

CHAPTER 06 - LOTTERY COMMISSION

SUBCHAPTER 06A - GENERAL WAGERING

SECTION .0100 – GENERAL PROVISIONS

24 NCAC 06A .0101 DEFINITIONS

In addition to defined terms in G.S. 18C-901 and G.S. 18C-1001, the following definitions apply throughout this Rules Manual, unless otherwise specified in the Rule, Section, or Subchapter:

- (1) "Abnormal Wagering Activity" means Wagering Activity exhibited by one or more Players and considered by an Operator as a potential indicator of Suspicious or Illegal Wagering Activity, including the size of a Player's Wager, increased Wagering volume on a particular Wagering Event or Wager Type, or unusual patterns of Wagering over a period of time.
- (2) "Advertisement" means a notice, announcement, or communication to the public, or any specific members thereof, made by an Operator or on its behalf, designed to solicit or entice an Individual to participate in an Operator's Sports Wagering or Pari-Mutuel Wagering offerings via broadcasting, publication, or any other means of dissemination in this State, including social media, direct messaging, text message, or electronic mail.
- (3) "Affiliate" means a Person who directly or indirectly controls, or is controlled by, or is under common control with, a specified Person.
- (4) "Age and Identity Verification" means a method, system, or device used by an Operator to verify the validity of a Player's age and the Player's identity.
- (5) "Applicant" means a Person that applies for a License to engage in activity regulated under these Rules and statutorily authorized by Articles 9 or 10 of the Act.
- (6) "Authorized Representative" means a Responsible Party's licensed attorney-at-law of record or its authorized employee or other official representative; an Authorized Representative shall have full authority to take binding action on behalf of the Responsible Party.
- (7) "Background Investigation" means the statutorily required credit history check, tax record check, criminal history record check, and any other checks or inquiries as determined by the Commission, in its discretion, for Individuals connected with an Applicant for a License, Key Persons, and Persons required to be disclosed as set forth by law, these Rules, or a License application approved by the Commission.
- (8) "Cancelled Wager" means a Wager that was valid at the time that it was made but has since been invalidated in a manner acceptable by the Commission due to an event or action that prevents its completion.
- (9) "Cash" means US currency.
- (10) "Cash Equivalent" has the meaning provided in G.S. 18C-901(2).
- (11) "Commission" has the meaning provided in G.S. 18C-103(1).
- (12) "Commissioner" has the meaning provided in G.S. 18C-103(2).
- (13) "Communication Technology" means the methods used and the components employed to facilitate the transmission of information, including electronic communications, and transmission and reception systems based on wire, cable, radio, microwave, light, optics, or computer data networks or similar electronic agents, including the internet and intranets.
- (14) "Confidential Player Information" means:
 - (a) the amount of money credited to, debited from, withdrawn from, or present in a particular Wagering Account;
 - (b) the amount of money Wagered by a particular Player on one or more Wagering events;
 - (c) the unique Wagering Account ID or username and authentication credentials that identify the particular Registered Player;
 - (d) the identities of particular Wagering Events or Wager Types on which the Player is Wagering or has Wagered; and
 - (e) unless otherwise authorized by the Player, the name, address, and other information in possession of the Operator that would identify the Player to anyone other than the Commission or the Operator.

- (15) "Day" means a calendar day, unless otherwise specified in the Rule. In computing any period prescribed or allowed by the Rule, the day of the act, event, or default from which the designated period begins to run shall not be included.
- (16) "Director" has the meaning provided in G.S. 18C-103(3).
- (17) "Disciplinary Action" means action taken by the Commission or Director against a Responsible Party to assess a civil penalty, suspend a License, or revoke a License.
- (18) "Disciplinary Hearing" means a proceeding set forth in Section .0300 of this Subchapter to comply with the hearing requirement of G.S. 18C-916.
- (19) "Event Corruption" means an intentional arrangement, act, or omission aimed at an improper alteration of the result or the course of a Wagering Event in order to remove all or part of the unpredictable nature of the event with a view to obtaining an undue advantage for oneself or for others. By way of illustration, Event Corruption includes, but is not limited to, instances of: bribery, Match Fixing, misuse of insider information, officiating abnormalities, or any illegal, immoral, or unethical activity that attempts deliberately to distort the result of a Wagering Event for the personal material gain of one or more parties involved in that corrupting activity.
- (20) RESERVED FOR FUTURE USE.
- (21) "Gaming Day" means a twenty-hour period which begins at 12:00 a.m. Eastern Time and ends the following Day at 11:59 p.m. Eastern Time.
- (22) "Independent Testing Laboratory" means a laboratory which:
- (a) holds an active accreditation in accordance with:
 - (i) ISO/IEC 17020, ISO/IEC 17025, and ISO/IEC 17065 by an accreditation body that is a signatory to the International Laboratory Accreditation Cooperation Mutual Recognition Agreement; or
 - (ii) other active accreditation satisfactory to the Commission from a recognized accrediting body;
 - (b) has a reputation for honesty, independence, competence, and timeliness that is demonstrably competent and which is qualified to scientifically test and to evaluate gaming equipment for compliance with the Act, state and federal law, applicable case law, and these Rules; and
 - (c) is approved by the Commission.
- (23) "Indian Lands" has the meaning provided in the Indian Gaming Regulatory Act of 1988, 25 U.S.C. 2703(4).
- (24) "Individual" means a natural person.
- (25) "Ineligible Person" means:
- (a) a Commissioner;
 - (b) an Underage Individual;
 - (c) an Individual prohibited from engaging in Sports Wagering pursuant to G.S. 18C-902(i);
 - (d) an Involuntarily Excluded Person;
 - (e) a Voluntarily Excluded Person;
 - (f) an Individual Wagering while not in the authorized geographic boundaries within the State of North Carolina;
 - (g) a Person Wagering in violation of State, local, or federal law;
 - (h) an Individual Wagering on behalf of another Individual or Person;
 - (i) except for the purpose of Layoff Wagers, as defined in Rule 24 NCAC 06B .0101(18), a Person that is not an Individual; or
 - (j) other Persons as determined by the Commission.
- (26) "Integrity Monitoring" means the monitoring of Sports Wagering or Pari-Mutuel Wagering to identify Abnormal Wagering Activity or Suspicious or Illegal Wagering Activities from an Event Corruption standpoint, to include reporting these activities to required or other appropriate parties.
- (27) "Internal Controls" means a system of internal procedures, as well as administrative and accounting controls, related to the integrity of Sports Wagering and Pari-Mutuel Wagering.
- (28) "Internet" means the international computer network of interoperable packet switched data networks, inclusive of additional technological platforms, including mobile, satellite, and other electronic distribution channels.

- (29) "Involuntarily Excluded Person" means an Individual who has been involuntarily prohibited from establishing a Wagering Account or participating in Sports Wagering Activities or Pari-Mutuel Wagering Activities under the jurisdiction of the Commission.
- (30) "Key Person" has the meaning provided in G.S. 18C-901(10).
- (31) "License" means a License applied for by an Applicant or issued by the Commission under these Rules and the Act.
- (32) "Match Fixing" means the act of playing or officiating a Wagering Event with the intention of achieving a pre-determined result, violating the rules of the event.
- (33) "Multi-Factor Authentication" means a type of authentication which uses two or more of the following to verify an Individual's identity:
 - (a) information known only to the Individual, including a password, pattern, or answers to challenge questions;
 - (b) an item possessed by an Individual, including an electronic token, physical token, or an identification card; or
 - (c) an Individual's biometric data, including fingerprints, voice recognition, or recognition of any physiological characteristic, including facial recognition.
- (34) "Operator" for purposes of these Rules means:
 - (a) an Interactive Sports Wagering Operator as defined in G.S. 18C-901(9); or
 - (b) an advance deposit wagering (ADW) licensee as defined in G.S. 18C-1001(2).
- (35) "Operator License" for the purposes of these Rules means a License issued by the Commission to:
 - (a) an Interactive Sports Wagering Operator under G.S. 18C-904; or
 - (b) an advance deposit wagering (ADW) licensee under G.S. 18C-1005.
- (36) "Pari-Mutuel Wager" or "Pari-Mutuel Wagering" has the meaning provided in G.S. 18C-1001(3).
- (37) "Person" has the meaning provided in G.S. 18C-103(7).
- (38) "Personal Information" has the meaning provided in G.S. 75-61(10).
- (39) "Player" means a Person who Wagers on Wagering Events.
- (40) "Registered Player" means an Individual who has established a Wagering Account with an Operator.
- (41) "Responsible Party" means Operators, Sports Wagering Service Providers, and Sports Wagering Suppliers.
- (42) "Revocation" means action taken by the Commission or Director to terminate the rights and privileges associated with a License and to permanently prohibit the Responsible Party from applying for or receiving a License within the State.
- (43) "Rule" means a requirement, condition, or directive adopted by the Commission in this Rules Manual or any technical manual authorized herein that is applicable to an Applicant, Responsible Party, Player, Person, Individual, or other party subject to the authority, oversight, or supervision of the Commission.
- (44) "Segregated Account" means a financial account that separates funds, to include Cash and Cash Equivalents, owned by Players and that is restricted to funds owned by Players in the United States, and has funds that are not commingled with the Operator's operational funds.
- (45) "Sensitive Information" means information about an Individual, including Personal Information, transactional Wagering data, authentication credentials, secure seeds and keys used in encryption, and other data that shall be handled in a secure manner.
- (46) "Service Provider" or "Sports Wagering Service Provider" has the meaning provided in G.S. 18C-901(15).
- (47) "Sports Facility" has the meaning provided in G.S. 18C-901(17).
- (48) "Sports Governing Body" has the meaning provided in G.S. 18C-901(18).
- (49) "Sports Wager" or "Sports Wagering" has the meaning provided in G.S. 18C-901(19).
- (50) "Sports Wagering Operator" means an Interactive Sports Wagering Operator as defined in G.S. 18C-901(9).
- (51) "State" means the State of North Carolina not to include the Indian Lands within its boundaries.
- (52) "State Lottery Act" or "Act" means Chapter 18C of the General Statutes.
- (53) "Sufficient Clarity" means the capacity of a Surveillance System to record images at a resolution determined by the Commission to clearly identify the intended activity, Individual, object, or location.
- (54) "Supplier" or "Sports Wagering Supplier" has the meaning provided in G.S. 18C-901(22).

- (55) "Surveillance Operation Room" means the secured area where surveillance takes place or where active surveillance equipment is located.
- (56) "Surveillance System" means a system of video cameras, monitors, recorders, video printers, switches, selectors, and other equipment used for surveillance.
- (57) "Suspension" means action taken by the Commission or Director to temporarily deauthorize the rights and privileges associated with a License after which the Responsible Party shall cease all activity regulated by these Rules for the requisite period of Suspension as defined in the Commission decision or order.
- (58) "Suspicious or Illegal Wagering Activity" means activities, actions, or behaviors that raise concerns about the integrity of the Wagering Activity or the Wagering Event itself. This includes, but is not limited to: Match Fixing or point-shaving, misuse of insider information, Abnormal Wagering Activity, Wagering by Ineligible Persons, money laundering, use of multiple Accounts, collusion or cheating, Wager or Wagering Event manipulation, unauthorized use of bots or automated systems, and potential breaches of internal rules or code of conduct related to Wagering for a Sports Governing Body, racing regulatory body, or equivalent.
- (59) "Ticket Writer" means a cashier employed by an Operator who is assigned the responsibility for the operation of a Ticket Writer Station.
- (60) "Ticket Writer Station" means a point-of-sale system used by a Ticket Writer for the execution or formalization of Wagers placed on behalf of a Player.
- (61) "Tribal Gaming Enterprise" has the meaning provided in G.S. 18C-901(25).
- (62) "Underage Person" means an Individual under twenty-one years of age.
- (63) "Void Wager" or "Voided Wager" means a Wager that was not valid at the time it was placed or a Wager that was valid at the time it was placed but has since become invalid for reasons, including but not limited to the change in eligibility status of an event participant or subject of the Wager.
- (64) "Voluntarily Excluded Person" means an Individual who is included, at their own request, in the Voluntary Exclusion Program.
- (65) "Voluntary Exclusion Program" means a program operated by the Commission to maintain a list of Individuals who voluntarily exclude themselves from Sports Wagering or Pari-mutuel Wagering and from establishing or maintaining a Wagering Account with an Operator for such Wagering.
- (66) "Wager" means a sum of money or Cash Equivalent risked on an uncertain occurrence.
- (67) "Wagering Account" or "Account" means:
- (a) an Interactive Sports Wagering Account used for placing Sports Wagers as defined in G.S. 18C-901(8); or
 - (b) an advance deposit account used for placing Pari-Mutuel Wagers as contemplated in G.S. 18C-1015.
- (68) "Wagering Activity" means Sports Wagering Activity or Pari-Mutuel Wagering Activity unless otherwise specified.
- (69) "Wagering Event" means:
- (a) for Sports Wagering, a Sporting Event as defined in G.S. 18C-901(16); or
 - (b) for Pari-Mutuel Wagering, a horse race.
- (70) "Wagering Facility" means:
- (a) a place of public accommodation operated by an Interactive Sports Wagering Operator and approved by the Commission for in-person Sports Wagering; or
 - (b) a simulcast facility operated by an ADW licensee and approved by the Commission for in-person Pari-Mutuel Wagering.
- (71) "Wagering Kiosk" or "Kiosk" means a self-service automated device, computer terminal, or other similar machine that a Player may use in a Wagering Facility to place a Wager using Cash and Cash Equivalents. A Wagering Kiosk may also be used to redeem a Wager and for other regulated functions where supported.
- (72) RESERVED FOR FUTURE USE.
- (73) "Wagering Rules" means the comprehensive rules established by an Operator for governing Wagering Activities with that Operator.
- (74) "Wagering Ticket" or "Ticket" means a printed record, or digital representation thereof, that contains information pertaining to a Wager in connection with a Wagering Event.

- (75) "Wagering Voucher" or "Voucher" means a printed record, or digital representation thereof, that may be used to fund a Sports Wager or may be redeemable for Cash or Cash Equivalents.
- (76) "Wagering Window" means a window in a structure approved by the Commission within a Wagering Facility from which a Ticket Writer conducts Wagering Activity by accepting or distributing Cash or Cash Equivalents.
- (77) "Wager Type" means the form of a Wager offered by a Sports Wagering Operator, including but not limited to Single-Game Wagers, Teaser Wagers, Parlays, Over-Under, Moneyline, Pools, Exchange Wagering, In-Game Wagering, In-Play Wagers, Proposition Wagers, Straight Wagers, and other Sports Wagers approved by the Commission.
- (78) "Winnings" means the total Cash value of property or sums, including Cash, Cash Equivalents, or instruments of monetary value paid, to a Player by an Operator as a direct result of a winning Wager.

History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1A-001;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024;
Amended Eff. June 22, 2024.

24 NCAC 06A .0102 SCOPE AND APPLICATION OF RULES

- (a) These Rules apply to Persons whose conduct makes them subject to Articles 9 and 10 of the Act. Unless explicitly identified by the Commission as applicable to North Carolina Education Lottery retailers or lottery players, this Rules Manual for Sports Wagering and Pari-Mutuel Wagering does not apply to the administration, operation, or conduct of the State-operated lottery established and overseen by the Commission.
- (b) Through these Rules, the Commission directs staff to create processes and take certain actions with respect to members of the public and interested parties that are subject to the Act or the Commission's oversight.
- (c) The Commission's Policies and Procedures concerning the operation of the State's lottery may, from time to time, constitute persuasive authority in the context of regulated gaming activity.
- (d) Nothing in these Rules limits, changes, or otherwise supplants the Department of Revenue's authority, requirements of Operators, or Rules.

History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1A-002;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.

24 NCAC 06A .0103 AUTHORIZATION

- (a) These Rules cover only activities specifically authorized by Chapter 18C of the North Carolina General Statutes or other State law. The federal Indian Gaming Regulatory Act, 25 U.S.C. 2701, and G.S. 14-292.2 do not represent a basis for these Rules.
- (b) These Rules do not implicitly or expressly authorize any Applicant, Responsible Party, any Person acting on behalf of a Responsible Party, any Person subject to the Commission's oversight or authority, or any other Person to engage in Sports Wagering, Pari-Mutuel Wagering, regulated gaming activity, or related activities beyond those allowed by law. These Rules do not displace federal or any other State law.
- (c) The Act and these Rules do not apply to Sports Wagering or Pari-mutuel Wagering conducted exclusively on Indian Lands by an Indian tribe operating in accordance with a tribal-state gaming compact, G.S. 14-292.2, and authorized to conduct Class III gaming pursuant to a compact with the State.
- (d) For purposes of these Rules, Sports Wagering and Pari-mutuel Wagering are conducted exclusively on Indian Lands only if the Person who places the Wager is physically present on Indian Lands when the Wager is initiated and the Wager is received by an Indian tribe operating on the same Indian Lands in accordance with a tribal-state gaming compact, G.S. 14-292.2, and in conformity with the safe harbor requirements as provided in 31 U.S.C. 5362(10)(c).

History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1A-003;
Eff. January 8, 2024;

Readopted Eff. March 27, 2024.

24 NCAC 06A .0104 SEVERABILITY OF PROVISIONS

The provisions of Rules contained within this Rules Manual are severable. If a provision of a Rule is invalid, or if an application thereof to a Person or circumstance is invalid, the invalidity shall not affect other provisions or applications which may be given effect without the invalid provision or application.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1A-004;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0105 RESERVATION OF AUTHORITY

The Commission expressly reserves all powers, duties, and authority granted to it by the Act and other applicable law. While the Commission properly and necessarily delegates certain authority and duties in order to fulfill and execute the Commission's supervisory and administrative obligations, the Commission does not delegate their ultimate authority to fulfill and execute their lawful duties. On those occasions when the Commission elects not to exercise their full statutory authority, such actions reflect a policy decision by the Commission and not a waiver or relinquishment of that authority. In its sole discretion, the Commission may modify or repeal the Commission's Rules or policies at any time. Nothing contained herein is to be construed to limit the statutory powers and duties of the Commission.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1A-005;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0106 ASSIGNMENT OF DUTIES AND RESPONSIBILITIES TO THE DIRECTOR

(a) Subject to the Commission's oversight and direction, the Director shall be the primary administrative and enforcement agent for licensing and regulatory matters arising under Articles 9 and 10 of Chapter 18C in the North Carolina General Statutes and other applicable State law. The Director shall have all of the powers and duties described by law and as assigned or delegated by the Commission.

- (1) The duties of the Director's designees shall be exercised and discharged subject to the direction, control, and supervision of the Director or the Chair of the Commission.
- (2) The Director may formally or informally assign authority and responsibilities to Commission staff.
- (3) Unless otherwise specified herein, as used in this Rules Manual "Director" also includes any staff designee or agent or contractor appointed formally or informally by the Director to act on the Director's behalf, subject to the Director's supervision or oversight.

(b) When prompt action is required due to emergent circumstances and it is not practicable or reasonable to assemble a quorum of the Commission, the Director, in consultation with the Commission Chair and Sports Betting Committee Chair, if available, is authorized to act in the name of the Commission to the extent necessary to carry out specific action or actions limited to responding to or addressing the emergent circumstances during a period not to exceed the next meeting of the Commission. Action taken pursuant to this provision shall be presented to the Commission for ratification or other action at the next regularly-scheduled or called meeting of the Commission.

(c) Any delegated authority under these Rules does not authorize the Director or other actor to take any action:

- (1) prohibited by law;
- (2) previously considered and specifically rejected by the Commission; or
- (3) contrary to the Commission's duly adopted directions to the Director or staff.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1A-006;
Eff. January 8, 2024;
Readoption Eff. March 27, 2024.*

24 NCAC 06A .0107 EXECUTIVE ORDERS

(a) To provide certainty to the regulated public and support efficient operations and administration, the Commission authorizes the Director to issue Executive Orders, as needed. Executive Orders shall have the same force and effect as these Rules.

(b) The Director shall provide the Commission with forty-eight hour prior notice of any Executive Order before such Order's final publication on the Commission's website. Email notice sent to each Commissioner shall suffice.

- (1) The Director shall provide a report to the Commission concerning any Executive Orders issued at next regularly scheduled Commission meeting, or at an earlier meeting as directed by the Chair or a majority of Commission members.
- (2) Executive Orders expire after one year unless otherwise stated by the Director at the time of the entry of the Order and as approved by the Commission or as otherwise adopted as a Rule by the Commission.
- (3) The Director shall approve and sign every Executive Order that issues; approval and execution of Executive Orders is non-delegable.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1A-007;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0108 TECHNICAL MANUALS AND BULLETINS PUBLISHED BY THE DIRECTOR

(a) Consistent with these Rules, the Director shall publish, as needed, Technical Manuals and Bulletins to interpret and implement Articles 9 and 10 of the Act and these Rules.

(b) Technical Manuals and Bulletins duly adopted by the Commission have the same force and effect as this Rules Manual.

(c) The Director may revise Technical Manuals and Bulletins from time to time. Revisions to Technical Manuals and Bulletins shall become valid upon 30 Days' notice from the Director to a Responsible Party. The Director shall provide notice by sending an email to a Responsible Party's email address of record with a hyperlink to the Commission's website that collects the Technical Manual and Bulletins or revisions thereto.

(d) Technical Manuals and Bulletins shall be collected and published on the Commission's website.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1A-008;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0109 REQUEST FOR VARIANCE OR WAIVER OF REQUIREMENT

(a) For good cause shown, the Director may waive any of the non-statutory grounds for denial or renewal of a License. For good cause shown, the Director may grant a variance from the operation of these Rules or a requirement in these Rules.

(b) A Person requesting a waiver or variance shall submit a written request in a format specified by the Director. The written request shall contain at least the following:

- (1) the standard for which the waiver or variance is sought;
- (2) detailed facts in support of the request;
- (3) an explanation of the unique circumstances justifying the request; and
- (4) any other information requested by Commission staff or the Director.

(c) If the request does not meet the requirements in Paragraph (b) of this Rule or is incomplete, the requestor shall be notified:

- (1) of the deficiency; and
- (2) that the request will not be presented to the Director unless the identified deficiency is corrected.

(d) At any time before or after a waiver or variance has been granted, the Director may:

- (1) limit or place restrictions on the waiver or variance as the Director considers necessary in the best interest of the State;
- (2) require the requestor who is granted the waiver or variance to cooperate with the Director and to provide the Director with any additional information requested; or
- (3) set an expiration date for the waiver or variance.

(e) The requestor shall be notified of the Director's decision.

- (f) The decision of the Director on a request for a waiver or variance is final and may not be appealed. Denial or modification of any waiver or variance request submitted under this Rule does not require notice or an opportunity for hearing.
- (g) The Director retains the sole authority to grant, deny, or modify a waiver or variance request submitted under this Rule.
- (h) The Director may revisit a previous waiver or variance decision or request for any lawful reason and may modify or rescind a prior decision regarding the same, as needed.
- (i) The grant or denial of a waiver or variance does not bind the Commission or Director to take similar action in the future.

History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1A-009;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.

24 NCAC 06A .0110 EFFECTIVE DATE OF RULES MANUAL

- (a) This Rules Manual shall be effective upon the date of its adoption or the earliest date allowed by law, whichever is later.
- (b) New Rules, amended Rules, and revisions to this Rules Manual shall become effective immediately upon adoption by the Commission or on such date specified by the Commission.

History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1A-010;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.

24 NCAC 06A .0111 COMMISSION LOCATION AND OFFICE HOURS

The Commission's physical and mailing addresses, hours of operation, and points of contact with respect to issues arising under Article 9 or 10 of the Act shall be prominently posted on the Commission's website.

History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1A-011;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.

24 NCAC 06A .0112 PAYMENT OF FEES

- (a) All required fees or sums to be paid to the Commission shall be paid via wire transfer of funds or other form as prescribed by the Director.
- (b) Checks, credit cards, and other forms of payment given to the Commission or its agents or vendors for fees due that are returned unpaid shall be considered cause for license denial, Suspension, or Revocation.

History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1A-012;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024;
Amended Eff. June 22, 2024.

24 NCAC 06A .0113 CONFIDENTIAL MATERIALS

- (a) Parties submitting documents or materials to the Commission, its Director, staff, or agents are responsible for conspicuously marking such materials on or before the time of submission as "Confidential" or "Trade Secret" as appropriate, in accordance with applicable North Carolina laws.
- (b) Parties that fail in accordance with this Rule to mark documents that are otherwise not subject to public disclosure assume the risk that such documents may be disclosed, whether inadvertently or purposefully.

History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1A-013;

Eff. January 8, 2024;
Readopted Eff. March 27, 2024.

24 NCAC 06A .0114 ADDRESS REQUIREMENTS

- (a) All Responsible Parties and Applicants shall provide the Commission with a designated contact, including a mailing address, an email address, and a phone number. This information may be submitted via a licensure application or through other forms prescribed by the Director.
- (b) Within 10 Days of changing the designated contact, the mailing address, the email address, or the phone number on file with the Commission, a Licensee or Applicant shall notify the Commission of such change in writing. Information required to be provided by this Rule shall be submitted to the Commission on a form and in a manner prescribed by the Director.
- (c) The Commission or the Director may serve orders, decisions, or other documents generated by the Commission or its staff on Responsible Parties and Applicants by first class mail or electronic mail to the Responsible Party's or Applicant's address on file with the Commission or to a registered agent as identified in filings with the North Carolina Secretary of State.
- (d) Applicants and Responsible Parties shall provide the Commission with information about their registered agent, including name, physical address, phone number, and email address.

History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1A-014;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.

SECTION .0200 – LICENSING PROVISIONS

24 NCAC 06A .0201 BURDEN ON APPLICANT

The burden of proof shall be on the Applicant to show by clear and convincing evidence that the Applicant:

- (1) complies with the laws of the State of North Carolina, the Rules of the Commission, and any other applicable law regarding eligibility and qualifications for the License; and
- (2) is not otherwise disqualified from holding a License.

History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1B-001;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.

24 NCAC 06A .0202 OPPORTUNITY TO PARTICIPATE IN WAGERING INDUSTRY AS REVOCABLE PRIVILEGE

- (a) Participation in any aspect of Wagering operations covered by these Rules by a Responsible Party shall be deemed a revocable privilege and shall be conditioned on the proper and continued qualification of the Responsible Party, and on the discharge of the affirmative responsibilities of each Responsible Party to provide to the Commission, Director, and other regulatory and investigatory authorities under any other provision of law any assistance and information necessary to assure that the policies underlying the Act and these Rules are achieved.
- (b) An Applicant is seeking a privilege to participate in Wagering operations covered by these Rules in North Carolina; consequently, it assumes and accepts all risks of adverse publicity, notoriety, embarrassment, criticism, or other action or financial loss that may occur in connection with the application process or the public disclosure of information. By submitting an application under these Rules, the Applicant expressly waives any claim for damages or injunctive relief that may result from the application process.

History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1B-002;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.

