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Title 36

MARYLAND LOTTERY AND GAMING CONTROL AGENCY

Subtitle 01 General Provisions

Chapter 01 General

Authority: State Government Article, §§9-101 – 9-111, 9-116, 9-123, 9-1A-01, 9-1A-02, 9-1A-04, 9-1A-24, 9-1E-04, and 10-205, Annotated Code of Maryland

.01 Definitions

A. (text unchanged)

B. Terms Defined.

(1) (text unchanged)

(2) Cash.

(a) “Cash” means coins, U.S. currency, money orders, debit cards, and checks.

(b) “Cash” does not include credit.

~~(2) — (5)~~ (3) – (6) (text unchanged)

~~(6)~~ (7) “Final action on a sanction” means:

(a) If after the Director sends a deficiency notice under COMAR 36.02.02, 36.03.04, 36.06.05, 36.07.02, ~~or~~ 36.03.03, or 36.10.08, a licensee fails to submit a timely, acceptable corrective action plan, and the Commission adopts as final the Director’s deficiency notice; ~~or~~

(b) If the Commission holds a hearing on the Director’s recommendation to impose a sanction, the date of the Commission’s written decision; or—

(c) If a licensee seeks judicial review of the Commission’s sanction, the most recent date of:

(i) Decision of the Office of Administrative Hearings;

(ii) A final judgment under Maryland Rule 2-601; or

(iii) The entry of a mandate under Maryland Rule 8-606.

~~(7)~~ **(8)** Gaming Activity.

(a) “Gaming activity” means play of a game or machine that is regulated by the Agency.

(b) “Gaming activity” ~~does not include~~ **includes** activities as ~~provided~~ **described** in COMAR 36.06 — COMAR 36.09.**10.**

~~(8)–(14)~~ **(9) – (15)** (text unchanged)

(16) “Sports wagering” has the meaning stated in State Government Article § 9-1E-01, Annotated Code of Maryland and COMAR 36.10.01.02.

(17) “Sports wagering law” means State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland.

~~(15)–(22)~~ **(18) – (25)** (text unchanged)

(26) “Winnings” means the amount won from a sports wager that is not reduced by a loss.

~~(23)~~ **(27)** (text unchanged)

....

.05 Limitations on Gaming Activity.

Gaming activity may not be engaged in by, and a prize, ~~or a~~ jackpot, **or winnings** may not be paid to:

A. A Commission member;

B. An officer or an employee of the Agency; or

C. An individual who lives in the same principal residence as a Commission member or an officer or employee of the Agency, and is the officer’s, member’s or employee’s:

(1) Spouse or domestic partner;

(2) Child;

(3) Sibling; or

(4) Parent or parent-in-law; or

D. A person whose name appears on a Voluntary Exclusion Program list under COMAR 36.01.03.

E. The Agency shall conduct periodic reviews to ensure compliance with this regulation.

PROPOSED

Title 36

MARYLAND LOTTERY AND GAMING CONTROL AGENCY

Subtitle 01 General Provisions

Chapter 02 Administrative Procedures

Authority: General Provisions Article, §§4-101 – 4-601; State Government Article, §§9-108 – 9-111, 9-1A-04, 9-1E-04, 10-201, 10-226, 10-301 – 10-305, 10-501 – 10-512, and 10-611 - 10-630; Annotated Code of Maryland

.04 Petition for Declaratory Ruling.

A. — D. (text unchanged)

E. Review By Commission.

(1) The Director's decision shall be forwarded to the Commission for its review and approval before it may be considered final for a petition for declaratory ruling under:

(a) State Government Article, Title 9, Subtitles 1, 1A, 1B, ~~and 1D~~, and 1E, Annotated Code of Maryland or regulations promulgated thereunder; and

(b) Criminal Law Article, Title 12, Subtitle 3, Annotated Code of Maryland, or regulations promulgated thereunder.

(2) The Commission's approval of the Director's decision makes the Director's decision final.

F.— G. (text unchanged)

.05 Petition for Promulgation, Amendment, or Repeal of a Regulation.

A.— C. (text unchanged)

D. Disposition.

(1) Within 60 days after submission of the petition, the Director shall either:

(a) Deny the petition, stating the reason for denial; or

(b) Initiate rulemaking proceedings.

(2) Within 60 days after submission of the petition, the Director shall forward the petition to the Commission with a recommendation to deny the petition or initiate rulemaking proceedings for a petition pertaining to regulations promulgated under:

(a) State Government Article, Title 9, Subtitles 1, 1A, 1B, ~~and 1D,~~ **and 1E**, Annotated Code of Maryland; or

(b) Criminal Law Article, Title 12, Subtitle 3, Annotated Code of Maryland.

(3) The Director shall send written notice of the final action taken on the petition to the petitioner and any other person requesting notification.

E. (text unchanged)

.06 Commission Hearings.

A. – N. (text unchanged)

O. Delegation of Hearing Authority.

(1) The Commission may, on a case-by-case basis, delegate ~~the hearing of a contested case to the Office of Administrative Hearings~~ the authority to:-

(a) Conduct a contested case hearing; and

(b) Issue:

(i) Proposed or final findings of fact;

(ii) Proposed or final conclusions of law;

(iii) Proposed or final findings of fact and conclusions of law; or

(iv) A proposed or final order.

(2) Hearings delegated to the Office of Administrative Hearings.

(a) This section applies to a contested case where the Commission has delegated authority to the Office of Administrative Hearings to conduct a contested case hearing under §O(1) of this regulation.

(b) The administrative law judge who hears a case shall submit to the Commission a decision that contains one of the following, as delegated by the Commission to the Office of Administrative Hearings:

(i) Proposed or final findings of fact;

(ii) Proposed or final conclusions of law;

(iii) Proposed or final findings of fact and conclusions of law; or

(iv) A proposed or final order.

(c) When making a decision, the administrative law judge is bound by any regulation, bulletin, final order, or settled and preexisting policy of the Commission to the same extent that the Commission is or would have been bound if the Commission were hearing the case.

(d) The Office of Administrative Hearings shall send the administrative law judge's decision directly to the parties and the Commission.

~~(2)~~ (3) Unless the Commission expressly delegates hearing authority to the Office of Administrative Hearings, the Commission shall hear all contested case matters that come before the Commission.

~~(3)~~ (4) In a hearing delegated to be conducted by an administrative law judge of the Office of Administrative Hearings, these regulations shall be construed, whenever possible, in harmony with COMAR 28.02.01.

~~(4)~~ (5) In the event of conflict between these regulations and COMAR 28.02.01, these regulations control.

~~(5)~~ (6) The Commission may revoke all or part of a delegation previously made to the Office of Administrative Hearings if the Commission believes that the case might:

- (a) Involve novel or unanticipated factual or legal issues;
- (b) Have significant social or fiscal consequences;
- (c) Involve policy issues of general applicability; or
- (d) Be likely to have precedential value.

~~(6)~~ (7) The Commission may revoke a delegation to the Office of Administrative Hearings at any time before the earlier of:

- (a) The issuance of a ruling on a substantive issue; or
- (b) The taking of oral testimony from the first witness.

~~(7)~~ (8) The Commission shall provide written notice of a revocation to all parties and the Office of Administrative Hearings by sending to the parties a notice that:

- (a) Contains a brief statement of the reason for the revocation;
 - (b) Specifies whether all or part of the delegation to hear the case is revoked; and
 - (c) If less than all of the delegation is revoked, specifies the parts of the contested case for which the delegation has been revoked.
- ~~(8)~~ **(9)** The Commission's decision in the case shall reflect the fact that delegation to the Office of Administrative Hearings was revoked.
- ~~(9)~~ **(10)** The Commission's revocation notice shall be included in the record.

Title 36 MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY

Subtitle 10 SPORTS WAGERING PROVISIONS

Chapter 01 General

Authority: Business Regulation Article, §§11-101, 11-524, 11-815 – 11-832; Criminal Law Article, §§12-301.1 and 12-308; State Government Article, §§9-110, and 9-1A-01, 9-1A-04, 9-1A-05, 9-1A-07, 9-1A-08, 9-1A-11, 9-1A-14, 9-1A-24, and 9-1E-01, 9-1E-05, Annotated Code of Maryland; and Ch. 603, §6, Acts of 2012, Ch. 10, §23, Acts of 2018

.01 Scope.

This subtitle applies to the State's Sports Wagering Program.

.02 Definitions.

A. In addition to the terms defined in State Government Article, §§ 9-1A-01 and 9-1E-01, Annotated Code of Maryland, and COMAR 36.01, 36.03, and 36.04, which have the same meanings in this subtitle, the following terms have the meanings indicated.

B. Terms Defined.

(1) "ACH" means the Automated Clearing House, which is a network that connects all banking and financial institutions within the United States.

(2) "Affiliate" means a person that directly, or indirectly through one or more intermediaries, owns, controls, is controlled by, or is under common ownership or control with another person.

(3) "Age and identity verification" means a method, system, or device used by a sports wagering licensee to verify the bettor's age and the bettor's identity.

(4) "AML" means Anti-Money Laundering.

(5) "Applicant" means a person who, as required under State Government Article, Title 9, Subtitle 1E, submits to the Commission an application for a license or for qualification or renewal of a license.

(6) "Application" means the forms, information, documentation, and assurances submitted by an applicant or licensee to obtain a license or for qualification or renewal of a license.

(7) "Associated equipment" means any equipment or mechanical, electromechanical or electronic contrivance, component or machine used in connection with sports wagering, including computerized systems for controlling and monitoring mobile sports wagering.

(8) “Award” means the act of the SWARC approving the application of an applicant that meets the requirements for licensure under State Government Article Title 9, Subtitle 1E, Annotated Code of Maryland for a sports wagering license, which authorizes the Commission to issue the sports wagering license that is necessary for the applicant to commence sports wagering operations.

(9) “Awardee” means a qualified applicant to which SWARC has awarded a license.

(10) “Beneficial owner” means a person that holds at least a 5 percent interest in an applicant for or holder of, a license awarded or issued under this subtitle, that is evidenced by:

(a) Record ownership;

(b) Stock or other ownership in an entity in a chain of parent and subsidiary, or affiliate entities, any one of which participates in the capital or profits of a sports wagering applicant or licensee; or

(c) An interest that entitles a person to benefit substantially and is equivalent to ownership by an agreement, relationship, or other arrangement.

(11) “Bettor” means a person who places a sports wager.

(12) “Books and records” means documents pertaining to, prepared by, or generated by a sports wagering licensee, regardless of the medium through which the record is generated or maintained, including all general ledger records, subsidiary records and ledgers, computer-generated data, forms, documents, internal audit reports and work papers, correspondence, and personnel records.

(13) “Cancelled wager” means a wager that has been cancelled by a sports wagering licensee due to an event or circumstance that prevents completion of the wager or causes the wager to be nonredeemable.

(14) “Cheat” or “cheating” means to act alone, facilitate, deceive, or conspire or collude with another person, to improve the chance of winning a wager or to alter the outcome of a wager, by:

(a) Using non-public information in placing, increasing, decreasing, or cancelling a wager;

(b) Altering or misrepresenting the outcome of a sporting event on which a wager has been placed;

(c) Claiming or collecting winnings on a wager that the person did not win or that the person was not otherwise authorized to claim or collect;

(d) Manipulating, altering, or interfering with sports wagering equipment, associated equipment, communication technology, or client software with the intent to affect or alter the outcome of a sporting event;

(e) Interfering with or influencing a participant in a sporting event with the intent to alter an outcome of, or an individual's performance in, a sporting event;

(f) Any conduct the Commission identifies as a means of conducting organized crime through sports wagering; or

(g) Any other conduct the Commission identifies as an abuse of the operation and administration of sports wagering as cheating in regulations promulgated under State Government Article, Title 9, Subtitles 1A or 1E, Annotated Code of Maryland.

(15) "Client software" means any software or application installed or operating on a bettor's device for the purpose of interacting with an online wagering system and conducting online sports wagering.

(16) "Communication technology" means the methods and components used by a sports wagering licensee to facilitate the transmission of information related to sports wagering, including a:

(a) Transmitting system;

(b) Receiving system; and

(c) Wire, cable, radio, microwave, optic, or computer data network.

(17) "Controlling entity" means an entity that possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of a person, whether through ownership of voting securities, by contract, by beneficial ownership, or otherwise.

(18) "Data information center" means the physical location owned or leased by a sports wagering facility licensee, mobile sports wagering licensee or online sports wagering licensee designated as the location where the licensee's electronic data is stored, processed, or otherwise maintained.

(19) "Day" means a calendar day.

(20) "Dormant account" means a sports wagering bettor account that has not had any login or wagering activity for a period of three years.

(21) "Electronic bingo" or "electronic tip jar machine" has the same meaning as "instant bingo machine" stated in COMAR 36.07.01.02.

(22) "Entrant" means a participant in a sporting event upon which a wager may be placed as to the participant's finishing position or performance in the sporting event.

(23) "Event number" means a set of alpha or numeric characters that correspond to a sporting event or an event ancillary to a sporting event.

(24) “Exchange wager” means a wager in which a bettor wagers with or against another bettor through a sports wagering licensee.

(25) “Excluded individual” means an individual who has been:

(a) Placed on the Commission’s voluntary exclusion list under COMAR 36.01.03 and 36.10.10; or

(b) Placed on the Commission’s mandatory exclusion list under 36.10.11.

(26) “Global risk management” means management, consultation, instruction, or transmission of information relating to sports wagering by a sports wagering licensee who holds a license to conduct sports wagering in another jurisdiction, to a sports wagering licensee in the State, including:

(a) Managing risks associated with sports wagering involving a sporting event for which a wager may be accepted;

(b) Setting or changing of available bets or wagers;

(c) Establishing cutoff times for bets or wagers;

(d) Accepting or rejecting of bets or wagers;

(e) Pooling or laying off of bets or wagers; or

(f) Setting lines, point spreads, odds, or other activity relating to betting or wagering.

(27) “Gross pool” means the total amount of money wagered on the outcome of a particular event.

(28) “Holding company” means a principal or principal entity that directly or indirectly owns:

(a) At least 5 percent of the stock, equity interest, or other voting security of a sports wagering applicant or licensee; or

(b) Through an interest in one or more subsidiaries, a power, right, or security of a sports wagering applicant or licensee.

(29) “House rules” means a sports book licensee’s Commission-approved requirements for its sports wagering operation that are in addition to the Commission’s regulations, and that shall include:

(a) A method for calculating and paying winning wagers;

(b) A process for handling incorrectly posted events, odds, wagers, or results;

- (c) The effect of sporting event schedule changes;
 - (d) A method of notifying patrons of odds or proposition changes;
 - (e) A procedure for accepting wagers other than those processes posted by the sports wagering licensee;
 - (f) A method of notifying bettors that a winning ticket expires 182 days after the wager is won;
 - (g) If the sports wagering system allows the bettor to place a wager that pays more than the stated maximum amount, the licensee's policy and methods for:
 - (i) Limiting the maximum amount a bettor may win on a wager; and
 - (ii) Precluding a bettor from, or allowing a bettor to, collect a payout in excess of the purported winnings;
 - (h) A method of contacting the sports book licensee with questions and complaints;
 - (i) A method of preventing an excluded individual from participating in a sports wagering activity;
 - (j) A process for any employee of a sports governing entity or member team who is not prohibited from wagering to register with the Commission prior to placing a sports wager;
 - (k) A method of funding a sports wager; and
 - (l) Any other item required by the Commission to be addressed in the licensee's house rules.
- (30) "Indirect interest" means an interest, claim, right, legal share, or other financial stake in a person that is determined by the Commission to exist by virtue of a financial or other interest in another person.
- (31) "In-game wager" and "In-play bet" mean a wager placed on the outcome of a sporting event after the event has started.
- (32) "Institutional investor" means:
- (a) A retirement fund administered by a public agency for the exclusive benefit of federal, State or local public employees;

(b) An investment company registered under §8 of the Investment Company Act of 1940 (15 USC §80a-8);

(c) A collective investment trust organized by a bank under Part 9 of the rules of the Comptroller of the Currency (12 CFR §9.18);

(d) A closed end investment trust registered with the U.S. Securities and Exchange Commission;

(e) A chartered or licensed life insurance company;

(f) A property and casualty insurance company;

(g) A banking or other chartered or licensed lending institution;

(h) An investment advisor registered under the Investment Advisors Act of 1940 (15 USC §§80b-1 through 80b-21); or

(i) Any other person registered in any foreign jurisdiction and regulated in accordance with a statute of any foreign jurisdiction that the Commission determines to be substantially similar to that regulated by the Investment Company Act of 1940 or the Investment Advisors Act of 1940.

(33) “Integrity monitoring” means the observation of sports wagering to identify unusual wagering activity or other suspicious sports wagering activity that may be reported to law enforcement or an organization charged with oversight or monitoring of a sporting event.

(34) “Issue” or “issuance” means the Commission’s final act of authorizing an applicant to legally exercise the authority of, or commence activity under, the scope of the license for which it applied.

(35) “Kiosk” means a Commission-approved device that may be used by a bettor to place a wager and may be used to redeem a winning wager.

(36) “Independent certified testing laboratory” means a person engaged in the testing and verification of sports wagering equipment and the equipment, systems, and software utilized to collect, monitor, interpret, analyze, authorize, issue, redeem, report, and audit data with regard to a sports wagering activity that:

(a) Holds a certificate in good standing for compliance with:

(i) International Organization for Standardization #17025 — General Requirements for the Competence of Testing and Calibration Laboratories; and

(ii) International Organization for Standardization #17020 — General Criteria for the Operation of Various Types of Bodies Performing Inspections;

(b) Has performed testing and certification of sports wagering equipment, systems, and software on behalf of a state within the United States for a period of 5 or more years; and

(c) Has been approved by the Commission to test and certify equipment, systems, and software on its behalf.

(37) “Layoff wager” means a wager placed by a sports wagering operator with another sports wagering operator for the purpose of offsetting bettor wagers.

(38) “Licensee” means an applicant who has been issued a license required under this subtitle.

(39) “Mandatory exclusion list” means a list maintained by the Commission under State Government Article §§9-1A-24 and 9-1E-11, Annotated Code of Maryland, that identifies an individual who is to be excluded or ejected from:

(a) A sports wagering facility; or

(b) Participating in online sports wagering.

(40) “Maryland State Fair Society” means the holder of a license issued to the holder by the State Racing Commission allowing the holder to have a race meets specified conditions under Business Regulation Article, §11–524, Annotated Code of Maryland.

(41) “Mobile sports wagering licensee” means a sports wagering licensee who is authorized to conduct and operate online sports wagering.

(42) “Money line wager” means a wager on a participant winning a sporting event without the use of the point spread.

(43) “Maximum wager limit” means the largest wager that can be wagered on a single sports wager.

(44) “Multi-factor authentication” means a procedure that requires more than one method to verify a bettor’s identity through a combination of two or more independent credentials, including:

(a) Information known only to the bettor, such as a password, pattern or answers to challenge questions;

(b) A bettor’s biometric data, such as fingerprints, facial or voice recognition, to the extent this data does not violate privacy laws; and

(c) Using something the bettor has, such as the bettor’s phone.

(45) “Non-wagering employee” means an individual who is:

(a) Employed or is seeking to be employed by an applicant for or holder of a sports wagering license, and whose duties are or will be other than the duties of a wagering employee; or

(b) Not otherwise required by the Commission to be licensed as a wagering employee.

(46) “Online sports wagering” means sports wagering that is conducted through an online gaming system that:

- (a) Is accessed on a computer, phone, or other interactive device; and
- (b) Is offered by a mobile sports wagering licensee or an online sports wagering operator.

(47) “Online sports wagering operator” or “online sports wagering operator licensee” means an entity registered to do business within a jurisdiction of the United States that the Commission has issued a license to operate online sports wagering on behalf of a mobile sports wagering licensee.

(48) “Over-under wager” means a wager in which a sports wagering licensee sets a number for a statistic in a sporting event, and a bettor wagers that the actual result in the sporting event will be higher or lower than the number set by the sports wagering licensee.

(49) “Pari-mutuel betting” has the meaning stated in Business Regulation Article, §11-101, Annotated Code of Maryland.

(50) “Parlay wager” means a wager that involves two or more sports wagers combined into one wager.

(51) “Payout” means the total payment due on a winning wager.

(52) “Penalty” means an amount not to exceed \$5,000 that the Commission may impose for each separate violation of the Sports Wagering Law, the Commission’s regulations, or a directive of the Commission.

(53) “Personally identifiable information” means data or information that may be used, alone or combined with other data or information, to identify, contact, or locate a registered bettor, including:

- (a) Name, initials, or personal mark;
- (b) Unique biometric or genetic print of an individual’s image;
- (c) Social Security number;
- (d) Date of birth;
- (e) Identification number issued by the government of a state, or the United States;
- (f) Passport or identification number issued by a government for the purpose of establishing identity or documenting citizenship-related status;
- (g) Financial information, including an account number, taxpayer identification number, security code, access code, or password;

(h) Residential address; or

(i) Data or information determined by the Commission to identify an individual.

(54) “Point of sale system” means the hardware, software and communications that comprise a system capable of accepting sports wagers using terminals operated by a cashier or kiosks operated by a bettor on the premises of a sports wagering facility that has been approved by the Commission.

(55) “Pool wager” means a wager with a fixed entry cost where the bettor’s winnings depend on the number of other bettors wagering on the sporting event.

(56) “Predatory marketing practice” means:

(a) An advertisement or promotion of an activity, product, or service related to sports wagering that is:

- (i) False or deceptive;
- (ii) Illegal;
- (iii) Knowingly directed to an individual who is younger than 21 years old;
- (iv) Knowingly directed to an excluded individual; or
- (v) Prohibited by law, regulation or court order.

(b) “Predatory marketing practice” includes an advertisement or promotion of an activity, product, or service related to sports wagering that:

(i) Uses or depicts an individual who is, or appears to be, younger than 21 years old;

(ii) By font, color, placement, or any other means obscures or fails to disclose a material condition or limiting factor associated with the activity, product, or service being marketed, or

(iii) Fails to include or obscures the gambling assistance message required under COMAR 36.10.10.

(57) “Principal” means:

(a) An officer, director, or person who directly or indirectly owns or holds a legal or beneficial interest of at least 5 percent in the securities of an applicant for or holder of a license awarded or issued under this subtitle;

(b) A person who has a controlling interest in, or the ability to elect a majority of the board of directors of, an applicant for or holder of a license awarded or issued under this subtitle;

(c) A lender or other licensed financial institution of an applicant for or holder of a license awarded or issued under this subtitle other than a bank or lending institution which makes a loan or holds a mortgage or other lien acquired in the ordinary course of business;

(d) An underwriter of an applicant for or holder of a license awarded or issued under this subtitle; or

(e) A person deemed by the Commission to be a principal.

(58) “Principal employee.”

(a) “Principal employee” means an individual who owns, controls, or manages a licensee that is a sports wagering facility, sports wagering mobile operator, online sports wagering operator, sports wagering facility operator, or sports wagering contractor.

(b) “Principal employee” includes an employee of a Tier 1 sports wagering contractor who performs any function of a Tier 1 sports wagering contractor.

(c) “Principal employee” does not include a wagering employee or non-wagering employee.

(59) “Prohibited sports wager” means any sports wager not approved by the Commission.

(60) “Proposition wager” or “proposition bet” means a wager on an individual action, statistic, occurrence, or non-occurrence which is determined during a sporting event.

(61) “Registered bettor” means a person who has registered with a sports wagering licensee for inclusion in the licensee’s bettor tracking system.

(62) “Restricted area” means that part of a sports wagering facility directly related to the operation of sports wagering where access is specifically designated by the Commission as restricted, including:

(a) Cashier’s cage, including a satellite cashiers’ cage and ancillary offices;

(b) Computer space allocated to sports wagering platforms;

(c) Count room and trolley storage area;

(d) Areas designated for the storage or repair of sports wagering equipment;

(e) Information technology operations centers;

(f) Surveillance monitoring rooms;

(g) Vault and armored car bay locations;

(h) Data information center;

(i) Any area that the sports wagering licensee has designated as restricted in its Commission-approved accounting and internal control systems; and

(j) Any other area the Commission designates a restricted area.

(63) “Risk management” means processes and tools that sports wagering licensees use to manage the risk and liabilities associated with sports wagering.

(64) “Sanction” means an enforcement action that the Commission may take against an applicant or licensee, and may include suspension or revocation of a license, reprimand, or imposition of a condition on a licensee.

(65) “Settled wager” means a wager that has been resolved with a result of either a win, loss or push to the bettor.

(66) “Satellite simulcast betting” has the meaning stated in Business Regulation Article, §11-815, Annotated Code of Maryland.

(67) “Satellite simulcast facility” means the location specified in a permit issued by the State Racing Commission necessary for offering satellite simulcast betting under Business Regulation Article, §§11-815 – 11-832, Annotated Code of Maryland.

(68) “Sports bettor tracking system” means the hardware, software, communications technology, and other ancillary equipment owned or leased by a sports wagering licensee to collect, monitor, interpret, analyze, authorize, report, and audit data pertaining to:

(a) A sports wagering activity; and

(b) If a bettor has registered with the sports wagering licensee for inclusion in a bettor tracking system, a bettor’s sports wagering activity.

