BASIS AND PURPOSE FOR RULE 16

The purpose of Rule 16 is to establish accounting and internal control procedures for licensees which will include various report and statement requirements for reporting and paying gaming taxes and fees, records of ownership requirements, standard financial and audited financial statements, procedures for handling cash and meeting minimum bankroll requirements, adjusted gross proceeds computations, and record retention requirements. The statutory basis for these requirements is found in sections 12-47.1-102, C.R.S., 12-47.1-201, C.R.S., 12-47.1-203, C.R.S., 12-47.1-302, C.R.S., 12-47.1-602, C.R.S., and 12-47.1-806, C.R.S.

RULE 16 ACCOUNTING REGULATIONS

47.1-1601 Definitions for accounting regulations.

In addition to definitions previously set forth in these rules and regulations, the following definitions apply to accounting regulations as established in Rule 16:

(1) "Business Year" means the annual period used by a licensee for internal accounting purposes.

(2) "Examination or Examine" means an audit, review, or other Division examination procedures.

(3) "Fiscal Year" means a period beginning on July 1st and ending June 30th of the following year.

(4) "Group A" means a licensee who has 1 to 74 slot machines only.

(5) "Group B" means a licensee who has 75 to 299 total devices or at least one table game.

(6) "Group C" means a licensee who has 300 or more total devices.

(7) "Slot Route Operator" means a licensed operator who places slot machines on another licensed retailer's property.

(8) Deleted Pursuant to S.B. 92-132

(9) Deleted Pursuant to S.B. 92-132

47.1-1602 Accounting and financial records.

(1) Each licensee must keep accurate, complete, legible, and permanent records of all transactions pertaining to revenue that is taxable or subject to fees under Article 47.1 of Title 12, C.R.S. A licensee who keeps permanent records in a computerized form or imaging system must provide the Division, on its request, with a detailed index to the imaging system or computer database. All such records must be made available upon demand to employees of the Commission and Division. *Eff 11/30/2006*

(2) Each licensee must keep general accounting records on a double entry system of accounting, maintaining necessary detailed, supporting, subsidiary records, including: *Eff 11/30/2006*

(a) Detailed records identifying revenues, expenses, assets, liabilities, and equity for each establishment; *Eff 11/30/2006*

(b) Detailed records of all returned checks; *Eff 11/30/2006*

(c) Slot and table game statistical reports and supporting documentation as required by the internal control minimum procedures; *Eff 11/30/2006*

(d) The records required by the internal control minimum procedures, as approved by the Division, applicable to the licensee; *Eff 11/30/2006*

(e) Journal entries prepared by the licensee and adjustments proposed by its independent accountant; *Eff 11/30/2006*

(f) Any other records that the Division specifically requires to be maintained; and *Eff 11/30/2006*

(g) All tax returns relating to the licensed establishment. *Eff 11/30/2006*

(3) Each licensee must create and maintain detailed records sufficient to accurately reflect adjusted gross proceeds, and expenses relating to its operations on a monthly and year-to-date basis, as well as financial statements. *Eff 11/30/2006*

(4) If a licensee fails to keep the records used by it to calculate adjusted gross proceeds, the Division may compute and determine the amount of taxable proceeds upon the basis of an audit conducted by the Division, upon any information within the Division's possession, upon statistical analysis or projections, or by other means determined by the Division based on best information available. (47.1-1602 amended perm. 10/30/99) *Eff 11/30/2006*

47.1-1603 Adjusted gross proceeds computations.

(1) For each blackjack, craps or roulette game, adjusted gross proceeds equals the closing bankroll plus credit slips for cash, chips, or tokens returned to the casino cashier cage, plus drop, plus face value of coupons, less opening bankroll and less fills to the table.

