

AGENDA
COLORADO LIMITED GAMING CONTROL COMMISSION

Meeting of October 15, 2020
Beginning at 9:15 a.m.
Via Cisco Webex

Division of Gaming
1707 Cole Blvd. Ste. 350
Lakewood, CO 80401

In addition to other matters that may properly be considered by the Colorado Limited Gaming Control Commission, the following items are scheduled for consideration and adoption on October 15, 2020. Times contained in the agenda are approximate.

PUBLIC SESSION

I. Call to Order

EXECUTIVE SESSION

Review of confidential licensing reports from the Division of Gaming for consideration during the public session.

PUBLIC SESSION (reconvened)

II. Consideration of Licensing Actions

Limited Gaming Licenses:

*Change of Ownership and Renewal of the Manufacturer/Distributor License for
IOC-Black Hawk Distribution Company, LLC*

*Change of Ownership and Renewal of the Retail License for
CCSC/Blackhawk, Inc. d/b/a Lady Luck Casino Black Hawk
Isle of Capri Black Hawk, LLC d/b/a Isle Casino Black Hawk*

*Change of Ownership and Renewal of the Operator License for
CCSC/Blackhawk, Inc. d/b/a Lady Luck Casino Black Hawk*

Sports Betting Licenses:

*First Master License for
CCSC/Blackhawk, Inc. d/b/a Lady Luck Casino Black Hawk
Isle of Capri Black Hawk, LLC d/b/a Isle Casino Black Hawk*

*Temporary Vendor Major License for
Online Venture Strategies, LLC*

*First Vendor Minor License for
Mush Media LLC
Horizon Media Limited
Rock Intention Malta Limited*

Prizeout Corp.
Seven Star Digital Ltd
Slovenian Institute of Quality and Metrology, Ljubljana
One Week Season, LLC
Outbrain Inc.
Team Rankings, LLC
ESPN Enterprises, Inc.
Swissclear Global, Inc. d/b/a TAPPP
Cotler VIP Tours, Inc.
Topgolf Media, LLC

- III. Opportunity for Public to Address the Commission
- IV. Consideration of Division Financial Statements for August 2020
- V. Rulemaking Hearing – Limited Gaming Rules 4, 10, 12 & 21
- VI. Rulemaking Hearing – Sports Betting Rules 1 & 6
- VII. Adjournment



**STATEMENT OF GAMING REVENUES
GAMING TAXES, AND EXPENDITURES**

(UNAUDITED)

FOR THE TWO (2) MONTHS ENDED

AUGUST 31, 2020



COLORADO
Department of Revenue
Specialized Business Group—Gaming

October 15, 2020

State Treasurer and Members of the Colorado Limited Gaming Control Commission:

Pursuant to Section 44-30-203 (i), C.R.S., the Colorado Division of Gaming is required to furnish monthly a, "report which contains a full and complete statement of the division's revenues and expenses."

The attached combined financial statements for August 31, 2020 have not been audited. They contain the most current data available. This information has been collected and recorded in accordance with generally accepted accounting principles.

Respectfully submitted,

Tseko Ivanov

for

Vickie Floyd
Division Controller

**COLORADO DIVISION OF GAMING
FINANCIAL STATEMENTS
(UNAUDITED)**

DISTRIBUTION

Honorable Jared Polis	Governor
Representative KC Becker	Speaker of the House of Representatives
Senator Leroy Garcia	President of the Senate
Senator Chris Holbert	Senate Minority Leader
Representative Patrick Neville	House Minority Leader
Senator Dominick Moreno	Chair, Joint Budget Committee
Ms. Kristen Blessman	Chair, Limited Gaming Control Commission
Mr. Richard Nathan	Vice Chair, Limited Gaming Control Commission
Mr. Timothy Carlson	Limited Gaming Control Commission
Mr. Shawn Coleman	Limited Gaming Control Commission
Mr. Justin Davis	Limited Gaming Control Commission
Ms. Heidi Humphreys	Interim Executive Director, Department of Revenue
Mr. Cory Amend	Senior Director of Enforcement, Department of Revenue
Mr. Daniel Hartman	Director, Division of Gaming
Mr. Jason Grothaus	Director of Accounting and Financial Services, Department of Revenue
Mr. Ramon Alvarado	Deputy Budget Director, Department of Revenue
Mr. Bob Jaros	State Controller
Mr. Charles Scheibe	Chief Financial Officer, Department of the Treasury
Mr. George Orłowski	State Archivist
Ms. Dianne Ray	State Auditor
Ms. Molly Otto	Joint Legislative Library
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**DIVISION OF GAMING
STATEMENT OF REVENUES
GAMING TAXES, AND EXPENDITURES
(UNAUDITED)**

