

NOTICE OF PUBLIC HEARING

The Arkansas Racing Commission will meet on February 21, 2019, at 11:00 a.m. in the Commission office located in the 1515 Building, 1515 West Seventh Street, Suite 500, Little Rock, Arkansas, to consider the adoption of the following rules governing casino gaming in Arkansas pursuant to Amendment 100 to the Arkansas Constitution:

- (1) CGR 1. Issuance of Rules; Construction; Definitions. Defines the terms used in the Rules.
- (2) CGR 2. Casino License Application. Defines an applicant, casino gaming, minimum qualifications for licenses, and letters of support, and sets the application fee amount.
- (3) CGR 3. Service Industry License and Service Industry Employee License. Defines persons who require a service industry license, license requirements, license fees, and requirements for independent testing labs.
- (4) CGR 4. Operation of Gaming Establishments. Contains the requirements for operation of casinos, grounds for disciplinary actions, requirements for surveillance systems, and prohibits unauthorized games.
- (5) CGR 5. Operation of Interactive Gaming. Sets initial and renewal license fees, investigative fees, requirements for house rules, and grounds for disciplinary action.
- (6) CGR 6. Accounting Regulations. Sets the State's requirements for licensee accounting, audited financial statements, gross revenue computations, and calculation of taxes.
- (7) CGR 7. Transfer of Ownership; Loans. Prohibits transfer of an ownership interest to strangers to a license, and defines the requirements for persons to participate as an owner of licensee.
- (8) CGR 8. Enforcement of Security Interests. Requires lienholders to apply to the Commission for enforcement of security interests in casino assets.
- (9) CGR 9. Closing of Business, Death or Disability; Insolvency. Sets the requirements for licensees in cases of death, disability or insolvency.
- (10) CGR 10. Miscellaneous. Prohibits public officials from holding casino gaming licenses.
- (11) CGR 11. Chips. Sets the requirements for approval, redemption and destruction of chips.
- (12) CGR 12. Manufacturers, Distributors, Operators of Inter-Casino Linked Systems, Gaming Devices, New Games, Inter-Casino Linked Systems, On-Line Slot Metering Systems, Cashless Wagering Systems, Mobile Gaming Systems, Interactive Gaming Systems and Associated Equipment. Sets the standards for gaming devices, new games, cashless wagering systems, and equipment.
- (13) CGR 13. Corporate Licensees. Contains the disclosure requirements for corporate licenses.
- (14) CGR 14. Limited Partnership Licensees. Contains the disclosure requirements for limited partnerships.
- (15) CGR 15. Limited Liability Company Licensees. Contains the disclosure requirements for limited liability companies.

(16) CGR 16. Private Investment Companies. Contains the disclosure requirements for private investment companies.

(17) CGR 17. Publicly Traded Corporations and Public Offerings of Securities. Contains the disclosure requirements for publicly traded corporations.

(18) CGR 18. Supervision. Sets the requirements for the Commission to determine if an independent supervisor of a casino is necessary because of issues with the casino licensee's operation of the casino.

(19) CGR 19. Disseminators. Addresses disseminators of racing and sporting events contracted with casino licensees.

(20) CGR 20. Race Books and Sports Pools. Requires patrons to be on the premises of a casino to place bets on racing and sporting events.

(21) CGR 21. Card Games. Establishes the rules for card games at a casino.

(22) CGR 22. Off Track Pari-Mutuel Wagering. Requires patrons to be on the premises of a casino to place bets.

(23) CGR 23. Off-Track Pari-Mutuel Sports Wagering and Off-Track Pari-Mutuel Other Event Wagering. Requires Commission approval for off-track wagers and requires patrons to be on the premises of a casino to place bets.

(24) CGR 24. Off-Track Pari-Mutuel Horse Race Account Wagering. Sets the requirements for account wagering and defines prohibited wagers.

(25) CGR 25. Exclusions. Sets the requirements for excluding patrons for cheating and criminal activity.

Any persons wishing to speak for or against any of the above proposed Rules should appear at the meeting on Thursday, February 21, 2019, and they will be given the opportunity to express their views. Persons wishing to submit written comments on the above proposed Rules should send them to the Arkansas Racing Commission via regular mail at P.O. Box 3076, Little Rock, Arkansas 72203, or via email to smokey.campbell@dfa.arkansas.gov and nikki.langston@dfa.arkansas.gov prior to the close of business on Monday, February 18, 2019. Copies of the complete text of the proposed Casino Gaming Rules can be obtained from the Racing Commission office during normal business hours and from the Secretary of State's office / website.

