

## **BASIS AND PURPOSE FOR RULE 4**

The purpose of Rule 4 is to specify the rights, responsibilities, and duties of licensees; specify certain duties of licensees related to permitting access to the Division of information, records, and premises controlled by the licensee; require licensees to maintain sufficient financial reserves; establish restrictions on the use of skills and proposition players; grant permission to use lammers; require that certain information be publicly posted; direct the licensee to prohibit certain conduct; and establish procedures for patron disputes, dissolution of corporations, transfers of interests and terminations of licensee employment or licensure. The statutory basis for Rule 4 is found in sections 12-47.1-201, C.R.S., 12-47.1-203, C.R.S., 12-47.1-301, C.R.S., and 12-47.1-503, C.R.S.

## **RULE 4 RIGHTS AND DUTIES OF LICENSEES**

### **47-1.401 Responsibility of licensee.**

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

### **47.1-402 Discovery of violations.**

Each licensee must immediately notify the Division of the discovery of a violation or of a suspected violation of article 47.1 of title 12, C.R.S., or the rules and regulations promulgated thereunder.

### **47.1-403 Unauthorized games.**

No licensee may permit the operation of any game other than authorized games in a licensed retail establishment.

### **47.1-404 List of personnel.**

Prior to opening for business, a retail licensee must furnish to the Director on a form, or other medium required by the Division, a list of all persons, including birth dates, employed by the retail licensee. Additionally, the retail licensee must by the first day of each month submit changes to its lists of employees, unless the Director, in writing, demands more frequent notification or allows less frequent notification. (amend perm 03/30/03) *Amended 5/15/14*

### **47.1-405 Information to be furnished by licensee**

- (1) Reports and notices to the Division required by the Colorado Limited Gaming Act, or by the rules and regulations promulgated thereunder, must be made in writing, and must be submitted to the Division's main office in Golden, Colorado.
  - (a) If any section of the Act or of the Colorado gaming regulations requires that a report or notice be made in a different manner, then the specified manner shall be used.
  - (b) Delivery of notice may be made by United States mail, by personal or commercial delivery to the office, by facsimile transmission, or by electronic mail. Facsimile transmissions shall be made to the telephone number provided by the Division. Electronic mail transmissions shall be directed to the electronic mail address provided by the Division, or when available, by use of forms submitted from the Division's internet site. (47.1-405(l) perm. 10/30/99)

- (2) Each retail licensee must report to the Division at least quarterly the full name and address of every person, including lending agencies, who has a right to share in the revenues of limited gaming, whether as an owner, assignee, landlord, or otherwise or to whom any interest or share in the profits of limited gaming has been pledged or hypothecated as security for a debt or deposited as a security for the performance of an act or to secure the performance of a contract of sale. (47.1-405(2) perm. 10/30/99)
- (3) Each licensed retailer, operator, associated equipment supplier, manufacturer or distributor must immediately report to the Division the name, date of birth, and social security number of all persons who obtain an ownership, financial, or equity interest in the licensee of five percent or greater, or who have the ability to control the licensee, or who have the ability to exercise significant influence over the licensee, or who loan any money or other thing of value to the licensee. (47.1-405(3) perm. 10/30/99) *Amended 11/30/2012, Amended 2/14/14*
- (4) Any person licensed by the Commission, and any associated person to a licensee, must make written notification to the Division of any criminal conviction and criminal charge pending against such person within ten days of such person's arrest, summons, or conviction. This notification requirement shall not apply to non-felony traffic violations unless they result in suspension or revocation of a driver's license, are based on allegations of driving under the influence or impairment of intoxicating liquor or drugs, or result in the person being taken into custody. Failure to make proper notification to the Division may be grounds for a disciplinary action. (47.1-405(3) temp. 10/30/91, perm. 1/30/92) (47.1-405(3) temp. 7/14/93, perm. 8/30/93) (47.1-405(4) perm. 10/30/99) (47.1-405(4) amended perm. 03/30/03) *Amended 11/30/2012*
- (5) All licensed manufacturers, distributors, operators, and retailers must report to both the local Division office and the Division's Golden office on a form, or other medium, required by the Division, the movement of slot machines. This notification must be made by both the recipient and sender of devices on a weekly activity basis identifying any movement of devices to and from any location for that week. (47.1-405(4) perm. 12/30/94) (47.1-405(4) perm. 10/30/96) (47.1-405(5) perm. 10/30/99) amended perm. 03/30/03) *Amended 11/30/2012*
- (6) All licensed manufacturers, distributors, associated equipment suppliers, operators, and retailers must report to the Division any discovered or suspected plan, scheme, design, device or other methods of cheating that may compromise the integrity of any gaming device sold or offered for sale, offered for play, or used for any other gaming purpose within the state of Colorado by such licensee. A report shall be made as soon as possible after the discovery of such cheating plan, scheme, design, device or method, but not later than 14 calendar days if the reporting licensee is a manufacturer, distributor, or associated equipment supplier, and not later than 7 days, if the reporting licensee is an operator or retailer. (47.1-405(6) perm. 10/30/99) *Amended 11/30/2012, Amended 2/14/14*
  - (a) The subject matter and reports of the investigation conducted hereunder shall be considered confidential pursuant to Section 12-47.1-527, C.R.S. as amended, except the Director may, as deemed necessary and prudent in the exercise of his discretion, take whatever steps deemed necessary to address or mitigate the cheating problem including disseminating a warning to other licensing jurisdictions or Colorado licensees about the cheating problem. (12-47.1-405 perm. 4/30/95) *Amended 11/30/2012*
- (7) Notice of financial interest relationships required to be made pursuant to 12-47.1-835, C.R.S. shall be made following the procedures in paragraph (1), above. (47.1-405) added perm. (10/30/99) *Amended 11/30/2012*