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**COLORADO DIVISION OF GAMING
TAX REVENUES COMPARISON
AUGUST 31, 2020 AND 2019**

The Colorado Limited Gaming Control Commission assesses taxes based on adjusted gross proceeds (AGP).

The tax rates for period ending June 30, 2021 are:

- 3% on AGP from charitable gaming
- .25% on amounts up to \$2 million
- 2% on amounts over \$2 million and up to \$5 million
- 9% on amounts over \$5 million and up to \$8 million
- 11% on amounts over \$8 million and up to \$10 million
- 16% on amounts over \$10 million and up to \$13 million
- 20% on amounts over \$13 million

The tax rates for year ending June 30, 2021 are the same as they were for year ending June 30, 2020.

For Periods Beginning July 1, 2019 and 2020 through August 31, 2019 and 2020

AGP Comparison				
Range	Prior Year AGP	Current Year AGP	Difference	Percent Change
\$0 - \$2 Million	\$ 10,546,532	\$ 14,305,460	\$ 3,758,928	35.64%
\$2 - \$8 Million	\$ 58,293,154	\$ 46,161,417	\$ (12,131,737)	(20.81)%
\$8 - \$13+ Million	\$ 82,280,718	\$ 64,397,241	\$ (17,883,477)	(21.73)%
Total	\$ 151,120,404	\$ 124,864,118	\$ (26,256,286)	(17.37)%

Tax Comparison				
Range	Prior Year Tax	Current Year Tax	Difference	Percent Change
\$0 - \$2 Million	\$ 131,366	\$ 125,764	\$ (5,602)	(4.26)%
\$2 - \$8 Million	\$ 1,870,034	\$ 1,716,742	\$ (153,292)	(8.20)%
\$8 - \$13+ Million	\$ 8,856,144	\$ 5,279,448	\$ (3,576,696)	(40.39)%
Total	\$ 10,857,544	\$ 7,121,954	\$ (3,735,590)	(34.41)%

Open Casinos Comparison			
Range	Prior Year No. of Tax Returns Filed by Casinos	This Year No. of Tax Returns Filed by Casinos	Difference
\$0 - \$2 Million	12	15	3
\$2 - \$8 Million	17	14	(3)
\$8 - \$13+ Million	4	4	0
Total	33	33	0

**COLORADO DIVISION OF GAMING
COMBINED STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
TWO MONTHS ENDED AUGUST 31, 2020 AND 2019
(UNAUDITED)**

