

Title 58—RECREATION

PENNSYLVANIA GAMING CONTROL BOARD

[58 PA. CODE CHS. 401, 405, 421, 441,
443, 465, 494 AND 501]

Temporary Regulations

Under the Pennsylvania Gaming Control Board's (Board) Resolution Nos. 2005-3 REG, 2005-4 REG, 2005-5 REG, 2006-2 REG and 2006-4 REG, the Board has the authority to amend the temporary regulations adopted on June 16, 2005, July 21, 2005, September 28, 2005, February 2, 2006, and March 16, 2006, as it deems necessary in accordance with the purpose of the act of July 5, 2004 (P. L. 572, No. 71) (Act 71) and to further the intent of Act 71. Accordingly, the Board has decided to make editorial changes to the temporary regulations, dated June 16, 2005, July 21, 2005, September 28, 2005, February 2, 2006, and March 16, 2006, as deposited with the Legislative Reference Bureau (Bureau) and published at 35 Pa.B. 4045 (July 16, 2005), 35 Pa.B. 4543 (August 6, 2005), 35 Pa.B. 6407 (November 19, 2005), 36 Pa.B. 910 (February 18, 2006) and 36 Pa.B. 1578 (April 1, 2006).

Therefore, the Board has deposited with the Bureau amendments to §§ 401.4, 405.3, 421.2, 441.9, 443.5, 465.9, 465.10, 494.8 and 501.8. The amendments are effective as of June 15, 2006. The temporary regulations of the Board in Chapters 401, 405, 421, 441, 443, 465, 494 and 501 are amended by amending §§ 401.4, 405.3, 421.2, 441.9, 443.5, 465.9, 465.10, 494.8 and 501.8 to read as set forth in Annex A, with ellipses referring to the existing text of the regulations.

Order

The Board, acting under the authorizing statute, orders that:

(a) The Board, acting under the authority of the Act 71, adopts the amendments to the temporary regulations adopted by resolution at the June 15, 2006, public meeting. The amendments to the temporary regulations pertain to definitions, the Bureau of Investigations and Enforcement, general licensing requirements, employees, slot machine licenses, hearings and appeals and prohibitions on check cashing.

(b) The temporary regulations of the Board, 58 Pa. Code Chapters 401, 405, 421, 441, 443, 465, 494 and 501, are amended by amending §§ 401.4, 405.3, 421.2, 441.9, 443.5, 465.9, 465.10, 494.8 and 501.8, to read as set forth in Annex A, with ellipses referring to the existing text of the regulations.

(c) The amendments are effective June 15, 2006.

(d) The amendments to the temporary regulations shall be posted in their entirety on the Board's website and published in the *Pennsylvania Bulletin*.

(e) The Chairperson of the Board shall certify this order and deposit the amendments to the temporary regulations with the Bureau as required by law.

THOMAS A. DECKER,
Chairperson

Fiscal Note: 125-32. No fiscal impact; (8) recommends adoption.

Annex A

TITLE 58. RECREATION

PART VII. GAMING CONTROL BOARD

Subpart A. GENERAL PROVISIONS

CHAPTER 401. PRELIMINARY PROVISIONS

§ 401.4. Definitions.

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

* * * * *

Slot machine—

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

* * * * *

CHAPTER 405. BUREAU OF INVESTIGATION AND ENFORCEMENT

§ 405.3. Office of Enforcement Counsel.

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

* * * * *

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

* * * * *

(5) Appear on behalf of the Bureau of Licensing or the Bureau at administrative hearings and other proceedings before the Board.

* * * * *

Subpart B. LICENSING, REGISTERING, CERTIFYING AND PERMITTING

CHAPTER 421. GENERAL PROVISIONS

§ 421.2. Licenses, registrations, certifications and permits.

(a) Licenses that may be issued by the Board include:

* * * * *

(8) Horsemen's permit, which authorizes the approved permittee to act on behalf of a registered horsemen's organization.

* * * * *

(d) Registrations that may be issued by the Board include:

* * * * *

(3) Junket enterprise representative registration, which authorizes individuals to represent licensed junket enterprises.

(4) Horsemen's organization registration, which authorizes approved horsemen's organizations to receive allocated funds under section 1406 of the act (relating to distributions from Pennsylvania Race Horse Development Fund).

Subpart C. SLOT MACHINE LICENSING

CHAPTER 441. SLOT MACHINE LICENSING

§ 441.9. Responsibilities of licensed organizations.

* * * * *

(b) *Specific.* If a Category 1 license is issued to a legal business entity in an organization, any legal business entity within the organization that has been approved or issued a Category 1 license shall be responsible for, in particular, but not limited to, complying with:

* * * * *

(3) Distribution allocations received from the Pennsylvania Race Horse Development Fund under section 1406 of the act.

(i) Funds designated for purses under section 1406(a)(1)(i) of the act (relating to distributions from Pennsylvania Race Horse Development Fund) shall be deposited into an account established by and for the benefit of the horsemen within 36 hours of receipt from the Commonwealth.

(ii) Funds designated for health and pension benefits under section 1406(a)(1)(iii) of the act shall be deposited into an account established pursuant to the rules and regulations of the horsemen's organization within 36 hours of receipt from the Commonwealth.

CHAPTER 443. CATEGORIES OF LICENSURE

§ 443.5. Category 3 slot machine license.

* * * * *

(b) To be eligible to receive a Category 3 slot machine license, an applicant shall comply with Chapter 441 (relating to slot machine licenses) and submit the following:

* * * * *

(4) A plan detailing how the applicant, as part of its operational plan, will monitor the gaming area to ensure compliance with Chapter 513 (relating to underage gaming) and that only the following persons are permitted to enter the gaming area:

- (i) Registered guests.
- (ii) Patrons of one or more of the amenities.
- (iii) Authorized employees.
- (iv) Other persons authorized by the Board.

* * * * *

Subpart E. SLOT MACHINE TESTING, CERTIFICATION AND CONTROL

CHAPTER 465. ACCOUNTING AND INTERNAL CONTROLS

§ 465.9. Licensed facility.

* * * * *

(d) Each slot machine licensee shall, in accordance with section 1207(13) of the act (relating to regulatory authority of Board), provide for and maintain onsite facilities for

use by the Board, the Department and the Pennsylvania State Police for the purpose of carrying out their respective responsibilities (collectively referred to as the "onsite facilities"). The onsite facilities must be located in the same building as, and be located reasonably proximate to, the gaming floor and include suitable office space, equipment, partitions and supplies to meet the continuing needs of the Board, the Department, and the Pennsylvania State Police at the facility including the following:

* * * * *

(e) Any key or alternative locking mechanism securing access to the onsite facilities shall be under the exclusive custody and control of the Board, the Department or the Pennsylvania State Police respectively.

(f) Each slot machine licensee shall provide additional accommodations within the licensed facility as shall be requested by the Board, the Department or the Pennsylvania State Police to accommodate periodic audit, compliance or investigative reviews at the licensed facility.

(g) Each slot machine licensee shall provide adequate parking spaces reasonably proximate to the onsite facilities, clearly marked for the Board, the Department or Pennsylvania State Police use only.

(h) Each slot machine licensee shall equip its licensed facility with communication systems necessary to insure an effective level of communication between the licensed facility and the Board, the Department, the Pennsylvania State Police, any applicable local law enforcement agency and any relevant emergency first responders.

§ 465.10. Surveillance system; surveillance department control; surveillance department restrictions.

* * * * *

(c) The surveillance system required in this section must include the following:

(1) Light sensitive cameras with lenses of sufficient magnification to allow the operator to read information on a slot machine reel strip and credit meter and equipped with 360° pan, tilt and zoom capabilities, without camera stops, to effectively and clandestinely monitor in detail and from various vantage points, the following:

* * * * *

(ii) The operations conducted at and in the cashier's cage and any satellite cage.

* * * * *

(vii) Other areas designated by the Board.

* * * * *

(e) In addition to other requirements imposed by this section, a slot machine licensee's surveillance system must be required to continuously record, during the appropriate times and in the manner indicated in this subsection, transmissions from cameras used to observe the following locations, persons, activities or transactions:

* * * * *

(2) The main bank, vault, satellite cage and other areas as required by the Board.

* * * * *

(4) The count procedures conducted in the count room.

(5) Any armored car collection or delivery.

(6) Automated bill breaker, gaming voucher redemption, coupon redemption and jackpot payout machines whenever the machines are opened for replenishment or other servicing.

(7) The entrances and exits to the licensed facility, the gaming floor, the cashier's cage and the count room.

* * * * *

(j) The surveillance recordings required under subsection (e) shall be retained for a minimum of 30 days. All other surveillance recordings shall be retained for 7 days. All surveillance recordings shall be made available for review upon request by the Board or the Pennsylvania State Police. In addition, any recording determined by Board agents or the Pennsylvania State Police as being of potential evidentiary value shall be stored in accordance with Board or Pennsylvania State Police directives or turned over to Board agents or the Pennsylvania State Police upon request. At the request and expense of the slot machine licensee, a copy of any recording turned over to the Board or the Pennsylvania State Police may be made available to the slot machine licensee.

* * * * *

(l) In accordance with § 465.3(d)(5), each slot machine licensee shall be required to submit, for Board approval, a minimum staffing submission with regard to its surveillance monitor rooms. The minimum staffing submission must consider the size and layout of the facility as well as the number and the configuration of the slot machines on the gaming floor and must at all times provide for adequate and effective surveillance of activities inside and outside the licensed facility.

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Subpart H. PRACTICE AND PROCEDURE

CHAPTER 494. HEARING PROCEDURE

§ 494.8. Rehearing or reconsideration.

* * * * *

(d) This section does not apply to proceedings resulting in any final order, determination or decision of the Board involving the approval, issuance, denial or conditioning of all licensed entity applications which are subject to the appellate requirements of section 1204 of the act (relating to licensed entity application appeals from board).

(e) This section supersedes 1 Pa. Code § 35.241 (relating to application for rehearing or reconsideration).

Subpart I. COMPULSIVE AND PROBLEM GAMBLING

CHAPTER 501. COMPULSIVE AND PROBLEM GAMING REQUIREMENTS

§ 501.8. Prohibition on check cashing.

(a) Except as otherwise permitted in this section, a licensed gaming entity or any person acting on behalf of a licensed gaming entity, may not cash any check payable to an individual, including Social Security, unemployment insurance, disability payment, public assistance payment, or payroll check to enable that individual to take part in gaming.

(b) A licensed gaming entity may accept a personal check, wire transfer or cash equivalent, such as a recognized traveler's check, cashier's check or money order.

[Pa.B. Doc. No. 06-1249. Filed for public inspection June 30, 2006, 9:00 a.m.]

PENNSYLVANIA GAMING CONTROL BOARD

[58 PA. CODE CH. 436]

Temporary Regulations; Horsemen's Organizations

The Pennsylvania Gaming Control Board (Board), under 4 Pa.C.S. § 1203(a) (relating to temporary regulations), adopts temporary regulations to facilitate implementation of 4 Pa.C.S. Part II (relating to gaming), enacted by the act of July 5, 2004 (P. L. 572, No. 71) (Act 71). The Board's temporary regulations will be added to Part VII (relating to Gaming Control Board). Chapter 436, entitled horsemen's organizations, is added to Subpart B, entitled licensing, registering, certifying and permitting.

Purpose and Background

Under 4 Pa.C.S. § 1203(a), the Board is authorized to promulgate temporary regulations to facilitate the prompt implementation of Act 71. The regulations are necessary to enhance the credibility of the licensed operation of slot machines and associated equipment within this Commonwealth and to carry out the policy and purposes of the Board. To invite public input, the Board published draft regulations on the Board's website and 10-day public comment period was provided.

Under 4 Pa.C.S. § 1203(b), the temporary regulations adopted by the Board expire no later than 3 years following the effective date of Act 71 or upon promulgation of regulations as generally provided by the law. These temporary regulations are not subject to sections 201—205 of the act of July 31, 1968 (P. L. 769, No. 240) (45 P. S. §§ 1201—1208), known as the Commonwealth Documents Law (CDL), or to the Regulatory Review Act (71 P. S. §§ 745.1—745.15).

Financial Impact

Act 71 and the regulations will provide for the implementation and management of gaming within this Commonwealth and the collection of fees and taxes from entities and individuals authorized by the Board to be employed by, provide gaming related services to or operate gaming facilities. The appropriations from the Commonwealth for the implementation of Act 71 and costs of administering 4 Pa.C.S. Part II will be reimbursed by the licensed entities as specified within Act 71. Individuals and entities that wish to obtain licenses as gaming entities shall pay to the Gaming Fund significant licensing fees to obtain the authority to do business within this Commonwealth. Part of these fees shall reimburse the Board and the Pennsylvania State Police for licensing processes and background investigations. The licensing, registration, certification and permitting of individuals and other classes of applicants will be reimbursed by the applicants through fees established by the Board. It is anticipated that all expenses of the Board and all associated activities shall be reimbursed by the applicants and gaming entities as previously specified. The Board shall have no financial impact on the State budget.

Statutory Authority

The Board is authorized under 4 Pa.C.S. § 1203(a) to adopt and publish temporary regulations to implement the policies and purposes of Act 71.

Regulatory Review

Under 4 Pa.C.S. § 1203(b), the Board's authority to adopt temporary regulations expires 2 years from the effective date of Act 71.

Findings

The Board finds that:

(1) Under 4 Pa.C.S. § 1203(a), the temporary regulations are exempt from the requirements of the Regulatory Review Act and sections 201—205 of the CDL.

(2) A 10-day public comment period was held prior to the adoption of the temporary regulations.

(3) The adoption of the temporary regulations provided by this order is necessary and appropriate for the administration of the authorizing statute.

Order

The Board, acting under the authorizing statute, orders that:

(a) The Board, acting under the authority of the Act 71, adopts as its final-form temporary regulations, the draft regulations as amended by resolution at the June 15, 2006, public meeting. The temporary regulations pertain to horsemen's organizations.

(b) The temporary regulations of the Board, 58 Pa. Code, are amended by adding §§ 436.1—436.7 to read as set forth in Annex A.

(c) The temporary regulations are effective June 15, 2006.

(d) The temporary regulations shall be posted in their entirety on the Board's website and published in the *Pennsylvania Bulletin*.

(e) The temporary regulations shall be subject to amendment as deemed necessary by the Board in accordance with the purpose of Act 71 and to further the intent of Act 71.

(f) The Chairperson of the Board shall certify this order and deposit the regulations with the Legislative Reference Bureau as required by law.

THOMAS A. DECKER,
Chairperson

Fiscal Note: 125-27. No fiscal impact; (8) recommends adoption.

Annex A

TITLE 58. RECREATION

PART VII. GAMING CONTROL BOARD

Subpart B. REGISTERING, CERTIFYING AND PERMITTING

CHAPTER 436. HORSEMEN'S ORGANIZATIONS

Sec.	
436.1.	Definitions.
436.2.	Horsemen's organization registration.
436.3.	Permitting of officers, directors, representatives and fiduciaries.
436.4.	Responsibilities of horsemen's organizations, officers, directors, representatives and fiduciaries.
436.5.	Fiduciaries.
436.6.	Health and pension benefit plans.
436.7.	Enforcement.

§ 436.1. Definitions.

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

Fiduciary—A person who is entrusted by the horsemen's organization or its members to hold or manage any funds received for horsemen under section 1406 of the act (relating to distributions from the Pennsylvania Race House Development Fund) or who exercises control or

discretionary authority over selection or management of a health or pension benefit plan, disposition of its assets or distribution of its funds.

Health benefits—Any plan, fund or program which is maintained by a horsemen's organization and that provides healthcare benefits to horsemen at licensed racetracks, their families and employees, and others designated by the rules and eligibility requirements of the organization consistent with the act.

Horsemen—A thoroughbred or standardbred horse owner or trainer who enters and runs a horse at a licensed racing entity in the current or prior calendar year and meets the membership requirements of the horsemen's organization to participate in the receipt of benefits therefrom.

Horsemen's organization—A trade association which represents the majority of horsemen at a licensed racetrack and which exists for the purpose, in whole or in part, of negotiating a horsemen's contract and resolving grievances, disputes or other matters with management of a licensed racing entity, as defined by section 1103 of the act (relating to definitions).

Horsemen's organization officer—Any officer or person authorized to perform the functions of president, vice president, secretary/treasurer or other executive function of a horsemen's organization, and any member of its board of directors or similar governing body.

Horsemen's organization representative—Any person, compensated or not, who is authorized to represent a horsemen's organization or any member thereof in any matter relating to horsemen's agreements with the licensed racing entity, or who undertakes on behalf of a horsemen's organization or any member thereof to promote, facilitate or otherwise influence the relations between a horsemen's organization and the licensed racing entity.

Pension benefits—Any plan, fund or program which is maintained by a horsemen's organization and that funds a program which provides retirement income to horsemen at licensed racetracks, their families and employees, and any others so designated by the rules and eligibility requirements of the organization consistent with the act.

§ 436.2. Horsemen's organization registration.

(a) Each horsemen's organization or affiliate representing horsemen shall register with the Board in accordance with this section.

(b) Each horsemen's organization shall file a completed Horsemen's Organization Registration Statement with the registration fee established by the Board.

(c) Horsemen's organization applicants and registrants shall be subject to the general application and licensing requirements of Chapters 421 and 423 (relating to general provisions; and applications).

(d) Horsemen's organization registrations shall be valid for 4 years from the date on which the registration is approved by the Board. Renewals shall be valid for 4 years and shall be filed no later than 120 days prior to the expiration of the current registration period. A registration for which a completed renewal application and fee has been received by the Board will continue in effect unless the Board sends written notification to the horsemen's organization that the Board has denied renewal of the registration.

§ 436.3. Permitting of officers, directors, representatives and fiduciaries.

(a) Every officer, director or representative of a horsemen's organization who is currently elected or appointed and authorized to act on behalf of the horsemen's organization, or any individual authorized to act in a fiduciary capacity on behalf of horsemen shall be permitted in accordance with this section.

(b) Every officer, director or representative of a horsemen's organization who is currently elected or appointed and authorized to act on behalf of the horsemen's organization, or any individual authorized to act in a fiduciary capacity on behalf of horsemen shall file a completed Horsemen's Permit Application Form with the licensing fee established by the Board.

(c) Applicants and permittees under this section shall be subject to the general application and licensing requirements of Chapters 421 and 423 (relating to general provisions; and applications).

(d) Permits issued under this section shall be valid for 1 year from the date on which the permit is approved by the Board. Renewals shall be valid for 1 year and shall be filed at least 60 days prior to the expiration of the current permit. A permit for which a completed renewal application and fee has been received by the Board will continue in effect unless the Board sends written notification to the permittee that the Board has denied renewal of the permit.

(e) If a current officer, director or representative of a horsemen's organization is denied a permit required by this section, that officer, director or representative shall be precluded from engaging in any activity of the horsemen's organization involving gaming funds allocated to, received by, or distributed from the horsemen's organization.

(f) A person who is a third-party provider of a health or pension benefit plan to a horsemen's organization shall be exempt from the requirements of this section. A licensed attorney or accountant representing a horsemen's organization who does not meet the conditions in subsection (a) shall also be exempt this section.

§ 436.4. Responsibilities of horsemen's organizations, officers, directors, representatives and fiduciaries.

(a) Horsemen's organizations, officers, directors, representatives and fiduciaries shall ensure that all funds allocated to the horsemen and horsemen's organizations are used for the benefit of all horsemen of this Commonwealth.

(b) Horsemen's organizations shall maintain adequate records of receipts and distributions of all funds allocated to them under the act.

(c) By March 30 of each calendar year, each horsemen's organization shall file with the Board two copies of its audited financial statements together with any management letters or reports written thereon as prepared by its independent auditor. These filings shall be made available for public inspection during the normal operating hours of the Board.

§ 436.5. Fiduciaries.

Fiduciaries shall:

(1) Ensure that all funds received for the benefit of the horsemen are distributed pursuant to the act.

(2) Manage all health and pension benefit plans for the exclusive benefit of participants and beneficiaries.

(3) Carry out their duties in a prudent manner and refrain from conflict-of-interest transactions.

(4) Comply with any limitations on certain plans' investments in particular securities and properties.

(5) Fund benefits in accordance with applicable law and plan rules.

(6) File quarterly reports with the Board within 20 days of the end of each calendar quarter. The reports must detail the expenditure of funds designated by the act for the benefit of horsemen and be in a format and manner designated by the Board.

(7) Provide documents to the Board as may be requested in the conduct of investigations or to ensure compliance with the act and this chapter.

§ 436.6. Health and pension benefit plans.

(a) Contracts for health and pension benefit plans established for the benefit of members of a horsemen's organization must:

(1) Be submitted to the Board for review at least 90 days prior to the proposed effective date of the contract.

(2) Not be effective until approved by the Board.

(b) Administrative and overhead costs incurred by the horsemen's organization for the administration of health and pension benefit plans must be reasonable. Administrative costs that do not exceed 15% of the statutory allocation are considered reasonable.

§ 436.7. Enforcement.

The Office of Enforcement Counsel may initiate proceedings against any person, including any horsemen's organization, for violations of any provisions of the act or this chapter.

[Pa.B. Doc. No. 06-1250. Filed for public inspection June 30, 2006, 9:00 a.m.]

**PENNSYLVANIA GAMING CONTROL BOARD
[58 PA. CODE CH. 437]**

Temporary Regulations; Vendor Key Employee Qualifiers and Key Employees

The Pennsylvania Gaming Control Board (Board), under 4 Pa.C.S. § 1203(a) (relating to temporary regulations), adopts temporary regulations to facilitate implementation of 4 Pa.C.S. Part II (relating to gaming), enacted by the act of July 5, 2004 (P. L. 572, No. 71) (Act 71). The Board's temporary regulations will be added to Part VII (relating to Gaming Control Board). Sections 437.11 and 437.12 are added to Chapter 437, entitled vendor registration and certification, under Subpart B, entitled licensing, registering, certifying and permitting.

Purpose and Background

Under 4 Pa.C.S. § 1203(a), the Board is authorized to promulgate temporary regulations to facilitate the prompt implementation of Act 71. The regulations are necessary to enhance the credibility of the licensed operation of slot machines and associated equipment within this Commonwealth and to carry out the policy and purposes of the Board. To invite public input, the Board published draft

regulations on the Board's website and 10-day public comment period was provided.

Under 4 Pa.C.S. § 1203(b), the temporary regulations adopted by the Board expire no later than 3 years following the effective date of Act 71 or upon promulgation of regulations as generally provided by the law. These temporary regulations are not subject to sections 201—205 of the act of July 31, 1968 (P. L. 769, No. 240) (45 P. S. §§ 1201—1208), known as the Commonwealth Documents Law (CDL), or to the Regulatory Review Act (71 P. S. §§ 745.1—745.15).

Financial Impact

Act 71 and the regulations will provide for the implementation and management of gaming within this Commonwealth and the collection of fees and taxes from entities and individuals authorized by the Board to be employed by, provide gaming related services to or operate gaming facilities. The appropriations from the Commonwealth for the implementation of Act 71 and costs of administering 4 Pa.C.S. Part II will be reimbursed by the licensed entities as specified within Act 71. Individuals and entities that wish to obtain licenses as gaming entities shall pay to the Gaming Fund significant licensing fees to obtain the authority to do business within this Commonwealth. Part of these fees shall reimburse the Board and the Pennsylvania State Police for licensing processes and background investigations. The licensing, registration, certification and permitting of individuals and other classes of applicants will be reimbursed by the applicants through fees established by the Board. It is anticipated that all expenses of the Board and all associated activities shall be reimbursed by the applicants and gaming entities as previously specified. The Board shall have no financial impact on the State budget.

Statutory Authority

The Board is authorized under 4 Pa.C.S. § 1203(a) to adopt and publish temporary regulations to implement the policies and purposes of Act 71.

Regulatory Review

Under 4 Pa.C.S. § 1203(b), the Board's authority to adopt temporary regulations expires 2 years from the effective date of Act 71.

Findings

The Board finds that:

- (1) Under 4 Pa.C.S. § 1203(a), the temporary regulations are exempt from the requirements of the Regulatory Review Act and sections 201—205 of the CDL.
- (2) A 10-day public comment period was held prior to the adoption of the temporary regulations.
- (3) The adoption of the temporary regulations provided by this order is necessary and appropriate for the administration of the authorizing statute.

Order

The Board, acting under the authorizing statute, orders that:

- (a) The Board, acting under the authority of the Act 71, adopts as its final-form temporary regulations, the draft regulations as amended by resolution at the June 15, 2006, public meeting. The temporary regulations pertain to vendor key employee qualifiers and key employees.
- (b) The temporary regulations of the Board, 58 Pa. Code Chapter 437, are amended by adding §§ 437.11 and 437.12 to read as set forth in Annex A.

(c) The temporary regulations are effective June 15, 2006.

(d) The temporary regulations shall be posted in their entirety on the Board's website and published in the *Pennsylvania Bulletin*.

(e) The temporary regulations shall be subject to amendment as deemed necessary by the Board in accordance with the purpose of Act 71 and to further the intent of Act 71.

(f) The Chairperson of the Board shall certify this order and deposit the regulations with the Legislative Reference Bureau as required by law.

THOMAS A. DECKER,
Chairperson

Fiscal Note: 125-28. No fiscal impact; (8) recommends adoption.

Annex A

TITLE 58. RECREATION

PART VII. GAMING CONTROL BOARD

Subpart B. LICENSING, REGISTERING, CERTIFYING AND PERMITTING

CHAPTER 437. VENDOR REGISTRATION AND CERTIFICATION

§ 437.11. Key employee qualifier certification.

(a) Key employee qualifiers of certified vendors or applicants thereof, including natural persons and entities, shall obtain a key employee qualifier certification from the Board.

(b) Key employee qualifier applicants for certification and certified key employee qualifiers are subject to the requirements and waiver provisions of § 435.2 (relating to key employee qualifier license).

(c) Key employee qualifier certifications issued under this section are subject to renewal every 4 years. Applications for renewal shall be submitted to the Board at least 60 days prior to the expiration of the key employee qualifier certification. The application for renewal must include an update of the information contained in the initial and any prior renewal applications and the payment of any renewal fee required by the Board. A key employee qualifier certification for which a completed renewal application and fee has been received by the Board will continue in effect unless the Board sends written notification to the certified key employee qualifier that the Board has denied the key employee qualifier certification.

§ 437.12. Key employee certification.

(a) Key employees of certified vendors or applicants thereof, including natural persons and entities, shall obtain a key employee certification from the Board.

(b) Key employee applicants for certification and certified key employees are subject to the requirements and waiver provisions of § 435.3 (relating to key employee license).

(c) Key employee certifications issued under this section are subject to renewal every 4 years. Applications for renewal shall be submitted to the Board at least 60 days prior to the expiration of the key employee certification. The application for renewal must include an update of the information contained in the initial and any prior renewal applications and the payment of any renewal fee required by the Board. A key employee certification for which a completed renewal application and fee has been received

by the Board will continue in effect unless and until the Board sends written notification to the certified key employee that the Board has denied the key employee certification.

[Pa.B. Doc. No. 06-1251. Filed for public inspection June 30, 2006, 9:00 a.m.]