(69) “Sports wagering” means:

(a) The business of accepting a wager on a sporting event; and

(b) Placing a wager with a sports wagering licensee on a sporting event.

(70) “Sports Wagering Application Review Commission,” or “SWARC,” means the Commission established under State Government Article, § 9-1E-15, Annotated Code of Maryland.

(71) “Sports wagering contractor” or “contractor” means, other than an individual, a person who contracts with a sports wagering licensee to provide services as a Tier 1 or Tier 2 sports wagering contractor, that may include:

(a) Management or operation;

(b) Security;

(c) Service, maintenance, update, or repair of sports wagering equipment or associated equipment or software;

(d) Ownership or control of a sports wagering licensee; or

(e) Any other service for which the Commission requires a sports wagering contractor license.

(72) “Sports wagering contractor – Tier 1,” or “Tier 1 contractor,” means a sports wagering contractor that provides sports wagering equipment or services and:

(a) Does not accept wagers;

(b) Whose services may affect wagering outcomes;

(c) Manufactures self-service kiosks, devices, or machines that have been approved by the Commission for use in a sports wagering facility;

(d) May have contact with, or access to, sports wagering equipment or sports wagering systems;

(e) Supplies parts or software related to sports wagering operations;

(f) Provides security for sports wagering operations; or

(g) May employ a sports wagering employee that is a principal employee.

(73) “Sports wagering contractor – Tier 2” or “Tier 2 contractor” means a sports wagering contractor that supplies equipment or services related to a sports wagering licensee’s sports wagering operations and:

(a) Whose services may not affect wagering outcomes;

(b) Has no contact with, or access to, sports wagering equipment or sports wagering systems; and

(c) May not employ a sports wagering employee that is a principal employee.

(74) “Sports wagering account” means an electronic account that may be established by a bettor for the purpose of sports wagering, including making deposits and withdrawals, placing wagers, and receiving payouts on winning wagers.

(75) “Sports wagering employee” or “wagering employee” means an individual who:

(a) Is or is seeking to be employed by an applicant for or holder of a sports wagering licensee, whose duties relate, or may relate to the operation of a sports wagering facility or sports wagering, and who performs or supervises or may perform or supervise the performance of:

- (i) Operating, servicing, or maintaining sports wagering equipment or associated equipment or software;
- (ii) Accounting, maintaining, or auditing a licensee's sports wagering-related financial records;
- (iii) Counting or processing sports wagering revenue, wagers, payouts, or proceeds;
- (iv) Conducting security or surveillance in or around a sports wagering facility or the operation center of a mobile sports wagering licensee or online sports wagering operator licensee; or
- (v) Operating or maintaining a sports wagering licensee's information systems;

(b) Is employed by a sports wagering contractor, whose duties directly relate to the repair, service, or distribution of sports wagering equipment or associated equipment or software, or is otherwise required to be present at a wagering facility or in a restricted area of a wagering facility; or

(c) Is otherwise required by the Commission to be licensed as a sports wagering employee.

(76) "Sports wagering equipment" means any mechanical, electronic or other device, mechanism, or equipment, and related supplies used or consumed in the operation of sports wagering, including a self-service kiosk on the premises of a sports wagering facility.

(77) "Sports wagering facility", "wagering facility", or "facility" means a place where a bettor may place a wager in person, that:

(a) Is physically located on premises that are owned, leased, or occupied by a sports wagering facility licensee; and

(b) Has been issued a sports wagering facility license by the Commission.

(78) "Sports wagering facility operator" or "sports wagering facility operator licensee" means a person that operates sports wagering on behalf of a sports wagering facility licensee:

(a) On premises that are physically owned, leased, or occupied by the sports wagering facility licensee; and

(b) Has been issued a sports wagering facility operator license by the Commission.

(79) “Sports wagering facility operator license” means an operator license issued by the Commission to a person that operates a sports wagering facility on behalf of a sports wagering facility licensee.

(80) “Sports wagering interactive website” means the interactive wagering application through which a sports wagering licensee makes authorized mobile sports wagering available.

(81) “Sports wagering license” means a license issued by the Commission that authorizes the holder to accept sports wagers.

(82) “Sports wagering licensee” means the holder of a sports wagering license.

(83) “Sports wagering operation” or “sports wagering operations” means the entirety of a sports wagering licensee’s business of conducting sports wagering and related activities, including:

- (a) Accepting and redeeming wagers;
- (b) Maintaining financial accounting;
- (c) Securing a sports wagering platform;
- (d) Securing an online sports wagering system;
- (e) Conducting surveillance of a sports wagering facility;
- (f) Owning, leasing, or occupying a sports wagering facility;
- (g) Developing marketing;
- (h) Arranging advertising; and
- (i) Performing any other related activity.

(84) “Sports wagering platform” means:

(a) Hardware and software used for a website, application, or other platform which is accessible via the internet or mobile, wireless, or similar communications technology that allows bettors to participate in sports wagering; or

(b) Hardware, software, firmware, communications technology, or other equipment that a sports wagering licensee uses to:

- (i) Allow a bettor to participate in sports wagering;
- (ii) Display the wager outcomes and other similar information necessary to facilitate sports wagering;

- (iii) Review bettor accounts and generate financial reports;
- (iv) Suspend wagering on sporting events;
- (v) Input outcomes for sporting events; and
- (vi) Set any configurable parameters.

(85) “Sports wagering ticket” means a printed record issued or an electronic record maintained by a sports wagering platform that evidences a sports wager.

(86) “Sports wagering voucher” means a printed record or digital representation issued by a sports wagering platform that may be used to fund a wager or may be redeemable for cash.

(87) “Straight wager” and “single-game bet” mean a wager on a single sporting event that will be determined by a point spread, money line or total score.

(88) “Teaser bet” means a wager in which the sports wagering licensee adjusts the odds of winning in a bettor’s favor.

(89) “Temporary sports wagering facility” means an area approved by the Commission for use in sports wagering operations during the construction of a facility.

(90) “Unredeemed item.”

(a) “Unredeemed item” means a sports wagering voucher, sports wagering ticket, or similar item that has monetary value and has been:

- (i) Won by a bettor participating in sports wagering; or
 - (ii) Inserted into sports wagering equipment.
- (b) “Unredeemed item” does not include cash.

(91) “Unusual wagering activity” means a wager or pattern of wagering by a bettor that:

- (a) Is abnormal in amount, frequency, pattern, or type; or
- (b) May indicate past, current, attempted, or planned cheating.

(92) “Video lottery employee” means an individual who holds a license issued under State Government Article, §9-1A-14, Annotated Code of Maryland, and meets the requirements of COMAR 36.03.02.12.

(93) “Voided wager” means a wager invalidated by a licensee for a specified sporting event.

(94) “Wager” or “wagering” means betting a sum of money or promotional credit on the outcome of a sporting event.

(95) “Wagering day” means a period of time determined by the Commission, not to exceed 24 hours, that marks the beginning and ending times of wagering activities for the purposes of establishing accounting reports and determining daily proceeds.

PROPOSED

Title 36

MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY

Subtitle 10 SPORTS WAGERING PROVISIONS

Chapter 02 All Applicants and Licensees - Applications and Investigations

Authority: State Government Article, §§9-1A-02, 9-1A-04, 9-1-07, 9-1A-08, 9-1A-20, 9-1A-25, and 9-1E-01 - 9-1E-15, Annotated Code of Maryland.

.01 Scope.

All applicants for licenses related to the State's Sports Wagering Program shall comply with the requirements set forth in State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland, and the Commission's regulations, to establish their qualifications, comply with requirements for the issuance of a license, and, if the Commission issues a license, comply with the contents of the license application, and all applicable laws and regulations.

.02 General.

- A. This chapter includes application and license requirements for all licenses the Commission is authorized to issue under State Government Article, §9-1E-05, Annotated Code of Maryland, to implement the State's Sports Wagering Program.
- B. Applicants and licensees are subject to any additional requirements in this Subtitle based on the category of license the applicant applies for or the licensee holds.
- C. Unless a person holds a valid license issued by the Commission, the person may not offer or conduct sports wagering, or engage in an activity for which a license is required.

.03 Process.

A. Submission Requirements.

(1) If the Commission requires an application to be submitted by a particular date:

(a) The application and nonrefundable application fee shall be delivered to the Commission not later than 5 p.m. on the date specified by the Commission; and

(b) An application submitted after the deadline may not be accepted or considered by the Commission.

(2) An applicant may not submit an application less than 1 year after the Commission has:

(a) Taken final action on a license denial of a previous license application involving the applicant;

(b) Taken final action on a sanction resulting in revocation of a previous license involving the applicant; or

(c) Provided an individual with written notice of termination of a temporary license.

B. Applications.

(1) An application submitted to the Commission shall:

(a) Consist of an original and the number of copies required by the Commission and shall be in an electronic or other format required by the Commission; and

(b) Be sworn before a notary public as to its truth and validity by the applicant or, if the applicant is not an individual, by the chief executive officer of the applicant.

(2) An applicant shall include the applicable nonrefundable application fee with the license application.

(3) Upon receipt of a timely application and application fee, the Commission staff shall review the application to determine whether it contains all the information required under this chapter.

(4) If the Commission determines that required information has not been submitted, Commission staff shall notify the applicant in writing of the nature of the deficiency.

(5) An applicant notified in accordance with §B(4) of this regulation may submit the documents necessary to complete the application not later than 15 days after the Commission issues the notification.

(6) The Commission may not consider the application of an applicant who is notified in accordance with §B(4) of this regulation and who fails to submit the requested documents in a timely manner.

(7) The Commission shall review and consider a timely, complete application submitted as required in this regulation.

C. Changes in Application.

(1) If information submitted by an applicant as part of a license application changes or becomes inaccurate before the Commission acts on the application, the applicant shall immediately notify the Commission in writing of the change or inaccuracy.

(2) After an application has been filed by an applicant, the applicant may not amend the application except to:

(a) Address a deficiency in accordance with a notice sent under §B(4) of this regulation;

(b) Clarify information contained in the application as required by the Commission or the Commission staff; or

(c) Address a change in the circumstances surrounding the application that was outside the control of the applicant and that affects the ability of the applicant to comply with the law or the regulations of the Commission.

(3) To amend an application under §C(2)(c) of this regulation, an applicant shall submit to the Commission a written request to amend the application, stating:

(a) The change in the circumstances surrounding the application that necessitates the amendment;

(b) The nature of the amendment; and

(c) The reason why the amendment is necessary to bring the application into compliance with the law or the regulations of the Commission.

(4) The Commission or Commission staff shall grant or deny each request submitted under §C(3) of this regulation and notify the applicant.

(5) A request shall be granted if the applicant establishes by clear and convincing evidence that:

(a) The circumstances requiring the amendment were outside the control of the applicant;

(b) Before the change in the circumstances surrounding the application, the application complied with the applicable provisions of law or regulations of the Commission; and

(c) The amendment is necessary to bring the application into compliance with the applicable provisions of the law or regulations of the Commission.

(6) An applicant may withdraw a license application if:

(a) The applicant submits a written request to the Commission to withdraw the application; and

(b) The written request is submitted before the Commission has:

- (i) Denied the application; or
- (ii) Terminated a temporary license.

(7) If an applicant withdraws an application, the application fee shall not be refunded.

D. Notice of Intended Change in Licensed Sports Wagering Employee's Employment Status.

(1) Within 14 calendar days of a change in employment status, a licensee shall notify the Commission of the intended change in employment by submitting forms and documents required by the Commission in the manner set forth in §B of this regulation.

(2) The Commission shall conduct a background investigation of the individual to verify that the individual's license remains in good standing.

(3) "If the Commission determines that the individual's license is not in good standing, the Commission shall notify the individual and, within 15 days after the Commission issues the notification, the licensee shall submit:

(a) Information, documentation, or assurances to establish, by clear and convincing evidence, that the licensee remains qualified to hold a license; and

(b) Any other information, documentation, or assurances required by the Commission.

(4) If the licensee has been separated from employment with a sports wagering facility licensee, sports wagering facility operator licensee, mobile sports wagering licensee, or online sports wagering licensee for more than 6 months and notified the Commission of an intended change in employment status, the licensee shall pay the fee for conducting a criminal history records check specified in Regulation .05B of this chapter.

(5) The Commission may not approve a change in employment status for a sports wagering employee licensee who fails to establish, by clear and convincing evidence, all license qualification criteria.

(6) A sports wagering employee may not effect a change in employment status without prior Commission approval.

E. Burden of Proof.

Under all circumstances, the burden of proof shall be on the person that is required to be licensed, maintain the license, or qualified to establish, by clear and convincing evidence, the person is eligible and qualified as required under State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland, and the Commission's regulations.

F. Administrative Costs of Background Investigations.

(1) Promptly upon receipt of an invoice from the Commission, an applicant for a license or a licensee who has notified the Commission of an intended change in employment status shall reimburse the Commission for:

(a) The administrative costs associated with performing background investigations of the applicant, the licensee who has notified the Commission of an intended change in employment status, and any individual required to provide information under Regulation .06 of this chapter; and

(b) Any payments made by the Commission to a person approved by the Commission to conduct background investigations.

(2) Failure to reimburse the Commission shall be grounds for disqualification of an applicant or disapproval of a licensee's change in employment status.

(3) The Commission may require an advance deposit from an applicant or licensee who has notified the Commission of an intended change in employment status for the Commission's estimate of the administrative costs of conducting the applicant's or licensee's background investigation.

(4) If administrative costs of conducting an applicant's or licensee's background investigation exceed the estimate provided in §F(3), the applicant or licensee shall pay the additional costs prior to the Commission finalizing the background investigation.

(5) The Commission shall refund to an applicant any unused amount of the advance deposit.

G. Payment and collection.

(1) An applicant shall pay the administrative costs and fees required under this regulation by:

(a) Wire transfer;

(b) Money order;

(c) Certified check made payable to the "Maryland Lottery and Gaming Control Commission;" or

(d) Any other manner designated by the Commission.

(2) The Commission may address an applicant's or licensee's failure to pay a required fee, penalty, or proceeds:

(a) As provided in COMAR 36.10.12; or

(b) By filing a claim against the performance bond that covers the applicant.

H. Continuing Obligations.

(1) At all times, a person who is awarded or issued a license, and a person who is otherwise required to meet Commission qualifications, shall conform to all of the information contained in the license application and documents submitted to SWARC and the Commission.

(2) An applicant or licensee may not discriminate against a person who in good faith informs the Commission of an act or omission that the person believes constitutes a violation of State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland, or regulations promulgated by the SWARC or the Commission.

(3) If information submitted to the SWARC or the Commission by a person described in §H(1) of this regulation changes during the term of the license or qualification, the person shall immediately submit written notification of the change to the Commission.

(4) An applicant or licensee has an affirmative and continuing obligation to:

(a) Inform the Commission of an act or omission that the applicant or licensee knows or should have known constitutes a violation of State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland, or the Commission's regulations;

(b) Provide the Commission with all information relating to qualifications in the form specified by the Commission;

(c) Provide assistance and information required by the Commission;

(d) Cooperate in a Commission inquiry, investigation, or hearing;

(e) On issuance of a request to answer or produce information, evidence, or testimony requested by the Commission, provide it; and

(f) As required under State Government Article, §9-1E-07(b)(3), Annotated Code of Maryland, comply with any Commission request or requirement for information and records necessary for setting reasonable and appropriate minority business enterprise participation goals and procedures for the procurement of goods and service related to sports wagering, including procurement of construction, equipment, and ongoing services.

(5) Failure to comply with the obligations of §H of this regulation shall be grounds for the Commission taking enforcement action under COMAR 36.10.08.

.04 Personal and Background Information.

A. Except as otherwise provided in the Commission's regulations, the application documents shall include the information required under §B of this regulation, for a person who is:

- (1) The applicant;
- (2) A director, officer, or key management individual employed by the applicant;
- (3) A partner of the applicant;
- (4) Any other person who owns, controls, or directs a legal or beneficial interest of 5 percent or more in the applicant;

- (5) A principal;
- (6) A principal employee;
- (7) A principal entity;
- (8) A holding company of the applicant; or
- (9) An affiliate of the applicant.

B. An individual listed under §A of this regulation shall furnish the individual's:

- (1) Full name and any previous names or aliases;
- (2) Date of birth;
- (3) Physical description;
- (4) Home and business addresses and telephone numbers;
- (5) Driver's license number and state of issuance;
- (6) Social Security number;
- (7) Photograph in a type and size required by the Commission;
- (8) Fingerprints for a criminal records check:
 - (a) For a State resident, from an electronic fingerprinting service approved by the Commission; or
 - (b) For an out-of-State resident, one FBI and one State fingerprint card, taken within the previous 45 days before submission to the Commission; and
- (9) Any other document or information required by the Commission.

C. A person listed under §A of this regulation that is not an individual shall furnish, with its application documents:

(1) Pursuant to any applicable requirements of the Maryland State Department of Assessment and Taxation, evidence that the person is in good standing to conduct business in the State;

(2) For a corporation, documentation showing the:

(a) State in which the applicant is incorporated; and

(b) Name and address of the applicant's resident agent for service of process in Maryland; and

(3) For a nonprofit corporation, only the information required under §B of this regulation for an individual who is a director or officer of the applicant.

D. A licensee who has notified the Commission of an intended change in employment status shall provide the information as set forth in §B of this regulation.

E. The Commission may require an applicant to furnish the information listed in §B of this regulation for the applicant's family and associates.

F. Inadvertent, nonsubstantive errors that might be made in furnishing the information required by this regulation may not be used as a reason by the Commission for disqualifying the applicant.

.05 Information for Background Investigation.

A. An individual or authorized representative of a person that is required to submit an application, or be investigated, shall:

(1) Submit to the Commission a complete legible set of the individual's fingerprints for:

(a) The Federal Bureau of Investigation; and

(b) The Maryland Criminal Justice Information System;

(2) Complete a background form supplied by the Commission which includes a statement disclosing whether the individual has ever been:

(a) Arrested;

(b) Convicted of, pled nolo contendere to, or received probation before judgment for, a felony or misdemeanor, other than a misdemeanor traffic offense;

- (c) Sanctioned by a government agency related to gaming or sports wagering;
- (d) Found liable in connection with a civil action related to gaming or sports wagering;
- (e) A debtor in a bankruptcy proceeding; or
- (f) Denied a bond; and

(3) Complete any acknowledgement forms required by law including an FBI Privacy Act notice.

B. The forms submitted in compliance with this regulation shall be accompanied by the:

(1) Fee authorized under Criminal Procedure Article, §10-221(b)(7), Annotated Code of Maryland, for access to Maryland criminal history records; and

(2) Mandatory processing fee required by the Federal Bureau of Investigation for a national criminal history records check.

C. If an applicant under State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland, is a citizen of any country other than the United States, the background investigation required under State Government Article, §9-1E-07(f), Annotated Code of Maryland, shall include an international criminal history records check.

.06 Consent for Investigation.

A. An individual who is required to provide personal and background information under this chapter shall provide a statement that irrevocably gives consent to the Commission, the SWARC, and persons authorized by the Commission to:

(1) Verify all information provided in all documents or forms submitted to the Commission or the SWARC; and

(2) Conduct a background investigation of the individual.

B. A person who is required to provide information under this chapter shall:

(1) As applicable, execute these forms:

(a) An irrevocable Acknowledgment and Disclosure;

(b) Affidavit of Representative of Applicant;

(c) An Irrevocable Authorization for Release of Information;

(d) Certificate of Business Relationship; and

(e) Any other release or authorization required by the Commission to investigate the qualifications of the applicant; and

(2) Authorize the Commission and, if appropriate, the SWARC, to have access to any and all information in the custody of any other jurisdiction about the person, including:

(a) Information the person provided to the jurisdiction while being investigated for a gaming or sports wagering-related license or qualification;

(b) Information that the jurisdiction obtained while investigating the person for a gaming or sports wagering-related license or qualification; and

(c) Any other information about the person pertaining to the person's license or qualifications related to gaming or sports wagering in another jurisdiction.

.07 Organizational Documents.

A. If the applicant is a corporation, the application documents shall include a:

(1) Statement of when the corporation was organized;

(2) Copy of the articles of incorporation and bylaws of the corporation;

(3) Statement and documentation of whether the corporation has been reorganized or reincorporated during the 5-year period preceding the date on which the application documents are submitted to the Commission; and

(4) Statement and documentation of whether the corporation has filed restated articles of incorporation.

B. If the applicant is an unincorporated business association, the application documents shall include a:

(1) Copy of each organizational document of the applicant, including any partnership agreement; and

(2) Description of any oral agreements involving the organization of the applicant.

.08 Ownership of Applicant.

A. An applicant shall disclose all:

(1) Principals;

(2) Principal entities, as defined in COMAR 36.03.01.02; and

(3) Persons who have, or exercise, voting rights in or as to the applicant.

B. In addition to the requirements in §A of this regulation, the applicant shall disclose the following:

(1) If authorized to issue capital stock, for each class of stock authorized:

- (a) Total number of shares;
- (b) Par value, if any;
- (c) Voting rights;
- (d) Current rate of dividend; and
- (e) Number of shares outstanding and the market value of each share; and

(2) If a corporation:

(a) Include a certified copy of each voting trust or voting agreement in which capital stock of the applicant is held, and describe the:

- (i) Name and address of each stockholder participating in the trust or agreement;
- (ii) Class of stock involved; and
- (iii) Total number of shares held by the trust or agreement;

(b) Provide the terms of any proxy by which any capital stock may be voted, and provide the:

- (i) Name and address of the person holding the proxy;
- (ii) Name and address of the stockholder who granted the proxy;
- (iii) Class of stock for which the proxy may vote; and
- (iv) Total number of shares voted by the proxy;

(c) Include any provisions described in §B(2)(a) and (b) of this regulation, and the procedures by which these provisions may be modified for the redemption, repurchase, retirement, conversion, or exchange of an ownership interest;

(d) State whether the:

(i) Applicant's stock may be traded through options; and

(ii) Corporation, or a stockholder, has executed an agreement or contract to convey any of the corporation's or the stockholder's stock at a future date;

(e) Include a copy or a description of each agreement or contract disclosed under §B(2)(d) of this regulation;

(f) Include a copy of each prospectus, pro forma, and other promotional material about the applicant that the applicant may give to potential investors if it receives a sports wagering license; and

(g) Fully disclose any stock options that may exist or have been granted.

.09 Directors, Officers, and Partners.

A. If the applicant is not an individual, the application documents shall include a list of the individuals who are serving, or who are designated to serve, during the first year after the date the application documents are submitted to the Commission as a director, officer, partner, or any other principal.

B. For each individual listed under §A of this regulation, the applicant shall provide:

(1) The individual's name and address;

(2) Each position or office of the applicant held by the individual;

(3) The individual's principal occupation during the 5-year period preceding the date on which the application documents are submitted to the Commission; and

(4) The nature and extent of any ownership interest that the individual has in the applicant.

.10 Principal Entity.

A. The application documents shall identify any principal entity of an applicant, and for each:

(1) Describe the principal entity's ownership of the applicant; and

(2) Describe the extent of the principal entity's control over the applicant; and

(3) Include information and documents required under Regulations .03 through .07 of this chapter.

B. Principal Entities as Approved Institutional Investors.

(1) A principal entity may request the Commission to waive the requirement of conducting a full background investigation of the principal entity.

(2) The Commission may approve a principal entity's request for a waiver if the principal entity:

(a) Meets one of the definitions of institutional investor in Chapter .01 of this subtitle; and

(b) Satisfactorily completes and submits an institutional investor waiver application as required by the Commission.

(3) A principal entity for which the Commission has approved a waiver request under §B(2) of this regulation is an approved institutional investor.

(4) An institutional investor may maintain an approved waiver as an institutional investor by:

(a) Maintaining an ownership interest in an applicant or licensee; and

(b) Providing the Commission with the statement of ownership percentage it reported to the Securities and Exchange Commission:

(i) Annually, before the last day of April; or

(ii) As otherwise directed by the Commission.

(5) If an approved institutional investor complies with §B(4) of this regulation, the Commission's approval is valid for 5 years from the date of approval, and:

(a) The waiver may apply to one or more applicants or licensees in which the entity is an institutional investor; and

(b) The institutional investor shall submit an institutional waiver application every 5 years from the date of the Commission's last approval.

(6) If an approved institutional investor does not meet the requirements of §B(4) of this regulation with respect to one or more applicants or licensees:

(a) The approved institutional investor shall notify the Commission in writing if the institutional investor's ownership interest falls below 5 percent; and

(b) The Commission may require the institutional investor to submit a new waiver application if the institutional investor acquires an ownership interest of 5 percent or greater in any applicant or licensee.

.11 Outside Interests.

An applicant shall disclose in its application documents whether the applicant, or a principal or partner of the applicant:

A. Has ever held an ownership interest in a licensee of the Commission; or

B. Is currently engaged in the business of sports wagering in another jurisdiction, and the nature and extent of that involvement.

.12 Alternative Licensing Standards.

A. General.

(1) The Commission may establish an abbreviated process for licensing an applicant who holds a valid license in another state if the Commission determines that the licensing standards of the issuing agency in the other state:

(a) Are comprehensive;

(b) Are thorough; and

(c) Provide similar safeguards to those in State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland.