	FY 2021			FY 2020		
	EXTENDED GAMING FUND	LIMITED GAMING FUND	TOTAL GAMING FUNDS	EXTENDED GAMING FUND	LIMITED GAMING FUND	TOTAL GAMING FUNDS
REVENUES:						
Gaming Taxes	\$ 0	\$ 7,122,250	\$ 7,122,250	\$ 0	\$ 10,857,544	\$ 10,857,544
License and Application Fees	0	80,870	80,870	0	92,306	92,306
Background Investigations	0	16,477	16,477	0	47,008	47,008
Fines	0	84	84	0	1,273	1,273
Interest Income	18,174	138,520	156,694	33,978	384,234	418,212
Other Revenue	0	29	29	0	941	941
TOTAL REVENUES	18,174	7,358,230	7,376,404	33,978	11,383,306	11,417,284
EXPENDITURES:						
Salaries and Benefits	0	1,345,715	1,345,715	0	1,561,751	1,561,751
Annual and Sick Leave Payouts	0	5,073	5,073	0	1,642	1,642
Professional Services	0	14,673	14,673	0	43,780	43,780
Travel	0	734	734	0	3,599	3,599
Automobiles	0	23,139	23,139	0	23,794	23,794
Printing	0	1,412	1,412	0	3,997	3,997
Police Supplies	0	109	109	0	2,437	2,437
Computer Services & Name Searches	0	10,004	10,004	0	14,195	14,195
Materials, Supplies, and Services	0	62,710	62,710	0	39,906	39,906
Postage	0	683	683	0	1,456	1,456
Telephone	0	15,318	15,318	0	14,699	14,699
Utilities	0	4,277	4,277	0	4,355	4,355
Other Operating Expenditures	0	16,910	16,910	0	12,812	12,812
Leased Space	0	54,769	54,769	0	54,769	54,769
EXPENDITURES - SUBTOTAL	0	1,555,526	1,555,526	0	1,783,192	1,783,192
STATE AGENCY SERVICES						
Colorado Bureau of Investigation	0	168,978	168,978	0	182,985	182,985
Division of Fire Prevention and Control	0	35,200	35,200	0	23,773	23,773
Colorado State Patrol	0	537,223	537,223	0	582,599	582,599
State Auditors	0	1,375	1,375	0	14,375	14,375
Indirect Costs - Department of Revenue	0	149,933	149,933	0	167,279	167,279
Colorado Department of Law	0	41,074	41,074	0	38,624	38,624
OIT Purchased Services	0	127,182	127,182	0	64,668	64,668
TOTAL STATE AGENCY SERVICES	0	1,060,965	1,060,965	0	1,074,303	1,074,303
Non Personal Services Background Exp.	0	451	451	0	8,506	8,506
TOTAL EXPENDITURES	0	2,616,942	2,616,942	0	2,866,001	2,866,001
Excess of Revenues Over Expenditures	18,174	4,741,288	4,759,462	33,978	8,517,305	8,551,283
FY20 & FY19 Extended Gaming Distr.	(15,310,639)	0	(15,310,639)	(17,931,787)	0	(17,931,787)
FUND BALANCE AT JULY 1, 2020 & 2019	15,310,639	2,765,627	18,076,266	17,931,787	2,629,136	20,560,923
TOTAL FUND BAL. AUGUST 31, 2020 & 2019	\$ 18,174	\$ 7,506,915	\$ 7,525,089	\$ 33,978	\$ 11,146,441	\$ 11,180,419

**COLORADO DIVISION OF GAMING
STATEMENT OF BUDGET TO ACTUAL
TWO MONTHS ENDED AUGUST 31, 2020
(UNAUDITED)**

	BEGINNING BUDGET *	SUPPLE- MENTAL CHANGES / ROLLFORWARDS	ANNUAL REVISED ESTIMATED BUDGET **	16.7% OF BUDGETED AMOUNT EXCEPT FOR TAXES ***	YEAR-TO-DATE ACTUAL	OVER / (UNDER) ANNUAL BUDGET	% EARNED % EXPENDED OF ANNUAL BUDGET
REVENUES:							
Gaming Taxes	\$ 96,280,198	\$ 0	\$ 96,280,198	\$ 8,525,409	\$ 7,122,250	\$ (89,157,948)	7.40%
License and Application Fees	672,515	0	672,515	112,086	80,870	(591,645)	12.02%
Background Investigations	238,140	0	238,140	39,690	16,477	(221,663)	6.92%
Fines and Fees	0	0	0	0	84	84	100.00%
Interest Revenue	678,833	0	678,833	113,139	138,520	(540,313)	20.41%
Other Revenue	0	0	0	0	29	29	100.00%
TOTAL REVENUES	97,869,686	0	97,869,686	16,311,614 ^{^^}	7,358,230	(90,511,456)	7.52%
EXPENDITURES:							
Personal Services	8,896,360	0	8,896,360	1,482,727	1,359,774	(7,536,586)	15.28%
Operating Expenditures	557,523	0	557,523	92,921	70,658	(486,865)	12.67%
Workers Compensation	42,373	0	42,373	7,062	7,062	(35,311)	16.67%
Risk Management	14,839	0	14,839	2,473	2,473	(12,366)	16.67%
Licensure Activities	166,279	0	166,279	27,713	11,334	(154,945)	6.82%
Leased Space	408,347	0	408,347	68,058	54,769	(353,578)	13.41%
Vehicle Lease Payments - Fixed	72,642	0	72,642	12,107	13,045	(59,597)	17.96%
Vehicle Lease Payments - Variable	96,639	0	96,639	16,107	10,094	(86,545)	10.44%
Utilities	23,425	0	23,425	3,904	4,277	(19,149)	18.26%
Legal Services	246,440	0	246,440	41,073	41,074	(205,366)	16.67%
CORE Operations	86,618	0	86,618	14,436	14,436	(72,182)	16.67%
Payments to Office of Information Technology	763,094	0	763,094	127,182	127,182	(635,912)	16.67%
IT Division - MIPC Phones	93,823	0	93,823	15,637	8,979	(84,844)	9.57%
Indirect Costs - Department of Revenue	899,596	0	899,596	149,933	149,933	(749,663)	16.67%
State Agency Services	4,958,340	0	4,958,340	826,390	741,401	(4,216,939)	14.95%
Division Expenditures	17,326,338	0	17,326,338	2,887,723	2,616,491	(14,709,847)	15.10%
Non Personal Services Background Expenditures	254,308	0	254,308	42,385	451	(253,857)	0.18%
TOTAL EXPENDITURES	17,580,646	0	17,580,646	2,930,108	2,616,942	(14,963,704)	14.89%
EXCESS OF REVENUES OVER EXPENDITURES	\$ 80,289,040	N/A	\$ 80,289,040	\$ 13,381,507	\$ 4,741,288	\$ (75,547,752)	5.91%

