

PENNSYLVANIA GAMING CONTROL BOARD

RULES AND REGULATIONS

TITLE 58. RECREATION

CHAPTERS: 401a, 403a, 405a, 407a, 421, 423, 425, 427, 429, 431, 433, 435, 436, 437, 438, 439, 440, 441, 451a, 461, 463, 465, 466, 467, 471a, 481a, 491, 492, 493, 494, 495, 497, 499, 501, 503, 511, 513

THIS DOCUMENT CONTAINS ALL THE TEMPORARY REGULATIONS ADOPTED BY THE BOARD WHICH WILL EXPIRE ON JULY 5, 2007.

TEMPORARY CHAPTERS ARE SHOWN USING THE "COURIER NEW" FONT. CHAPTERS OF TEMPORARY REGULATIONS THAT HAVE BEEN REPLACED BY PERMANENT REGULATIONS ARE SHOWN USING THE "TIMES NEW ROMAN" FONT AND WILL REMAIN IN EFFECT AFTER JULY 5, 2007.

**RULES AND REGULATIONS
TITLE 58. RECREATION**

PENNSYLVANIA GAMING CONTROL BOARD

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ANNEX A

TITLE 58. RECREATION

PART VII. GAMING CONTROL BOARD

Subpart A. GENERAL PROVISIONS

CHAPTER 401a. PRELIMINARY PROVISIONS

§ 401a.1. Purpose.

The purpose of this part is to facilitate the implementation of the act.

§ 401a.2. Construction.

(a) This part shall be liberally construed to secure the just, speedy and efficient determination of every action, proceeding or issue presented to which it is applicable.

The Board at any stage of an action, proceeding or issue presented may disregard an error or defect of procedure which does not affect the substantive rights of the

participants. (b) Subsection (a) supersedes 1 Pa. Code § 31.2 (relating to liberal construction).

§ 401a.3. Definitions.

The following words and terms, when used in this part, have the following meanings, unless the context clearly indicates otherwise:

Act--The Pennsylvania Race Horse Development and Gaming Act (4 Pa.C.S. §§ 1101--1904).

Affiliate, affiliate of or person affiliated with--A person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with a specified person.

Applicant--A person, who on his own behalf or on behalf of another, is applying for permission to engage in an act or activity which is regulated under the act or this part. In cases in which the applicant is a person other than an individual, the Board will determine the associated persons whose qualifications are necessary as a precondition to the licensing of the applicant.

Application--A written request for permission to engage in an act or activity which is regulated under the act or this part.

Approved, approval or approve--The date that an application to the Board is granted regardless of the pendency of administrative or judicial appeals or other legal action challenging the decision of the Board.

Arrest--Detaining, holding, or taking into custody by police or other law enforcement authorities to answer for an alleged commission of an offense.

Associated equipment--Equipment or mechanical, electromechanical or electronic contrivance, component or machine used in connection with gaming, including the following:

- (i) Linking devices which connect to progressive slot machines or slot machines.

(ii) Replacement parts needed to conduct slot machine gaming.

(iii) Equipment which affects the proper reporting of gross revenue.

(iv) Computerized systems for controlling and monitoring slot machines, including, the central control computer and devices for weighing or counting money.

BCCIC--The Bureau of Corporate Compliance and Internal Controls of the Board.

BIE or Bureau--The Bureau of Investigations and Enforcement of the Board.

Background investigation--A security, criminal, credit and suitability investigation of a person as provided for in the act. The investigation must include the status of taxes owed to the United States and to the Commonwealth and its political subdivisions.

Backside area--

(i) Those areas of the racetrack facility that are not generally accessible to the public and which include facilities commonly referred to as barns, track kitchens, recreation halls, backside employee quarters and training tracks, and roadways providing access thereto.

(ii) The term does not include those areas of the racetrack facility which are generally accessible to the public, including the various buildings commonly referred to as the grandstand or the racing surfaces, paddock enclosures and walking rings.

Board--The Pennsylvania Gaming Control Board.

Central control computer--A central site computer controlled by the Department and accessible by the Board to which all slot machines communicate for the purpose of auditing capacity, real-time information retrieval of the details of a financial event that occurs in the operation of a slot machine, including, coin in, coin out, ticket in, ticket out, jackpots, machine door openings and power failure, and remote machine activation and disabling of slot machines.

Certified vendor--A vendor that holds a vendor certification.

Charge--An indictment, complaint, information, summons or other notice of an alleged commission of an offense.

Clerk--The Clerk to the Board's Office of Hearings and Appeals.

Collateral agreement--Any contract between a management company or its affiliates, intermediaries, subsidiaries or holding companies and a slot machine licensee or its affiliates, intermediaries, subsidiaries or holding companies that is related either directly or indirectly to a management contract or to any rights, duties or obligations created between a management company and a slot machine licensee.

Commission or Commissions--The State Horse Racing Commission or the State Harness Racing Commission, or both, as the context may require.

Compensation--A thing of value, money or a financial benefit conferred on or received by a person in return for services rendered, or to be rendered, whether by that person or another.

Complimentary service--

(i) Any lodging, service or item which is provided directly or indirectly to an individual at no cost or at a reduced cost which is not generally available to the public.

(ii) The term includes a lodging provided to a person at a reduced price due to the anticipated or actual gaming activities of that person. Group rates, including convention and government rates, shall be deemed generally available to the public.

Conduct of gaming--The licensed placement and operation of games of chance under the act or this part and approved by the Board at a licensed facility.

Confidential information--Materials that are not generally available to the public.

Controlling interest--

(i) For a publicly traded domestic or foreign corporation, a controlling interest is an interest in a legal entity, applicant or licensee if a person's sole voting rights under state law or corporate articles or bylaws entitle the person to elect or appoint one or more of the members of the board of directors or other governing board or the ownership or beneficial holding of 5% or more of the securities of the publicly traded corporation, partnership, limited liability company or other form of publicly traded legal entity, unless this presumption of control or ability to elect is rebutted by clear and convincing evidence.

(ii) For a privately held domestic or foreign corporation, partnership, limited liability company or other form of privately held legal entity, a controlling interest is the holding of any securities in the legal entity, unless this presumption of control is rebutted by clear and convincing evidence.

(iii) A person who owns or beneficially holds less than 5% of the securities of a privately held domestic or foreign corporation, partnership, limited liability company or other form of privately held legal entity shall be deemed as having rebutted the presumption of control by clear and convincing evidence.

Conviction--

(i) A finding of guilt or a plea of guilty or nolo contendere, whether or not a judgment of sentence has been imposed as determined by the law of the jurisdiction in which the prosecution was held.

(ii) The term does not include a conviction that has been expunged or overturned or for which an individual has been pardoned or an order of Accelerated Rehabilitative Disposition has been entered.

*Corporation--*A publicly traded corporation.

*Credential--*A form of identification approved and issued by the Board.

*Department--*The Department of Revenue of the Commonwealth.

Ex parte communication--

(i) Any off-the-record communications regarding a pending matter before the Board or which may reasonably be expected to come before the board in a contested on-the-record proceeding.

(ii) The term does not include off-the-record communications by and between members, staff and employees of the Board, the Department, the Pennsylvania State Police, the Attorney General or other law enforcement officials necessary for their official duties under this part.

Federal tax identification number--The Social Security number of an individual or the Employer Identification Number of a business entity, fiduciary or other person.

Final order--One of the following:

(i) An action by the Board which approves, issues, renews, revokes, suspends, conditions, denies issuance or renewal of a license, permit, certification or registration.

(ii) An action by the Board which affects personal or property rights, privileges, immunities, duties, liabilities or obligations and disposes of all claims by or against parties before the Board.

(iii) An action by the Board which is designated by the Board as final.

Financial backer--An investor, mortgagee, bondholder, note holder or other source of equity or capital provided to an applicant or licensed entity.

Formal record--The pleadings in a matter or proceeding, a notice or Board order initiating the matter or proceeding, and if a hearing is held: the transcript of a hearing, exhibits received in evidence, offers of proof, motions, stipulations, subpoenas, proofs of service, determinations made by the Board thereon, and certifications to the Board.

Gaming area or gaming floor--Any portion of a licensed facility where slot machines have been installed for use or play.

Gaming employee--

(i) An employee of a slot machine licensee, including:

(A) Cashiers.

(B) Change personnel.

(C) Counting room personnel.

(D) Slot attendants.

(E) Hosts or other persons authorized to extend complimentary services.

(F) Machine mechanics or computer machine technicians.

(G) Security personnel.

(H) Surveillance personnel.

(I) Supervisors and managers.

(J) Personnel with SLOTS Link security administrator access and responsibilities.

(ii) Employees of a licensed supplier, manufacturer or manufacturer designee whose duties are directly involved with the repair, service or distribution of slot machines and associated equipment sold or provided to a licensed facility within this Commonwealth.

(iii) Employees of a licensed manufacturer or manufacturer designee whose duties require the employee's presence on the gaming floor or in a restricted area of a licensed facility.

(iv) Other employees that the Board determines, after a review of the work being performed, require a permit for the protection of the integrity of gaming.

Gross terminal revenue--The total of cash or cash equivalent wagers received by a slot machine minus the total of:

(i) Cash or cash equivalents paid out to patrons as a result of playing a slot machine which are paid to patrons either manually or paid out by the slot machine.

(ii) Cash paid to purchase annuities to fund prizes payable to patrons over a period of time as a result of playing a slot machine.

(iii) Any personal property distributed to a patron as the result of playing a slot machine. This does not include travel expenses, food, refreshments, lodging or services.

(iv) The term does not include counterfeit money or tokens, coins or currency of other countries which are received in slot machines (except to the extent that they are readily convertible to United States currency), cash taken in fraudulent acts perpetrated against a slot

machine licensee for which the licensee is not reimbursed or cash received as entry fees for contests or tournaments in which the patrons compete for prizes.

Holding company--A person, other than an individual, which, directly or indirectly, owns, has the power or right to control or to vote 20% or more of the outstanding voting securities of a corporation or other form of business organization. A holding company indirectly has, holds or owns any such power, right or security if it does so through an interest in a subsidiary or successive subsidiaries.

IRS--The Internal Revenue Service of the United States.

Independent contractor--A person who performs professional, scientific, technical, advisory or consulting services to the Board for a fee, honorarium or similar compensation pursuant to a contract.

Institutional investor--A retirement fund administered by a public agency for the exclusive benefit of Federal, State or local public employees, investment company registered under the Investment Company Act of 1940 (15 U.S.C.A. §§ 80a-1--80a-64), collective investment trust organized by banks under Part Nine of the Rules of the Comptroller of the Currency, closed end investment trust, chartered or licensed life insurance company or property and casualty insurance company, banking and other chartered or licensed lending institution, investment advisor registered under the Investment Advisors Act of 1940 (15 U.S.C.A. §§ 80b-1--80b-21), and other persons registered in any foreign jurisdiction and regulated pursuant to a statute of any foreign jurisdiction that the Board determines to be substantially similar to either or both of the aforementioned statutes.

Intermediary--A person, other than an individual, which is:

(i) A holding company with respect to a corporation or other form of business organization, which holds or applies for a license under the act or this part.

(ii) A subsidiary with respect to a holding company.

Issued, issuance or issue--The date when a determination by the Board approving an application becomes final, binding and nonappealable and is not subject to a pending legal challenge.

Key employee--An individual who is:

(i) Employed in a director or department head capacity and who is empowered to make discretionary decisions that regulate slot machine operations in this Commonwealth, including the general manager and assistant manager of the licensed facility, director of slot operations, director of cage operations, director of surveillance, director of marketing, director of management information systems, director of security, director of human resources, comptroller and any employee who supervises the operations of these departments or to whom these department directors or department heads report.

(ii) Employed by a slot machine licensee, manufacturer licensee, or supplier licensee, whose duties affect or require contact with slot machines, slot monitoring systems, casino management systems, player tracking systems and wide-area progressive systems for use or play in this Commonwealth, whether or not the individual is assigned to gaming operations in this Commonwealth.

(iii) A sales representative seeking to sell slot machines and associated equipment for use in this Commonwealth on behalf of a licensed manufacturer, manufacturer designee or supplier.

(iv) Employed in other positions which the Board will determine based on detailed analyses of the employee's duties or the job descriptions.

License fee--The amount of money required to be paid for the issuance or renewal of any type of license required by the act or as established by the Board.

Licensed entity--A slot machine licensee, manufacturer licensee, supplier licensee or other person licensed by the Board under this part.

Licensed entity representative--A person acting on behalf of or representing the interest of an applicant, licensee, permittee or registrant, including an attorney, agent or lobbyist regarding any matter which may reasonably be expected to come before the Board.

Licensed facility--The physical land-based location at which a licensed gaming entity is authorized to place and operate slot machines.

Licensed gaming entity--A person that holds a slot machine license.

Licensed racetrack or racetrack--

(i) The physical facility and grounds where a person has obtained a license from either the State Horse Racing Commission or the State Harness Racing Commission to conduct live thoroughbred or harness race meetings respectively with pari-mutuel wagering.

(ii) The term "racetrack" or "its racetrack" means the physical land-based location at which live horse racing is conducted even if not owned by the person.

Licensed racing entity--A legal entity that has obtained a license to conduct live thoroughbred or harness horse race meetings respectively with pari-mutuel wagering from either the State Horse Racing Commission or the State Harness Racing Commission under the Race Horse Industry Reform Act.

Management company--A person or legal entity which, through a Board-approved management contract with a slot machine licensee, is responsible for the management of all or part of the operation of a licensed facility.

Management contract--A contract, subcontract or collateral agreement between a management company and a slot machine licensee if the contract provides for the management of all or part of a licensed facility.

Manufacturer--A person who manufactures, builds, rebuilds, fabricates, assembles, produces, programs, designs or otherwise makes modifications to slot machines or associated equipment for use or play of slot machines in this Commonwealth for gaming purposes.

Manufacturer designee--A person who is designated by a licensed manufacturer pursuant to an agreement to supply or repair the licensed manufacturer's slot machines or associated equipment.

Manufacturer designee license--A license issued by the Board authorizing a manufacturer designee to supply or repair slot machines or associated equipment of a licensed manufacturer for use in this Commonwealth for gaming purposes.

Manufacturer designee licensee--A manufacturer designee that obtains a manufacturer designee license.

Manufacturer license--A license issued by the Board authorizing a manufacturer to manufacture or produce slot machines or associated equipment for use in this Commonwealth for gaming purposes.

Manufacturer licensee--A person that holds a manufacturer license.

Manufacturer's serial number--The unique number permanently assigned to a slot machine by a manufacturer for identification and control purposes.

Member--An individual appointed to and sworn in as a member of the Board in accordance with section 1201(b) of the act (relating to Pennsylvania Gaming Control Board established).

Municipality--A city, borough, incorporated town or township.

Net terminal revenue--The net amount of the gross terminal revenue less the tax and assessments imposed by sections 1402, 1403, 1405 and 1407 of the act.

Nongaming employee--An employee of a slot machine licensee or certified vendor who is not included within the definition of "principal", "key employee" or "gaming employee," and:

(i) Whose job duties require the employee to be:

(A) On the gaming floor but do not require the employee to touch or have contact with slot machines or associated equipment other than exterior cleaning.

(B) In a restricted area and the employee:

(I) Is under the constant supervision of an employee of the slot machine licensee who is licensed or permitted and has appropriate access clearance to be in the restricted area.

(II) Is not required to touch or have contact with slot machines or associated equipment other than exterior cleaning.

(ii) Who the Board determines, after a review of the work being performed, requires registration for the protection of the integrity of gaming.

Nonprimary location--A facility in which pari-mutuel wagering is conducted by a licensed racing entity other than the racetrack where live racing is conducted.

Occupation permit--A permit issued by the Board authorizing an individual to be employed or work as a gaming employee.

Offense--Felonies, crimes, high misdemeanors, misdemeanors, disorderly persons offenses, petty disorderly offenses, driving while intoxicated/impaired, motor vehicle offenses and violations of probation or any other court order.

Pending matter or contested on the record proceeding--

(i) A matter including the discretionary issuance, approval, renewal, conditioning, revocation, suspension or denial of any license, permit, certification or registration or any petitions or motions that would require Board consideration.

(ii) The term does not include a policy or administrative matter.

Permit fee--The amount of money required to be paid for issuance or renewal of any type of permit required by the Board.

Permittee--A holder of a permit issued under this part.

Person--A natural person, corporation, foundation, organization, business trust, estate, limited liability company, licensed corporation, trust, partnership, limited liability partnership, association or other form of legal business entity.

Principal--Includes the following:

(i) An officer.

(ii) Director.

(iii) Person who directly holds a beneficial interest in or ownership of the securities of an applicant or licensee.

(iv) Person who has a controlling interest in an applicant or licensee, or has the ability to elect a majority of the Board of directors of a licensee or to otherwise control a licensee.

(v) Lender or other licensed financial institution of an applicant or licensee, other than a bank or lending institution which makes a loan or holds a mortgage or lien acquired in the ordinary course of business.

(vi) Underwriter of an applicant or licensee.

(vii) Other persons or employees of an applicant, slot machine licensee, manufacturer licensee or supplier licensee deemed to be a principal by the Board.

Publicly traded corporation--A person other than an individual which:

(i) Has a class or series of securities registered under the Securities Exchange Act of 1934 (15 U.S.C.A. §§ 78a--78nn).

(ii) Is a registered management company under the Investment Company Act of 1940.

(iii) Is subject to the reporting obligations imposed by section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C.A. § 78o(d)) by reason of having filed a registration statement which has become effective under the Securities Act of 1933 (15 U.S.C.A. §§ 77a--77aa).

Race Horse Industry Reform Act--4 P. S. §§ 325.101--325.402.

Registered vendor--A vendor that is registered with the Board.

Regular or continuing basis--A vendor will be deemed to conduct business on a regular or continuing basis if:

(i) The total dollar amount of transactions with a single slot machine licensee or applicant is or will be greater than \$200,000 within any consecutive 12 month period.

(ii) The total dollar amount of transactions with slot machine licensees or applicants is or will be greater than \$500,000 within any consecutive 12 month period.

Restricted area--An area where access is limited and is specifically designated by the Board as restricted, including:

(i) The cashiers' cage.

(ii) The soft count room.

(iii) The surveillance monitoring room.

(iv) The slot machine storage and repair rooms.

(v) The progressive controller room.

(vi) The central control computer room.

(vii) The information technology department.

(viii) Any additional area that the slot machine licensee designates as restricted in its Board-approved internal controls.

Revenue- or tourism-enhanced location--A location within this Commonwealth determined by the Board, which will maximize net revenue to the Commonwealth or enhance

year-round recreational tourism within this Commonwealth, in comparison to other proposed facilities and is otherwise consistent with the act and its declared public policy purposes.

SEC--The Securities and Exchange Commission of the United States.

Secretary--Secretary to the Board.

Securities--As defined in the Pennsylvania Securities Act of 1972 (70 P. S. §§ 1-101--1-703).

Slot machine--

(i) A mechanical or electrical contrivance, terminal, machine or other device approved by the Board which, upon insertion of a coin, bill, token, gaming voucher, coupon or similar object therein or upon payment of any consideration, including the use of electronic payment system except a credit card or debit card, is available to play or operate, the play or operation of which, whether by reason of skill or application of the element of chance, or both, may deliver or entitle the person playing or operating the contrivance, terminal, machine or other device to receive cash, billets, tokens, gaming vouchers or electronic credits to be exchanged for cash or to receive merchandise or anything of value, whether the payoff is made automatically from the machine or manually. A slot machine:

(A) May utilize spinning reels or video displays, or both.

(B) May or may not dispense coins, vouchers or tokens to winning patrons.

(C) May use an electronic credit system for receiving wagers and making payouts.

(ii) The term includes associated equipment necessary to conduct the operation of the contrivance, terminal, machine or other device.

Slot machine license--A license issued by the Board authorizing a person to place and operate slot machines under the act.

Slot machine licensee--A person that holds a slot machine license.

SLOTS Link--An electronic application system developed by the Board.

Staff--An employee or an independent expert, including but not limited to, attorneys, accountants, investment bankers, architects, engineers, scientific and technical consultants and licensed financial brokers retained by the Board.

State gaming receipts--Revenues and receipts required by the act to be paid into the State Gaming Fund, the Pennsylvania Race Horse Development Fund and the Pennsylvania Gaming Economic Development and Tourism Fund, and all rights, existing on July 5, 2004, or coming into existence after July 5, 2004, to receive any of those revenues and receipts.

State Treasurer--The State Treasurer of the Commonwealth.

Statement of Investigation--An order of the Board in response to a petition for an order regarding inquiry and investigation of a purchase of an eligible applicant or licensee which specifies the particular criterion satisfied by the purchaser, provides for the continuing obligation

of the purchaser to provide information to the Board, is applicable only as to the purchase of a specific eligible applicant or licensee, and provides an expiration date not to exceed 6 months from the date of issuance unless otherwise extended by the Board.

Subsidiary--A person other than an individual. The term includes:

(i) A corporation, any significant part of whose outstanding equity securities are owned, subject to a power or right of control, or held with power to vote, by a holding company or an intermediary company.

(ii) A significant interest in a person, other than an individual, which is owned, subject to a power or right of control, or held with power to vote, by a holding company or an intermediary company.

(iii) A person deemed to be a subsidiary by the Board.

Supplier--A person that sells, leases, offers or otherwise provides, distributes or services slot machines or associated equipment for use or play of slot machines in this Commonwealth at a licensed gaming facility.

Supplier license--A license issued by the Board authorizing a supplier to provide products or services related to slot machines or associated equipment to licensed gaming entities.

Supplier licensee--A person that holds a supplier license.

Trade secret--A private formula, pattern, device, cost study or compilation of information which is used in a business and which, if disclosed could negate an advantage over competitors who do not know or use it.

Underwriter--As defined in the Pennsylvania Securities Act of 1972.

Vendor--

(i) A person who provides goods or services to a slot machine licensee or applicant, but who is not required to be licensed as a manufacturer, manufacturer designee, supplier, management company or junket enterprise.

(ii) The term includes:

(A) Suppliers of alcoholic beverages (if not otherwise regulated by the Pennsylvania Liquor Control Board), food and nonalcoholic beverages.

(B) Refuse handlers.

(C) Vending machine providers and service personnel.

(D) Linen and uniform suppliers.

(E) Janitorial and maintenance companies, not relating to the repair of slot machines or associated equipment.

(F) Tenant businesses or franchises located within licensed facilities.

(G) Providers of transportation services.

(H) Companies, subcontractors and professionals involved in the construction of a facility for a slot machine licensee or applicant.

(I) Lessors of real property or goods.

(J) Other entities which the Board will determine based on detailed analyses by the Board of vendor contracts.

Vendor certification--A certification issued by the Board authorizing a vendor to provide goods or services to a slot machine licensee or applicant.

Vendor registration--A registration issued by the Board authorizing a vendor to provide goods or services to a slot machine licensee or applicant.

§ 401a.4. Jurisdiction.

(a) The Board will have exclusive jurisdiction over all matters within the scope of its powers under the act. (b) Nothing contained in this part shall be construed to limit the powers and duties of the Board as provided in the act.

CHAPTER 403. (RESERVED)

§§ 403.1 – 403.7. (Reserved).

CHAPTER 403a. BOARD OPERATIONS AND ORGANIZATION

§ 403a.1. Definitions.

The following words and terms, when used in this chapter, have the following meanings, unless the context clearly indicates otherwise:

Financial interest--

(i) An ownership, property, leasehold or other beneficial interest in an entity.

(ii) The term does not include an interest which is held or deemed to be held in any of the following:

(A) Securities that are held in a pension plan, profit-sharing plan, individual retirement account, tax sheltered annuity, a plan established pursuant to section 457 of the Internal Revenue Code of 1986 (26 U.S.C.A. § 457), or any successor provision, deferred compensation plan whether qualified or not qualified under the Internal Revenue Code of 1986, or any successor provision, or other retirement plan that:

(I) Is not self-directed by the individual.

(II) Is advised by an independent investment adviser who has sole authority to make investment decisions with respect to contributions made by the individual to these plans.

(B) A tuition account plan organized and operated under section 529 of the Internal Revenue Code of 1986 (26 U.S.C.A. § 529) that is not self-directed by the individual.

(C) A mutual fund where the interest owned by the mutual fund in a licensed entity does not constitute a controlling interest as defined in this part.

Ownership interest--Owning or holding or being deemed to hold, debt or equity securities or other ownership interest or profit interest.

§ 403a.2. Participation at meetings and voting.

(a) *Qualified majority vote*. An action by the Board, except as set forth in subsections (b) and (c), including the approval, issuance, denial or conditioning of a license or the making of an order or the ratification of a permissible act done or order made by one or more of the members of the Board will require a qualified majority vote consisting of at least one gubernatorial appointee and the four legislative appointees.

(b) *Majority vote*. An action by the Board to suspend, revoke, not renew, void or require forfeiture of a license, permit, certification or registration previously issued by the Board, to impose an administrative fine or penalty or to issue cease and desist will require a majority vote of all the Board members.

(c) *Participation*. A member may not participate in a hearing, proceeding or other matter in which the member, or the immediate family thereof, has a financial interest in the subject matter of the hearing or proceeding or other interest that could be substantially affected by the outcome of the hearing or proceeding, without first fully disclosing the nature of the interest to the Board and other persons participating in the hearing or proceeding. For purposes of the subsection, the term "immediate family" means spouse, parent, brother, sister or child.

(d) *Disqualifying interest.* If a Board member has a disqualifying interest in a voting matter, the member shall disclose the nature of the disqualifying interest, disqualify himself and abstain from voting in a proceeding in which his objectivity, impartiality, integrity or independence of judgment may be reasonably questioned, including instances where he knows that he possesses a substantial financial interest in the subject matter of the proceeding or an interest that could be substantially affected by the outcome of the proceeding. If it is a legislative appointee member that has disqualified himself, the qualified majority will consist of the remaining three legislative appointees and at least two gubernatorial appointees.

(e) *Member abstention.* When a member has disqualified himself, the member's abstention from voting will apply only to the singular voting matter that led to the disqualification and not apply to other matters under consideration by the Board for which the member is otherwise qualified.

§ 403a.3. Meetings.

(a) *Public sessions.* The proceedings of all public sessions will be conducted in accordance with 65 Pa.C.S. Chapter 7 (relating to the Sunshine Act).

(b) *Regularly scheduled meetings.* The Board will meet once a month, and on other dates as the Board determines.

(c) *Participation by means of telephone or video teleconference.* A Board member may participate in a meeting by means of telephone or video teleconference when it is impractical for the Board member to attend the meeting in person.

(d) *Record of proceedings.* The Board will keep a record of all proceedings held at public meetings of the Board. A verbatim transcript of those proceedings will be prepared by and will be the property of the Board. The verbatim transcript will be available for inspection at the Board's office during normal business hours.

§ 403a.4. Board office hours.

Board offices will be open from 8:30 a.m. to 5 p.m. on business days except Saturdays, Sundays, legal holidays and Commonwealth office closures declared by the Governor, unless otherwise directed by the Board.

§ 403a.5. Public communication.

Requests for information regarding the Board may be directed to:

Office of Communications

Pennsylvania Gaming Control Board

P. O. Box 69060

Harrisburg, PA 17106-9060

§ 403a.6. Delegation of powers.

(a) The Board may, consistent with the act and this part, delegate its authority to perform any of its functions to a Board member or member of the Board's staff.

(b) A delegation of Board authority will be effected by promulgation of a regulation or the adoption of a formal resolution at a public meeting of the Board. The regulation or resolution will specify:

(1) The specific authority delegated.

(2) The Board member or Board staff members to whom the authority is delegated.

(3) Limitations or conditions imposed on the authority delegated.

(c) Delegations of authority made under this section will remain in effect indefinitely unless otherwise specified in the implementing regulation or resolution.

(d) A delegation of authority adopted by the Board may be modified or rescinded by the Board through promulgation of a regulation or the adoption of a subsequent formal resolution at a public meeting of the Board.

(e) Notwithstanding any other provision of this section, a matter that has been delegated to the Board staff may alternatively be presented to and determined by the Board on its own motion, at the discretion of the Chairperson or at the request of the Board staff.

§ 403a.7. Temporary emergency orders.

(a) Upon request of the Office of Enforcement Counsel in accordance with subsection (d), a temporary emergency order may be issued by, or on behalf of, the Executive Director of the Board. A temporary emergency order may be issued without a hearing and without advanced

notice and will notify the person to whom the temporary emergency order is issued that he may request a hearing to be held by the Executive Director within 72 hours of the request being filed with the Board.

(b) A temporary emergency order may be issued to suspend a license, certification, permit or registration or to direct that a person refrain from engaging in, or cease and desist engaging in, specific conduct.

(c) A temporary emergency order may be issued if there is insufficient time to provide notice and hearing prior to the issuance of the order; the order is necessary to preserve the public health, welfare, or safety or the integrity of gaming in the Commonwealth; and determination of one of the following has occurred:

(1) A person holding a license, certification, permit or registration issued by the Board has been charged with or convicted of a felony, a criminal gaming offense, or crime of dishonesty or false statement or other offense that would make the person ineligible or unsuitable to hold a license, permit, certification or registration.

(2) A licensee has failed to pay required assessments or to satisfy its tax obligations under the act.

(3) The action is necessary to prevent or cure a violation of any provision of the act, this part or other Federal or State laws or regulations.

(d) If the Office of Enforcement Counsel determines that circumstances exist which require that immediate action be taken on behalf of the Board, it may submit a request for a temporary emergency order. The request will include:

(1) The circumstances upon which the determination to request the order was made.

(2) The grounds upon which the order is being requested.

(3) The specific relief sought in the order.

(e) A temporary emergency order will be issued in writing and filed, together with the request for a temporary emergency order required by subsection (d), with the Clerk no later than the close of the next business day following its issuance.

(f) A temporary emergency order will specify that the person subject to the temporary emergency order may request an informal hearing before the Executive Director within 72 hours of filing the request with the Clerk.

(g) The Bureau will cause the temporary emergency order and the request for a temporary emergency order required by subsection (d) to be served upon the person named in the temporary emergency order. Service required by this subsection will be made as expeditiously as practicable following the issuance of the order and the request. Service will be made in the manner prescribed by § 491.3 (relating to service by the Board).

(h) Within 72 hours of the filing a request for an informal hearing with the Board, an informal hearing before the Executive Director or a designee will be held at the Board headquarters.

(i) The Executive Director or a designee may sign subpoenas to secure the attendance of witnesses and the production of documents.

(j) The procedure for the informal hearing will be as follows:

(1) The Executive Director or a designee will call the hearing to order and present the request for a temporary emergency order filed by the Office of Enforcement Counsel under subsection (d).

(2) The person named in the temporary emergency order may respond by submitting evidence and witnesses supporting the position that the temporary emergency order should be dissolved or modified.

(3) The Executive Director or a designee may require that witnesses testify under oath. All relevant evidence is admissible. The Executive Director or a designee may question witnesses.

(4) The licensee may make a concluding argument as to why the temporary emergency order should be dissolved or modified.

(5) Upon receiving all evidence presented by the person named in the order and hearing the person's final argument, the Executive Director or a designee will render a decision as to whether or not the temporary emergency order will continue, be modified or dissolved

within 72 hours. Service of the decision will be made in the manner prescribed by § 491.3. Unless the Executive Director dissolves the temporary emergency order, the matter will be scheduled for a hearing before the Board as provided in subsection (k).

(k) Once a temporary emergency order has been issued under this section, unless it has been subsequently dissolved by the Executive Director, the temporary emergency order will be presented to the Board at its next meeting or within 10 business days, whichever is longer at which time the Board may do one of the following:

(1) Conduct a hearing to determine the validity of the issuance of the order.

(2) Refer the matter to the Office of Hearings and Appeals under § 492.6 (relating to hearings generally) and direct that a hearing be conducted by a hearing officer and a report submitted to the Board.

(l) In all hearings relating to the disposition of a temporary emergency order, whether the hearing is conducted by the Board or by a hearing officer, the following procedure will occur:

(1) The temporary emergency order, the request for the temporary order and any modifications to the temporary order will be made a part of the evidentiary record of the proceeding.

(2) The Office of Enforcement Counsel will present evidence to the Board or the hearing officer in support of the temporary emergency order.

(3) The person named in the order shall have the burden of rebutting the evidence presented by the Office of Enforcement Counsel.

(m) If the hearing is conducted by the Board, the Board may take one of the following actions upon conclusion of oral arguments and evidentiary presentations:

(1) If the Board finds that the un rebutted facts and circumstances presented are sufficient to support the issuance of the temporary emergency order, that dissolution of the temporary emergency order would pose an immediate threat to the public health, safety or welfare, or the public's interest in the effective regulation of gaming demands the action, it may adopt a resolution ratifying or modifying the temporary emergency order. This order may be appealed under § 494.11 (relating to appeals).

(2) If the Board finds that there is insufficient cause to continue the temporary emergency order, it may adopt a resolution dissolving the emergency order and the privileges of the person named in the order will be reinstated.

(3) If the Board finds that further hearing is necessary, it may refer the matter to the Office of Hearings and Appeals for additional presentation of evidence and testimony of witnesses. If the matter is referred to the Office of Hearings and Appeals, the temporary emergency order will remain in effect, with or without modification as the Board deems appropriate.

(n) If the Board adopts a resolution, the resolution may establish the length of term for the order by establishing an expiration date, dependent on the completion of specified remedial actions or dependent on the filing of, or final resolution of, a complaint alleging the person violated a provision of the act or this part. If the expiration date is dependent upon specific remedial actions, the Board will provide a detailed description of the remedies in the resolution

and will establish procedures whereby the person can demonstrate that it has complied with the required remedies.

(o) Any resolution adopted is a final order of the Board for purposes of appeal.

(p) Resolutions ratifying or dissolving temporary emergency orders adopted by the Board under this section will have no effect upon the power and duty of the Office of Enforcement Counsel to initiate, in its sole discretion, proceedings for violations of the act or this part or upon the outcome of any proceeding so initiated.

(q) Copies of the Board's final order will be served on the person named in the order by certified or overnight express mail, postage prepaid; or by personal delivery in accordance with § 491.3.

(r) If the Board refers the matter to the Office of Hearings and Appeals, the hearing will be subject to the following requirements:

(1) The Chairperson will designate a presiding officer to direct the hearing and rule on evidentiary matters.

(2) The hearing before the presiding officer will occur no more than 10 business days after the Board refers the matter to the Office of Hearings and Appeals, unless a delay is requested by the person named in the temporary emergency order.

(3) Within 10 days following the conclusion of hearing, the presiding officer will forward a recommendation for action on the temporary emergency order to the Board. A copy of

the recommendation will be served on the person named in the temporary order by certified or overnight express mail or by personal delivery in accordance with § 491.3.

§ 403a.8. Licensed entity representative meetings.

(a) If a Board member conducts a meeting with a licensed entity representative under section 1201.1(c)(7) of the act (relating to code of conduct), the Board member will record the following in the log:

- (1) The names of individuals with whom the Board member met.
- (2) The date and time of the meeting.

(b) The Board member will include a memorandum of the content of the discussion in the log.

(c) The log will be available for public inspection.

CHAPTER 405. (Reserved)

§§ 405.1--405.7. (Reserved).

CHAPTER 405a. BUREAU OF INVESTIGATIONS AND ENFORCEMENT

§ 405a.1. General duties and powers.

The Bureau has the powers and duties set forth in section 1517 of the act (relating to enforcement) including:

(1) The investigation and review of applicants seeking a license, permit, certification or registration.

(2) The investigation of licensees, permittees, registrants, certified vendors and other persons for potential violations of the act, including potential violations referred to the Bureau by the Board or other persons.

(3) The monitoring of slot machine operations to ensure compliance with the act, this part and the integrity of gaming, including internal controls, exclusion list enforcement, underage gaming and drinking, individual complaints, information systems, integrity and security issues.

(4) The inspection and examination of all premises where slot machine operations are conducted, gaming devices or equipment are manufactured, sold, distributed or serviced or where records of these activities are prepared or maintained as provided in section 1517(e) of the act. Inspections may include the review and reproduction of any document or record.

(5) The conduct of audits of slot machine operations as necessary to ensure compliance with the act and this part. An audit may include, but is not limited to, reviews, examinations and inspections of:

(i) Accounting, administrative and financial records and procedures utilized by the licensed entity.

(ii) Internal control procedures and management control procedures.

(iii) Security and surveillance departments.

(iv) Corrective action taken by the licensee to resolve reported deficiencies.

(v) Reports issued by an independent certified public accountant or independently registered public accounting firm pertaining to the adequacy of the licensee's system of internal controls over financial reporting.

(vi) The licensee's responses, if any, to the reports noted in paragraph (v).

(vii) Other matters required by the Board or the Bureau.

(6) The referral of possible criminal violations under the act to the Pennsylvania State Police.

(7) Be a criminal justice agency under 18 Pa.C.S. Chapter 91 (relating to criminal history record information).

§ 405a.2. Information.

(a) An applicant for or holder of a license, permit, certification or registration shall provide all information, data and documents requested by the Bureau under section 1517(a) of the act (relating to enforcement).

(b) The Director of the Bureau, the Chief Enforcement Counsel, and their designees, will have the power and authority to administer oaths and affirmations for the purpose of obtaining voluntary sworn statements with regard to any matter or thing

which may properly fall within the jurisdiction of the Board. Any person so designated will have the power and authority to obtain by subpoena the sworn statement of a person deemed to have information relevant to an investigation that the Board is authorized to conduct. Designation pursuant to this section will be made in writing, filed with the Clerk, and remain in effect until revoked.

(c) A State or local law enforcement agency, including the Pennsylvania State Police and the Office of Attorney General, the Department or other executive agency may provide information, data and documents requested by the Bureau relating to an applicant for or holder of a license, permit, certification or registration.

(d) The Bureau may, upon request, provide pertinent information relating to an applicant for or holder of a license, permit, certification or registration to law enforcement agencies, including the Federal Bureau of Investigation or other domestic or foreign agencies or jurisdictions.

(e) Information under this section may be provided or received by electronic distribution.

§ 405a.3. Office of Enforcement Counsel.

(a) The Office of Enforcement Counsel within the Bureau has the following powers and duties:

(1) Advise the Bureau on all matters, including the granting of licenses, permits, certifications or registrations, the conduct of background investigations, audits and inspections and the investigation of potential violations of the act or this part.

(2) Make recommendations and objections relating to the issuance of licenses, permits, certifications and registrations.

(3) Initiate, in its sole discretion, proceedings for violations of the act or this part by filing a complaint or other pleading with the Board seeking civil fines or penalties, the imposition of conditions on a license, permit, certification or registration, or the suspension or revocation of a license, permit, certification or registration.

(4) Act as the prosecutor in enforcement actions under the act.

(5) Seek a settlement that may include fines, penalties or other actions subject to approval by the Board.

(6) Appear at administrative hearings and other proceedings before the Board.

(b) The Director of the Office of Enforcement Counsel will report to the Executive Director of the Board on administrative and operational matters.

(c) The Director of the Office of Enforcement Counsel may be removed by the Board only for good cause shown.

§ 405a.4. Conduct.

(a) An attorney representing the Bureau or Office of Enforcement Counsel, or an employee involved in the hearing process, may not discuss the case *ex parte* with a presiding officer assigned to the case, the Chief Counsel or an attorney assigned to the case from the Office of Chief Counsel or a Board member.

(b) A presiding officer, the Chief Counsel or an attorney assigned to the case from the Office of Chief Counsel or a Board member may not discuss or exercise a supervisory responsibility over any employee with respect to an enforcement hearing with which the employee is involved.

(c) If it becomes necessary for the Chief Counsel or an attorney from the Office of Chief Counsel or a Board member to become involved on behalf of the Board in any enforcement proceeding, the Chief Counsel or the attorney from the Office of Chief

Counsel or the Board member involved shall be prohibited from participating in the adjudication of that matter.

§ 405a.5. Investigatory subpoena.

(a) The Director of the Office of Enforcement Counsel is authorized to require the attendance and testimony of witnesses and the production of books, accounts, papers, records, documents, files, computer files and photographs in original or electronic format necessary for all action within the authority of the Bureau under the act or this part.

(b) The Director of the Office of Enforcement Counsel or his representative may issue subpoenas.

(c) In case of disobedience of any subpoena or the contumacy of any witness appearing before the Director of the Office of Enforcement Counsel or a representative, the Director of the Office of Enforcement Counsel or a representative may invoke the aid of Commonwealth Court or any court of record of this Commonwealth to require the person subpoenaed to obey the subpoena or to give evidence or to produce books,

accounts, papers, records, documents, files, computer files and photographs in original or electronic format relative to the matter in question.

(d) The issuance of a subpoena under this section will not be required to secure the cooperation of a person who is an applicant for, or the holder of, a license, permit, certification or registration issued by the Board, or to secure the voluntary cooperation of any person.

§ 405a.6. Enforcement action.

(a) Upon a determination by the Office of Enforcement Counsel that sufficient facts exist to support enforcement action against a person holding a license, permit, certification or registration issued by the Board, the Office of Enforcement Counsel will initiate a complaint in accordance with § 493.2 (relating to complaints), including a proposed order for an enforcement action and serve the complaint in accordance with § 491.3 (relating to service by the Board).

(b) The complaint for an enforcement action will include a statement of the facts, the statute, regulation or statement of conditions that the person is being charged with violating and the remedy sought. The proposed order will be accompanied by a certificate of service demonstrating the date of service.

(c) Within 15 days from the date of service of complaint for an enforcement action, the person may file a notice of defense in accordance with § 493.2(d) and serve a copy of the request on the Office of Enforcement Counsel. Failure to file a notice of defense for an enforcement action complaint within 15 days will be deemed:

(1) A waiver by the person of any right to an administrative hearing before the Board.

(2) An admission by the person of all matters and facts alleged in the proposed order for enforcement action.

(3) Consent by the person to the entry of a final order by the Board disposing of the enforcement matter.

(d) Upon the person's failure to request a hearing within the prescribed 15 days, the Office of Enforcement Counsel will present the proposed enforcement order to the Board. The Board may, by resolution, adopt the proposed enforcement order.

(e) The Clerk will send a copy of the Board's final order to the person by certified mail.

CHAPTER 407. (Reserved)

§§ 407.1 – 407.3. (Reserved)

CHAPTER 407a. PUBLIC ACCESS TO BOARD RECORDS

§ 407a.1. Case files.

(a) *Formal records.* The Board will maintain a nonconfidential file and a confidential file for all formal records.

(b) *Access.* Access to formal records will be governed by the following:

(1) Nonconfidential files will be available for inspection during normal Board business hours.

(2) Upon receipt of a request for access to confidential files, the Board or the Bureau will review the request and provide its determination as to whether the material may be released for inspection within 30 days of the request.

(3) For good cause, the Board may extend the time limits applicable to requests for access to confidential files.

(c) The Board may issue protective orders or establish standards governing the protection of proprietary or confidential documents for a given proceeding or a given type of proceeding. All parties to a proceeding shall submit, classify and mark documents in accordance with the directives of the Board or its designee. In the absence of any protective order or standard, parties shall clearly mark documents that are deemed to be proprietary or confidential. The documents will be treated as marked by the Board.

(d) Any party or member of the public may dispute the designation of a document as submitted by filing a notice of dispute with the Board. The Board will

determine the proper classification of documents subject to a notice of dispute as soon as administratively possible.

§ 407a.2. Minutes of public meeting and annual report.

Minutes of the public meeting and annual reports will be available for public inspection upon request to the Secretary during normal Board business hours. Copies will be provided upon request and payment of the cost for copying as the Board may establish through a schedule published in the *Pennsylvania Bulletin*.

§ 407a.3. Confidential information.

(a) Confidential information may include background investigation information, including information provided under section 1310(a) of the act (relating to slot machine license application character requirements), submitted in connection with an application required for the issuance of any license, permit, certification or registration under this part, discovery procedures, or cross-examination or that is provided as a courtesy to a party in a formal proceeding received by the Board or the Department as well as records obtained or developed by the Board or the Department as part of an

investigation related to an applicant or holder of a license, permit, certification or registration containing any of the following:

(1) Personal information, including home addresses, telephone numbers, Social Security numbers, educational records, memberships, medical records, tax returns and declarations, actual or proposed compensation, financial account records, credit-worthiness or financial condition relating to an applicant, licensee or permittee or the immediate family thereof.

(2) Documents and information relating to proprietary information, trade secrets, patents or exclusive licenses, architectural and engineering plans and information relating to competitive marketing materials and strategies which may include customer-identifying information or customer prospects for services subject to competition.

(3) Security information including risk prevention plans, detection and countermeasures, emergency management plans, security and surveillance plans,

equipment and usage protocols and theft and fraud prevention plans and countermeasures.

(4) Information with respect to which there is a reasonable possibility that public release or inspection of the information would constitute an unwarranted invasion into personal privacy as determined by the Board.

(5) Records or information that is designated confidential by statute or the Board.

(6) Records of an applicant or licensee not required to be filed with the SEC by issuers that either have securities registered under section 12 of the Securities Exchange Act of 1934 (15 U.S.C.A. § 781) or are required to file reports under section 15(d) of that act (15 U.S.C.A. § 78o(d)).

(7) Records considered nonpublic matters or information by the SEC as provided by 17 CFR 200.80 (relating to commission records information).

(b) Confidential information may be released by the Board under the following circumstances:

(1) To State or Federal law enforcement agencies or entities upon approval of the Attorney General or pursuant to a lawful order issued by court of competent jurisdiction.

(2) To the public, in whole or in part, if one of the following occurs:

(i) Upon written request from the applicant or holder of a license, permit, certification or registration, to the extent that the information does not contain otherwise confidential information about another person.

(ii) If the information subsequently becomes a part of the public domain by an action by the applicant or holder of a license, permit, certification or registration.

(3) To a person with the written consent of the applicant or holder of a license, permit, certification or registration.

**Subpart B. LICENSING, REGISTERING, CERTIFYING AND
PERMITTING**

CHAPTER 421. GENERAL PROVISIONS

§ 421.1. General requirements.

(a) A license permit, certification or registration issuance, renewal or other approval issued by the Board is a revocable privilege. No person holding a license, permit, certification or registration, renewal, or other approval is deemed to have any property rights.

(b) By filing an application with the Board, an applicant consents to an investigation of the applicant's general suitability, financial suitability, character, integrity, and ability to engage in, or be associated with, gaming activity in this Commonwealth to the extent deemed appropriate by the Board. The investigation may include a background investigation of the applicant, employees of the applicant, all persons having a controlling interest in the applicant, and other persons as determined by the Board.

(c) By filing an application for a license, permit, certification or registration issuance, renewal or other approval from the Board, an applicant agrees to:

(1) Abide by the provisions of the act and this part.

(2) Waive liability as to the Board, its members, its employees, the Pennsylvania State Police, the Commonwealth and

its instrumentalities for damages resulting from disclosure or publication in any manner, other than a willfully unlawful disclosure or publication of material or information acquired during an investigation of the applicant.

(3) Consent to execute all releases requested by the Board.

(d) An applicant for or holder of a license, permit, certification or registration may not give or offer to give, compensation or reward or a percentage or share of the money or property played or received through gaming to a public official or public employee in consideration for or in exchange for obtaining a license, permit, certification or registration issued under to this part.

(e) An applicant for or holder of a license, permit, certification or registration shall have a duty to inform the Bureau of an action which the applicant for or holder of a license, permit, certification or registration believes would constitute a violation of the act. No person who so informs the Bureau may be discriminated against by an applicant for or holder of a license, permit, certification or registration for supplying the information.

(f) An applicant for a license, permit, certification or registration shall have a continuing duty to inform the Board of any changes in the information supplied to the Board in or in

conjunction with the original or renewal application or a change in circumstances that may render the applicant for a license, permit, certification or registration ineligible, unqualified or unsuitable to hold a license, permit, certification or registration under the standards and requirements of the act and of this part.

(g) An applicant for a license, permit, certification or registration shall have a continuing duty to promptly provide any information requested by the Board relating to its application or regulation and cooperate with the Board in investigations, hearings, and enforcement and disciplinary actions.

(h) An application submitted to the Board constitutes the seeking of a privilege. An applicant shall at all times have the burden of proof. It shall be the applicant's affirmative responsibility to establish the facts supporting its suitability under the act and this subpart by clear and convincing evidence, including why a license, permit, certification or registration should be issued or renewed by the Board.

(i) A person holding a license, permit, certification or registration issued by the Board who violates a provision of the act or this part may be held jointly or severally liable for the violation.

(j) The Board will maintain lists of all applicants for licenses, permits, certifications or registrations under this part as well as a record of all actions taken with respect to each applicant. The lists will be posted on the Board's website (www.pgcb.state.pa.us).

§ 421.2. Disqualification criteria.

(a) An application for issuance or renewal of a license, permit, certification or registration may be denied, or a license, permit, certification or registration may be suspended or revoked if:

(1) The applicant has failed to prove to the satisfaction of the Board that the applicant or any of the persons required to be qualified, are in fact qualified in accordance with the act and with this part.

(2) The applicant for or holder of a license, permit, certification or registration has violated the act or this part.

(3) The applicant for or holder of a license, permit, certification or registration is disqualified under the criteria in the act.

Source: The provisions of this § 421.1 amended June 10, 2006, effective May 19, 2006, 36 Pa.B. 2899; amended July 22, 2006, effective June 28, 2006, Pa.B. 3943; amended July 22, 2006, effective June 28, 2006, Pa.B. 3939; amended April 28, effective March 15, 2007, 37 Pa.B. 1970.

(4) The applicant for or holder of a license, permit, certification or registration has materially departed from a representation made in the application for licensure or renewal.

(5) The applicant for or holder of a license, permit, certification or registration has failed to comply with applicable Federal or state laws or regulations.

(b) A denial of an application or nonrenewal, suspension or revocation of a license, permit, certification or registration may be made for a sufficient cause consistent with the act and the public interest.

§ 421.3. Investigations; supplementary information.

(a) The Board may make an inquiry or investigation concerning an applicant for or holder of a license, permit, certification or registration or any affiliate, intermediary, subsidiary or holding company of the applicant for or holder of a license, permit, certification or registration as it may deem appropriate either at the time of the initial application or at any time thereafter.

(b) It shall be the continuing duty of applicants and a holder of a license, permit, certification or registration to provide full cooperation to the Board in the conduct of an

Source: The provisions of this § 421.2 amended December 31, 2005, effective December 15, 2005, 35 Pa.B. 7085; amended February 18, 2006, effective February 2, 2006, 36 Pa.B. 909, amended July 1, 2006, effective June 15, 2006, 36 Pa.B. 3407; amended, April 28, 2007, effective March 15, 2007, 37 Pa.B. 1970.

inquiry or investigation and to provide supplementary information requested by the Board.

§ 421.4. Presuitability determination.

(a) Upon request from an eligible applicant for or holder of a license and upon receipt of an application and the appropriate fees, the Board will make an inquiry or investigation of a potential purchaser of an applicant for or holder of a license, certification or registration as if the purchaser were an eligible applicant. The eligible applicant for or holder of a license may petition the Board, on behalf of the purchaser, for a Statement of Investigation under § 493.4 (relating to petitions generally).

(b) The applicant for or holder of a license making the request shall reimburse the costs associated with the inquiry or investigation upon request of the Board.

(c) This inquiry or investigation does not replace the application process required under the act and this part which is a requirement for licensure, certification or registration.

Source: The provisions of this § 421.3 amended April 28, 2007, effective March 15, 2007, 37 Pa.B. 1970.

Source: The provisions of this § 421.4 amended December 31, 2005, effective December 15, 2005, 35 Pa.B. 7085; amended May 27, 2006, effective May 4, 2006, 36 Pa.B. 2615; amended April 28, 2007, effective March 15, 2007, 37 Pa.B. 1970.

§ 421.5. Monopolization of economic opportunities and control.

(a) In accordance with section 1102(5) of the act (relating to legislative intent), a slot machine license, management company license or other certification or registration may not be issued to or held by a person if the Board determines that the issuance or holding will result in the monopolization of economic opportunities and control of the licensed gaming facilities in this Commonwealth by that person.

(b) For purposes of this section, monopolization of economic opportunities and control of the licensed gaming facilities means that a person:

(1) Would have actual or potential domination of the gaming market in this Commonwealth contrary to the legislative intent.

(2) Could substantially impede or suppress competition among licensees.

(3) Could adversely impact the economic stability of the gaming industry in this Commonwealth.

(c) In determining whether the issuance or holding of a license by a person will result in monopolization of economic opportunities and control of the licensed gaming facilities in this Commonwealth, the Board will consider the following criteria:

(1) The percentage share of the market presently controlled by the person in each of the following categories:

(i) Total number of slot machine licenses available under section 1307 of the act (relating to number of slot machine licenses).

(ii) Total gaming floor square footage.

(iii) Number of slot machines.

(iv) Gross terminal revenue.

(v) Net terminal revenue.

(vi) Total amount of money, vouchers and electronic money transfers through the use of a cashless wagering system made to slot machines.

(vii) Number of persons employed by the licensee.

(2) The estimated increase in the market share in the categories in paragraph (1) if the person is issued or permitted to hold the license.

(3) The relative position of other persons who hold licenses, as evidenced by the market share of each person in the categories in paragraph (2).

(4) The current and projected financial condition of the industry.

(5) The current market conditions, including level of competition, consumer demand, market concentration, any

consolidation trends in the industry and other relevant characteristics of the market.

(6) Whether the gaming facilities held or to be held by the person have separate organizational structures or other independent obligations.

(7) The potential impact of licensure on the projected future growth and development of the gaming industry in this Commonwealth and the growth and development of the host communities.

(8) The barriers to entry into the gaming industry, including the licensure requirements of the act, and whether the issuance or holding of a license by the person will operate as a barrier to new companies and individuals desiring to enter the market.

(9) Whether the issuance or holding of the license by the person will adversely impact consumer interests, or whether the issuance or holding is likely to result in enhancing the quality and customer appeal of products and services offered by slot machine licensees to maintain or increase their respective market shares.

(10) Whether a restriction on the issuance or holding of an additional license by the person is necessary to encourage and preserve competition and to prevent monopolization of

economic opportunities and control of the licensed gaming facilities.

(11) Other evidence deemed relevant by the Board.

CHAPTER 423. APPLICATIONS

§ 423.1. General requirements.

(a) For the purposes of this section, a reference to an applicant includes the applicant's affiliates, intermediaries, subsidiaries and holding companies.

(b) An application shall be submitted on forms supplied or approved by the Board, shall contain all information and documents required by the Board and shall include the applicable fees.

(c) The applicant shall file with the application all supplemental forms required by the Board. The forms require full disclosure of all details relative to the applicant's suitability to conduct business in this Commonwealth under the act.

(d) Upon request of the Board, the applicant shall further supplement any information provided in the application. The applicant shall provide all requested documents, records, supporting data and other information within the time period specified in the request, or if no time is specified, within 30

Source: The provisions of this § 421.5 amended April 28, 2007, effective March 15, 2007, 37 Pa.B. 1970.

days of the date of the request. If the applicant fails to provide the requested information within the required time period as set forth in the request, the Board may deny the application.

(e) Information provided to the Board must be true and complete. If there is any change in the information provided to the Board, the applicant shall promptly file a written amendment in a form prescribed by the Board.

(f) The application and amendments thereto and other specific documents designated by the Board must be sworn to or affirmed by the applicant before a notary public.

(g) The Board will deny the application of any applicant that refuses to submit to a background investigation or provide requested information as required under the act.

(h) An applicant that submits a document to the Board which is in a language other than English shall also submit an English translation of the non-English language document. The translation must include the signature, printed name, address and telephone number of the translator and a verification by the translator of the truth and accuracy of the translation. At its discretion, the Board may accept an English summary of a document in lieu of a complete translation of the document.

(i) An application that has been accepted for filing and the related materials submitted to the Board become the property of the Board and will not be returned to the applicant.

§ 423.2. Preliminary submission review.

(a) Upon receipt of an application submission, the Board will review the submission to insure that it contains the applicable:

(1) Application fee.

(2) Application forms and additional information and accompanying documentation required by the act or this part of the Board's regulations governing the specific type of application.

(3) Completed authorization forms for release of information from federal and state agencies required for the specific type of application.

(4) For slot machine license applications only, a bond or letter of credit as required by section 1313(c) of the act (relating to applicant's ability to pay license fee).

(b) If an application submission fails to include one or more of the items in subsection (a), the applicant will be notified that the application has not been accepted for filing and the applicant will be given an opportunity to cure the insufficiency.

Source: The provisions of this § 423.1 amended October 8, 2005, effective September 28, 2005, 35 Pa.B. 5619; amended April 28, 2007, effective March 15, 2007, 37 Pa.B. 1970.

(c) If the applicant fails to cure the insufficiency within the time period set by the Board, the submission and related materials will be returned to the applicant.

§ 423.3. Application processing.

(a) Upon a determination that all prerequisites for filing have been met, the Board will:

(1) Accept the application for filing.

(2) Notify the applicant or the applicant's attorney, if any, in writing of the fact that the application has been accepted for filing and the date of the acceptance for filing. The Board will also notify the applicant that the acceptance for filing of the application will not constitute evidence that any requirement of the act has been satisfied.

(3) Obtain and evaluate information as may be necessary to determine the qualifications of the applicant and any matter relating to the application.

(4) Request the Bureau to promptly conduct an investigation and provide the information necessary to determine the qualifications of the applicant and any matter relating to the application.

(5) Request the Pennsylvania State Police to provide a criminal history background investigation report, determine employee eligibility consistent with § 435.1 (relating to

general provisions), conduct fingerprinting, photograph applicants and perform duties as directed by the Board.

(6) Request the Department to promptly conduct a tax clearance review.

(7) Request the Department of Labor and Industry to perform an Unemployment Compensation Tax clearance review and a Workers Compensation Tax clearance review.

(8) Request any agencies, entities or persons to conduct investigations or evaluations or to provide information to the Board, as deemed necessary by the Board.

(b) The Board will keep and maintain a list of all applicants under this part together with a record of all actions taken with respect to applicants.

(c) An application submitted under this part and the information obtained by the Board relating to the application shall be part of the evidentiary record of the licensing proceeding. The Board's decision to issue or deny a license shall be based solely on the evidentiary record before the Board.

§ 423.4. Deficient applications.

(a) If an application is found to be deficient, the Board will notify the applicant of the deficiencies in the application

Source: The provisions of this § 423.3 amended March 18, 2006, effective February 28, 2006, 36 Pa.B. 1347; amended April 28, 2007, effective March 15, 2007, 37 Pa.B. 1970.

and permit the applicant to cure the deficiencies within a time period prescribed by the Board.

(b) Refusal to provide information as required in subsection (a) may result in the immediate denial of the application.

§ 423.5. Application withdrawal.

(a) A request for withdrawal of an application for a license, permit, certification or registration may be made by petition to the Board filed at any time prior to issuance by the Board of its determination with respect to the application.

(b) The petition must set forth the reasons for the withdrawal.

(c) An applicant may petition for the withdrawal of its application or an application submitted by one of its affiliates, intermediaries, subsidiaries or holding companies or persons or entities required to be qualified under section 1311 of the act (relating to slot machine license application business entity requirements).

(d) When rendering a decision on a petition for withdrawal, the Board may set the conditions of withdrawal and may deny or grant the request with or without prejudice.

Source: The provisions of this § 423.4 amended August 27, 2005, effective August 17, 2005, 35 Pa.B. 4828; amended February 4, 2006, effective January 19, 2006, 36 Pa.B. 681; amended April 28, 2007, effective March 15, 2007, 37 Pa.B. 1970.

(1) If a petition for withdrawal is granted with prejudice, the person or entity whose application has been withdrawn will not be eligible to apply for a license, permit, certification or registration with the Board until after expiration of 5 years from the date of the withdrawal.

(2) If a petition for withdrawal is granted without prejudice the Board will determine when the person or entity whose application has been withdrawn may be eligible to apply for a license, permit, certification or registration.

(e) The Board may convert an incomplete application to a petition for withdrawal.

(f) Unless the Board otherwise directs, fees or other payments relating to an application will not become refundable by reason of the withdrawal. Additionally, the fees and costs owed to the Board related to the application shall be paid prior to granting a petition to withdraw.

§ 423.6. License, permit, registration and certification issuance and Statement of Conditions.

(a) Issuance criteria.

(1) In addition to the criteria contained in the act, the Board will not issue or renew a license, permit,

Source: The provisions of this § 423.5 amended December 31, 2005, effective December 15, 2005, 35 Pa.B. 7085; amended July 22, 2006, effective June 28, 2006, 36 Pa.B. 3939; amended April 28, 2007, effective March 15, 2007, 37 Pa.B. 1970.

certification or registration unless the Board finds that the following criteria have been established by the applicant:

(i) The applicant has paid the applicable fees.

(ii) The applicant has fulfilled each condition set by the Board or contained in the act, including the execution of a Statement of Conditions.

(iii) The applicant is found suitable consistent with the laws of the Commonwealth and is otherwise qualified to be issued a license, certification, permit, registration or other authorization.

(b) *Statement of conditions.*

(1) For this subsection, the term ``executive officer'' means the individual holding the highest ranking management position within the entity and who is authorized to contract on behalf of the entity.

(2) If the Board approves an entity's application for a license, certification or registration, or for the renewal of a license, certification or registration, the Board may require the executive officer of the entity whose application has been approved, or other competent individual designated by the entity in accordance with paragraph (3), to execute a Statement of Conditions in the manner and form required by the Board. Execution of the Statement of Conditions shall constitute the acceptance of each provision contained in the Statement of

Conditions by both the entity and the executive officer. The executive officer shall ensure that the entity fully complies with each provision contained in the Statement of Conditions.