(2) The Commission may not waive a requirement that:

(a) Relates to minority business enterprise participation goals and procedures established under State Government Article, §9-1E-07, Annotated Code of Maryland; or

(b) Is a requirement of SWARC under State Government Article, §9-1E-15, Annotated Code of Maryland or regulations promulgated by the SWARC.

(3) If the Commission has established an abbreviated process for licensing, the Commission may:

(a) Waive some or all of the requirements in State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland; and

(b) Issue a license to a person having a similar license from a jurisdiction described in §A(1) of this regulation.

(4) The Commission may delegate its authority to decide whether to apply an alternative licensing standard to staff.

B. Process.

(1) An applicant or licensee requesting the use of an alternative licensing requirement shall submit a written request in a format specified by the Commission and that complies with the process established by the Commission under §A of this regulation.

(2) A written request shall contain at least the following:

- (a) The state in which the applicant holds a valid sports wagering or related license;
- (b) An explanation of the unique circumstances justifying the request; and
- (c) Any other information requested by staff or the Commission.

(3) Upon receipt of a request that fails to comply with §B(1) and (2) of this regulation, staff shall notify the requestor:

- (a) Of any deficiency; and
- (b) That the waiver request will not be considered unless the identified deficiency is corrected.

C. Decision.

(1) Upon receipt of a request that complies with §B of this regulation, staff shall:

- (a) Present the request to the Commission as soon as practicable; or
- (b) If the Commission has delegated to staff the authority to decide the request, decide the request as soon as practicable.

(2) After the Commission or staff decides whether to grant the request, staff shall notify the requestor.

(3) The decision of the Commission or staff regarding an alternative licensing requirement is final and not appealable.

.13 Exemption or Waiver of License Requirement.

A. General.

(1) The Commission may grant an exemption to, or waiver of, a licensing requirement or grounds for denial of a license at the request of an applicant, if the Commission determines that the requirement or grounds for denial of a license as applied to the applicant are not necessary in order to protect the public interest or accomplish the policies established by State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland.

(2) The Commission may grant an exemption from, or waiver of, a regulatory licensing requirement, so that an applicant or licensee is not:

(a) Required to comply with a regulatory licensing requirement; or

(b) Subject to specific regulatory basis for denial of a license.

(3) The Commission may delegate to staff its authority to grant an exemption from, or waiver of, a regulatory licensing requirement.

B. Process.

(1) A person requesting an exemption or waiver under this regulation shall submit a written request in a format specified by the Commission.

(2) A written request shall contain at least the following:

(a) The COMAR section for the standard for which the applicant seeks the exemption or waiver;

(b) Detailed facts in support of the request;

(c) An explanation of the unique circumstances justifying the request; and

(d) Any other information requested by staff or the Commission.

(3) Upon receipt of an exemption or waiver request that fails to comply with §B(1) or (2) of this regulation, staff shall notify the requestor:

(a) Of any deficiency; and

(b) That the request will not be considered unless the identified deficiency is corrected.

C. Decision.

(1) Upon receipt of a request that complies with §§A and B of this regulation, staff shall:

(a) Submit the request to the Commission as soon as practicable; or

(b) If the Commission has delegated to staff the authority to decide the request, make a decision on the request as soon as practicable.

(2) At any time before or after a waiver or exemption request has been granted, the Commission may:

(a) Limit or place restrictions on the exemption or waiver as the Commission considers necessary in the public interest; and

(b) Require the applicant or licensee who is granted the exemption or waiver to:

(i) Cooperate with the Commission; and

(ii) Provide the Commission with any additional information required as a condition of the exemption or waiver.

(3) After the Commission or staff decides whether to grant or deny the request, staff shall notify the requestor of the decision.

(4) The decision of the Commission or staff regarding an exemption or waiver of a licensing requirement is final and not appealable.

.14 Bonds.

A. The Commission may require an applicant or licensee to obtain a bond before the Commission issues or renews a license.

B. The bond shall be for the benefit of the State for the faithful performance of the requirements imposed by State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland, and Commission regulations.

C. If a bond is required for a license, the Commission may not issue or renew a license unless it has:

(1) Exempted the applicant or licensee from the bond requirement; or

(2) Received satisfactory proof of a bond.

D. The Commission may apply a bond to the payment of an unpaid liability of the applicant or licensee.

E. Bond amounts and exemptions are specified in regulations that pertain to a specific license.

F. The Commission may exempt a sports wagering employee from the bond requirement if the employee is:

(1) Covered under another bond that the Commission deems adequate to protect the public interests; or

(2) Employed in a capacity for which the Commission determines the bond is not necessary

to protect the public interest.

PROPOSED

Title 36

MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY

Subtitle 10 SPORTS WAGERING PROVISIONS

Chapter 03 All Applicants and Licensees - Qualification Requirements

Authority: State Government Article, §§9-1A-02 - 9-1A-04, 9-1A-07, 9-1A-08, 9-1A-14, 9-1A-18 – 9-1A-20, 9-1A-24, 9-1A-25, and 9-1E-01 - 9-1E-15, Annotated Code of Maryland.

.01 Scope.

A. An applicant for, and a holder of, a license necessary for the State's Sports Wagering Program, shall meet the same qualification requirements for licensees that the Commission issues under State Government Article, Title 9, Subtitle 1A, Annotated Code of Maryland.

B. This chapter includes the qualification requirements, and process for the issuance of a license, for all applicants for licenses related to sports wagering that the Commission is authorized to issue under State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland.

C. Additional qualifications and license requirements may apply based on license category and are specified in succeeding chapters.

.02 Qualification Requirements.

A. The Commission may consider an applicant's qualifications if the applicant has:

- (1) Paid the applicable nonrefundable application fee;
- (2) Unless exempt, provided documentation that it has acquired the bond; and
- (3) Furnished the Commission with all required information and documentation.

B. The Commission shall determine whether an applicant has presented sufficient information, documentation, and assurances to establish the following qualification criteria by clear and convincing evidence:

- (1) The applicant's financial stability, integrity, and responsibility;
- (2) The integrity of any financial backers, investors, mortgagees, bondholders, and holders of other evidences of indebtedness that bear a relation to the application;
- (3) The applicant's good character, honesty, and integrity; and
- (4) Sufficient business ability and experience.

C. Mandatory Disqualification. The Commission shall disqualify an applicant from licensure, or find the applicant unqualified, on the basis of:

(1) Failure of the applicant to establish by clear and convincing evidence that the applicant and each person who owns or controls the applicant are qualified;

(2) Failure of the applicant or any person required to be qualified to provide information, documentation, or assurances required by or requested by the Commission or SWARC;

(3) Failure of the applicant or any person required to be qualified to reveal any fact material to qualification;

(4) Supplying, by the applicant or any person required to be qualified, information that is untrue or misleading as to a material fact concerning the qualification criteria;

(5) Conviction of the applicant or of any person required to be qualified of an offense under the laws of any jurisdiction that is a criminal offense involving moral turpitude or a gambling or sports wagering offense;

(6) Current prosecution of the applicant or a person who is required to be qualified for an offense described under §C(5) of this regulation, provided that:

(a) An applicant may request that the Commission defer its qualification decision during the pendency of the charge; and

(b) The Commission may exercise its discretion whether to defer its qualification decision during the pendency of the charge.

(7) Pursuit by the applicant or a person who is required to be qualified of economic gain in an occupational manner or context that violates a State law, if the pursuit creates a reasonable belief by the Commission that participation of the applicant in sports wagering operations would be inimical to the State's interests;

(8) Identification of the applicant or a person who is required to be qualified as a career offender or a member of a career offender cartel or an associate of a career offender or career offender cartel in a manner that creates a reasonable belief by the Commission that the association is of a nature that would be inimical to the State's interests;

(9) Commission of an act within the prior 7 years by the applicant or a person who is required to be qualified that would constitute an offense described in §C(5) of this regulation, even if the act was not, or may not be prosecuted under the criminal laws of any jurisdiction;

(10) Willful defiance by the applicant or a person who is required to be qualified of a legislative investigatory body or other official investigatory body of the United States or a

jurisdiction within the United States when the body is engaged in the investigation of crimes relating to sports wagering, gambling, official corruption, or organized crime activity; or

(11) Engaging in conduct that would bring the State into disrepute.

C. Permissive Denial.

The Commission may deny a license to an applicant or find an applicant unqualified if the applicant's application for a license related to sports wagering in another jurisdiction was denied, suspended, or revoked.

.03 Process for Issuing a License – All Applicants.

A. The Director shall designate staff to oversee the license application review process in a manner consistent with this subtitle.

B. Designated staff may determine qualifications of an applicant and issue a license without a Commission hearing.

C. Designated staff shall review a timely and complete application to determine whether it:

- (1) Contains all required information;
- (2) Meets all application and qualification requirements;
- (3) Is accompanied by all required fees; and
- (4) Unless exempt, provides evidence of a performance bond.

D. All applicants shall meet the general requirements of COMAR 36.10.02 and 36.10.03.

E. Applicants shall also meet the specific requirements of the license category for which the applicant submits an application.

F. After reviewing an application, and subject to the specific requirements of the applicant's license category, if designated staff determines that the applicant meets all applicable requirements, the designee shall issue the license, or find the applicant qualified.

G. After designated staff issues a license, the applicant may commence operations under the authority, terms, and conditions of the license.

H. If designated staff determines that the applicant does not meet all applicable requirements:

- (1) The designee shall recommend denial of the application; and

(2) The recommended denial of a license application shall follow the process described under COMAR 36.10.07.

.04 Ongoing Requirements and Continuing Obligations for All Licensees.

A. The requirements in this regulation pertain to all licensees, the failure to comply with any of these requirements may subject the licensee to enforcement action under COMAR 36.10.08.

B. Throughout the license term and any renewal, a licensee:

(1) Remains under a continuing obligation to conform to all of the information contained in their license application;

(2) Shall comply with all applicable requirements in State Government Article, Title 9, Subtitle 1-A, and Subtitle 9-1E, Annotated Code of Maryland, and the Commission's regulations.

C. A licensee shall:

(1) Comply with all State and federal data security laws; and

(2) Maintain all sports wagering data securely for at least 5 years from the date of license issuance or renewal.

D. A licensee may not:

(1) Share any personally identifiable information with any third parties without permission, except as needed to operate sports wagering and administer the licensee's obligations under State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland;

(2) Target advertising to individuals who are prohibited from participating in sports wagering and other at-risk individuals; or

(3) Engage in false or deceptive advertising.

E. A sports wagering licensee may not assign, delegate, subcontract, or transfer to another person its duties or responsibilities as a licensee without the prior approval of the Commission, except:

(1) To a related entity; or

(2) Pursuant to a transfer of its interest approved in advance by the Commission under §F of this regulation.

F. Other than an individual, a sports wagering licensee may sell or transfer an interest in the ownership of the license, if:

(1) The licensee was actively engaged in operating sports wagering authorized under its license in the State for at least 36 months from the commencement of its sports wagering operations;

(2) Before the proposed sale or transfer, the licensee submits to the Commission notification of the proposed sale or transfer; and

(3) The Commission determines that the proposed sale or transfer of an interest is consistent, and complies, with State Government Article, §§ 9-1A-18 and 9-1A-19, Annotated Code of Maryland.

G. License Forfeiture.

(1) A license is forfeited when:

- (a) The licensee ceases operations prior to the renewal of their license; and
- (b) The licensee is unable to transfer the license in accordance with §F of this regulation.

(2) A sports wagering license that has been forfeited may be reissued by the Commission using the criteria established in this subtitle.

.05 License Terms.

A. The term of an initial license is 5 years from the date of initial licensure.

B. The term of a renewal license is 5 years.

C. Staff may stagger the issuance and renewal terms of licenses.

D. At an applicant's request, staff may exempt an applicant from an application or qualification requirement, if:

(1) The applicant is applying for a license that is identical to a license the applicant already holds; and

(2) The applicant's license term of the license has not expired.

E. Staff may merge the term of a new license into the term of an existing identical license.

.06 License Renewal; Fee.

A. Unless the Commission by regulation specifies otherwise, the licensee shall submit an application for renewal to the Commission at least 6 months before the license expires.

B. The Commission shall renew the license if the licensee:

(1) Establishes, by clear and convincing evidence, that the licensee meets applicable license qualification requirements;

(2) Submits to a background investigation as required by the Commission;

(3) Reimburses the Commission for all costs associated with the background investigation;
and

(4) Pays the required license renewal fee.

C. The renewal fee is based on license category and is specified in succeeding chapters.

Title 36

MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY

Subtitle 10 SPORTS WAGERING PROVISIONS

Chapter 04 Specific Requirements for Sports Wagering Facility Licensees

Authority: State Government Article, §§9-1E-01 - 9-1E-15, Annotated Code of Maryland.

.01 General.

A. The Commission may issue a sports wagering license that is a:

- (1) Class A-1;
- (2) Class A-2;
- (3) Class B-1; or
- (4) Class B-2.

B. Unless a person holds a valid sports wagering facility license awarded by the SWARC and issued by the Commission, the person may not conduct, offer, or operate in-person sports wagering at a location in the State.

C. COMAR 36.10.04 contains the Commission's sports wagering facility licensing requirements for a person that offers and conducts sports wagering at premises it owns, leases, or occupies.

D. Except as designated in Business Regulation Article, §11-524, Annotated Code of Maryland, a sports wagering facility license authorizes the licensee to conduct, offer, or operate sports wagering at a single facility in the State.

E. The Commission shall issue a license to a person covered in this chapter, on an award of a license by the Sports Wagering Application Review Commission to an applicant that meets the requirements for licensure under State Government Article Title 9, Subtitle 1E, Annotated Code of Maryland.

F. A sports wagering license issued by the Commission authorizes the licensee to, within the scope of its license, conduct or operate sports wagering under State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland, and the Commission's regulations.

.02 Process for Obtaining a Sports Wagering Facility License.

A. An applicant for a sports wagering license shall submit an application to:

(1) The SWARC in a format and time specified by the SWARC; and

(2) As specified in COMAR 36.10.02, the Commission.

B. If an application submitted to the Commission is timely and complies with the requirements in COMAR 36.10.02, the Commission staff shall:

(1) Determine whether the applicant meets qualification requirements as described in COMAR 36.10.03 including any license category specific requirements and qualifications; and

(2) Notify the SWARC of the Commission's qualification determination.

C. The SWARC may not award a license to an applicant that the Commission has found not qualified.

D. After the Commission notifies SWARC that it has determined an applicant is qualified, the SWARC shall:

(1) Evaluate an applicant for license award; and

(2) Notify the Commission of its license award decision.

E. The Commission may not issue a sports wagering license to an applicant until SWARC has notified the Commission that it has awarded a license to the applicant.

F. After SWARC awards a license, the applicant is an awardee.

G. Commission staff shall determine whether the awardee has met applicable technical and operational requirements in this chapter for a Class A-1, A-2, B-1, or B-2 sports wagering facility license, and determine whether it meets the Commission's requirements for:

(1) Payment of the application fee in the amount specified for the license category;

(2) Evidence of a bond in the amount specified for the license category;

(3) Fees and qualification requirements under COMAR 36.10.02 and COMAR 36.10.03;

(4) Hours of operation;

(5) Facility specifications;

(6) Applicable zoning laws under State Government Article, §9-1E-03, Annotated Code of Maryland;

- (7) Internal controls under COMAR 36.10.13;
- (8) Sports wagering system platform;
- (9) Sports wagering equipment;
- (10) Sports wagering operations;
- (11) Types of sporting event wagers to be offered;
- (12) Testing and controlled demonstrations;

(13) Unless the awardee already has a collective bargaining agreement, the awardee's labor peace agreement as required under State Government Article, §9-1E-07(e)(6)(v), Annotated Code of Maryland;

(14) Awardee's employees are:

- (a) Licensed as sports wagering employees; and
- (b) Trained in the performance of their responsibilities;

(15) Awardee's and facility's preparations to receive the public and conduct safe and secure sports wagering; and

(16) Awardee has complied with any additional pre-opening conditions imposed by the Commission.

H. If Commission staff determines that the awardee meets the requirements of §G of this regulation, staff shall issue the license.

I. Renewal.

(1) A sports wagering facility licensee may apply for renewal by submitting a renewal application as specified in this chapter.

(2) The renewal fee for a sports wagering facility license is the amount equal to 1 percent of the licensee's average annual proceeds from sports wagering for the preceding 3-year period, less any proceeds the licensee remitted in accordance with State Government Article, § 9-1E-12, Annotated Code of Maryland.

.03 Class A-1 Sports Wagering Facility License.

A. The Commission shall issue a Class A-1 Sports Wagering Facility License to an applicant that meets all applicable licensing requirements under State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland, and the Commission's regulations.

B. A Class A-1 Sports Wagering Facility License may only be issued to;

(1) A video lottery operator with more than 1,000 video lottery terminals;

(2) For a stadium in Prince George's County that is primarily used for professional football (NFL), a license applicant that is:

(a) The owner; or

(b) The designee, if the applicant designated an entity to hold the license.

(3) The owner, or the designee of the owner, of a professional football franchise that is a lessee of a stadium in Baltimore City;

(4) The owner, or the designee of the owner, of a professional major league baseball franchise that is a lessee of a stadium in Baltimore City;

(5) The owner, or the designee of the owner, of a professional hockey league franchise, that is a lessee of a stadium in the State;

(6) The owner, or the designee of the owner, of a professional basketball association franchise, that is a lessee of a stadium in the State; or

(7) The owner, or the designee of the owner, of a professional soccer league franchise, that is a lessee of a stadium in the State.

C. The non-refundable application fee for a Class A-1 sports wagering facility is \$2,000,000.

D. The bond for a Class A-1 sports wagering facility license is \$6,000,000.

.04 Class A-2 Sports Wagering Facility License.

A. The Commission shall issue a Class A-2 Sports Wagering Facility License to an applicant that meets all applicable licensing requirements under State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland, and the Commission's regulations.

B. A Class A-2 Sports Wagering Facility License may only be issued to;

(1) Video lottery operator with 1,000 or fewer video lottery terminals; or

(2) Horse racing licensee under Business Regulation Article, 11-510(b) that is licensed by the Racing Commission to hold racing at:

(a) A race track located at Laurel Park; or

(b) Pimlico Race Course.

C. The nonrefundable application fee for a Class A-2 sports wagering facility license is \$1,000,000.

D. The bond for a Class A-2 sports wagering facility license is \$3,000,000.

.05 Class B-1 Sports Wagering Facility License.

A. The Commission shall issue a Class B-1 sports wagering facility license to an applicant that:

(1) Meets all applicable licensing requirements under State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland, and the Commission's regulations; and

(2) Is not eligible for a Class B-2 sports wagering facility license under State Government Article, § 9-1E-06(a)(iv), Annotated Code of Maryland.

B. The Class B-1 sports wagering facility license is one license category of the 30 licenses the Commission may issue to Class B-1 or Class B-2 sports wagering facility applicants under State Government Article, §9-1E-06(a)(2)(ii), Annotated Code of Maryland.

C. The nonrefundable application fee for a Class B-1 sports wagering facility license is \$250,000.

D. The bond for a Class B-1 sports wagering facility license is \$750,000.

.06 Class B-2 Sports Wagering Facility License.

A. The Commission shall issue a Class B-2 sports wagering facility license to an applicant that meets all applicable licensing requirements under State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland, and the Commission's regulations, and has less than either:

(1) 25 full-time equivalent employees; or

(2) \$3,000,000 in annual aggregate gross receipts of the applicant's businesses.

B. The nonrefundable application fee for a Class B-2 sports wagering facility license is \$50,000.

C. The bond for a Class B-2 sports wagering facility license is \$150,000.

.07 Class B-1 and B-2 Sports Wagering Facility Licenses.

A. The Commission shall issue a Class B-1 or B-2 sports wagering facility license to an applicant that meets all applicable licensing requirements under State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland, and the Commission's regulations, and is:

(1) The holder of a license issued by the State Racing Commission to the Maryland State Fair Society to hold a race meeting specified under Business Regulation Article, § 11-524, Annotated Code of Maryland:

(a) Known as the Maryland State Fair and Agricultural Society, Inc.; or

(b) A subsidiary of the license holder;

(2) Unless a satellite simulcast facility is located at a video lottery facility or a racetrack, a person who is the owner or lessee of a satellite simulcast facility that was granted a permit for satellite simulcast betting before January 1, 2021;

(3) A person who holds a commercial bingo license, if the facility at which the person operates commercial bingo was permitted to operate at least 200 electronic bingo machines or electronic tip jar machines on January 1, 2021, who is:

(a) Arundel Amusement, Inc. T/A Bingo World; or

(b) Chesapeake Amusements, Inc. d/b/a Rod N Reel Bingo; and

B. A person that is operating at the racing location at Fair Hill, under Business Regulation Article, Title 11, Subtitle 7, Annotated Code of Maryland, on lands owned by the Department of Natural Resources may apply for a Class B license.

(1) The person that applies for the license shall be a:

(a) For-profit entity;

(b) Nonprofit organization; or

(c) Public-private partnership.

(2) If the Commission issues the persona sports wagering facility license, the licensee may only accept wagers in the facility's special event zone.

C. Not including the Class B-1 and Class B-2 licenses that shall be issued under §A of this regulation, the Commission may issue no more than a cumulative total of 30 Class B-1 and B-2 sports wagering facility licenses described under State Government Article, § 9-1E-06(a)(2)(ii), Annotated Code of Maryland:

D. The Commission shall deny an application for any of the 30 Class B-1 and Class B-2 described in §C of this regulation to an applicant:

(1) Who is eligible to apply for a Class A-1 or A-2 sports wagering facility license;

(2) Who holds a Class A-1 or A-2 sports wagering facility license; or

(3) Whose sports wagering facility would be located:

(a) Within a 15-mile radius of a Class A-1 or A-2 sports wagering facility located in Allegany County, Cecil County, or Worcester County; or

(b) In a county other than Allegany County, Cecil County, or Worcester County, within a 1.5-mile radius of a Class A-1 or A-2 sports wagering facility; or

(c) Within a 1.5-mile radius of any other Class B-1 or B-2 sports wagering facility.

.08 In-person Wagering at Sports Wagering Facilities.

A. A sports wagering facility licensee may accept a wager made by an individual who is physically present at the sports wagering facility at a betting window or by a runner.

B. A sports wagering facility licensee may accept a wager made by an individual who is physically present at a sports wagering facility on sports wagering equipment that is a self-service device approved by the Commission including a:

(1) Kiosk;

(2) Machine; or

(3) Other device.

C. Unless a sports wagering facility licensee has obtained a mobile sports wagering license, a sports wagering licensee:

(1) May offer or conduct only in-person wagering on its premises; and

(2) May conduct sports wagering at its facility, or otherwise on its premises, by using an in-house WiFi network only on devices provided by the sports wagering licensee for use on the gaming or wagering floor.

D. A sports wagering facility licensee may apply for a mobile sports wagering license.

.09 Ongoing Requirements for All Sports Wagering Facility Licensees.

A. Local zoning laws.

(1) Except as provided in §A(2) of this regulation, a sports wagering facility is subject to local zoning laws.

(2) The use of a facility for sports wagering is not required to be submitted to, or approved by, a county or municipal zoning board, authority, or unit if, on May 18, 2021, it was properly zoned and operating:

- (a) A video lottery facility;
- (b) Pari-mutuel betting on horse racing; or
- (c) Electronic bingo or electronic tip jar machines.

B. A sports wagering facility licensee shall:

- (1) Comply with all State and federal data security laws; and
- (2) Maintain all sports wagering data securely for at least 5 years from date of licensure or most recent renewal.

C. A sports wagering facility shall conduct wagering only during the hours approved by the Commission.

D. Except as provided in 36.10.04.10, after prior written notification to, and approval by, the Commission, a sports wagering facility licensee may contract with a sports wagering facility operator licensee to operate its sports wagering facility.

.10 Video Lottery Operator as Sports Wagering Facility Operator.

A. A sports wagering facility licensee that is a stadium described under State Government Article, §9-1E-09(a)(1)(iii), Annotated Code of Maryland, may contract with a video lottery operator, or its affiliate or subsidiary, to provide sports wagering operation services at the stadium.

B. Subject to notification and approval requirements of COMAR 36.10.04.09.D, a video lottery operator, or its affiliate or subsidiary, described in §A of this regulation may only be a sports wagering facility operator, if it operates a video lottery facility in the same county as the stadium.

.11 Minority Business Enterprise Participation Goals and Reporting Requirements.

A. These requirements pertain to all sports wagering facility licensees.

B. In this regulation, “license” and “licensee” refers to the sports wagering facility licensee.

C. If a licensee contracts with a sports wagering facility operator licensee to conduct its sports wagering operations, the licensee remains responsible for compliance with the requirements in this regulation.

D. On or before 6 months after the Commission issues a license, the Governor's Office of Small, Minority, and Women Business Affairs, in consultation with the Office of the Attorney General and the licensee, shall establish a clear plan for setting reasonable and appropriate minority business enterprise participation goals and procedures for the procurement of goods and services related to sports wagering, including procurement of construction, equipment, and ongoing services.

