.2.1.2 An alarm device with audible signals that are activated, as approved by the Director, whenever a door to the count room is opened at times other than those times for which the agent has provided prior notice; and

21.2.1.3 A light system which illuminates 1 or more lights in the monitoring rooms and at such other locations as the agency may require, for purposes of maintaining constant surveillance on whether each count room door is open or closed or whether the count is in progress;

21.2.2 Closed circuit television cameras and microphone wired to monitoring rooms capable of, but not limited to, the following:

21.2.2.1 Effective and detailed audio-video monitoring of the entire count process;

21.2.2.2 Effective, detailed video-monitoring of the interior of the count room, including storage cabinets or trolleys used to store drop boxes; and

21.2.2.3 Audio-video taping of the entire count process and any other activities in the count room.

21.3 Count room personnel shall not be allowed to exit or enter the count room during the count except for emergencies or scheduled breaks. At no time during the count shall there be fewer than 2 employees in the count room until the drop proceeds have been accepted into cage/vault accountability.

21.4 The table game drop box count shall be performed by a minimum of 2 employees. If the count team consists of only 2 employees, they shall be rotated on a routine basis such that the count team is not consistently the same 2 persons more than 4 days per week.

21.5 The count team shall be independent of transactions being reviewed and counted, and the cage/vault cashiers shall be responsible for accepting the count, as approved by the agency.

21.6 The table game drop boxes shall be individually emptied and counted in such a manner to prevent the commingling of funds between boxes until the count of the box has been recorded. The count of each box shall be recorded in ink or other permanent form of recordation.

21.7 Table game drop boxes, when empty, shall be shown to another member of the count team and surveillance.

21.8 The count process shall be done in accordance with the MICS as approved by the agency, and all members of the count team shall sign the count document to attest to their participation in the count.

21.9 All drop proceeds that were counted shall be turned over to a cage cashier who shall be independent of the count team. Prior to having access to the documentation of the funds counted by the soft count team, the cage cashier shall conduct a bulk count of the soft count drop and then compare the bulk count to the soft count documentation or a transfer sheet. All differences shall be reconciled prior to the cage cashier and count team leaving the count room.

21.10 The cage cashier shall document the acceptance of the funds and transport the funds to the cashiers' cage/vault in a manner approved by the agency.

21.11 The count sheet, with all supporting documents, shall be delivered to the accounting department by a count team member or a person independent of the cashiers' cage/vault department. Alternatively, it may be adequately secured via a locked canister to which only accounting personnel can gain access or any other effective manner until retrieved by the accounting department.

27 DE Reg. 106 (08/01/23)

22.0 The Cashiers' Cage, Vault and Accounting Requirements

22.1 Each establishment shall have on or immediately adjacent to the gaming floor a physical structure known as a main cashiers' cage ("cage" and /or "vault") to house the cashiers and to serve as the central location in the video lottery facility for the custody of the cage inventory; the issuance, receipt and reconciliation of imprest funds; the exchange of chips, currency, coin, and coupons for supporting documentation; the approval, exchange, redemption, and consolidation of patron checks received for the purposes of gaming; the receipt of currency, coupons and tickets from the soft count room; the preparation and execution of bank deposits and such other functions normally associated with the operation of a cage.

22.2 Each establishment may also have one or more "satellite cages" separate and apart from the cashiers' cage which is maintained on an imprest basis and may perform some of the functions of the cashiers' cage. The functions and physical characteristics of the satellite cages shall be as approved by the Director.

22.3 As required by the Director, the cage, satellite cages and vault shall be designed and constructed to provide maximum security for the materials housed therein, and the activities performed therein and shall be fully enclosed except for openings through which materials such as cash, records, and documents can be passed.

22.4 As required by the Director, the cage and/or vault shall have the following characteristics:

22.4.1 Manually triggered silent alarm systems;

22.4.2 Closed circuit television coverage; and

22.4.3 A double-door entry and exit system (mantrap) that contains different locks on each door and will not permit a person to pass through the second door until the first door is securely locked. The outer door of the mantrap shall be controlled by the security department and the inner door of the mantrap shall be controlled by the cashiers' cage.

22.4.4 Any entrance to the cage that is not a double-door entry and exit system shall be an alarmed emergency exit door only.

22.5 The cage, vault and satellite cages must be operated in accordance with procedures established in the MICS and as approved by the agency. The procedures used shall provide for the following:

22.5.1 The recording of perpetual inventory and the reconciliation of physical inventory to that perpetual inventory upon the changing of shifts, and documentation to support such information;

22.5.2 The documentation of imprest amounts being transferred upon the changing of shifts, and signatures of the incoming and outgoing cashiers and/or supervisors;

22.5.3 Adequate key control to assure the security of funds during a shift; and

22.5.4 Documentation to support any transfers between the cage, vault or satellite cages, and adequate security to provide safety of funds being moved;

22.6 Any cashier, cage, vault or satellite cage variances shall be documented by the agent. If the variance exceeds $500, the variance shall be reported to the agency and investigated by the agent. The findings of the investigation shall be forwarded to the agency.

