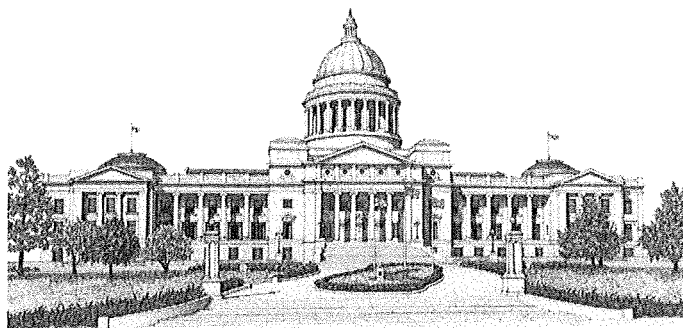


# ARKANSAS REGISTER

## Transmittal Sheet

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Secretary of State

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Effective Date \_\_\_\_\_ Code Number \_\_\_\_\_

Name of Agency Arkansas Racing Commission

Department Department of Finance and Administration

Contact Byron Freeland (attorney) E-mail bfreeland@mwlaw.com Phone 501-688-8810

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Byron Freeland bfreeland@mwlaw.com 03-01-19  
Contact Person E-mail Address Date

### CERTIFICATION OF AUTHORIZED OFFICER

I Hereby Certify That The Attached Rules Were Adopted  
In Compliance with the Arkansas Administrative Act. (ACA 25-15-201 et. seq.)

Byron Freeland  
Signature

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Title

03-01-19  
Date

## **REGULATION 6**

### **ACCOUNTING REGULATIONS**

- 6.010 Definitions.**
- 6.020 Commission audit procedures.**
- 6.030 Procedure for reporting and paying gaming taxes and fees.**
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**6.010 Definitions.** As used in this regulation:

1. Affiliate” business companies, organizations, or individuals are Affiliates of each other if, directly or indirectly, either one has the power to control the other, or a third party controls or has the power to control both.
2. Unless otherwise specified, “Commission” means the Arkansas Racing Commission or the Commission’s designee.
3. “Business year” means the annual period used by a licensee for internal accounting purposes.
4. “CGS” means the Casino Gaming Section, also referred to as the Gaming Audit Division, of the Department of Finance and Administration.
5. “DF&A” means the Department of Finance and Administration.
6. “Electronic transfer” means the transmission of money, or data via an electronic terminal, a telephone, a magnetic tape or a computer and a modem to the Commission.
7. “Fiscal year” means a period beginning on July 1st and ending June 30th of the following year.

8. "Gaming device" means 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.

9. "Gross wagering revenue" means the total value of currency, coupons, gaming tickets, and electronic credits invested by a patron in casino gaming. However, "gross wagering revenues" shall not include promotional coupons or promotional electronic credits provided by a Licensee to a patron at no cost to the patron, which are used by the patron to make a wager.

10. "Net casino gaming receipts" is defined as gross receipts from casino gaming less amounts paid out or reserved as winnings to casino patrons. However, gross receipts from casino gaming shall not include promotional coupons or promotional electronic credits provided by a Licensee to a patron at no cost to the patron, which are used by the patron to make a wager.

11. "Net casino gaming receipts tax" is defined as a tax on net casino gaming receipts.

12. "Operator" means any person or entity holding a license to operate an inter-casino linked system in Arkansas, or a person or entity holding a license to operate a Casino gaming operation that operates an inter-casino linked system for affiliates.

13. "Statements on auditing standards" means the auditing standards and procedures published by the American Institute of Certified Public Accountants.

14. "Statements on standards for accounting and review services" means the standards and procedures published by the American Institute of Certified Public Accountants.

15. "Statistical drop" means the dollar amount of cash wagered by a patron that is placed in the drop box plus the dollar amount of chips issued at a table to a patron for currency, credit instruments or rim credit.

16. "Statistical win" means the dollar amount won by the licensee through table play.

#### **6.020 Commission audit procedures.**

(a) The CGS Section of the Office of Field Audit shall act at the direction of the Commission pursuant to the authority granted to the Commission under the Amendment. It is also recognized that duties regarding the collection and administration of other state tax laws are likewise delegated to the Director of DF&A. In the course of fulfilling its duties under this rule, the CGS shall exercise the following powers, duties and responsibilities:

(i) Audit income received by a Licensee from casino gaming.

(ii) Review the operation, financial data and program information relating to casino gaming through a central computer that will allow the CGS to:

(1) Audit the gaming operation of a Licensee.

(2) Monitor wagering patterns, payouts, privilege fee payments and other matters related to the payment of net gaming receipts tax or any other state tax administered by the Arkansas Department of Finance and Administration.

(iii) Require a Licensee to maintain specific records and submit any information, records, or reports required for the administration of net gaming receipts tax or other state taxes. The CGS may also make recommendations to the Commission that a Licensee be required to maintain specified records and submit information, records or reports required under the Amendment, and these regulations as determined by the Commission to be necessary for the proper implementation and enforcement of those provisions of the Amendment unrelated to the collection of net gaming receipts tax or other state taxes.

(iv) The CGS shall investigate, audit, or review other operations of the Licensee unrelated to the collection of net gaming receipts tax or other state taxes, as directed by the Commission to fulfill the Commission's responsibilities under the Amendment. The Commission shall direct and supervise the CGS in exercising the statutory duties of the Commission as authorized under the Amendment and these rules, except with regard to activities of the CGS related to the collection and administration of net gaming receipts tax or other state taxes.

(v) In addition to the duties related to collection of net gaming receipts tax, all day to day operational duties related to enforcement of the casino gaming rules adopted by the Commission shall be conducted by the CGS under authority of a resolution duly adopted by the Arkansas Racing Commission as recorded in the minutes of the ARC delegating such authority. Any and all subsequent limitations of such regulation shall be made in the form of a Commission Resolution.

(b) Additional Responsibilities

(i) The CGS shall have unrestricted access to the gaming floor and facility at all times and shall require that each Licensee strictly comply with the Amendment and the Commission's rules relating to the operation of casino gaming. The CGS shall:

(1) Inspect and examine facilities where casino gaming is offered for play.

(2) Inspect casino gaming and any other equipment or supplies used in conjunction with or in any way related to casino gaming.

(3) Collect any assessments, fees, penalties or other charges arising from the operation of casino gaming for which a Licensee is liable to the State of Arkansas.

(4) Receive and investigate complaints concerning the operation of casino gaming by Licensees. Complaints that cannot be resolved shall be forwarded by the CGS to the Commission for review and adjudication by the Commission.

**6.030 Procedure for reporting and paying gaming taxes and fees.**

(a) Licensees conducting casino gambling under the Amendment shall pay the net gaming receipts tax:

(i) 13% on the first \$150,000,000 of net casino gaming receipts or any part thereof;

(ii) 20% on net casino gaming receipts exceeding \$150,000,001 or any part thereof;

(b) The net gaming receipts tax shall be reported under oath and paid on a monthly basis on or before the twentieth day of each month to the Director of the Department of Finance and Administration. Reporting forms will be prescribed and furnished by the Director and shall show the total net gaming receipts from casino gaming during the preceding calendar month.

(c) The net gaming receipts tax levied by this section is in lieu of any state or local gross receipts, sales, or other similar taxes, and to this end the Arkansas Gross Receipts Tax Act of 1941, § 26-52-101 et seq., shall not be applicable to gross receipts derived by Licensees from casino gaming.

(d) The net gaming casino receipts tax payable to the Director of the Department of Finance and Administration under subdivision (a)(i) of this section shall be administered by the Director pursuant to the Arkansas Tax Procedure Act, § 26-18-101 et seq. However, regulatory authority over licensing and other matters under these regulations not relating to the administration, payment, and collection of the net gaming receipts tax shall remain with the Arkansas Racing Commission.