(2) For each slot machine, adjusted gross proceeds equals drop + tickets + slot coupons dropped + cashable electronic promotion in + non-cashable electronic promotion in - fills to the machine - hand pay jackpot payouts - hand pay external bonus payouts and accumulated credits - non-cashable electronic promotion out, and - tickets redeemed. The initial hopper load is not a fill and does not affect adjusted gross proceeds. The difference between the initial hopper load (or the amount in the hopper at the time of the previous hopper count if the coins/tokens counted were returned to the hopper) and the total amount that is in the hopper at the time the hopper is currently counted must be adjusted accordingly as additional revenues or a credit adjustment when calculating adjusted gross proceeds. This amount is reported on the monthly gaming tax return for the month in which the hopper count was conducted, and is reflected in the hopper adjustment column for the corresponding denomination. Hoppers must also be counted and the corresponding adjustment reflected on the gaming tax returns at other times as specified in the internal control minimum procedures. If a licensee does not make or makes inaccurate additions or subtractions when calculating adjusted gross proceeds, the Division may compute an estimated total amount in the slot machine hoppers and may make reasonable adjustments to adjusted gross proceeds during the course of an audit, review, or other examination procedures. *Rev eff 1/14/2012*

(3) For each player banked poker game, adjusted gross proceeds equals all money received by the licensee as compensation through the rake process, for conducting the game, plus poker tournament entry fees. (47.1-1603(3) amended; perm. 11/30/96)

(4) For each house banked poker game, adjusted gross proceeds equals the closing bankroll plus credit slips for cash, chips, or tokens returned to the casino cashier cage, plus drop, plus face value of coupons, less opening bankroll, less fills to the table, and less hand-paid jackpots or

awards. (47.1-1603(4) (shill computations) deleted; new (4) added, perm. 11/30/96) *Eff 11/30/2006*

(5) A licensee shall not exclude from adjusted gross proceeds money paid out on wagers that are knowingly accepted by the licensee in violation of Article 47.1 of Title 12, C.R.S., or the regulations thereunder of the Commission. *Eff 11/30/2006*

(6) Returned and uncollectable checks are not allowed as a deduction from adjusted gross proceeds. (47.1-1603 amended perm. 10/30/99) *Eff 11/30/2006*

(7) A licensee shall not exclude from adjusted gross proceeds money paid out on wagers that exceed the value of the winning combination posted unless previously approved by the Division. *Eff 11/30/2006*

47.1-1604 Records of ownership - corporation.

(1) Each corporate licensee must keep on the premises of its gaming establishment, or must provide to the Division upon its request, the following documents pertaining to the corporation:

(a) A certified copy of the articles of incorporation and any amendments;

(b) A copy of the bylaws and any amendments;

(c) A copy of the certificate issued by the Colorado secretary of state authorizing the corporation to transact business in Colorado;

(d) A list of all current and former officers and directors;

(e) Minutes of all meetings of the stockholders;

(f) Minutes of all meetings of the directors;

(g) A list of all stockholders listing each stockholder's name, address, the number of shares held, and the date the shares were acquired;

(h) The stock certificate ledger;

(i) A record of all transfers of the corporation's stock; and

(j) A record of amounts paid to the corporation for issuance of stock and other capital contributions.

47.1-1605 Partnership or association records.

(1) Each partnership or association licensee must keep on the premises of its gaming establishment, or provide to the Division upon its request, the following documents pertaining to the partnership:

(a) A copy of the partnership or association agreement and, if applicable, the certificate of limited partnership;

(b) A list of the general and limited partners, or associates, including their names and addresses, the percentage of interest held by each, the amount and date of each capital contribution of each partner or associate, the date the interest was acquired, and the salary paid by the partnership or association; and

(c) A record of all withdrawals of partnership or association funds or assets.

47.1-1606 Sole proprietor records.

Each sole proprietorship licensee must keep on the premises of its gaming establishment, or provide to the Division upon its request, a schedule showing the name and address of the proprietor and the amount and date of the proprietor's original investment and of any additions and withdrawals.

47.1-1607 Records retention - noncompliance.