* Represents original information given to the Commission in April and June of 2020. The percent of the fiscal year elapsed through August 31, 2020 is 16.7%.

** Amount includes Long Bill items and Supplemental Appropriations.

*** The original tax projection assumed an AGP increase of 11.4%, which was then applied to the existing casinos' graduated tax tiers. The \$8,525,409 is this tax projection through August, which is \$1,403,159 more than the actual taxes collected for the same period.

^^ Calculated number is not a sum, rather elapsed percentage of Annual Revised Estimated Budget.

Memo

To: Colorado Limited Gaming Control Commission
From: Daniel Hartman, Director
Cc: Matt Heap, Kenya Collins
Date: 9/25/20
Re: Proposed Rules Changes - Summary

On October 15, 2020, I will be presenting proposed rule changes on behalf of the Division of Gaming. These proposed changes will affect *Rule 4 Rights and Duties of Licensees*, *Rule 10 Rules for Poker*, *Rule 12 Gaming Devices and Equipment*, and *Rule 21 Rules for Blackjack-Poker Combination Games*.

Gaming Regulation 30-417 Patron Disputes is being updated by raising the monetary threshold at which the licensee must contact the Division in the event of a dispute from \$250, to \$1250. This will bring the Gaming Regulation in line with Sports Betting Regulation 6.13 (3).

Gaming Regulations 30-1001 and 30-1211 are being updated to correct an incorrect Rule citation, and Gaming Regulations 30-1099.33 and 30-2109 are being updated to change the game owner's name from Bally Technologies Inc. to SG Gaming, Inc.

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; 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 44-30-201, C.R.S., 44-30-203, C.R.S., 44-30-301, C.R.S., and 44-30-502, C.R.S., 44-30-510, C.R.S., 44-30-528, C.R.S., and 44-30-833, C.R.S. *Amended 12/15/16*

RULE 4 RIGHTS AND DUTIES OF LICENSEES

30-417 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 \$1,250, 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.

BASIS AND PURPOSE FOR RULE 10

The purpose of Rule 10 is to establish playing rules for authorized types of poker and management procedures for conducting poker games in compliance with section 44-30-302 (2), C.R.S. The statutory basis for Rule 10 is found in sections 44-30-201, C.R.S., 44-30-203, C.R.S., 44-30-302, C.R.S., 44-30-816, C.R.S., and 44-30-818, C.R.S. *Amended 8/14/16*

RULE 10 RULES FOR POKER

30-1001 Poker rules.