**STATE OF ARKANSAS
RULES OF THE
ARKANSAS RACING COMMISSION
LITTLE ROCK, ARKANSAS**

CASINO GAMING

RULE 1
ISSUANCE OF RULES; CONSTRUCTION; DEFINITIONS

- 1.010 Promulgation, amendment, modification and repeal.**
- 1.020 Construction.**
- 1.030 Severability.**
- 1.040 Definitions, words and terms; tense, number and gender.**
- 1.050 "Act" defined.**
- 1.055 "Automated teller machine" defined.**
- 1.060 "Card game" defined.**
- 1.062 "Cashable credits" defined.**
- 1.065 "Casino" defined.**
- 1.075 "Convenience store" defined.**
- 1.080 "Counter game" defined.**
- 1.085 "Counter games payout" defined.**
- 1.090 "Counter games write" defined.**
- 1.092 "Debit instrument" defined.**
- 1.095 "Drop" defined.**
- 1.100 "Drop box" defined.**
- 1.103 "Electronic money transfer" defined.**
- 1.110 "Establishment" defined.**
- 1.125 "Funds" defined.**
- 1.135 "Guaranteed draft" defined.**
- 1.137 "Hosting center" defined.**
- 1.139 "Independent accountant" defined.**
- 1.140 "Jackpot payout" defined.**
- 1.143 "Payout receipt" defined.**
- 1.145 "Premises" defined.**
- 1.146 "Prepaid access instrument" defined.**
- 1.147 "Progressive keno game" defined.**
- 1.150 "Rake-off" defined.**
- 1.155 "Registration" defined.**
- 1.160 "Rules" defined.**
- 1.162 "Rim credit" defined.**
- 1.170 "Slot machine operator's license" defined.**
- 1.172 "System based game" and "system based gaming device" defined.**
- 1.174 "System supported game" and "system supported gaming device" defined.**
- 1.180 "Table game bankroll" defined.**
- 1.190 "Wagering voucher" defined.**
- 1.191 "Wholesaler"**

1.010 Promulgation, amendment, modification and repeal. The following Rules are issued pursuant to the Amendment. The Commission will, from time to time, promulgate, amend and repeal such Rules, consistent with the policy, objects and purposes of the Arkansas Racing Commission, as it may deem necessary or desirable in carrying out the policy and provisions of the Amendment.

1.020 Construction. Nothing contained in these Rules shall be so construed as to conflict with any provision of the Amendment or of any other applicable law.

1.030 Severability. If any provision of these Rules be held invalid, it shall not be construed to invalidate any of the other provisions of these Rules.

1.040 Definitions, words and terms; tense, number and gender. The provisions of the Amendment relating to definitions, tense, number and gender apply and govern the interpretation of these Rules, except when otherwise plainly declared or clearly apparent from the context.

1.050 "Amendment" defined. "Amendment" means Amendment 100 to the Arkansas Constitution, known as the Arkansas Casino Gaming Amendment of 2018.

1.055 "Automated teller machine" defined. "Automated teller machine" or "ATM" means an automated bank teller machine capable of dispensing cash.

1.060 "Card game" defined. "Card game" means a game in which the licensee is not party to wagers and from which the licensee receives compensation in the form of a rake-off, a time buy-in, or other fee or payment from a player for the privilege of playing, and includes but is not limited to the following: Poker, bridge, whist, solo and panguingui.

1.062 "Cashable credits" defined. "Cashable credits" means wagering credits that are redeemable for cash.

1.065 "Casino" defined. "Casino" means a facility where casino gaming is conducted as authorized by the Amendment.

"Casino applicant" is defined as any individual, corporation, partnership, association, trust, or other entity applying for a license to conduct casino gaming at a casino in Pope County or Jefferson County, Arkansas, pursuant to Section 4 of the Amendment. Franchise holders shall be exempt from this definition pursuant to Section 4 of the Amendment.