PENNSYLVANIA GAMING CONTROL BOARD

[58 PA. CODE CH. 441]

Temporary Regulations; Slot Machine Licensing Hearings

The Pennsylvania Gaming Control Board (Board), under 4 Pa.C.S. § 1203(a) (relating to temporary regulations), adopts a temporary regulation to facilitate implementation of 4 Pa.C.S. Part II (relating to gaming), enacted by the act of July 5, 2004 (P. L. 572, No. 71) (Act 71). The Board's temporary regulation will be added to Part VII (relating to Gaming Control Board). Section 441.19, entitled slot machine licensing hearings, is added to Chapter 441, entitled slot machine licenses, under Subpart C, entitle slot machine licensing.

Purpose and Background

Under 4 Pa.C.S. § 1203(a), the Board is authorized to promulgate temporary regulations to facilitate the prompt implementation of Act 71. The regulations are necessary to enhance the credibility of the licensed operation of slot machines and associated equipment within this Commonwealth and to carry out the policy and purposes of the Board. To invite public input, the Board published draft regulations on the Board's website and 10-day public comment period was provided.

Under 4 Pa.C.S. § 1203(b), the temporary regulations adopted by the Board expire no later than 3 years following the effective date of Act 71 or upon promulgation of regulations as generally provided by the law. These temporary regulations are not subject to sections 201—205 of the act of July 31, 1968 (P. L. 769, No. 240) (45 P. S. §§ 1201—1208), known as the Commonwealth Documents Law (CDL), or to the Regulatory Review Act (71 P. S. §§ 745.1—745.15).

Financial Impact

Act 71 and the regulations will provide for the implementation and management of gaming within this Commonwealth and the collection of fees and taxes from entities and individuals authorized by the Board to be employed by, provide gaming related services to or operate gaming facilities. The appropriations from the Commonwealth for the implementation of Act 71 and costs of administering 4 Pa.C.S. Part II will be reimbursed by the licensed entities as specified within Act 71. Individuals and entities that wish to obtain licenses as gaming entities shall pay to the Gaming Fund significant licensing fees to obtain the authority to do business within this Commonwealth. Part of these fees shall reimburse the Board and the Pennsylvania State Police for licensing processes and background investigations. The licensing, registration, certification and permitting of individuals and other classes of applicants will be reimbursed by the applicants through fees established by the Board. It is anticipated that all expenses of the Board and all associated activities shall be reimbursed by the applicants and gaming entities as previously specified. The Board shall have no financial impact on the State budget.

Statutory Authority

The Board is authorized under 4 Pa.C.S. § 1203(a) to adopt and publish temporary regulations to implement the policies and purposes of Act 71.

Regulatory Review

Under 4 Pa.C.S. § 1203(b), the Board's authority to adopt temporary regulations expires 2 years from the effective date of Act 71.

Findings

The Board finds that:

(1) Under 4 Pa.C.S. § 1203(a), the temporary regulation is exempt from the requirements of the Regulatory Review Act and sections 201—205 of the CDL.

(2) A 10-day public comment period was held prior to the adoption of the temporary regulation.

(3) The adoption of the temporary regulation provided by this order is necessary and appropriate for the administration of the authorizing statute.

Order

The Board, acting under the authorizing statute, orders that:

(a) The Board, acting under the authority of the Act 71, adopts as its final-form temporary regulation, the draft regulation as amended by resolution at the June 15, 2006, public meeting. The temporary regulations pertain to slot machine licensing hearings.

(b) The temporary regulations of the Board, 58 Pa. Code Chapter 441, are amended by adding § 441.19 to read as set forth in Annex A.

(c) The temporary regulation is effective June 15, 2006.

(d) The temporary regulation shall be posted in their entirety on the Board's website and published in the *Pennsylvania Bulletin*.

(e) The temporary regulation shall be subject to amendment as deemed necessary by the Board in accordance with the purpose of Act 71 and to further the intent of Act 71.

(f) The Chairperson of the Board shall certify this order and deposit the regulation with the Legislative Reference Bureau as required by law.

THOMAS A. DECKER,
Chairperson

Fiscal Note: 125-29. No fiscal impact; (8) recommends adoption.

Annex A

TITLE 58. RECREATION

PART VII. GAMING CONTROL BOARD

Subpart C. SLOT MACHINE LICENSING

CHAPTER 441. SLOT MACHINE LICENSES

§ 441.19. Licensing hearings for slot machine licenses.

(a) *Definitions.* The following words and terms, when used in this section, have the following meanings, unless the context clearly indicates otherwise.

Licensing hearing—A hearing before the Board in which an applicant for an initial grant of a permanent slot machine license or a Conditional Category 1 slot machine license will have an opportunity to present to the Board:

- (1) Evidence concerning its eligibility for a license.
- (2) Evidence concerning its suitability for a license.
- (3) Evidence of how its proposed facility and operation addresses the criteria identified in section 1325(c) of the act (relating to license or permit issuance).
- (4) For applicants seeking licensure under section 1304 of the Act (relating to Category 2 slot machine license), evidence which sets forth a comparison between the applicant and other applicants within the same category of licensure on the standards and criteria set forth in the act.
- (b) A schedule of licensing hearings will be published by the Executive Director for all slot machine license applicants.
- (c) Applicants shall be scheduled for licensing hearings in the following order:
 - (1) Applicants seeking licensure under section 1315, of the act (relating to conditional category 1 licenses).
 - (2) Applicants seeking licensure under section 1305 of the act (relating to Category 3 slot machine license).
 - (3) Applicants seeking licensure under section 1304 of the act (relating to Category 2 slot machine license).
 - (4) Applicants seeking licensure under section 1302 of the act (relating to Category 1 slot machine license).
- (d) The Board will allot each applicant a specified time for its presentation. The length of the presentations will be established at the prehearing conferences.
- (e) At the licensing hearing, the applicant shall appear before the Board and at all times have the burden to establish and demonstrate, by clear and convincing evidence, its eligibility and suitability for licensure and to address the criteria identified in section 1325(c) of the act.
- (f) For the purposes of this section, an applicant's demonstration of eligibility shall include a showing of:
 - (1) Compliance with section 1302, 1303, 1304 or 1305 of the act, as applicable.
 - (2) Compliance with the application requirements in § 441.4 (relating to slot machine license application).
 - (3) Compliance with the license fee payment bond or letter of credit requirements in § 441.10 (relating to license fee payment bond or letter of credit requirements).
 - (4) Compliance with the diversity requirements in Chapter 481 (relating to general provisions) and section 1325(b) of the act.
- (g) For the purposes of this section, an applicant's demonstration of suitability shall include a showing of:
 - (1) Good character, honesty and integrity in compliance with the standards in § 441.6 (relating to character requirements).
 - (2) Financial fitness in compliance with the standards in § 441.5 (relating to financial fitness requirements).
 - (3) Operational viability, including:
 - (i) The quality of the proposed licensed facility, and temporary facility, if applicable, including the number of slot machines proposed and the ability of the proposed licensed facility to comply with statutory, regulatory and technical standards applicable to the design of the proposed licensed facility and the conduct of slot machine operations therein.

(ii) The projected date of the start of operations of the proposed licensed facility and any accessory uses such as hotel, convention and restaurant space proposed in conjunction therewith. Applicants shall provide the Board with a time line on the deliverability of any proposed temporary or phased permanent licensed facilities and the accessory uses proposed in conjunction therewith.

(iii) The ability of the applicant's proposed licensed facility to generate and sustain an acceptable level and growth of revenue.

(h) For the purposes of this section, an applicant's demonstration of how it addresses the criteria identified in section 1325(c) of the act shall include:

(1) The location and quality of the proposed facility, including, but not limited to, road and transit access, parking and the facility's centrality to its anticipated market service area.

(2) The potential for new job creation and economic development which are expected to result from granting a license to an applicant.

(3) The applicant's good faith plan to recruit, train and upgrade diversity in all employment classifications in the facility.

(4) The applicant's good faith plan for enhancing the representation of diverse groups in the operation of its facility through the ownership and operation of business enterprises associated with or utilized by its facility or through the provision of goods or services utilized by its facility and through the participation in the ownership of the applicant.

(5) The applicant's good faith effort to assure that all persons are accorded equality of opportunity in employment and contracting by it and any contractors, subcontractors, assignees, lessees, agents, vendors and suppliers it may employ directly or indirectly.

(6) The potential for enhancing tourism which is expected to result from granting a license to the applicant.

(7) The history and success of the applicant in developing tourism facilities ancillary to gaming development in other locations if applicable to the applicant.

(8) The degree to which the applicant presents a plan for the project which will likely lead to the creation of quality, living-wage jobs and full-time permanent jobs for residents of this Commonwealth generally and for residents of the host political subdivision in particular.

(9) The record of the applicant and its developer in meeting commitments to local agencies, community-based organizations and employees in other locations.

(10) The degree to which potential adverse effects which might result from the project, including costs of meeting the increased demand for public health care, child care, public transportation, affordable housing and social services, will be mitigated.

(11) The record of the applicant and its developer regarding compliance with:

(i) Federal, State and local discrimination, wage and hour, disability and occupational and environmental health and safety laws.

(ii) State and local labor relations and employment laws.

(12) The record of the applicant in dealing with its employees and their representatives at other locations.

(13) The applicant's business probity, experience and ability.

(14) Any areas of deficiency in the applicant's application previously identified by the Bureau of Licensing or Chief Enforcement Counsel that have not been resolved.

(i) The applicant's demonstration of how it addresses section 1325(c) of the act and subsection (h) may include information relating to its affiliates, intermediaries, subsidiaries or holding companies.

(j) No later than 30 days before the first scheduled licensing hearing in the category of license for which the applicant has filed an application, the applicant shall file with the Board a memorandum identifying all evidence it intends to use in support of its presentation before the Board. At the same time, Category 1 and Category 3 applicants shall serve the memorandum on the other applicants in the same category. At the same time, Category 2 applicants shall serve the memorandum on all other applicants whose proposed facility meets the same location criteria as the applicant's proposed facility as specified in subsection (o)(1)(i)—(iii). The memorandum shall include the following:

(1) The name of the applicant and docket number of the applicant's application to which the evidence will relate.

(2) Identification of each standard and criterion set forth in subsections (f)—(i) to which the evidence will relate.

(3) As to each criterion identified, whether the evidence will be presented through oral testimony or, the proffer of documents, or both. If any portion of the evidence will be presented through oral testimony, the notice must include the name, address and telephone number of each testifying witness, the identified criteria about which the witness will testify and a detailed summary of the witness' testimony. If any portion of the evidence will be presented through the proffer of documents, including reports and exhibits, the memorandum must include a copy of each document to be proffered and the name, address and telephone number of the persons who prepared the document.

(4) If any person identified in paragraph (3) will testify as an expert, the person's qualifications, including the person's education, experience and training, and a listing of the other jurisdictions where the person has been qualified as an expert witness, within the last 5 years, shall be attached to the notice. A copy of the results or reports of any tests, experiments, examinations, studies or documents prepared or conducted by the expert or about which the expert will testify or which will be relied upon by the expert to render an opinion shall be attached to the notice.

(k) The Board will serve on all applicants within that category any expert reports developed for and requested by the Board that pertains to the applicants.

(l) Applicants, at the time of filing, shall provide the Board with an electronic version, in a format prescribed by the Board, of the reports and exhibits provided in paper form.

(m) If an applicant designates any submitted report or exhibit as confidential under § 401.4 (relating to definitions) or section 1206(f) of the act (relating to Board minutes and records), the applicant shall:

(1) Clearly and conspicuously indicate that the report or exhibit is confidential in both the paper and electronic format and provide these exhibits separately from the nonconfidential exhibits.

(2) Request that the confidential information be presented to the Board in closed deliberations, under section 1206(a) of the act and provide an explanation of the need for the designation of confidentiality and closed deliberations or authorize the release of the report or exhibit in compliance with section 1206(f) of the act.

(n) Applicants are prohibited from relying upon or introducing evidence, including witnesses' testimony, reports or exhibits, not identified pursuant to subsections (j) or (o).

(o) For Category 2 applicants only, in addition to the applicant's presentation of evidence to the Board relative to its eligibility and suitability for a license, an applicant may, during its licensing hearing, present evidence which sets forth a comparison between the applicant and other applicants within the same category with respect to the standards and criteria in subsections (f)—(i).

(1) Comparisons shall be limited to:

(i) For applicants seeking to locate a licensed facility in a city of the first class, other applicants for a licensed facility in a city of the first class.

(ii) For applicants seeking to locate a licensed facility in a city of the second class, other applicants for a licensed facility in a city of the second class.

(iii) For applicants seeking to locate a licensed facility in a revenue-or tourism-enhanced location, other applicants for a licensed facility in a revenue-or tourism-enhanced location.

(2) If an applicant desires to present comparative evidence under to this subsection, the applicant shall, no later than 20 days prior to the commencement of the first scheduled licensing hearing in the category of license for which the applicant has filed an application, file a separate written notice evidencing the intent with the Board identifying each other applicant about whom the applicant desires to present evidence. A copy of the notice shall also be served on the applicants about whom the evidence will be presented and on the Chief Enforcement Counsel. The notice must include:

(i) The name of the applicant and docket number of the applicant's application to which the evidence will relate.

(ii) Identification of the standards and criteria in subsections (f)—(i) to which the evidence will relate.

(iii) As to each criterion identified, a copy of any document or evidence that will be used to support the comparison to be presented in compliance with subsection (j).

(3) An applicant served with notice under to paragraph (2) may present, during its licensing hearing, comparative evidence concerning it and the applicant from whom notice was received with respect to the standards and criteria in subsections (f)—(i). The applicant so served shall have 10 days following services to file a reply notice with the Board which shall contain the information required by paragraph (2). A complete copy of the reply notice shall be served on the applicant who initially served notice under paragraph (2) and on the Chief Enforcement Counsel.

(4) If the applicant plans to present evidence to the Board concerning another applicant in closed deliberations, the applicant shall provide notice to the other applicant and provide any report or exhibit relied upon to the other applicant. The other applicant may be represented in the closed deliberations.

(p) At the discretion of the Board, an applicant's presentation may include:

- (1) Oral presentation.
- (2) Documentary evidence submissions, including reports, photographs, audiovisual presentations, exhibits or testimony of witnesses.

(q) The Board, its designee and Chief Enforcement Counsel may:

(1) Examine or question the applicant and any witnesses called by the applicant or the Board regarding their testimony and any aspect of the applicant's application and relevant background.

(2) Recall the applicant and other witnesses called by the applicant or the Board during the licensing hearing for further questioning.

(r) A person who testifies at the licensing hearing shall be sworn and testify under oath.

(s) At its discretion, the Board may terminate, recess, reconvene and continue the licensing hearing.

(t) Each Category 1 and Category 3 applicant may file a brief up to 25 pages in length within 10 days of the completion of the hearing with respect to all applications within its category. Each Category 2 applicant may file a brief up to 25 pages in length within 10 days of the completion of the hearing with respect to all applications that meet the same location criteria as the applicant as specified in subsection (o)(1)(i)–(iii). At the prehearing conferences, applicants in any category may waive the opportunity to file briefs.

(u) At the conclusion of the presentation of all testimony and evidence, the Board will cause the record to be transcribed. The transcript and all evidence shall become part of the evidentiary record for the Board's consideration. For good cause shown, the Board may seal portions of the record.

(v) Following submission of the applicants' briefs, all applicants will have an opportunity to make final remarks in the form of oral argument before the Board in a manner and time prescribed by the Board. At the prehearing conferences, applicants in any category may waive the opportunity for oral argument.

(w) With the exception of Conditional Category 1 licenses, upon the conclusion of the licensing hearings and upon review of the evidentiary record in its entirety, the Board will consider, approve, condition or deny the approval of all initial, permanent slot machine license applications for each and every category of slot machine license collectively and together in a comprehensive statewide manner in accordance with section 1301 of the act (relating to authorized slot machine licenses). A final order for initial, permanent slot machine licenses accompanied by the Board's written decision will be served on the applicants for slot machine licenses.

(x) An applicant may appeal the denial of a slot machine license to the Pennsylvania Supreme Court as provided in the act.

(y) This subsection pertains exclusively to intervention in a licensing hearing for a slot machine license under this section and is not applicable to other hearings before the Board. The right to intervene in a hearing under this section is within the sole discretion of the Board.

(1) A person wishing to intervene in a licensing hearing for a slot machine license may file a petition in accordance with this subsection.

(2) A person may file a petition to intervene under this subsection if the person has an interest in the proceeding which is substantial, direct and immediate and if the interest is not adequately represented in a licensing hearing.

(3) Petitions to intervene in a licensing hearing may be filed no later than 45 days prior to the commencement of the first scheduled licensing hearing, in the category of license for which the applicant, in whose hearing the petitioner seeks to intervene, has filed an application unless, in extraordinary circumstances for good cause shown, the Board authorizes a late filing. At the same time the petitioner files its petition with the Board, a complete copy of the petition to intervene shall be served on the Chief Enforcement Counsel and the applicant in whose licensing hearing the petitioner seeks to intervene.

(4) Petitions to intervene must set out clearly and concisely the facts demonstrating the nature of the alleged right or interest of the petitioner, the grounds of the proposed intervention, the position of the petitioner in the proceeding and a copy of the written statement to be offered under paragraph (6). The petitioner shall fully and completely advise the applicant and the Board of the specific issues of fact or law to be raised or controverted and cite provisions or other authority relied on.

(5) The applicant may file an answer to a petition to intervene, and in default thereof, will be deemed to have waived any objection to the granting of the petition. If made, answers shall be filed within 10 days after the date the petition is filed with the Board, unless for cause the Board prescribes a different time. A complete copy of the answer to the petition to intervene shall be served on the Chief Enforcement Counsel and the petitioner who seeks to intervene.

(6) Except when the Board determines that it is necessary to develop a comprehensive evidentiary record, the participation of a person granted the right to intervene in a licensing hearing will be limited to the presentation of evidence through the submission of written statements attested to under oath. The written statements shall be part of the evidentiary record.

(z) This section supersedes any conflicting provisions of Subpart H (relating to practice and procedure) and 1 Pa. Code Part II (relating to General Rules of Administrative Practice and Procedure).

[Pa.B. Doc. No. 06-1252. Filed for public inspection June 30, 2006, 9:00 a.m.]

PENNSYLVANIA GAMING CONTROL BOARD

[58 PA. CODE CHS. 461, 465 AND 466]

Temporary Regulations; Slot Machine Testing, Accounting and Internal Controls and Slot Computer Systems

The Pennsylvania Gaming Control Board (Board), under 4 Pa.C.S. § 1203(a) (relating to temporary regulations), adopts temporary regulations to facilitate implementation of 4 Pa.C.S. Part II (relating to gaming), enacted by the act of July 5, 2004 (P. L. 572, No. 71) (Act 71). The Board's temporary regulations will be added to Part VII (relating to Gaming Control Board). Chapters 461 and 466, entitled slot machines and associated equipment and Slot computer systems, are added to Subpart E, entitled slot machine testing, certification and control.

Sections 465.12—465.19 are added to Chapter 465, entitled accounting and internal controls, under Subpart E, entitled slot machine testing, certification and control.

Purpose and Background

Under 4 Pa.C.S. § 1203(a), the Board is authorized to promulgate temporary regulations to facilitate the prompt implementation of Act 71. The regulations are necessary to enhance the credibility of the licensed operation of slot machines and associated equipment within this Commonwealth and to carry out the policy and purposes of the Board. To invite public input, the Board published draft regulations on the Board's website and 10-day public comment period was provided.

Under 4 Pa.C.S. § 1203(b), the temporary regulations adopted by the Board expire no later than 3 years following the effective date of Act 71 or upon promulgation of regulations as generally provided by the law. These temporary regulations are not subject to sections 201—205 of the act of July 31, 1968 (P. L. 769, No. 240) (45 P. S. §§ 1201—1208), known as the Commonwealth Documents Law (CDL), or to the Regulatory Review Act (71 P. S. §§ 745.1—745.15).

Financial Impact

Act 71 and the regulations will provide for the implementation and management of gaming within this Commonwealth and the collection of fees and taxes from entities and individuals authorized by the Board to be employed by, provide gaming related services to, or operate gaming facilities. The appropriations from the Commonwealth for the implementation of Act 71 and costs of administering 4 Pa.C.S. Part II will be reimbursed by the licensed entities as specified within Act 71. Individuals and entities that wish to obtain licenses as gaming entities shall pay to the Gaming Fund significant licensing fees to obtain the authority to do business within this Commonwealth. Part of these fees shall reimburse the Board and the Pennsylvania State Police for licensing processes and background investigations. The licensing, registration, certification and permitting of individuals and other classes of applicants will be reimbursed by the applicants through fees established by the Board. It is anticipated that all expenses of the Board and all associated activities shall be reimbursed by the applicants and gaming entities as previously specified. The Board shall have no financial impact on the State budget.

Statutory Authority

The Board is authorized under 4 Pa.C.S. § 1203(a) to adopt and publish temporary regulations to implement the policies and purposes of Act 71.

Regulatory Review

Under 4 Pa.C.S. § 1203(b), the Board's authority to adopt temporary regulations expires 2 years from the effective date of Act 71.

Findings

The Board finds that:

(1) Under 4 Pa.C.S. § 1203(a), the temporary regulations are exempt from the requirements of the Regulatory Review Act and sections 201—205 of the CDL.

(2) A 10-day public comment period was held prior to the adoption of the temporary regulations.

(3) The adoption of the temporary regulations provided by this order is necessary and appropriate for the administration of the authorizing statute.

Order

The Board, acting under the authorizing statute, orders that:

(a) The Board acting under the authority of the Act 71, adopts as its final-form temporary regulations, the draft regulations as amended by resolution at the June 15, 2006, public meeting. The temporary regulations pertain to slot machine testing, accounting and internal controls and slot computer systems.

(b) The temporary regulations of the Board, 58 Pa. Code Chapters 461, 465 and 466, are amended by amending §§ 461.1 and 461.2 and by adding §§ 461.3—461.21, §§ 465.12—465.19 and § 466.1 to read as set forth in Annex A.

(c) The temporary regulations are effective June 15, 2006.

(d) The temporary regulations shall be posted in their entirety on the Board's website and published in the *Pennsylvania Bulletin*.

(e) The temporary regulations shall be subject to amendment as deemed necessary by the Board in accordance with the purpose of Act 71 and to further the intent of Act 71.

(f) The Chairperson of the Board shall certify this order and deposit the regulations with the Legislative Reference Bureau as required by law.

THOMAS A. DECKER,
Chairperson

Fiscal Note: 125-31. No fiscal impact; (8) recommends adoption.

Annex A

TITLE 58. RECREATION

PART VII. GAMING CONTROL BOARD

**Subpart E. SLOT MACHINE TESTING, APPROVAL
AND CONTROL**

**CHAPTER 461. SLOT MACHINES AND
ASSOCIATED EQUIPMENT**

§ 461.1. Definitions.

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

Double-up—An optional wager on a slot machine in which the player has a mathematically equal probability of winning or losing the wager.

Modification—A change or alteration in a slot machine or associated equipment that affects the manner or mode of play or operation of the slot machine or associated equipment.

(i) The term includes a change to control or graphics programs and to the theoretical hold percentage.

(ii) In the case of slot machines, the term does not include:

(A) A conversion.

(B) Replacement of one approved component with an identical component.

(iii) In the case of a wide-area progressive system, the term includes:

(A) A change in a system name or theme.

(B) A change in the odds to win the progressive payout.

- (C) A change in the reset amount.
- (D) A change in the progressive rate.
- (E) A change in the wager necessary to win the progressive payout.

Progressive—A slot machine that offers a jackpot that may increase in value based upon wagers as the slot machine is played. Progressive slot machines may stand alone, be linked at a licensed facility or be part of a wide area progressive system.

Randomness—The observed unpredictability and absence of pattern in a set of elements or events that have definite probabilities of occurrence.

Skill—The application of intelligence and specific knowledge to achieve the best result when a slot machine offers a choice of options during game play.

Slot Lab—The Gaming Laboratory Operations Bureau of the Board.

Strategy choice—A particular play option on a slot machine that requires the use of skill to consistently achieve the best result.

Theme—A concept, subject matter and methodology of design.

Wager—Placing at risk in a slot machine a coin, bill, ticket, gaming voucher, coupon, or similar object or, upon payment of any consideration, including the use of cashless funds transfer systems and external bonusing systems.

§ 461.2. Protocol requirements.

In accordance with section 1324 of the act (relating to protocol information), manufacturer licensees and supplier licensees shall be required to enable all slot machine terminals to communicate with the Department's central control computer for the purpose of transmitting auditing program information and activating and disabling slot machine terminals.

§ 461.3. Testing and approval generally.

(a) In accordance with section 1320 of the act (relating to slot machine testing and certification standards), the Board will determine the manner and scope in which slot machine terminals are to be tested and approved prior to operation and use in a licensed facility in this Commonwealth.

(b) All slot machines operated in this Commonwealth must be approved by the Board.

(c) The Board has the authority to require one or more of the following procedures with respect to testing and certifying a slot machine:

(1) An abbreviated testing and approval process in accordance with § 461.4(f) (relating to submission for testing and approval).

(2) Testing and approval in accordance with § 461.4(h).

(3) Utilize the services of slot machine testing facility to conduct the testing until a slot machine testing facility is created by the Board.

(d) On or before July 5, 2007, the Board will establish and maintain an independent slot machine testing facility. The cost of establishment and operation of the facility shall be paid by each manufacturer licensee in accordance with a schedule adopted by the Board.

(e) The Board will require payment of all costs for the testing and approval of all slot machines and associated equipment through procedures prescribed by the Board.

(f) The Board will require a manufacturer licensee seeking approval of a slot machine or associated equipment to pay all costs of transportation, inspection and testing.

§ 461.4. Submission for testing and approval.

(a) A slot machine or associated equipment identified in subsection (b) (collectively referred to as "products" or "equipment, device or software"), or a modification thereto, may not be offered for sale, lease or distribution for ultimate use by a slot machine licensee in this Commonwealth unless a prototype identical in all mechanical, electrical, electronic and other respects has been tested and approved by the Board. When an applicant for, or holder of, a slot machine license develops software or a system that is functionally equivalent to any of the slot systems enumerated in subsection (b), that software or system shall be subject to the testing and approval process of this subpart to the same extent as if the software or system were developed by an applicant for, or holder of, a manufacturer license. Any reference in this subpart to the responsibilities of a manufacturer applies to an applicant for, or holder of, a slot machine license developing software or systems subject to testing and approval under this subpart.

(b) For the purposes of this section, slot machines and associated equipment which shall be submitted for testing and Board approval include:

(1) Slot machines, including bill validators and printers.

(2) Slot monitoring systems, to the extent the system interfaces with slot machines and related systems.

(3) Casino management systems, to the extent the system interfaces with slot machines and related systems.

(4) Player tracking systems, to the extent the system interfaces with slot machines and related systems.

(5) Progressive systems, including wide area progressive systems.

(6) Gaming voucher systems.

(7) External bonusing systems.

(8) Cashless funds transfer systems.

(9) Machines performing gaming voucher, coupon or jackpot payout transactions.

(10) Coupon systems, to the extent the system interfaces with slot machines and related systems.

(11) Other associated equipment as required by the Board.

(c) Slot machine prototypes and associated equipment prototypes, and any modifications thereto, which are subject to testing and approval under this section will be evaluated by the Board for overall operational integrity and compliance with the act, this subpart and any technical standards adopted by the Board. In addition, with regard to any slot machine, or modification thereto, the Board will test for compatibility and compliance with the central control computer and protocol specifications approved by the Department including the ability to communicate with the central control computer for the purpose of transmitting auditing program information, real time information retrieval and activation and disabling of slot machines.