24 NCAC 06A .0203 CONSULTATION BEFORE SUBMISSION OF APPLICATION

The Director may conduct consultation meetings or information sessions with Applicants and prospective Applicants to provide guidance regarding application procedures and requirements. In the event of conflicting information or guidance, formal and informal communications issued by or on behalf of the Director to provide guidance do not take precedence over State or federal law, these Rules, or other official governance materials.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1B-003;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0204 ELECTRONIC FORM OF APPLICATIONS; COPIES OF APPLICATION AND SUPPORTING MATERIALS

- (a) The Applicant shall complete and submit the applicable License application on a form and in a manner prescribed by the Commission.
- (b) Information and documents submitted to the Commission in connection with a License application shall be made using the electronic form and formats required by the Commission and submitted in a manner designated by the Director.
- (c) Upon request, an Applicant shall submit to the Director at no cost copies of the application or any supporting documents or materials in the electronic or hard-copy medium specified by the Director.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1B-004;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0205 ALL APPLICATIONS ARE SWORN; DUTY TO UPDATE OR AMEND DURING PENDENCY OF REVIEW

- (a) Information and documents submitted to the Commission in an application shall be sworn or affirmed under the penalties of perjury as to their truth, validity, and comprehensiveness by the Applicant or, if the Applicant is not an Individual, by an officer or Director of the Applicant.
- (b) If information submitted by an Applicant as part of a License application changes or becomes inaccurate, the Applicant shall notify the Commission of the change or inaccuracy and amend the application submission within five Days.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1B-005;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0206 TIMELINESS

- (a) To be eligible for consideration, a Licensing application shall be submitted on or before the deadline established by the Director.
 - (1) The Commission may establish different deadlines for different Licenses.
 - (2) After an application deadline passes for a particular License, the Director may establish a new deadline for a cycle of future applications.
- (b) When an application or any supplemental element of an application shall be submitted to the Director by a particular date, then such material shall be submitted not later than 11:59 p.m. Eastern Time on the last day of the specified period. Any application materials submitted after that deadline will not be considered. The risk of technological, electronic, or other logistical difficulties that prevent timely submission of application materials is on the Applicant.
- (c) The Director may, at their discretion, extend the submission deadline for all Applicants for a particular License for a period determined by the Commission.
- (d) The Commission may also utilize rolling application processes that do not require deadlines.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1B-006*

Eff. January 8, 2024;
Readopted Eff. March 27, 2024.

24 NCAC 06A .0207 CONSIDERATION OF LATE APPLICATIONS

- (a) A License application submitted after an established deadline will generally not be considered or evaluated. Untimely submission is grounds for summary denial of an application.
- (b) An untimely application may be considered under limited circumstances as determined by the Commission.
- (c) An untimely application may be considered under the following limited circumstances:
 - (1) The Director determines one or more of the following:
 - (A) That both of the following conditions exist:
 - (i) no other Applicant or interested Person would be unfairly prejudiced by the delayed submission of the application; and
 - (ii) neither the Commission nor the Director has taken substantive action with respect to any application submitted prior to the deadline.
 - (B) Additionally, at least one of the following conditions is present:
 - (i) the failure to file the application prior to the expiration of the deadline was caused by the action or inaction of a third-party, which relates to the method or timing of the delivery of the application to the Commission, and was the product of reasonable and excusable neglect;
 - (ii) the circumstances surrounding the method or timing of the delivery of the application indicate that in the normal course of events the application should have been received by the Commission prior to the expiration of the deadline; or
 - (iii) prior to the expiration of the deadline, the Applicant reasonably believed that delivery of the application would occur prior to expiration of the deadline.
 - (2) The Director determines that the Applicant's failure to file the application prior to the expiration of the deadline was caused in whole or in part by documented incorrect or misleading information or instructions provided by an employee or agent of the Commission and that Applicant acted reasonably in relying on such information or instructions, taking into consideration the nature of the information or instructions and the identity of the Individual providing the information or instructions;
 - (3) The Director acts to establish a new deadline applicable to all Persons to which the original deadline was applicable; or
 - (4) The Director determines that consideration of the application is necessary to prevent manifest injustice.
- (d) The Commission strongly disfavors consideration of late applications and there is a presumption against considering an application that is not timely filed.

History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1B-007;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.

24 NCAC 06A .0208 AUTHORIZATION TO REVIEW

- (a) By submitting an application the Applicant authorizes the Commission, Director, investigative contractors acting on the Commission's behalf, and others authorized by the Commission to obtain or access any and all gaming-related information the Applicant has provided in any other jurisdiction to a domestic regulatory body while the Applicant sought or operated with a gaming or similar License in that other jurisdiction, as well as any information obtained by that other jurisdiction during the course of any investigation the other jurisdiction may have conducted regarding the Applicant.
- (b) An Applicant shall authorize other jurisdictions or regulators to release to the Commission any information contemplated by this Rule, and shall timely provide appropriate written authorizations as needed. Failure to provide such authorization in a timely fashion shall result in the summary denial of the Applicant's application or potential Suspension or Revocation of a License.
- (c) At the Director's request, an Applicant shall provide complete copies of licensure-related materials and applications submitted to other state regulatory commissions for gaming, Sports Wagering, Pari-Mutuel Wagering,

and the like. The Director is authorized to address issues pertaining to trade secrets, confidentiality, privacy, security, and integrity with the Applicant and other regulators.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1B-008;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0209 ADMINISTRATIVE SUFFICIENCY REVIEW

- (a) Upon receipt of an Applicant's application and payment of the applicable Licensing fee, the Director shall review the application to determine whether it facially contains all required information and materials such that the application may be deemed administratively sufficient.
- (b) If the Director determines that an application is administratively insufficient, then the Director shall notify the Applicant and, if feasible, identify the facially deficient components.
- (c) An Applicant so notified of administrative insufficiency shall have no more than 10 Days after the issuance of the notice to submit the information necessary to cure the deficient components.
- (1) The Director may establish additional or shorter deadlines for the submission of information that supplements, changes, or corrects information or materials previously submitted.
 - (2) The Director may refuse to consider any such information that is not submitted in compliance with established deadlines.
 - (3) If supplemental materials are not submitted in a timely fashion, the application remains administratively insufficient and is subject to automatic denial.
 - (4) Upon good cause shown by an Applicant, the Director may provide an Applicant an extension of time to cure the deficient component.
- (d) A positive determination of administrative sufficiency begins the Commission's 60 Day application review period. Such determination does not constitute a finding with respect to the accuracy or adequacy of the information submitted, and shall not bar the Director's or Commission's request for further information with respect to the application. During the substantive evaluation of an Application, the Director may determine that an Applicant's answer is incomplete or inadequate, in which case the Director shall notify the Applicant and allow for additional information to cure the deficiency, consistent with the process set forth in Paragraphs (b) and (c) of this Rule.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1B-009;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0210 CONSENT TO BACKGROUND INVESTIGATION REQUIRED; RECENT CRIMINAL HISTORY CHECK

- (a) The Commission, or a third-party contractor approved by the Commission, shall conduct a Background Investigation on the Applicant, Key Persons, and other Persons required to be disclosed on the application, as required by the Commission.
- (1) In the event an Applicant, its Key Persons, and its disclosed Persons have had a completed criminal history record check in the 12 months prior to the application, the Commission may, in its discretion, accept the results of that prior criminal history record check on submission of an affidavit that there has been no change in criminal history since the prior criminal history record check in this or another state or territories of the United States and the District of Columbia. The Commission or Director shall prescribe the form and contents of such affidavit.
 - (2) The Commission shall not award a License if an Applicant, Key Person, or disclosed Person has been convicted in any jurisdiction of a felony, a gambling offense, a criminal offense involving moral turpitude or obstruction of justice, or any criminal offense involving dishonesty or breach of trust within 10 years of application.
- (b) An Applicant for Licensure, Key Persons, and Persons required to be disclosed on the application as deemed necessary by the Commission shall consent to a criminal history record check, including criminal history record information obtained from the Federal Bureau of Investigation. Refusal to consent to a criminal history record check constitutes grounds for the Commission to deny Licensure summarily.

- (1) If used, criminal history record information obtained from the Federal Bureau of Investigation pursuant to this Rule shall include other state and national criminal history record information.
 - (2) All criminal history record information obtained by the Commission pursuant to this Rule is subject to G.S. 18C-904(j), 18C-906(h), 18C-907(l), and 18C-916(b), is for the official use of the Commission only, and shall be kept confidential.
 - (3) An Individual required to submit to a criminal history record check under this Rule shall submit to having their fingerprints taken.
- (c) Individuals, Key Persons, and disclosed Persons required to participate in the Background Investigation required by these Rules or Articles 9 and 10 of the Act shall provide a statement that irrevocably gives consent to the Commission, Director, and their investigative contractors, and other authorized Persons acting on the Commission's behalf to:
- (1) verify all information provided in the application; and
 - (2) conduct a Background Investigation.
- (d) The statement shall be on a form made available by the Director and shall be submitted in a manner determined by the Director.
- (e) The Director shall make available an affidavit form for those Individuals subject to the Background Investigation process who have completed a criminal history check in the 12 months prior to the application's submission.
- (1) A complete copy of the previous criminal history check shall be attached to the affidavit form.
 - (2) The Director reserves the right, in their sole discretion, to undertake a supplemental or additional Background Investigation of any individual who submits an affidavit involving a prior criminal history check.
- (f) If, while conducting a Background Investigation, a basis for recommending denial of a License is discovered, Commission staff shall:
- (1) informally notify the Applicant; and
 - (2) if a final decision has not yet issued on the application, allow the application to be withdrawn or amended within a specified period.
- (g) For an Applicant who has resided in any country other than the United States during the past 10 years, the Background Investigation shall require an international criminal history records check.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1B-010;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024;
Amended Eff. June 22, 2024.*

24 NCAC 06A .0211 DUTY TO UPDATE APPLICATION; PROCESS TO AMEND

- (a) If information in a submitted License application changes or becomes inaccurate, the Applicant shall notify the Commission within five Days of the change or inaccuracy in writing with a supplement to its application.
- (b) All Applicants, including Key Persons and Individuals subject to Background Investigations, have a continuing duty to disclose material changes and correct material omissions in the application.
- (c) An Applicant shall amend or supplement its License application and related submissions, including submissions concerning Key Persons and Individuals subject to Background Investigations, to the Commission through a process and forms approved by the Director.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1B-011;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0212 SUPPLEMENTAL INFORMATION AND COOPERATION

- (a) In connection with a pending application or License related matter, the Director may request supplemental information and documents from an Applicant, Responsible Party, Key Person, or Individual subject to a Background Investigation.
- (b) Failure to submit requested additional information sought by the Director may be grounds for summary denial of the application, Suspension of a License, or Revocation of a License.

(c) Unless the Director specifies a different period or a date certain, an Applicant, Responsible Party, Key Person, or Individual shall respond to a supplemental information request in writing with relevant materials within 10 Days.

History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1B-012;
Eff. January 8, 2024;
Readoption Eff. March 27, 2024.

24 NCAC 06A .0213 APPROVAL OR DENIAL OF LICENSE APPLICATION; AUTHORITY

(a) The Commission delegates to the Director decision-making authority to grant or deny a License application. The Director shall report all decisions to grant or deny a License application to the Commission.

(b) Any Applicant whose application is denied shall receive a written denial notice. The notice shall state the summary grounds for the denial and provide the Applicant information about seeking reconsideration of the determination as outlined in Rule .0219 of this Subchapter.

(c) Grounds for denial of a License may include the following:

- (1) The Applicant is unable to satisfy the requirements under the Act and these Rules.
- (2) The Applicant or any Key Person is not of good character, honesty, or integrity.
- (3) The Applicant's or any Key Person's prior activities, criminal record, reputation, or associations indicate any of the following:
 - (A) A potential threat to the public interest.
 - (B) The potential to impede the regulation of Sports Wagering or Pari-Mutuel Wagering.
 - (C) The potential of promoting unfair or illegal activities or Event Corruption in the conduct of Sports Wagering or Pari-Mutuel Wagering.
- (4) The Applicant or any Key Person knowingly makes a false statement of material fact or deliberately fails to disclose information requested by the Commission.
- (5) The Applicant or any Key Person knowingly fails to comply with the provisions of the Act and these Rules or any requirements of the Commission.
- (6) The Applicant or any Key Person was convicted in any jurisdiction of a felony, a gambling offense, a criminal offense involving moral turpitude or obstruction of justice, or any criminal offense involving dishonesty or breach of trust within the 10 years prior to the submission date of the application.
- (7) Any Revocation, Suspension, or denial of the Applicant's License to conduct Sports Wagering, or Pari-Mutuel Wagering, other forms of gaming activity, or a Covered Service issued by any other jurisdiction.
- (8) The Applicant has defaulted on any obligation or debt owed to this State.
- (9) For Sports Wagering Operators, any breach, discontinuance, or other cessation of the Written Designation Agreement required under G.S. 18C-905.

History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1B-013;
Eff. January 8, 2024;
Readoption Eff. March 27, 2024.

24 NCAC 06A .0214 REAPPLICATION FOR LICENSURE AFTER WITHDRAWAL, DENIAL, OR REVOCATION

(a) An Applicant may not submit a Licensing application earlier than one year after:

- (1) electing to withdraw an application from consideration;
- (2) denial of a previous License application involving the Applicant; or
- (3) Revocation of its License in North Carolina.

(b) In the event an Applicant has unsuccessfully sought reconsideration or an appeal of a denied application or of a Revocation, the one-year period in Paragraph (a) of this Rule begins on the Day a final decision issues.

(c) The Director, in their sole discretion, may waive or shorten the one-year period if the Applicant can demonstrate by clear and convincing evidence its suitability for licensure.

History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1B-014;

Eff. January 8, 2024;
Readopted Eff. March 27, 2024.

24 NCAC 06A .0215 WITHDRAWAL OF APPLICATION

- (a) An Applicant's written notice of withdrawal of an application or of a renewal application may be filed by any Applicant at any time before an application is denied or a License is revoked or terminated.
- (b) Application withdrawal requests shall be permitted without the need for approval by the Director or the Commission.

History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1B-015;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.

24 NCAC 06A .0216 AUTHORITY TO RETAIN AND UTILIZE CONTRACT INVESTIGATORS

- (a) The Director may retain qualified contractor investigators, either directly or pursuant to a contract or contracts with a private investigative business or businesses, to assist with activities such as initial suitability, qualification, and Background Investigations of Applicants, Responsible Parties, and Key Persons.
- (b) Once retained, each contractor investigator shall be provided with the necessary authority and credentials to serve as an official agent of the Commission in conducting initial suitability, qualification, and Background Investigations of Applicants, Responsible Parties, and Key Persons.

History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1B-016;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.

24 NCAC 06A .0217 REVIEW AND ISSUE LICENSES

The Commission shall review and issue Licenses to qualified Applicants within 60 Days of receipt of a completed, administratively sufficient application. The Commission may extend the review period for an additional 30 Days if the Background Investigation is outstanding. The Commission shall provide notice to an Applicant that the review period for its application has been extended.

History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1B-017;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024;
Amended Eff. June 22, 2024.

24 NCAC 06A .0218 CONDITIONAL LICENSURE

- (a) The Director may offer an Applicant a License subject to certain conditions and limitations. If the Applicant accepts an offer of Conditional Licensure, the Applicant shall abide by the conditions and limitations or be subject to Disciplinary Action.
- (b) If the Applicant declines the offer of Conditional Licensure, then the application shall be deemed denied.

History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1B-018;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.

24 NCAC 06A .0219 RECONSIDERATION ON DENIAL OF A LICENSE

(a) Any Applicant whose application is denied shall have 15 Days from receipt of notice of denial, issued pursuant to Rule .0213 of this Subchapter, to submit a written request for reconsideration to the Director. The written request for reconsideration shall contain:

- (1) a statement identifying the grounds for denial which the party intends to contest and state the reasons therefor;

- (2) a description of all facts the Applicant is relying on to contest the grounds for denial;
- (3) a description of any alleged errors by the Commission; and
- (4) a statement of truth, swearing or affirming that all information contained in the written request for reconsideration is accurate and complete.

(b) Upon receipt of a written request for reconsideration, the Director shall either ratify the prior denial or take other appropriate action within 15 Days. The Director, in their discretion, may extend the time period for good cause; if additional time is required, the Director shall notify the Applicant in writing. If the Director ratifies the denial of the application, the Applicant shall receive notice of the Director's decision and information about appealing the Director's decision.

(c) Any Applicant who has sought reconsideration of denial of their License from the Director and received an unfavorable decision may appeal the Director's decision to the Sports Betting Committee. The Applicant shall have 15 Days from receipt of the Director's decision to submit a written appeal. The written appeal shall contain:

- (1) a statement identifying the grounds for denial which the party intends to contest and state the reasons therefor;
- (2) a description of all facts the Applicant is relying on to contest the grounds for denial and supporting documentary materials relied upon;
- (3) a description of any alleged errors by the Commission;
- (4) a description of any alleged errors by the Director;
- (5) a statement of truth, swearing or affirming that all information contained in the written appeal is accurate and complete; and
- (6) an acknowledgement signed by an Authorized Representative that the Applicant understands that materials that are specifically identified by the Commission as providing a basis for the denial may become public records.

(d) Upon receipt of a written appeal of the Director's decision, the Commission staff shall begin to compile a full record of the application. Staff will provide this record to the Sports Betting Committee and to the Applicant that submitted the appeal within 21 Days of the Commission's receipt of the written appeal. On behalf of the Director, Commission staff may include a written response to the written appeal from the Applicant in the record.

(e) The Sports Betting Committee shall have 90 Days from receipt of the full application record to make a final decision. The Sports Betting Committee may in its discretion elect to receive oral presentations from the parties in an open meeting, seek supplemental written information for its consideration from the Applicant, or reach its decision based on the record alone. The Applicant will receive notice of the final decision, which shall be in writing and shall explain the basis for the decision.

(f) An Applicant who voluntarily withdraws its application for a License shall waive all rights to seek reconsideration pursuant to this Rule.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1B-019;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0220 DUTY TO MAINTAIN SUITABILITY

Each License is a revocable privilege granted by the Commission contingent upon continuing suitability for licensure. Each Responsible Party has a continuing duty to maintain and, at the Commission's or Director's direction, demonstrate its suitability for Licensure.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1B-020;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0221 ATTESTATION OF COMPLIANCE

(a) On an annual basis at a time designated by the Director, each Responsible Party shall submit an attestation of compliance to the Commission on forms prescribed by the Commission or in an electronic platform provided by the Commission.

(b) The Responsible Party's attestation shall identify, if applicable, any material deficiencies with respect to Responsible Party's compliance with these Rules or the Act. The Responsible Party may elect to provide the

Director with additional sworn or affirmed written submissions to provide the Director with context and information, as well as information about the Responsible Party's plans and ongoing efforts to achieve compliance.

(c) Material omissions or false statements in the attestation or related submissions may serve as the basis for Revocation, Suspension, civil penalties, sanctions, or enforcement actions.

(d) The Responsible Party's attestation or related submission shall be signed by any officer or agent of the Responsible Party who has also been identified as a Key Person. Their attestation shall be made on the basis of information known or reasonably known to the Responsible Party.

- (1) By signing under oath, the Individual attests to the truth, accuracy, and completeness of the attestation and materials provided on behalf of the Responsible Party.
- (2) The Individuals providing attestations and related written submissions need not have first-hand or other personal knowledge of all information submitted to the Commission; such Individuals may consult with and gather information from other Individuals within the Responsible Party or in entities whose actions are for the benefit of the Responsible Party or are controlled or directed by the Responsible Party. Individuals who assisted the affiants or with whom the affiants consulted shall be identified by name in the written submission, along with their organization, mailing address, and email address.

History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1B-021;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.

24 NCAC 06A .0222 ANNUAL REVIEW OF LICENSED OPERATORS

The Commission shall review each Licensed Operator annually to ensure that each is acting in accordance with the Act and Rules adopted by the Commission and representations included in its attestation of compliance. If the Commission determines that there is probable cause that an Operator is in violation of the Act or any Rules adopted pursuant to the Act, the Commission may seek to suspend or revoke the License of the Operator or assess a civil monetary penalty in accordance with these Rules.

History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1B-022;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.

24 NCAC 06A .0223 LICENSE PERIOD; REVOCATION OR SUSPENSION

Other than a provisional Sports Wagering Supplier License issued pursuant to G.S. 18C-907, any License issued pursuant to the Act and these Rules shall be valid for five years unless sooner revoked or suspended or otherwise made invalid by operation of law.

History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1B-023;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.

24 NCAC 06A .0224 RENEWAL APPLICATION

(a) At least 60 Days prior to the expiration of a License, the Responsible Party shall submit a renewal application, on a form and in a manner prescribed by the Commission, including a renewal fee, which shall be the same as the fees for a new License of the same type.

(b) The renewal applications shall include each of the components of initial applications.

(c) A Responsible Party's attestations of compliance submitted to the Director pursuant to Rule .0221 of this Subchapter shall be deemed incorporated into the Responsible Party's renewal application.

(d) Responsible Parties seeking renewal shall be subject to Background Investigations and other review by the Commission under the same conditions and requirements as an initial Applicant seeking licensure.

History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1B-024;

Eff. January 8, 2024;
Readopted Eff. March 27, 2024.

24 NCAC 06A .0225 DENIAL OF RENEWAL

(a) The Commission may deny a License renewal based on:

- (1) one or more of the same grounds that would constitute denial of an initial application under Rule .0213 of this Subchapter;
- (2) a violation of the Act or these Rules;
- (3) a pattern of noncompliance with Rules or directives promulgated by the Commission;
- (4) failure to pay the taxes or fees imposed under these Rules;
- (5) the Commission's previous decision to suspend or impose civil penalties on the Responsible Party;
or
- (6) a finding by the North Carolina Department of Revenue that the Responsible Party violated a provision in Article 2E of Chapter 105 of the North Carolina General Statutes.

(b) The Commission may deny a License renewal if the Commission finds good cause that the Responsible Party has not materially complied with one or more provisions of the Act or one or more provisions in these Rules.

History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1B-025;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024;
Amended Eff. June 22, 2024.

24 NCAC 06A .0226 PUBLIC RECORD

Notwithstanding Chapter 132 of the General Statutes or any other provision of law, except for G.S. 18C-916(b), only the following documents under this Rule shall be a public record, with respect to each Applicant and each Responsible Party:

- (1) The name, address, and platform used for Wagering Activity.
- (2) The names of all Key Persons.
- (3) The granting or denial of the application.
- (4) With respect to Operators:
 - (a) The documented history of working to prevent compulsive gambling, including training programs for its employees.
 - (b) The branding that the Applicant plans to hold out to the public displaying its platform used for Wagering Activity.

History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1B-026;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.

24 NCAC 06A .0227 DUTY TO REPORT

Each Responsible Party shall promptly report to the Commission as soon as practicable, but in no event later than five Days after discovery:

- (1) Any criminal charge or disciplinary proceeding commenced by a domestic gaming regulator or law enforcement authority in connection with gaming activities or operations against (i) that Responsible Party; (ii) its Key Persons involved in regulated activity in North Carolina; or (iii) its officers or directors who are directly involved in the operation, management, or control of sports wagering or who exercises substantial influence or control over the sports wagering activities in any domestic jurisdiction.
- (2) All changes in Key Persons. All new Key Persons shall consent to a Background Investigation and compliance with the Act and these Rules.
- (3) Any material deficiency with respect to Responsible Party's compliance with these Rules or the Act.

History Note: Authority G.S. 18C-114(a)(14);

*Previously adopted as Rule 1B-027;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

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 a Rule of the Commission 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 Sports Wagering related License, registration, certification, permit, or approval held by or applied for by the Responsible Party.
- (3) Any discipline, including a fine or warning, related to Sports Wagering imposed upon the Responsible Party 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 sports 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) A compliance review conducted by the Internal Revenue Service under the Bank Secrecy Act of 1970, 31 U.S.C 5311. The Responsible Party shall provide a copy of the compliance review report or the equivalent within 10 Days of the receipt of the report.
- (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;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0229 LICENSE ASSIGNMENT OR TRANSFER

- (a) A Responsible Party may request the assignment or transfer of their License to another Person by submitting a request in writing.
- (b) The assignee or transferee shall complete the requisite Licensure application and include the following:
 - (1) a copy of the Responsible Party's written request for assignment or transfer of their License;
 - (2) a draft copy of the proposed Assignment and Assumption Agreement; and
 - (3) if seeking transfer or assignment of a Sports Wagering Operator License, a Written Designation Agreement, pursuant to 24 NCAC 06B .0206.
- (c) To qualify for consideration of the License transfer or assignment, the assignee or transferee shall first pay the requisite application fee and meet all qualifications and Background Investigation requirements for the requisite License.
- (d) The Director may approve or deny the License assignment or transfer. The grounds for the denial of a License assignment or transfer are the same as those provided in Rule .0213(c) of this Subchapter with respect to the denial of an Application for a License. Denial of a License assignment or transfer is treated as a denial of an Application and affords the assignee or transferee the same right to seek reconsideration pursuant to Rule .0219 of this Subchapter, as if it were an Applicant whose Application was denied.
- (e) The Assignment and Assumption Agreement shall be subject to the approval of the Director and shall include the Director as a signatory solely for the purpose of consenting to the Assignment and Assumption Agreement.
- (f) An unauthorized assignment or transfer of a License voids the License.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1B-029;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024;
Amended Eff. June 22, 2024.*

24 NCAC 06A .0230 TERMINATION OF LICENSE

Upon termination of a License for any reason, no further Wagering Activity shall be conducted by the Responsible Party. After termination, at a date designated by the Director, the former Responsible Party shall submit to the Director a final accounting and surrender its License.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1B-030;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0231 CLOSING OF A RESPONSIBLE PARTY'S OPERATION; DISSOLUTION

- (a) A Responsible Party shall notify the Director of any temporary or permanent closing plans at least 60 Days prior to closing its operations or as soon as the Responsible Party knows that closing is imminent, whichever period is shorter.
- (b) Within 30 Days of notice to the Director, the Responsible Party shall provide the Director with a closing plan regarding the disposition of outstanding Tickets and futures Wagers.
- (c) A Responsible Party shall notify the Director of any permanent cessation of operations at least 60 Days prior to operations ceasing, or the change of ownership, or as soon as the Responsible Party knows that closing is imminent, whichever period is shorter.
- (d) Within 30 Days of notice to the Director, an Operator shall provide the Director with a closing plan regarding the disposition of Player Accounts and funds therein, if applicable. The closing plan shall be consistent with Operator's Internal Controls and identify any amendments the Operator proposed in order to implement the closing plan.
- (e) A Responsible Party shall surrender its License within 10 Days of the dissolution effective date.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1B-031;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0232 LICENSE DISPLAY

An Operator shall prominently display the License issued by the Commission on its websites, mobile applications, and, if applicable, within the Wagering Facility.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1B-032;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024;
Amended Eff. June 22, 2024.*

SECTION .0300 – DISCIPLINARY ACTIONS AND HEARINGS

24 NCAC 06A .0301 GROUNDS FOR DISCIPLINARY ACTIONS

- (a) The Commission, the Sports Betting Committee, or Director may suspend a License, revoke a License, or assess a civil penalty for a violation committed by a Responsible Party, or by the Responsible Party's employees or agents whether or not such actors hold a License issued by the Commission. An Operator may be subject to Disciplinary Action for violations committed by other Responsible Parties acting on its behalf, for its benefit, or at its direction.
- (b) The following are examples of conduct that constitute grounds for Disciplinary Action:
 - (1) violation of the Act or other law, including, but not limited to, failure to maintain qualifications or suitability needed for a License;
 - (2) violation of Rules promulgated under the Act;
 - (3) violation of conditions of Licensure;
 - (4) violation of Commission directives, orders, or resolutions;
 - (5) violation of Laws, Rules, regulations, or ordinances impacting public safety;
 - (6) any act or omission of fraud, deceit, misrepresentation, or conduct prejudicial to public confidence in the integrity of Wagering Activity;
 - (7) suspension or Revocation of a similar License held in another state or territory;
 - (8) other grounds identified by the Commission or Director; or
 - (9) a finding by the North Carolina Department of Revenue that the Responsible Party violated a provision in Article 2E of Chapter 105 of the North Carolina General Statutes.