22.7 The cage accountability shall be reconciled to the general ledger at least monthly.

22.8 A trial balance of gaming operation accounts receivable, including the name of the customer and current balance, shall be prepared at least monthly for active, inactive, settled or written-off accounts. The trial balance of gaming operation accounts receivable shall be reconciled to the general ledger each month. The reconciliation and any follow-up performed shall be documented, maintained for inspection, and provided to the agency upon request.

22.9 On a monthly basis, an evaluation of the collection percentage of credit issued shall be performed to identify unusual trends.

22.10 All cage and credit accounting procedures and any follow-up performed shall be documented, maintained for inspection, and provided to the agency upon request.

23.0 Check Cashing and Cash Deposits

23.1 Each agent may cash patrons' personal checks, an agent check, an agent affiliate check, or cash equivalents at the cage or satellite cage in accordance with procedures approved by the agency, which shall include, at a minimum, the examination and documentation of patron identification.

23.2 Any personal checks cashed by the agent shall be:

23.2.1 Drawn on a bank and payable on demand;

23.2.2 Made payable to the agent; and

23.2.3 Currently dated, but not post dated.

23.3 Whenever a personal check is sought to be cashed, a cage cashier shall also:

23.3.1 Immediately stamp it for deposit only; and

23.3.2 Refuse to cash the personal check if the patron has a balance outstanding to the agent, due to checks previously cashed by the agent, for more than 45 days.

23.4 Prior to the acceptance of any agent check, agent affiliate check, or cash equivalent from a patron, the cage cashier shall determine the validity of such by performing the necessary verification as may be required by the issuer or as required by the agency.

23.5 Nothing in this subsection shall prohibit the use of a check cashing service by an agent provided that all the guidelines of the check cashing service are followed and the related internal control procedures are approved by the agency.

23.6 Whenever a patron requests an agent to hold his or her chips, cash, cash equivalent, or gaming check for subsequent use, a cage cashier shall establish a patron cash deposit account and prepare documentation as approved by the Director. The balance of the customer deposits on hand in the cashiers' cage at the end of each shift shall be recorded and accounted for as an outstanding liability.

24.0 Wire Transfers

24.1 A wire transfer or electronic funds transfer can be accepted from or on behalf of a patron to establish a patron customer deposit account, to redeem or partially redeem markers, or in payment or partial payment of a returned marker.

24.2 Wire transfers or electronic funds transfers shall only be accepted at the cage, and the funds shall be deposited in the video lottery facility's operating account. Funds accepted shall not be wired out to anyone other than the originating financial institution and corresponding account number from which the funds were originally wired in.

24.3 The cage shall require its bank to notify the cage that a wire transfer has occurred and shall document such notification in accordance with procedures approved by the agency. Documentation prepared must include the name of the financial institution from which the funds were transferred; the originating bank account number; patron name on the account; and when the funds are credited to the agent's operating account.

24.4 The cage shall document the receipt, processing and transfer of the funds in accordance with the procedures approved by the agency.

24.5 If, at the expiration of 7 business days after the acceptance and deposit into its operating account of a wire transfer or electronic fund transfer from or on behalf of a patron, an agent is unable to determine the purpose for the wire transfer or electronic fund transfer, the agent shall, on the next business day, take all steps necessary to return by wire transfer or electronic fund transfer the amount initially accepted on behalf of the patron to that patron at the financial institution and to the account number from which the funds were debited.

25.0 Credit; Verification and Authorization; Voluntary Suspension of Credit Privileges

25.1 Except as otherwise provided in these regulations, no licensed agent or any licensed person or any person acting on behalf of or under any arrangement with a licensed agent or other licensed person shall, in connection with the conduct of table game operations:

25.1.1 Cash any check, make any loan, or otherwise provide or allow any person any credit or advance of anything of value or which represents value to enable any person to take part in gaming activity as a player; or

25.1.2 Release or discharge any debt which is uncollectible, either in whole or in part, which represents any losses incurred by any player in gaming activity without maintaining a written record of the deposit, check return and collection efforts; or

25.1.3 Make any loan which represents any losses incurred by any player in gaming activity without receiving from said player in exchange therefore a check in the amount of said loan, which check shall conform with these regulations.

25.2 A licensed agent may extend credit to a patron in a commercially reasonable manner considering assets, liabilities, income and prior credit and payment history of the patron only in a manner established in an agent's internal control procedures as approved by the Director.

25.3 A credit file for each patron shall be prepared either manually or by computer prior to the agent's approval of a patron's credit limit. A credit file shall include, at a minimum, the following:

25.3.1 The patron's name;

25.3.2 The address of the patron's residence;

25.3.3 The telephone number at the patron's residence;

25.3.4 Banking information including:

25.3.4.1 The name and location of the patron's bank; and

25.3.4.2 The account number of the patron's personal checking account upon which the patron is individually authorized to draw and upon which all counter checks and all checks used for substitution, redemption or consolidation will be drawn.