(d) The Board may periodically prescribe for completion by an applicant for, or holder of, a manufacturer license a standard product submission checklist, together with

supplemental product specific submission checklists, to facilitate the examination and analysis of a prototype or modification.

(e) The Board may periodically prescribe certification requirements, to be executed by the chief engineer of the applicant for, or holder of, a manufacturer license or the engineer in charge of the division of the manufacturer responsible for producing the product submitted, unless otherwise noted, to obtain sufficient assurances from the manufacturer that the product was properly and completely tested by the manufacturer prior to its submission to the Board.

(f) Notwithstanding the terms of subsection (c), the Board may utilize an abbreviated testing and approval process in accordance with section 1320 of the act (relating to slot machine testing and certification standards).

(g) When an applicant for, or holder of, a manufacturer license seeks to utilize, during the applicable period, the abbreviated testing and approval process for a slot machine prototype, associated equipment prototype or any modification thereto, it shall submit to the Board's Slot Lab the following:

(1) A prototype of the equipment, device or software accompanied by a written request for abbreviated testing and approval which identifies the jurisdiction within the United States upon which the applicant for, or holder of, a manufacturer license proposes the Board rely ("named jurisdiction"). The manufacturer shall transport the equipment, device or software at its own expense and deliver it to the offices of the Board's Slot Lab.

(2) A certification executed by the chief engineer of the applicant for, or holder of, a manufacturer license or the engineer in charge of the division of the manufacturer responsible for producing the equipment, device or software submitted ("professional") asserting that:

(i) The specific prototype or modification is identical in all mechanical, electrical, electronic and other respects to one which has been tested and approved by the testing facility operated by the named jurisdiction or a private testing facility on behalf of the named jurisdiction.

(ii) The manufacturer is licensed in good standing in the named jurisdiction and that the subject product has all regulatory approvals prerequisite to sale or distribution in the named jurisdiction.

(iii) In the professional's opinion, the testing standards of the named jurisdiction are comprehensive and thorough and provide similar adequate safeguards as those required by this subpart.

(iv) In the professional's opinion, the equipment, device or software complies with the act, this subpart and any technical standards adopted by the Board including requirements related to the central control computer.

(3) An executed copy of a current product submission checklist, and any product specific supplemental submission checklists applicable to the submitted equipment, device or software unless a substantially similar checklist was filed with the named jurisdiction and is included in the submission package required by paragraph (4).

(4) Copies of the submission package, and any amendments thereto, filed with the named jurisdiction, copies of any correspondence, review letters or approvals issued by the testing facility operated by the named jurisdiction or a private testing facility on behalf of the named jurisdiction and, as applicable, a copy of the final regulatory approval issued by the named jurisdiction.

(5) The manufacturer shall disclose with specificity to the Board any conditions or limitations placed by the named jurisdiction on the operation or placement of the equipment, device or software at the time of approval or subsequently thereafter.

(6) When a slot machine prototype, or a modification thereto is submitted, the manufacturer shall submit a complete, comprehensive and technically accurate description of the manner in which the slot machine was tested for compatibility and compliance with the central control computer and protocol specifications approved by the Department including the ability to communicate with the central control computer for the purpose of transmitting auditing program information, real time information retrieval and activation and disabling of slot machines.

(7) Any hardware, software and other equipment, inclusive of technical support and maintenance applicable thereto, required by the Board's Slot Lab to conduct the abbreviated testing and approval process contemplated by the act, this subpart and technical standards adopted by the Board. The testing equipment and services required by this paragraph shall be provided at no cost to the Board.

(8) Additional documentation requested by the Board.

(h) When an applicant for, or holder of, a manufacturer license seeks Board approval of a slot machine prototype, associated equipment prototype, or any modification thereto for which the abbreviated testing process in subsection (f) is not applicable, it shall submit to the Board's Slot Lab the following:

(1) A prototype of the equipment, device or software accompanied by a written request for testing and approval. The manufacturer shall transport the equipment, device or software at its own expense and deliver it to the offices of the Board's Slot Lab in accordance with instructions provided.

(2) Certifications required under subsection (e) providing assurances from the manufacturer that the product was properly and completely tested and emulated by the manufacturer prior to its submission to the Board and that the product, device or software complies with the act, this subpart and any technical standards adopted by the Board, including any applicable requirements related to the central control computer.

(3) An executed copy of a current product submission checklist, and any product specific supplemental submission checklists applicable to the submitted equipment, device or software.

(4) A complete, comprehensive and technically accurate description of the equipment, device or software, accompanied by applicable diagrams, schematics and specifications, together with documentation with regard to the manner in which the product was tested and emulated by the manufacturer prior to its submission to the Board.

(5) Any hardware, software and other equipment, inclusive of technical support and maintenance applicable thereto, required by the Board's Slot Lab to conduct the testing and approval process contemplated by the act, this subpart and any technical standards adopted by the Board. The testing equipment and services required by this paragraph shall be provided at no cost to the Board.

(6) In the case of a slot machine prototype, the following additional information shall be submitted:

(i) A copy of all executable software, including data and graphics information, on electronically readable, unalterable media.

(ii) A copy of all source code for programs that cannot be reasonably demonstrated to have any use other than in a slot machine, on electronically readable, unalterable media.

(iii) A copy of all graphical images displayed on the slot machine including reel strips, rules, instructions and paytables.

(iv) A mathematical explanation of the theoretical return to the player, listing all assumptions, all steps in the formula from the first principles through to the final results of all calculations including bonus pays and, when a game requires or permits player skill in the theoretical derivations of the payout return, the source of strategy.

(v) Hardware block diagrams of the major subsystems.

(vi) A complete set of schematics for all subsystems.

(vii) A wiring harness connection diagram.

(viii) A technical and an operator manual.

(ix) A description of all security methodologies incorporated into the design of the slot machine including, when applicable, encryption methodology for all alterable media, auto-authentication of software and recovery capability of the slot machine for power interruption.

(x) For all meters required by this subpart or any technical standards adopted by the Board, a cross reference of product meters to the required meters, if necessary.

(xi) A description of all tower light functions indicating the corresponding condition.

(xii) A description of all error conditions and the corresponding action required by the operator.

(xiii) A description of the use and function of all available dip switch settings or configurable options.

(xiv) A description of the pseudo random number generator or generators used to determine game outcome, including a detailed explanation of operational methodology, and a description of the manner by which the pseudo random number generator and random number selection process is impervious to outside influences, interference from electro-magnetic, electro-static, and radio frequencies, and influence from ancillary equipment via data communications. Test results in support of representations shall be submitted. For the purposes of this section, "game outcome" means the results of a wager.

(xv) Any specialized hardware, software or testing equipment, inclusive of technical support and maintenance, needed to complete the evaluation, which may include an emulator for a specified microprocessor, PCs, extender cables for CPU boards, target reel strips and door defeats. The testing equipment and services required by this paragraph shall be provided at no cost to the Board.

(xvi) A compiler, or reasonable access to a compiler, for the purpose of building applicable code modules.

(xvii) All program storage media including eproms, eeproms, and any type of alterable media for all slot machine software.

(xviii) Technical specifications for any microprocessor or microcontroller.

(xix) A complete, comprehensive and technically accurate description of the manner in which the slot machine was tested for compatibility and compliance with the central control computer and protocol specifications approved by the Department including the ability to com-

municate with the central control computer for the purpose of transmitting auditing program information, real time information retrieval and activation and disabling of slot machines.

(xx) Additional documentation as requested by the Board.

(7) In the case of a modification to a slot machine prototype, including a change in theme, the following additional information shall be submitted:

(i) A complete, comprehensive and technically accurate description of the proposed modification to the slot machine prototype, accompanied by applicable diagrams, schematics and specifications.

(ii) When a change in theme is involved, a copy of all graphical images displayed on the slot machine including reel strips, rules, instructions and paytables.

(iii) When a change in the manner in which the theoretical payout percentage is achieved is involved, a mathematical explanation of the theoretical return to the player, listing all assumptions, all steps in the formula from the first principles through to the final results of all calculations including bonus pays and, when a game requires or permits player skill in the theoretical derivations of the payout return, the source of strategy.

(iv) A complete, comprehensive and technically accurate description of the manner in which the slot machine was tested for compatibility and compliance with the central control computer and protocol specifications approved by the Department including the ability to communicate with the central control computer for the purpose of transmitting auditing program information, real time information retrieval and activation and disabling of slot machines.

(v) Additional documentation as requested by the Board.

(8) In the case of a slot monitoring system, casino management system, player tracking system, wide area progressive system, gaming voucher system, external bonusing system, cashless funds transfer system, automated gaming voucher, coupon redemption or jackpot payout machine, coupon system or any other equipment or system required to be tested and approved under subsection (b):

(i) A technical and an operator manual.

(ii) A description of all security methodologies incorporated into the design of the system to include, when applicable, password protection, encryption methodology and its application, auto-authentication, network redundancy, back-up and recovery procedures.

(iii) A complete schematic or network diagram of the system's major components accompanied by a description of each component's functionality and a software object report. The description must disclose the functions performed by each component.

(iv) A description of the data flow, in narrative and in schematic form, including specifics with regard to data cabling and, when appropriate, communications methodology for multi-site applications.

(v) A list of all computer operating systems and third party software incorporated into the system together with a description of their interoperability.

(vi) System software and hardware installation procedures.

(vii) A list of all system reports available.

(viii) When applicable, features for each system which may include patron and employee card functions, promotions, reconciliation procedures and patron services.

(ix) A description of any interoperability testing including test results for each submitted system's connection to, as applicable, slot machines, voucher, coupon redemption and jackpot payout machines, computerized systems for counting money, vouchers and coupons. This list must identify the tested products by manufacturer, model and software identification and version number.

(x) A narrative describing the method used to authenticate software.

(xi) When requested by the Board, all source code.

(xii) When applicable, a complete, comprehensive and accurate description, accompanied by applicable diagrams, schematics and specifications, of the creation of a voucher and the redemption options available.

(xiii) When applicable, a complete, comprehensive and technically accurate description, accompanied by applicable diagrams, schematics and specifications, of the creation of a coupon and the redemption options available.

(xiv) Any specialized hardware, software or other equipment, inclusive of technical support and maintenance applicable thereto, required by the Board's Slot Lab to conduct the testing and approval process contemplated by the act, this subpart and technical standards adopted by the Board. The testing equipment and services required by this paragraph shall be provided at no cost to the Board.

(xv) Additional documentation requested by the Board.

(9) In the case of a modification to any of the systems identified in paragraph (8), the following additional information shall be submitted:

(i) A complete, comprehensive and technically accurate description of the proposed modification to the system, accompanied by applicable diagrams, schematics and specifications.

(ii) A brief narrative disclosing the purpose for the modification.

(iii) Additional documentation as requested by the Board.

(i) At the conclusion of any testing of a prototype or modification by the Board's Slot Lab, but prior to a decision to approve a prototype or modification, the Board may require a trial period of scope and duration it deems appropriate to assess the operation of the prototype or modification in a live gaming environment. The conduct of the test period shall be subject to compliance by the licensed manufacturer, any applicable licensed supplier, and the slot machine licensee with specific terms and conditions as required by the Board, which may include development and implementation of product specific accounting and internal controls, periodic data reporting to the Board and compliance with any technical standards on trial periods or the prototype or modification adopted by the Board. The Board may authorize the receipt of compensation by a licensed manufacturer or licensed supplier during the trial period. The Board may order termination of the trial period if it determines that the licensed manufacturer, any applicable licensed supplier or the slot machine licensee conducting the trial period has not complied with the terms and conditions required by the Board or that the product is not performing as expected.

(j) At the conclusion of any testing of a prototype or modification, the Board's Slot Lab will report to the Board the results of its testing. Upon receipt of the Slot Lab's report, the Board will approve, approve with conditions or reject the submitted prototype or modification, require additional testing or a trial period under subsection (i). Board approval of a prototype or modification does not constitute a guarantee of the prototype or modification's safety.

(k) A slot machine licensee is prohibited from installing in its licensed facility any slot machine or associated equipment, or modification thereto, required to be tested and approved under subsection (b) unless the equipment, device or software has been approved by the Board. A slot machine licensee may not modify, alter or tamper with any approved slot machine or associated equipment.

(l) Notwithstanding subsection (k), when a modification to a slot machine prototype or associated equipment prototype is required on an emergency basis to prevent cheating or malfunction, upon the written request of a licensed manufacturer in the manner prescribed by the Board, which request must expressly detail the name and employer of any persons to be involved in the installation of a modification and the manner in which it is to be effected, the Board may, in writing, authorize installation of a modification prior to the completion of the testing and approval process required by this subpart. Within 15 days of receipt of any authorization to install an emergency modification, the manufacturer shall submit the modification for full testing and approval in accordance with this subpart.

(m) Concurrent with the initial receipt of slot machines, an applicant for, or holder of, a slot machine license shall file a slot machine master list as required by § 463.5 (relating to slot machine master list).

(n) The testing of equipment, devices or software under this subpart may require the dismantling of the product and testing that may result in damage to, or destruction of, one or more systems or components. Once submitted for testing, equipment, devices or software will not be returned to the manufacturer unless otherwise determined by the Board.

§ 461.5. Slot machine conversions.

(a) Definition. The following term, when used in this section, has the following meaning, unless the context clearly indicates otherwise:

Conversion—A change or alteration to a slot machine that does not affect the manner or mode of play or operation of the slot machine.

(b) *Records of conversion.* A slot machine licensee shall:

(1) Maintain complete and accurate records of all conversions.

(2) Give prior notice of a slot machine conversion to the Board's Slot Lab in writing in the manner prescribed by the Board.

(3) Notice the Department in accordance with § 463.6 (relating to notice to central computer system).

§ 461.6. Revocations.

If subsequent to the approval of a slot machine prototype, associated equipment prototype, or modification thereto, the Board determines that the equipment, device or software approved by the Board meets either of the following criteria, the Board may take action it deems appropriate, including revocation of the approval or imposition of additional conditions:

(1) The equipment, device or software is not in compliance with the act, this subpart or technical standards adopted by the Board.

(2) With regard to any slot machine, or modification thereto, the equipment, device or software is not compatible with, or compliant with the central control computer and protocol specifications approved by the Department or is unable to communicate with the central control computer for the purpose of transmitting auditing program information, real time information retrieval and activation and disabling of slot machines.

§ 461.7. Slot machine minimum design standards.

(a) A slot machine is any mechanical or electrical contrivance, terminal, machine or other device as defined in § 401.4 (relating to definitions).

(b) A slot machine is prohibited from being set to pay out less than the theoretical payout percentage, which shall be no less than 85% but not equal or exceed 100%. The theoretical payout percentage for the total value of slot machine wagers will be calculated using the following criteria:

(1) The defined set of all symbols that will be displayed using spinning reels or video displays or both.

(2) The finite set of all possible combinations which shall be known as the cycle of the game. All possible combinations in a slot machine cycle shall be independent of each other and of all possible combinations from cycles in other slot machines.

(3) The value of each winning combination that corresponds with the set from paragraph (2) which, whether by reason of skill or application of the element of chance, or both, may deliver or entitle the person playing the slot machine to a jackpot.

(4) A payout of merchandise or anything of value provided a cash equivalent award for the merchandise is offered. The value of the cash equivalent will contribute to the calculation of the theoretical payout percentage.

(5) A payout in the form of an annuity will contribute to the calculation of the theoretical payout percentage by dividing the initial or reset amount of the jackpot payout by the number of years over which the jackpot will be paid.

(6) The odds of any winning combination may not exceed 50 million to 1.

(c) The calculation of the theoretical payout percentage will not include:

(1) The amount of any progressive jackpot in excess of the initial or reset amount.

(2) A cash or noncash complimentary issued under § 465.8 (relating to complimentary services or items).

(3) A payout of merchandise or anything of value when a cash equivalent award is not offered.

(d) A play offered by a slot machine may not have a theoretical payout percentage which is less than, when calculated to one hundredth of a percentage point, the theoretical payout percentage for any other play offered by that slot machine which is activated by a slot machine wager in a lesser amount than the slot machine wager required for that play. Notwithstanding the foregoing, the theoretical payout percentage of one or more particular plays may be less than the theoretical payout percentage of one or more plays which require a lesser wager provided that:

(1) The aggregate total of the decreases in the theoretical payout percentage for plays offered by the slot machine is not more than 1/2 of 1%.

(2) The theoretical payout percentage for every play offered by the slot machine is equal to or greater than the theoretical payout percentage for the play that requires the lowest possible wager that will activate the slot machine.

(e) In addition to the requirements of subsections (b), (c) and (d), the volatility of a slot machine must verify that the theoretical payout percentage equals or exceeds the minimum payout requirement of 85% within 10 million plays. The criteria used to calculate the volatility must be in accordance with technical standards applicable to volatility adopted by the Board.

(f) The selection from the set of all possible combinations of symbols shall be made applying a pseudo random number generator. At a minimum, each pseudo random number generator must adhere to the following criteria:

(1) The random selection process must meet a 95% confidence interval.

(2) As determined by the Board, it must pass a standard chi-squared test for goodness of fit.

(3) Each possible slot machine combination which produces winning or losing slot machine outcomes must be available for random selection at the initiation of each play.

(4) A slot machine payout percentage that may be affected by reason of skill must meet the theoretical payout requirements of this subpart when evaluated by the Board using a method of play that will provide the greatest return to the player.

(5) Once a random selection process has occurred, the slot machine must:

(i) Display an accurate representation of this randomly selected outcome.

(ii) Not make a secondary decision which affects the result shown to the person playing the slot machine.

(g) A slot machine is prohibited from automatically altering any function of the slot machine based on internal computation of the hold percentage.

(h) The available winning combinations and applicable rules of play for a slot machine shall be available at all times the slot machine is idle to the patron playing the slot machine. The award schedule of available winning combinations may not include possible aggregate awards achievable from free plays. A slot machine that includes a strategy choice must provide mathematically sufficient information for a patron to use optimal skill. Information regarding a strategy choice need not be made available for any strategy decisions whenever the patron is not required, in addition to the initial wager, to make an additional wager and, when as a result of playing a strategy choice, the patron can not lose any credits earned thus far during that game play.

(i) Unless otherwise authorized by the Board, each slot machine approved for use in a licensed facility must be equipped with the following meters. The meters must comply with any technical standards adopted by the Board. The required meters must continuously and automatically increment in units equal to the denomination of the slot machine or, in the case of a slot machine configured for multidomination play, must display the required information in dollars and cents.

(1) *Coin in.* The slot machine must have a meter that accumulates the total value of all wagers, whether the wager results from the insertion of currency, gaming vouchers, coupons, downloaded credits, credits won or any other means. This meter must:

(i) Not include subsequent wagers of intermediate winnings accumulated during game play sequence such as those acquired from "double up" games.

(ii) For multi-game and multi-denomination/multi-game slot machines, monitor the information necessary, on a per pay table basis, to calculate a weighted average actual payout percentage.

(2) *Coin out.* The slot machine must have a meter that accumulates the total value of all amounts directly paid by the slot machine as a result of winning wagers, whether the payout is made directly from the printer by issuance of a gaming voucher, directly to a credit meter or by any other means. This meter may not record amounts awarded as the result of an external bonusing system or a progressive payout.

(3) *Attendant paid jackpots.* The slot machine must have a meter that accumulates the total value of credits paid by an attendant resulting from a single winning alignment or combination, the amount of which is not capable of being paid by the slot machine itself. This meter may not record amounts awarded as the result of an external bonusing system or a progressive payout. This meter is to record only amounts specifically listed in the manufacturer's par sheet.

(4) *Attendant paid cancelled credits.* The slot machine must have a meter that accumulates the total value of all amounts paid by an attendant resulting from a player initiated cash-out that exceeds the physical or configured capability of the slot machine.

(5) *Bill in.* The slot machine must have a meter that accumulates the total value of currency accepted. The slot machine must also have a specific meter for each denomination of currency accepted that records the number of bills accepted for each denomination.

(6) *Voucher in—cashable/value.* The slot machine must have a meter that accumulates the total value of all cashable gaming vouchers accepted by the slot machine.

(7) *Voucher in—cashable/count.* The slot machine must have a meter that accumulates the total number of cashable gaming vouchers accepted by a slot machine.

(8) *Voucher out—cashable/value.* The slot machine must have a meter that accumulates the total value of all cashable gaming vouchers issued by the slot machine.

(9) *Voucher out—cashable/count.* The slot machine must have a meter that records the total number of all cashable gaming vouchers issued by a slot machine.

(10) *Voucher out—noncashable/value.* The slot machine must have a meter that accumulates the total value of all noncashable gaming vouchers issued by the slot machine.

(11) *Voucher out—noncashable/count.* The slot machine must have a meter that records the total number of all noncashable gaming vouchers issued by the slot machine.

(12) *Cashable electronic in.* The slot machine must have a meter that accumulates the total value of cashable credits electronically transferred to the slot machine by means of an external connection between the slot machine and a cashless funds transfer system.

(13) *Noncashable electronic in.* The slot machine must have a meter that accumulates the total value of noncash-

able credits electronically transferred to the slot machine by means of an external connection between the slot machine and a cashless funds transfer system.

(14) *Coupon in—cashable/value.* The slot machine must have a meter that accumulates the total value of all cashable coupons accepted by the slot machine.

(15) *Coupon in—cashable/count.* The slot machine must have a meter that accumulates the total number of all cashable coupons accepted by the slot machine.

(16) *Coupon in—noncashable/value.* The slot machine must have a meter that accumulates the total value of all noncashable coupons accepted by the slot machine.

(17) *Coupon in—noncashable/count.* The slot machine must have a meter that accumulates the total number of noncashable coupons accepted by the slot machine.

(18) *Slot machine paid external bonus payout.* The slot machine must have a meter that accumulates the total value of additional amounts awarded as a result of an external bonusing system and paid by the slot machine.

(19) *Attendant paid external bonus payout.* The slot machine must have a meter that accumulates the total value of additional amounts awarded as a result of an external bonusing system and paid by a slot attendant.

(20) *Slot machine paid progressive payout.* The slot machine must have a meter that accumulates the total value of credits paid as a result of progressive awards paid directly by the slot machine. This meter may not record awards paid as a result of an external bonusing system.

(21) *Attendant paid progressive payout.* The slot machine must have a meter that accumulates the total value of credits paid by a slot attendant as a result of progressive awards that are not capable of being paid by the slot machine. This meter must not include awards paid as a result of an external bonusing system.

(22) *Additional requirements.* Other meters as may be required by technical standards adopted by the Board.

(j) Unless otherwise authorized by the Board, each slot machine approved for use in a licensed facility must be equipped with the following noncumulative meters:

(1) *Credits wagered.* The slot machine must have a meter, visible from the front exterior of a slot machine, known as a credit wagered meter that advises the patron of the total value of amounts wagered in a particular game or round of slot play.

(2) *Win meter.* The slot machine must have a meter, visible from the front exterior of the slot machine, known as a win meter that advises the patron of the total value of amounts won in the immediately concluded game or round of slot play.

(3) *Credits paid.* The slot machine must have a meter, visible from the front exterior of the slot machine, known as a credits paid meter that advises the patron of the total value of the last: cash out initiated by the patron, win paid directly by the slot machine, attendant paid jackpot or attendant paid cancelled credit.

(4) *Credit meter.* The slot machine must have a meter, visible from the front exterior of the slot machine and specifically labeled as a credit meter, which advises the patron as to the number of credits or monetary value available for wagering on the slot machine. The credit meter need not distinguish between cashable credits and noncashable credits.

(k) Each slot machine must have a meter which stores the number of games played, in the manner and for a duration specified in this subpart or in technical standards adopted by the Board, since the following events:

- (1) Power reset.
- (2) Door close.
- (3) Game initialization (random access memory (RAM) clear).

(l) Each slot machine must be equipped with a device, mechanism or method for retaining the total value of all meters required under subsection (i) for 72 hours subsequent to a power loss.

(m) The required meters on each slot machine must be accessible and legible without access to the interior of the slot machine.

(n) Each slot machine must be equipped with a tower light capable of effectively communicating the status of the slot machine in accordance with technical standards on tower lights and error conditions adopted by the Board.

(o) Each slot machine must be equipped with a device, mechanism or method for detecting, displaying and communicating to a slot monitoring system error conditions. The error conditions detected, displayed and communicated by a slot machine, and the method to be utilized to clear the message with regard to the error condition, must be in accordance with technical standards on tower lights and error conditions adopted by the Board.

(p) Each slot machine must, in accordance with section 1324 of the act (relating to protocol information), comply with the comprehensive protocol specifications necessary to enable the slot machine to communicate with the Department's central control computer as that protocol is amended or supplemented, for the purpose of transmitting auditing program information, real time information retrieval and slot machine activation and disabling.

(q) A slot machine must lock up and preclude further play whenever a jackpot occurs that is not able to be paid completely by the slot machine and requires a hand pay. When the jackpot occurs, the slot machine can offer a predetermined number of double-up wagers before the slot machine locks up.

(r) A slot machine must be configured to not accept more than \$3,000 in currency before a wager must be made or play initiated unless otherwise authorized by the Board.

(s) Printers incorporated into a slot machine must be:

(1) Designed to allow the slot machine to detect and report a low paper level, paper out, presentation error, printer failure and paper jams.

(2) Mounted inside a lockable compartment within the slot machine.

(t) Seating made available by a slot machine licensee for use during slot play must be fixed and stationary in nature. Slot seating must be installed in a manner that effectively precludes its ready removal by a patron but permits controlled removal, for example for Americans With Disabilities Act of 1990 (ADA) purposes (42 U.S.C.A. §§ 12101—12213), by slot operations department personnel.

(u) Unless a slot machine licensee's slot monitoring system is configured to automatically record all of the information required by this subsection, the slot machine

licensee shall be required to physically house in each slot machine the following entry authorization logs:

(1) A machine entry authorization log that documents each time a slot machine or any device connected thereto which may affect the operation of the slot machine is opened. The log must contain, at a minimum, the date, time, purpose for opening the slot machine or device and the signature and license number of the person opening and entering the slot machine or device. Each log must have recorded thereon a sequence number and the manufacturer's serial number or the asset number corresponding to the slot machine in which it is housed.

(2) A progressive entry authorization log that documents each time a progressive controller not housed within the cabinet of the slot machine is opened. The log must contain, at a minimum, the date, time, purpose for accessing the progressive controller and the signature and license number of the person accessing the progressive controller. Each log must be maintained in the progressive controller unit and have recorded thereon a sequence number and the manufacturer's serial number of the progressive controller.

(v) The Board may waive one or more of the slot machine minimum design standards in this section or technical standards adopted by the Board applicable to slot machine design, upon a determination that a slot machine prototype or modification as configured nonetheless meets the operational integrity standards of the act, this subpart and technical standards adopted by the Board.

§ 461.8. Gaming vouchers.

(a) A gaming voucher is an instrument that upon insertion into a slot machine bill validator entitles the patron inserting the gaming voucher to cashable or noncashable credits on a slot machine corresponding to the value printed on the gaming voucher. The design specifications for a gaming voucher, the expiration terms applicable thereto, the voucher verification methodologies utilized, and any limitation on the value of a gaming voucher must be in compliance with technical standards on gaming vouchers adopted by the Board.