(c) Acceptance or renewal of a License constitutes an agreement by the Responsible Party to be bound by Commission Rules. It is the responsibility of the Responsible Party to remain self-informed of the content of and any revisions to these Rules; ignorance of the Rules does not excuse violations.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1C-001;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024;
Amended Eff. June 22, 2024.*

24 NCAC 06A .0302 INFORMAL RESOLUTION

(a) Any dispute between the Commission and a Responsible Party that involves the Responsible Party's rights, duties, or privileges, arising from matters involving a proposed Disciplinary Action, may be settled or resolved through informal procedures. Settlement of disputes is encouraged at any stage of the Disciplinary Hearing or before such proceedings commence.

(b) Unless otherwise provided by law, the parties may resolve a Disciplinary Hearing before final action by the Commission. Resolution may occur by stipulation, agreed settlement, consent order, waiver, default, or other method agreed upon by the parties.

(c) If the Commission and the other Responsible Party do not agree to a resolution of the dispute through informal processes, the Commission shall commence a Disciplinary Hearing to determine the Responsible Party's rights, duties, privileges, or the appropriate Disciplinary Action.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1C-002;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0303 INITIATION OF DISCIPLINARY HEARING; NOTICE OF HEARING

(a) The Director, initiates a Disciplinary Hearing by:

- (1) designating a hearing officer from a preselected panel of approved hearing officers, pursuant to Rule .0320 of this Subchapter; and
- (2) following notification from the hearing officer of the date, time, and place of the hearing, which shall comply with Paragraph (c) of this Rule, submitting a "Notice of Disciplinary Hearing" to the hearing officer and Responsible Party.

(b) The Notice of Disciplinary Hearing shall be:

- (1) provided to the designated hearing officer via email or other method identified by the hearing officer;
- (2) served on the Responsible Party via email or in a manner outlined in Rule .0304 of this Subchapter; and
- (3) in writing and contain at minimum:
 - (A) a short, plain statement of the facts describing the circumstances, violations, or conduct giving rise to the Disciplinary Hearing;
 - (B) the Disciplinary Action recommended;
 - (C) references to the particular Act or Rules germane to the Disciplinary Action; and
 - (D) the date, hour, and place of the hearing.

(c) The Hearing officer shall set the date for the Disciplinary Hearing without undue delay; however, the hearing shall not occur within the 15 Days immediately following service of the Notice of Disciplinary Hearing.

- (1) Notice of the date, hour, and place of the hearing shall be posted on the Commission's website. Notice of any postponement or rescheduling of such hearing shall be posted on the website as soon as reasonably practicable.
- (2) A party other than the Commission that receives notice of a hearing may waive its right to be heard by submitting a written waiver to the Hearing officer.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1C-003;
Eff. January 8, 2024;*

Readopted Eff. March 27, 2024.

24 NCAC 06A .0304 METHOD OF SERVICE

(a) In connection with a Disciplinary Hearing, service of process may be accomplished pursuant to means identified under G.S. 1A-1, Rule 5(b). If service is effectuated by registered, certified, or first-class mail, by signature confirmation as provided by the United States Postal Service, or by designated delivery service authorized pursuant to 26 U.S.C. 7502 (f)(2) with delivery receipt, then a copy shall be addressed to the party at the latest address given by the party to the Commission. Service by one of the additional methods provided in G.S. 1A-1, Rule 5(b), is effective as provided therein and shall be accompanied by a certificate of service as provided in G.S. 1A-1, Rule 5(b). G.S. 1A-1, Rule 6(e), applies if service is by first-class mail.

(b) The designated hearing officer may, in their discretion, identify different means for accomplishing service of process. The parties to the Disciplinary Hearing may agree to service of process via email.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1C-004;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0305 LICENSE SURRENDER

(a) When a Responsible Party is accused of any act, omission, or conduct that would subject it to Disciplinary Action, the Responsible Party, with the consent and approval of the Director, may surrender the License and all the rights and privileges pertaining to it for a period of time established by the Director.

(b) A Responsible Party that surrenders a License shall not thereafter be eligible for or submit any application for Licensure during the period of License surrender.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1C-005;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0306 REPRESENTATION OF PARTIES

(a) The Responsible Party that is subject of the Disciplinary Hearing shall appear in person, through an attorney.

(b) The Responsible Party's attorney shall be deemed to control all matters respecting the interest of the Responsible Party in the Disciplinary Hearing.

(c) The Director, staff, and the Commission's attorney shall act on behalf of the Commission at the Disciplinary Hearing.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1C-006;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0307 PRACTICE BEFORE THE COMMISSION

(a) Any attorney representing a Responsible Party in a Disciplinary Hearing shall notify the Commission's attorney in writing of such representation immediately after being retained by the party. Such notice shall constitute an appearance on behalf of the party as an attorney of record in the matter.

(b) Each attorney practicing law in a Disciplinary Hearing shall promptly file with the hearing officer a notice of appearance in each particular matter and on behalf of each client represented and may be required to file evidence of the attorney's authority to act in such capacity. The address of each attorney, telephone number, and e-mail address shall be stated.

(c) In accordance with Rules of the North Carolina State Bar which govern the practice of law in North Carolina, an out-of-state attorney-at-law shall be associated with a North Carolina attorney-at-law in order to represent a Responsible Party in a Disciplinary Hearing. Out-of-state attorneys shall also comply with G.S. 84-4.1, pay a fee, register with the North Carolina State Bar through their in-state counsel, and comply with other applicable State law.

(d) When any matter is scheduled before the Commission, the Sports Betting Committee, or a hearing officer, the attorney shall, consistent with ethical requirements, appear or have a partner, associate, or another attorney familiar

with the case appear. Unless an attorney has been excused in advance by the hearing officer, the Chair of the Sports Betting Committee, the Chair of the Commission, or their designee, an attorney's failure to appear may not be grounds for continuance.

(e) Motion to Withdraw as Attorney of Record. – An attorney retained to represent a client in a proceeding shall not withdraw from such representation without first filing a motion to withdraw and having the Commission, the Sports Betting Committee, or hearing officer approve such withdrawal. Motions to withdraw shall include a certificate of service showing service on and approval of the client from whom representation is being withdrawn.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1C-007;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0308 EX PARTE COMMUNICATION

(a) Unless required for disposition of an ex parte matter authorized by law, a Responsible Party with a disciplinary matter before the Commission, the Sports Betting Committee, or hearing officer, or attorney or other representative for a Responsible Party with a disciplinary matter before the Commission, the Sports Betting Committee, or hearing officer, shall not communicate, directly or indirectly, with any hearing officer or member of the Commission in connection with any issue of fact or question of law at issue in the disciplinary matter except on written notice and opportunity for all parties to participate.

(b) This prohibition begins at the time of the Notice of the Disciplinary Hearing.

(c) When the disciplinary matter is in front of the Sports Betting Committee, the members of the Sports Betting Committee may only communicate with other members of the Commission that are also members of the Sports Betting Committee about issues related to the proceeding. When the disciplinary matter is in front of the Commission, a Commission member may communicate with other members of the Commission about issues related to the proceeding.

(d) A hearing officer or Commission member may have the aid and advice of the Commission staff other than the hearing officer or the staff which has been or is engaged in investigating or prosecuting functions in connection with the case under consideration or a case with related factual issues or similar legal issues.

(e) This Rule does not apply to a Commission employee or party representative with professional training in accounting, actuarial science, economics, or financial analysis insofar as the case involves financial practices or conditions.

(f) In the event such ex parte communication occurs, the Commission, the Sports Betting Committee, or the hearing officer may make such orders to take such action as fairness requires. Upon notice and hearing, the Commission, the Sports Betting Committee, or the hearing officer may take such Disciplinary Action as is appropriate in the circumstances against any Person who knowingly and willfully makes or solicits the making of a prohibited ex parte communication.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1C-008;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0309 MOTIONS

(a) All motions filed with the Commission prior to a Disciplinary Hearing before the hearing officer shall be in writing, shall be served on the parties, and shall set forth reasons supporting the motion. All parties upon whom a motion is served shall have 10 Days from service to file a response. During a hearing, motions may be made orally, unless the hearing officer directs otherwise. Each motion shall state with particularity the grounds upon which it is based and the relief or order sought.

(b) Motions shall, in the ordinary course of proceedings, be heard and disposed of by hearing officers to whom the case is assigned, by the Sports Betting Committee when the case is before the Sports Betting Committee, or by the Commission when the case is before the Commission as a whole.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1C-009;
Eff. January 8, 2024;*

Readopted Eff. March 27, 2024.

24 NCAC 06A .0310 POSTPONEMENT OF HEARING

- (a) Postponement or rescheduling of a hearing ordinarily will not be allowed.
- (b) Except in the case of extreme emergency, unusual circumstances, for good cause shown, or upon consent by all parties, no such request will be considered unless received in writing at least three Days in advance of the time set for the hearing.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1C-010;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0311 WITNESS AND EXHIBIT LISTS

- (a) Unless the hearing officer orders otherwise, a list of witnesses expected to be called during the Disciplinary Hearing and the list of exhibits, including copies of said exhibits, intended to be presented at the hearing shall be filed with the hearing officer and exchanged by the parties no later than 5:00 p.m. Eastern Time, three business Days prior to the scheduled hearing. Materials may be distributed electronically upon the approval of the hearing officer.
- (b) Should a party attempt to admit into evidence any exhibit not provided in accordance with this Rule other than for purposes of rebuttal, upon objection by the opposing party, the hearing officer may consider this fact in their decision on the motion.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1C-011;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0312 BURDEN OF PROOF

The Commission has the burden of proving the facts alleged in the Notice of Disciplinary Hearing by clear and convincing evidence.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1C-012;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0313 EVIDENCE

- (a) Except as otherwise provided, the Rules of evidence as applied in the trial division of the North Carolina General Court of Justice shall be followed; but, when evidence is not reasonably available under such rules to show relevant facts, they may be shown by the most reliable and substantial evidence available.
- (b) In all Disciplinary Hearings, irrelevant, immaterial, and unduly repetitive evidence shall be excluded.
- (c) Evidence in a Disciplinary Hearing, including records and documents shall be offered and where appropriate admitted, and made a part of the record. Other factual information or evidence excluded from a hearing shall be made part of the record but shall not be considered in determination of the case, except as permitted under Rule .0316 of this Subchapter.
- (d) Documentary evidence may be received in the form of a copy or excerpt or may be incorporated by reference, if the materials are so incorporated are available for examination by the parties. Upon timely request, a party shall be given an opportunity to compare the copy with the original if available.
- (e) A party that seeks to enter the contents of voluminous records into evidence should offer that evidence as an exhibit in the form of a chart or summary. The offering party shall supply the opposing party with copies of all supporting documents on which the summaries are based.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1C-013;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0314 DEPOSITIONS

A deposition may be used in lieu of other evidence when taken in compliance with the Rules of Civil Procedure, G.S. 1A-1.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1C-014;
Eff. January 8, 2024;
Readoption Eff. March 27, 2024.*

24 NCAC 06A .0315 PREHEARING CONFERENCE AND STIPULATIONS

- (a) The hearing officer may direct the parties to conduct an informal pre-hearing conference, or the parties may request such a conference, which shall be scheduled at a time and place agreed upon by the parties. If the parties do not agree on the time and place of the pre-hearing conference, the hearing officer may set the time and place of the pre-hearing conference, giving reasonable written notice to all parties in the proceedings.
- (b) At the discretion of the hearing officer, all or part of the pre-hearing conference may be conducted by telephone or other electronic means, so long as each party has an opportunity to participate.
- (c) The hearing officer shall conduct the pre-hearing conference to address, where applicable:
- (1) exploring settlement possibilities;
 - (2) formulating, clarifying, and simplifying the issues to be contested at the hearing;
 - (3) preparing stipulations of facts or findings;
 - (4) ruling on the identity and number of witnesses;
 - (5) determining the extent to which direct evidence, rebuttal evidence, or cross-examination will be presented in written form and the extent to which telephone, video tape, or other electronic means will be used as a substitute for proceedings in person;
 - (6) determining what depositions, discovery orders, or subpoenas will be needed; and
 - (7) other matters identified by the hearing officer.
- (d) The parties in a Disciplinary Hearing may agree upon any fact involved in the controversy by stipulation in writing filed with the hearing officer; which stipulation shall be used as evidence at the hearing and be binding on the parties thereto. Parties should agree upon facts when practicable.
- (e) Written stipulations shall be filed with the hearing officer no later than 5:00 p.m. Eastern Time, three business Days prior to the scheduled hearing.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1C-015;
Eff. January 8, 2024;
Readoption Eff. March 27, 2024.*

24 NCAC 06A .0316 OFFICIAL NOTICE

Official notice may be taken of all facts of which judicial notice may be taken under Rule 201 of the North Carolina Rules of Evidence and of other facts within the specialized knowledge of the Commission. The noticed fact and its source shall be stated and made known to affected parties at the earliest practicable time, and any party shall on timely request be afforded an opportunity to dispute the noticed fact through submission of evidence and argument.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1C-016;
Eff. January 8, 2024;
Readoption Eff. March 27, 2024.*

24 NCAC 06A .0317 DISCOVERY

- (a) Parties in a Disciplinary Hearing may engage in limited discovery pursuant to the provisions of the Rules of Civil Procedure, G.S. 1A-1. Discovery shall be confined to material factual matters appearing in the Notice of Disciplinary Hearing.
- (b) Upon request for an identifiable Commission record involving a material fact in a Disciplinary Hearing, the Commission shall promptly provide the record to a party, unless the record relates solely to the Commission's internal procedures or is exempt from disclosure by law.

(c) Discovery will be limited by the hearing officer, taking into account such considerations as: burdensome expense, prior opportunity of a party to acquire the information, the complexity of issues in the case, and other relevant factors.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1C-017;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0318 AFFIDAVITS

An affidavit may be admitted as evidence in lieu of oral testimony if the matters therein contained are otherwise admissible and the parties agree to its admission.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1C-018;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0319 PROTECTION OF TRADE SECRETS; CONFIDENTIAL INFORMATION

(a) Any party to a Disciplinary Action may make a claim with respect to the confidentiality of information. Any claim of confidential information, including but not limited to trade secrets or proprietary business information, shall be in writing or on the record if made at a hearing. The claim shall:

- (1) identify the information claimed to be confidential;
- (2) present facts supporting the claim; and
- (3) set forth the relief sought.

(b) Any party wishing to oppose a written claim of confidentiality shall do so within 15 Days, except if the claim is made at a hearing, or if the hearing officer may prescribe a briefer response time. The opposing party shall present facts to support opposition to the claim of confidentiality.

(c) The hearing officer may review the subject information in camera and may, if necessary, receive it ex parte.

(d) If the claim is upheld, the hearing officer shall issue such orders as may be appropriate to protect the confidentiality of the information at issue.

(e) A non-Operator party to a Written Designation Agreement may assert a claim of confidential information with respect to the agreement. Any claim of confidentiality, including but not limited to trade secrets or proprietary business information, shall be asserted on the record if made at a hearing or in writing timely submitted to the Hearing Officer and served on each party in the Disciplinary Action. The claim shall at a minimum:

- (1) identify the information claimed to be confidential;
- (2) present facts and legal basis supporting the claim; and
- (3) set forth the relief sought.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1C-019;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0320 DESIGNATION OF HEARING OFFICER

(a) The Commission shall select and maintain a list of no fewer than eight qualified hearing officers. When Notice of Disciplinary Hearing is issued to the parties in a contested case, it shall identify the hearing officer designated by the Director to preside over the matter.

(b) Individuals selected by the Commission as hearing officers shall be members in good standing of the North Carolina State Bar who have demonstrated experience and expertise in areas of due process and administrative law within the last five years. A hearing officer shall not be contemporaneously employed by the State.

(c) Hearing officers shall be removed from the list for one or more of the following reasons: termination or revocation of the hearing officer's license to practice law, misfeasance, malfeasance, misconduct, immoral conduct, incompetency, the commission of a crime, or any other good and adequate reason as found by the Commission.

(d) The Commission shall determine the compensation for a hearing officer. The Commission shall pay the hearing officer's compensation and authorized expenses.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1C-020;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0321 DISQUALIFICATION OF COMMISSION MEMBER OR HEARING OFFICER

- (a) A member of the Commission or the hearing officer may withdraw from a proceeding whenever the Commissioner or hearing officer deems themselves to be disqualified.
- (b) Any party may request a Commissioner or hearing officer, before or at the time of the hearing, to withdraw on grounds of conflict, personal bias, or reason for disqualification, by filing a motion. Such motion shall set forth in detail the matters alleged to constitute grounds for disqualification.
- (c) If, in the opinion of the Commissioner or hearing officer, the motion referred to in Paragraph (b) of this Rule is filed with reasonable cause and is sufficient on its face, the Commissioner or hearing officer shall forthwith be disqualified and withdraw from the proceeding.
- (d) When a Commissioner or the hearing officer is disqualified or withdraws from the proceeding, the Chair of the Commission, or the Chair of the Sports Betting Committee if the Chair of the Commission is unavailable, shall appoint a different hearing officer or Commissioner to participate in the proceeding.
- (e) If the Commissioner or hearing officer denies the request for disqualification and does not withdraw from the proceeding, the Commissioner or hearing officer shall so rule upon the record, stating the grounds for ruling and shall proceed with the hearing, or, if the hearing has closed, the Commissioner or hearing officer shall proceed with the issuance of a written decision and the provisions of Rule .0329 of this Subchapter shall thereupon apply.
- (f) A hearing officer shall not participate in a hearing under the following circumstances:
- (1) the hearing officer has a personal bias or prejudice concerning a party, or personal knowledge of disputed evidentiary facts concerning the hearing;
 - (2) the hearing officer served as lawyer in the matter in controversy, or a lawyer with whom the hearing officer previously practiced law, served during such association as a lawyer concerning the matter, or the hearing officer or such lawyer has been a material witness concerning it;
 - (3) the hearing officer knows that they, individually or as a fiduciary, or the hearing officer's spouse or minor child residing in the hearing officer household, has a financial interest in the subject matter in controversy or in a party to the hearing, or any other interest that could be substantially affected by the outcome of the hearing; or
 - (4) the hearing officer or the hearing officer spouse, or a person within the third degree of relationship to either of them, or the spouse of such a person:
 - (A) is a party to the hearing, or an officer, director, or trustee of a party;
 - (B) is acting as a lawyer in the hearing;
 - (C) is known by the hearing officer to have an interest that could be substantially affected by the outcome of the proceeding;
 - (D) is to the hearing officer's knowledge likely to be a material witness in the hearing.
- (g) A hearing officer should inform themselves about their own personal and fiduciary financial interests, and make a reasonable effort to inform themselves about the personal financial interests of the hearing officer's spouse and minor children residing in the hearing officer's household.
- (h) At the initiation of a disciplinary proceeding, the designated hearing officer shall disclose whether or not they maintain an active interactive wagering account with a Commission licensee and identify the Commission licensee, to all parties to the hearing.
- (i) For purposes of this Rule:
- (1) the degree of relationship is calculated according to the civil law system;
 - (2) "fiduciary" includes such relationships as executor, administrator, trustee and guardian;
 - (3) "financial interest" means ownership of a substantial legal or equitable interest (i.e., an interest that would be significantly affected in value by the outcome of the subject legal proceeding), or a relationship as director or other active participant in the affairs of a party, except that:
 - (A) ownership in a mutual or common investment fund that holds securities is not a "financial interest" in such securities unless the hearing officer participates in the management of the fund;
 - (B) an office in an educational, cultural, historical, religious, charitable, fraternal, or civic organization is not a "financial interest" in securities held by the organization.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1C-021;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024;
Amended Eff. June 22, 2024.*

24 NCAC 06A .0322 HEARING OFFICER RESPONSIBILITIES

(a) It shall be the duty of the hearing officer to conduct a fair and impartial hearing to assure that the facts are fully elicited to adjudicate all issues and to avoid delay.

(b) The hearing officer shall have the authority to:

- (1) administer oaths and affirmations;
- (2) rule upon motions;
- (3) rule upon offers of proof and receive relevant evidence;
- (4) take or cause depositions to be taken whenever the needs of justice would be served;
- (5) regulate the course of the hearings and set the time and place for continued hearings;
- (6) hold conferences for the settlement or simplification of the issues;
- (7) dispose of procedural requests or similar matters, including motions to amend or dismiss pleadings, to dismiss complaints or portions thereof, and to order hearings reopened, or upon motion, consolidation of issues or proceedings or severance of issues or proceedings prior to issuance of any final decision;
- (8) hear and examine witnesses and to receive into the record documentary or other evidence;
- (9) request the parties at any time, before, during, or after, the hearing to state their respective positions concerning any issues in the case or any argument or theory in support of their positions;
- (10) adjourn or continue the hearing as the needs of justice and good administration require;
- (11) amend the procedural Rules set forth in this Section as necessary to ensure the timely adjudication of disciplinary matters; and
- (12) take any other action necessary under the foregoing and authorized by the published Rules of the Commission or the General Statutes.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1C-022;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0323 CONSOLIDATION

(a) When hearings involving a common question of law or fact or multiple proceedings involving the same or related parties are pending, the hearing officer may order a joint hearing of any matters at issue in the cases, order the cases consolidated, or make other orders to reduce costs or delay in the proceedings.

(b) Cases may be consolidated on the motion of any party, or on the hearing officer's own motion where there exists common parties, common questions of law or fact, or both, in such other circumstances as justice and the administration of the Act require.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1C-023;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0324 SEVERANCE

Upon its own motion, or upon the motion of any party, the hearing officer may, for good cause, order the severance of any issues, parties, or proceedings in a hearing.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1C-024;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0325 CONDUCT OF A HEARING

- (a) All hearings shall be open to the public. Hearings shall be conducted in a fair and impartial manner.
- (b) At the hearing the parties shall be given an opportunity to present evidence on issues of fact, to examine and cross-examine witnesses, including the author of a document prepared by, on behalf of, or for the use of the Commission and offered into evidence, to submit rebuttal evidence, and present arguments on issues of law or policy.
- (c) The use or operation of a device to capture, record, transmit, or broadcast a photograph, video, motion picture or audio of a proceeding or person during a hearing or within the premises where a hearing is being held or in an area adjacent to the hearing without the approval of the hearing officer is forbidden. Parties seeking to operate such equipment shall relay a request in writing to the Director at least 48 hours in advance of the proceeding. The Director shall relay all written requests to the hearing officer, who shall respond to all requests in writing or on the record at the hearing. The hearing officer shall control the manner of any recording or broadcasting processes they allow to ensure that it is not disruptive to the hearing.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1C-025;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0326 VENUE OF A HEARING

- (a) The hearing of a contested case shall be conducted where the Commission maintains its principal office or in any county determined by the hearing officer in their discretion to promote the ends of justice or better serve the convenience of witnesses.
- (b) Any party may make a motion to change the venue of a hearing and shall set forth reasons supporting the motion. Decisions on a motion to change venue shall be in the discretion of the hearing officer. Any party to a hearing waives their objection to venue by proceeding in the hearing.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1C-026;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0327 FAILURE TO APPEAR

- (a) If a party fails to appear in a contested case after they have been given proper notice, the hearing officer may continue the hearing or proceed with the hearing and make its decision in the absence of the party.
- (b) Subject to Paragraph (c) of this Rule, the failure of a party to appear at or during a duly noticed hearing shall be deemed to be a waiver of all rights to participate and be heard in the hearing.
- (c) The hearing officer, upon a timely showing of good cause, may excuse such failure to appear. In such event, the hearing may be rescheduled.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1C-027;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0328 EXAMINATION OF WITNESSES

- (a) Witnesses shall be examined orally under oath or affirmation. Opposing parties shall have the right to cross-examine any witness whose testimony is introduced by an adverse party. All parties may cross-examine any witness called by the hearing officer pursuant to Rule .0322 of this Subchapter.
- (b) Witnesses shall present a valid government issued form of identification which includes their legal name and a photograph to the court reporter prior to the start of a hearing. Remote testimony via videoconference may be allowed in the discretion of the hearing officer.

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

Eff. January 8, 2024;
Readopted Eff. March 27, 2024.

24 NCAC 06A .0329 HEARING OFFICER RECOMMENDATION

- (a) The recommendation of the hearing officer shall be in writing and shall include findings of fact, conclusions of law, and a recommended disciplinary action, if any, to the Sports Betting Committee.
- (b) Findings of fact shall be based exclusively on the evidence and on matters officially noticed. Findings of fact, if set forth in statutory language, shall be accompanied by a concise and explicit statement of the underlying facts supporting them.
- (c) The hearing officer shall sign the recommendation. Upon filing of the recommendation, jurisdiction shall rest solely in the Sports Betting Committee, and all motions, petitions, and other pleadings filed subsequent to such issuance shall be addressed to the Sports Betting Committee.

History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1C-029;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.

24 NCAC 06A .0330 SPORTS BETTING COMMITTEE DECISION

- (a) After review and consideration of the hearing officer's recommendation, the Sports Betting Committee shall make a written order adopting, amending, or rejecting and remanding the recommendation of the hearing officer.
- (b) After review and consideration of the hearing officer's recommendation, if the Sports Betting Committee finds that the record is incomplete, the Sports Betting Committee may remand the case back to the hearing officer for further proceedings.
- (c) The order becomes effective upon service on the parties, unless the order specifies a different effective date.
- (d) A copy of the order shall be served upon each party by one of the methods for service of process described in Rule .0304 of this Subchapter.
- (e) A copy of the or order shall be furnished to the party's attorney of record.

History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1C-030;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.