E. The licensee shall provide all information required by the Governor's Office of Small, Minority, and Women Business Affairs, the Office of the Attorney General, and the Commission.

F. To the extent practicable and authorized by the United States Constitution, a licensee shall comply with the State's Minority Business Program.

G. Annual Required Reporting.

(1) On or before July 1 of each year, a licensee shall report to the Commission:

- (a) The number of minority and women owners of the licensee;
- (b) The ownership interest of any minority and women owners of the licensee;
- (c) The number of minority and women employees of the licensee;
- (d) The number of current contracts the licensee has with minority-owned and women-owned subcontractors; and
- (e) Any other information the Commission requires.

(2) Or before September 1 of each year, all licensees shall report to the Commission the following, broken down by categories defined by the Commission:

- (a) The operation of sports wagering in the State; and
- (b) Sports wagering revenues from the immediately preceding fiscal year, including:
 - (i) Handle;
 - (ii) Hold;
 - (iii) Hold percentage; and
 - (iv) Proceeds.

H. December 1, 2025 Report to the General Assembly.

(1) The Commission is required to submit a report concerning licenses and mobile sports wagering licenses, the subject of which includes:

(a) The racial, ethnic, gender, and geographic diversity of Class B-1 and B-2 licensees and mobile sports wagering licensees;

(b) The level of market saturation of sports wagering in the State; and

(c) Whether the number of Class B-1 and B-2 sports wagering facility licenses and mobile sports wagering licenses that may be issued should be increased.

(2) In order to carry out the requirements of §H(1), licensees shall provide information requested by the Commission on or before June 1, 2025.

Title 36

MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY

Subtitle 10 SPORTS WAGERING PROVISIONS

Chapter 05 Specific Requirements for Mobile Sports Wagering Licenses

Authority: State Government Article, §§9-1E-01 - 9-1E-15, Annotated Code of Maryland.

.01 General.

A. The Commission shall issue a mobile sports wagering license to an applicant that meets all applicable licensing requirements under State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland, and the Commission's regulations.

B. Unless a person holds a valid mobile sports wagering license awarded by the Sports Wagering Application Review Commission and issued by the Commission, the person may not conduct, offer, or operate online sports wagering in the State.

C. A mobile sports wagering license issued by the Commission authorizes the licensee to, within the scope of its license, conduct or operate online sports wagering under State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland, and the Commission's regulations.

D. An applicant for or holder of a Class A-1, A-2, B-1, or B-2 sports wagering facility license may apply for a mobile sports wagering license.

E. The non-refundable application fee for a mobile sports wagering license is \$500,000.

F. The bond for a mobile sports wagering license is \$1,500,000.

.02 Process for Obtaining a Mobile Sports Wagering License.

A. An applicant for a mobile sports wagering license shall submit an application to:

- (1) The SWARC in the format and time specified by the SWARC; and
- (2) As specified in COMAR 36.10.02, the Commission.

B. If an application submitted to the Commission is timely and complies with the requirements in COMAR 36.10.02, the Commission staff shall:

(1) Determine whether the applicant meets qualification requirements as described in COMAR 36.10.03, and this chapter; and

(2) Notify the SWARC of the Commission's qualification determination.

C. The SWARC may not award a license to an applicant that the Commission has found not qualified.

D. After the Commission notifies SWARC that it has determined an applicant is qualified, the SWARC shall:

(1) Evaluate an applicant for license award; and

(2) Notify the Commission of its license award decision.

E. The Commission may not issue a mobile sports wagering license to an applicant until SWARC has notified the Commission that it has awarded a license to the applicant.

F. After SWARC awards a license, the applicant is an awardee.

G. Commission staff shall determine whether the awardee has met applicable technical and operational requirements in this chapter for a mobile sports wagering license, and determine whether it meets the Commission's requirements for:

(1) Payment of the application fee of \$500,000;

(2) Evidence of a bond in the amount of \$1,500,000;

(3) Fees and qualification requirements under COMAR 36.10.02 and COMAR 36.10.03;

(4) Hours of operation;

(5) Technical specifications;

(6) Internal controls under COMAR 36.10.13;

(7) Sports wagering system platform;

(8) Sports wagering equipment;

(9) Sports wagering data information center;

(10) Sports wagering operations;

(11) Types of sporting event wagers to be offered;

(12) Testing and controlled demonstrations;

(13) Awardee's employees are:

(a) Licensed as sports wagering employees; and

(b) Trained in the performance of their responsibilities;

(14) Awardee's preparations to conduct safe and secure sports wagering; and

(15) Awardee has complied with any additional pre-commencement conditions imposed by the Commission.

H. If Commission staff determines that the awardee meets the requirements of §G of this regulation, staff shall issue the license.

I. Renewal.

(1) A mobile sports wagering licensee may apply for renewal, and the Commission may renew the license if the licensee:

(a) Submits an application for renewal to the Commission at least 6 months before the mobile sports wagering licensee's license expires;

(b) Continues to comply with all licensing requirements;

(c) Submits to a background investigation under COMAR 36.10.02, and pays all associated fees; and

(d) Pays a license renewal fee.

(2) The renewal fee for a mobile sports wagering license is the amount equal to 1 percent of the licensee's average annual gross sports wagering revenues proceeds from sports wagering for the preceding 3-year period, less any proceeds the licensee remitted in accordance with State Government Article, § 9-1E-12, Annotated Code of Maryland.

.03 In-State Wagering Through a Mobile Sports Wagering Licensee.

A. A mobile sports wagering licensee may accept wagers from bettors on sporting events that are made exclusively through online sports wagering by an individual physically located in the State.

B. To participate in online sports wagering, an individual shall register:

(1) If the mobile sports wagering licensee is also a sports wagering facility licensee, in person at a facility or location identified in §9-1E-09(a)(1); or

- (2) Online, using a website or mobile application approved in advance by the Commission.

.04 Ongoing Requirements for a Mobile Sports Wagering Licensee.

A. A mobile sports wagering licensee shall:

(1) Use technical and operational measures to prevent access to its online wagering by individuals who are underage or physically located outside the State, including:

(a) Age verification procedures, which may require the use of a third party acceptable to Commission staff that is in the business of verifying an individual's personally identifiable information; and

(b) Geolocation technology to accurately verify a bettor's geographic location within the State as determined by MD iMAP, Maryland's Mapping & GIS Data Portal;

(2) Include on its sports wagering website a description of the possible consequences for unauthorized wagering by an:

(a) Underage bettor; or

(b) Out-of-state bettor;

(3) Provide a description of consequences required under §A(2) of this regulation, which may include:

(a) Immediate stoppage of play;

(b) Account closure; and

(c) Forfeiture and confiscation of winnings or unredeemed items;

(4) Establish procedures to prevent excluded individuals from engaging in wagering activity or being paid winnings as provided in COMAR 36.10.10 and COMAR 36.10.11;

(5) Comply with all State and federal data security laws; and

(6) Maintain all sports wagering data securely for at least 5 years from date of licensure or most recent renewal.

B. A mobile sports wagering licensee may enter into a contract with only one online sports wagering operator at a time.

(1) For purposes of enforcing the limitation, the Commission shall treat all mobile sports wagering licensees that are related entities as the single mobile sports wagering licensee.

(2) Except for a person conducting testing of a licensee's online sports wagering system, as required by the Commission, only a person to which the Commission has issued a mobile sports wagering license, or an online sports wagering operator license with which the mobile sports wagering licensee has a current contract, may access the online sports wagering operating system or associated equipment.

C. Only a mobile sports wagering licensee, or its licensed online sports wagering operator, may operate or offer online sports wagering on behalf of the mobile sports wagering licensee.

.05 Minority Business Enterprise Participation Goals and Reporting Requirements.

A. These requirements pertain to all mobile sports wagering licensees.

B. In this regulation, "license" and "licensee" refers to the mobile sports wagering licensee.

C. If a licensee contracts with an online sports wagering operator licensee to conduct its mobile sports wagering operations, the licensee remains responsible for compliance with the requirements in this regulation.

D. On or before 6 months after the Commission issues a license, the Governor's Office of Small, Minority, and Women Business Affairs, in consultation with the Office of the Attorney General and the licensee, shall establish a clear plan for setting reasonable and appropriate minority business enterprise participation goals and procedures for the procurement of goods and services related to sports wagering, including procurement of construction, equipment, and ongoing services.

E. The licensee shall provide all information required or requested by the Governor's Office of Small, Minority, and Women Business Affairs, the Office of the Attorney General, and the Commission.

F. To the extent practicable and authorized by the United States Constitution, a licensee shall comply with the State's Minority Business Program.

G. Annual Required Reporting.

(1) On or before July 1 of each year, a licensee shall report to the Commission:

(a) The number of minority and women owners of the licensee;

(b) The ownership interest of any minority and women owners of the licensee;

(c) The number of minority and women employees of the licensee;

(d) The number of current contracts the licensee has with minority- and women-owned subcontractors; and

(e) Any other information the Commission requires.

(2) Or before September 1 of each year, all licensees shall report to the Commission the following data, broken down by categories defined by the Commission:

(a) The operation of sports wagering in the State; and

(b) Sports wagering revenues from the immediately preceding fiscal year, including:

(i) Handle;

(ii) Hold;

(iii) Hold percentage; and

(iv) Proceeds.

H. December 1, 2025 Report to the General Assembly.

(1) The Commission is required to submit a report concerning licenses and sports wagering facility licenses, the subject of which includes:

(a) The racial, ethnic, gender, and geographic diversity of licensees and Class B-1 and B-2 sports facility licensees;

(b) The level of market saturation of sports wagering in the State; and

(c) Whether the number of licenses and Class B-1 and B-2 sports wagering facility licenses that may be issued should be increased.

(2) In order to carry out the requirements of §H(1), licensees shall provide information requested by the Commission on or before June 1, 2025.

Title 36

MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY

Subtitle 10 SPORTS WAGERING PROVISIONS

Chapter 06 Specific Requirements for Other Licenses Required for Sports Wagering

Authority: State Government Article, §§9-1E-01 - 9-1E-15, Annotated Code of Maryland.

.01 Scope.

A. This Chapter contains the licensing requirements for a person in a licensing category in State Government Article, §9-1E-05(a)(2), (3), or (4), and (b), Annotated Code of Maryland.

B. The Commission may issue a license to a person covered in this chapter without requiring an applicant to submit an application to, or be awarded a license by, the SWARC.

C. Unless context dictates otherwise, applicants and licensees under COMAR 36.10.06 are subject to, and shall comply with, the processes and requirements in:

(1) COMAR 36.10.02; and

(2) COMAR 36.10.03.

D. The Commission may issue a license that is:

(1) An online sports wagering operator;

(2) A sports wagering facility operator;

(3) A sports wagering contractor; or

(4) A sports wagering employee.

.02 Online Sports Wagering Operator License.

A. Unless a person holds a valid online sports wagering operator license issued by the Commission, the person may not conduct, offer, or operate online sports wagering on behalf of a mobile sports wagering licensee.

B. The Commission may issue an online sports wagering operator license to an applicant that meets all applicable licensing requirements for a mobile sports wagering licensee under State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland, and the Commission's regulations.

C. An online sports wagering operator license authorizes a licensee to contract with a mobile sports wagering licensee to conduct online sports wagering on behalf of the mobile sports wagering licensee.

D. An applicant for an online sports wagering operator license shall:

(1) Pay a nonrefundable application fee of \$25,000;

(2) Provide evidence of a performance bond in the amount of \$1,500,000;

(3) If not covered under the online sports wagering licensee's performance bond for which the online sports wagering licensee is conducting sports wagering, obtain the same bond amount that is required for that online sports wagering licensee class as provided in Chapter .05 of this subtitle;

(4) Meet all license application requirements under COMAR 36.10.02; and

(5) Meet all qualification requirements under COMAR 36.10.03.

E. In this regulation, "license", "licensee" and "applicant" refers to the online sports wagering operator licensee or applicant.

F. Commission staff shall determine whether the applicant has met applicable technical and operational requirements for a license, and determine whether it meets the Commission's requirements for:

(1) Payment of the application fee as set forth in §D of this regulation;

(2) Evidence of a bond in the amount as set forth in §D of this regulation;

(3) Fees and qualification requirements under COMAR 36.10.02 and COMAR 36.10.03;

(4) Hours of operation;

(5) Technical specifications;

(6) Internal controls under COMAR 36.10.13;

(7) Sports wagering system platform;

(8) Sports wagering equipment;

(9) Sports wagering data information center;

(10) Types of sporting event wagers to be offered;

(11) Testing and controlled demonstrations;

(12) Applicant's employees are:

(a) Licensed as sports wagering employees; and

(b) Trained in the performance of their responsibilities;

(13) Applicant's preparations to conduct secure sports wagering; and

(14) Applicant has complied with any additional pre-commencement conditions imposed by the Commission.

G. Commission staff may issue a license to an applicant it has determined is qualified under §F of this regulation.

H. Application for an Additional Online Sports Wagering Operator License.

(1) An online sports wagering operator may conduct online sports wagering on behalf of more than one mobile sports wagering licensees.

(2) For an online sports wagering operator that applies for a second, or successive, license with a different mobile sports wagering licensee within the term of an existing license that is in good standing, the applicant shall submit an application to the Commission.

(3) The Commission's approval of the online sports operator's qualifications is valid for 5 years from the date the Commission issued the previous existing online sports wagering operator license; and

(4) Staff may issue additional online sports wagering operator licenses to a qualified licensee.

I. Renewal.

An online sports wagering operator license may be renewed by the Commission if the licensee:

(1) Submits an application for renewal to the Commission at least 1 year before the license expires;

(2) Continues to comply with all licensing requirements;

(3) Submits to a background investigation under COMAR 36.10.02, and pays all associated fees; and

(4) Pays a license renewal fee of \$25,000.

.03 Sports Wagering Facility Operator License.

A. Unless a person holds a valid sports wagering facility operator license issued by the Commission, the person may not conduct, offer, or operate sports wagering at a sports wagering facility on behalf of a sports wagering facility licensee under State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland.

B. The Commission may issue a sports wagering facility operator license to an applicant that meets all applicable licensing requirements for a sports wagering facility under State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland and the Commission's regulations.

C. A sports wagering facility operator license authorizes a licensee to contract with a sports wagering facility licensee to conduct, offer, or operate sports wagering at a sports wagering facility on behalf of a sports wagering facility licensee.

D. An applicant for sports wagering facility operator license shall:

(1) Pay a nonrefundable application fee of \$25,000;

(2) If not covered under the sports wagering facility licensee's performance bond for which the sports wagering facility operator licensee is conducting sports wagering, obtain the same bond amount that is required for that sports wagering facility license class as provided in Chapter .04 of this subtitle;

(3) Meet all license application requirements under COMAR 36.10.02; and

(4) Meet all qualification requirements under COMAR 36.10.03.

E. In this regulation, "license", "licensee" and "applicant" refers to the sports wagering facility operator licensee or applicant.

F. Commission staff shall determine whether the applicant has met applicable technical and operational requirements, and determine whether it meets the Commission's requirements for:

(1) Payment of the application fee as set forth in §D of this regulation;

(2) Evidence of a bond in the amount as set forth in §D of this regulation;

(3) Fees and qualification requirements under COMAR 36.10.02 and COMAR 36.10.03;

(4) Hours of operation;

(5) Technical specifications;

(6) Internal controls under COMAR 36.10.13;

- (7) Sports wagering system platform;
- (8) Sports wagering equipment;
- (9) Sports wagering operations;
- (10) Types of sporting event wagers to be offered;
- (11) Testing and controlled demonstrations;
- (12) Applicant's employees are:
 - (2) Licensed as sports wagering employees; and
 - (3) Trained in the performance of their responsibilities;
- (13) Applicant's preparations to conduct secure sports wagering; and
- (14) Applicant has complied with any additional pre-commencement conditions imposed by the Commission.

G. Commission staff may issue a license to an applicant it has determined is qualified under §F of this regulation.

H. A sports wagering facility operator licensee:

- (1) Is subject to all the requirements for the sports wagering facility licensee for which it operates sports wagering; and
- (2) May perform for a sports wagering facility licensee:
 - (a) The same operations and functions that the sports wagering facility licensee is authorized to perform; and
 - (b) Only at the facility where the sports wagering facility licensee is authorized to offer sports wagering.

I. Application for an Additional Sports Wagering Facility Operator License.

- (1) A sports wagering facility operator may apply for a license to be a sports wagering facility operator for more than one sports wagering facility licensees.
- (2) A licensee that applies to be an operator for more than one sports wagering facility licensee shall submit an application to the Commission.
- (3) If the existing sports wagering facility operator license term is not expired, staff may:

(a) Allow the sports wagering facility operator to submit an abbreviated license application in a form specified by the Commission;

(b) Use the background investigation of the licensee's existing license to qualify the sports wagering facility operator for a subsequent operator license; and

(c) If no problems are identified, issue an additional license without necessity of a qualification hearing.

J. Renewal.

A licensee that has one sports wagering facility operator license may be renewed by the Commission if the licensee:

(1) Submits an application for renewal to the Commission at least 1 year before the license expires;

(2) Continues to comply with all licensing requirements;

(3) Submits to a background investigation under COMAR 36.10.02; and

(4) Pays a license renewal fee of \$25,000.

.04 Sports Wagering Contractor Licenses.

A. In this regulation, "license", "licensee" and "applicant" refers to the sports wagering contractor licensee or applicant.

B. Unless a person holds a valid sports wagering contractor license issued by the Commission, the person may not conduct, offer, or operate sports wagering contractor services for a sports wagering licensee under State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland.

C. The Commission may issue a sports wagering contractor license to an applicant that meets all applicable licensing requirements for a sports wagering contractor under State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland and the Commission's regulations.

D. If a sports wagering licensee under State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland engages a person to provide services as a sports wagering contractor, the person shall meet the requirements of this regulation.

E. A sports wagering contractor license authorizes a licensee to contract with a sports wagering licensee to conduct, offer, or operate sports contractor services for a sports wagering licensee.

F. All sports wagering contractor applicants and licensees shall meet the license requirements specified for a sports wagering contractor in State Government Article, Title 9, Subtitle 1A, Annotated Code of Maryland, and COMAR 36.03.02.14, and unless context dictates otherwise:

- (1) COMAR 36.10.02;
- (2) COMAR 36.10.03; and
- (3) This regulation.

G. Application and License Fees.

- (1) For a Tier 1 sports wagering contractor, the:
 - (a) Application fee is \$1,500;
 - (b) License fee is \$2,500; and
 - (c) Background investigation deposit is \$2,000.
- (2) For a Tier 2 sports wagering contractor, the:
 - (a) Application fee is \$750; and
 - (b) License fee is \$800; and
 - (c) Background investigation deposit is \$2,000.

H. Renewal. The Commission may renew the license if the licensee:

- (1) Submits an application for renewal to the Commission at least one year before the license expires;
- (2) Continues to comply with all licensing requirements;
- (3) Submits to a background investigation under COMAR 36.10.02; and
- (4) Pays a license renewal fee.

I. Exemptions from Certain Requirements. A sports wagering contractor is exempt from:

- (1) If a sports wagering contractor is covered by the performance bond of the sports wagering licensee with which it contracts, bond requirements; and

(2) Unless the sports wagering contractor is engaged under a management agreement, or as a lessee or tenant, labor peace agreement requirements under State Government Article, §9-1E-07(6)(e)(v), Annotated Code of Maryland.

J. If a sports wagering contractor is not covered by the performance bond of the sports wagering licensee with which it contracts, the Commission may require a performance bond in an amount that relates to the work performed by the sports wagering contractor.

.05 Sports Wagering Employee Licenses.

A. Unless a person holds a valid sports wagering employee license issued by the Commission, the person may not be employed by a licensed sports wagering facility operator, mobile sports wagering licensee, sports wagering facility operator, online mobile sports wagering operator, or sports wagering contractor to perform functions or provide services related to sports wagering under State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland.

B. The Commission may issue a sports wagering employee license to an applicant that meets all applicable licensing requirements for a sports wagering employee under State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland and the Commission's regulations.

C. A sports wagering employee license authorizes a licensee to contract with a sports wagering licensee to conduct or offer the services of a sports wagering contractor to a sports wagering licensee.

D. All sports wagering employee applicants and licensees shall meet the license requirements specified for a sports wagering employee in this regulation.

E. Categories of Sports Wagering Employee Licenses.

(1) The Commission may issue a sports wagering employee license that is a:

- (a) Principal employee license;
- (b) Wagering employee license;
- (c) Non-wagering employee license;
- (d) Temporary principal employee license; or
- (e) Temporary wagering employee license.

(2) The Commission may issue a sports wagering employee license to an individual who has, or has had on their behalf:

- (a) Paid all required application and license fees;

- (b) Submitted a completed license application to the Commission;
- (c) Provided all personal and background information required under COMAR 36.10.02 and 36.10.03;
- (d) Provided all documentation required by the Commission;
- (e) Executed the consent for investigation required under COMAR 36.10.02;
- (f) Received at least a conditional offer of employment as a sports wagering employee from a licensed sports wagering facility, mobile sports wagering licensee, online sports wagering operator, sports wagering facility operator, or sports wagering contractor;
- (g) For an applicant for a non-wagering employee license, documented that the applicant has obtained an offer of at least conditional employment from a licensed sports wagering facility, mobile sports wagering licensee, online sports wagering operator, sports wagering facility operator, or sports wagering contractor, and that the employer, or potential employer, has:
 - (i) Obtained a bond if required under COMAR 36.10.04, COMAR 36.10.05, or COMAR 36.10.06; and
 - (ii) Performed, at a minimum, a Social Security database check, criminal history check, employment verification, and national database search; and
- (h) Demonstrated that within the 365 days before the application is submitted, the applicant has not served as a Commission member or been employed by the Agency; and
- (i) Provided the Commission with sufficient information, documentation, and assurances to establish, by clear and convincing evidence, that the individual:
 - (i) Meets the qualification requirements in COMAR 36.10.03; and
 - (ii) Is otherwise qualified for a sports wagering employee license.

F. Application and License Fees.

- (1) For a principal employee, \$5,287.25, of which the:
 - (a) Application fee is \$2,500;
 - (b) License fee is \$750;
 - (c) Refundable advance deposit for the administrative costs of conducting the background investigation \$2,000; and
 - (d) Required fee for conducting a criminal history records check specified in COMAR

36.10.02 is \$37.25.

(2) For a wagering employee, \$437.25, of which the:

(a) Application fee is \$250;

(b) License fee is \$150; and

(c) Required fee for conducting a criminal history records check specified in COMAR 36.10.02 is \$37.25.

(3) For a non-wagering employee, \$187.25, of which the:

(a) Application fee is \$50;

(b) License fee is \$100; and

(c) Required fee for conducting a criminal history records check specified in COMAR 36.10.02, which is \$37.25.

.06 Employment of a Sports Wagering Employee.

A. A sports wagering employee license authorizes the licensee to be employed in the State as a:

(1) Principal employee;

(2) Wagering employee; or

(3) Non-wagering employee.

B. A sports wagering employee may be employed concurrently or consecutively by more than one sports wagering facility, mobile sports wagering licensee, online sports wagering operator, sports wagering facility operator, or sports wagering contractor while the individual's license is in good standing.

C. If a sports wagering employee becomes employed by a video lottery operator as a video lottery employee and will perform work that is comparable to work the individual is authorized to perform as a sports wagering employee, then the individual is not required to file an application for a video lottery employee license provided the individual's license is in good standing.

D. A sports wagering employee's employment with more than one employer does not change the individual's five-year license term.

E. A sports wagering employee shall submit a report to the Commission of any change in the individual's employment status:

- (1) As soon as practicable before the change;
- (2) In a form or format specified by the Commission; and
- (3) As provided in COMAR 36.10.02.03.D.

.07 Restrictions on Wagering.

A. A sports wagering employee may not engage in sports wagering, or receive winnings from:

- (1) A sports wagering facility:
 - (a) Where the individual is employed or assigned to work; or
 - (b) That is operated, owned, or controlled by the individual's employer;
- (2) Using a mobile application that is owned, operated, maintained, repaired, or otherwise serviced, by the individual's employer; or
- (3) A video lottery facility where the individual is employed or assigned to work that:
 - (a) The Commission has licensed as a sports wagering facility; or
 - (b) That is operated as a sports wagering facility by a sports wagering facility operator licensee.

B. A video lottery facility employee who is employed as sports wagering employee is subject to the restrictions in:

- (1) §A(1) of this regulation; and
- (2) COMAR 36.03.02.12.F.

.08 Renewal.

A. Except for a temporary licensee, the Commission may renew the sports wagering employee license if, before expiration of the term of the license, the licensee:

- (1) Applies for renewal and pays the renewal fee in §B of this regulation;
- (2) Continues to comply with all licensing requirements;
- (3) Maintains employment as a sports wagering employee;
- (4) Submits to a background investigation under COMAR 36.10.02; and

(5) Pays the background investigation fee required in COMAR 36.10.02.

B. The fee required for the Commission to process a licensing renewal is:

(1) For a principal employee, \$2,787.25, of which the:

(a) License fee is \$750;

(b) Refundable advance deposit for administrative costs of conducting the applicant's background investigation is \$2,000; and

(c) Required fee for conducting a criminal history records check is \$37.25.