(b) A slot machine licensee may utilize a gaming voucher system. A gaming voucher system is the collective hardware, software, communications technology and other ancillary equipment used to facilitate the issuance of gaming vouchers and the redemption of gaming vouchers by slot machines, automated gaming voucher redemption machines, the cashiers' cage or in other locations, and in alternative manners, as approved by the Board. A gaming voucher system must comply with technical standards on gaming voucher systems adopted by the Board.

(c) A slot machine licensee is prohibited from utilizing a gaming voucher system which has not been tested and approved by the Board under § 461.4 (relating to submission for testing and approval).

(d) Except as provided in subsection (n) with regard to employee redemption of gaming vouchers, each gaming voucher shall be redeemed by a patron for a specific value of cash, slot machine credits, or, at the request of the patron, a check issued by the slot machine licensee in the amount of the gaming voucher surrendered. Notwithstanding the forgoing, a slot machine licensee may not permit a gaming voucher that is presented for redemption to be redeemed if it knows, or has reason to know, that the gaming voucher:

(1) Is materially different from the sample of the gaming voucher approved by the Board.

- (2) Was previously redeemed.
- (3) Was printed as a test gaming voucher.
- (e) Prior to issuing a gaming voucher, each slot machine licensee shall establish a system of internal controls for the issuance and redemption of gaming vouchers. The internal controls shall be submitted and approved by the Board under § 465.3 (relating to internal control systems and audit protocols) and address:
 - (1) Procedures for assigning a slot machine's asset number and identifying other redemption locations in the system, and enabling and disabling voucher capabilities for slot machines and redemption locations.
 - (2) Procedures for issuance, modification and termination of a unique system account for each user in accordance with technical standards adopted by the Board.
 - (3) Procedures used to configure and maintain user passwords in accordance with technical standards adopted by the Board.
 - (4) Procedures for restricting special rights and privileges, such as administrator and override capabilities, in accordance with technical standards adopted by the Board.
 - (5) The duties and responsibilities of the information technology, internal audit, slot operations and slot accounting departments, respectively, and the level of access for each position with regard to the gaming voucher system.
 - (6) A description of physical controls on all critical hardware such as locks and surveillance, including the location and security protocols applicable to each piece of equipment as approved by the Board.
 - (7) Procedures for the backup and timely recovery of critical data in accordance with any technical standards adopted by the Board.
 - (8) Logs used to document and maintain the details of any Board approved hardware and software modifications upon implementation.
- (f) The system of internal controls required to be submitted and approved by the Board under subsection (e) must also include the procedures to be applied in the following instances:
 - (1) The slot machine licensee chooses to pay a patron the value of a gaming voucher notwithstanding the fact that its gaming voucher system is inoperable rendering it unable to determine the validity of the gaming voucher at the time of payment.
 - (2) The slot machine licensee chooses to pay a patron the value of a gaming voucher notwithstanding the fact that the gaming voucher system failed to verify and electronically cancel the gaming voucher when it was scanned.
 - (g) At the end of each gaming day, the gaming voucher system must generate reports, as approved by the Board, which reports are provided to the slot accounting department, either directly by the system or through the information technology department, and contain the following information, at a minimum:
 - (1) All gaming vouchers that have been issued. Reports with regard to slot machine activity must include the asset number of the slot machine and the serial number, value, date and time of issuance of each gaming voucher.
 - (2) All gaming vouchers that have been redeemed and canceled by redemption location, including the asset

number of the slot machine or location if other than a slot machine, the serial number, value, date and time of redemption for each voucher, the total value of all gaming vouchers redeemed at slot machines, and the total value of all gaming vouchers redeemed at locations other than slot machines.

- (3) The unredeemed liability for gaming vouchers.
- (4) The readings on gaming voucher related slot machine meters and a comparison of the readings to the number and value of issued and redeemed gaming vouchers, as applicable.
- (5) Exception reports and audit logs.
- (h) The slot machine licensee shall immediately report to the Board, in a manner prescribed by the Board, any evidence that a gaming voucher has been counterfeited, tampered with, or altered in any way which would affect the integrity, fairness, reliability or suitability of the gaming voucher.
- (i) Upon presentation of a gaming voucher for redemption at a slot machine, the total value of which gaming voucher cannot be completely converted into an equivalent value of credits that match the denomination of the slot machine, the slot machine must perform one of the following procedures:
 - (1) Automatically issue a new gaming voucher containing the value that cannot be completely converted.
 - (2) Not redeem the gaming voucher and immediately return the gaming voucher to the patron.
 - (3) Allow for the additional accumulation of credits on an odd cents meter or a meter that displays the value in dollars and cents.
- (j) A slot machine licensee that utilizes a system or a slot machine that does not print a test gaming voucher that is visually distinguishable from a valid gaming voucher whenever the slot machine is tested on the gaming floor must have in place internal controls approved by the Board under § 465.3 for the issuance of test currency from the cashiers' cage and the return and reconciliation of the test currency and any gaming vouchers printed during the testing process.
- (k) Notwithstanding the requirements of subsection (d), if a patron requests to redeem a gaming voucher by mail, the slot machine licensee may effectuate the redemption. However, the gaming vouchers may only be redeemed by a cage supervisor in accordance with internal controls approved by the Board under § 465.3, which includes the following:
 - (1) Procedures for using the gaming voucher system to verify the validity of the serial number and value of the voucher, which, if valid, must be immediately canceled electronically by the system.
 - (2) Procedures for the issuance of a check containing the value of the voucher.
 - (l) Gaming vouchers redeemed at cashiering locations shall be transferred to the slot accounting department on a daily basis. Gaming vouchers redeemed by slot machines shall be counted in the count room and forwarded to the slot accounting department upon the conclusion of the count process. Gaming vouchers redeemed at automated gaming voucher redemption machines shall be forwarded to slot accounting upon the conclusion of the cashiers' cage reconciliation process. Slot accounting department representatives with no incompatible functions shall perform, at a minimum, the following:

(1) On a daily basis:

(i) Compare gaming voucher system report data to any count room system report data available for that gaming day to ensure proper electronic cancellation of the gaming voucher.

(ii) Calculate the unredeemed liability for gaming vouchers, either manually or by means of the gaming voucher system.

(2) On a weekly basis, compare appropriate slot machine meter readings to the number and value of issued and redeemed gaming vouchers per the gaming voucher system. Meter readings obtained through a slot monitoring system may be utilized to complete this comparison.

(m) A slot machine licensee shall provide written notice to the Board's Slot Lab of any adjustment to the value of any gaming voucher. The notice shall be made prior to, or concurrent with, the adjustment.

(n) Employees of a slot machine licensee who are authorized to receive gaming vouchers as gratuities may redeem the gaming vouchers only at the cashiers' cage. Gaming vouchers valued at more than \$100 shall be redeemed at the cashiers' cage only with the approval of the supervisor of the cashier conducting the redemption transaction.

(o) Each gaming voucher system must be configured to alert the slot machine licensee to any malfunction. Following any malfunction of a system, the slot machine licensee shall immediately notify the Board and may not utilize the system until the malfunction has been successfully eliminated. Notwithstanding the foregoing, the Board may permit, in accordance with approval procedures the Board prescribes, a slot machine licensee to utilize the system prior to its being successfully restored, for a period not to exceed 72 hours, provided that:

(1) The malfunction is limited to a single storage media device, such as a hard disk drive.

(2) In addition to the malfunctioning storage media device, the system contains a backup storage media device not utilized in the normal operation of the system. The backup device must immediately and automatically replace the malfunctioning device to permit a complete and prompt recovery of all information in the event of an additional malfunction.

(3) Continued use of the malfunctioning system would not inhibit the ability to perform a complete and prompt recovery of all information, and would not otherwise harm or affect the normal operation of the system.

(p) Other than a modification to a gaming voucher system required on an emergency basis to prevent cheating or malfunction and approved by the Board under § 461.4(l), a modification to a gaming voucher system may not be installed without the gaming voucher system having undergone the testing and approval process required under § 461.4.

(q) The Board may waive one or more requirements of this section or technical standards applicable to gaming voucher systems adopted by the Board upon a determination that the nonconforming gaming voucher system nonetheless meets the operational integrity requirements of the act, this subpart and technical standards adopted by the Board.

§ 461.9. Coupons.

(a) A coupon is an instrument issued by a slot machine licensee under which cashable or noncashable slot machine credits are provided directly or indirectly to a

patron with or without regard to the identity of the patron or patron's level of gaming activity.

(b) A slot machine licensee may issue coupons. A coupon system is the collective hardware, software, communications technology and other ancillary equipment used to facilitate the issuance of coupons, the acceptance of a coupon by a slot machine or its redemption at an automated coupon redemption machine, cashiers' cage or such other locations, and in an alternative manner approved by the Board. A coupon system must comply with any technical standards on coupon systems adopted by the Board.

(c) A slot machine licensee is prohibited from utilizing a coupon system which has not been tested and approved by the Board under § 461.4 (relating to submission for testing and approval).

(d) Each coupon shall be designed and manufactured with sufficient graphics or other security measures, to permit, to the greatest extent possible, the proper verification of the coupon. Each coupon must contain, at a minimum, the following information:

(1) The name or trade name of the slot machine licensee, and if the slot machine licensee is affiliated with a casino licensee in any other jurisdiction with an identical or similar name or trade name, the name of the Pennsylvania location must be evident on the coupon.

(2) The value of the coupon, in both numbers and words.

(3) A unique serial number, which is automatically generated by the system in accordance with this subpart and technical standards adopted by the Board.

(4) The locations where the coupon may be redeemed and restrictions regarding redemption.

(5) An indication of the date on which the coupon becomes invalid.

(6) A bar code or magnetic strip which enables the system to establish the validity of the coupon and its value in accordance with this subpart and any technical standards adopted by the Board.

(e) Prior to issuing a coupon, each slot machine licensee shall establish a system of internal controls for the issuance and redemption of coupons. The internal controls shall be submitted to, and approved by the Board under § 465.3 (relating to internal control systems and audit protocols).

(f) The Board may waive one or more requirements of this section or technical standards applicable to coupon systems adopted by the Board upon a determination that the nonconforming coupon system nonetheless meets the operational integrity requirements of the act, this subpart and technical standards adopted by the Board.

§ 461.10. Automated gaming voucher and coupon redemption machines.

(a) Automated gaming voucher and coupon redemption machines may be located on or proximate to the gaming floor of a licensed facility and must be subject to surveillance coverage under § 465.10 (relating to surveillance system; surveillance department control; surveillance department restrictions). Each automated gaming voucher and coupon redemption machine must have imprinted, affixed or impressed on the outside of the machine a unique asset identification number.

(b) A slot machine licensee is prohibited from utilizing an automated gaming voucher and coupon redemption machine that has not been tested and approved by the Board under § 461.4 (relating to submission for testing and approval).

(c) Each automated gaming voucher and coupon redemption machine must have the capability of establishing the validity of the gaming voucher or coupon by comparing the instrument's unique serial number, automatically generated by the respective gaming voucher or coupon system in accordance with this subpart and technical standards adopted by the Board with electronic records within the gaming voucher system or coupon system.

(d) The methods utilized to comply with subsection (c) shall be submitted to and approved by the Board in the context of the testing of a gaming voucher system or coupon system.

(e) An automated gaming voucher and coupon redemption machine may function as a bill breaker changing bills of one denomination into bills of a smaller denomination.

(f) Each automated gaming voucher and coupon redemption machine must contain a lockable gaming voucher, coupon and currency storage box which retains the gaming vouchers, coupons or currency accepted by the machine. Each gaming voucher, coupon and currency storage box located inside the machine must also have imprinted, affixed or impressed thereon the asset identification number of the corresponding machine.

(g) Each automated gaming voucher and coupon redemption machine must have, at a minimum, the following:

(1) One lock securing the compartment housing and the storage box and one lock securing the storage box within the compartment, the keys to which must be different from each another. The key to the compartment housing the storage box shall be controlled by the slot operations department. The key to the lock securing the storage box within the compartment shall be controlled by the slot accounting department.

(2) One lock securing the compartment housing the currency cassettes, the key to which shall be controlled by the slot accounting department.

(3) One lock securing the compartment housing the coin storage container, the key to which shall be controlled by the slot accounting department.

(4) One lock securing the contents of the storage box, the key to which must be different from the keys referenced in paragraphs (1)—(3). This key shall be controlled by an employee of the slot accounting department other than the employee controlling the keys referenced in paragraphs (1)—(3).

(h) Each automated gaming voucher and coupon redemption machine must be designed to resist forced illegal entry. The slot machine licensee must secure the input/output ports on an automated gaming voucher and coupon redemption machine.

(i) Each automated gaming voucher and coupon redemption machine's currency cassettes must be designed to preclude access to its interior and must render itself inoperable if unauthorized access occurs. The key to each currency cassette shall be controlled by the slot accounting department.

(j) Access controls relating to the operating system or applications of the automated gaming voucher and coupon redemption machine, and ancillary systems, applications and equipment associated with the reconciliation thereof, must employ security measures that require authentication of the user and recording and maintaining of data regarding access and any modifications made. Authentication must be in accordance with this subpart and technical standards adopted by the Board.

(k) A gaming voucher or coupon accepted by an automated gaming voucher and coupon redemption machine shall be cancelled immediately upon exchange in a manner that effectively prevents its subsequent redemption by the cashiers' cage, another automated gaming voucher and coupon redemption machine or its acceptance in a slot machine bill validator. The methods utilized to comply with this requirement shall be in accordance with this subpart and technical standards adopted by the Board.

(l) Each automated gaming voucher and coupon redemption machine must be designed to be impervious to outside influences, interference from electro-magnetic, electro-static and radio frequencies and influence from ancillary equipment.

(m) Each automated gaming voucher and coupon redemption machine must include a means to protect against transaction failure and data loss due to power loss.

(n) Each automated gaming voucher and coupon redemption machine must detect, display and record electronically the following error conditions: power reset; door open; door just closed; and system communication loss. These error conditions may be automatically cleared by the automated gaming voucher and coupon redemption machine when the condition no longer exists and upon completion of a new transaction.

(o) Each automated gaming voucher and coupon redemption machine must detect, display and record electronically the error conditions in paragraphs (1)—(4). These error conditions must disable the automated gaming voucher and coupon redemption machine and prohibit new transactions and may only be cleared by either the slot accounting department or slot operations department.

(1) Failure to make payment, if the gaming voucher or coupon is not returned and no receipt is issued.

(2) Failure to make complete payment if a receipt for the unpaid amount is not issued.

(3) Bill validator failure.

(4) Printer failure due to printer jam or lack of paper.

(p) Each automated gaming voucher and coupon redemption machine must be designed to evaluate whether sufficient funds are available before stacking the voucher and completing the transaction.

(q) Each automated gaming voucher and coupon redemption machine must be capable of maintaining synchronization between its real time clock and that of the gaming voucher system and coupon system.

(r) Each automated gaming voucher and coupon redemption machine must be equipped with electronic digital storage meters which accumulate the following information. The information must be readily available through system reports. Where a value is maintained, the value must be in dollars and cents.

(1) *Physical coin out.* Each automated gaming voucher and coupon redemption machine must have a meter that

accumulates the total value, by denomination, of all coins paid by the automated gaming voucher and coupon redemption machine.

(2) *Voucher in—value.* Each automated gaming voucher machine must have a meter that accumulates the value of all cashable gaming vouchers accepted.

(3) *Voucher in—count.* Each automated gaming voucher machine must have a meter that accumulates the number of all cashable gaming vouchers accepted.

(4) *Coupon in—value.* Each automated coupon redemption machine must have a meter that accumulates the value of all cashable coupons accepted.

(5) *Coupon in—count.* Each automated coupon redemption machine must have a meter that accumulates the number of all cashable coupons accepted.

(6) *Bill in.* Each automated gaming voucher and coupon redemption machine must have a meter that accumulates the value of all currency accepted by the automated gaming voucher and coupon redemption machine. Each automated gaming voucher and coupon redemption machine must also have specific meters for each denomination of currency accepted that records the number of bills accepted.

(7) *Bill out.* Each automated gaming voucher and coupon redemption machine must have a meter that accumulates the total value of currency dispensed. Each automated gaming voucher and coupon redemption machine must also provide for specific meters for each denomination of currency dispensed that record the number of bills dispensed.

(8) *Additional requirements.* Other meters as may be required by technical standards adopted by the Board.

(s) An automated gaming voucher and coupon redemption machine must have the capacity to record and retain, in an automated transaction log, all critical transaction history for at least 30 days. Transaction history must include records with regard to the date, time, amount and disposition of each complete and incomplete transaction, error conditions, logical and physical access and attempted access to the automated gaming voucher and coupon redemption machine. If an automated gaming voucher and coupon redemption machine is capable of redeeming multiple vouchers and coupons in a single transaction, the transaction history must include a breakdown of the transaction with regard to gaming vouchers and coupons.

(t) Each automated gaming voucher and coupon redemption machine or ancillary systems, applications and equipment associated with the reconciliation thereof, must be capable of producing the following reports upon request:

(1) *Gaming voucher transaction report.* This report must include the disposition (paid, partial pay, unpaid) of gaming vouchers accepted by an automated gaming voucher and coupon redemption machine which must include the validation number, the date and time of redemption, amount requested and the amount dispensed. This information must be available by reconciliation period which may be by day, shift or drop cycle.

(2) *Coupon transaction report.* This report must include the disposition (paid, partial pay, unpaid) of coupons accepted by an automated gaming voucher and coupon redemption machine which must include the unique serial number, the date and time of redemption, amount re-

quested and the amount dispensed. This information must be available by reconciliation period which may be by day, shift or drop cycle.

(3) *Reconciliation report.* This report must include the following information:

- (i) Report date and time.
- (ii) Unique asset identification number of the machine.
- (iii) Total cash balance of the currency cassettes.
- (iv) Total count of currency accepted by denomination.
- (v) Total dollar amount of vouchers accepted.
- (vi) Total count of gaming vouchers accepted
- (vii) Total dollar amount of coupons accepted.
- (viii) Total count of coupons accepted.

(4) *Gaming voucher, coupon and currency storage box report.* This report must be generated, at a minimum, whenever a gaming voucher, coupon and currency storage box is removed from an automated gaming voucher and coupon redemption machine. The report must include the following information:

- (i) Report date and time.
- (ii) Unique asset identification number of the machine.
- (iii) Unique identification number for each storage box in the machine.
- (iv) Total value of currency dispensed.
- (v) Total number of bills dispensed by denomination.
- (vi) Total dollar value of gaming vouchers accepted.
- (vii) Total count of gaming vouchers accepted.
- (viii) Total dollar value of coupons accepted.
- (ix) Total count of coupons accepted.

(x) Details required to be included in the gaming voucher transaction report required by paragraph (1) and the coupon transaction report required in paragraph (2).

(5) *Transaction report.* This report must include all critical patron transaction history including the date, time, amount and disposition of each complete and incomplete transaction. If an automated gaming voucher and coupon redemption machine is capable of redeeming multiple vouchers or coupons in a single transaction, the transaction history must include a breakdown of the transaction with regard to gaming vouchers and coupons accepted.

(u) The Board may waive one or more requirements of this section or technical standards applicable to automated gaming voucher and coupon redemption machines adopted by the Board upon a determination that the machine as configured nonetheless meets the operational integrity requirements of the act, this subpart and technical standards adopted by the Board.

§ 461.11. Automated gaming voucher and coupon redemption machines: accounting controls.

Prior to commencing use of either an automated gaming voucher redemption machine, an automated coupon redemption machine, bill breaker or some combination thereof, each slot machine licensee shall establish a comprehensive system of internal controls addressing the distribution of currency or coin, or both, to the machines, the removal of any gaming vouchers, coupons or currency accepted by the machines and the reconciliations associated therewith. The internal controls shall be submitted

to, and approved by the Board under § 465.3 (relating to internal control systems and audit protocols).

§ 461.12. Progressive slot machines.

(a) A progressive slot machine is a slot machine that offers a jackpot that may increase in value based upon wagers as the slot machine is played. A progressive slot machine may stand alone, be linked or interconnected with other progressive slot machines. Progressive slot machines located at a licensed facility that are linked or interconnected with progressive slot machines at another licensed facility are collectively referred to as a wide area progressive system.

(b) Each slot machine that offers a progressive jackpot which may increase in value based upon wager and is adjusted and displayed by a device other than the approved program that controls the operation of the slot machine, referred to herein as a progressive controller, must have the following features:

(1) For each progressive jackpot offered by the slot machine, a mechanical, electrical or electronic device, to be known as a progressive meter, visible from the front of the slot machine, which may increase in value based upon wagers, and which advises the player of the amount which can be won if the slot machine symbols that award the progressive jackpot appear as a result of activation of play of the slot machine.

(2) A slot machine paid progressive payout meter in accordance with § 461.7(i) (relating to slot machine minimum design standards).

(3) A slot attendant paid progressive payout meter in accordance with § 461.7(i).

(4) A cumulative progressive payout meter that continuously and automatically records the total value of progressive jackpots paid directly by the slot machine or by a slot attendant.

(5) A key and key switch to reset the progressive meters or other reset mechanism as may be approved by the Board.

(6) A key locking the compartment housing the progressive meters or other means by which to preclude unauthorized alterations to the progressive meters. This key or alternative security method must be different than the key or reset mechanism in paragraph (5).

(7) Dual key control by the security department and slot accounting department, or alternative key controls as the Board approves, of the compartment housing the microprocessor or other unit that controls the progressive meters. The compartment shall be in a location approved by the Board.

(c) Each slot machine that is connected to a common progressive meter for the purpose of offering the same progressive jackpot on two or more slot machines must:

(1) Have the same probability of hitting the combination that will award the progressive jackpot as every other linked slot machine connected to the common progressive meter.

(2) Require that the same amount in wager be invested to entitle the player to a chance at winning the progressive jackpot and that each increase in wager increment the progressive meter by the same rate of progression as every other linked slot machine connected to the common progressive meter.

(3) Have its program or progressive controller that controls the common display for the progressive meter

housed in a location and subject to dual key controls as may be approved by the Board.

(d) Notwithstanding the provision of subsection (c):

(1) Two or more linked slot machines offering the same progressive jackpot may be of different denominations or have different wagers, or both, required to win the progressive jackpot, provided that:

(i) The probability of winning the progressive jackpot is directly proportional to the wager required to win that jackpot.

(ii) A notice approved by the Board indicating the proportional probability of hitting the progressive jackpot on a linked progressive system is conspicuously displayed on each linked slot machine.

(2) The probability of winning a progressive jackpot offered on linked slot machines may vary among the machines when necessary to enable a slot machine licensee or, as applicable, a slot system operator, to institute a change in the probability which is otherwise permitted by this subpart, if the change is completed expeditiously in accordance with procedures that have been filed with and approved by the Board.

(e) A slot machine licensee seeking to utilize a linked slot machine shall submit to the Board for approval the location and manner of installing any progressive meter display mechanism.

(f) A slot machine that offers a progressive jackpot may not be placed on the gaming floor until the slot machine licensee or, as applicable, the slot system operator, has submitted to the Board, in a manner the Board directs, and the Board has approved, the following:

(1) The initial and reset amounts at which the progressive meters will be set.

(2) The proposed system for controlling the keys and applicable logical access controls to the slot machines.

(3) The proposed rate of progression for each progressive jackpot.

(4) The proposed limit for the progressive jackpot, if any.

(5) The calculated probability of winning each progressive jackpot. The probability may not exceed 50 million to 1. Notwithstanding the foregoing, this paragraph does not apply to a jackpot with a probability that may exceed 50 million to 1 during the game cycle due solely to the intervening occurrence of free play awards between the activation of a play and the award of the jackpot.

(g) Progressive meters may not be turned back to a lesser amount unless one of the following occurs:

(1) The amount indicated has been actually paid to a winning patron.

(2) The progressive jackpot amount won by the patron has been recorded in accordance with a system of internal controls approved under § 465.3 (relating to internal control systems and audit protocols).

(3) The progressive jackpot has, with prior Board approval, been transferred to another progressive slot machine or wide area progressive system in accordance with this subpart.

(4) The change is necessitated by a slot machine or meter malfunction, in which case:

(i) For progressive jackpots governed by subsection (b), an explanation shall be entered on the progressive slot

summary required by this subpart and the Board shall be notified of the resetting in writing in a manner the Board directs.

(ii) For progressive jackpots governed by subsection (m), an explanation shall be entered on the machine entry authorization log required under this subpart unless the slot machine automatically addresses the malfunction in a manner approved by the Board.

(h) Once an amount appears on a progressive meter, the probability of hitting the combination that will award the progressive jackpot may not be decreased unless the progressive jackpot has been won by a patron or the progressive jackpot has been transferred to another progressive slot machine or wide area progressive system or removed in accordance with subsection (j).

(i) When a progressive slot machine has a progressive meter with digital limitations on the meter, the slot machine licensee shall set a limit on the progressive jackpot not to exceed the display capability of the progressive meter.

(j) A slot machine licensee or, as applicable, a slot system operator, may limit, transfer or terminate a progressive jackpot offered on a gaming floor only in accordance with the following procedures:

(1) Establish a payout limit for a progressive jackpot provided that the payout limit is greater than the then current payout amount on the progressive jackpot meter. The slot machine licensee shall notice the Board, in a manner the Board directs, of the imposition of a payout limit on a progressive meter or a modification thereto concurrent with the setting of the payout limit.

(2) May terminate a progressive jackpot concurrent with the winning of the progressive jackpot provided its slot machine program or progressive controller was configured prior to the winning of the progressive jackpot to establish a fixed reset amount with no progressive increment.

(3) May immediately and permanently remove one or more linked slot machines from a gaming floor, provided that:

(i) When the slot machine is part of a wide area progressive system offered at multiple licensed facilities, the slot machine licensee shall retain at least one linked slot machine offering the same progressive jackpot on its gaming floor.

(ii) When the progressive jackpot is only offered in a single licensed facility, at least two linked slot machines offering the same progressive jackpot must remain on the gaming floor.

(4) May transfer a progressive jackpot amount on a stand alone progressive slot machine or the common progressive jackpot on an entire link of progressive slot machines with a common progressive meter, including a wide area progressive system, from a gaming floor provided the progressive jackpot is:

(i) Transferred in its entirety.

(ii) Transferred to either of the following:

(A) The progressive meter for a progressive slot machine or wide area progressive system with the same or greater probability of winning the progressive jackpot, the same or lower wager requirement to be eligible to win the progressive jackpot, and the same type of progressive jackpot (cash, annuity, annuity/cash option or a combination/alternate jackpot). However, if no other progressive slot machine or wide area progressive system

meets all of these qualifications, the Board may authorize a transfer of the jackpot to the progressive meter of the most similar progressive slot machine or wide area progressive system available if the Board finds the transfer would be in the public interest.

(B) The progressive meters of two separate progressive slot machines or wide area progressive systems, provided that each progressive slot machine or wide area progressive system to which the jackpot is transferred individually satisfies the requirements of clause (A).

(iii) Notice of intent to transfer the progressive jackpot is conspicuously displayed on the front of each slot machine for at least 30 days.

(iv) Notice of intent to transfer the progressive jackpot is provided in writing to the Board, in a manner the Board directs, at least 30 days prior to the transfer of the progressive jackpot.