(e) In accordance with Arkansas law, all net gaming receipts tax received by the Director of the DF&A required by these rules and the Amendment shall be deposited with the State Treasurer.

(f) All permit or license fees, penalties, and fines received by the Commission under these regulations shall be deposited in the State Treasury as general revenues.

#### **6.040 Accounting records.**

(a) Each Licensee shall maintain complete, accurate, and legible records of all transactions pertaining to the revenues and costs for each establishment.

(b) General accounting records shall be maintained on a double entry system of accounting with transactions recorded on the accrual basis. Detailed, supporting, subsidiary records sufficient to meet the requirements of (c) below shall also be maintained in accordance with the requirements of this section.

(i) The Licensee will submit to the Commission for its approval a chart of accounts and accounting classification in order to insure consistency, comparability, and effective disclosure of financial information.

(ii) The chart of accounts shall provide the classifications necessary to prepare the standard financial statements required by Section 6.80.

(iii) The prescribed chart of accounts shall be the minimum level of detail to be maintained for each accounting classification by the Licensee.

(iv) The Licensee shall use the prescribed chart of accounts but may, with the permission of the Commission, expand the level of detail for some or all accounting classifications and/or alter the account numbering system. In such instances, the Licensee shall provide to the Commission, upon request, a cross-reference from the prescribed chart of accounts.

(c) The detailed, supporting, and subsidiary records shall include, but not necessarily be limited to:

(i) Records supporting the accumulation of the costs and number of persons, by category of service, for regulated complimentary services.

(ii) Records of all investments, advances, loans and receivable balances, due to the establishment.

(iii) Records related to investments in property and equipment.

(iv) Records which identify the Gross Wagering Revenue, payout, win amounts and percentages will be reported daily, and theoretical win amounts and percentages, and differences between theoretical and actual win amounts and percentages, for each casino gaming periodically, monthly or as requested by the Commission.

(v) Records of all loans and other amounts payable by the establishment.

(vi) Records provided for in the system of internal accounting controls submitted to the Commission.

(d) Each Licensee, unless specifically exempted by the Commission, shall, at its own expense, cause its annual financial statements to be audited in accordance with generally accepted auditing standards by an independent certified public accountant licensed to practice in the State of Arkansas.

(e) The annual financial statements shall be prepared for the current year and shall present financial position and results of operations in conformity with generally accepted accounting principles.

(f) The financial statements required by this section shall include a footnote reconciling and explaining any differences between the financial statements included in the Licensee's annual report, filed in conformity with these Rules, and the audited financial statements. Such footnote shall, at a minimum, disclose the effect of such adjustments on:

- (i) Revenues from casino gaming;
- (ii) Revenues net of complimentary services;
- (iii) Total costs and expenses;
- (iv) Income before extraordinary items; and
- (v) Net income.

(g) Two copies of the annual audited financial statements, together with the report thereon of the Licensee's independent certified public accountant, shall be filed with the Commission, not later than June 1 following the end of the calendar year.

(h) Each Licensee shall require its independent certified public accountant to render the following additional reports:

(i) Report on material weaknesses in internal accounting control. Whenever in the opinion of the independent certified public accountant there exists no material weaknesses in internal accounting control, the report shall so state.

(ii) Whenever, in the opinion of the independent certified public accountant, the Licensee has materially deviated from the system of internal accounting control approved by the Commission or the accounts, records, and control procedures examined are not maintained by the Licensee in accordance with the this document, the report shall enumerate such deviations and such areas of the system no longer considered effective, and shall make recommendations regarding improvements in the system of internal accounting control.

(iii) The Licensee shall prepare a written response to the independent certified public accountant's reports required by (h)(i) and (ii) above. The response shall indicate, in detail, the corrective actions taken. Such response shall be submitted to the Commission within 90 days from receipt of the independent certified public accountant's reports.

(i) Two copies of the reports required by (h) above, and two copies of any other reports on internal accounting control, administrative controls, or other matters relative to the Licensee's accounting or operating procedures rendered by the Licensee's independent certified public accountant, shall be filed with the Commission by the Licensee by June 1 following the end of the calendar year or upon receipt, whichever is earlier.

(j) If the Licensee or any of its Affiliates is publicly held, the Commission may require the Affiliate to submit five copies to the Commission of any report, including but not limited to forms S-1, 8-K, 10- Q and 10-K, proxy or information statements and all registration statements,

required to be filed by such Licensee or Affiliates with the Securities and Exchange Commission or other domestic or foreign securities regulatory agency, at the time of filing with such agency.

(k) If an independent certified public accountant who was previously engaged as the principal accountant to audit the Licensee's financial statements resigns or is dismissed as the Licensee's principal accountant, or another independent certified public accountant is engaged as principal accountant, the Licensee shall file a report with the Commission within ten days following the end of the month in which such event occurs, setting forth the following:

(i) The date of such resignation, dismissal, or engagement.

(ii) Whether in connection with the audits of the two 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, which disagreements if not resolved to the satisfaction of the former accountant would have caused him to make reference in connection with his report to the subject matter of the disagreement, including a description of each such disagreement. The disagreements to be reported include those resolved and those not resolved.

(iii) Whether the principal accountant's report on the financial statements for any of the past two years contained an adverse opinion or a disclaimer of opinion or was qualified. The nature of such adverse opinion, disclaimer of opinion, or qualification shall be described.

(iv) The Licensee shall request the former accountant to furnish to the Licensee a letter addressed to the Commission, stating whether he/she agrees with the statements made by the Licensee in response to (i) of this section. Such letter shall be filed with the Commission as an exhibit to the report required by (i) of this section.

#### **6.045 On-line slot metering systems.**

Casino gaming must at a minimum utilize an On-Line Monitoring System that maintains all financial and security data. The rules outlined within this section apply to all Critical Systems (systems that have an effect on the integrity of casino gaming)

(a) Phases of System Testing. All Critical Systems must endure the following phases of tests:

(i) Phase I - Within the laboratory setting; and

(ii) Phase II - On-site following the initial install of the system to ensure proper configuration of the equipment and installation of the security applications.

(b) Interface Elements. An Interface Element, where applicable, is any component within a system that is external to the operations of the casino gaming that assists in the collection and processing of data that is sent to a system. All critical Interface Elements shall:

(i) Be installed in a secure area (which may be inside the gaming devices).

(ii) The Interface Element setup/Configuration menu(s) must not be available unless using an authorized access method.

(iii) When not directly communicating with gaming device meters, the Interface Element must maintain separate electronic meters, of sufficient length, to preclude the loss of information from meter rollovers, or a means to identify multiple rollovers, as provided for in the connected gaming device. These electronic meters should be capable of being reviewed on demand at the Interface Element level via an authorized access method.

(iv) The Interface Element must retain the required information after a power loss for a minimum of 30 days. If this data is stored in volatile RAM, a Battery Backup must be installed within the Interface Element.

(v) If unable to communicate the required information to the On-Line Monitoring System, the Interface Element must provide a means to preserve all mandatory meter and Significant Event information until at such time as it can be communicated to the On-Line Monitoring System. Gaming device operation may continue until critical data is overwritten and lost. There must be a method to check for corruption of the above data storage locations.

(vi) The Interface Element must allow for the association of a unique identification number to be used in conjunction with a gaming device file on the On-Line Monitoring System. This identification number will be used by the On-Line Monitoring System to track all mandatory information of the associated gaming device. Additionally, the On-Line Monitoring System should not allow for a duplicate gaming device file entry of this identification number.