25.3.5 The credit limit requested by the patron;

25.3.6 The approximate amount of all other outstanding indebtedness;

25.3.7 The amount and source of income and assets in support of the requested credit limit;

25.3.8 The patron's signature indicating acknowledgment of the following statement, which shall be included at the bottom of every credit application form containing the information required to be submitted by the patron pursuant to this subsection:

"I certify that I have reviewed all of the information provided above and that it is true and accurate. I authorize (insert the name of the agent) to conduct such investigations pertaining to the above information as it deems necessary for the approval of my credit limit. I am aware that this application is required to be prepared by the regulations of the Delaware Lottery and I may be subject to civil or criminal liability if any material information provided by me is willfully false."

25.3.9 All verifications performed and the signature of the individual performing such verifications together with the date and time such verifications are completed;

25.3.10 A brief summary of any other information used to support the credit limit and the key factors relied upon in approving or reducing the requested credit limit and any changes thereto;

25.3.11 The approved credit limit and any changes thereto and the signature of the individual(s) authorizing the credit limit, together with the date and time such authorization is granted;

25.3.12 If a computerized credit file is utilized, the authorization code of the employee approving the credit limit, together with the date and time of the activation in the system which shall be recorded by the system before any actual extension of credit; and

25.3.13 All transactions affecting a patron's outstanding indebtedness to the agent.

25.4 Prior to the approval of a patron's credit limit, an individual with no ability to grant credit or credit limit increases shall perform all necessary verifications as required by the MICS and delineated in the agent's approved internal control submission.

25.5 Prior to the issuance of any counter check, the credit limit and any changes thereto must be approved by an individual with no incompatible functions, as required by the MICS and delineated in the agent's approved internal control submission, and such approval must be documented as required in subsection 25.3 above.

25.6 Prior to the issuance of any counter check, an agent shall verify that the patron's name is not designated on the master list of persons who have voluntarily or involuntarily been excluded pursuant to Section 7.0 of these regulations.

26.0 Counter Checks; Issuance, Redemption, Deposit

26.1 Counter checks may be issued by a licensed agent in accordance with the MICS and procedures as approved by the Director after all the requirements of Section 25.0 are met and patron identification is established.

26.2 Each counter check issued shall contain, at a minimum, the following:

26.2.1 The name of the patron exchanging the counter check;

26.2.2 The name of the patron's bank;

26.2.3 The current date and time;

26.2.4 The amount of the counter check expressed in numerals;

26.2.5 The game and table number;

26.2.6 The signature of the supervisor authorizing acceptance of the check;

26.2.7 The signature of the preparer or, if computer prepared, the identification code of the preparer; and

26.2.8 The signature of the patron.

26.3 A copy of the counter check must be dropped into the table game drop box prior to the issuance of chips by the dealer to the patron.

26.4 Unless redeemed or consolidated prior to the time requirements approved by the Director, all counter checks received from gaming patrons shall be deposited into the agent's bank account or presented directly to the patron's bank, in accordance with the agent's normal business practice, as approved by the Director.

26.5 Except as otherwise provided in these regulations, any payment authorized by these regulations or the MICS shall be made for the sole benefit of the drawer. No gaming excursion representative, gaming excursion enterprise or employee or agent of a gaming excursion enterprise shall, and no licensee or employee or agent of a licensee shall, except as specifically authorized by the Director, make a payment for the benefit of the drawer of a patron check pursuant to this section.

26.6 Any Delaware licensee requesting information from another Delaware licensee concerning a credit patron shall represent to the requested agent that the patron has a credit line or has applied for credit and shall provide the patron's name, address of the patron's residence and the name and location of the patron's bank. Upon receipt of this information, the requested Delaware licensee shall be required to furnish to the requesting Delaware agent any information in its possession concerning a patron's credit information.

27.0 Returned Checks, Collections and Write-off of Past Due Accounts

27.1 All dishonored checks returned by a bank ("returned checks") after deposit shall be returned directly to, and controlled by, accounting department employees with no incompatible functions. An agent may re-deposit a returned check if there are reasonable expectations the check will be honored.

27.2 An agent shall suspend the credit lines of patrons whose checks have been returned and remain unpaid.

27.3 Procedures shall be established for collecting and recording returned checks, and copies of statements or other documents supporting collections' efforts shall be maintained as approved by the Director.

27.4 Statements shall be sent to patrons by employees with no incompatible functions immediately upon receipt of a returned check, or immediately upon receipt of a returned check for a second time, if the check was immediately re-deposited.

27.5 No person other than one licensed as a key employee or as a gaming employee who has no incompatible functions, as defined by the MICS and approved by the Director, may engage in efforts to collect returned checks, except that an attorney-at-law representing an agent may bring action for such collection.

27.6 After reasonable collection efforts, returned checks may be considered uncollectible for accounting purposes and charged to the agent's allowance for uncollectible patrons' checks. Any patron's indebtedness may only be considered uncollectible for accounting purposes and charged to the allowance for uncollectible patrons' checks account after the following information has been included in the patron's credit file:

27.6.1 Documentation of the collection department efforts to collect the patron's outstanding checks and the reason why such collection efforts were unsuccessful; or

27.6.2 A letter from an attorney representing the agent documenting the efforts to collect the patron's outstanding checks and the reasons why such collection efforts were unsuccessful or were not pursued further.