(5) May immediately and permanently remove a progressive jackpot on a stand alone progressive slot machine, the common progressive jackpot on an entire link of progressive slot machines with a common progressive meter or an entire wide area progressive system from a gaming floor provided notice of intent to remove the progressive jackpot is:

(i) Conspicuously displayed on the front of each slot machine for at least 30 days.

(ii) Provided in writing to the Board, in a manner the Board directs, at least 30 days prior to the removal of the progressive jackpot.

(k) The amount indicated on the progressive meter or meters and coin in meter on each slot machine governed by subsection (b) shall be recorded on a progressive slot summary report at least once every 7 calendar days and each report shall be signed by the preparer. If not prepared by the slot accounting department, the progressive slot summary report shall be forwarded to the slot accounting department by the end of the gaming day on which it is prepared. A representative of the slot accounting department shall be responsible for calculating the correct amount that should appear on a progressive meter. If an adjustment to the progressive meters is necessary, the adjustment shall be made by a member of the slot operations department as follows:

(1) Supporting documentation shall be maintained to explain any addition or reduction in the registered amount on the progressive meter. The documentation must include the date, asset number of the slot machine, the amount of the adjustment and the signatures of the slot accounting department member requesting the adjustment and of the slot operations department member making the adjustment.

(2) The adjustment shall be effectuated within 48 hours of the meter reading.

(l) Except as otherwise authorized by this section, a slot machine offering a progressive jackpot that is removed from the gaming floor shall be returned to or replaced on the gaming floor within 5 gaming days. The amount on the progressive meters on the returned or replacement machine may not be less than the amount on the progressive meters at the time of removal. If the slot machine is not returned or replaced, any progressive meter amount at the time of removal shall, within 5 days of the slot machine's removal, be added to a slot machine approved by the Board which slot machine offers the same or a greater probability of winning the progressive jackpot and requires the same wager or less than the

wager required to win the progressive jackpot on the slot machine that was removed. This subsection does not apply to the temporary removal by a slot machine licensee, for a period not to exceed 30 days, of all linked slot machines that are part of a particular wide area progressive system, provided that the progressive jackpot offered by the temporarily removed slot machines remains available on slot machines that are part of the same wide area progressive system in another licensed facility.

(m) Each slot machine that offers a progressive jackpot controlled by a slot machine program with a fixed initial and reset amount, rate of progression and progressive jackpot limit which cannot be changed by the slot machine licensee must limit the progressive jackpot to an amount which is less than \$1,200.

(n) A progressive jackpot governed by subsection (m) is not subject to subsections (j)(4), (k) or (l).

(o) Where a slot machine is located adjacent to any linked progressive slot machine, the slot machine licensee shall conspicuously display on the slot machine a notice advising patrons that the slot machine is not participating in the progressive jackpot of the adjacent link.

(p) The Board may waive one or more of the requirements of this section or technical standards applicable to progressive slot machines adopted by the Board upon a determination that the progressive slot machine or wide area progressive slot system as configured meets the operational integrity requirements of the act, this subpart and technical standards adopted by the Board.

§ 461.13. Wide area progressive systems.

(a) Two or more slot machine licensees may, with the prior written approval of the Board, operate linked progressive slot machines that are interconnected between participating licensed facilities. The slot machines participating in the link shall be collectively referred to as a wide area progressive system.

(b) A wide area progressive system shall at all times be installed and operated in accordance with the relevant requirements of the act, this subpart and technical standards adopted by the Board.

(c) Each wide area progressive system shall be operated and administered by participating slot machine licensees in accordance with the terms and conditions of a written agreement executed by the participating slot machine licensees and approved by the Board. The agreement shall be referred to as a slot system agreement. Slot system agreements must be approved in writing by the Board prior to implementation and comply with the act, this subpart and technical standards on wide area progressive systems adopted by the Board.

(d) Nothing herein prevents the slot machine licensees participating in a slot system agreement from delegating, in whole or in part, the operation and administration of a wide area progressive system to a licensed manufacturer provided that the slot system agreement is executed by the licensed manufacturer and its express terms are determined by the Board to be in compliance with the act, this subpart and technical standards on wide area progressive systems adopted by the Board. The person or persons designated in a slot system agreement as being responsible for the operation and administration of a wide area progressive system shall be referred to as the slot system operator.

(e) An agreement between a licensed manufacturer and a slot machine licensee under which a licensed manufact-

urer sells, leases or services a wide area progressive system will not constitute a slot service agreement unless the agreement also covers operation and administration of the wide area progressive system.

(f) Slot system agreements must address:

(1) Details with regard to the terms of compensation for the slot system operator. In specific, the agreement must address to what extent, if any, the slot system operator is receiving compensation based, directly or indirectly, on an interest, percentage or share of a slot machine licensee's revenue, profits or earnings from the operation of the wide area progressive system

(2) Responsibility for the funding and payment of all jackpots, fees and gross terminal revenue taxes associated with the operation of the wide area progressive system.

(3) Control and operation of the computer monitoring room required under this subpart.

(4) Other requirements requested by the Board, including those required to comply with technical standards on wide area progressive systems adopted by the Board.

(g) Each wide area progressive system shall be controlled and operated from a computer monitoring room approved by the Board. The computer monitoring room must:

(1) Be under the sole possession and control of, and maintained and operated by, employees of the slot system operator designated in the slot system agreement for that system. The employees shall be licensed or permitted as the Board deems appropriate based on an analysis of specific duties and responsibilities.

(2) Have its monitoring equipment subjected to surveillance coverage either by the surveillance system of a slot machine licensee participating in the slot system agreement or by a dedicated surveillance system maintained by the slot system operator. Surveillance coverage must be in accordance with technical standards adopted by the Board.

(3) Be accessible through a locked door. The door must be alarmed in a manner that audibly signals the surveillance monitoring room for the surveillance system elected under paragraph (2).

(4) Have a computer monitoring room entry log. The log must be:

(i) Kept in the computer monitoring room.

(ii) Maintained in a book with bound numbered pages that cannot be readily removed.

(iii) Signed by each person entering the computer monitoring room who is not an employee of the slot system operator expressly employed in the computer monitoring room on his assigned shift. Each entry must contain the following:

(A) The date and time of entering and exiting the room.

(B) The name, department or employer, when applicable, license number of the person entering and exiting the room and of the person authorizing the entry.

(C) The reason for entering the computer monitoring room.

(5) Reside within a licensed facility or other location approved by the Board.

(h) The Board may waive one or more of the requirements of this section or technical standard applicable to

wide area progressive system adopted by the Board upon a determination that the nonconforming wide area progressive system nonetheless meets the operational integrity requirements of the act, this subpart and technical standards adopted by the Board.

§ 461.14. Slot monitoring systems.

(a) A slot monitoring system is the collective hardware, software, communications technology and other ancillary equipment used to collect, monitor, interpret, analyze, authorize, report and audit data with regard to activity at slot machines, inclusive of slot machine meter readings, error conditions, slot machine security, accounting, player tracking and productivity analysis.

(b) A slot monitoring system must comply with the act, this subpart and technical standards on slot monitoring systems adopted by the Board.

(c) A slot machine licensee is prohibited from utilizing a slot monitoring system which has not had any interface between it and slot machines and related systems tested and approved by the Board under § 461.4 (relating to submission for testing and approval).

(d) The Board may waive one or more of the requirements of this section or technical standards applicable to slot monitoring systems adopted by the Board upon a determination that the slot monitoring system as configured nonetheless meets the operational integrity requirements of the act, this subpart and technical standards adopted by the Board.

§ 461.15. Casino management systems.

(a) A casino management system is the collective hardware, software, communications technology and other ancillary equipment used to collect, monitor, interpret, analyze, report and audit data with regard to activity at slot machines, inclusive of slot machine level accounting transactions, player tracking and productivity analysis.

(b) A casino management system must comply with the act, this subpart and technical standards on casino management systems adopted by the Board.

(c) A slot machine licensee is prohibited from utilizing a casino management system which has not had any interface between it and slot machines and related systems tested and approved by the Board under § 461.4 (relating to submission for testing and approval).

(d) The Board may waive one or more of the requirements of this section or technical standards applicable to casino management systems adopted by the Board upon a determination that the casino management system as configured nonetheless meets the operational integrity requirements of the act, this subpart and technical standards adopted by the Board.

§ 461.16. Player tracking systems.

(a) A player tracking system is the collective hardware, software, communications technology and other ancillary equipment used to collect, monitor, interpret, analyze, authorize, report and audit data with regard to player activity at slot machines. Player activity may be tracked generally or on an individual player basis.

(b) A player tracking system must comply with the act, this subpart and technical standards on player tracking systems adopted by the Board.

(c) A slot machine licensee is prohibited from utilizing a player tracking system which has not had any interface between it and slot machines and related systems tested

and approved by the Board under § 461.4 (relating to submission for testing and approval).

(d) The Board may waive one or more of the requirements of this section or technical standards applicable to player tracking systems adopted by the Board upon a determination that the player tracking system as configured nonetheless meets the operational integrity requirements of the act, this subpart and technical standards adopted by the Board.

§ 461.17. External bonusing systems.

(a) An external bonusing system is the collective hardware, software, communications technology and other ancillary equipment used in conjunction with slot machines to deliver randomly selected player incentives (bonus awards) to active slot machine players and to effect the accurate metering of the bonus award event on the slot machine.

(b) The combination of the slot machine theoretical payout percentage plus the bonus awards generated by an external bonusing system cannot equal or exceed 100% of the theoretical payout for a slot machine on which the external bonus award is available.

(c) A slot machine must satisfy the minimum theoretical payout percentage required under this subpart without the contribution of any external bonus award available on the slot machine.

(d) An external bonusing system must comply with the act, this subpart and technical standards on external bonusing systems adopted by the Board.

(e) A slot machine licensee is prohibited from utilizing an external bonusing system which has not been tested and approved by the Board under § 461.4 (relating to submission for testing and approval).

(f) The Board may waive one or more of the requirements of this section or technical standards applicable to external bonusing systems adopted by the Board upon a determination that the external bonusing system as configured nonetheless meets the operational integrity requirements of the act, this subpart and technical standards adopted by the Board.

§ 461.18. Cashless funds transfer systems.

(a) A cashless funds transfer system is the collective hardware, software, communications technology and other ancillary equipment used to facilitate the electronic transfer of cashable or noncashable credits to a patron at a slot machine in connection with a promotional program.

(b) A cashless funds transfer system must comply with the act, this subpart and technical standards on cashless funds transfer systems adopted by the Board.

(c) A slot machine licensee is prohibited from utilizing a cashless funds transfer system which has not been tested and approved by the Board under § 461.4 (relating to submission for testing and approval).

(d) Prior to utilizing a cashless funds transfer system, each slot machine licensee shall establish a system of internal controls applicable to the cashless funds transfer system. The internal controls shall be submitted to and approved by the Board under § 465.3 (relating to internal control systems and audit protocols). The internal control procedures submitted by the slot machine licensee must address the integrity, security and control of its cashless funds transfer system and include the following:

- (1) An overview of the system design.
- (2) System access controls and restrictions.

- (3) Override policies and restrictions.
- (6) Backup and recovery procedures.
- (7) Logical and physical access controls and restrictions.
- (8) Network security.
- (9) Procedures for handling customer disputes.

(e) Each transfer of electronic credits to a slot machine under this section shall be initiated by a patron using an access control approved by the Board. Access controls must require the use of a unique access code for each patron. The access code shall be selected by and only available to the patron.

(f) A record of each transfer of electronic credits to a slot machine under this section shall be maintained by the slot machine licensee and be identified by, at a minimum, the date, time and the asset number of the slot machine to which the transfer occurred and an identification number assigned to the patron who initiated the transaction. The identification number assigned to each patron for the purposes of this section must be different from the unique access code selected by that patron as part of an access control.

(g) On at least a monthly basis, each slot machine licensee using a cashless funds transfer system shall provide a statement to each patron who has participated in the system that month. The statement must include, at a minimum, the patron's beginning monthly balance, credits earned, credits transferred to a slot machine under this section and the patron's monthly ending balance. With the written authorization of the patron, the mailing of a monthly statement may be omitted or be issued electronically to the patron. Notwithstanding the foregoing, a monthly statement is not required for transfers of temporary electronic credits or transfers of electronic credits from a temporary anonymous account.

(h) A slot machine licensee shall notice the Board's Slot Lab in writing of any adjustment to the amount of any credit transferred to a slot machine by means of a cashless funds transfer system. The notice shall be made on or before the date of adjustment.

(i) The Board may waive one or more of the requirements of this section or technical standards applicable to cashless funds transfer systems adopted by the Board upon a determination that the nonconforming cashless funds transfer system nonetheless meets the operational integrity requirements of the act, this subpart and technical standards adopted by the Board.

§ 461.19. Remote system access.

(a) In emergency situations or as an element of technical support, an employee of a licensed manufacturer may perform analysis of, or render technical support with regard to, a slot machine licensee's slot monitoring system, casino management system, player tracking system, external bonusing system, cashless funds transfer system, wide area progressive system, gaming voucher system or other Board approved system from a remote location.

(b) Remote system access shall be performed in accordance with any technical standards on remote system access adopted by the Board.

(c) A slot machine licensee authorizing access to a system by a licensed manufacturer under this section shall be responsible for implementing a system of access protocols and other controls over the physical integrity of any system and any remote access process sufficient to

insure appropriately limited access to software and the system wide reliability of data.

§ 461.20. Server supported slot systems.

(a) The following terms, when used in this section, have the following meanings, unless the context clearly indicates otherwise:

Server supported slot machine—A slot machine connected to, and administered by, a server supported slot system.

Slot machine server—A computer configured to receive, store, authenticate and download to server supported slot machines Board-approved slot machine games and other approved software. A slot machine server may also be used to effect changes in a server supported slot machine's configuration.

Server supported slot system—A system comprised of one or more server supported slot machines connected to a slot machine server and its ancillary computer network for the ultimate purpose of downloading Board-approved slot machine games and other approved software to server supported slot machines. Results from the play or operation of a server supported slot machine connected to a server supported slot system must be determined solely by the individual slot machine and not by the slot machine server or other ancillary computer network.

(b) A server supported slot system, and server supported slot machines to which it is connected, must comply with the act, this subpart and technical standards on server supported slot systems, slot machine servers and server supported slot machines adopted by the Board.

(c) A slot machine licensee is prohibited from utilizing a server supported slot system which has not been tested and approved by the Board under § 461.4 (relating to submission for testing and approval).

(d) Prior to utilizing a server supported slot system, each slot machine licensee shall establish a system of internal controls applicable to a server supported slot system. The internal controls shall be submitted to and approved by the Board under § 465.3 (relating to internal control systems and audit protocols). The internal control procedures submitted by the slot machine licensee must address the integrity, security and control of its server supported slot system.

(e) The Board may waive one or more of the requirements of this section or technical standards applicable to server supported slot systems, slot machine servers and server supported slot machines adopted by the Board upon a determination that the nonconforming server supported slot system, slot machine server or server supported slot machine nonetheless meets the operational integrity requirements of the act, this subpart and technical standards adopted by the Board.

§ 461.21. Server based slot systems.

(a) The following terms, when used in this section, have the following meanings, unless the context clearly indicates otherwise:

Server based slot machine—A slot machine accessing a server based slot system.

Slot machine server—A computer configured to receive, store and authenticate Board-approved slot machine games and other approved software.

Server based slot system—A system comprised of one or more server based slot machines connected to a slot machine server and its ancillary computer network for

the ultimate purpose of facilitating access by a server based slot machine to Board-approved slot machine games and other approved software residing on the slot machine server. Results from the play or operation of a server based slot machine must be determined solely by the slot machine server and not by the individual slot machine.

(b) A server based slot system, and any server based slot machines accessing the system, must comply with the act, this subpart and technical standards on server based slot systems, slot machine servers and server based slot machines adopted by the Board.

(c) A slot machine licensee is prohibited from utilizing a server based slot system which has not been tested and approved by the Board under § 461.4 (relating to submission for testing and approval).

(d) Prior to utilizing a server based slot system, each slot machine licensee shall establish a system of internal controls applicable to a server based slot system. The internal controls shall be submitted to and approved by the Board under § 465.3 (relating to internal control systems and audit protocols). The internal control procedures submitted by the slot machine licensee must address the integrity, security and control of its server based slot system.

(e) The Board may waive one or more of the requirements of this section or technical standards applicable to server based slot systems, slot machine servers and server based slot machines adopted by the Board upon a determination that the nonconforming server based slot system, slot machine server or server based slot machine nonetheless meets the operational integrity requirements of the act, this subpart and technical standards adopted by the Board.

CHAPTER 465. ACCOUNTING AND INTERNAL CONTROLS

§ 465.12. Slot machine licensee's organization.

(a) Each slot machine licensee's system of internal controls must, in accordance with section 1322 of the act (relating to slot machine accounting controls and audits) and § 465.3 (relating to internal control systems and audit protocols), include organization charts depicting appropriate segregation of functions and responsibilities and descriptions of the duties and responsibilities for each position shown on each organization chart. Each slot machine licensee shall be permitted, except as otherwise provided in this section, to tailor its organizational structure to meet the needs or policies of its own particular management philosophy. The proposed organizational structure of each slot machine licensee shall be approved by the Board in the absence of a conflict between the organizational structure and the following criteria. The criteria are designed to maintain the integrity of the slot machine operation. Each slot machine licensee's organization charts must provide for:

(1) A system of personnel and chain of command which permits management and supervisory personnel to be held accountable for actions or omissions within their areas of responsibility.

(2) The segregation of incompatible functions, duties and responsibilities so that no employee is in a position both to commit an error or to perpetrate a fraud and to conceal the error or fraud in the normal course of his or her duties.

(3) The performance of all functions, duties and responsibilities in accordance with sound financial practices by competent, qualified personnel.

(4) The areas of responsibility which are not so extensive as to be impractical for one person to monitor.

(5) A chief executive officer. For the purposes of this section, a chief executive officer means the person located at the licensed facility who is ultimately responsible for the daily conduct of the slot machine licensee's gaming business, including the direct or indirect supervisor of the departments required by subsection (b), regardless of the form of business association of the slot machine licensee or applicant or the particular title which that person or any other person holds. The slot machine licensee's organization charts must designate which positions, in the absence of the chief executive officer, shall be designated as having responsibility for the daily conduct of the slot machine licensee's gaming business.

(b) In addition to satisfying the requirements of subsection (a), each slot machine licensee's system of internal controls must include, at a minimum, the following departments and supervisory positions, each of which shall be categorized as mandatory and cooperate with, yet perform independently of, all other mandatory departments and supervisory positions of the slot machine licensee. Notwithstanding the foregoing, a department or supervisor of a slot machine licensee that is not required or authorized by this section may operate under or in conjunction with a mandatory department or supervisor provided the organizational structure is consistent with the standards contained within the act and subsection (a). Mandatory departments and supervisory positions are as follows:

(1) A surveillance department supervised by a person located at the licensed facility who functions, for regulatory purposes, as the director of surveillance. The director of surveillance shall be subject to the reporting requirements specified in subsection (c) and shall be licensed as a key employee. The surveillance department shall be responsible for the following:

(i) The clandestine surveillance of the operation of, and gaming conducted at, slot machines.

(ii) The clandestine surveillance of the operation of automated bill breaker, gaming voucher, coupon redemption and jackpot payout machines.

(iii) The clandestine surveillance of the operation of the cashiers' cage and any satellite cage.

(iv) The audio and video recording of activities in the count room in conformance with 18 Pa.C.S. §§ 5701—5781 (relating to Wiretapping and Electronic Surveillance Control Act), and the video recording of movements of cash and slot cash storage boxes.

(v) The detection of cheating, theft, embezzlement and other illegal activities within the licensed facility.

(vi) The detection of the presence of any person who is required to be excluded or ejected from the licensed facility under section 1514 of the act (relating to regulation requiring exclusion of certain persons), who may be excluded or ejected from the licensed facility under section 1515 of the act (relating to repeat offenders excludable from the gaming floor and licensed gaming facilities) or is self excluded from the gaming floor and gaming activities at all licensed facilities under section 1516 of the act (relating to list of persons self-excluded from gaming activities).

(vii) The video recording of those locations, persons, activities or transactions required under § 465.10(e) (relating to surveillance system; surveillance department con-

trol; surveillance department restrictions) and of any illegal and unusual activities monitored by the surveillance department.

(viii) The provision of immediate notice to appropriate supervisors, the Bureau and the Pennsylvania State Police upon detecting, and also upon commencing video recording of, any person who is engaging in or attempting to engage in, or who is reasonably suspected of cheating, theft, embezzlement or other illegal activities, including any person who is required to be excluded or ejected from the licensed facility under section 1514 of the act, who may be excluded or ejected from the licensed facility under section 1515 of the act or is self excluded from the gaming floor and gaming activities at all licensed facilities under section 1516 of the act.

(ix) The clandestine surveillance of any slot computer system or equipment designated for coverage by the Board in conjunction with the approval of a slot machine system, including a slot monitoring system, casino management system, wide area progressive system, gaming voucher system and any communication equipment with the central control computer.

(2) An internal audit department supervised by a person located at the licensed facility who functions, for regulatory purposes, as the director of internal audit. The director of internal audit shall be subject to the reporting requirements specified in subsection (c) and shall be licensed as a key employee.

(3) An information technology department supervised by a person located at the licensed facility who functions, for regulatory purposes, as the information technology director. The information technology director shall be licensed as a key employee and be responsible for the quality, reliability and accuracy of the slot computer systems used by the slot machine licensee regardless of whether data, software or systems are located within or outside the licensed facility. The information technology director shall further be responsible for the security and physical integrity of, and the accountability and maintenance of, the following:

(i) Access codes and other security controls used to insure appropriately limited access to computer software and the system wide reliability of data.

(ii) Computer tapes, disks or other electronic storage media containing data relevant to the slot machine licensee's operations.

(iii) Computer hardware, communications equipment and software used in the conduct of the slot machine licensee's operations.

(iv) The computerized slot monitoring system utilized by the slot machine licensee. Specifically, the information technology director shall ensure that:

(A) Each slot machine located on the gaming floor is connected electronically to the slot machine licensee's computerized slot monitoring system and to the Commonwealth's central control computer in accordance with section 1323 (relating to central control computer system).

(B) The security features of the computerized slot monitoring system prohibit, at a minimum, the deletion, creation or modification of any data unless a permanent record is created that sets forth:

(I) The original information.

(II) Any modification to the original information.

(III) The identity of the employee making the modification.

(VI) If applicable, the identity of each employee authorizing the modification.

(C) Any computerized jackpot payout system utilized by the slot machine licensee is configured to require that any modification of \$100 or more to the original amount recorded on a computerized jackpot payout or system override is authorized by two slot accounting department employees, one of whom is in a position of greater authority than the individual preparing the jackpot payout.

(D) Procedures and controls are in place that define and limit interaction between both the slot operations department and slot accounting department and the computerized slot monitoring system including access to system menus, the establishment of slot machine profile parameters, and the ability of each department to access, delete, create or modify information contained in the slot monitoring system.

(4) A slot operations department supervised by a person located at the licensed facility who functions, for regulatory purposes, as the director of slot operations. The director of slot operations shall be licensed as a key employee and be responsible for the operation of, and conduct of gaming at, slot machines within the licensed facility.

(5) A security department supervised by a person located at the licensed facility who functions, for regulatory purposes, as the director of security. The security department shall be licensed as a key employee and be responsible for the overall security of the licensed facility including the following:

(i) The physical safety of natural persons.

(ii) The physical safeguarding of assets.

(iii) The protection of the property of both the patron and the slot machine licensee from illegal activity.

(iv) In collaboration with the human resources department or its functional equivalent, the design, implementation and enforcement of a system for the issuance of access badges.

(v) The design, implementation and enforcement of a system for the issuance of temporary access credentials.

(vi) The recording of any unusual incidents within the licensed facility in which the security department is involved. Each incident shall be recorded by security department personnel in a book with bound numbered pages that cannot be readily removed or be maintained in an electronic format that the Board approves. The log shall be stored and retained in accordance with § 465.7 (relating to retention, storage and destruction of books, records and documents). The following information shall be recorded:

(1) The assignment number.

(2) The date and time.

(3) The nature of the incident.

(4) The persons involved in the incident.

(5) The security department employees assigned to cover the incident.

(vii) The identification and removal of any person who is required to be excluded or ejected from the licensed facility under section 1514 of the act, who may be excluded or ejected from the licensed facility under

section 1515 of the act or is self excluded from the gaming floor and gaming activities at all licensed facilities under section 1516 of the act.

(viii) The performance of all duties and responsibilities required under the system of internal controls submitted and approved under § 465.3.

(ix) Providing immediate notice to the Pennsylvania State Police upon detecting the presence in the licensed facility of a person possessing a firearm or handgun in violation of § 465.14 (relating to firearms; possession within a licensed facility).

(6) A slot accounting department supervised by a person located at the licensed facility who functions, for regulatory purposes, as the director of slot accounting. The director of slot accounting shall be licensed as a key employee and be responsible for all slot accounting functions including the preparation and control of records and data, the control of stored data, the control of unused forms, the accounting for and comparison of operational data and forms, and the control and supervision of the cashiers' cage, any satellite cage and the count room. In addition to the requirement that the director of slot accounting be licensed as a key employee, the supervisor of the cashiers' cage shall, on all shifts, be licensed as a key employee.

(c) The supervisors of the surveillance and internal audit departments required by subsection (b) shall comply with the following reporting requirements:

(1) Each supervisor shall report directly to the chief executive officer of the slot machine licensee regarding administrative matters and daily operations. However, a slot machine licensee may allow each of these supervisors to report directly to a management executive of the licensee other than the chief executive officer if that executive reports directly to the chief executive officer.

(2) Each supervisor shall report directly to one of the following persons or entities regarding matters of policy, purpose, responsibility and authority, which persons or entities shall also control the hiring, termination and salary of each supervisor:

(i) The independent audit committee of the slot machine licensee's board of directors.

(ii) The independent audit committee of the board of directors of any holding or intermediary company of the slot machine licensee which has authority to direct the operations of the slot machine licensee.

(iii) The senior surveillance or internal audit executives of any holding or intermediate company included in subparagraph (ii) if the most senior executive in the reporting line reports directly to the independent audit committee of the board of directors of the holding or intermediary company.

(iv) For slot machine licensees or holding companies which are not corporate entities, the noncorporate equivalent of any of the persons or entities listed in subparagraphs (i)—(iii).

(d) The slot machine licensee's personnel shall be trained in all policies, procedures and internal controls relevant to each employee's individual function. Special instructional programs shall be developed by the slot machine licensee in addition to any on-the-job instruction sufficient to enable all members of the departments required by this section to be thoroughly conversant in, and knowledgeable of, the required manner of performance of all transactions relating to their functions.

(e) Notwithstanding any other provision to the contrary, a slot machine licensee may, with the prior approval of the Board, designate and assign more than one person to serve jointly as the supervisor of a department required by this section. Each person approved to serve as a joint supervisor of such a department shall be located at the licensed facility and shall be individually and jointly accountable and responsible for the operations of that department.

(f) In the event of a vacancy in the chief executive officer position or any mandatory department supervisory position required by subsection (b), the following apply:

(1) The slot machine licensee shall notify the Board within 5 days from the date of vacancy. The notice must be in writing and indicate the following information:

(i) The vacant position.

(ii) The date on which the position became vacant.