(2) For a wagering employee, \$187.25, of which the:

(a) License fee is \$150; and

(b) Required fee for conducting a criminal history records check, which is \$37.25.

(3) For a non-wagering employee, \$97.25, of which the:

(a) License fee is \$60; and

(b) Required fee for conducting a criminal history records check, which is \$37.25.

C. Except for a principal employee, a sports wagering employee shall submit an application for renewal to the Commission at least 90 days before the license expires.

D. A principal employee shall submit an application for renewal to the Commission at least 6 months before the principal employee's license expires.

.09 Temporary Sports Wagering Employee License.

A. The Commission may issue to a sports wagering employee license applicant a temporary license to authorize the individual to work legally as a sports wagering employee before the Commission completes the full licensing process.

B. A licensed sports wagering facility, mobile sports wagering licensee, online sports wagering operator, sports wagering facility operator, or sports wagering contractor may submit an application for a temporary license on behalf of an individual who is seeking a principal or wagering employee license.

C. An application for a temporary license shall be in a format designated by the Commission and shall include:

(1) A completed application for a principal or wagering employee license;

(2) Payment of the fees required under Regulation .05F of this chapter;

(3) Documentation to verify that the applicant has obtained an offer of at least conditional employment from a licensed sports wagering facility, mobile sports wagering licensee, online sports wagering operator, sports wagering facility operator, or sports wagering contractor and that the employer has:

(a) If required under COMAR 36.10.04.03 – 36.10.04.06, COMAR 36.10.05.02, or COMAR 36.10.06.02 – 36.10.06.04, obtained a bond; and

(b) Performed, at a minimum, a Social Security database check, criminal check, employment verification, and national database search; and

(4) Documentation that the applicant has acknowledged, in writing, that the State is not financially responsible for any consequences resulting from termination of a temporary license under State Government Article, § 9-1A-14(d)(4), Annotated Code of Maryland.

D. The Commission may grant a temporary license after:

(1) Receiving all items required under §C(3) of this regulation; and

(2) Performing on the individual a:

(a) Criminal background investigation under COMAR 36.10.02; and

(b) Financial stability investigation.

E. A temporary license:

(1) Expires 180 days after the date of issue; and

(2) May be extended by the Commission for one period of 180 days.

F. A temporary license may not be issued if:

(1) An applicant has an immediately known present or prior activity, criminal record, reputation, habit, or association that would disqualify the applicant from holding a sports wagering employee license under State Government Article, Title 9, Subtitle 1A or 1E, Annotated Code of Maryland, or the Commission's regulations;

(2) An applicant poses a serious imminent risk of harm to the integrity, security, or profitability of the State's sports wagering operations; or

(3) There are reasonable grounds to believe that the applicant will not be able to establish the applicant's qualifications by clear and convincing evidence.

G. By written notice to a temporary licensee, Commission staff may terminate, without a hearing and without following the denial process under COMAR 36.10.07, the temporary license of an applicant for:

- (1) Failure to pay a required fee;
- (2) Failure to submit required documentation to Commission staff within 30 days of submitting the application;
- (3) Failure to comply with a request of Commission staff;
- (4) Engaging in conduct that obstructs Commission staff from completing the applicant's background investigation; or
- (5) Violating any provision of State Government Article, Title 9, Subtitle 1A or 1E, Annotated Code of Maryland, or the Commission's regulations.

H. Commission staff's written notice of termination of a temporary license is the final action of the Commission.

I. If, during the course of conducting an applicant's background investigation, Commission staff reasonably believes there is a basis for recommending that the application for a sports wagering license be denied, Commission staff shall:

- (1) Notify the temporary licensee; and
- (2) Follow the process for denial of a license under COMAR 36.10.07.

.10 Identification Cards for Sports Wagering Employees.

A. The Commission shall issue an identification card to an individual who is licensed as a sports wagering employee.

B. Identification Card.

(1) An identification card shall display a photograph of the licensee and, at a minimum, indicate:

- (a) The individual's name;
- (b) By color, pattern, or symbol, the licensing category; and
- (c) The license expiration date.

(2) An identification card is evidence that the licensee is authorized to be employed in the

designated licensing category by a licensed sports wagering facility, mobile sports wagering licensee, online sports wagering operator, sports wagering facility operator, or sports wagering contractor.

(3) An identification card is the property of the Commission.

C. Licensee Obligations. A licensee:

(1) Unless otherwise approved by the Commission for a specific date and time, shall wear or otherwise prominently display the licensee's identification card at all times while working;

(2) Shall immediately report a loss or theft of the card to the licensee's employer and the Commission;

(3) May not allow another individual to possess the card; and

(4) Shall comply with an order of the Commission to surrender the card.

D. Replacement Identification Card.

(1) If an identification card issued under this regulation is lost or stolen:

(a) The licensee shall immediately:

(i) Report the loss or theft to the licensee's employer; and

(ii) In a form or format designated by the Commission, submit to the Commission a written description of the circumstances of the loss or theft; and

(b) After verifying the licensee's identity, the Commission may issue a new identification card to the licensee.

(2) If an identification card issued under this regulation is temporarily unavailable to the licensee:

(a) The licensee shall immediately:

(i) Report the temporary unavailability of the card to the licensee's employer; and

(ii) In a form or format designated by the Commission, submit to the Commission a written description as to why the card is temporarily unavailable;

(b) After verifying the licensee's identity, the Commission may issue an emergency credential to the licensee that is valid for 1 work day; and

(c) The licensee shall surrender the emergency credential to the Commission at the end

of the work day on which the licensee received the card.

(3) If the Commission issues a replacement or temporary identification card to a licensee, the licensee's employer shall pay the Commission:

- (a) \$40 for the cost of a replacement identification card; or
- (b) \$20 for the cost of a temporary identification card.

E. Surrender and Reissuance of Identification Card.

The employer of the sports wagering employee who was issued an identification card under this regulation shall ensure that the licensee's identification card is surrendered to the Commission if the:

- (1) Commission suspends or revokes the license;
- (2) License is not renewed;
- (3) Licensee separates from employment with licensee's employer; or
- (4) Licensee is otherwise ordered to surrender the identification card.

F. If an identification card is not surrendered as required under §D(2)(c) or § E of this regulation, the licensee's employer may be subject to enforcement action under COMAR 36.03.04 or 36.10.08.

G. If an identification card was surrendered when the licensee separated employment from the licensee's employer, the Commission may issue the licensee another identification card if the:

- (1) Licensee obtains employment with a sports wagering licensee or video lottery operation licensee;
- (2) Term of the employee's license has not expired; and
- (3) Commission verifies:
 - (a) The licensee's identity;
 - (b) That the license was in good standing when the card was surrendered; and
 - (c) That the license has not expired and remains in good standing.

H. There is no fee for an identification card issued under §G of this regulation.

I. Nothing in this regulation shall preclude the Commission from taking enforcement action

against a licensee based on the circumstances related to the licensee's separation from employment or information obtained while reviewing a licensee's notification of an intended change in employment status.

.11 Sports Wagering Vendor Registration and Certification.

A. Definition.

(1) In this regulation, the following term has the meaning indicated.

(2) Term Defined. "Sports Wagering Vendor" means a person who provides goods or services to a licensed sports wagering facility, mobile sports wagering licensee, online sports wagering operator, sports wagering facility operator, or sports wagering contractor, and who is not required to be issued a sports wagering license or sports wagering contractor license under State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland, and is a:

- (a) Supplier of alcoholic beverages;
- (b) Supplier of food and nonalcoholic beverages;
- (c) Refuse handler;
- (d) Vending machine provider, and its service personnel;
- (e) Janitorial and maintenance company;
- (f) Tenant business or franchise located within a sports wagering facility if such goods and services are not related to sports wagering;
- (g) Provider of transportation services if such services are not related to sports wagering;
- (h) Person involved in the construction of a portion of a sports wagering facility where sports wagering is conducted;
- (i) Lessor of real property or goods;
- (j) Provider of payroll, recruiting, and other employer-related services; and
- (k) Person whose services the Commission reviews and determines must be registered or certified under this regulation.

B. A sports wagering vendor that conducts business with a licensed sports wagering facility, mobile sports wagering licensee, online sports wagering operator, sports wagering facility operator, or sports wagering contractor, or an applicant for such a license, shall be registered or certified by the Commission if the sports wagering vendor is not exempt, and:

(1) The sports wagering vendor is providing goods or services to a sports wagering licensee for a value described in §D or E of this regulation; or

(2) The Commission:

(a) Reviews a sports wagering vendor's services and determines that registration or certification is required to protect the public interest of the State or accomplish the policies in State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland, or the Commission's regulations; and

(b) Notifies the sports wagering vendor that registration or certification is required.

C. The following persons that provide any of the enumerated services to a licensed sports wagering facility, mobile sports wagering licensee, online sports wagering operator, sports wagering facility operator, or sports wagering contractor, or an applicant for such license, are exempt from sports wagering vendor registration and certification requirements:

(1) Public utilities that provide:

(a) Water;

(b) Sewerage;

(c) Electricity; or

(d) Natural gas;

(2) Insurance companies that provide insurance to a licensed sports wagering facility, mobile sports wagering licensee, online sports wagering operator, sports wagering facility operator, or sports wagering contractor, or an applicant for such license, or its employees;

(3) Employee benefit and retirement plans, including 401(k) plans and employee stock purchase programs;

(4) Professional associations that receive funds from the licensed sports wagering facility, mobile sports wagering licensee, online sports wagering operator, sports wagering facility operator, or sports wagering contractor, or an applicant for such license, for the cost of enrollment, activities, and membership;

(5) Units of federal, State, county, or municipal government;

(6) Manufacturers of alcoholic beverages;

(7) State-chartered or federally chartered banks or savings and loan associations;

(8) Providers of professional services, including accountants, attorneys, engineers or architects, and others identified by Commission staff to be providers of professional services;

(9) Telecommunication, satellite, or internet services;

(10) Shipping services;

(11) Persons that engage in efforts to influence legislative or administrative action on behalf of a licensed sports wagering facility, mobile sports wagering licensee, online sports wagering operator, sports wagering facility operator, or sports wagering contractor, or an applicant for such license, for economic consideration;

(12) Educational or training opportunities for employees of a licensed sports wagering facility, mobile sports wagering licensee, online sports wagering operator, sports wagering facility operator, or sports wagering contractor, or an applicant for such license;

(13) Professional entertainers, sports figures, or other celebrities engaged by a licensed sports wagering facility, mobile sports wagering licensee, online sports wagering operator, sports wagering facility operator, or sports wagering contractor, or an applicant for such license to appear at a licensee-sponsored entertainment or promotional event;

(14) Representatives of a media outlet or provider of a simulcast service;

(15) A sports wagering vendor that provides, or anticipates providing, within a calendar year a combined total value of goods and services that are not related to sports wagering to State sports wagering facilities, mobile sports wagering licensees, online sports wagering operators, sports wagering facility operators, or sports wagering contractors applicants or licensees of less than \$20,000; or

(16) A sports wagering vendor for whom the Commission determines registration or certification is not necessary in order to protect the public interest.

D. Sports Wagering Vendors Exempt from Certification or Registration Requirements.

(1) A sports wagering vendor is exempt from certification or registration requirements if it provides, or anticipates providing, goods or services that a licensed sports wagering facility, mobile sports wagering licensee, online sports wagering operator, sports wagering facility operator, or sports wagering contractor purchases solely to be given to a bettor.

(2) A sports wagering vendor exempt under this section may only provide the following goods and services to a licensed sports wagering facility, mobile sports wagering licensee, online sports wagering operator, sports wagering facility operator, or sports wagering contractor:

(a) Leisure or recreational travel;

(b) Lodging;

- (c) Vehicles;
- (d) Entertainment;
- (e) Dining;
- (f) Clothing;
- (g) Jewelry;
- (h) Gift cards; or
- (i) Other gift items.

(3) A licensed sports wagering facility, mobile sports wagering licensee, online sports wagering operator, sports wagering facility operator, or sports wagering contractor that purchases goods or services from a sports wagering vendor exempted under this section:

(a) Is subject to the requirements of COMAR 36.10.13.08; and

(b) Shall identify in a report submitted under COMAR 36.10.13.08 each exempted sports wagering vendor from which it purchased goods or services during the reporting period.

E. Sports Wagering Vendor Registration.

(1) A sports wagering vendor shall be registered with the Commission if it provides, or anticipates providing, goods or services that are not related to sports wagering operation:

(a) To a single licensed sports wagering facility, mobile sports wagering licensee, online sports wagering operator, sports wagering facility operator, or sports wagering contractor;

(b) In a calendar year; and

(c) That are valued from \$20,000 to \$299,999.

(2) The sports wagering facility, mobile sports wagering licensee, online sports wagering operator, sports wagering facility operator, or sports wagering contractor applicant or licensee to which a sports wagering vendor provides, or anticipates providing, goods and services that are not related to sports wagering shall submit to the Commission a completed registration form in a format designated by the Commission that includes:

(a) Sports wagering vendor name;

(b) Sports wagering vendor business address;

(c) Type of service provided;

(d) Total value of goods or services provided to the sports wagering facility, mobile sports wagering licensee, online sports wagering operator, sports wagering facility operator, or sports wagering contractor applicant or licensee in the State within a calendar year;

(e) Verification that the sports wagering vendor's business is in good standing with the Maryland Department of Assessments and Taxation;

(f) Registration fee of \$100; and

(g) Any other information the Commission requires.

(3) Upon receipt of the registration fee and completed registration form, the Commission shall provide the applicant or licensee with written notification of whether it has registered the sports wagering vendor.

F. Sports Wagering Vendor Certification.

(1) A sports wagering vendor shall be certified by the Commission if it provides, or anticipates providing in a calendar year goods or services that are not related to sports wagering to:

(a) A single sports wagering facility, mobile sports wagering licensee, online sports wagering operator, sports wagering facility operator, or sports wagering contractor applicant or licensee that are valued at or above \$300,000; or

(b) Multiple sports wagering facilities, mobile sports wagering licensees, online sports wagering operators, sports wagering facility operators, or sports wagering contractor applicants or licensees that are valued at or above \$600,000.

(2) A sports wagering vendor that provides, or anticipates providing, goods or services not related to sports wagering shall submit to the Commission:

(a) A completed certification form in a format designated by the Commission that includes:

(i) Sports wagering vendor name;

(ii) Sports wagering vendor business address;

(iii) Each sports wagering facility, mobile sports wagering licensee, online sports wagering operator, sports wagering facility operator, or sports wagering contractor applicant or licensee in the State with which it does or expects to do business;

(iv) Type of service provided to each sports wagering facility, mobile sports

wagering licensee, online sports wagering operator, sports wagering facility operator, or sports wagering contractor applicant or licensee;

(v) Total value of goods or services provided to all sports wagering facility, mobile sports wagering licensee, online sports wagering operator, sports wagering facility operator, or sports wagering contractor applicants or licensees in the State within a calendar year;

(vi) Identification of any other jurisdiction where it conducts business related to a licensed sports wagering facility, mobile sports wagering licensee, online sports wagering operator, sports wagering facility operator, or sports wagering contractor;

(vii) Verification that the sports wagering vendor's business is in good standing with the Maryland Department of Assessments and Taxation; and

(viii) Any other information the Commission requires; and

(b) A certification fee of \$1,000.

(3) Upon receipt of a certification fee and completed certification form, the Commission shall verify the information provided by the sports wagering vendor, and:

(a) If the Commission determines that the sports wagering vendor's conduct of business with a sports wagering facility, mobile sports wagering licensee, online sports wagering operator, sports wagering facility operator, or sports wagering contractor applicant or licensee is consistent with the public interest of the State and the policies in State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland, and the Commission's regulations, it may grant the sports wagering vendor's application for certification; or

(b) If the Commission determines that the sports wagering vendor's conduct of business with a sports wagering facility, mobile sports wagering licensee, online sports wagering operator, sports wagering facility operator, or sports wagering contractor applicant licensee is contrary to the public interest of the State or the policies in State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland, or the Commission's regulations, it shall deny the sports wagering vendor's request for certification.

(4) The Commission shall provide the sports wagering vendor with written notification of its decision.

G. Except as provided in §H of this regulation, a nonexempt sports wagering vendor may not conduct business that relates to sports wagering operations with a sports wagering facility, mobile sports wagering licensee, online sports wagering operator, sports wagering facility operator, or sports wagering contractor applicant or licensee until it is registered or certified by the Commission.

H. Emergency Notification. A sports wagering facility, mobile sports wagering licensee, online sports wagering operator, sports wagering facility operator, or sports wagering contractor

applicant or licensee may accept goods or services from a sports wagering vendor that is not registered or certified by the Commission if:

(1) The sports wagering facility, mobile sports wagering licensee, online sports wagering operator, sports wagering facility operator, or sports wagering contractor applicant or licensee encounters an emergent threat to public health, safety, or welfare that is outside its control and requires immediate provision of goods or services by a sports wagering vendor; and

(2) Unless the sports wagering license is exempt under §C of this regulation:

(a) No later than the next State work day after the sports wagering vendor's emergency provision of goods or services, the sports wagering facility, mobile sports wagering licensee, online sports wagering operator, sports wagering facility operator, or sports wagering contractor applicant or licensee shall submit to the Commission a sports wagering vendor emergency notification form that includes an explanation of the need for its emergency use of a sports wagering vendor that is not registered or certified by the Commission; and

(b) Within 20 work days of submitting the sports wagering vendor emergency notification form:

(i) The sports wagering facility, mobile sports wagering licensee, online sports wagering operator, sports wagering facility operator, or sports wagering contractor applicant or licensee shall submit to the Commission a sports wagering vendor registration form; or

(ii) The sports wagering vendor shall submit to the Commission a sports wagering vendor certification form and the \$1,000 certification fee.

I. Term, Renewal, and Cancellation. A sports wagering vendor's registration or certification:

(1) Remains in effect for 5 years from the date the Commission approves registration or certification;

(2) May be renewed by the Commission if the applicable form, and any required renewal fee, are submitted as required under §§ E or F of this regulation at least 90 days before the expiration of 5 years from the date of written notification under §E(3) or F(4) of this regulation;

(3) Shall automatically expire if a sports wagering vendor does not comply with renewal requirements under this regulation; and

(4) Is subject to cancellation by the Commission, at any time and without advance notice, if the Commission determines that the sports wagering vendor's continued conduct of business with a sports wagering applicant or licensee is contrary to the public interest of the State or the policies in State Government Article, Title 9, Subtitle 1A, Annotated Code of Maryland, or the Commission's regulations.

(a) Renewal Fees.

(1) For a registered sports wagering vendor, the renewal fee is \$100; and

(2) For a certified sports wagering vendor, the renewal fee is \$500.

(b) The Commission's decision to deny or cancel a sports wagering vendor registration or certification, or to deny the renewal of a sports wagering vendor registration or certification, does not give rise to an appeal right under the contested case provisions of the Maryland Administrative Procedure Act.

(c) The Commission may maintain and make publicly available a list of:

(1) Registered and certified sports wagering vendors; and

(2) Sports wagering vendors that are prohibited from doing business with a sports wagering facility, mobile sports wagering licensee, online sports wagering operator, sports wagering facility operator, or sports wagering contractor applicant or licensee because the Commission has denied or cancelled their application, registration or certification.

(d) A sports wagering facility, mobile sports wagering licensee, online sports wagering operator, sports wagering facility operator, or sports wagering contractor applicant or licensee shall:

(1) Submit to the Commission a monthly sports wagering vendor payments report in a format prescribed by the Commission; and

(2) Ensure that a sports wagering vendor appearing on its monthly sports wagering vendor payments report is:

(a) Registered;

(b) Certified; or

(c) Exempt.

Title 36

MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY

Subtitle 10 SPORTS WAGERING PROVISIONS

Chapter 07 License Denial Procedures

Authority: State Government Article, §§9-1A-02, 9-1A-04, and 9-1E-01 - 9-1E-15, Annotated Code of Maryland.

.01 Applicability.

A. This chapter applies to all licenses the Commission is authorized to issue under State Government Article, §9-1E-05, Annotated Code of Maryland, to implement the State's Sports Wagering Program.

B. The chapter explains the process by which a license application may be denied, and the process available to an applicant after the Commission determines that the applicant:

(1) For a sports wagering contractor or sports wagering employee license, does not meet the general requirements in COMAR 36.10.02 and 36.10.03;

(2) For a sports wagering facility, sports wagering facility operator license, mobile sports wagering license, or online sports wagering operator license, does not meet:

(a) The general qualification requirements in COMAR 36.10.02 and 36.10.03;

(b) Specific license requirements; or

(c) Technical and operational standards; and

(3) Should be denied the license.

.02 Sports Wagering Contractors and Sports Wagering Employees.

A. In this regulation, "application," "applicant," "license," and "licensee" refer to an applicant for a sports wagering contractor or sports wagering employee license.

B. Commission staff shall conduct the license application review and denial process in a manner consistent with this regulation.

C. Commission staff shall review a license application to determine whether it meets all the requirements of COMAR 36.10.02 and 36.10.03 and:

(1) For an applicant for a sports wagering contractor license, the requirements in COMAR 36.10.06.04; or

(2) For an applicant for a sports wagering employee license, the requirements in COMAR 36.10.06.05.

D. After reviewing an application submitted for a license, staff may:

(1) Issue the license; or

(2) Recommend that the license not be issued to the applicant, and that the license application be denied.

E. If staff recommends denial of the license application, staff shall promptly provide the applicant with written notice of the:

(1) Recommendation for denial;

(2) Basis for the recommendation; and

(3) Applicant's right to request a reconsideration meeting.

F. An applicant may submit to the Commission a written request for a reconsideration meeting within 15 days of the date of the notice described under §E of this regulation.

G. If an applicant fails to timely submit a request under §F of this regulation, the staff's recommendation is the Commission's final action on the license application.

.03 Sports Wagering Facility License, Sports Wagering Facility Operator License, Mobile Sports Wagering License, or Online Sports Wagering Operator License.

A. In this regulation, "application," "applicant," "license," and "licensee" refer to an applicant for a sports wagering facility, sports wagering facility operator, mobile sports wagering, or online sports wagering operator license.

B. Unless the SWARC has first awarded the license, the Commission may not issue a license to an applicant for a:

(1) Sports wagering facility license; or

(2) Mobile sports wagering license.

C. Commission staff shall conduct the license application review and recommended denial process in a manner consistent with this regulation.

D. After the SWARC has awarded a license to an applicant, Commission staff shall review the application and the applicant's submissions to the Commission, and determine whether it meets all the requirements of COMAR 36.10.02 and 36.10.03, and

(1) For an applicant for a sports wagering facility license, the requirements in COMAR 36.10.04 that pertain to the license class;

(2) For an applicant for a sports wagering facility operator license, the requirements in COMAR 36.10.06.03;

(3) For an applicant for a mobile sports wagering license, the requirements in COMAR 36.10.05; or

(4) For an applicant for an online sports wagering operator license, the requirements in COMAR 36.10.06.02.

E. Staff's review of applications for all licenses in this regulation shall include the requirements specified in the regulations for each license category, and also include:

(1) Evaluating the applicant's equipment, facility and data information center;

(2) Conducting tests and controlled demonstrations,

(3) Reviewing the awardee's operational and technical submissions; and

(4) Determining whether the awardee is prepared to receive the public and to conduct safe and secure sports wagering.

F. Staff may not issue the license if it determines that the awardee:

(1) Does not meet the requirements in §D of this regulation; or

(2) Under §E of this regulation, the awardee is otherwise not prepared to conduct safe and secure sports wagering.

G. After conducting the review described in §§D and E of this regulation, staff may:

(1) Issue the license; or

(2) Recommend that the Commission not issue the license, and deny the license application.

H. If staff recommends the denial of an application under this regulation, staff shall promptly provide the applicant with written notice of the:

(1) Recommendation for denial;

(2) Basis for the recommendation; and

(3) Applicant's right to request a reconsideration meeting.

I. An applicant may submit to the Commission a written request for a reconsideration meeting within 15 days of the date of the notice described §H of this regulation.

J. If an applicant fails to timely submit a request under §I of this regulation, the staff's recommendation is the Commission's final action on the license application.

.04 Reconsideration Process.

A. Commission staff shall conduct the reconsideration process in a manner consistent with this regulation.

B. If an applicant timely submits a request under Regulation .02.F or .03.I of this chapter, staff shall notify the applicant of a date and time for the reconsideration meeting.

C. A reconsideration meeting is not a hearing under COMAR 36.01.02.06.

D. During a reconsideration meeting, the applicant or awardee:

(1) Meets with Commission staff;

(2) May be represented by counsel; and

(3) May present its views to staff as to why the license should be issued;

E. After the reconsideration meeting, the staff person who attended the reconsideration meeting shall issue a written notice to the applicant or awardee describing the result of the reconsideration meeting.

F. If the applicant or awardee is dissatisfied with the result of the reconsideration meeting, the applicant or awardee may submit a written request for a hearing to the Commission:

(1) Within 15 days of the date of staff's notice under §E of this regulation; and

(2) That states the applicant's or awardee's legal and factual bases for disagreeing with the result of the reconsideration meeting.