#### **47.1-406 Inspections.**

A retail licensee, licensed manufacturer or distributor, licensed associated equipment supplier and licensed operator must immediately make available for inspection by the Commission, Director, or its agents or investigators, local sheriffs, or their agents or investigators, and police departments upon demand, all papers, books, and records produced, used or kept in connection with limited gaming, and all portions of the premises where gaming is conducted or where gambling devices or equipment are manufactured, sold, used, displayed, kept, or distributed. Upon demand, employees and agents of the Commission, Division, local sheriffs, and police departments, must be given immediate access to any portion of the premises of a retail licensee, manufacturer or distributor, associated equipment supplier, or operator for the purpose of inspecting or examining records or documents, gaming devices or equipment, or the conduct of gaming activity. *Amended 2/14/14*

#### **47.1-407 Access to premises and production of records.**

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

#### **47.1-408 Employee on premises.**

When a licensed game or a slot machine is available for play by the public, each licensee must have a licensed employee of the retail licensee present on the premises to supervise the operation of the game or machine.

#### **47.1-409 Support licensee identification.**

Every person licensed as a support or key employee licensee must wear in plain view identification issued by the Commission or Division. This section shall not apply to proposition players playing in poker games or to employees engaged in undercover security operations for the licensee, except that such licensees must have their license identification badges in their possession while working and must present them to division employees upon demand. (47.1-409 Amended 10/30/97)

#### **47.1-410 Display of license.**

All persons licensed as retail licensees must display their licenses, in a manner plainly visible to the public, on the licensed premises.

#### **47.1-411 Use of lammers.**

- (1) In poker games only, a licensee may use lammers instead of a poker buy form when chips are distributed to the table from the cashier. When lammers are used, the dealer must advise the dealer's supervisor that chips are needed and must ask for a specific amount of chips. The supervisor must obtain the necessary combination of lammers to signify numerically the requested transfer. The lammers must remain in a conspicuous place on the table. After receipt of the lammers, the dealer must remove from the dealer's imprest bank the necessary currency to receive the requested amount of chips. The supervisor must take the currency to the cashier and obtain the desired numbers of chips in return for the currency. The supervisor must immediately return to the table with the chips and give them to the dealer who will check the amount of chips for accuracy. The supervisor must then retrieve the lammers. Lammers must be kept in a secure place accessible only to the persons who supervise the dealers.