(viii) An On-Line Monitoring System may possess a Front End Processor (FEP) that gathers and relays all data from the connected Data Collectors to the associated database(s). The Data Collectors, in turn, collect all data from, connected gaming devices. Communication between components must be a defined Communication Protocol(s) and function as indicated by the Communication Protocol(s). An On-Line Monitoring System must provide for the following:

(1) All critical data Communication shall be Protocol based and/or incorporate an error detection and correction scheme to ensure an accuracy of ninety-nine percent (99%) or better of messages received; and

(2) All critical data Communication that may affect revenue and is unsecured either in transmission or implementation shall employ encryption. The encryption Algorithm shall employ variable keys or similar methodology to preserve secure Communication.

(c) System Server(s), networked system(s) or distributed system(s) that directs the overall operation and an associated Database(s) that stores all entered and collected system information, is considered the 'Server'. In addition, the Server shall:

(i) Maintain an internal clock that reflects the current time in 24-hr format and data that shall be used to provide for the following:

(1) Time stamping of Significant Events;

(2) Reference clock for reporting; and

(3) Time stamping of Configuration changes.

(4) If multiple clocks are supported, the On-Line Monitoring System shall have a facility whereby it is able to update those clocks in On-Line Monitoring System components where conflicting information could occur.

(d) Remote Access Requirements. If supported, System(s) may utilize password controlled remote access, provided the following requirements are met:

(i) A 'Remote Access User Activity' log is maintained depicting logon name, time/date, duration, activity while logged in;

(ii) No unauthorized remote user administration functionality (adding users, changing permissions, etc.);

(iii) No unauthorized access to Database other than information retrieval using existing functions;

(iv) No unauthorized access to operating system; and

(v) If remote access is to be continuous basis then a Network filter (firewall) should be installed to protect access.

(e) Security Access Control. The On-Line Monitoring System must support either a hierarchical role structure whereby user and password define program or individual menu item



access or logon program/device security based strictly on user and password or PIN. In addition, the On-Line Monitoring System shall not permit the alteration of any significant log information communicated from the gaming device. Additionally, there should be a provision for system administrator notification and user lockout or audit trail entry, after a set number of unsuccessful login attempts.

(f) Data Alteration. The On-Line Monitoring System shall not permit the alteration of any accounting or significant event log information that was properly communicated from the gaming device without supervised access controls. In the event financial data is changed, an audit log must be capable of being produced to document:

- (i) Data element altered;
- (ii) Data element value prior to alteration;
- (iii) Data element value after alteration;
- (iv) Time and Date of alteration; and
- (v) Personnel that performed alteration (user login).

(g) System Back-Up. The System(s) shall have sufficient redundancy and modularity so that if any single component or part of a component fails, gaming can continue. There shall be redundant copies of each log file or system Database or both, with open support for Backups and restoration.

(h) Recovery Requirements. In the event of a catastrophic failure when the System(s) cannot be restarted in any other way, it shall be possible to reload the system from the last viable Backup point and fully recover the contents of that Backup, recommended to consist of at least the following information:

- (i) Significant Events;
- (ii) Accounting information;
- (iii) Auditing information; and
- (iv) Specific site information such as device file, employee file, progressive set-up, etc.

(i) Downloading of Interface Element Control Programs. If supported, a System may utilize writable program storage technology to update Interface Element software if all of the following requirements are met:

(i) Writable program storage functionality must be, at a minimum, password-protected, and should be at a supervisor level. The System can continue to locate and verify versions currently running but it cannot load code that is not currently running on the system without user intervention;

(ii) A non-alterable audit log must record the time/date of a writable program storage download and some provision must be made to associate this log with which version(s) of code was downloaded, and the user who initiated the download. A separate Download Audit Log Report would be ideal; and

(iii) All modifications to the download executable or other file(s) must be submitted to the Test Laboratory for approval. The laboratory will assign signatures to any relevant executable code and file(s) that should be verified by a regulator in the field. Additionally, all downloadable files must be available to a regulator to verify the signature.

(iv) The system must have the ability to verify the program on demand for regulatory audit purposes. The above refers to loading of new system executable code only. Other program

parameters may be updated as long as the process is securely controlled and subject to audit. The parameters will have to be reviewed on an individual basis.

(j) Self Monitoring of Gaming System Servers. The Systems must implement self monitoring of all critical Interface Elements (e.g. Central hosts, network devices, firewalls, links to third parties, etc.) and shall have the ability to effectively notify the system administrator of the condition, provided the condition is not catastrophic.

(k) On-Line Monitoring System Requirements. The On-Line Monitoring System shall communicate to all gaming devices for the purpose of gathering all financial data and security events. The On-Line Monitoring System may perform this sole function or may also incorporate other system functions that are addressed within this document. For systems that serve multiple purposes, each of the relevant sections herein shall apply.

(i) Required On-Line Monitoring System Functionality. At a minimum, an On-Line Monitoring System shall provide for the following Security and Audit ability requirements:

(1) An interrogation program that enables on-line comprehensive searching of the Significant Event Log for the present and for the previous 14 days through archived data or restoration from backup where maintaining such data on a live database is deemed inappropriate. The interrogation program shall have the ability to perform a search based at least on the following:

- (A) Date and Time range;
- (B) Unique Interface Element/gaming device identification number; and
- (C) Significant event number/identifier.

(2) An On-Line Monitoring System must have a master "Gaming Device File" which is a Database of every gaming device in operation, including at minimum the following information for each entry. If the On-Line Monitoring System retrieves any of these parameters directly from the gaming device, sufficient controls must be in place to ensure accuracy of the information.

- (A) Unique Interface Element/location identification number;
- (B) Gaming device identification number as assigned by the Licensee;
- (C) Denomination of the gaming device (please note that the Denomination may reflect an alternative value, in the case of a multi-Denomination game);
- (D) Theoretical hold of the gaming device; and
- (E) Control Program(s) Identification Number within the gaming device.

(3) Significant Events are generated by a gaming device and sent via the Interface Element to the On-Line Monitoring System utilizing an approved Communication Protocol. Each event must be stored in a database(s), which includes the following:

- (A) Date and time which the event occurred;
- (B) Identity of the gaming device that generated the event;
- (C) A unique number/code that defines the event; or
- (D) A brief text that describes the event in the local language.

(ii) Stored Accounting Meters. Metering information is generated on a gaming device and collected by the Interface Element and sent to the On-Line Monitoring System via a Communication Protocol. This information may be either read directly from the gaming device or relayed using a delta function. The On-Line Monitoring System must collect and store the following meter information from each gaming device:

- (1) Total In (credits-in);
- (2) Total Out (credits-out);

- (3) Total Dropped (total value of all, bills, tickets and other approved notes in the cash box or 'drop');
- (4) Hand Paid (handpays);
- (5) Cancelled Credits (if supported on the gaming device);
- (6) Bills In (total monetary value of all bills accepted);
- (7) Individual Bill Meters (total number of each bill accepted per denomination);
- (8) Games-Played;
- (9) Cabinet Door (instance meter which may be based on On-Line Monitoring System count of this event);
- (10) Drop Door(s) (instance meter which may be based on On-Line Monitoring System count of this event);
- (11) Tickets In (total monetary value of all tickets accepted); and
- (12) Tickets Out (total monetary value of all tickets produced).
- (13) Please refer to Section 6.200 for more detailed descriptions of the above meters.

(iii) Required Reports. Reports will be generated on a schedule determined by the Commission which typically consists of daily, monthly, yearly period, and life to date reports generated from stored Database information. These reports at minimum will consist of the following:

- (1) Net Win/Revenue Report for each gaming device;
- (2) Drop Comparison Reports for each medium dropped (examples = tickets, bills) with dollar and percent variances for each medium and aggregate for each type;
- (3) Metered vs. Actual Jackpot Comparison Report with the dollar and percent variances for each and aggregate;
- (4) Theoretical Hold vs. Actual Hold comparison with variances;
- (5) Significant Event Log for each gaming device; and
- (6) Other Reports, as required by individual Jurisdictions. It is acceptable to combine reporting data where appropriate (e.g., revenue, theoretical/actual comparison).