"Casino gaming" is defined as dealing, operating, carrying on, conducting, maintaining, or exposing for play any game played with cards, dice, equipment, or any mechanical, electromechanical, or electronic device or machine for money, property, checks, credit, or any representative value. Casino gaming shall also be defined to include accepting wagers on sporting events. "Casino gaming" does not include lotteries conducted pursuant to Amendment 87 and/or The Arkansas Scholarship Lottery Act, Ark. Code Ann. § 23-115-101, et seq.

"Casino gaming receipts" is defined as gross receipts from casino gaming.

"Casino license" is defined as a license issued by the Arkansas Racing Commission to conduct casino gaming at a casino.

"Casino licensee" is defined as any individual, corporation, partnership, association, trust, or other entity holding a license issued by the Arkansas Racing Commission to conduct casino gaming at a casino.

1.080 "Counter game" defined. "Counter game" means a game in which the licensee is party to wagers and wherein the licensee documents all wagering activity. The term includes, but is not limited to bingo, keno, race books, and sports pools. The term does not include table games, card games and slot machines.

1.085 “Counter games payout” defined. “Counter games payout” means the total amount of money, chips, wagering vouchers, payout receipts, and electronic money transfers made from a counter game through the use of a cashless wagering system, that are distributed to a patron as the result of a legitimate wager.

1.090 “Counter games write” defined. “Counter games write” means the total amount of money, guaranteed drafts, chips, wagering vouchers, unpaid winning tickets, and electronic money transfers made to a counter game through the use of a cashless wagering system, that are accepted from a patron as a legitimate wager.

1.092 “Debit instrument” defined. “Debit instrument” means a card, code or other device with which a person may initiate an electronic funds transfer or a wagering account transfer. The term includes, without limitation, a prepaid access instrument.

“Department of Finance and Administration” or “DF&A” means the Arkansas Department of Finance and Administration.

“Director” means the Commission of the Arkansas Racing Commission.

1.095 “Drop” defined. “Drop” means:

1. For table games, the total amount of money, guaranteed drafts, chips, and wagering vouchers contained in the drop boxes and any electronic money transfers made to the game through the use of a cashless wagering system.

2. For slot machines, the total amount of money, and wagering vouchers contained in the drop box, and any electronic money transfers made to the slot machine through the use of a cashless wagering system.

1.100 “Drop box” defined. “Drop box” means:

1. For table games, a locked container permanently marked with the game, shift, and a number corresponding to a permanent number on the table. All markings must be clearly visible from a distance of at least 20 feet. The container must be locked to the table, separately keyed from the container itself. All currency exchanged for chips or credit instruments at the table and all other items or documents pertaining to transactions at the table must be put into the container.

2. For slot machines, a container in a locked portion of the machine or its cabinet used to collect the money retained by the machine that is not used to make automatic payouts from the machine.

1.103 “Electronic money transfer” defined. “Electronic money transfer” means the transfer to or from a game or gaming device of a patron’s cashable credits, through the use of a cashless wagering system, that have either been provided to the patron by the licensee, or for which the licensee or its affiliates have received cash through a wagering account. The term also includes electronic funds transferred from a financial institution to a game or gaming device as a result of an electronic funds transfer through a cashless wagering system.

1.110 “Establishment” defined. “Establishment” means any premises where business is conducted, and includes all buildings, improvements, equipment and facilities used or maintained in connection with such business.

1.125 “Funds” defined. “Funds” means money or any other thing of value.

“Franchise holder” is defined as any individual, corporation, partnership, association, trust, or other entity holding a franchise to conduct horse racing under the Arkansas Horse Racing Law, Ark. Code Ann. § 23-110-101 et seq., or greyhound racing under the Arkansas Greyhound Racing Law, Ark. Code Ann. § 23-111-101 et seq. as of December 31, 2017.

“Game” and “gambling game” defined. “Game” or “gambling game” means any game played with cards, dice, equipment or any mechanical, electromechanical or electronic device or machine for money, property, checks, credit or any representative of value, including, without limiting the generality of the foregoing, faro, monte, roulette, keno, bingo, fan-tan, twenty-one, blackjack, seven-and-a-half, big injun, klondike, craps, poker, chuck-a-luck, Chinese chuck-a-luck (dai shu), wheel of fortune, chemin de fer, baccarat, pai gow, beat the banker, panguingui, slot machine, any banking or percentage game or any other game or device approved by the Commission

1.135 “Guaranteed draft” defined. “Guaranteed draft” means a draft or check accepted by a licensee for gaming purposes whose drawer is a patron and whose drawee unconditionally guarantees payment provided that all required issuance and acceptance procedures are adhered to by the drawee and the licensee. The term includes, but is not limited to, traveler’s checks. The term does not include personal checks.