27.7 Listings of uncollectible checks shall be approved in writing by 2 persons, and a continuous trial balance of all uncollectible checks shall be maintained, as required by the agent's approved internal control submission.

28.0 Complimentary Services and Coupon Redemption Programs

28.1 Each agent shall establish and comply with procedures for the authorization, issuance, recording and monitoring of complimentary services or items, including cash and non-cash gifts. Such procedures must be approved by the agency and shall include, but shall not be limited to, the procedures by which the agent delegates to its employees the authority to approve the issuance of complimentary services and items and the procedures by which conditions or limits to such authority are established and modified.

28.2 On a daily basis, the agent shall record the name of each person provided with complimentary services or items, the category of service or item provided, the value of the services or items provided to such person, and the person authorizing the issuance of such services or items. Excepted from this requirement are the individual names of persons authorizing or receiving:

28.2.1 Each non-cash complimentary service or item that has a value of $150 or less; and

28.2.2 Each complimentary cash gift of $100 or less.

28.3 All complimentary services or items shall be valued and recorded as follows:

28.3.1 At full retail price normally charged by the agent if the complimentary service or item is provided directly to patrons in the normal course of the agent's business (such as rooms, food or beverages);

28.3.2 At an amount based upon the actual cost to the agent providing such service or item, if the complimentary service or item is not offered for sale to patrons in the normal course of an agent's business;

28.3.3 At an amount based upon the actual cost to the agent of having a third party, not affiliated with the agent, provide a service or an item directly or indirectly to patrons by the third party; and

28.3.4 A complimentary service or item provided directly or indirectly to a patron on behalf of an agent by a third party who is affiliated with the agent shall be recorded as if the affiliated third party were the agent.

28.4 Complimentary cash gifts shall include, without limitation:

28.4.1 Public relations payments made for the purpose of resolving complaints by or disputes with video lottery facility patrons;

28.4.2 Travel or walk money payments made for the purpose of enabling a patron to return home; and

28.4.3 Cash complimentaries issued to patrons as a result of actual gaming activity.

28.5 The agent shall accumulate on a quarterly basis both the dollar amount of and number of persons provided with each category of complimentary services or items. The complimentary services or items shall, at a minimum, be separated into categories for rooms, food, beverage, travel, cash gift, non-cash gift, and other services or items.

28.6 Where complimentary cash gifts have a value of $1,000 or more, or non-cash gifts have of value of $2,500 or more, the agent shall also:

28.6.1 Record the address of the recipient;

28.6.2 Verify the identity of the recipient; and

28.6.3 Record the method of verification.

28.7 No agent shall permit any employee to authorize the issuance of complimentary cash or non-cash gifts with a value of $10,000 or more unless the employee is licensed and functioning as a key employee and the authorization is cosigned by a second employee licensed and functioning as a key employee.

28.8 Each agent shall submit to the Director a report listing the name of each person who has received $10,000 or more in complimentary cash and non-cash gifts within any 5-day period during the preceding month end. Such report shall be filed by the last business day of the following month and shall include the total amount of complimentary cash or non-cash gifts provided to each person.

28.9 Upon request, the agent shall submit to the Director a copy of daily, quarterly and any other reports and/or records related to complimentary services.

28.10 All coupons entitling patrons to complimentary cash, items or services shall be issued in accordance with procedures approved by the agency and shall include at a minimum the following:

28.10.1 Any coupons received from a manufacturer or distributor shall be opened and examined by at least 1 member of the accounting department. Any deviations between the invoice or control listing accompanying the coupons, the purchase or requisition order, and the actual coupons received shall be reported promptly to the supervisor of the video lottery facility accounting department or to a higher authority in a direct reporting line and the Internal Audit Department;

28.10.2 All coupons shall be printed with a description of what is being offered, the location where it may be redeemed, and either a statement specifying the date on which the coupon becomes invalid or some other means to indicate the date when a coupon becomes invalid; and

28.10.3 Coupons shall be maintained in a secure area, and records shall be maintained to document all coupons received by the manufacturer or printed by the agent, all coupons issued to departments, their issuance to patrons, their return to storage, and perpetual inventory of such.

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29.0 Key Controls

29.1 Any key that is considered sensitive and is required to be controlled and maintained by these regulations or the MICS and any corresponding locking device shall be approved by the agency. Such keys shall be legally duplicated only by the manufacturer or other approved entity and shall be capable of unlocking the locking device on no more than 1 type of secure box, compartment or location used or maintained within the video lottery facility. Nothing herein shall preclude the agency from exempting a type of secure box, compartment or location from the requirements of this subsection upon a determination that the security of such box, compartment or location would not otherwise be compromised.