(iv) Jackpot Functionality. An On-Line Monitoring System must have an application or facility that captures and processes every Handpay message from each gaming device and meet the following rules:

(1) Handpay messages must be created for single wins (jackpots), progressive jackpots and accumulated credit cash outs (canceled credits), which result in Handpays.

(2) For every single win event that is equal to or greater than the applicable IRS tax reporting threshold, as established from time to time by the US Internal Revenue Service, the On-Line Monitoring System user must be advised of the need for a W2G or 1042-S Form, as required by the US Internal Revenue Service, which is to be processed, either via the On-Line Monitoring System or manually. This option must not be capable of being overridden. The keyed reset ability to return winnings from a taxable event to a gaming device should require user intervention to void the original jackpot slip that is generated.

(3) The following information is required for all jackpot slips generated with some/all fields to be completed by the On-Line Monitoring System:

- (A) Numeric Slip identifier (which increments per event);
- (B) Date and Time (Shift if required);
- (C) Gaming device number;
- (D) Denomination;
- (E) Amounts of Jackpot, Accumulated Credit, and Additional Pay;
- (F) W2G indication, if applicable;
- (G) Additional Payout, if applicable;

- (H) Total before taxes and taxes withheld, if applicable;
- (I) Amount to Patron; and
- (J) Total credits played and game outcome of award.

**6.050 Records of ownership.**

(a) In addition to other records and information required by this regulation, each Licensee shall maintain the following records regarding the equity structure and owners:

(i) If a corporation:

- (1) A certified copy of articles of incorporation and any amendments thereto;
- (2) A copy of by-laws and amendments thereto;
- (3) A current list of officers and directors;
- (4) Minutes of all meetings of stockholders and directors;
- (5) A current list of all stockholders and stockholders of affiliates, including their names and the names of beneficial owners of shares held in street or other name where any beneficial owner has a beneficial interest in two percent or more of the outstanding shares of any class, addresses and the number of shares held by each and the date acquired;
- (6) A complete record of all transfers of stock;

(b) All records regarding ownership shall be located on the premises of the establishment, unless a specific exemption is allowed to the Licensee by the Racing Commission.

(c) Each Licensee or applicant shall, upon request by the Racing Commission, provide a list of all record holders of any or all classes of publicly traded securities issued by any holding company or by any other affiliated entity which is required to qualify as a financial source.

**6.060 Record retention; noncompliance.** (a) All original books, records and documents pertaining to the Licensee's operations shall be:

- (i) Prepared and maintained in a complete, accurate and legible form;
- (ii) Retained on site or at another secure location approved for the time period specified in (c) below;

(iii) Held immediately available for inspection by agents of the Commission during all hours of operation;

(iv) Organized and indexed in such a manner so as to provide immediate accessibility to agents of the Commission; and

(v) Destroyed only after:

(1) Expiration of the minimum retention period specified in (c) below, except that the Commission may, upon the written petition of any Licensee and for good cause shown, permit such destruction at an earlier date;

(2) Written notice has been received by the Commission;

(3) In conformance with Arkansas Code Annotated 19-4-1108, the records, as outlined within (b) below, of the Licensees must be kept a minimum of three years after the review and filing of audits by the Legislative Joint Auditing committee of the records of the Racing Division and the Gaming section, however, they may not be destroyed without concurrence from the Commission's Gaming Section.

(b) For the purposes of this section, "books, records and documents" shall be defined as any book, record or document pertaining to, prepared in or generated by the operation of the Licensee including, but not limited to, all forms, reports, accounting records, ledgers, subsidiary records,

computer generated data, internal audit records, correspondence and personnel records. This definition shall apply without regard to the medium through which the record is generated or maintained, for example, paper, magnetic media or encoded disk.

(c) All original books, records and documents shall be retained by a Licensee in accordance with the following schedules. For purposes of this subsection, "original books, records or documents" shall not include copies of originals, except for copies which contain original comments or notations or parts of multi-part forms.

(i) The following original books, records and documents shall be retained indefinitely unless destruction is requested by the Licensee and approved by the Commission:

(1) Corporate records required by these Rules;

(2) Records of corporate investigations and due diligence procedures;

(3) Current employee personnel files; and

(4) A record of any original book, record or document destroyed, identifying the particular book, record or document, the period of retention and the date of destruction.

(ii) All other original books, records and documents shall be retained by a Licensee for a minimum of five (5) years unless destruction is requested by the Licensee and approved by the Commission.

#### **6.070 Standard financial statements.**

(a) Each Licensee, unless specifically exempted by the Commission, shall file annual reports of financial and statistical data as required by the Commission. The data may be used by the Commission to evaluate the financial position and operating performance of individual Licensees and compile information regarding the performance and trends of the industry in the State of Arkansas.

(b) The Commission shall periodically prescribe a set of standard reporting forms and instructions to be used by each Licensee in filing the reports.

(c) Each report to the CGS shall be received or postmarked not later than the required filing date unless specific approval for an extension is granted to the Licensee. Requests for a filing extension must be submitted to the CGS in writing prior to the required filing date.

(i) Annual reports shall be due not later than June 1 of the following year. Licensee shall report to the Commission essential details of any loans, borrowings, significant installment contracts with a value of over \$25,000 per year, guarantees, leases, or capital contributions at least annually.

#### **6.080 Audited financial statements.**

(a) Each Licensee, unless specifically exempted by the Commission, shall, at its own expense, cause its annual financial statements to be audited in accordance with generally accepted auditing standards by an independent certified public accountant licensed to practice in the State of Arkansas.

(b) The annual financial statements shall be prepared for the current year and shall present financial position and results of operations in conformity with generally accepted accounting principles.

(c) The financial statements required by this section shall include a footnote reconciling and explaining any differences between the financial statements included in the Licensee's annual

report, filed in conformity with Section 6.040 of this regulation, and the audited financial statements. Such footnote shall, at a minimum, disclose the effect of such adjustments on:

- (i) Revenues from the casino gaming;
- (ii) Revenues net of complimentary services;
- (iii) Total costs and expenses;
- (iv) Income before extraordinary items; and
- (v) Net income.

(d) Two copies of the annual audited financial statements, together with the report thereon of the Licensee's independent certified public accountant, shall be filed with the Commission, not later than June 1 following the end of the calendar year.

(e) Each Licensee shall require its independent certified public accountant to render the following additional reports:

(i) Report on material weaknesses in internal accounting control. Whenever in the opinion of the independent certified public accountant there exists no material weaknesses in internal accounting control, the report shall so state.

(ii) Whenever, in the opinion of the independent certified public accountant, the Licensee has materially deviated from the system of internal accounting control approved by the Commission or the accounts, records, and control procedures examined are not maintained by the Licensee in accordance with the this document, the report shall enumerate such deviations and such areas of the system no longer considered effective, and shall make recommendations regarding improvements in the system of internal accounting control.

(iii) The Licensee shall prepare a written response to the independent certified public accountant's reports required by (e)(i) and (ii) above. The response shall indicate, in detail, the corrective actions taken. Such response shall be submitted to the Commission within 90 days from receipt of the independent certified public accountant's reports.

(f) Two copies of the reports required by (e) above, and two copies of any other reports on internal accounting control, administrative controls, or other matters relative to the Licensee's accounting or operating procedures rendered by the Licensee's independent certified public accountant, shall be filed with the Commission by the Licensee by June 1 following the end of the calendar year or upon receipt, whichever is earlier.

(g) If the Licensee or any of its affiliates is publicly held, the Commission may require the Affiliate to submit five copies to the Commission of any report, including but not limited to forms S-1, 8-K, 10-Q and 10-K, proxy or information statements and all registration statements, required to be filed by such Licensee or affiliates with the Securities and Exchange Commission or other domestic or foreign securities regulatory agency, at the time of filing with such agency.