- (6) Poker tables to be used in a licensed establishment must have an identifying number, assigned by the retail licensee, on the top surface of the table or a table accessory. This table number must be visible to surveillance personnel and must be able to be captured on surveillance video of table activity. (Amended perm. 03/30/03; Amended 11/30/14; Former regulation 30-1211 Poker table, was relocated and renumbered to regulation 30-1042~~01~~ (36), effective ~~xxx~~10/15/20~~14~~).

30-1099.33 The play – Mississippi Stud. *Eff 03/17/2011*

- (15) The retail licensee may offer either of the below “Nexus” pay tables if it wishes to connect other **Bally Technologies** **SSG GAMING, INC. OF LAS VEGAS** progressive games that also have these pay schedules approved. *Eff 03/16/2012, Amended 10/16/13, Amended 1/14/2015*

BASIS AND PURPOSE FOR RULE 12

The purpose of Rule 12 is to establish a procedure for the testing and approval by the Commission of gaming devices and equipment, to establish requirements for the gaming devices and equipment to be used in limited gaming in Colorado, and to establish procedures for the storage of gaming devices and equipment in compliance with section 44-30-302 (2), C.R.S. The statutory basis for Rule 12 is found in sections 44-30-201, C.R.S., 44-30-203, C.R.S., 44-30-302, C.R.S., and 44-30-806, C.R.S.

RULE 12 GAMING DEVICES AND EQUIPMENT

30-1211 Poker table.

Former regulation 30-1211 Poker table, was relocated and renumbered to regulation 30-104201 (36), effective ~~xxx~~10/15/20).

BASIS AND PURPOSE FOR RULE 21

The purpose of Rule 21 is to establish playing rules for authorized types of games which combine the play of blackjack with the play of poker, and management procedures for conducting blackjack-poker combination games in compliance with section 44-30-302 (2), C.R.S. The statutory basis for Rule 21 is found in sections 44-30-201, C.R.S., 44-30-302, C.R.S., 44-30-816, C.R.S., and 44-30-818, C.R.S.
Amended 8/14/16

RULE 21 RULES FOR BLACKJACK-POKER COMBINATION GAMES

30-2109 The play – Straight Jack. *Effective 02/14/2013*

Straight Jack is a trademarked, copyrighted blackjack/poker variation game, the rights to which to distribute are owned by ~~Bally Technologies~~ **SSG GAMING, INC.** of Las Vegas, Nevada and which may be transferred or assigned. Straight Jack must be played according to the following rules: *Amended 1/14/2015*

Memo

To: Colorado Limited Gaming Control Commission
From: Daniel Hartman, Director
Cc: Matt Heap, Kenya Collins
Date: 9/25/20
Re: Proposed Rules Changes - Summary

On October 15, 2020, I will be presenting proposed rule changes on behalf of the Division of Gaming. These proposed changes will affect *Sports Betting Rule 1 General Rules and Regulations*, and *Sports Betting Rule 6 Rights and Duties of Licensees*.

Specifically, Sports Betting Regulation 1.4 Definitions, is being updated with the addition of several additional sports betting terms, and Sports Betting Regulation 6.20 Contests and Weekly Picks, is being completely reworded for the sake of clarification.

DEPARTMENT OF REVENUE

Division of Gaming

SPORTS BETTING REGULATIONS

1 CCR 207-2

BASIS AND PURPOSE FOR RULE 1

The purpose of Rule 1 is to provide definitions of various terms used throughout the sports betting Rules of the Colorado Limited Gaming Control Commission so that the Rules can be uniformly applied and understood. The definitions in 44-30-103, C.R.S. and 44-30-1501 C.R.S. shall also apply throughout this document. The statutory basis for Rule 1 is found in sections 44-30-102, C.R.S., 44-30-104, C.R.S., 44-30-201, C.R.S., 44-30-202, C.R.S., 44-30-203, C.R.S., and 44-30-302, C.R.S.

RULE 1 GENERAL RULES AND REGULATIONS *Effective 4/14/20*

1.4 Definitions.

~~(6)~~ "CARD" IS THE LIST OF SPORTS EVENTS FROM WHICH A PATRON CAN MAKE SELECTIONS FOR A GIVEN POOL.

~~(67)~~ "Event number" means a set of alpha and/or numeric characters that corresponds to a sports event or an event ancillary to a sports event.