29.2 As approved by the agency, sensitive keys shall include, but not be limited to, the following:

29.2.1 Table drop box contents key;

29.2.2 Table drop box release key;

29.2.3 Table drop box trolley keys;

29.2.4 Count room entrance keys;

29.2.5 Locations housing a computer that controls a progressive payout wager system for table games offering a progressive payout wager;

29.2.6 Storage cabinets or trolleys for unattached table drop boxes;

29.2.7 Float keys; and

29.2.8 Pit podium keys

29.3 The agent shall establish key control procedures in accordance with the MICS as approved by the agency for any sensitive key. Such procedures shall provide for, at a minimum, the following:

29.3.1 The maintenance of perpetual inventory records and the physical inventory of all sensitive keys by an independent department;

29.3.2 The requisitioning of keys and locking devices from vendors, blank stock, and destruction; and

29.3.3 The security and restrictions which control access to keys, whether manually or through an electronic system, and records and reports generated or prepared.

30.0 Signature Requirements

30.1 Whenever in these regulations or the MICS a signature is required, the signature shall be as required by the Director and comply with the following requirements:

30.1.1 A signature shall signify that the signer has prepared forms, records, and documents, and/or authorized, observed, and/or participated in a transaction to a sufficient extent to attest to the accuracy of the information recorded thereon, in conformity with these regulations and the agent's system of internal accounting control; and

30.1.2 A signature shall signify that the signer required to count or observe gaming chips and plaques has counted or observed the count of such chips and plaques, and such count was made by breaking down stacks of chips to the extent necessary.

30.2 Signature records shall be prepared and maintained in accordance with the MICS as approved by the Director.

31.0 Acceptance of Tips or Gratuities from Patrons

31.1 No video lottery facility employee who is acting in a supervisory capacity shall solicit or accept, and no video lottery facility employee shall solicit, any tip or gratuity from any player or patron of the video lottery facility where he or she is employed. The agent shall not permit any practices prohibited by this section.

31.2 All tips and gratuities allowed to be given to dealers in the video lottery facility shall be immediately deposited in a transparent locked box reserved for such purpose.

31.3 Tips and gratuities to dealers shall be distributed in accordance with MICS as approved by the director.

32.0 Chips: Value, Non Value and Tournament: Physical Characteristics, Nature of Exchange, Receipt and Storage

32.1 All chips used in gaming shall contain certain identifying characteristics and such design, size and uniform color by denomination as the Director shall require with the exception of cash poker games, in which case the locked box does not have to be transparent.

32.2 Each gaming chip issued by a licensed agent shall be designed and manufactured with sufficient graphics or other security measures to minimize the counterfeiting of gaming chips and provide clear identification by surveillance, including, at a minimum, requirements for the face and edge spot of a gaming chip.

32.3 All wagering on authorized table games shall be conducted with gaming chips or plaques; provided, however, that coupons shall be permitted for use in wagering at authorized games as approved by the Director. An agent shall submit for approval to the Director a sample of its coupons.

32.4 Gaming chips or plaques shall be issued or sold to a patron only at the request of such patron and shall not be given as change in any other but a gaming transaction.

32.5 Each agent shall redeem its gaming chips and plaques only from its patrons and shall not knowingly redeem its gaming chips and plaques from any non-patron source except for employee gratuities as otherwise approved by the Director.

32.6 Each gaming chip and plaque is solely evidence of a debt that the issuing agent owes to the person legally in possession of the gaming chip or plaque and shall remain the property of the issuing agent. Each agent shall have the right at any time to demand that the person in possession of the gaming chip or plaque surrender the item for redemption.

32.7 Each agent shall redeem promptly its own genuine gaming chips and gaming plaques presented by a patron in person, except when the gaming chips or plaques were obtained or being used unlawfully.

32.8 Each agent shall redeem promptly value chips and gaming plaques presented to it by any other licensed agent upon the representation that such chips and plaques were received or accepted unknowingly, inadvertently, or in error. Each agent shall submit to the agency for approval a system for the exchange with other licensed agents of value chips and gaming plaques.

32.8.1 Each licensed agent shall post in a prominent place on the front of the cashiers' cage or any satellite cage a sign which reads: "By law, gaming chips or plaques issued by any other video lottery facility may not be used, exchanged or redeemed in this video lottery facility."

32.9 An agent may apply all or any part of the value chips or gaming plaques presented by a patron to the redemption of any counter check or returned check, provided that the agent has given the patron prior written notice of such right of setoff and has obtained the patron's written acknowledgment thereof in accordance with procedures approved by the Director.

32.10 Value chips previously issued by an agent, which are not in active use by that agent, shall not be used for wagering or exchanged for any other purpose at authorized table games. Such chips shall only be redeemed at the cashiers' cage.

32.11 When gaming chips or plaques are received from the manufacturer or distributor thereof, they shall be opened and checked by not less than 2 employees of the agent from different departments, 1 of whom shall be from the accounting or auditing department.

32.11.1 Any deviation between the invoice accompanying the chips and plaques and the actual chips or plaques received, or any defects found in such chips or plaques, shall be reported promptly to the agency.