(h) If an independent certified public accountant who was previously engaged as the principal accountant to audit the Licensee's financial statements resigns or is dismissed as the Licensee's principal accountant, or another independent certified public accountant is engaged as principal accountant, the Licensee shall file a report with the Commission within ten days following the end of the month in which such event occurs, setting forth the following:

- (i) The date of such resignation, dismissal, or engagement.

(ii) Whether in connection with the audits of the two 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, which disagreements if not resolved to the satisfaction of the former accountant would have caused him to make reference in connection with his report to the subject matter of the disagreement, including a description of each such disagreement. The disagreements to be reported include those resolved and those not resolved.

(iii) Whether the principal accountant's report on the financial statements for any of the past two years contained an adverse opinion or a disclaimer of opinion or was qualified. The nature of such adverse opinion, disclaimer of opinion, or qualification shall be described.

(iv) The Licensee shall request the former accountant to furnish to the Licensee a letter addressed to the Commission, stating whether he/she agrees with the statements made by the Licensee in response to (i) of this section. Such letter shall be filed with the Commission as an exhibit to the report required by (i) of this section.

#### **6.090 Internal control for licensees.**

(a) Each Licensee shall submit to the Commission and to the CGS a narrative description of its system of internal procedures and administrative and accounting controls ("internal controls"), or modifications to previously approved internal controls, at least 30 days before the Licensee's casino gaming operations are to commence, unless otherwise directed by the Commission. Each submission shall be accompanied by a certification by the Licensee's Chief Financial Officer or equivalent that the submitted internal controls are adequate, effective and establish a consistent overall system of internal controls and conform to generally accepted accounting principles. The initial submission shall be accompanied by a report of an independent certified public accountant licensed to practice in Arkansas or other state acceptable by the Commission, stating that the submitted system conforms in all respects to the standards of internal control set forth in the Commission's rules or in what respects the system does not conform. Except as otherwise provided in this section, a Licensee may, upon submission to the Commission of a narrative description of a change in its system of internal controls and the two original signed certifications described above, implement the change on the 16<sup>th</sup> calendar day following the completed submission. Any submission received by the Commission after 3:00 P.M. shall be considered to have been submitted on the next business day. Each submission by a licensee or applicant shall include, as applicable and without limitation, the following:

(i) Administrative controls which include, without limitation, the procedures and records that are concerned with the decision-making processes leading to management's authorization of transactions;

(ii) Accounting controls which have as their primary objectives the safeguarding of assets and the reliability of financial records and are consequently designed to provide reasonable assurance that:

(1) Transactions are executed in accordance with management's general and specific authorization;

(2) Transactions are recorded to permit preparation of financial statements in conformity with generally accepted accounting principles and Section 6.040, and to maintain accountability for assets; (3) Access to assets is permitted only in accordance with management authorization; and

(iii) The recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences;

(iv) A list of persons assigned to the repairing and maintenance of gaming machines and bill acceptors, participating in the filling of payout reserve containers and payment of jackpots or any other job duty involving the operation of the casino gaming. This information does not have to be submitted to the Commission however, must be available for auditing by the CGS. Nothing in this section shall be construed to limit a Licensee from utilizing personnel in addition to those described herein nor shall anything in this section be construed to limit the discretion of the Commission to order the utilization of additional personnel by the Licensee necessary for the proper conduct and effective supervision of gaming in an establishment;

(v) Records regarding Licensee ownership;

(vi) Procedures for patron signature files used for identifying a person or validity of a signature, if applicable;

(vii) Maintain internal controls for the authorization and issuance of complimentary services and items, including cash and non-cash gifts. Such internal controls shall include, without limitation, the procedures by which the Licensee delegates to its employees the authority to approve the issuance of complimentary services and items for casino gaming patrons and 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, and shall

further include effective provisions for audit purposes.

(viii) Procedures on overall reconciliation of all documents including jackpot payout slips, ticket redemption terminal fills, receipts generated by cashiers, change persons and attendants along with the conforming soft count room receipt;

(ix) Develop a plan that defines handling of the receipt of chips from the manufacturer, inventory of chips at the Licensee and the destruction of the chips by the Licensee, where applicable.

(x) Develop a written procedure for determining the “gross receipts from casino gaming” and “gross wagering revenue” for each type of casino gaming offered.

(b) The Commission shall review a submission made pursuant to (a) above and information made available to the Commission pursuant to (a) and determine whether the internal controls conform to the requirements of the Commission and provides adequate and effective controls for the operations of the Licensee. No applicant for a license shall commence wagering on casino gaming until the Licensee’s system of internal controls is approved by the Commission.

(c) If, during its review of a Licensee’s internal controls the Commission determines that a procedure in the internal controls contains a substantial and material insufficiency likely to have a direct and materially adverse impact on the integrity of gaming or the control of gross revenue, the Commission, by written notice to the Licensee, shall:

(i) Specify the precise nature of the insufficiency and when possible, an acceptable alternative procedure;

(ii) Schedule a hearing before the Commission no later than 15 calendar days after the date of such written notice to determine whether the internal controls are insufficient; and

(iii) Direct that any internal controls in issue not be implemented until approved by the Commission.



(d) Examples of procedures that the Commission may, under appropriate circumstances, determine to contain a substantial and material insufficiency likely to have a direct and materially adverse impact on the integrity of gaming or the control of gross revenue shall include, without limitation, the following:

(i) Procedures that fail to provide an adequate audit trail that would permit the review of the Licensee's casino gaming operations or the reconstruction of gross revenue of transactions;

(ii) Procedures 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 his or her duties;

(iii) Procedures that do not include forms or other materials referenced in the submission or required by the regulations that are essential elements of the internal controls and prevent a meaningful review of the submission;

(iv) Procedures that would implement accounting procedures not yet authorized by the regulations of the Commission; and

(v) Procedures that are dependent upon the use of equipment or related devices or software not yet approved by the Commission, unless such procedures are required as part of an authorized test of the equipment or related device or software.

(e) If a Licensee is notified pursuant to (c) above that a particular internal control procedure contains a substantial and material insufficiency and that a hearing on the procedure has been scheduled before the Commission on a specific date, the 20-day review period for any revision to those internal control procedures after receipt of the Commission's notice shall not commence unless the revision is accompanied by the two certifications required (a) above.

(f) A current version of the internal controls of a Licensee shall be maintained in, or made available through secure computer access to, the accounting department and surveillance department of the Licensee. The Licensee shall also maintain a copy of any superseded changes to its internal control procedures and the two certifications required for each change for a minimum of five years in a location approved by the Commission. Each page of the internal controls shall indicate, as applicable, the date on which it was submitted to the Commission and the date on which it was either approved by the Commission or implemented pursuant to (a) above or immediate changes to internal controls which shall include the date on which it was filed internally and implemented by the Licensee.

(i) Notwithstanding any other provision of this section to the contrary, the two certifications otherwise required by (a) above shall not be required for changes to the jobs compendium of a Licensee other than the licensed categories, job codes, job functions, reporting lines (including but not limited to new positions and deleted positions) or job titles as provided within the organizational structure.

(g) Nothing contained herein would preclude any Licensee from implementing procedures which constitute an acceptable alternative to the specific standards set forth herein. Any such alternative procedure would have to be submitted to the Commission in accordance with the procedures set forth in this section and would have to be reviewed and approved by the Commission.