G. If the applicant or awardee fails to timely submit a written hearing request under §F of this regulation, the staff's determination is the Commission's final action on the license application.

.05 Hearings.

A. Upon receipt of a timely, written hearing request submitted under Regulation .04.F of this chapter, the Commission shall provide the applicant a notice for a hearing held under COMAR 36.01.02.06.

B. Hearings before the Commission.

For any hearing under this regulation and held before the Commission:

(1) The Commission shall:

(a) Grant the license after determining that the applicant is qualified; or

(b) Deny the license.

(2) If the Commission denies the license, the Commission shall prepare an order stating its findings of fact, conclusions of law, and reasons why the denial is appropriate; and

(3) Provide the applicant with written notification of the Commission's final action on the license application.

C. Hearings Delegated to the Office of Administrative Hearings.

(1) For a hearing held under this regulation and delegated to the Office of Administrative Hearings for a final action on the license pursuant to COMAR 36.01.02.06.O:

(a) The decision issued by Office of Administrative Hearings is the Commission's final action on the license application; and

(b) The Commission reserves the right to seek judicial review of the decision issued by Office of Administrative Hearings under Regulation .06 of this chapter.

(2) For any hearing delegated to the Office of Administrative Hearings for a recommended decision under COMAR 36.01.02.06.O:

(a) The Director may designate a staff member to review the recommended decision who has not been previously designated to review the license application under Regulations .02 - 04 of this chapter; and

(b) The Director or the Director's designee shall review the Administrative Law Judge's Recommended Decision consistent with the terms of the delegation made and:

(i) Provide the applicant and staff an opportunity to present exceptions under State Government Article § 10-216, Annotated Code of Maryland; and

(ii) After reviewing any exceptions filed by the applicant and staff, issue an order under State Government Article § 10-220, Annotated Code of Maryland that constitutes the

Commission's final action on the license application.

.06 Petition for Judicial Review

The Commission's final action on a license application is subject to judicial review as provided in State Government Article, Title 10, Subtitle 2, Annotated Code of Maryland.

PROPOSED

Title 36

MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY

Subtitle 10 SPORTS WAGERING PROVISIONS

Chapter 08 Enforcement

Authority: State Government Article, §§9-1A-02, 9-1A-04, 9-1A-20, 9-1A-25 and 9-1E-01 - 9-1E-15, Annotated Code of Maryland.

.01 General.

This chapter establishes a framework within which the Commission may take enforcement action against a licensee that results in a reprimand, penalty, or condition placed on a licensee, or a suspension or revocation of a license.

.02 Violations. A licensee may not:

A. Violate:

(1) A provision of State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland;

(2) A regulation adopted under State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland; or

(3) A directive of the Commission or the Director;

B. Take, or attempt to take, any action that is:

(1) Cheating;

(2) Influence the governing entity of a sporting event;

(3) Influence any person or unit of government that is involved in implementing or enforcing State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland; or

(4) Interfere with the regular operation of:

(a) A sports wagering platform or its software;

(b) Sports wagering equipment; or

(c) A sports wagering interactive web site; or

C. Fail to:

(1) Conform to the information contained in its license application;

(2) Meet a licensing requirement;

(3) Promptly submit to the Commission a change to the information contained in its license application;

(4) Adequately remedy a deficiency of which the licensee has received notice under Regulation .03(B) of this chapter; or

(5) Maintain a sports wagering employee license in good standing.

.03 Notice of Violation.

A. After receiving a report of a licensee's alleged violation of Regulation .02 of this chapter, the Agency shall:

(1) Investigate the report; and

(2) Provide the licensee with written notice of the alleged violation, including:

(a) Description of the law, regulation, condition, or directive allegedly violated; and

(b) Staff's recommendation for addressing the alleged violation.

B. Nothing in this chapter shall be construed to require that the licensee receives an opportunity to meet with staff to discuss an informal settlement of a violation.

C. The Agency may undertake a corrective action plan or attempt to reach a settlement with the licensee before the Director, or the Director's designee, initiates proceedings for imposition of a sanction against a licensee.

.04 Corrective Action Plan.

A. If the Director, or the Director's designee, directs staff to implement a corrective action plan with a licensee, Agency staff shall give written notice to a licensee that includes:

(1) A description of the alleged violation;

(2) A description of the possible sanctions; and

(3) The requirement for the licensee to submit a corrective action plan to the Director.

B. Contents of Corrective Action Plan. A corrective action plan shall include:

- (1) Periodic monitoring or progress reports;
- (2) Timelines for completing corrective action;
- (3) Implementation of measures to guard against recurrence of the alleged violation; and
- (4) Any other measures necessary to resolve the alleged violation.

C. Time for Implementing a Corrective Action Plan.

(1) Within 10 days of receipt of a notice under §A of this regulation, the licensee shall submit a corrective action plan to the Director, or the Director's designee.

(2) The Director, or the Director's designee, shall review the corrective action plan and inform the licensee whether the corrective action plan is acceptable and:

(a) If the corrective action plan is acceptable, the licensee shall execute it immediately;

or

(b) If the corrective action plan is not acceptable, the licensee shall submit a revised plan within 7 days of being notified by the Director or the Director's designee.

(3) If the licensee fails to submit an acceptable corrective action plan within the time described under §C(1) of this regulation, the Director, or the Director's designee, may:

(a) Provide the licensee with additional time within which to submit a revised corrective action plan; or

(b) Recommend the imposition of a sanction available in Regulation .10 of this chapter on the licensee in accordance with Regulation .06 of this chapter.

(4) If the Director, or the Director's designee, provided a licensee with a notice under §A of this regulation and did not receive a timely written response, the Commission may adopt a recommendation made pursuant to §C(3)(b) as the final action by the Commission on the license.

D. Corrective Action Plan Outcome.

(1) After a licensee has completed a corrective action plan, to the satisfaction of the Director or the Director's designee, the alleged violation will be deemed resolved, except that the alleged violation may be:

(a) The basis of a subsequent corrective action plan, settlement, penalty, or sanction if a similar violation occurs; or

(b) Raised during a Commission hearing as part of the Agency's enforcement record for the licensee.

(2) If at any time during the corrective action period the Director, or the Director's designee, determines that the licensee has not made sufficient progress toward fulfilling a requirement of the corrective action plan, the Director may:

(a) For good cause, extend the time for completion of a corrective action plan; or

(b) Recommend the imposition of a sanction on the licensee pursuant to Regulation 06(A) of this chapter.

(3) If at the end of the corrective action period the licensee has failed to satisfactorily complete the corrective action plan, the Director, or the Director's designee, may recommend the imposition of a sanction on the licensee under Regulation .06.A of this chapter.

.05 Settlement.

A. The Commission may provide a licensee with the opportunity to discuss with staff a means of entering into a settlement agreement between the licensee and the Commission by which the violation is settled without a sanction.

B. A settlement agreement:

(1) Shall be signed by an authorized representative of the licensee and the Director or the Director's designee; and

(2) May not be considered final and binding until approved by the Commission.

C. If a licensee violates a term of a settlement agreement, nothing in this regulation shall be construed to prevent the Commission from imposing a sanction against the licensee for violating a term of the agreement or the underlying violation.

.06 Recommended Sanction.

A. General.

The Director or the Director's designee may recommend the imposition of any sanction deemed appropriate against a licensee if the licensee:

(1) Violates a provision of Regulation .02 of this chapter;

(2) Fails to timely or satisfactorily complete a corrective action plan required by the Commission;

(3) Violates a term of a settlement agreement; or

(4) Engages in any conduct that exposes the State's Sports Wagering Program to a serious and imminent risk of harm to its integrity, security, or profitability.

B. Notice of Recommended Sanction. The Director, or the Director's designee shall provide the licensee written notice of a recommended sanction including the:

- (1) Recommended sanction;
- (2) Basis for the recommended sanction;
- (3) Consequences of the recommended sanction if it becomes the Commission's final action on the license; and
- (4) Licensee's applicable hearing rights.

C. If a licensee is dissatisfied with the recommended sanction, the applicant may submit a written request to the Commission to contest the recommended sanction:

- (1) Within 15 days of the date of the recommended sanction; and
- (2) That states the licensee's legal and factual bases for contesting the sanction.

D. If a licensee fails to timely submit a written hearing request under §C of this regulation, the recommended sanction:

- (1) Becomes final; and
- (2) Constitutes the Commission's final action on the license.

.07 Emergency Suspension.

A. The Director may emergently suspend a license if the Director determines that suspension is necessary in order to protect the State's Sports Wagering Program against a serious and imminent risk of harm to its integrity, security, or profitability.

B. Emergency Suspension—Process. If the Director emergently suspends a license, the Director shall promptly schedule a hearing before the Commission in accordance with COMAR 36.01.02.06 on the emergency suspension and provide the licensee with the written notice required under Regulation .06A of this chapter, along with notice directing the licensee that:

- (1) The licensee shall immediately cease performing operations under the license; and
- (2) Failure to comply with the Director's directive to cease performing operations under the license constitutes a separate violation of Regulation .02 of this chapter for which an additional

sanction may be imposed.

.08 Hearings.

A. The Commission shall provide the applicant a hearing notice for a hearing held under COMAR 36.01.02.06:

(1) Upon receipt of a timely written hearing request submitted under Regulation .06.C of this chapter; or

(2) For hearings held under Regulation .07.B of this chapter.

B. Hearings before the Commission. For any hearing under this regulation held before the Commission, the Commission shall:

(1) Determine if the licensee is subject to sanction pursuant to the:

(a) Notice of recommended sanction issued under Regulation .06.B of this chapter; or

(b) Notice of emergency suspension issued under Regulation .07.B of this chapter.

(2) Impose the sanction the Commission deems appropriate, if the Commission determines that a licensee is subject to sanction.

(3) If a sanction is imposed, prepare an order stating the Commission's findings of fact, conclusions of law, and basis for the sanction; and

(4) Provide the licensee with written notification of the sanction as the Commission's final action on the license.

C. Hearings Delegated to the Office of Administrative Hearings.

(1) For any hearing held under this regulation and delegated to the Office of Administrative Hearings for a final action on the license under COMAR 36.01.02.06.O:

(a) The decision issued by Office of Administrative Hearings is the Commission's final action on the license; and

(b) The Commission reserves the right to seek judicial review of the decision issued by Office of Administrative Hearings under Regulation .09 of this chapter.

(2) For any hearing delegated to the Office of Administrative Hearings for a recommended decision under COMAR 36.01.02.06.O:

(a) The Director may designate staff to review the recommended decision who has not reviewed the license under Regulations .02 -.06 of this chapter.

(b) The Director or the Director's designee shall review the Administrative Law Judge's recommended decision consistent with the terms of the delegation made and:

(i) Provide the applicant and staff an opportunity to present exceptions pursuant to State Government Article § 10-216, Annotated Code of Maryland; and

(ii) After reviewing any exceptions filed by the applicant and staff, issue an order pursuant to State Government Article § 10-220, Annotated Code of Maryland that constitutes the Commission's final action on the license.

.09 Petition for Judicial Review.

The Commission's final action on a license is subject to judicial review as provided in State Government Article, Title 10, Subtitle 2, Annotated Code of Maryland.

.10 Imposition of Sanctions.

A. Permissible Sanctions. The Commission may:

(1) Impose a penalty on the licensee not exceeding \$5,000 for each day and each violation;
and

(2) In addition to any penalty assessed:

(a) Revoke the licensee's license;

(b) Suspend the licensee's license for a period of time;

(c) Reprimand the licensee; or

(d) Impose conditions upon the licensee that must be met within a specified time as to:

(i) Training;

(ii) Staffing;

(iii) Supervision;

(iv) Compliance with internal controls;

(v) Probationary periods; or

(vi) Any other directive to address the violation.

B. Penalty—Required Considerations. To determine the amount of a penalty to impose on a

licensee, the Commission shall consider:

- (1) The seriousness of the violation;
- (2) The harm caused by the violation; and
- (3) Whether the person who committed the violation acted in good faith.

C. Sanction—Considerations. To determine the appropriate sanction to impose on a licensee, the Commission may consider the factors in §B of this regulation, and:

- (1) Whether a violation was willful;
- (2) Whether the licensee had, or should have had, control of the situation;
- (3) Whether the violation may have occurred in connection with unclear or insufficient:
 - (a) Information;
 - (b) Training;
 - (c) Communication; or
 - (d) Requirements;
- (4) Any extraordinary circumstances;
- (5) Prior disciplinary history with the Commission;
- (6) Profit that resulted, or may have resulted, from the violation;
- (7) Harm that resulted, or may have resulted, from the violation;
- (8) How the violation was detected;
- (9) Action taken by the licensee to prevent recurrence of the violation;
- (10) Action taken by the Commission to address similar violations; and
- (11) Any other information that the Commission finds relevant.

D. Ignorance No Defense. A licensee is presumed to be familiar with applicable statutes and regulations governing the State's Sports Wagering Program, and a claim of ignorance of the statutes and regulations may not be used as a defense to a finding of a violation or to the imposition of a sanction.

E. Imposition of Sanction. A separate sanction may be imposed for each violation.

.11 Commission Action.

A. A licensee whose license has been suspended or revoked by the Commission's final action on the license shall immediately cease sports wagering activity.

B. A licensee against whom the Commission imposed a penalty shall remit to the Commission payment in full of the penalty within 30 calendar days.

Title 36

MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY

Subtitle 10 SPORTS WAGERING PROVISIONS

Chapter 09 Unannounced Inspections

Authority: State Government Article, §§9-1A-02, 9-1A-04, 9-1A-20, 9-1A-25 and 9-1E-01 - 9-1E-15, Annotated Code of Maryland.

.01 General.

This chapter establishes the manner and method by which the Commission may conduct an unannounced inspection of the premises, records, and equipment of a sports wagering licensee and related entities in order to evaluate and verify a licensee's compliance with State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland, and the regulations promulgated by the Commission for the Sports Wagering Program.

.02 Inspections.

A. A licensee is subject to unannounced inspections conducted by the Commission in order to evaluate and verify the licensee's compliance with State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland and the regulations promulgated by the Commission for the Sports Wagering Program.

B. The Commission or a designee may conduct an unannounced inspection without a warrant and take any of the following actions:

(1) Conduct an inspection of licensed sports wagering facilities, sports wagering facility operators, mobile sports wagering licensees, online sports wagering operators, and sports wagering contractors in which:

- (a) Sports wagering is conducted, offered or operated;
- (b) Authorized sports wagering equipment or associated equipment or software are:
 - (i) Designed;
 - (ii) Assembled;
 - (iii) Manufactured;
 - (iv) Sold;
 - (v) Distributed;
 - (vi) Serviced; or

(vii) Physically located; or

(c) Records are prepared or maintained for activities referenced in §B(1)(a) or (b) of this regulation;

(2) Conduct an inspection of sports wagering equipment or associated equipment in, about, on, or around the premises specified in §B(1) of this regulation;

(3) From the premises specified in §B(1) of this regulation, summarily seize, remove, impound, or assume physical control of, for the purposes of examination and inspection:

(a) Sports wagering equipment; and

(b) Associated equipment and software;

(4) Inspect, examine, and audit books, records, and documents concerning a sports wagering licensee's sports wagering operation, including the financial records of a:

(a) Principal or principal corporation;

(b) Subsidiary corporation; or

(c) Affiliated entity; or

(5) Seize, impound, copy, or assume physical control of:

(a) Books;

(b) Records;

(c) Ledgers;

(d) Cash boxes and their contents;

(e) A counting room or its equipment;

(f) Other physical objects relating to sports wagering operations; or

(g) Any record or object that a licensee is required by law, regulation, or license terms to maintain.

C. During an inspection, a licensee and its employees, agents, and representatives:

(1) Shall:

(a) Make available for inspection, copying, or physical control a record that a licensee is required to maintain;

(b) Authorize any person having financial records relating to the licensee to provide

those records to the Commission; and

(c) Otherwise cooperate with the activities of the Commission described in this chapter; and

(2) May not knowingly interfere with the authorized activity of the Commission during an unannounced inspection.

D. An unannounced inspection may be conducted at any time as determined by the Commission.

E. The refusal of a licensee or a licensee's employees or agents to provide the Commission with the access necessary to perform an unannounced inspection may be the basis for enforcement action under COMAR 36.10.08.

.03 Records and Reports.

A. Within a reasonable time after the conclusion of the unannounced inspection, the Commission's inspectors shall submit a written report of the inspection to:

(1) The Commission;

(2) The Director; and

(3) The licensee who was the subject of the Commission's unannounced inspection.

B. A written report of an unannounced inspection shall be considered a public record to the extent allowable under the General Provisions Article, Title 4, Annotated Code of Maryland.

Title 36

MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY

Subtitle 10 SPORTS WAGERING PROVISIONS

Chapter 10 Enforcement of Voluntary Exclusion Program

Authority: State Government Article, §§9-1A-24, and 9-1E-01 – 9-1E-15, Annotated Code of Maryland.

.01 Enforcement.

A. Definition. Unless context dictates otherwise, for purposes of this chapter, “sports wagering licensee” includes:

- (1) Sports wagering facility licensee;
- (2) Mobile sports wagering licensee;
- (3) Sports wagering facility operator licensee; and
- (4) Online sports wagering operator license.

B. The Commission shall notify sports wagering licensees that an individual has been placed on the voluntary exclusion list established in COMAR 36.01.03.

C. A sports wagering licensee may disclose information about an individual on the voluntary exclusion list to:

- (1) The Commission;
- (2) The licensee’s:
 - (a) Managers;
 - (b) Security department;
 - (c) Surveillance department; or
 - (d) Employees who are directly responsible for excluding unauthorized individuals from sports wagering; and
- (3) If the sports wagering licensee pursues criminal charges against an individual on the voluntary exclusion list who is suspected of trespassing on the premises of a sports wagering facility licensee, to:
 - (a) A law enforcement officer; or

(b) A person who is legally authorized to be involved in the criminal prosecution of an individual on the voluntary exclusion list who is suspected of trespassing on a sports wagering licensee's property.

D. If a sports wagering licensee uses technology for the purpose of complying with this regulation, the sports wagering licensee shall ensure that the technology:

- (1) Complies with all applicable State and local requirements; and
- (2) Is designed to prevent unauthorized access to confidential records.

E. If an individual on the voluntary exclusion list is found on the part of the premises of a sports wagering licensee where sports wagering is conducted, the sports wagering licensee:

- (1) Shall immediately notify the Commission in person or via email; and
- (2) May pursue criminal charges against the individual such as trespassing.

F. A sports wagering licensee may not:

- (1) Permit an individual on the voluntary exclusion list to:
 - (a) Enter the part of the premises of a sports wagering licensee where sports wagering is conducted; or
 - (b) Participate in sports wagering;
- (2) Knowingly fail to exclude from the part of the premises of a sports wagering licensee where sports wagering is conducted an individual on the voluntary exclusion list; or
- (3) Disclose information about an individual on the voluntary exclusion list beyond the disclosures that are authorized under §C of this regulation.

G. Unless excluded by operation of another directive or order outside the Commission, an individual who has been placed on a voluntary exclusion list of the Commission that is not under this subtitle may engage in sports wagering.

.02 Responsible Gaming Plan.

A. A sports wagering licensee shall establish a responsible gaming plan that sets forth its plan for addressing problem gambling that shall include at least the following elements of the plan:

- (1) Goals;
- (2) Procedures and deadlines for implementation;
- (3) Procedures for retrieving and securely maintaining the voluntary exclusion list;

(4) Procedures for notifying the Commission of an unauthorized access to the list within twelve hours of the unauthorized access;

(5) Identification of a sports wagering licensee's personnel responsible for implementation;

(6) Responsibilities of a sports wagering licensee's personnel identified as responsible for implementation;

(7) Training for a sports wagering licensee's personnel on problem gambling and voluntary exclusion;

(8) Means of controlling access to records pertaining to voluntary exclusion;

(9) Means of educating bettors about:

(a) Problem gambling;

(b) Problem gambling treatment resources, including treatment and prevention programs established under State Government Article, §9-1A-33, Annotated Code of Maryland; and

(c) Voluntary exclusion;

(10) Placement of responsible gambling awareness information:

(a) In the premises of a sports wagering facility licensee; and

(b) On a sports wagering licensee's sports wagering platform;

(11) Ensuring that an individual on the voluntary exclusion list is not permitted to:

(a) Enter the part of the premises of a sports wagering licensee where sports wagering is conducted;

(b) Participate in sports wagering; or

(c) Claim winnings;

(12) The sports wagering licensee's response to the discovery of an individual who is enrolled in the voluntary exclusion list in the part of the premises of a sports wagering licensee where sports wagering is conducted, which may include pursuing criminal charges against the individual;

(13) The sports wagering licensee's response to the discovery of a bettor who is enrolled in the voluntary exclusion list using a sports wagering platform, which may include an action up to and including permanent suspension of the bettor's account;

(14) The sports wagering licensee's procedures for returning to a bettor the funds in the bettor's account that were placed by the bettor prior to the bettor's application for voluntary exclusion, including the requirement that:

- (a) Funds be returned as soon as practicable after the time the bettor is placed on the voluntary exclusion list;
- (b) The sports wagering licensee return the funds to the bettor within 5 days of the bettor's placement on the voluntary exclusion list, by:
 - (i) Crediting the bettor's personal bank account; or
 - (ii) Paying the bettor by check; and

(15) Any other element required by the Commission.

B. A sports wagering licensee shall submit to the Commission the responsible gaming plan required under §A of this regulation at least 60 days before sports wagering operations are to commence or within a time-period approved by the Commission.

C. A sports wagering licensee shall submit any amendments to its responsible gaming plan to the Commission prior to implementation.

D. A sports wagering licensee shall annually submit to the Commission its responsible gaming plan.

.03 Requirements.

A. Definitions.

(1) In this regulation, the following terms have the meaning indicated.

(2) Terms Defined.

(a) "Advertisement" means any material that is:

- (i) Disseminated to the public through broadcasting, publication, mail, or any other means; and
- (ii) Intended to encourage sports wagering.

(b) "Billboard advertisement" means a roadside sign, aviation banner, or event banner that is intended to encourage sports wagering.

(c) "Gambling assistance message" means a phrase approved by the Commission to encourage responsible play.

(d) "Printed advertisement" means an advertisement that appears in or on a sign, direct mailing, poster, brochure or other written material and is intended to encourage sports

wagering.

(e) “Responsible gambling awareness materials” means a sticker, a brochure, a wallet card, or other material that conveys only problem gambling resource information.

(f) “Underage warning message” means the phrase: “No bettor under the age of 21 is permitted to participate in sports wagering”.

B. A sports wagering licensee shall:

(1) Post signage approved by the Commission that prominently bears the gambling assistance message and the underage warning message at each customer entrance;

(2) Include banners or other notifications on the sports wagering interactive websites that bear the gambling assistance message and the underage warning message;

(3) Include the gambling assistance message on an advertisement that is intended to encourage sports wagering;

(4) Ensure that a printed advertisement bears the gambling assistance message and meets requirements of 36.10.12.03;

(5) Ensure that a billboard bearing a printed advertisement bears the gambling assistance message and meets requirements of COMAR 36.10.12.03;

(6) Ensure that a radio, television, video, online, or social media advertisement bears the gambling assistance message and meets requirements of COMAR 36.10.12.03;

(7) Ensure that the gambling assistance message is printed on a paper product that is associated with bettor consumption of food or beverage if the paper product is:

(a) Special ordered; and

(b) Branded with the sports wagering licensee’s logo;

(8) Ensure that the gambling assistance message is printed on a sports wagering ticket or sports wagering voucher; and

(9) Place in the sports wagering facility and sports wagering platform responsible gambling awareness information according to its responsible gaming plan required under 36.10.12.02.

Title 36

MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY

Subtitle 10 SPORTS WAGERING PROVISIONS

Chapter 11 Mandatory Exclusion

Authority: State Government Article, §§9-1A-24, 9-1E-04, and 9-1E-01 – 9-1E-15, Annotated Code of Maryland.

.01 Definition.

A. Definition. Unless context dictates otherwise, for purposes of this chapter, “sports wagering licensee” includes:

- (1) Sports wagering facility licensee;
- (2) Mobile sports wagering licensee;
- (3) Sports wagering facility operator licensee; and
- (4) Online sports wagering operator licensee.

.02 General.

This chapter establishes a mechanism by which the Commission:

A. Maintains a list of individuals who shall be mandatorily:

- (1) Excluded from participating in sports wagering; and
- (2) Excluded or ejected from the part of the premises of a sports wagering licensee where sports wagering is conducted; and

B. Establishes standards that require a sports wagering licensee to:

- (1) Exclude an individual from participating in sports wagering;
- (2) Exclude or eject an individual from the part of the premises of a sports wagering licensee where sports wagering is conducted; and
- (3) Ensure that an individual under the age of 21 does not participate in sports wagering and are not allowed in the part of the premises of a sports wagering licensee where sports wagering is conducted including the platform of a sports wagering licensee.

.03 Prohibitions.

A. An individual who has been placed on the Commission's mandatory exclusion list from sports wagering in COMAR 36.10.11 may not:

- (1) Engage in sports wagering; or
- (2) Be on the part of the premises of a sports wagering licensee where sports wagering is conducted.