(3) Prior to the issuance of a license, certification or registration to an entity, the entity shall determine whether the entity will designate its executive officer or another competent individual with a direct reporting relationship to its executive officer to execute the Statement of Conditions on behalf of both the entity and its executive officer. If the entity elects to designate another competent individual with a direct reporting relationship to its executive officer to execute the Statement of Conditions on behalf of the entity and its executive officer, the entity shall adopt a resolution identifying the individual so designated, authorizing that individual to execute the Statement of Conditions on behalf of both the entity and its executive officer, and evidencing the executive officer's concurrence in that individual's designation. A copy of the resolution, certified as true and correct, shall be provided to the Board and attached to the Statement of Conditions.

(4) If the Board approves an individual's application for a license, permit, certification or registration, or for the renewal of a license, permit, certification or registration, the Board may require the individual whose application has been

approved to execute a Statement of Conditions in the manner and form required by the Board. The execution of the Statement of Conditions shall constitute the acceptance of each provision contained in the Statement of Conditions by the individual. The individual shall fully comply with each provision contained in the Statement of Conditions.

(5) Failure to fully comply with any provision contained in an executed Statement of Conditions shall constitute a violation of the Statement of Conditions and may result in the imposition of Board-imposed administrative sanctions, up to and including revocation, against the individual to whom the license, permit, certification or registration was issued, and, in the case of an entity, against the entity and its executive officer or other designee under § 423.5(b)(3).

§ 423.7. Restriction on application after denial or revocation.

(a) A person whose application has been denied or whose license, permit, certification or registration has been revoked, may not apply for a license, permit, certification or registration for 5 years from the date that the application was denied or the license, permit, certification or registration was revoked.

Source: The provisions of this § 423.6 amended April 28, 2007, effective March 15, 2007, 37 Pa.B. 1970.

(b) The 5-year restriction in subsection (a) will not apply as follows:

(1) To applicants for a slot machine license if the denial was for reasons other than unsuitability.

(2) If the denial or revocation was based on pending charges for a disqualifying offense under section 1213 or section 1518 of the act (relating to license or permit prohibition; and prohibited acts and penalties), 18 Pa.C.S. (relating to crimes and offenses) or the criminal laws of any other jurisdiction and the pending charges do not result in conviction of the disqualifying offense.

(c) Two years from the date that the application was denied or the license, permit, certification or registration was revoked, a person may file a petition for permission to apply for a license, permit, certification or registration before the expiration of the 5-year period.

(d) A petition filed under subsection (c) shall be filed in accordance with § 493.4 (relating to petitions generally).

(e) Petitions filed under subsection (c) must contain:

(1) An explanation of how the conditions that were the basis for denial or revocation have been corrected or no longer exist.

(2) Supporting materials that demonstrate that the person meets the requirements for a license, permit, certification or registration.

(3) If the denial or revocation was the result of a conviction, the petition must include evidence of rehabilitation, such as:

(i) The nature and seriousness of the offense or conduct.

(ii) The circumstances under which the offense or conduct occurred.

(iii) The date of the offense or conduct.

(iv) The age of the applicant when the offense or conduct was committed.

(v) Whether the offense or conduct was an isolated or repeated incident.

(vi) Social conditions which may have contributed to the offense or conduct.

(vii) Evidence of rehabilitation, including good conduct in prison or in the community, counseling or psychiatric treatment received, acquisition of additional academic or vocational schooling, successful participation in correctional work-release programs, or the recommendation of persons who have or have had the applicant under their supervision.

(viii) Evidence that obligations for restitution, fines and penalties have been met.

(f) If a petition filed under subsection (c) is denied, a person may not file another petition under subsection (c) for 1 year from the date of the denial of the petition.

§ 423.8. Recommendations for denial.

Where a recommendation for denial of an application for a license, permit, certification or registration is made, the applicant for the license, permit, certification or registration may request a hearing. The hearing will be conducted under the procedures contained in Chapter 494 (relating to hearing procedure).

CHAPTER 425. LICENSED ENTITY REPRESENTATIVES

§ 425.1. Registration.

(a) A licensed entity representative shall file a completed Licensed Entity Registration Form with the Board, which includes the individual's name, employer or firm, address, telephone number and the licensed entity being represented.

(b) A licensed entity representative shall be required to update its registration information on an ongoing basis.

Source: The provisions of this § 423.7 amended April 28, 2007, effective March 15, 2007, 37 Pa.B. 1970.

Source: The provisions of this § 423.8 amended April 28, 2007, effective March 27, 2007, 37 Pa.B. 1968.

Source: The provisions of this § 425.1 amended January 6, 2007, effective December 13, 2006, 37 Pa.B. 21.

(c) The Board will maintain a list of licensed entity representatives. The registration list will be available for public inspection at the offices of the Board and on the Board's Internet website.

CHAPTER 427. MANUFACTURER LICENSES

§ 427.1. Manufacturer general requirements.

(a) A manufacturer seeking to manufacture slot machines and associated equipment for use in this Commonwealth shall apply to the Board for a manufacturer license.

(b) In accordance with section 1317.1 of the act (relating to manufacturer licenses), an applicant for or the holder of a manufacturer license or any of the applicant's or holder's affiliates, intermediaries, subsidiaries or holding companies, may not apply for or hold a slot machine license or supplier license.

(c) A licensed manufacturer or a licensed manufacturer designee may supply or repair any slot machine or associated equipment manufactured by the licensee.

(d) A licensed manufacturer may contract with a slot machine licensee or licensed supplier to supply or repair slot machines or associated equipment manufactured by the manufacturer licensee.

(e) Limitations may not be placed on the number of manufacturer licenses issued or when an application for a manufacturer license may be filed.

§ 427.2. Manufacturer license applications and standards.

(a) An applicant for a manufacturer license shall submit:

(1) An original and three copies of the Manufacturer Application and Disclosure Information Form unless otherwise directed by the Board.

(2) A nonrefundable application fee.

(3) A diversity plan as set forth in section 1325(b) of the act (relating to license or permit issuance) and Chapter 481 (relating to general provisions), which shall be signed by the chief executive officer of the applicant.

(4) An application from every key employee and principal as specified by the Manufacturer Application and Disclosure Information Form or as determined by the Board.

(5) If applicable, copies of filings required by the Securities and Exchange Commission during the 2 immediately preceding fiscal years, including annual reports filed with the Securities Exchange Commission, under sections 13 or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C.A. §§ 78m and

Source: The provisions of this § 427.1 amended October 8, 2005, effective September 28, 2005, 35 Pa.B. 5619; amended April 28, 2007, effective March 15, 2007, 37 Pa.B. 1970.

78o(d)), quarterly reports filed with the Securities Exchange Commission, under sections 13 or 15(d) of the Securities Exchange Act of 1934, current reports filed with the Securities Exchange Commission, under sections 13 or 15(d) of the Securities Exchange Act of 1934, and proxy statements issued by the applicant.

(6) An affirmation that neither the applicant nor any of its affiliates, intermediaries, subsidiaries or holding companies, holds any direct or indirect ownership interest in any applicant for or holder of a slot machine applicant or license or supplier license, or employs, directly or indirectly, any person who satisfies the definition of a principal or key employee of a slot machine applicant or licensee or supplier applicant or licensee. In applying this provision to an applicant for a manufacturer license, the Board will not include interests that are held by individuals in any of the following manners:

(i) In mutual funds when the value of the interest owned does not exceed 1% of the total fair market value of the applicant or licensee and provided that the mutual fund is not a nondiversified fund invested primarily in entities operating in, or connected with, the gaming industry.

(ii) Through defined benefit pension plans.

(iii) Through deferred compensation plans organized and operated under section 457 of the Internal Revenue Code of 1986 (26 U.S.C.A. § 457).

(iv) In blind trusts over which the holder may not exercise a managerial control or receive income during the time period the holder is subject to these provisions.

(v) Through tuition account plans organized and operated under section 529 of the Internal Revenue Code of 1986 (26 U.S.C.A. § 529).

(vi) Through plans described in section 401(k) of the Internal Revenue Code of 1986 (26 U.S.C.A. § 401(k)).

(vii) An interest held by a spouse if an action seeking a divorce and dissolution of marital status has been initiated in any jurisdiction by either party to the marriage.

(7) A sworn or affirmed statement that the applicant has developed and implemented internal safeguards and policies to prevent a violation of section 1513 of the act (relating to political influence) and a copy the safeguards and policies.

(b) In addition to the materials required under subsection (a), an applicant for a manufacturer license shall:

(1) Promptly provide information requested by the Board relating to the manufacturer's application or regulation and cooperate with the Board in investigations, hearings, and enforcement and disciplinary actions.

(2) Comply with the general application requirements in Chapters 421 and 423 (relating to general provisions; and applications).

(3) Demonstrate that the applicant has the ability to manufacture, build, rebuild, repair, fabricate, assemble, produce, program, design or otherwise make modifications to slot machines or associated equipment which meet one or more of the following criteria:

(i) Are specifically designed for use in the operation of a slot machine.

(ii) Are needed to conduct an authorized game.

(iii) Have the capacity to affect the outcome of the play of a game.

(iv) Have the capacity to affect the calculation, storage, collection, or control of gross terminal revenue.

(c) An applicant for a manufacturer license will be required to reimburse the Board for any additional costs, based on the actual expenses incurred by the Board, in conducting the background investigation.

(d) In determining whether an applicant is suitable to be licensed as a manufacturer under this section, the Board will consider the following:

(1) The financial fitness, good character, honesty, integrity and responsibility of the applicant.

(2) If the principals of the applicant individually qualify under the standards of section 1317.1 of the act (relating to manufacturer license).

(3) The integrity of financial backers.

(4) The suitability of the applicant and principals and key employees of the applicant based on the satisfactory results of:

(i) The background investigation of principals and key employees.

(ii) A current tax clearance review performed by the Department.

(iii) A current Unemployment Compensation Tax clearance review and a Workers Compensation Tax clearance review performed by the Department of Labor and Industry.

§ 427.3. Manufacturer license term and renewal.

(a) A manufacturer license or renewal will be valid for 1 year from the date on which the license or renewal is approved by the Board.

(b) A renewal application and renewal fee shall be filed at least 6 months prior to the expiration of the current license.

Source: The provisions of this § 427.2 amended October 8, 2005, effective September 28, 2005, 35 Pa.B. 5619; amended April 28, 2007, effective March 15, 2007, 37 Pa.B. 1970.

Source: The provisions of this § 427.3 amended April 28, 2007, effective March 15, 2007, 37 Pa.B. 1970.

(c) A manufacturer license for which a completed renewal application and fee has been received by the Board will continue in effect for an additional 6-month period or until acted upon by the Board, whichever occurs first.

§ 427.4. Alternative manufacturer licensing standards.

(a) If an applicant for a manufacturer license holds a similar license in another jurisdiction in the United States, the applicant may submit a written request with its application required under § 427.2(a) (relating to manufacturer licensing standards and application) for the Board to adopt an abbreviated licensing process under section 1319 of the act (relating to alternative manufacturer licensing standards) to review a manufacturer license application.

(b) The Board may use the abbreviated process if:

(1) The Board determines, after investigation, that the licensing standards in the jurisdiction in which the applicant is licensed are similarly comprehensive, thorough and provide equal, if not greater, safeguards as provided in the act and that granting the request is in the public interest.

(2) The applicant has provided a copy of its most recent application or renewal for the similar license in the other jurisdiction and a copy of the license or the order issued by the other jurisdiction granting the license.

(3) The applicant has no administrative or enforcement actions pending in another jurisdiction or the applicant has adequately disclosed and explained the action to the satisfaction of the Board.

(4) There are no pending or ongoing investigations of possible material violations by the applicant in another jurisdiction or the applicant has adequately disclosed and explained the investigation to the satisfaction of the Board.

(c) This section may not be construed to waive fees associated with obtaining a license through the application process in this Commonwealth.

§ 427.5. Responsibilities of a manufacturer.

(a) A holder of a manufacturer license shall have a continuing duty to:

(1) Provide any information requested by the Board relating to the manufacturer's licensing or regulation; cooperate with the Board in investigations, hearings, and enforcement and disciplinary actions; and comply with all conditions, restrictions, requirements, orders and rulings of the Board in accordance with the act.

(2) Report a change in circumstances that may render the holder of a manufacturer license ineligible, unqualified or

Source: The provisions of this § 427.4 amended April 28, 2007, effective March 15, 2007, 37 Pa.B. 1970.

unsuitable to hold a license under the standards and requirements of the act and of this part.

(3) Provide a copy of SEC filings listed in § 427.2(a)(5) (relating to manufacturer licensing standards and application) that are filed after the date of issuance of its license. The copy shall be submitted no later than 30 days after the date of filing with the SEC.

(b) An employee of a licensed manufacturer whose duties of employment or incidental activities related to employment require the employee to be on the gaming floor or in a restricted area shall be required to obtain an occupation permit under § 435.4 (relating to occupation permit).

(c) A slot machine licensee may service or repair slot machines or associated equipment at its licensed facility pursuant to a written agreement between the slot machine licensee and the manufacturer licensee that provided the slot machines or associated equipment at the licensed facility.

(d) A slot machine licensee may perform routine maintenance directly related to the availability of slot machines for play, customer service or a clean and gracious playing environment. The routine maintenance includes installation or replacement of the following: batteries, hardware, including hinges, screws, bolts and custom handles, light bulbs, locks on slot machines and slot cash storage boxes, including the rekeying of the

locks, printers, exclusive of printer software and paper stock. Routine maintenance also includes external cleaning and the clearing of paper, bill and coin jams which do not require removal or dismantling of the mechanisms.

CHAPTER 429. MANUFACTURER DESIGNEES

§ 429.1. Manufacturer designee general requirements.

(a) A manufacturer designee seeking to supply or repair slot machines and associated equipment for use in this Commonwealth shall apply to the Board for a manufacturer designee license.

(b) In accordance with section 1317.1 of the act (relating to manufacturer licenses), an applicant for or the holder of a manufacturer designee license or any of the applicant's or holder's affiliates, intermediaries, subsidiaries or holding companies, may not apply for or hold a slot machine license or supplier license.

(c) A licensed manufacturer designee may supply or repair slot machines or associated equipment manufactured by a manufacturer with whom the manufacturer designee has an agreement or has executed a contract authorizing the manufacturer designee to do so.

Source: The provisions of this § 427.5 amended April 28, 2007, effective March 15, 2007, 37 Pa.B. 1970.

(d) Limitations may not be placed on the number of manufacturer designee licenses issued or when an application for a manufacturer designee license may be filed.

§ 429.2. Manufacturer designee license applications and standards.

(a) An applicant for a manufacturer designee license shall submit:

(1) An original and three copies of the Manufacturer Designee Application and Disclosure Information Form unless otherwise directed by the Board.

(2) A nonrefundable application fee.

(3) A diversity plan as set forth in section 1325(b) of the act (relating to license or permit issuance) and Chapter 481 (relating to general provisions).

(4) An application from every key employee under § 435.2 (relating to key employee license) and principal under Chapter 433 (relating to principal licenses) as specified by the Manufacturer Designee Application and Disclosure Information Form.

(5) If applicable, copies of all filings required by the Securities and Exchange Commission during the 2 immediately preceding fiscal years, including all annual reports filed with

Source: The provisions of this § 429.1 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1862.

the Securities Exchange Commission, under sections 13 or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C.A. §§ 78m and 78o-6), quarterly reports filed with the Securities Exchange Commission, under sections 13 or 15(d) of the Securities Exchange Act of 1934, current reports filed with the Securities Exchange Commission, under sections 13 or 15(d) of the Securities Exchange Act of 1934, and proxy statements issued by the applicant.

(6) An affirmation that neither the applicant nor any of its affiliates, intermediaries, subsidiaries or holding companies, holds any direct or indirect ownership interest in any applicant for or holder of a slot machine license or supplier license, or employs, directly or indirectly, any person who satisfies the definition of a principal or key employee of a slot machine applicant or licensee or supplier applicant or licensee. In applying this provision to an applicant for a manufacturer designee license, the Board will not include interests that are held by individuals in any of the following manners:

(i) In mutual funds when the value of the interest owned does not exceed 1% of the total fair market value of the applicant or licensee and provided that the mutual fund is not a nondiversified fund invested primarily in entities operating in, or connected with, the gaming industry.

(ii) Through defined benefit pension plans.

(iii) Through deferred compensation plans organized and operated under section 457 of the Internal Revenue Code of 1986 (26 U.S.C.A. § 457).

(iv) In blind trusts over which the holder may not exercise any managerial control or receive income during the time period the holder is subject to these provisions.

(v) Through tuition account plans organized and operated under section 529 of the Internal Revenue Code of 1986 (26 U.S.C.A. § 529).

(vi) Through plans described in section 401(k) of the Internal Revenue Code of 1986 (26 U.S.C.A. § 401(k)).

(vii) An interest held by a spouse if an action seeking a divorce and dissolution of marital status has been initiated in any jurisdiction by either party to the marriage.

(7) A sworn or affirmed statement that the applicant has developed and implemented internal safeguards and policies to prevent a violation of section 1513 of the act (relating to political influence) and a copy of the safeguards and policies.

(b) In addition to the materials required under subsection (a), an applicant for a manufacturer designee license shall:

(1) Promptly provide information requested by the Board relating to its application or regulation and cooperate

with the Board in investigations, hearings, and enforcement and disciplinary actions.

(2) Comply with the general application requirements in Chapters 421 and 423 (relating to general provisions; and applications).

(c) An applicant for a manufacturer designee license will be required to reimburse the Board for additional costs, based on the actual expenses incurred by the Board, in conducting the background investigation.

(d) In determining whether an applicant will be licensed as a manufacturer designee under this section, the Board will consider the following:

(1) The financial fitness, good character, honesty, integrity and responsibility of the applicant.

(2) If all principals of the applicant are individually eligible and suitable under the standards of section 1317.1 of the act (relating to manufacturer licenses).

(3) The integrity of all financial backers.

(4) The suitability of the applicant and all principals and key employees of the applicant based on the satisfactory results of:

(i) A background investigation of all principals and key employees or their equivalent in other jurisdictions.

(ii) A current tax clearance review performed by the Department.

(iii) A current Unemployment Compensation Tax clearance review and a Workers Compensation Tax clearance review performed by the Department of Labor and Industry.

§ 429.3. Additional manufacturer designee licenses.

(a) A licensed manufacturer designee whose license is in good standing may apply for an additional manufacturer designee license for a different licensed manufacturer by submitting:

(1) An original and three copies of the Additional Manufacturer Designee Application and Disclosure Information Form unless otherwise directed by the Board.

(2) A nonrefundable application fee.

(b) An applicant for an additional manufacturer designee license shall also comply with the requirements of § 429.2(b)(1) and (2) and (c) (relating to manufacturer designee license applications and standards).

§ 429.4. Manufacturer designee license term and renewal.

Source: The provisions of this § 429.2 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1862.

Source: The provisions of this § 429.3 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1862.

(a) A manufacturer designee license or renewal shall be valid for 1 year from the date on which the license or renewal is approved by the Board.

(b) A renewal application and renewal fee shall be filed at least 2 months prior to the expiration of the current license.

(c) A manufacturer designee license for which a completed renewal application and fee has been received by the Board will continue in effect for an additional 6-month period or until acted upon by the Board, whichever occurs first.

§ 429.5. Responsibilities of a manufacturer designee.

(a) A holder of a manufacturer designee license shall have a continuing duty to:

(1) Provide information requested by the Board relating to licensing or regulation; cooperate with the Board in investigations, hearings, and enforcement and disciplinary actions; and comply with conditions, restrictions, requirements, orders and rulings of the Board in accordance with the act.

(2) Report a change in circumstances that may render a holder of a manufacturer or manufacturer designee license ineligible, unqualified or unsuitable to hold a license under the standards and requirements of the act and of this part.

Source: The provisions of this § 429.4 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1862.

(3) Provide a copy of Securities and Exchange Commission filings listed in § 427.2(a)(5) that are filed after the date of issuance of its license. The copy shall be submitted no later than 30 days after the date of filing with the Securities and Exchange Commission.

(b) A holder of a manufacturer designee license shall establish a place of business in this Commonwealth.

(c) An employee of a licensed manufacturer designee whose duties of employment or incidental activities related to employment require the employee to be on the gaming floor or in a restricted area shall be required to obtain an occupation permit under § 435.3 (relating to occupation permit).

§ 429.6. Manufacturer designee as agent.

(a) Notwithstanding any provision to the contrary in a contract between a licensed manufacturer and a licensed manufacturer designee, the licensed manufacturer designee shall be deemed to be an agent of the licensed manufacturer for the purposes of imposing liability for any act or omission of the licensed manufacturer designee in violation of the act or this part.

(b) Notwithstanding any provision to the contrary in a contract between a licensed manufacturer and a licensed

Source: The provisions of this § 429.5 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1862.

manufacturer designee, the licensed manufacturer shall be jointly and severally liable for any act or omission by the licensed manufacturer designee in violation of the act or this part, regardless of actual knowledge by the licensed manufacturer of the act or omission.

§ 429.7. Manufacturer designee agreements.

(a) Agreements between a licensed manufacturer and a licensed manufacturer designee must be submitted to the Bureau of Licensing for approval. An agreement between a licensed manufacturer and a licensed manufacturer designee may not become effective and a manufacturer designee license will not be issued until the Bureau of Licensing has reviewed and approved the terms and conditions of the agreement.

(b) Amendments to agreements between a licensed manufacturer and a licensed manufacturer designee shall be submitted to the Bureau of Licensing for approval at least 30 days prior to the effective date of the proposed amendment. The amendment may not become effective until the Bureau of Licensing has reviewed and approved the terms and conditions of the amendment.

(c) An agreement between a licensed manufacturer and a licensed manufacturer designee submitted for Bureau of Licensing

Source: The provisions of this § 429.6 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1862.

review and approval must enumerate with specificity the responsibilities of the licensed manufacturer and the licensed manufacturer designee.

(d) Agreements must contain a provision that describes with particularity any terms related to compensation of the licensed manufacturer or the licensed manufacturer designee.

CHAPTER 431. SUPPLIER LICENSES

§ 431.1. Supplier general requirements.

(a) A supplier seeking to sell, lease, offer or otherwise provide, distribute or service slot machines or associated equipment to a slot machine licensee within this Commonwealth shall apply to the Board for a supplier license.

(b) In accordance with sections 1317 and 1317.1 of the act (relating to supplier licenses; and manufacturer licenses), an applicant for or the holder of a supplier license or any of the applicant's or holder's affiliates, intermediaries, subsidiaries or holding companies, may not apply for or hold a slot machine license or a manufacturer license.

(c) Limitations may not be placed on the number of supplier licenses issued or when an application for a supplier license may be filed.

Source: The provisions of this § 429.7 amended April 21, 2007, effective March 15, 2007, 37 Pa.B. 1862.

§ 431.2. Supplier license applications and standards.

(a) An applicant for a supplier license shall submit:

(1) An original and three copies of the Supplier Application and Disclosure Information Form for the applicant and each of the applicant's affiliated entities unless otherwise directed by the Board.

(2) A nonrefundable application fee.

(3) A diversity plan as set forth in section 1325(b) of the act (relating to license or permit issuance) and Chapter 481 (relating to general provisions).

(4) An application from every key employee and each natural person who is a principal as specified by the Supplier Application and Disclosure Information Form or as determined by the Board.

(5) If applicable, copies of filings required by the SEC during the 2 immediately preceding fiscal years, including all annual reports filed under section 13 or section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C.A. §§ 78m and 78o(d)), quarterly reports filed under section 13 or section 15(d) of the Securities Exchange Act of 1934, current reports filed under section 13 or section 15(d) of the Securities

Source: The provisions of this § 431.1 amended April 28, 2007, effective March 15, 2007, 37 Pa.B. 1970.

Exchange Act of 1934, and proxy statements issued by the applicant.

(6) An affirmation that neither the applicant nor any of its affiliates, subsidiaries, intermediaries and holding companies holds any direct or indirect ownership interest in any applicant for or holder of a manufacturer license or slot machine licensee, or employs, directly or indirectly, any person who satisfies the definition of a principal or key employee of a manufacturer or slot machine applicant or licensee. In applying this provision to an applicant for a supplier license, the Board will not include interests that are held by individuals in any of the following manners:

(i) In mutual funds when the value of the interest owned does not exceed 1% of the total fair market value of the manufacturer or slot machine applicant or licensee and provided that the mutual fund is not a nondiversified fund invested primarily in entities operating in, or connected with, the gaming industry.

(ii) Through defined benefit pension plans.

(iii) Through deferred compensation plans organized and operated under section 457 of the Internal Revenue Code of 1986 (26 U.S.C.A. § 457).

(iv) In blind trusts over which the holder may not exercise any managerial control or receive income during the time period the holder is subject to these provisions.

(v) Through tuition account plans organized and operated under section 529 of the Internal Revenue Code (26 U.S.C.A. § 529).

(vi) Through plans described in section 401(k) of the Internal Revenue Code (26 U.S.C.A. § 401(k)).

(vii) An interest held by a spouse if an action seeking a divorce and dissolution of marital status has been initiated in any jurisdiction by either party to the marriage.

(7) A sworn or affirmed statement that the applicant has developed and implemented internal safeguards and policies to prevent a violation of section 1513 of the act (relating to political influence) and a copy the safeguards and policies.

(b) In addition to the materials required under subsection (a), an applicant for a supplier license shall:

(1) Promptly provide information requested by the Board relating to the supplier's application or regulation and cooperate with the Board in investigations, hearings, and enforcement and disciplinary actions.

(2) Comply with the general application requirements in Chapters 421 and 423 (relating to general provisions; and applications).

(3) Demonstrate that the applicant has or will establish a principal place of business in this Commonwealth.

(c) An applicant for a supplier license shall be required to reimburse the Board for additional costs, based on the actual expenses incurred by the Board, in conducting the background investigation.

(d) In determining whether an applicant is suitable to be licensed as a supplier under this section, the Board will consider the following:

(1) The financial fitness, good character, honesty, integrity and responsibility of the applicant.

(2) If the principals of the applicant individually qualify under the standards of section 1317 of the act.

(3) The integrity of financial backers.

(4) The suitability of the applicant and the principals and key employees of the applicant based on the satisfactory results of:

(i) A background investigation of the principals and key employees.

(ii) A current tax clearance review performed by the Department.

(iii) A current Unemployment Compensation Tax clearance review and a Workers Compensation Tax clearance review performed by the Department of Labor and Industry.

§ 431.3. Supplier license term and renewal.

(a) A supplier license or renewal will be valid for 1 year from the date on which the license or renewal is approved by the Board.

(b) A renewal application and renewal fee shall be filed at least 2 months prior to the expiration of the current license.

(c) A supplier license for which a completed renewal application and fee has been received by the Board will continue in effect for an additional 6-month period or until acted upon by the Board, whichever occurs first.

§ 431.4. Responsibilities of a supplier.

(a) Within 1 year of the Board's issuance of a supplier license, the supplier shall establish and maintain a principal place of business in this Commonwealth.

(b) At the time of licensure, a supplier shall have assets or available lines of credit to support the sale, financing, servicing or repair of all slot machines to be placed in service

Source: The provisions of this § 431.2 amended April 28, 2007, effective March 15, 2007, 37 Pa.B. 1970.

Source: The provisions of this § 431.3 amended April 28, 2007, effective March 15, 2007, 37 Pa.B. 1970.

or repaired by the supplier. The assets and available lines of credit shall be from a source independent of slot machine manufacturers and licensed gaming entities. Notwithstanding the foregoing, a licensed manufacturer may extend financing or payment terms to a licensed supplier, at prevailing market rates and terms, for the acquisition or leasing of slot machines, to be secured by the slot machines sold, leased or transferred.

(c) A supplier shall submit to the Board for review any agreements with a licensed manufacturer or with a slot machine licensee and detailed business plans. The Board's review may include, but not be limited to, financing arrangements, inventory requirements, warehouse requirements, warehouse space, technical competency, compensative agreements and other terms or conditions to ensure the financial independence of the licensed supplier from any licensed manufacturer or licensed gaming entity.

(d) A holder of a supplier license shall have a continuing duty to:

(1) Provide information requested by the Board relating to licensing or regulation; cooperate with the Board in investigations, hearings, and enforcement and disciplinary actions; and comply with the conditions, restrictions, requirements, orders and rulings of the Board in accordance with the act.

(2) Report a change in circumstances that may render the holder of a supplier license ineligible, unqualified or unsuitable to hold a license under the standards and requirements of the act and of this part.

(3) Provide a copy of SEC filings listed in § 427.2(a)(5) (relating to manufacturer licensing standards and application) that are filed after the date of issuance of its license. The copy shall be submitted no later than 30 days after the date of filing with the SEC.

(e) An employee of a licensed supplier whose duties of employment or incidental activities related to employment allow the employee access to slot machines or associated equipment or require the employee to be on the gaming floor or in a restricted area shall be required to obtain an occupation permit under § 435.3 (relating to occupation permit).

(f) A slot machine licensee may service or repair slot machines or associated equipment at its licensed facility pursuant to a written agreement between the licensed gaming entity and the supplier licensee that provided the slot machines or associated equipment for use or play at the licensed facility.

(g) A slot machine licensee may perform routine maintenance directly related to the availability of slot machines for play, customer service or a clean and gracious playing environment.

The routine maintenance includes installation or replacement of the following: batteries, hardware, including hinges, screws, bolts and custom handles, light bulbs, locks on slot machines and slot cash storage boxes, including the rekeying of the locks, printers, exclusive of printer software and paper stock. Routine maintenance also includes external cleaning and the clearing of paper, bill and coin jams which do not require removal or dismantling of the mechanisms.

(h) A licensed manufacturer or a manufacturer's designee may supply, install, service or repair slot machines or associated equipment manufactured by the licensed manufacturer.

§ 431.5. Supplier log books.

(a) A supplier licensee shall maintain a log book to register all individuals who enter the licensee's principal place of business and each physical facility utilized by the licensee to house inventory, replacement parts, supplies, transportation or delivery equipment.

(b) The supplier licensee shall record or cause to be recorded in the log book the following:

(1) The date, entrance time and departure time of each individual.

Source: The provisions of this § 431.4 amended April 28, 2007, effective March 15, 2007, 37 Pa.B. 1970.

(2) The name of each individual entering the place of business or physical facility and who they represent.

(3) The signature of each individual.

(4) The purpose for the visit.

(5) The individual's Board license, permit, certification or registration number, if applicable.

(c) Licensed, permitted or registered employees of a supplier are not required to register in the log book.

(d) Each log book required by this section shall be maintained at the entrance of the location to which it pertains and shall be made readily accessible for examination and inspection upon the demand of any agent, employee or representative of the Board, the Department of Revenue or the Pennsylvania State Police.

CHAPTER 433. PRINCIPAL LICENSES

§ 433.101. Definitions.

The following words and terms, when used in this chapter, have the following meanings, unless the context clearly indicates otherwise:

Applicant - A person that has submitted an application to the Board for a slot machine license, manufacturer license,

Source: The provisions of this § 431.5 amended April 28, 2007, effective March 15, 2007, 37 Pa.B. 1970.

manufacturer designee license, supplier license, management company license or junket enterprise license.

Director - A director of a corporation or any person performing similar functions with respect to an entity, whether incorporated or unincorporated.

Entity - A person, other than an individual.

Holding company - A person, other than an individual, that, directly or indirectly, owns, has the power or right to control or has the power or right to vote 20% or more of the outstanding voting securities of a corporation or other entity. A holding company indirectly has, holds or owns any such power, right or security if it does so through an interest in a subsidiary or successive subsidiaries.

Indirect ownership interest - An ownership interest in an entity that has a direct ownership interest in an applicant or licensee, or a direct ownership interest in an entity that has an ownership interest in an applicant or licensee through one or more intervening entities.

Individual - A natural person.

Licensee - A person who has been issued a slot machine license, manufacturer license, manufacturer designee license, supplier license, management company license or junket enterprise license.

Lending institution - A person who has been issued a license to lend money by a state or federal agency or a person who satisfies the definition of "qualified institutional buyer" under to 17 C.F.R. § 230.144a (relating to private resales of securities to institutions).

Officer - A president, chief executive officer, chief operating officer, secretary, treasurer, principal legal officer, principal compliance officer, principal financial officer, comptroller, principal accounting officer, chief engineer or technical officer of a manufacturer, or principal slot operations officer of a slot machine licensee and any person routinely performing corresponding functions with respect to an entity whether incorporated or unincorporated.

Principal affiliate - An intermediary or holding company of an applicant or licensee.

Principal entity - An entity that meets the definition of principal in section 1103 of the act (relating to definitions) or is otherwise required to be licensed as a principal and is not an intermediary or holding company of an applicant or licensee.

Private investment fund - An entity that meets the definition of "investment company" under Section 3(a)(1) of the Investment Company Act of 1940 (15 U.S.C.A. 80a-3(a)(1)), but is

otherwise exempt from the definition of "investment company" under Section 3(c)(7) of the Investment Company Act of 1940.

Registered investment adviser - An investment adviser that has registered with the Securities and Exchange Commission (SEC) under the Investment Advisers Act of 1940 (15 U.S.C.A. §§ 80b-1 - 80b-21).

Registered investment company - An investment company that has registered with the SEC under to the Investment Company Act of 1940 (15 U.S.C.A. §§ 80a-1 - 80a-64).

Voting security - A security or other interest which entitles the owner to vote for the election of:

(i) A director of a corporation.

(ii) A person performing functions similar to a director with respect to an organization, whether incorporated or unincorporated.

§ 433.102. Directors or officers.

(a) Each officer and director of an applicant or licensee shall be licensed as a principal.

(b) Each officer and director of an intermediary, subsidiary or holding company of a slot machine applicant or licensee shall be licensed as a principal.

Source: The provisions of this § 433.101 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

(c) Each officer and director of an intermediary or holding company of a licensed supplier, licensed manufacturer, licensed manufacturer designee, licensed junket enterprise or licensed management company shall be licensed as a principal.

(d) Notwithstanding subsection (b), an officer or director of a publicly traded intermediary or holding company of a slot machine applicant or licensee, who is not a member of the audit committee, may request that the Board waive his requirement to be licensed as a principal if he is not actively involved in the affairs of the slot machine applicant or licensee. The waiver request shall be submitted on a Principal/Key Employee Waiver Form, and require that the officer certify that he is not actively involved in the affairs of the slot machine applicant or licensee.

(e) Notwithstanding subsection (c), an outside director of an publicly traded intermediary or holding company of a licensed supplier, licensed manufacturer, licensed manufacturer designee, licensed junket enterprise or licensed management company who is not a member of the audit committee of the intermediary or holding company may not be licensed as a principal unless the Board determines that the licensure of the individual is necessary to protect the integrity of gaming in this Commonwealth.

(f) Notwithstanding subsection (c), an officer of a publicly traded intermediary or holding company of a licensed supplier, licensed manufacturer, licensed manufacturer designee, licensed junket enterprise or licensed management company may request that the Board waive his requirement to be license as a principal if he is not actively involved in the affairs of the applicant or licensee. The waiver request shall be submitted on a Principal/Key Employee Waiver Form and shall require that the officer certify that he is not actively involved in the affairs of the applicant or licensee.

§ 433.103. Individual ownership.

(a) An individual who has a direct ownership interest in, or has a right to any profit, distribution or benefit directly from, an applicant or licensee shall be licensed as a principal.

(b) An individual who, indirectly or directly, has the power to control or direct the management or policies of an applicant or licensee shall be licensed as a principal.

(c) An individual who has a direct ownership interest in, or has a right to any profit, distribution or benefit directly from, an intermediary or holding company of a slot machine applicant or licensee shall be licensed as a principal.

Source: The provisions of this § 433.102 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

(d) An individual that has a 1% or greater indirect ownership interest in an applicant or licensee shall be licensed as a principal. An ownership interest that is held indirectly by an individual through one or more intervening entities will be determined by successive multiplication of the ownership percentages for each link in the vertical chain.

(e) Notwithstanding any provision to the contrary in this section, an individual who holds less than 5% of the voting securities of an applicant or licensee or an intermediary or holding company of an applicant or licensee that is a publicly traded company is not required to be licensed as a principal.

(f) Each individual who is a grantor, trustee or beneficiary of a trust that is required to be licensed as a principal under this chapter shall be licensed as a principal.

(g) The Board may require any individual who has a financial interest in, or receives an economic benefit from, an applicant or licensee to be licensed as a principal.

§ 433.104. Entity ownership.

(a) An intermediary, subsidiary or holding company of an applicant or licensee shall be licensed as a principal.

Source: The provisions of this § 433.103 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

(b) An entity that, indirectly or directly, has the power to control or direct the management or policies of an applicant or licensee shall be licensed as a principal.

(c) An entity that has a direct ownership interest in, or has a right to any profit, distribution or benefit directly from, an applicant or licensee shall be licensed as a principal.

(d) An entity that has a direct ownership interest in, or has a right to any profit, distribution or benefit directly from, an intermediary, subsidiary or holding company of a slot machine applicant or licensee, shall be licensed as a principal.

(e) An entity that has an indirect ownership interest of 5% or greater in an applicant or licensee shall be licensed as a principal. An ownership interest that is held indirectly by an entity through one or more intervening entities will be determined by successive multiplication of the ownership percentages for each link in the vertical chain.

(f) Notwithstanding subsection (e), a private investment fund, including its feeder funds, that has an indirect ownership interest in an applicant or licensee, shall be exempt from obtaining a principal license if all of the following apply:

(1) Neither the private investment fund, nor the investors in the private investment fund have any voting rights or any other power to control or to influence the applicant or licensee.

(2) At least 20% of the investors in the private investment fund are "institutional investors" as defined in § 401.4 (relating to definitions).

(3) No investor in the private investment fund has a right to redeem his interest in the private investment fund within 2 years of the purchase of the interest.

(4) Each individual and entity that has the ability to control the management of the private investment fund is licensed as a principal.

(5) The private investment fund agrees to provide the Board with any information the Board deems necessary to evaluate the integrity of the private investment fund and its investors, and their compliance with the provisions of this section. Information provided to the Board shall be confidential.

(6) Each individual required to be licensed as a principal in paragraph (4) shall as part of his principal license application sign a notarized statement affirming, at a minimum, the following:

(i) The private investment fund's investment in the applicant or licensee will not violate any applicable United States, Commonwealth of Pennsylvania or international laws and regulations, including anti-money laundering regulations or conventions, the Internal Revenue Code of 1986, the Employee Retirement Income Security Act of 1974, the Securities Act of

1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940 and the Investment Advisers Act of 1940.

(ii) To his best knowledge, no investor in the private investment fund:

(A) Holds an interest in the private investment fund in contravention of any applicable United States, Commonwealth of Pennsylvania or international laws and regulations, including anti-money laundering regulations or conventions, the Internal Revenue Code of 1986, the Employee Retirement Income Security Act of 1974, the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940 and the Investment Advisers Act of 1940.

(B) Is directly or indirectly affiliated with, a prohibited country, territory, individual or entity on the List of Specially Designated Nationals and Blocked Persons maintained by the U.S. Treasury Department's Office of Foreign Asset Control.

(C) Is currently charged with or is under indictment for any felony or gambling offense in any jurisdiction.

(D) Has been convicted of a felony where 15 years have not elapsed from the date of expiration of the sentence for the offense.

(g) A private investment fund that does not qualify for the exemption under subsection (f) solely on the basis that it fails to satisfy paragraph (3), may still qualify for an exemption from licensure if the private investment fund satisfies all of the other conditions under subsection (f) and its indirect ownership interest in the applicant or licensee is less than 10%.

(h) Notwithstanding any provision to the contrary, the Board may require any entity that has a financial interest in, or receives any economic benefit from, an applicant or licensee to be licensed as a principal.

§ 433.105. Institutional investors.

(a) Notwithstanding any provision to the contrary in this chapter, an institutional investor that owns less than 15% of the outstanding voting securities of a publicly traded intermediary or holding company of an applicant for or holder of a manufacturer license, manufacturer designee license, supplier license, management company license or junket enterprise license shall not be required to be licensed as a principal if the following conditions are satisfied:

(1) The institutional investor or the applicant or licensee files a notice with the Board containing a description of the institutional investor's interests; and

(2) The institutional investor has filed a Schedule 13G with the Security and Exchange Commission, and the institutional investor continues to be eligible to file the Schedule 13G.

(b) Notwithstanding any provision to the contrary in this chapter, an institutional investor that owns less than 10% of the outstanding voting securities of an intermediary or holding company of a slot machine licensee or applicant shall be eligible to receive a waiver from the requirements of licensure from the Board by filing a Principal Waiver-Entity Form. The waiver request must include, at a minimum, a certification by the institutional investor stating that the institutional investor has no present involvement in, and no intention of influencing or affecting the affairs of, the slot machine applicant or licensee or an intermediary or holding company of the slot machine applicant or licensee and will give the Board 30 days notice if the institutional investor intends to do so.

(c) Notwithstanding subsection (b), an institutional investor that has been granted a waiver shall be permitted to vote on matters put to the vote of the outstanding security holders.

(d) A holding company of an institutional investor may file a notice or waiver request on behalf of its institutional

investor subsidiaries provided that such holding company does not own more than 5% or more of the securities of the intermediary or holding company of the applicant or licensee.

(e) A registered investment adviser or a holding company of a registered investment adviser may file a notice or waiver request, when permitted, on behalf of the registered investment companies that hold securities beneficially owned by the registered investment adviser.

§ 433.106. Lenders and underwriters.

(a) Each lender of a slot machine applicant or licensee shall be licensed as a principal.

(b) Notwithstanding subsection (a), a lender that is a bank or lending institution which makes a loan to a slot machine applicant or licensee in the ordinary course of business shall not be required to be licensed as a principal. The Board may require a bank or lending institution to provide information or other assurances in order to verify its eligibility for this exemption.

(c) An underwriter that acquires the securities of a slot machine applicant or licensee shall be licensed as a principal.

Source: The provisions of these §§ 433.104 and 433.105 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

Source: The provisions of this § 433.105 amended May 19, 2007, effective April 9, 2007, 37 Pa.B. 2292.

(d) An underwriter or lender of an intermediary, subsidiary or holding company of a slot machine applicant or licensee shall be required to be licensed as a principal if the Board determines that the suitability of the underwriter or lender is at issue and is necessary to consider a pending application for a slot machine license.

(e) Notwithstanding any provision to the contrary in this section, the Board may require the licensure of any lender or underwriter of a licensee or any holding or intermediary company or subsidiary of a licensee to produce any information, documentation and assurances concerning the lender or underwriter if the Board has probable cause to believe that the lender or underwriter would not satisfy the character requirements of section 1310(a) of the act (relating to slot machine license application character requirements).

§ 433.107. Trusts.

(a) A trust or similar business entity that holds a direct ownership interest in an applicant or licensee shall be licensed as a principal.

(b) A trust or similar business entity that holds a 1% or greater indirect ownership interest in an applicant or licensee shall be licensed as a principal. An ownership interest that is held indirectly by an entity through one or more intervening

entities will be determined by successive multiplication of the ownership percentages for each link in the vertical chain.

(c) A trust or similar business entity that receives any payment, percentage or share of revenue, profits or receipts directly from an applicant or licensee shall be licensed as a principal.

(d) A trust or similar business entity will not be issued a principal license unless each trustee, grantor and beneficiary, including a minor child beneficiary, has been granted a principal license.

(e) Notwithstanding any provision to the contrary in this section, a trust is not required to be licensed as a principal if the holdings of the trust consist of less than 5% of the voting securities of a publicly traded company.

§ 433.108. Principal applications.

(a) An individual required to be licensed as a principal shall file a completed Multi Jurisdictional Personal History Disclosure Form and the Pennsylvania Supplement to the Multi Jurisdictional Personal History Disclosure Form and submit the applicable application fee.

Source: The provisions of these §§ 433.106 and 433.107 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

(b) A principal entity required to be licensed as a principal shall file a completed Principal Entity Form and submit the applicable application fee.

(c) A principal affiliate shall apply for the principal license as if were itself applying for the slot machine license, manufacturer license, manufacturer designee license, supplier license, management company license or junket enterprise license.

(d) In addition to the materials required under subsections (a) or (b), an applicant for a principal license shall:

(1) Promptly provide information requested by the Board relating to the principals' application or regulation and cooperate with the Board in investigations, hearings, and enforcement and disciplinary actions.

(2) Comply with the general application requirements in Chapters 421 and 423 (relating to general provisions; and applications).

§ 433.109. Principal license term and renewal.

(a) A principal license or renewal shall be valid for 1 year from the date on which the license or renewal is approved by the Board.

(b) A renewal application and renewal fee shall be filed at least 2 months prior to the expiration of the current license.

(c) A principal license for which a completed renewal application and fee has been received by the Board will continue in effect until the Board sends written notification to the holder of the principal license that the Board has approved or denied the license.

CHAPTER 435. EMPLOYEES

§ 435.1. General provisions.

(a) An individual seeking a key employee license, occupation permit, or nongaming employee registration shall apply to the Board as required by this chapter.

(b) In addition to the materials required under sections §§ 435.2, 435.3 and 435.5 (relating to key employee license; occupation permit; and nongaming employee registration), an applicant shall:

(1) Promptly provide information requested by the Board relating to its application or regulation and cooperate

Source: The provisions of these §§ 433.108 and 433.109, amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

with the Board in investigations, hearings, and enforcement and disciplinary actions.

(2) Comply with the general application requirements in Chapters 421 and 423 (relating to general provisions; and applications).

(c) An individual who receives a license, permit or registration under this part shall have the continuing duty to report to the Board an arrest, charge, indictment or conviction for an offense under 18 Pa.C.S. (relating to crimes and offenses), or an offense under 75 Pa.C.S. § 3802 (relating to driving under influence of alcohol or controlled substance) or of comparable offenses in other states or foreign jurisdictions.

(d) The holder of a key employee license, occupation permit, or nongaming employee registration shall provide an updated photograph at the request of the Board.

(e) An individual may not be employed in this Commonwealth by an applicant for or holder of a license, certification or registration under this part in any capacity unless the individual is a citizen of the United States or can demonstrate that he holds a current and valid work authorization and is not restricted from working in the capacity for which employment is sought or held. Authorization to work in the United States may be demonstrated by submitting one of the following:

(1) A permanent resident alien card.

(2) A temporary employment authorization card.

(3) A document which the Board deems to be sufficient evidence or authorization.

(f) A license or permit will not be issued to an individual who has been convicted of a felony or gambling offense in any jurisdiction unless 15 years have elapsed from the date of expiration of the sentence for the offense.

(g) When considering an application for a registration from an individual who has been convicted of a felony or gaming offense in any jurisdiction or an application for a license or permit from an individual who has been convicted of a felony or gaming offense in any jurisdiction where 15 years have elapsed from the date of expiration of the sentence for the offense, the Board will consider:

(1) The nature and duties of the applicant's position with the licensed entity.

(2) The nature and seriousness of the offense or conduct.

(3) The circumstances under which the offense of conduct occurred.

(4) The age of the applicant when the offense or conduct was committed.

(5) Whether the offense or conduct was an isolated or a repeated incident.

(6) Evidence of rehabilitation, including good conduct in the community, counseling or psychiatric treatment received and the recommendation of persons who have substantial contact with the applicant.

(h) An individual who holds a license or permit may not wager at any licensed facility in this Commonwealth.

(i) A registrant or employee who is not required to obtain a license or a permit may not wager at the licensed facility in which the registrant or employee is employed.

(j) A licensed, permitted or registered employee shall wait at least 30 days following the date that the employee either leaves employment with a slot machine licensee or is laid off or terminated from employment with a slot machine licensee before the employee may wager at the licensed facility in which the employee was formerly employed.

(k) An individual required to obtain a license or permit by this part shall demonstrate that he is current and not in arrears on any financial obligation owed to this Commonwealth or any subdivision thereof, including court-ordered child-support payments.

§ 435.2. Key employee license.

Source: The provisions of this § 435.1 amended December 31, 2005, effective December 15, 2005, 35 Pa.B. 7085; amended July 22, 2006, effective June 28, 2006, 36 Pa.B. 3943; amended July 22, 2006, effective June 28, 2006, 36 Pa.B. 3939; amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

(a) An applicant for a key employee license from the Board shall submit:

(1) An original and three copies of the Multi-jurisdictional Personal History Form and the Principal/Key Employee Form - Pennsylvania Supplement to the Multi-jurisdictional Personal History Disclosure Form unless otherwise directed by the Board.

(2) A nonrefundable application fee.

(b) In addition to the materials required under subsection (a), an applicant for a key employee license shall:

(1) Promptly provide any information requested by the Board relating to its application or regulation and cooperate with the Board in investigations, hearings, and enforcement and disciplinary actions.

(2) Comply with the general application requirements in Chapters 421 and 423 (relating to general provisions; and applications).

(c) In addition to the information under subsections (a) and (b), the Board may require letters of reference from law enforcement agencies under section 1310(b) of the act.

(d) An applicant for a key employee license will be required to reimburse the Board for any additional costs, based on the actual expenses incurred by the Board, in conducting the background investigation.

(e) After review of the information submitted under subsections (a), (b) and (c), including the background investigation, the Board may issue a key employee license if the individual applicant has proven by clear and convincing evidence that the individual is person of good character, honesty and integrity and is eligible and suitable to be licensed as a key employee.

(f) A license issued under this section will be nontransferable.

(g) An individual who is a key employee may request in writing that the Board waive the obligation to be licensed as a key employee by:

(1) Filing an original and three copies of a Principal/Key Employee Waiver Form.

(2) A nonrefundable waiver application fee.

(h) As part of the waiver request, the individual shall be required to demonstrate one of the following:

(1) The individual is not assigned to an applicant's or licensee's gaming operations in this Commonwealth.

(2) The individual's duties do not have an effect on or require contact with slot machines for use or play in this Commonwealth.

(i) The request for a waiver must include, at a minimum, the following:

(1) A description of the individual's title, duties and responsibilities with the applicant, licensee or with any of its affiliates, intermediaries, subsidiaries or holding companies.

(2) A certification by the chief executive officer stating that the employee is not assigned to the licensee's gaming operations in this Commonwealth or that the employee's duties do not have an effect on or require contact with slot machines for use or play in this Commonwealth.

(j) An applicant for a key employee waiver will be required to reimburse the Board for any additional cost, based on the actual expenses incurred by the Board, in conducting the background investigation.

§ 435.3. Occupation permit.

(a) An applicant for an occupation permit shall submit:

(1) An original and three copies of the Gaming Employee Application and Disclosure Information Form or an electronic application using the SLOTS Link system.

(2) A nonrefundable application fee.

(3) Verification of an offer of employment from a licensed entity.

Source: The provisions of this § 435.2 amended October 20, 2005, effective November 5, 2005, 35 Pa.B. 6215; amended December 31, 2005, effective December 15, 2005, 35 Pa.B. 7085; amended May 27, 2006, effective May 4, 2006, 36 Pa.B. 2615; amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

(b) In addition to the materials required under subsection (a), an applicant for an occupation permit shall:

(1) Promptly provide information requested by the Board relating to its application or regulation and cooperate with the Board in investigations, hearings, and enforcement and disciplinary actions.

(2) Comply with the general application requirements in Chapters 421 and 423 (relating to general provisions; and applications).

(c) An applicant for an occupation permit may be required to reimburse the Board for any additional costs, based on the actual expenses incurred by the Board, in conducting the background investigation.

(d) After review of the information submitted under subsections (a) and (b), including a background investigation, the Board may issue a permit if the individual has proven that the individual is a person of good character, honesty and integrity and is eligible and suitable to hold an occupation permit.

(e) An individual who wishes to receive an occupation permit under this chapter may authorize an applicant for or holder of a slot machine, management company, manufacturer, manufacturer designee or supplier license or vendor certification to file an application on the individual's behalf.

(f) A permit issued under this section shall be nontransferable.

§ 435.4. Key employee license and occupation permit term and renewal.

(a) A key employee license or occupation permit issued under this chapter shall be valid for 1 year from the date of Board approval.

(b) A renewal application shall be submitted to the Board at least 60 days prior to the expiration of a key employee license or occupation permit.

(c) A key employee license or occupation permit for which a completed renewal application and fee have been received by the Board will continue in effect until the Board sends written notification to the holder of the key employee license or occupation permit that the Board has approved or denied the key employee license or occupation permit.

§ 435.5. Nongaming employee registration.

(a) An applicant for a nongaming employee registration shall submit:

Source: The provisions of this § 435.3 amended October 20, 2005, effective November 5, 2005, 35 Pa.B. 6215; amended May 27, 2006, effective May 4, 2006, 36 Pa.B. 2615; amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

Source: The provisions of this § 435.4 amended December 31, 2005, effective December 15, 2005, 35 Pa.B. 7085; amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

(1) An original and three copies of the Nongaming Employee Registration Form or an electronic application using the SLOTS Link system.

(2) A nonrefundable application fee.

(b) In addition to the materials required under subsection (a), an applicant for a nongaming employee registration shall:

(1) Promptly provide information requested by the Board relating to its application or regulation and cooperate with the Board in investigations, hearings, and enforcement and disciplinary actions.

(2) Comply with the general application requirements in Chapters 421 and 423 (relating to general provisions; and applications).

(c) After review of the information required under subsections (a) and (b), the Board may register the individual if the individual has proven that he is eligible and suitable to be registered under this section.

(d) An individual who wishes to receive a nongaming employee registration under this chapter may authorize an applicant for or holder of a slot machine license or a vendor certification to file an application on the individual's behalf.

§ 435.6. Board credentials.

Source: The provisions of this § 435.5 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

(a) The following individuals shall obtain a Board credential:

(1) A principal whose duties are required to be performed at a licensed facility in excess of 12 days in a 12-month period.

(2) Key employees.

(3) Gaming employees.

(4) Nongaming employee registrants.

(5) State employees whose duties require the employee's presence at a licensed facility more frequently than once a month.

(b) The credential will contain the following information:

(1) The name, address, date of birth, sex, height, weight, hair color and eye color of the licensee, permittee or registrant.

(2) A photograph of the face of the individual to whom the credential has been issued which meets the standards of the Commonwealth Photograph Imaging Network.

(3) The inscription "Pennsylvania Gaming Control Board."

(4) The seal of the Commonwealth.

(5) A license, permit or registration number.

(6) The type of license, permit or registration.

(7) An expiration date.

(8) The signature of the employee.

(9) Other security features as determined by the Board.

(c) An individual required to obtain a Board credential shall carry the Board credential on his person at all times while engaged in the performance of his duties on the premises of a licensed facility.

(d) Except as provided in § 435.7 (relating to emergency credentials), slot machine and management company licensees are prohibited from allowing a principal who is required to obtain a credential, key employee, gaming employee or nongaming employee registrant to perform his duties on the premises of a licensed facility unless the employee has his Board-issued credential.

(e) Notwithstanding subsection (a), the Board may, upon written request by a slot machine or management company licensee and upon a showing of good cause, exempt certain positions, titles or persons from the requirements of this section.

(f) An employee whose license, permit or registration has been suspended or revoked by the Board shall surrender the Board credential to the Board.

§ 435.7. Emergency credentials.

Source: The provisions of this § 435.6 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

(a) An emergency credential obtained from the Board may be issued by the security department of a slot machine licensee to a principal, key employee, gaming employee or nongaming employee of the slot machine licensee who does not have the credential on his person, or whose credential has been stolen, lost or destroyed, to enable the employee to perform the employee's duties at the licensed facility, if the security department of the slot machine licensee performs all of the following prior to issuing the emergency credential:

(1) Verifies that the employee is listed in the slot machine licensee's current employee status report.

(2) Verifies that the employee holds a valid license, permit or registration.

(3) Confirms the employment and licensure, permit or registration information of the employee with the supervisor of the employee.

(4) Verifies that fewer than 12 emergency credentials have been issued to the particular employee in the past 12 months.

(5) Maintains, in writing, an emergency credentials log containing the following information:

(i) The name and license, permit or registration number of the employee to whom the emergency credential was issued.

(ii) The date and time that the emergency credential was issued.

(iii) The name and license, permit or registration number of the slot machine licensee security department employee issuing the emergency credential.

(iv) The badge number of the emergency credential that was issued.

(b) Each slot machine licensee shall submit a copy of its emergency credential log for the preceding year to the Bureau of Licensing by January 15 of the following year.

(c) Emergency credentials:

(1) Will be valid for a time period not to exceed 72 hours.

(2) Will be sequentially numbered.

(3) Must be stored in the offices of the security department and distributed by that department in accordance with this section and the slot machine licensee's procedures submitted to and approved by the Board.

§ 435.8. Temporary credentials for principals and key employees.

Source: The provisions of this § 435.7 amended July 22, 2006, effective June 28, 2006, 36 Pa.B. 3939; amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

(a) A temporary credential may be issued by Board to a principal or a key employee whose investigation for licensure by the Board is pending but whose presence is necessary in the licensed facility.

(b) A temporary credential issued under this section is void 120 days after the date of its issuance.

(c) The Board may extend the expiration date of a temporary credential if the Board determines additional time is needed to complete the investigation for licensure.

§ 435.9. Temporary credentials for nongaming employees.

(a) A temporary credential may be issued by the Board to a nongaming employee if:

(1) The applicant has submitted all of the application materials required under § 435.5 (relating to nongaming employee registration).

(2) The applicant has been fingerprinted and photographed by the Pennsylvania State Police.

(b) Temporary credentials for nongaming employees will be issued by the Bureau.

(c) A temporary credential issued under this section will be valid for 30 days.

Source: The provisions of this § 435.8 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

§ 435.10. Loss or destruction of credentials.

(a) As soon as possible, but no later than 24 hours, following the loss or destruction of a Board credential, emergency credential or temporary credential, the person to whom the credential was originally issued shall notify the security department of the slot machine licensee.

(b) The security department of the slot machine licensee shall notify the Board in writing within 24 hours and may issue an emergency credential in accordance with § 435.7 (relating to emergency credentials).

(c) An employee who has lost his Board credential may request a duplicate Board credential by submitting a Request for Duplicate PGCB Credential form and the fee established by the Board to the Bureau of Licensing.

CHAPTER 436. HORSEMEN'S ORGANIZATIONS

§ 436.1. Definitions.

The following words and terms when used in this chapter shall have the following meanings unless the context clearly indicates otherwise:

Fiduciary - A person who is entrusted by the horsemen's organization or its members to hold or manage any funds received

Source: The provisions of this § 435.9 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

Source: The provisions of this § 435.10 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

for horsemen under section 1406 of the act (relating to distributions from the Pennsylvania Race House Development Fund) or who exercises control or discretionary authority over selection or management of a health or pension benefit plan, disposition of its assets or distribution of its funds.

Health benefits - Any plan, fund or program which is maintained by a horsemen's organization and that provides healthcare benefits to horsemen at licensed racetracks, their families and employees, and any others so designated by the rules and eligibility requirements of the organization consistent with the act.

Horsemen - A thoroughbred or standardbred horse owner or trainer who enters and runs a horse at a licensed racing entity in the current or prior calendar year and meets the membership requirements of the horsemen's organization to participate in the receipt of benefits therefrom.

Horsemen's organization - A trade association which represents the majority of horsemen at a licensed racetrack and which exists for the purpose, in whole or in part, of negotiating a horsemen's contract and resolving grievances, disputes or other matters with management of a licensed racing entity, as defined by section 1103 of the act (relating to definitions).

Horsemen's organization officer - Any officer or person authorized to perform the functions of president, vice president, secretary/treasurer or other executive function of a horsemen's organization, and any member of its board of directors or similar governing body.

Horsemen's organization representative - Any person, compensated or not, who is authorized to represent a horsemen's organization or any member thereof in any matter relating to horsemen's agreements with the licensed racing entity, or who undertakes on behalf of a horsemen's organization or any member thereof to promote, facilitate or otherwise influence the relations between a horsemen's organization and the licensed racing entity.

Pension benefits - Any plan, fund or program which is maintained by a horsemen's organization and that funds a program which provides retirement income to horsemen at licensed racetracks, their families and employees, and any others so designated by the rules and eligibility requirements of the organization consistent with the act.

§ 436.2. Horsemen's organization registration.

(a) Each horsemen's organization or affiliate representing horsemen shall register with the Board in accordance with this section.

(b) Each horsemen's organization shall file a completed Horsemen's Organization Registration Statement with the registration fee established by the Board.

(c) Horsemen's organization applicants and registrants shall be subject to the general application and licensing requirements of Chapters 421 and 423 (relating to general provisions and applications).

(d) Horsemen's organization registrations shall be valid for 4 years from the date on which the registration is approved by the Board. Renewals shall be valid for 4 years and shall be filed no later than 120 days prior to the expiration of the current registration period. A registration for which a completed renewal application and fee has been received by the Board will continue in effect unless the Board sends written notification to the horsemen's organization that the Board has denied renewal of the registration.

§ 436.3. Permitting of officers, directors, representatives and fiduciaries.

(a) Every officer, director or representative of a horsemen's organization who is currently elected or appointed and duly authorized to act on behalf of the horsemen's organization, or any individual duly authorized to act in a fiduciary capacity on behalf of horsemen shall be permitted in accordance with this section.

(b) Every officer, director or representative of a horsemen's organization who is currently elected or appointed and duly authorized to act on behalf of the horsemen's organization, or any individual duly authorized to act in a fiduciary capacity on behalf of horsemen shall file a completed Horsemen's Permit Application Form with the licensing fee established by the Board.