Each licensee must provide the Division, upon its request, with the records required to be maintained. Licensees must maintain accurate and complete records as required in the internal control minimum procedures. Each licensee is responsible for the acts and omissions of its agents, employees, and contractors in complying with all obligations imposed by law, these rules, and internal control minimum procedures. Each licensee must retain all such records within Colorado for at least three years after they are made and the related gaming tax return is filed. Records include but are not limited to formats as hard copy documents, revenue system database, tables and fields structures of the database, meter files, and electronic reports. Failure to keep and provide such records is an unsuitable method of operation and subject to a fine, penalty, or revocation of license. (47.1-1607 amended perm. 10/30/99) *Eff 11/30/2006*

47.1-1608 Commission examination procedures.

(1) The Division of Gaming shall: *Eff 11/30/2006*

(a) Conduct periodic examinations of the accounting and financial records of licensees, including but not limited to revenue, systems, and compliance audits; *Eff 11/30/2006*

(b) Review the accounting principles and procedures used by licensees; *Eff 11/30/2006*

(c) Review and observe methods and procedures used by licensees to count and handle cash, chips, tokens, gaming coupons, tickets, gaming wagers, gaming payments, and negotiable instruments; *Eff 11/30/2006*

(d) Examine licensees' internal control procedures; *Eff 11/30/2006*

(e) Examine accounting and financial records of the licensee or a person controlling, controlled by, or under common control with the licensee, within the licensee's establishment or licensee's other establishments located in Colorado, or other locations as agreed to with the licensee; *Eff 11/30/2006*

(f) Examine the accounting and financial records of any licensee when conditions indicate the need for such action or upon the request of the Director or the Commission; *Eff 11/30/2006*

(g) Investigate each licensee's compliance with the Colorado Limited Gaming Act of 1991, the regulations of the Commission, and internal control minimum procedures as directed by the Director; and *Eff 11/30/2006*

(h) Review tax returns, tax records and tax adjustments. *Eff 11/30/2006*

(2) The Division may conduct an audit, a review, or other examination procedures in conformity with the examination procedures established by the Division. The Division shall prepare a report, as appropriate for the examination conducted, at the conclusion of each examination for submission to the Commission. (47.1-1608(2) temp. 5/13/92, perm. 6/30/92) *Eff 11/30/2006*

(3) At the conclusion of each examination, and prior to submitting the report to the Commission, the Division shall review the results of the examination with the licensee. If the licensee disagrees with the Division's report, the licensee may, within 10 days of the examination, submit written comments to the Division as to why the results of the examination should not be submitted to the Commission for acceptance. If the Division and the licensee cannot reach an agreement on the report, the Commission shall consider the Division's report and the submission of the licensee's response prior to its determination of its acceptance of the report. *Eff 11/30/2006*

(4) When the Division finds that the licensee is required to pay additional fees and taxes or finds that the licensee is entitled to a refund of fees and taxes, it shall report its findings, and the legal basis upon which the findings are made, to the Director and to the licensee in sufficient detail to enable the Director to determine if an assessment or refund is required. (47.1-1608 amended perm. 10/30/99) *Eff 11/30/2006*

47.1-1609 Mandatory drop and count procedure.

The time or times when drop boxes will be removed and the contents counted for table games, card games, and slot machines must be at times which have been previously submitted to the Division, or at other times as the Division requires. Removal and counting of drop box contents at other than the designated times must be conducted and reported to the Division in accordance with internal control minimum procedures.

47.1-1610 Internal control.