24 NCAC 06A .0331 APPEAL TO THE COMMISSION

- (a) A Responsible Party may appeal the order of the Sports Betting Committee to the Commission by filing a written appeal with the Commission no later than 15 Days from receipt of the Sports Betting Committee's order. The written appeal shall contain:
 - (1) a statement identifying the grounds for which the party intends to contest the Sports Betting Committee's order and state the reasons therefor;
 - (2) a description of all facts the Responsible Party is relying on to contest the order;
 - (3) a description of any alleged errors by the hearing officer or Sports Betting Committee; and
 - (4) a statement of truth, swearing or affirming that all information contained in the written appeal is accurate and complete.
- (b) Upon filing of the written appeal, jurisdiction shall rest solely in the Commission, and all motions, petitions, and other pleadings filed subsequent to such appeal shall be addressed to the Commission.
- (c) Upon receipt of written appeal, the order of the Sports Betting Committee shall be stayed, pending final decision by the Commission.
- (d) Upon receipt of the written appeal, the Commission staff shall compile a full record of the Disciplinary Hearing, including the Sports Betting Committee's order. Staff will provide this record to the Commission and to the Responsible Party who submitted the appeal within 21 Days of the Commission's receipt of the written appeal. The Commission staff may include a written response to the written appeal from the Responsible Party in the record.
- (e) The Commission shall have 90 Days from receipt of the full record to make a written final decision adopting, amending, or rejecting and remanding the Sports Betting Committee's order.
- (f) The Commission's final decision shall be served upon each party by one of the methods of service of process described in Rule .0304 of this Subchapter.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1C-031;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0332 JUDICIAL REVIEW

Any party or Person aggrieved by the final decision or order of the Commission in a hearing, and that has exhausted all administrative remedies made available to the party or Person aggrieved by statute or Commission Rule, may seek judicial review in the Superior Court of Wake County North Carolina. In addition to the copy filed with the Court, a copy of the petition for judicial review shall be served on all parties in the underlying hearing.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1C-032;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0333 OFFICIAL RECORD

(a) The Commission shall prepare an official record of a hearing that shall include:

- (1) notices, pleadings, motions, and intermediate rulings;
- (2) questions and offers of proof, objections, and rulings thereon;
- (3) evidence presented;
- (4) matters officially noticed, except matters so obvious that a statement of them would serve no useful purpose;
- (5) proposed findings and exceptions filed by the parties; and
- (6) any decision, opinion, order, or recommendation by the hearing officer at the hearing, the Sports Betting Committee, or the Commission.

(b) Proceedings at which oral evidence is presented shall be recorded, but need not be transcribed unless requested by a party.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1C-033;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0334 REQUEST FOR TRANSCRIPT OF HEARING

(a) Upon written request, Commission staff shall provide a non-certified copy of a transcript of hearing within a reasonable time after receiving the request.

(b) Should a party wish to receive a certified copy of a transcript of hearing, they shall request this directly from the court reporting company and bear any associated cost.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1C-034;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0335 SUMMARY SUSPENSION

(a) Counsel for the Commission shall present a motion for summary Suspension to the Chair of the Commission, or the Chair of the Sports Betting Committee if the Chair of the Commission is unavailable, and may be presented ex parte. The motion shall be supported by an affidavit of a Person with first-hand knowledge of the facts alleged which require emergency action.

(b) The Chair of the Commission or Chair of the Sports Betting Committee may summarily suspend a License without notice or a formal Disciplinary Hearing if the Chair of the Commission or Chair of the Sports Betting Committee determines based on factual showing assembled by Commission staff that:

- (1) the safety or health of Persons or employees or the integrity of Sports Wagering or Pari-Mutuel Wagering is jeopardized by continuing an operation; or

- (2) Suspension is necessary for the immediate preservation of the integrity of Sports Wagering, Pari-Mutuel Wagering, public peace, health, safety morals, good order, or general welfare.
- (c) When a License is summarily suspended, the Director shall immediately designate a hearing officer and schedule a hearing, to occur at the earliest practicable date, on the merits of the charges set out in a Notice of Disciplinary Hearing issued contemporaneously with the order of summary Suspension. Such hearing shall proceed according to Rules outlined in this Section.
- (d) As soon as possible following the decision to summarily suspend a License, the Director shall serve on the Responsible Party the order for summary Suspension, the Notice of Disciplinary Hearing, and other record materials considered by the Chair of the Commission or Chair of the Sports Betting Committee in ordering the summary Suspension. The order of summary Suspension shall be effective no earlier than the date of service of the summary Suspension order on the Licensee. The Notice shall be served personally or pursuant to Rule .0304 of this Subchapter.
- (e) The order of summary Suspension shall remain in effect until the Commission vacates it. The order of summary Suspension shall state when the Suspension will begin and end, and shall state the reasons for the Suspension.
- (f) At the scheduled hearing, the summarily suspended Responsible Party may petition the hearing officer to vacate the summary Suspension order.
- (1) If the hearing officer finds that the summary Suspension order was issued in error or on insufficient factual grounds to justify emergency action, the hearing officer may vacate the summary Suspension order.
- (2) The hearing officer shall hear and consider the merits of the Responsible Party's petition. Rules governing the conduct and procedure of Commission Disciplinary Hearings shall apply under those circumstances.
- (g) Neither an order of summary Suspension nor a denial of a motion to vacate an order of summary Suspension is a final Commission decision.
- (h) The Director or their designee shall serve the Responsible Party with the order of summary Suspension via email and by a method outlined Rule .0304 of this Subchapter.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1C-035;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

SECTION .0400 – AUDIT AND INTERNAL CONTROL STANDARDS

24 NCAC 06A .0401 INTERNAL CONTROLS

- (a) Unless otherwise provided for by the Commission, before beginning Wagering operations, an Operator shall submit its Internal Controls in detail, as identified in these Rules.
- (b) The Operator's proposed Internal Controls shall be submitted to the Director in a form or in the manner required by the Commission.
- (c) At the time of submitting Internal Controls to the Director, the Operator shall stamp or otherwise mark each page of the Internal Controls with the word "CONFIDENTIAL" if the Operator does not believe the material submitted should be subject to public disclosure. All Internal Control documents submitted to the Director, regardless of markings are subject to applicable law concerning public records and confidentiality.
- (d) The Director's review and written approval of the Operator's proposed Internal Controls is required for the Operator to begin Wagering operations.
- (e) The Director may perform inspections required to determine conformance with the approved Internal Controls.
- (f) If the Director determines that the Internal Controls of the Operator do not comply with the requirements of these Rules or otherwise require revision, the Director shall notify the Operator in writing. Within 15 Days after receiving the notification, the Operator shall amend its Internal Controls accordingly and shall submit for the Director's approval a copy of the written Internal Controls, as revised; any explanation necessary to an understanding of the revisions; and a description of other remedial measures taken.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1D-001;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0402 REVISIONS TO INTERNAL CONTROLS

(a) A proposed revision to a portion of an Internal Control shall be submitted to the Director for approval. If within 30 Days the Director has not approved, denied, or otherwise provided written notice of an action taken to the proposed revision, an Operator may implement the proposed revised Internal Controls as submitted; in such circumstances, the Commission and Director retain authority to require further revision or to deny the proposed revision, and such delay shall not constitute waiver or estoppel.

(b) The Director may, in writing, approve, deny, or require additional modifications to any revision to the Internal Controls. If the Operator is notified of a required modification, the Operator shall address the modification within 15 Days, unless otherwise required by the Director.

(c) If the Director requests additional information, clarification, or modification of a revision to the Internal Controls and the Operator fails to satisfy the request within 15 Days after the request, the Commission shall consider the proposed revision denied and it cannot be implemented or, if previously implemented, the Operator has 15 Days to stop implementation of that revision. If the Operator subsequently wants to pursue the revision, it shall resubmit the request along with the additional information previously requested by the Director. Nothing in this Chapter shall be interpreted to limit an Operator's use of technology. If the Operator intends to use new technology not identified in its initial proposal, it shall submit the proposed changes to its Internal Controls to incorporate the use of new technology for review.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1D-002;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0403 EMERGENCY REVISION TO INTERNAL CONTROLS

(a) In the event of an emergency, the Operator may temporarily revise or amend its Internal Controls. The Operator shall notify the Director in writing that an emergency exists before temporarily amending its Internal Controls. Such notification shall identify the emergency in detail.

(b) The Operator shall submit the temporary emergency revision of the Internal Controls to the Director within 24 hours of enacting the emergency revision. The submission shall include the detailed emergency procedures that will be implemented and the time period for which the emergency procedures will be temporarily in place. Concerns that the Commission or Director have with the submission shall be addressed with the Operator; the Commission or Director may reject the emergency revision to Internal Controls.

(c) As soon as the circumstances necessitating the emergency revision to the Internal Controls abate, an Operator shall resume compliance with the Internal Controls protocol approved by the Commission.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1D-003;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0404 OPERATOR REMAINS ULTIMATELY RESPONSIBLE FOR INTERNAL CONTROLS

(a) To the extent a Service Provider, Supplier, or other third-party is involved in or provides Internal Controls required in this Chapter, the Operator's Internal Controls shall document the roles and responsibilities of the Service Provider, Supplier, or other third-party. The Operator's Internal Controls shall also include procedures to evaluate the adequacy of and monitor compliance with the Operator's Internal Controls by the Service Provider, Supplier, or other third-party.

(b) The Operator shall be responsible for compliance with each of its Internal Controls, including ones fulfilled or provided by a Service Provider, Supplier, or other third-party with whom it contracts.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1D-004;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0405 ADMINISTRATIVE AND ACCOUNTING PROCEDURES

The Operator's Internal Controls shall include a detailed narrative description of the administrative and accounting procedures designed to satisfy the requirements of these Rules, including:

- (1) Administrative controls and procedures designed to ensure that activities and transactions of the Operator are started and completed in accordance with the applicable policy or procedure.
- (2) Accounting controls, as detailed in Rules in this Section and Section .0700 of this Subchapter, which include, as their primary objectives:
 - (a) processes for recording the collection of Wagers, payment of Wagers, and cancellation of Wagers issued in accordance with generally accepted accounting principles; and
 - (b) requirements for an annual financial audit.
- (3) Reporting controls which shall include policies and procedures for the timely reporting of standard financial and statistical reports and information in accordance with these Rules.
- (4) Access controls which include, as their primary objective, the safeguarding of company assets to include safeguards in the form of organizational safeguards.
- (5) Provisions to ensure that Internal Controls related to:
 - (a) Responsible Gaming Plans comply with Section .0600 of this Subchapter;
 - (b) Wagering Accounts comply with Section .0700 of this Subchapter; and
 - (c) Wagering Facilities comply with Section .0800 of this Subchapter.
- (6) All other applicable policies and procedures required pursuant to these Rules.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1D-005;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0406 JOBS COMPENDIUM

The Internal Controls shall include a complete and up-to-date jobs compendium detailing job descriptions, chains of command, and lines of authority for personnel engaged in the Wagering operation. The Operator shall submit the updated jobs compendium to the Director eighteen months after Internal Controls approval and every two years thereafter, unless otherwise directed by the Commission or Director. A jobs compendium shall include the following sections:

- (1) A table of contents listing the position title and job code for each job description and the page number on which the corresponding job description may be found.
- (2) A table of organization for each department and division, including all positions, and illustrating by position title and direct and indirect lines of authority within the department or division.
 - (a) The tables of organization shall provide for:
 - (i) a system of personnel and chain of command which permits management and supervisory personnel to be held accountable for actions or omissions within their areas of responsibility;
 - (ii) the segregation of incompatible functions so that no employee is in a position in the normal course of their duties both to commit an error or to perpetrate a fraud and then to conceal the error or fraud;
 - (iii) primary and secondary supervisory positions which permit the authorization or supervision of transactions at relevant times; and
 - (iv) areas of responsibility which are not so extensive as to be impractical for one Person to monitor.
 - (b) Each page of a table of organization shall specify:
 - (i) the date of its submission;
 - (ii) the date of the previously submitted table of organization which it supersedes; and
 - (iii) a unique title or other identifying designation for that table of organization.
- (3) A description of each employee position which accurately corresponds to the position title as listed in the table of organization and in the table of contents. Each position description shall be organized by departments or divisions, and shall include, at a minimum, the following:
 - (a) position title and corresponding department;
 - (b) job duties and responsibilities;

- (c) detailed descriptions of experiential or educational requirements;
- (d) the date of submission of each employee position job description and the date of any prior job description it supersedes;
- (e) the date of submission and page number of each table of organization on which the employee position title is included; and
- (f) identification of positions where the employee is subject to a background check.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1D-006;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0407 INFORMATION SECURITY RESPONSIBILITIES

- (a) The Internal Controls shall ensure that an Operator effectively implements its information security program in compliance with this Chapter and effectively allocates information security function responsibilities.
- (b) The Operator shall implement, maintain, and comply with its comprehensive information security program as described in the Internal Controls, the purpose of which shall be to protect the confidentiality, integrity, and availability of Personal Information and other identifying information listed at G.S. 14-113.20(b) that is in its possession or in the possession of those entities acting on the Operator's behalf or under its direction.
- (c) The Operator's information security program shall contain administrative, technical, and physical safeguards appropriate to the size, complexity, nature, and scope of the operations and the sensitivity of the Personal Information and other identifying information listed at G.S. 14-113.20(b) owned, licensed, maintained, handled, or otherwise in the possession of the Operator or in the possession of those entities acting on the Operator's behalf or under its direction.
- (d) With respect to allocating security function responsibilities, the Operator shall utilize in its organizational structure an information security forum and an information security department as described in Paragraph (f) of this Rule.
- (e) The Operator shall formally establish an information security forum or other organizational structures comprised of senior managers to monitor and review the information security program to ensure the program's suitability, adequacy, and effectiveness.
 - (1) The forum or other structures shall maintain formal minutes of meetings and convene at least every six months.
 - (2) The Operator's chief security officer or equivalent head of the information security department shall be a full member of the information security forum and be responsible for recommending information security policies and changes.
- (f) The Operator shall maintain an information security department that is responsible for developing a security strategy in accordance with the overall Wagering operation. The information security department will subsequently work with the Operator's other departments, Affiliates, or Responsible Parties to implement and maintain the associated action plans. The department shall:
 - (1) be involved in reviewing tasks and processes that are required from the security perspective for the Operator, including, but not limited to, the protection of information and data, communications, physical, virtual, personnel, and overall business operational security;
 - (2) report to no lower than executive level management and shall be independent of the information technology department with regard to the management of security risk; and
 - (3) have the competences and be sufficiently empowered and have access to resources needed to enable the adequate assessment, management, and reduction of risk.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1D-007;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0408 INFORMATION PROCESSING

The Internal Controls shall include a summary description of the Operator's or its Affiliates' use of computerized algorithms, automated decision-making, machine learning, artificial intelligence, or any similar system that analyzes patron information, which shall include:

- (1) a description of permissible and impermissible uses of such practices and capabilities;
- (2) the purposes for which such practices and capabilities are used;
- (3) the types of input and output data utilized and a summary accounting of the source of each; and
- (4) a description of how these systems are used to:
 - (a) minimize risky play behavior; and
 - (b) market or advertise to Players.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1D-008;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0409 REPORTING REQUIREMENTS IN THE EVENT OF A CYBER INCIDENT

(a) The Internal Controls shall ensure that an Operator that experiences a cyber incident to its information system resulting in a material loss of control, compromise, unauthorized disclosure of data or information, or any other similar occurrence shall:

- (1) provide written notification of the incident to the Director as soon as practicable but no later than 72 hours after becoming aware of the incident. Upon request, the Operator shall provide the Director with specific information regarding the incident;
- (2) perform, or have a third-party perform, an investigation into the incident, prepare a report documenting the results of the investigation, notify the Director of the completion of the report, and make the report available to the Director for review upon request. The report shall include, without limit, the root cause of the incident, the extent of the incident, including detailed information about injuries to North Carolina Players, if any, planned or proposed measures to mitigate any harm to North Carolina Players, and any actions taken or planned to be taken to prevent similar events that allowed the incident to occur; and
- (3) notify the Director when any investigation or similar action taken by an entity external to the Operator is completed and make the results of such investigation or similar action available to the Commission upon request.

(b) For purposes of this Rule:

- (1) "cyber incident" means:
 - (A) any material act or material attempt to gain unauthorized access to an information system for purpose of disrupting, disabling, destroying, or controlling the system or destroying or gaining access to the information contained therein; or
 - (B) an incident of unauthorized access to and acquisition of unencrypted and unredacted records or data containing Personal Information where illegal use of the Personal Information has occurred or is reasonably likely to occur or that creates a material risk of harm to a consumer. Any incident of unauthorized access to and acquisition of encrypted records or data containing Personal Information along with the confidential process or key shall constitute a cyber incident; however, good faith acquisition of Personal Information by an employee or agent of the Operator for a legitimate purpose is not a cyber incident, provided that the Personal Information is not used for a purpose other than a lawful purpose of the business and is not subject to further unauthorized disclosure; and
- (2) "information system" means a set of resources organized for the collection, processing, maintenance, use, sharing, dissemination, or disposition of information. Elements of an information system include, without limit, hardware, software, information, data, applications, communications, and people.

(c) The requirements in this Rule are supplemental to any requirements applicable to Licensees arising under State or federal law.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1D-009;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0410 ACCOUNTING RECORDS

(a) The Operator shall maintain complete, accurate, and legible records of transactions related to their Wagering Operation for five years, including transactions pertaining to revenues, expenses, assets, liabilities, and equity in conformance with generally accepted accounting principles.

- (1) The Commission or Director may direct Operators to modify how the records are maintained if an Operator's records are not in accordance with generally accepted accounting principles or if the records are not in sufficient detail.
- (2) The accounting records shall be maintained using a double entry system of accounting with transactions recorded on the accrual basis and supported by detailed subsidiary records.

(b) The detailed subsidiary records shall include, at a minimum:

- (1) detailed general ledger accounts identifying revenue, expenses, assets, liabilities, and equity;
- (2) a record of investments, advances, loans, and accounts receivable balances due the Operator;
- (3) a record of loans and other accounts payable;
- (4) a record of accounts receivable written off as uncollectible;
- (5) journal entries prepared;
- (6) tax work papers used in preparation of a state or federal tax return if applicable;
- (7) records supporting the accumulation of the costs for complimentary services and items. A complimentary service or item provided to Persons in the normal course of a Wagering business shall be recorded in an amount based on the full retail price normally charged for the service or item or as is otherwise consistent with generally accepted accounting principles;
- (8) records required by the Internal Controls; and
- (9) other records that the Commission requires to be maintained.

(c) The Operator shall maintain records supporting, as applicable:

- (1) for Sports Wagering, the Gross Wagering Revenue, as defined by G.S. 18C-901(7); and
- (2) for Pari-Mutuel Wagering, the total Wagers placed by residents of this State.

(d) If an Operator fails to maintain the records used by it to calculate the applicable amounts specified in Paragraph (c), the Commission may compute and determine the amounts on the basis of an audit conducted by the Commission using available information.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1D-010;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0411 FINANCIAL AUDITS

(a) Upon submitting an application, and annually thereafter, Operators shall submit to the Director, within 120 Days of the Operator's fiscal year end, its financial audit for that fiscal year.

(b) The financial audit shall be performed by an independent certified public accountant authorized to practice in North Carolina and presented in accordance with generally accepted accounting principles and containing the opinion of the independent certified public accountant as to its fair preparation and presentation in accordance with generally accepted accounting principles. If an Operator's audited financial statements are produced at the parent company level, the audited financial statements of the parent company may be submitted, only if North Carolina's information is identified and accessible separately from the entire parent company information. If prepared in another U.S. State or jurisdiction, the financial audit shall be reviewed and certified as outlined herein by an independent certified public accountant authorized to practice in North Carolina.

(c) The Director shall determine the number of copies of audits or reports required under these Rules. The audits or reports shall be received by the Commission via approved electronic methods or postmarked no later than the required filing date.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1D-011;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0412 RETENTION, STORAGE, AND DESTRUCTION RECORDS

The Internal Controls shall include a records retention schedule, and provisions related to the storage and destruction of records that at a minimum incorporates the following provisions:

- (1) An Operator shall maintain, in a place secure from theft, loss, or destruction, adequate records of its business and accounting operations.
- (2) An Operator shall organize and index required records in a manner that enables the Commission to locate, inspect, review, and analyze the records with reasonable ease and efficiency.
- (3) An Operator shall make the records available to the Commission or Director, on request, within a reasonable time provided for by the Commission or Director. The records shall include, but not be limited to:
 - (a) a listing of all current and former employees along with their titles, chains of command, and history of employment status;
 - (b) all relevant correspondence with, or reports to, the Commission or any local, state, or federal governmental agency;
 - (c) all relevant correspondence concerning the business of an Operator, its Service Providers, Suppliers, or other third-party with whom it contracts;
 - (d) the business and organizational structure of the record holder;
 - (e) any acquisition, construction, remodeling, relocation, or maintenance of a proposed or existing Wagering Facility; and
 - (f) for Sports Wagering, the Written Designation Agreement, pursuant to 24 NCAC 06B .0206.
- (4) An Operator shall keep and maintain, in a manner and form required by the Commission, accurate, complete, and legible records of books, records, or documents, including electronic storage media, pertaining to, prepared in, or generated by, the Operator, including but not limited to:
 - (a) forms;
 - (b) reports;
 - (c) accounting records;
 - (d) ledgers;
 - (e) subsidiary records;
 - (f) internal and external audit records;
 - (g) correspondence; and
 - (h) personnel records.
- (5) An Operator shall retain the records for not less than five years or for a period required by law for inspection by authorized State or federal government agents or officials. If a litigation, claim, or audit is started before the expiration of the five-year period, the records shall be retained until litigation, claims, or audit findings involving the records have been resolved.
- (6) Compliance with G.S. 18C-910(b).
- (7) An Operator shall, except as otherwise provided, notify the Director in writing at least 60 Days prior to the scheduled destruction of records required to be retained in accordance with this Rule. This notice shall list the types of record scheduled for destruction, including a description sufficient to identify the records included, the retention period, and the date of destruction. If documents are to be destroyed in the normal course of business in accordance with document retention policies previously set forth in the Internal Controls approved by the Director, no notice to the Director shall be required.
- (8) The Commission or Director may prohibit the destruction of records required to be retained in accordance with this Rule by so notifying the Operator in writing within 45 Days of receipt of the notice of destruction pursuant to Paragraph (7) of this Rule or within the specified retention period. Any original records in this regard may thereafter be destroyed only after notice from the Commission or Director, or by order of the Commission on the petition of the Operator or by the Commission or Director on its own initiative.
- (9) The Operator may use the services of a disposal company for the destruction of records required to be retained in accordance with this Rule.
- (10) Nothing in this Chapter shall be construed as relieving an Operator from meeting an obligation to prepare or maintain a book, record or document required by another federal, state or local governmental body, authority or agency.

History Note: Authority G.S. 18C-114(a)(14);

*Previously adopted as Rule 1D-012;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0413 RESERVE REQUIREMENT

(a) The Internal Controls shall include a plan to maintain and protect sufficient Cash or Cash Equivalents and other supplies to continuously conduct Sports Wagering or Pari-Mutuel Wagering through a reserve in the amount needed to ensure the security of funds held in Wagering Accounts and the ability to cover the outstanding liabilities for Wagering.

(b) The reserve may take the form of a bond, an irrevocable letter of credit, payment processor reserves and receivables, Cash or Cash Equivalents segregated from operational funds, a guaranty letter, a combination thereof, or another means as approved by the Commission.

(c) The reserve shall be calculated as follows:

- (1) For Sports Wagering, the reserve shall be not less than the greater of five hundred thousand dollars (\$500,000), or the sum of the:
 - (A) cashable amounts held by the Operator on Wagering Accounts;
 - (B) pending withdrawals from Wagering Accounts;
 - (C) amounts accepted by the Operator on Sports Wagers whose outcomes have not been determined;
 - (D) amounts owed but unpaid on winning Sports Wagers; and
 - (E) average monthly amount of Sports Wagering taxes due to the State of North Carolina for the past 12 months, except during the first 11 months of licensure which shall be calculated as the average monthly amount of Sports Wagering taxes due to the State of North Carolina since the Operator started accepting Sports Wagers.
- (2) For Pari-Mutuel Wagering, the reserve shall not be less than the sum of the:
 - (A) cashable amounts held by the Operator on Wagering Accounts;
 - (B) pending withdrawals from Wagering Accounts;
 - (C) amounts accepted by the Operator on Pari-Mutuel Wagers whose outcomes have not been determined;
 - (D) amounts owed but unpaid on winning Pari-Mutuel Wagers; and
 - (E) one twelfth (1/12) of the aggregate Annual fee for ADW licensees accrued for the past 12 months, except during the first 11 months of licensure which shall be calculated as the aggregate accrued Annual Fee for ADW licensees divided by the number of months the ADW licensee has been accepting ADW Wagers.
- (3) The reserve shall be adequate to pay all winning Wagers when due.
- (4) Amounts available to Players for Wagering that are not redeemable for Cash may be excluded from the reserve computation.

(d) An Operator is presumed to have met this requirement if the Operator maintains, on a daily basis, a minimum reserve in an amount that is equal to or exceeds the average daily minimum reserve, calculated on a monthly basis, for the corresponding month in the previous year.

(e) An Operator shall have access to Wagering Account and transaction data to ensure the amount of its reserve is sufficient. Unless otherwise directed by the Commission or Director, an Operator shall file a monthly attestation with the Director, in the form and manner prescribed by the Commission, that funds have been safeguarded under this Rule.

(f) The Director may audit an Operator's reserve at any time and may direct an Operator to take action required to ensure the purposes of this Rule are achieved, including but not limited to requiring the Operator to modify the form of its reserve or increase the amount of its reserve.

(g) An Operator shall deposit and maintain reserve funds with a financial institution insured by the Federal Deposit Insurance Corporation and authorized to transact business in North Carolina.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1D-013;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024;
Amended Eff. June 22, 2024.*

24 NCAC 06A .0414 RISK MANAGEMENT FRAMEWORK

(a) The Operator shall implement and maintain an effective risk management framework. This framework may be provided in-house by a unit capable of performing this function with appropriate segregation of functions and reporting duties, or by a Supplier.

