

BASIS AND PURPOSE FOR RULE 13

The purpose of Rule 13 is to establish procedures for the use, redemption, destruction, and disposal of chips and tokens, and to require wagers to be made only with cash, chips or tokens in compliance with sections 12-47.1-819, C.R.S. and 12-47.1-825, C.R.S. The statutory basis for Rule 13 is found in sections 12-47.1-201, C.R.S., 12-47.1-203, C.R.S., 12-47.1-302, C.R.S., 12-47.1-819, C.R.S., and 12-47.1-825, C.R.S.

RULE 13 PURCHASE AND REDEMPTION OF COINS, CHIPS, AND TOKENS

47.1-1301 Use of chips and tokens.

A licensee using chips or tokens must do the following:

- (1) Comply with all applicable statutes, rules, and policies of the state of Colorado and of the United States relating to chips or tokens;
- (2) Sell chips and tokens only to patrons of its establishment and only at their request;
- (3) Promptly redeem its own chips and tokens from its patrons;
- (4) Take reasonable steps, including examining chips and tokens and segregating those issued by other licensees, to prevent sales to its patrons of chips and tokens issued by another licensee. (amended perm. 09/30/00)
- (5) A licensee and its employees may not accept chips or tokens as payment for goods or services other than gaming, and may not accept chips or tokens as change in any other transaction. Chips and tokens may be given to casino employees as tips or gratuities. (amended perm. 09/30/00)

47.1-1302 Redemption

A licensee may not redeem its chips or tokens if presented by a person who the licensee knows or reasonably should know is not a patron of its establishment unless they are presented as follows:

- (1) By another licensee who represents that it redeemed the chips and tokens from its patrons or received them unknowingly, inadvertently, or unavoidably;
- (2) By an employee of the licensee who presents the chips and tokens in the normal course of employment; or
- (3) By a person engaged in the business of exchanging licensees' chips and tokens issued by other licensees and presenting them to the issuing licensee for redemption.

47.1-1303 Use of other licensee's chips and tokens

A licensee may not knowingly sell, use, permit the use of, accept, or redeem chips or tokens issued by another licensee except as follows:

- (1) The chips or tokens are presented by a patron for redemption to a cashier of the licensee's establishment and the patron states that the patron received the tokens at the licensee's establishment from the payout chutes of slot machines or from an employee of the licensee;
- (2) The chips or tokens are presented by a patron at a game, and the licensee redeems the chips or tokens with chips of its own, places the redeemed chips/tokens in the imprest bank or the table's

drop box, and separates and accounts for the redeemed chips/tokens during the count performed pursuant to the licensee's system of internal control,

47.1-1304 Redemption and disposal of chips and tokens.

A licensee who ceases operating the licensed establishment for any reason must prepare a plan for redeeming chips and tokens that remain outstanding at the time of closure. The licensee must submit the plan in writing to the Director, or designee, no later than 30 days before the closure. If the date of closure cannot reasonably be anticipated, the licensee must submit the plan as soon as practicable. The Director may approve the plan or require modifications as a condition of approval. Upon approval of the plan, the licensee must implement the plan as approved. In addition to other provisions the Director may approve or require, the plan must provide the following:

- (1) Redemption of outstanding chips and tokens for 120 days after the closure or for a longer or shorter period approved by the Director;
- (2) Redemption of the chips and tokens at the premises of the licensed establishment or at another location approved by the Director;
- (3) Publication of notice for the redemption of the chips and tokens and the pertinent times and locations. The notice must be published in at least two newspapers of general circulation in Colorado at least twice during each 30-day period of the redemption period. Publication is subject to the Director's approval of the form of the notice, the newspapers selected for publication, and the specific days of publication;
- (4) Conspicuous posting of the notice at the licensed establishment or other redemption location; and
- (5) Destruction or other disposition of the chips and tokens as required by the Director.
- (6) The provisions of this Rule 47.1-1304 shall not be applicable to promotional and tournament chips. (47.1-1304(6) temp. 5/13/93, perm. 6/30/93, amend perm 03/30/04, amended perm. 03/30/06)

47.1-1305 Destruction of counterfeit chips and tokens

As used in this section, "counterfeit chips or tokens" means any chip or token-like objects that have not been approved pursuant to article 47.1 of title 12, C.R.S., or the rules and regulations thereunder, including objects commonly referred to as "slugs," but not including coins of the United States or any other nation. Unless a law enforcement officer instructs or a court of competent jurisdiction orders otherwise in a particular case, licensees must destroy or otherwise dispose of counterfeit chips and tokens discovered at their establishments in a manner approved or required by the Director.