(iii) The date on which it is anticipated that the vacancy will be filled on a permanent basis.

(2) The slot machine licensee shall designate a person to assume the duties and responsibilities of the vacant position within 30 days after the date of vacancy. The person may assume the duties and responsibilities of the vacant position on a temporary basis, provided that:

(i) The person does not also function as the department supervisor for any other mandatory department required by this section.

(ii) The person's areas of responsibility will not be so extensive as to be impractical for one person to monitor.

(iii) The position shall be filled on a permanent basis within 120 days of the original date of vacancy.

(3) Within 5 days of filling any vacancy under paragraph (2), the slot machine licensee shall notify the Board thereof. The notice must be in writing and indicate the following:

(i) The position.

(ii) The name of the person designated.

(iii) The date that the vacancy was filled.

(iv) An indication of whether the position has been filled on a temporary or permanent basis.

(4) The notices required by this subsection shall be directed to the Board's Bureau of Licensing.

§ 465.13. Access badges and temporary access credentials.

(a) Each slot machine licensee shall establish procedures, in writing, for readily and effectively identifying each person permitted, during the normal course of performing his duties, to have access to one or more restricted areas within the licensed facility.

(1) The procedures must include the requirement that persons wear, in a visible location, an access badge.

(2) The procedures must also include a methodology for updating the access badge procedures to reflect changes and amendments in the slot machine licensee's table of organization and the positions approved with respect thereto.

(3) The procedures must further include provisions expressly addressing access by employees of licensed manufacturers, licensed suppliers and registered and certified vendors.

(b) Each slot machine licensee shall also establish procedures, in writing, for readily and effectively identifying each person permitted, under temporary or emergency circumstances, to have access to one or more restricted areas within the licensed facility.

(1) The procedures must include the requirement that the persons wear, in a visible location, a temporary access credential.

(2) The procedures must also include a methodology for updating the temporary access credential procedures to reflect changes and amendments in the slot machine licensee's table of organization and the positions approved with respect thereto.

(3) The procedures must further include provisions expressly addressing temporary or emergency access by licensed manufacturers, licensed suppliers and registered and certified vendors.

(c) The procedures required in subsection (a) are to be designed, implemented and enforced by the security department in collaboration with the human resources department or its functional equivalent. The procedures in subsection (b) are to be designed, implemented and enforced by the security department. Procedures addressing both access badges and temporary credentials shall be retained in the security department and shall be made immediately available to the Board and the Pennsylvania State Police upon request. The slot machine licensee shall cooperate with the Board in making amendments to its procedures to improve the effectiveness of its access badge and temporary credential systems.

§ 465.14. Firearms; possession within a licensed facility.

(a) Individuals, including security department personnel, are prohibited from possessing any firearm or handgun within a licensed facility without the express written approval of the Board, in accordance with the authorization procedures as the Board determines, notwithstanding the following general prohibitions:

(1) Pennsylvania State Police assigned to its Gaming Enforcement Office may possess a firearm or handgun within the licensed facility.

(2) An on duty officer or agent of any local, State or Federal law enforcement agency having primary jurisdiction over the licensed facility may possess a firearm or handgun in all areas of the licensed facility except the gaming floor or restricted areas servicing the slot operations where that officer or agent is acting in his official capacity. Officers or agents possessing firearms or handguns within a licensed facility under this section shall notify the Board and the Pennsylvania State Police Gaming Enforcement Office of their presence in the licensed facility. Notification shall be made immediately upon entry into the licensed facility or prior to arrival at the licensed facility, if feasible. Notification is not required if exigent circumstances exist.

(b) A slot machine licensee may not employ off duty law enforcement officers to provide security related services on the gaming floor, in restricted areas within the licensed facility or in any manner in connection with the conduct of slot machine operations.

(c) To obtain approval for the possession of a firearm or handgun within a licensed facility, an individual shall be required to demonstrate to the Board that the individual:

(1) Has received an adequate course of training in the possession and use of the firearm or handgun.

(2) Is the holder of a valid license for the possession of the firearm or handgun.

(3) Has a compelling need for the possession of the firearm or handgun within the licensed facility.

(d) Each slot machine licensee shall cause to be posted in a conspicuous location at each entrance to the licensed facility signs that may be easily read stating: The possession by any person of any firearm or handgun within this licensed facility without the express written permission of the Pennsylvania Gaming Control Board is prohibited.

§ 465.15. Security department minimum staffing.

In accordance with § 465.3(d)(5) (relating to internal control systems and audit protocols), each slot machine licensee shall be required to submit, for Board approval, a minimum staffing submission with regard to its security department. The minimum staffing submission must consider the size and layout of the licensed facility as well as the number and configuration of slot machines on the gaming floor and must at all times provide for adequate and effective security of the gaming floor and any restricted areas servicing the gaming operation.

§ 465.16. Cashiers' cage.

(a) Each establishment shall have on, immediately adjacent or reasonably proximate to the gaming floor, a physical structure known as a cashiers' cage to house the cashiers and to serve as the central location in the licensed facility for:

(1) The custody of the cage inventory comprised of cash (currency or coin) and the forms, documents, and records normally associated with the operation of a slot cage.

(2) The initial financial consolidation of all transactions relating to slot machine activity.

(3) Other functions normally associated with the operation of a cashiers' cage.

(b) The cashiers' cage must be designed and constructed to provide maximum security for the materials housed therein and the activities performed therein. The design and construction must include:

(1) Manually triggered silent alarm systems located at the cashiers' window, vault and in any ancillary office space adjacent or proximate thereto. The systems must be connected directly to the monitoring room of the surveillance department and to the security department.

(2) A double door entry and exit system that will not permit a person to pass through the second door until the first door is securely locked. In addition, the following apply:

(i) The first door leading from the gaming floor of the double door entry and exit system must be controlled by the security department, the surveillance department or, in the alternative, a Board-approved computerized access system designed and administered to provide a functionally equivalent level of security. The second door of the double door entry and exit system must be controlled by the cashiers' cage.

(ii) The system must have surveillance coverage which shall be monitored by the surveillance department.

(iii) Any entrance to the cashiers' cage that is not a double door entry and exit system shall be an alarmed emergency exit door only.

(3) Separate manual locks on each door of the double door entry and exit system, the keys to which shall be different from each other.

(c) Each establishment may also have one or more satellite cages separate and apart from the cashiers' cage, established to maximize security, efficient operations or patron convenience. A satellite cage may perform any of the functions of the cashiers' cage and must be equipped with an alarm system in compliance with subsection (b)(1). The functions which are conducted in a satellite cage shall be subject to the accounting controls applicable to a cashiers' cage set forth in this subpart.

(d) Each slot machine licensee shall maintain immediately available to the Board and the Pennsylvania State Police a current list, with license numbers, of all persons possessing the combination or keys to the locks securing the double door entry and exit system restricting access to the cashiers' cage and any satellite cage and the vault as well as a list of all persons possessing the ability to activate or deactivate alarm systems for the cashiers' cage, any satellite cage and vault.

§ 465.17. Accounting controls for the cashiers' cage.

(a) The assets for which slot cashiers are responsible shall be maintained on an imprest basis. At the end of each shift, slot cashiers assigned to the outgoing shift shall record on a cashiers' count sheet the face value of each cage inventory item counted and the total of the opening and closing cage inventories and shall reconcile the total closing inventory with the total opening inventory. Each cashiers' count sheet shall be signed by the preparing cashier attesting to the accuracy of the information thereon.

(b) At the opening of every shift, in addition to the imprest funds normally maintained by slot cashiers, each slot machine licensee shall have on hand in the cashiers' cage or readily available thereto, a reserve cash bankroll adequately funded to pay winning patrons.

(c) The cashiers' cage and any satellite cage shall be physically segregated by personnel and function as follows:

(1) Slot cashiers shall operate with individual imprest inventories of cash and their functions include the following:

(i) The receipt of cash and cash equivalents from patrons in exchange for cash.

(ii) The receipt of personal checks for gaming and nongaming purposes from patrons in exchange for cash, subject to limitations on the amount required by the Board.

(iii) The receipt of cash, cash equivalents, checks issued by the slot machine licensee, annuity jackpot checks, wire transfers and cashless funds transfers from patrons to establish a customer deposit.

(iv) The receipt of customer deposit forms from patrons in exchange for cash.

(v) The preparation of jackpot payout slips in accordance with this subpart and technical standards adopted by the Board.

(vi) The receipt of gaming vouchers from patrons, or from authorized employees who received gaming vouchers as gratuities, in exchange for cash.

(vii) The issuance, receipt and reconciliation of imprest funds used by slot attendants, including an imprest change/pouch payout fund.

(viii) The issuance of cash to automated bill breaker, gaming voucher, coupon redemption and jackpot payout machines in exchange for proper documentation.

(2) Main bank cashier functions include the following:

(i) The receipt of cash, cash equivalents, gaming vouchers, jackpot payout slips and personal checks received for gaming and nongaming purposes from slot cashiers in exchange for cash.

(ii) The receipt of cash from the count rooms.

(iii) The receipt of personal checks accepted for gaming and nongaming purposes from slot cashiers for deposit.

(iv) The preparation of the overall cage reconciliation and accounting records.

(v) The preparation of the daily bank deposit for cash, cash equivalents and personal checks.

(vi) The issuance, receipt and reconciliation of imprest funds used by slot attendants.

(vii) The receipt from slot cashiers of documentation with signatures thereon, required to be prepared for the effective segregation of functions in the cashiers' cage.

(viii) The responsibility for the reserve cash bankroll.

(ix) The receipt of unsecured currency and unsecured gaming vouchers and preparation of reports thereon.

(d) At the end of each gaming day a copy of the cashiers' count sheets and related documentation shall be forwarded to the accounting department for agreement of opening and closing inventories, agreement of amounts thereon to other forms, records and documents required by this subpart and recording of transactions.

§ 465.18. Bill validators and slot cash storage boxes.

(a) Each slot machine shall be equipped with a bill validator configured to accept any combination of currency, gaming vouchers, coupons and other instruments authorized by the Board for incrementing credits on a slot machine.

(b) Access to the bill validator shall be controlled by at least one lock, the key to which shall be controlled by the slot operations department.

(c) Each bill validator in a slot machine shall have contained in it a secure tamper resistant container known as a slot cash storage box in which shall be deposited all currency, gaming vouchers, coupons and Board-approved instruments inserted into the bill validator.

(d) The slot cash storage box shall be secured to the bill validator by two separate locks, the keys to which shall be different from each other, one of which may be the lock to the belly door or main door of the slot machine and a second of which is the lock on the release mechanism on the slot cash storage box. The key to the belly door or main door of the slot machine shall be maintained and controlled by the slot operations department. The key to the lock securing the release mechanism on the slot cash storage box shall be maintained and controlled by the security department. The security department shall establish a sign-out and sign-in procedure with regard to this key which includes documentation of this transfer.

(e) Each slot cash storage box must:

(1) Have at least one lock securing the contents of the slot cash storage box, the key to which shall be maintained and controlled by the slot accounting department.

(2) Have a slot opening through which currency, gaming vouchers and coupons can be inserted into the slot cash storage box.

(3) Have a mechanical arrangement or device that prohibits removal of currency, gaming vouchers and coupons.

pons from the slot opening whenever the slot cash storage box is removed from the bill validator.

(4) Be fully enclosed, except for openings that may be required for the operation of the bill validator or the slot cash storage box. However, the location and size of the openings may not affect the security of the slot cash storage box, its contents or the bill validator, and shall be approved by the Board.

(5) Have an asset number that is permanently imprinted, affixed or impressed on the outside of the slot cash storage box which corresponds to the asset number of the slot machine to which the bill validator has been attached. In lieu of the asset number, a slot machine licensee may develop and maintain, with prior Board approval, a system for assigning a unique identification number to its slot cash storage boxes. The system must ensure that each slot cash storage box can readily be identified, either manually or by computer, when in use with, attached to, and removed from a particular bill validator. Each unique identification number must be permanently imprinted, affixed or impressed on the outside of each slot cash storage box that does not otherwise bear an asset number. The asset number or unique identification number must be conspicuous and clearly visible to persons involved in removing or replacing the slot cash storage box in the bill validator and through the slot machine licensee's surveillance system. Notwithstanding the foregoing, emergency slot cash storage boxes may be maintained without the unique numbers, provided the word emergency is permanently imprinted, affixed or impressed thereon, and when put into use, are temporarily marked with the asset number of the slot machine to which the bill validator is attached.

(6) Be designed and installed in a manner that renders the slot machine inoperable in the event of the removal or absence of the slot cash storage box.

§ 465.19. Transportation of slot cash storage boxes to and from bill validators; storage.

(a) Each slot machine licensee shall place on file with the Board, in the manner prescribed by the Board, a schedule setting forth the specific times at which slot cash storage boxes will be brought to or removed from the bill validators along with specifications as to what areas of the gaming floor will be dropped on each pick-up day and the specific transportation route to be utilized from the gaming floor to the count room. Each slot machine licensee shall also maintain immediately available to the Board and the Pennsylvania State Police, a current list, with license numbers, of the employees participating in the transportation of slot cash storage boxes. Any deviation from the schedule setting forth the specific times at which slot cash storage boxes will be brought to or removed from the bill validators, a change in the areas to be dropped or the transportation route to the count room shall be noticed to the Board in advance in a manner prescribed by the Board.

(b) Slot cash storage boxes removed from bill validators shall be transported directly to, and secured in, the count room or a trolley storage area located immediately adjacent thereto, configured and secured in a manner approved by the Board, by a minimum of three employees, at least one of which is a member of the security department and at least one of which is a member of the slot accounting department.

(1) Upon its removal from a bill validator, a slot cash storage box shall be placed immediately in an enclosed trolley which is secured by two separately keyed locks.

The key to one lock shall be maintained and controlled by the slot accounting department. The key to the second lock shall be maintained and controlled by the security department. Access to the security department's key shall be controlled, at a minimum, by a sign-out and sign-in procedure. The security department key shall be returned to its secure location immediately upon the completion of the collection and transportation of the slot cash storage boxes.

(2) Prior to the movement of any trolley containing slot cash storage boxes from the gaming floor into the count room, the drop team supervisor shall verify that the number of slot cash storage boxes being transported from the gaming floor equals the number of slot cash storage boxes scheduled to be collected that day.

(3) A slot cash storage box being replaced by an emergency slot cash storage box shall be transported to, and secured in, the count room by a minimum of three employees, at least one of which is a member of the slot accounting department and at least one of which is a member of the security department.

(c) Slot cash storage boxes not contained in a bill validator, including emergency slot cash storage boxes which are not actively in use, shall be stored in the count room or other secure area outside the count room approved by the Board, in an enclosed storage cabinet or trolley and secured in the cabinet or trolley by a separately keyed, double locking system. The key to one lock shall be maintained and controlled by the slot accounting department and the key to the second lock shall be maintained and controlled by a security department. Access to the security department's key shall be limited to a supervisor of that department.

(d) Notwithstanding subsection (b), the security department may, immediately prior to the commencement of the count process, issue its key to the storage cabinet or trolley to a count room supervisor for the purpose of allowing count room personnel to gain access to the slot cash storage boxes to be counted. Any key transferred from the custody of the security department to the count room supervisor shall be returned immediately following the conclusion of the count of the slot cash storage boxes and the return of any empty emergency drop boxes and slot cash storage boxes to their respective storage cabinet or trolley by the count room supervisor. The security department shall establish a sign-out and sign-in procedure which includes documentation of this transfer.

§ 465.20. Acceptance of tips or gratuities from patrons.

A key employee or gaming employee who serves in a supervisory position is prohibited from soliciting or accepting, and no other gaming employee may solicit, any tip or gratuity from any patron of the slot machine licensee where he is employed. The slot machine licensee may not permit any practices prohibited by this section.

CHAPTER 466. SLOT COMPUTER SYSTEMS

Sec.
466.1. Slot computer systems generally.

§ 466.1. Slot computer systems generally.

(a) All aspects of a slot machine licensee's slot computer system shall be located within the licensed facility unless otherwise approved by the Board in accordance with technical standards adopted by the Board.

(b) For the purposes of this section, a slot computer system must include all aspects of a computer system which the act, this subpart or technical standards

adopted by the Board either require or permit to be utilized by a slot machine licensee in the conduct of, or monitoring of, slot machine operations including hardware, software and network interfaces used in connection with the operation of a slot monitoring system, casino management system, player tracking system, external bonusing system, cashless funds transfer system and gaming voucher system. However, a slot computer system will not be construed to include the following:

- (1) A slot machine or bill validator.
- (2) A wide area progressive slot system.
- (3) Other computer systems or applications that the Board determines are not slot computer systems.
- (c) The Board may waive one or more of the requirements of this section or technical standard applicable to slot computer systems adopted by the Board upon a determination that the nonconforming system protocols nonetheless meet the integrity requirements of the act, this subpart and technical standard adopted by the Board.

[Pa.B. Doc. No. 06-1253. Filed for public inspection June 30, 2006, 9:00 a.m.]

PENNSYLVANIA GAMING CONTROL BOARD

[58 PA. CODE CH. 493]

Temporary Regulations

The Pennsylvania Gaming Control Board (Board), under authority in 4 Pa.C.S. § 1202(b)(14) (relating to general and specific powers), adopts temporary regulations to facilitate implementation of 4 Pa.C.S. Part II (relating to gaming), enacted by the act of July 5, 2004 (P.L. 572, No. 71) (Act 71). The Board's temporary regulations will be added to Part VII (relating to Gaming Control Board), Subpart H, Practice and Procedure, Chapter 493, Pleadings.

Purpose and Background

Under 4 Pa.C.S. § 1203 (relating to temporary regulations), the Board is required to promulgate temporary regulations to facilitate the prompt implementation of Act 71. The regulations are necessary to enhance the credibility of the licensed operation of slot machines and associated equipment in this Commonwealth and to carry out the policy and purposes of the Board.

To promulgate the temporary regulations in accordance with customary rulemaking procedure, the Board published draft regulations on its website, www.pgcb.state.pa.us on December 15, 2005. A 30-day public comment period was provided.

Under 4 Pa.C.S. § 1203, the temporary regulations adopted by the Board expire no later than 3 years following the effective date of Act 71 or upon promulgation of regulations as generally provided by the law. These temporary regulations are not be subject to sections 201—205 of the act of July 31, 1968 (P.L. 769, No. 240) (45 P.S. §§ 1201—1205), known as the Commonwealth Documents Law (CDL), or to the Regulatory Review Act (71 P.S. §§ 745.1—745.15).

Financial Impact

The appropriations from the Commonwealth for the implementation of Act 71 and costs of administering Act 71 will be reimbursed by the licensed gaming entities as

specified in Act 71. Individuals and entities that wish to obtain licenses as gaming entities shall pay to the gaming fund significant licensing fees to obtain the authority to do business within this Commonwealth. Part of these fees shall reimburse the Board and to the Pennsylvania State Police for licensing processes and background investigations. The licensing and registration of individuals and other classes of licensees will be reimbursed by the individuals and or licensees through fees established by the Board.

It is anticipated that all expenses of the Board and all associated activities shall be reimbursed by the applicants and gaming entities as previously specified. The Board shall have no financial impact on the State budget.

Statutory Authority

Section 1203 of 4 Pa.C.S. provides the Board authority to adopt and publish temporary regulations to implement the policies and purposes of Act 71.

Regulatory Review

Under 4 Pa.C.S. § 1203, the Board may adopt temporary regulations that are exempted from the Regulatory Review Act and sections 201—205 of the CDL. Section 1203 of 4 Pa.C.S. provides that the Board's authority to adopt regulations expires 2 years from the effective date of Act 71.

Findings

The Board finds that:

(1) Under 4 Pa.C.S. § 1203, the temporary regulations are exempt from the requirements of the Regulatory Review Act and sections 201—205 of the CDL.

(2) A 30-day public comment period was held prior to the adoption of the temporary regulations. All comments received by the Board were reviewed and considered.

(3) The adoption of the temporary regulations provided by this order is necessary and appropriate for the administration of the authorizing statute.

Order

The Board, acting under the authorizing statute, orders that:

(a) The following temporary regulation of the Board, 58 Pa. Code Chapter 493, is amended by adding § 493.13 to read as set forth in Annex A.

(b) The Chairperson of the Board shall certify this order and deposit the regulation with the Legislative Reference Bureau as required by law.

(c) The temporary regulation shall take effect on May 4, 2006.

THOMAS A. DECKER,
Chairperson

Fiscal Note: 125-22. No fiscal impact; (8) recommends adoption.

Annex A

TITLE 58. RECREATION

PART VII. GAMING CONTROL BOARD

Subpart H. PRACTICE AND PROCEDURE

§ 493.13. Intervention.

(a) The right to intervene in a proceeding before the Board or a presiding officer is within the sole discretion of the Board.

(b) A person wishing to intervene in a proceeding may file a petition with the Clerk which shall be served on all named parties in accordance with this section. When a petition to intervene is filed with the Clerk, it will be referred to the Board which will issue a determination as soon as practicable.

(c) A person may file a petition to intervene if:

(1) The person has an interest in the proceeding which is substantial, direct and immediate.

(2) The interest is not adequately represented by a party to the proceeding.

(3) The person may be bound by the action of the Board in the proceeding.

(d) Petitions to intervene may be filed at any time following the filing of an application, petition, complaint, or other document seeking Board action, but no later than 30 days prior to the date set for a hearing unless, in extraordinary circumstances for good cause shown, the Board authorizes a later filing.

(e) Petitions to intervene must set out clearly and concisely the facts demonstrating the nature of the alleged right or interest of the petitioner, the grounds of the proposed intervention and the position of the petitioner in the proceeding. The petitioner shall fully advise the parties and the Board of the specific issues of fact or law to be raised or controverted, by admitting, denying or otherwise answering, specifically and in detail, each material allegation of fact or law asserted in the petition or complaint initiating the proceeding, and citing by appropriate reference provisions or other authority relied on.

(f) Petitions to intervene must conform to the service and notice requirements of this section.

(g) A participant may file an answer to a petition to intervene, and in default thereof, will be deemed to have waived any objection to the granting of the petition. If made, answers shall be filed within 10 days after the date of service of the petition, unless for cause the Board prescribes a different time.

(h) Except when the Board determines that it is necessary to develop a comprehensive evidentiary record, the participation of a person granted the right to intervene in a proceeding will be limited to the presentation of evidence through the submission of written statements attested to under oath. The written statements shall be part of the evidentiary record.

(i) Petitions to intervene in licensing hearings for slot machine licenses shall be governed by § 441.19(x) (relating to licensing hearing for slot machine licenses).

(j) This section supersedes 1 Pa. Code §§ 35.27—35.32, and 35.36.

[Pa.B. Doc. No. 06-1254. Filed for public inspection June 30, 2006, 9:00 a.m.]

PENNSYLVANIA GAMING CONTROL BOARD [58 PA. CODE CH. 513]

Temporary Regulations; Underage Gaming

The Pennsylvania Gaming Control Board (Board), under 4 Pa.C.S. § 1203(a) (relating to temporary regulations), adopts temporary regulations to facilitate implementation of 4 Pa.C.S. Part II (relating to gaming),

enacted by the act of July 5, 2004 (P. L. 572, No. 71) (Act 71). The Board's temporary regulations will be added to Part VII (relating to Gaming Control Board). Chapter 513, entitled underage gaming, is added to Subpart J, entitled exclusion of persons.

Purpose and Background

Under 4 Pa.C.S. § 1203(a), the Board is authorized to promulgate temporary regulations to facilitate the prompt implementation of Act 71. The regulations are necessary to enhance the credibility of the licensed operation of slot machines and associated equipment within this Commonwealth and to carry out the policy and purposes of the Board. To invite public input, the Board published draft regulations on the Board's website and 10-day public comment period was provided.

Under 4 Pa.C.S. § 1203(b), the temporary regulations adopted by the Board expire no later than 3 years following the effective date of Act 71 or upon promulgation of regulations as generally provided by the law. These temporary regulations are not subject to sections 201—205 of the act of July 31, 1968 (P. L. 769, No. 240) (45 P. S. §§ 1201—1208), known as the Commonwealth Documents Law (CDL), or to the Regulatory Review Act (71 P. S. §§ 745.1—745.15).

Financial Impact

Act 71 and the regulations will provide for the implementation and management of gaming within this Commonwealth and the collection of fees and taxes from entities and individuals authorized by the Board to be employed by, provide gaming related services to or operate gaming facilities. The appropriations from the Commonwealth for the implementation of Act 71 and costs of administering 4 Pa.C.S. Part II will be reimbursed by the licensed entities as specified within Act 71. Individuals and entities that wish to obtain licenses as gaming entities shall pay to the Gaming Fund significant licensing fees to obtain the authority to do business within this Commonwealth. Part of these fees shall reimburse the Board and the Pennsylvania State Police for licensing processes and background investigations. The licensing, registration, certification and permitting of individuals and other classes of applicants will be reimbursed by the applicants through fees established by the Board. It is anticipated that all expenses of the Board and all associated activities shall be reimbursed by the applicants and gaming entities as previously specified. The Board shall have no financial impact on the State budget.

Statutory Authority

The Board is authorized under 4 Pa.C.S. § 1203(a) to adopt and publish temporary regulations to implement the policies and purposes of Act 71.

Regulatory Review

Under 4 Pa.C.S. § 1203(b), the Board's authority to adopt temporary regulations expires 2 years from the effective date of Act 71.

Findings

The Board finds that:

(1) Under 4 Pa.C.S. § 1203(a), the temporary regulations are exempt from the requirements of the Regulatory Review Act and sections 201—205 of the CDL.

(2) A 10-day public comment period was held prior to the adoption of the temporary regulations.

(3) The adoption of the temporary regulations provided by this order is necessary and appropriate for the administration of the authorizing statute.

Order

The Board, acting under the authorizing statute, orders that:

(a) The Board, acting under the authority of the Act 71, adopts as its final-form temporary regulations, the draft regulations as amended by resolution at the June 15, 2006, public meeting. The temporary regulations pertain to underage gaming.

(b) The temporary regulations of the Board, 58 Pa. Code, are amended by adding §§ 513.1—513.4 to read as set forth in Annex A.

(c) The temporary regulations are effective June 15, 2006.

(d) The temporary regulations shall be posted in their entirety on the Board's website and published in the *Pennsylvania Bulletin*.

(e) The temporary regulations shall be subject to amendment as deemed necessary by the Board in accordance with the purpose of Act 71 and to further the intent of Act 71.

(f) The Chairperson of the Board shall certify this order and deposit the regulations with the Legislative Reference Bureau as required by law.

THOMAS A. DECKER,
Chairperson

Fiscal Note: 125-30. No fiscal impact; (8) recommends adoption.

Annex A

TITLE 58. RECREATION

PART VII. GAMING CONTROL BOARD

Subpart J. EXCLUSION

CHAPTER 513. UNDERAGE GAMING

Sec.	
513.1.	Definitions.
513.2.	Exclusion requirements.
513.3.	Responsibilities of licensees, permittees, registrants and certificate holders.
513.4.	Enforcement.

§ 513.1. Definitions.

(a) The following words and phrases, when used in this chapter, have the following meanings, unless the context clearly indicates otherwise:

Fully executed gaming transaction—Any activity involving a slot machine or associated equipment which occurs on the gaming floor of a licensed gaming facility and which results in an individual obtaining any money or thing of value from, or being owed any money or thing of value by, a slot machine licensee.