(c) Applicants and permittees under this section shall be subject to the general application and licensing requirements of Chapters 421 and 423 (relating to general provisions and applications).

(d) Permits issued under this section shall be valid for a period of 1 year from the date on which the permit is approved by the Board. Renewals shall be valid for a period of one year and shall be filed no later than 60 days prior to the expiration of the current permit. A permit for which a completed renewal application and fee has been received by the Board will continue in effect unless the Board sends written notification to the permittee that the Board has denied renewal of the permit.

(e) If a current officer, director or representative of a horsemen's organization is denied a permit required by this section, that officer, director or representative shall be precluded from engaging in any activity of the horsemen's

organization involving gaming funds allocated to, received by, or distributed from the horsemen's organization.

(f) A person who is a third party provider of a health or pension benefit plan to a horsemen's organization shall be exempt from the requirements of this section. A licensed attorney or accountant representing a horsemen's organization who does not meet the conditions in subsection (a) shall also be exempt from the requirements of this section.

§ 436.4. Responsibilities of horsemen's organizations, officers, directors, representatives and fiduciaries.

(a) Horsemen's organizations, officers, directors, representatives and fiduciaries shall ensure that all funds allocated to the horsemen and horsemen's organizations are used for the benefit of all horsemen of this Commonwealth.

(b) Horsemen's organizations shall maintain adequate records of receipts and distributions of all funds allocated to them under the act.

(c) By March 30 of each calendar year, each horsemen's organization shall file with the Board two copies of its audited financial statements together with any management letters or reports written thereon as prepared by its independent auditor. These filings shall be made available for public inspection during the normal operating hours of the Board.

§ 436.5. Fiduciaries.

Fiduciaries shall:

(1) Ensure that all funds received for the benefit of the horsemen are distributed pursuant to the act.

(2) Manage all health and pension benefit plans for the exclusive benefit of participants and beneficiaries.

(3) Carry out their duties in a prudent manner and refrain from conflict-of-interest transactions.

(4) Comply with any limitations on certain plans' investments in particular securities and properties.

(5) Fund benefits in accordance with applicable law and plan rules.

(6) File quarterly reports with the Board within 20 days of the end of each calendar quarter. The reports must detail the expenditure of funds designated by the act for the benefit of horsemen and be in a format and manner designated by the Board.

(7) Provide documents to the Board as may be requested in the conduct of investigations or to ensure compliance with the act and this chapter.

§ 436.6. Health and pension benefit plans.

(a) All contracts for health and pension benefit plans established for the benefit of members of a horsemen's organization must:

(1) Be submitted to the Board for review at least 90 days prior to the proposed effective date of the contract.

(2) Not be effective until approved by the Board.

(b) Administrative and overhead costs incurred by the horsemen's organization for the administration of health and pension benefit plans must be reasonable. Administrative costs that do not exceed 15% of the statutory allocation are considered reasonable.

§ 436.7. Enforcement.

The Office of Enforcement Counsel may initiate proceedings against any person, including any horsemen's organization, for violations of any provisions of the act or this chapter.

CHAPTER 437. VENDOR REGISTRATION AND CERTIFICATION

§ 437.1. General vendor requirements.

(a) A vendor seeking to conduct business with a slot machine applicant or licensee, except as provided in § 437.10 (relating to emergency vendor), shall apply to the Board for registration if:

(1) The total dollar amount of business will be or is anticipated to be greater than \$15,000 but \$200,000 or less with a single slot machine applicant or licensee within a consecutive 12-month period.

(2) The total dollar amount of business will be or is anticipated to be greater than \$15,000 but \$500,000 or less with

multiple slot machine applicants or licensees within a consecutive 12-month period.

(b) A vendor seeking to conduct business with a slot machine applicant or licensee, except as provided in § 437.10 shall apply to the Board for certification if:

(1) The total dollar amount of business will be or is anticipated to be greater than \$200,000 with a single slot machine applicant or licensee within a consecutive 12-month period.

(2) The total dollar amount of business will be or is anticipated to be greater than \$500,000 with multiple slot machine applicants or licensees within a consecutive 12-month period.

(3) The vendor's employees will have access to restricted areas or the gaming floor.

(4) The Board notifies the vendor that certification is required based upon the Board's analysis of the vendor's services.

(c) The following persons are exempt from the vendor registration and the vendor certification requirements of this chapter:

(1) Public utilities which provide only one or more of the following services to a slot machine applicant or licensee:

(i) Water.

- (ii) Sewerage.
- (iii) Electricity.
- (iv) Natural gas.

(2) Regulated insurance companies providing insurance to a slot machine applicant or licensee and its employees.

(3) Employee benefit and retirement plans and related administrator including incorporated 401K plans and employee stock purchase programs.

(4) National or local professional associates that receive funds from the slot machine applicant or licensee for the cost of enrollment, activities and membership.

(5) State, Federal and municipal operated agencies.

(6) Manufacturers and suppliers of liquor, wine and beer regulated by the Pennsylvania Liquor Control Board.

(7) State and Federally regulated banks or savings and loan associations where funds are deposited by slot machine licensees, notwithstanding those sources or transactions provided to a slot machine licensee which require Board approval.

(8) Providers of professional services including accountants, attorneys, engineers and architects.

(9) Telecommunication service providers.

(10) Shipping services.

(11) Person that engages in efforts to influence legislative action or administrative action on behalf of a principal for economic consideration.

(12) Public institutions of higher education.

(13) Professional entertainers, sports figures and other celebrities engaged by a slot machine licensee to appear at a slot machine licensee-sponsored special entertainment or promotional event.

(14) Newspapers, television stations, radio stations and providers of simulcast services that contract with slot machine applicants or licensees.

(d) Subsection (c) does not relieve a slot machine applicant or licensee of any reporting obligations required by § 441.12 (relating to agreements).

(e) A vendor who provides goods or services that are not listed in subsection (c) may seek a waiver of vendor certification or registration requirements by filing a completed Vendor Certification Waiver Application.

(f) The Board may, in response to misrepresentations or changes in circumstances, revoke an exemption or waiver granted under this section and require the recipient of the exemption or

waiver to comply with the vendor registration and certification requirements of this chapter.

§ 437.2. Vendor registration applications.

(a) A vender seeking registration shall complete and the slot machine applicant or licensee for whom the vendor will provide goods or services shall submit an original and four copies of a Vendor Registration Form unless otherwise directed by the Board.

(b) In addition to the materials required under subsection (a), an applicant for a vendor registration shall:

(1) Promptly provide information requested by the Board relating to its application or regulation and cooperate with the Board in investigations, hearings, and enforcement and disciplinary actions.

(2) Comply with the general application requirements in Chapters 421 and 423 (relating to general provisions; and applications).

(c) An applicant for a vendor registration will be required to reimburse the Board for costs incurred by the Board in conducting the review of the application, up to a maximum amount of \$2,000.

Source: The provisions of this § 437.1 amended December 31, 2005, effective December 15, 2005, 35 Pa.B. 7085; amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

(d) A vendor registration will not be issued until all fees have been paid.

§ 437.3. Vendor certification applications.

(a) A vendor seeking certification shall complete and the slot machine applicant or licensee for whom the vendor will provide goods or services shall submit:

(1) An original and four copies of a Vendor Certification Form unless otherwise directed by the Board.

(2) A nonrefundable application fee.

(3) A Vendor Certification Form for each affiliate, intermediary, subsidiary, and holding company of the applicant.

(4) Applications for each principal and key employee as required by §§ 437.4 and 437.5 (relating to principal certification; and key employee certification).

(b) In addition to the materials required under subsection (a), an applicant for a vendor certification shall:

(1) Promptly provide information requested by the Board relating to its application or regulation and cooperate with the Board in investigations, hearings, and enforcement and disciplinary actions.

Source: The provisions of this § 437.2 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

(2) Comply with the general application requirements in Chapters 421 and 423 (relating to general provisions; and applications).

(c) A vendor certification will not be issued until all fees have been paid.

§ 437.4. Principal certification.

(a) Principals of certified vendors or applicants thereof, including natural persons and entities, shall obtain a principal certification from the Board.

(b) Certified principals and applicants for principal certification are subject to the requirements and waiver provisions of Chapter 433 (relating to principal licenses).

§ 437.5. Key employee certification.

(a) Key employees of certified vendors or applicants thereof shall obtain a key employee certification from the Board.

Source: The provisions of this § 437.3 amended December 31, 2005, effective December 15, 2005, 35 Pa.B. 7085; amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

Source: The provisions of this § 437.4 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

Source: The provisions of this § 437.5 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

(b) Key employee applicants for certification and certified key employees are subject to the requirements and waiver provisions of § 435.2 (relating to key employee license).

§ 437.6. Registration and certification term and renewal.

(a) Certifications, registrations and renewals issued under this chapter shall be valid for 4 years from the date of Board approval.

(b) A renewal application and renewal fee shall be submitted to the Board at least 60 days prior to the expiration of a certification or registration.

(c) A certification or registration for which a completed renewal application and fee has been received by the Board will continue in effect until the Board sends written notification to the holder of the certification or registration that the Board has approved or denied the certification or registration.

§ 437.7. Registered and certified vendor responsibilities.

(a) A holder of a vendor certification or registration shall have a continuing duty to:

(1) Provide information requested by the Board relating to licensing or regulation; cooperate with the Board in investigations, hearings, and enforcement and disciplinary actions; and comply with all conditions, restrictions,

Source: The provisions of this § 437.6 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

requirements, orders and rulings of the Board in accordance with the act.

(2) Report a change in circumstances that may render the holder of a vendor certification or registration ineligible, unqualified or unsuitable to hold a certification or registration under the standards and requirements of the act and of this part.

(b) An employee of a certified vendor shall be required to obtain an occupational permit under § 435.3 (relating to occupational permit) if:

(1) The employee is the onsite supervisor of other employees of the vendor whose duties of employment or incidental activities related to employment require the employees to be on the gaming floor or in a restricted area.

(2) The employee's duties of employment or incidental activities related to employment require the employee to be on the gaming floor or in a restricted area and require the employee to touch or have contact with a slot machine or associated equipment.

(c) An employee of a certified vendor that is not required to obtain an occupational permit under subsection (b) shall be required to obtain a nongaming employee registration under § 435.5 (relating to nongaming employee registration) if:

(1) The employee's duties of employment or incidental activities related to employment require the employee to be on the gaming floor but do not require the employee to touch or have contact with a slot machine or associated equipment other than exterior cleaning.

(2) The employee's duties of employment or incidental activities related to employment require the employee to be in a restricted area, do not require the employee to touch or have contact with a slot machine or associated equipment other than exterior cleaning and the employee is under the constant supervision of an employee of the slot machine licensee who is licensed or permitted and who has the appropriate access clearance to be in the restricted area.

(d) Employees of a certified vendor who are not required to obtain an occupation permit or a nongaming employee registration under subsections (b) or (c) may be required to obtain an occupation permit or nongaming employee registration if the Board determines, after a review of the work being performed, that obtaining a permit or registration is necessary for the protection of the integrity of gaming.

§ 437.8. Approved vendors list; prohibited vendors.

Source: The provisions of this § 437.7 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

(a) The Board will maintain a list of approved registered or certified vendors and a list of prohibited vendors.

(b) A slot machine licensee or applicant may not enter into an agreement or continue to do business with a vendor listed as a prohibited vendor.

(c) The Board will consider the following factors in determining whether a vendor shall be listed as a prohibited vendor:

(1) The failure of a vendor to apply for certification or registration after notice from the Board that certification or registration is required.

(2) The failure of a vendor to cooperate with the Board in the Board's review of the application for certification or registration.

(3) The vendor's certification or registration is suspended, revoked or denied.

(4) The vendor is restricted from reapplication by action of the Board.

(5) The vendor is temporarily prohibited from doing business with slot machine license applicants or licensees by action of the Board.

(d) A person or entity seeking to be removed from the list of prohibited vendors shall file a petition for removal in accordance with § 493.4 (relating to petitions generally). The

petition must state the specific grounds believed by the petitioner to constitute good cause for removal from the prohibited vendors list and how the vendor has cured any deficiencies that led to the vendor being placed on the prohibited vendors list.

§ 437.9. Permission to conduct business prior to certification.

(a) Notwithstanding §§ 437.1 (relating to vendor registration), the Board may allow an applicant for a vendor certification or registration to conduct business with a slot machine applicant or licensee prior to the certification or registration of the vendor applicant if all of the following criteria are met:

(1) A completed Vendor Registration Form or Certification Form has been filed by the slot machine applicant or licensee in accordance with § 437.2 or 437.3 (relating to vendor registration applications; and vendor certification applications).

(2) The slot machine applicant or licensee certifies that it has performed due diligence on the vendor.

(3) The slot machine applicant or licensee shows good cause for granting the written request.

(b) Permission to conduct business under this section shall be for a period of 6 months, except that the Board may extend

such relief for additional 6-month periods upon a showing of good cause by the slot machine licensee or applicant.

(c) The board may extend the relief for additional 6-month periods upon a showing of good cause by the slot machine applicant or licensee.

§ 437.10. Emergency vendor.

(a) A slot machine licensee may utilize a vendor that is not registered or certified when a threat to public health, welfare or safety exists or circumstances outside the control of the slot machine applicant or licensee creates an urgency of need which does not permit the delay involved in using the formal method of vendor certification or registration.

(b) When using a vendor that is not registered or certified to respond to an emergency, the slot machine applicant or licensee shall:

(1) File a Vendor Notification Form with the Board within 72 hours of the vendor's commencement of services.

(2) Provide a written explanation to the Board of the basis for the emergency vendor procurement and for the selection of the particular vendor.

Source: The provisions of this § 437.9 amended February 18, 2006, effective February 2, 2006, 36 Pa.B. 909; amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

(3) File a Vendor Registration Form or Vendor Certification Form on behalf of the vendor within 20 business days of the filing of the Vendor Notification Form.

§ 437.11. Slot machine applicants' and licensees' duty to investigate.

(a) An applicant for or holder of a slot machine license shall investigate the background and qualifications of all applicants for vendor registration or certification with whom it intends to have a contractual relationship or enter into an agreement. Certification or registration by the Board may not be relied upon as the sole criterion for entering into an agreement with a certified or registered vendor.

(b) An applicant for or holder of a slot machine license shall have an affirmative duty to avoid agreements or relationships with applicants for vendor registration or certification whose background or association is injurious to the public health, safety, morals, good order and general welfare of the people of this Commonwealth, who threaten the integrity of gaming in this Commonwealth or who discredit or tend to discredit the Commonwealth or the gaming industry in this Commonwealth.

Source: The provisions of this § 437.10 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

(c) An agreement or contract between an applicant for or holder of a slot machine license and an applicant for or holder of a vendor registration or certification shall contain a cancellation clause that allows termination of the agreement or contract in the event that the Board or the slot machine applicant or licensee finds that the agreement or contract fails to meet the requirements of subsection (b). This provision applies to written and oral agreements and contracts.

CHAPTER 438. LABOR ORGANIZATIONS

§ 438.1. Definitions.

The following words and terms when used in this chapter shall have the following meanings unless the context clearly indicates otherwise:

Labor organization - Any organization, union, agency, employee representation committee, group, association, or plan in which employees participate which exists for the purpose, in whole or in part, of dealing with a licensed gaming facility concerning grievances, labor disputes, wages, rates of pay, hours, or other terms or conditions of employment, including any conference, general committee, joint or systems board or international labor organization.

Source: The provisions of this § 437.11 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

Labor organization agent - A person, compensated or not, who is authorized to represent a labor organization in any employment matter relating to employees who are employed by a licensed gaming entity, or who undertakes on behalf of the labor organization to promote, facilitate or otherwise influence the relations between the labor organization and a licensed gaming entity.

Labor organization officer - An officer or person authorized to perform the functions of president, vice president, secretary/treasurer or other executive function of a labor organization, and member of its executive board or similar governing body who exercises any authority, discretion or influence with regard to any matter relating to employees who are employed in a licensed gaming facility.

Labor organization principal employee - An employee of a labor organization who serves in a management, supervisory or policy making position, which exercises any authority, discretion or influence with regard to any matter relating to employees who are employed in a licensed gaming facility.

§ 438.2. Labor organization notification.

(a) Each labor organization shall file a completed Labor Organization Notification Form in a format prescribed by the Board.

(b) Labor organizations shall file an updated version of the Labor Organization Notification Form within 30 days of any change in the information contained on the form.

§ 438.3. Permitting of labor organization officers, agents and principal employees.

(a) Every labor organization officer, agent and principal employee shall be permitted in accordance with this section.

(b) Every labor organization officer, agent and principal employee shall file a completed Union Permit Application Form with the licensing fee established by the Board.

(c) Applicants and permittees under this section shall be subject to the general application and licensing requirements of Chapters 421 and 423 (relating to general provisions and applications).

(d) Permits issued under this section shall be valid for 1 year from the date on which the permit is approved by the Board. Renewals will be valid for a period of 1 year and shall be filed no later than 60 days prior to the expiration of the current permit. A permit for which a completed renewal application and fee has been received by the Board will continue in effect unless the Board sends written notification to the permittee that the Board has denied renewal of the permit.

§ 438.4. Enforcement.

The Office of Enforcement Counsel may initiate proceedings against any labor organization, or labor organization officer, agent or principal employee for violations of any provisions of this chapter.

CHAPTER 439. JUNKETS

§439.1. Definitions.

The following words and terms, when used in this part, have the following meanings, unless the context clearly indicates otherwise:

Compensation - Any form of remuneration whatsoever, including, the payment of cash, the forgiveness or forbearance of a debt, or the direct or indirect provision of a product, service or item without charge or for less than full value.

Complimentary accommodations - A hotel accommodation provided to a person at no cost, or at a reduced price not generally available to the public under similar circumstances; provided, however, that the term shall include any hotel room provided to a person at a reduced price due to the anticipated or actual gaming activities of that person.

Complimentary service or item - A service or item provided directly or indirectly by a slot machine licensee at no cost or at a reduced price.

Junket -

(i) An arrangement made between a slot machine licensee and a junket enterprise or its junket representative, the purpose of which is to induce any person, selected or approved, to come to a licensed facility for the purpose of gambling and pursuant to which, and as consideration for which, any or all of the cost of transportation, food, lodging and entertainment for said person is directly or indirectly paid by a slot machine licensee. The person shall be selected or approved on the basis of one or more of the following:

(A) The person's ability to satisfy a financial qualification obligation related to his or her ability or willingness to gamble, which shall be deemed to occur whenever a person, as an element of the arrangement is required to perform one or more of the following:

(1) Establish a customer deposit with a slot machine licensee.

(2) Demonstrate to a slot machine licensee the availability of a specified amount of cash or cash equivalent.

(3) Gamble to a predetermined level at the licensed facility.

(4) Comply with any similar obligation.

(B) The person's propensity to gamble, which shall be deemed to occur whenever that person has been selected or approved on the basis of one or more of the following:

(1) The previous satisfaction of a financial qualification obligation in accordance with the provisions of subsection (A).

(2) An evaluation that the person has a tendency to participate in gambling activities as the result of:

(i) An inquiry concerning the person's tendency to gamble.

(ii) Use of other means of determining that the person has a tendency to participate in gambling activities.

(ii) A rebuttable presumption that a person has been selected or approved for participation in an arrangement on a basis related to his or her propensity to gamble shall be created whenever such person is provided with one or more of the following:

(A) Complimentary accommodations as part of the arrangement.

(B) Complimentary food, entertainment or transportation which has a value of \$200.00 or more.

Junket enterprise - A person, other than a slot machine licensee, who employs or otherwise engages the services of a junket representative in connection with a junket to a licensed facility, regardless of whether or not such activities occur within the Commonwealth.

Junket representative -

(i) A natural person who negotiates the terms of, engages in the referral, procurement or selection of persons who may participate in any junket to a licensed facility, regardless of whether or not those activities occur within the Commonwealth.

(ii) *Exception.* A gaming employee of a slot machine licensee who performs the duties and functions listed in subsection (i) for the licensed facility is not a junket representative.

§ 439.2. Junket enterprise license requirements.

(a) Each slot machine licensee must file a Junket Enterprise License Form (JELF) with the Board in order to conduct business with a junket enterprise.

(b) All junket enterprise license forms must be submitted by a slot machine licensee or applicant with a verification provided by the slot machine licensee or applicant that the junket enterprise's services will be utilized at the licensed facility.

(c) A junket enterprise shall be licensed as a junket enterprise prior to a slot machine licensee permitting a junket involving that junket enterprise to arrive at its licensed facility. A junket enterprise shall be considered "involved" in a junket to a licensed facility if it receives any compensation whatsoever from any person as a result of the conduct of the

junket. No slot machine licensee may engage the services of any junket enterprise which has not been licensed.

§ 439.3. Junket enterprise license form.

A Junket Enterprise License Form (JELF) shall consist of an application processing fee and shall be in a format prescribed by the Board requesting the following information:

- (1) Any official or trade name used.
- (2) Current and former business addresses.
- (3) Telephone number.
- (4) The location of the applicant's business, a description of the type of junket services to be provided, a description of the geographic area from which the junkets will originate and the name of the slot machine licensees or applicants to which junkets will be provided.
- (5) Federal Employer Identification Number/Tax Identification Number.
- (6) Whether the junket enterprise is minority- or women-owned and controlled and the junket enterprise certification number, pursuant to Chapter 481.
- (7) Form of business and a copy of the certificate of incorporation, charter, by-laws, partnership agreement, trust agreement or other basic documentation of the junket enterprise.
- (8) The date on which a formal acceptance of the agreement to conduct business with a slot machine licensee or

applicant occurred and a copy of the agreement or in the absence of a written agreement, a description thereof, including the expected duration and compensation.

(9) Names and addresses of all subsidiaries.

(10) Whether the applicant has had any registration, license, permit or certificate granted, denied, suspended, conditioned or revoked by any government agency in the Commonwealth or any other jurisdiction, the nature of such registration, license, permit or certificate, the agency and its location, the date of such action and the facts related thereto.

(11) The names, addresses, title or position, date of birth and information concerning any gaming licenses, registrations or permits previously or currently applied for in any jurisdiction, for each of the following:

(i) Any individual who entered into the agreement with or will deal directly with the slot machine licensee or applicant, including junket representatives; the immediate supervisors of such persons; and all persons responsible for the office out of which such junket representatives and supervisors work.

(ii) Any officer, partner, or director who will be involved in the conduct of the junket business with the slot machine licensee or applicant.

(iii) If the junket enterprise is a sole proprietorship, the sole proprietor.

(iv) Each beneficial owner of more than five percent of the junket enterprise and the percentage of that ownership.

(12) The name, address and percentage of ownership of each entity directly owning more than five percent of the junket enterprise or its business.

(13) A Junket Enterprise License Form for the applicant and any key employee qualifier that is an entity, and for each affiliate, intermediary, subsidiary and holding company of the applicant.

(14) A Junket Enterprise Representative Registration for each junket representative, key employee qualifier who is a natural person and key employee.

(15) The applicant's Federal tax returns and related documents for the three years, State tax returns, where appropriate and related documents for the one year preceding application.

(16) Information regarding any judgments or petitions for bankruptcy or insolvency and any relief sought under any provision of the Federal Bankruptcy Act or any state insolvency law.

(17) Information regarding any civil, criminal, administrative and investigatory proceedings relating to the applicant and its key employees and key employee qualifiers.

(18) A diversity plan as set forth in section 1325(b) of the act (relating to license or permit issuance) and Chapter 481, signed by the chief executive officer of the applicant.

(19) The name, position or title and signature of the individual who supplied the information in the JELF.

(20) Properly executed forms for consents to inspections, searches and seizures; waivers of liability for disclosures of information and consents to examination of accounts and records in forms as prescribed by the Board.

(21) Any additional information requested by the Board.

§ 439.4. Junket representatives.

(a) No person shall act as a junket representative in connection with a junket to a licensed facility unless he or she has been registered as a junket representative and is employed by a junket enterprise that has been licensed by the Board.

(b) A junket representative may only be employed by one junket enterprise at a time. For the purposes of this section, to qualify as an employee of a junket enterprise, a junket representative must:

(1) Receive all compensation for his or her services

as a junket representative within the Commonwealth through the payroll account of the junket enterprise.

(2) Exhibit all other appropriate indicia of genuine employment, including Federal and State taxation withholdings.

(c) No junket enterprise shall employ or otherwise engage the services of a junket representative except in accordance with the provisions of this section.

§ 439.5. Junket enterprise representative registration.

(a) All Junket Enterprise Representatives must register with the Board.

(b) An application for a Junket Enterprise Representative Registration (JERR) shall be on a form prescribed by the Board and shall include the following:

(1) The name and address of the individual, to include the home address and residence history and all business addresses.

(2) Daytime and evening telephone numbers.

(3) Date of birth.

(4) Physical description of the applicant.

(5) Social Security number.

(6) Citizenship, and, if applicable, resident alien status, including employment authorization.

(7) Marital status.

(8) Military history.

(9) Employment history, including gaming-related employment and contact information for prior employers.

(10) Education history.

(11) Family and marital history, including any current court orders relating to alimony, spousal support or child support.

(12) Credit history.

(13) History of insurance claims relating to the business activities of the applicant.

(14) Information relating to any health-related issues involving alcohol or controlled substances.

(15) A list of at least five references, to include contact information for each.

(16) Verification of the applicant's employment or an offer of employment from a junket enterprise.

(17) A description of the employment responsibilities of the individual and their relationship to the junket enterprise and of all education, training and experience that qualifies the individual for the position.

(18) A signed, dated and notarized release authorization necessary to obtain information from governmental agencies and other institutions about the applicant.

(19) A description of the individual's criminal history records information and arrests or criminal charges brought against the individual.

(20) A photograph that meets the requirements prescribed by the Board.

(21) A set of fingerprints taken by the Pennsylvania State Police or a criminal justice agency designated by the Pennsylvania State Police and transmitted to the Pennsylvania State Police.

(22) A list of civil judgments consistent with section 1310(b) of the act (relating to slot machine license application character requirements).

(23) Details relating to any similar licenses obtained in other jurisdictions.

(24) A tax clearance and lien review from the Department.

(25) A nonrefundable application processing fee.

(26) Any additional information requested by the Board.

(c) In addition to the information under subsection (b), the Board may require letters of reference from law enforcement agencies under section 1310(b) of the act (relating to slot machine license application character requirements).

(d) After review of the information submitted under subsection (b) and (c), including a background investigation, the Board may issue a JERR if the individual has proven that he is a person of good character, honesty and integrity and is qualified to hold a JERR.

(e) An individual who wishes to receive a JERR under this chapter may provide the junket enterprise with written authorization to file the application on the individual's behalf.

(f) A JERR issued under this section shall be nontransferable.

(g) The Board may issue, renew or deny a JERR under this section, consistent with 18 Pa.C.S. § 9124 (relating to use of records by licensing agencies).

(1) If the Board provides an individual with the opportunity to demonstrate rehabilitation, the individual shall provide certification from the Pennsylvania Board of Probation and Parole or the County Probation and Parole Office, whichever is applicable, that all obligations for restitution, fines and penalties have been met.

(i) The Board will provide notice to the district attorney of the individual's county of residence of the individual's request for a determination of rehabilitation.

(ii) The district attorney shall have 15 days from receipt of the notice to provide input into the determination.

(g) For an individual with out-of-state convictions, if the Board provides the individual with the opportunity to demonstrate rehabilitation, the individual shall provide certification from the equivalent state or county board of probation or parole, whichever is applicable that all obligations for restitution, fines and penalties have been met.

(i) The Board will provide notice to the district attorney or equivalent thereof of the individual's place of residence of the individual's request for a determination of rehabilitation.

(ii) The district attorney shall have 15 days from receipt of the notice to provide input into the determination.

(h) Nothing in subsection (g) shall be construed to authorize the issuance of a JERR to an applicant who has been convicted of an offense under 18 Pa.C.S. (relating to crimes and offenses) or the criminal laws of any other jurisdiction which conviction indicates that the issuance of the JERR to the applicant would be inimical to the public policy of the act or this part.

§ 439.6. Junket schedules.

(a) A Junket Schedule shall be prepared by a slot machine licensee for each junket that is arranged through a junket enterprise or its junket representative.

(b) A Junket Schedule shall be filed with the Board's Bureau of Regulatory Compliance by the slot machine licensee by the 15th day of the month preceding the month in which the junket is scheduled. If a junket for which a Junket Schedule is required by (a) above is arranged after the 15th day of the month preceding the arrival of the junket, an amended Junket Schedule shall be immediately filed with the Bureau of Regulatory Compliance by the slot machine licensee.

(c) Junket schedules shall be certified by an employee of the slot machine licensee and shall include:

- (1) The origin of the junket.
- (2) The number of participants in the junket.
- (3) The arrival time and date of the junket.
- (4) The departure time and date of the junket.
- (5) The name and registration number of all junket

representatives and the name and vendor license number of all junket enterprises involved in the junket.

(d) Any change in the information which occurs after the filing of a Junket Schedule or amended Junket Schedule with the Bureau of Regulatory Compliance shall be immediately reported in

writing to the Bureau of Regulatory Compliance by the slot machine licensee. These changes, plus any other material change in the information provided in a Junket Schedule, shall also be noted on the arrival report.

(e) All filings required by this section shall be made at locations to be designated by the Bureau of Regulatory Compliance.

§ 439.7. Junket arrival report.

(a) A Junket Arrival Report shall be prepared by a slot machine licensee for each junket arranged through a junket enterprise or its junket representative with whom the slot machine licensee does business, which involves one of the following:

(1) A junket enterprise.

(2) An offer of complimentary services or items which have a value in excess of \$200.00 per participant.

(3) Complimentary accommodations.

(b) Junket Arrival Reports shall be maintained by the slot machine licensee on the premises of its licensed facility in compliance with the following:

(1) A Junket Arrival Report involving complimentary accommodations shall be prepared within 12 hours of the arrival of the junket participant.

(2) A Junket Arrival Report prepared pursuant to

subsection (a) (1) or (2) shall be filed by 5:00 P.M. of the next calendar business day following arrival. A junket arrival which occurs after 12:00 A.M. but before the end of the gaming day shall be deemed to have occurred on the preceding calendar day. For the purposes of this section, a business day shall be defined as any day except a Saturday, Sunday or State and Federal holiday.

(c) Junket Arrival Reports shall be certified by an employee of the slot machine licensee and shall include:

(1) A junket guest manifest listing the names and addresses of junket participants.

(2) Any information required which has not been previously provided to the Bureau of Regulatory Compliance in a Junket Schedule pertaining to that particular junket, or an amendment thereto.

§ 439.8. Junket final reports.

(a) A final report shall be prepared by a slot machine licensee for each junket for which the slot machine licensee was required to prepare either a Junket Schedule or a Junket Arrival Report.

(b) A final report shall be placed in its files within seven days of the completion of the junket.

(c) A final report shall include:

(1) The actual amount of complimentary services and

items provided to each junket participant.

(2) Any additional information requested by the Board.

§ 439.9. Monthly junket report.

Each slot machine licensee shall, on or before the 15th day of the month, prepare and file with the Board a Monthly Junket Report listing the name and registration number of each person who performed the services of a junket representative during the preceding month. The report shall be maintained by the slot machine licensee on the premises of its licensed facility and made available to the Bureau of Regulatory Compliance for inspection.

§ 439.10. Purchase of patron lists.

(a) Each slot machine licensee, junket representative and junket enterprise shall prepare and maintain a report with respect to each list of names of junket patrons or potential junket patrons purchased from or for which compensation was provided to any source whatsoever.

(b) The report required by subsection (a) shall include:

(1) The name and address of the person or enterprise selling the list.

(2) The purchase price paid for the list or any other terms of compensation related to the transaction.

(3) The date of purchase of the list.

(c) The report required by subsection (a) shall be filed as

soon as is practicable at a location to be designated by the Bureau of Regulatory Compliance, but in no event shall such report be filed later than seven days after the receipt of the list by the purchaser.

§ 439.11. Junket prohibitions.

No junket enterprise or junket representative may:

- (1) Engage in collection efforts.
- (2) Individually receive or retain any fee from a patron for the privilege of participating in a junket.
- (3) Pay for any services, including transportation or other items of value, provided to or for the benefit of any patron participating in a junket, unless otherwise disclosed to and approved by the Board.
- (4) Extend credit to or on behalf of any patron participating in a junket.

CHAPTER 440. MANAGEMENT COMPANIES

§ 440.1. Management company license.

(a) Each management company shall be required to obtain a management company license from the Board, and pay the required license fee, prior to providing to a slot machine licensee any service under this chapter.

(b) Each management company license applicant shall complete the appropriate Conditional/Category 1, Category 2 or Category 3 application and disclosure information forms with the

applicable appendices as if the management company license applicant were an affiliated entity of the slot machine licensee/applicant.

(c) Neither an applicant for or the holder of management company license nor any of the applicant's or holder's affiliates, intermediaries, subsidiaries or holding companies, are eligible to apply for or hold a supplier license.

(d) Management company license application shall be submitted by a slot machine licensee or applicant with a nonrefundable application processing fee prescribed by the Board.

§ 440.2. Management company as agent.

(a) Notwithstanding any provision to the contrary in the management contract, a management company will be deemed to be an agent of the slot machine licensee for purposes of imposing liability for any act or omission of the management company in violation of the act or this part.

(b) Notwithstanding any provision to the contrary in the management contract, each management company shall be jointly and severally liable for any act or omission by the slot machine licensee in violation of the act or this part, regardless of actual knowledge by the management company of the act or omission.

§ 440.3. Management contracts generally.

(a) A management contract between a slot machine licensee and management company licensee may not become effective until the Board has reviewed and approved the terms and conditions of the management contract, and any amendments thereto.

(b) The slot machine licensee shall notify the Board of any change or amendment to the management contract 30 days prior to the effective date of the proposed amendment.

(c) A management contract will not be approved by the Board unless the management company proves by clear and convincing evidence that the approval of the contracts would not create a monopoly on the control of licensed gaming facilities in this Commonwealth. A management company that seeks Board approval of a management contract shall disclose its financial interests in the slot machine licensee or applicant and, if applicable, proposed or contemplated change in ownership or control of a slot machine licensee.

(d) Requests for approval of a management contract must include a business plan which sets forth the parties' goals and objectives for the term of the management contract.

(e) Any management contract submitted for Board review and approval must enumerate with specificity the responsibilities of the slot machine licensee and management company under the terms and conditions of the management contract. At a minimum, the

terms should address whether, and to what extent, the management company is involved in the following:

(1) Operation of the following departments: information technology, internal audit, finance, slot management, security and surveillance.

(2) Design, construction, improvement or maintenance, or both of the licensed facility.

(3) Provision of operating capital and financing for the development of the licensed facility.

(4) Payment of the slot machine license fee.

(5) Purchase or lease of slot machines or associated equipment.

(6) Design, implementation or amendment, or both, of the system of internal controls required under section 1322 of the act (relating to slot machine accounting controls and audits) and this part including the financial reporting requirements.

(7) Hiring, terminating, training and promoting of employees and the employment practices attendant thereto.

(8) The payment of local, State and Federal taxes and slot machine license deposit required pursuant to the act and this part and any penalties imposed by the Board for violations thereof.

(9) Advertising, player incentive or marketing programs.

(10) Compliance with section 1325(b)(1) of the act (relating to license or permit issuance).

(11) Obtaining and maintaining insurance coverage, including coverage of public liability and property loss or damage.

(12) Procurement of vendors and junkets.

(13) Selection of the licensed facility's independent auditor.

(f) Notwithstanding subsections (a) - (e), a slot machine licensee and licensed management company may not contract for the delegation of any benefits, duties or obligations specifically granted to or imposed upon the slot machine licensee by the act.

§ 440.4. Required provisions in management contract.

Each management contract, submitted to the Board for approval, must contain the following:

(1) A provision that provides the grounds and mechanisms for modifying or terminating the contract.

Source: The provisions of this § 440.3 amended May 19, 2007, effective April 9, 2007, 37 Pa.B. 2292.

(2) A provision that shall state that the contract shall not be effective unless and until it is approved by the Board.

(3) A provision that describes with particularity the method of compensating and reimbursing the management company.

(4) Provisions that contain a mechanism to resolve patron disputes and disputes between the slot machine licensee and the management company.

(5) A provision that indicates whether and to what extent contract assignments and subcontracting are permissible.

(6) A provision that specifies the duration of the management contract. A management contract may not contain a provision that provides for the automatic renewal of the management contract.

SUBPART C. SLOT MACHINE LICENSING

CHAPTER 441. SLOT MACHINE LICENSES

§ 441.1. Definitions.

For purposes of this subpart, the following words and phrases shall have the meanings given to them in this section.

Amenities - Ancillary activities, services or facilities in which a registered guest or the transient public, in return for non-de minimis consideration, may participate at a resort hotel, including, but not limited to:

(i) Sports and recreational activities and facilities such as a golf course or golf driving range, tennis court or swimming pools.

(ii) Health spa.

(iii) Convention, meeting and banquet facilities.

(iv) Entertainment facilities.

(v) Restaurant facilities.

Applicant - A person who applies to the Board to receive a slot machine license as defined in this section.

Developer - A person engaged by a slot machine applicant or licensee to construct a proposed licensed facility or to otherwise make land or buildings suitable for use as a licensed facility.

Guest rooms under common ownership - A room or group of rooms, including timeshare units, that are owned by a well-established resort hotel and that are available for rental.

Licensing hearing - A hearing before the Board in which an applicant for a grant of a permanent slot machine license or a Conditional Category 1 slot machine license will have an opportunity to present to the Board:

(i) Evidence concerning its eligibility for a license.

(ii) Evidence concerning its suitability for a license.

(iii) Evidence of how its proposed facility and operation addresses the criteria identified in section 1325(c) of the act (relating to license or permit issuance).

(iv) For applicants seeking licensure under section 1304 of the act (relating to Category 2 slot machine license), evidence which sets forth a comparison between the applicant and other applicants within the same category of licensure on the standards and criteria in the act.

Non-de minimis consideration - A payment of fair market value of not less than \$10 per patron paid to the resort hotel for use of one or more amenities.

Organization - All legal business entities that are under common ownership or control, including, but not limited to, affiliates, subsidiaries, intermediaries and holding companies.

Patron of amenities - An individual who is a registered attendee of a convention, meeting or banquet event or a participant in a sport or recreational event or any other social, cultural or business event held at a resort hotel or who participates in one or more of the amenities provided to registered guests of the resort hotel.

Slot machine license - A Category 1 slot machine license under section 1302 of the act (relating to Category 1 slot

Source: The provisions of this § 441.1 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841; amended May 19, 2007, effective April 9, 2007, 37 Pa.B. 2296.

machine license), a Conditional Category 1 slot machine license under section 1315 of the act (relating to Conditional Category 1 license), a Category 2 slot machine license under section 1304 of the act (relating to Category 2 slot machine license) and a Category 3 slot machine license under section 1305 of the act (relating to Category 3 slot machine license).

Well-established resort hotel – A resort hotel having no fewer than 275 guest rooms under common ownership at the time of application for a Category 3 slot machine license and having substantial year-round recreational guest amenities.

§ 441.2. Slot machine application restrictions and deadlines.

(a) Under section 1304 of the act (relating to category 2 slot machine license), an applicant for a Category 2 slot machine license under section 1301 of the act (relating to authorized slot machine licenses), its affiliate, intermediary, subsidiary or holding company, may not possess any ownership or financial interest in any person eligible to apply for a Category 1 slot machine license or its affiliates, intermediaries, subsidiaries or holding companies.

(b) The Board will initiate the formal procedure for the acceptance, consideration and final resolution of applications for slot machine licenses by setting a filing period for filing of Category 1, 2 or 3 slot machine license applications. The

filing period set by the Board shall be posted on the Board's website (www.pgcb.state.pa.us).

(c) After the expiration of the filing period established by the Board under subsection (b), the Board will set a completion date by which all filed applications are to be complete. An application that is not complete, as determined by the Board, by the completion date will not be considered. The completion date set by the Board under this subsection shall be published in the *Pennsylvania Bulletin* at least 30 days prior to the completion date.

§ 441.3. Slot machine license application.

(a) An applicant for a slot machine license shall submit an application which includes the following:

(1) An original and three copies of the Conditional/Category 1, Category 2, or Category 3 Application and Disclosure Information Form.

(2) A nonrefundable application fee.

(3) A license or waiver application for each principal and key employee under Chapters 433 and 435 (relating to principal licenses; and employees), including an original and three copies of the Multi Jurisdictional Personal History Disclosure Form, the Pennsylvania Supplement and a nonrefundable

Source: The provisions of this § 441.2 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

background investigation deposit to be set by the Board and provided in a fee schedule for each principal and each key employee.

(4) Fingerprints for the applicant and each principal and key employee.

(5) A diversity plan as set forth in section 1325(b) of the act (relating to license or permit issuance) and Chapter 481 (relating to general provisions), which shall be signed by the chief executive officer of the applicant.

(6) If a temporary land-based facility is to be licensed, a plan for how the licensee will transition to a permanent facility, including a date for completion of the permanent facility. A permanent facility shall be the facility proposed by the applicant, which is designated, identified and made part of the evidentiary record by the applicant at the applicant's licensing hearing. Modifications to the proposed permanent facility following the applicant's licensing hearing shall be approved by the Board.

(7) A sworn or affirmed statement that the applicant has developed and implemented internal safeguards and policies to prevent a violation of section 1513 of the act (relating to political influence).

(8) A statement demonstrating compliance with the geographical requirements of section 1302 of the act (relating

to Category 1 slot machine license), section 1304 of the act (relating to Category 2 slot machine license) or section 1305 of the act (relating to Category 3 slot machine license).

(b) Failure to provide the information required in subsection (a) may result in the application being returned to the applicant or result in an application being deemed incomplete.

(c) In addition to the materials required under subsection (a), an applicant for a slot machine license shall:

(1) Promptly provide any information requested by the Board relating to its application, financial fitness, character, honesty and integrity, or regulation and cooperate with the Board in investigations, hearings, and enforcement and disciplinary actions.

(2) Comply with the general application requirements in Chapters 421 and 423 (relating to general provisions; and applications).

(d) A copy of the local impact report required as part of the application shall be provided to the political subdivisions in which the licensed facility will be located at the same time as the filing of the application for a slot machine license. The applicant shall file a proof of service with the Board.

(e) An applicant for a slot machine license will be required to reimburse the Board for any additional costs, based

on the actual expenses incurred by the Board, in conducting the background investigation.

§ 441.4. Alternative Category 1 licensing standards.

(a) If an applicant for a Category 1 license, or its affiliate, intermediary, subsidiary or holding company holds a similar license in another jurisdiction in the United States or Canada, the applicant may submit a written request with its application required under § 441.3 (relating to slot machine license application) for the Board to adopt an abbreviated licensing process under section 1314(b) of the act (relating to alternative Category 1 licensing standards).

(b) The Board may use the abbreviated process if:

(1) The Board determines, after investigation, that the licensing standards in the other jurisdiction in which the applicant or its affiliate, intermediary, subsidiary or holding company is licensed is similarly comprehensive and thorough and provides safeguards that are equal to or greater than those provided in the act and granting the request would be in the public interest.

(2) A completed application for a Category 1 license has been filed with the Board which includes the name and address of the regulatory agency in the other jurisdiction.

Source: The provisions of this § 441.3 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

(3) The Board has received a copy of the completed application, all renewal applications and all accompanying documents filed in the other jurisdiction.

(4) The applicant has provided current, updated information to the Board regarding the license in the other jurisdiction and information relating to its financial viability and suitability and good character.

(5) The applicant has no administrative or enforcement actions pending in any other jurisdiction or the applicant has disclosed and explained these actions to the satisfaction of the Board.

(6) There are no pending or ongoing investigations of possible material violations by the applicant in any other jurisdiction or the applicant has disclosed and explained these investigations to the satisfaction of the Board.

(c) The abbreviated process does not waive fees associated with obtaining a Category 1 license.

(d) The Board may determine to use an abbreviated process requiring only that information determined by the Board to be necessary to consider the issuance of the license, including the financial viability of the applicant.

(e) Following the issuance of a Category 1 license under this section, the Bureau will initiate a complete review of all information submitted under this subpart. If the applicant does

not meet the requirements of the act or this part, the Board will revoke, suspend or condition the license until the applicant meets all the requirements of the act.

§ 441.5. License fee payment bond or letter of credit requirements.

(a) An application for a slot machine license shall at all times throughout the period in which the application is on file with the Board include original payment bonds or original irrevocable letters of credit, or some combination thereof, that include draw instructions guaranteeing the applicant's payment of the slot machine license fee required by section 1209(c) of the act (relating to slot machine license fee) if the license is approved and issued.

(1) All payment bonds or irrevocable letters of credit shall be submitted and approved by the Board before an application may be accepted for filing. The Board's review will include an assessment of both the proposed terms of the payment bond or irrevocable letter of credit and of the surety or financial institution that will issue the payment bond or irrevocable letter of credit. An application will be deemed incomplete if at any time during the period the application is

Source: The provisions of this § 441.4 amended October 8, 2005, effective September 28, 2005, 35 Pa.B. 5619; amended November 2, 2005, effective November 12, 2005, 35 Pa.B. 6410; amended June 10, 2006, effective May 19, 2006, 36 Pa.B. 2899; amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

on file with the Board payment bonds or letters of credit approved by the Board in the amounts required in paragraph (2) are not in full force and effect.

(2) Payment bonds or irrevocable letters of credit must aggregate to the following amounts:

(i) \$50,000,000 for each application for a Category 1 or Category 2 license.

(ii) \$5,000,000 for each application for a Category 3 license.

(b) Unless otherwise required by the Board, a payment bond provided under this section must be issued by a surety company that is both licensed by the Insurance Department and assigned a credit rating within the three highest categories, without regard to numerics or other modifiers, by Moody's or Standard & Poor's, or upon the discontinuance of Moody's or Standard & Poor's, by another Nationally recognized rating service. Proof that the surety is licensed by the Insurance Department and has been assigned the required credit rating must accompany any payment bond submitted under this section.

(c) Unless otherwise required by the Board, a letter of credit must be issued by a bank, trust company, National banking association or corporation which is both subject to regulation by the Federal Reserve System under the Bank Holding Company Act of 1956 (12 U.S.C.A. §§ 1841-1849) and assigned a credit rating

within the three highest rating categories, without regard to numerics or other modifiers, by Moody's or Standard & Poor's, or upon the discontinuance of Moody's or Standard & Poor's, by another Nationally recognized rating service. Proof that the bank, trust company, National banking association or corporation is subject to regulation by the Federal Reserve System under the Bank Holding Company Act of 1956 and that the issuer has been assigned the required credit rating must accompany any letter of credit submitted under this section.

(d) The payment bond or irrevocable letter of credit provided under this section must state that it is payable to ``The Commonwealth of Pennsylvania'' as the obligee.

(e) The payment bond or irrevocable letter of credit provided under this section must provide that if the slot machine license has been approved and issued by the Board and the license fee has not been paid in full within 5 business days following the issuance of the license, the Commonwealth will have the right to request immediate payment under the payment bond or irrevocable letter of credit for payment of the slot machine license fee.

(f) The payment bond or irrevocable letter of credit provided under this section must state that it will expire upon the earlier to occur of the following:

(1) A specified expiry date or any automatically extended expiry date.

(2) Receipt by the issuer of the Board's signed statement that:

(i) The application has been denied.

(ii) The slot machine license has been issued and 10 business days have elapsed following the issuance of the license.

(iii) The license fee has been paid.

(iv) The applicant has been permitted by the Board to withdraw its application under § 423.5 (relating to application withdrawal).

(g) Any expiry date applicable to a payment bond or letter of credit provided under this section must be at least 12 months from the date of issuance of the payment bond or letter or credit. Any provision automatically renewing or extending a payment bond or letter of credit must do so at intervals of at least 3 months. Any notice provisions to the Board in a payment bond or letter of credit applicable to an election by an issuer not to renew or extend a then current expiry date must provide that the Board will receive at least 60 days written notice, by registered mail or overnight courier service, of an election not to renew or extend.

(h) This section does not preclude a slot machine license applicant from substituting or replacing a payment bond or letter of credit during the period the application is on file with the Board provided the replacement payment bond or letter of credit is approved by the Board under this section.

§ 441.6. Public input.

(a) Prior to granting a slot machine license, the Board will conduct at least one public input hearing.

(b) Public input hearings relating to an application for a slot machine license shall be held in the municipality where the licensed facility will be located. The public input hearings will be organized in cooperation with the municipality.

(c) The Board will develop and post the procedures that will be used to conduct public input hearings on the Board's website (www.pgcb.state.pa.us).

(d) The Board will make public a list of all witnesses scheduled to testify at a public input hearing at least seven days prior to the hearing. The list of witnesses will be updated at least three days prior to the hearing. Additional witnesses will be posted on the Board's website (www.pgcb.state.pa.us) as they are added to the witness list.

§ 441.7. Licensing hearings for slot machine licenses.

Source: The provisions of this § 441.5 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

(a) A schedule of licensing hearings for all slot machine license applicants will be posted on the Board's website (www.pgcb.state.pa.us).

(b) The Board will allot each applicant a specified time for its presentation. The length of the presentations, which shall be the same for each applicant within each category, will be established at the prehearing conferences.

(c) At a licensing hearing, an applicant shall appear before the Board and at all times have the burden to establish and demonstrate, by clear and convincing evidence, its eligibility and suitability for licensure and to address the criteria identified in section 1325(c) of the act (relating to license or permit issuance).

(d) For the purposes of this section, an applicant's demonstration of eligibility must include a showing of:

(1) Compliance with section 1302, 1303, 1304 or 1305 of the act, as applicable.

(2) Compliance with the application requirements in § 441.3 (relating to slot machine license application).

(3) Compliance with the license fee payment bond or letter of credit requirements in § 441.5 (relating to license fee payment bond or letter of credit requirements).

(4) Compliance with the diversity requirements in Chapter 481 (relating to general provisions) and section 1325(b) of the act.

(e) For the purposes of this section, an applicant's demonstration of suitability must include a showing of:

(1) Good character, honesty and integrity in compliance with section 1310 of the act (relating to slot machine license application character requirements).

(2) Financial fitness in compliance with section 1313 of the act (relating to slot machine license application financial fitness requirements).

(3) Operational viability, including:

(i) The quality of the proposed licensed facility, and temporary land-based facility, if applicable, including the number of slot machines proposed and the ability of the proposed licensed facility to comply with statutory, regulatory and technical standards applicable to the design of the proposed licensed facility and the conduct of slot machine operations therein.

(ii) The projected date of the start of operations of the proposed licensed facility and any accessory uses such as hotel, convention, retail and restaurant space proposed in conjunction therewith. Applicants shall provide the Board with a time line on the deliverability of any proposed

temporary land-based or phased permanent licensed facilities and the accessory uses proposed in conjunction therewith.

(iii) The ability of the applicant's proposed licensed facility to generate and sustain an acceptable level of growth of revenue.

(f) For the purposes of this section, an applicant's demonstration of how it addresses the criteria identified in section 1325(c) of the act must include:

(1) The location and quality of the proposed facility, including, but not limited to, road and transit access, parking and the facility's centrality to its anticipated market service area.

(2) The potential for new job creation and economic development which are expected to result from granting a license to an applicant.

(3) The applicant's good faith plan to recruit, train and upgrade diversity in all employment classifications in the facility.

(4) The applicant's good faith plan for enhancing the representation of diverse groups in the operation of its facility through the ownership and operation of business enterprises associated with or utilized by its facility or through the provision of goods or services utilized by its

facility and through the participation in the ownership of the applicant.

(5) The applicant's good faith effort to assure that all persons are accorded equality of opportunity in employment and contracting by it and any contractors, subcontractors, assignees, lessees, agents, vendors and suppliers it may employ directly or indirectly.

(6) The potential for enhancing tourism which is expected to result from granting a license to the applicant.

(7) The history and success of the applicant in developing tourism facilities ancillary to gaming development in other locations if applicable to the applicant.

(8) The degree to which the applicant presents a plan for the project which will likely lead to the creation of quality, living-wage jobs and full-time permanent jobs for residents of this Commonwealth generally and for residents of the host political subdivision in particular.

(9) The record of the applicant and its developer in meeting commitments to local agencies, community-based organizations and employees in other locations.

(10) The degree to which potential adverse effects which might result from the project, including costs of meeting the increased demand for public health care and treatment of problem gamblers and their families, child care, public

transportation, affordable housing and social services, will be mitigated.

(11) The record of the applicant and its developer regarding compliance with:

(i) Federal, State and local discrimination, wage and hour, disability and occupational and environmental health and safety laws.

(ii) State and local labor relations and employment laws.

(12) The record of the applicant in dealing with its employees and their representatives at other locations.

(13) The applicant's business probity, experience and ability.

(14) Areas of deficiency in the applicant's application previously identified by the Bureau of Licensing or Chief Enforcement Counsel that have not been resolved.

(g) The applicant's demonstration of how it addresses section 1325(c) of the act and subsection (f) may include information relating to its affiliates, intermediaries, subsidiaries or holding companies.

(h) No later than 30 days before the first scheduled licensing hearing in the category of license for which the applicant has filed an application, the applicant shall file with the Board a memorandum identifying all evidence it intends

to use in support of its presentation before the Board. At the same time, Category 1 and Category 3 applicants shall serve the memorandum on the other applicants in the same category. At the same time, Category 2 applicants shall serve the memorandum on all other applicants whose proposed facility meets the same location criteria as the applicant's proposed facility as specified in subsection (m)(1)(i)-(iii). The memorandum must include the following:

(1) The name of the applicant and docket number of the applicant's application to which the evidence will relate.

(2) Identification of each standard and criterion in subsections (f)-(i) to which the evidence will relate.

(3) As to each criterion identified, whether the evidence will be presented through oral testimony or, the proffer of documents, or both. If any portion of the evidence will be presented through oral testimony, the notice must include the name, address and telephone number of each testifying witness, the identified criteria about which the witness will testify and a detailed summary of the witness' testimony. If any portion of the evidence will be presented through the proffer of documents, including reports and exhibits, the memorandum must include a copy of each document to be proffered and the name, address and telephone number of the persons who prepared the document.

(4) If any person identified in paragraph (3) will testify as an expert, the person's qualifications, including the person's education, experience and training, and a listing of the other jurisdictions where the person has been qualified as an expert witness, within the last 5 years, shall be attached to the notice. A copy of the results or reports of any tests, experiments, examinations, studies or documents prepared or conducted by the expert or about which the expert will testify or which will be relied upon by the expert to render an opinion shall be attached to the notice.

(i) The Board will serve on all applicants within that category any expert reports developed for and requested by the Board that pertains to the applicants.

(j) Applicants, at the time of filing, shall provide the Board with an electronic version, in a format prescribed by the Board, of the reports and exhibits provided in paper form.

(k) If an applicant designates any submitted report or exhibit as confidential under § 401.4 (relating to definitions) or section 1206(f) of the act (relating to Board minutes and records), the applicant shall:

(1) Clearly and conspicuously indicate that the report or exhibit is confidential in both the paper and electronic format and provide these exhibits separately from the nonconfidential exhibits.

(2) Request that the confidential information be presented to the Board in closed deliberations, under section 1206(a) of the act and provide an explanation of the need for the designation of confidentiality and closed deliberations or authorize the release of the report or exhibit in compliance with section 1206(f) of the act.

(1) Applicants are prohibited from relying upon or introducing new evidence, including witnesses' testimony, reports or exhibits, not identified under subsections (h) or (m), except in the following circumstances:

(1) Applicants may update or supplement evidence, including witnesses' testimony, reports or exhibits to respond to requests from the Board

(2) Applicants may update or supplement evidence, including witnesses' testimony, reports or exhibits to respond to issues raised subsequent to the filing of the memorandum required by subsection (h) at a prehearing conference if the issues could not have been reasonably anticipated by the applicant.

(m) For Category 2 and Category 3 applicants only, in addition to the applicant's presentation of evidence to the Board relative to its eligibility and suitability for a license, an applicant may, during its licensing hearing, present evidence which sets forth a comparison between the applicant and other

applicants within the same category with respect to the standards and criteria in subsections (d)–(g).

(1) Comparisons shall be limited to the following:

(i) For applicants seeking to locate a licensed facility in a city of the first class, other applicants for a licensed facility in a city of the first class.

(ii) For applicants seeking to locate a licensed facility in a city of the second class, other applicants for a licensed facility in a city of the second class.

(iii) For applicants seeking to locate a licensed facility in a revenue- or tourism-enhanced location, other applicants for a licensed facility in a revenue-or tourism-enhanced location.

(iv) For applicants seeking to locate a licensed facility in a well-established resort hotel, other applicants for a licensed facility in a well-established resort hotel.

(2) If an applicant desires to present comparative evidence under this subsection, the applicant shall, no later than 20 days prior to the commencement of the first scheduled licensing hearing in the category of license for which the applicant has filed an application, file a separate written notice evidencing the intent with the Board identifying each other applicant about whom the applicant desires to present evidence. A copy of the notice shall also be served on the

applicants about whom the evidence will be presented and on the Chief Enforcement Counsel. The notice must include:

(i) The name of the applicant and docket number of the applicant's application to which the evidence will relate.

(ii) Identification of the standards and criteria in subsections (d)-(g) to which the evidence will relate.

(iii) As to each criterion identified, a copy of any document or evidence that will be used to support the comparison to be presented in compliance with subsection (h).

(3) An applicant served with notice under paragraph (2) may present, during its licensing hearing, comparative evidence concerning it and the applicant from who notice was received with respect to the standards and criteria in subsections (d)-(g). The applicant so served shall have 10 days following services to file a reply notice with the Board which contains the information required by paragraph (2). A complete copy of the reply notice shall be served on the applicant who initially served notice under paragraph (2) and on the Chief Enforcement Counsel.

(4) If the applicant plans to present evidence to the Board concerning another applicant in closed deliberations, the applicant shall provide notice to the other applicant and provide any report or exhibit relied upon to the other

applicant. The other applicant may be represented in the closed deliberations.

(n) At the discretion of the Board, an applicant's presentation may include:

(1) Oral presentation.

(2) Documentary evidence submissions, including reports, photographs, audiovisual presentations, exhibits or testimony of witnesses.

(o) The Board, its designee and Chief Enforcement Counsel may:

(1) Examine or question the applicant and any witnesses called by the applicant or the Board regarding their testimony and any aspect of the applicant's application and relevant background.

(2) Recall the applicant and other witnesses called by the applicant or the Board during the licensing hearing for further questioning.

(p) A person who testifies at the licensing hearing shall be sworn and testify under oath.

(q) At its discretion, the Board may terminate, recess, reconvene and continue the licensing hearing.

(r) Each Category 1 and Category 3 applicant may file a brief up to 25 pages in length within 10 days of the completion of the hearing with respect to all applications within its

category. Each Category 2 applicant may file a brief up to 25 pages in length within 10 days of the completion of the hearing with respect to all applications that meet the same location criteria as the applicant as specified in subsection (m)(1)(i)-(iii). At the prehearing conferences, applicants in any category may waive the opportunity to file briefs.

(s) At the conclusion of the presentation of all testimony and evidence, the Board will cause the record to be transcribed. The transcript and all evidence shall become part of the evidentiary record for the Board's consideration. For good cause shown, the Board may seal portions of the record.

(t) Following submission of the applicants' briefs, all applicants will have an opportunity to make final remarks in the form of oral argument before the Board in a manner and time prescribed by the Board. At the prehearing conferences, applicants in any category may waive the opportunity for oral argument.

(u) Upon the conclusion of the licensing hearings and upon review of the evidentiary record in its entirety, the Board will consider, approve, condition or deny the slot machine license applications. A final order, accompanied by the Board's written decision, will be served on the applicants for slot machine licenses.

(v) An applicant may appeal the denial of a slot machine license to the Pennsylvania Supreme Court as provided in the act.

(w) This subsection pertains exclusively to intervention in a licensing hearing for a slot machine license under this section and is not applicable to other hearings before the Board. The right to intervene in a hearing under this section is within the sole discretion of the Board.

(1) A person wishing to intervene in a licensing hearing for a slot machine license shall file a petition in accordance with this subsection.

(2) A person may file a petition to intervene under this subsection if the person has an interest in the proceeding which is substantial, direct and immediate and if the interest is not adequately represented in a licensing hearing.

(3) Petitions to intervene in a licensing hearing may be filed no later than 45 days prior to the commencement of the first scheduled licensing hearing, in the category of license for which the applicant, in whose hearing the petitioner seeks to intervene, has filed an application unless, in extraordinary circumstances for good cause shown, the Board authorizes a late filing. At the same time the petitioner files its petition with the Board, a complete copy of the petition to intervene shall be

served on the Chief Enforcement Counsel and the applicant in whose licensing hearing the petitioner seeks to intervene.

(4) Petitions to intervene must set out clearly and concisely the facts demonstrating the nature of the alleged right or interest of the petitioner, the grounds of the proposed intervention, the position of the petitioner in the proceeding and a copy of the written statement to be offered under paragraph (6). The petitioner shall fully and completely advise the applicant and the Board of the specific issues of fact or law to be raised or controverted and cite provisions or other authority relied on.

(5) The applicant may file an answer to a petition to intervene, and in default thereof, will be deemed to have waived any objection to the granting of the petition. If made, answers shall be filed within 10 days after the date the petition is filed with the Board, unless for cause the Board prescribes a different time. A complete copy of the answer to the petition to intervene shall be served on the Chief Enforcement Counsel and the petitioner who seeks to intervene.