(1) The Division shall establish internal control minimum procedures for each group of licensees (Group A, Group B, and Group C). The internal control minimum procedures will contain the minimum requirements to be followed by each licensee group. The internal control minimum procedures will be established to ensure licensed gaming operations are conducted in such a manner as to ensure and maintain public confidence in the security, accuracy, integrity, and propriety of licensed gaming in Colorado. *[Eff. 01/30/2009]*

(2) Each licensee shall establish its own internal control procedures including accounting procedures, reporting procedures, and personnel policies for the purpose of determining the licensee's liability for taxes, fees, and exercising effective control over the licensee's internal fiscal affairs. The licensee's procedures must incorporate the minimum requirements as established by the Division, or alternative requirements approved by the Division, and must be designed to ensure that: *[Eff. 01/30/2009]*

(a) Assets are safeguarded and accountability over assets is maintained;

(b) Liabilities are properly recorded and contingent liabilities are properly disclosed;

(c) Financial records including revenue, expenses, assets, liability, and equity are accurate and reliable;

(d) Transactions are performed only in accordance with Generally Accepted Accounting Principles, the Commission's rules and regulations, and management's stated policies which cannot be inconsistent with such principles, rules, and regulations;

(e) Transactions are recorded adequately to permit proper reporting of gaming revenue and of fees and taxes;

(f) Access to assets is permitted only in accordance with management's specific authorization;

(g) Recorded accountability for assets is compared with actual assets at reasonable intervals and appropriate action is taken with respect to any discrepancies; and

(h) Functions, duties, and responsibilities are appropriately segregated and performed in accordance with sound practices by competent, qualified personnel.

(3) Each licensee must describe its administrative, accounting, reporting, and personnel procedures in detail in a written system of internal control. Each licensee must at all times follow and comply with its written system of internal control. Each licensee must submit a copy of its written system to the Division at least 30 days prior to conducting or offering limited gaming to the public. Each written system must include: *[Eff. 01/30/2009]*

(a) An organizational chart depicting appropriate segregation of functions and responsibilities;

(b) A description of the duties and responsibilities of each position shown on the organizational chart;

(c) A detailed, narrative description of the administrative and accounting procedures designed to satisfy the requirements of subsection (2);

(d) A written statement signed by the licensee's chief financial officer and either the licensee's chief executive officer or a licensed owner attesting that the system satisfies the requirements of this section;

(e) Such other items as the Division may require.

(4) At least 30 days prior to revising the internal control minimum procedures, the Division shall post on the Division’s website a copy of the proposed revision and notify every licensee and every person who has filed a request therefor with the Division of such posting. *[Eff. 01/30/2009]*

(5) Prior to revising the internal control minimum procedures, the Division shall consider all written statements, arguments, or contentions submitted by interested parties within 21 days of service of the notice provided for in subsection (4). *[Eff. 01/30/2009]*

(6) The Division shall send notification that the Division has adopted procedures pursuant to subsection (4) to all licensees and to every person who has filed a request therefor with the Division. *[Eff. 01/30/2009]*

(7) Not later than 30 days after service of written notice that the minimum procedures revised pursuant to this section are effective, each licensee whose procedures are affected by the minimum procedures or revisions shall amend its written system, submit a copy of the written system as amended to the Division, and comply with the procedures and system as amended.

(8) The licensee may not implement a system of internal controls that does not satisfy the internal control minimum procedures published by the Division unless the Division determines that the licensee's proposed system satisfies subsection (2), and approves the system in writing. Within 30 days after a licensee receives notice of the Division's approval of procedures that satisfy the requirements of subsection (2), but that do not satisfy the minimum procedures, the licensee shall comply with the approved procedures, amend its written system accordingly, and submit to the Division a copy of the written system as amended and a written description of the variations signed by the licensee's chief financial officer and either the licensee's chief executive officer or a licensed owner.

(9) The Division may require a licensee to engage an independent accountant licensed by the Colorado State Board of Accountancy to prepare a report on the licensee's compliance with their written procedures on the system of internal controls. Using the criteria established by the Division, the independent accountant shall report each material event and procedure discovered by or brought to the accountant's attention during the course of the examination, that the accountant believes does not satisfy the minimum procedures or variations from the procedures that have been approved by the Division pursuant to subsection (8). In addition to the above, the licensee shall prepare a letter addressing each item of noncompliance noted by the accountant and describing the corrective measures taken. The licensee shall provide to the Division within 120 days after the completion of the engagement, two copies of the accountant's written report on internal controls and any other information provided to the licensee relating to accounting or internal controls, such as a management letter, along with the licensee's response letter.