B. Unless excluded by operation of another directive or order outside the Commission, an individual who has been placed on a voluntary or mandatory exclusion list of the Commission that is not under this subtitle may engage in sports wagering.

.04 Mandatory Exclusion List.

A. The Commission shall establish a mandatory exclusion list for the Sports Wagering Program.

B. The Director may place on the mandatory exclusion list an individual who:

- (1) Is a career offender as defined in State Government Article, §9-1A-01, Annotated Code of Maryland;
 - (2) Has been convicted of a criminal offense under the laws of the United States or any jurisdiction within the United States that is a criminal offense involving moral turpitude or a gambling or sports wagering offense;
 - (3) Would adversely affect the interests of the State, the licensee, or the individual if that individual were to participate in sports wagering;
 - (4) Is the subject of any administrative or judicial order directing the individual to cease participating in sports wagering;
 - (5) Presents a threat to the safety of any individual on the premises of a wagering facility;
 - (6) Engages in, or has a documented history of engaging in, disruption of sports wagering;
 - (7) The sports wagering licensee has a reasonable belief has cheated, or attempted to cheat;
- or
- (8) Engages in any conduct that may adversely affect public confidence in, or perception of, the State's Sports Wagering Program.

C. In evaluating whether to place an individual on the mandatory exclusion list, the Director may consider monetary amounts and circumstances, including:

- (1) The nature of the incident;
- (2) Whether the individual was a sports wagering employee at the time of the incident;

(3) If the individual was a sports wagering employee while the individual engaged in conduct described in §B of this regulation;

(4) Whether the incident directly impacts:

- (a) Sports wagering operations;
- (b) A bettor; or
- (c) A licensee;

(5) The amount or type of loss to:

- (a) The sports wagering licensee;
- (b) Sports wagering operations;
- (c) A bettor; or
- (d) A licensee;

(6) Whether the individual made restitution;

(7) Whether the individual was involved in a prior incident that meets the criteria of §B of this regulation;

(8) Whether a sports wagering licensee has other information the Director finds relevant; and

(9) Any other information the Director finds relevant.

D. The Commission's entry of an individual on the mandatory exclusion list shall include sufficient information to identify the excluded individual.

E. The information used to identify an excluded individual may include:

(1) The individual's:

- (a) Name and any nickname or alias;
- (b) Residential address;
- (c) Telephone numbers;
- (d) Gender;
- (e) Physical description, including any birthmarks, scars, or tattoos;
- (f) Race or ethnic origin;

- (g) For non-United States citizens, country of origin; and
 - (h) Photograph;
 - (2) Date of placement on the mandatory exclusion list;
 - (3) Brief statement of the basis for placing the individual on the mandatory exclusion list;
- and
- (4) Any other information the Commission requires.

F. The mandatory exclusion list and related records are public records under General Provisions Article, §4-101, Annotated Code of Maryland.

.05 Inclusion on Mandatory Exclusion List.

A. Upon receipt of information that reasonably indicates an individual meets any criteria under Regulation .04B of this chapter, and after making any determination under Regulation .04 of this chapter, the Director shall:

- (1) Evaluate the information;
- (2) Ensure that the information required under Regulation .04E of this chapter sufficiently identifies the individual; and
- (3) Decide whether to place the individual on the mandatory exclusion list.

B. Prior to placing an individual on the mandatory exclusion list, the Director or the Director's designee may provide a sports wagering licensee with:

- (1) Information used to identify an individual who may be excluded;
- (2) The factual basis for placing an individual on the mandatory exclusion list; and
- (3) An opportunity to provide the Director with additional information identified in Regulation .04 of this chapter.

C. If the Director decides to place an individual on the mandatory exclusion list, staff shall deliver to the individual by U.S. mail a written notice explaining:

- (1) The factual basis for placing the individual on the mandatory exclusion list;
- (2) The availability of a reconsideration meeting with the Director or the Director's designee;
- (3) The requirements for submitting a request for a reconsideration meeting;
- (4) That, if a timely request for a reconsideration meeting is not submitted, the placement of the individual's name on a mandatory exclusion list and the distribution of the individual's name

to all sports wagering licensees in the State is available to the public; and

(5) That the excluded individual shall be:

(a) Prohibited from the part of the premises of a sports wagering licensee where sports wagering is conducted and from participating in sports wagering;

(b) Subject to criminal charges for trespassing or any other appropriate criminal charge; and

(c) Required to:

(i) Redeem or liquidate unredeemed items that the individual has received since being placed on the mandatory exclusion list; and

(ii) Surrender to the Problem Gambling Fund established under State Government Article, §9-1A-33, Annotated Code of Maryland, any unredeemed items in the possession of the individual or received by the individual while participating in sports wagering after placement on the mandatory exclusion list.

D. Reconsideration Meeting.

(1) An individual may submit to the Director a written request for a reconsideration meeting within 15 days of the date of the individual's receipt of the notice described in §C of this regulation.

(2) If an individual fails to timely submit a request under §D(1) of this regulation, the individual shall be placed on the mandatory exclusion list.

(3) A reconsideration meeting may be held by the Director or the Director's designee.

(4) During a reconsideration meeting, an individual may:

(a) Be represented by counsel; and

(b) Present evidence as to why the individual does not meet the criteria under Regulation .04.B of this chapter.

(5) The Director or the Director's designee shall deliver to the individual by U.S. mail a written notice of the decision following the reconsideration meeting.

(6) An individual dissatisfied with the result of a reconsideration meeting may submit a written request to the Commission for an appeal hearing.

(7) The request for an appeal hearing shall:

(a) Be submitted within 15 days of the date of the individual's receipt of the written notice of the decision following the reconsideration meeting; and

(b) Describe the individual's legal and factual bases for disagreeing with placement on the mandatory exclusion list.

(8) If an individual fails to timely submit a written request for an appeal hearing under §D(7) of this regulation, the individual shall be placed on the mandatory exclusion list.

(9) Upon receipt of a timely written request for an appeal hearing, the Director or the Director's designee shall provide the individual with a notice for the appeal hearing.

E. Appeal Hearing.

(1) If after an appeal hearing the Commission decides that the excluded individual does not meet any criteria under Regulation .04B of this chapter, the individual's name may not be placed on the mandatory exclusion list.

(2) If after an appeal hearing the Commission decides that the excluded individual meets any criteria under Regulation .04B of this chapter:

(a) The individual's name shall remain on the mandatory exclusion list;

(b) The Commission shall notify all sports wagering licensees in the State of the individual's addition to the mandatory exclusion list;

(c) The individual may seek judicial review of the Commission's decision; and

(d) The individual may request to be removed from the mandatory exclusion list only as provided in Regulation .06 of this chapter.

.06 Removal from Mandatory Exclusion List.

A. After an excluded individual has been on the mandatory exclusion list for at least 5 years, the individual may request removal from the mandatory exclusion list.

B. An excluded individual's request under §A of this regulation shall be submitted to the Director in writing and shall include a detailed statement about why there is:

(1) Good cause for removal of the individual from the list; and

(2) A material change in the individual's circumstances since the individual's name was placed on the list.

C. The Director or the Director's designee shall investigate the request and make a recommendation to the Commission whether to grant or deny the request.

D. If the Director or the Director's designee recommends removing the individual from the list, the Commission may approve the recommendation without a hearing, and staff shall:

(1) Remove the individual from the mandatory exclusion list;

(2) Deliver to the individual by U.S. mail a notice of removal from the mandatory exclusion list; and

(3) Notify the State's sports wagering licensees of the individual's removal from the mandatory exclusion list.

E. If the Director or the Director's designee recommends continued inclusion on the mandatory exclusion list, the excluded individual may submit a written request for an appeal hearing to the Commission.

F. Appeal Hearing.

(1) The request for an appeal hearing shall:

(a) Be submitted within 15 days of the date of the individual's receipt of the written notice of the recommendation of the Director or the Director's designee; and

(b) Describe the individual's legal and factual bases for disagreeing with the recommendation.

(2) If an individual fails to timely submit a written request for an appeal hearing under §F(1)(a) of this regulation, the individual shall remain on the mandatory exclusion list.

(3) Upon receipt of a timely written request for an appeal hearing, the Director shall provide the individual with a hearing notice for a hearing.

G. If after a hearing the Commission denies the individual's request for removal, it shall deliver to the individual by U.S. mail a notice that the:

(1) Request was denied; and

(2) Individual shall remain on the mandatory exclusion list.

H. Separate from the individual's ability to request removal under §A of this regulation, the Director shall periodically review the mandatory exclusion list and may consider the following in order to determine if an individual should be removed:

(1) Whether the individual is living;

(2) Whether there are changed circumstances; or

(3) Whether removal is warranted due to any other relevant information.

.07 Judicial Review.

The Commission's decision under Regulations .05E(2) and .06G of this chapter may be subject to judicial review.

.08 Enforcement.

A sports wagering licensee may not:

A. Knowingly fail to exclude or eject an excluded individual from the property of a sports wagering licensee for which it is licensed or authorized to operate;

B. Fail to notify the Commission if an excluded individual is prohibited from entering any sports wagering facility;

C. Fail to notify the Commission if an excluded individual is prohibited from participating in sports wagering through a sports wagering licensee including through a sports wagering platform;

D. Permit an individual younger than 21 years old to:

(1) Participate in sports wagering; or

(2) Enter the part of the premises of a sports wagering facility it is licensed or authorized to operate where sports wagering is conducted;

E. Knowingly allow to collect winnings an:

(1) Excluded individual; or

(2) Individual younger than 21 years old; or

F. Fail to obtain any unredeemed items in the possession of an excluded individual and transfer them to the Problem Gambling Fund established under State Government Article, §9-1A-33, Annotated Code of Maryland.

.09 Sports Wagering Licensee's Mandatory Exclusion Plan.

A. A sports wagering licensee shall establish a plan for identifying and:

(1) Excluding or ejecting from a sports wagering facility or from participating in sports wagering:

(a) Excluded individuals; and

(b) Individuals who may be eligible for placement on the mandatory exclusion list; and

(2) Ensuring that excluded individuals and individuals younger than 21 years old are not allowed:

(a) To participate in sports wagering; and

(b) To enter the part of the premises of a sports wagering licensee where sports wagering is conducted.

B. The plan required under §A of this regulation shall include:

- (1) Goals;
- (2) Procedures and deadlines for implementation;
- (3) Identification of facility personnel responsible for implementation;
- (4) Responsibilities of sports wagering licensee's personnel identified as responsible for implementation;
- (5) Training for sports wagering licensee's personnel on the requirements of this chapter;
- (6) Regular monitoring of the mandatory exclusion list;
- (7) Prompt reports to the Commission about the presence at a wagering facility of an individual who:
 - (a) Is included on the mandatory exclusion list; and
 - (b) Is required to be prevented from participating in sports wagering;
- (8) Prompt reports to the Commission about an individual who is permanently excluded from participating in sports wagering;
- (9) The sports wagering licensee's response to the discovery of an individual who is on the mandatory exclusion list at the property of a sports wagering licensee or participating in sports wagering, which may include pursuing criminal charges against the individual; and
- (10) Any other element required by the Commission.

C. A sports wagering licensee shall submit to the Commission for its approval:

- (1) At least 60 days before sports wagering operations are to commence, the mandatory exclusion plan required under §A of this regulation;
- (2) Any amendments to a sports wagering licensee's mandatory exclusion plan prior to implementation; and
- (3) An annual report describing the operation of the sports wagering licensee's mandatory exclusion plan.

Title 36

MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY

Subtitle 10 SPORTS WAGERING PROVISIONS

Chapter 12 Collection of Taxes, Fees, and Penalties

Authority: State Government Article, §§9-1A-02, 9-1A-04, 9-1A-33, and 9-1E-01 - 9-1E-15, Annotated Code of Maryland.

.01 General.

This chapter establishes the manner and method by which the Commission may collect from an applicant or licensee a tax, fee or civil penalty established under State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland, and the manner by which a sports wagering licensee may reconcile gross gaming receipts under State Government Article, §9-1E-07, Annotated Code of Maryland.

.02 Definitions.

A. In this chapter, the following terms have the meanings indicated.

B. Terms Defined.

(1) “Fee” means an amount established by the Commission that an applicant or licensee is required to pay and includes:

(a) An application or renewal fee; and

(b) A fee associated with an applicant’s criminal history records check.

(2) “Proceeds” has the meaning stated in State Government Article, §9-1E-01, and 9-1E-12, Annotated Code of Maryland.

.03 Obligation to Pay.

A. A tax that is due and payable shall be paid by an applicant or licensee and collected in accordance with State and federal law.

B. For a fee or penalty:

(1) The Commission shall issue an invoice or other order to pay; and

(2) An applicant or licensee shall remit payment to the Commission within 30 days after the date of the invoice or order to pay.

C. Reconciliation of Gross Sports Wagering Receipts.

(1) If a sports wagering licensee returns to successful bettors more than the amount of money wagered on a sporting event, the sports wagering licensee may subtract the difference between the amount wagered and the amount returned to bettors from its proceeds of up to 90 following wagering days.

(2) A sports wagering licensee may not subtract losses under §C(1) of this regulation for more than 90 consecutive wagering days.

.04 Collection and Deposit of Payments.

A. An applicant or licensee shall pay a fee or civil penalty by:

- (1) Wire transfer;
- (2) Money order;
- (3) Certified check made payable to the “State of Maryland”; or
- (4) Any other manner designated by the Commission.

B. The Commission shall deposit payment of:

(1) An application, license, renewal, or other fee into a bank account that the State Treasurer designates to the credit of the State Lottery and Gaming Control Agency Fund and distribute the funds as described under:

- (a) State Government Article, §9-1E-07, Annotated Code of Maryland; and
- (b) State Government Article, §9-1E-12, Annotated Code of Maryland;

(2) Expired winnings into the Problem Gambling Fund established in the Maryland Department of Health under State Government Article, §9-1A-33, Annotated Code of Maryland; and

- (3) Funds surrendered under COMAR 03.10.10 or COMAR 03.10.11.

C. The Commission may recover from an applicant or licensee whose payment of a fee or penalty is overdue:

- (1) The unpaid amount of the fee or penalty;
- (2) Revenues lost to the State as the result of the nonpayment;
- (3) Attorney’s fees; and
- (4) Any other penalty, interest, cost, and expense allowable by law.

D. The failure of a licensee to timely pay a fee or penalty is a violation of an order of the Commission.

E. The Commission's election to seek recovery under §C of this regulation for a licensee's failure to pay a fee or penalty does not preclude the Commission or the State from enforcing other rights, or seeking other remedies, for the same failure to pay.

F. The Commission shall account for collection of a fee or penalty in accordance with applicable law.

PROPOSED

Title 36

MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY

Subtitle 10 SPORTS WAGERING PROVISIONS

Chapter 13 Sports Wagering Licensee Minimum Internal Control Standards

Authority: State Government Article, §§9-1E-01 - 9-1E-15, Annotated Code of Maryland.

.01 Accounting Records.

A. Definition. Unless context or the individual regulation dictates otherwise, for purposes of this chapter, “sports wagering licensee” includes:

- (1) Sports wagering facility licensee;
- (2) Mobile sports wagering licensee;
- (3) Sports wagering facility operator licensee; and
- (4) Online sports wagering operator licensee.

B. A sports wagering licensee shall maintain complete, accurate, and legible records of all transactions pertaining to the revenues and expenses of sports wagering operations.

C. General ledger records shall be maintained on a double entry system of accounting with transactions recorded on a basis consistent with generally accepted accounting principles in the United States.

D. Subsidiary ledgers and records supporting general ledger records shall be prepared in accordance with generally accepted accounting principles in the United States.

E. Subsidiary ledgers and records shall include, at a minimum, documents that:

(1) Support the financial statements and all transactions impacting the financial statements including contracts or agreements with sports wagering contractors;

(2) Identify all sports wagering activity on a week-to-date, month-to-date, and year-to-date basis for the following:

- (a) Handle;
- (b) Payout;
- (c) Win amount;

- (d) Win percentage; and
- (e) Average payout percentage;
- (3) Summarize the cost, by category of service, of complimentary services under Regulation .08 of this chapter;
- (4) Identify all costs and expenses associated with the sports wagering operation;
- (5) Are prepared in compliance with the internal controls approved by the Commission under Regulation .04 of this chapter; and
- (6) Relate to:
 - (a) Loans and other amounts payable by a sports wagering licensee;
 - (b) Bettor disputes including bettor complaint forms filed with the Commission under Regulation .37 of this chapter;
 - (c) Negotiable instruments accepted, deposited, returned as uncollected or ultimately written-off by a sports wagering licensee under this chapter; and
 - (d) Investments in property and equipment for the benefit of a sports wagering licensee.

.02 Forms and Documents.

A. A form or document required by this chapter, including stored data, shall have:

- (1) All information placed on the form or document recorded in ink or another permanent form; and
- (2) The title of the form or document and the name of the sports wagering licensee imprinted or preprinted on it.

B. If under this chapter multiple copies are required of a form or document, all copies shall have the name of the intended recipient of the copy preprinted on the bottom of the copy in order to differentiate between the copies.

C. If under this chapter a form or document is required to be accounted for by series number or copies of a form or document are required to be compared for agreement, the accounting department shall report exceptions in writing to the responsible department and sports wagering licensees' internal audit department not later than 2 days after identification of the exception.

D. A sports wagering licensee may prepare more copies of a form or document than required by this chapter.

.03 Content of Internal Controls.

A. At least 60 days prior to commencing sports wagering and any time a change is made thereafter, a sports wagering licensee shall submit to the Commission for approval internal controls for:

- (1) Sports wagering at the sports wagering licensee's facility; or
- (2) Online sports wagering.

B. Each procedure or control submission shall, at a minimum, include both narrative and diagrammatic representations of the system to be utilized including the following:

(1) Administrative controls and record keeping that document the authorization of transactions;

(2) Accounting controls that provide reasonable assurance that:

(a) Transactions or financial events which occur in connection with the sports wagering operation are:

(i) Executed in accordance with the sports wagering licensee's authorization protocols;

(ii) Recorded to permit preparation of financial statements in conformance with generally accepted accounting principles in the United States and the requirements of this chapter; and

(iii) Recorded to permit proper and timely reporting and calculation of proceeds and to maintain accountability for assets;

(b) Access to assets is permitted only in accordance with the sports wagering licensee's authorization protocols; and

(c) The recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with regard to a discrepancy;

(3) User access controls for all personnel;

(4) Procedures and controls for ensuring:

(a) That systems accurately and timely communicate all required activities and financial details to the sports wagering platform;

(b) That all functions, duties, and responsibilities are segregated and performed in accordance with sound financial practices by qualified personnel; and

(c) Through the use of a surveillance and a security department, that the sports wagering licensee is secure at all times during normal operation and during any emergency due to malfunctioning equipment, loss of power, natural disaster, or any other cause;

(5) An organizational chart depicting appropriate functions and responsibilities of employees involved in sports wagering;

(6) A description of the duties and responsibilities of each position shown on the organizational chart;

(7) Access controls which address, at a minimum:

(a) Content of, and administrative responsibility over, the manual or computerized access control matrix governing employee access to restricted areas;

(b) Issuance of a temporary access credential; and

(c) Comprehensive key controls;

(8) Procedures and controls over the movement of cash and the count room;

(9) Procedures and standards for conducting internal audits;

(10) The record retention policy;

(11) Procedures to be utilized by the sports wagering licensee to prevent an individual younger than 21 years old, an excluded individual, and bettors outside the State from engaging in sports wagering;

(12) Procedures for the registration of a bettor and establishment of a sports wagering account, including a procedure for:

(a) Authenticating the age, identity and physical address of an applicant for a sports wagering account; and

(b) Determining whether the applicant is a person prohibited from establishing or maintaining an account under applicable laws or regulations;

(13) Procedures for terminating a registered bettor's sports wagering account and the return of any funds remaining in the sports wagering account to the registered bettor;

(14) Procedures for suspending or terminating a dormant sports wagering account and the return of any funds remaining in the dormant sports wagering account to the registered bettor;

(15) Procedures for:

(a) The logging in and authentication of a registered bettor to enable the bettor to commence sports wagering; and

(b) The logging off of the registered bettor when the registered bettor has completed play;

(16) Procedures to automatically log a registered bettor out of the registered bettor's sports wagering account after a specified period of inactivity;

(17) Procedures for the crediting and debiting of a registered bettor's sports wagering account;

(18) Procedures for cashing checks, receiving electronic negotiable instruments and for redeeming cash equivalents;

(19) Procedures for withdrawing funds from a sports wagering account by the registered bettor;

(20) Procedures for the protection of a registered bettor's funds, including the segregation of a registered bettor's funds from operating funds of the sports wagering licensee;

(21) Procedures to account for and safeguard money generated from the conduct of sports wagering;

(22) Procedures for the security and sharing of personally identifiable information of a registered bettor, value of funds in a sports betting account, and other information as required by the Commission;

(23) Procedures by which a sports wagering licensee will provide notice to a registered bettor related to the sharing of personally identifiable information;

(24) Procedures and security for the calculation and recordation of revenue;

(25) Procedures for the security of sports wagering equipment;

(26) Procedures and security standards as to receipt, handling and storage of sports wagering equipment;

(27) Procedures to verify each registered bettor's physical location:

(a) Each time a registered bettor logs into their bettor account; and

(b) In near real-time as the application is being used;

(28) Procedures and appropriate measures implemented to deter, detect and prevent cheating;

(29) Procedures for identifying and reporting fraudulent, suspicious, or unusual wagering activity;

(30) Procedures to govern emergencies, including suspected or actual cyber-attacks, hacking or tampering with the sports wagering licensee's sports wagering platform, sports wagering web site and sports wagering equipment;

(31) Procedures for the reconciliation or repayment of a registered bettor's sports betting account;

(32) Procedures for automated and manual risk management;

(33) Procedures for compliance with AML standards;

(34) Description of all integrated third-party hardware, software, or systems;

(35) Procedures to identify a wager or attempts to wager above any maximum wager threshold set by the sports wagering licensee;

(36) Procedures to be utilized by an employee of a sports wagering licensee in the event of a malfunction of sports wagering licensee's:

(a) Sports wagering website;

(b) Sports wagering platform; or

(c) Sports wagering equipment; and

(37) Any other items the Commission may request in writing to be included in the internal controls.

C. Prior to authorizing a sports wagering licensee to commence the conduct of sports wagering, the Commission shall review and approve the system of internal controls, security protocols, and audit protocols submitted under this chapter to determine whether these controls and protocols conform to the requirements of this chapter and whether they provide adequate and effective controls for the conduct of sports wagering.

D. A sports wagering licensee shall submit to the Commission a catalog of the type of events that it intends to accept wagers on as well as the type of wagers it intends to accept.

E. A sports wagering licensee shall notify the Commission of any changes to the catalogue at least 72 hours in advance of implementation of these changes.

F. A sports wagering licensee shall continually maintain a catalog of all prior and current events and the types of wagers it offered on the events.

.04 Review of Internal Controls.

A. At least 60 days before sports wagering operations are to commence or another timeframe as approved by the Commission, a sports wagering licensee shall submit its internal controls to the Commission for review and written approval.

B. The internal controls shall be accompanied by:

(1) A certification by the sports wagering licensee's chief executive officer or chief legal officer that the submitted internal controls conform to the requirements of State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland, and this chapter;

(2) A certification by the sports wagering licensee's director of finance that the submitted internal controls:

(a) Establish a consistent overall system of internal controls;

(b) Provide reasonable assurance that financial reporting conforms to generally accepted accounting principles in the United States; and

(c) Conform to the requirements of State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland, and this chapter; and

(3) An opinion letter by an independent certified public accountant expressing an opinion as to:

(a) The effectiveness of the design of the submitted system of internal controls over financial reporting;

(b) Whether the submitted system of internal controls conforms to the requirements of State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland, and this chapter; and

(c) If applicable, whether a deviation from the requirements of State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland, or this chapter identified by the independent certified public accountant in the course of its review of the submitted system of internal controls is material.

C. A sports wagering licensee may not commence operations until its internal controls are approved in writing by the Commission.

D. If the Commission determines that a submitted internal control is deficient, the Commission shall:

(1) Provide the sports wagering licensee with written notice of the deficiency;

(2) Require the sports wagering licensee to revise the internal control as appropriate; and

(3) Request the sports wagering licensee to resubmit the internal controls to the Commission for review and approval.

E. A sports wagering licensee may not implement a change or amendment in its approved internal controls without the prior written approval of the Commission.

F. A sports wagering licensee's initial internal controls submission and a change or amendment to its approved internal controls shall be reviewed and approved in accordance with a process and time frame developed and implemented by the Commission.

G. The process developed by the Commission under §F of this regulation shall, at a minimum, require the sports wagering licensee to:

(1) Submit a redlined copy of any section of the approved internal controls to be changed or amended with added text underlined and deleted text lined out;

(2) Document on the redlined copy the date the Commission approved the section to be changed or amended and the date the revision was submitted to the Commission for review;

(3) Submit a narrative explaining the reason for the change or amendment which includes the sports wagering licensee's target date for implementation;

(4) Submit the written representations required in §B(1) and (2) of this regulation with regard to the proposed change or amendment;

(5) Maintain a log of all changes or amendments in approved internal controls which includes the initial approval date and the effective date of any change or amendment approved by the Commission; and

(6) Mark each page of approved internal controls with the date on which it was approved by the Commission.