(h) Licensee's System of Internal Controls Not Required To Be Submitted To the Commission

(i) Each Licensee offering gaming operations shall make available to the Commission and to the CGS for inspection and approval, which are not required to be submitted to the commission, as applicable and without limitation, the following:

(1) An organizational structure which is designed to preserve the integrity of the Licensee. This information does not have to be submitted to the Commission however, must be available for auditing by the CGS;

(2) The design, construction, location and security of the count room, currency vault, Cashier Booths and Cashier Cages. This information does not have to be submitted to the Commission however, must be available for auditing by the CGS;

(3) The names of persons possessing access to the currency bank, security keys and those that are authorized to access the alarm system. This information does not have to be submitted to the Commission however, must be available for auditing by the CGS;

(4) Removal, transportation and count of cash storage boxes including the signature procedures. This information does not have to be submitted to the Commission however, must be available for auditing by the CGS;

(5) The Licensee's Surveillance System plan, including the Surveillance System location(s). This information does not have to be submitted to the Commission however, must be available for auditing by the CGS;

(6) Policies and procedures that allows and tracks those individuals who request to be "excluded" from the facility that are voluntarily agreeing to be excluded from all casino gaming activities and to be prohibited from collecting any winnings or recovering any losses at all eligible facilities. This information does not have to be submitted to the Commission however, must be available for auditing by the CGS;

(ii) This information will be assessed by the Commission in conjunction with the submitted system of internal controls, as outlined in these Rules to ensure the Licensee is operating with adequate and effective controls.

#### **6.100 Internal control for operators of inter-casino linked systems and mobile gaming systems.**

1. Each operator shall prepare and submit a written internal control system describing the operation of the inter-casino linked system or mobile gaming system, in accordance with this regulation. Each operator shall, if required by the Commission, amend the written system to comply with any requirements consistent with this regulation that the Commission deems appropriate.

2. Each operator and each licensee participating in each operator's inter-casino linked system or mobile gaming system shall comply with the internal control system and all amendments to such internal control system as have been approved by the Commission.

3. Unless the Commission approves otherwise in writing, each operator shall direct an independent accountant engaged by the operator to perform observations, document examinations and inquiries of employees to determine compliance with the operator's internal control system using procedures approved by the Commission. The independent accountant engaged by the operator will submit to the operator two copies of a written report of its compliance with the internal control system approved by the Commission. Not later than 150 days after the end of the operator's business year, the operator shall submit two copies of the independent accountant's report summarizing all instances of noncompliance or any other correspondence directly relating to the operator's system of internal control to the Commission,

accompanied by the operator's statement addressing each item of noncompliance noted by the independent accountant and describing the corrective measures taken.

#### **6.110 Gross revenue computations.**

1. If the Licensee provides periodic payments to satisfy a payout resulting from a wager, the initial installment payment when paid and the actual cost of a payment plan approved pursuant to these Rules and funded by the licensee may be deducted from winnings. For any funding method which merely guarantees the licensee's performance and under which the licensee makes payments directly out of cash flow (e.g., irrevocable letters of credits, surety bonds, or other similar methods), the licensee may only deduct such payments when paid to the patron.

2. For payouts by inter-casino linked system operators a licensee may deduct from winnings its pro rata share of an inter-casino linked system payout, except for a payout made in conjunction with a card game, under the provisions of its contract with the operator of the system and in accordance with the requirements stated herein.

3. A licensee shall not exclude money paid out on wagers that are knowingly accepted by the licensee in violation of the regulations of the Commission from gross revenue.

4. If in any month the amount of gross revenue is less than zero, the licensee may deduct the excess in the succeeding months, until the loss is fully offset against gross revenue.

5.(a) Beginning January 1, 2019 and continuing on each January 1 annually thereafter all casino gaming tickets/vouchers that (i) are more than one year old as of such January 1 and (ii) have not been presented for payment or otherwise redeemed prior to such January 1 shall become void at 12:01 a.m. on such January 1 of each year. All tickets/vouchers declared void under this rule shall become part of the net win and thus "net wagering revenues from casino gaming" and "net gaming receipts" for the purposes of net gaming receipts tax on such January 1.

(b) Licensee each quarter shall report and remit to DF&A all winnings withheld from patrons who are determined to be less than 21 years of age or excluded persons. Any excluded person who has engaged in gaming activity at a Licensee's premises prior to detection and whose gaming has resulted in a win by the excluded patron, shall forfeit all winnings immediately upon detection of the excluded person by the Licensee or Commission. A Licensee shall not reimburse the excluded person for any losses incurred while the excluded person engaged in gaming activity. All winnings remitted to DF&A under this subsection shall be paid to General Revenue.

(c) Licensee each quarter shall report and remit to DF&A all jackpots that have not been claimed within one (1) year. All winnings remitted to DF&A under this subsection shall be paid to General Revenue.

(d) While under no legal obligation to do so, a licensee may allow a patron to redeem a payout receipt or wagering voucher that has been deemed expired pursuant to this section. In such cases:

(1) If any portion of the redemption value of the expired payout receipt or wagering voucher had been included in reported gross revenue, the licensee shall deduct that amount from reported gross revenue for the month the receipt or voucher was redeemed.

(2) If redeemed in the same quarter it expired, no portion of the redemption value of the payout receipt or wagering voucher is to be remitted to the Commission, nor is any portion of the redemption value to be included in the quarterly report to the Commission.

(3) If any portion of the redemption value of the expired payout receipt or wagering voucher was previously remitted to the Commission, the licensee shall deduct that amount from the next quarterly payment due the Commission up to the total amount due for that quarter. Any remaining amount shall be deducted in the same manner from amounts due in subsequent quarters until the amount has been fully deducted.

(e) A record of all expired payout receipts and wagering vouchers shall be created and maintained in accordance with the record keeping requirements set forth in these Rules.

(f) For purposes of this section, the term “slot machine” means a gaming device for which gross revenue is calculated pursuant to the method described herein.

#### **6.120 Uncollected baccarat commissions.**

1. If a licensee does not collect baccarat commissions due from a patron at the conclusion of play and elects to waive payment, such action must be authorized and documented in accordance with these Rules.

2. Concurrently with the decision to not collect the baccarat commission, the licensee must record, in such manner and using such preprinted, prenumbered forms as the Commission has approved:

- (a) Date, shift and time the licensee determined to not collect the baccarat commission;
- (b) The amount of the baccarat commission not collected;
- (c) The baccarat table number;
- (d) Patron name, if known;
- (e) The dealer’s signature; and
- (f) A baccarat supervisor’s signature.

3. Such forms shall be sent to the accounting department at least every 24 hours and reconciled numerically to account for all forms. A form may be used to record more than one transaction; however each transaction must indicate all of the above required signatures. Descriptions of the forms and procedures utilized must be included in the licensee’s submitted system of internal control.

4. An uncollected baccarat commission that is not waived in accordance with this regulation shall be documented by a credit instrument that clearly indicates it represents an uncollected baccarat commission, and that conforms to all documentation and procedural requirements of the licensee’s submitted system of internal control.

5. Failure to comply with these regulations is an unsuitable method of operation, but shall not subject the licensee to any payment of taxes or fees on any baccarat commission not collected.

#### **6.130 Mandatory disclosure provisions for credit applications and credit instruments.**

1. Each credit application must contain a statement approved by the Commission, separately signed by the patron, and in a font size of not less than 9 points, acknowledging the patron’s understanding, that under Arkansas law a credit instrument is the same as a personal check, and knowingly writing a credit instrument with insufficient funds in the account upon which it is drawn, or with intent to defraud, is a criminal act in the State of Arkansas which may result in criminal prosecution. The following language, if used on a credit application, is deemed approved:

“Warning: For the purposes of Arkansas law, a credit instrument is identical to a personal check and may be deposited in or presented for payment to a bank or other financial institution

on which the credit instrument is drawn. Willfully drawing or passing a credit instrument with the intent to defraud, including knowing that there are insufficient funds in an account upon which it may be drawn, is a crime in the State of Arkansas which may result in criminal prosecution in addition to civil proceedings to collect the outstanding debt.”

