

24 NCAC 06A .0228 NOTIFICATION TO DIRECTOR REGARDING CERTAIN EVENTS

Each Responsible Party shall provide written notification to the Director when it is subject to or experiences any of the events or occurrences identified in this Rule. Notification shall be provided in writing in a manner designated by the Director, and Responsible Party shall provide the notification as soon as it learns of the event or occurrence and, in any event, within 72 hours. The Responsible Party's notification requirement arises from the following events and occurrences:

- (1) A violation or apparent violation of these Rules or the Act by any of the following:
 - (a) the Responsible Party;
 - (b) a substantial owner, Key Person, or employee of the Responsible Party; or
 - (c) a Person or entity acting, or authorized to act, on behalf of or in furtherance of the interests of the Responsible Party.
- (2) Any denial, suspension, or revocation by a governmental agency or regulatory body in any state, federal, or tribal jurisdiction of a Wagering related License, registration, certification, permit, or approval held by or applied for by the Responsible Party, or the Responsible Party's employee or Key Person.
- (3) Any discipline, including a fine or warning, related to Wagering Activity imposed upon the Responsible Party or the Responsible Party's employee or Key Person by any governmental agency or regulatory body in any state, federal, or tribal jurisdiction.
- (4) Civil litigation filed against the:
 - (a) Responsible Party's North Carolina operations;
 - (b) Responsible Party that could significantly impact its North Carolina operations; or
 - (c) Responsible Party's Key Person arising from or related to regulated gaming activity in North Carolina or other domestic jurisdictions.
- (5) A criminal, civil, or administrative action, threatened action, or investigation initiated by any governmental agency or regulatory body in any state, federal, or tribal jurisdiction against the Responsible Party.
- (6) Any arrest, indictment, charge, or criminal conviction of any Key Person in North Carolina or in any jurisdiction where such criminal matters concern or are connected with gaming activities; gaming operations; a felony; any gambling offense; a criminal offense involving moral turpitude or obstruction of justice; or any criminal offense involving dishonesty, breach of trust, or fraud.
- (7) Claims made by a governmental agency or regulatory body in any state concerning the tax liability of Responsible Party or a Key Person or substantial owner of the Responsible Party.
- (8) A civil, criminal, administrative, or tax action initiated:
 - (a) by or against an employee or Key Person of the Responsible Party if the action relates to the gaming activity conducted by Responsible Party; or
 - (b) against a Key Person, substantial owner, or an Affiliate of a Responsible Party, if the action relates to a gaming operation under the jurisdiction of a governmental entity.
- (9) A bankruptcy, receivership, or debt adjustment initiated by or against the Responsible Party, or an Affiliate thereof, or the Responsible Party's substantial owners.
- (10) RESERVED FOR FUTURE USE.
- (11) An action, event, or omission, with respect to which the Director has instructed the Responsible Party to provide notice so that the Director can ensure that the Responsible Party continues to maintain suitability for licensure.
- (12) Any information known or that should reasonably be known to the Responsible Party or Key Person, including but not limited to the receipt of a subpoena or other official notification, that the Responsible Party or Key Person is or may be the subject of a criminal investigation by a law enforcement or regulatory agency or a civil investigation by regulatory agency concerning fraud, securities, or taxation.
- (13) Any material pending legal proceedings required to be reported in accordance with 17 CFR 229.103.
- (14) Any pending legal proceeding which includes any allegation of fraudulent conduct by the Responsible Party or its Key Persons that may reasonably threaten the Responsible Party's economic viability or that alleges a pattern of improper conduct by the Responsible Party or its Key Persons over a sustained period of time.
- (15) Any significant financial event related to a Responsible Party. For purposes of this provision, a significant financial event means a merger, acquisition, consolidation, debt restructuring, material

change in debt rating by major national or international credit rating agencies, legal entity change, material ownership change, the assessment of a fine or penalty of two hundred and fifty thousand dollars (\$250,000) or greater by the U.S. Securities and Exchange Commission, a similar state agency, or the international equivalent thereof, restatement of previously issued financial statements, late filing of financial statements with the U.S. Securities and Exchange Commission, a similar state agency, or the international equivalent thereof, US or international equivalent bankruptcy petition, default of financial debt covenants and receivership, disposal of a material business segment or asset, or adverse actions taken by the Internal Revenue Service.

- (16) Issuance of an "Adverse" or "Qualified" audit opinion, or the international equivalent, by an independent accountant to the Responsible Party.
- (17) A change in accounting firm engaged to perform attestation or assurance services for the Responsible Party.
- (18) Issuance of a delisting notice from a United States or international stock exchange relative to the Responsible Party.

History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1B-028;
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