32.11.2 The agent shall not accept delivery of chips unless the agency has been given prior notification of the delivery.

32.12 Agents shall implement procedures to provide for adequate security of all gaming chips and the documentation of a perpetual inventory of chips, including receipt from vendors, issuance and return to approved storage areas, and destruction. A physical inventory of chips shall be performed by an independent department as approved by the agency.

32.13 At the end of each gaming day, an agent shall compute and record the unredeemed liability for each denomination of value chips and gaming plaques using procedures approved by the agency.

32.14 Prior to the destruction of gaming chips and plaques, the agent shall notify the agency in writing, and the destruction of gaming chips and plaques shall be carried out in the presence of at least 2 individuals, one of whom shall be an employee of the agency.

32.15 Gaming chips which do not contain a denomination on the face shall be known as non-value chips and shall contain identifying characteristics that may appear in any location at least once on the face of the chip, which is clearly visible and remains a permanent part of the gaming chip. Non-value chips shall be submitted by the licensed agent for approval by the Director.

32.16 Non-value chips shall be controlled via periodic physical inventory whose frequency and documentation required shall be determined by the Director.

32.17 Each agent shall have the discretion to permit, limit or prohibit the use of value chips in gaming at roulette and pokette, provided however, that:

32.17.1 Persons shall be permitted to wager a value chip with a match play coupon at any roulette table at which match play coupons are permitted to be used; and

32.17.2 When value chips are in use, it shall be the responsibility of the agent and its employees to keep accurate account of the wagers being made at roulette and pokette with value chips so that the wagers made by one player are not confused with those made by another player at the table.

32.18 Non-value chips shall be presented for redemption only at the gaming table from which they were issued and shall not be redeemed or exchanged at any other location.

32.19 Licensed agents shall have a set of back-up (secondary) chips for value chips in denominations of $25.00 and above and non-value chips. Colors or design of secondary sets of chips shall be easily distinguishable from the primary set of chips in service. Removal of a set of chips from service shall be in accordance with procedures approved by the Director.

32.20 Gaming plaques may be used by an agent, and each shall be a 1-piece object which is solid in construction and of a size shape and design as approved by the Director.

32.21 Tournament chips are a chip or token-like object issued by an agent for use in tournaments at the agent's video lottery facility. Tournament chips shall not be used, and agents shall not permit their use, in transactions other than tournaments for which they are issued.

32.21.1 Tournament chips shall be of a shape and size and have such other specifications so as to be distinguishable from other chips and tokens used in the agent's gaming operation.

32.21.2 Each side of each tournament chip shall conspicuously bear the inscription, "No Cash Value."

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33.0 Dice and Cards; Characteristics, Receipt, Storage, Inspections and Removal from Service

33.1 The shape, size and texture of dice shall be in accordance with specifications approved by the Director.

33.2 The composition of decks of cards, their fronts and backs, their packaging and design, shall be in accordance with specifications approved by the Director.

33.3 Licensed agents shall be required to implement controls to assure adequate security over dice and cards, inspection prior to issuance from a secure area to games personnel, return from the pits, and destruction.

33.4 Agents shall implement procedures to provide for the documentation of a perpetual inventory of cards and dice, including receipt from vendors, issuance and return to approved storage areas, and destruction. A physical inventory of cards and dice shall be performed by an independent department as approved by the agency.

34.0 Table Games Rules

34.1 Only table games authorized by the Director shall be offered for play by licensed agents.

34.2 Authorized table games shall be conducted by licensed agents only in accordance with rules promulgated and authorized by the Director.

34.3 All wagers and payoffs of winning wagers shall be made in accordance with rules promulgated by the Director, which shall establish such limitations as may be necessary to assure the viability of licensed agent operations and fair odds to patrons.

34.4 Each table game shall display a sign indicating the permissible minimum and maximum wagers pertaining thereto. Each poker table shall also include a sign describing the type and amount of rake to be collected.

34.5 No licensed agent shall require any wager to be greater than the stated minimum or less than the stated maximum.

34.6 No licensed agent shall change the rules of the game without notification in accordance with procedures approved by the Director.

34.7 Interested persons, entities, licensed agents and owners may request permission from the Director for approval of new games.

34.8 Licensed agents' requests for new games shall be subject to a test for suitability and under conditions required by the Director.

34.9 Licensed agents shall be required to make available to patrons, in printed form upon request, an abridged version of games' rules which contain the conduct of gaming, payoffs of winning wagers, approximation of odds of winning, and such other advice to the player that the Director requires.

34.10 It shall be unlawful for any person at a video lottery facility, including at its parking areas and/or adjacent facilities, without the written consent of the Director to use, or possess with the intent to use, any physical, electronic, electrical, computerized or mechanical device that is designed, constructed or programmed to assist the user or another person in projecting the outcome of a table game or video lottery machine; in keeping track of the cards played; in analyzing the probability of the occurrence of an event relating to the game; or in analyzing the strategy for playing or wagering to be used in the game.

34.11 The minimum and maximum wagers permitted at any authorized table game in a licensed agent's facility shall be approved by the Director.