(6) Except when the Board determines that it is necessary to develop a comprehensive evidentiary record, the participation of a person granted the right to intervene in a licensing hearing will be limited to the presentation of evidence through the submission of written statements attested

to under oath. The written statements shall be part of the evidentiary record.

(x) This section supersedes any conflicting provisions of Subpart H (relating to practice and procedure) and 1 Pa. Code Part II (relating to General Rules of Administrative Practice and Procedure).

§ 441.8. Divestiture.

(a) If the Board determines that a slot machine license application cannot be approved because the applicant, its principal or other person who holds a direct or indirect interest in the applicant or in an affiliate, intermediary, subsidiary or holding company of the applicant, does not meet a character or other eligibility criteria required by section 1310 of the act (relating to slot machine license application character requirements), or has an ownership or financial interest that is prohibited by section 1330 of the act (relating to multiple slot machine license prohibition), the Board may grant the person up to 120 days following the determination to completely divest his interest in the applicant or its affiliate, intermediary, subsidiary or holding company.

Source: The provisions of this § 441.6 amended February 18, 2006, effective February 2, 2006, 36 Pa.B. 909; amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

Source: The provisions of this § 441.7 amended December 31, 2005, effective December 15, 2005, 35 Pa.B. 7085; amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

(b) The person shall notify the Board of his intention to divest within 30 days of notice from the Board of the opportunity to divest. The Board may extend this time period at its discretion.

(c) Failure to divest within 120 days, or within the time period prescribed by the Board, constitutes a per se disqualification of the applicant to receive a slot machine license.

(d) The terms of divestiture will be approved by the Board.

(e) The Board will not approve a divestiture if the compensation received for the divested interest exceeds the value of the interest.

(f) Following divestiture, the Board will reconsider the applicant's suitability for licensure in an expedited procedure.

§ 441.9. Approval of a slot machine license.

(a) An applicant for a slot machine license shall prove by clear and convincing evidence:

(1) The financial stability and integrity of the applicant and its affiliates, intermediaries, subsidiaries and holding companies in accordance with section 1313 of the act

Source: The provisions of this § 441.8 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

(relating to slot machine license application financial fitness requirements).

(2) The good character, honesty and integrity of the applicant and its affiliates, intermediaries, subsidiaries, holding companies and principals in accordance with section 1310 of the act (relating to slot machine license application character requirements).

(b) For Category 1 slot machine applications, the State Horse Racing Commission or the State Harness Racing Commission may submit additional information to the Board if it believes the information will assist the Board in making a determination relating to the operational, financial or character fitness of the applicant.

(c) The Board may issue a slot machine license under this chapter if it determines that the applicant:

(1) Has demonstrated that the applicant will establish and is likely to maintain a financially successful, viable and efficient business operation and will likely be able to maintain a steady level of growth of revenue to the Commonwealth.

(2) Is of good character, honesty and integrity.

Source: The provisions of this § 441.9 amended December 31, 2005, effective December 15, 2005, 35 Pa.B. 7085; amended July 1, 2006, effective June 15, 2006, 36 Pa.B. 3407; amended April 21, 2007, effective March 27, 2007, 37 Pa.B.1841.

§ 441.10. Notification of anticipated or actual changes in principals or key employees.

Each slot machine applicant or licensee shall notify the Board, in writing, as soon as it becomes aware, of the proposed appointment, appointment, proposed nomination, nomination, election, hiring, intended resignation, resignation, removal, firing, incapacitation or death of any person required to be licensed as a principal or key employee under Chapter 433 and § 435.2 (relating to principal licenses; and key employee license). The notice must be addressed to the Bureau of Licensing.

§ 441.11. Notification of new financial sources.

Each slot machine applicant or licensee shall notify the Board, in writing, as soon as it becomes aware that it intends to enter into a transaction which may result in any new financial backers. The notice shall be sent to the Bureau of Licensing and the Bureau of Corporate Compliance and Internal Controls.

§ 441.12. Agreements.

Source: The provisions of this § 441.10 amended December 31, 2005, effective December 15, 2005, 35 Pa.B. 7085; amended February 4, 2006, effective January 19, 2006, 36 Pa.B. 681; amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

Source: The provisions of this § 441.11 amended February 4, 2006, effective January 19, 2006, 36 Pa.B. 681; amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

(a) *Maintaining agreements.* Each slot machine applicant and licensee shall maintain all of the following:

(1) A fully signed copy of every written agreement.

(2) Records with respect to any oral agreement.

(b) *Changes or amendments to agreements.* Slot machine applicants and licensees shall maintain changes or amendments to the terms of the agreements subject to subsection (a).

(c) *Filing agreements.* Each slot machine licensee shall submit the following to the Board:

(1) A fully signed copy of all written agreements with manufacturer applicants or licensees, manufacturer designee applicants or licensees, supplier applicants or licensees and with vendors subject to certification under § 437.1(b) (relating to general vendor requirements).

(2) A precise written description of any oral agreement, in accordance with subsection (f), with manufacturer applicants or licensees, supplier applicants or licensees and vendors subject to certification under § 437.1(b).

(3) A fully signed copy of all written agreements relating to land and real estate.

(d) *Changes or amendments to filed agreements.* Slot machine applicants and licensees shall file all changes or amendments to the terms of the agreements subject to subsection (c).

(e) *Additional agreements.* Notwithstanding the requirements of subsections (c) and (d), slot machine applicants or licensees may be required to submit a copy of any other written agreement, change or amendment or a precise written description of any other oral agreement, change or amendment as requested by the Board.

(f) *Oral agreements.* A written description submitted under this section shall provide, at a minimum, the following:

(1) The nature of the goods or services to be provided to the slot machine licensee or applicant.

(2) The full name and business address of the non-slot machine licensee or applicant party to the agreement.

(3) The duration of the agreement, or if provided in the agreement, the specific date or dates of performance.

(4) The financial terms of the agreement.

(5) A description of the goods or services provided, including the expected duration and compensation.

§ 441.13. Board review of agreements and records of agreements.

(a) The Board may review an agreement and record maintained or filed under § 441.12 (relating to agreements) to determine the following:

Source: The provisions of this § 441.12 amended February 4, 2006, effective January 19, 2006, 36 Pa.B. 681; amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

(1) The reasonableness of the terms of the agreement, including the terms of compensation.

(2) The qualifications of the persons involved in and associated with the agreement, after which the Board may make a finding as to the suitability of the persons to be involved or associated with the slot machine applicant or licensee.

(3) Whether any person involved therein or associated therewith is providing or likely to provide goods or services to, or conducting or likely to conduct business with, a slot machine applicant or licensee or its employees which requires a license, permit, certification, registration or notification under act or this part, in which case the Board will direct that the appropriate application be promptly filed by the person.

(4) Whether any action is desirable or necessary to regulate, control or prevent economic concentration in any vendor industry or to encourage or preserve competition in any vendor industry.

(b) If the Board finds that an agreement is not in the public interest or is inimical to the interest of gaming in this Commonwealth, the Board may, by order, require the termination of the agreement or association of any person associated therewith or pursue any remedy or combination of remedies provided for in the act or this part. If the agreement or association is not thereafter promptly terminated, the Board may

pursue any remedy or combination of remedies provided for in the act or this part.

(c) Each agreement maintained or filed under § 441.12 shall be deemed to include a provision for its termination without liability on the part of the slot machine applicant or licensee, or on the part of any qualified party to the agreement or any related agreement the performance of which is dependent upon the agreement, if the Board orders that the agreement be terminated in accordance with subsection (b).

§ 441.14. Master purchasing and disbursement report.

(a) Each slot machine license applicant or licensee shall generate a monthly Master Purchasing and Disbursement Report for all vendor transactions. The report shall be submitted to the Bureau of Licensing no later than the 22nd calendar day of following month. The report must include the following information:

(1) A payee register listing alphabetically by payee all nonpayroll transactions drawn by the slot machine applicant or licensee, including wire transfers and credits to vendors, and the following information next to the name of each payee:

(i) The vendor certification or registration number or exemption code.

Source: The provisions of this § 441.13 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

(ii) The amount of the individual disbursement or credit.

(iii) The date of the individual disbursement or credit.

(iv) The subtotal of disbursements or credits by payee.

(v) The grand total of all disbursements made during the reporting period.

(vi) The total summarizing all previous payments in the last 12 months beginning from the first payment date.

(2) A payee register listing alphabetically by payee all transactions drawn by any affiliate, intermediary, subsidiary, holding company or agent of the slot machine applicant or license for goods or services that benefit the slot machine applicant or license, including wire transfers and credits to vendors, and the following information next to the name of each payee:

(i) The vendor certification or registration number or exemption code.

(ii) The amount of the individual disbursement or credit.

(iii) The date of the individual disbursement or credit.

(iv) The subtotal of disbursements or credits by payee.

(v) The grand total of all disbursements made during the reporting periods.

(vi) The total summarizing all previous payments in the last 12 months beginning from the first payment date.

(3) A register listing alphabetically by vendor all transactions, including wire transfers and credits, in which the slot machine applicant or licensee itself acted in the capacity of a vendor by providing goods or services. The register must include:

(i) The vendor certification or registration number or exemption code of the vendor to whom the goods or services were provided.

(ii) The date of each individual transaction.

(iii) The amount of each individual transaction.

(iv) A general description of the type of goods or services provided.

(v) By vendor, subtotals of payments or credits received by the slot machine licensee or applicant or disbursements or credits made by the slot machine licensee or applicant during the reporting period.

(vi) By vendor, totals of payments or credits received or disbursements or credits made by the slot machine licensee or applicant within the applicable 12-month period.

(b) The reports shall be signed by the slot machine applicant or licensee and transmitted to the Bureau of Licensing by means of electronic data transmission or in a form prescribed by the Board.

§ 441.15. Slot machine license issuance bond requirement.

(a) Upon the issuance of a slot machine license, a slot machine licensee shall post an original payment bond in the amount of \$1,000,000.

(b) Unless otherwise required by the Board, the payment bond must comply with the following:

(1) The payment bond must be issued by a surety company that is both licensed by the Insurance Department and assigned a credit rating within the three highest categories, without regard to numerics or other modifiers, by Moody's or Standard & Poor's, or upon the discontinuance of Moody's or Standard & Poor's, by another Nationally recognized rating service. Proof that the surety is licensed by the Insurance Department and has been assigned the required credit rating must accompany any payment bond submitted under this section.

Source: The provisions of this § 441.14 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

(2) A slot machine licensee shall submit its proposed payment bond to the Board prior to the issuance of a slot machine license. The Board will investigate and approve both the proposed terms of the payment bond and the surety that will issue the payment bond.

(3) The payment bond must state that it is payable to ``The Commonwealth of Pennsylvania'' as the obligee for immediate payment of the slot machine licensee's financial obligations to the Commonwealth under the act and as security to guarantee that the slot machine licensee faithfully makes the payments, keeps its books and records, makes reports and conducts its operations in conformity with the act, this part and the rules and orders promulgated by the Board.

(4) A payment bond issued in accordance with this section will remain in full force and effect throughout the period of time that the slot machine license is in effect. If a bond is canceled and the slot machine licensee fails to file a new bond with the Board in the required amount on or before the effective date of the cancellation, the licensee's license will be revoked or suspended.

(5) Any notice provision to the Board in a payment bond applicable to an election by a surety to cancel a then current payment bond must provide that the Board will receive at

least 30 days written notice, by registered mail or overnight courier service, of the surety's election to cancel.

(c) The Board may demand that the slot machine licensee post a new payment bond upon the occurrence of any of the following:

(1) Liability on the existing payment bond is discharged or reduced by judgment rendered, payment made or similar occurrence.

(2) The Board determines that the surety is no longer satisfactory.

(3) The slot machine licensee requests the right to post a new payment bond.

(4) The Board receives notice that the payment bond will be cancelled.

§ 441.16. Slot machine license term and renewal.

(a) A slot machine license issued under this chapter shall be valid for 1 year from the date of Board approval.

(b) A renewal application shall be submitted to the Board at least 60 days prior to the expiration of a slot machine license.

(c) A slot machine license for which a completed renewal application has been received by the Board will continue in

Source: The provisions of this § 441.15 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

effect until the Board sends written notification to the holder of the slot machine license that the Board has approved or denied the slot machine license renewal application.

§ 441.17. Change in ownership or control of slot machine licensee and multiple slot license prohibition.

(a) A slot machine licensee shall notify the Board prior to or immediately upon becoming aware of any proposed or contemplated change in ownership of the slot machine licensee by a person or group of persons acting in concert which involves any of the following:

(1) More than 5% of a slot machine licensee's securities or other ownership interests.

(2) More than 5% of the securities or other ownership interests of a corporation or other form of business entity that owns, directly or indirectly, at least 20% of the voting or other securities or other ownership interest of the slot machine licensee.

(3) The sale, other than in the normal course of business, of a slot machine licensee's assets.

(4) Any other transaction or occurrence deemed by the Board to be relevant to license qualification.

Source: The provisions of this § 441.16 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

(b) Notice to the Board and Board approval shall be required prior to completion of any proposed change of ownership of a slot machine licensee that meets the criteria in subsection (a).

(c) A person or group of persons acting in concert desiring to acquire an interest in a slot machine licensee that meets the criteria in subsection (a) shall submit an application for approval of the transfer which shall include the following:

(1) An application for transfer on a form prescribed by the Board.

(2) A copy of all documents, contracts and agreements related to the transfer.

(3) A principal license application for each person seeking to acquire an interest that does not currently hold a principal license.

(4) Application fees specified by the Board to cover the cost of investigations of the transfer application and persons seeking to acquire an interest. The applicant for the transfer shall be responsible for and remit to the Board any costs associated with the investigation of the transfer that exceed the amount covered by the fees.

(d) A person or group of persons acting in concert that acquires more than 20% of a slot machine licensee's securities or other ownership interests or purchases the assets, other than

in the normal course of business, of any slot machine licensee shall independently qualify for a license in accordance with the act and this part and shall pay the licensing fee required by section 1209 (relating to slot machine license fee), except as otherwise required by the Board.

(e) The requirements in subsections (a) - (d) do not apply to:

(1) An underwriter who will hold a security for less than 90 days.

(2) An institutional investor, if:

(i) The institutional investor holds less than 10% of the securities or other ownership interests referred to in subsection (a)(1) or (2).

(ii) The securities or interests are publicly traded securities.

(iii) The institutional investor's holdings if the securities were purchased for investment purposes only and the institutional investor files a certified statement with the Board stating that the institutional investor has no intention of influencing or affecting, directly or indirectly, the affairs of the slot machine licensee.

(f) In accordance with section 1330 of the act (relating to multiple slot machine license prohibition), a slot machine licensee, its affiliates, intermediaries, subsidiaries and

holding companies, may not possess an ownership or financial interest in any other slot machine licensee or in any other person eligible to apply for a Category 1 slot machine license or its affiliates, intermediaries, subsidiaries or holding companies that exceeds 33.3%.

(g) Nothing in subsection (f) prevents a slot machine licensee from possessing ownership or financial interests of 33.3% or less, in multiple slot machine licensees or in persons eligible to apply for a Category 1 slot machine license or its affiliates, intermediaries, subsidiaries or holding companies.

(h) If a slot machine licensee, its affiliates, intermediaries, subsidiaries or holding companies has an ownership or financial interest in another slot machine licensee that is in violation of subsection (f), the slot machine licensee will be required to divest that interest which is in excess of 33.3% in compliance with section 1330 of the act.

(i) Nothing in this section concerning ownership or financial interests applies to contractual interests including those in the nature of management contracts, options to purchase exercisable after a license has been issued or leases.

§ 441.18. Employee status report.

Source: The provisions of this § 441.17 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

(a) A slot machine licensee shall maintain a complete, accurate and current record of each employee that includes the information in subsection (b)(1).

(b) Each month each slot machine licensee shall generate a monthly employee status report of the slot machine licensee's and management company's employees. The report shall be submitted to the Bureau of Licensing no later than the 15th calendar day of the following month. The report must include the following information:

(1) An alphabetical listing of the individuals currently employed by the slot machine licensee and the management company and the following information with respect to each employee listed:

(i) The name of the employee.

(ii) The address of record of the employee on file with the slot machine licensee.

(iii) The employee's license, permit or registration number.

(iv) The employee's title or position.

(v) Whether the employee is full-time or part-time.

(vi) The date of hire of the employee.

(vii) The access code, if any, assigned to the employee, which designates the restricted areas that the

employee is permitted to enter and remain in for the purposes of performing his normal duties.

(2) The total number of persons employed by the slot machine applicant or licensee and management company during the preceding month.

(3) An alphabetical listing of all employees who have discontinued or terminated employment with the slot machine licensee or management company during the preceding month and the following information with respect to each employee listed:

(i) The information listed in paragraph (1)(i)-(vii).

(ii) The date on which the employee discontinued or terminated employment with the slot machine licensee or management company.

(4) The total number of employees who have discontinued or terminated employment with the slot machine licensee and management company during the preceding month.

(5) The date on which the information provided in the report was compiled.

(c) The reports shall be signed by the slot machine licensee and transmitted to the Bureau of Licensing by means of electronic data transmission or in a form prescribed by the Board.

(d) The Board may request interim employee status reports from a slot machine licensee or management company.

§ 441.19. Notice of employee misconduct and offenses.

(a) A slot machine licensee or management company shall notify the Board within 5 days of the termination of an employee, of any information surrounding the termination of the employee that could be cause for suspension or revocation of the employee's license, permit or registration or any enforcement action related thereto.

(b) The notice must include the following information:

(1) The employee's name.

(2) The address of record of the employee on file with the slot machine licensee.

(3) The employee's license, permit or registration number.

(4) The employee's title or position.

(5) A summary of the incident or misconduct by the employee, including any violations of this part or the act.

(6) The date of termination of the employee.

(7) The access code, if any, assigned to the employee, which designates the restricted areas that the employee was

Source: The provisions of this § 441.18 amended February 18, 2006, effective February 2, 2006, 36 Pa.B. 909; amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

permitted to enter and remain in for the purposes of performing his normal duties.

(c) Notwithstanding subsection (a), a slot machine licensee shall, within 24 hours, notify the Board upon learning of the arrest, charging, indictment or conviction of any of its affiliates, intermediaries, subsidiaries, holding companies, principals, key employees, permittees or registrants, for any of the following:

(1) An offense or violation under the act or this part.

(2) The willful and knowing violation or attempt to violate an order of the Board by an employee.

(3) An offense or violation of another applicable law which would otherwise disqualify the person from holding a license, permit or registration.

(4) An offense or violation of a criminal law or ordinance of the United States or this Commonwealth or a comparable offense or violation in other states or foreign jurisdictions.

§ 441.20. Slot machine license agreements.

Source: The provisions of this § 441.19 amended July 22, 2006, effective June 28, 2006, 36 Pa.B. 3939; amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

(a) An agreement or noncontractual relationship between a person and a slot machine licensee which provides for a payment to the person or an arrangement under which a person receives payment, however defined, of a direct or indirect interest, percentage or share of earnings, profits or receipts from slot machines and associated equipment of a licensed facility, shall require Board approval, regardless of the amount or percentage.

(b) An agreement will not receive Board approval if it, or if it when viewed in the aggregate as related to any of the persons who receive payment as a result of the agreement, creates a monopolization of economic opportunities or control of the licensed gaming facilities in this Commonwealth under § 421.5 (relating to monopolization of economic opportunities and control).

(c) Notwithstanding the definition of a principal, persons who receive payments under the agreements or arrangements shall be licensed by the Board prior to receiving the payments, unless the agreement or person is exempted under subsection (d).

(d) The following are exempt from the requirements of this section:

(1) Fixed sum and hourly payments.

(2) Junket agreements.

(3) Employee profit sharing agreements administered by class or category.

(4) Management contracts.

(5) Slot system agreements for wide area progressive slot systems.

(6) Horsemen's organizations.

(7) Labor organizations.

(8) Other agreements determined by the Board.

§ 441.21. Management contracts.

Notwithstanding any provision to the contrary in the management contract, each slot machine licensee shall be jointly and severally liable for any act or omission by the management company in violation of the act or this part, regardless of actual knowledge by the slot machine licensee of the act or omission.

§ 441.22. Category 1 slot machine licensees.

(a) *General.* A Category 1 license, including a Conditional Category 1 license, may be issued to any qualifying legal business entity within an organization, if a legal business entity within the organization has been approved or issued a license from either the State Horse Racing Commission or the State Harness Racing Commission to conduct thoroughbred or

Source: The provisions of this § 441.20 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

Source: The provisions of this § 441.21 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

harness race meetings. If a Category 1 license is issued to a legal business entity within an organization, all requirements, duties and obligations imposed by this part or the act on the licensed racing entity or a licensed racetrack shall be deemed to be requirements imposed on any legal business entity within the organization that has been approved or issued a Category 1 license. If more than one licensed racing entity, on July 5, 2004, was conducting a racing meet at the same licensed racetrack where an organization has been issued a Category 1 slot machine license, section 1303 of the act (relating to additional category 1 slot machine license requirements) applies to each licensed racing entity at the licensed racetrack.

(b) *Specific.* If a Category 1 license is issued to a legal business entity in an organization, any legal business entity within the organization that has been approved or issued a Category 1 license shall be responsible for, in particular, but not limited to, complying with:

(1) Section 1404 of the act (relating to distributions from licensee's revenue receipts).

(2) Section 1405 of the act (relating to Pennsylvania Race Horse Development Fund).

(3) Distribution allocations received from the Pennsylvania Race Horse Development Fund under section 1406 of

the act (relating to distributions from Pennsylvania Race Horse Development Fund).

(i) Funds designated for purses under section 1406(a)(1)(i) of the act shall be deposited into an account established by and for the benefit of the horsemen within 36 hours of receipt from the Commonwealth.

(ii) Funds designated for health and pension benefits under section 1406(a)(1)(iii) of the act shall be deposited into an account established under the rules and regulations of the horsemen's organization within 36 hours of receipt from the Commonwealth.

§ 441.23. Category 3 slot machine licensees.

(a) To qualify as a well-established resort hotel with substantial year-round recreational guest amenities, the resort hotel must offer on its premises a complement of amenities characteristic of a well-established resort hotel, including but not limited to the following:

- (1) Sports and recreational activities and facilities such as a golf course or golf driving range.
- (2) Tennis courts
- (3) Swimming pools or a water park.
- (4) A health spa.

Source: The provisions of this § 441.22 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841.

- (5) Meeting and banquet facilities.
- (6) Entertainment facilities.
- (7) Restaurant facilities.
- (8) Downhill or cross-country skiing facilities.
- (9) Bowling lanes.
- (10) Movie theaters.

(b) A Category 3 slot machine applicant shall submit, as part of its application and its internal controls required under Chapter 465 (relating to accounting and internal controls), a plan detailing how the applicant will monitor the gaming area to ensure compliance with Chapters 503, 511 and 513 (relating to self-exclusion; persons required to be excluded; and underage gaming) and that only the following persons are permitted to enter the gaming area:

- (1) Registered overnight guests.
- (2) Patrons of one or more amenities.
- (3) Authorized employees.
- (4) Other persons authorized by the Board.

(c) Individuals holding a valid seasonal or year-round membership, which has been approved by the Board and entitles the individual to use one or more of the amenities at the well-

Source: The provisions of this § 441.23 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1841; amended May 19, 2007, effective April 9, 2007, 37 Pa.B. 2296.

established resort hotel holding the Category 3 slot machine license, may be allowed on the gaming floor at any time. The Board will base its approval of a membership on the duration of the membership, the amenities covered by the membership and whether the fee charged for the membership represents the fair market value for the use of the amenity or amenities.

(d) A patron of an amenity at a well-established resort hotel holding a Category 3 slot machine license may be permitted unlimited access to the gaming floor for one 24-hour period within 72 hours of the use of the amenity.

CHAPTER 443. (RESERVED).

Subpart D. RECORDKEEPING

CHAPTER 451. (RESERVED)

CHAPTER 451a. RECORDKEEPING REQUIREMENTS

§ 451a.1. Recordkeeping generally.

(a) All manufacturer, supplier, junket enterprise, management company and slot machine licensees and all registered and certified vendors shall maintain adequate records of business operations which shall be made available to the Board upon request. These records shall be kept onsite in this Commonwealth in a place secure from theft, loss or destruction or at another secure location approved by the Board. These records include:

(1) Correspondence with the Board and other local, Commonwealth and Federal governmental agencies.

(2) Correspondence concerning gaming equipment with a manufacturer, supplier, management company or slot machine licensee.

(3) Copies of all promotional material and advertising.

(4) A personnel file on each current and former employee.

(5) Financial records of all transactions concerning slot machines and associated equipment with a manufacturer, supplier, management company or slot machine licensee.

(6) Copies of all tax returns, reports and other tax documents filed with a taxing entity of the Federal government, the Commonwealth or local taxing entity within this Commonwealth for 7 years or a longer period as prescribed by the taxing entity.

(7) Copies of all general accounting records.

(b) Except as provided in subsection (a)(6) regarding tax documents, the records listed in subsection (a) shall be maintained for at least 5 years.

Subpart E. SLOT MACHINE TESTING, CERTIFICATION AND CONTROL

CHAPTER 461. SLOT MACHINES AND ASSOCIATED EQUIPMENT

§ 461.1. Definitions.

The following words and terms, when used in this subpart, have the following meanings, unless the context clearly indicates otherwise:

Double-up - An optional wager on a slot machine in which the player has a mathematically equal probability of winning or losing the wager.

Modification - A change or alteration in a slot machine or associated equipment that affects the manner or mode of play or operation of the slot machine or associated equipment.

(i) The term includes a change to control or graphics programs and to the theoretical hold percentage.

(ii) In the case of slot machines, the term does not include:

(A) A conversion.

(B) Replacement of one approved component with an identical component.

(iii) In the case of a wide-area progressive system, the term includes:

(A) A change in a system name or theme.

(B) A change in the odds to win the progressive payout.

(C) A change in the reset amount.

(D) A change in the progressive rate.

(E) A change in the wager necessary to win the progressive payout.

Progressive - A slot machine that offers a jackpot that may increase in value based upon wagers as the slot machine is played. Progressive slot machines may stand alone, be linked at a licensed facility or be part of a wide area progressive system.

Randomness - The observed unpredictability and absence of pattern in a set of elements or events that have definite probabilities of occurrence.

Skill - The application of intelligence and specific knowledge to achieve the best result when a slot machine offers a choice of options during game play.

Slot Lab - The Gaming Laboratory Operations Bureau of the Board.

Strategy choice - A particular play option on a slot machine that requires the use of skill to consistently achieve the best result.

Theme - A concept, subject matter and methodology of design.

Wager - Placing at risk in a slot machine a coin, bill, ticket, gaming voucher, coupon, or similar object or, upon payment of any consideration, including the use of cashless funds transfer systems and external bonusing systems.

§ 461.2. Protocol requirements.

In accordance with section 1324 of the act (relating to protocol information), manufacturer licensees and supplier licensees shall be required to enable all slot machine terminals to communicate with the Department's central control computer for the purpose of transmitting auditing program information and activating and disabling slot machine terminals.

§ 461.3. Testing and approval generally.

(a) In accordance with section 1320 of the act (relating to slot machine testing and certification standards), the Board

will determine the manner and scope in which slot machine terminals are to be tested and approved prior to operation and use in a licensed facility in this Commonwealth.

(b) All slot machines operated in this Commonwealth must be approved by the Board.

(c) The Board has the authority to require one or more of the following procedures with respect to testing and certifying a slot machine:

(1) An abbreviated testing and approval process in accordance with § 461.4(f) (relating to submission for testing and approval).

(2) Testing and approval in accordance with § 461.4(h).

(3) Utilize the services of slot machine testing facility to conduct the testing until a slot machine testing facility is created by the Board.

(d) On or before July 5, 2007, the Board will establish and maintain an independent slot machine testing facility. The cost of establishment and operation of the facility shall be paid by each manufacturer licensee in accordance with a schedule adopted by the Board.

(e) The Board will require payment of all costs for the testing and approval of all slot machines and associated equipment through procedures prescribed by the Board.

(f) The Board will require a manufacturer licensee seeking approval of a slot machine or associated equipment to pay all costs of transportation, inspection and testing.

§ 461.4. Submission for testing and approval.

(a) A slot machine or associated equipment identified in subsection (b) (collectively referred to as "products" or "equipment, device or software"), or a modification thereto, may not be offered for sale, lease or distribution for ultimate use by a slot machine licensee in this Commonwealth unless a prototype identical in all mechanical, electrical, electronic and other respects has been tested and approved by the Board. When an applicant for, or holder of, a slot machine license develops software or a system that is functionally equivalent to any of the slot systems enumerated in subsection (b), that software or system shall be subject to the testing and approval process of this subpart to the same extent as if the software or system were developed by an applicant for, or holder of, a manufacturer license. Any reference in this subpart to the responsibilities of a manufacturer applies to an applicant for, or holder of, a slot machine license developing software or systems subject to testing and approval under this subpart.

(b) For the purposes of this section, slot machines and associated equipment which shall be submitted for testing and Board approval include:

(1) Slot machines, including bill validators and printers.

(2) Slot monitoring systems, to the extent the system interfaces with slot machines and related systems.

(3) Casino management systems, to the extent the system interfaces with slot machines and related systems.

(4) Player tracking systems, to the extent the system interfaces with slot machines and related systems.

(5) Progressive systems, including wide area progressive systems.

(6) Gaming voucher systems.

(7) External bonusing systems.

(8) Cashless funds transfer systems.

(9) Machines performing gaming voucher coupon or jackpot payout transactions.

(10) Coupon systems, to the extent the system interfaces with slot machines and related systems.

(11) Other associated equipment as required by the Board.

(c) Slot machine prototypes and associated equipment prototypes, and any modifications thereto, which are subject to testing and approval under this section will be evaluated by the Board for overall operational integrity and compliance with the act, this subpart and technical standards adopted by the Board.

In addition, with regard to any slot machine, or modification thereto, the Board will test for compatibility and compliance with the central control computer and protocol specifications approved by the Department including the ability to communicate with the central control computer for the purpose of transmitting auditing program information, real time information retrieval and activation and disabling of slot machines.

(d) The Board may periodically prescribe for completion by an applicant for, or holder of, a manufacturer license a standard product submission checklist, together with supplemental product specific submission checklists, to facilitate the examination and analysis of a prototype or modification.

(e) The Board may periodically prescribe certification requirements, to be executed by the chief engineer of the applicant for, or holder of, a manufacturer license or the engineer in charge of the division of the manufacturer responsible for producing the product submitted, unless otherwise noted, to obtain sufficient assurances from the manufacturer that the product was properly and completely tested by the manufacturer prior to its submission to the Board.

(f) Notwithstanding the terms of subsection (c), the Board may utilize an abbreviated testing and approval process in

accordance with section 1320 of the act (relating to slot machine testing and certification standards).

(g) When an applicant for, or holder of, a manufacturer license seeks to utilize, during the applicable period, the abbreviated testing and approval process for a slot machine prototype, associated equipment prototype or any modification thereto, it shall submit to the Board's Slot Lab the following:

(1) A prototype of the equipment, device or software accompanied by a written request for abbreviated testing and approval which identifies the jurisdiction within the United States upon which the applicant for, or holder of, a manufacturer license proposes the Board rely ("named jurisdiction"). The manufacturer shall transport the equipment, device or software at its own expense and shall deliver same to the offices of the Board's Slot Lab.

(2) A certification executed by the chief engineer of the applicant for, or holder of, a manufacturer license or the engineer in charge of the division of the manufacturer responsible for producing the equipment, device or software submitted ("professional") asserting that:

(i) The specific prototype or modification is identical in all mechanical, electrical, electronic and other respects to one which has been tested and approved by the

testing facility operated by the named jurisdiction or a private testing facility on behalf of the named jurisdiction.

(ii) The manufacturer is licensed in good standing in the named jurisdiction and that the subject product has all regulatory approvals prerequisite to sale or distribution in the named jurisdiction.

(iii) In the professional's opinion, the testing standards of the named jurisdiction are comprehensive and thorough and provide similar adequate safeguards as those required by this subpart.

(iv) In the professional's opinion, the equipment, device or software complies with the act, this subpart and technical standards adopted by the Board including requirements related to the central control computer.

(3) An executed copy of a current product submission checklist, and any product specific supplemental submission checklists applicable to the submitted equipment, device or software unless a substantially similar checklist was filed with the named jurisdiction and is included in the submission package required by paragraph (4).

(4) Copies of the submission package, and any amendments thereto, filed with the named jurisdiction, copies of any correspondence, review letters or approvals issued by the testing facility operated by the named jurisdiction or a private

testing facility on behalf of the named jurisdiction and, as applicable, a copy of the final regulatory approval issued by the named jurisdiction.

(5) The manufacturer shall disclose with specificity to the Board any conditions or limitations placed by the named jurisdiction on the operation or placement of the equipment, device or software at the time of approval or subsequently thereafter.

(6) When a slot machine prototype, or a modification thereto is submitted, the manufacturer shall submit a complete, comprehensive and technically accurate description of the manner in which the slot machine was tested for compatibility and compliance with the central control computer and protocol specifications approved by the Department including the ability to communicate with the central control computer for the purpose of transmitting auditing program information, real time information retrieval and activation and disabling of slot machines.

(7) Any hardware, software and other equipment, inclusive of technical support and maintenance applicable thereto, required by the Board's Slot Lab to conduct the abbreviated testing and approval process contemplated by the act, this subpart and technical standards adopted by the Board.

The testing equipment and services required by this paragraph shall be provided at no cost to the Board.

(8) Additional documentation requested by the Board.

(h) When an applicant for, or holder of, a manufacturer license seeks Board approval of a slot machine prototype, associated equipment prototype, or any modification thereto for which the abbreviated testing process in subsection (f) is not applicable, it shall submit to the Board's Slot Lab the following:

(1) A prototype of the equipment, device or software accompanied by a written request for testing and approval. The manufacturer shall transport the equipment, device or software at its own expense and deliver it to the offices of the Board's Slot Lab in accordance with instructions provided.

(2) Certifications required under subsection (e) providing assurances from the manufacturer that the product was properly and completely tested and emulated by the manufacturer prior to its submission to the Board and that the product, device or software complies with the act, this subpart and technical standards adopted by the Board, including any applicable requirements related to the central control computer.

(3) An executed copy of a current product submission checklist, and any product specific supplemental submission

checklists applicable to the submitted equipment, device or software.

(4) A complete, comprehensive and technically accurate description of the equipment, device or software, accompanied by applicable diagrams, schematics and specifications, together with documentation with regard to the manner in which the product was tested and emulated by the manufacturer prior to its submission to the Board.

(5) Any hardware, software and other equipment, inclusive of technical support and maintenance applicable thereto, required by the Board's Slot Lab to conduct the testing and approval process contemplated by the act, this subpart and technical standards adopted by the Board. The testing equipment and services required by this paragraph shall be provided at no cost to the Board.

(6) In the case of a slot machine prototype the following additional information shall be submitted:

(i) A copy of all executable software, including data and graphics information, on electronically readable, unalterable media.

(ii) A copy of all source code for programs that cannot be reasonably demonstrated to have any use other than in a slot machine, on electronically readable, unalterable media.

(iii) A copy of all graphical images displayed on the slot machine including reel strips, rules, instructions and paytables.

(iv) A mathematical explanation of the theoretical return to the player, listing all assumptions, all steps in the formula from the first principles through to the final results of all calculations including bonus pays and, where a game requires or permits player skill in the theoretical derivations of the payout return, the source of strategy.

(v) Hardware block diagrams of the major subsystems.

(vi) A complete set of schematics for all subsystems.

(vii) A wiring harness connection diagram.

(viii) A technical and an operator manual.

(ix) A description of all security methodologies incorporated into the design of the slot machine including, when applicable, encryption methodology for all alterable media, auto-authentication of software and recovery capability of the slot machine for power interruption.

(x) For all meters required by this subpart or technical standards adopted by the Board, a cross reference of product meters to the required meters, if necessary.

(xi) A description of all tower light functions indicating the corresponding condition.

(xii) A description of all error conditions and the corresponding action required by the operator.

(xiii) A description of the use and function of all available dip switch settings or configurable options.

(xiv) A description of the pseudo random number generator or generators used to determine game outcome, including a detailed explanation of operational methodology, and a description of the manner by which the pseudo random number generator and random number selection process is impervious to outside influences, interference from electro-magnetic, electro-static, and radio frequencies, and influence from ancillary equipment via data communications. Test results in support of representations shall be submitted. For the purposes of this section, "game outcome" means the results of a wager.

(xv) Specialized hardware, software or testing equipment, inclusive of technical support and maintenance, needed to complete the evaluation, which may include an emulator for a specified microprocessor, PCs, extender cables for CPU boards, target reel strips and door defeats. The testing equipment and services required by this paragraph shall be provided at no cost to the Board.

(xvi) A compiler, or reasonable access to a compiler, for the purpose of building applicable code modules.

(xvii) All program storage media including eproms, eeproms, and any type of alterable media for all slot machine software.

(xviii) Technical specifications for any microprocessor or microcontroller.

(xix) A complete, comprehensive and technically accurate description of the manner in which the slot machine was tested for compatibility and compliance with the central control computer and protocol specifications approved by the Department including the ability to communicate with the central control computer for the purpose of transmitting auditing program information, real time information retrieval and activation and disabling of slot machines.

(xx) Additional documentation as requested by the Board.

(7) In the case of a modification to a slot machine prototype, including a change in theme, the following additional information shall be submitted:

(i) A complete, comprehensive and technically accurate description of the proposed modification to the slot machine prototype, accompanied by applicable diagrams, schematics and specifications.

(ii) When a change in theme is involved, a copy of all graphical images displayed on the slot machine including reel strips, rules, instructions and paytables.

(iii) When a change in the manner in which the theoretical payout percentage is achieved is involved, a mathematical explanation of the theoretical return to the player, listing all assumptions, all steps in the formula from the first principles through to the final results of all calculations including bonus pays and, where a game requires or permits player skill in the theoretical derivations of the payout return, the source of strategy.

(iv) A complete, comprehensive and technically accurate description of the manner in which the slot machine was tested for compatibility and compliance with the central control computer and protocol specifications approved by the Department including the ability to communicate with the central control computer for the purpose of transmitting auditing program information, real time information retrieval and activation and disabling of slot machines.

(v) Additional documentation as requested by the Board.

(8) In the case of a slot monitoring system, casino management system, player tracking system, wide area progressive system, gaming voucher system, external bonusing system,

cashless funds transfer system, automated gaming voucher, coupon redemption or jackpot payout machine, coupon system or any other equipment or system required to be tested and approved under subsection (b):

(i) A technical and an operator manual.

(ii) A description of all security methodologies incorporated into the design of the system to include, when applicable, password protection, encryption methodology and its application, auto-authentication, network redundancy, back-up and recovery procedures.

(iii) A complete schematic or network diagram of the system's major components accompanied by a description of each component's functionality and a software object report. The description must disclose the functions performed by each component.

(iv) A description of the data flow, in narrative and in schematic form, including specifics with regard to data cabling and, when appropriate, communications methodology for multi-site applications.

(v) A list of all computer operating systems and third party software incorporated into the system together with a description of their interoperability.

(vi) System software and hardware installation procedures.

(vii) A list of all system reports available.

(viii) When applicable, features for each system which may include patron and employee card functions, promotions, reconciliation procedures and patron services.

(ix) A description of any interoperability testing including test results for each submitted system's connection to, as applicable, slot machines, voucher, coupon redemption and jackpot payout machines, computerized systems for counting money, vouchers and coupons. This list must identify the tested products by manufacturer, model and software identification and version number.

(x) A narrative describing the method used to authenticate software.

(xi) When requested by the Board, all source code.

(xii) When applicable, a complete, comprehensive and accurate description, accompanied by applicable diagrams, schematics and specifications, of the creation of a voucher and the redemption options available.

(xiii) When applicable, a complete, comprehensive and technically accurate description, accompanied by applicable diagrams, schematics and specifications, of the creation of a coupon and the redemption options available.

(xiv) Any specialized hardware, software or other equipment, inclusive of technical support and maintenance applicable thereto, required by the Board's Slot Lab to conduct the testing and approval process contemplated by the act, this subpart and technical standards adopted by the Board. The testing equipment and services required by this paragraph shall be provided at no cost to the Board.

(xv) Additional documentation requested by the Board.

(9) In the case of a modification to any of the systems identified in paragraph (8), the following additional information shall be submitted:

(i) A complete, comprehensive and technically accurate description of the proposed modification to the system, accompanied by applicable diagrams, schematics and specifications.

(ii) A brief narrative disclosing the purpose for the modification.

(iii) Additional documentation as requested by the Board.

(i) At the conclusion of any testing of a prototype or modification by the Board's Slot Lab, but prior to a decision to approve a prototype or modification, the Board may require a trial period of scope and duration as it deems appropriate to

assess the operation of the prototype or modification in a live gaming environment. The conduct of the test period shall be subject to compliance by the licensed manufacturer, any applicable licensed supplier, and the slot machine licensee with specific terms and conditions as may be required by the Board, which may include development and implementation of product specific accounting and internal controls, periodic data reporting to the Board and compliance with technical standards on trial periods or the prototype or modification adopted by the Board. The Board may authorize the receipt of compensation by a licensed manufacturer or licensed supplier during the trial period. The Board may order termination of the trial period if it determines that the licensed manufacturer, any applicable licensed supplier or the slot machine licensee conducting the trial period has not complied with the terms and conditions required by the Board or that the product is not performing as expected.

(j) At the conclusion of any testing of a prototype or modification, the Board's Slot Lab will report to the Board the results of its testing. Upon receipt of the Slot Lab's report, the Board will approve, approve with conditions or reject the submitted prototype or modification, require additional testing or a trial period under subsection (i). Board approval of a

prototype or modification does not constitute a guarantee of the prototype or modification's safety.

(k) A slot machine licensee is prohibited from installing in its licensed facility any slot machine or associated equipment, or modification thereto, required to be tested and approved under subsection (b) unless the equipment, device or software has been approved by the Board. A slot machine licensee may not modify, alter or tamper with any approved slot machine or associated equipment. Any slot machine or associated equipment installed in a licensed facility in contravention of this requirement will be subject to seizure by the Board.

(l) Notwithstanding subsection (k), where a modification to a slot machine prototype or associated equipment prototype is required on an emergency basis to prevent cheating or malfunction, upon the written request of a licensed manufacturer in the manner prescribed by the Board, which request must expressly detail the name and employer of any persons to be involved in the installation of a modification and the manner in which it is to be effected, the Board may, in writing, authorize installation of a modification prior to the completion of the testing and approval process required by this subpart. Within 15 days of receipt of any authorization to install an emergency modification, the manufacturer shall submit the modification for full testing and approval in accordance with this subpart.

(m) A slot machine licensee shall immediately notify the Board, in a manner and form the Board prescribes, of any known or suspected defect or malfunction in any slot machine or associated equipment installed in its licensed facility. The slot machine licensee shall comply with any instructions issued by the Board with regard to the continued operation of the slot machine or associated equipment.

(n) If a dispute arises with a patron concerning payment of alleged winnings, the slot machine licensee shall notify the patron in writing, concurrent with its initial receipt of notice of the dispute, that the patron has the right to contact the Board with regard to the dispute.

(o) When a slot machine licensee refuses to pay winnings claimed by a patron and the patron and the slot machine licensee remain unable to resolve the dispute after 7 days, the slot machine licensee shall, on the next day, notify the Board in writing of the dispute in a manner and form the Board prescribes. The notice must identify all parties to the dispute and shall state all known relevant facts regarding the dispute.

(p) Concurrent with the initial receipt of slot machines, an applicant for, or holder of, a slot machine license shall file a slot machine master list as required by § 463.5 (relating to slot machine master list).

(q) The testing of equipment, devices or software under this subpart may require the dismantling of the product and testing that may result in damage to, or destruction of, one or more systems or components. Once submitted for testing, equipment, devices or software will not be returned to the manufacturer unless otherwise determined by the Board.

§ 461.5. Slot machine conversions.

(a) Definition. The following term, when used in this section, has the following meaning, unless the context clearly indicates otherwise:

Conversion - A change or alteration to a slot machine that does not affect the manner or mode of play or operation of the slot machine.

(b) Records of conversion. A slot machine licensee shall:

(1) Maintain complete and accurate records of all conversions.

(2) Give prior notice of a slot machine conversion to the Board's Slot Lab in writing in the manner prescribed by the Board.

(3) Notice the Department in accordance with § 463.6 (relating to notice to central computer system).

§ 461.6. Revocations.

If subsequent to the approval of a slot machine prototype, associated equipment prototype, or modification thereto, the

Board determines that the equipment, device or software approved by the Board meets either of the following criteria, the Board may take action it deems appropriate, including revocation of the approval or imposition of additional conditions:

(1) The equipment, device or software is not in compliance with the act, this subpart or technical standards adopted by the Board.

(2) With regard to any slot machine, or modification thereto, the equipment, device or software is not compatible with, or compliant with the central control computer and protocol specifications approved by the Department or is unable to communicate with the central control computer for the purpose of transmitting auditing program information, real time information retrieval and activation and disabling of slot machines.

§ 461.7. Slot machine minimum design standards.

(a) A slot machine is any mechanical or electrical contrivance, terminal, machine or other device as defined in § 401.4 (relating to definitions).

(b) A slot machine is prohibited from being set to pay out less than the theoretical payout percentage, which shall be no less than 85% but not equal or exceed 100%. The theoretical payout percentage for the total value of slot machine wagers will be calculated using the following criteria:

(1) The defined set of all symbols that will be displayed using spinning reels or video displays or both.

(2) The finite set of all possible combinations which shall be known as the cycle of the game. All possible combinations in a slot machine cycle shall be independent of each other and of all possible combinations from cycles in other slot machines.

(3) The value of each winning combination that corresponds with the set from paragraph (2) which, whether by reason of skill or application of the element of chance or both, may deliver or entitle the person or persons playing the slot machine to a jackpot.

(4) A payout of merchandise or anything of value provided a cash equivalent award for the merchandise is offered. The value of the cash equivalent will contribute to the calculation of the theoretical payout percentage.

(5) A payout in the form of an annuity will contribute to the calculation of the theoretical payout percentage by dividing the initial or reset amount of the jackpot payout by the number of years over which the jackpot will be paid.

(6) The odds of any winning combination shall not exceed 50 million to 1.

(c) The calculation of the theoretical payout percentage will not include:

(1) The amount of any progressive jackpot in excess of the initial or reset amount.

(2) A cash or noncash complimentary issued under to § 465.8 (relating to complimentary services or items).

(3) A payout of merchandise or anything of value where a cash equivalent award is not offered.

(d) A play offered by a slot machine may not have a theoretical payout percentage which is less than, when calculated to one hundredth of a percentage point, the theoretical payout percentage for any other play offered by that slot machine which is activated by a slot machine wager in a lesser amount than the slot machine wager required for that play. Notwithstanding the foregoing, the theoretical payout percentage of one or more particular plays may be less than the theoretical payout percentage of one or more plays which require a lesser wager provided that:

(1) The aggregate total of the decreases in the theoretical payout percentage for plays offered by the slot machine is not more than 1/2 of 1%.

(2) The theoretical payout percentage for every play offered by the slot machine is equal to or greater than the

theoretical payout percentage for the play that requires the lowest possible wager that will activate the slot machine.

(e) In addition to the requirements of subsections (b), (c) and (d), the volatility of a slot machine must verify that the theoretical payout percentage equals or exceeds the minimum payout requirement of 85% within 10 million plays. The criteria used to calculate the volatility must be in accordance with technical standards applicable to volatility adopted by the Board.

(f) The selection from the set of all possible combinations of symbols shall be made applying a pseudo random number generator. At a minimum, each pseudo random number generator must adhere to the following criteria:

(1) The random selection process must meet a 95% confidence interval.

(2) As determined by the Board, it must pass a standard chi-squared test for goodness of fit.

(3) Each possible slot machine combination which produces winning or losing slot machine outcomes must be available for random selection at the initiation of each play.

(4) A slot machine payout percentage that may be affected by reason of skill must meet the theoretical payout requirements of this subpart when evaluated by the Board using a

method of play that will provide the greatest return to the player.

(5) Once a random selection process has occurred, the slot machine must:

(i) Display an accurate representation of this randomly selected outcome.

(ii) Not make a secondary decision which affects the result shown to the person playing the slot machine.

(g) A slot machine is prohibited from automatically altering any function of the slot machine based on internal computation of the hold percentage.

(h) The available winning combinations and applicable rules of play for a slot machine shall be available at all times the slot machine is idle to the patron playing the slot machine. The award schedule of available winning combinations may not include possible aggregate awards achievable from free plays. A slot machine that includes a strategy choice must provide mathematically sufficient information for a patron to use optimal skill. Information regarding a strategy choice need not be made available for any strategy decisions whenever the patron is not required, in addition to the initial wager, to make an additional wager and, where as a result of playing a strategy choice, the patron can not lose any credits earned thus far during that game play.

(i) Unless otherwise authorized by the Board, each slot machine approved for use in a licensed facility must be equipped with the following meters. The meters must comply with technical standards adopted by the Board. The required meters must continuously and automatically increment in units equal to the denomination of the slot machine or, in the case of a slot machine configured for multi-denomination play, must display the required information in dollars and cents.

(1) Coin in. The slot machine must have a meter that accumulates the total value of all wagers, whether the wager results from the insertion of currency, gaming vouchers, coupons, downloaded credits, credits won or any other means. This meter must:

(i) Not include subsequent wagers of intermediate winnings accumulated during game play sequence such as those acquired from "double up" games.

(ii) For multi-game and multi-denomination/multi-game slot machines, monitor the information necessary, on a per pay table basis, to calculate a weighted average actual payout percentage.

(2) Coin out. The slot machine must have a meter that accumulates the total value of all amounts directly paid by the slot machine as a result of winning wagers, whether the payout is made directly from the printer by issuance of a gaming

voucher, directly to a credit meter or by any other means. This meter may not record amounts awarded as the result of an external bonusing system or a progressive payout.

(3) Attendant paid jackpots. The slot machine must have a meter that accumulates the total value of credits paid by an attendant resulting from a single winning alignment or combination, the amount of which is not capable of being paid by the slot machine itself. This meter may not record amounts awarded as the result of an external bonusing system or a progressive payout. This meter is to record only amounts specifically listed in the manufacturer's par sheet.

(4) Attendant paid cancelled credits. The slot machine must have a meter that accumulates the total value of all amounts paid by an attendant resulting from a player initiated cash-out that exceeds the physical or configured capability of the slot machine.

(5) Bill in. The slot machine must have a meter that accumulates the total value of currency accepted. The slot machine must also have a specific meter for each denomination of currency accepted that records the number of bills accepted for each denomination.

(6) Voucher in - cashable/value. The slot machine must have a meter that accumulates the total value of all cashable gaming vouchers accepted by the slot machine.

(7) Voucher in - cashable/count. The slot machine must have a meter that accumulates the total number of cashable gaming vouchers accepted by a slot machine.

(8) Voucher out - cashable/value. The slot machine must have a meter that accumulates the total value of all cashable gaming vouchers issued by the slot machine.

(9) Voucher out - cashable/count. The slot machine must have a meter that records the total number of all cashable gaming vouchers issued by a slot machine.

(10) Voucher out - noncashable/value. The slot machine must have a meter that accumulates the total value of all noncashable gaming vouchers issued by the slot machine.

(11) Voucher out - noncashable/count. The slot machine must have a meter that records the total number of all noncashable gaming vouchers issued by the slot machine.

(12) Cashable electronic in. The slot machine must have a meter that accumulates the total value of cashable credits electronically transferred to the slot machine by means of an external connection between the slot machine and a cashless funds transfer system.

(13) Noncashable electronic in. The slot machine must have a meter that accumulates the total value of noncashable credits electronically transferred to the slot machine by means

of an external connection between the slot machine and a cashless funds transfer system.

(14) Coupon in - cashable/value. The slot machine must have a meter that accumulates the total value of all cashable coupons accepted by the slot machine.

(15) Coupon in - cashable/count. The slot machine must have a meter that accumulates the total number of all cashable coupons accepted by the slot machine.

(16) Coupon in - noncashable/value. The slot machine must have a meter that accumulates the total value of all noncashable coupons accepted by the slot machine.

(17) Coupon in - noncashable/count. The slot machine must have a meter that accumulates the total number of noncashable coupons accepted by the slot machine.

(18) Slot machine paid external bonus payout. The slot machine must have a meter that accumulates the total value of additional amounts awarded as a result of an external bonusing system and paid by the slot machine.

(19) Attendant paid external bonus payout. The slot machine must have a meter that accumulates the total value of additional amounts awarded as a result of an external bonusing system and paid by a slot attendant.

(20) Slot machine paid progressive payout. The slot machine must have a meter that accumulates the total value of

credits paid as a result of progressive awards paid directly by the slot machine. This meter may not record awards paid as a result of an external bonusing system.

(21) Attendant paid progressive payout. The slot machine must have a meter that accumulates the total value of credits paid by a slot attendant as a result of progressive awards that are not capable of being paid by the slot machine. This meter must not include awards paid as a result of an external bonusing system.

(22) Additional requirements. Other meters as may be required by technical standards adopted by the Board.

(j) Unless otherwise authorized by the Board, each slot machine approved for use in a licensed facility must be equipped with the following noncumulative meters:

(1) Credits wagered. The slot machine must have a meter, visible from the front exterior of a slot machine, known as a credit wagered meter that advises the patron of the total value of amounts wagered in a particular game or round of slot play.

(2) Win meter. The slot machine must have a meter, visible from the front exterior of the slot machine, known as a win meter that advises the patron of the total value of amounts won in the immediately concluded game or round of slot play.

(3) Credits paid. The slot machine must have a meter, visible from the front exterior of the slot machine, known as a credits paid meter that advises the patron of the total value of the last: cash out initiated by the patron, win paid directly by the slot machine, attendant paid jackpot or attendant paid cancelled credit.

(4) Credit meter. The slot machine must have a meter, visible from the front exterior of the slot machine and specifically labeled as a credit meter, which advises the patron as to the number of credits or monetary value available for wagering on the slot machine. The credit meter need not distinguish between cashable credits and noncashable credits.

(k) Each slot machine must have a meter which stores the number of games played, in the manner and for a duration specified in this subpart or in technical standards adopted by the Board, since the following events:

- (1) Power reset.
- (2) Door close.
- (3) Game initialization (random access memory (RAM) clear).

(1) Each slot machine must be equipped with a device, mechanism or method for retaining the total value of all meters required under subsection (i) for a period of 72 hours subsequent to a power loss.

(m) The required meters on each slot machine must be accessible and legible without access to the interior of the slot machine.

(n) Each slot machine must be equipped with a tower light capable of effectively communicating the status of the slot machine in accordance with technical standards on tower lights and error conditions adopted by the Board.

(o) Each slot machine must be equipped with a device, mechanism or method for detecting, displaying and communicating to a slot monitoring system error conditions. The error conditions detected, displayed and communicated by a slot machine, and the method to be utilized to clear the message with regard to the error condition, must be in accordance with technical standards on tower lights and error conditions adopted by the Board.

(p) Each slot machine must, in accordance with section 1324 of the act (relating to protocol information), comply with the comprehensive protocol specifications necessary to enable the slot machine to communicate with the Department's central control computer as that protocol is amended or supplemented, for the purpose of transmitting auditing program information, real time information retrieval and slot machine activation and disabling.

(q) A slot machine must lock up and preclude further play whenever a jackpot occurs that is not able to be paid completely by the slot machine and requires a hand pay. When the jackpot occurs, the slot machine can offer a predetermined number of double-up wagers before the slot machine locks up.

(r) A slot machine must be configured to not accept more than \$3,000 in currency before a wager must be made or play initiated unless otherwise authorized by the Board.

(s) Printers incorporated into a slot machine must be:

(1) Designed to allow the slot machine to detect and report a low paper level, paper out, presentation error, printer failure and paper jams.

(2) Mounted inside a lockable compartment within the slot machine.

(t) Seating made available by a slot machine licensee for use during slot play must be fixed and stationary in nature. Slot seating must be installed in a manner that effectively precludes its ready removal by a patron but permits controlled removal, for example for American With Disabilities Act of 1990 (ADA) purposes (42 U.S.C.A. §§ 12101–12213), by slot operations department personnel.

(u) Unless a slot machine licensee's slot monitoring system is configured to automatically record all of the information required by this subsection, the slot machine

licensee shall be required to physically house in each slot machine the following entry authorization logs:

(1) A machine entry authorization log that documents each time a slot machine or any device connected thereto which may affect the operation of the slot machine is opened. The log must contain, at a minimum, the date, time, purpose for opening the slot machine or device and the signature and license number of the person opening and entering the slot machine or device. Each log must have recorded thereon a sequence number and the manufacturer's serial number or the asset number corresponding to the slot machine in which it is housed.

(2) A progressive entry authorization log that documents each time a progressive controller not housed within the cabinet of the slot machine is opened. The log must contain, at a minimum, the date, time, purpose for accessing the progressive controller and the signature and license number of the person accessing the progressive controller. Each log must be maintained in the progressive controller unit and have recorded thereon a sequence number and the manufacturer's serial number of the progressive controller.

(v) Each slot machine must be equipped with a lock controlling access to the card cage door securing its microprocessor, the key to which must be different from any other key securing access to the slot machine's components

including its belly door or main door, bill validator or slot cash storage box. Access to the key securing the microprocessor shall be limited to a supervisor in the slot operations department, which department shall establish a sign out and sign in procedure with regard to this key.

(w) Each slot machine must be equipped with a mechanism for detecting and communicating to a slot monitoring system any activity with regard to access to the card cage door securing its microprocessor.

(x) The Board may waive one or more of the slot machine minimum design standards in this section or technical standards adopted by the Board applicable to slot machine design, upon a determination that a slot machine prototype or modification as configured nonetheless meets the operational integrity standards of the act, this subpart and technical standards adopted by the Board.

§ 461.8. Gaming vouchers.

(a) A gaming voucher is an instrument that upon insertion into a slot machine bill validator entitles the patron inserting the gaming voucher to cashable or noncashable credits on a slot machine corresponding to the value printed on the gaming voucher. The design specifications for a gaming voucher, the expiration terms applicable thereto, the voucher verification methodologies utilized, and any limitation on the value of a

gaming voucher must be in compliance with technical standards on gaming vouchers adopted by the Board.

(b) A slot machine licensee may utilize a gaming voucher system. A gaming voucher system is the collective hardware, software, communications technology, and other ancillary equipment used to facilitate the issuance of gaming vouchers and the redemption of gaming vouchers by slot machines, automated gaming voucher redemption machines, the cashiers' cage or in other locations, and in alternative manners, as approved by the Board. A gaming voucher system must comply with technical standards on gaming voucher systems adopted by the Board.

(c) A slot machine licensee is prohibited from utilizing a gaming voucher system which has not been tested and approved by the Board under § 461.4 (relating to submission for testing and approval).

(d) Except as provided in subsection (n) with regard to employee redemption of gaming vouchers, each gaming voucher shall be redeemed by a patron for a specific value of cash, slot machine credits, or, at the request of the patron, a check issued by the slot machine licensee in the amount of the gaming voucher surrendered. Notwithstanding the forgoing, a slot machine licensee may not permit a gaming voucher that is presented for redemption to be redeemed if it knows, or has reason to know, that the gaming voucher:

(1) Is materially different from the sample of the gaming voucher approved by the Board.

(2) Was previously redeemed.

(3) Was printed as a test gaming voucher.

(e) Prior to issuing a gaming voucher, each slot machine licensee shall establish a system of internal controls for the issuance and redemption of gaming vouchers. The internal controls shall be submitted and approved by the Board under § 465.3 (relating to internal control systems and audit protocols) and address:

(1) Procedures for assigning a slot machine's asset number and identifying other redemption locations in the system, and enabling and disabling voucher capabilities for slot machines and redemption locations.

(2) Procedures for issuance, modification, and termination of a unique system account for each user in accordance with technical standards adopted by the Board.

(3) Procedures used to configure and maintain user passwords in accordance with technical standards adopted by the Board.

(4) Procedures for restricting special rights and privileges, such as administrator and override capabilities, in accordance with technical standards adopted by the Board.

(5) The duties and responsibilities of the

information technology, internal audit, slot operations and finance departments, respectively, and the level of access for each position with regard to the gaming voucher system.

(6) A description of physical controls on all critical hardware such as locks and surveillance, including the location and security protocols applicable to each piece of equipment as approved by the Board.

(7) Procedures for the backup and timely recovery of critical data in accordance with technical standards adopted by the Board.

(8) Logs used to document and maintain the details of any Board-approved hardware and software modifications upon implementation.

(f) The system of internal controls required to be submitted and approved by the Board under subsection (e) must also include the procedures to be applied in the following instances:

(1) The slot machine licensee chooses to pay a patron the value of a gaming voucher notwithstanding the fact that its gaming voucher system is inoperable rendering it unable to determine the validity of the gaming voucher at the time of payment.

(2) The slot machine licensee chooses to pay a patron the value of a gaming voucher notwithstanding the fact that the

gaming voucher system failed to verify and electronically cancel the gaming voucher when it was scanned.

(g) At the end of each gaming day, the gaming voucher system must generate reports, as approved by the Board, which reports are provided to the finance department, either directly by the system or through the information technology department, and contain the following information, at a minimum:

(1) All gaming vouchers that have been issued.