(10) Before eliminating all table games; adding a table game at a gaming establishment not previously offering table games; adding or upgrading any computerized system that affects the proper reporting of adjusted gross proceeds; or adding or upgrading any computerized system for monitoring slot machines or other authorized games, or any other computerized associated equipment the licensee must: (47.1-1610(10), perm. 3/02/95)

(a) Amend its written system of internal control to comply with the minimum procedures, or with alternatives approved for that licensee by the Division;

(b) Submit to the Division a copy of the written system as amended, a copy of the phase I approval letter for the system, and a written description of the amendments signed by the licensee's chief financial officer and either the licensee's chief executive officer or a licensed owner; (47.1-1610(10)(b), perm. 3/02/95)

(c) Comply with any written requirements imposed by the Division regarding administrative approval of computerized systems and associated equipment (see Regulation 47.1-1202); and (47.1-1610(10)(c), perm. 3/02/95)

(d) After paragraphs (a) through (c) have been complied with, implement the procedures and written system as amended.

(11) Licensees requesting a variance to the internal control minimum procedures must submit a written request for variance to the Division and receive written approval from the Division prior to implementing the variance.

(12) If the Division determines at any time that a licensee's procedures or its written system does not comply with the requirements of this section, the Division shall so notify the licensee in writing. Within 10 days after receiving the notification, the licensee shall amend its procedures and written system accordingly, and shall submit a copy of the written system as amended and a description of any other remedial measures taken.

(13) Failure to comply with the minimum procedures or the variations from the minimum procedures approved pursuant to this section is an unsuitable method of operation and may result in a fine, penalty, or revocation of license.

47.1-1611 Handling of cash.

Each gaming employee, owner, or licensee who receives currency of the United States or foreign currency (other than tips or gratuities) from a patron in the gaming area of a gaming establishment must promptly place the currency in the locked box in the table, in an appropriate place on the table, in the cash register, in an appropriate place in the cashiers' cage, or in another repository approved by the Director.

47.1-1612 Minimum bankroll requirements.

(1) Each licensee must maintain, in such manner and amount as the Director may approve or require, cash or cash equivalents in an amount sufficient to protect the licensee's patrons against defaults in gaming debts owed by the licensee. The Director shall distribute to licensees a formula by which licensees determine the minimum bankroll requirements of this section. If at any time the licensee's available cash or cash equivalents should be less than the amount required by this section, the licensee must immediately notify the Director of this deficiency. Failure to maintain the minimum bankroll required by this section, or a higher bankroll as required by the Director pursuant to this section, or failure to notify the Director of any deficiencies is an unsuitable method of operation and may result in a fine, penalty, or revocation of license.

(2) Any licenseee who makes payment of a gaming award to a patron by check must report to the Division any payment which has been dishonored within 24 hours of receiving actual notice that the check has been dishonored.

47.1-1613 Promotional items.

(1) A licensee who engages in promotions to increase business and gaming at his business may not deduct payouts made pursuant to the promotion from adjusted gross proceeds except for money or tokens paid at face value directly to a patron as the result of a specific wager. Licensees must receive prior approval from the Division prior to offering and paying such additional funds as a result of a specific wager as outlined in the internal control minimum procedures. A specific wager requires two or more persons to stake something of value on an event, the outcome of which is uncertain. Depending upon the outcome, the winning party receives everything that was staked. If only one party risks something of value, there is no wager. *Eff 11/30/2006*

(2) No deduction is allowed in the computation of adjusted gross proceeds for any prizes, premiums, drawings, benefits, or tickets awarded as promotions that are redeemable for money, merchandise, or other promotional allowances. (47.1-1613(2) amended perm. 10/30/99) *Eff 11/30/2006*

47.1-1614 Free play items.