~~(78)~~ "Exchange wagers" means a form of wagering in which two or more persons place identically opposing wagers in a given market, allowing patrons to wager on both winning and non-winning outcomes in the same event.

~~(89)~~ "Free bet" means a bet made by patrons using non-cashable vouchers, coupons, electronic credits or electronic promotions provided by Sports Betting Operations.

~~(910)~~ "Independent Integrity Monitoring Provider" means an independent individual or entity approved by the Director or Director's designee to receive reports of unusual betting activity from a Sports Betting Operation for the purpose of assisting in identifying suspicious betting activity.

~~(1011)~~ "Internet Sports Betting Operator" means a person contracted by a Master License that is licensed to operate an internet Sports Betting Operation in which customers place bets within the State of Colorado on authorized sports events through a customer's personal computer, mobile or interactive device and accepted through an online gaming system approved by the Division. An Internet Sports Betting Operator may provide only one individually branded website, which may have an accompanying mobile application that must bear the same unique brand as the website for an internet Sports Betting Operation.

~~(1112)~~ "Master License" means a person, that holds a retail gaming license as described in section 44-30-501 (1)(c), issued a sports betting license by the Commission pursuant to section 44-30-1505 (1)(a), that authorizes the licensee to either conduct sports betting and internet sports betting itself or contract with a Sports Betting Operator, an internet Sports Betting Operator, or both, to conduct sports betting.

~~(1213)~~ "Net sports betting proceeds" means the total amount of all bets placed by players in a Sports Betting Operation or internet Sports Betting Operation, excluding free bets, less all payments to players and less all excise taxes paid pursuant to federal law. Payments to players include all payments of cash premiums, merchandise, or any other thing of value.

- ~~(13)~~ **(14)** "Online Sports Betting Operation" means a Sports Betting Operation in which wagers on sports events are made through personal computers, or mobile or interactive devices, and accepted through an online gaming system approved by the Division.
- (15)** "POOL" MEANS A BETTING OR PROMOTIONAL OFFERING WHERE PATRONS MAY MAKE SELECTIONS OF OUTCOMES ON A SET NUMBER OF SPORTS EVENTS ON A CARD IN ORDER TO ENTER FOR A CHANCE TO WIN ALL OR A PORTION OF THE PRIZE POOL.
- (16)** "PRIZE POOL" MEANS THE PRIZING AVAILABLE FOR AN INDIVIDUAL POOL.
- ~~(14)~~ **(17)** "Prohibited sports betting participant" means any person who is prohibited pursuant to 44-30-1506, C.R.S., any individual whose participation may undermine the integrity of the betting or the sports event, or any person who is prohibited for other good cause, including, but not limited to: any individual placing a wager as an agent or proxy; any person who is an athlete, coach, referee, player, in, or on, any sports event overseen by that person's sports governing body based on publicly available information; a person who holds a position of authority or influence sufficient to exert influence over the participants in a sporting contest, including, but not limited to, coaches, managers, handlers, or athletic trainers; a person with access to certain types of exclusive information on any sports event overseen by that person's sports governing body based on publicly available information, or a person identified by any lists provided by the sports governing body to the Division.
- ~~(15)~~ **(18)** "Proposition (Prop) bet" means a bet specifically naming an individual participant, or if a team sport, a specific position on a team, thus constituting a bet upon the actions of that individual or position, regarding the occurrence or non-occurrence of a certain outcome during an event that does not directly reflect the event's final outcome. *Amended temp. 4/30/20, Amended perm. 8/14/20*
- (19)** "RAKE" MEANS THE FEE THAT IS DEDUCTED BY A SPORTS BETTING OPERATION FROM ENTRY FEES PAID BY PATRONS WHO PARTICIPATE IN A POOL.
- (20)** "RAKE ADJUSTMENT" MEANS AN ADJUSTMENT MADE BY THE SPORTS BETTING OPERATION TO ACCOUNT FOR ANY SHORTFALL IN CONNECTION WITH A POOL.
- ~~(16)~~ **(21)** "Self-service betting device (kiosk)" means an automated device used by patrons to make wagers on sporting events; the kiosk may also be used to obtain betting information, process sports betting vouchers and betting tickets, and any other automated functions approved by the Commission. All self-service betting devices must be located in an approved designated sports betting wagering area.
- (22)** "SHARED LIQUIDITY POOL" MEANS A BETTING OR PROMOTIONAL OFFERING IN COLORADO AND AT LEAST ONE OTHER JURISDICTION WHERE PATRONS MAY MAKE SELECTIONS OF OUTCOMES ON A SET NUMBER OF SPORTS EVENTS ON A CARD IN ORDER TO ENTER FOR A CHANCE TO WIN ALL OR A PORTION OF THE PRIZE POOL.
- ~~(17)~~ **(23)** "Sport Betting Operator" means a person that is licensed to operate a Sports Betting Operation in which customers place bets in person at a designated physical location. A Sports Betting Operator may take authorized sports bets within the designated sports betting wagering area during such times as the Master license that they have contracted with operates.
- ~~(18)~~ **(24)** "Sports Betting Operation" means a licensed wagering operation in which bets are placed on sports events through any system or method of betting, including single-game bets, teaser bets, parlays, over-under, moneyline, pools, exchange wagering, in-game betting, in-play bets, proposition bets other than those relating to collegiate sports events, or straight bets.
- ~~(19)~~ **(25)** "Sports betting system" means all equipment and software used in conjunction with the Sports Betting Operation, including but not limited to, the following: (1) sports betting interactive components, including all hardware, software and associated equipment that comprise the sports betting platform for the purpose of authorizing sports betting and online and mobile sports betting,