Reports with regard to slot machine activity must include the asset number of the slot machine and the serial number, value, date and time of issuance of each gaming voucher.

(2) All gaming vouchers that have been redeemed and canceled by redemption location, including the asset number of the slot machine or location if other than a slot machine, the serial number, value, date and time of redemption for each voucher, the total value of all gaming vouchers redeemed at slot machines, and the total value of all gaming vouchers redeemed at locations other than slot machines.

(3) The unredeemed liability for gaming vouchers.

(4) The readings on gaming voucher related slot machine meters and a comparison of the readings to the number and value of issued and redeemed gaming vouchers, as applicable.

(5) Exception reports and audit logs.

(h) The slot machine licensee shall immediately report to the Board, in a manner prescribed by the Board, any evidence that a gaming voucher has been counterfeited, tampered with, or altered in any way which would affect the integrity, fairness, reliability or suitability of the gaming voucher.

(i) Upon presentation of a gaming voucher for redemption at a slot machine, the total value of which gaming voucher cannot be completely converted into an equivalent value of credits that match the denomination of the slot machine, the slot machine must perform one of the following procedures:

(1) Automatically issue a new gaming voucher containing the value that cannot be completely converted.

(2) Not redeem the gaming voucher and immediately return the gaming voucher to the patron.

(3) Allow for the additional accumulation of credits on an odd cents meter or a meter that displays the value in dollars and cents.

(j) A slot machine licensee that utilizes a system or a slot machine that does not print a test gaming voucher that is visually distinguishable from a valid gaming voucher whenever the slot machine is tested on the gaming floor must have in place internal controls approved by the Board under § 465.3 for the issuance of test currency from the cashiers' cage and the

return and reconciliation of such test currency and any gaming vouchers printed during the testing process.

(k) Notwithstanding the requirements of subsection (d), if a patron requests to redeem a gaming voucher by mail, the slot machine licensee may effectuate the redemption. However, the gaming vouchers may only be redeemed by a cage supervisor in accordance with internal controls approved by the Board under § 465.3, which includes the following:

(1) Procedures for using the gaming voucher system to verify the validity of the serial number and value of the voucher, which, if valid, must be immediately canceled electronically by the system.

(2) Procedures for the issuance of a check containing the value of the voucher.

(1) Gaming vouchers redeemed at cashiering locations shall be transferred to the finance department on a daily basis. Gaming vouchers redeemed by slot machines shall be counted in the count room and forwarded to the finance department upon the conclusion of the count process. Gaming vouchers redeemed at automated gaming voucher redemption machines shall be forwarded to finance upon the conclusion of the cashiers' cage reconciliation process. Finance department representatives with

no incompatible functions shall perform, at a minimum, the following:

(1) On a daily basis:

(i) Compare gaming voucher system report data to any count room system report data available for that gaming day to ensure proper electronic cancellation of the gaming voucher.

(ii) Calculate the unredeemed liability for gaming vouchers, either manually or by means of the gaming voucher system.

(2) On a weekly basis, compare appropriate slot machine meter readings to the number and value of issued and redeemed gaming vouchers per the gaming voucher system. Meter readings obtained through a slot monitoring system may be utilized to complete this comparison.

(m) A slot machine licensee shall provide written notice to the Board's Slot Lab of any adjustment to the value of any gaming voucher. The notice shall be made prior to, or concurrent with, the adjustment.

(n) Employees of a slot machine licensee who are authorized to receive gaming vouchers as gratuities may redeem the gaming vouchers only at the cashiers' cage. Gaming vouchers valued at more than \$100 shall be redeemed at the cashiers' cage

only with the approval of the supervisor of the cashier conducting the redemption transaction.

(o) Each gaming voucher system must be configured to alert the slot machine licensee to any malfunction. Following any malfunction of a system, the slot machine licensee shall immediately notify the Board and may not utilize the system until the malfunction has been successfully eliminated. Notwithstanding the foregoing, the Board may permit, in accordance with approval procedures the Board prescribes, a slot machine licensee to utilize the system prior to its being successfully restored, for a period not to exceed 72 hours, provided that:

(1) The malfunction is limited to a single storage media device, such as a hard disk drive.

(2) In addition to the malfunctioning storage media device, the system contains a backup storage media device not utilized in the normal operation of the system. The backup device must immediately and automatically replace the malfunctioning device to permit a complete and prompt recovery of all information in the event of an additional malfunction.

(3) Continued use of the malfunctioning system would not inhibit the ability to perform a complete and prompt recovery of all information, and would not otherwise harm or affect the normal operation of the system.

(p) Other than a modification to a gaming voucher system required on an emergency basis to prevent cheating or malfunction and approved by the Board under § 461.4(1), a modification to a gaming voucher system may not be installed without the gaming voucher system having undergone the testing and approval process required under § 461.4.

(q) The Board may waive one or more requirements of this section or technical standards applicable to gaming voucher systems adopted by the Board upon a determination that the nonconforming gaming voucher system nonetheless meets the operational integrity requirements of the act, this subpart and technical standards adopted by the Board.

§ 461.9. Coupons.

(a) A coupon is an instrument issued by a slot machine licensee under which cashable or noncashable slot machine credits are provided directly or indirectly to a patron with or without regard to the identity of the patron or their level of gaming activity.

(b) A slot machine licensee may issue coupons. A coupon system is the collective hardware, software, communications technology and other ancillary equipment used to facilitate the issuance of coupons, the acceptance of a coupon by a slot

Source: The provisions of this § 461.8 amended May 19, 2007, effective April 9, 2007, 37 Pa.B. 2292.

machine or its redemption at an automated coupon redemption machine, cashiers' cage or such other locations, and in an alternative manner approved by the Board. A coupon system must comply with technical standards on coupon systems adopted by the Board.

(c) A slot machine licensee is prohibited from utilizing a coupon system which has not been tested and approved by the Board under § 461.4 (relating to submission for testing and approval).

(d) Each coupon shall be designed and manufactured with sufficient graphics or other security measures, so as to permit, to the greatest extent possible, the proper verification of the coupon. Each coupon must contain, at a minimum, the following information:

(1) The name or trade name of the slot machine licensee, and if the slot machine licensee is affiliated with a casino licensee in any other jurisdiction with an identical or similar name or trade name, the name of the Pennsylvania location must be evident on the coupon.

(2) The value of the coupon, in both numbers and words.

(3) A unique serial number, which is automatically generated by the system in accordance with this subpart and technical standards adopted by the Board.

(4) The locations where the coupon may be redeemed and any restrictions regarding redemption.

(5) An indication of the date on which the coupon becomes invalid.

(6) A bar code or magnetic strip which enables the system to establish the validity of the coupon and its value in accordance with this subpart and technical standards adopted by the Board.

(e) Prior to issuing a coupon, each slot machine licensee shall establish a system of internal controls for the issuance and redemption of coupons. The internal controls shall be submitted to, and approved by the Board under § 465.3 (relating to internal control systems and audit protocols).

(f) The Board may waive one or more requirements of this section or technical standards applicable to coupon systems adopted by the Board upon a determination that the nonconforming coupon system nonetheless meets the operational integrity requirements of the act, this subpart and technical standards adopted by the Board.

§ 461.10. Automated gaming voucher and coupon redemption machines.

(a) Automated gaming voucher and coupon redemption machines may be located on or proximate to the gaming floor of a licensed facility and must be subject to surveillance coverage pursuant to § 465.10 (relating to surveillance system; surveillance department control; surveillance department restrictions). Each automated gaming voucher and coupon redemption machine must have imprinted, affixed or impressed on the outside of the machine a unique asset identification number.

(b) A slot machine licensee is prohibited from utilizing an automated gaming voucher and coupon redemption machine that has not been tested and approved by the Board under § 461.4 (relating to submission for testing and approval).

(c) Each automated gaming voucher and coupon redemption machine must have the capability of establishing the validity of the gaming voucher or coupon by comparing the instrument's unique serial number, automatically generated by the respective gaming voucher or coupon system in accordance with this subpart and technical standards adopted by the Board with electronic records within the gaming voucher system or coupon system.

(d) The method or methods utilized to comply with the requirements of subsection (c) shall be submitted to and

approved by the Board in the context of the testing of a gaming voucher system or coupon system.

(e) An automated gaming voucher and coupon redemption machine may function as a bill breaker changing bills of one denomination into bills of a smaller denomination.

(f) Each automated gaming voucher and coupon redemption machine must contain a lockable gaming voucher, coupon and currency storage box which retains any gaming vouchers, coupons or currency accepted by the machine. Each gaming voucher, coupon and currency storage box located inside the machine must also have imprinted, affixed or impressed thereon the asset identification number of the corresponding machine.

(g) Each automated gaming voucher and coupon redemption machine must have, at a minimum, the following:

(1) One lock securing the compartment housing the storage box, one lock securing the storage box within the compartment, the keys to which must be different from each another. The key to the compartment housing the storage box shall be controlled by the slot operations department. The key to the lock securing the storage box within the compartment shall be controlled by the finance department.

(2) One lock securing the compartment housing the currency cassettes, the key to which shall be controlled by the finance department.

(3) One lock securing the compartment housing the coin storage container, the key to which shall be controlled by the finance department.

(4) One lock securing the contents of the storage box, the key to which must be different from the keys referenced in paragraphs (1) -- (3). This key shall be controlled by an employee of the finance department other than the employee controlling the keys referenced in paragraphs (1) -- (3).

(h) Each automated gaming voucher and coupon redemption machine must be designed to resist forced illegal entry. The slot machine licensee must secure all input/output ports on an automated gaming voucher and coupon redemption machine.

(i) Each automated gaming voucher and coupon redemption machine's currency cassettes must be designed to preclude access to its interior and must render itself inoperable should unauthorized access occur. The key to each currency cassette shall be controlled by the finance department.

(j) Access controls relating to the operating system or applications of the automated gaming voucher and coupon redemption machine, and ancillary systems, applications and

equipment associated with the reconciliation thereof, must employ security measures that require authentication of the user and recording and maintaining of data regarding access and any modifications made. Authentication must be in accordance with this subpart and technical standards adopted by the Board.

(k) A gaming voucher or coupon accepted by an automated gaming voucher and coupon redemption machine shall be cancelled immediately upon exchange in a manner that effectively prevents its subsequent redemption by the cashiers' cage, another automated gaming voucher and coupon redemption machine or its acceptance in a slot machine bill validator. The method or methods utilized to comply with this requirement shall be in accordance with this subpart and technical standards adopted by the Board.

(l) An automated gaming voucher and coupon redemption machine must be designed to be impervious to outside influences, interference from electro-magnetic, electro-static and radio frequencies and influence from ancillary equipment.

(m) An automated gaming voucher and coupon redemption machine must include a means to protect against transaction failure and data loss due to power loss.

(n) An automated gaming voucher and coupon redemption machine must detect, display and record electronically the

following error conditions: power reset; door open; door just closed; and system communication loss. These error conditions may be automatically cleared by the automated gaming voucher and coupon redemption machine when the condition no longer exists and upon completion of a new transaction.

(o) An automated gaming voucher and coupon redemption machine must detect, display and record electronically the following error conditions in paragraphs (1) - (4). These error conditions must disable the automated gaming voucher and coupon redemption machine and prohibit new transactions and may only be cleared by either the finance department or slot operations department.

(1) Failure to make payment, if the gaming voucher or coupon is not returned and no receipt is issued.

(2) Failure to make complete payment if a receipt for the unpaid amount is not issued.

(3) Bill validator failure.

(4) Printer failure due to printer jam or lack of paper.

(p) An automated gaming voucher and coupon redemption machine must be designed to evaluate whether sufficient funds are available before stacking the voucher and completing the transaction.

(q) An automated gaming voucher and coupon redemption machine must be capable of maintaining synchronization between its real time clock and that of the gaming voucher system and coupon system.

(r) An automated gaming voucher and coupon redemption machine must be equipped with electronic digital storage meters which accumulate the following information. The information must be readily available through system reports. Where a value is maintained, the value must be in dollars and cents.

(1) Physical coin out. An automated gaming voucher and coupon redemption machine must have a meter that accumulates the total value, by denomination, of all coins paid by the automated gaming voucher and coupon redemption machine.

(2) Voucher in - value. An automated gaming voucher machine must have a meter that accumulates the value of all cashable gaming vouchers accepted.

(3) Voucher in - count. An automated gaming voucher machine must have a meter that accumulates the number of all cashable gaming vouchers accepted.

(4) Coupon in - value. An automated coupon redemption machine must have a meter that accumulates the value of all cashable coupons accepted.

(5) Coupon in - count. An automated coupon redemption machine must have a meter that accumulates the number of all cashable coupons accepted.

(6) Bill in. An automated gaming voucher and coupon redemption machine must have a meter that accumulates the value of all currency accepted by the automated gaming voucher and coupon redemption machine. Each automated gaming voucher and coupon redemption machine must also have specific meters for each denomination of currency accepted that records the number of bills accepted.

(7) Bill out. An automated gaming voucher and coupon redemption machine must have a meter that accumulates the total value of currency dispensed. Each automated gaming voucher and coupon redemption machine must also provide for specific meters for each denomination of currency dispensed that record the number of bills dispensed.

(8) Additional requirement. Other meters as may be required by technical standards adopted by the Board.

(s) An automated gaming voucher and coupon redemption machine must have the capacity to record and retain, in an automated transaction log, all critical transaction history for a period of no less than 30 days. Transaction history must include records with regard to the date, time, amount and disposition of each complete and incomplete transaction, error

conditions, logical and physical access and attempted access to the automated gaming voucher and coupon redemption machine. If an automated gaming voucher and coupon redemption machine is capable of redeeming multiple vouchers and coupons in a single transaction, the transaction history must include a breakdown of the transaction with regard to gaming vouchers and coupons.

(t) An automated gaming voucher and coupon redemption machine or ancillary systems, applications and equipment associated with the reconciliation thereof, must be capable of producing the following reports upon request:

(1) Gaming voucher transaction report. This report must include the disposition (paid, partial pay, unpaid) of gaming vouchers accepted by an automated gaming voucher and coupon redemption machine which must include the validation number, the date and time of redemption, amount requested and the amount dispensed. This information must be available by reconciliation period which may be by day, shift or drop cycle.

(2) Coupon transaction report. This report must include the disposition (paid, partial pay, unpaid) of coupons accepted by an automated gaming voucher and coupon redemption machine which must include the unique serial number, the date and time of redemption, amount requested and the amount dispensed. This information must be available by reconciliation period which may be by day, shift or drop cycle.

(3) Reconciliation report. This report must include the following information:

- (i) Report date and time.
- (ii) Unique asset identification number of the machine.
- (iii) Total cash balance of the currency cassettes.
- (iv) Total count of currency accepted by denomination.
- (v) Total dollar amount of vouchers accepted.
- (vi) Total count of gaming vouchers accepted
- (vii) Total dollar amount of coupons accepted.
- (viii) Total count of coupons accepted.

(4) Gaming voucher, coupon and currency storage box report. This report must be generated, at a minimum, whenever a gaming voucher, coupon and currency storage box is removed from an automated gaming voucher and coupon redemption machine. The report must include the following information:

- (i) Report date and time.
- (ii) Unique asset identification number of the machine.
- (iii) Unique identification number for each storage box in the machine.
- (iv) Total value of currency dispensed.

(v) Total number of bills dispensed by denomination.

(vi) Total dollar value of gaming vouchers accepted.

(vii) Total count of gaming vouchers accepted.

(viii) Total dollar value of coupons accepted.

(ix) Total count of coupons accepted.

(x) Details required to be included in the gaming voucher transaction report required by paragraph (1) and the coupon transaction report required in paragraph (2).

(5) Transaction report. This report must include all critical patron transaction history including the date, time, amount and disposition of each complete and incomplete transaction. If an automated gaming voucher and coupon redemption machine is capable of redeeming multiple vouchers or coupons in a single transaction, the transaction history must include a breakdown of the transaction with regard to gaming vouchers and coupons accepted.

(u) The Board may waive one or more requirements of this section or technical standards applicable to automated gaming voucher and coupon redemption machines adopted by the Board upon a determination that the machine as configured nonetheless meets

the operational integrity requirements of the act, this subpart and technical standards adopted by the Board.

§ 461.11. Automated gaming voucher and coupon redemption machines: accounting controls.

Prior to commencing use of either an automated gaming voucher redemption machine, an automated coupon redemption machine, bill breaker or some combination thereof, each slot machine licensee shall establish a comprehensive system of internal controls addressing the distribution of currency or coin, or both, to the machines, the removal of any gaming vouchers, coupons or currency accepted by the machines and the reconciliations associated therewith. The internal controls shall be submitted to, and approved by the Board under § 465.3 (relating to internal control systems and audit protocols).

§ 461.12. Progressive slot machines.

(a) A progressive slot machine is a slot machine that offers a jackpot that may increase in value based upon wagers as the slot machine is played. A progressive slot machine may stand alone, be linked or interconnected with other progressive slot machines. Progressive slot machines located at a licensed facility that are linked or interconnected with progressive slot

Source: The provisions of this § 461.10 amended May 19, 2007, effective April 9, 2007, 37 Pa.B. 2292.

machines at another licensed facility are collectively referred to as a wide area progressive system.

(b) Each slot machine that offers a progressive jackpot which may increase in value based upon wager and is adjusted and displayed by a device other than the approved program that controls the operation of the slot machine, referred to herein as a progressive controller, must have the following features:

(1) For each progressive jackpot offered by the slot machine, a mechanical, electrical or electronic device, to be known as a progressive meter, visible from the front of the slot machine, which may increase in value based upon wagers, and which advises the player of the amount which can be won if the slot machine symbols that award the progressive jackpot appear as a result of activation of play of the slot machine.

(2) A slot machine paid progressive payout meter in accordance with § 461.7(i) (relating to slot machine minimum design standards).

(3) A slot attendant paid progressive payout meter in accordance with § 461.7(i).

(4) A cumulative progressive payout meter that continuously and automatically records the total value of progressive jackpots paid directly by the slot machine or by a slot attendant.

(5) A key and key switch to reset the progressive meter or meters or such other reset mechanism as may be approved by the Board.

(6) A key locking the compartment housing the progressive meter or meters or other means by which to preclude any unauthorized alterations to the progressive meters. This key or alternative security method must be different than the key or reset mechanism in paragraph (5).

(7) Dual key control by the security department and finance department, or alternative key controls as the Board approves, of the compartment housing the microprocessor or other unit that controls the progressive meter or meters. The compartment shall be in a location approved by the Board.

(c) Each slot machine that is connected to a common progressive meter for the purpose of offering the same progressive jackpot on two or more slot machines must:

(1) Have the same probability of hitting the combination that will award the progressive jackpot as every other linked slot machine connected to the common progressive meter.

(2) Require that the same amount in wager be invested to entitle the player to a chance at winning the progressive jackpot and that each increase in wager increment the

progressive meter by the same rate of progression as every other linked slot machine connected to such common progressive meter.

(3) Have its program or progressive controller that controls the common display for the progressive meter housed in a location and subject to such dual key controls as may be approved by the Board.

(d) Notwithstanding the provision of subsection (c):

(1) Two or more linked slot machines offering the same progressive jackpot may be of different denominations or have different wagers, or both, required to win the progressive jackpot, provided that:

(i) The probability of winning the progressive jackpot is directly proportional to the wager required to win that jackpot.

(ii) A notice approved by the Board indicating the proportional probability of hitting the progressive jackpot on such a linked progressive system is conspicuously displayed on each linked slot machine.

(2) The probability of winning a progressive jackpot offered on linked slot machines may vary among such machines when necessary to enable a slot machine licensee or, as applicable, a slot system operator, to institute a change in the probability which is otherwise permitted by this subpart, if the

change is completed expeditiously in accordance with procedures that have been filed with and approved by the Board.

(e) A slot machine licensee seeking to utilize a linked slot machine shall submit to the Board for approval the location and manner of installing any progressive meter display mechanism.

(f) A slot machine that offers a progressive jackpot may not be placed on the gaming floor until the slot machine licensee or, as applicable, the slot system operator, has submitted to the Board, in a manner the Board directs, and the Board has approved, the following:

(1) The initial and reset amounts at which the progressive meter or meters will be set.

(2) The proposed system for controlling the keys and any applicable logical access controls to the slot machines.

(3) The proposed rate of progression for each progressive jackpot.

(4) The proposed limit for the progressive jackpot, if any.

(5) The calculated probability of winning each progressive jackpot. The probability may not exceed 50 million to 1. Notwithstanding the foregoing, this paragraph does not

apply to a jackpot with a probability that may exceed 50 million to 1 during the game cycle due solely to the intervening occurrence of free play awards between the activation of a play and the award of the jackpot.

(g) Progressive meters may not be turned back to a lesser amount unless one of the following occurs:

(1) The amount indicated has been actually paid to a winning patron.

(2) The progressive jackpot amount won by the patron has been recorded in accordance with a system of internal controls approved under § 465.3 (relating to internal control systems and audit protocols).

(3) The progressive jackpot has, with prior Board approval, been transferred to another progressive slot machine or wide area progressive system in accordance with this subpart.

(4) The change is necessitated by a slot machine or meter malfunction, in which case:

(i) For progressive jackpots governed by subsection (b), an explanation shall be entered on the progressive slot summary required by this subpart and the Board shall be notified of the resetting in writing in a manner the Board directs.

(ii) For progressive jackpots governed by subsection (m), an explanation shall be entered on the machine entry authorization log required under this subpart unless the slot machine automatically addresses the malfunction in a manner approved by the Board.

(h) Once an amount appears on a progressive meter, the probability of hitting the combination that will award the progressive jackpot may not be decreased unless the progressive jackpot has been won by a patron or the progressive jackpot has been transferred to another progressive slot machine or wide area progressive system or removed in accordance with subsection (j).

(i) When a progressive slot machine has a progressive meter with digital limitations on the meter, the slot machine licensee shall set a limit on the progressive jackpot not to exceed the display capability of the progressive meter.

(j) A slot machine licensee or, as applicable, a slot system operator, may limit, transfer or terminate a progressive jackpot offered on a gaming floor only in accordance with the following procedures:

(1) Establish a payout limit for a progressive jackpot provided that the payout limit is greater than the then current payout amount on the progressive jackpot meter. The

slot machine licensee shall notice the Board, in a manner the Board directs, of the imposition of a payout limit on a progressive meter or a modification thereto concurrent with the setting of the payout limit.

(2) May terminate a progressive jackpot concurrent with the winning of the progressive jackpot provided its slot machine program or progressive controller was configured prior to the winning of the progressive jackpot to establish a fixed reset amount with no progressive increment.

(3) May immediately and permanently remove one or more linked slot machines from a gaming floor, provided that:

(i) When the slot machine is part of a wide area progressive system offered at multiple licensed facilities, the slot machine licensee shall retain at least one linked slot machine offering the same progressive jackpot on its gaming floor.

(ii) When the progressive jackpot is only offered in a single licensed facility, at least two linked slot machines offering the same progressive jackpot must remain on the gaming floor.

(4) May transfer a progressive jackpot amount on a stand alone progressive slot machine or the common progressive jackpot on an entire link of progressive slot machines with a

common progressive meter, including a wide area progressive system, from a gaming floor provided the progressive jackpot is:

(i) Transferred in its entirety.

(ii) Transferred to either of the following:

(A) The progressive meter for a progressive slot machine or wide area progressive system with the same or greater probability of winning the progressive jackpot, the same or lower wager requirement to be eligible to win the progressive jackpot, and the same type of progressive jackpot (cash, annuity, annuity/cash option or a combination/alternate jackpot). However, if no other progressive slot machine or wide area progressive system meets all of these qualifications, the Board may authorize a transfer of the jackpot to the progressive meter of the most similar progressive slot machine or wide area progressive system available if the Board finds such a transfer would be in the public interest.

(B) The progressive meters of two separate progressive slot machines or wide area progressive systems, provided that each progressive slot machine or wide area progressive system to which the jackpot is transferred shall individually satisfy the requirements of clause (A).

(iii) Notice of intent to transfer the progressive jackpot is conspicuously displayed on the front of each slot machine for at least 30 days.

(iv) Notice of intent to transfer the progressive jackpot is provided in writing to the Board, in a manner the Board directs, at least 30 days prior to the transfer of the progressive jackpot.

(5) May immediately and permanently remove a progressive jackpot on a stand alone progressive slot machine, the common progressive jackpot on an entire link of progressive slot machines with a common progressive meter or an entire wide area progressive system from a gaming floor provided notice of intent to remove the progressive jackpot is:

(i) Conspicuously displayed on the front of each slot machine for at least 30 days.

(ii) Provided in writing to the Board, in a manner the Board directs, at least 30 days prior to the removal of the progressive jackpot.

(k) The amount indicated on the progressive meter or meters and coin in meter on each slot machine governed by subsection (b) shall be recorded on a progressive slot summary report at least once every 7 calendar days and each report shall be signed by the preparer. If not prepared by the finance

department, the progressive slot summary report shall be forwarded to the finance department by the end of the gaming day on which it is prepared. A representative of the finance department shall be responsible for calculating the correct amount that should appear on a progressive meter. If an adjustment to the progressive meters is necessary, the adjustment shall be made by a member of the slot operations department as follows:

(1) Supporting documentation shall be maintained to explain any addition or reduction in the registered amount on the progressive meter. The documentation must include the date, asset number of the slot machine, the amount of the adjustment and the signatures of the finance department member requesting the adjustment and of the slot operations department member making the adjustment.

(2) The adjustment shall be effectuated within 48 hours of the meter reading.

(1) Except as otherwise authorized by this section, a slot machine offering a progressive jackpot that is removed from the gaming floor shall be returned to or replaced on the gaming floor within 5 gaming days. The amount on the progressive meter or meters on the returned or replacement machine may not be less than the amount on the progressive meter or meters at the time

of removal. If the slot machine is not returned or replaced, any progressive meter amount at the time of removal shall, within 5 days of the slot machine's removal, be added to a slot machine approved by the Board which slot machine offers the same or a greater probability of winning the progressive jackpot and requires the same wager or less than the wager required to win the progressive jackpot on the slot machine that was removed. This subsection does not apply to the temporary removal by a slot machine licensee, for a period not to exceed 30 days, of all linked slot machines that are part of a particular wide area progressive system, provided that the progressive jackpot offered by the temporarily removed slot machines remain available on slot machines that are part of the same wide area progressive system in another licensed facility.

(m) A slot machine that offers a progressive jackpot controlled by a slot machine program with a fixed initial and reset amount, rate of progression and progressive jackpot limit which cannot be changed by the slot machine licensee must limit the progressive jackpot to an amount which is less than \$1,200.

(n) A progressive jackpot governed by subsection (m) is not subject to subsections (j)(4), (k) or (l).

(o) Where a slot machine is located adjacent to any linked progressive slot machine, the slot machine licensee shall conspicuously display on the slot machine a notice advising patrons that the slot machine is not participating in the progressive jackpot of the adjacent link.

(p) The Board may waive one or more of the requirements of this section or technical standards applicable to progressive slot machines adopted by the Board upon a determination that the progressive slot machine or wide area progressive slot system as configured meets the operational integrity requirements of the act, this subpart and technical standards adopted by the Board.

§ 461.13. Wide area progressive systems.

(a) Two or more slot machine licensees may, with the prior written approval of the Board, operate linked progressive slot machines that are interconnected between participating licensed facilities. The slot machines participating in the link shall be collectively referred to as a wide area progressive system.

(b) A wide area progressive system shall at all times be installed and operated in accordance with relevant requirements of the act, this subpart and technical standards adopted by the Board.

Source: The provisions of this § 461.12 amended May 19, 2007, effective April 9, 2007, 37 Pa.B. 2292.

(c) Each wide area progressive system shall be operated and administered by participating slot machine licensees in accordance with the terms and conditions of a written agreement executed by the participating slot machine licensees and approved by the Board. The agreement shall be referred to as a slot system agreement. Slot system agreements must be approved in writing by the Board prior to implementation and comply with the act, this subpart and technical standards on wide area progressive systems adopted by the Board.

(d) Nothing herein prevents the slot machine licensees participating in a slot system agreement from delegating, in whole or in part, the operation and administration of a wide area progressive system to a licensed manufacturer provided that the slot system agreement is executed by the licensed manufacturer and its express terms are determined by the Board to be in compliance with the act, this subpart and technical standards on wide area progressive systems adopted by the Board. The person or persons designated in a slot system agreement as being responsible for the operation and administration of a wide area progressive system shall be referred to as the slot system operator.

(e) An agreement between a licensed manufacturer and a slot machine licensee under which a licensed manufacturer sells, leases or services a wide area progressive system will not

constitute a slot service agreement unless the agreement also covers operation and administration of the wide area progressive system.

(f) Slot system agreements must address:

(1) Details with regard to the terms of compensation for the slot system operator. In specific, the agreement must address to what extent, if any, the slot system operator is receiving compensation based, directly or indirectly, on an interest, percentage or share of a slot machine licensee's revenue, profits or earnings from the operation of the wide area progressive system

(2) Responsibility for the funding and payment of all jackpots, fees and gross terminal revenue taxes associated with the operation of the wide area progressive system.

(3) Control and operation of the computer monitoring room required under this subpart.

(4) Other requirements requested by the Board, including those required to comply with technical standards on wide area progressive systems adopted by the Board.

(g) Each wide area progressive system shall be controlled and operated from a computer monitoring room approved by the Board. The computer monitoring room must:

(1) Be under the sole possession and control of, and maintained and operated by, employees of the slot system

operator designated in the slot system agreement for that system. The employees shall be licensed or permitted as the Board deems appropriate based on an analysis of specific duties and responsibilities.

(2) Have its monitoring equipment subjected to surveillance coverage either by the surveillance system of a slot machine licensee participating in the slot system agreement or by a dedicated surveillance system maintained by the slot system operator. Surveillance coverage must be in accordance with technical standards adopted by the Board.

(3) Be accessible through a locked door. The door must be alarmed in a manner that audibly signals the surveillance monitoring room for the surveillance system elected under paragraph (2).

(4) Have a computer monitoring room entry log. The log must be:

(i) Kept in the computer monitoring room.

(ii) Maintained in a book with bound numbered pages that cannot be readily removed.

(iii) Signed by each person entering the computer monitoring room who is not an employee of the slot system operator expressly employed in the computer monitoring room on his assigned shift. Each entry must contain the following:

(A) The date and time of entering and exiting the room.

(B) The name, department or employer, where applicable, license number of the person entering and exiting the room and of the person authorizing the entry.

(C) The reason for entering the computer monitoring room.

(5) Reside within a licensed facility or other location approved by the Board.

(h) The Board may waive one or more of the requirements of this section or technical standards applicable to wide area progressive system adopted by the Board upon a determination that the nonconforming wide area progressive system nonetheless meets the operational integrity requirements of the act, this subpart and technical standards adopted by the Board.

§ 461.14. Slot monitoring systems.

(a) A slot monitoring system is the collective hardware, software, communications technology and other ancillary equipment used to collect, monitor, interpret, analyze, authorize, report and audit data with regard to activity at slot machines, inclusive of slot machine meter readings, error conditions, slot machine security, accounting, player tracking and productivity analysis.

(b) A slot monitoring system must comply with the act, this subpart and technical standards on slot monitoring systems adopted by the Board.

(c) A slot machine licensee is prohibited from utilizing a slot monitoring system which has not had any interface between it and slot machines and related systems tested and approved by the Board under § 461.4 (relating to submission for testing and approval).

(d) The Board may waive one or more of the requirements of this section or technical standards applicable to slot monitoring systems adopted by the Board upon a determination that the slot monitoring system as configured nonetheless meets the operational integrity requirements of the act, this subpart and technical standards adopted by the Board.

§ 461.15. Casino management systems.

(a) A casino management system is the collective hardware, software, communications technology and other ancillary equipment used to collect, monitor, interpret, analyze, report and audit data with regard to activity at slot machines, inclusive of slot machine level accounting transactions, player tracking and productivity analysis.

(b) A casino management system must comply with the act, this subpart and technical standards on casino management systems adopted by the Board.

(c) A slot machine licensee is prohibited from utilizing a casino management system which has not had any interface between it and slot machines and related systems tested and approved by the Board under § 461.4 (relating to submission for testing and approval).

(d) The Board may waive one or more of the requirements of this section or technical standards applicable to casino management systems adopted by the Board upon a determination that the casino management system as configured nonetheless meets the operational integrity requirements of the act, this subpart and technical standards adopted by the Board.

§ 461.16. Player tracking systems.

(a) A player tracking system is the collective hardware, software, communications technology and other ancillary equipment used to collect, monitor, interpret, analyze, authorize, report and audit data with regard to player activity at slot machines. Player activity may be tracked generally or on an individual player basis.

(b) A player tracking system must comply with the act, this subpart and technical standards on player tracking systems adopted by the Board.

(c) A slot machine licensee is prohibited from utilizing a player tracking system which has not had any interface between it and slot machines and related systems tested and approved by the Board under § 461.4 (relating to submission for testing and approval).

(d) The Board may waive one or more of the requirements of this section or technical standards applicable to player tracking systems adopted by the Board upon a determination that the player tracking system as configured nonetheless meets the operational integrity requirements of the act, this subpart and technical standards adopted by the Board.

§ 461.17. External bonusing systems.

(a) An external bonusing system is the collective hardware, software, communications technology and other ancillary equipment used in conjunction with slot machines to deliver randomly selected player incentives (bonus awards) to active slot machine players and to effect the accurate metering of the bonus award event on the slot machine.

(b) The combination of the slot machine theoretical payout percentage plus the bonus awards generated by an external bonusing system cannot equal or exceed 100% of the theoretical

payout for any slot machine on which the external bonus award is available.

(c) Each slot machine must satisfy the minimum theoretical payout percentage required under this subpart without the contribution of any external bonus award available on the slot machine.

(d) An external bonusing system must comply with the act, this subpart and technical standards on external bonusing systems adopted by the Board.

(e) A slot machine licensee is prohibited from utilizing an external bonusing system which has not been tested and approved by the Board under § 461.4 (relating to submission for testing and approval).

(f) The Board may waive one or more of the requirement of this section or technical standards applicable to external bonusing systems adopted by the Board upon a determination that the external bonusing system as configured nonetheless meets the operational integrity requirements of the act, this subpart and technical standards adopted by the Board.

§ 461.18. Cashless funds transfer systems.

(a) A cashless funds transfer system is the collective hardware, software, communications technology and other ancillary equipment used to facilitate the electronic transfer

of cashable or noncashable credits to a patron at a slot machine in connection with a promotional program.

(b) A cashless funds transfer system must comply with the act, this subpart and technical standards on cashless funds transfer systems adopted by the Board.

(c) A slot machine licensee is prohibited from utilizing a cashless funds transfer system which has not been tested and approved by the Board under § 461.4 (relating to submission for testing and approval).

(d) Prior to utilizing a cashless funds transfer system, each slot machine licensee shall establish a system of internal controls applicable to the cashless funds transfer system. The internal controls shall be submitted to and approved by the Board under § 465.3 (relating to internal control systems and audit protocols). The internal control procedures submitted by the slot machine licensee must address the integrity, security and control of its cashless funds transfer system and include the following:

- (1) An overview of the system design.
- (2) System access controls and restrictions.
- (3) Override policies and restrictions.
- (4) Backup and recovery procedures.

(5) Logical and physical access controls and restrictions.

(6) Network security.

(7) Procedures for handling customer disputes.

(e) Transfer of electronic credits to a slot machine under this section shall be initiated by a patron using an access control approved by the Board. Access controls must require the use of a unique access code for each patron. The access code shall be selected by and only available to the patron.

(f) A record of each transfer of electronic credits to a slot machine under this section shall be maintained by the slot machine licensee and shall be identified by, at a minimum, the date, time and the asset number of the slot machine to which the transfer occurred and an identification number assigned to the patron who initiated the transaction. The identification number assigned to each patron for the purposes of this section must be different from the unique access code selected by that patron as part of an access control.

(g) On at least a monthly basis, each slot machine licensee using a cashless funds transfer system shall provide a statement to each patron who has participated in the system that month. The statement shall include, at a minimum, the patron's beginning monthly balance, credits earned, credits transferred to a slot machine pursuant to this section and the patron's

monthly ending balance. With the written authorization of the patron, the mailing of a monthly statement may be omitted or be issued electronically to the patron. Notwithstanding the foregoing, a monthly statement is not required for transfers of temporary electronic credits or transfers of electronic credits from a temporary anonymous account.

(h) A slot machine licensee shall notice the Board's Slot Lab in writing of any adjustment to the amount of any credit transferred to a slot machine via a cashless funds transfer system. The notice shall be made on or before the date of adjustment.

(i) The Board may waive one or more of the requirements of this section or technical standards applicable to cashless funds transfer systems adopted by the Board upon a determination that the nonconforming cashless funds transfer system nonetheless meets the operational integrity requirements of the act, this subpart and technical standards adopted by the Board.

§ 461.19. Remote system access.

(a) In emergency situations or as an element of technical support, an employee of a licensed manufacturer may perform analysis of, or render technical support with regard to, a slot machine licensee's slot monitoring system, casino management system, player tracking system, external bonusing system, cashless funds transfer system, wide area progressive system,

gaming voucher system or other Board-approved system from a remote location.

(b) Remote system access shall be performed in accordance with technical standards on remote system access adopted by the Board.

(c) A slot machine licensee authorizing access to a system by a licensed manufacturer under this section shall be responsible for implementing a system of access protocols and other controls over the physical integrity of any system and any remote access process sufficient to insure appropriately limited access to software and the system wide reliability of data.

§ 461.20. Server supported slot systems.

(a) The following terms, when used in this section, have the following meanings, unless the context clearly indicates otherwise:

Server supported slot machine - A slot machine connected to, and administered by, a server supported slot system.

Slot machine server - A computer configured to receive, store, authenticate and download to server supported slot machines Board-approved slot machine games and other approved software. A slot machine server may also be used to effect changes in a server supported slot machine's configuration.

Server supported slot system - A system comprised of one or more server supported slot machines connected to a slot machine

server and its ancillary computer network for the ultimate purpose of downloading Board-approved slot machine games and other approved software to server supported slot machines. Results from the play or operation of a server supported slot machine connected to a server supported slot system must be determined solely by the individual slot machine and not by the slot machine server or any other ancillary computer network.

(b) A server supported slot system, and server supported slot machines to which it is connected, must comply with the act, this subpart and technical standards on server supported slot systems, slot machine servers and server supported slot machines adopted by the Board.

(c) A slot machine licensee is prohibited from utilizing a server supported slot system which has not been tested and approved by the Board under § 461.4 (relating to submission for testing and approval).

(d) Prior to utilizing a server supported slot system, each slot machine licensee shall establish a system of internal controls applicable to a server supported slot system. The internal controls shall be submitted to and approved by the Board under § 465.3 (relating to internal control systems and audit protocols). The internal control procedures submitted by

the slot machine licensee must address the integrity, security and control of its server supported slot system.

(e) The Board may waive one or more of the requirements of this section or technical standards applicable to server supported slot systems, slot machine servers and server supported slot machines adopted by the Board upon a determination that the nonconforming server supported slot system, slot machine server or server supported slot machine nonetheless meets the operational integrity requirements of the act, this subpart and technical standards adopted by the Board.

§ 461.21. Server based slot systems.

(a) The following terms, when used in this section, have the following meanings, unless the context clearly indicates otherwise:

Server based slot machine - A slot machine accessing a server based slot system.

Slot machine server - A computer configured to receive, store and authenticate Board-approved slot machine games and other approved software.

Server based slot system - A system comprised of one or more server based slot machines connected to a slot machine server and its ancillary computer network for the ultimate purpose of facilitating access by a server based slot machine to Board-approved slot machine games and other approved software

residing on the slot machine server. Results from the play or operation of a server based slot machine must be determined solely by the slot machine server and not by the individual slot machine.

(b) A server based slot system, and server based slot machines accessing the system, must comply with the act, this subpart and technical standards on server based slot systems, slot machine servers and server based slot machines adopted by the Board.

(c) A slot machine licensee is prohibited from utilizing a server based slot system which has not been tested and approved by the Board under § 461.4 (relating to submission for testing and approval).

(d) Prior to utilizing a server based slot system, each slot machine licensee shall establish a system of internal controls applicable to a server based slot system. The internal controls shall be submitted to and approved by the Board under § 465.3 (relating to internal control systems and audit protocols). The internal control procedures submitted by the slot machine licensee must address the integrity, security and control of its server based slot system.

(e) The Board may waive one or more of the requirements of this section or technical standards applicable to server based

slot systems, slot machine servers and server based slot machines adopted by the Board upon a determination that the nonconforming server based slot system, slot machine server or server based slot machine nonetheless meets the operational integrity requirements of the act, this subpart and technical standards adopted by the Board.

§ 461.22. Automated jackpot payout machines.

(a) An automated jackpot payout machine is the collective hardware, software, communications technology and other ancillary equipment used to facilitate the payment of a jackpot that is not totally and automatically paid directly from a slot machine.

(b) An automated jackpot payout machine must comply with the act, this subpart and technical standards on automated jackpot payout machines adopted by the Board.

(c) A slot machine licensee is prohibited from utilizing an automated jackpot payout machine which has not been tested and approved by the Board under § 461.4 (relating to submission for testing and approval).

(d) Prior to commencing use of an automated jackpot payout machine, each slot machine licensee shall establish a comprehensive system of internal controls addressing the payment of jackpot payouts utilizing an automated jackpot payout machine and the distribution of currency or coin, or both, to the

machines. The internal controls shall be submitted to, and approved by the Board under § 465.3 (relating to internal control systems and audit protocols.

(e) The Board may waive one or more of the requirements of this section or a technical standards applicable to automated jackpot payout machines adopted by the Board upon a determination that the automated jackpot payout machine as configured nonetheless meets the operational integrity requirements of the act, this subpart and technical standards adopted by the Board.

§ 461.23. Slot machines and associated equipment utilizing alterable storage media.

(a) Definition. The following term, when used in this section, has the following meaning, unless the context clearly indicates otherwise:

Alterable storage media - Memory or other storage medium, such as an EEPROM, flash, optical or magnetic storage device, which is contained in a slot machine or associated equipment subject to approval under § 461.4 (relating to submission for testing and approval), that allows the modification of programs or data on the storage media during the normal operation of the slot machine or associated equipment. This term does not include:

(1) Memory or other storage medium typically considered to be alterable but through either software or hardware means approved by the Board have been rendered unalterable and remain verifiable by the central control computer system.

(2) Associated equipment using alterable storage media that the Board determines are incapable of influencing the integrity or outcome of game play.

(b) Use of alterable storage media. Any use of alterable storage media in a slot machine or associated equipment must be in compliance with the act, this subpart and technical standards on alterable storage media adopted by the Board.

§ 461.24. Testing and software installation on the live gaming floor.

(a) Prior to the testing of slot machines, associated equipment and displays on a live gaming floor during a slot machine licensee's normal hours of operation, the slot machine licensee shall notify the Board's Gaming Lab in writing at least 72 hours prior to the test date, in a form and manner prescribed by the Board. The notification must include the following:

(1) A detailed narrative description of the type of testing to be conducted, including the reason for the testing, a list of individuals conducting the testing and the slot machine licensee's procedures for conducting the testing.

(2) The date, time and approximate duration of the testing.

(3) The model, slot machine location number and asset number of the slot machine or machines to be tested.

(4) The location within the licensed facility where the testing will occur.

(b) A slot machine licensee shall notify the Board's Gaming Lab at least 72 hours prior to the installation of any new software or the installation of any change in previously approved software, in a form and manner prescribed by the Board, for:

(1) Automated gaming voucher and coupon redemption machines.

(2) Wide area progressive systems.

(3) Slot monitoring systems.

(4) Casino management systems.

(5) Player tracking systems.

(6) External bonusing systems.

(7) Cashless funds transfer systems.

(8) Server supported slot systems.

(9) Server based slot systems.

(10) Automated jackpot payout machines.

(c) The notification required under subsection (b) must include:

(1) A description of the reasons for the new installation or change in previously approved software.

(2) A list of the computer components and programs or versions to be modified or replaced.

(3) A description of any screens, menus, reports, operating processes, configurable options, or settings that will be affected.

(4) The method to be used to complete the proposed installation.

(5) The date that the proposed modification will be installed and the estimated time for completion.

(6) The name, title, and employer of the persons performing the installation.

(7) A diagrammatic representation of the proposed hardware design change.

(8) Restrictions on "update" access to the production code to the person implementing the installation.

(9) Procedures to ensure that user and operator manuals are updated to reflect changes in policies and procedures resulting from the proposed installation.

CHAPTER 463. POSSESSION OF SLOT MACHINES

§ 463.1. Possession of slot machines generally.

Source: The provisions of this § 461.24 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. 1968.

(a) Except as otherwise provided in this section and 18 Pa.C.S. § 5513 (relating to gambling devices, gambling, etc.), a person may not possess within this Commonwealth any slot machine which may be used for gambling activity.

(b) The following persons and any employee or agent acting on their behalf may, subject to any terms and conditions imposed by the Board, possess slot machines in this Commonwealth for the purposes described herein provided that the slot machines are stored in secure locations as shall be specifically approved in writing by the Board and that any slot machines located outside of a licensed facility not be used for gambling activity:

(1) An applicant for, or The holder of a slot machine license, for the purpose of maintaining for use, training or actually using the machines in the operation of a licensed facility.

(2) The holder of:

(i) A manufacturer license for the purpose of manufacturing, exhibiting, demonstrating, training, or preparing for transfer to a supplier licensee.

(ii) A supplier license for the purpose of distributing, repairing, servicing, exhibiting or demonstrating slot machines and any training with regard thereto.

(3) An educational institution, as authorized in writing by the Board, for the purpose of teaching slot machine design, operation, repair or servicing.

(4) A manufacturer or supplier of slot machines not licensed within this Commonwealth, as authorized in writing by the Board, for the limited purpose of temporary exhibition or demonstration of same.

(5) A common carrier, for the purpose of transporting slot machines in accordance § 463.2 (relating to the transportation of slot machines into, within and out of this Commonwealth).

(6) An employee or agent of the Board, the Pennsylvania State Police or any law enforcement agency of the Commonwealth for the purpose of fulfilling official duties or responsibilities.

(7) Other persons authorized in writing by the Board upon a finding that the possession of slot machines by such persons in this Commonwealth is not contrary to the goals and objectives of the act.

§ 463.2. Transportation of slot machines into, within and out of the Commonwealth.

Source: The provisions of this § 463.1 amended April 1, 2006, effective March 16, 2006, 36 Pa.B. 1577.

In furtherance of section 1511 of the act (relating to the Declaration of exemption from federal laws prohibiting slot machines), prior to the transport or movement of any slot machine into this Commonwealth, from one person authorized to possess slot machines under § 463.1 (relating to possession of slot machines generally) to another person so authorized within this Commonwealth or transport or movement out of this Commonwealth, those persons causing such slot machine to be transported or moved shall first notify the Board's Director of Gaming Laboratory Operations, in writing or in an electronic format as approved by the Board. The notice shall be submitted no later than the day the slot machine is transported or moved and include the following information:

(1) The name and address of the person shipping or moving the slot machine.

(2) The name and address of the person who owns the slot machine, if different from the person shipping or moving such machine.

(3) The name and address of any new owner in the event ownership is being changed in conjunction with the shipment or movement, if applicable.

(4) The method of shipment or movement and the name and address of the common carrier or carriers, if applicable.

(5) The name and address of the person to whom the slot machine is being sent and the destination of the slot machine, if different from that address.

(6) The quantity of slot machines being shipped or moved and the manufacturer's serial number of each machine.

(7) The expected date and time of delivery to, or removal from, any authorized location within this Commonwealth.

(8) The port of entry, or exit, if any, of the slot machine if the origin or destination of the slot machine is outside the continental United States.

(9) The reason for transporting or moving the slot machine.

§ 463.3. Slot machine location.

(a) A gaming floor must consist of one or more areas within a licensed facility approved by the Board for the placement and operation of slot machines.

(b) Each slot machine in a slot machine area on a gaming floor shall be placed at a location, which location may contain no more than one slot machine, identified by number on a gaming floor plan approved by the Board under section 1322 of the act (relating to slot machine accounting controls and audits) and shall also be identified by this slot machine location number and an asset number on a Slot Machine Master List.

(c) For the purposes of this section, an asset number means a unique number assigned to a slot machine by a slot machine licensee for the purpose of tracking that slot machine while owned by the slot machine licensee.

§ 463.4. Connection to the central computer system.

Prior to its utilization for gambling activity, each slot machine on a gaming floor shall be connected or linked to a central computer system having the capabilities and pursuant to the terms of section 1323 of the act (relating to central control computer system).

§ 463.5. Slot machine master list.

(a) Prior to the commencement of operations at a licensed facility, each applicant for, or holder of, a slot machine license shall file with the Board's Director of Gaming Laboratory Operations, in writing or in an electronic format approved by the Board, a comprehensive list of slot machines possessed by the applicant or licensee on its gaming floor, in Board-approved restricted areas off the gaming floor but within the licensed facility, and in Board-approved storage locations in this Commonwealth off the premises of the licensed facility. The list shall be denoted as a Slot Machine Master List and contain the following information which, for those slot machines located on the gaming floor, shall be presented for each slot

machine in consecutive order by the slot machine location number under § 463.3 (relating to slot machine location):

(1) The date the list was prepared.

(2) A description of each slot machine by:

(i) Asset number and model and manufacturer's serial number.

(ii) Denomination, if configured for multiple denominations so designate.

(iii) Manufacturer and machine type, noting with specificity whether the machine is a high-boy, is a progressive or a wide area progressive slot machine.

(iv) An indication as to whether the slot machine is configured to communicate with a cashless funds transfer system.

(v) An indication as to whether the slot machine is configured to communicate with a gaming voucher system.

(3) For those slot machines located off the gaming floor, an indication as to whether the slot machine is in a Board-approved restricted area off the gaming floor but within the licensed facility or in a Board-approved storage location in this Commonwealth off the premises of the licensed facility.

(4) Other information the Board may require.

(b) Once a slot machine has been placed in an authorized location on the gaming floor or is stored in a Board-approved

restricted area off the gaming floor but within the licensed facility, all subsequent movements of that slot machine within the licensed facility shall be recorded by a slot department member in a machine movement log which includes the following:

- (1) The asset number and model and manufacturer's serial number of the moved slot machine.
- (2) The date and time of movement.
- (3) The location from which the slot machine was moved.
- (4) The location to which the slot machine was moved.
- (5) The date and time of any required notice to the department in connection with activation or disabling of the slot machine in the central computer system.
- (6) The signature of the slot shift manager and the lead technician verifying the movement of the slot machine in compliance with this section.

(c) Documentation summarizing slot machine movements within a licensed facility shall be submitted to the Board's Director of Gaming Laboratory Operations, in writing or in an electronic format approved by the Board, on a daily basis.

(d) On the first Tuesday of each month following the initial filing of a Slot Machine Master List, each applicant for, or holder of, a slot machine license shall file with the Board's Director of Gaming Laboratory Operations, in writing or

in an electronic format as is approved by the Board, an updated Slot Machine Master List documenting all slot machines possessed by the applicant or licensee on its gaming floor, in Board-approved restricted areas off the gaming floor but within the licensed facility, and in Board-approved storage locations in this Commonwealth off the premises of the licensed facility. The updated list must be in a form, and contain the information, required in subsection (a).

(e) Manufacturer licensees, supplier licensees, educational institutions, Board-authorized manufacturers and suppliers not licensed within this Commonwealth and regulatory and law enforcement agencies having authority to possess slot machines under § 463.1 (relating to possession of slot machines generally) who cause slot machines to be transported or moved shall file with the Board's Director of Gaming Laboratory Operations, in writing or in an electronic format as is approved by the Board, a comprehensive list of slot machines possessed by the person. The list shall be denoted as a Slot Machine Master List and shall be filed within 3 business days of the initial receipt of slot machines and shall contain the following information:

- (1) The date on which the list was prepared.
- (2) A description of each slot machine by:
 - (i) Model and manufacturer's serial number.

(ii) Manufacturer and machine type, noting with specificity whether the machine is a high-boy, is a progressive or a wide area progressive slot machine.

(f) On the first Tuesday of each month following the initial filing of a Slot Machine Master List, those persons enumerated in subsection (e) shall file with the Board's Director of Gaming Laboratory Operations, in writing or in an electronic format approved by the Board, an updated Slot Machine Master List. The updated list must be in a form, and contain the information, required in subsection (e).

§ 463.6. Notice to central computer system.

In addition to the recordkeeping requirements required hereunder, prior to the placement of a slot machine on the gaming floor, any movement of that slot machine between slot machine locations on the gaming floor or removal of a slot machine from the gaming floor, the slot machine licensee shall provide the Department with notice of the slot movement, in a form and pursuant to a time frame prescribed by the Department, to insure activation or disabling, as appropriate in the central computer system and the retrieval of real time meter information from the slot machine coincident with the movement.

CHAPTER 465. ACCOUNTING AND INTERNAL CONTROLS

Source: The provisions of this § 463.5 amended April 1, 2006, effective March 16, 2006, 36 Pa.B. 1577.

§ 465.1. Definitions.

The following words and terms, when used in this part, have the following meanings, unless the context clearly indicates otherwise:

Gaming day - A period of time not to exceed 24 hours corresponding to the beginning and ending times of gaming activities for the purpose of accounting reports and determination by the central control computer system of gross terminal revenue. The beginning and ending times of the gaming day will be determined by the Board and will be uniform for all slot machine licensees.

(i) Prior to commencing gaming operations, each slot machine licensee shall submit to the Board, in writing, its hours of operation, which times must correspond to the portion of its gaming day it will be open to the public for the purpose of gaming activities. A slot machine licensee may not commence gaming operations until its hours of operation are approved by the Board.

(ii) Any change in a slot machine licensee's hours of operation must be noticed to the Board in advance of the change in writing or in an electronic format as approved by the Board.

Source: The provisions of this § 465.1 amended March 18, 2006, effective February 28, 2006, 36 Pa.B. 1347.

Signature - The written name of an employee of a slot machine licensee signifying that the employee has prepared forms, records, and documents or authorized, observed, or participated in a transaction to a sufficient extent to attest to the accuracy of the information recorded thereon, in conformity with this subpart and the slot machine licensee's system of internal controls and which is in either of the following formats:

(i) The employee's first initial, last name and Board license number, written by the employee, immediately adjacent to or above the clearly printed or preprinted title of the employee.

(ii) The employee's identification number or other computer identification code issued to the employee by the slot machine licensee, if the document to be signed is authorized by the Board to be generated by a slot computer system and the method of signature is approved or required by the Board.

§ 465.2. Accounting records.

(a) A slot machine licensee shall maintain complete, accurate, and legible records of all transactions pertaining to the revenues and expenses of each licensed facility.

(b) General accounting records shall be maintained on a double entry system of accounting with transactions recorded on a basis consistent with generally accepted accounting principles

in the United States. Detailed, supporting, and subsidiary records sufficient to meet the requirements of subsection (c) shall also be maintained in accordance with the requirements of this chapter.

(c) The detailed, supporting, and subsidiary records include:

(1) Records pertaining to revenue that is taxable or subject to taxation under the act.

(2) Records pertaining to the financial statements and all transactions impacting the financial statements of the slot machine licensee including contracts or agreements with licensed manufacturers, suppliers, junket enterprises, certified and registered vendors, contractors, consultants, management companies, attorneys and law firms, accountants and accounting firms, insurance companies, and financial institutions, including statements and reconciliations related thereto.

(3) Records which identify the handle, payout, actual win amounts and percentages, theoretical win amounts and percentages, and differences between theoretical and actual win amounts and percentages, for each slot machine on a week-to-date, month-to-date and year-to-date basis.

(4) Records supporting the costs of complimentary services and items as defined in § 465.8 (relating to complimentary services or items).

(5) Records of all loans and other amounts payable by the slot machine licensee.

(6) Records of all investments, advances, loan and receivable balances due to the slot machine licensee.

(7) Records created in connection with the system of internal controls submitted to the Board under § 465.3 (relating to internal control systems and audit protocols).

(8) Records of all returned checks.

§ 465.3. Internal control systems and audit protocols.

(a) An applicant for, or holder of, a slot machine license shall submit to the Board and the Department, in the manner the Board requires, a narrative description of its initial system of administrative and accounting procedures, including its internal control systems and audit protocols (collectively referred to as its "internal controls") at least 90 days before gaming operations are to commence, unless otherwise directed by the Board. Under section 1322(c) of the act (relating to slot machine accounting controls and audits), a written system of internal controls must include:

(1) Records of direct and indirect ownership in the proposed slot machine license, its affiliates, intermediaries, subsidiaries or holding companies.

(2) Organization charts depicting appropriate segregation of functions and responsibilities.

(3) A description of the duties and responsibilities of each position shown on the organization charts and their respective lines of authority, provided that a slot machine applicant or licensee may not be required to submit job descriptions for positions required to hold a nongaming employee registration.

(4) A detailed narrative description of the administrative and accounting procedures designed to satisfy the requirements of this part.

(5) A record retention policy in accordance with § 465.7 (relating to retention, storage and destructions of books, records and documents).

(6) Procedures to ensure that assets are safeguarded, and counted in conformance with effective count procedures.

(7) Other items the Board may require in its discretion.

(b) A submission must be accompanied by the following:

(1) An attestation by its chief executive officer or other competent person with a direct reporting relationship to the chief executive officer attesting that the officer believes, in good faith, that the submitted internal controls conform to the requirements of the act and this part.

(2) An attestation by its chief financial officer or other competent person with a direct reporting relationship to

the chief financial officer attesting that the officer believes, in good faith, that the submitted internal controls are designed to provide reasonable assurance that the financial reporting conforms to generally accepted accounting principles in the United States and comply with applicable laws and regulations, including the act and this part.

(c) The initial submission must also be accompanied by a report from an independent certified public accountant or, when appropriate, independent registered public accounting firm, licensed to practice in this Commonwealth. The report should express an opinion as to the effectiveness of the design of the submitted system of internal controls over financial reporting and should further express an opinion as to whether the submitted system of internal controls materially deviates from the requirements of applicable laws and regulations, including the act and this part.

(d) A submission by a slot machine licensee or applicant must include, at a minimum, the following:

(1) Administrative controls which include, without limitation, the procedures and records that relate to the decision making processes leading to management's authorization of transactions.

(2) Accounting controls which have as their primary objectives the safeguarding of assets and revenues and the

reliability of financial records. The accounting controls must be designed to provide reasonable assurance that:

(i) Transactions or financial events which occur in the operation of a slot machine are executed in accordance with management's general and specific authorization, as approved by the Board.

(ii) Transactions or financial events which occur in the operation of a slot machine are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles in the United States, the act and this part.

(iii) Transactions or financial events which occur in the operation of a slot machine are recorded in a manner which provides reliable records, accounts and reports, including the recording of cash and evidences of indebtedness, for use in the preparation of reports to the Board related to slot machines.

(iv) Transactions or financial events which occur in the operation of a slot machine are recorded adequately to permit proper and timely reporting of gross terminal revenue and the calculation thereof and of fees and taxes and to maintain accountability for assets.

(v) Access to assets is permitted only in accordance with management's general and specific authorization, as approved by the Board.

(vi) The recorded accountability for assets is compared with existing physical assets at reasonable intervals and appropriate action is taken with respect to any discrepancies.

(3) Procedures and controls for ensuring, in accordance with section 1323 of the act (relating to the central control computer system), that each slot machine directly provides and communicates all required activities and financial details to the central control computer system as set by the Board.

(4) Procedures and controls for ensuring that all functions, duties and responsibilities are appropriately segregated and performed in accordance with sound financial practices by competent, qualified personnel.

(5) Procedures and controls for ensuring, through the use of surveillance and security departments, that the licensed facility is secure during normal operations and during any emergencies due to malfunctioning equipment, loss of power, natural disaster or any other cause.

(e) The Board, in consultation with the Department, will review each initial submission made under subsection (a) and

determine whether it conforms to the requirements of the act and this part and provides adequate and effective controls for the operation of slot machines at a licensed facility. A slot machine licensee is prohibited from commencing gaming operations until its system of internal controls is approved by the Board.

(f) A slot machine licensee may, upon submission to the Board and the Department in the manner prescribed, of a narrative description of a change or amendment in its system of internal controls and the two original signed certifications described in subsection (b), implement the change on the 30th calendar day following the filing of a complete submission. Submissions received by the Board after 2 p.m. will be considered to have been submitted on the next business day.

(g) If during the 30-day review period in subsection (f), the Board's Bureau of Corporate Compliance and Internal Controls preliminarily determines that a procedure in a submission contains a substantial and material insufficiency likely to have a direct and materially adverse impact on the integrity of slot operations or the control of gross terminal revenue, that Bureau, by written notice to the slot machine licensee, will:

(1) Specify the nature of the insufficiency and, where possible, an acceptable alternative procedure.

(2) Direct that the 30 calendar day review period in subsection (f) is tolled and that any internal controls at issue not be implemented until approved by the Executive Director.

(h) Examples of submissions that may, under appropriate circumstances, be determined to contain a substantial and material insufficiency likely to have a direct and materially adverse impact on the integrity of slot operations or the control of gross terminal revenue must include, without limitation, the following:

(1) Submissions that fail to provide an audit trail sufficient to permit the review of gaming operations or the reconstruction of gross terminal revenue transactions.

