

## 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](mailto:smokey.campbell@dfa.arkansas.gov) and [nikki.langston@dfa.arkansas.gov](mailto: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.



**RULE 9**  
**CLOSING OF BUSINESS; DEATH OR DISABILITY; INSOLVENCY**

**9.010 Surrender of license on closing of business; closing due to natural disasters.**

**9.020 Death or disability of licensee.**

**9.030 Insolvency of a licensee.**

**9.010 Surrender of license on closing of business; closing due to natural disasters.**

1. If a gaming establishment is conveyed to a secured party who does not possess the licenses necessary to operate the establishment, and the licensee ceases gaming operations as a result, the licensee must immediately surrender the licensee's Casino license and, upon written notification from the Commission that the surrender is accepted, the license shall be deemed to have lapsed. The Commission may, upon its own initiative or upon a request by the former secured party of the establishment, petition a court of competent jurisdiction for the appointment of a supervisor pursuant to Rule 16 to ensure the continuation of the gaming operation upon lapse of the license.

2. Except as provided in subsection 1, any licensee who surrenders, abandons or quits his or her licensed establishment, or who closes all of his or her licensed games for a period exceeding 1 month, shall within 10 days after surrendering, quitting or abandoning his or her licensed establishment or so closing his or her games, surrender his or her license to the Commission. The Commission may, upon request, authorize closing for longer periods; however, such extension will not permit closing for an entire calendar quarter.

3. Subsection 2 shall not apply if the Commission authorizes closure of any licensed gaming establishment that temporarily ceases the operation of all licensed games because of natural disaster, fire or other physical destruction of the licensed gaming establishment. In such circumstances, the licensee shall notify the Commission of the circumstances requiring closure of the licensed games pending rebuilding or repair of the premises; the anticipated duration of the closure; and the intent of the licensee to commence operation as soon as rebuilding or repairs have been completed. Upon receipt of such notice, the Commission, if satisfied that the premises are in fact unusable for continuing gaming, may authorize closure for such time as is necessary.

4. Any licensee granted temporary closure by the Commission under subsection 4 is a continuing state Casino licensee subject to the provisions of the Amendment and Rules adopted thereunder, and shall also be subject to such conditions, by way of placement of a bond, reporting, or otherwise, as may be deemed necessary by the Commission. Prior to resumption or partial resumption of gaming operations, licensees shall pay in advance any license fees and taxes due.

**9.020 Death or disability of licensee.**

1. In the event of the death or judicially established disability of a licensee or a stockholder of a corporate licensee, the spouse, next of kin, personal representative or guardian of such deceased or disabled person or the person in charge of the licensed establishment, or, in the case of a corporate licensee, a managing officer of such corporation, shall notify the Commission immediately of the fact of such death or disability.

2. In case such deceased or disabled person is the sole licensee for an establishment, the Commission may in the Commission's sole and absolute discretion, authorize the spouse, next of kin, personal representative or guardian of such person to continue the operation of such



establishment pending action on an application by such spouse, next of kin, personal representative or guardian for a license to operate such establishment.

3. In any case in which the interest held by such deceased or disabled person in any licensed establishment would pass by operation of law or otherwise to the person's estate or to any person other than a co-licensee, such person or the personal representative or guardian of the deceased or disabled person shall, within 30 days after the date of death or disability, make application to the Commission for a temporary license as successor in interest, representative or guardian, whichever is appropriate.

4. The Commission may, in its discretion and if satisfied of the necessity of such action, recommend to the Commission that a temporary license be issued to the applicant for such period of time as it may deem necessary. Such temporary license will entitle the person named therein to take part in the operation of such establishment and to receive profits therefrom as successor in interest, representative or guardian of the deceased or disabled person. Such temporary license may not be assigned in whole or in part.

5. No licensee shall permit any spouse, heir, next of kin, personal representative or guardian to take part in the operation of the licensed establishment, nor pay over to such person any part of the profits of such operation which accrue after the date of death or disability, unless such person is either a co-licensee or the holder of a temporary license as successor in interest, representative or guardian.

6. In any case in which the interest held by a deceased or disabled trustee in any licensed establishment would pass to a successor trustee other than a co-licensee, such successor trustee shall, within 30 days after the date of death or disability, make application to the Commission for a temporary license as successor in interest.

#### **9.030 Insolvency of a licensee.**

1. In the event that a licensee files any petition with the bankruptcy court for relief as a debtor or has such a petition filed against it, or a receiver is appointed for such licensed business or an assignment of such business is made for the benefit of creditors, the licensee, trustee, receiver or assignee, as the case may be, shall immediately notify the Commission of such fact in writing. Such written notice shall have attached a copy of the petition filed with the court, and any relevant court orders such as orders appointing trustees, receivers, or assignees.

2. No licensed establishment shall be operated by any trustee, receiver or assignee for the benefit of creditors until such operation has been authorized by the Commission. In an emergency situation, any three members of the Commission may authorize the continuation of such operation pending action by the Commission.

3. Any such trustee, receiver, or assignee desiring to continue operation of the licensed establishment shall immediately make application for permission to do so. Application shall be made in the same manner as an application for an initial license; but the operation, if approved, shall be deemed to continue under the existing license of the establishment.

4. Permission for such trustee, receiver, or assignee to continue the operation of the licensed establishment may be summarily withdrawn at any time in the discretion of the Commission without the necessity of any hearing or proceedings for revocation or suspension.

**End – Rule 9**