(2) self-service sports betting devices, (3) ticket/voucher redemption devices, and (4) any other device, service or system that the Commission determines to be related to the Sports Betting Operation.

- (2026) "Sports betting wagering area" means an area(s), as designated by a licensee and approved by the Division, in which sports betting is conducted by a master license or Sports Betting Operator.
- (2427) "Sports event" means any individual or team sport, athletic contest, or athletic event not prohibited by the Director, including all professional electronic sports and competitive video game events that are not sponsored by high schools, and do not include high school teams, and do not include a majority of participants that are under the age of 18 years.
- (2228) "Sports governing body" means an organization that performs a regulatory or sanctioning function over the conduct of a sports event.
- (2329) "Sports bet" means the business of accepting approved bets by a licensee on any sports event by any approved system or method of betting.
- (2430) "Sports betting manager" means a key employee of a Master licensee or a qualified employee of a Sports Betting Operator or Internet Sports Betting Operator, responsible for the operations of sports betting and final approval of all odds established on any wager made pursuant to this chapter.
- (2531) "Sports betting system" means all equipment and software used in conjunction with the operation of a Sports Betting Operation.
- (2632) "Sports betting ticket" means a printed record issued or an electronic record maintained by the sports betting system that evidences a sports wager.
- (2733) "Sports betting voucher" means a printed record issued by a sports betting system that may be used to fund a sports wager.
- (2834) "Suspicious betting activity" means unusual betting activity that cannot be explained and is indicative of match fixing, the manipulation of an event, misuse of inside information, or other prohibited activity.
- (2935) "Unusual betting activity" means abnormal betting activity exhibited by patrons and deemed by the Sports Betting Operation as a potential indicator of suspicious activity. Abnormal betting activity may include the size of a patron's wager or increased betting volume on a particular event or wager type.
- (3036) "Voided wager" means a wager voided by a Sports Betting Operation with supervisor approval, pursuant to the Sports Betting Operation's internal controls for betting a specific event.

BASIS AND PURPOSE FOR RULE 6

The purpose of Rule 6 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, 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 6 is found in sections 44-30-201, C.R.S., 44-30-

202, C.R.S., 44-30-203, C.R.S., 44-30-204, C.R.S., 44-30-302, C.R.S., 44-30-510, C.R.S., 44-30-528, C.R.S., 44-30-833, C.R.S. and part 15 of article 30 of title 44, C.R.S.