(2) Submissions that fail to provide for the segregation of incompatible functions so that no employee is in a position both to commit an error or to perpetrate a fraud and to conceal the error or fraud in the normal course of the employees duties.

(3) Submissions that do not include forms or other materials referenced in the submission or required by the act or this part that are essential elements of the internal controls, the absence of which prevents a meaningful review of the submission.

(4) Submissions that would implement operations or accounting procedures not yet authorized by the act or this part.

(5) Submissions that are dependent upon the use of equipment or related devices or software not yet approved by the Board, unless such submissions are required as part of an authorized test of the equipment or related device or software.

(i) Notwithstanding anything contained herein to the contrary, and subject to the exception in subsection (j), any change or amendment to submissions with regard to organization charts pursuant to subsection (a)(2) and the descriptions of the duties and responsibilities of each position shown on the organization charts pursuant to subsection(a)(3)(collectively referred to as the "jobs compendium") may be implemented by the slot machine licensee without the prior approval of the Board provided that the change or amendment is submitted to the Board within 5 business days of the date of implementation, which filing includes:

(1) A detailed cover letter listing by department each position title to which modification has been made.

(2) A brief summary of each change.

(3) Instructions regarding any changes in page numbers and the date of implementation.

(j) Notwithstanding any provision to the contrary, the submission of changes or amendments to a jobs compendium involving changes or amendments to license categories, job codes, job functions, reporting lines (including new and deleted positions) or job titles in the information technology, internal audit, security, finance, slot operations, or surveillance departments must be accompanied by the attestations required in subsection (b) and be submitted to the Board by the end of the business day of implementation.

(k) If in the course of its review of a change or amendment to a jobs compendium the Board's Bureau of Licensing preliminarily determines that the change or amendment contains a substantial and material insufficiency likely to have a direct and materially adverse impact on the integrity of slot operations or the control of gross terminal revenue, that Bureau, by written notice to the slot machine licensee, will:

(1) Specify the nature of the insufficiency and, when possible, an acceptable alternative procedure.

(2) Advise the slot machine licensee as to whether the implementation of the change or amendment must be suspended pending further evaluation by the Board.

(1) A current version of the internal controls of a slot machine licensee shall be maintained in or made available in electronic form through secure computer access to the accounting

and surveillance departments of the slot machine licensee and the Board's on site facilities required under § 465.9 (relating to licensed facility). The slot machine licensee shall also maintain a copy, either in paper or electronic form, of any superseded internal control procedures, along with the two certifications required to be submitted with respect thereto, for a minimum of 5 years. Each page of the internal controls must indicate the date on which it was approved by the Board.

§ 465.4. Forms, records and documents.

(a) Information required by this part to be placed on any form, record, or document and in stored data shall be recorded on such form, record, or document and in stored data in ink or other permanent form.

(b) Whenever duplicate or triplicate copies are required of a form, record, or document, the original, duplicate, and triplicate copies must have the name of the recipient originally receiving a copy preprinted on the bottom of that copy so as to differentiate one from the other.

(c) Whenever under this part, forms or serial numbers are required to be accounted for and an exception is noted, such exceptions shall be reported in writing to the slot machine

Source: The provisions of this § 465.3 amended April 1, 2006, effective March 16, 2006, 36 Pa.B. 1577; amended May 19, 2007, effective April 9, 2007, 37 Pa.B. 2292.

licensee's internal audit department and the Board's Bureau of Investigations and Enforcement within 2 days of identification of the exception or upon its confirmation, whichever occurs earlier.

(d) Unless otherwise specified in this part, all forms, records, documents, and stored data required to be prepared, maintained, and controlled by this chapter must:

(1) Be in a form prescribed or authorized by the Board.

(2) Have the name of the establishment and the title of the form, record, document and, for stored data, the date imprinted or preprinted thereon.

(e) Nothing in this chapter shall be construed as prohibiting or discouraging a slot machine licensee from preparing more copies of any form, record, or document than that prescribed by this chapter.

§ 465.5. Standard financial and statistical reports.

(a) Each slot machine licensee shall, upon the request of the Board, file monthly, quarterly, and annual reports of financial and statistical data. The data may be used by the Board to evaluate the financial position and operating performance of individual licensees and compile information regarding the performance and trends of the industry in this Commonwealth.

(b) The Board may periodically prescribe standard reporting forms and corresponding filing instructions to be used by each licensee in filing the monthly, quarterly, and annual reports referenced in subsection (a).

(c) In the event of a license termination, change in business entity, or material change in ownership, the Board may in its discretion require the filing of financial and statistical reports as it deems necessary, as of the date of occurrence of the event. The request must be made in writing to the slot machine licensee.

(d) Adjustments resulting from the annual audit required in § 465.6 (relating to annual audit and other reports) shall be recorded in the accounting records of the year to which the adjustment relates. If the adjustments were not reflected in any annual report required hereunder and the Board concludes that the adjustments are significant, a revised annual report may be required from the slot machine licensee. The revised filing shall be due within 30 calendar days after written notification to the slot machine licensee, unless an extension is requested in writing by the slot machine licensee prior to the required filing date and an extension is granted by the Board.

§ 465.6. Annual audit; other reports; suspicious activity and currency transaction reporting.

(a) Each slot machine licensee shall, at its own expense, cause its annual financial statements to be audited in accordance with generally accepted auditing standards (when applicable, the Standards of the Public Company Accounting Oversight Board (United States)) by an independent certified public accountant or, when appropriate, an independent registered public accounting firm, licensed to practice in this Commonwealth.

(b) The annual financial statements shall be prepared on a comparative basis for the current and prior fiscal year, and present financial position and results of operations in conformity with generally accepted accounting principles in the United States.

(c) The financial statements required by this section must include a footnote reconciling and explaining any differences between the financial statements included in any annual report filed in conformity with § 465.5 (relating to standard financial and statistical reports) and the audited financial statements. The footnote must, at a minimum, disclose the effect of adjustments on:

- (1) Revenue from the operation of slot machines.
- (2) Slot machine revenue net of expenses for complimentary services or items.
- (3) Total costs and expenses.

(4) Income before extraordinary items.

(5) Net income.

(d) Two copies of the audited financial statements, together with any management letter or report prepared thereon by the slot machine licensee's independent certified public accountant or, when appropriate, independent registered public accounting firm, shall be filed with the Board not later than 60 days after the end of the licensee's fiscal year.

(e) Each slot machine licensee shall require the independent certified public accountant or, when appropriate, independent registered public accounting firm auditing its financial statements to render the following additional reports:

(1) A report on material weaknesses or significant deficiencies in the system of internal controls noted in the course of the examination of the financial statements.

(2) A report expressing the opinion of the independent certified public accountant or independent registered public accounting firm as to the adequacy of the slot machine licensee's system of internal controls over financial reporting based upon the description of the system of internal controls approved for the slot machine licensee under § 465.3 (relating to internal control systems and audit protocols).
When appropriate, the report should make specific

recommendations regarding improvements in the system of internal controls.

(3) The slot machine licensee shall prepare a written response to the independent certified public accountant's or independent registered public accounting firm's reports required by paragraphs (1) and (2). The response must indicate, in detail, any corrective actions taken. The response shall be submitted to the Board within 90 days of receipt of the reports.

(f) The slot machine licensee shall file two copies of the reports required by subsection (e), and two copies of any other reports on internal controls, administrative controls, or other matters relative to the slot machine licensee's accounting or operating procedures rendered by the licensee's independent certified public accountant or independent registered public accounting firm within 120 days following the end of the licensee's fiscal year or upon receipt, whichever is earlier.

(g) If the slot machine licensee is publicly held, the slot machine licensee shall submit to the Board's Bureau of Corporate Compliance and Internal Controls three copies of any report, including forms S-1, 8-K, 10-Q, 10-K, proxy or information statements and all registration statements, required to be filed by such slot machine licensee with the Securities and Exchange Commission or other domestic or foreign securities regulatory agency. The filing with the Board shall be made

within 10 days of the time of filing with the applicable Commission or regulatory agency or the due date prescribed by the applicable Commission or regulatory agency, which ever occurs first.

(h) If an independent certified public accountant or independent registered public accounting firm who was previously engaged as the principal accountant to audit the slot machine licensee's financial statements resigns or is dismissed as the slot machine licensee's principal accountant, or another independent certified public accountant or independent registered public accounting firm is engaged as principal accountant, the slot machine licensee shall file a report with the Board's Bureau of Corporate Compliance and Internal Controls within 10 days following the end of the month in which the event occurs, setting forth the following:

(1) The date of the resignation, dismissal or engagement, as appropriate.

(2) Whether in connection with the audits of the 2 most recent years preceding such resignation, dismissal, or engagement there were any disagreements with the former accountant on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, including a description of each such disagreement. The

disagreements to be reported include those resolved and those not resolved.

(3) Whether the principal accountant's report on the financial statements for any of the past 2 years contained an adverse opinion or disclaimer of opinion or was qualified. The nature of such adverse opinion, disclaimer of opinion, or qualification shall be described.

(4) The slot machine licensee shall request the former accountant to furnish to the slot machine licensee a letter addressed to the Board stating whether he agrees with the statements made by the slot machine licensee in response to paragraph (2). The letter shall be filed with the Board as an exhibit to the report required by paragraph (2).

(i) Each slot machine licensee shall file with the Board a copy of any Suspicious Activity Report-Casino (SARC) it is required to file under 31 CFR 103.21 (relating to reports by casinos of suspicious transactions). Each SARC shall be filed with the Board concurrently with the Federal filing in a manner to be prescribed by the Board.

(j) Each slot machine licensee shall file with the Board a copy of any Currency Transaction Report by Casino (CTRC) it is required to file under 31 CFR 103.22 (relating to reports of transactions in currency). Each CTRC shall be filed with the

Board concurrently with the federal filing in a manner to be prescribed by the Board.

(k) Prior to commencing gaming operations, each slot machine licensee shall file with the Board, in a manner to be prescribed by the Board, a copy of its compliance program required under 31 CFR 103.64 (relating to special rules for casinos). Thereafter, each slot machine licensee shall be obligated to file with the Board any amendment or supplement to its compliance program concurrent with the effective date of the amendment or supplement.

(l) A slot machine licensee, director, officer, employee or agent who reports a suspicious activity under subsection (a) may not notify any person involved in the suspicious activity that the suspicious activity has been reported.

§ 465.7. Retention, storage and destruction of books, records and documents.

(a) For the purposes of this section, "books, records and documents" means any book, record or document pertaining to, prepared in or generated by the operation of the licensed facility including all forms, reports, accounting records, ledgers, subsidiary records, computer generated data, internal audit records, correspondence and personnel records required to be generated and maintained by this part. This definition applies without regard to the medium through which the record is

generated or maintained, for example, paper, magnetic media or encoded disk.

(b) Original books, records and documents pertaining to the operation of a licensed facility be:

(1) Prepared and maintained in a complete, accurate and legible form. Electronic data should be stored in a format that ensures readability, regardless of whether the technology or software that created or maintained it has become obsolete.

(2) Retained on the site of the licensed facility or at another secure location approved in accordance with this section.

(3) Held immediately available for inspection by agents of the Board, the Department and the Pennsylvania State Police during all hours of operation.

(4) Organized and indexed in a manner to provide immediate accessibility to agents of the Board, the Department and the Pennsylvania State Police.

(5) Destroyed only after expiration of the minimum retention period specified in subsection (c), except that the Board may, upon the written request of a slot machine licensee and for good cause shown, permit the destruction at an earlier date.

(c) Original books, records and documents shall be retained by a slot machine licensee for a minimum of 5 years with the following exceptions:

(1) Documentation with regard to gaming vouchers reported to the Board as possibly counterfeit, altered or tampered with should be retained for a minimum of 2 years.

(2) Coupons entitling patrons to cash or slot machine credits, whether unused, voided or redeemed shall be retained for a minimum of 6 months.

(3) Voided gaming vouchers and gaming vouchers redeemed at a location other than a slot machine shall be retained for a minimum of 6 months.

(4) Gaming vouchers redeemed at a slot machine shall be retained for a minimum of 7 days.

(d) A slot machine licensee may request, in writing, that the Board approve a location outside the licensed facility to store original books, records and documents. The request must include the following:

(1) A detailed description of the proposed offsite facility, including security and fire safety systems.

(2) The procedures under which the Board, the Department and the Pennsylvania State Police will be able to gain access to the original books, records and documents retained at the offsite facility.

(e) A slot machine licensee may request, in writing, that the Board approve a microfilm, microfiche or other suitable media system for the copying and storage of original books, records and documents. The request must include representations regarding:

(1) The processing, preservation and maintenance methods which will be employed to insure that the books, records and documents are available in a format which makes them readily available for review and copying.

(2) The inspection and quality control methods which will be employed to insure that microfilm, microfiche or other media when displayed on a reader/viewer or reproduced on paper exhibits a high degree of legibility and readability.

(3) The availability of a reader-printer for use by the Board, the Department and the Pennsylvania State Police at the licensed facility or other location approved by the Board and the readiness with which the books, records or documents being stored on microfilm, microfiche or other media can be located, read and reproduced.

(4) The availability of a detailed index of all microfilmed, microfiched or other stored data maintained and arranged in a manner to permit the immediate location of any particular book, record or document.

(f) Nothing herein shall be construed as relieving a slot machine licensee from meeting any obligation to prepare or maintain any book, record or document required by any other Federal, State or local governmental body, authority or agency.

§ 465.8. Complimentary services or items.

(a) A slot machine licensee shall develop, maintain and apply adequate internal controls over the authorization and issuance of complimentary services and items as that term is defined in § 439.1 (relating to definitions). The internal controls must include the following:

(1) The procedures by which the slot machine licensee delegates to its employees the authority to approve the issuance of complimentary services and items.

(2) The procedures by which conditions or limits, if any, which may apply to such authority are established and modified, including limits based on relationships between the authorizer and recipient.

(3) The provisions employed to insure the effective auditing of complementaries.

(b) Nothing herein shall be deemed to require a slot machine licensee to obtain Board approval of the internal controls required under subsection (a) provided, however, that each slot licensee shall be required to maintain a written

record of the internal controls and the specific employees to whom they apply.

(c) Complimentary services or items shall be recorded as follows:

(1) A complimentary service or item provided directly to a patron in the normal course of a slot machine licensee's business shall be recorded at an amount based upon the full retail price normally charged for such service or item by the licensee.

(2) A complimentary service or item not offered for sale to a patron in the normal course of a slot machine licensee's business but provided directly by the slot machine licensee shall be recorded at an amount based upon the actual cost to the slot machine licensee of providing the service or item.

(3) A complimentary service or item provided directly or indirectly to a patron on behalf of a slot machine licensee by a third party not affiliated with the slot machine licensee shall be recorded at an amount based upon the actual cost to the licensee of having the third party provide the service or item.

(4) A complimentary service or item provided directly or indirectly to a patron on behalf of a slot machine licensee by a third party who is affiliated with the licensee shall be

recorded by the licensee in accordance with the provisions of this section as if the affiliated third party were the licensee.

(d) If a slot machine licensee provides complimentary cash and noncash gifts recorded at a value of \$10,000 or more to a person or the person's guests within any 5-day period, the slot machine licensee shall record the reason why the gifts were provided and maintain the records available for inspection by the Board and the Pennsylvania State Police. When the reason complimentary cash and noncash gifts were provided involves the person's player rating, that rating shall be based upon an evaluation of the amount and frequency of play by the person as recorded in the slot machine licensee's player rating system. For the purposes of this section, "guest" means any person who receives complimentary services or items as a result of his relationship with the person receiving the primary complimentary services or items.

(e) Slot machine licensees shall submit to the Board a report listing each person who, under subsection (d), received \$10,000 or more in complimentary cash and noncash gifts within any 5-day period ending during the preceding month. The report shall be filed by the last day of the month following the month in which the complimentary cash and noncash gifts were issued and include the total amount of complimentary cash or noncash gifts provided to each person broken down into categories for

food and beverage, hotel accommodations, travel and other services.

§ 465.9. Licensed facility.

(a) The licensed facility must be equipped with a surveillance system configured and approved in accordance with §§ 465.10 and 465.11 (relating to the surveillance system; surveillance department control; surveillance department restrictions and surveillance system recording formats). Except as otherwise provided in subsection (d)(1), the surveillance system shall be under the exclusive control of the surveillance department.

(b) Restricted areas within the licensed facility shall be designated and approved by the Board for the repair and storage of slot machines. Any area approved and utilized within the licensed facility for slot machine repair shall be covered by the approved surveillance system.

(c) Emergency exits from the gaming floor must be equipped with an audible alarm system, approved by the Board, that produces a loud, distinguishable warning sound, discernable in the vicinity of the exit, whenever the emergency door is opened. The alarm system shall be designed to require deactivation and reset by means of a key. The key is to be maintained by the security department.

(d) Slot machine licensees shall, in accordance with section 1207(13) of the act (relating to regulatory authority of Board), provide for and maintain onsite facilities for use by the Board, the Department, and the Pennsylvania State Police for the purpose of carrying out their respective responsibilities (collectively referred to as the "onsite facilities"). The onsite facilities must be located in the same building as, and be located reasonably proximate to, the gaming floor and include suitable office space, equipment, partitions and supplies to meet the continuing needs of the Board, the Department and the Pennsylvania State Police at the facility including the following:

(1) A surveillance system monitoring room, located within the onsite facilities, with full camera control capability for the reception of transmissions generated by each camera approved for use as part of the slot machine licensee's surveillance system. Full camera control capability includes the ability to override the camera control capability of the slot machine licensee's surveillance system.

(2) An area for the detention of individuals detained or taken into custody by the Pennsylvania State Police. The detention area shall be located within the onsite facilities and consist of a bench or other apparatus which is permanently affixed to the wall to which the person in custody can be

handcuffed with as little discomfort to that person as is reasonably possible under the circumstances.

(3) A fingerprinting and photographing facility for use by the Pennsylvania State Police located in conformance with and outfitted in compliance with, specifications to be determined by the Pennsylvania State Police.

(4) Adequate computer, telephone and copying capability to meet the Board's, the Department's and the Pennsylvania State Police's continuing data processing and related needs.

(5) Direct telephone connections between the onsite facilities and the slot machine licensee's surveillance monitoring room and its security department.

(6) Computer terminals facilitating read only access to any computerized slot monitoring system or casino management system, or both, used by the slot machine licensee in its gaming operations.

(e) Keys or alternative locking mechanisms securing access to the onsite facilities shall be under the exclusive custody and control of the Board, the Department or the Pennsylvania State Police respectively.

(f) Slot machine licensees shall provide additional accommodations within the licensed facility as shall be requested by the Board, the Department or the Pennsylvania State

Police to accommodate periodic audit, compliance or investigative reviews at the licensed facility.

(g) Slot machine licensees shall provide adequate parking spaces reasonably proximate to the onsite facilities, clearly marked for the Board, the Department or Pennsylvania State Police use only.

(h) Slot machine licensees shall equip licensed facilities with communication systems necessary to insure an effective level of communication between the licensed facility and the Board, the Department, the Pennsylvania State Police, any applicable local law enforcement agency and any relevant emergency first responders.

§ 465.10. Surveillance system; surveillance department control; surveillance department restrictions.

(a) The Board, through the Bureau, will review surveillance system specifications, inclusive of the camera configuration and any changes or modifications to the system specifications, to determine whether the system provides the adequate and effective surveillance of activities inside and outside the licensed facility mandated by section 1207(11) of the act (relating to regulatory authority of Board). A slot

Source: The provisions of this § 465.9 amended July 1, 2006, effective June 15, 2006, 36 Pa.B. 3407.

machine licensee may not commence gaming operations until its surveillance system is approved by the Board.

(b) Each slot machine licensee shall at all times provide the Board and the Pennsylvania State Police, upon request, with timely access to its surveillance system and its transmissions. Each member of its surveillance department shall timely comply with any request made by the Board or the Pennsylvania State Police to:

(1) Use, as necessary, any surveillance monitoring room in the licensed facility.

(2) Display on the monitors in the monitoring room any event capable of being monitored by the surveillance system.

(3) Make a video and, if applicable, audio recording of, and take a still photograph of, any event capable of being monitored by the surveillance system.

(i) The slot machine licensee shall preserve and store each recording or photograph in accordance with the directions of the Board or the Pennsylvania State Police.

(ii) The Board and the Pennsylvania State Police shall have unfettered access to each recording or photograph and, at the request of the Board or Pennsylvania State Police, access to a recording or photograph may be denied to a particular employee or department of the slot machine licensee.

(c) The surveillance system required in this section must include the following:

(1) Light sensitive cameras with lenses of sufficient magnification to allow the operator to read information on a slot machine reel strip and credit meter and equipped with 360° pan, tilt and zoom capabilities, without camera stops, to effectively and clandestinely monitor in detail and from various vantage points, the following:

(i) The gaming conducted at the slot machines in the licensed facility.

(ii) The operations conducted at and in the cashiers' cage and any satellite cage.

(iii) The operations conducted at automated bill breaker, gaming voucher redemption, coupon redemption and jackpot payout machines.

(iv) The count processes conducted in the count room.

(v) The movement of cash and slot cash storage boxes within the licensed facility.

(vi) The entrances and exits to the licensed facility, the gaming floor, and the count room.

(vii) Other areas designated by the Board.

(2) Video recording equipment which, at a minimum, must:

(i) Permit the preservation and viewing of a clear copy of the transmission produced by any camera connected to the surveillance system.

(ii) Be capable of superimposing the time and date of the transmission on each recording made by the video recording equipment.

(iii) Enable the operator to identify and locate, through the use of a meter, counter or other device or method, a particular event which was recorded.

(3) Recording media which shall be replaced immediately upon the manifestation of any significant degradation in the quality of the images or sound, if applicable, recorded thereon. If videotape is utilized it shall be used for no more than 1 year.

(4) Audio capability in the count room installed in a manner that conforms to 18 Pa.C.S. §§ 5701-5781 (relating to Wiretapping and Electronic Surveillance Control Act).

(5) One or more monitoring rooms in the licensed facility which shall be staffed by employees of the slot machine licensee's surveillance department who shall at all times monitor the activities enumerated in paragraph (1) and elsewhere in the licensed facility as required by the Board. Each monitoring room shall be equipped with or serviced by:

(i) A communication system capable of monitoring all of the licensed facility's security department activities.

(ii) Computer terminals which facilitate read only access to any computerized slot monitoring system or casino management system, or both, used by the slot machine licensee in its gaming operation.

(iii) Connections to all casino alarm systems. The systems must provide a visible, audible or combination signal. A robbery, fire or emergency alarm must be perceptually distinguishable from all nonemergency alarms in a manner approved by the Board.

(iv) An updated photo library, consisting of photographs that are no more than 4 years old, of all current employees of the slot machine licensee, which photo library shall be available to the Board and the State Police.

(v) Contain and have readily available current copies of the following:

(A) An operational blueprint of the gaming floor and all areas of the licensed facility subject to camera coverage.

(B) Operating procedures addressing the evacuation of the licensed facility in the event of fire or other emergency.

(C) A contingency plan addressing a planned shutdown of the surveillance system and the contingency plan required by subsection (g) addressing any equipment failure that affects the slot machine licensee's monitoring room together with an emergency contact listing with telephone numbers for persons required to be notified of those events.

(6) An emergency power system, tested at intervals not to exceed 6 months, which can be used to operate the surveillance system in the event of a power failure.

(7) A preventive maintenance program, implemented by technicians assigned to the surveillance department, which insures that the entire surveillance system is maintained in proper working order and that the covers over the cameras are cleaned in accordance with a routine maintenance schedule.

(d) Areas subject to camera coverage under this section must contain continuous lighting that is of sufficient quality to produce clear video recordings and still picture reproductions.

(e) In addition to other requirements imposed by this section, a slot machine licensee's surveillance system must be required to continuously record, during the appropriate times and in the manner indicated in this subsection, transmissions

from cameras used to observe the following locations, persons, activities or transactions:

(1) Each transaction conducted at a cashiering location, whether or not that cashiering location services patrons. Coverage of the transaction must include, but not be limited to, recording transmissions from cameras used to observe the face of each person transacting business at each cashiering location from the direction of the cashier.

(2) The main bank, vault, satellite cages and other areas as required by the Board.

(3) The collection of slot cash storage boxes.

(4) The count procedures conducted in the count room.

(5) Any armored car collection or delivery.

(6) Automated bill breaker, gaming voucher redemption, coupon redemption and jackpot payout machines whenever the machines are opened for replenishment or other servicing.

(7) The entrances and exits to the licensed facility, the gaming floor, the cashier's cage and the count room.

(f) Slot machine licensees shall maintain a surveillance log of all surveillance activities in the monitoring room. The log shall be maintained by monitoring room personnel in a book

with bound numbered pages that cannot be readily removed or shall be maintained in such electronic format the Board approves. The log shall be stored and retained in accordance with § 465.7 (relating to retention, storage and destruction of books, records and documents). The following information shall be recorded in a surveillance log:

(1) Date and time each surveillance event commenced.

(2) The name and Board issued license credential number of each person who initiates, performs, or supervises the surveillance.

(3) Where suspicious activity, suspected or alleged regulatory violations or suspected or alleged criminal activity is involved, the reason for the surveillance, including the name, if known, alias or description of each individual being monitored, and a brief description of the activity in which the person being monitoring is engaged. This entry should also include a notation of the reading on the meter, counter or device specified in subsection (c)(2)(iii) that identifies the point on the video recording at which the event was recorded.

(4) The time at which each video recording is commenced and terminated, if different than when surveillance commenced or terminated.

(5) Time each surveillance event terminated.

(6) A summary of the results of the surveillance.

(7) A complete description of the time, date and, if known, the cause of any equipment or camera malfunctions, and the time at which the security department was apprised of the malfunction in accordance with the casino licensee's internal controls submitted under § 465.3(d)(5) (relating to internal control systems and audit protocols).

(g) In accordance with § 465.3(d)(5), each slot machine licensee shall have a contingency plan, to be utilized whenever there is an equipment failure that affects the slot machine licensee's monitoring room or any other aspect of its surveillance system or operations.

(h) The Bureau shall be notified immediately, in a manner the Board, of any incident of equipment failure as noted in subsection (f) including the time and cause of the malfunction, if known, the time the slot machine licensee's security department was notified of the malfunction and the nature of any communications with the security department relating to the malfunction.

(i) The Bureau shall be notified, in a manner approved by the Board, in advance of the following:

(1) Relocation of an approved camera.

(2) Change in an approved camera's specifications.

(3) Change in lighting for areas required to be subject to camera coverage.

(4) Addition or change to the surveillance system.

(j) The surveillance recordings required under subsection (e) shall be retained for a minimum of 30 days. All other surveillance recordings shall be retained for 7 days. All surveillance recordings shall be made available for review upon request by the Board or the Pennsylvania State Police. In addition, any recording determined by Board agents or the Pennsylvania State Police as being of potential evidentiary value shall be stored in accordance with Board or Pennsylvania State Police directives or turned over to Board agents or the Pennsylvania State Police upon request. At the request and expense of the slot machine licensee, a copy of any recording turned over to the Board or the Pennsylvania State Police may be made available to the slot machine licensee.

(k) Each surveillance employee assigned to the monitoring room shall work from the employee's own monitoring station.

(l) In accordance with § 465.3(a)(5), each slot machine licensee shall be required to submit, for Board approval, a minimum staffing submission with regard to its surveillance monitor rooms. The minimum staffing submission must consider the size and layout of the licensed facility as well as the

number of slot machines and must at all times provide for adequate and effective surveillance of activities inside and outside the licensed facility. A slot machine licensee may not implement a change or amendment in its surveillance monitor room minimum staffing submission without Board approval of the change or amendment.

(m) A slot machine licensee's surveillance department employees shall be independent of all other departments.

(n) A present or former surveillance department employee may not accept employment as a key employee or gaming employee with the same slot machine licensee for whom he was previously employed as a surveillance department employee unless 1 year has passed since the former surveillance department employee worked in the surveillance department. The Board may, upon the filing of a written petition, waive this restriction and permit the employment of a present or former surveillance department employee in a particular position upon consideration of the following factors:

(1) Whether the former surveillance department employee will be employed in a department or area of operation that the surveillance department monitors.

(2) Whether the surveillance and security systems of the slot machine licensee will be jeopardized or compromised by

the employment of the former surveillance department employee in the particular position.

(3) Whether the former surveillance department employee's knowledge of the procedures of the surveillance department would facilitate the commission by any person of irregularities or illegal acts or the concealment of any actions or errors.

(o) Entrances to the surveillance monitoring rooms may not be visible from the gaming floor. Any person entering the surveillance monitoring room who is not an employee of the surveillance department assigned to the monitoring room on the particular shift corresponding to the time of entry must sign a monitoring room entry log upon entering the monitoring room. The monitoring room entry log shall be:

(1) Maintained in the monitoring room by monitoring room personnel and retained in accordance with § 465.7 (relating to record retention).

(2) Maintained in a book with bound numbered pages that cannot be readily removed or shall be maintained in such electronic format as the Board approves.

(3) Signed by each person entering the monitoring room, with each entry containing the following:

(i) The date and time of entering the monitoring room.

(ii) The entering person's name and his department or affiliation.

(iii) The reason for entering the monitoring room.

(iv) The name of the person authorizing the person's entry into the monitoring room.

(v) The date and time of exiting the monitoring room.

(4) Made available for inspection by the Board and Pennsylvania State Police.

§ 465.11. Surveillance system recording formats.

(a) A slot machine licensee may utilize either an analog or digital video recording format provided the format selected incorporates current technology with regard to secure system access, video cameras, monitors, recorders, video printers, switches, selectors and other ancillary equipment and provides for adequate and effective surveillance of activities inside and outside the licensed facility.

Source: The provisions of this § 465.10 amended April 1, 2006, effective March 16, 2006, 36 Pa.B. 1577; amended July 1, 2006, effective June 15, 2006, 36 Pa.B. 3407.

(b) Digital video recording systems utilized by a slot machine licensee must be in compliance with the technical standards on digital video recording systems promulgated by rule or order of the Board, as amended or supplemented.

§ 465.12. Slot machine licensee's organization.

(a) Slot machine licensees' systems of internal controls must, in accordance with the provisions of section 1322 of the act (relating to slot machine accounting controls and audits) and § 465.3 (relating to internal control systems and audit protocols), include organization charts depicting appropriate segregation of functions and responsibilities and descriptions of the duties and responsibilities for each position shown on each organization chart. Slot machine licensees shall be permitted, except as otherwise provided in this section, to tailor organizational structures to meet the needs or policies of a particular management philosophy. The proposed organizational structure of each slot machine licensee shall be approved by the Board in the absence of a conflict between the organizational structure and the following criteria. The criteria are designed to maintain the integrity of the slot machine operation. A slot machine licensee's organization charts must provide for:

(1) 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.

(2) The segregation of incompatible functions, duties and responsibilities so that no employee is in a position both to commit an error or to perpetrate a fraud and to conceal the error or fraud in the normal course of his or her duties.

(3) The performance of all functions, duties and responsibilities in accordance with sound financial practices by competent, qualified personnel.

(4) The areas of responsibility which are not so extensive as to be impractical for one person to monitor.

(5) A chief executive officer. For the purposes of this section, a chief executive officer means the person located at the licensed facility who is ultimately responsible for the daily conduct of the slot machine licensee's gaming business regardless of the form of business association of the slot machine licensee or applicant or the particular title which that person or any other person holds. Each supervisor of a department required by subsection (b) shall report directly to the chief executive officer of the slot machine licensee regarding administrative matters and daily operations. The slot machine licensee's organization charts must designate which positions, in the absence of the chief executive officer, shall

be designated as having responsibility for the daily conduct of the slot machine licensee's gaming business.

(b) In addition to satisfying the requirements of subsection (a), a slot machine licensee's system of internal controls must include, at a minimum, the following departments and supervisory positions, each of which must be categorized as mandatory and must cooperate with, yet perform independently of, all other mandatory departments and supervisory positions of the slot machine licensee. Notwithstanding the foregoing, a department or supervisor of a slot machine licensee that is not required or authorized by this section may operate under or in conjunction with a mandatory department or supervisor provided the organizational structure is consistent with the standards contained within the act and subsection (a). Mandatory departments and supervisory positions are as follows:

(1) A surveillance department supervised by a person located at the licensed facility who functions, for regulatory purposes, as the director of surveillance. The director of surveillance shall be subject to the reporting requirements specified in subsection (c) and shall be licensed as a key employee. The surveillance department shall be responsible for the following:

(i) The clandestine surveillance of the operation of, and gaming conducted at, slot machines.

(ii) The clandestine surveillance of the operation of automated bill breaker, gaming voucher, coupon redemption and jackpot payout machines.

(iii) The clandestine surveillance of the operation of the cashiers' cage and any satellite cage.

(iv) The audio and video recording of activities in the count room in conformance with 18 Pa.C.S. §§ 5701-5781 (relating to Wiretapping and Electronic Surveillance Control Act), and the video recording of movements of cash and slot cash storage boxes.

(v) The detection of cheating, theft, embezzlement, and other illegal activities within the licensed facility.

(vi) The detection of the presence of any person who is required to be excluded or ejected from the licensed facility under section 1514 of the act (relating to regulation requiring exclusion of certain persons), who may be excluded or ejected from the licensed facility under section 1515 of the act (relating to repeat offenders excludable from the gaming floor and licensed gaming facilities) or is self excluded from the gaming floor and gaming activities at all licensed facilities

under section 1516 of the act (relating to list of persons self-excluded from gaming activities).

(vii) The video recording of those locations, persons, activities or transactions required under § 465.10(e) (relating to surveillance system; surveillance department control; surveillance department restrictions) and of any illegal and unusual activities monitored by the surveillance department.

(viii) Providing immediate notice to appropriate supervisors, the Bureau and the Pennsylvania State Police upon detecting, and also upon commencing video recording of, any person who is engaging in or attempting to engage in, or who is reasonably suspected of cheating, theft, embezzlement, a violation of this part or other illegal activities, including any person who is required to be excluded or ejected from the licensed facility under section 1514 of the act, who may be excluded or ejected from the licensed facility under section 1515 of the act or is self excluded from the gaming floor and gaming activities at all licensed facilities under section 1516 of the act.

(ix) The clandestine surveillance of any slot computer system or equipment designated for coverage by the Board in conjunction with the approval of a slot machine system,

including a slot monitoring system, casino management system, wide area progressive system, gaming voucher system and any communication equipment with the central control computer.

(2) An internal audit department supervised by a person located at the licensed facility who functions, for regulatory purposes, as the director of internal audit. The director of internal audit shall be subject to the reporting requirements specified in subsection (c) and shall be licensed as a key employee.

(3) An information technology department supervised by a person located at the licensed facility who functions, for regulatory purposes, as the information technology director. The information technology director shall be licensed as a key employee and be responsible for the quality, reliability and accuracy of all slot computer systems used by the slot machine licensee regardless of whether data, software or systems are located within or outside the licensed facility. The information technology director shall further be responsible for the security and physical integrity of, and the accountability and maintenance of, the following:

(i) Access codes and other security controls used to insure appropriately limited access to computer software and the system wide reliability of data.

(ii) Computer tapes, disks, or other electronic storage media containing data relevant to the slot machine licensee's operations.

(iii) Computer hardware, communications equipment and software used in the conduct of the slot machine licensee's operations.

(iv) The computerized slot monitoring system utilized by the slot machine licensee. In specific, the information technology director shall ensure that:

(A) Slot machines located on the gaming floor are connected electronically to the slot machine licensee's computerized slot monitoring system and to the Commonwealth's central control computer in accordance with section 1323 (relating to central control computer system).

(B) The security features of the computerized slot monitoring system prohibit, at a minimum, the deletion, creation or modification of any data unless a permanent record is created that sets forth:

(I) The original information.

(II) Modifications to the original information.

(III) The identity of the employee making the modification.

(VI) If applicable, the identity of each employee authorizing the modification.

(C) Computerized jackpot payout systems utilized by the slot machine licensee are configured to require that any modification of \$100 or more to the original amount recorded on a computerized jackpot payout or system override is authorized by two finance department employees, one of whom is in a position of greater authority than the individual preparing the jackpot payout.

(D) Procedures and controls are in place that define and limit interaction between both the slot operations department and finance department and the computerized slot monitoring system including access to system menus, the establishment of slot machine profile parameters, and the ability of each department to access, delete, create or modify information contained in the slot monitoring system.

(4) A slot operations department supervised by a person located at the licensed facility who functions, for regulatory purposes, as the director of slot operations. The director of slot operations shall be licensed as a key employee and be responsible for the operation of, and conduct of gaming at, slot machines within the licensed facility.

(5) A security department supervised by a person located at the licensed facility who functions, for regulatory purposes, as the director of security. The security department must be licensed as a key employee and be responsible for the overall security of the licensed facility including the following:

(i) The physical safety of natural persons.

(ii) The physical safeguarding of assets.

(iii) The protection of the property of both the patron and the slot machine licensee from illegal activity.

(iv) In collaboration with the human resources department or its functional equivalent, the design, implementation and enforcement of a system for the issuance of access badges.

(v) The design, implementation and enforcement of a system for the issuance of temporary access credentials.

(vi) The recording of any unusual incidents within the licensed facility in which the security department is involved. Each incident shall be recorded by security department personnel in a book with bound numbered pages that cannot be readily removed or be maintained in an electronic format the Board approves. The log shall be stored and retained in accordance with § 465.7 (relating to retention, storage and

destruction of books, records and documents). The following information shall be recorded:

- (1) The assignment number.
- (2) The date and time.
- (3) The nature of the incident.
- (4) The persons involved in the incident.
- (5) The security department employees assigned to cover the incident.

(vii) The identification and removal of any person who is required to be excluded or ejected from the licensed facility under section 1514 of the act, who may be excluded or ejected from the licensed facility under section 1515 of the act or is self excluded from the gaming floor and gaming activities at all licensed facilities under section 1516 of the act.

(viii) The performance of all duties and responsibilities required under the system of internal controls submitted and approved under § 465.3.

(ix) Providing immediate notice to the Pennsylvania State Police upon detecting the presence in the licensed facility of a person possessing a firearm or handgun in

violation of § 465.14 (relating to firearms; possession within a licensed facility).

(x) Providing immediate notice to appropriate supervisors, the Bureau and the Pennsylvania State Police upon detecting any person who is engaging in or attempting to engage in, or who is reasonably suspected of cheating, theft, embezzlement, a violation of this part or other illegal activities, including any person who is required to be excluded or ejected from the licensed facility under section 1514 of the act, who may be excluded or ejected from the licensed facility under section 1515 of the act or is self excluded from the gaming floor and gaming activities at all licensed facilities under section 1516 of the act.

(6) A finance department supervised by a person located at the licensed facility who functions, for regulatory purposes, as the director of finance. The director of finance shall be licensed as a key employee and shall be responsible for all finance functions including the preparation and control of records and data, the control of stored data, the control of unused forms, the accounting for and comparison of operational data and forms, and the control and supervision of the cashiers' cage, satellite cages and the count room. In addition to the requirement that the director of finance be licensed as a key

employee, the supervisor of the cashiers' cage shall, on all shifts, be licensed as a key employee.

(c) The supervisors of the surveillance and internal audit departments required by subsection (b) shall report directly to one of the following persons or entities regarding matters of policy, purpose, responsibility and authority, which persons or entities shall also control the hiring, termination and salary of each supervisor:

(1) The independent audit committee of the slot machine licensee's board of directors.

(2) The independent audit committee of the board of directors of any holding or intermediary company of the slot machine licensee which has authority to direct the operations of the slot machine licensee.

(3) The senior surveillance or internal audit executives of any holding or intermediate company included in paragraph (2) if the most senior executive in the reporting line reports directly to the independent audit committee of the board of directors of the holding or intermediary company.

(4) For slot machine licensees or holding companies which are not corporate entities, the noncorporate equivalent of any of the persons or entities listed in paragraphs (1) - (3).

(d) The slot machine licensee's personnel shall be trained in all policies, procedures and internal controls relevant to each employee's individual function. Special instructional programs shall be developed by the slot machine licensee in addition to any on-the-job instruction sufficient to enable all members of the departments required by this section to be thoroughly conversant in, and knowledgeable of, the required manner of performance of all transactions relating to their functions.

(e) Notwithstanding any other provision to the contrary, a slot machine licensee may, with the prior approval of the Board, designate and assign more than one person to serve jointly as the supervisor of a department required by this section. Each person approved to serve as a joint supervisor of such a department shall be located at the licensed facility and shall be individually and jointly accountable and responsible for the operations of that department.

(f) In the event of a vacancy in the chief executive officer position or any mandatory department supervisory position required by subsection (b), the following apply:

(1) The slot machine licensee shall notify the Board within 5 days from the date of vacancy. The notice must be in writing and indicate the following information:

(i) The vacant position.

(ii) The date on which the position became vacant.

(iii) The date on which it is anticipated that the vacancy will be filled on a permanent basis.

(2) The slot machine licensee shall designate a person to assume the duties and responsibilities of the vacant position within 30 days after the date of vacancy. The person may assume the duties and responsibilities of the vacant position on a temporary basis, provided that:

(i) The person does not also function as the department supervisor for any other mandatory department required by this section.

(ii) The person's areas of responsibility will not be so extensive as to be impractical for one person to monitor.

(iii) The position shall be filled on a permanent basis within 120 days of the original date of vacancy.

(3) Within 5 days of filling any vacancy under paragraph (2), the slot machine licensee shall notify the Board thereof. The notice must be in writing and shall indicate the following:

(i) The position.

(ii) The name of the person designated.

(iii) The date that the vacancy was filled.

(iv) An indication of whether the position has been filled on a temporary or permanent basis.

(4) The notices required by this subsection shall be directed to the Board's Bureau of Licensing.

§ 465.13. Access badges and temporary access credentials.

(a) For the purposes of this section, an access badge is any form of identification issued by a slot machine licensee and worn by a slot machine licensee employee, for purposes of identifying the areas of the licensed facility where the employee may obtain access in the course of the performance of his normal duties.

(b) Slot machine licensees shall establish procedures, in writing, for readily and effectively identifying each person permitted, during the normal course of performing his or her duties, to have access to one or more restricted areas within the licensed facility.

(1) The procedures must include the requirement that persons wear, in a visible location, an access badge.

Source: The provisions of this § 465.12 amended April 28, 2007, effective March 27, 2007, 37 Pa.B. 1978; amended May 19, 2007, effective April 9, 2007, 37 Pa.B. 2292.

(2) The procedures must also include a methodology for updating the access badge procedures to reflect changes and amendments in the slot machine licensee's table of organization and the positions approved with respect thereto.

(3) The procedures must further include provisions expressly addressing access by employees of licensed manufacturers, licensed suppliers and registered and certified vendors.

(c) Slot machine licensees shall also establish procedures, in writing, for readily and effectively identifying each person permitted, under temporary or emergency circumstances, to have access to one or more restricted areas within the licensed facility.

(1) The procedures must include the requirement that those persons wear, in a visible location, a temporary access badge.

(2) The procedures must also include a methodology for updating the temporary access badge procedures to reflect changes and amendments in the slot machine licensee's table of organization and the positions approved with respect thereto.

(3) The procedures must further include provisions expressly addressing temporary or emergency access by licensed manufacturers, licensed suppliers and registered and certified vendors.

(d) The procedure required in subsection (b) are to be designed, implemented and enforced by the security department in collaboration with the human resources department or its functional equivalent. The procedures in subsection (c) are to be designed, implemented and enforced by the security department. Procedures addressing both access badges and temporary access badges shall be retained in the security department and be made immediately available to the Board and the Pennsylvania State Police upon request. The slot machine licensee shall cooperate with the Board in making amendments to its procedures to improve the effectiveness of its access badge and temporary access badge systems.

§ 465.14. Firearms; possession within a licensed facility.

(a) Individuals, including security department personnel, are prohibited from possessing any firearm or handgun within a licensed facility without the express written approval of the Board, in accordance with authorization procedures as the Board shall determine. Notwithstanding the general prohibition:

(1) Pennsylvania State Police assigned to its Gaming Enforcement Office may possess a firearm or handgun within the licensed facility.

(2) An on duty officer or agent of any local, State or Federal law enforcement agency having primary jurisdiction over the licensed facility may possess a firearm or handgun in

all areas of the licensed facility except the gaming floor or restricted areas servicing the slot operations where that officer or agent is acting in his official capacity. Officers or agents possessing firearms or handguns within a licensed facility under this section shall notify the Board and the Pennsylvania State Police Gaming Enforcement Office of their presence in the licensed facility. Notification shall be made immediately upon entry into the licensed facility or prior to arrival at the licensed facility, if feasible. Notification shall not be required if exigent circumstances exist.

(b) A slot machine licensee may not employ off duty law enforcement officers to provide security related services on the gaming floor, in restricted areas within the licensed facility or in any manner in connection with the conduct of slot machine operations.

(c) To obtain approval for the possession of a firearm or handgun within a licensed facility, an individual shall be required to demonstrate to the Board that the individual:

(1) Has received an adequate course of training in the possession and use of the firearm or handgun.

(2) Is the holder of a valid license for the possession of the firearm or handgun.

(3) Has a compelling need for the possession of the firearm or handgun within the licensed facility.

(d) Each slot machine licensee shall cause to be posted in a conspicuous location at each entrance to the licensed facility signs that may be easily read stating: The possession by any person of any firearm or handgun within this licensed facility without the express written permission of the Pennsylvania Gaming Control Board is prohibited.

§ 465.15. Security department minimum staffing.

In accordance with § 465.3(d)(5) (relating to internal control systems and audit protocols), slot machine licensees shall be required to submit, for Board approval, a minimum staffing submission with regard to its security department. The minimum staffing submission must consider the size and layout of the licensed facility as well as the number and configuration of slot machines on the gaming floor and must at all times provide for adequate and effective security of the gaming floor and any restricted areas servicing the gaming operation. A slot machine licensee may not implement a change or amendment in its security department minimum staffing submission without Board approval of the change or amendment.

§ 465.16. Cashiers' cage.

(a) Each establishment shall have on, immediately adjacent or reasonably proximate to the gaming floor, a physical structure known as a cashiers' cage to house the cashiers and to serve as the central location in the licensed facility for:

(1) The custody of the cage inventory comprised of cash (currency or coin) and the forms, documents, and records normally associated with the operation of a slot cage.

(2) The initial financial consolidation of all transactions relating to slot machine activity.

(3) Other functions normally associated with the operation of a cashiers' cage.

(b) The cashiers' cage must be designed and constructed to provide maximum security for the materials housed therein and the activities performed therein. Its design and construction must include:

(1) Manually triggered silent alarm systems located at the cashiers' window, vault and in any ancillary office space adjacent or proximate thereto. The systems must be connected directly to the monitoring room of the surveillance department and to the security department.

(2) A double door entry and exit system that will not permit a person to pass through the second door until the first door is securely locked. In addition, the following apply:

(i) The first door leading from the gaming floor of the double door entry and exit system must be controlled by the security department, the surveillance department or, in the alternative, a Board-approved computerized access system

designed and administered to provide a functionally equivalent level of security. The second door of the double door entry and exit system must be controlled by the cashiers' cage.

(ii) The system must have surveillance coverage which shall be monitored by the surveillance department.

(iii) An entrance to the cashiers' cage that is not a double door entry and exit system shall be an alarmed emergency exit door only.

(3) Separate manual locks on each door of the double door entry and exit system, the keys to which shall be different from each other.

(c) Each establishment may also have one or more satellite cages separate and apart from the cashiers' cage, established to maximize security, efficient operations, or patron convenience. A satellite cage may perform any or all of the functions of the cashiers' cage and must be equipped with an alarm system in compliance with subsection (b)(1). The functions which are conducted in a satellite cage shall be subject to the accounting controls applicable to a cashiers' cage set forth in this subpart.

(d) Each slot machine licensee shall maintain immediately available to the Board and the Pennsylvania State Police a current list, with license numbers, of all persons possessing

the combination or keys to the locks securing the double door entry and exit system restricting access to the cashiers' cage and any satellite cage and the vault as well as a list of all persons possessing the ability to activate or deactivate alarm systems for the cashiers' cage, any satellite cage and vault.

§ 465.17. Accounting controls for the cashiers' cage.

(a) The assets for which slot cashiers are responsible shall be maintained on an imprest basis. At the end of each shift, slot cashiers assigned to the outgoing shift shall record on a cashiers' count sheet the face value of each cage inventory item counted and the total of the opening and closing cage inventories and shall reconcile the total closing inventory with the total opening inventory. Each cashiers' count sheet shall be signed by the preparing cashier attesting to the accuracy of the information thereon.

(b) At the opening of every shift, in addition to the imprest funds normally maintained by slot cashiers, each slot machine licensee shall have on hand in the cashiers' cage or readily available thereto, a reserve cash bankroll adequately funded to pay winning patrons.

(c) The cashiers' cage and any satellite cage shall be physically segregated by personnel and function as follows:

(1) Slot cashiers shall operate with individual imprest inventories of cash and their functions shall include the following:

(i) The receipt of cash and cash equivalents from patrons in exchange for cash.

(ii) The receipt of personal checks for gaming and nongaming purposes from patrons in exchange for cash, subject to any limitations on amount required by the Board.

(iii) The receipt of cash, cash equivalents, checks issued by the slot machine licensee, annuity jackpot checks, wire transfers and cashless funds transfers from patrons to establish a customer deposit.

(iv) The receipt of customer deposit forms from patrons in exchange for cash.

(v) The preparation of jackpot payout slips in accordance with this subpart and technical standards adopted by the Board.

(vi) The receipt of gaming vouchers from patrons, or from authorized employees who received gaming vouchers as gratuities, in exchange for cash.

(vii) Issuance, receipt and reconciliation of imprest funds used by slot attendants, including an imprest change/pouch payout fund.

(viii) The issuance of cash to automated bill breaker, gaming voucher, coupon redemption and jackpot payout machines in exchange for proper documentation.

(2) Main bank cashier functions must include the following:

(i) The receipt of cash, cash equivalents, gaming vouchers, jackpot payout slips and personal checks received for gaming and nongaming purposes from slot cashiers in exchange for cash.

(ii) The receipt of cash from the count rooms.

(iii) The receipt of personal checks accepted for gaming and nongaming purposes from slot cashiers for deposit.

(iv) The preparation of the overall cage reconciliation and accounting records.

(v) The preparation of the daily bank deposit for cash, cash equivalents and personal checks.

(vi) The issuance, receipt and reconciliation of imprest funds used by slot attendants.

(vii) The receipt from slot cashiers of documentation with signatures thereon, required to be prepared for the effective segregation of functions in the cashiers' cage.

(viii) The responsibility for the reserve cash bankroll.

(ix) The receipt of unsecured currency and unsecured gaming vouchers and preparation of reports thereon.

(d) At the end of the gaming day a copy of the cashiers' count sheets and related documentation shall be forwarded to the accounting department for agreement of opening and closing inventories, agreement of amounts thereon to other forms, records, and documents required by this subpart and recording of transactions.

§ 465.18. Bill validators and slot cash storage boxes.

(a) Slot machines shall be equipped with a bill validator configured to accept any combination of currency, gaming vouchers, coupons and such other instruments as are authorized by the Board for incrementing credits on a slot machine.

(b) Access to the bill validator shall be controlled by at least one lock, the key to which shall be controlled by the slot operations department.

(c) The bill validator in a slot machine shall have contained in it a secure tamper resistant container known as a slot cash storage box in which shall be deposited all currency, gaming vouchers, coupons and Board-approved instruments inserted into the bill validator.

(d) The slot cash storage box shall be secured to the bill validator by two separate locks, the keys to which shall be different from each other, one of which may be the lock to the belly door or main door of the slot machine and a second of which is the lock on the release mechanism on the slot cash storage box. If there is not a full door on the bill validator, the lock on the release mechanism on the slot cash storage box must detect and display whether it is locked or unlocked and communicate whether it is locked or unlocked to a slot monitoring system. The key to the belly door or main door of the slot machine shall be maintained and controlled by the slot operations department. The key to the lock securing the release mechanism on the slot cash storage box shall be maintained and controlled by the security department. The security department shall establish a sign-out and sign-in procedure with regard to this key which includes documentation of this transfer.

(e) A slot cash storage box must:

(1) Have at least one lock securing the contents of the slot cash storage box, the key to which shall be maintained and controlled by the finance department.

(2) Have a slot opening through which currency, gaming vouchers and coupons can be inserted into the slot cash storage box.

(3) Have a mechanical arrangement or device that prohibits removal of currency, gaming vouchers and coupons from the slot opening whenever the slot cash storage box is removed from the bill validator.

(4) Be fully enclosed, except for openings that may be required for the operation of the bill validator or the slot cash storage box. However, the location and size of such openings may not affect the security of the slot cash storage box, its contents or the bill validator, and shall be approved by the Board.

(5) Have an asset number that is permanently imprinted, affixed or impressed on the outside of the slot cash storage box which corresponds to the asset number of the slot machine to which the bill validator has been attached. In lieu of the asset number, a slot machine licensee may develop and maintain, with prior Board approval, a system for assigning a unique identification number to its slot cash storage boxes. The system must ensure that each slot cash storage box can readily be identified, either manually or by computer, when in use with, attached to, and removed from a particular bill validator. Each unique identification number must be permanently imprinted, affixed or impressed on the outside of each slot cash storage box that does not otherwise bear an asset number. The asset number or unique identification number must

be conspicuous and clearly visible to persons involved in removing or replacing the slot cash storage box in the bill validator and through the slot machine licensee's surveillance system. Notwithstanding the foregoing, emergency slot cash storage boxes may be maintained without such numbers, provided the word emergency is permanently imprinted, affixed or impressed thereon, and when put into use, are temporarily marked with the asset number of the slot machine to which the bill validator is attached.

(6) Be designed and installed in a manner that renders the slot machine inoperable in the event of the removal or absence of the slot cash storage box.

§ 465.19. Transportation of slot cash storage boxes to and from bill validators; storage.

(a) Slot machine licensees shall place on file with the Board, in the manner prescribed by the Board, a schedule setting forth the specific times at which slot cash storage boxes will be brought to or removed from the bill validators along with specifications as to what areas of the gaming floor will be dropped on each pick-up day and the specific transportation route to be utilized from the gaming floor to the count room. Slot machine licensees shall also maintain immediately available

Source: The provisions of this § 465.18 amended May 19, 2007, effective April 9, 2007, 37 Pa.B. 2292.

to the Board and the Pennsylvania State Police, a current list, with license numbers, of all employees participating in the transportation of slot cash storage boxes. Any deviation from the schedule setting forth the specific times at which slot cash storage boxes will be brought to or removed from the bill validators, change in the areas to be dropped or the transportation route to the count room shall be noticed to the Board in advance in a manner prescribed by the Board.

(b) Slot cash storage boxes removed from bill validators shall be transported directly to, and secured in, the count room or a trolley storage area located immediately adjacent thereto, configured and secured in a manner approved by the Board, by a minimum of three employees, at least one of which is a member of the security department and at least one of which is a member of the finance department.

(1) Upon its removal from a bill validator, a slot cash storage box shall be placed immediately in an enclosed trolley which is secured by two separately keyed locks. The key to one lock shall be maintained and controlled by the finance department. The key to the second lock shall be maintained and controlled by the security department. Access to the security department's key shall be controlled, at a minimum, by a sign-out and sign-in procedure. The security department key shall be returned to its secure location immediately upon the completion

of the collection and transportation of the slot cash storage boxes.

(2) Prior to the movement of any trolley containing slot cash storage boxes from the gaming floor into the count room, the drop team supervisor shall verify that the number of slot cash storage boxes being transported from the gaming floor equals the number of slot cash storage boxes scheduled to be collected that day.

(3) A slot cash storage box being replaced by an emergency slot cash storage box shall be transported to, and secured in, the count room by a minimum of three employees, at least one of which is a member of the finance department and at least one of which is a member of the security department.

(c) Slot cash storage boxes not contained in a bill validator, including emergency slot cash storage boxes which are not actively in use, shall be stored in the count room or other secure area outside the count room approved by the Board, in an enclosed storage cabinet or trolley and secured in such cabinet or trolley by a separately keyed, double locking system. The key to one lock shall be maintained and controlled by the finance department and the key to the second lock shall be maintained and controlled by a security department. Access to

the security department's key shall be limited to a supervisor of that department.

(d) Notwithstanding subsection (b), the security department may, immediately prior to the commencement of the count process, issue its key to the storage cabinet or trolley to a count room supervisor for the purpose of allowing count room personnel to gain access to the slot cash storage boxes to be counted. Any key transferred from the custody of the security department to the count room supervisor shall be returned immediately following the conclusion of the count of the slot cash storage boxes and the return of any empty emergency drop boxes and slot cash storage boxes to their respective storage cabinet or trolley by the count room supervisor. The security department shall establish a sign-out and sign-in procedure which includes documentation of this transfer.

§ 465.20. Acceptance of tips or gratuities from patrons.

A key employee or gaming employee who serves in a supervisory position is prohibited from soliciting or accepting, and no other gaming employee may solicit, any tip or gratuity from any patron of the slot machine licensee where he is

Source: The provisions of this § 465.19 amended May 19, 2007, effective April 9, 2007, 37 Pa.B. 2292.

employed. The slot machine licensee may not permit any practices prohibited by this section.

§ 465.21. Personal check cashing.

(a) Personal checks accepted by a slot machine licensee under § 501.7 (relating to prohibition on check cashing) to enable a person to take part in gaming must be:

(1) Drawn on a commercial bank, savings bank, saving and loan association, or credit union and payable on demand.

(2) Drawn for a specific amount.

(3) Made payable to the slot machine licensee.

(4) Currently dated, but not post dated.

(b) Personal checks accepted under subsection (a) shall be presented by the patron directly to a slot cashier who shall:

(1) Restrictively endorse the check "for deposit only" to the bank account designated by the slot machine licensee.

(2) Initial the check.

(3) Date and time stamp the check.

(4) Verify that the signature of the patron on the personal check and the patron's physical appearance agree with information recorded in a patron signature file created and maintained by the slot machine licensee in accordance with

subsection (c) or with the signature and photograph or physical description contained on a government-issued identification credential presented by the patron. The slot machine licensee shall retain adequate documentation evidencing the signature verification performed in connection with the acceptance of each personal check.

(5) For personal checks equaling or exceeding \$500, verify the validity of the check directly with the commercial bank, savings bank, saving and loan association or credit union upon which it is drawn or obtain an authorization and guarantee of the check from a check verification and warranty service certified as a vendor with the Board. The slot machine licensee shall retain adequate documentation evidencing the check verification performed in connection with the acceptance of each personal check.

(6) Immediately exchange the personal check for cash in an amount equal to the amount for which the check is drawn, not to exceed \$2,500 per patron per gaming day.

(c) To record a patron's signature in a patron signature file, a slot cashier shall require the person for whom the file is to be created to present for examination the following:

(1) If the identity of the patron is to be confirmed in accordance with subsection (d)(1), one identification credential.

(2) If the identity of the patron is to be confirmed in accordance with subsection (d)(2), two identification credentials, at least one of which must contain a photograph or general physical description of the patron.

(d) Before a slot machine licensee may use a signature recorded in a patron signature file to verify the identity of a patron or the validity of a signature on a document, the slot machine licensee shall confirm the identity of the patron by either:

(1) Comparing the signature on the identification credential presented by the patron under subsection (c)(1) with the signature obtained from the patron and verifying the address of the patron's residence with a credit bureau, commercial bank or, if neither of these sources has the person's address on file or will not provide the information, with an alternative source, which does not include any documentation presented by the patron at the cashiers' cage.

(2) Comparing the signature on each of the identification credentials presented by the patron under subsection (c)(2) with the signature obtained from the patron

and comparing the photograph or general physical description contained on at least one of the identification credentials with the patron's actual physical appearance.

(e) Any patron signature file established and maintained by a slot machine licensee under subsection (c) must include, in addition to the patron's signature, the following:

(1) The patron's name.

(2) The address of the patron's residence.

(3) The type of each identification credential examined under subsection (d) and an indication whether the identification credential contained a photograph or physical description of the person.

(4) For the purposes of this section, a physical description of the patron which includes:

(i) Date of birth.

(ii) Approximate height.

(iii) Approximate weight.

(iv) Hair color.

(v) Eye color.

(5) The date and time that the patron signature file was established.

(6) The procedure by which the identity of the person was confirmed under subsection (d), including:

(i) The source of confirmation, date and time if confirmed under subsection (d)(1).

(ii) The date and time of confirmation if confirmed under subsection (d)(2).

(7) The signature of the slot cashier or cashiers' cage supervisor who examined the identification credentials of the patron and established the patron signature file, which signature evidences that:

(i) The signature of the patron recorded in the patron signature file is consistent with the signature on each identification credential that was examined.

(ii) The physical description recorded in the patron signature file is consistent with both the actual appearance of the person and any photograph or physical description that may be contained on an identification credential that was examined.

(f) Prior to accepting personal checks, each slot machine licensee shall establish a comprehensive system of internal controls applicable to the acceptance of personal checks. The internal controls shall be submitted to and approved by the Board under § 465.3 (relating to internal control systems and

audit protocols). The internal controls submitted by the slot machine licensee must address procedures for complying with this section including the dollar limitation per gaming day contained in subsection (b)(6).

§ 465.22. Wire transfers.

(a) A wire transfer accepted by a slot machine licensee on behalf of a patron under § 501.7 (relating to prohibition on check cashing) to enable a patron to take part in gaming must be recorded in the slot machine licensee's cashiers' cage accountability no later than the next gaming day.