(b) The Internal Controls shall contain a description of the risk management framework, including but not limited to:

- (1) automated and manual risk management procedures;
- (2) employee management, including access controls and segregation of duties;
- (3) information regarding identifying and reporting fraud, suspicious conduct, or Suspicious or Illegal Wagering Activity;
- (4) controls ensuring regulatory compliance;
- (5) description of anti-money laundering compliance standards;
- (6) description of software applications that comprise the system used for Wagering;
- (7) description of types of Wagers available to be offered by the Operator;
- (8) description of the procedures to prevent past posting of Wagers;
- (9) description of the procedures to cancel or void a Wager;
- (10) description of the procedures to prevent individuals from placing Wagers as agents or proxies for other Individuals or Persons;
- (11) description of integrated third-party platforms; and
- (12) other information that may be required by the Commission.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1D-014;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0415 TAXATION REQUIREMENTS

The Internal Controls shall ensure that the Operator remains in full compliance with Internal Revenue Service and North Carolina Department of Revenue requirements, and the Operator shall provide for the withholding or reporting of income tax of Players as required by applicable state or federal law. The Commission's receipt, acknowledgement, or review of an Operator's internal controls concerning legal requirements originating outside of the Act does not constitute a legal determination by the Commission or its staff concerning the Operator's conduct or compliance with the law. The Operator shall:

- (1) Comply with applicable state and federal tax laws and regulations including, without limitation, laws and regulations applicable to tax withholding and laws and regulations applicable to providing information about payouts and withholdings to taxing authorities and to Players.
- (2) Disclose potential tax liabilities to Players at the time of the award of Wagering payouts in excess of limits set by the Internal Revenue Service. These disclosures will include a statement that the obligation to pay applicable taxes on payouts is the responsibility of the Player and that failure to pay applicable tax liabilities may result in civil penalties or criminal liability. On written request, the Operator shall provide Players with summarized tax information on Wagering Activities.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1D-015;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024;
Amended Eff. June 22, 2024.*

24 NCAC 06A .0416 BANK SECRECY ACT COMPLIANCE

The Internal Controls shall ensure that the Operator remains in full compliance with provisions of The Bank Secrecy Act of 1970, 31 U.S.C 5311, and related federal regulations, applicable to the operation of Sports Wagering or Pari-Mutuel Wagering. The Commission's receipt, acknowledgement, or review of an Operator's internal controls concerning legal requirements originating outside of the Act does not constitute a legal determination by the Commission or its staff concerning the Operator's conduct or compliance with the law. The Operator shall:

- (1) Maintain records related to its compliance with The Bank Secrecy Act of 1970, 31 U.S.C 5311, including currency transaction reports, suspicious activity reports, and supporting documentation, for five years or for a period required by law for inspection by agents or officials of the State or federal government. If a litigation, claim, or audit is started before the expiration of the five-year period, the records shall be retained until litigation, claims, or audit findings involving the records have been resolved. The Operator shall provide the records to the Director and appropriate law enforcement agencies on request consistent with the authorization prescribed in The Bank Secrecy Act of 1970, 31 U.S.C 5311, and applicable regulations.
- (2) Provide written notice to the Director as soon as the Operator becomes aware of a compliance review that is conducted by the Internal Revenue Service under The Bank Secrecy Act of 1970, 31 U.S.C 5311, and involves or impacts the Operator. The Operator shall provide a copy of the compliance review report or the equivalent to the Director within 10 Days after the receipt of the report by the Operator.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1D-016;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024;
Amended Eff. June 22, 2024.*

24 NCAC 06A .0417 ANTI-MONEY LAUNDERING MONITORING

The Internal Controls shall implement anti-money laundering procedures and policies that adequately address the risks posed by Sports Wagering or Pari-Mutuel Wagering for the potential of money laundering and terrorist financing. At a minimum, the anti-money laundering procedures and policies shall provide for:

- (1) controls to assure ongoing compliance with the local anti-money laundering regulations and standards observed by the Commission;
- (2) up to date training of employees, including but not limited to contractors, affiliates, and similar personnel, in the identification of unusual or suspicious transactions;
- (3) assigning an Individual or Individuals to be responsible for areas of anti-money laundering by the Operator including reporting unusual or suspicious transactions;
- (4) use of automated data processing systems to aid in assuring compliance; and
- (5) periodic independent tests for compliance with a scope and frequency as required by the Commission. Logs of tests shall be maintained for five years.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1D-017;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0418 INTEGRITY MONITORING AND SUSPICIOUS BEHAVIOR

(a) An Operator shall implement and maintain an effective Integrity Monitoring system. This solution may be provided in-house by a unit capable of performing this function with appropriate segregation of functions and reporting duties, or by a Supplier.

(b) The Internal Controls shall include provisions for an Operator, or an Integrity Monitoring Supplier acting on an Operator's behalf and direction, to report to the Director as soon as practicable, but in no event longer than 72 hours after discovery:

- (1) information regarding irregularities in volume or changes in odds identified as Abnormal Wagering Activity;
- (2) information relating to the following which shall also be reported to the relevant Sports Governing Body, racing regulatory body, or equivalent:
 - (A) Abnormal Wagering Activities or other patterns that may indicate a concern with the integrity of a Wagering Event or Events;
 - (B) potential breaches of the internal rules and codes of conduct pertaining to Wagering of a relevant Sports Governing Body, racing regulatory body, or the equivalent, to the extent the Operator has actual knowledge of the potential breach; and

- (C) other conduct that corrupts a Wagering outcome of a Wagering Event or events for purposes of financial gain, including Event Corruption; and
- (3) information relating to Suspicious or Illegal Wagering Activities, including the use of funds derived from illegal activity, the placement of Wagers to conceal or launder funds derived from illegal activity, the use of agents to place Wagers, and the use of false identification in placing Wagers.
- (c) An Operator shall maintain the confidentiality of information provided by a Sports Governing Body, racing regulatory body, or the equivalent for purposes of investigating or preventing the conduct described in Paragraph (b) of this Rule, unless disclosure is required by the Act, the Commission, or other law or court order, or unless the Sports Governing Body, racing regulatory body, or equivalent consents to disclosure.
- (d) An Operator receiving a report of Suspicious or Illegal Wagering Activity shall be permitted to suspend Wagering on Wagering Events or Wager Types related to the report and may place a hold on suspicious Wagers while investigating, but may only cancel or void Wagers related to the report after receiving approval from the Commission or Director.
- (e) On request by the Commission or Director and following reasonable notice, an Operator or an Integrity Monitoring Supplier acting on an Operator's behalf and direction shall provide remote, read-only access and the required software and hardware for the Commission to evaluate or monitor the systems used for Wagering. If requested, the Operator shall provide the Commission with remote access or other approved mechanism that shall provide at a minimum:
- (1) all reports of Abnormal Wagering Activity;
 - (2) if the Abnormal Wagering Activity was subsequently determined to be Suspicious or Illegal Wagering Activity;
 - (3) all reports considered at the outset to be Suspicious or Illegal Wagering Activity; and
 - (4) the actions taken by the Operator according to its Integrity Monitoring system.
- (f) Nothing in this Rule shall require an Operator to provide information that is prohibited from being shared pursuant to federal, state, local law, or regulation, including, but not limited to, laws and regulations relating to privacy and Personal Information.
- (g) An Operator shall maintain records of Integrity Monitoring services and activities, including reports and Suspicious or Illegal Wagering Activity and supporting documentation, for a minimum of five years after a Wagering Event occurs or for a period required by law for inspection by agents or officials of the State or federal government. If a litigation, claim, or audit is started before the expiration of the five-year period, the records shall be retained until litigation, claims, or audit findings involving the records have been resolved.
- (h) The Operator shall disclose these records to the Commission on request.
- (i) The Commission may require an Operator to provide access to hardware or software to the Commission, or to an Independent Testing Laboratory, for evaluation of its Wagering offering or to conduct further monitoring of Wagering data.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1D-018;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0419 DATA SECURITY

The Internal Controls shall ensure that an Operator maintains the security and confidentiality of Wagering data, Player data, Personal Information, financial information, and other confidential information, including information provided by a Sports Governing Body, racing regulatory body, or the equivalent, from unauthorized access and dissemination except as otherwise authorized by the Act and these Rules. Consistent with federal law, nothing in this Rule shall in and of itself preclude the use of Internet or cloud-based hosting.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1D-019;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0420 PERSONAL INFORMATION SECURITY

(a) Information an Operator obtains with respect to the creation and maintenance of a Wagering Account, including Personal Information and authentication credentials, shall be collected in compliance with the Operator's privacy policies set forth in its Internal Controls; local privacy regulations; applicable state and federal law; and standards enforced by the Commission or Director. Both Personal Information and the Wagering Account funds shall be considered to be critical assets for risk assessment.

(b) No employee or agent of the Operator shall divulge to any Person Personal Information or Confidential Player Information, information about the placing of a Wager, or other Sensitive Information related to the operation of the Operator without the consent of the Player, except as required by this Rule, the Commission, and as otherwise required or allowed by state or federal law. By way of illustration, an Operator may obtain consent from the Player via agreement to the Operator's Privacy Policy or other similar means.

(c) The Operator shall implement procedures for the security and sharing of Personal Information, information about funds in a Wagering Account, and other Sensitive Information as required by the Commission, including, but not limited to the:

- (1) designation and identification of one or more employees, including but not limited to contractors or other personnel, having primary responsibility for the design, implementation, and ongoing evaluation of these procedures and practices;
- (2) procedures to be used to determine the nature and scope of information collected, the locations and manner in which this information is stored, and the storage devices on which this information may be recorded for purposes of storage or transfer;
- (3) measures to be used to protect information from unauthorized access; and
- (4) procedures to be used if a breach of data security has occurred, including required notification to the Commission.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1D-020;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0421 DISPUTES PERTAINING TO WAGERING

(a) The Operator's Internal Controls shall set forth its procedures for receiving, investigating, responding to and reporting on disputes submitted to it by Players.

(b) An Operator shall include on their websites, mobile applications, and if applicable, within the Wagering Facility, a clear mechanism to inform Players of their right to submit a dispute against the Operator, including:

- (1) information explaining how to submit a dispute to the Operator;
- (2) how the Operator seeks to respond to or resolve the dispute submitted by the Player; and
- (3) how the Player may submit to the Commission a report of their dispute.

(c) When a Player submits a dispute to the Operator, the Operator shall immediately create a written dispute report, setting out the:

- (1) name of the Player or the Player's email address;
- (2) nature of the dispute asserted;
- (3) name of the Persons against whom the dispute was made, including employees or contractors;
- (4) date and time of the purported conduct or incident giving rise to the dispute;
- (5) date the Player submitted the dispute; and
- (6) the nature of relief or action sought by the Player and, if applicable, the action taken or proposed to be taken by the Operator to address the dispute.

(d) An Operator shall investigate and attempt to resolve disputes with the Player.

- (1) An Operator shall respond to disputes in writing within 10 Days or may seek an extension of time from the Director not to exceed 10 Days by providing information about why a response cannot be provided within that time period.
- (2) If the Operator will not grant or provide the Player the relief requested to resolve the dispute, then the Operator shall state in writing and with specificity the reasons why the requested relief or action will not be provided.
- (3) If an Operator's response to a dispute is that more information is needed to address the dispute, the Operator shall provide specific information to the Player about the form and nature of the needed information. When the Player provides the Operator additional information, the Operator shall provide to the Player any further response within seven Days.

- (4) In its written response to the dispute asserted by the Player, the Operator shall advise the Player of their right to submit the dispute to the Commission in the form and manner prescribed by the Commission or Director.
- (e) Unless otherwise directed by the Commission, for disputes related to Wagering Accounts, settlement of Wagers, or activity that is contrary to the law related to Wagering that cannot be resolved to the satisfaction of the Player, the Operator shall promptly notify the Director of the dispute, including all information submitted by the Player and the Operator's response, along with other pertinent information and documentation.
- (f) On receipt of a dispute from a Player or notification of an unresolved dispute from an Operator, the Director may investigate as they consider to be appropriate and may direct an Operator to take corrective action the Commission or Director considers appropriate, consistent with law and these Rules.
- (g) Disputes received by an Operator from a Player and the Operator's responses to disputes, including internal records such as dispute reports, shall be retained for five years thereafter or for a period required by law for inspection by agents or officials of the State or federal government.
- (1) If a litigation, claim, or audit is started before the expiration of the five-year period, the records shall be retained until litigation, claims or audit findings involving the records have been resolved.
 - (2) The Operator shall produce these records to the Commission or Director within 10 Days of a request by the Commission or Director or may seek an extension of time in writing from the Director not to exceed 10 Days by providing information about why the requested records cannot be provided within that time period and identifying when these records will be produced.

History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1D-021;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024;
Amended Eff. June 22, 2024.

24 NCAC 06A .0422 PROHIBITION OF CREDIT EXTENSION

- (a) The Internal Controls shall include controls to prohibit the Operator from accepting a Wager or deposit of funds into a Wagering Account that is derived from the extension of credit to a Player by an Operator's Affiliates or agents. For purposes of this Rule, credit shall not be considered to have been extended when, although funds have been deposited into a Wagering Account, the Operator is awaiting actual receipt of these funds in the ordinary course of business.
- (b) An Operator's Internal Controls shall ensure the Operator and its agents do not advertise or market to Players (i) small amount credit contracts; (ii) short-term cash loans secured by a personal check held for future deposit or electronic access to a Player's bank account; or (iii) any loan or credit product that does not comply with G.S. 53-173.
- (c) An Operator's Internal Controls shall ensure that neither Operator nor its agents refer a Player to a credit provider to finance Wagering Activity.
- (d) Internal Controls shall prohibit an Operator from providing Personal Information related to a Player to a credit provider.

History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1D-022;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.

24 NCAC 06A .0423 INELIGIBLE PERSONS

- (a) The Internal Controls shall include commercially and technologically reasonable measures to prevent access to Sports Wagering or Pari-Mutuel Wagering by an Ineligible Person.
- (b) If an Operator detects, or is notified of, information tending to indicate that an Individual may be an Ineligible Person and may have engaged or is engaging in Sports Wagering or Pari-Mutuel Wagering, the Operator shall use reasonable measures to verify whether the Individual is an Ineligible Person.
- (c) If the Operator establishes, by reasonable measures, that the Individual is an Ineligible Person, the Operator shall cancel any Wager and confiscate the wagered funds. Internal Controls shall set forth the Operator's policies and procedures with respect to account of an Ineligible Person.

(d) If the Operator cannot establish, by reasonable measures, that the Individual is an Ineligible Person, then the Individual is presumed to not be an Ineligible Person for the purposes of this Rule.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1D-023;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0424 REPORTING REQUIREMENTS RELATED TO INELIGIBLE PERSONS

(a) The Internal Controls shall ensure that an Operator submits an Ineligible Person Report to the Director each month reporting the following information for the previous month, as applicable:

- (1) the number of Ineligible Persons found in a Wagering Facility;
- (2) the number of Ineligible Persons found who made a Wager or attempted to make a Wager; and
- (3) the number of Ineligible Persons referred to a law enforcement authority by the Operator.

(b) If an Operator does not identify or encounter any reportable activity with respect to Ineligible Persons, then it shall affirmatively state so in the report.

(c) In making such report, the Operator may create a custom submission or utilize the form provided by the Director. The Director shall establish deadlines for report submissions.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1D-024;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024;
Amended Eff. June 22, 2024.*

24 NCAC 06A .0425 WAGERING REPORTS OF OPERATORS

(a) The Internal Controls shall detail the Operator's ability to prepare reports for Wagering Activities as required by the Commission including reports detailing, as applicable:

- (1) for Sports Wagering, the Gross Wagering Revenue, as defined by G.S. 18C-901(7);
- (2) for Pari-Mutuel Wagering associated with a Wagering Account, the total Wagers placed by residents of this State;
- (3) for Pari-Mutuel Wagering not associated with a Wagering Account, the total Wagers placed within a Wagering Facility;
- (4) Wagering liability and payouts; and
- (5) other reports required by the Commission.

(b) The Operator shall timely file with the Commission additional reports required by the Act or by Rules prescribed by the Commission.

(c) The Operator shall provide all data and reports required by the Commission or the Director in the report format prescribed.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1D-025;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0426 ACCESS TO WAGERING DATA AND RECORDS BY COMMISSION OR THE DEPARTMENT OF REVENUE

(a) The Operator's Wagering data and records concerning its Wagering operation in the State shall be subject to inspection, review, and audit by the Commission staff, as assigned by the Director, or by the Department of Revenue.

(b) The Internal Controls shall detail the Operator's controls to assure that all Wagering data and records concerning its Wagering operation that the Commission requires to be maintained under the Act and these Rules are appropriately segregated and controlled to prevent unauthorized access.

(c) The Operator shall provide the Commission or the Department of Revenue with access to the Wagering data and records, on request and with reasonable notice.

(d) The Operator shall deliver all Wagering data and records requested by the Commission or the Department of Revenue either by report or data file in the form and frequency required by the Commission or the Department of Revenue. In lieu of providing copies of such information, the Operator may provide the Commission or the Department of Revenue timely remote, electronic access to the Operator's records or information.

(e) The Operator shall retain the Wagering data and records for a minimum of five years or for a period required by law for inspection by agents or officials of the State or federal government. If a litigation, claim, or audit is started before the expiration of the five-year period, the records shall be retained until litigation, claims, or audit findings involving the records have been resolved.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1D-026;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0427 INDEPENDENT AUDIT OF INTERNAL CONTROLS

(a) The Operator shall have its Internal Controls independently audited at least once every two years with the results documented in a written report. For Sports Wagering, this includes Internal Controls conducted by other Responsible Parties on behalf of the Operator. Reports shall be maintained and available to the Commission.

(b) These independent audits may be conducted by the Commission, or a third-party contractor approved by the Commission. The Commission may, in its discretion, allow for an internal audit group or board within the Operator or parent company of the Operator, which is independent of the Operator, to serve as a third-party contractor for use in completing this audit.

(c) The Commission or a third-party auditing contractor shall be responsible for auditing the Operator's compliance with the Act and these Rules, the Internal Controls, and other applicable rules, regulations, or procedures.

(d) Documentation, including checklists, programs, reports, corrective actions, and other items, shall be prepared to evidence independent audit work performed as it relates to the requirements of this Rule, including instances of noncompliance.

(e) Independent audit reports shall include objectives, procedures and scope, findings and conclusions, and recommendations.

(f) An Authorized Representative of Operator's management shall be required to respond in writing to the independent audit findings and the stated corrective measures to be taken to avoid recurrence of the audit exception or finding. These management responses shall be included in the final independent audit report.

(g) Follow-up observation and examinations shall be performed to verify that corrective actions have been taken regarding all instances of noncompliance cited by the independent audits, or by the Commission. The verification shall be performed within six months following the preliminary findings indicating audit exception are presented to the Operator.

(h) It is acceptable to leverage the results of prior audits conducted within the audit period by the same third-party contractor in another Wagering jurisdiction. This leveraging shall be noted in the audit report. This leveraging does not include Internal Controls unique to the State, which will require new audits.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1D-027;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0428 TIMELY RESPONSE TO FORMAL LETTER OF INQUIRY

(a) The Commission, through its legal counsel or other staff, may send a Responsible Party, Key Person, or applicant

a formal letter of inquiry requesting a response. The Letter of Inquiry, or attachments thereto, shall set forth the subject

matter of the inquiry investigated. The response shall include:

- (1) a disclosure of all requested information; and
- (2) copies of all requested documents.

(b) The Commission or its agent may identify a deadline for the recipient of the formal letter of inquiry to provide a response. If no date is identified, then a complete written response is required within 10 Days of receipt.

*History Note: Authority G.S. 18C-114(a)(14);
Eff. June 22, 2024.*

SECTION .0500 – STANDARDS FOR WAGERING

24 NCAC 06A .0501 WAGERING RULES

- (a) The Operator shall adopt comprehensive Wagering Rules, which shall be approved by the Director. The Wagering Rules, together with other information the Director considers appropriate, shall be conspicuously displayed on the Operator's websites, mobile applications, and if applicable, within the Wagering Facility. Copies shall be made readily available to Individuals and Players.
- (b) The Operator shall not implement changes or modifications of the practices, procedures, or representations on which the approval was based without the prior written approval of the Director.
- (c) The Internal Controls shall ensure that the Operator keeps a log of any changes to the Wagering Rules for a period of five years.
- (d) Failure by an Operator to act in accordance with the Wagering Rules may result in monetary penalties, Suspension or Revocation of its License, civil damages, injunctive relief, or criminal liability.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1E-001;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024;
Amended Eff. June 22, 2024.*

24 NCAC 06A .0502 ACCEPTANCE OF WAGERS

- (a) Wagers shall be placed through a Wagering Account or within a Wagering Facility.
- (b) Available Wagers shall be displayed to Players and include the lines or odds, the Wager Type, and Wagering Event on which Wagers are being accepted.
- (c) An Operator may not set lines or odds or offer Wagering propositions designed to ensure that a Player will win a Wager or a series of Wagers, unless the lines, odds, or Wagering propositions are offered in connection with a promotion or bonus conducted in accordance with Rule .0503 of this Subchapter. An Operator may not accept a Wager on a Wagering Event unless a Wagering proposition is posted on the Operator's websites, mobile applications, or if applicable, within the Wagering Facility.
- (d) Wagers may only be made by Players using:
 - (1) Cash;
 - (2) Cash Equivalents converted to Cash;
 - (3) credit cards or debit cards;
 - (4) electronic funds transfers including automated clearing house and other electronic methods;
 - (5) promotional or bonus credits;
 - (6) winning Wagering Tickets or Vouchers;
 - (7) funds within a Wagering Account;
 - (8) a Player's reloadable prepaid account or card, which has been verified as being issued to the Player and is nontransferable; and
 - (9) other forms of payment approved by the Commission.
- (e) The Operator shall debit the amount Wagered by a Player from their Wagering Account. Wagers shall not be accepted in an amount in excess of an Account balance.
- (f) No Operator shall accept a Wager from a Person through the use of the Wagering Account of or for another Person. No Operator shall knowingly allow a Person to make a Wager utilizing the Wagering Account of another Person.
- (g) An Operator shall file with the Commission, in a manner and form developed by the Commission, a report of an error that occurs in offering a Wagering Event or Wager or if an unapproved event or Wager Type is offered to the public.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1E-002;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024;*

Amended Eff. June 22, 2024.

24 NCAC 06A .0503 PROMOTIONAL OR BONUS WAGERING

(a) An Operator may conduct promotions or bonuses in accordance with this Rule. Procedures for the issuance, acceptance, and tracking of promotions or bonuses shall be defined in the Internal Controls.

(b) An Operator shall maintain a record of promotions or bonuses related to Sports Wagering or Pari-Mutuel Wagering to facilitate the Commission's tracking of promotional or bonus activity, which shall address the:

- (1) unique identification for the promotion or bonus;
- (2) date and time the promotion or bonus was or is scheduled to be available;
- (3) current balance for promotional or bonus awards;
- (4) total amount of promotional or bonus awards issued;
- (5) total amount of promotional or bonus awards redeemed;
- (6) total amount of promotional or bonus awards expired;
- (7) total amount of promotional or bonus award adjustments;
- (8) current status of the promotion or bonus; and
- (9) date and time the promotion or bonus was or is scheduled to discontinue.

(c) All promotion or bonus rules shall be full, accurate, concise, transparent, and shall not contain misleading information. Promotion or bonus rules shall be accessible by the Player and provide unambiguous notice of the:

- (1) date and time the promotion or bonus is active and expires;
- (2) rules of play;
- (3) nature and value of prizes or awards;
- (4) eligibility restrictions or limitations;
- (5) Wagering and redemption requirements, including limitations;
- (6) how the Player is notified when they have received an award;
- (7) order in which funds are used for Wagers;
- (8) eligible events or Wagers; and
- (9) cancellation requirements.

(d) Promotions or bonuses shall not be described as:

- (1) "free" unless those promotions or bonuses are in fact free and without any cost to the Player. If the Player has to risk or lose their own money or if there are conditions attached to the Player's own money, the promotion or bonus rules shall disclose those terms and may not be described as free; or
- (2) "risk-free" if those promotions or bonuses require the Player to incur a loss or risk the Player's own money to use or withdraw Winnings from the purportedly risk-free Wager.

(e) An Operator shall provide a clear and conspicuous method for a Player to cancel their participation in a promotion or bonus that uses restricted Wagering credits that cannot be cashed out until a Wagering requirement or other restrictions associated with the credits is met. The Operator's cancellation method shall include the following:

- (1) On a request for cancellation, the Operator shall inform the Player of the amount of unrestricted funds that will be returned after cancellation and the value of restricted Wagering credits that will be removed from the Wagering Account.
- (2) If a Player elects to proceed with cancellation, unrestricted funds remaining in a Player's Wagering Account shall be returned according to the rules of the applicable promotion or bonus.

(f) Once a Player has met the terms of a promotion or bonus, an Operator shall not limit Winnings earned while participating in the promotion or bonus.

(g) No promotion or bonus offer available to new Players may contain terms that delay full implementation of the ability to redeem the promotion or bonus for a period of longer than 30 Days, or require the Player to maintain an Account with the Operator for longer than 30 Days to be eligible for the promotion or bonus, regardless of the amount of Wagering in that period by the Player. Nothing this Paragraph shall prohibit a promotion or bonus offer that extends for a period of longer than 30 Days so long as such promotion or bonus is (i) available to all North Carolina Players that maintain an Account with the applicable Operator and (ii) not contingent upon the Player establishing a new Wagering Account.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1E-003;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

SECTION .0600 – RESPONSIBLE GAMING

24 NCAC 06A .0601 RESPONSIBLE GAMING PLAN

(a) At least 30 Days prior to conducting Sports Wagering or Pari-Mutuel Wagering in North Carolina, Operators shall submit a responsible gaming plan to the Commission that shall include information related to the posting of materials related to problem gambling, resources to be made available to Players expressing concerns about problem gambling, responsible gaming limits, and Voluntary Exclusion Programs. This plan shall be approved by the Director prior to authorizing the Operator to operate within the State. The Operator will provide an updated plan annually every year thereafter.

(b) The responsible gaming plan shall include, at a minimum:

- (1) the goals of the plan, procedures, and deadlines for implementation of the plan;
- (2) the identification of the Individuals who will be responsible for the implementation, monitoring, and maintenance of the plan;
- (3) the Operator's plan for creating and disseminating promotional material to educate Players about compulsive and problem gambling and to inform them about treatment services available to compulsive and problem gamblers and their families. The Operator shall provide examples of the materials to be used as part of its plan and a description of how the material will be disseminated;
- (4) a copy of the employee training programs as part of comprehensive employee trainings on hire and regularly thereafter on the nature of responsible gaming and the role of employees in responding to circumstances in which Individuals present signs of problem gambling;
- (5) the duties and responsibilities of the employees designated to implement or participate in the plan;
- (6) procedures to assess, prevent, and address problem gambling by Players, including:
 - (A) identifying Players with suspected or known problem gambling behavior;
 - (B) preventing Wagering by Ineligible Persons;
- (7) commitments to participate in responsible gaming initiatives, including, but not limited to:
 - (A) participating in responsible gaming committees;
 - (B) providing additional education and awareness for identified vulnerable populations;
- (8) procedures for advertising and marketing, which shall comply with applicable standards of socially responsible advertising, including applicable state and federal laws and standards on this subject;
- (9) annual reporting on responsible gaming activities; and
- (10) other policies and procedures as determined by the Commission to prevent problem gambling and encourage responsible gaming.

(c) In approving the responsible gaming plan described in Paragraph (a) of this Rule, the Commission shall consider industry standards for responsible gaming and other relevant factors.

(d) If an Operator proposes to amend its written plan prior to the Commission's annual review, the Operator shall submit a proposed amended written plan for Commission approval prior to implementing any amendments. The Operator shall not implement the amended written plan until the Director approves the amended written plan. While the Director reviews the amended written plan, the Operator shall continue to implement the written plan most recently approved.

(e) At least every five years, the Operator shall ensure that the Operator's responsible gaming plan is independently reviewed by a third-party approved by the Director, which review shall comply with industry standards. The cost of the independent review is the responsibility of the Operator.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1F-001;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0602 VOLUNTARY EXCLUSION PROGRAM

(a) The Commission operates a Voluntary Exclusion Program under which Individuals are excluded from establishing a Wagering Account or placing Wagers for a set period, up to and including that Individual's lifetime. Information regarding such Individuals is collected and securely shared with authorized recipients in order to effectuate G.S. 18C-922.