1.139 “Independent accountant” defined. “Independent accountant” means a certified public accountant licensed by this state or another state or territory of the United States, who is qualified to practice public accounting in Arkansas.

“Intoxicating liquor” is defined as any beverage containing more than one-half of one percent of alcohol by weight.

1.140 “Jackpot payout” defined. “Jackpot payout” means money, payout receipts, wagering vouchers, electronic money transfers made from a slot machine through the use of a cashless wagering system and the actual cost to the licensee of personal property, other than travel expenses, food, refreshments, lodging or services distributed to a slot machine player as a result of a legitimate wager.

“Net casino gaming receipts” is defined as gross receipts from casino gaming less amounts paid out or reserved as winnings to casino patrons.

“Net casino gaming receipts tax” is defined as a tax on net casino gaming receipts.

1.143 “Payout receipt” defined. “Payout receipt” means an instrument that is redeemable for cash and is either issued by a game or gaming device, or as a result of a communication from a game or gaming device to associated equipment that cannot be used for wagering purposes.

1.145 “Premises” defined. “Premises” means land together with all buildings, improvements and personal property located thereon.

1.146 “Prepaid access instrument” defined. “Prepaid access instrument” means a card, code, electronic serial number, mobile identification number, personal identification number or similar device that allows patron access to funds that have been paid in advance and can be retrieved or transferred at some point in the future through such a device. To transfer funds for gaming purposes, a prepaid access instrument must be used in conjunction with an approved cashless wagering system, race book or sports pool wagering account, or interactive gaming account.

1.147 “Progressive keno game” defined. “Progressive keno game” means a game with a payoff limit that increases by predetermined amount as the game is played, which limit is at all times exhibited on an indicator visible to the public. “Progressive keno game” does not include video progressive keno devices.

1.150 “Rake-off” defined. “Rake-off” means a percentage of the total amount anted and wagered by players during a hand in a card game.

1.155 “Registration” defined. “Registration” means:

1. A final order of the Commission which authorizes a corporation, firm, partnership, limited partnership, association, limited liability company, trust, or other form of business organization not a natural person to be a holding company or

2. A registration of a person, including individuals, with the Commission.

1.160 “Rules” defined. “Rules” means Rules adopted by the Commission.

1.162 “Rim credit” defined. “Rim credit” means all extensions of credit in exchange for chips not evidenced by the immediate preparation of a credit instrument.

1.172 “System based game” and “system based gaming device” defined. “System based game” or “system based gaming device” means a gaming device comprised of a server or system part and client stations that, together, form a single integrated device where the system portion of the game determines the outcomes of the individual games conducted on the client stations and the client stations cannot operate independently from the system.

1.174 “System supported game” and “system supported gaming device” defined. “System supported game” or “system supported gaming device” means a gaming device comprised of a collection of conventional gaming devices or client stations connected to a system for the purpose of downloading control programs and other software resources to the conventional gaming device or client station on an intermittent basis. The client stations connected to the system are capable of operating independently from the system once the downloading process has been completed. This configuration encompasses cases where the system may take control of peripheral devices or associated equipment typically considered part of a conventional gaming device such as a bill validator or a printer. In a system supported game, game outcome is determined by the conventional gaming devices or client stations connected to the system and not by the system itself.

1.180 “Table game bankroll” defined. “Table game bankroll” means the inventory of:

1. Chips and coinage at a table game that is used to make change, extend credit and pay winning wagers; and

2. Unpaid credit at a table game, including credit instruments not yet transferred to the cage and outstanding rim credit.

1.190 "Wagering voucher" defined. "Wagering voucher" means a printed wagering instrument, or digital representation thereof, used in a cashless wagering system that has a fixed dollar wagering value and is redeemable for cash or cash equivalents.

1.191 "**Wholesaler**" means any person who holds a permit under any alcoholic beverage control law of the State of Arkansas to purchase controlled beverages from a manufacturer, importer, or domestic wine or brandy producer only and to sell such controlled beverages to retailers only.

End – Rule 1