(b) Prior to commencing acceptance of wire transfers for gaming purposes, each slot machine licensee shall establish a comprehensive system of internal controls addressing the acceptance, verification, accounting for and sending of wire transfers. The internal controls shall be submitted to and approved by the Board under § 465.3 (relating to internal control systems and audit protocols).

(c) The internal control procedures developed and implemented by the slot machine licensee under subsection (b) must include:

(1) A cashiers' cage log to record the following information with regard to wire transfers accepted:

Source: The provisions of this § 465.21 amended April 28, 2007, effective March 27, 2007, 37 Pa.B. 1978.

(i) A sequential number assigned by the slot machine licensee to the wire transfer transaction.

(ii) The date and time of notification.

(iii) The name of the financial institution and account number to which the funds were transferred.

(iv) The amount of funds transferred.

(v) The name of the patron for whose benefit the funds were transferred.

(vi) The name and address of the financial institution from which the funds were transferred and the account number from which the funds were debited.

(vii) The method by which the slot machine licensee was notified of the receipt of the wire transfer and, if noticed by telephone, the name and title of the person providing notice.

(viii) The signature of the cashiers' cage employee receiving and recording the information required by this subsection.

(ix) When applicable, a notation that the wire transfer has been reversed under subsection (d).

(2) A requirement that a cashiers' cage supervisor other than the cashiers' cage employee who initially documented

receipt of the wire transfer verify receipt of the wire transfer.

(3) A requirement that the cashiers' cage supervisor verifying receipt of the wire transfer document the verification process performed in the log required under subparagraph (c)(1) including:

(i) The method by which the receipt of the wire transfer was verified and, if verified by telephone, the name and title of the person providing the verification.

(ii) The date and time of verification.

(iii) The signature of the cashiers' cage supervisor verifying receipt of the wire transfer.

(4) The procedures pursuant to which the identity of the patron is established, verified and documented, the wire transfer proceeds made available to the patron at the cashiers' cage and the cashiers' cage accountability adjusted.

(5) A cashiers' cage log to record the following information with regard to wire transfers sent on behalf of a patron:

(i) The name of the patron.

(ii) The date of the transaction.

(iii) The amount of funds transferred.

(iv) The source of funds transferred (cash, cash equivalent, jackpot payout).

(v) The name and address of the financial institution to which the funds will be transferred and the account number to which the funds will be credited.

(vi) The signature of the patron if the request to send a wire transfer is made in person at the cashiers' cage.

(vii) Documentation supporting the receipt of a request by the slot machine licensee to send a wire transfer on behalf of a patron if the request was not made in person at the cashiers' cage.

(viii) The signature of the cashiers' cage employee receiving and recording the information required by this subsection.

(ix) The signature of the cashiers' cage supervisor or accounting department supervisor authorizing the wire transfer.

(6) When sending a wire transfer on behalf of a patron, the procedures pursuant to which the identity of the patron is verified and documented and the cashiers' cage accountability adjusted.

(d) If, at the expiration of 14 gaming days following the deposit into its operating account of a wire transfer which has no documented business purpose other than having been accepted to enable a patron to take part in gaming, the wired funds remain in a slot machine licensee's operating account or cashiers' cage accountability, the slot machine licensee shall, on the next gaming day, take all steps necessary to return to the patron by wire transfer the amount initially accepted. The wire transfer shall be sent to the financial institution and to the account number from which the funds were debited. This reversal of the wire transfer shall be recorded in the wire transfer log maintained under subsection (c)(1).

§ 465.23. Cash equivalents.

(a) Cash equivalents such as recognized traveler's checks, cashiers' checks and money orders may be accepted by a slot machine licensee under § 501.7 (relating to prohibition on check cashing) to enable a person to take part in gaming.

(b) Prior to commencing acceptance of cash equivalents for gaming purposes, each slot machine licensee shall establish a comprehensive system of internal controls addressing the acceptance and verification of cash equivalents. The internal controls shall be submitted to and approved by the Board under § 465.3 (relating to internal control systems and audit protocols).

(c) The internal control procedures developed and implemented by the slot machine licensee under subsection (b) must include:

(1) A requirement that cashiers' cage employees perform the specific verification procedures required by the issuer of each cash equivalent accepted. The slot machine licensee shall retain adequate documentation evidencing the verification of each cash equivalent.

(2) A requirement that cashiers' cage employees examine each cash equivalent for counterfeiting, forgery or alteration.

(3) When a slot machine licensee elects to incorporate into its verification procedures a level of reliance on previously accepted cash equivalents, the procedures must articulate the general parameters governing such reliance.

(4) Criteria for cashiers' cage supervisor involvement in the verification process.

(5) Procedures for verifying any patron signature on the cash equivalent. Signature verification must be accomplished in accordance with the signature verification procedures in § 465.21 (relating to personal checks). The slot machine licensee shall retain adequate documentation evidencing each signature verification.

§ 465.24. Customer deposits.

(a) At the request of a patron, a slot machine licensee may hold cash, funds accepted via wire transfer in accordance with § 465.22 (relating to wire transfers) or cash equivalents accepted in accordance with § 465.23 (relating to cash equivalents) for a patron's subsequent use for gaming purposes. For the purposes of this section, after complying with this subpart for acceptance and verification, non-cash items shall be considered converted to cash and deposited as cash for credit to the patron in a customer deposit account maintained in the cashiers' cage.

(b) Prior to agreeing to hold a patron's cash, funds accepted via wire transfer in accordance with § 465.22 or cash equivalents accepted in accordance with § 465.23 for a patron's subsequent use for gaming purposes, each slot machine licensee shall establish a comprehensive system of internal controls addressing the receipt and withdrawal of a customer deposit. The internal controls shall be submitted to and approved by the Board under § 465.3 (relating to internal control systems and audit protocols).

(c) The internal control procedures developed and implemented by the slot machine licensee under subsection (b) must include:

(1) A requirement that customer deposits be accepted at the cashiers' cage.

(2) A requirement that customer deposits be withdrawn by the patron at the cashiers' cage or upon receipt by the slot machine licensee of a written request for withdrawal whose validity has been established.

(3) A requirement that the patron receive a receipt for any customer deposit accepted reflecting the total amount deposited, the date of the deposit and the signature of the cashiers' cage employee accepting the customer deposit.

(4) Procedures for verifying the identity of the patron at the time of withdrawal. Signature verification must be accomplished in accordance with the signature verification procedures under § 465.21 (relating to personal checks). The slot machine licensee shall retain adequate documentation evidencing the patron identification process and signature verification.

§ 465.25. Count room characteristics.

(a) Each slot machine licensee shall have adjacent or reasonably proximate to the cashiers' cage a room, to be known as a count room, specifically designated, designed and used for counting the contents of slot cash storage boxes.

(b) The count room shall be designed and constructed to provide maximum security for the materials housed therein and for the activities conducted therein. Each slot machine licensee shall design and construct a count room with the following security measures:

(1) A metal door installed on each entrance and exit equipped with an alarm device which audibly signals the surveillance department monitoring room and the security department whenever a door to the count room is opened at times other than those times for which the slot machine licensee has provided prior notice under § 465.25 (relating to counting of slot cash storage boxes).

(2) Each entrance and exit door must be equipped with two separate locks, the keys to which must be different from each other and different from the lock securing the contents of each slot cash storage box. The key to one of the locks shall be maintained and controlled by the security department and the key to the other lock shall be maintained and controlled by finance. Sign-out and sign-in procedures must be established for both keys.

(c) Located within the count room must be:

(1) A table constructed of clear glass or similar material for the emptying, counting, and recording of the contents of slot cash storage boxes.

(2) Surveillance cameras capable of the following:

(i) Effective video monitoring of the entire count process.

(ii) Effective video monitoring of the interior of the count room, including any storage cabinets or trolleys used to store slot cash storage boxes and any Board-approved trolley storage area located adjacent to the count room.

§ 465.26. Counting and recording of slot cash storage boxes.

(a) Each slot machine licensee shall place on file with the Board, in the manner prescribed by the Board, a schedule setting forth the specific times during which the contents of slot cash storage boxes are to be counted and recorded. Any deviation from the schedule shall be noticed to the Board in advance in a manner prescribed by the Board.

(b) Computerized equipment utilized to count and strap currency, gaming vouchers and coupons must:

Source: The provisions of this § 465.25 amended May 19, 2007, effective April 9, 2007, 37 Pa.B. 2292.

(1) Automatically provide two separate counts of the funds at different stages of the count process and, if the separate counts are not in agreement, document the discrepancy.

(2) Be capable of determining the value of a gaming voucher or coupon by independently examining information printed on the gaming voucher or coupon. The information is used by the counting equipment to either calculate the value internally or obtain the value directly from the gaming voucher system or coupon system in a secure manner as approved by the Board. If the gaming voucher system is utilized to obtain the value of a gaming voucher or coupon, the gaming voucher system must perform a calculation or integrity check to ensure that the value has not been altered in the system in any manner since the time of issuance.

(c) Persons accessing the count room when uncounted funds are present shall wear clothing without any pockets or other compartments with the exception of representatives of the Board, the Department, the Pennsylvania State Police, the security department and the internal audit department.

(d) Persons present in the count room may not:

(1) Carry a handbag or other container unless it is transparent.

(2) Remove their hands from or return them to a position on or above the count table or counting equipment unless the backs and palms of the hands are first held straight out and exposed to the view of other members of the count team and a surveillance camera.

(e) Immediately prior to the commencement of the count, a count room employee shall notify the surveillance department that the count is about to begin to facilitate the recording, under § 465.10(e) (relating to surveillance system; surveillance department control; surveillance department restrictions), of the entire count process.

(f) Prior to commencing gaming operations, each slot machine licensee shall establish a comprehensive system of internal controls addressing the opening, counting and recording of the contents of slot cash storage boxes. The internal controls shall be submitted to and approved by the Board pursuant to § 465.3 (relating to internal control systems and audit protocols).

(g) The internal controls developed and implemented by the slot machine licensee under subsection (f) must include a description of all computer equipment used in the counting and recording process and other systems, if any, that communicate

with that computer equipment for purposes related to the counting of gross terminal revenue.

(h) Any gaming voucher or coupon deposited in a slot cash storage box shall be counted and included in the calculation of gross terminal revenue without regard to the validity of the gaming voucher or coupon.

(i) Any coupon which has not already been canceled upon acceptance or during the count shall be canceled prior to the conclusion of the count, in a manner approved by the Board.

(j) Any variance between the value of cash gaming vouchers and coupons in a slot cash storage box as determined in the count room and the value for that particular slot cash storage box recorded on corresponding reports generated by the gaming voucher system or coupon system shall be disclosed to the Board in a detailed written report citing each variance, the reason for the variance and the corrective action taken. This variance report shall be filed by the slot machine licensee with the Board within 72 hours of the count that is the subject of the comparison and shall be filed in the manner prescribed by the Board.

§ 465.27. Jackpot payouts.

(a) Prior to commencing gaming operations, each slot machine licensee shall establish a comprehensive system of

internal controls addressing jackpot payouts that are not paid directly from a slot machine. The internal controls shall be submitted to and approved by the Board under § 465.3 (relating to internal control systems and audit protocols).

(b) The internal control procedures developed and implemented by the slot machine licensee under subsection (a) must include:

(1) A request for jackpot payout document or, in the alternative, an electronic entry into a slot computer system generating jackpot payouts, by a slot attendant or slot supervisor, evidencing the observation by the slot attendant or slot supervisor of the winning combination of characters on the slot machine and a determination as to the appropriate amount of the jackpot payout based on the observed winning combinations.

(2) A requirement that the preparer of the request for jackpot payout document or, in the alternative, the employee performing the electronic entry into the slot computer system, be a slot supervisor if the hand paid jackpot is \$10,000 or more.

(3) A requirement that the following information be on the request for jackpot payout document or electronically entered into the slot computer system and maintained in stored data:

(i) The date and time of the jackpot.

(ii) The asset number of the slot machine on which the jackpot was registered.

(iii) The winning combination of characters constituting the jackpot or a code corresponding to the winning combination of characters constituting the jackpot.

(iv) The amount of the jackpot payout.

(v) The method of payment requested by the patron (that is, cash, slot licensee check).

(vi) The signature or identification code of the preparer.

(vii) The following additional signatures or identification codes shall be required if the slot machine or the progressive meter is reset prior to the patron being paid or if payment is made directly to the patron by a slot cashier:

(A) The signature or identification code of a security department member or slot attendant other than the preparer attesting to the winning combination of characters constituting the jackpot and the amount of the jackpot payout.

(B) The signature or identification code of the slot shift manager attesting to the winning combination of

characters constituting the jackpot and the amount of the jackpot payout when the jackpot amount is \$25,000 or more.

(4) A requirement that following preparation the request for jackpot payout document be immediately transported by the preparer, or the information made available by the slot computer system, to the cashiers' cage where it will serve to authorize the preparation of a jackpot payout document.

(5) A requirement that if the winning patron will not be paid before the slot machine or progressive meter is reset, the preparer of the request for jackpot payout document or the employee performing the electronic entry required by paragraph (1) shall also prepare a two part receipt document containing the following information:

(i) The date and time of the jackpot.

(ii) The asset number of the slot machine on which the jackpot was registered.

(iii) The winning combination of characters constituting the jackpot or a code corresponding to the winning combination of characters constituting the jackpot.

(iv) The amount of the jackpot payout.

(v) The signature of the winning patron on the original form only.

(vi) The signature of the preparer attesting that the information on the receipt document is correct and agrees with the information on the request for jackpot payout document or in stored data.

(6) A requirement that the receipt document be distributed as follows:

(i) The original shall be immediately delivered to the slot cashier by the preparer, security department member or verifying slot attendant along with the request for jackpot payout document if manually generated in accordance with paragraph (1).

(ii) The duplicate shall be immediately presented to the winning patron who shall be required to present the duplicate receipt document before being paid the jackpot in accordance with the procedures set forth in this section.

(7) A requirement that the information in subparagraphs (i) - (vi) be on any jackpot payout document generated by the slot computer system. The data may not be susceptible to change or removal by any personnel after preparation of a jackpot payout document:

(i) The asset number of the slot machine on which the jackpot was registered.

(ii) The winning combination of characters constituting the jackpot or a code corresponding to the winning combination of characters constituting the jackpot.

(iii) The date on which the jackpot occurred.

(iv) The amount that is to be paid from cashiers' cage funds. However, this amount may, in the slot machine licensee's discretion, be rounded up to the nearest whole dollar.

(v) The date, time and method of payment (that is, cash, slot licensee check).

(vi) The signature or identification code of the preparer.

(8) A requirement that whenever the winning patron is paid directly by the slot cashier the following procedures be followed:

(i) A jackpot payout document be generated by the slot computer system in accordance with paragraph (7).

(ii) If a one-part request for jackpot payout document is involved and a security department member or verifying slot attendant other than the preparer has not signed the one-part request for jackpot payout document, the slot cashier shall summon a security department member or slot

attendant other than the preparer of the request for jackpot payout document and provide that employee with the request for jackpot payout document. The security department member or verifying slot attendant shall proceed to the slot machine identified on the request for jackpot payout document and sign the request for jackpot payout document attesting that the winning combination of characters on the slot machine and the amount to be paid match those which appear on the request for jackpot payout document. If the jackpot amount is \$25,000 or more, a slot shift manager shall similarly sign the request for jackpot payout document attesting that the winning combination of characters on the slot machine and the amount to be paid match those which appear on the request for jackpot payout document. The request for jackpot payout document shall then be immediately returned to the slot cashier.

(iii) After the slot cashier determines that the required signatures verifying the winning combination of characters on the slot machine and the amount to be paid have been placed on the one part request for jackpot payout document, if the amount being paid is less than \$10,000, the slot cashier shall pay the winning patron in the presence of the preparer of the request for jackpot payout document. If the amount being paid is \$10,000 or more but less than \$25,000, the slot cashier shall pay the winning patron in the presence of the slot

attendant supervisor who prepared the request for jackpot payout document. If the amount being paid by the cashier is \$25,000 or more, the slot cashier shall pay the winning patron in the presence of the slot attendant supervisor and slot shift manager who prepared the request for jackpot payout document in accordance with this subsection. Personnel required by this subsection to witness the payment shall sign the duplicate jackpot payout document attesting to the accuracy of the information on the duplicate jackpot payout document and the disbursement of the payment to the patron.

(iv) If a receipt document under paragraph (5) was issued, the duplicate receipt document shall be signed by the patron in the presence of the slot cashier. The slot cashier shall compare the signature on the duplicate receipt document to that on the original receipt document and make the payment only if the signatures are in agreement.

(v) Once payment has been made and all required signatures obtained, the slot cashier shall give the duplicate jackpot payout document to a security department member or slot attendant who shall expeditiously deposit it into a locked accounting box.

(vi) The slot cashier shall attach the request for jackpot payout document, if applicable, the original and

duplicate receipt document, if applicable, to the original copy of the jackpot payout document. All documents shall be forwarded by the end of the gaming day to the main bank for reimbursement.

(9) A requirement that whenever a winning patron is paid by a slot attendant or slot attendant supervisor, the following procedures be followed:

(i) A jackpot payout document be generated by the slot computer system in accordance with paragraph (7).

(ii) The slot cashier shall disburse the cash or slot licensee check to a slot attendant or slot attendant supervisor if the amount of the jackpot is less than \$10,000 and to a slot attendant supervisor if the amount of the jackpot is \$10,000 or more. The employee receiving the payment shall verify the amount received and sign the original and duplicate of the jackpot payout document attesting to the accuracy of the information on the jackpot payout document and the receipt of the payment from the slot cashier. The slot cashier shall retain the original jackpot payout document and the duplicate jackpot payout document shall be transported with the payment to the slot machine.

(iii) If a one-part request for jackpot payout document is involved and a security department member or

verifying slot attendant other than the preparer has not signed the one-part request for jackpot payout document, the slot attendant or slot attendant supervisor shall provide the duplicate jackpot payout document to the security department member or verifying slot attendant other than the preparer at the slot machine who shall verify that the winning combination of characters on the slot machine and the amount to be paid match those which appear on the duplicate jackpot payout document. If the jackpot amount is \$25,000 or more, and the slot shift manager has not signed the request document, the slot shift manager shall similarly verify that the winning combination of characters on the slot machine and the amount to be paid match those which appear on the duplicate jackpot payout document.

(iv) Once the verifications required by subparagraph (iii) have been completed, if the payment is less than \$10,000, the slot attendant or slot attendant supervisor shall pay the winning patron in the presence of the security department member or second slot attendant who verified the winning combination of characters on the slot machine and the amount to be paid. If the payment is \$10,000 or more, but less than \$25,000, the payment shall be made by a slot attendant supervisor in the presence of the security department member or verifying slot attendant who verified the winning combination of

characters on the slot machine and the amount to be paid. If the payment is \$25,000 or more, the payment shall be made by a slot attendant supervisor in the presence of the security department member or verifying slot attendant and the slot shift manager who verified the winning combination of characters on the slot machine and the amount to be paid. Once the patron has been paid, all personnel required by subparagraph (iii) to witness the payment shall sign the duplicate jackpot payout document attesting that the winning combination of characters on the slot machine and the amount to be paid match those which appear on the duplicate jackpot payout document and the disbursement of the payment to the winning patron.

(v) If a receipt document under paragraph (5) was issued, the slot cashier must give the slot attendant or slot attendant supervisor the original receipt document along with the duplicate jackpot payout document to be transported with the payment. The patron shall be required to sign the duplicate receipt document in the presence of the slot attendant or slot attendant supervisor. The slot attendant or supervisor shall compare the signature on the duplicate receipt document to that on the original receipt document and shall make the payment only if the signatures are in agreement.

(vi) Once payment has been made and the required signatures obtained, the security department member or slot attendant shall expeditiously deposit the duplicate jackpot payout document into a locked accounting box.

(vii) The slot attendant or slot attendant supervisor shall immediately return the original and duplicate receipt document, if applicable, to the cashiers' cage.

(viii) The slot cashier shall attach the request for jackpot payout document, if applicable, the original and duplicate receipt document, if applicable, to the original copy of the jackpot payout document. All documents shall be forwarded by the end of the gaming day to the main bank for reimbursement.

(10) A requirement that the slot machine licensee's accounting department perform, at the conclusion of each gaming day, effective income control audit procedures over the issuance of jackpot payouts including adequate comparisons to gaming voucher system data.

(11) Details with regard to processing of system overrides or adjustments.

(c) Nothing in this section precludes the use of a slot computer system, as approved by the Board, that electronically records the information required on a request for jackpot payout

document or facilitates through the slot computer system the verifications and comparisons as to winning combination of characters on the slot machine or amount to be paid required under this section.

(d) Nothing in this section precludes a slot machine licensee from implementing procedures pursuant to which a slot attendant, in the presence of a member of the security department, utilizes an imprest inventory of funds secured in a pouch or wallet to pay a jackpot of less than \$1,200 that is not totally and automatically paid directly from a slot machine.

(e) Prior to the payment of a jackpot payout under subsection (d), each slot machine licensee shall establish a comprehensive system of internal controls addressing this method of jackpot payout, the replenishment of the imprest pouch and the attendant reconciliation process. The internal controls shall be submitted to and approved by the Board under § 465.3 (relating to internal control systems and audit protocols).

§ 465.28. Annuity jackpots.

(a) Definition. The following term, when used in this section, has the following meaning, unless the context clearly indicates otherwise:

Annuity jackpot - A slot machine jackpot pursuant to which a patron wins the right to receive fixed cash payments at specified intervals in the future.

(b) Annuity jackpots. A slot machine licensee offering an annuity jackpot payable over 10 years or more may offer a winning patron the option to be paid in a single cash payout, in lieu of the annuity jackpot, in an amount that is equal to the present value of the face amount of the jackpot payout as calculated in subsection (c).

(c) Cash payment option. The present value of the cash payout option on an annuity shall be determined by applying a discount rate to each of the future annuity jackpot payments, taking into consideration the number of years until each jackpot payment would otherwise have been received and adding to that amount the amount of the first cash payment that would otherwise have been received. For the purposes of this subsection, the discount rate must equal the United States Treasury constant maturity rate for 20 year United States government securities for the week ending prior to the date of the jackpot, as identified in the applicable H.15 Statistical Release issued by the Federal Reserve Board plus 0.5%.

(d) Restriction on annuity payout. A slot machine licensee may not offer an annuity jackpot payout unless:

(1) The terms and conditions of the annuity jackpot, including the effect on the calculation of the theoretical payout percentage, comply with the act, this subpart and technical standards on jackpot payouts approved by the Board.

(2) The Board has approved the specific offer of the annuity jackpot.

(e) Cash payout with an annuity jackpot. A cash payout made in connection with an annuity jackpot must be made in accordance with § 465.27 (relating to jackpot payouts).

(f) Internal controls. Prior to the payment of an annuity jackpot, each slot machine licensee shall establish a comprehensive system of internal controls addressing the payment of an annuity jackpot. The internal controls shall be submitted to and approved by the Board under § 465.3 (relating to internal control systems and audit protocols).

(1) The internal control procedures developed and implemented by the slot machine licensee must include:

(i) Procedures to be followed by a winning patron to exercise a cash payout option.

(ii) Procedures with regard to the administration of the trust agreement established to insure the future cash payments due pursuant to the annuity jackpot award.

(iii) A requirement that the trustee for the trust fund established by the trust agreement be a slot machine licensee or, for a wide area progressive system offering an annuity jackpot, the slot system operator for that wide area progressive system.

(2) A slot machine licensee may not offer an annuity jackpot until its supporting trust agreement and the internal controls required under this section have been approved in writing by the Board.

§ 465.29. Merchandise jackpots.

(a) Definition. The following term, when used in this section, has the following meaning, unless the context clearly indicates otherwise:

Merchandise jackpot - A slot machine jackpot in the form of:

(i) Merchandise or a thing of value.

(ii) A cash payout and a payout of merchandise or a thing of value.

(iii) An option to choose between a cash payout and a payout of merchandise or a thing of value.

(b) Restriction. A slot machine licensee may not offer a merchandise jackpot payout unless:

(1) The terms and conditions of the merchandise jackpot, including the effect on the calculation of the theoretical payout percentage, comply with the act, this subpart and technical standards on jackpot payouts approved by the Board.

(2) The Board has approved the specific offer of the merchandise jackpot.

(c) Cash payout. Any cash payout made in connection with a merchandise jackpot must be made in accordance with § 465.27 (relating to jackpot payouts).

(d) Internal controls. Prior to the payment of a merchandise jackpot, each slot machine licensee shall establish a comprehensive system of internal controls addressing the payment of a merchandise jackpot. The internal controls shall be submitted to and approved by the Board under § 465.3 (relating to internal control systems and audit protocols).

§ 465.30. Automated teller machines.

Automated teller machines may be placed at any location within the licensed facility.

§ 465.31. Waiver of requirements.

The Board may waive one or more of the requirements of this chapter or technical standards applicable to accounting and internal controls adopted by the Board upon a determination that the nonconforming control or procedure nonetheless meets the operationally integrity requirements of the act, this subpart and technical standards adopted by the Board.

CHAPTER 466. SLOT COMPUTER SYSTEMS

§ 466.1. Slot computer systems generally.

(a) All aspects of a slot machine licensee's slot computer system shall be located within the licensed facility unless

otherwise approved by the Board in accordance with technical standards adopted by the Board.

(b) For the purposes of this section, a slot computer system must include all aspects of a computer system which the act, this subpart or technical standards adopted by the Board either require or permit to be utilized by a slot machine licensee in the conduct of, or monitoring of, slot machine operations including hardware, software and network interfaces used in connection with the operation of a slot monitoring system, casino management system, player tracking system, external bonusing system, cashless funds transfer system and gaming voucher system. However, a slot computer system will not be construed to include the following:

(1) A slot machine or bill validator.

(2) A wide area progressive slot system.

(3) Other computer systems or applications that the Board determines are not slot computer systems.

(c) The Board may waive one or more of the requirements of this section or technical standards applicable to slot computer systems adopted by the Board upon a determination that the nonconforming system protocols nonetheless meet the integrity requirements of the act, this subpart and technical standards adopted by the Board.

CHAPTER 467. COMMENCEMENT OF SLOT OPERATIONS

§ 467.1. Gaming floor plan.

(a) Each applicant for, or holder of a slot machine license, shall submit to the Board, in a manner the Board requires, a floor plan of its gaming floor and the restricted areas servicing the slot operation. Each floor plan shall be drawn to 1/8 inch scale or other scale approved by the Board, shall be certified by an architect licensed to practice in this Commonwealth and depict the following:

(1) The gaming floor with notations as to:

(i) Proposed total square footage.

(ii) The perimeter of the gaming floor.

(iii) A clearly delineated route for underage persons to transverse the gaming floor.

(2) Each slot machine area on the gaming floor and each slot machine location within each slot machine area. Slot machine locations shall be identified by number in accordance with § 463.3 (relating to slot machine location).

(3) The number of slot machines on the gaming floor, in total and by slot area. The number must be in compliance with section § 1210 of the act (relating to number of slot machines).

(4) Each slot seat on the gaming floor in compliance with § 461.7(t) (relating to slot machine minimum design standards).

(5) Each surveillance camera installed in compliance with § 465.10(a) (relating to surveillance system; surveillance department control, surveillance department restrictions), noting its type and camera number.

(6) The cashiers' cage and any satellite cashiers' cage, inclusive of each cashiers' cage window and window number, ancillary offices and areas.

(7) Each count room and any trolley storage area.

(8) Each automated bill breaker, gaming voucher redemption, coupon redemption and jackpot payout machine.

(9) Each automated teller machine.

(10) Each area designated for the storage or repair of slot machines.

(11) Vault and armored car bay locations.

(12) Additional documentation as requested by the Board.

(b) A slot machine licensee may not commence slot operations until the floor plan depicting its gaming floor and all restricted areas servicing the slot operation has been approved in writing by the Board. The approval by the Board will expressly authorize the maximum square footage of gaming

floor and maximum number of slot machines which may be operated by the slot machine licensee.

(c) A slot machine licensee may not change or revise the square footage of its gaming floor or the number of slot machines on the floor plan approved under subsection (b) without prior written approval of the Board.

§ 467.2. Commencement of slot operations generally.

(a) In addition to obtaining a slot machine license, prior to the commencement of slot operations at a licensed facility each slot machine licensee shall demonstrate that:

(1) The licensed facility, including the gaming floor and restricted areas servicing the slot operation, complies in all respects with the act, this subpart and technical standards adopted by the Board.

(2) Slot machines and associated equipment installed in the licensed facility and utilized in the conduct of slot machine operations have been tested and approved by the Board in compliance with the act, this subpart and technical standards adopted by the Board.

(3) The gaming floor plan required under § 467.1(a) (relating to gaming floor plan) has been approved by the Board in compliance with the act, this subpart and technical standards adopted by the Board.

(4) The slot machine licensee's proposed site plan and internal control systems and audit protocols have been approved by the Board in compliance with the act, this subpart and technical standards adopted by the Board.

(5) The slot machine licensee is prepared to implement necessary management controls, surveillance and security precautions to insure the efficient conduct of slot operations.

(6) The slot machine licensee's employees are licensed and trained in the performance of their responsibilities.

(7) The slot machine licensee has complied with any conditions prerequisite to commencement of slot operations contained in the Statement of Conditions executed under § 423.3 (relating to license issuance and statement of conditions).

(8) The licensed facility is prepared in all respects to receive the public.

(9) The slot machine licensee has successfully completed a test period in accordance with the terms and conditions required by the Board.

(b) Upon a slot machine licensee's successful demonstration of the criteria enumerated in subsection (a), the Board may authorize the date and time at which the slot machine licensee may commence slot operations at the licensed facility and will fix the maximum square footage of gaming floor and

maximum number of slot machines which may be operated by the slot machine licensee pursuant to that authorization.

Subpart F. FEES

CHAPTER 471. (RESERVED)

CHAPTER 471a. FILING FEES

§ 471a.1. Fees generally.

(a) A pleading or other document for which a filing fee is required will be received, but will not be deemed filed, until the filing fee, bond, letter of credit or other cost has been paid.

(b) The fees collected by the Board will be deposited into the State Gaming Fund as established in section 1403 of the act (relating to establishment of State Gaming Fund and net slot machine revenue distribution).

(c) Fees shall be paid by money order or check made payable to the "Commonwealth of Pennsylvania." Cash will not be accepted by the Board.

(d) To recover the initial cost of the investigation and processing of applications, each application for a license, permit, certification or registration must be accompanied by a nonrefundable fee.

(e) An applicant may be subject to additional fees based on the actual expenses incurred by the Board in conducting the background investigation.

§ 471a.2. Schedules of fees.

Fee schedules established by the Board and changes thereto will be published in the Pennsylvania Bulletin and will be available on the Board's website (www.pgcb.state.pa.us).

§ 471a.3. Adjustment of fees.

On or after July 5, 2006, and annually thereafter, the Board may increase the fees, charges, costs or administrative penalties specified in the act by an amount not to exceed an

annual cost-of-living adjustment calculated under section 1208(2) of the act (relating to collection of fees and fines).

Subpart G. MINORITY AND WOMEN’S BUSINESS ENTERPRISES

CHAPTER 481. (RESERVED)

CHAPTER 481a. DIVERSITY

§ 481a.1. Statement of purpose, policy and applicability.

(a) This chapter establishes the procedures for promoting and ensuring that regulated entities foster participation and diversity in all aspects of their operations in this Commonwealth.

(b) It is the policy of the Board to promote and ensure that regulated entities conduct all aspects of their operations in a manner that assures diversity of opportunity as follows:

(1) In the ownership, participation and operation of regulated entities in this Commonwealth.

(2) Through the ownership, participation and operation of business enterprises associated with or utilized by regulated entities.

(3) Through the provision of goods and services utilized by regulated entities.

(c) It is further the policy of the Board to promote and ensure diversity in employment and contracting by each regulated entity and its contractors, subcontractors, assignees, lessees and agents.

§ 481a.2. Definitions.

The following words and terms, when used in this chapter, have the following meanings, unless the context clearly indicates otherwise:

Diversity plan--A plan that promotes and ensures diversity in ownership, participation and operation of regulated entities; and in employment and contracting by regulated entities.

Minority--The ethnic/racial categories identified in employer survey reports that are required by the United States Equal Opportunity Commission and the Office of Federal Contract Compliance Programs of the United States Department of Labor under section 709 of the Civil Rights Act of 1964 (42 U.S.C.A. § 2000(e)-8) or by subsequent amendments to that Federal act.

Participation plan--An obligation imposed by a regulated entity as part of its contract with a contractor that requires the contractor to utilize minority or women owned business enterprises.

Regulated entity--An applicant for or holder of the following:

- (i) Slot machine license.
- (ii) Manufacturer license.
- (iii) Supplier license.
- (iv) Vendor certification.
- (v) Junket license.
- (vi) Management company license.

§ 481a.3. Diversity participation.

(a) The list of the minority and women's business enterprises that are certified by the Bureau of Minority and Women's Business Enterprises of the Department of General Services under 62 Pa.C.S. Part I (relating to Commonwealth Procurement Code) may be used by a regulated entity to establish the eligibility of an enterprise as a minority or women's business enterprise for the purpose of promoting and ensuring minority and women's business participation.

(b) It shall be the responsibility of the regulated entity to verify that a minority or women's business enterprise that is not certified by the Bureau of Minority and Women's

Business Enterprises of the Department of General Services is a minority or women's business enterprise.

§ 481a.4. Establishment of diversity plan required.

(a) Each regulated entity shall include in its application for licensure or certification a diversity plan that establishes a separate goal of diversity in the ownership, participation and operation of, and employment at the regulated entity. The Board will determine whether the stated goals set forth in each diversity plan are reasonable and represent a good faith effort to assure that all persons are accorded equality of opportunity in contracting and employment by the regulated entity and its contractors, subcontractors, assignees, lessees and agents.

(b) A regulated entity may demonstrate achievement of its diversity goals through one or both of the following:

(1) Contracting or transacting directly with minority and women's business enterprises.

(2) Contracting with a nonminority business enterprise under terms and conditions that establish a participation plan.

§ 481a.5. Report of participation.

(a) As part of an application to renew a license or certification, a regulated entity shall file a report with the Board concerning the performance of its diversity plan. The report must contain the following:

(1) Employment data, including information on the following:

(i) Minority and women representation in the regulated entity's workforce in all job classifications.

(ii) Salary information.

(iii) Recruitment and training information, including executive and managerial level recruitment and training.

(iv) Retention and outreach efforts.

(2) The total number and value of all contracts or transactions awarded by the regulated entity for goods and services.

(3) The total number and value of all contracts or transactions awarded by the regulated entity to minority and women's business enterprises.

(4) A list of each contract or transaction awarded by the regulated entity to a minority or women's business enterprise and the actual value of each contract or transaction.

(5) The total number and value of all contracts awarded that contain a participation plan.

(6) The total number and value of all subcontracts awarded to minority and women's business enterprises under contracts containing a participation plan.

(7) A list of each subcontract awarded to a minority or women's business enterprise under contracts containing a participation plan and the actual value of each subcontract.

(8) A comprehensive description of all efforts made by the regulated entity to monitor and enforce the participation plan.

(9) Information on minority and women investment, equity ownership, and other ownership or management opportunities initiated or promoted by the regulated entity.

(10) Other information requested in writing by the Board to ensure compliance with the act and this part.

(b) In addition to the reports required under subsection (a), slot machine licensees, manufacturer licensees and supplier licensees shall file updated versions of the reports required under subsection (a) quarterly.

(c) A licensed management company may file a consolidated report with the slot machine licensee with whom the management company has a management contract.

(d) A regulated entity may request that proprietary information required to be submitted to the Board under this section be treated as confidential information. A regulated entity shall clearly mark information that it requests to be treated as confidential information.

(e) The Board will use the reports required under subsections (a), (b) and (c) to monitor compliance with the act and this part. The Board may request the assistance of the Bureau of Minority and Women's Business Enterprises, of the Department of General Services, in the review of regulated entities' compliance with the requirements of the act and this part.

§ 481a.6. Diversity audits.

(a) Onsite audits may be performed on an annual basis or at the discretion of the Board to ensure compliance with this chapter.

(b) Advanced written notice will be provided to a regulated entity prior to the conduct of an onsite audit by the Board.

Subpart H. PRACTICE AND PROCEDURE

CHAPTER 491. GENERAL RULES OF PRACTICE

§ 491.1. Office of the Clerk.

(a) The Board will have within its organization an Office of the Clerk whose duties will be as follows:

(1) Provide information as to practice and procedure before the Board, under this subpart.

(2) Receive and docket applications and pleadings and other documents filed with the Board. Receipt and transmission of the information may be by electronic means, only under a policy established by the Board.

(b) All filings and requests for practice and procedure information should be directed to:

Office of the Clerk
Pennsylvania Gaming Control Board
P.O. Box 69060
Harrisburg, PA 17106-9060

(c) The Clerk will maintain a docket of all proceedings, and each proceeding as initiated will be assigned an appropriate designation. The docket will be available for inspection and copying by the public during the Board's office hours.

§ 491.2. Filing generally.

(a) Pleadings and other documents filed with the Board should clearly designate the docket number or similar identifying symbols, if any, employed by the Board, and should set forth a short title. The identity of the individual making the submission, including name, mailing address, and status (for example, party, attorney for a party, and the like) shall appear on the document.

(b) Pleadings, including documents filed under this chapter, must also comply with Chapter 495 (relating to documentary filings).

(c) If the Board is of the opinion that a pleading tendered for filing does not comply with this subpart or, if it is an application or similar document, does not sufficiently set forth required material or is otherwise insufficient, the Board may decline to accept it for filing and may return it without filing, or the Board may accept it for filing and advise the person tendering it of the deficiency and require that the deficiency be corrected.

(d) The Board may order redundant, immaterial, obscene or otherwise inappropriate comments stricken from documents filed with it.

§ 491.3. Service by the Board.

(a) Service by the Board may be made by any competent adult. Service will be made by certified mail or personally delivering a copy:

(1) Directly to the person named in the notice, pleading, or order.

(2) At the residence of the person named in the notice, pleading, or order, to an adult member of the family with whom the person named resides. If no adult member of the

family is found, then to an adult person in charge of the residence.

(3) At the residence of the person named in the notice, pleading, or order, to the clerk or manager of the hotel, inn, apartment house, boarding house or other place of lodging at which the person named resides.

(4) At any office or usual place of business of the person named in the notice, pleading, or order, to his agent or to the person for the time being is in charge thereof. For purposes of this subsection, the phrase "any office or usual place of business of the person named in the notice, pleading, or order" will include the following locations:

(i) The licensed facility at which the person named is employed, licensed in connection therewith, or routinely performs his duties of employment.

(ii) The office of the agent identified by the person named to receive service of process.

(b) Proof of service shall be evidenced by a return of service filed with the Office of the Clerk in the manner and form prescribed by the Board.

CHAPTER 492. HEARINGS AND APPEALS

§ 492.1. Generally.

This subpart governs practice and procedure before the Board, and is intended to supplement 2 Pa.C.S. § 101, et seq.

(relating to administrative law and procedure), and 1 Pa. Code, Part II (relating to General Rules of Administrative Practice and Procedure).

§ 492.2. Definitions.

The following words and terms, when used in this subpart, have the following meanings, unless the context clearly indicates otherwise:

Adjudication - An order, decree, decision, determination or ruling by the Board affecting the personal or property rights, privileges, immunities, duties, liabilities or obligations of the parties to the proceeding in which the adjudication is made.

Consent Agreement - A voluntary agreement to an act or proposal based on specific terms which are entered into by all parties to a proceeding to resolve a disputed matter as may be approved by the Board.

Director, Office of Hearings and Appeals - An employee of the Board designated to manage and supervise the Office of Hearings and Appeals, who shall report to the Executive Director.

Documentary Evidence - Any document or paper which is presented and accepted as evidence in a proceeding, as distinguished from oral evidence.

Documentary Hearing - A proceeding limited to a review of documentary evidence submitted by the parties, including documents, depositions, affidavits, interrogatories, and transcripts.

Exceptions - A formal objection to a report or recommendation of a presiding officer.

Hearing - A proceeding, documentary or oral, initiated by the filing of a complaint, answer, petition, motion, exceptions or by order of the Board.

Hearing Officer - An employee of the Board designated to conduct a hearing relating to a license, permit, registration or certification applied for, approved or issued by the Board; any other authorization or permission granted by the Board, or a violation of the act or of this part, or any other matter within the jurisdiction of the board.

Interveners - Persons intervening or petitioning to intervene, when admitted by the Board as a participant to a proceeding.

OHA - Office of Hearings and Appeals - A division of the Board charged with administering and conducting hearings relating to licensing, violations of the act, this part or other matters as the Board may direct.

Oral Hearing - A proceeding wherein the parties may present sworn testimony, documents or other evidence, and of which a verbatim record is made.

Participant - A party, another person admitted by the Board to limited participation in a proceeding and staff counsel.

Party - A person who appears in a proceeding before the Board who has a direct interest in the subject matter of the proceeding.

Prehearing conference- A proceeding to establish a schedule, discuss offers of settlement and identify other issues as the Board or presiding officer may direct.

Presiding Officer -

(i) A member of the Board, or other person designated by the Board to conduct a proceeding.

(ii) This definition supersedes 1 Pa. Code § 31.3 (relating to the definitions).

§ 492.3. Office of Hearings and Appeals.

(a) The OHA consists of a director, clerk, hearing officers, support staff and clerical assistants as may be necessary to carry out the duties and responsibilities of the office.

Source: The provisions of this § 492.2 amended December 9, 2006, effective November 21, 2006, 36 Pa.B. 7455.

(b) The director is responsible for the administration of all matters assigned to the OHA, including docketing, tracking, assignment of matters to presiding officers, ensuring that reports or recommendations are timely made to the Board, providing administrative support to the Board and presiding officers, and other duties as the Board may direct, not inconsistent with the duties of the office of hearings and appeals.

§ 492.4. Hearing officers.

(a) A hearing officer is also a presiding officer. Hearing officers shall be attorneys in good standing with the Supreme Court of Pennsylvania and shall be responsible for the timely disposition of assigned matters. Hearing officers are employed by the Board and may be discharged only for misconduct or good cause shown.

(b) Duties of the hearing officers may include:

(1) Conducting full and complete hearings, partial and bifurcated hearings.

(2) Taking depositions or testimony of witnesses.

(3) Submitting reports or recommendations to the Board.

(4) Other matters as the Board may direct.

(c) A hearing officer may withdraw from a proceeding when he deems himself disqualified or he may be withdrawn by the Board for good cause found after timely affidavits alleging personal bias or other disqualification have been filed and the matter has been heard by the Board or another presiding officer to whom the Board has delegated the matter for investigation and report.

(d) This section supersedes 1 Pa. Code § 35.186 (relating to disqualification of a presiding officer).

§ 492.5. Presiding officers.

(a) When evidence is to be taken in a proceeding, a presiding officer may preside at the hearing.

(b) The Board and presiding officers shall have the following powers and authority to:

(1) Regulate the course of hearings, including the scheduling thereof, subject to the approval of the Board, and the recessing, reconvening, and the adjournment thereof, unless otherwise provided by the Board, as provided in § 494.1(a) (relating to generally).

(2) Administer oaths and affirmations.

(3) Issue subpoenas.

(4) Rule upon offers of proof and receive evidence.

(5) Take or cause depositions to be taken.

(6) Hold appropriate conferences before or during hearings.

(7) Dispose of procedural matters, but not before a proposed report, if any, to dispose of motions made during hearings to dismiss proceedings or other motions which involve final determination of proceedings.

(8) Certify any question to the Board for consideration and disposition, within their discretion, or upon direction of the Board.

(9) Submit their proposed reports in accordance with this part.

(10) Take other action appropriate to the discharge of their duties as may be designated by the Board and authorized by the act.

(c) Except to the extent required for the disposition of ex parte matters as authorized by law and by this part, a presiding officer may not, in a proceeding, consult with a person or party on a fact in issue unless upon notice and opportunity for parties to participate.

(d) Presiding officers shall conduct fair and impartial hearings and maintain order. Any disregard by participants or

counsel of rulings of the presiding officer on matters of order and procedure shall be noted on the record, and if the presiding officer deems it necessary, shall be made the subject of a special written report to the Board.

(e) If participants or counsel engage in disrespectful, disorderly, or contumacious language or conduct in connection with any hearing, the presiding officer may immediately submit to the Board a report thereon, together with recommendations, and, in his discretion, suspend the hearing.

(f) Rulings of presiding officers may not be appealed during the course of a hearing or conference except in extraordinary circumstances when a prompt decision by the Board is necessary. In such instance, the matter shall be referred forthwith by the presiding officer to the Board for determination.

(1) An offer of proof made in connection with an objection to a ruling of the presiding officer rejecting or excluding oral testimony must be a statement of the substance of the evidence which counsel contends would be adduced by testimony. If the excluded evidence is in documentary or written form, a copy of the evidence shall be marked for identification and shall constitute the offer of proof.

(2) Unless the Board acts upon a question referred by a presiding officer for determination within 30 days, the referral shall be deemed to have been denied.

(g) This section supersedes 1 Pa. Code §§ 35.185-35.190 (relating to presiding officers).

§ 492.6. Hearings generally.

(a) Unless the Board elects to hear a matter directly, all matters, except for hearings under § 441.19 (relating to licensing hearings for slot machine licenses), shall be assigned to the OHA. The Board may, in its discretion, designate a member of the Board, or other qualified person to serve as presiding officer in a particular matter.

(b) Hearings will be public, except as provided in section 1206 of the act (relating to Board minutes and records).

(c) Hearings will be documentary unless otherwise designated by the Board or presiding officer, or constitutionally permissible and may provide for:

- (1) Receipt of sworn testimony.
- (2) Receipt of all relevant documentary evidence.
- (3) Opportunity for parties to be heard.
- (4) A complete evidentiary record.
- (5) Submission of a report or recommendations to the

Board.

(d) Unless required for the disposition of ex parte matters authorized by law, a party may not communicate directly or indirectly, in connection with any issue of law or any matter of fact which is disputed, with the Board or presiding officer, except upon notice and opportunity for all parties to participate.

(e) Hearings will be conducted in Harrisburg, Pennsylvania, unless otherwise directed by the Board, and public notice of the hearings shall be published in the *Pennsylvania Bulletin*.

(f) Notice of hearings shall be provided to all parties, will be in writing and served in accordance with subsection (g).

(g) Orders, notices, and other documents originating with the Board, including forms of Board action, complaints and similar pleadings, and other documents designated by the Board for this purpose, shall be served by the Clerk by mail.

(h) Parties who wish to contest notice of a violation or objection shall file notice with the OHA by mail within 15 days of the date of the notice of the violation or objection.

(i) Motions shall be filed with the Clerk and shall be docketed and referred to the Board or presiding officer for disposition as appropriate.

(j) Hearings will be scheduled by the OHA, except for hearings under § 441.19 (relating to licensing hearings for slot

machine licenses) which will be scheduled as the Board may direct. Hearings for violations of the act will be scheduled within 90 days of the initiation of action by the Bureau.

(k) Participants may waive hearings in which case the Board or presiding officer may dispose of the matter without a hearing on the basis of submittals, consent agreements, and proposed orders.

(l) Verbatim hearing transcripts will be available to interested persons for a transcription fee prescribed by the Board.

(m) This section supplements 1 Pa. Code, Part II, §§ 35.101-35.251 regarding to hearings and conferences.

§ 492.7. Prehearing and other conferences.

(a) A prehearing conference may be scheduled by the Board or presiding officer at his discretion. The Board or a presiding officer may also schedule a prehearing conference at the request of one party or by agreement of the parties.

(b) When the Board or presiding officer directs that a prehearing conference be held, all parties shall appear at the time and place designated. Notice of the time and place of the conference will be given to all parties. At the discretion of

Source: The provisions of this § 492.6 amended December 23, 2006, effective December 4, 2006, 36 Pa.B. 7862.

the Board or presiding officer, the conferences may be conducted telephonically.

(c) The following matters will be considered at prehearing conference:

(1) The possibilities for settlement of the proceeding, subject to the approval of the Board.

(2) The amount of hearing time which will be required to dispose of the proceeding and the establishment of a schedule of hearing dates.

(3) Other matters that may aid in expediting the orderly conduct and disposition of the proceeding and the furtherance of the public interest, including, but not limited to, the following:

(i) The simplification of the issues.

(ii) The exchange and acceptance of service of exhibits proposed to be offered in evidence.

(iii) The obtaining of admissions as to, or stipulations of, facts not remaining in dispute, or the authenticity of documents which might properly shorten the hearing.

(iv) The limitation of the number of witnesses.

(v) The discovery or production of data.

(vi) Other matters as may properly be dealt with to aid in expediting the orderly conduct and disposition of the proceeding.

(d) This section supplements 1 Pa. Code §§ 35.111-35.116 (relating to prehearing conferences).

§ 492.8. Presentation and effect of stipulations.

(a) Independently of the orders or rulings issued by the Board or presiding officer relating to prehearing and other conferences, the participants may stipulate as to relevant matters of fact or the authenticity of relevant documents. The stipulations may be received in evidence at a hearing, and when so received will be binding on the participants with respect to the matters stipulated.

(b) This section supersedes 1 Pa. Code § 35.155 (relating to presentation and effect of stipulations).

CHAPTER 493 PLEADINGS

§ 493.1. Generally.

(a) Pleadings permitted are as follows:

- (1) Complaints.
- (2) Petitions.
- (3) Motions.
- (4) Answers to pleadings.
- (5) Exceptions.
- (6) Appeals.

(b) Filing fees for pleadings, copies and other administrative requests will be in accordance with a fee schedule published by the Board in the *Pennsylvania Bulletin*, available on the Board's website, and in the Office of the Clerk (Clerk).

(c) Pleadings shall be filed with the Clerk. The Clerk will issue a file number, or if a file number has already been issued, stamp the pleading accordingly.

(d) This section supplements 1 Pa. Code §§ 35.1-35.2 and 35.9-35.11 (relating to applications; and formal complaints).

§ 493.2. Formal complaints.

(a) Procedures for complaints shall be in accordance with 1 Pa. Code §§ 35.9-35.11 (relating to formal complaints), and as supplemented by this part.

(b) Complaints may be filed by the Bureau, parties, applicants, eligible applicants, licensees, permittees, persons registered or certified by the Board, and other persons designated by the Board.

(c) A proceeding against a licensee, permittee, persons registered or certified by the Board or employee of a licensee, permittee, or persons registered or certified by the Board shall be brought on by written complaint filed by the Bureau, which must include a statement setting forth in ordinary and concise

language the charges and the acts or omissions supporting the charges.

(d) Within 15 days of service of the complaint filed by the Bureau, the respondent may file with the Clerk a notice of defense, in which he may perform one of the following:

- (1) Request a hearing.
- (2) Admit the accusation in whole or in part.
- (3) Present new matters or explanation by way of defense.
- (4) State any legal objection to the complaint.

(e) The respondent may be entitled to a hearing on the merits if he files the required notice of defense within the time allowed by subsection (d). The notice will be deemed a specific denial of all parts of the complaint not expressly admitted.

(f) Failure to timely file the required notice of defense or to appear at the hearing constitutes an admission of all matters and facts contained in the complaint and a waiver of the respondent's rights to a hearing, but the Board may order a hearing.

(g) Affirmative defenses shall be specifically stated, and unless objection is taken as provided in subsection (d)(4), objections to the form of the complaint shall be deemed waived.

(h) The Clerk will deliver or send by mail a notice to all parties at least 10 days prior to the hearing.

(i) Applicants may request a hearing on any matter by filing a complaint, or as part of a petition for special relief. When a request for a hearing is initiated by complaint or petition, the party making the request shall state in clear and concise language the reasons for requesting a hearing and the basis for the request. The Board will act on the request in accordance with due process and its duties and obligations under the act.

(j) Applicants who receive notice of deficiencies may file objections to the notice, and request a hearing by filing a complaint. The complaint must state in clear and concise language the basis for the objections, and the relief sought.

(k) Applicants who object to nonadjudicatory actions of the Board may file objections to the action by filing a complaint. The complaint must state in clear and concise language the basis for the objections, and the relief sought.

(l) Except as otherwise expressly provided in the act or this part, a person who holds a license, certification, permit or registration shall at all times have the burden of proof in complaint proceedings. It shall be the person's affirmative responsibility to establish the facts of their case by clear and convincing evidence, including:

(1) Why the person should not be subject to Board-imposed administrative sanction or other discipline.

(2) Why the person does not owe an assessment, cost, fee, fine, penalty, restitution, tax or monetary sanction.

(m) This section supplements 1 Pa. Code §§ 35.9-35.11 and 35.14 (relating to formal complaints; and orders to show cause).

§ 493.3. Satisfaction of formal complaints.

(a) If the respondent satisfies a formal complaint either before or after a hearing, a statement to that effect signed by the complainant shall be filed with the Clerk setting forth that the complaint has been satisfied and requesting dismissal or withdrawal. Except as requested by the parties, the Board will not be required to render a final order upon the satisfaction of a complaint.

(b) In lieu of a hearing, the complainant and respondent may certify to the Board or presiding officer that a consent agreement has been reached satisfying the complaint. The consent agreement shall be presented to the Board and the Board will enter an order, if appropriate, incorporating and adopting the consent agreement.

(c) This section supersedes 1 Pa. Code § 35.41 (relating to satisfaction of complaints).

Source: The provisions of this § 493.2 amended July 22, 2006, effective June 28, 2006, 36 Pa.B. 3943.

§ 493.4. Petitions generally.

(a) Petitions may be filed by parties, applicants, eligible applicants, licensees, permittees, persons registered or certified by the Board, and other persons permitted by the Board.

(b) Petitions for relief must be in writing, state clearly and concisely the grounds, the interest of the petitioner in the subject matter, the facts relied upon and the relief sought.

(c) The procedure for petitions shall be in accordance with 1 Pa. Code §§ 35.17-35.19 (relating to petitions generally; petitions for issuance, amendment, waiver or deletion of regulations; and petitions for declaratory orders). Petitions must conform to § 491.2 (relating to filing generally) and Chapters 495 and 497 (relating to documentary filings; and time), and be served on all persons directly affected and on other parties whom petitioner believes will be affected by the petition, including the Board. The service shall be evidenced with a certificate of service filed with the petition.

(d) Copies shall also be served in accordance with the Board's direction.

(e) This section supplements 1 Pa. Code §§ 35.17-35.19.

§ 493.5. (Reserved).

§ 493.6. Answers.

(a) Answers to complaints, petitions, motions and other pleadings shall be filed with the Clerk within 20 days after the date of service, unless a different time is prescribed by statute, the Board or presiding officer.

(b) The procedure for answers shall be in accordance with 1 Pa. Code §§ 35.35-35.40 regarding answers.

(c) This section supplements 1 Pa. Code §§ 35.35-35.40.

§ 493.7. Consolidation.

(a) The Board or presiding officer, with or without motion, may order proceedings involving a common question of law or fact to be consolidated. The Board or presiding officer may make orders concerning the conduct of the proceeding as may avoid unnecessary costs or delay.

(b) The section supersedes 1 Pa. Code § 35.45 (relating to consolidation).

§ 493.8. Amendments and withdrawal of pleadings.

Amendments and withdrawal of pleadings shall be in accordance with 1 Pa. Code §§ 35.48-35.51 (relating to amendment and withdrawal of pleadings).

§ 493.9. Motions generally.

The procedures for motions shall be in accordance with 1 Pa. Code §§ 35.177-35.180 (relating to motions).

§ 493.10. Preliminary motions.

(a) A preliminary motion may be filed by a party, must state specifically the grounds relied upon, and be limited to the following:

(1) A motion questioning the jurisdiction of the Board or the presiding officer.

(2) A motion to strike a pleading that is insufficient as to form.

(3) A motion for a more specific pleading.

(b) Except when a motion for a more specific pleading is filed, an answer to a preliminary motion shall be filed within the time period prescribed for answers to complaints, petitions and motions. All preliminary motions shall be raised at the same time.

(c) If a motion for more specific pleading is filed, an answer may not be filed until further directed by the Board or presiding officer.

(d) A preliminary motion will be decided by the Board or presiding officer within 30 days of the filing of the motion.

(e) If a preliminary motion to strike is granted, the participant who submitted the stricken pleading has the right to file an amended pleading within 10 days of service of the order.

(f) This section supplements 1 Pa. Code §§ 35.177-35.180 (relating to motions).

§ 493.11. Motions for summary judgment and judgment on the pleadings.

(a) Motion for judgment on the pleadings. After the pleadings are closed, but within a time so that the hearing is not delayed, a participant may move for judgment on the pleadings. An answer to a motion for judgment on the pleadings may be filed within 20 days of the date of service of the motion.

(b) Motion for summary judgment. After the pleadings are closed, but within a time so that the hearing is not delayed, a party may move for summary judgment based on the pleadings and depositions, answers to interrogatories, admissions and supporting affidavits.

(1) An answer, including an opposing affidavit to a motion for summary judgment, may be filed within 20 days of the date of service of the motion.

(2) The answer may be supplemented by pleadings and depositions, answers to interrogatories or further affidavits and admissions.

(c) Decisions on motions.

(1) The Board or presiding officer will grant or deny a motion for judgment on the pleadings or a motion for summary judgment, as appropriate. The judgment sought will be rendered if the pleadings, depositions, answers to interrogatories and

admissions, together with affidavits, if any, show that there is no genuine issue as to a material fact and that the moving participant is entitled to a judgment as a matter of law. If a motion is granted by a presiding officer, it will be in the form of a recommendation which will be subject to exceptions, and will be in writing. As in the case of other recommendations, the procedures regarding exceptions to the Board apply.

(2) The presiding officer may recommend a partial summary judgment if the pleadings, depositions, answers to interrogatories and admissions, together with affidavits, if any, show that there is no genuine issue as to a material fact and that the moving participant is entitled to a judgment as a matter of law on one or more but not all outstanding issues. The presiding officer will grant or deny the motion in the form of a recommended decision.

(d) This section supplements 1 Pa. Code Chapter 35, Subchapter D. (relating to motions).

§ 493.12. Discovery.

(a) Upon written request from a party in a proceeding served upon another party in the proceeding, the requesting party shall be entitled to the name and address of any witness who may be called to testify on behalf of the responding party and all documents or other material in the possession or control of the responding party which the responding party reasonably

expects will be introduced into evidence. The responding party shall be under a continuing duty to update its response to this request.

(b) The presiding officer may, upon request of a party, permit the testimony of a witness or the introduction of other evidence not disclosed pursuant to a request made under subsection (a), if following proffer by the party seeking to present such evidence, the presiding officer determines that justice so requires.

(c) Upon the request of a party in a proceeding and for good cause shown, the presiding officer may allow other discovery to be conducted, but the information furnished to or obtained by the Board or the Bureau from any source, including information contained in the Bureau of Licensing Suitability Report, or information or files in the possession of the Bureau, or information in the possession or control of an agency which relates to an ongoing civil or criminal investigation, will not be discoverable under this subsection.

(d) Depositions will be conducted in accordance with 1 Pa. Code §§ 35.145-35.152 (relating to depositions).

§ 493.13. Intervention.

Source: The provisions of this § 493.12 amended July 22, 2006, effective June 28, 2006, 36 Pa.B. 3943.

(a) The right to intervene in a proceeding before the Board or a presiding officer is within the sole discretion of the Board.

(b) A person wishing to intervene in a proceeding may file a petition with the Clerk which shall be served on all named parties in accordance with this section. When a Petition to intervene is filed with the Clerk, it will be referred to the Board which will issue a determination as soon as practicable.

(c) A person may file a petition to intervene if:

(1) The person has an interest in the proceeding which is substantial, direct and immediate.

(2) The interest is not adequately represented by a party to the proceeding.

(3) The person may be bound by the action of the Board in the proceeding.

(d) Petitions to intervene may be filed at any time following the filing of an application, petition, complaint, or other document seeking Board action, but no later than 30 days prior to the date set for a hearing unless, in extraordinary circumstances for good cause shown, the Board authorizes a later filing.

(e) Petitions to intervene must set out clearly and concisely the facts demonstrating the nature of the alleged right or interest of the petitioner, the grounds of the proposed

intervention, and the position of the petitioner in the proceeding. The petitioner shall fully advise the parties and the Board of the specific issues of fact or law to be raised or controverted, by admitting, denying or otherwise answering, specifically and in detail, each material allegation of fact or law asserted in the petition or complaint initiating the proceeding, and citing by appropriate reference provisions or other authority relied on.

(f) Petitions to intervene must conform to the service and notice requirements of this section.

(g) A participant may file an answer to a petition to intervene, and in default thereof, will be deemed to have waived any objection to the granting of the petition. If made, answers shall be filed within 10 days after the date of service of the petition, unless for cause the Board prescribes a different time.

(h) Except where the Board determines that it is necessary to develop a comprehensive evidentiary record, the participation of a person granted the right to intervene in a proceeding will be limited to the presentation of evidence through the submission of written statements attested to under oath. The written statements shall be part of the evidentiary record.

(i) Petitions to intervene in licensing hearings for slot machine licenses shall be governed by § 441.19(x) (relating to licensing hearing for slot machine licenses).

(j) This section supersedes 1 Pa. Code §§ 35.27-35.22, and 35.36.

§ 493.14. Consent agreements.

(a) Parties in a proceeding may propose consent agreements to the hearing officer or to the Board at any stage of a proceeding, including prior to the entry of a final order or prior to the initiation of proceedings.