2. Each credit instrument must contain a notification, approved by the Commission, permanently and legibly printed on the face of the original credit instrument, in a font size of not less than 6 points, that notifies the patron of the requirements of Arkansas law regarding personal checks. The following language, if used on a credit instrument, is deemed approved:

“A credit instrument is identical to a personal check. Willfully drawing or passing a credit instrument knowing there are insufficient funds in an account upon which it may be drawn, or with the intent to defraud, is a crime in the State of Arkansas which may result in criminal prosecution.”

3. All documents created pursuant to this section must be retained in accordance with the requirements of these Rules.

4. Credit applications and credit instruments issued by licensees to patrons after the effective date of this section must contain the required wording. Such documentation issued by licensees to patrons before the effective date need not include the required disclosures.

#### **6.140 Treatment of credit for purposes of computing gross revenue.**

1. Gross revenue does not include credit extended or collected by the Licensee for purposes other than gaming. Gross revenue includes the amount of gaming credit extended to a patron that is not documented in a credit instrument.

2. Each licensee shall:

(a) Document, prior to extending credit, that it:

(1) Has received information from a bona fide credit reporting agency that the patron has an established credit history that is not entirely derogatory; or

(2) Has received information from a legal business that has extended credit to the patron that the patron has an established credit history that is not entirely derogatory; or

(3) Has received information from a financial institution at which the patron maintains an account that the patron has an established credit history that is not entirely derogatory; or

(4) Has examined records of its previous credit transactions with the patron showing that the patron has paid substantially all of the patron’s credit instruments and otherwise documents that it has a reasonable basis for placing the amount or sum placed at the patron’s disposal; or

(5) Was informed by another licensee that extended gaming credit to the patron that the patron has previously paid substantially all of the debt to the other licensee and the licensee otherwise documents that it has a reasonable basis for placing the amount or sum placed at the patron’s disposal; or

(6) If no credit information was available from any of the sources listed in subparagraphs (1) through (5) for a patron who is not a resident of the United States, the licensee has received, in writing, information from an agent or employee of the licensee who has personal knowledge of the patron’s credit reputation or financial resources that there is a reasonable basis for extending credit in the amount or sum placed at the patron’s disposal;

(7) In the case of personal checks, has examined and has recorded the patron’s valid driver’s license or, if a driver’s license cannot be obtained, some other document normally

acceptable as a means of identification when cashing checks, and has recorded a bank check guarantee card number or credit card number or has documented one of the credit checks set forth in subparagraphs (1) through (6);

(8) In the case of third party checks for which cash, or chips have been issued to the patron or which were accepted in payment of another credit instrument, has examined and has recorded the patron's valid driver's license, or if a driver's license cannot be obtained, some other document normally acceptable as a means of identification when cashing checks and has, for the check's maker or drawer, performed and documented one of the credit checks set forth in subparagraphs (1) through (6);

(9) In the case of guaranteed drafts, has complied with the issuance and acceptance procedures prescribed by the issuer.

(b) Ensure that the patron to whom the credit is extended either signs the credit instrument when credit is extended or, unless the requirements of these Rules have been met, acknowledges the debt and the instrument's validity in a signed, written statement within 30 days of the audit division's request;

(c) Obtain and record the patron's address before extending the credit, or, unless the requirements of these Rules have been met, furnish the patron's current address within 30 days of the audit division's request.

3. A licensee, after extending credit, shall:

(a) Document that it has:

(1) Attempted to collect payment from the patron once every ninety (90) days from the date:

(i) The credit is extended; or

(ii) Upon which the licensee and patron agree that the debt will become due and payable. An agreement by the licensee and the patron to extend the date the debt becomes due and payable beyond ninety (90) days from the date the credit was extended must be documented. If the agreement is not documented, collection attempts must be made as provided in this subsection, until the agreement is documented. Notwithstanding the forgoing, the licensee must commence collection efforts within ninety (90) days after the date which is eighteen (18) months after the date on which the credit is extended regardless of any agreement to extend the due date.

(2) Attempted to collect payment from the patron by requesting payment in letters sent to the patron's last-known address, or via facsimile transmission or electronic mail, or in personal or telephone conversations with the patron, or by presenting the credit instrument to the patron's bank for collection, or by a collection method or methods which the Commission determines to constitute good faith efforts to collect the full amount of the debt.

(b) Furnish the credit instrument to the Commission within 30 days after the audit division's request, unless the licensee has independent, written, and reliable verification that the credit instrument is in the possession of a court, governmental agency, or financial institution; has been returned to the patron upon partial payment of the instrument; has been returned to the patron upon the licensee's good faith belief that it had entered into a valid settlement and the licensee provides a copy of the original credit instrument and a document created contemporaneously with the settlement that contains the information required by these Rules; has been stolen and the licensee has made a written report of the theft to an appropriate law enforcement agency, other than the Commission, having jurisdiction to investigate the theft; or the Commission waives the requirements of the subsection because the credit instrument cannot be produced because of any other circumstances beyond the licensee's control.

(1) Theft reports made pursuant to this paragraph must be made within 30 days of the licensee's discovery of the theft and must include general information about the alleged crime, the amount of financial loss sustained, the date of the alleged theft, and the names of employees or agents of the licensee who may be contacted for further information. Each licensee shall furnish to the audit division a copy of theft reports made pursuant to this paragraph within 30 days of its request.

(2) If the licensee has returned a credit instrument upon partial payment, consolidation, or redemption of the debt, it shall issue a new "substituted" credit instrument in place of the original and shall furnish the substituted credit instrument to the audit division within 30 days of its request, unless the licensee has independent, written, and reliable verification that the substituted credit instrument cannot be produced because it is in the possession of a court, governmental agency, or financial institution; has been stolen and the licensee has made a written report of the theft to an appropriate law enforcement agency, other than the Commission, having jurisdiction to investigate the theft; or the Commission waives the requirements of this subparagraph because the substituted credit instrument cannot be produced because of any other circumstances beyond the licensee's control.

(c) Submit a written report of a forgery, if any, of the patron's signature on the instrument to an appropriate law enforcement agency, other than the Commission, having jurisdiction to investigate the forgery. The report must include general information about the alleged crime, the amount of financial loss sustained, the date of the alleged forgery, and identification of employees or agents of the licensee who may be contacted for further information. Each licensee shall furnish a copy of forgery reports made pursuant to this paragraph to the audit division within 30 days of its request.

(d) Permit the audit division within 30 days of its request to confirm in writing with the patron the existence of the debt, the amount of the original credit instrument, and the unpaid balance, if any.

(e) Retain all documents showing, and otherwise make detailed records of, compliance with this subsection, and furnish them to the audit division within 30 days after its request.]

4. Each licensee shall include in gross revenue all or any portion of an unpaid balance on any credit instrument if the Commission determines that, with respect to that credit instrument, the licensee has failed to comply with the requirements of these Rules.

5. A licensee need not include in gross revenue the unpaid balance of a credit instrument even if the Commission determines that a licensee has failed to comply with these Rules if the requirements of these Rules and one or more of the following paragraphs are satisfied, and the licensee documents or otherwise keeps detailed records of compliance with this subsection and furnishes them to the audit division within 30 days after its request. In the case in which the debts of several patrons are consolidated for purposes of settlement, the licensee shall document that the consolidation of the accounts of several patrons is not for the purpose of avoiding an adverse determination under these Rules.

(a) The licensee settles the debt for less than its full amount to induce the patron to make a partial payment. This paragraph is satisfied only if the licensee first requests payment of the debt in full from the patron, the patron fails to respond to the request or refuses to pay the debt in full, and the patron then makes a partial payment in consideration for settlement of the debt for less than the full amount.

(b) The licensee settles the debt for less than its full amount to compromise a genuine dispute between the patron and the licensee regarding the existence or amount of the debt.