- (2) Licensees may establish imprest banks at a supervisor's podium or cashier podium in their poker rooms for the purpose of supplying chips and tokens to the tables in the room which offer player-banked poker games. Such podium imprest banks must be maintained using the procedures for tables described in Rule 11. Where poker room podium imprest banks are in use, an even money transfer of cash from a poker table may be made for chips and tokens from the podium bank, without the necessity of using lammers. (47.1-411(2) amended perm. 09/30/00)

#### **47.1-412 Payment of Winners—Reserves.**

All retail licensees shall at all times have available sufficient financial reserves promptly to pay winners of, or participants in, limited gaming activities conducted or offered by that retail licensee. Payment must be made to winners and participants by cash or by check drawn upon a bank, or other financial institution in Colorado, chartered by the State of Colorado or any other state or the United States Government, within 24 hours of any bona-fide demand by a winner or participant for payment. Any check issued by a retail licensee to any winner of a limited gaming activity must, at the time of issuance and until cashed or three months has expired (whichever is earlier), be backed by and drawn upon sufficient funds to cover the full amount of the check. *Amended 11/30/2012*

#### **47.1-413 Publication of payoffs.**

Payoff schedules applicable to every licensed game or slot machine must be displayed at all times either on the table or machine or in a conspicuous place immediately adjacent to it.

Payoff schedules must accurately state actual payoffs applicable to the particular game and may not be worded in a manner which misleads or deceives the public. Maintenance of misleading or deceptive matter on a payoff schedule or failure on the part of a licensee to make payment in strict accordance with posted payoff schedules is prohibited.

#### **47.1-414 Player rules.**

A retail licensee must post the following rules on the licensed areas:

- (1) Players and other persons present in the gaming area must be at least 21 years of age;
- (2) No side bets are permitted;
- (3) No credit may be extended;
- (4) It is unlawful to claim unattended or unearned credits and money on gaming devices; and
- (5) It is unlawful to participate in limited gaming activities while intoxicated.
- (6) Federal law prohibits the use of casino chips and tokens outside this establishment for any monetary purpose. (47.1-414 amended perm. 10/30/99; 414(6) added perm. 09/30/00)

#### **47.1-415 Visibly Intoxicated persons.**

- (1) No licensee shall permit:
  - (a) Persons who are visibly intoxicated to participate in gaming activity; or
  - (b) Service of alcoholic beverages in the licensed premises to persons who are visibly intoxicated.
- (2) No person shall participate in a limited gaming activity when such person is intoxicated.

**47.1-416 Advertising.**

No licensee shall allow, conduct, or participate in any false or misleading advertising concerning its limited gaming operations.

**47.1-417 Patron disputes.**

In a patron dispute, a licensee must notify the disputing patron that the patron has a right to contact the Division regarding the dispute.

If a licensee refuses payment of alleged winnings to a patron, the licensee and the patron are unable to resolve the dispute to the patron's satisfaction, or the dispute involves at least \$250, the licensee must immediately notify the Division. The Director shall conduct whatever investigation is necessary and must determine whether or not payment should be made. An agent of the Division may investigate the dispute and may report either to the Commission or to the Director for a decision.

The Director must notify the licensee and the patron in writing of the Director's decision regarding the dispute, within five business days after the completion of the investigation.

Failure immediately to notify the Director of a dispute, or to notify a patron of the patron's rights or failure to pay after an adverse decision, is a violation by the licensee.

**47.1-418 Special rules of conduct.**

A retail licensee may establish rules of conduct for players and spectators on its licensed site. Any such rules must be posted. The Director shall have the authority to immediately terminate any or all of such rules in any retail establishment. *Amended 11/30/2012*

**47.1-419 Procedure upon dissolution.**

Upon dissolution of a corporation, partnership, or association, the licensee must return the license to the Commission within 10 days following the date of the dissolution.

**47.1-420 Transfers of interest.**

Except as provided in Rule 4.5, no person may sell, lease, purchase, convey, or acquire an interest in a retail, operator, associated equipment supplier, or manufacturer/distributor licensee or business without the prior approval of the Commission. (47.1-420 temp. 7/1/93, perm. 8/30/93, amended perm. 11/30/03) *Amended 2/14/14*

**47.1-421 Termination of qualifying licensee, manager, or agent.**

Upon the termination of a manager's or agent's affiliation with the licensee, the licensee must name one or more new managers or agents and notify the Division within seven days.