(b) An Individual may request to be placed in the Voluntary Exclusion Program by completing a form prescribed by the Commission and providing the following information:

- (1) full name and any aliases or nicknames;
- (2) date of birth;
- (3) current residential address;
- (4) email addresses;
- (5) telephone numbers;
- (6) last four digits of Social Security Number or tax identification number, when provided voluntarily in accordance with Section 7 of the Privacy Act of 1974, 5 U.S.C. 552a, or an equivalent government identification number for a noncitizen, for example, a passport or taxpayer identification number, if available;
- (7) height, weight, gender, hair color, eye color, and any other physical characteristic that may assist in the identification of the Individual;
- (8) the requested period of exclusion at one year, three years, five years, or lifetime; and
- (9) other relevant information as required by the Commission.

(c) The Individual seeking placement in the Voluntary Exclusion Program shall agree to make certain sworn acknowledgements, which are binding upon the Individual. These include, but are not limited to, the following:

- (1) an acknowledgment that the Individual in the Voluntary Exclusion Program shall be prohibited from participating in any form of legalized Wagering in the State, excluding federally-recognized tribal lands, and is prohibited from collecting any Winnings or recovering any losses resulting from violation of the restrictions to which such Individual has agreed;
- (2) an acknowledgment that the Individual in the Voluntary Exclusion Program may be refused entry or ejected from the Wagering Facility;
- (3) an acknowledgement from the Individual that they will not engage in Wagering in North Carolina for the duration of the exclusion period and that it is the Individual's responsibility to refrain from doing so;
- (4) an acknowledgment that the Commission will share a list of participants in the Voluntary Exclusion Program with Operators in the State and that such Operators, pursuant to their own Internal Controls, may extend the exclusion of the Individual to Wagering offerings that the Operator and its Affiliates make available outside of North Carolina;
- (5) an acknowledgement that the Commission may securely share the Voluntary Exclusion Program participant list with other domestic Wagering jurisdictions resulting in placement on the lists of such other jurisdictions, and may share such portion of the list with designated agents as may be necessary for the purpose of administering Voluntary Exclusion Programs;
- (6) an acknowledgment that the Individual requesting placement in the Voluntary Exclusion Program shall notify the Commission within fourteen Days if the Individual's address or other contact information changes; and
- (7) an acknowledgment that the Individual will be removed from the Voluntary Exclusion Program upon expiration of the period of exclusion set at initial enrollment into the program.

(d) An Individual requesting placement in the Voluntary Exclusion Program shall execute a waiver and release that shall release and forever discharge the State of North Carolina, the Commission, and the Commission's employees and agents from any liability to the Individual requesting exclusion, as applicable, and the Individual's heirs, administrators, executors, and assigns for any harm, monetary or otherwise, that may arise out of or by reason of any act or omission relating to the request for exclusion or request for removal from the Voluntary Exclusion Program, including, but not limited to:

- (1) the processing or enforcement of the request for exclusion or request for removal from the Voluntary Exclusion Program;
- (2) the failure to withhold Wagering privileges from or restore Wagering privileges to a Voluntarily Excluded Person;
- (3) permitting a Voluntarily Excluded Person to engage in Wagering Activity while in the Voluntary Exclusion Program; and
- (4) disclosure of the information contained in the Voluntary Exclusion Program, except for a willfully unlawful disclosure of such information.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1F-002;*

Eff. January 8, 2024;
Readopted Eff. March 27, 2024.

24 NCAC 06A .0603 ELIGIBILITY AND PETITION FOR REMOVAL FROM VOLUNTARY EXCLUSION PROGRAM BEFORE COMPLETION OF EXCLUSION PERIOD

- (a) To be eligible for removal from the Voluntary Exclusion Program, a Voluntarily Excluded Person shall participate in a reinstatement session with a designated agent of the Commission. The reinstatement session shall include a review of the risks and responsibilities of Wagering, budget setting, and a review of problem gambling resources, unless the Individual declines such a review.
- (b) After completion of the reinstatement session, the Voluntarily Excluded Person may submit a petition to the Director on a form provided by the Commission and available from the designated agent.
- (c) The Commission's designated agent shall verify on the face of the petition that the Voluntarily Excluded Person has completed a reinstatement session. Thereafter, the Commission or the Director shall reinstate the Voluntarily Excluded Person after the completion of a 30 Day waiting period.

History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1F-003;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.

24 NCAC 06A .0604 INVOLUNTARY EXCLUSION

- (a) When the Commission is notified of an Individual who has been adjudicated by law as prohibited from engaging in Wagering in the State, the Individual shall be excluded from establishing or maintaining a Wagering Account or placing Wagers for a set period, up to and including that Individual's lifetime.
- (b) The Commission shall attempt to provide notice of exclusion to an Involuntarily Excluded Person.
- (c) An Involuntarily Excluded Person who wishes to contest their involuntary exclusion may request in writing an informal review by the Commission. This request for review shall fully state the reasons the Individual believes the involuntary exclusion was not supported by statute, Rule, procedure, or practice. The Commission's conclusion shall be final and binding on parties.
- (d) Nothing in this Rule shall prohibit an Operator from preventing Individuals from entering its Wagering Facility.

History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1F-004;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.

24 NCAC 06A .0605 COMMISSION MAINTENANCE OF EXCLUSION LISTS

- (a) The Commission shall maintain lists of all Voluntarily Excluded Persons and Involuntarily Excluded Persons, including the information provided pursuant to Rule .0602 of this Subchapter and any new or updated information provided by the Individual or the Commission.
- (b) The Commission shall make the exclusion lists available to each Licensed Operator for secure retrieval.

History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1F-005;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.

24 NCAC 06A .0606 OPERATOR DUTIES

- (a) The Operator shall maintain its own copies of the exclusion lists and shall establish Internal Controls to ensure that its copies of the lists are kept up to date. The Operator shall obtain the lists from the Commission in a secure and confidential manner, such as via SFTP, at minimum every 72 hours. The lists may only be accessed by Individuals authorized in accordance with the Internal Controls.
- (b) The Operator shall establish and implement Internal Controls to ensure that it, at minimum, undertakes commercially reasonable efforts to:
 - (1) Prevent Voluntarily Excluded Persons and Involuntarily Excluded Persons from opening a new Wagering Account.

- (2) Identify and suspend any Wagering Accounts of Voluntarily Excluded Persons and Involuntarily Excluded Persons.
 - (3) Seize any Winnings that accrue after an Individual's Exclusion.
 - (4) Eject or refuse Voluntarily Excluded Persons and Involuntarily Excluded Persons from entry into a Wagering Facility.
 - (5) Refund any remaining Account balances to Voluntarily Excluded Persons and Involuntarily Excluded Persons provided the Operator acknowledges that the funds have cleared.
 - (6) Ensure that Voluntarily Excluded Persons and Involuntarily Excluded Persons do not receive targeted or personalized mailings, Advertisements, marketing materials, promotions, Player club materials, reward materials, or other promotional materials or incentives related to Wagering via any channel, including, but not limited to, U.S. Mail, email, text message, push notification, social media messaging, or phone. For purposes of this Subparagraph, "targeted" means that materials or messages are sent directly to an address, email address, telephone number, or other contact associated with the excluded Individual on their application or in the Operator's demographic record or files.
 - (7) Notify the Director in a manner prescribed by the Director if a Voluntarily Excluded Person or an Involuntarily Excluded Person is found in its Wagering Facility or attempting to place a Wager.
 - (8) In cooperation with the Commission, and where reasonably possible, determine the amount Wagered and lost by an Individual identified as a Voluntarily Excluded Person or an Involuntarily Excluded Person.
 - (9) If a Player has pending Wagers prior to being excluded, handle these Wagers in accordance with the terms and conditions.
- (c) At the request of the Director or Commission, Operators shall identify the parties or entities with whom it shares Voluntarily Excluded Person and Involuntarily Excluded Person data, and the technical methods it uses to share the information securely.
- (d) Winnings seized from Voluntarily Excluded Persons and Involuntarily Excluded Persons and amounts Wagered and lost by such Persons shall be identified and collected by the Operator and conveyed to the Commission to be used solely to support gambling addiction education and treatment programs.
- (e) Nothing in the Act or these Rules shall be construed to preclude an Operator from seeking the payment of a debt accrued by an Individual during a period when the Individual was not participating in the Voluntary Exclusion Program.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1F-006;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024;
Amended Eff. June 22, 2024.*

24 NCAC 06A .0607 LIMITATIONS ON USE OF EXCLUDED PERSON'S DATA AND PERSONAL INFORMATION

- (a) Personal Information furnished to or obtained by the Commission pursuant to rules pertaining to the Voluntary Exclusion Program shall be deemed confidential and not be disclosed unless necessary to implement the Exclusion of Voluntarily Excluded Persons and Involuntarily Excluded Persons, or except in accordance with this Chapter, as required by law, or required by a validly issued court order.
- (1) The Commission or Director may release periodically to the public demographics and general information regarding Voluntarily Excluded Persons and Involuntarily Excluded Persons, such as the total number of Persons on the list and anonymized, aggregate demographic information.
 - (2) The Commission or Director may make selected data available, upon request, for the limited purpose of assisting in the proper administration and enhancement of problem gambling treatment or responsible gaming programs.
- (b) Any Responsible Party, its employees, or agents that receive any information pursuant to G.S. 18C-922 shall use such information solely for the purpose of the exclusion of Voluntarily Excluded Persons and Involuntarily Excluded Persons, and not for any commercial purpose.
- (c) The names and Personal Information of Voluntarily Excluded Persons and Involuntarily Excluded Persons shall not be subject to disclosure under the North Carolina Public Records Law, G.S. 132-1.

(d) Except as provided in these Rules, no employee or agent of the Commission or any Operator, Service Provider, Supplier, or third-party contractor affiliated with any of the previous parties shall disclose the name of or any information about any Voluntarily Excluded Persons and Involuntarily Excluded Persons to anyone other than authorized employees and agents whose duties and functions require access to such information.

(e) It shall be permissible for an Operator, or an employee or agent thereof, to disclose the names of Voluntarily Excluded Persons and Involuntarily Excluded Persons to a Service Provider or Supplier for the purpose of enabling such Service Provider or Supplier, or third-party contractor affiliated with any of the previous parties to properly administer the lists or to remove the excluded Persons from a targeted or personalized mail, advertising or promotion, marketing, or event notifications to be made by or on the behalf of the Operator.

- (1) The entity to whom such names are disclosed shall be prohibited from distributing or disclosing the names to the public or to any other party and shall be required to ensure the names are not disclosed.
- (2) A Service Provider or Supplier, or third-party contractor affiliated with any of the previous parties that obtains the names of Voluntarily Excluded Persons and Involuntarily Excluded Persons from an Operator shall be permitted to use the list solely to exclude names or addresses from a marketing campaign on behalf of the Operator. Such company may not use the names for any other type of marketing or for any other purpose whatsoever.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1F-007;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0608 WAGERING FACILITIES AND EXCLUDED PERSONS

For Wagering Facilities, the prohibition against allowing Voluntarily Excluded Persons and Involuntarily Excluded Persons to be present where Wagering Activities are conducted shall not apply to an excluded Person if:

- (1) the excluded Person is carrying out the duties of employment or incidental activities related to employment;
- (2) the Operator or its agent has received prior notice about the excluded Person's planned presence on-site, unless it was impracticable for such notice to have been provided;
- (3) access to areas where Wagering Activity is conducted is limited to the time necessary to complete the excluded Person's assigned duties; and
- (4) the excluded Person does not otherwise engage in Wagering Activities.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1F-008;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

SECTION .0700 – WAGERING ACCOUNTS

24 NCAC 06A .0701 WAGERING ACCOUNT REQUIREMENTS

(a) The Operator shall adopt Internal Controls related to Account registration. An Individual shall have an established Wagering Account with the Operator to participate in Wagering over the Internet. Nothing in this Rule shall be interpreted to prohibit the Operator from accepting anonymous Wagers by a Wagering Kiosk or Ticket Writer Station within the Wagering Facility.

(b) A Wagering Account shall only be established in the name of a Registered Player who is a natural person and may not be in the name of a beneficiary, custodian, joint trust, corporation, partnership, or another entity.

(c) An Operator shall collect the following information from Players:

- (1) the Player's full legal name;
- (2) the Player's date of birth;
- (3) the Player's principal residential address, a post office box is not acceptable;
- (4) the Player's Social Security number, or the last four digits of the Social Security number, or an equivalent government identification number for a noncitizen, for example, a passport or taxpayer identification number; and

- (5) other information collected from the Player used to verify their identity and to prove the Player is not an Ineligible Person.
- (d) During the Wagering Account registration process, the Player shall:
 - (1) be denied the ability to register for an Account if they submit a birth date which indicates that they are an Underage Person;
 - (2) if not all fields are "required," be informed on the Account application which information fields are "required," which are not, and what will be the consequences of not filling in the required fields;
 - (3) agree to the terms and conditions and privacy policies of the Operator, which shall comply with applicable law, including, but not limited to, G.S. 18C-910(i);
 - (4) consent to the monitoring and recording of the use of their Account by the Operator and the Commission;
 - (5) affirm that:
 - (A) the Player meets eligibility requirements for registration; and
 - (B) the Personal Information the Player is providing to open the Account is accurate; and
 - (6) authorize the provision of notices and other required communications either through a designated mobile or other interface or to an electronic mail address designated by the Player.
- (e) An Operator shall maintain an electronic Player file, which shall include the following for Wagering Accounts, as applicable:
 - (1) the unique Wagering Account ID and username, if different;
 - (2) the information indicated in Paragraph (c) of this Rule to register a Player and create the Account;
 - (3) the date and method of identity verification, including, where applicable, the document number of the government issued identification credential examined and its date of expiration, if applicable. If a government issued identification credential is not required for registration, the electronic record that details the process used to confirm the Player's identity shall be recorded;
 - (4) the date of Player agreement to the terms and conditions and privacy policies;
 - (5) previous Wagering Accounts and reason for de-activation;
 - (6) the date and method from which the Wagering Account was registered;
 - (7) the date and time a Wagering Account is accessed by an Individual, including IP address;
 - (8) a history of financial transactions, including deposits, withdrawals, and Account adjustments;
 - (9) Account details and current balance, including restricted Wagering credits and unrestricted funds. Restricted Wagering credits and unrestricted funds that have a possible expiration shall be maintained separately; and
 - (10) the current status of the Wagering Account.
- (f) The following information maintained as part of the electronic Player file shall be encrypted or hashed to other cryptographic algorithms as allowed by the Director:
 - (1) the Registered Player's government identification number, or portions thereof;
 - (2) the Registered Player's previous and current passwords, pins, or other authentication credentials, including biometric information; and
 - (3) the Registered Player's previous and current debit instrument numbers, debit card numbers, bank account numbers or other personal financial information.
- (g) An Operator may allow the Registered Player to update authentication credentials, registration information and the account used for financial transactions. A Multi-Factor Authentication process shall be used for these purposes.

*History Note: Authority G.S. 18C-114(a)(14);
 Previously adopted as Rule 1G-001;
 Eff. January 8, 2024;
 Readopted Eff. March 27, 2024;
 Amended Eff. June 22, 2024.*

24 NCAC 06A .0702 AGE AND IDENTITY VERIFICATION

- (a) The Operator shall put in place and utilize sufficient measures to verify the age and identity of the Registered Player that is necessary for the remote, electronic establishment of Wagering Accounts.
- (b) The Operator is responsible for ensuring that only eligible Persons may create a Wagering Account, deposit funds, or participate in Sports Wagering or Pari-Mutuel Wagering through such Account. The Operator shall deny the ability to create a Wagering Account, deposit funds, or participate in Sports Wagering or Pari-Mutuel Wagering

to an Ineligible Person. This Rule shall not be construed to prevent an Individual from creating a Wagering Account and depositing funds to an Account even if they are prohibited from placing certain wagers.

(c) At the time of Account establishment, the Operator shall use electronic verification using one or more secure online databases, which government or business regularly use to verify and authenticate age and identity, or by examination of government-issued photo identification, or similar identified in the Operator's Internal Controls, and the review of a supplemental, contemporaneous photograph of the Person to verify the Player's name, date of birth, and government identification number, or portions thereof.

(d) The following data shall be verified as an exact match before Players may initiate deposits, withdrawals and Wagering:

- (1) the Player's last name;
- (2) the Player's date of birth; and
- (3) the Player's government identification number or credential, or portions thereof.

(e) Operators shall ensure that reasonable measures to ensure the Person providing the identity information is truly the owner of the identity and that all identity information provided is accurate before a Player may initiate deposits, withdrawals, or Wagering. One of the following options is required:

- (1) correctly answer three dynamic knowledge-based questions compiled from public and private data including public records, credit reports, marketing data, and other recorded facts;
- (2) verification that the Player's phone number and email address match the information provided by the Player;
- (3) valid government issued identification credential;
- (4) verification that the Player's device is associated with the user via historical location data and mobile phone identity authentication, or Multi-Factor Authentication; or
- (5) other methods approved by the Commission or Director.

(f) The Operator shall refuse to establish an Account if it is found that the information supplied is untrue or incomplete.

(g) An Operator shall use commercially available and demonstrable standards to confirm that an Individual attempting to create a Wagering Account is not an Ineligible Person and shall also use commercially available and demonstrable standards to prevent Wagers from being placed by an Ineligible Person.

(h) An Operator shall re-verify a Player's identification after it has or should have reasonable suspicion that the Player's identification may have been compromised.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1G-002;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0703 LIMITATION TO ONE ACCOUNT PER PLAYER

An Individual may not have more than one Wagering Account with an Operator. The Operator shall implement Internal Controls to terminate Accounts of an Individual that establishes or seeks to establish more than one username or more than one Account, whether directly or by use of another Person as proxy. These Internal Controls may allow a Registered Player that establishes or seeks to establish more than one username or more than one Account to retain one Account if the Operator investigates and makes a good-faith determination that the Player's conduct was not intended to obtain a competitive advantage.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1G-003;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0704 TERMS AND CONDITIONS AND PRIVACY POLICIES FOR WAGERING ACCOUNTS

(a) All terms and conditions and privacy policies for Wagering Accounts shall be readily accessible to the Player before and after registration and noticed when materially updated beyond grammatical or other minor changes.

(b) All terms and conditions for Wagering Accounts shall address aspects of the Operator, including, but not limited to:

- (1) a statement that only Individuals located in the authorized geographic boundaries within the State of North Carolina may place Wagers;
 - (2) a statement that Ineligible Persons are prohibited from Wagering;
 - (3) advice to the Player to keep their authentication credentials, including password and username, secure;
 - (4) all processes for dealing with lost authentication credentials, forced password changes, password strength and other related items as required by the Commission;
 - (5) full explanation of rules applicable to dormant Wagering Accounts, including the conditions under which an Account is declared dormant and what actions will be undertaken on the Account once this declaration is made;
 - (6) actions that will be taken on the Player's pending Wagers placed prior to an exclusion or suspension, including the return of Wagers, or settling Wagers, as appropriate;
 - (7) information about timeframes and limits regarding deposits to or withdrawals from Wagering Accounts, including a clear and concise explanation of fees, if applicable;
 - (8) statements indicating that the Operator has the right to:
 - (A) refuse to establish a Wagering Account for what it considers good and sufficient reason;
 - (B) refuse deposits to or withdrawals from Wagering Accounts for what it considers good and sufficient reason; and
 - (C) unless there is a pending investigation or Player dispute, suspend or close a Wagering Account at any time pursuant to the terms and conditions between the Operator and the Player; and
 - (9) statements indicating that the Players are prohibited from:
 - (A) transferring or selling an Account or Account balance;
 - (B) using a virtual private network or other technology that may obscure or falsify their physical location;
 - (C) allowing an unauthorized Person to access or use their Account; and
 - (D) collusion, cheating, or other unlawful activity.
- (c) All privacy policies for Wagering Accounts shall address aspects of the Personal Information protection, including, but not limited to:
- (1) the Personal Information required to be collected;
 - (2) the purpose and legal basis for Personal Information collection and of every processing activity for which consent is being sought;
 - (3) the period in which the Personal Information is stored, or, if no period can be possibly set, the criteria used to set this;
 - (4) the conditions under which Personal Information may be disclosed and the categories of third-party entities with whom the Operator shares such data; however, upon written request of the Director or a Registered Player, the Operator shall identify the names of the third-party entities with whom the Operator shares Personal Information;
 - (5) an affirmation that measures are in place to prevent the unauthorized or unnecessary disclosure of the Personal Information;
 - (6) the identity and contact details on the Operator who is seeking the consent;
 - (7) a statement that the Operator will not discriminate against an Individual because the Individual does not consent to the sale of their data;
 - (8) instructions providing the Player with information about how to opt out of Operator's data collection activities, subject to any exception as required by applicable law or regulation;
 - (9) a statement that the Operator will honor the individual's request for the Operator to delete or cease use of the Personal Information and other data collected concerning that individual and direct its agents and affiliates to do the same; the Operator may deny an Individual's request to delete or cease use of the Personal Information if maintaining the Personal Information is necessary to:
 - (A) perform any obligations under these Rules or the General Statutes;
 - (B) complete the transaction for which the Personal Information was collected, provide a good or service requested by the Individual, or reasonably anticipated within the context of a business's ongoing business relationship with the Individual, or otherwise perform a contract between the business and the Individual;
 - (C) detect security incidents, protect against malicious, deceptive, fraudulent, or illegal activity; or prosecute those responsible for that activity;

- (D) debug to identify and repair errors that impair existing intended functionality;
- (E) to enable solely internal uses that are reasonably aligned with the expectations of the consumer based on the consumer's relationship with the business; or
- (F) comply with any other legal obligation;
- (10) contact information for the Operator's privacy office or officer, or a point of contact at the Operator for privacy-related questions; and
- (11) other privacy requirements specified by the Commission.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1G-004;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0705 RESPONSIBLE GAMING AND PROBLEM GAMBLING INFORMATION

An Operator shall provide the following Commission-approved responsible gaming and problem gambling information that shall be readily accessible to a Player:

- (1) Commission-approved telephone numbers or websites that an Individual may use to obtain information about problem gambling and resources addressing addiction and compulsive behavior and where to seek assistance with these issues;
- (2) a notification that underage gambling is a criminal offense and that anyone who facilitates an Underage Person to place a Wager has committed a criminal offense and shall be prohibited from Sports Wagering and Pari-Mutuel Wagering;
- (3) a list of the available responsible gaming limits and restrictions that may be invoked by the Player, including a means to initiate a "break" or interruption in play to discourage excessive play, and information on how to invoke those measures;
- (4) a link to the Voluntary Exclusion Program and enrollment information;
- (5) mechanisms in place for Players to detect unauthorized use of their Wagering Account, including the Player reviewing financial statements against known deposits;
- (6) a method for filing a dispute with the Operator; and
- (7) a method for filing with the Commission an unresolved dispute after reasonable means to resolve the dispute with the Operator have been exhausted utilizing forms and, in the manner prescribed by the Commission.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1G-005;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0706 ACCOUNT ACCESS

- (a) The Operator shall use authentication credentials, including a username, or similar identity indicator, and a password or a secure alternative means to ensure that only the Player has access to the Wagering Account. Allowable authentication credentials are subject to the discretion of the Commission as required. The requirement does not prohibit the option for more than one method of authentication being available for a Player to access their Account.
- (b) If the Operator does not recognize the authentication credentials when entered, an explanatory message shall be displayed to the Player which prompts the Player to try again. The error message shall be the same regardless of which authentication credential is incorrect.
- (c) Players shall be given the option to use a Multi-Factor Authentication process when accessing their Wagering Account. In addition, a Multi-Factor Authentication process shall be used for the retrieval or reset of a Player's forgotten or lost authentication credentials.
- (d) Current Account balance information, including restricted Wagering credits and unrestricted funds, and transaction options shall be available to the Player once authenticated. Restricted Wagering credits and unrestricted funds that have a possible expiration date shall be indicated separately.
- (e) The Operator shall support a mechanism that allows for an Account to be locked if suspicious activity is detected, including three consecutive failed access attempts in a 30 minute period. A Multi-Factor Authentication process shall be used for the Account to be unlocked.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1G-006;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0707 FINANCIAL TRANSACTIONS

The Operator shall provide the Registered Player written confirmation or denial of every financial transaction initiated on Wagering Accounts, including:

- (1) the type of transaction, such as a deposit or withdrawal;
- (2) the transaction value; and
- (3) for denied transactions, a descriptive message, if appropriate and available, as to why the transaction did not complete as initiated.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1G-007;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0708 ACCOUNT DEPOSITS

(a) A Wagering Account may be funded using approved methods which shall produce a sufficient audit trail for verification of the source of the Wagers. Approved methods for funding Wagering Accounts include:

- (1) Cash;
- (2) Cash Equivalents converted to Cash;
- (3) credit cards and debit cards;
- (4) electronic funds transfers including automated clearing house and other electronic methods;
- (5) promotional or bonus credits;
- (6) Winnings;
- (7) adjustments made by the Operator with documented notification to the Player;
- (8) a reloadable prepaid account or card, which has been verified as being issued to the Player and is nontransferable; and
- (9) other forms of payment approved by the Commission.

(b) The Wagering Account shall be credited for deposits in accordance with the Internal Controls as submitted by the Operator and approved by the Commission.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1G-008;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0709 FAILED ELECTRONIC FUNDS TRANSFERS

Where financial transactions are conducted through electronic funds transfers, the Operator shall have security measures and Internal Controls to prevent electronic funds transfer fraud. A failed electronic funds transfer attempt is not considered fraudulent if the Registered Player has successfully performed an electronic funds transfer on a previous occasion with no outstanding chargebacks. Otherwise, the Operator shall:

- (1) temporarily block the Registered Player's Wagering Account for investigation of fraud after five consecutive failed electronic funds transfer attempts within a 10 minute period; if there is no evidence of fraud, the block may be vacated; and
- (2) suspend the Registered Player's Wagering Account after five additional consecutive failed electronic funds transfer attempts within a 10 minute period.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1G-009;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0710 ACCOUNT WITHDRAWALS

- (a) An Operator shall not restrict the Registered Player from withdrawing the Registered Player's own funds or withdrawing Winnings from Wagers placed using the Registered Player's own funds, whether the Account is open or closed, except as otherwise provided in these Rules, or other applicable state or federal laws.
- (b) An Operator shall use a mechanism that may detect and prevent withdrawal activity initiated by a Registered Player that would result in a negative balance of the Wagering Account.
- (c) An Operator shall not allow a Wagering Account to be overdrawn unless caused by payment processing issues outside the control of the Operator.
- (d) An Operator shall honor the Registered Player's request to withdraw funds within five Days after the request unless the conditions set forth in Paragraph (e) of this Rule are met.
- (e) The Operator may decline to honor a Registered Player's request to withdraw funds only if the Operator believes in good faith that the Registered Player engaged in fraudulent conduct, Event Corruption, or other conduct that would put the Operator in violation of the Act and these Rules. In these cases, the Operator shall:
- (1) suspend the Registered Player's Wagering Account and provide notice to the Registered Player; and
 - (2) conduct its investigation in a reasonable and expedient fashion, providing the Registered Player additional written notice of the status of the Wagering Account every fourteenth Day starting from the Day the original notice was provided to the Registered Player.
- (f) For purposes of this Rule, a request for withdrawal is considered honored if it is processed by the Operator apart from a delay by a payment processor, debit card issuer, the custodian of a financial account, or ordinary course delays in the U.S. Mail for a mailed check.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1G-010;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0711 ACCOUNT ADJUSTMENTS

All adjustments to Wagering Accounts for amounts of five hundred dollars (\$500.00) or less shall be periodically reviewed by supervisory personnel as set forth in the Operator's Internal Controls. Other adjustments shall be authorized by supervisory personnel of the Operator before being entered.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1G-011;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0712 ACCOUNT INFORMATION

On request of the Registered Player, the Operator shall provide a statement detailing Account activity for the past year, including Wagers, deposit amounts, withdrawal amounts, and bonus or promotion information, including amounts remaining for a pending bonus or promotion, and amounts released to the Registered Player. Upon request, an Operator shall provide to a Registered Player a written Account statement via U.S. Mail or electronic mail.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1G-012;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0713 RESPONSIBLE GAMING LIMITS

- (a) An Operator shall allow a Registered Player to limit the amount of player funds that may be deposited into a Wagering Account and spent through such Account.
- (1) A deposit limit shall be offered on a daily, weekly, and monthly basis and shall specify the maximum amount of player funds a Registered Player may deposit into their Wagering Account during a particular period.
 - (2) A Wager limit shall be offered on a daily, weekly, and monthly basis and shall specify the maximum amount of player funds that may be put at risk during a particular period.