(b) Consent agreements must be in writing, signed by all parties in the proceeding, and accurately reflect the terms of the consent agreement, including the facts agreed to by the parties constituting the grounds for the action proposed in the consent agreement.

(c) If the consent agreement is proposed in a matter that is the subject of a proceeding before a hearing officer, the proposal of the consent agreement will stay the proceeding until the consent agreement is acted upon by the Board.

(d) The consent agreement shall be presented to the Board for its approval or disapproval. If the Board approves the consent agreement, it will become the final order of the Board. If the Board disapproves the consent agreement, the parties will be notified and the consent agreement and any documents solely

relating to the consent agreement will not constitute part of the record.

CHAPTER 494. HEARING PROCEDURE.

§ 494.1. Generally.

(a) A hearing calendar of all proceedings set for hearing will be maintained by the Clerk to the Board. All matters required to be determined upon the record will be placed on the hearing calendar, and will be in their order of assignment as far as practicable. All matters will be heard in Harrisburg, unless a different site shall be determined by the Board. The Board, in its discretion with or without motion, for cause may at any time with due notice to the participants advance or postpone any proceeding on the hearing calendar.

(b) Hearings will be held before the Board or presiding officer, and all appearances, including staff counsel participating, will be entered upon the record, with a notation on whose behalf each appearance is made. A notation will be made in the record of the names of the members of the technical staff of the Board participating, including accountants, and other experts, who are assisting in the investigation of the matter. This section supersedes 1 Pa. Code §§ 35.123 and 35.124 (relating to conduct of hearings; and order of procedure).

(c) In oral and documentary hearings, neither the Board nor the presiding officer will be bound by technical rules of

evidence, and all relevant evidence of reasonably probative value may be received. Reasonable examination and cross-examination will be permitted at all oral hearings. If a party does not testify in his own behalf, he may be called and examined as if under cross-examination.

(d) Subsection (a) supersedes 1 Pa. Code § 35.102 (relating to hearing calendar).

§ 494.2. Oral hearings.

Oral hearings will be conducted in accordance with 1 Pa. Code §§ 35.121-35.126 and 35.137-35.173.

§ 494.3. Documentary hearings.

(a) Documentary hearings will be held before the Board or a presiding officer.

(b) The parties will be notified at least 15 days prior to the date set for hearing, and the evidentiary record will be closed 5 days prior to the date set for hearing.

(c) Parties may submit documents and other evidence, except that witnesses may not testify. Depositions and interrogatories may be taken at any time prior to the close of the evidentiary record, and may be introduced for consideration by the Board or presiding officer.

Source: The provisions of this § 494.1 amended June 10, 2006, effective May 19, 2006, Pa.B. 2899.

(d) Transcripts of public input hearings, if any, will be included in the evidentiary record for the Board's consideration.

§ 494.4. Report or recommendation of the presiding officer.

(a) A report or recommendation of the presiding officer may be required by the Board, in both oral and documentary hearings, except that recommendations will not be made in proceedings involving the issuance, approval, renewal, revocation, suspension, or conditioning of a license.

(b) The presiding officer will file and certify with the Board a verbatim record of any oral hearing, all documents submitted for consideration, and a report or recommendation, when required, as soon as practicable after the conclusion of the hearing and expiration of the time for filing of briefs.

(c) The presiding officer's report or recommendation will include a statement of:

(1) Findings and conclusions, as well as the reasons or basis therefore, upon all the material issues of fact, law, or discretion presented on the record.

(2) The appropriate regulation, order, sanction, relief, or denial thereof.

(3) All facts officially noticed, relied upon in the decision.

(d) The report or recommendation will be in writing, provided to all parties, and will be part of the public record, except for matters and materials designated as confidential by the Board. Service will be in accordance with § 492.6 (e) (relating to hearings generally).

(e) This section supplements 1 Pa. Code §§ 35.201-35.206 regarding proposed reports generally.

§ 494.5. Review.

(a) The record of the hearing will be transmitted to the Board and will be made available to all parties.

(b) The Board will review the record of the hearing and the report or recommendation of the presiding officer. The Board may adopt some or all of the recommendations, conduct a full or partial de novo hearing, or remand all or part of the matter to the presiding officer for the taking of additional evidence or clarification of issues, or make an adjudication based on the record.

(c) All parties have the right to file a brief prior to a final order of the Board.

§ 494.6. Reopening of record.

(a) After the conclusion of the hearing, a participant in a proceeding may file with the presiding officer, prior to the issuance of a report or recommendation, otherwise with the Board, a petition to reopen the proceeding for the purpose of

taking additional evidence. The petition must set forth clearly the facts claimed to constitute grounds requiring reopening of the proceeding, including material changes of fact or law alleged to have occurred since the hearing was concluded.

(b) Answers shall be filed within 10 days of service of the petition. If no answers are filed, objections to the granting of the petition are waived.

(c) As soon as practicable after the filing of the petition and answer, the Board or presiding officer will grant or deny the petition.

(d) Prior to filing a report or recommendation, the presiding officer, after notice to the participants, may reopen the proceedings for the reception of further evidence on his own motion, if the presiding officer had reason to believe that conditions of fact or of law have so changed as to require, or that the public interest requires, the reopening of the proceedings.

(e) Prior to the issuance by the Board of a final order, the Board, after notice to the participants, may without motion reopen the proceeding for the reception of further evidence, if the Board has reason to believe that conditions of fact or law have so changed as to require, or that the public interest requires, the reopening of the proceeding.

(f) This section supersedes 1 Pa. Code §§ 35.231-35.233 (relating to reopening of record).

§ 494.7. Exceptions.

(a) A party may file exceptions to the report or recommendations of the presiding officer within 10 days of the date of the report or recommendations, unless the time is extended upon good cause shown.

(b) Exceptions must be in writing, filed with the Clerk, and state with particularity the matter objected to, including the portion of the record where the basis of the objection may be found.

(c) The party filing the exceptions shall attach a brief with the filing. The brief must set forth the party's position in clear and concise terms and be in accordance with 1 Pa. Code § 35.212 (relating to content and form of briefs on exceptions). The length of the brief may be limited by the presiding officer. The brief shall be served on the Board, the presiding officer and other parties of record.

(d) Failure to file a brief on exceptions within the time allowed shall constitute a waiver of all objections of the report or recommendations. Exceptions to any part of the report or recommendations may not thereafter be raised before the Board in oral argument, if an oral argument is permitted, or in an application for rehearing or reconsideration, and shall be

deemed to be waived. The Board may refuse to consider exceptions to a ruling admitting or excluding evidence unless there was an objection at the time the ruling was made or within any deferred time provided by the presiding officer.

(e) Exceptions will be considered by the Board and will be limited to the record established during the administrative hearing. The Board may permit evidence not already established in the record if compelling reasons are shown for its submission, the party requesting its admission did not previously know of its existence and its existence could not have been discovered with the exercise of reasonable diligence.

(f) The Board will conduct a documentary hearing on the exceptions within 30 days of receipt of the exceptions brief, unless exigent circumstances require a longer period of time. The Board may grant or deny the exceptions in whole or in part.

(g) The Board will publish its final order in consideration of the presiding officer's report or recommendation and any filed exceptions, and notify all parties by regular mail.

(h) This section supplements 1 Pa. Code §§ 35.211-35.214 (relating to exceptions to proposed reports).

§ 494.8. Rehearing or reconsideration.

(a) A party to a proceeding may file an application for rehearing or reconsideration by petition within 15 days after

the final order of the Board. The petition must state concisely the alleged errors in the adjudication or other order of the Board. If a final order or other order of the Board is sought to be vacated, reversed or modified by reason of matters that have arisen since the hearing and decision or order, or by reason of a consequence that would result from compliance therewith, the matters relied upon by the petitioner must be set forth in the petition.

(b) No answers to petitions for rehearing or reconsideration will be entertained by the Board. If the Board grants the rehearing or reconsideration, an answer may be filed by a participant within 15 days after the issuance of the order granting rehearing or reconsideration. The response will be confined to the issues upon which rehearing or reconsideration has been granted.

(c) Unless the Board acts upon the petition for rehearing or reconsideration within 30 days after it is filed, the petition will be deemed to have been denied.

(d) This section does not apply to proceedings resulting in any final order, determination or decision of the Board involving the approval, issuance, denial or conditioning of all licensed entity applications which are subject to the appellate requirements of section 1204 of the act (relating to licensed entity application appeals from board).

(e) This section supersedes 1 Pa. Code § 35.241. (relating to application for rehearing or reconsideration).

§ 494.9. Briefs and oral argument.

(a) All parties shall be afforded an opportunity to submit briefs prior to a final order of the Board. Briefs shall be filed with the Clerk. If a case has previously been assigned to a presiding officer, a copy of the brief shall be submitted to the presiding officer.

(b) Oral argument on substantial issues may be heard at the discretion of the Board or presiding officer.

§ 494.10. Reports of compliance.

(a) When a person subject to the jurisdiction of the Board is required to do or perform an act by a Board order, permit, or license provision, there shall be filed with the Clerk within 30 days following the date when the requirement becomes effective, a notice, stating that the requirement has or has not been met or complied with, unless the Board provides otherwise for compliance or proof of compliance.

(b) This section supersedes 1 Pa. Code § 35.251 (relating to reports of compliance).

§ 494.11. Appeals.

Source: The provisions of this § 494.8 amended July 1, 2006, effective June 15, 2006, 36 Pa.B. 3047.

(a) A party may appeal final orders of the Board in accordance with the act, in the form prescribed in the Pennsylvania Rules of Appellate Procedure. Notice of appeal shall be filed with the Clerk within 30 days of a final order of the Board.

(b) The filing of an appeal will not stay enforcement of the decision or final order of the Board unless the stay is obtained from the court upon application in accordance with the Rules of Appellate Procedure, or from the Board upon the terms and conditions as it deems proper.

(c) Within 10 days, the party filing the notice of appeal shall file a concise statement of matters complained of with the Office of the Clerk. Matters not raised in the statement will be waived.

CHAPTER 495. DOCUMENTARY FILINGS

§ 495.1. Form of documentary filings generally.

(a) Applications, petitions, complaints, answers or similar documents shall be divided into numbered paragraphs.

(b) Copies of contracts, agreements, permits or other writings referred to in the application or petition may be attached as exhibits. Copies of writings or orders already of record with the Board need not be attached to the application or petition if reference by docket number is made to the proceeding in which they were filed.

(c) Pleadings or other documents filed with the Board in a proceeding shall clearly show the docket number or similar identifying symbols, if any, and title of the proceeding before the Board. They shall also show, in the title of a particular pleading or other document filed the name of the person on whose behalf the filing is made. If more than one person is involved, a single name only need be included in the title.

(d) Pleadings shall be endorsed with an address and phone number where papers may be served in connection with the pending proceedings. Endorsement with a fax number shall constitute endorser's agreement to accept papers connected with the proceeding by fax. Notation of counsel's current Supreme Court identification number issued by the Court Administrator of Pennsylvania shall constitute proof of the right to practice in the Commonwealth.

(e) Subsections (a)-(c) supersede 1 Pa. Code § 31.5 (relating to communications and filings generally).

§ 495.2. Form of documents.

(a) The method of receipt and transmission of information will be under a policy established by the Board.

(b) Subsection (a) supersedes 1 Pa. Code § 33.2 (relating to form).

§ 495.3. Incorporation by reference.

(a) Except as otherwise provided in subsection (b), documents on file with the Board may be incorporated by reference into a subsequently filed pleading or other document. A document may be so incorporated only by reference to the specific document and to the prior filing and docket number at which it was physically filed.

(b) No document which has been on file with the Board for more than 7 years may be incorporated by reference in a current document unless the person filing the current document first makes inquiry to the Office of the Clerk and ascertains that the earlier document continues to be readily available in the active records of the Board.

§ 495.4. Single pleading covering more than one matter.

(a) Except as otherwise provided under this chapter (relating to formal proceedings), a single pleading may be accepted for filing with respect to a particular transaction and one or more related transactions and shall be deemed to be a single filing for purposes of the computation of fees under Chapter 471 (relating to schedule of fees payable to the Board).

(b) If, upon review, the Board determines that the transactions are not closely related or otherwise properly joined, the Board will direct that the single pleading be refiled as two or more separate pleadings each subject to a separate filing fee.

(c) Subsection (a) supersedes 1 Pa. Code § 33.4 (relating to Single pleading or submittal covering more than one matter).

§ 495.5. Execution of documents.

(a) Signature. Except as may be otherwise ordered or requested by the Board, the original copy of a pleading, or other document shall be signed in ink by the party in interest, or by his attorney, as required by subsection (b), and show the office and post office address of the party or attorney. Other copies filed shall conform thereto.

(b) Subscription.

(1) A pleading or other document filed with the Board shall be subscribed by one of the following:

(i) The person filing the documents, and severally if there is more than one person so filing.

(ii) An officer if it is a corporation, trust, association or other organized group.

(iii) An officer or authorized employee thereof if it is another agency, a political subdivision, or other governmental authority, agency or instrumentality.

(iv) An attorney having authority with respect thereto.

(2) A document filed by a corporation, trust, association or other organized group, may be required to be

supplemented by appropriate evidence of the authority of the officer or attorney subscribing the documents.

(c) Effect.

(1) The signature of the person subscribing a document filed with the Board constitutes a certificate by the individual that:

(i) The person has read the document being subscribed and filed, and knows the contents thereof.

(ii) The document has been subscribed and executed in the capacity specified upon the document with full power and authority to do so, if executed in a representative capacity.

(iii) The document is well grounded in fact and is warranted by existing law or a good faith argument for the extension, modification or reversal of existing law, to the best of the person's knowledge, information and belief formed after reasonable inquiry.

(iv) The document is not interposed for an improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of litigation.

(2) If a document is signed in violation of this subsection, the Board, upon motion or upon its own initiative, may impose upon the person who signed it, a represented party, or both, an appropriate sanction, which may include striking the

document, dismissal of the proceeding or the imposition of civil penalties under section 1518 of the act (relating to prohibited acts; penalties).

(d) Subsections (a)-(c) are identical to 1 Pa. Code § 33.11 (relating to execution).

§ 495.6. Verification.

(a) Applications, petitions, formal complaints, motions and answers thereto containing an averment of fact not appearing of record in the action or containing a denial of fact shall be personally verified by a party thereto or by an authorized officer of the party if a corporation or association.

Verification means a signed, written statement of fact supported by oath or affirmation or made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities). If verification is required, notarization is not necessary.

(b) The verification form should comply substantially with the following:

VERIFICATION

I, _____, hereby state that the facts above set forth are true and correct (or are true and correct to the best of my knowledge, information and belief) and that I expect to be able to prove the facts. I understand that the statements herein are

made subject to the penalties of 18 Pa.C.S. § 4904
(relating to unsworn falsification to authorities).

Date: _____
_____ (Signature)

(c) When an affidavit is used, the form should comply substantially with the following:

AFFIDAVIT

I, _____ (Affiant) being duly sworn (affirmed) according to law, depose and say that (I am authorized to make this affidavit on behalf of _____ corporation, being the holder of the office of _____ with that corporation,) and that the facts above set forth are true and correct (or are true and correct to the best of my knowledge, information and belief) and (I or corporation) expect to be able to prove the facts.

(Signature of affiant)

Sworn and subscribed before me this _____ day of _____, 20____.

(Signature of official administering oath)

(d) An individual who executes a pleading or other document knowing that it contains a false statement and who causes it to be filed with the Board shall be subject to prosecution of a misdemeanor of the second degree in violation of 18 Pa.C.S. § 4904(a).

(e) Subsections (a)-(d) supersede 1 Pa. Code § 33.12 (relating to verification).

§ 495.7. Number of copies.

(a) An original and three copies of pleadings or documents other than correspondence shall be furnished to the Board at the time of filing, except as may be otherwise required by statute or ordered or requested by the Board.

(b) In the case of applications and petitions, one of the copies filed with the Board may be filed without exhibits.

(c) In the case of complaints or petitions, when more than one respondent is named, an additional copy of the complaint or petition shall be filed for each additional respondent.

(d) Subsections (a)-(c) supersede 1 Pa. Code § 33.15 (relating to number of copies).

CHAPTER 497. TIME

§ 497.1. Date of filing.

Source: The provisions of this § 495.7 amended October 8, 2005, effective September 28, 2005, 35 Pa.B. 5619.

(a) Whenever a pleading or other document is required or permitted to be filed under this part or by statute, it will be deemed to be filed on one of the following dates:

(1) On the date actually received in the Office of the Clerk.

(2) On the date deposited with an overnight express package delivery service as shown on the express delivery receipt attached to or included within the envelope containing the document.

(3) On the date deposited in the United States mail as shown by the United States Postal Service stamp on the envelope or on a United States Postal Service Form 3817 certificate of mailing. A mailing envelope stamped by an in-house postage meter is insufficient proof of the date of mailing.

(b) Failure to include a legible delivery receipt with the document may result in an untimely filing.

(c) Except as otherwise permitted by the Board, a document transmitted by facsimile or electronically to the Board will not be accepted for filing within the meaning of this section.

(d) Subsections (a)-(c) supersede 1 Pa. Code § 31.11 (relating to timely filing required).

§ 497.2. Computation of time.

(a) Except as otherwise provided by statute, in computing a period of time prescribed or allowed by this title or by statute, the day of the act, event or default after which the designated period of time begins to run is not included. The last day of the period is included, unless it is Saturday, Sunday or a legal holiday in this Commonwealth, in which event the period shall run until the end of the next day which is neither a Saturday, Sunday or holiday. Intermediate Saturdays, Sundays and legal holidays shall be included in the computation.

(b) Except as otherwise provided by statute, in computing a period of time prescribed or allowed by this title or by statute which is measured by counting a specified number of days backward from a scheduled future act, event or default, the day of the scheduled future act, event or default is not included. The day on which the prescribed or allowed action is to occur shall be included, unless it is a Saturday, Sunday or a legal holiday in this Commonwealth, in which event the day of the prescribed or allowed action shall run until the next preceding day which is neither a Saturday, Sunday or holiday. A part-day holiday shall be considered as a holiday. Intermediate Saturdays, Sundays and legal holidays are included in the computation.

(c) Subsections (a) and (b) supersede 1 Pa. Code § 31.12 (relating to computation of time).

§ 497.3. Issuance of Board orders.

(a) In computing a period of time involving the date of the issuance of an order by the Board, the day of issuance of an order will be the date the Office of the Clerk enters the order. An order will not be made public prior to its entry except when, in the Board's judgment, the public interest so requires. The date of entry of an order may or may not be the day of its adoption by the Board. The Clerk will clearly indicate on each order the date of its adoption by the Board and the date of its entry.

(b) The date of entry of an order which is subject to review by the Supreme Court of Pennsylvania is governed by 2 Pa.C.S. Chapter 7, Subchapter A (relating to judicial review of Commonwealth agency action). The date of issuance of an order shall be deemed to be the date of entry for the purposes of computing the time for appeal under an applicable statute relating to judicial review of Board action.

(c) Subsections (a) and (b) are identical to 1 Pa. Code § 31.13 (relating to issuance of agency orders).

§ 497.4. Effective dates of Board orders.

(a) An order of the Board promulgating regulations shall be effective upon publication in the *Pennsylvania Bulletin* unless otherwise specially provided in the order.

(b) Except as provided in subsection (a), an order of the Board shall be effective as of the date of entry unless otherwise specially provided in the order.

(c) Subsections (a) and (b) supersede 1 Pa. Code § 31.14 (relating to effective dates of agency orders).

§ 497.5. Extensions of time and continuances.

(a) Extensions of time shall be governed by the following:

(1) Except as otherwise provided by statute, whenever under this part or by order of the Board, or notice given thereunder, an act is required or allowed to be done at or within a specified time, the time fixed or the period of time prescribed may, by the Board, for good cause be extended upon motion made before expiration of the period originally prescribed or as previously extended. Upon motion made after the expiration of the specified period, the act may be permitted to be done where reasonable grounds are shown for the failure to act.

(2) Requests for the extension of time in which to file briefs shall be filed at least 5 days before the time fixed for filing the briefs unless the Board, for good cause shown allows a shorter time.

(b) Except as otherwise provided by statute, requests for continuance of hearings or for extension of time in which to perform an act required or allowed to be done at or within a

specified time by this part or by order of the Board, shall be by motion in writing, timely filed with the Board, stating the facts on which the application rests, except that during the course of a proceeding, the requests may be made by oral motion in the hearing before the Board. Only for good cause shown will requests for continuance be considered. The requests shall be submitted at least 5 days prior to the hearing date.

(c) Subsections (a) and (b) supersede 1 Pa. Code § 31.15 (relating to extensions of time).

CHAPTER 499. REPRESENTATION BEFORE THE BOARD

§ 499.1. Appearance in person.

(a) An individual who is a party in a proceeding before the Board may represent himself before the Board.

(b) Except as provided in subsection (a), a party in a proceeding before the Board shall be represented by an attorney authorized to appear before the Board in accordance with § 499.2 (relating to appearance by attorney).

(c) Subsections (a) and (b) supersede 1 Pa. Code § 31.21 (relating to appearance in person).

§ 499.2. Appearance by attorney.

Source: The provisions of this § 499.1 amended May 27, 2006, effective May 4, 2006, 36 Pa.B. 2615; amended June 10, 2006, effective 19, 2006, 36 Pa.B. 2899.

(a) A party in a proceeding before the Board who elects to be represented by an attorney in the proceeding, or who is required by § 499.1 (relating to appearance in person) to be represented by an attorney in the proceeding, shall be represented by an attorney at law admitted to practice before the Pennsylvania Supreme Court, an attorney admitted to practice before the highest court of a jurisdiction other than the Commonwealth which permits attorneys licensed in this Commonwealth to practice before its courts and agencies, or an attorney authorized in accordance with subsection (b) to appear in connection with the proceeding.

(b) An attorney admitted to practice before the highest court of a jurisdiction other than the Commonwealth which does not permit attorneys licensed in this Commonwealth to appear before its courts and agencies may, at the discretion of the Board, be authorized to appear in connection with a particular proceeding. The Board will determine whether to grant the authorization upon the filing of a motion with the Clerk to the Board by an attorney admitted to practice law before the Pennsylvania Supreme Court and in good standing therewith, which contains the information required to satisfy the written notice provision of Pa.B.A.R. 301 (relating to admission pro hac vice), and provided that the attorney filing the motion shall be and remain the attorney of record in the proceeding and further

provided that both the attorney of record and the attorney admitted under this subsection shall both sign all documents submitted or filed in connection with the proceeding.

(c) Subsection (a) supersedes 1 Pa. Code § 31.22 (relating to appearance by attorney).

§ 499.3. Other representation prohibited at hearings.

(a) Participants, individuals, partnerships, associations, corporations or governmental entities may not be represented at a hearing before the Board except:

(1) As stated in sections 499.1 and 499.2 (relating to appearance in person; and appearance by attorney).

(2) As otherwise permitted by the Board in a specific case.

(b) Subsection (a) supersedes 1 Pa. Code § 31.23 (relating to other representation prohibited at hearings).

§ 499.4. Notice of appearance or withdrawal.

(a) An individual appearing without representation before the Board shall file with the Office of the Clerk an address for service of a notice or other written communication. A change in address which occurs during the course of the proceeding shall be reported to the Office of the Clerk promptly.

Source: The provisions of this § 499.2 amended May 27, 2006, effective May 4, 2006, 36 Pa.B. 2615.

(b) An attorney whose name and address appear in a representative capacity on an initial pleading filed with the Office of the Clerk shall be considered to have entered an appearance in that proceeding. An attorney who enters the matter at a later stage of the proceeding shall file with the Office of the Clerk a written notice of the appearance, which shall state his name, address and telephone number and the name and address of the person on whose behalf he appears. The notice shall be served on the participants in the proceeding. A change in address which occurs during the course of the proceeding shall be reported to the Office of the Clerk promptly.

(c) A person appearing or practicing before the Board in a representative capacity may be required to file a power of attorney with the Board showing his authority to act in that capacity.

(d) An attorney who wishes to withdraw an appearance shall file with the Office of the Clerk a written notice of withdrawal. The notice shall be served on the participants.

(e) Subsections (a) and (d) supersede 1 Pa. Code § 31.24 (relating to notice of appearance).

§ 499.5. Form of notice of appearance.

(a) The form of notice of appearance is as follows:

COMMONWEALTH OF PENNSYLVANIA

BEFORE THE PENNSYLVANIA GAMING CONTROL BOARD

In the Matter of:

[File, Docket or other identifying No.:]

NOTICE OF APPEARANCE

Please enter my appearance in the above-designated matter on behalf of _____.

I am authorized to accept service on behalf of said participant in this matter.

[CHECK ONE]

On the basis of this notice, I request a copy of each document hereafter issued by the Board in this matter.

I am already receiving or have access to a copy of each document issued by the Board in this matter and do not on the basis of this notice require an additional copy.

Signature

Attorney Identification Number

Name (Printed)

P.O. address

City, state and zip code

Telephone Number
(including area code)

(b) Subsection (a) supersedes 1 Pa. Code § 31.25 (relating to form of notice of appearance).

§ 499.6. Contemptuous conduct.

(a) Contemptuous conduct at a hearing before the Board shall be grounds for exclusion from the hearing and for summary suspension without a hearing for the duration of the hearing.

(b) Subsection (a) is identical to 1 Pa. Code § 31.27 (relating to contemptuous conduct).

§ 499.7. Suspension and disbarment.

(a) The Board may deny, temporarily or permanently, the privilege of appearing or practicing before it to a person who is found by the Board, after notice and opportunity for hearing in the matter, to have done one or more of the following:

(1) Lacked the requisite qualifications to represent others.

(2) Engaged in unethical, contemptuous or improper conduct before the Board.

(3) Repeatedly failed to follow Board directives.

(b) For the purpose of subsection (a), practicing before the Board shall include:

(1) Transacting business with the Board.

(2) The preparation of a statement, opinion or other paper by an attorney, accountant, engineer or other expert,

filed with the Board in a pleading or other document with the consent of the attorney, accountant, engineer or other expert.

(3) Appearances at a hearing before the Board.

(c) Subsections (a) and (b) are identical to 1 Pa. Code § 31.28 (relating to suspension and disbarment).

SUBPART I. COMPULSIVE AND PROBLEM GAMBLING

CHAPTER 501. COMPULSIVE AND PROBLEM GAMBLING REQUIREMENTS

§ 501.1. Definitions.

The following term, when used in this chapter, has the following meaning, unless the context clearly indicates otherwise:

Qualified treatment professional -

(i) A person who by reason of training, education, profession or vocation has specialized knowledge, skills or experience in compulsive and problem gambling treatment or addiction therapy, who has the expertise to determine an individual's suitability for one or more forms of compulsive and problem gambling treatment and to recommend an appropriate compulsive and problem gambling treatment plan, or to serve as an independent monitor of the plan, or both.

(ii) For the purpose of this section, the term includes gamblers anonymous programs and any similar treatment or addiction therapy programs designed to prevent, treat, or

monitor compulsive and problem gamblers and to counsel family members.

§ 501.2. Compulsive and problem gambling plan.

(a) An applicant for a slot machine licensee shall submit a compulsive and problem gambling plan to the Board for review and approval at the time of submission of the application. The plan must, at a minimum, contain the elements listed in subsection (c) and §§ 501.3, 501.6 and 503.3(d), (f), (g), (h) and (i). A slot machine licensee may not commence operations until the Board approves the plan.

(b) Compliance with the plan approved under this chapter will be a condition of license renewal.

(c) A compulsive and problem gambling plan shall include the following:

(1) The goals of the plan and procedure and timetables to implement the plan.

(2) The identification of the individual who will be responsible for the implementation and maintenance of the plan.

(3) Policies and procedures including the following:

(i) The commitment of the licensee to train appropriate employees.

Source: The provisions of this § 501.1 amended April 21, 2007, effective March 27, 2007, 37 Pa.B.____.

(ii) The duties and responsibilities of the key employees and gaming employees designated to implement or participate in the plan.

(iii) The responsibility of patrons with respect to responsible gambling.

(iv) Procedures to identify patrons and employees with suspected or known compulsive and problem gambling behavior.

(v) Procedures for referral of individuals self excluded from gaming activities under section 1516 of the act (relating to list of persons self excluded from gaming activities) and Chapter 503 (relating to self-exclusion) to qualified treatment professionals, including mental health, behavioral health and other professions and to community compulsive gambling organizations.

(vi) Procedures for referral of suspected or known compulsive and problem gamblers to qualified treatment professionals. The provisions of this subsection do not create a duty for licensed facilities or its employees to refer compulsive and problem gamblers to qualified treatment professionals.

(4) The provision of printed material to educate patrons about compulsive and problem gambling and to inform them about treatment services available to compulsive and problem

gamblers and their families. The slot machine licensee shall provide examples of the materials to be used as part of its plan, including signs, brochures and other printed material and a description of how the material will be disseminated.

(5) An employee training program, including training materials to be utilized and a plan for periodic reinforcement training.

(6) A certification process established by the slot machine licensee to verify that each employee has completed the training required by the plan.

(7) An estimation of the cost of development, implementation and administration of the plan.

(8) A list of the qualified treatment professionals and community organizations to which compulsive and problem gamblers will be referred.

(9) Procedures to prevent underage gambling.

(10) Procedures to prevent intoxicated patrons from gambling.

(11) The details of the program, if the plan includes an outreach program.

(12) The plan for posting Board-approved signs, required under § 501.6 (relating to signage requirements) within the licensed facility, containing gambling treatment referral information.

(13) Other policies and procedures to encourage responsible gambling.

(d) The Board may provide the plan submitted by the slot machine licensee to the Department of Health for evaluation. The Department of Health may provide comments and recommendations to the Board relating to the plan.

(e) A slot machine licensee shall submit amendments to the compulsive and problem gambling plan to the Board for review and approval prior to the implementation of the amendments.

§ 501.3. Employee training program.

(a) The employee training program required under § 501.2(c)(5) (relating to compulsive and problem gaming plan) must include instruction in the following:

(1) Characteristics and symptoms of compulsive behavior, including compulsive and problem gambling.

(2) The relationship of compulsive and problem gambling to other addictive behavior.

(3) The social and economic consequences of compulsive and problem gambling, including debt, treatment costs, suicide, criminal behavior, unemployment and family counseling.

Source: The provisions of this § 501.2 amended April 21, 2007, effective March 27, 2007, 37 Pa.B.____.

(4) Techniques to be used when compulsive and problem gambling is suspected or identified.

(5) Techniques to be used to discuss compulsive and problem gambling with patrons and to refer and advise patrons regarding community, public and private treatment services.

(6) Procedures designed to prevent serving alcohol to visibly intoxicated gaming patrons.

(7) Procedures designed to prevent persons from gaming after having been determined to be visibly intoxicated.

(8) Procedures for the dissemination of written materials to patrons explaining the self-exclusion program.

(9) Procedures for removing a person on the self-exclusion list from a licensed facility including, if necessary, procedures that include obtaining the assistance of appropriate law enforcement personnel.

(10) Procedures for preventing a person identified on the self-exclusion list from receiving any advertisement, promotion, or other target mailing after 90 days of receiving notice from the Board that the person has been placed on the self-exclusion list.

(11) Procedures to prevent a person on the self-exclusion list from having access to or from receiving complimentary services, or other like benefits.

(12) Procedures to prevent a person on the self-exclusion list from cashing checks.

(b) Training for employees shall be conducted by qualified treatment professionals or a person with specialized knowledge, skill, training or experience in responsible gaming employee training programs within timetables approved by the Board for the completion of training.

(c) Employees designated to receive training shall be certified by the slot machine licensee under § 501.2(c)(6) upon completion of the training.

(d) Employees who are required to receive training under the plan shall receive periodic reinforcement training, which shall be reported in a manner prescribed by the Board.

(e) Employees shall report suspected or identified compulsive or problem gamblers to a designated key employee or other supervisory employee. The employee who makes a report under this subsection shall be immune from liability under section 501.5 (relating to liability).

(f) The identity of an individual suspected of known compulsive or problem gambling shall be confidential except as provided under § 503.3(f) (relating to self-exclusion list) and section 1516(d) of the act (relating to list of persons self-excluded from gaming activities).

(g) Slot machine licensees may collaborate with qualified treatment professionals or a person with specialized knowledge, skill, training or experience in responsible gaming employee training programs to develop an in-house or Internet based employee training program to provide the training and reinforcement training required by this chapter. The use of the Internet based program must be approved by the Board prior to the use of the program to meet the requirements of this chapter.

§ 501.4. Reports.

A slot machine licensee shall submit an annual summary of its compulsive and problem gambling program with its application for renewal of the slot machine license.

§ 501.5. Liability.

A slot machine licensee or an employee thereof will not be liable for damages in a civil action which is based on the following:

(1) Failure to include any of the requirements of this chapter in its compulsive and problem gambling plan under this chapter.

(2) Compliance or noncompliance with this section or a plan adopted under this chapter.

Source: The provisions of this §§ 501.3 - 501.5 amended April 21, 2007, effective March 27, 2007, 37 Pa.B.____.

(3) An action or failure to take action pursuant to this chapter or a plan adopted under this chapter.

(4) Failure to withhold gambling privileges from an individual.

(5) Permitting an individual to gamble.

§ 501.6. Signage requirements.

(a) Under section 1509(c) of the act (relating to compulsive and problem gambling program), each slot machine licensee shall post signs that include a statement that is similar to the following: "If you or someone you know has a gambling problem, help is available. Call (toll-free telephone number)." The complete text of the sign shall be determined by the Board. The signs shall be prominently posted at the following locations:

(1) Within 50 feet of each entrance and exit of the facility.

(2) Within 50 feet of each ATM, cash dispensing or change machine in each facility.

(b) Each slot machine, manufacturer and junket licensee shall print a legible statement related to obtaining compulsive or problem gambling assistance, the text of which shall be determined by the Board, on all marketing or advertising materials that are offered to the general public by a slot

machine, manufacturer or junket licensee, including signs, billboards, print, radio or television advertisements.

§ 501.7. Prohibition on check cashing.

(a) Except as otherwise permitted in subsection (b), holders of a license, certification or registration from the Board or persons acting on behalf of a holder of a license, certification or registration from the Board, may not cash a check payable to an individual, including Social Security, unemployment insurance, disability payment, public assistance payment, or payroll check from any person to enable the individual to take part in gaming.

(b) A holder of a license, certification or registration from the Board or any employee authorized by a holder of a license, certification or registration from the Board may accept a personal check, wire transfer or cash equivalent, such as a recognized traveler's check, cashier's check or money order.

CHAPTER 503. SELF EXCLUSION

§ 503.1. Definitions.

The following words and terms, when used in this chapter, shall have the following meanings unless the context clearly indicates otherwise:

Source: The provisions of this §§ 501.6 and 501.7 amended April 21, 2007, effective March 27, 2007, 37 Pa.B.____.

Fully executed gaming transaction - An activity involving a slot machine or associated equipment which occurs on the gaming floor of a licensed facility and which results in an individual obtaining any money or thing of value from, or being owed any money or thing of value by, a slot machine licensee, slot system operator or agent thereof.

Self-excluded person - A person whose name is included, at the person's own request, on the self-exclusion list maintained by the Board.

Self-exclusion list - A list of names of persons who, under this chapter, have voluntarily agreed to be excluded from the gaming floor and all gaming activities at a licensed facility and to be prohibited from collecting any winnings, recovering any losses or accepting complimentary gifts or services or any other thing of value at all licensed facility.

Winnings - Any money or thing of value received from, or being owed by a slot machine licensee, slot system operator or agent thereof as a result of a fully executed gaming transaction.

§ 503.2. (RESERVED)

§ 503.3. Request for self exclusion.

Source: The provisions of this § 503.1 amended December 23, 2006, effective December 4, 2006, 36 Pa.B. 7863; amended April 21, 2007, effective March 27, 2007, 37 Pa.B. __.

(a) A person may have the person's name placed on the self-exclusion list by submitting a request for self exclusion in the form and manner required by the Board.

(b) A person requesting placement on the self-exclusion list shall submit, in person, a completed request for self exclusion to the Board. The Board will designate locations for submission of completed requests for self exclusion in accordance with this chapter.

(c) A request for self exclusion must include the following identifying information:

(1) Name, including any aliases or nicknames.

(2) Date of birth.

(3) Address of current residence.

(4) Telephone number of current residence.

(5) Social Security number, when voluntarily provided in accordance with section 7 of the Privacy Act of 1974 (5 U.S.C. § 552a).

(6) Physical description of the person, including height, weight, gender, hair color, eye color and any other physical characteristic that may assist in the identification of the person.

(7) Government-issued photo identification such as driver's license or passport.

(d) The information provided in subsection (c) shall be updated by the self-excluded person within 30 days of a change.

(e) The length of self exclusion requested by the person may be one of the following:

(1) One year (12 months).

(2) Five years.

(3) Lifetime.

(f) A request for self exclusion must include a signed release which:

(1) Acknowledges that the request for self exclusion has been made voluntarily.

(2) Certifies that the information provided in the request for self exclusion is true and accurate.

(3) Acknowledges that the individual requesting self exclusion is a problem gambler.

(4) Acknowledges that if the individual is found on the gaming floor or engaging in gaming activities at any licensed facility, that the individual will be subject to removal and may be subject to arrest for criminal trespass under 18 Pa.C.S. § 3503 (relating to criminal trespass).

(5) Releases, indemnifies, holds harmless

and forever discharges the Commonwealth, the Board, and all slot machine licensees from any claims, damages, losses, expenses or liability arising out of, by reason of or relating to the self-excluded person or to any other party for any harm, monetary or otherwise, which may arise as a result of one or more of the following:

(i) The failure of a slot machine licensee to withhold gaming privileges from or restore gaming privileges to a self-excluded person.

(ii) Otherwise permitting or not permitting a self-excluded person to engage in gaming activity in a licensed facility while on the list of self-excluded persons.

(iii) Disclosure by a slot machine licensee of information regarding a self-excluded person to any person or group who is not affiliated with the slot machine licensee.

(iv) Disclosure of information regarding a self-excluded person by the Board.

(g) Self exclusions for 1 or 5 years remain in effect until the self-excluded person requests removal from the Board's self-exclusion list under § 503.6 (relating to removal from self-exclusion list).

(h) A person submitting a self-exclusion request shall be required to present a government-issued photo identification

containing the person's signature and photograph when the person submits the request.

(i) A person requesting self exclusion under this chapter shall be required to have a photograph taken by the Board, or agent thereof, upon the Board's acceptance of the request to be on the list.

§ 503.4. Self-exclusion list.

(a) The Board will maintain the official self-exclusion list and notify each slot machine licensee of any additions to or deletions from the list by first class mail or by transmitting a notice by electronic means directly to each slot machine licensee.

(b) The notice provided to slot machine licenses by the Board will include the following information concerning a person who has been added to the self-exclusion list:

- (1) Name, including any aliases or nicknames.
- (2) Date of birth.
- (3) Address of current residence.
- (4) Telephone number of current residence.
- (5) Social Security number, where voluntarily provided by the person requesting self exclusion pursuant to section 7 of the Privacy Act of 1974 (5 U.S.C. § 552a).

(6) Physical description of the person, including height, weight, gender, hair color, eye color and any other physical characteristic that may assist in the identification of the person.

(7) A copy of the photograph taken by the Board under § 503.3(i) (relating to request for self exclusion).

(c) The notice provided to slot machine licensees by the Board concerning a person whose name has been removed from the self-exclusion list will include the name and date of birth of the person.

(d) A slot machine licensee shall maintain a copy of the self-exclusion list and establish procedures to ensure that the copy of the self-exclusion list is updated and that all appropriate employees and agents of the slot machine licensee are notified of any addition to or deletion from the list within 5 business days after the day notice is mailed to each slot machine licensee or transmitted electronically pursuant to subsection (a).

(e) Information furnished to or obtained by the Board under this chapter will be deemed confidential and will not be disclosed except in accordance with this chapter.

(f) Slot machine licensees, employees or agents thereof may not disclose the name of, or any information about, a person

who has requested self exclusion to anyone other than employees and agents of the slot machine licensee whose duties and functions require access to information. Notwithstanding the foregoing, a slot machine licensee may disclose the identity of a self-excluded person to appropriate employees of other slot machine licensees in this Commonwealth or affiliated gaming entities in other jurisdictions from disclosing the identity of persons self excluded to other affiliated gaming entities in this Commonwealth or other jurisdictions for the limited purpose of assisting in the proper administration of responsible gaming programs operated by affiliated licensed gaming entities.

(g) A self-excluded person may not collect in any manner or in any proceeding any winnings or recover any losses arising as a result of any gaming activity for the entire period of time that the person is on the Board's self-exclusion list.

(h) Any winnings incurred by a self-excluded person shall be remitted to the Board and deposited into the Compulsive and Problem Gambling Treatment Fund.

(i) For the purposes of this section, any winnings issued to, found on or about, or redeemed by a self-excluded person shall be presumed to constitute winnings subject to remittance to the Board. The forfeited winnings shall be remitted to the Board no sooner than 30 days after the winnings are confiscated.

§ 503.5. Duties of slot machine licensees.

(a) A slot machine licensee shall train its employees and establish procedures that are designed to:

(1) Identify a self-excluded person when present in a licensed facility and, upon such identification, notify the following persons:

(i) Employees of the slot machine licensee whose duties include the identification and removal of self-excluded persons.

(ii) Designated representatives of the Board.

(2) Notify the Pennsylvania State Police when a self-excluded person is found on the gaming floor or engaging in gaming activities.

(3) Refuse wagers from and deny gaming privileges to a self-excluded person.

(4) Deny check cashing privileges, player club membership, complimentary goods and services, junket participation and other similar privileges and benefits to any self-excluded person.

(5) Ensure that self-excluded persons do not receive, either from the slot machine licensee or any agent thereof,

Source: The provisions of this § 503.4 amended December 23, 2006, effective December 4, 2006, 36 Pa.B. 7863; amended April 21, 2007, effective March 27, 2007, 37 Pa.B. __.

junket solicitations, targeted mailings, telemarketing promotions, player club materials or other promotional materials relating to gaming activities at its licensed facility.

(6) Comply with the provisions of § 503.4(d) (relating to self-exclusion list).

(7) Disseminate written materials to patrons explaining the self-exclusion program.

(b) A slot machine licensee shall submit a copy of its procedures and training materials established under subsection (a) to the Board 30 days prior to initiation of gaming activities at the licensed facility. Amendments to these procedures shall be submitted to the Board at least 10 business days prior to their implementation. If the Board does not object to the procedures or amendments thereto, the procedures or amendments shall be deemed to be approved.

(c) A slot machine licensee shall post signs at all entrances to a licensed facility indicating that a person who is on the self-exclusion list may be subject to arrest for trespassing under 18 Pa.C.S. § 3503 if the person is on the gaming floor or engaging in gaming activities.

(d) The list of self-excluded persons is confidential, and any distribution of the list to an unauthorized source

constitutes a violation of the act and subjects the disclosing party to sanctions as the Board deems appropriate.

(e) Under section 1516 of the act (relating to list of persons self excluded from gaming activities), slot machine licensees and employees thereof may not be liable for damages in any civil action, which is based on the following:

(1) Failure to withhold gaming privileges from or restore gaming privileges to a self-excluded person.

(2) Permitting or not permitting a self-excluded person to gamble.

(3) Good faith disclosure of the identity of a self-excluded person to someone other than those authorized by this chapter, for the purpose of complying with this chapter.

(f) A slot machine licensee shall report the discovery of a self-excluded person on the gaming floor or engaging in gaming activities to the Board within 3 days in a form and manner prescribed by the Board.

§ 503.6. Removal from self-exclusion list.

(a) A self-excluded person may, upon the expiration of the period of self exclusion, request removal of the person's name from the self-exclusion list by submitting a completed request for removal as required by subsections (b) and (c).

(b) A request for removal from the self-exclusion list must be in a form prescribed by the Board. The form must include:

(1) The identifying information specified in § 503.3

(c)(1) - (7) (relating to request for self-exclusion).

(2) The signature of the person requesting removal from the self-exclusion list indicating acknowledgment of the following statement:

"I certify that the information that I have provided above is true and accurate. I am aware that my signature below constitutes a revocation of my previous request for self exclusion, and I authorize the Board to permit all slot machine licensees of the Commonwealth of Pennsylvania to reinstate my gaming privileges at licensed slot facilities."

(c) The request shall be submitted to a location designated by the Board. A person submitting a request for removal from the self-exclusion list shall be required to present a valid government-issued photo identification containing the person's signature when the request is submitted. No sooner than 5 business days after the request is submitted, the person submitting the request:

(1) Shall return to the Board office where the request was filed.

(2) Present a valid government-issued photo identification containing the person's signature.

(3) Sign the request a second time.

(d) Within 5 business days after the request is signed for a second time, the Board will delete the name of the person requesting removal from the self-exclusion list and notify each slot machine licensee of the removal.

§ 503.7. Exceptions to the prohibition from being on the gaming floor for individuals on the self-exclusion list.

The prohibition against allowing self-excluded persons to be on the gaming floor does not apply to an individual who is on the self-exclusion list if all of the following apply:

(1) The individual is carrying out the duties of employment or incidental activities related to employment.

(2) The slot machine licensee's security department and the Board's office located at the licensed facility have received prior notice.

(3) Access to the gaming floor is limited to the time necessary to complete the individual's assigned duties.

(4) The individual does not otherwise engage in any gaming activities.

Source: The provisions of this § 503.5 amended December 23, 2006, effective December 4, 2006, 36 Pa.B. 7863.

Source: The provisions of this § 503.6 amended December 23, 2006, effective December 4, 2006, 36 Pa.B. 7863.

CHAPTER 511. PERSONS REQUIRED TO BE EXCLUDED

§ 511.1. Definitions.

The following words and terms, when used in this chapter, shall have the following meanings unless the context clearly indicates otherwise:

Career or professional offender - Any person, who for the purpose of economic gain, engages in activities that are deemed criminal violations under 18 Pa.C.S. (relating to crimes and offenses) or equivalent criminal violations in other jurisdictions, or engages in unlawful activities contained in section 1518(a) of the act (relating to prohibited acts; penalties).

Cheat -

(i) To alter, without authorization, the elements of chance, method of selection or criteria which determine:

(A) The result of a slot machine game.

(B) The amount or frequency of payment in a slot machine game.

(C) The value of a wagering instrument.

(D) The value of a wagering credit.

(ii) The term does not include altering for required maintenance and repair.

Source: The provisions of this § 503.7 amended December 23, 2006, effective December 4, 2006, 36 Pa.B. 7863.

(iii) The term includes an act or acts in any jurisdiction that would constitute any offense under section 1518(a)(6) and (a)(7) of the act (relating to prohibited acts and penalties).

Excluded person - A person who has been placed upon the exclusion list and who is required to be excluded or ejected from a licensed gaming facility.

Exclusion list - A list of names of persons who are required to be excluded or ejected from a licensed facility.

§ 511.2. Maintenance and distribution of the exclusion list.

(a) The Board will maintain a list of persons to be excluded or ejected from a licensed facility.

(b) The exclusion list will be open to public inspection at the Board's central office during normal business hours and will be distributed to every slot machine licensee within this Commonwealth, who shall acknowledge receipt thereof in writing or electronically.

(c) The following information will be provided to the slot machine licensees for each excluded person on the exclusion list:

Source: The provisions of §§ 511.1 and 511.2 amended March 24, 2007, effective February 27, 2007, 37 Pa.B. 1314.

(1) The full name and all aliases the person is believed to have used.

(2) A description of the person's physical appearance, including height, weight, type of build, color of hair and eyes and any other physical characteristics which may assist in the identification of the person.

(3) The person's date of birth.

(4) The date the person was added to the list.

(5) A recent photograph, if available.

(6) The last known address of record.

(7) Other identifying information available to the Board.

§ 511.3. Criteria for exclusion.

(a) The exclusion list may include any person who meets one or more of the following criteria:

(1) A career or professional offender whose presence in a licensed facility would, in the opinion of the Board, be inimical to the interest of the Commonwealth or a slot machine licensee, or both.

(2) An associate of a career or professional offender whose presence in a licensed facility would be inimical to the

interest of the Commonwealth or a slot machine licensee, or both.

(3) Any person who has been convicted of a criminal offense under the laws of any State, or of the United States, which is punishable by more than 1 year in prison, or who has been convicted of any crime or offense involving moral turpitude, and whose presence in a licensed facility would be inimical to the interest of the Commonwealth or a slot machine licensee, or both.

(4) Any person whose presence in a licensed facility would be inimical to the interest of the Commonwealth or licensed gaming therein, including:

(i) Cheats.

(ii) Persons whose gaming privileges have been suspended by the Board.

(iii) Persons whose permits, licenses or other approvals have been revoked.

(iv) Persons who pose a threat to the safety of the patrons or employees of a slot machine licensee.

(v) Persons with a history of conduct involving the disruption of the gaming operations of slot machine licensees.

(vi) Persons subject to an order of a court of competent jurisdiction in the Commonwealth excluding those persons from licensed facilities.

(vii) Persons with pending charges or indictments for a gaming or gambling crime or a crime related to the integrity of gaming operations in this Commonwealth or another jurisdiction.

(viii) Persons who have been convicted of a gaming or gambling crime or crime related to the integrity of gaming operations in this Commonwealth or another jurisdiction.

(ix) Persons who have performed an act or have a notorious or unsavory reputation that would adversely affect public confidence and trust in gaming, including, being identified with criminal activities in published reports of various Federal and state legislative and executive bodies that have inquired into criminal or organized criminal activities.

(b) For purposes of subsection (a), a person's presence may be considered "inimical to the interest of the Commonwealth or of licensed gaming therein" if known attributes of the person's character and background meet one or more of the following criteria:

(1) Are incompatible with the maintenance of public confidence and trust in the credibility, integrity and stability of the operation of a licensed facility.

(2) May reasonably be expected to impair the public perception of, and confidence in, the strict regulatory process created by the act.

(3) Create or enhance a risk of the fact or appearance of unsuitable, unfair or illegal practices, methods or activities in the conduct of gaming or in the business or financial arrangements incidental thereto.

(c) A finding of inimicality may be based upon the following:

(1) The nature and notoriety of the character or background of the person.

(2) The history and nature of the involvement of the person with licensed gaming in the Commonwealth or another jurisdiction, or with a particular slot machine licensee or licensees or an affiliate, intermediary, subsidiary or holding company thereof.

(3) The nature and frequency of contacts or associations of the person with a slot machine licensee or licensees, or with employees or agents thereof.

(4) Other factors reasonably related to the maintenance of public confidence in the efficacy of the regulatory process and the integrity of gaming operations, the gaming industry and its employees.

(d) A person's race, color, creed, national origin or ancestry, or sex will not be a reason for placing the name of a person upon the exclusion list.

§ 511.4. Duties of the Bureau.

(a) The Bureau will, on its own initiative, or upon referral by a law enforcement agency or a slot machine licensee, investigate a person to determine whether the person meets the criteria for exclusion provided in section 1514 of the act (relating to regulation requiring exclusion of certain persons) and § 511.3 (relating to criteria for exclusions).

(b) If, upon completion of an investigation, the Bureau determines that an individual should be placed on the exclusion list, the Bureau will file a petition for exclusion with the Board, identifying the candidate and setting forth a factual basis for the petition. The petition shall include information demonstrating that the individual satisfies the criteria for exclusion set forth under section 1514 or 1515 of the act

Source: The provisions of this § 511.3 amended March 24, 2007, effective February 27, 2007, 37 Pa.B. 1314.

(relating to repeat offenders excludable from licensed gaming facility) or this chapter.

(c) When the Bureau files a complaint alleging a violation of section 1514(e) of the act and § 511.9(b)(2) (relating to duties of slot machine licensees) against a slot machine licensee, the Bureau will file simultaneously a petition to exclude the person alleged in the complaint to meet the criteria for exclusion set forth under § 511.3.

§ 511.5. Placement on the exclusion list.

(a) A person may be placed on the exclusion list:

(1) Upon the filing of a petition by the Bureau in accordance with the procedures under § 511.4 (relating to duties of the Bureau).

(2) Upon receipt of an order from a court of competent jurisdiction within this Commonwealth, excluding the person from licensed facilities.

(b) The placement of a person on the exclusion list shall have the effect of requiring the exclusion or ejection of the excluded person from licensed facilities.

(c) An excluded person may not collect in any manner or in any proceeding any winnings or recover any losses arising as a

Source: The provisions of this § 511.4 amended March 24, 2007, effective February 27, 2007, 37 Pa.B. 1314.

result of any gaming activity for the entire period of time that the person is on the Board's exclusion list.

(d) Any winnings incurred by an excluded person shall be remitted to the Board to support compulsive and problem gambling programs.

(e) For the purposes of this section, any winnings issued to, found on or about, or redeemed by an excluded person shall be presumed to constitute winnings subject to remittance to the Board.

§ 511.6. Demand for hearing on the placement of a person on the exclusion list.

(a) Upon placement of a person on the exclusion list, the Clerk will serve notice of the placement to the person by personal service or certified mail at the last known address of the person. When the placement is a result of a petition for exclusion filed by the Bureau, a copy of the petition will be included with the notice.

(b) Upon service of the notice by the Clerk, an excluded person shall have 30 days to demand a hearing before the Board. Failure to demand a hearing within 30 days after service shall

Source: The provisions of this § 511.5 amended March 24, 2007, effective February 27, 2007, 37 Pa.B. 1314.

be deemed an admission of all matters and facts alleged in the Bureau's petition for exclusion.

(c) If a hearing is demanded by the excluded person, a hearing will be scheduled as provided in § 492.6 (relating to hearings generally). At the hearing, the Bureau will have the affirmative obligation to demonstrate that the excluded person satisfies the criteria for exclusion in section 1514 or 1515 of the act (relating to regulation requiring exclusion of certain persons; and repeat offenders excludable from licensed gaming facility) or § 511.3 (relating to criteria for exclusion). Unless the matter is heard directly by the Board, the presiding officer will prepare a recommendation as provided in § 494.4 (relating to report or recommendation of the presiding officer) for consideration by the Board.

(d) An excluded person may not collect in any manner or in any proceeding any winnings or recover any losses arising as a result of any gaming activity for the entire period of time that a person is on the Board's exclusion list.

(e) Any winnings incurred by an excluded person shall be remitted to the Board.

(f) For the purposes of this section, any winnings issued to, found on or about, or redeemed by an excluded person shall

Source: The provisions of this § 511.6 amended March 24, 2007, effective February 27, 2007, 37 Pa.B. 1314.

be presumed to constitute winnings subject to remittance to the Board. The forfeited winnings shall be remitted to the Board no sooner than 30 days after the winnings are confiscated.

§ 511.7. Board review.

After a hearing or consideration of a petition for exclusion filed by the Bureau when no hearing was requested, the Board will:

(1) Issue a final order affirming the placement of the person on the exclusion list.

(2) Issue a final order removing the person from the exclusion list.

(3) Refer the matter to the presiding officer for further hearing.

§ 511.8. (Reserved).

§ 511.9. Duties of slot machine licensees.

(a) A slot machine licensee shall have the responsibility to distribute copies of the exclusion list to its employees. Additions, deletions or other updates to the list shall be

Source: The provisions of this § 511.6 amended March 24, 2007, effective February 27, 2007, 37 Pa.B. 1314; amended April 21, 2007, effective March 27, 2007, 37 Pa.B. ___.

Source: The provisions of §§ 511.7 and 511.8 amended March 24, 2007, effective February 27, 2007, 37 Pa.B. 1314.

distributed by a slot machine licensee to its employees within 2 business days of the slot machine licensee's receipt of the updates from the Board.

(b) A slot machine licensee shall exclude or eject the following persons from its licensed facility:

(1) An excluded person.

(2) A person known to the slot machine licensee to satisfy the criteria for exclusion set forth in section 1514 of the act (relating to regulation requiring exclusion of certain persons) and § 511.3 (relating to criteria for exclusion).

(c) If an excluded person enters, attempts to enter, or is in a licensed facility and is recognized by employees of the slot machine licensee, the slot machine licensee shall immediately notify the Bureau of the fact in accordance with the procedures set forth by the Board.

(d) It shall be the continuing duty of a slot machine licensee to inform the Bureau, in writing, of the names of persons the slot machine licensee believes are appropriate for placement on the exclusion list and the reason for placement on the exclusion list.

(e) A slot machine licensee or employees thereof will not be liable to any person for damages in a civil action, which is based on the following:

- (1) Withholding winnings from an excluded person.
- (2) Permitting an excluded person to gamble.
- (3) Excluding an excluded person from the licensed gaming facility.

§ 511.10. Petition to remove name from exclusion list.

(a) An excluded person may file a petition with the Clerk to request a hearing for removal of his name from the exclusion list at any time after 5 years from the placement of his name on the exclusion list.

(b) The petition must be signed by the excluded person, contain supporting affidavits, and state the specific grounds believed by the petitioner to constitute good cause for removal from the exclusion list. Upon receipt of the petition, the Bureau may file an answer in accordance with § 493.5 (relating to answers).

(c) The Board may decide the petition on the basis of the documents submitted by the excluded person and the Bureau. The Board may summarily deny the petition, may grant the petition, or direct that a hearing be held in accordance with § 511.6 (relating to demand for hearing on the placement of a person on the exclusion list). The Board will grant the petition or

Source: The provisions of this § 511.9 amended March 24, 2007, effective February 27, 2007, 37 Pa.B. 1314.

direct that a hearing be held only upon a finding that there is new evidence, which is material and necessary, or that circumstances have changed since the placement of the excluded person on the exclusion list, and that there would be a reasonable likelihood that the Board would alter its previous decision.

(d) An excluded person who is barred from requesting a hearing concerning his removal from the exclusion list by the 5-year period of exclusion in subsection (a) may petition the Board for early consideration at any time. However, an excluded person may not, within the 5-year period of exclusion, file more than one petition for early consideration.

(e) A petition for early consideration must contain the information required by subsection (b). Upon receipt of the petition, the Bureau may file an answer in accordance with § 493.5 (relating to answers).

(f) The Board may decide the petition for early consideration on the basis of the documents submitted by the excluded person and the Bureau. The Board may summarily deny the petition or may grant the petition and direct that a hearing be held in accordance with § 511.6.

(g) The Board will consider the following criteria when making its decision on a petition for early consideration.

(1) Whether there are extraordinary facts and circumstances warranting early consideration of the excluded person's request for removal from the exclusion list.

(2) If exclusion was ordered under § 511.5(a)(2) (relating to placement on the exclusion list), whether the excluded person has completed the period of probation or otherwise satisfied the terms of the court-ordered exclusion.

SUBPART J. EXCLUSION.

CHAPTER 513. UNDERAGE GAMING

§ 513.1. Definitions.

(a) The following words and phrases, when used in this chapter, have the following meanings, unless the context clearly indicates otherwise:

Fully executed gaming transaction - Any activity involving a slot machine or associated equipment which occurs on the gaming floor of a licensed gaming facility and which results in an individual obtaining any money or thing of value from, or being owed any money or thing of value by, a slot machine licensee.

Winnings - Any money or thing of value received from, or being owed by a slot machine licensee as a result of a fully executed gaming transaction.

Source: The provisions of this § 511.10 amended March 24, 2007, effective February 27, 2007, 37 Pa.B. 1314.

§ 513.2. Exclusion requirements.

(a) An individual under 18 years of age may not enter or be on the gaming floor of a licensed facility.

(b) An individual under 21 years of age, whether personally or through an agent, may not operate, use, play or place a wager on, a slot machine in a licensed facility.

(c) An individual under 21 years of age may not be rated as a player or receive any complimentary service, item or discount as a result of, or in anticipation of gaming activity.

(d) An individual under 21 years of age may not collect in any manner or in any proceeding, whether personally or through an agent, any winnings or recover any losses arising as a result of any gaming activity.

(e) Winnings incurred by an individual under 21 years of age shall be remitted to the Board.

(f) For the purposes of this section, winnings issued to, found on or about or redeemed by an individual under 21 years of age shall be presumed to constitute winnings and thus be subject to remittance to the Board. The forfeited winnings shall be remitted to the Board no sooner than 30 days after the winnings are confiscated.

Source: The provisions of this § 513.2 amended April 21, 2007, effective March 27, 2007, 37 Pa.B. __.

§ 513.3. Responsibilities of licensees, permittees, registrants and certification holders.

(a) A person holding a license, permit, registration or certification issued by the Board is prohibited from permitting or enabling an individual to engage in conduct that violates § 513.2(a), (b), (c) or (d) (relating to exclusion requirements).

(b) A slot machine licensee may be subject to Board imposed administrative sanctions if a person engages in conduct that violates § 513.2(a), (b), (c) or (d) at its licensed facility. Under § 513.2(e), any winnings obtained by a slot machine licensee from or held on account of a person under 21 years of age shall be remitted to the Board and deposited into the Compulsive and Problem Gambling Treatment Fund.

(c) A person holding a license, permit, registration or certificate issued by the Board who violates a provision of this chapter may be held jointly or severally liable for the violation.

(d) Slot machine licensees shall establish procedures that are designed to prevent violations of this chapter. Each slot machine licensee shall submit to the Board a copy of its procedures 30 days prior to initiation of gaming activities at their licensed facility. The licensee may not commence operations until the Board approves its procedures. Any

amendments to these procedures must receive approval of the Board prior to their implementation.

§ 513.4. Enforcement.

In any prosecution or other proceeding against a person for a violation of this chapter, it shall be no defense that the person believed an individual to be 21 years of age or older.