Unless a law enforcement officer instructs or a court of competent jurisdiction orders otherwise, licensees may dispose of coins of the United States or any other nation discovered to have been unlawfully used in their establishments by including them in their coin inventories; in the case of foreign coins, by exchanging them for United States currency or coins and including the exchanged currency or coins in their currency or coin inventories; or by disposing of them in any other lawful manner.

In addition to other information the Director may require, the licensee must report the following information to the Division in writing within 12 hours of discovery:

- (1) The number and denominations, actual and purported, of the coins and counterfeit chips and tokens destroyed or otherwise disposed of pursuant to this section;
- (2) The date(s) during which they were discovered;

- (3) The date, place, and method of destruction or other disposition, including, in the case of foreign coin exchanges, the exchange rate and the identity of the bank, exchange company, or other business at which, or person with whom, the coins are exchanged; and
- (4) The names of the persons carrying out the destruction or other disposition on behalf of the licensee.

Each licensee must maintain a record required by this section for at least five years, unless the Director approves otherwise.

47.1-1306 Forms of wagers.

All wagers must be made with United States currency or coins, or with chips or tokens furnished by the retail licensee, or credits.

47.1-1307 Specifications for sale of chips and tokens.

Chips and tokens used for gaming must be sold for cash only. No credit may be extended by a retail licensee. Checks may not be accepted for purchase of chips or tokens at gaming tables; however, checks may be accepted at the cashier's cage.

A retail licensee must redeem its chips and tokens for not less than their face value. In its sole discretion and pursuant to any special conditions which it may impose, a licensee may redeem its chips and tokens for the value at which they were sold, if greater than face value. (amend. perm 03-12-04)

47.1-1308 Check Cashing Practices.

- (1) Definitions: For purposes of this regulation, the following terms are adopted, defined, and clarified:
 - (a) "Check" means a written unconditional order to pay or deliver a sum certain in money, drawn on a Financial Institution, payable on demand, and signed by one or more drawer, whether negotiable or non-negotiable. "Check" includes drafts, checks issued through credit institutions (also known as credit card checks and Com-Checks), warrants, negotiable orders of withdrawal, counter checks, and any other means of ordering the payment of money.
 - (b) "Dishonored" includes any check which is returned to a licensee (whether actually, or constructively, by delivery to a Financial Transaction Agent) by the Financial Institution upon which it was drawn, for any reason pertaining to the inability to honor or pay the instrument, including, but not limited to reasons of insufficient funds, mistake, closed account, or stop payment or hold orders.
 - (c) "Financial Institution" includes a bank, depository, or other person which provides financial, banking, and similar services for investors, depositors, and debtors.
 - (d) "Financial Transaction Agent" includes a factor, collection agent or agency, accounts receivable agent or agency, accountant, or any other type of Financial Institution, which acts pursuant to an agreement with a licensee whereby the Financial Transaction Agent is charged with securing the collection of any Dishonored check from its maker, by any means, whether with or without recourse to return the collection account to the licensee as uncollectible.
- (2) Acceptance of checks by licensees.
 - (a) Checks for participation in limited gaming by patrons may only be accepted at the cage.

- (b) All checks receipted or accepted into the cage shall be considered received for participation in limited gaming, unless documented and accounted for separately as nongaming funds (including, but not limited to, food and beverage, hotel, services, and product sales).
- (c) Once receipted into or accepted at the cage, checks may only be repurchased by the maker thereof after the check has been dishonored by the maker's Financial Institution.
- (d) Checks shall not be accepted under any conditions, terms, or agreements which render them not payable on demand. Such circumstances shall include, but are not limited to, post-dating of checks, unsigned checks and holding checks out of the deposit made most recently after acceptance of the check.
- (e) No licensee shall accept a check issued for participation in limited gaming from any patron under the following circumstances:
 - (i) When the maker (and endorser of a third party check, if any) thereof has previously issued a check to the licensee for any purpose, and the licensee has actual notice, or 24 hours of constructive notice, that the previous check is Dishonored, until such time as all claims of licensee against the maker of the check, arising from the Dishonored check, are satisfied in full (whether by accord and satisfaction, payment, or liquidation of judgment).
 - (ii) When the licensee, through the exercise of reasonable diligence, should have known that the check being considered for receipt into or acceptance at the cage may be Dishonored.
- (f) Violation of this paragraph (2)(c), 2(4), or 2(e) constitutes a prohibited credit transaction.

47.1-1309 Exchange-redemption of tokens.

Tokens may only be exchanged or redeemed for currency, negotiable personal checks, negotiable counter checks, chips, or other tokens. (47.1-1309 temp. 9/30/91, perm.12/30/91)

47.1-1310 Procedures outlined in the internal control minimum procedures.

The procedures for the Use, redemption and destruction of chips and tokens are further defined in the internal control Minimum procedures established by the Division.