Winnings—Any money or thing of value received from, or being owed by a slot machine licensee as a result of a fully executed gaming transaction.

§ 513.2. Exclusion requirements.

(a) An individual under 18 years of age may not enter or be on the gaming floor of a licensed facility.

(b) An individual under 21 years of age, whether personally or through an agent, may not operate, use, play or place a wager on, a slot machine in a licensed facility.

(c) An individual under 21 years of age may not be rated as a player or receive any complimentary service, item or discount as a result of, or in anticipation of, gaming activity.

(d) An individual under 21 years of age may not collect in any manner or in any proceeding, whether personally or through an agent, any winnings or recover any losses arising as a result of any gaming activity.

(e) Winnings incurred by an individual under 21 years of age shall be remitted to the Board and deposited into the Compulsive and Problem Gambling Treatment Fund.

(f) For the purposes of this section, winnings issued to, found on or about or redeemed by an individual under 21 years of age shall be presumed to constitute winnings and thus be subject to remittance to the Board.

§ 513.3. Responsibilities of licensees, permittees, registrants and certification holders.

(a) A person holding a license, permit, registration or certification issued by the Board is prohibited from permitting or enabling an individual to engage in conduct that violates § 513.2(a), (b), (c) or (d) (relating to exclusion requirements).

(b) A slot machine licensee may be subject to Board imposed administrative sanctions if a person engages in conduct that violates § 513.2(a), (b), (c) or (d) at its licensed facility. Under § 513.2(e), winnings obtained by a slot machine licensee from or held on account of a person under 21 years of age shall be remitted to the Board and deposited into the Compulsive and Problem Gambling Treatment Fund.

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

(d) Each slot machine licensee shall establish procedures that are designed to prevent violations of this chapter. Each slot machine licensee shall submit to the Board a copy of its procedures 30 days prior to initiation of gaming activities at its licensed facility. The licensee may not commence operations until the Board approves its procedures. Any amendments to these procedures must receive approval of the Board prior to their implementation.

§ 513.4. Enforcement.

In any prosecution or other proceeding against a person for a violation of this chapter, it shall be no defense that the person believed an individual to be 21 years of age or older.

[Pa.B. Doc. No. 06-1255. Filed for public inspection June 30, 2006, 9:00 a.m.]

PENNSYLVANIA GAMING CONTROL BOARD

[58 PA. CODE CH. 461a]

Technical Standards; Slot Machines

This statement of policy applies to manufacturer applicants and licensees and slot machine applicants and licensees.

Purpose

The purpose of this statement of policy is to provide guidelines for the technical standards for use by manufacturer applicants and licensees and slot machine applicants and licensees in slot machine design, slot machine tower lights and error conditions, the use of gaming vouchers by licensed facilities, wide area progressive systems at licensed facilities and the use of remote

computer access to slot machines at licensed facilities. This statement of policy supplements the regulations in Chapter 461 (relating to slot machine testing and certification requirements).

Scope

This statement of policy applies to manufacturer applicants or licensees and slot machine applicants and licensees.

Authority

This statement of policy is adopted under the authority of 4 Pa.C.S. Part II (relating to gaming).

Background

This statement of policy is necessary to establish and provide notice of the technical standards approved by the Board under Chapter 461.

Fiscal Impact

This statement of policy will have no appreciable fiscal impact upon the Commonwealth.

Contact Person

Further information is available by contacting the Pennsylvania Gaming Control Board, P. O. Box 69060, Harrisburg, PA 17106-9060.

Effective Date

This statement of policy will take effect upon publication in the *Pennsylvania Bulletin*.

THOMAS A. DECKER,
Chairperson

(*Editor's Note:* Title 58 of the Pa. Code is amended by adding a statement of policy in §§ 461a.1—461a.5 to read as set forth in Annex A.)

Fiscal Note: 125-33. No fiscal impact; (8) recommends adoption.

Annex A

TITLE 58. RECREATION

PART VII. GAMING CONTROL BOARD

Subpart E. SLOT MACHINE TESTING, APPROVAL AND CONTROL

CHAPTER 461a. TECHNICAL STANDARDS—STATEMENT OF POLICY

Sec.

- 461a.1. Slot machine minimum design standards.
- 461a.2. Slot machine tower lights and error conditions.
- 461a.3. Gaming vouchers.
- 461a.4. Wide area progressive systems.
- 461a.5. Remote computer access.

§ 461a.1. Slot machine minimum design standards.

(a) Slot machine volatility shall be calculated based on a 95% confidence interval. Volatility calculations must utilize the following when calculating the lowest payout percentage available for each slot machine game:

(1) The aggregate variance is the sum of the probability of every winning combination multiplied by the square of the corresponding payout.

(2) The standard deviation is the square root of the difference between the aggregate variance of paragraph (1) and the square of the lowest payout percentage.

(3) The volatility index is 1.96 multiplied by the standard deviation calculated in paragraph (2).

(4) The approach percentage is the difference between the lowest payout percentage and 84.999%.

(5) The volatility, calculated as the number of plays to equal or exceed the minimum payout requirement of 85%, is the square of the quotient obtained when the volatility index found in paragraph (3) is divided by the approach percentage found in paragraph (4).

(6) The volatility calculated in paragraph (5) may not exceed 10,000 plays.

(b) Each slot machine approved for use in a licensed facility must be configured to wager credits available for play in the following order:

- (1) Noncashable credits.
- (2) Cashable credits.

§ 461a.2. Slot machine tower lights and error conditions.

(a) Unless otherwise authorized by the Board, each slot machine must have a tower light located on top of the slot machine cabinet. The tower light must be used to identify the slot machine's default denomination and the operational status of the slot machine and any device connected thereto that may affect the operation of the slot machine. The slot machine tower light must be visible to the player of the slot machine and to the surveillance department from all sides of the slot machine cabinet, unless the slot machine cabinet is against a wall or is in another location approved by the Board that results in the partial obstruction of the tower light.

(b) A slot machine tower light must consist of two separate lights, one on top of the other, that function in accordance with this section.

(1) At any point in time, each of the two lights may be in one of five states as follows:

- (i) "Off" means the light is off.
- (ii) "On" means the light is on continually.
- (iii) "Slow flash" means the light is flashing regularly at a 500 millisecond interval.
- (iv) "Medium flash" means the light is flashing regularly at a 250 millisecond interval.

(v) "Fast flash" means the light is flashing regularly at a 125 millisecond interval.

(2) The top light of the two lights must be white. The color of the bottom light must indicate the default denomination of the slot machine to which it is attached:

(i) Red means a dime denomination slot machine or any denomination below a dime.

(ii) Yellow means a quarter denomination slot machine.

(iii) Orange means a half-dollar denomination slot machine.

(iv) Blue means \$1 denomination slot machine.

(v) Pink means a \$2 denomination slot machine.

(vi) Green means a \$5 denomination slot machine.

(vii) Purple means a \$20 or higher denomination slot machine.

(c) For the purposes of this subsection, there shall be three separate methods by which a slot machine is placed in an unplayable state.

(1) "Administrative mode" means that a member of the slot operations department has placed the slot machine in an unplayable state to access the set up or recall functions of the slot machine.

(2) "Disabled mode" means that a member of the slot operations department or the slot machine licensee's slot monitoring system has placed the slot machine in an unplayable state for any reason other than those included in administrative mode.

(3) "Tilt mode" means that the slot machine placed itself in an unplayable state due to malfunction or error condition and the slot machine cannot be returned to a playable state without intervention by a member of the slot operations department.

(d) Each of the following combinations of light states must be displayed by a slot machine tower light to indicate the corresponding slot machine operating condition:

(1) White light off with colored light:

(i) Off means that the slot machine is idle and the slot machine door is closed.

(ii) Medium flash means the slot machine is idle and the slot machine door is open.

(iii) Fast flash means the slot machine is idle and the drop compartment door is open.

(2) White light on with colored light:

(i) Off means a patron is requesting change and the slot machine door is closed.

(ii) On means that the slot machine is in disabled mode.

(iii) Medium flash means either:

(A) A patron is requesting change and the slot machine door is open.

(B) The slot machine is in disabled mode and the slot machine door is open.

(iv) Fast flash means the slot machine is in disabled mode and the drop compartment door is open.

(3) White light slow flash with colored light:

(i) Off means that the slot machine is in tilt mode and the slot machine door is closed.

(ii) Slow flash means either:

(A) The slot machine is displaying a hand-paid jackpot combination and the slot machine door is closed.

(B) The slot machine is displaying a hand-paid jackpot combination while in tilt mode and the slot machine door is closed.

(iii) Medium flash means either:

(A) The slot machine is displaying a hand-paid jackpot combination and the slot machine door is open.

(B) The slot machine is in tilt mode and the slot machine door is open.

(iv) Fast flash means the slot machine is in tilt mode and the drop compartment door is open.

(4) White light fast flash with colored light:

(i) Off means the slot machine is in administrative mode and the slot machine door is closed.

(ii) Medium flash means the slot machine is in administrative mode and the slot machine door is open.

(iii) Fast flash means the slot machine is in administrative mode and the drop compartment door is open.

(e) Any combination of light states capable of display by a slot machine tower light that is not assigned a particular slot machine operating condition by subsection

(d) may be used by the slot machine licensee for its own internal signals. However, the slot machine licensee shall be required to conform the light states displayed by its slot machine tower lights to any amendments or modifications in the Board's approved technical standards.

(f) A slot machine must detect, display by means of a tower light or other device and the slot machine must communicate to a slot monitoring system the error conditions in paragraphs (1)—(3) in both idle state and during game play. These error conditions may be automatically cleared by the slot machine upon completion of a new play sequence.

(1) Power reset.

(2) Door open.

(3) Door just closed.

(g) A slot machine must detect, display by means of tower light or other device and the slot machine must communicate to a slot monitoring system the error conditions in paragraphs (1)—(8) in both idle state and during game play. These error conditions must disable the slot machine and prevent game play and may only be cleared by a slot attendant.

(1) Low RAM battery.

(2) Printer failure.

(3) Printer mechanism paper jam. A paper jam condition must be monitored at all times during the print process.

(4) Presentation error.

(5) Program error or defective program storage media.

(6) Reel spin error of any type. The specific reel number must be identified. If a tilt occurs while the reels are spinning, the slot machine must spin the reels at a slow speed.

(7) Removal of control program storage media.

(8) Uncorrectable RAM error, either RAM defective or corrupted.

(h) A slot machine must detect, display by means of tower light or other device and the slot machine must communicate to a slot monitoring system the error conditions in paragraphs (1) and (2) in both idle state and during game play. These error conditions need not disable the slot machine and game play may continue if an alternative method is available to complete the transaction or the condition does not prohibit the transaction from being completed. These error conditions may only be cleared by a slot attendant.

(1) Printer mechanism paper level is low.

(2) Printer mechanism out of paper. a slot attendant.

(i) A description of the slot machine error code corresponding to each error condition must be affixed inside each slot machine unless the displayed slot machine error code is self-explanatory.

(j) The Board may waive one or more of the technical standards applicable to tower lights and error conditions adopted by the Board upon a determination that the nonconforming communication methodology nonetheless meets the operational integrity requirements of the act, this part and any technical standards adopted by the Board.

§ 461a.3. Gaming vouchers.

(a) A gaming voucher must expire in not less than 180 from the date of issuance.

(b) Each gaming voucher must be designed and manufactured with sufficient graphics or other security measures, to permit, to the greatest extent possible, the proper verification of the voucher. Notwithstanding the foregoing, each gaming voucher must contain the following information:

(1) The name or trade name of the slot machine licensee, and if the slot machine licensee is affiliated with a casino licensee in any other jurisdiction with an identical or similar name or trade name, the name of the Pennsylvania location must be evident on the voucher.

(2) The date and time of issuance.

(3) The value of the voucher, in both numbers and words.

(4) A unique serial number, which is automatically generated by the system in accordance with this part and technical standards adopted by the Board.

(5) The asset number of the slot machine dispensing the voucher.

(6) At least one anticounterfeiting measure, which appears on one or both sides of the voucher.

(7) The locations where the voucher may be redeemed and any restriction regarding redemption.

(8) A bar code or magnetic strip which enables the system to identify the numeric information in paragraphs (1)–(5) when the voucher is subsequently presented for redemption.

(c) A gaming voucher system may not be configured to issue a gaming voucher exceeding \$10,000.

(d) Any system of internal controls over the issuance and redemption of gaming vouchers must provide for the following:

(1) Upon the presentation of a gaming voucher for redemption, the slot cashier or slot machine shall use the gaming voucher system to verify the validity of the serial number and value of the voucher, and if valid, the system must immediately cancel the voucher electronically and permit the redemption of the voucher for the value printed thereon. Prior to the redemption of a gaming voucher, the complete serial number of the unredeemed gaming voucher must only be available to the system.

(2) The slot machine licensee shall maintain a record of all transactions in the gaming voucher system for at least 210 days from the date of the transaction.

(3) Notwithstanding paragraph (2), the slot machine licensee shall maintain an unredeemed gaming voucher record containing the information required in subsection (b)(1)–(5), for gaming vouchers that were issued but not redeemed prior to expiration. The record shall be stored in the system for a period of time approved by the Board, which must be at least 1 year from the date of issuance of the gaming voucher, provided that:

(i) Any unredeemed gaming voucher record removed from the system after 1 year shall be stored and controlled in a manner approved by the Board.

(ii) Any unredeemed gaming voucher record removed from the system is subject to the standard record retention provisions of this part.

(e) Each gaming voucher system must perform the following functions to control logical access to the system:

(1) Generate daily monitoring logs of user access, security incidents and unusual transactions, and immediately

notify the information technology department of critical security incidents and unusual transactions.

(2) Be capable of assigning rights and privileges to each user, including:

(i) The secure administration of a unique system account for each user to provide an adequate segregation of duties.

(ii) Adequate password parameters such as lockout, minimum length and expiration interval.

(3) Use appropriate access permissions to restrict unauthorized users from viewing, changing or deleting critical files and directories.

(4) Utilize encryption for files and directories containing critical or sensitive data, which must include the unredeemed gaming voucher record. Notwithstanding the foregoing, in lieu of utilizing encryption for files and directories containing critical or sensitive data, the slot machine licensee shall design and implement internal controls to restrict users from viewing the contents of such files and directories, which internal controls shall provide for the following:

(i) The effective segregation of duties and responsibilities with regard to the system in the information technology department.

(ii) The automatic monitoring and recording by the system of access by any person to the files and directories.

(f) Each gaming voucher system must perform the following functions to control system operations:

(1) Generate daily monitoring logs and alert messages for system performance, hardware problems and software errors.

(2) Authenticate the identity of a slot machine or other redemption location from which a transmission of data is received.

(3) Ensure that all data sent through a transmission is completely and accurately received.

(4) Detect the presence of corrupt or lost data packets and, as necessary, reject the transmission.

(5) Utilize an appropriate cryptographic system for critical transmissions of data, such as:

(i) Transmissions that include a gaming voucher serial number.

(ii) Slot machine meter information.

(iii) Other information used in the calculation or verification of gross revenue.

(g) Each gaming voucher system must perform the following functions to control the integrity of data:

(1) Cause a unique serial number to be generated for each gaming voucher which series number must:

(i) Be comprised of at least 18 numbers, symbols or characters.

(ii) Contain at least three numbers, symbols or characters, randomly generated in a manner approved by the Board, designed to prevent a person from being able to predict the serial number of any other gaming voucher.

(iii) Contain at least one number, symbol or character unique to gaming vouchers, to visually differentiate gaming vouchers from coupons.

(iv) Be printed in at least two locations on each gaming voucher.

(2) Validate the data type and format of all inputs to critical fields and reject any corrupt data.

(3) Provide for the automatic and independent recordation of critical data upon gaming voucher generation and redemption including the details required to be printed on a gaming voucher under this part.

(4) Provide for verification of the information contained on a gaming voucher presented for redemption and the unredeemed gaming voucher record to a source that separately records and maintains transaction data, such as an automated transaction log, or other compensating procedure as approved by the Board. The procedure must:

(i) Independently verify the accuracy of the gaming voucher serial number and value prior to redeeming the gaming voucher.

(ii) Not be used to satisfy other requirements of this chapter.

(5) Segregate all security critical system programs, files and directories from other programs and files and directories contained in the system.

(h) Each gaming voucher system must be equipped with the following to address continuity:

(1) Data redundancy, such as disk mirroring, which writes a complete and duplicate copy of all data on the primary disk to a secondary disk as it occurs, to permit a complete and prompt recovery of all information in the event of any malfunction.

(2) Environmental protection, such as an uninterruptible power supply, and fireproof and waterproof materials designed to protect critical hardware from a natural disaster.

(3) A backup capability, which enables the slot machine licensee to create periodic backup copies of files and data on a removable storage device, such as magnetic tape, which is separate from the devices required in accordance with paragraph (1).

(i) The Board may waive one or more of the technical standards applicable to gaming vouchers adopted by the Board upon a determination that the gaming voucher system as configured nonetheless meets the operational integrity requirements of the act, this part and any technical standards adopted by the Board.

§ 461a.4. Wide area progressive systems.

(a) Each slot system agreement providing for the operation and administration of a wide area progressive system must identify and describe with specificity the duties, responsibilities and authority of each participating slot machine licensee and each slot system operator including:

(1) Details with regard to the terms of compensation for the slot system operator. In specific, the agreement must address to what extent, if any, the slot system operator is receiving compensation based, directly or indirectly, on an interest, percentage or share of a slot machine licensee's revenue, profits or earnings from the operation of the wide area progressive system.

(2) Responsibility for the funding and payment of all jackpots, fees and gross terminal revenue taxes associated with the operation of the wide area progressive system.

(3) Control and operation of the computer monitoring room required under § 461.13 (relating to wide area progressive systems).

(4) A description of the process by which significant decisions with regard to the operation of the wide area progressive system are approved and implemented by the participating slot machine licensees and slot system operator.

(5) When applicable, terms satisfactory to the Board with regard to apportionment of responsibility for establishing and servicing any trust agreement associated with any annuity jackpot offered by the wide area progressive system.

(6) Responsibility for generating, filing and maintaining the records and reports required under the act, this part and technical standards adopted by the Board.

(7) Other requirements of the Board, including those required to comply with technical standards on wide area progressive systems adopted by the Board.

(b) A slot system agreement submitted to the Board for approval must be accompanied by a proposed system of internal controls addressing:

(1) Transactions directly or indirectly relating to the payment of progressive jackpots including the establishment, adjustment, transfer or removal of a progressive jackpot amount and the payment of any fees or taxes associated therewith.

(2) The name, employer, position and gaming license status of any person involved in the operation and control of the wide area progressive system.

(c) The Board will review the persons identified in subsection (b)(2) and determine, based on an analysis of specific duties and responsibilities, which persons will be licensed to what level in this Commonwealth. The Board will advise the slot system operator of its findings. The participating slot machine licensees and any participating licensed manufacturer shall comply with the Board's licensing instructions.

(d) A slot system operator may not commence operation and administration of a wide area progressive system pursuant to the terms of a slot system agreement until the agreement itself and the internal controls required under subsection (b) have been approved in writing by the Board and any licensing requirements under subsection (c) have been complied with.

(e) When a slot system agreement involves payment to a licensed manufacturer, functioning as a slot system operator, of an interest, percentage or share of a slot machine's licensee's revenue, profits or earnings from the operation of a wide area progressive system, the Board may only approve the slot system agreement when it determines that the total amounts paid to the licensed manufacturer under the terms of the agreement are commercially reasonable for the operational and administrative services provided. Nothing herein limits the Board's consideration of the slot system agreement to its revenue sharing provisions.

(f) In evaluating a proposed location for a computer monitoring room, the Board may consider the level of physical and system security offered by the proposed location and the accessibility of the location to the audit, investigative and technical staffs of the Board, the Department and Pennsylvania State Police.

(g) Each party to a slot system agreement shall only be liable for acts, omissions and violations of the act, this part or any technical standards adopted by the Board related to its own individual duties and responsibilities

under the slot system agreement, unless the slot system agreement specifically provides for joint and several liability.

(h) The Board may waive one or more of the technical standards applicable to wide area progressive systems adopted by the Board upon a determination that the wide area progressive system as configured nonetheless meets the operational integrity requirements of the act, this part and any technical standards adopted by the Board.

§ 461a.5. Remote computer access.

(a) In emergency situations or as an element of technical support, an employee of a licensed manufacturer may perform analysis of, or render technical support with regard to, a slot machine licensee's slot monitoring system, casino management system, player tracking system, external bonusing system, cashless funds transfer system, wide area progressive system, gaming voucher system or other approved system from a remote location. Any remote access to these systems shall be performed in accordance with the following procedures:

(1) Only an employee of a licensed manufacturer who is licensed as a gaming employee or key employee in this Commonwealth may remotely access a system sold, leased or otherwise distributed by that licensed manufacturer for use at a licensed facility.

(2) The slot machine licensee shall establish a unique system account for each employee of a licensed manufacturer identified by his employer as potentially required to perform technical support from a remote location. Any system access afforded pursuant to this section must:

(i) Be restricted in a manner that requires the slot machine licensee's information technology department to receive prior notice from the licensed manufacturer of its intent to remotely access a designated system.

(ii) Require the slot machine licensee to take affirmative steps, on a per access basis, to activate the licensed manufacturer's access privileges.

(iii) Be designed to appropriately limit the ability of any person authorized under this section to deliberately or inadvertently interfere with the normal operation of the system or its data.

(3) A log shall be maintained by both the licensed manufacturer and the slot machine licensee's information technology department. Each of the two logs must contain, at a minimum, the following information:

(i) The system accessed, including manufacturer and version number.

(ii) The type of connection (that is, leased line, dial in modem or private WAN).

(iii) The name and license number of the employee remotely accessing the system.

(iv) The name and license number of the information technology department employee activating the licensed manufacturer's access to the system.

(v) The date, time and duration of the connection.

(vi) The reason for the remote access including a description of the symptoms or malfunction prompting the need for remote access to the system.

(vii) Any action taken or further action required.

(4) Communications between the licensed manufacturer and any of the systems identified in subsection (a)

shall occur using a dedicated and secure communication facility such as a leased line approved in writing by the Board.

(b) Any modification of, or remedial action taken with respect to, an approved system must be processed and approved by the Board either in accordance with the emergency modification provisions of § 461.4(l) (relating to submission for testing and approval) or as a standard modification submitted under § 461.4(h).

(c) If an employee of a licensed manufacturer is no longer employed by, or authorized by, that manufacturer to remotely access a system pursuant to this section, the licensed manufacturer shall immediately notify the Board's slot lab and each slot machine licensee that has established a unique system account for that employee of the change in authorization and shall timely verify with each slot machine licensee that any access privileges previously granted have been revoked.

(d) The Board may waive one or more of the technical requirements applicable to remote computer access adopted by the Board upon a determination that the nonconforming remote access procedures nonetheless meet the integrity requirements of the act, this part and any technical standards adopted by the Board.

[Pa.B. Doc. No. 06-1256. Filed for public inspection June 30, 2006, 9:00 a.m.]

PENNSYLVANIA GAMING CONTROL BOARD

[58 PA. CODE CH. 466a]

Slot Computer Systems

This statement of policy applies to the operation of Category 1, Category 2 and Category 3 facilities and to manufacturer applicants and licensees.

Purpose

The purpose of this statement of policy is to provide guidelines for the technical standards for use by slot machine licensees and manufacturer applicants and licensees for the use of slot computer systems at licensed facilities. This statement of policy defines the Board's current expectations as to the specifications for slot computer systems.

Scope

This statement of policy applies to slot machine licensees and manufacturer applicants and licensees.

Authority

This statement of policy is adopted under the authority of 4 Pa.C.S. Part II (relating to gaming).

Background

This statement of policy is necessary to establish and provide notice of the technical standards approved by the Board to govern the use of slot computer systems under Subpart E, entitled slot machine testing, certification and control.

Fiscal Impact

This statement of policy will have no appreciable fiscal impact on the Commonwealth.

Contact Person

Further information is available by contacting the Pennsylvania Gaming Control Board, P. O. Box 69060, Harrisburg, PA, 17106-9060.

Effective date

This statement of policy will take effect upon publication in the *Pennsylvania Bulletin*.

THOMAS A. DECKER,
Chairperson

(*Editor's Note:* Title 58 of the Pa. Code is amended by adding a statement of policy in § 466a.1 to read as set forth in Annex A.)

Fiscal Note: 125-34. No fiscal impact; (8) recommends adoption.

Annex A

TITLE 58. RECREATION

PART VII. GAMING CONTROL BOARD

**Subpart E. SLOT MACHINE TESTING, APPROVAL
AND CONTROL**

**CHAPTER 466a. TECHNICAL
STANDARDS—STATEMENT OF POLICY**

§ 466a.1. Slot computer systems.

(a) *Definitions.* The following words and terms, when used in this chapter, have the following meanings, unless the context clearly indicates otherwise:

Computer access or logical access—The ability of a person or process to obtain information from, or execute an action in, a slot computer system in accordance with privileges established by a slot machine licensee. The privileges shall be specified by an approved level of computer access.

Firewall—

(i) Dedicated computer hardware, software and the related security policy that protects a slot computer system, its software and data from access by other computer systems and users not specifically authorized to access the slot computer system, its software or data through procedures such as monitoring and analyzing all data packets on a real-time basis and automatically rejecting all unauthorized communications.

(ii) The term includes, without limitation, logging and reporting, automatic alarms and a user interface for controlling the firewall.

Level of computer access—

(i) The particular privileges granted to a person in a slot computer system by a slot machine licensee, such as read, modify and execute.

(ii) The privileges shall vary by slot computer system program, process, library or directory, according to the following:

(A) Position title and job code, for an employee of the slot machine licensee.

(B) Responsibilities and functions authorized to be performed, for any person not employed by the slot machine licensee.

Slot computer system—All aspects of a computer system which the act, this part or any technical standards adopted by the Board either require or permit to be utilized by a slot machine licensee in the conduct of, or monitoring of, slot machine operations including hardware, software and network interfaces used in connection with the operation of a slot monitoring system, casino management system, player tracking system, external bonusing system, cashless funds transfer system and

gaming voucher system. A slot computer system may not be construed to include the following:

(i) A slot machine or bill validator.

(ii) A wide area progressive slot system.

(iii) A computer system that does not constitute a slot computer system and is connected to a slot computer system in accordance with subsection (f) and through a firewall which has the ability to:

(A) Maintain a list of each device, person or process authorized to obtain computer access to the slot computer system.

(B) Generate daily monitoring logs to inform the slot machine licensee of any unsuccessful attempts by a device, person or process to obtain computer access to the slot computer system.

(C) Authenticate the identity of each device, person and process from which communication is recorded before granting computer access to the slot computer system to the device, person or process.

(iv) Other computer systems or applications that the Board determines are not slot computer systems.

(b) *Authorized locations.*

(1) All aspects of a slot machine licensee's production slot computer system shall be located within the licensed facility. For the purposes herein, a production slot computer system shall be defined as the slot machine licensee's primary slot computer system comprised of a collection of hardware and software used to process or monitor, in real time, slot machine activity. A production slot computer system includes any segregated testing component.