(b) Decreases to these limits shall become effective immediately upon being authorized by the Player or at the point in time that was clearly stated to the Registered Player. Increases to these limits shall become effective only after the expiration of the Player's previously authorized time period limit.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1G-013;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0714 SUSPENSION AND RESTORATION OF WAGERING ACCOUNTS

- (a) An Operator shall place a Wagering Account into a suspended mode:
- (1) when a Registered Player requests a break from Wagering for a specified period, which shall not be less than 72 hours;
 - (2) when required by the Commission or Director;
 - (3) if the Operator determines it lacks sufficient information to verify the age and eligibility of the Registered Player;
 - (4) on a determination by an Operator that a Registered Player:
 - (A) has provided false or misleading information in connection with the opening of the Account or has engaged in Event Corruption, collusion, cheating or other unlawful conduct;
 - (B) is or has been barred from placing Wagers in the State;
 - (C) is or has otherwise become an Ineligible Person; or
 - (D) is deceased or incapacitated;
 - (5) when initiated by an Operator that has evidence that indicates:
 - (A) illegal activity including providing false or misleading information in connection with the opening of the Account, or engaging in collusion, cheating, or other unlawful conduct;
 - (B) a negative Wagering Account balance; or
 - (C) a violation of the terms and conditions has taken place on a Player's Wagering Account; or
 - (6) for another non-discriminatory reason at the sole discretion of the Operator, so long as the reason is not based on a Registered Player's race, color, religion, national origin, age, sex, sexual orientation, gender identity, veteran status, disability, or other lawfully protected characteristic under federal, State, or local law.
- (b) When a Wagering Account is in a suspended mode, the Operator shall:
- (1) prevent the Registered Player from placing Wagers;
 - (2) prevent the Registered Player from depositing funds unless the Account is suspended due to having a negative Wagering Account balance, but only to the extent the Account balance is brought back to zero dollars;
 - (3) prevent the Registered Player from withdrawing funds from their Account, unless the Operator acknowledges that the funds have cleared, and that the reasons for Suspension would not prohibit a withdrawal;
 - (4) prevent the Registered Player from making changes to their Account;
 - (5) prevent the removal of the Account; and
 - (6) prominently display to the Registered Player that the Account is in a suspended mode, the restrictions placed on the Account, and further course of action needed to remove the suspended mode.
- (c) A Wagering Account in a suspended mode may be restored:
- (1) upon completion of the break from Wagering established by the Registered Player;
 - (2) if authorized by the Director;
 - (3) when the Registered Player is no longer an Ineligible Person; or
 - (4) when the Operator has lifted the suspended status.
- (d) In the event of termination of the Wagering Account in accordance with this Rule, the Registered Player shall be provided a timely ability to access and withdraw funds remaining in the Wagering Account, if the Operator acknowledges that the funds have cleared and that the reasons for termination would not prohibit a withdrawal.

History Note: Authority G.S. 18C-114(a)(14);

*Previously adopted as Rule 1G-014;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0715 ACCOUNT CLOSURE

An Operator shall provide a conspicuous and readily accessible method for a Registered Player to close their Wagering Account through the Account management or similar page or through the Operator's customer support team.

- (1) Upon closure by the Registered Player, funds remaining in the Wagering Account shall be refunded to the Player, if pursuant to the Operator's Internal Controls the Operator acknowledges that the funds have cleared and no investigation by the Commission or other government authority regarding the funds is pending.
- (2) As part of the of the Account closure process, the Registered Player shall be provided the opportunity to elect to have their Personal Information deleted or rendered no longer useable or accessible by the Operator, its agents, or its Affiliates. The Operator may deny such request from a Registered Player if maintaining the Personal Information is necessary to:
 - (a) perform any obligations under these Rules or the General Statutes;
 - (b) complete the transaction for which the Personal Information was collected, provide a good or service requested by the Individual, or reasonably anticipated within the context of a business's ongoing business relationship with the Individual, or otherwise perform a contract between the business and the Individual;
 - (c) detect security incidents, protect against malicious, deceptive, fraudulent, or illegal activity; or prosecute those responsible for that activity;
 - (d) debug to identify and repair errors that impair existing intended functionality;
 - (e) to enable solely internal uses that are reasonably aligned with the expectations of the consumer based on the consumer's relationship with the business; or
 - (f) comply with any other legal obligation.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1G-015;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0716 DORMANT ACCOUNTS

Wagering Accounts with no Player initiated activity for at least three years shall be closed. Upon closure of a dormant Account, the Operator shall make reasonable efforts to contact the Registered Player to return any unclaimed funds. After 120 Days of attempting to contact the Registered Player, the unclaimed funds in a dormant Account shall be presumed abandoned and shall be treated in accordance with Chapter 116B of the General Statutes.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1G-016;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0717 TEST ACCOUNTS

An Operator shall establish test Accounts to be used by the Operator and the Commission or Director to test and audit the various components and operation of the systems used for Wagering pursuant to Internal Controls, which shall address:

- (1) the procedures for issuing funds used for testing, including the identification of who may issue the funds and the maximum amount of funds that may be issued;
- (2) the procedures for assigning a test Account for use by only one Individual; however, an Operator may establish a specific scenario or instance of a test Account that may be shared by multiple users if a user's activities are separately logged;
- (3) the maintenance of a record for test Accounts, to include when they are active, to whom they are issued, and the employer of the Individual to whom they are issued;

- (4) the procedures for auditing testing activity by the Operator to ensure the accountability of funds used for testing and proper adjustments to Wagering records; and
- (5) the procedures for authorizing and auditing out-of-state test activity.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1G-017;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

SECTION .0800 - WAGERING FACILITIES

24 NCAC 06A .0801 WAGERING FACILITY LOCATION

The Operator shall provide written notice to the Commission of the proposed physical location of the Wagering Facility, or of any proposed changes to the location of an existing Wagering Facility in a format specified by the Commission.

- (1) The notice shall be provided to the Commission at least 60 Days prior to the intended opening date of the new or relocated Wagering Facility so that the Commission may determine whether the proposed physical location meets the requirements of the G.S. 18C-926 and these Rules.
- (2) The Commission shall provide a written response within 30 Days of receipt of the notice.
- (3) Operator shall provide such notice for each proposed Wagering Facility.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1H-001;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0802 FLOOR PLAN AND EQUIPMENT LIST

(a) The Operator shall establish and submit to the Director for approval a detailed floor plan of the Wagering Facility. The proposed floor plan shall detail:

- (1) a drawing to scale of the Wagering Facility, and each floor thereof, in which Sports Wagering or Pari-Mutuel Wagering shall be conducted, at a scale sufficient to identify the information established in this Rule. The drawing shall depict the following, as applicable:
 - (A) the total square footage of the Wagering Facility;
 - (B) a diagram, outlined in red, of the proposed designated Wagering area on each floor within the building;
 - (C) all Wagering Windows;
 - (D) the locations and number of Wagering Kiosks, though the Wagering Facility may move Wagering Kiosks from one location to another with approval of the Director;
 - (E) Wagering Facilities that are, or are from time to time, a restricted Wagering Facility, specifying the nature of the restrictions and when they will apply;
 - (F) the cage;
 - (G) the count room;
 - (H) the vault;
 - (I) other restricted areas; and
 - (J) all areas subject to surveillance;
- (2) a certificate of compliance approved by the local fire and building officials which has been approved;
- (3) a written statement by the appropriate local official that handicapped access to the designated Wagering Facility has been provided; and
- (4) when a Wagering Facility is located in a Sports Facility, a drawing depicting the location of the Wagering Facility within the Sports Facility.

(b) A floor plan may be amended on request by the Operator and upon approval by the Commission or Director. A request shall be filed with the Director in writing at least five Days prior to the time for which implementation of the amendment is sought.

(c) An Operator shall provide the Director with a comprehensive list of all equipment for use related to Wagering at its Wagering Facility. An Operator shall submit updates to the equipment list to the Director, as applicable, on a monthly basis.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1H-002;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024;
Amended Eff. June 22, 2024.*

24 NCAC 06A .0803 WAGERING FACILITY RESTRICTIONS

- (a) An Operator's Internal Controls for the Wagering Facility shall be established so as to control access by the general public and prevent entry by an Underage Person or an Individual otherwise not permitted to place Wagers.
- (b) An Underage Person shall not be permitted to purchase or Cash a Wagering Ticket or Voucher.
- (c) The Wagering Facility shall provide notification that underage gambling is a criminal offense and that anyone who facilitates an Underage Person to place a Wager has committed a criminal offense.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1H-003;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024;
Amended Eff. June 22, 2024.*

24 NCAC 06A .0804 RESPONSIBLE GAMING AND PROBLEM GAMBLING INFORMATION

Commission-approved or Director-approved responsible gaming and problem gambling information shall be prominently displayed in the Wagering Facility. The Wagering Facility shall:

- (1) post in a conspicuous place a sign that bears a telephone number or website of a Commission-approved organization that provides assistance to problem or compulsive gamblers;
- (2) provide Commission-approved informational leaflets or other similar materials containing responsible gaming and problem gambling information including a Commission-approved telephone number or website that an Individual may use to obtain information about problem gambling and resources addressing addiction and compulsive behavior and where to seek assistance with these issues; and
- (3) provide Players expressing concern with a gambling problem with information regarding Commission-approved or Director-approved organizations that provide assistance to problem or compulsive gamblers.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1H-004;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024;
Amended Eff. June 22, 2024.*

24 NCAC 06A .0805 ANONYMOUS WAGERS AND PAYOUTS GREATER THAN \$10,000

- (a) The requirements of this Rule only apply to Wagers and payouts not associated with a Wager placed through a Wagering Account.
- (b) Prior to accepting a Wager in excess of ten thousand dollars (\$10,000) or making a payout in excess of ten thousand dollars (\$10,000) on a winning Wager, the Wagering Facility shall obtain and record:
- (1) the Player's full legal name;
 - (2) the Player's date of birth;
 - (3) the Player's principal physical address other than a post office box;
 - (4) the Player's Social Security number, or an equivalent government identification number for a noncitizen, for example, a passport or taxpayer identification number; and
 - (5) the document number from one of the following valid identification credentials collected from the Player to verify their identity:
 - (A) driver's license;

- (B) passport;
- (C) non-resident alien identification card;
- (D) other reliable government-issued identification credentials; or
- (E) other picture identification credential normally acceptable as a means of identification when cashing checks.

(c) Subsequent to accepting a Wager in excess of ten thousand dollars (\$10,000) or making a payout in excess of ten thousand dollars (\$10,000) on a winning Wager the Wagering Facility shall maintain records for five years that include:

- (1) the time and date of the Wager or payout;
- (2) the amount of the Wager or payout;
- (3) the Player's full legal name;
- (4) the Ticket Writer or other identification of the location where the Wager or payout occurred; and
- (5) the identification of the employees accepting or approving the Wager and payout on the Wager.

(d) The Operator shall monitor Wagers and payouts to ensure Players are not circumventing the recording and reporting requirements of this Rule or federal rules concerning Wagering Activity and payouts.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1H-005;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0806 WAGERING WINDOWS

(a) A Wagering Facility may have one or more Wagering Windows. A Wagering Window shall:

- (1) be designed and constructed to provide maximum security for the materials stored and the activities performed therein, in a manner approved by the Director;
- (2) include one or more Ticket Writer Stations, which shall:
 - (A) interface with the Wagering system for Wagers placed;
 - (B) contain a permanently affixed number, which shall be visible to the Surveillance System;
 - (C) contain manually triggered silent alarm systems, which shall be connected directly to the Surveillance Operation Room and the Commission office if required; and
 - (D) contain full enclosures, unless funds are either secured in a drop safe or other means approved by the Commission or transferred to the vault or cage;
- (3) provide for surveillance equipment capable of accurate visual monitoring and recording of activities; and
- (4) require an emergency exit door that is not a mantrap to be alarmed.

(b) A Wagering Window shall have access to a secure location, including a vault, to store funds issued by a cage to be used in the operation of Sports Wagering or Pari-Mutuel Wagering. The secure location shall:

- (1) be a fully enclosed room, located in an area not accessible to the public;
- (2) have a metal door with a locking mechanism that shall be maintained and controlled by the Wagering manager responsible for the Wagering Facility;
- (3) have an alarm device that signals surveillance personnel if the door to the secure location is opened; and
- (4) have surveillance equipment capable of accurate visual monitoring and recording of activities in the secure location.

(c) A Wagering Window shall have an operating balance not to exceed an amount specified in the Internal Controls and approved by the Director. Funds in excess of the operating balance shall be transferred to the cage in a secured container by an employee of the counter with a Wagering Facility security officer. Prior to transporting the funds, Wagering Facility security personnel shall notify surveillance personnel that the transfer will take place. Surveillance personnel shall monitor the transfer. The funds shall be transferred with appropriate documentation as set forth in the Internal Controls.

(d) The assets for which a Ticket Writer is responsible shall be maintained on an imprest basis. A Ticket Writer shall not permit another Person to access the Ticket Writer's imprest inventory.

(e) A Ticket Writer shall begin a shift with an imprest amount of currency and coin to be known as the "Wagering inventory." No funds shall be added to or removed from the Wagering inventory during a shift except:

- (1) in collection of Wagers;
- (2) to make change for a Player placing a Wager;

- (3) in collection for the issuance of Vouchers;
 - (4) in payment of winning or properly canceled or refunded Wagers;
 - (5) in payment of Vouchers;
 - (6) to process deposits or withdrawals to or from a Wagering Account, where supported;
 - (7) in exchanges with the cashier's cage, a satellite cage, or vault supported by proper documentation which documentation shall be sufficient for accounting reconciliation purposes; or
 - (8) in payment of appeasement payments to resolve a dispute with a Player.
- (f) A Wagering inventory slip shall be completed by the Wagering manager, and the following information shall be recorded thereon at the start of a shift:
- (1) the date, time, and shift of preparation;
 - (2) the denomination of currency and coin in the Wagering inventory issued to the Ticket Writer;
 - (3) the total amount of each denomination of currency and coin in the Wagering inventory issued to the Ticket Writer;
 - (4) the Ticket Writer Station to which the Ticket Writer is assigned; and
 - (5) the written or digital signature of the Wagering manager.
- (g) A Ticket Writer assigned to a Ticket Writer Station shall count and verify the Wagering inventory at the vault or other approved location and shall reconcile the count to the Wagering inventory slip. The Ticket Writer shall sign the count sheet attesting to the accuracy of the information recorded thereon. The Wagering inventory shall be placed in a Ticket Writer's drawer and transported directly to the appropriate Ticket Writer Station by the Ticket Writer.
- (h) If funds are transferred from the vault to a Ticket Writer, the Wagering manager responsible for the vault shall prepare a two-part writer transfer-out form. On completion of the form, the original shall be retained by the vault manager and the duplicate shall be retained by the Ticket Writer. The form shall include the:
- (1) date and time of the transfer;
 - (2) designation of the vault location;
 - (3) Ticket Writer Station to where the funds are being transferred;
 - (4) amount of each denomination being transferred;
 - (5) total amount of the transfer;
 - (6) written or digital signature of the preparer of the transfer;
 - (7) written or digital signature of the manager verifying and issuing the funds; and
 - (8) written or digital signature of the Ticket Writer verifying and receiving the funds.
- (i) If funds are transferred from the Ticket Writer to a vault, a two-part writer transfer-In form shall be prepared in a manner outline in the Operator's Internal Controls. Upon completion of the form, the original shall be retained by the Ticket Writer and the duplicate shall be immediately returned with the funds to the vault. The form shall include the:
- (1) date and time of the transfer;
 - (2) designation of the vault location to where the funds are being transferred;
 - (3) Ticket Writer Station from which the funds are being transferred;
 - (4) amount of each denomination being transferred;
 - (5) total amount of the transfer;
 - (6) written or digital signature of the Ticket Writer verifying and sending the funds to the vault; and
 - (7) written or digital signature of the manager verifying and receiving the funds.
- (j) At the conclusion of a Ticket Writer's shift, the Ticket Writer's drawer and its contents shall be transported directly to the vault or to a location in the Wagering Window approved by the Director where the Ticket Writer shall count the contents of the drawer and record on the Wagering inventory slip the:
- (1) date, time, and shift of preparation;
 - (2) denomination of currency and coupons in the drawer;
 - (3) total amount of each denomination of currency and coupons in the drawer;
 - (4) total of the writer transfer-out forms;
 - (5) total of the writer transfer-in forms;
 - (6) total amount in the drawer; and
 - (7) written or digital signature of the Ticket Writer.
- (k) The Wagering manager shall compare the Ticket Writer closing balance to the Wagering inventory slip total, record over or short amounts, and sign the Wagering inventory slip.
- (l) If the Wagering Inventory Slip lists an overage or shortage, the Ticket Writer and the Wagering manager shall attempt to determine the cause of the discrepancy in the count. If the discrepancy cannot be resolved, a discrepancy shall be reported to surveillance personnel and the Wagering manager or supervisor in charge at the time.

Discrepancies in excess of five hundred dollars (\$500.00) shall be reported to the Commission. This report shall include the:

- (1) date on which the discrepancy occurred;
- (2) shift during which the discrepancy occurred;
- (3) name of the Ticket Writer;
- (4) name of the Wagering manager;
- (5) Ticket Writer Station number; and
- (6) amount of the discrepancy.

(m) If funds are transferred from the vault to the cashier's cage, the Wagering manager responsible for the vault shall prepare a two-part vault transfer-out form. On completion of the form, the original shall be retained by the vault manager and the duplicate shall be transferred with the funds to the cashier's cage. The form shall include the:

- (1) date and time of the transfer;
- (2) designation of the vault location;
- (3) designation of the cage location;
- (4) amount of each denomination being transferred;
- (5) total amount of the transfer;
- (6) written or digital signature of the preparer of the transfer;
- (7) written or digital signature of the vault manager verifying and issuing the funds; and
- (8) written or digital signature of the cage cashier verifying and receiving the funds.

(n) If funds are transferred from the cashier's cage to a vault, a two-part vault transfer-in form shall be prepared. On completion of the form, the original shall be retained by the cage cashier and the duplicate shall be transferred with the funds to the vault. The form shall include the:

- (1) date and time of the transfer;
- (2) designation of the vault location to which the funds are being transferred;
- (3) cashier location from which the funds are being transferred;
- (4) amount of each denomination being transferred;
- (5) total amount of the transfer;
- (6) written or digital signature of the cage cashier verifying and sending the funds to the vault; and
- (7) written or digital signature of the vault manager verifying and receiving the funds.

(o) In lieu of separate Wagering Windows with live Ticket Writers, cage personnel may write and Cash Tickets.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1H-006;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024;
Amended Eff. June 22, 2024.*

24 NCAC 06A .0807 WRONG TICKET CLAIMS

Subject to a Ticket Writer's discretion, a claim by a Player that they have been issued a Wagering Ticket other than that requested shall be made before the Player has left the Wagering Window or before the Ticket Writer has initiated a transaction with another Player.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1H-007;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0808 ACCEPTANCE OF TIPS

A tip wager is a cash payment, voucher, a posted wager, or an unposted wager to be determined by a Ticket Writer that is given as a gratuity. A Wagering Ticket may be received as a tip wager by an employee of a Wagering Facility so long as:

- (1) the receiver of tip Wager did not solicit the Wagering Ticket;
- (2) the receiver did not participate in the selection of the Wager;
- (3) the Wagering Ticket is placed into a tip pool; and
- (4) tip Wagers are recorded in an auditable log.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1H-008;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0809 WAGERING KIOSKS

A Wagering Facility may use Wagering Kiosks for Wagering Activity in a location approved by the Director. A Wagering Kiosk shall be established and operated as follows:

- (1) All aspects of a Wagering Kiosk, including the computer and related hardware, software, or related devices, shall be submitted to an Independent Testing Laboratory and approved by the Commission prior to use by a Wagering Facility. The Commission may require additional testing or field inspection of the Wagering Kiosk prior to or after approval.
- (2) Wagering Kiosks shall be configured not to:
 - (a) issue a Wagering Ticket with a Wager in excess of ten thousand dollars (\$10,000);
 - (b) redeem a winning Wagering Ticket with a value in excess of ten thousand dollars (\$10,000) or other limits set by the Internal Revenue Service;
 - (c) issue or redeem a Wagering Voucher with a value in excess of ten thousand dollars (\$10,000) or other limits set by the Internal Revenue Service; or
 - (d) distribute Cash or Cash Equivalents.
- (3) All Wagering Kiosks shall have a sign permanently affixed to the Kiosk notifying the public that Players shall not be Underage Persons.
- (4) On a schedule approved by the Director, authorized employees shall remove the drop boxes in the Wagering Kiosks. The drop boxes shall be monitored and recorded by surveillance. The Wagering Facility shall submit the Wagering Kiosk drop schedule to the Director.
- (5) The Wagering Facility shall reconcile the Wagering Kiosks on a schedule approved by the Director pursuant to Internal Controls. Variances of five hundred dollars (\$500.00) or more shall be documented by the accounting department and reported in writing to the Director within five Days after drop and count of Wagering Kiosks. The report shall state the cause of the variance and shall contain documentation required to support the stated explanation.
- (6) In locations where Wagering Kiosks do not allow for redemption, the Wagering Facility shall display prominently the methods of paying out or cashing out winning Wagering Tickets and Vouchers near the Wagering Kiosks.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1H-009;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0810 DROP AND COUNT

(a) The Wagering Facility shall have a count room whose physical access shall be limited to count team employees, designated staff, Commission staff, and other Persons authorized by the Operator. The count room shall remain locked unless entry and exit is required by authorized Persons.

- (1) Count team employees shall not exit or enter the count room during the count except for emergencies or scheduled breaks.
 - (2) Surveillance staff shall be notified if count room employees exit or enter the count room during the count.
 - (3) The Internal Controls shall include a count team policy that shall address the transportation of extraneous personal items including personal belongings, toolboxes, or beverage containers, into or out of the count room.
- (b) Security of the count and the count room shall be ensured to prevent unauthorized access, misappropriation of funds, forgery, theft, or fraud.
- (1) All counts shall be performed by two or more employees.
 - (2) At no time during the count shall there be fewer than two count team employees in the count room until responsibility for the drop proceeds has been accepted by cage or vault personnel.
 - (3) Count team employees shall be independent of the department being counted. A cage or vault employee may be used if they are not the sole recorder of the count and do not participate in the

transfer of drop proceeds to the cage or vault. An accounting employee may be used if there is an independent audit of count documentation.