RULE 6 RIGHTS AND DUTIES OF LICENSEES *Effective 4/14/20*

6.20 Contests and Weekly Picks.

Contests and weekly picks are those events that are offered for promotional or other purpose that do not involve activity that can be characterized as gambling and/or sports betting in violation of Colorado laws and regulations. Contests and weekly picks offered by Sports Betting Operations must be approved by the Division prior to offer. Requests shall be made pursuant to the following provisions:

- (1) The request must be made to the Division on a form designated by the Division at least three (3) business days prior to the date of offer.
- (2) The request must identify any agent and/or proxy acting on behalf of any sports betting participant and the name of that individual.

The request must provide a detailed description of the contest or weekly pick, and must include the rules of the contest, requirements for entry, and winning pay out(s).

- (1) POOL, SHARED LIQUIDITY POOL, CONTEST OR WEEKLY PICK MEANS A BETTING OR PROMOTIONAL OFFERING WHERE PATRONS MAY MAKE SELECTIONS OF OUTCOMES ON A SET NUMBER OF SPORTS EVENTS ON A CARD IN ORDER TO ENTER FOR A CHANCE TO WIN ALL OR A PORTION OF THE PRIZE POOL.
- (2) PRIOR TO OFFERING A POOL, SHARED LIQUIDITY POOL, CONTEST OR WEEKLY PICK THAT WILL BE MADE AVAILABLE TO PATRONS IN COLORADO OR A SHARED LIQUIDITY POOL AVAILABLE TO PATRONS IN COLORADO AND OTHER JURISDICTIONS WITH THE PRIZE POOL BEING COMPRISED OF ENTRY FEES COLLECTED FROM PATRONS IN MULTIPLE JURISDICTIONS, A SPORTS BETTING OPERATION MUST OBTAIN APPROVAL FROM THE DIRECTOR. THE REQUEST MUST PROVIDE A DETAILED DESCRIPTION OF THE POOL, SHARED LIQUIDITY POOL, CONTEST OR WEEKLY PICK, AND MUST INCLUDE THE RULES OF THE CONTEST, REQUIREMENTS FOR ENTRY, THE RAKE AND WINNING PAY OUT(S). ONCE A SPORTS BETTING OPERATION RECEIVES APPROVAL TO OFFER A POOL, CONTEST OR WEEKLY PICK OR A SHARED LIQUIDITY POOL THE SPORTS BETTING OPERATION SHALL NOT BE REQUIRED TO SEEK ADDITIONAL APPROVALS FROM THE DIRECTOR FOR EACH SUBSEQUENT OFFERING THAT IS SUBSTANTIALLY SIMILAR.
- (3) THE SPORTS BETTING OPERATION SHALL BE RESPONSIBLE FOR ESTABLISHING THE RAKE. THE SPORTS BETTING OPERATION'S RAKE COLLECTED FROM PATRONS THAT ENTER A POOL, SHARED LIQUIDITY POOL, CONTEST OR WEEKLY PICK WHILE LOCATED IN THE STATE OF COLORADO LESS ANY RAKE ADJUSTMENT, IF APPLICABLE, SHALL BE CONSIDERED NET SPORTS BETTING PROCEEDS AND ARE SUBJECT TO ALL TAXES AND TAX REQUIREMENTS OUTLINED IN PART 15 OF THE COLORADO LIMITED GAMING ACT.
- (4) AT NO TIME SHALL THE CALCULATION RESULTING FROM A RAKE ADJUSTMENT BE NEGATIVE.
- (5) THE RAKE RATE MUST BE THE SAME FOR ALL JURISDICTIONS PARTICIPATING IN A SHARED LIQUIDITY POOL AVAILABLE TO PATRONS IN COLORADO AND OTHER JURISDICTIONS.
- (6) AGENTS OR PROXIES SHALL NOT BE ALLOWED IN A BETTING OFFERING. POOL, SHARED LIQUIDITY POOL, CONTEST OR WEEKLY PICK EVENTS THAT ARE OFFERED FOR PROMOTIONAL OR OTHER PURPOSE THAT DO NOT INVOLVE ACTIVITY THAT CAN BE CHARACTERIZED AS GAMBLING AND/OR SPORTS BETTING IN VIOLATION OF COLORADO LAWS AND REGULATIONS MUST IDENTIFY ANY AGENT AND/OR PROXY ACTING ON BEHALF OF ANY PARTICIPANT AND THE NAME OF THAT INDIVIDUAL.