(c) The licensee settles the debt for less than its full amount because the licensee in good faith believes, and records the basis for its belief, that the patron's business will be retained in the future, or the patron's business is in fact retained.

(d) The licensee settles the debt for less than its full amount to obtain a patron's business and to induce timely payment of the credit instrument. This paragraph is only satisfied if the percentage of the discount off the face value of the credit instrument is reasonable as compared to the prevailing practice in the industry at the time the credit instrument was issued.

6. Each licensee shall ensure:

(a) That a debt settled pursuant to these Rules is settled either with the patron to whom the credit was initially extended or the patron's personal representative. For purposes of this section, a personal representative is an individual who has been authorized by the patron to make a settlement on the patron's behalf. The licensee shall document its reasonable basis for its belief that the patron has authorized the individual to settle the patron's debt.

(b) That the settlement is authorized by persons designated to do so in the licensee's system of internal control, and the settlement agreement is reflected in a single document prepared within 30 days of the agreement and the document includes:

- (1) The patron's name;
- (2) The original amount of the credit instrument;
- (3) The amount of the settlement stated in words;
- (4) The date of the agreement;
- (5) The reason for the settlement;
- (6) The signatures of the licensee's employees who authorized the settlement;
- (7) The patron's signature or in cases in which the patron's signature is not on the settlement

document, confirmation from the patron acknowledging the debt, the settlement and its terms and circumstances in a signed, written statement received by the audit division within 30 days of its request. If confirmation from the patron is not available because of circumstances beyond the licensee's control, the licensee shall provide such other information regarding the settlement as the Commission determines is necessary to confirm the debt and settlement.

7. If the Commission determines that it is necessary to independently verify the existence or the amount of a settlement made pursuant to these Rules, the licensee shall allow the audit division to confirm the settlement and its terms and circumstances with the patron to whom the credit was initially extended.

8. A licensee shall include in gross revenue all money, and the net fair market value of property or services received by the licensee, its agent or employee, or a person controlling, controlled by, or under common control with the licensee in payment of credit instruments.

9. A licensee may exclude money received in payment of credit instruments from gross revenue if the licensee notifies the Commission in writing within 30 days of the licensee's discovery of the alleged criminal misappropriation of the money by an agent or employee of the licensee or by a person controlling, controlled by, or under common control with the licensee where the agent, employee, or person was involved in the collection process, and if the licensee:

(a) Files a written report with an appropriate law enforcement agency, other than the Commission, alleging criminal misappropriation of the money and furnishes a copy of such report to the Commission within 30 days of the audit division's request;



(b) Files and prosecutes a civil action against the agent, employee, or person for recovery of the misappropriated money and furnishes copies of legal pleadings to the Commission within 30 days of the audit division's request; or

(c) Otherwise demonstrates to the Commission's satisfaction, within the time limits set by the Commission, that the money was in fact criminally misappropriated and not merely retained by the agent, employee, or person as payment for services or costs.

10. If the licensee recovers any money, previously excluded from gross revenue pursuant to these Rules, the licensee shall include the money in gross revenue for the month in which the money is recovered.

#### **6.150 Mandatory count procedure.**

(a) The cash storage box shall be removed at a time designated by the Licensee and accepted by the Commission and CGS. However, a Licensee may, with prior CGS approval, establish a less frequent schedule for the removal of cash storage boxes from those gaming devices connected to an approved gaming device ticket system. No cash storage box shall be emptied or removed from its compartment at other than the times specified on such schedule except with the express notification to the Commission. Prior to emptying or removing any cash storage box, a Licensee shall notify security and the surveillance department of the transportation route that will be utilized.

**6.160 Handling of cash.** Each gaming employee, owner, or licensee who receives currency of the United States (other than tips or gratuities) from a patron in the gaming area of a gaming establishment shall promptly place the currency in the locked box in the table or, in the case of a cashier, in the appropriate place in the cashier's cage, or on those games which do not have a locked box or on card game tables, in an appropriate place on the table, in the cash register, or other repository approved by the Commission.

#### **6.170 Net gaming receipts tax**

The net gaming receipts tax shall be governed by the Arkansas Tax Procedure Act, § 26-18-101, *et seq.*

#### **6.170 On-site CGS offices**

(a) There shall be, for the exclusive use of the CGS agents, office space at each Licensee's licensed premises for monitoring and recording purposes. The designation of the CGS office shall be approved by the Commission.

#### **6.180 Significant events**

The following are the events that gaming devices must immediately report to the Central Monitoring System, in real-time. All Accounting and Occurrence meters and Error Conditions as defined within these regulations that are not listed below must also be communicated to the Central Monitoring System although, not in real-time unless requested by the system itself:

(a) Power Resets or power failure;

(b) Handpay Conditions (amount needs to be sent to the system):

(i) Gaming Device Jackpot (An award in excess of the single win limit of the gaming device);

(ii) Cancelled Credit Handpay; and

(iii) Progressive Jackpot (As per Gaming Device Jackpot, above.)

(c) Door Openings (any external door that accesses a critical area, on the gaming device). Door switches (discrete inputs to the Interface Element) are acceptable if their operation does not result in redundant or confusing messaging.

(d) Bill Acceptor Errors ('i' and 'ii' should each be sent as a unique message, if supported by the Communication Protocol):

(i) Stacker Full (if supported); and

(ii) Bill (Item) jam.

(e) Gaming Device Low RAM Battery Error;

(f) Reel Spin Errors (if applicable with individual reel number identified);

(g) Printer Errors (if printer supported):

(i) Printer Empty/Paper Low; and

(ii) Printer Disconnect/Failure.

(h) The following priority events must be conveyed to the On-Line Monitoring System where a mechanism must exist for timely notification:

(i) Loss of Communication with Interface Element;

(ii) Loss of Communication with a gaming device;

(iii) Memory corruption of the Interface Element, if storing critical information; and

(iv) RAM corruption of the gaming device.

#### **6.200 Electronic Accounting and Occurrence Meters**

Electronic accounting meters shall be at least seven (7) digits in length. If the meter is being used in dollars and cents, at least nine (9) digits must be used for the dollar amount. The meter must roll over to zero upon the next occurrence any time the meter is seven (7) digits or higher and after 9,999,999 has been reached (or any other value that is logical). Occurrence meters shall be at least three (3) digits in length and roll over to zero upon the next occurrence any time the meter is higher than the maximum number of digits for that meter. The required electronic meters are as follows (accounting meters are designated with an asterisk '\*'):

(a) The Amounts Wagered\* (OR cash in) meter shall cumulatively count the total amounts Wagered during game play, except credits that are won during the game that are subsequently risked in a double-up mode.

(b) The Amounts Won\* (OR credit out) meter shall cumulatively count all amounts won by the player at the end of the game that were not paid by an Attendant, including amounts paid by a ticket printer. This meter must not increment for bills inserted and cashed out (used as a change machine).

(c) The drop\* meter shall maintain a cumulative credit value of all bills and tickets/coupons inserted into the Bill Acceptor for play.

(d) The handpays\* meter shall reflect the cumulative amounts paid by an Attendant for progressive and non-progressive wins.

(e) The games-played meter shall display the cumulative number of games played since the last RAM clear.

(f) A cabinet door meter shall display the number of times the front cabinet door was opened since the last RAM clear.

(g) The drop door meter shall display the number of times the drop door and the Bill Acceptor door was opened since the last RAM clear.

(h) The cancelled credit\* meter shall reflect the cumulative amounts paid by an Attendant that are in excess of the credit limit and residual credits that are collected.

(i) NOTE: printer games do not require a cancelled credit meter unless a 'printer limit' option exists on the game.

(j) The progressive occurrence meter shall count the number of times each progressive meter is activated.

**End – Regulation 6**