34.12 A licensed agent shall provide notice of the minimum and maximum wagers in effect at each gaming table and any changes thereto.

34.13 A licensed agent may, in its discretion, permit a player to wager below the established minimum wager or above the maximum wager at a gaming table.

34.14 Any wager accepted by a dealer shall be paid or lost in accordance with the rules of the game, notwithstanding that the wager exceeded the current table maximum or was lower than the current table minimum.

34.15 The agent shall derive its poker revenue at all poker tables by extracting a commission known as the "rake." The rake shall be collected in accordance with procedures approved by the Director which include at a minimum:

34.15.1 The types of rake utilized;

34.15.2 The methodology used for calculating the rake; and

34.15.3 The amount of maximum permissible rake.

34.16 A licensed agent may offer:

34.16.1 Different maximum wagers at 1 gaming table for each permissible wager in an authorized game; and

34.16.2 Different maximum wagers at different gaming tables for each permissible wager in an authorized game.

35.0 Gaming Tournaments

35.1 A gaming tournament is a contest or event wherein persons play a game or games previously authorized by the agency in competition with each other to determine the winner of a prize or prizes. A gaming tournament shall include, but is not limited to, any contest or event wherein an entry fee is paid to play a game previously approved by the Director. An entry fee shall include any fee paid directly or indirectly, by or on behalf of the person playing in the tournament.

35.2 All entry fees and costs associated with tournaments shall be reported to the agency in a manner approved by the Director. All entry fees, other than a buy-in amount, which is used to pay cash prizes, shall be included in the calculation of gross revenue, and no fees associated with holding the tournament shall be deducted.

35.3 All gaming tournaments conducted by or on behalf of the agent are subject to prior written approval by the agency and are subject to the rules of authorized games and approved internal controls established in these regulations.

35.3.1 A request for approval of a gaming tournament shall be made in writing and received by the agency at least 30 days prior to the commencement date of the tournament. The request for approval shall contain a complete description of the tournament, the manner of entry, a description of those persons eligible to enter the tournament, the entry fee assessed if any, the prizes to be awarded, the manner in which the prizes are to be awarded, and the dates of the tournament. The agency may request additional information prior to rendering a decision.

35.3.2 This section supplements, but does not replace, the regulations for the conduct of promotional video lottery tournaments set forth in subsection 7.17.

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36.0 Bank Secrecy Act, Title 31, Anti-Money Laundering

36.1 Consistent with the requirements of the federal Bank Secrecy Act, (31 U.S.C. 5311, et seq) and regulations promulgated thereunder, each licensed agent shall comply with federal law pertaining to reportable currency transactions and transactions that are believed to be suspicious. To accomplish these objectives, the licensed agent shall, at minimum:

36.1.1 Establish a system of internal controls to assure ongoing compliance;

36.1.2 Employ an internal and/or external independent audit function to test for compliance;

36.1.3 Train personnel in reportable currency transactions and identifying unusual or suspicious transactions;

36.1.4 Assign an individual or group of individuals to be responsible for day-to-day compliance; and

36.1.5 Employ the use of automated programs to aid in assuring compliance when automated processing systems are in use.

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37.0 Surveillance Department Regulations

37.1 Each agent shall install in its video lottery facility a closed circuit television camera (CCTV) system that complies with the requirements of this section. The CCTV system shall be under the exclusive control of the surveillance department except when otherwise specified. An agent shall provide the agency, upon request, timely access to the CCTV system and its transmissions. Each member of the surveillance department shall timely comply with a request from the agency in accordance with the Minimum Internal Control Standards.

37.2 Any CCTV system to be implemented by the agent shall be approved by the agency and shall include the requirements specified in the MICS.

37.3 All areas, including table games and pits, where CCTV system camera coverage is required shall contain continuous lighting that is of sufficient quality to produce clear video recordings and still picture reproductions.

37.4 In addition to any other requirements imposed by this section, a video lottery facility's CCTV system shall be required to record all transmissions from cameras used to observe locations, persons or transactions, as specified in the MICS.

37.5 In addition to any other requirements imposed by this section, a video lottery facility's CCTV system shall be required to record transmissions from cameras used to observe the face of each patron transacting business at each of its cashiers' cage and satellite cage windows.

37.6 Any monitoring room maintained pursuant to these regulations and MICS shall contain a communication system capable of monitoring all gaming security department activities as may be required by the Lottery taking into consideration current developments in electronic and computer technology for the effective performance of the activities to be conducted therein. At a minimum, such systems shall:

37.6.1 Have view-only terminals which allow access to information concerning cage, electronic gaming devices and table game operations;

37.6.2 Be connected to all gaming alarm systems, which may provide a visible, audible, or combination signal; provided, however, that any robbery or other emergency-type alarm shall be perceptually distinguishable from all non-emergency alarm types in a manner approved by the Lottery (for example, robbery alarm is the only audible alarm);

37.6.3 Contain an updated photo library, consisting of photographs that are no more than 4 years old, of all current employees of the gaming facility, which photo library shall be available to the Lottery upon request; and

37.6.4 Contain and have readily accessible to all monitoring room personnel and representatives of the Lottery an updated operational blueprint depicting all areas of the video lottery facility and elsewhere in the establishment where CCTV coverage is available.