**47.1-422 Termination of employment of support licensee.**

(Deleted effective 10/31/99)

**47.1-423 Post-termination matters.**

Upon termination of a retail or operator license for any reason, no further gaming activity shall be conducted by said licensee or on the previously licensed premises. After such termination, at a date designated by the Director, said licensee shall appear before the Director for the purpose of rendering a final accounting and to surrender the license.

**47.1-424 Restrictions on time, place, and structures.**

Limited gaming conducted pursuant to article 47.1 of title 12, C.R.S. and these rules shall be permitted 24 hours a day, three hundred and sixty-five days a year. During leap years, this shall be three hundred and sixty-six days a year. Limited gaming may only take place within the licensed premises of a retail establishment possessing a license to conduct such gaming.

**47.1-425 Activities which constitute fraud.**

- (1) Fraudulent acts shall not be permitted by licensees or patrons of limited gaming. In addition to those acts listed in section 12-47.1-823, C.R.S., "fraudulent acts" shall include but shall not be limited to: misrepresentation of the probabilities of pay out or pay out awards of any limited gaming device or game; wording pay off schedules or pay out awards in a misleading or deceptive manner; and the failure of the licensee to make payment in strict accordance with posted payoff schedules.
- (2) Players in any limited gaming game shall not play, nor attempt to play, in cooperation or collusion with any other person, nor shall any licensee knowingly permit such cooperation or collusion. Evidence of collusion may include, but shall not be limited to the following:
  - (a) Any play by a player which is intended to assist one player over another.
  - (b) A continuing or repeated pattern of betting by and between the same two or more players, the purpose of which is to cause other players to fold or withdraw from a game.
  - (c) Two or more players sharing winnings from a hand or a player agreeing to share winnings with another player if either wins any part of the pot, except as permitted in tournament play by rule 47.1-1058(4)
  - (d) Having an agreement not to bet or not to raise another player.
  - (e) Verbal or non verbal communication pertaining to the game between persons including, but not limited to: imparting information about one's hand to a player in the pot; advising someone on how to play a hand or suggesting a particular betting action; reading a hand for a player who has not yet shown his hand; or any communication between players by means other than spoken English, unless such communication, or its import, is understood by all persons at the table.
  - (f) Any other act participated in by two or more players which fraudulently creates an unfair advantage for a player, or -which fraudulently creates a disadvantage for any other player in the game. (47.1-425(2) Added 10/30/97)

**47.1-426 Foreign gaming.**

Any licensee, and any parent company or subsidiary company of the licensee, who has applied to a foreign jurisdiction for licensure or other permission to conduct gaming in such jurisdiction, or who possesses a license to conduct foreign gaming, shall notify the Division of such application. Upon request, the licensee shall make available to the Division all executed copies of all application forms and related documents filed with the foreign jurisdiction by or on behalf of the applicant or by any entity affiliated with the applicant. (amended 03/30/00) *Revised 11/30/2012*

**47.1-427 Strategy cards.**

- (1) At the discretion of a retail licensee, players of casino games may be permitted to use strategy cards. Retail licensees shall not permit the use of any device similar to a strategy card which is

designed or intended to project the outcome of the game, to keep track of the cards played, or to analyze or predict the probability of the occurrence of an event relating to the game.

- (2) A retail licensee that does not permit the use of strategy cards shall post in its table gaming area a notice informing its patrons of any prohibition or condition imposed in accordance with regulations 47.1-1039, 47.1-1040 And 47.1-1059.

**47.1-428 Acceptance of Tips.**

- (1) No gaming employee while serving in a supervisory capacity shall, directly or indirectly, solicit, accept, or receive tips or gratuities from any patron or gaming employee.
- (2) No gaming employee shall, directly or indirectly, share with, offer, or give tips or gratuities to any gaming employee who is serving in a supervisory capacity. (47.1-428 added perm. 10/30/00)