Free play is allowed for use on slot machines only. Free play does not have any impact on Adjusted Gross Proceeds. Free play is considered promotional only. Free play must only be set up on slot machines that are configured to allow this functionality, and cannot be offered on machines that are configured for normal slot play.

47.1-1615 Match play coupons. *Amended 9/14/2012*

Match play coupons are allowed, but once used may not be retained for subsequent play by the gaming patron. Match play coupons do not apply to slot machines. When match play coupons are used at a table game, the value of the coupon must be reflected at its face value in the total drop amount for that table for that shift. The combination of the match play coupons and the required wager of the patron cannot exceed the value of $100. The patron must match the dollar value of the match play coupon. A match play coupon must have printed on it the name of the issuing establishment, the city in which the establishment is located, its value, and an explanation of its use. Match play coupons are a wager, and shall be paid the specified odds payout for the wager being made. All coupons must have an expiration date printed on them. (47.1-1615 amended perm. 10/30/99)

47.1-1615.5 Table Games coupons.

Coupons that are redeemable for chips used to wager on an approved table game are allowed. The coupon must have printed on it the name of the issuing establishment, the city in which the establishment is located, its value, and an expiration date or, alternatively, the dates the coupon is valid for redemption.

All coupons redeemed at a table game shall be immediately dropped in the table drop box and included at its face value in the total drop for that table for that shift.

47.1-1616 Procedure for reporting and paying gaming taxes and fees.

(1) Taxes and fees required by Article 47.1, Title 12. C.R.S., and the rules and regulations thereunder, must be received by the Division not later than the due date specified by law, except that the taxes and fees shall be deemed to be timely filed if the licensee demonstrates to the satisfaction of the Division that they were deposited in a United States post office or mailbox, with first class postage prepaid, and properly addressed to the Division, within the time allowed for payment of the taxes or fees. All gaming taxes and fees are the responsibility of, and must be paid by, the licensed retailer. All required reports relating to paying gaming taxes and fees must be received by the Division not later than the due date specified by law. Reports shall be deemed timely filed if the licensee demonstrates to the satisfaction of the Division that they were filed and transmitted electronically, or in another manner approved by the Division, within the time allowed for filing such reports.

(2) All monthly gaming tax returns filed with the Department must reflect all adjusted gross proceeds received by the licensee for the period of the return.

47.1-1617 Tax protest. [Eff. 6/30/2008]

(1) A licensee may file a tax protest to dispute the payment or collection of gaming taxes. A licensee filing a tax protest must serve a copy of the protest on the Executive Director of the Department of Revenue and send a copy to the Division. Articles 20, 21 and 26 of Title 39 of the Colorado Revised Statutes outlines the process for filing a protest.

47.1-1618 Claims for refunds. [Eff. 6/30/2008]

(1) To file a claim for a refund, a licensee must properly complete the claim for refund form provided by the Division and file such form with the Executive Director of the Department of Revenue and send a copy to the Division. (47.1-1618(1) temp. 10/28/93. perm. 1/30/94)

(2) Article 21 of Title 39 of the Colorado Revised Statutes outlines the process for filing a claim for a refund.

47.1-1619 Standard financial statements.

(1) Each licensee, in such manner and using such forms as required by the Division or the Department of Revenue, must prepare a financial statement covering all financial activities of the licensee's establishment for each calendar year and provide other data relevant to the consideration of the gaming tax. If the licensee or a person controlling, controlled by, or under common control with the licensee owns or operates room, food, or beverage facilities at the establishment, the financial statement must cover those operations as well as gaming operations, in which case the gaming operations must be presented separately. Licensees must submit the financial statements to the Division not later than March 15 following the end of each calendar year. Each financial statement must be signed by the licensee who thereby attests to the completeness and accuracy of the statement. In the event of a license termination, change in the business entity, or a change in control of ownership, the licensee or former licensee must, not later than 75 days after the event, submit to the Division a financial statement covering the period from the last statement to the date of termination or change. (47.1-1619(1) temp. 5/13/93. perm. 6/30/93) (47.1-1619(1) 1/30/98) For good cause shown, the Director may waive this requirement.