- (4) Items brought into a count room shall be transported or packaged in transparent wrappers or containers.
- (c) Currency cassettes and drop boxes shall be securely removed from Wagering Kiosks.
- (1) Surveillance shall be notified prior to the currency cassettes or drop boxes being accessed in a Kiosk.
 - (2) Two or more employees shall be involved in the collection of currency cassettes and drop boxes from Kiosks and one or more of those employees shall be independent of Kiosk accountability.
 - (3) RESERVED FOR FUTURE USE.
 - (4) If applicable, redeemed Vouchers collected from the Kiosk shall be secured and delivered to the appropriate department, for example, cage or accounting, for reconciliation.
 - (5) The Internal Controls for the Wagering Facility shall ensure that currency cassettes contain the correct denominations and have been properly installed.
 - (6) Access to stored full currency cassettes and drop boxes shall be restricted to:
 - (A) employees authorized by the Operator; and
 - (B) in an emergency, additional Wagering Facility personnel authorized for the resolution of a problem.
 - (7) The Kiosk count shall be performed in a secure area, including the cage or count room.
 - (8) If counts from Kiosks and other areas requiring counts occur simultaneously in the count room, Internal Controls shall be in effect that prevent the commingling of funds from the Kiosks with other areas requiring counts.
 - (9) The Kiosk currency cassettes and drop boxes shall be individually emptied and counted so as to prevent the commingling of funds between Kiosks until the count of the Kiosk contents has been recorded.
 - (10) Internal Controls shall be implemented to ensure that corrections to the count documentation are permanent and identifiable, and that the original, corrected information remains legible. Corrections shall be verified by two employees.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1H-010;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024;
Amended Eff. June 22, 2024.*

24 NCAC 06A .0811 WINNING WAGERS AND VOUCHERS

The requirements of this Rule only apply for Wagers and payouts not associated with a Wagering Account:

- (1) Payment on valid Wagering Tickets shall be made only if presented and validated within one year following the settling of the Wagering Event, or, in the event of a parlay, following the last-in-time Wagering Event to settle on the Ticket.
- (2) Payment on valid Wagering Vouchers shall be made only if presented and validated within one year following the date of issuance.
- (3) Failure to present a Wagering Ticket or Voucher for redemption prior to the applicable one-year deadline shall constitute a waiver of the right to receive payment on the Ticket or Voucher.
- (4) Whenever there is an amount of time in which a Player is not afforded the ability to redeem a winning Ticket or Voucher due to Wagering Facility closure the one-year time period is tolled.
- (5) Any unclaimed funds from expired Wagering Tickets or Vouchers shall be presumed abandoned and shall be treated in accordance with Chapter 116B of the General Statutes.
- (6) The Wagering Facility shall establish Wagering Ticket and Voucher payout procedures within the Internal Controls that:
 - (a) include a process to audit final transfers upon Wager settlement;
 - (b) detail the rules and due diligence required prior to making a decision on payout for a lost, stolen, or damaged Ticket or Voucher;
 - (c) detail the procedure with regard to inquiries into the validity of claims;
 - (d) include a procedure with regard to late or last-minute payouts; and

- (e) address whether or not a winning Ticket may be redeemed by mail and, if so, the procedures for such redemption.
- (7) The Wagering Facility shall not satisfy claims on lost, mutilated, or altered Wagering Tickets or Vouchers without authorization of the Director.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1H-011;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0812 CASHIERS, WINDOWS, AND CAGES

- (a) The Wagering Facility shall have within it or immediately adjacent to it a physical structure known as a cashiers' cage (cage) to house the cashiers. A Wagering Facility may also have within or immediately adjacent to the Wagering Facility, one or more satellite cages.
- (b) A cage or satellite cage shall be fully enclosed and shall, at a minimum:
 - (1) perform financial transactions related to Sports Wagering or Pari-Mutuel Wagering;
 - (2) be designed and constructed to provide maximum security for the materials stored and the activities performed therein. This design and construction shall be approved by the Commission;
 - (3) include openings at one or more numbered cashier windows, each of which shall contain a cashier's drawer and through which financial transactions related to Sports Wagering or Pari-Mutuel Wagering will be conducted;
 - (4) include manually triggered silent alarm systems, which shall be connected directly to the surveillance and the Wagering Facility security monitoring rooms;
 - (5) provide for surveillance equipment capable of accurate visual monitoring and recording of activities; and
 - (6) include a mantrap if the cage or satellite cage secure assets, including, but not limited to, currency having a value greater than an amount established by the Director. The outer door of the mantrap shall be controlled by Wagering Facility security personnel and the inner door shall be controlled by accounting personnel or another department personnel approved by the Director that are not the same as the personnel controlling the outer door. The doors of the mantrap shall have separate and distinct locking mechanisms on doors of the double door entry and exit system. The mantrap shall be subject to continuous surveillance coverage.
- (c) A cage or satellite cage may have one or more service windows to serve as a location in the Wagering Facility to conduct financial transactions. These windows shall be designed and constructed in accordance with this Rule, and access shall be controlled by an accounting supervisor.
- (d) If approved paperless systems are not in use, the Internal Controls shall require that documents regarding the funds stored in cages shall be transported between cages in a secure manner approved by the Commission and with Wagering Facility security personnel.
- (e) A Wagering Facility shall have on hand in the cage, or readily available including in a restricted bank account or by bond, a reserve of Cash to pay winning Players.
- (f) A cashiers' cage and any satellite cage shall be segregated by personnel so that no single Person has both control and approval for any aspects of cage operations is maintained.
- (g) A qualified supervisor may perform the functions of a cashier provided that the functions are not incompatible with proper separation of duties outlined in Internal Controls. A supervisor shall not operate from another cashier or supervisor's imprest inventory.
 - (1) The assets for which a general cashier is responsible shall be maintained on an imprest basis. A general cashier shall not permit another Person to access their imprest inventory. General cashier functions shall include, but are not limited to:
 - (A) performing check consolidations, total or partial redemptions, or substitutions for Players;
 - (B) receiving Cash, authorized Cash Equivalents and authorized electronic transfers from Players in exchange for currency or Wagering Vouchers;
 - (C) performing deposit and withdrawal transactions for Wagering Accounts, where supported;
 - (D) processing exchanges with cashiers, supported by documentation with written or digital signatures thereon, for the effective segregation of functions in the cashiers' cage;

- (E) receiving Wagering Tickets or Vouchers from Players or authorized employees in exchange for Cash; and
 - (F) exchanging and reconciling imprest funds used by attendants, including imprest change/pouch payout funds.
- (2) The Wagering Facility may consolidate the cashier functions if the cashier is qualified to perform functions and performs no functions incompatible with proper separation of duties outlined in Internal Controls.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1H-012;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024;
Amended Eff. June 22, 2024.*

24 NCAC 06A .0813 SURVEILLANCE SYSTEM AND PROCEDURES

The Wagering Facility shall install, maintain, and operate a Surveillance System that has the capability to monitor and record continuous unobstructed views of Wagering and financial transactions as well as dynamic displays of Wagering information. In addition, Internal Controls shall ensure there is general surveillance coverage for other areas of the Wagering Facility in a manner approved by the Director with exclusions for areas where Player privacy is expected including bathrooms and changing rooms.

- (1) The Surveillance System shall:
 - (a) have the capability to display camera views on a monitor;
 - (b) record camera views; and
 - (c) time stamp all recordings with the current local time which shall be synchronized to the official United States Naval Observatory Master Clock.
- (2) The Surveillance System shall be maintained and operated from a Surveillance Operation Room or, when authorized by the Commission, a secured location, including a locked cabinet.
 - (a) The Surveillance Operation Room shall be secured to prevent unauthorized entry.
 - (b) The location of the Surveillance Operation Room shall ensure that the interior is not visible to the public or other employees who do not work in the surveillance room.
 - (c) Access to the Surveillance Operation Room shall be limited to surveillance personnel, the Commission, and other authorized Persons.
 - (d) Surveillance Operation Room access logs shall be maintained, recording entries and exits.
 - (e) Personal recording devices are not permitted in the Surveillance Operation Room. This includes, but is not limited to, cameras, video recorders, and mobile phones.
 - (f) Surveillance Operation Room equipment shall have total override capability over other satellite surveillance equipment.
- (3) In the event of power loss or malfunction to the Surveillance System, alternative Wagering Facility security procedures, including additional supervisory or Wagering Facility security personnel, shall be implemented immediately.
- (4) The Surveillance System shall record an accurate date and time stamp on recorded events. The displayed date and time shall not significantly obstruct the recorded view.
- (5) All surveillance employees shall be trained in the use of the equipment and about the Wagering Rules.
- (6) A periodic inspection of the Surveillance Systems shall be conducted. When a dedicated camera stops providing coverage in the Wagering Facility, the coverage failure and required repairs shall be documented, and repairs initiated within 72 hours.
 - (a) If a dedicated camera stops providing coverage, alternative Wagering Facility security procedures, including additional supervisory or facility security personnel, shall be implemented immediately.
 - (b) The Commission shall be notified in writing of a coverage failure for more than 24 hours and whenever the alternative Wagering Facility security measures are implemented.
- (7) Surveillance coverage shall be provided for the following areas as follows:
 - (a) For public entrances to the Wagering Facility:

- (i) Entrances shall have sufficient coverage that two or more cameras shall be able to positively identify a Person entering.
 - (ii) Wagering Facility security check-in points at the entrances shall have a dedicated camera to capture an unobstructed facial view of Persons entering the Wagering Facility.
- (b) For non-public entrances to the Wagering Facility, including loading docks and emergency exits:
 - (i) Entrances shall have sufficient surveillance coverage such that there are two or more cameras with sufficient image quality to be able to positively identify a Person entering.
 - (ii) Employee entrances shall be secured either via the use of digitally controlled access systems or by in-person verification conducted by facility security personnel.
 - (iii) Internal Controls shall be in place requiring that employees entering the Wagering Facility be identifiable and of sufficient quality to positively identify a Person entering.
- (c) For restricted areas of the Wagering Facility:
 - (i) All restricted areas shall have surveillance coverage sufficient that Persons in the area can be clearly identified.
 - (ii) All restricted areas shall have sufficient coverage and resolution such that controlled equipment and currency and currency equivalents are identifiable.
 - (iii) All restricted areas shall have additional camera coverage sufficient to provide asset protection as approved by the Commission.
 - (iv) Access to coverage of the Surveillance Operation Room is limited to senior management and the Commission.
- (d) For Wagering Facilities:
 - (i) The Surveillance System shall monitor and record general activities, to include the Ticket Writer and cashier areas, with Sufficient Clarity to identify the personnel performing the different functions.
 - (ii) All Wagering Facilities shall have sufficient coverage that a Player may be tracked throughout the entirety of the Wagering Facility.
- (e) For Ticket Writer Stations:
 - (i) All Ticket Writer Stations shall have sufficient coverage to identify currency amounts.
 - (ii) Ticket Writer Stations that may be used for placing Wagers shall have surveillance coverage sufficient to identify the Player and employee involved in the transaction.
 - (iii) Surveillance personnel shall have access to the Ticket Writer Stations to access transaction amounts.
- (f) For all exits from the Wagering Facility:
 - (i) Exits shall have sufficient coverage that two or more cameras shall be able to positively identify a Person exiting.
- (g) For Wagering Kiosks, the Surveillance System shall monitor and record a general overview of activities occurring at the Kiosks with accurate time stamps and Sufficient Clarity to identify the activity and the Individuals performing it, including maintenance, drops or fills, and redemption of Wagering Tickets or Vouchers.
- (h) For the cage and vault:
 - (i) The Surveillance System shall monitor and record a general overview of activities occurring in the cage and vault areas with accurate time stamps and Sufficient Clarity to identify Individuals within the cage and Players and staff members at the window areas and to confirm the amount of Cash transactions.
 - (ii) Cashier stations shall be equipped with one dedicated overhead camera covering the transaction area.
 - (iii) The cage or vault area in which exchange and transfer transactions occur shall be monitored and recorded by a dedicated camera or motion activated dedicated camera that provides coverage with Sufficient Clarity to identify the amounts on

the exchange and transfer documentation. Amounts provided by a computerized exchange and transfer system constitute an adequate alternative to viewing the amounts on the exchange and transfer documentation.

- (i) For count rooms, the Surveillance System shall:
 - (i) Monitor and record with Sufficient Clarity a general overview of areas where Cash or Cash Equivalents may be stored or counted.
 - (ii) Provide coverage of count equipment with Sufficient Clarity to view attempted manipulations of the recorded data.
- (j) All machines capability of dispensing Cash shall have sufficient coverage to view the transition and the currency amount being dispensed and the Individuals at the machine.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1H-013;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024;
Amended Eff. June 22, 2024.*

24 NCAC 06A .0814 WAGERING FACILITY SECURITY PROCEDURES

(a) The Internal Controls shall include appropriate Wagering Facility security procedures to enable a suitable response to a security issue within the Wagering Facility and prevent a Person from tampering with or interfering with the operation of Sports Wagering or Pari-Mutuel Wagering.

(b) The Wagering Facility shall establish provisions describing the duties and operation of its facility security department, which shall include details relative to the design, construction, and location of primary and secondary armored car routes, including provisions for the security of these routes.

(c) The Wagering Facility shall use an incident reporting system to document incidents and activities within the Wagering Facility.

- (1) Facility security procedures approved by the Directors shall be implemented for reporting:
 - (A) an Individual engaged in, attempting to engage in, or suspected of cheating, theft, embezzlement, or other illegal activities;
 - (B) an Individual possessing a firearm, electronic control device, dangerous weapon, or other device or object prohibited under the Act and these Rules;
 - (C) an Individual in the Wagering Facility who is an Ineligible Person, impaired due to alcohol or other substance ingestion, or a potential victim of human trafficking;
 - (D) all camera, system or recording outages;
 - (E) routine tasks accomplished by Wagering Facility security or surveillance personnel at the request of another team; and
 - (F) suspicious incidents observed.
- (2) Violations of the Act or these Rules shall be identified in the incident reporting system.
- (3) The Commission and the Director shall have real-time read-only access to the incident reporting system.
- (4) The incident reporting system shall be capable of generating reports that detail incident types and these reports shall be delivered to the Commission or Director on request or as required on a schedule set by the Commission or Director.
- (5) The incident reporting system shall be in an electronic format equipped with software that prevents modification of an entry after it has been initially entered into the system.
- (6) The incident reporting system shall document the:
 - (A) assignment number of the incident;
 - (B) incident category or type;
 - (C) date and time;
 - (D) name and position of the Individuals documenting and responding to the incident;
 - (E) nature of the incident; and
 - (F) resolution of the incident.
- (7) All recordings required by this Rule shall be retained for a minimum retention period of 30 Days. Suspected crimes, recordings of Player disputes subject to Rule .0421 of this Subchapter, illegal activity, or detentions by Wagering Facility security personnel discovered within the initial retention period shall be copied and retained for a period not less than five years.
- (8) At minimum, all security video recordings shall be retained for a minimum of 15 days.

- (9) An Operator shall retain any recoding beyond the applicable minimum retention period specified in this Rule when requested to do so by the Commission, as required by law, or as needed to conform to applicable internal controls.
- (10) An Operator shall produce recordings to the Commission upon request as well as to any other authorized Person or government authority, as required by law.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1H-014;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024;
Amended Eff. June 22, 2024.*

24 NCAC 06A .0815 CONTROLLED KEYS

- (a) The Wagering Facility shall implement Internal Controls to safeguard the use, access, and security of Wagering Facility keys.
- (b) Custody of all keys involved in the drop and count shall be maintained by a department independent of the drop and count employees as well as those departments being dropped and counted.
- (c) Each of the following requires a separate and unique key lock or alternative secure access method:
 - (1) count room keys;
 - (2) storage racks and carts;
 - (3) Wagering Kiosk keys;
 - (4) currency cassette release;
 - (5) currency cassette contents;
 - (6) drop box release;
 - (7) drop box contents; and
 - (8) surveillance room.
- (d) Access to and return of keys or equivalents shall be documented with the date, time, and written or digital signature of the employee accessing or returning the keys.
 - (1) Two or more drop team employees are required to be present to access and return keys.
 - (2) Two or more count team employees are required to be present at the time count room and other count keys are issued for the count.
- (e) Documentation of all keys, including duplicates, shall be maintained, including:
 - (1) unique identifier for each Individual key;
 - (2) key storage location;
 - (3) number of keys made, duplicated, and destroyed; and
 - (4) authorization and access.
- (f) Other than the count team, no employee may have access to the currency cassette or drop box content keys while in possession of storage rack keys or release keys.
- (g) Other than the count team, only employees authorized to remove currency cassettes or drop boxes are allowed access to currency cassette or drop box release keys.
- (h) Any use of keys at times other than the scheduled drop and count shall be properly authorized and documented.
- (i) Emergency manual keys, such as an override key, for computerized, electronic, and alternative key systems shall be maintained in accordance with the following:
 - (1) Access to the emergency manual keys used to access the box containing the drop and count keys requires the physical involvement of at least three employees. The custody of the emergency manual keys requires the presence of two employees from separate departments from the time of the keys' issuance until the time of their return.
 - (2) Routine physical maintenance, that requires access to the emergency manual keys and does not involve accessing the drop and count keys, only requires the presence of two employees from separate departments.
 - (3) The date, time, and reason for accessing the emergency manual keys shall be documented with the written or digital signatures of all participating employees signing the keys out and in.
- (j) On a quarterly basis, an inventory of all keys shall be performed by the Operator and reconciled to records of keys made, issued, and destroyed. The Operator shall perform investigations for all keys unaccounted for, with the investigations being documented and reported to the Commission.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 1H-015;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024;
Amended Eff. June 22, 2024.*

24 NCAC 06A .0816 WAGERING FACILITY INSPECTIONS

- (a) Prior to the initial opening of a Wagering Facility, the Operator shall submit a written request to the Director for a pre-operational inspection to verify that the proposed Wagering Facility complies with the requirements of the Act, these Rules, and relevant Internal Controls submitted by the Operator. The Operator shall not open the Wagering Facility until the pre-operational inspection has been completed and they receive a passing result notification from the Commission.
- (b) The Director will approve requests for pre-operational inspections and schedule a date and time for the pre-operational inspection only after the Operator has submitted the required internal controls addressing the requirements in this Section.
- (c) The Director may conduct an inspection of any Wagering Facility after initial opening, with or without notice to the Operator. The Operator shall timely admit the Commission, Director, their staff or their agents upon presentation of credentials. Operators failure to admit such individuals to the Wagering Facility is grounds for Disciplinary Action.
- (d) After an inspection is conducted, the Operator will be notified by Commission staff with a passing or failing result. If the result is a failed inspection, the notification will include requirements to cure any noted deficiency in the inspection. The Commission may require a Wagering Facility to close until the Operator can cure a deficiency identified by the inspection.
- (e) An Operator shall comply with any inspection conducted by the Commission.

*History Note: Authority G.S. 18C-114(a)(14);
Eff. June 22, 2024.*

SECTION .0900 – ADVERTISING AND MARKETING

24 NCAC 06A .0901 ADVERTISING AND MARKETING GENERALLY

- (a) The Operator shall ensure that its Advertisements, marketing, and other promotional materials published, aired, displayed, disseminated, or distributed by or on behalf of any Operator:
- (1) disclose the identity of the Operator and its brand;
 - (2) contain a statement that Underage Persons are not allowed to Wager, or a statement that Underage Persons are not allowed to open or have access to Wagering Accounts;
 - (3) do not include or depict:
 - (A) Underage Persons, except live footage or images of professional athletes who may be Underage Persons in permitted Wagering Events;
 - (B) college students or those wearing collegiate-affiliated apparel;
 - (C) schools or colleges; or
 - (D) school or college settings;
 - (4) do not state or imply endorsement or participation by:
 - (A) Underage Persons, other than professional athletes who may be Underage Persons;
 - (B) colleges; or
 - (C) college athletic associations;
 - (5) do not target Underage Persons, other Ineligible Persons, Individuals with gambling problems, or other vulnerable Individuals; and
 - (6) if sent via phone, mail, email, or other electronic communication, include a means for the receiver to opt out of a phone, mail, email, or other electronic communication advertising or marketing distribution list, where the advertising and marketing was sent directly to the recipient using these lists.
- (b) Incidental depiction of nonfeatured Persons, locations, settings, or organizations listed in Subparagraph (a)(3) of this Rule does not violate this Rule.

History Note: Authority G.S. 18C-114(a)(14);

*Previously adopted as Rule 11-001;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0902 ADVERTISING TO UNDERAGE PERSONS PROHIBITED

(a) Advertising, marketing, and other promotional materials published, aired, displayed, disseminated, or distributed by or on behalf of any Operator shall state that Players shall be 21 years of age or older to participate.

- (1) This requirement does not apply to the display of a logo that does not include additional inducements to Wagering.
- (2) The Commission may provide for alternative methods of stating that Wagering is limited to individuals at least 21 years old when the nature, size, or placement of the Advertising make it impractical or impossible to include such messaging within the Advertising itself. The Commission may establish "safe harbors" for alternative methods for such messaging and the Director may approve alternative methods outside of those safe harbors on a case-by-case basis.

(b) No Operator shall allow, conduct, or participate in any advertising, marketing, or branding for Wagering that is aimed at Underage Persons.

(c) No advertising, marketing, branding, and other promotional materials published, aired, displayed, disseminated, or distributed by or on behalf of any Operator shall contain images, symbols, celebrity or entertainer endorsements, music, or language that appeal primarily to an audience below the age of 21 or have been used primarily in connection with media or other programming specifically targeted at Underage Persons. Materials that broadly appeal to people regardless of age, such as sports team mascots, are not considered to be specifically targeted at Underage Persons absent clear and compelling evidence to the contrary.

(d) No advertising, marketing, branding, and other promotional materials published, aired, displayed, disseminated, or distributed by or on behalf of any Operator shall be placed, published, aired, displayed, disseminated, or distributed:

- (1) in media outlets, including social media platforms, that are used primarily by Underage Persons;
- (2) at events aimed at Underaged Persons or where 25 percent or more of the audience is reasonably expected to be Underaged Persons, unless such advertising is static and permanently affixed at a location that hosts events that generally cater to persons who are of legal age to Wager;
- (3) at any elementary, middle, or high school, or at any sports venue exclusively used for such schools; or
- (4) on any college or university campus, or in college or university news outlets such as school newspapers and college or university radio or television broadcasts; however, this prohibition shall not apply to generally available advertising, including television, radio, and digital advertising.

(e) Operator-owned websites and profiles that include Wagering content, including social media platforms, shall include a message, such as "21+," regarding the legal age for Wagering in the State.

(f) No Wagering Advertisements, including logos, trademarks, or brands, shall be used, or licensed for use, on products, clothing, toys, games, or game equipment designed or intended for Underage Persons.

(g) The knowing use of Wagering brands, Advertisements, logos, or trademarks is prohibited on products that are sold in North Carolina and intended primarily for Underage Persons.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 11-002;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0903 NO DIRECT ADVERTISING TO VOLUNTARILY EXCLUDED PERSONS

(a) No Operator shall allow, conduct, or participate in any advertising, marketing, or branding for Wagering that is aimed at Persons who have enrolled in the Voluntary Exclusion Program pursuant to G.S. 18C-922.

(b) No Operator shall direct mail, text, or electronic messages to an Individual in the Voluntary Exclusion Program or shall allow any employee or agent of the Operator, or Affiliated entity or a third-party pursuant to contract, to take such actions.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 11-003;
Eff. January 8, 2024;*

Readopted Eff. March 27, 2024.

24 NCAC 06A .0904 DISCLOSURE OF OPERATOR; OPERATOR ULTIMATELY RESPONSIBLE

- (a) Advertisements, promotions, and marketing messages used by an Operator or disseminated for the benefit of an Operator shall disclose the identity of the Operator.
- (b) Each Operator shall be responsible for the content and conduct of any and all advertising, marketing, or branding done on its behalf or to its benefit whether conducted by the Operator, an employee or agent of the Operator, or an Affiliated entity or a third-party pursuant to contract, regardless of whether such party is also required to be Licensed.
- (c) Each Operator shall provide a copy of the regulations contained herein to all advertising, marketing, branding and promotions personnel, contractors, agents, and agencies retained by the Operator or its agents and shall ensure and require compliance herewith.
- (d) Where an Operator or its agent engages a third-party Individual or entity to create or distribute social media content to advertise, market, or promote the Operator, social media messages or posts shall disclose the existence of the business relationship. Such disclosure may be included in the social media profile of the third-party Individual or entity.
- (e) Each Operator shall be responsible for the content and conduct of any and all advertising, marketing, and branding done on its behalf or to its benefit, whether conducted by such Operator, an employee or agent of such Licensee, or an Affiliated entity or agent of such Operator pursuant to contract or agreement.
- (f) No Operator shall advertise forms of illegal gambling in the State, unless the Advertisement disclaims conspicuously that the Wagering offerings are not available in the State.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 11-004;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0905 INFORMATION TO PROMOTE RESPONSIBLE GAMING

- (a) Advertising, marketing, and other promotional materials published, aired, displayed, disseminated, or distributed by or on behalf of any Operator shall include a link to and phone number for the North Carolina Problem Gambling Helpline or other Commission-approved number or problem gambling resource using language provided by the Commission and such other information regarding responsible gaming as required by the Commission ("Responsible Gaming Messaging"). This requirement does not apply to static advertising, such as the display of a logo, that does not contain additional inducements to Wagering.
- (b) Such advertising, marketing, and other promotional materials shall not use a font, type size, location, lighting, illustration, graphic depiction, or color obscuring conditions or limiting factors associated with the Advertisement of such Problem Gambling Helpline information. If an Advertisement is of insufficient size or duration to provide the information required, the Advertisement shall refer to a website or application that prominently includes this information.
- (c) For digital billboards, Responsible Gaming Messaging shall be visible for the entire time the rest of the Advertisement is displayed.
- (d) The Commission may authorize alternative methods of providing Responsible Gaming Messaging when the nature, size, or placement of the Advertising make it impractical or impossible to include the Responsible Gaming Messaging within the Advertising itself. Any alternative methods for providing the Responsible Gaming Messaging must be approved by the Commission. The Commission or Director may establish "safe harbors" for alternative methods for approving the Responsible Gaming Messaging and the Director may approve alternative methods outside of those safe harbors on a case-by-case basis.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 11-005;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0906 LIMITATION ON REPRESENTATIONS ABOUT WINNINGS

An Operator shall only make representations concerning Winnings that are accurate, not misleading to a reasonable person, and capable of substantiation at the time of the representation. For purposes of this Rule, an Advertisement

is misleading to a reasonable person if it makes representations about average Winnings without equally prominently representing the average net Winnings of Players.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 11-006;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0907 FALSE OR MISLEADING ADVERTISING

- (a) An Operator shall not allow, conduct, or participate in any unfair or deceptive advertising, marketing, branding, or other promotional materials for Wagering. Advertising, marketing, or branding that is unfair or deceptive includes, but is not limited to, advertising, marketing, or branding that would reasonably be expected to confuse or mislead Players in order to induce them to engage in Wagering or a particular type of wagering.
- (b) An Operator shall not obscure or fail to disclose any material fact about an offer or a condition of an offer in its advertising, marketing, branding or other promotional materials for Wagering or use any type, size, location lighting, illustration, graphic, depiction or color resulting in the obscuring of or failure to disclose any material fact in any advertising, marketing, or branding.
- (c) All wagering advertisements, marking, branding, and other promotional materials shall clearly convey the conditions under which Wagering is being offered, including information about the cost to participate and the nature of any promotions or information to assist Players in understanding the odds of winning. Any material conditions or limiting factors shall be clearly and conspicuously specified in the Advertisement, marketing, branding, and other promotional materials.
- (d) No advertising, marketing, branding, and other promotional materials published, aired, displayed, disseminated, distributed, or conducted by or on behalf of any Operator shall:
- (1) promote irresponsible or excessive participation in Wagering;
 - (2) suggest that social, financial, or personal success is guaranteed by engaging in Wagering;
 - (3) encourage Players to "chase" losses or re-invest Winnings;
 - (4) suggest that betting is a means of solving or escaping from financial, personal, or professional problems;
 - (5) portray, suggest, condone or encourage Wagering behavior as a rite of passage or signifier of reaching adulthood or other milestones;
 - (6) portray, suggest, condone or encourage Wagering behavior that is socially irresponsible or could lead to financial, social, professional, or emotional harm;
 - (7) state or imply that the chances of winning increase with increased time spent on Wagering or increased money Wagered; or
 - (8) be placed on any website or printed page or medium devoted primarily to responsible gaming.
- (e) Advertising, marketing, branding, or other promotional materials that creates an integrity issue, the potential for an integrity issue, or the appearance of an integrity issue with respect to a Wagering Event or a Wagering type is prohibited.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 11-007;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0908 OPT-OUT FROM DIRECT MARKETING

- (a) Each direct Advertisement, marketing, or other promotional materials about Wagering shall clearly and conspicuously describe a method by which an Individual may opt out of receiving future direct Advertisements.
- (b) An Operator shall honor any request to opt out as soon as practicable and, in any event, no later than 10 Days from the date of such request. If a direct Advertisement is sent via electronic mail, the described opt-out method shall include either an electronic mail address that will accomplish such opt-out or a link to an online website address at which such opt-out may be accomplished as simply as practicable.
- (c) A direct Advertisement sent other than by electronic mail shall include at least one of the following methods to opt out:
- (1) telephone;
 - (2) regular United States mail;

- (3) online website address or mobile application at which such opt-out may be accomplished as simply as practicable; or
- (4) electronic mail.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 11-008;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*

24 NCAC 06A .0909 RETENTION OF ADVERTISING MATERIALS

The Operator shall retain and maintain, in a manner consistent with this Rule, any materials used to advertise, market, publicize, brand, or otherwise promote Wagering in this State for two years from the end of the advertising, marketing, branding, promotional, or publicity campaign. If an Affiliate marketer advertises, markets, brands, publicizes, or otherwise promotes Wagering on behalf of the Operator, those records shall be retained and maintained by either the Affiliate marketer or the Operator for the same two-year period.

*History Note: Authority G.S. 18C-114(a)(14);
Previously adopted as Rule 11-009;
Eff. January 8, 2024;
Readopted Eff. March 27, 2024.*