37.7 Each video lottery facility shall maintain a surveillance log of all surveillance activities in the monitoring room. The log shall be maintained by monitoring room personnel and shall be stored securely, in a manner approved by the agency, within the surveillance department in accordance with the retention schedules established. The surveillance log shall be available for inspection at any time by the agency.

37.8 Each licensed agent shall have a contingency plan as part of its approved internal controls submitted to be utilized whenever there is an equipment failure that affects the video lottery facility's monitoring room or CCTV system operations.

37.9 Whenever there is an equipment failure, the agency shall be notified immediately.

37.10 The agency shall be notified prior to:

37.10.1 Any relocation of an approved camera;

37.10.2 Any change in an approved camera's specifications;

37.10.3 Any change in lighting for areas approved for CCTV camera coverage; and

37.10.4 Any addition or change to the CCTV system and computer equipment in the monitoring room.

37.11 All CCTV system recordings shall be retained for a minimum of 7 days and shall be made available for review upon request by the agency. In addition, any such recordings which are determined by the agency to be of potential evidentiary value shall be retained and stored pursuant to the agency's directives.

37.12 Each CCTV system operator in the monitoring room shall work from his or her own monitoring station. Minimum staffing of the CCTV system used to monitor video lottery facility operations shall be detailed in a surveillance submission to be approved by the Director, which shall ensure effective surveillance for the facility in accordance with the provisions of subsection 37.17.

37.13 No surveillance department employee shall transfer from the surveillance department to another department of a video lottery facility, unless at least 1 year has passed since the surveillance department employee worked in surveillance. The agent may request that the Director waive this requirement if the video lottery facility demonstrates that the surveillance and security systems of the agent will not be jeopardized or compromised by the employment of the surveillance employee in the particular position requested.

37.14 Entrances to the CCTV system monitoring rooms shall not be visible from the gaming area of the video lottery facility.

37.15 Access by employees of the agent to the monitoring room or any other designated area capable of receiving CCTV transmission shall be prescribed by internal controls approved by the agency. Any person who enters any monitoring room or such designated area who is not a surveillance department employee shall sign the monitoring room entry log upon entering the restricted area.

37.16 Surveillance department employees shall be trained in the following:

37.16.1 Surveillance techniques;

37.16.2 Operation of surveillance equipment;

37.16.3 Regulatory requirements;

37.16.4 Internal control procedures;

37.16.5 Rules of authorized games;

37.16.6 Methods and "tells" of cheating, theft and other illegal activities in the video lottery facility; and

37.16.7 The procedures for handling surveillance evidence.

37.17 The surveillance department shall be reasonably staffed as determined by the Director, considering the following criteria:

37.17.1 Size in square footage of the gaming operation;

37.17.2 Layout of the video lottery facility;
37.17.3 The number of video lottery machines; and
37.17.4 The number of table games authorized.

37.18 For licensed video lottery facilities employing the use of a computerized table game system, the monitoring room shall be provided with a terminal and monitor for reviewing patron table game activity in real-time.

38.0 Agency Facility Requirements

38.1 The agent shall adequately maintain suitable space, equipment, partitions and supplies to meet the agency's continuing needs at the facility, including, but not limited to the following requirements:

38.1.1 Adequate facilities for the detention of individuals taken into custody by its security department, the State Police, DGE, or any authorized law enforcement agency. The facilities shall include, at a minimum, a bench or other apparatus which is permanently affixed to the facility and to which the person in custody can be handcuffed and/or secured with as little discomfort to that person as is reasonably possible under the circumstances;

38.1.2 A secure and segregated office suite at the premises for the exclusive use of the Lottery and the DGE. The suite shall be located proximate to the gaming floor. The suite shall include a surveillance room, which shall include monitors with full camera control capability and shall be a size approved by the Director based on the video lottery facility's size and the Lottery and DGE staffing needs within the video lottery facility. The live feeds from all surveillance cameras in the video lottery facility shall be sent to the Lottery and DGE surveillance office, which shall be able to use the dual feed without intervention of the agent's surveillance office;

38.1.3 Adequate parking spaces in lots or a parking garage ancillary thereto, which are clearly marked for agency and DGE use only;

38.1.4 A direct telephone line between the agency's office in the facility and the surveillance monitoring rooms required and the agent's security department, and a secure telephone line that has a different number than the telephone line of the video lottery facility. The secure telephone line shall provide not less than 2 extensions and direct lines as described in this subsection; and

38.1.5 Such other facilities and office space elsewhere in the agent's facility as the Director shall require during the course of performing audit, compliance or other activities.

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22 DE Reg. 500 (12/01/18)
27 DE Reg. 106 (08/01/23)
27 DE Reg. 678 (03/01/24)
28 DE Reg. 386 (11/01/24)
28 DE Reg. 665 (03/01/25)