(2) With the written approval of the Board, a slot machine licensee's back-up slot computer system, or any portion thereof, may reside in a computer located in a secure location, referred to herein as a "remote computer," under the custody and control of an affiliate, intermediary, subsidiary or holding company licensed by the Board, referred to herein as a "host entity." For the purposes herein, a back-up system may consist of either a mirrored back-up system which duplicates the production system by recording all slot related operations on a real time basis and is designed to become the production system whenever needed or a periodic back-up system which consists of regularly scheduled recording of selected data which may include a complete image of the production system or any portion thereof. At a minimum, a slot machine licensee requesting authorization to allow a back up slot computer system to reside outside the licensed facility shall establish that:

(i) Communications between the remote computer and the slot machine licensee's slot computer system occur using a dedicated and secure communication medium, such as a leased line.

(ii) The remote computer automatically performs the following functions:

(A) Generates daily monitoring logs and real time alert messages to inform the slot machine licensee and host entity of any system performance problems and hardware problems.

(B) Generates daily monitoring logs and real time alert messages to inform the slot machine licensee of any software errors.

(C) Generates daily monitoring logs to inform the slot machine licensee of any unsuccessful attempts by a device, person or process to obtain computer access.

(D) Authenticates the identity of every device, person and process from which communications are received before granting computer access to the device, person or process.

(E) Ensures that data sent through a transmission is completely and accurately received.

(F) Detects the presence of corrupt or lost data and, as necessary, rejects the transmission.

(3) Unless a remote computer is used exclusively to maintain the slot computer system of the slot machine licensee, it shall be partitioned in a manner approved by the Board and include the following:

(i) A partition manager that complies with the following requirements:

(A) The partition manager must be comprised of hardware or software, or both, and perform all partition management tasks for a remote computer, including creating the partitions and allocating system resources to each partition.

(B) The slot machine licensee and host entity shall jointly designate and each shall identify the security officer who shall be responsible for administering the partition manager and maintaining access codes to the partition manager. The security officer shall be an employee of the slot machine licensee or host entity and shall be licensed as a key employee in this Commonwealth.

(C) Special rights and privileges in the partition manager such as administrator shall be restricted to the information technology director and the security officer of the slot machine licensee or host entity who shall be licensed as key employees in this Commonwealth.

(D) Access to the partition manager shall be limited to employees of the information technology departments of the slot machine licensee and host entity.

(E) Software-based partition managers contained in a remote computer shall be functionally limited to performing partition management tasks for the remote computer, while partition managers using hardware and software that are not part of a remote computer may be utilized to perform other functions for a remote computer that are approved by the Board.

(ii) A separate and distinct partition established for the slot machine licensee's slot computer system that complies with the following requirements:

(A) The partition shall be limited to maintaining the software and data of the slot machine licensee for which the partition has been established.

(B) The security officer of the slot machine licensee for which the partition has been established shall be licensed as a key employee in this Commonwealth and shall be responsible for maintenance of access codes to the partition.

(C) Special rights and privileges in the partition such as administrator shall be restricted to the security officer and the information technology director of the slot machine licensee for which the partition has been established.

(iii) Separate and distinct operating system software, application software and computer access controls for the partition manager and each separate partition.

(c) The Board may permit a slot machine licensee to establish a partition, within a computer that contains its slot computer system, for its affiliate, intermediary, subsidiary or holding company provided that:

(1) A partition manager comprised of hardware or software, or both, is utilized to perform all partition management tasks, including creating the partitions and allocating system resources to each partition.

(2) A security officer is designated within the information technology department of the slot machine licensee to be responsible for administering the partition manager and maintaining access codes to the partition manager. Special rights and privileges in the partition manager such as administrator shall be restricted to the security officer and the information technology director of the slot machine licensee.

(3) Special rights and privileges in any partition which has been established for the benefit of an affiliate, intermediary, subsidiary or holding company shall be restricted to the security officer and information technology director of the affiliate, intermediary, subsidiary or holding company.

(d) The Board may permit a slot machine licensee to maintain back-up or duplicate copies of the software and data of its slot computer system, or any portion thereof, in removable storage media devices, such as magnetic tapes or disks, in a secure location within a licensed facility or other secure location outside the licensed facility as approved by the Board for the purposes of disaster recovery.

(e) Notwithstanding the provisions of subsection (b), upon the declaration of a disaster affecting the slot computer system by the chief executive officer of the slot machine licensee and with the prior written approval of the Board, a slot machine licensee may maintain the software and data of its slot computer system, or any portion thereof, in a computer located in a secure location outside the licensed facility.

(f) A slot machine licensee may locate software or data not related to a slot computer system, such as food and beverage related software or data, in a computer located outside the licensed facility. With the written approval of the Board, a slot machine licensee may connect the computer to a slot computer system, provided that:

(1) Logical access to computer software and data of the slot computer system is appropriately limited.

(2) Communications with all portions of the slot computer system occur using a dedicated and secure communications medium, such as a leased line.

(3) The slot machine licensee complies with other connection specific requirements required by the Board.

(g) The Board may waive one or more of the technical requirements applicable to slot computer systems adopted by the Board upon a determination that the nonconforming system protocols nonetheless meet the integrity requirements of the act, this part and technical standards adopted by the Board.

[Pa.B. Doc. No. 06-1257. Filed for public inspection June 30, 2006, 9:00 a.m.]

Title 61—REVENUE

DEPARTMENT OF REVENUE

[61 PA. CODE CH. 1001]

Pennsylvania Gaming Cash Flow Management; Temporary Regulations

The Department of Revenue (Department) is adopting temporary regulations to facilitate the implementation of its responsibilities under the Pennsylvania Race Horse Development and Gaming Act (act) (4 Pa.C.S. §§ 1101—1904). Under section 1501(c) of the act (relating to responsibility and authority of department), the Department proposes to add Chapter 1001 (relating to Pennsylvania gaming cash flow management) to read as set forth in Annex A.

Section 1203 of the act (relating to temporary regulations) and section 1501 of the act authorize the Department to promulgate temporary regulations exempt from review under the Regulatory Review Act (71 P.S. §§ 745.1—745.15) and sections 201—205 of the act of July 31, 1968 (P.L. 769, No. 240) (45 P.S. §§ 1201—1208), known as the Commonwealth Documents Law (CDL). The act went into effect July 5, 2004, requiring that the temporary regulations be adopted within 2 years (July 5, 2006). The temporary regulations will expire no later than 3 years following the effective date of the act (July 5, 2007) or upon promulgation of regulations as generally provided by law.

Purpose and Background

The act legalized the operation of slot machines at a number of venues across this Commonwealth. The newly created Pennsylvania Gaming Control Board (Board) will have primary responsibility for regulatory oversight of gaming activity in this Commonwealth and is separately promulgating regulations in 58 Pa. Code (relating to recreation).

The act requires that the Department adopt temporary regulations by July 5, 2006, to facilitate prompt implementation of its responsibilities as defined by the act. In developing the temporary regulations, the Department has conferred with the Board, the Pennsylvania State Police and the Treasury Department.

In adopting the temporary regulations, the Department has considered the comments and recommendations of other Commonwealth agencies and other persons.

Summary

The Department has several important responsibilities in connection with the implementation and control of slots gaming.

The temporary regulations have been created to address the Department's responsibilities relating to cash flow management for accurate accounting and collection of the different earmarked revenues due the Commonwealth from slot machine gaming operations.

Paperwork

The temporary regulations will require minimal paperwork for the public or the Commonwealth.

The Department will annually publish notices in the *Pennsylvania Bulletin* by July 1 to announce the annual inflation adjustment of the distributions to municipalities.

Affected Parties

Licensed entities, manufacturers and suppliers of gaming supplies in this Commonwealth, as well as the manufacturer of the Central Control Computer System will be affected by these temporary regulations.

Fiscal Impact

The Department has determined that the overall implementation expenses will be minimal for implementing the statute and temporary regulations.

Statutory Authority

Sections 1203 and 1501 of the act provide the Department the authority to promulgate temporary regulations for the expedited implementation of the act.

Regulatory Review

Under sections 1203 and 1501 of the act, the Department has the authority to promulgate temporary regulations that are exempt from review under the Regulatory Review Act and sections 201—205 of the CDL.

The temporary regulations were submitted to the Office of Attorney General, who determined that their review for form and legality was not required under the act.

Contact Person

The contact person for an explanation of the temporary regulations is Mary R. Sprunk, Office of Chief Counsel, Department of Revenue, Dept. 281061, Harrisburg, PA 17128-1061.

Findings

The Department finds that:

(1) Proposed rulemaking in advance of the temporary regulations is not required under sections 1203 and 1501 of the act, nor the proposed rulemaking requirements of sections 201 and 202 of the CDL are applicable, the temporary regulations are exempt from those requirements under section 204(3) of the CDL because publishing proposed rulemaking in advance of the temporary regulations would be impractical and contrary to the public interest.

(2) The adoption of the temporary regulations in the manner provided by this order is necessary and appropriate for the administration of the authorizing statute.

Order

The Department, acting under the authorizing statute, orders that:

(a) The regulations of the Department, 61 Pa. Code, are amended by adding §§ 1001.1—1001.11 to read as set forth in Annex A.

(b) The Secretary shall submit this order and Annex A to the Office of General Counsel for approval as to form and legality as required by law.

(c) The Secretary shall certify this order and Annex A and deposit them with the Legislative Reference Bureau as required by law.

(d) This order approving temporary regulations shall take effect upon publication in the *Pennsylvania Bulletin* and shall expire no later than 3 years following the effective date of the act (July 5, 2007) or upon promulgation of regulations as generally provided by law.

GREGORY C. FAJT,
Secretary

Fiscal Note: 15-436. No fiscal impact; (8) recommends adoption.

Annex A

TITLE 61. REVENUE

PART IX. PENNSYLVANIA GAMING CASH FLOW MANAGEMENT

CHAPTER 1001. PENNSYLVANIA GAMING CASH FLOW MANAGEMENT

GENERAL PROVISIONS

Sec.	Scope.
1001.1.	Purpose.
1001.2.	Definitions.
1001.3.	Calculations of credit against tax and Race Horse Improvement Daily Assessment.
1001.4.	Administration and distribution of moneys held by licensed gaming entities and the Commonwealth.
1001.5.	Administration of amounts deposited by licensed gaming entities with Treasury to pay Commonwealth gaming related costs and expenses (\$5 million).
1001.6.	Deposits of license, permit and other fees.
1001.7.	State Gaming Fund transfers.
1001.8.	State Gaming Economic Development Tourism Fund transfers.
1001.9.	Pennsylvania Race Horse Development Fund transfers.
1001.10.	Property Tax Relief Fund transfers.
1001.11.	

GENERAL PROVISIONS

§ 1001.1. Scope.

This chapter establishes procedures for the administration and distribution of all net slot machine revenue under the act. In addition, this chapter clarifies the administrative procedures for transferring the statutorily established amounts of funding as prescribed in the act.

§ 1001.2. Purpose.

The purpose of this chapter is to notify prospective licensed entities, as well as the general public, of the procedures and requirements for distributing net slot machine revenue.

§ 1001.3. Definitions.

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

Act—The Pennsylvania Race Horse Development and Gaming Act of 2004 (Act 71) (4 Pa.C.S. §§ 1101–1904).

Annual minimum distribution—Other than for a Category 3 licensee, 2% of the gross terminal revenue of the licensed gaming entity or \$10 million, whichever is greater.

Banking day—The part of any day that the Federal Reserve has established for a bank to be opened to the public for carrying on substantially all of its banking functions.

Board—The Pennsylvania Gaming Control Board of the Commonwealth.

CCS—The central control computer system controlled by the Department and accessible by the Board, to which all slot machines communicate for the purpose of recording, reviewing, reporting and auditing real-time information regarding the events that occur during the operation of a slot machine. This includes distinguishing between daily deposits made by licensed gaming entities of taxes due on play of slot machines and all other transfers of moneys to Commonwealth accounts not considered a daily deposit under this chapter.

Collection Account—A Department bank account authorized by the Treasury for the collection of taxes and other payments received from licensed gaming entities and which is maintained and reconciled by the Department.

Concentration Account—A Treasury bank account used for the deposit and disbursement of all recognized Commonwealth moneys and which is maintained and reconciled by the Treasury Department.

Credit against tax—Credit established if the tax rate imposed by section 1403 of the act (relating to establishment of State Gaming Fund and net slot machine revenue distribution) upon slot machine daily gross terminal revenue is increased at any time during the term of 10 years following the initial issuance of the slot machine license.

Department—The Department of Revenue of the Commonwealth.

EFT—Electronic funds transfer.

Fund—A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and the changes therein, that are segregated for the purpose of carrying on specific activities or attaining certain objectives established for the receipt of gross terminal revenue distributions under the act.

Gross terminal revenue—As defined in section 1103 of the act (relating to definitions).

Licensed gaming entity—As defined in section 1103 of the act.

Manufacturers—As defined in section 1103 of the act.

Pennsylvania Gaming Economic Development and Tourism Fund—The fund established under section 1407 of the act (relating to Pennsylvania Gaming Economic Development and Tourism Fund).

Pennsylvania Race Horse Development Fund—The fund established under section 1405 of the act (relating to Pennsylvania Race Horse Development Fund).

Property Tax Relief Fund—The fund established under section 1409 of the act (relating to Property Tax Relief Fund).

Race Horse Improvement Daily Assessment—The amount each operating licensed gaming entity shall pay daily to the Department, according to Department calculations.

State Gaming Fund—The fund established under section 1403 of the act.

Suppliers—As defined in section 1103 of the act.

Treasury—The Treasury Department of the Commonwealth.

§ 1001.4. Calculations of credit against tax and Race Horse Improvement Daily Assessment.

(a) *Credit against tax*. The amount of the credit must be equal to the difference between the tax calculated at the rate in effect when a license was issued to the licensed gaming entity and the tax calculated at the increased rate. The credit shall be applied on a dollar-for-dollar basis but may not extend beyond the 10-year period following the initial issuance of the license.

(b) *Race Horse Improvement Daily Assessment*. The amount of this assessment shall be calculated in accordance with section 1405(b) of the act (relating to Pennsylvania Race Horse Development Fund). This assessment shall be multiplied by 18% of daily gross terminal revenue for all active and operating Category 1 licensed gaming entities that are conducting live racing. The amount may not exceed 12% of that day's gross terminal

revenue for that licensed gaming entity, and shall be subject to the daily assessment cap established under section 1405 (c) of the act.

§ 1001.5. Administration and distribution of moneys held by licensed gaming entities and the Commonwealth.

(a) This section applies to all transfers of moneys to and from the State Gaming Fund, Pennsylvania Gaming Economic Development and Tourism Fund, Pennsylvania Race Horse Development Fund, Treasury and any other fund as specified in this chapter.

(b) *Deposits and transfers to Treasury by licensed gaming entities.*

(1) The Department will notify each licensed gaming entity, Treasury and Office of the Budget of the actual amount each licensed gaming entity shall be required to deposit with Treasury as calculated by the CCS. A licensed gaming entity shall make deposits with Treasury on the same banking day as the date of the Department's notice to the licensed gaming entity and by the times specified by the Department.

(2) Payments shall be electronically transferred by the licensed gaming entities and available to the Commonwealth by the deadline established by the Department for each banking day. Moneys shall be deposited in the Department's Collection Account.

(3) System problems or failures, such as power outages and states of emergency, will not excuse the licensed gaming entity from making the required deposits in a timely manner. The licensed gaming entity shall immediately notify the Department and the Board of any of these problems.

(4) The Department will maintain records of deposits to the Department's Collection Account under this chapter and will share information, as practicable, to assist Treasury in its reconciliation of deposits into its Concentration Account.

(5) The administration of assessments will be as follows.

(i) *Proration of assessment.* Upon imposition of the annual minimum distribution amount, as specified in section 1403(c)(3) of the act (relating to establishment of State Gaming Fund and net slot machine revenue distribution), regardless of whether the minimum is subject to the budgetary limitations of section 1403 of the act, the required minimum shall be prorated for that portion of the municipality's fiscal year that the Board determines that the licensed gaming entity was actually in operation.

(ii) *Limitation of assessment.* Upon imposition of the minimum distribution upon the licensed gaming entity, the required minimum shall be paid in accordance with the administrative procedures of this section.

(iii) *Delegation of payment authority.* At the direction of the Board, the licensed gaming entity shall authorize the Department to remit payments previously collected from the licensed gaming entity, on behalf of the licensed gaming entity, under section 1403(c)(3) of the act, when the licensed gaming entity is charged with remitting payments to municipalities.

(iv) *Distributions of local share assessments to municipalities.* If a licensed gaming entity fails to reach the requisite annual minimum distribution as required under the act within 5 banking days following the end of the municipality's fiscal year, the Department will notify the licensed gaming entity of the shortfall and the amount to

be remitted. A licensed gaming entity shall remit the difference required to meet the requisite annual minimum distribution as required under the act within 15 banking days following the end of the municipality's fiscal year. The licensed gaming entity shall remit the required payment to the Department for distribution in accordance with the act. Distributions specified in this chapter shall be made by the licensed gaming entity to the Department or the respective municipality, no later than 15 banking days from the Department's notice of the shortfall.

(v) *Distributions of local share assessments to counties.* The Department will make distributions in accordance with section 1403(c)(2) of the act. If the minimum distribution exceeds the applicable annual municipal allocation cap set forth in section 1403(c)(3) of the act, the amount in excess of the municipal allocation cap shall be distributed by the Department in accordance with section 1403(c)(2) of the act.

(6) The Department reserves the right, upon notice served upon the licensed gaming entity and the Board, to temporarily disable the licensed gaming entity's slot machines through the CCS until the Department receives verification that the required deposit has been made.

§ 1001.6. Administration of amounts deposited by licensed gaming entities with Treasury to pay Commonwealth gaming related costs and expenses (\$5 million).

(a) No later than 2 business days prior to the commencement of slot machine operations, the licensed gaming entity shall deposit \$5 million in the Department's Collection Account. Upon transfer of the \$5 million deposit into Treasury's Concentration Account, the deposit shall be credited to an account established in Treasury for the licensed gaming entity. The account established shall also be used to recognize and account for all future deposits required from the licensed gaming entity by the Department for administrative costs and all future withdrawals made by the Department for reimbursement of administrative costs.

(b) Each licensed gaming entity shall maintain a minimum account balance with Treasury of \$5 million.

(c) Moneys related to this account shall be transferred to the Department's Collection Account and from Treasury by EFT or other methods of funds transfer in accordance with § 1001.5(b) (relating to administration and distribution of moneys held by licensed gaming entities and the Commonwealth).

(d) If the account balance with Treasury of a licensed gaming entity falls below the \$5 million minimum deposit amount, as a result of the licensed gaming entity's failure to make replenishments as directed by the Department, the Department will request that the Board utilize its reserved right to draw amounts from any other source of the licensed gaming entity and deposit the draw amount in the account specified by subsection (a) as necessary, to maintain the required minimum account balance. To fulfill the licensed gaming entity's obligations under this section, nothing prohibits the Board from drawing against any source of the licensed gaming entity, with the exception of any licensed gaming entity account that holds gross terminal revenue, to be deposited with Treasury in accordance with § 1001.5.

(e) *Reimbursement of Commonwealth expenses.*

(1) The Department will issue to the licensed gaming entity, periodic assessments of expenses incurred by the Board, Department, Office of Attorney General, the Penn-

sylvania State Police and any other Commonwealth entity charged with administrative duties under the act, under budgets approved by the Board. Expenses not included in budgets approved by the Board may not be assessed against the account of the licensed entity under this section.

(2) Expenses incurred by the Commonwealth and assessed to the licensed gaming entity shall be charged back to the licensed gaming entity and deducted from the licensed gaming entity's account, as specified in section 1401 of the act (relating to slot machine licensee deposits) and this section.

(3) General administrative costs of the Commonwealth not specifically assessed to a licensed gaming entity, shall be borne by each licensed gaming entity on a prorata basis, determined by dividing the amount of the individual licensed gaming entity's gross terminal revenue by the total amount of gross terminal revenue of all licensed gaming entities. The allocation of expenses under this subsection, and not specifically allocated under paragraph (2) shall be subject to amendment by the Board.

§ 1001.7. Deposits of license, permit and other fees.

The fees for manufacturers' and suppliers' licenses, employment permits and other licenses and permits as the Board may require, excluding license fees paid for Categories 1, 2 and 3 licenses under sections 1209 and 1305 of the act (relating to slot machine license fee; and Category 3 slot machine license), shall be deposited with Treasury into a restricted receipt account within the State Gaming Fund. The fees deposited will be transferred from a restricted receipt account into a restricted revenue account of the State Gaming Fund to be used by the Board to pay its operating expenses. License fees paid for Categories 1, 2 and 3 licenses under sections 1209 and 1305 of the act shall be paid into the State Gaming Fund in accordance with sections 1209(d) and 1305 of the act.

§ 1001.8. State Gaming Fund transfers.

(a) *Application of section.* This section applies to the transfers of moneys to and from the State Gaming Fund.

(b) *Establish restricted receipt accounts.* The Governor's Budget Office has the authority to establish restricted receipt accounts as required to facilitate transfers of moneys to and from the State Gaming Fund.

(c) *Quarterly distributions.* Quarterly distributions from the State Gaming Fund to counties or municipalities in which a licensed facility is located, as determined by the Board, and as specified in Chapter 14 of the act (relating to revenues), shall be performed in accordance with the Governor's Management Directive 305.4 (relating to payments to counties) and the following provisions:

(1) The Department will submit payment requisitions, accompanied by documentation, to the Office of the Budget for payment through Treasury. Payments shall be made payable to the board of county commissioners of the county, or in the case of home rule charter counties, to the chief executive officer of the county, or in the case of counties of the first class coterminous with cities of the first class, to the city treasurer, on behalf of the agency designated as recipient of the payment or disbursement to be credited to the account of the recipient agency for use as specified in the documentation.

(2) The Department will determine the annual inflation adjustment and will publish notice of the inflation adjustment in the *Pennsylvania Bulletin* by July 1 of each year.

(3) The Department will make distributions quarterly, no later than 30 days following the end of each calendar quarter.

(d) *Tax and credit against tax.*

(1) Determinations of gross terminal revenue and the calculations of taxes due will be determined daily by the Department based on the actual calculations by the CCS.

(2) Each banking day, the Department will notify each licensed gaming entity and Treasury of the amount of tax due to the Commonwealth.

(3) Each banking day, each licensed gaming entity shall deposit the amount specified in paragraph (2) into the Department's Collection Account, in the manner prescribed by § 1001.5(b) (relating to administration and distribution of moneys held by licensed gaming entities and the Commonwealth).

(4) The Department will enter into an agreement with each licensed gaming entity setting forth the terms and conditions of any credit against tax as claimed by the licensed gaming entity.

(5) Taxes due as determined by the Department shall remain payable by the licensed gaming entity to the Department in accordance with section 1501(a) of the act (relating to responsibility and authority of department) regardless of any discrepancies between the licensed gaming entity's daily calculation and that of the Department's or amounts contested by any party concerning the credit against taxes due. Resolution of disputed daily payments due will be addressed by the Department through adjustments it makes to its calculation of future daily payment due amounts. The Department may make adjustments to its calculation of future daily payment due amounts after resolution of any dispute regarding the amount of taxes due. The Department will provide notice to the Board of the final calculations of taxes due under this subsection.

(6) Any daily remittance due that is caused by the imposition of the tax on nonbanking days as well as holidays shall be remitted by the licensed gaming entity on the next banking day. For example, any tax that has accrued on Independence Day shall be transferred on the following banking day.

(e) *Imposition of a penalty.* Failure to comply with this section that results in the failure to transmit the requisite amounts to the Department's Collection Account or to any other fund of the Commonwealth, shall result in the imposition of a penalty of 5% per month up to a maximum of 25% of the amounts due and unpaid by the licensed gaming entity. Payments made by a licensed gaming entity toward delinquent amounts, including penalties, shall be allocated to the licensed gaming entity's delinquency in accordance with the priority of payments as specified under section 209 of the Taxpayers' Bill of Rights (72 P. S. § 3310-209).

§ 1001.9. State Gaming Economic Development Tourism Fund transfers.

(a) Department personnel will notify the respective licensed gaming entity and Treasury of the amounts the licensed gaming entity shall be required to deposit in the Department's Collection Account. Deposits shall be made on the same banking day as the date of the notice by the Department.

(b) Moneys shall be transferred by the licensed gaming entity by EFT or other method the Department may require and shall be deposited in the Department's Collection Account prior to being transferred to Treasury's Concentration Account.

(c) System problems or failures, such as power outages and states of emergency, will not excuse the licensed

gaming entity from making the required deposits in a timely manner. The licensed gaming entity shall immediately notify the Department and the Board of the problems.

(d) The Department will maintain records of the Department's Collection Account under this chapter and will share information as practicable, to assist Treasury in its reconciliation of deposits into its Concentration Account.

§ 1001.10. Pennsylvania Race Horse Development Fund transfers.

(a) Prior to making each Race Horse Improvement Daily Assessment against a licensed gaming entity, the Department will determine the amount of each licensed gaming entity's gross terminal revenue.

(b) Eighteen percent of the gross terminal revenue of each Category 1 licensed gaming entity shall be returned to each active and operating Category 1 licensed gaming entity that conducts live racing subject to the assessment cap in section 1405(c) of the act (relating to Pennsylvania Race Horse Development Fund), and subject to the allocations specified in section 1406(a)(1)(i)—(iii) of the act (relating to distributions from Pennsylvania Race Horse Development Fund).

(c) Procedures concerning Pennsylvania Race Horse Development transfers are as follows:

(1) Department personnel will notify the respective licensed gaming entity and Treasury of the actual amount each licensed gaming entity shall be required to deposit in the Department's Collection Account as determined by the CCS. Deposits shall be made on the same banking day as the date of the notice by the Department.

(2) Moneys shall be transferred by the licensed gaming entity by EFT or other method as the Department may require and shall be deposited in the Department's Collection Account prior to being transferred to Treasury's Concentration Account.

(3) System problems or failures, such as power outages and states of emergency, will not excuse the licensed gaming entity from making the required deposits in a

timely manner. The licensed gaming entity shall immediately notify the Department and the Board of any of these problems.

(4) The Department will maintain records of the Department's Collection Account under this chapter and will share information as practicable, to assist Treasury in its reconciliation of deposits to its Concentration Account.

(d) The Department will notify each active and operating Category 1 licensee, Treasury and Office of the Budget of the amounts each active and operating Category 1 licensee will receive. A Category 1 licensee will receive from Treasury a weekly payment from the Pennsylvania Race Horse Development Fund in accordance with the act. The deposits required under section 1406(a)(1)(ii) will be deducted by the Department before making the payment to each active and operating licensee and transferred to the appropriate state fund, under section 1406 of the act.

(1) Payments shall be electronically transferred by the Commonwealth and shall be available to the licensee by the deadline established by the Department.

(2) Both Treasury and the Department will maintain records of distributions under this chapter and will share information, as practicable, to assist each agency in its reconciliation process.

(e) For purposes of the calculations and distributions of section 1406(a) of the act, live racing will be determined annually, and as a Category 1 licensed gaming entity commences live racing in accordance with section 1303(b) of the act (relating to additional Category 1 slot machine license requirements).

§ 1001.11. Property Tax Relief Fund transfers.

The Department will determine the appropriate amount of moneys to be transferred into the Property Tax Relief Fund. The moneys will be transferred only after all amounts of funding have been met concerning the transfers of money to the other Funds specified in section 1408 of the act (relating to transfers from State Gaming Fund).

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