(2) Licensees must submit financial statements on forms provided by the Division.

47.1-1620 Audited financial statements.

(1) All licensees with annual adjusted gross proceeds during their business year of $10 million or more are required to prepare financial statements covering all financial activities of the licensee's establishment for that business year and to engage an independent accountant, licensed by the Colorado State Board of Accountancy, to audit the statements in accordance with Generally Accepted Auditing Standards. The licensee must notify the Division within 10 days of engaging an independent accountant to perform the audit. For good cause shown, the Director may waive this requirement. (47.1-1620(1) amended perm. 10/30/99)

(2) The Division may require any other licensee to prepare financial statements covering all financial activities of the licensee's establishment for a business year and to engage a certified public accountant, licensed by the Colorado State Board of Accountancy, to audit the statements or to review the statements in accordance with standards generally followed by certified public accountants. (47.1-1620(2) temp. 5/13/92, perm. 6/30/92) (47.1-1620(2) amended perm. 10/30/99)

(3) Statements required must be presented on a comparative basis after the first period of operation. Consolidated financial statements may be filed by commonly owned or operated establishments, but the consolidated statements must include consolidating financial information or consolidating schedules presenting separate financial statements for each establishment. The accountant must issue a report on the financial statements that express an opinion, whether it is unqualified, qualified, adverse, or a disclaimer of opinion. The accountant must also include any necessary explanatory or emphasis paragraph to the standard report, as may be required by standards generally followed by certified public accountants. The accountant must include in the report on the consolidated financial statements an appropriate opinion on the consolidating financial information, if any. For good cause shown, the Director may waive this requirement. (47.1-1620(3) temp. 5/13/92, perm. 6/30/92)

(4) Each licensee required to submit audited or reviewed financial statements, must submit to the Division two copies of its audited or reviewed statements not later than 120 days after the last day of the licensee's business year. In the event of a license termination, change in business entity, or a change in control of ownership, the licensee or former licensee must, not later than 120 days after the event, submit to the Division two copies of audited or reviewed statements covering the period since the previous statement. If a license termination, change in business entity, or a change in control of ownership occurs with 120 days after the end of the business year for which a statement has not been submitted, the licensee may submit statements covering both the business year and the final period of business. For good cause shown, the Director may extend the 120-day deadline.

(5) If a licensee, who is required to submit audited or reviewed financial statements, changes its business year, the licensee must prepare and submit to the Division audited or reviewed financial statements covering the “intermediate” period from the end of the previous business year to the beginning of the new business year not later than 120 days after the end of the intermediate period or incorporate the financial results of the intermediate period in the statements for the new business year. The Director may waive this requirement or grant an extension of the deadline for good cause shown. (47.1-1620(5) amended perm. 10/30/99)

(6) Any licensee who engages an independent accountant to perform a financial statement audit not required by this regulation must provide two copies of the audited financial statements to the Division within 120 days after the last day of the licensee's business year under audit. (47.1-1620(6) added perm. 10/30/99)

(7) The Division may request additional information and documents from either the licensee or the licensee's independent accountant, through the licensee, regarding the financial statements or the services performed by the accountant. Failure to submit the requested information or

documents is an unsuitable method of operation and subject to a fine, penalty, or revocation of license.

47.1-1621 Altering or falsifying gaming documents.

Any person who alters or falsifies information recorded on gaming documents, at the time of the transaction or after the fact, for the purpose of concealment, deception, or circumvention of internal control minimum procedures, or for any other purpose, may be subject to a fine, penalty or revocation of license by the Commission.