.05 Standard Financial and Statistical Reports.

A. The Commission may require a sports wagering licensee to submit daily, weekly, monthly, quarterly, and annual reports of financial and statistical data.

B. Reports required under this regulation shall be in a form and submitted in accordance with a time frame specified by the Commission.

C. Unless otherwise specified by the Commission, reports to the Commission shall be signed by the:

(1) Chief executive officer if the sports wagering licensee is a corporation;

(2) General partner if the sports wagering licensee is a partnership;

(3) Manager if the sports wagering licensee is a limited liability company;

(4) Chief executive officer or functional equivalent if the sports wagering licensee is any other form of business association; or

(5) Owner if the sports wagering licensee is a sole proprietorship.

D. A sports wagering licensee shall submit a report to the Commission on the due date specified by the Commission unless an extension has been approved in writing by the Commission.

E. The Commission may, on written notice to a sports wagering licensee, require an interim report to be submitted in a form and in accordance with a time frame specified by the Commission.

.06 Annual Audit and Other Regulatory Reports.

A. A sports wagering licensee shall cause its annual financial statements to be audited in accordance with generally accepted auditing standards by an independent certified public accountant.

B. The annual financial statements shall be prepared on a comparative basis for the current and prior fiscal year and present financial position and results of operations in conformity with generally accepted accounting principles in the United States.

C. The audited financial statements shall include a footnote reconciling and explaining any difference between the financial statements included in any report submitted to the Commission under Regulation .06 of this chapter and the audited financial statements.

D. A sports wagering licensee shall with regard to adjustments resulting from the annual audit:

(1) Disclose to the Commission all adjustments whether or not recorded in the accounting records; and

(2) Record the adjustment in the accounting records of the year to which the adjustment relates.

E. No later than 90 days after the end of its fiscal year, a sports wagering licensee shall submit to the Commission:

(1) A copy of its audited financial statements; and

(2) Any management letter or report prepared with regard to the financial statements by its independent certified public accountant.

F. A sports wagering licensee shall require the independent certified public accountant auditing its financial statements or other qualified entity approved by the Commission to render the following additional reports:

(1) A report identifying:

(a) Material weaknesses or significant deficiencies in the sports wagering licensee's Commission-approved internal controls noted in the course of the examination of the financial statements; and

(b) Recommendations as to how to eliminate each material weakness or significant deficiency identified; and

(2) A report assessing the adequacy and effectiveness of the sports wagering licensee's information technology security controls and system configurations with recommendations as to how to eliminate each material weakness or significant deficiency identified.

G. A sports wagering licensee shall prepare a written response to the reports required by §F of this regulation which includes details as to any corrective action taken.

H. No later than 120 days after the end of its fiscal year, a sports wagering licensee shall submit to the Commission a copy of:

(1) The reports required under §F of this regulation;

(2) The response required under §G of this regulation; and

(3) Any other report on internal controls or other matters relative to its accounting or operating procedures rendered by its independent certified public accountant.

I. If a sports wagering licensee or any of its affiliates are publicly held, the sports wagering licensee shall submit to the Commission a copy of:

(1) Any report required to be filed with the Securities and Exchange Commission including:

(a) Form S-1;

(b) Form 8-K;

(c) Form 10-Q;

(d) Form 10-K;

(e) Proxy statement;

(f) Information statement; and

(g) Registration statement; and

(2) Any other report required to be filed with a domestic or foreign securities regulatory agency.

J. A report required to be filed under §I of this regulation shall be submitted to the Commission no later than 10 days after the date of filing with the applicable agency.

K. A sports wagering licensee shall submit a written report to the Commission if an independent certified public accountant who is engaged as the principal accountant to audit its financial statements:

- (1) Resigns;
- (2) Is dismissed as the sports wagering licensee's principal accountant; or
- (3) Is replaced by another independent certified public accountant as principal accountant.

L. A report required to be filed under §K of this regulation shall include:

- (1) The date of the resignation, dismissal, or new engagement;
- (2) Whether in connection with the audits of the two most recent years preceding a resignation, dismissal, or new engagement there were any disagreements, resolved or unresolved, with the former accountant on:
 - (a) Accounting principles or practices;
 - (b) Financial statement disclosure; or
 - (c) Auditing scope or procedure;
- (3) The nature of any disagreement disclosed in §L(2) of this regulation;
- (4) Whether the principal accountant's report on the financial statements for either of the past two years contained an adverse opinion or disclaimer of opinion or was qualified;
- (5) The nature of any adverse opinion, disclaimer of opinion, or qualification; and
- (6) A letter from the former principal accountant addressed to the Commission stating whether the principal accountant concurs with the statements made by the sports wagering licensee in the report to the Commission submitted under this section.

M. A report required to be filed under §K of this regulation shall be submitted to the Commission no later than 10 days after the end of the month in which the resignation, dismissal, or new engagement occurred.

N. No later than 7 days after the date of filing with the Financial Crimes Enforcement Network, a sports wagering licensee shall file with the Commission a copy of each Suspicious Activity Report filed under 31 CFR §103.21.

O. A sports wagering licensee or a director, officer, employee, or agent of a sports wagering licensee who reports suspicious activity under 31 CFR §103.21 may not notify an individual involved in the suspicious activity that the suspicious activity has been reported.

P. No later than 7 days after the date of filing with the Financial Crimes Enforcement Network, a sports wagering licensee shall file with the Commission a copy of each Currency Transaction Report filed under 31 CFR §103.22.

Q. At least 30 days before sports wagering operations are to commence, a sports wagering licensee shall submit to the Commission a copy of its compliance program required under 31 CFR §103.64.

R. On or before the effective date, a sports wagering licensee shall submit to the Commission any change or amendment to its compliance program required under 31 CFR §103.64.

.07 Record Retention.

A. All original books and records shall be:

- (1) Prepared and maintained in a complete, accurate, and legible form;
- (2) Stored in a format that ensures readability, regardless of whether the technology or software that created or maintains it has become obsolete;
- (3) Retained in a secure location equipped with a fire notification system:
 - (a) At the sports wagering licensee's facility; or
 - (b) An off-site location approved by the Commission under §F of this regulation for the express purpose of document storage;
- (4) Kept immediately available for inspection by the Commission during all hours of operation;
- (5) Organized and indexed in a manner designed to provide immediate accessibility to the Commission; and
- (6) Destroyed only after expiration of the minimum retention period required under this regulation.

B. The Commission may, on submission of a written request or alternate record retention schedule by a sports wagering licensee, authorize destruction prior to the expiration of the minimum retention period required under this regulation.

C. Unless a request for destruction or alternate record retention schedule is submitted in writing and approved in writing by the Commission, a sports wagering licensee shall retain indefinitely original books and records documenting:

- (1) Ownership of the sports wagering licensee's facility if applicable;
- (2) Internally initiated investigations and due diligence;
- (3) Personnel matters;
- (4) Signature cards of current employees; and
- (5) Destruction of documents, including:
 - (a) The identity of the document;
 - (b) Period of retention; and
 - (c) Date of destruction.

D. Unless a request for destruction or alternate record retention schedule is submitted in writing and approved in writing by the Commission, a sports wagering licensee shall retain for a minimum of 5 years all original books and records not:

- (1) Identified for indefinite retention under §C of this regulation; or
- (2) Subject to an exception under §E of this regulation.

E. Exceptions. The following exceptions apply to the retention period in §D of this regulation:

- (1) A minimum retention period of 5 years shall apply to documentation pertaining to cashiers' cage transactions;
- (2) A minimum retention period of 5 years shall apply to:
 - (a) Signature cards of terminated employees;
 - (b) Insurance records relating to claims by bettors;
 - (c) Surveillance and security department:
 - (i) Employee duty logs;

- (ii) Visitor logs;
- (iii) Incident logs;
- (iv) Recording logs; and
- (v) Equipment malfunction reports; and

(d) Documentation pertaining to sports wagering tickets or promotional play instruments reported to the Commission as possibly counterfeit, altered, or tampered with;

(3) A minimum retention period of 30 days shall apply to:

(a) Cancelled promotional play instruments for which all reconciliations required by the sports wagering licensee's approved internal controls have been conducted and resolved;

(b) Voided sports wagering tickets; and

(c) Sports wagering tickets redeemed at a facility other than through a ticket redemption unit; and

(4) A minimum retention period of 7 days shall apply to sports wagering tickets redeemed at a ticket redemption unit or kiosk.

F. On submission of a written request by the sports wagering licensee, the Commission may approve a location outside the facility to store original books and records.

G. A sports wagering licensee requesting to store original books and records outside the facility shall submit to the Commission:

(1) A description of the proposed location, including details with regard to security and fire notification systems;

(2) Details with regard to the ownership of the proposed location; and

(3) Procedures for Commission access to original books and records retained at the proposed location.

H. A sports wagering licensee may not store books and records outside the facility without the prior written approval of the Commission.

I. On submission of a written request by a sports wagering licensee, the Commission may approve a suitable media system for the copying and storage of original books and records.

J. A sports wagering licensee submitting a system for the copying and storage of original books and records shall demonstrate to the satisfaction of the Commission that the:

(1) Processing, preservation, and maintenance methods to be utilized will make books and records readily available for review and reproduction;

(2) Inspection and quality control methods to be utilized will ensure that when books and records are viewed or reproduced they will exhibit a high degree of legibility and readability;

(3) Equipment necessary to readily locate, read, and reproduce books and records is available to the Commission at the location or approved off-site location; and

(4) Detailed index of all stored data maintained and arranged to facilitate the immediate location of particular books and records is available to the Commission at the location or approved off-site location.

K. A sports wagering licensee may not utilize a media system for the copying and storage of original books and records without the prior written approval of the Commission.

L. A sports wagering licensee may utilize the services of a contractor for the destruction of books and records permitted to be destroyed under this regulation.

M. Nothing in this regulation shall be construed as relieving a sports wagering licensee of any obligation to prepare or maintain books and records required by any other federal, State, or local governmental entity.

.08 Complimentary Services.

A. Requirements.

(1) A sports wagering licensee shall be under the authority of the County Alcoholic Beverages Licensing Authority for the county in which the facility is located with regard to the sale to individuals of food and alcoholic beverages.

(2) Except as provided in this section, a sports wagering licensee may not provide food or alcoholic beverages to individuals at no cost.

(3) Food or alcoholic beverages offered by a sports wagering licensee for sale to individuals may be offered only at prices that are determined by the County Alcoholic Beverages Licensing Authority to be commensurate with the price of similar types of food and alcoholic beverages at restaurants in the county in which the facility is located.

(4) A sports wagering licensee may provide food at no cost to individuals to the same extent allowed under Alcoholic Beverages Article §5-303, Annotated Code of Maryland, for a person engaged in the sale or barter of spirituous, malt, or intoxicating liquors and licensed in Maryland.

B. A sports wagering licensee shall develop, maintain, and implement adequate written internal controls over the authorization and provision of complimentary services.

C. A sports wagering licensee shall at all times make available to the Commission the internal controls required under §B of this regulation but is not required to include them in the system of internal controls submitted to the Commission for approval under Regulation .05 of this chapter.

D. A sports wagering licensee shall collect and retain data pertaining to the cost of, and number of individuals provided with, each category of complimentary services.

E. Report.

(1) A sports wagering licensee shall submit to the Commission a quarterly report summarizing complimentary services provided during the reporting period.

(2) The report shall include calendar year-to-date totals of complimentary services provided.

(3) The report must be submitted:

(a) On or before the 15th day of the month following the end of each quarter; or

(b) At the request of the Commission.

F. The report required under §E of this regulation shall:

(1) Separate complimentary services into the following categories:

(a) Rooms;

(b) Food and Beverage;

(c) Travel;

(d) Gifts:

(i) Cash; and

(ii) Noncash; and

(e) Other; and

(2) Determine the cost of complimentary services provided to a bettor as follows:

(a) Complimentary services offered by a sports wagering licensee in the normal course of business shall be reported at an amount based upon the full retail price normally charged for the service by the sports wagering licensee;

(b) Complimentary services not offered for sale by the sports wagering licensee in the normal course of business but provided directly by the sports wagering licensee to the bettor shall be reported at an amount based upon the actual cost to the sports wagering licensee of providing the service;

(c) Complimentary services provided directly or indirectly on behalf of a sports wagering licensee by a third party not related to the sports wagering licensee shall be reported at an amount based upon the actual cost to the sports wagering licensee of having the third party provide the service; and

(d) Complimentary services provided directly or indirectly on behalf of a sports wagering licensee by a third party related to the sports wagering licensee shall be reported at an amount based upon the actual cost to the third party of providing the service.

G. A sports wagering licensee shall submit to the Commission a report identifying a bettor who, together with guests, received \$5,000 or more in complimentary services within a period of 5 consecutive days.

H. The report required by §G of this regulation shall:

(1) State the reason complimentary services were provided;

(2) Include the bettor's rating in the sports wagering licensee's bettor rating system at the time the complimentary services were provided;

(3) Disclose the total amount, including year-to-date totals, provided in complimentary services separated into the following categories:

(a) Rooms;

(b) Food and Beverage;

(c) Travel;

(d) Gifts:

(i) Cash; and

(ii) Noncash; and

(e) Other; and

(4) Be submitted:

(a) At least quarterly, by the 15th day of the month following the end of each quarter;

or

(b) At the request of the Commission.

.09 Table of Organization.

A. For the purposes of this regulation, the title used to describe a department head is intended to indicate responsibility for the functions of the enumerated department and does not obligate the sports wagering licensee to the use of that particular title.

B. Subject to the requirements of this regulation, a sports wagering licensee shall tailor its table of organization to meet its needs and policies.

C. At least 30 days before sports wagering operations are to commence, a sports wagering licensee shall submit to the Commission for review and written approval a table of organization depicting all direct and indirect reporting lines for:

- (1) The chief executive officer required under §E(5) of this regulation;
- (2) Mandatory departments required under §E(6) of this regulation; and
- (3) If applicable, the cashiers' cage manager required under §M of this regulation;

D. A sports wagering licensee may not commence operations until the table of organization submitted under §C of this regulation is approved in writing by the Commission.

E. The holder of a Class A sports wagering facility license's table of organization shall include:

(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 individual is in a position to both:

- (a) Commit an error or to perpetrate a fraud; and
- (b) Conceal the error or fraud in the normal course of the individual's duties;

(3) All functions, duties, and responsibilities of qualified personnel;

(4) Areas of responsibility which are not so extensive as to be impractical for one individual to monitor;

(5) A chief executive officer:

- (a) Based for employment purposes at the facility;

- (b) Licensed as a principal employee; and
- (c) Ultimately responsible for the daily conduct of all sports wagering business; and
- (6) The following mandatory departments and supervisors:
 - (a) A surveillance department supervised by a director of surveillance:
 - (i) Based for employment purposes at the facility;
 - (ii) Subject to the reporting requirements of §I of this regulation;
 - (iii) Licensed as a principal employee; and
 - (iv) Responsible for the surveillance of all aspects of sports wagering operations;
 - (b) An internal audit department supervised by a director of internal audit:
 - (i) Based for employment purposes at the facility if applicable;
 - (ii) Subject to the reporting requirements of §G of this regulation;
 - (iii) Licensed as a principal employee; and
 - (iv) Responsible for assessing compliance with approved internal controls, applicable laws and regulations, the reliability of financial reporting, deterring and investigating fraud, and the safeguarding of assets;
 - (c) An information technology department supervised by a director of information technology:
 - (i) Based for employment purposes at the facility if applicable;
 - (ii) Licensed as a principal employee; and
 - (iii) Responsible for the quality, reliability, accuracy, and security of all sports wagering platforms and associated equipment and software utilized by the sports wagering licensee;
 - (d) A security department supervised by a director of security:
 - (i) Based for employment purposes at the facility;
 - (ii) Licensed as a principal employee; and

(iii) Responsible for the overall security of the facility;

(e) An accounting department supervised by a director of finance:

(i) Based for employment purposes at the facility;

(ii) Licensed as a principal employee; and

(iii) Responsible for all accounting and finance functions including the control and supervision of the cashiers' cage, satellite cages, and count room; and

(f) A sports wagering department supervised by a director of sports wagering operations:

(i) Based for employment purposes at the facility if applicable;

(ii) Licensed as a principal employee; and

(iii) Responsible for the operation and conduct of sports wagering.

F. The Commission may require the holder of a Class B-1 sports wagering facility license to comply with any or all of the requirements set forth in §E of this regulation.

G. The director of surveillance and the director of internal audit required under §E(6) of this regulation shall be independent of the chief executive officer regarding matters of policy, purpose, responsibility, and authority and shall report directly to:

(1) An individual based for employment purposes at the facility, if applicable, with no incompatible functions; or

(2) An audit committee of:

(a) The sports wagering licensee; or

(b) A Commission-authorized licensed affiliate of the sports wagering licensee.

H. The individual or audit committee to whom the director of surveillance and the director of internal audit report under §G of this regulation shall also control the hiring, termination, and salary of the director.

I. The director of surveillance and the director of internal audit may report to the chief executive officer with regard to daily operations.

J. Mandatory departments and the supervisors over them shall cooperate with, yet perform independently of, all other mandatory departments and supervisory positions.

K. A sports wagering licensee may designate more than one individual to serve jointly as the director of a mandatory department required by §E of this regulation.

L. A joint director of a mandatory department under §K of this regulation shall be:

- (1) Based for employment purposes at the facility if applicable; and
- (2) Individually and jointly accountable and responsible for the operation of the department.

M. A department that is not mandatory may operate under, or in conjunction with, a mandatory department where the table of organization is consistent with the requirements of §E of this regulation.

N. A sports wagering licensee's cashiers' cage manager shall be licensed as a principal employee for:

- (1) The holder of a Class A sports wagering facility license; and
- (2) The holder of a Class B-1 sports wagering facility license if required by the Commission.

O. On any shift for which the cashiers' cage manager is not present in the facility, the cashiers' cage shift manager responsible for the cashiers' cage shall be licensed as a principal employee unless another principal employee required by this regulation is present at the facility for:

- (1) The holder of a Class A sports wagering facility license; and
- (2) The holder of a Class B-1 sports wagering facility license if required by the Commission.

P. A sports wagering licensee may not implement a change in the table of organization approved by the Commission under §E or F of this regulation without the prior written approval of the Commission.

Q. A sports wagering licensee shall ensure that an employee is trained in the policies, procedures, and internal controls relevant to the individual's function.

R. Vacancy. If there is a vacancy in the chief executive officer position or any mandatory department director position required by §E or F of this regulation, the following shall apply:

- (1) No later than 5 days after the date of a vacancy, a sports wagering licensee shall notify the Commission in writing of:

- (a) The vacant position;
 - (b) The date on which the position will become or became vacant; and
 - (c) The date on which the sports wagering licensee anticipates that the vacancy will be filled on a permanent basis;
- (2) No later than 30 days after the date of a vacancy, a sports wagering licensee shall fill the vacant position on a temporary basis;
- (3) No later than 120 days after the original date of the vacancy, a sports wagering licensee shall fill the vacant position on a permanent basis; and
- (4) No later than 5 days after filling a vacancy, a sports wagering licensee shall notify the Commission in writing of:
- (a) The vacant position filled;
 - (b) The name of the individual designated to fill the position;
 - (c) The date that the vacancy was filled; and
 - (d) Whether the vacancy has been filled on a temporary or permanent basis.

.10 Surveillance System Design Standards for Class A and Class B-1 Sports Wagering Facility Licensees.

- A. Except as set forth in §B, this regulation is only applicable to the holder of a Class A sports wagering facility license.
- B. The Commission may require the holder of a Class B-1 sports wagering facility license to comply with any or all of the requirements of this regulation.
- C. A sports wagering licensee shall install in its facility a surveillance system that complies with the requirements of this regulation.
- D. A sports wagering licensee's surveillance system shall be reviewed and approved by the Commission under Regulation .11 of this chapter.
- E. A sports wagering licensee's surveillance system shall include:
- (1) Light sensitive cameras enabled by:
 - (a) Lenses of sufficient magnification to monitor activity at each betting window, kiosk and other sports wagering related areas and activities in a facility;

(b) Lighting which is continuous and of sufficient quality to produce clear video recordings and still pictures; and

(c) 360-degree pan, tilt, and zoom capability, without camera stops, configured to clandestinely monitor and record:

(i) Transactions conducted at each betting window, kiosk and other sports wagering related areas and activities in a facility;

(ii) Transactions conducted in the cashiers' cage and any satellite cage including the face of each individual transacting business with a cashier;

(iii) Transactions conducted at ticket redemption units and automated teller machines;

(iv) Activity in the count room;

(v) Movement of cash and cash storage boxes within the facility;

(vi) Entrances and exits to the facility;

(vii) Activities in all other restricted areas; and

(viii) Other areas and events designated by the Commission;

(2) A monitor room located in the facility:

(a) Staffed by employees of the sports wagering licensee's surveillance department 24 hours per day; and

(b) Equipped with:

(i) A communication system capable of monitoring all security department communications;

(ii) Connections, direct or through a documented communication protocol with the security department, to all facility alarm systems;

(iii) A surveillance failure notification system that provides an audible, as well as a visual notification, of any failure in the surveillance system or the digital video recording media storage system;

(iv) An emergency power system, tested by the sports wagering licensee in the presence of the Commission at least once a year, which can be used to operate the surveillance system in the event of a power failure;

(v) Computer terminals permitting event notification to, and read only access by authorized surveillance department employees to, the Class A licensee's sports wagering platform;

(vi) An updated photo library, consisting of photographs that are no more than 5 years old, of all current employees of the facility;

(vii) A copy of the Class A sport wagering facility licensee's floor plan required under COMAR 36.03.10.17.04.B;

(viii) A copy of the procedures addressing the evacuation of the facility in the event of fire or other emergency required under Regulation .13 of this chapter; and

(ix) Copies of the surveillance system contingency plans required under Regulation .11 of this chapter;

(3) Digital video recording capability equipped to:

(a) Superimpose the date and time on all monitoring and recording;

(b) Identify and locate, through the use of a meter, counter, or other device or method, a particular event which was recorded;

(c) Identify on video recording disks or other storage media the type of media player and software prerequisite to viewing the digital images; and

(d) Be authenticated through use of an embedded video verification encryption code or watermark;

(4) Audio recording capability in the count room that is:

(a) Installed and disclosed to employees of the facility; and

(b) Consistent with the Courts and Judicial Proceedings Article, §§10-401—10-414, Annotated Code of Maryland; and

(5) An access system which:

(a) Controls:

(i) Physical and logical access to the surveillance system; and

(ii) Physical access to the surveillance monitor room; and

(b) Restricts access to the security administration capabilities of the system.

F. A sports wagering licensee shall configure its surveillance system to record all areas and

transactions enumerated in §E(1) of this regulation with a resolution of 4 common image format at a minimum of:

- (1) For a standard definition camera, 30 frames per second; or
- (2) For a high-definition camera, 15 frames per second.

G. A sports wagering licensee may configure its surveillance system to record activity in areas of the facility not covered by §E of this regulation at a reduced frame rate with a resolution of 4 common image format, as follows:

- (1) Public areas shall be recorded at a minimum frame rate of 15 frames per second; and
- (2) Areas not accessible to the public shall be recorded at a minimum frame rate of 7.5 frames per second.

H. Except as provided in §I of this regulation, a sports wagering licensee shall retain surveillance recordings:

- (1) For a minimum of 7 days for transactions or events in the areas covered under §E of this regulation; and
- (2) For a minimum of 14 days for transactions or events in the areas covered under §F of this regulation.

I. Upon the request of the Commission or a law enforcement agency that has proper jurisdiction over the facility, a recording shall be retained and stored in accordance with the directives of the Commission or law enforcement agency pertaining to that recording.

J. Except as provided in this regulation, a surveillance system shall be under the exclusive control of a sports wagering licensee's surveillance department.

K. A sports wagering licensee shall provide the Commission with timely and unfettered access to its surveillance monitor room, surveillance system, and all transmissions.

L. A sports wagering licensee shall timely comply with a request from the Commission to:

- (1) Use, as necessary, any monitor room in the facility;
- (2) Display on the monitors in its monitor room or in the Commission's on-site monitor room any event capable of being captured by the surveillance system;
- (3) Relinquish control of a camera or monitor;
- (4) Discontinue monitoring a particular camera or recording activity captured by it;

(5) Make a video recording or photograph of any event capable of being captured by the surveillance system; and

(6) Restrict or deny access to a recording or photograph.

M. A surveillance system may not be remotely accessed from a facility outside the surveillance monitor room without the prior written approval of the Commission.

N. An entrance to a surveillance monitor room may not be visible from the facility floor.

.11 Surveillance Department Operating Procedures for Class A and Class B-1 Sports Wagering Facility Licensees.

A. Except as set forth in §B, this regulation is only applicable to the holder of a Class A sports wagering facility license.

B. The Commission may require the holder of a Class B-1 sports wagering license to comply with any or all of the requirements of this regulation.

C. At least 60 days before sports wagering operations are to commence, a sports wagering licensee shall submit to the Commission for review and written approval:

(1) A surveillance system meeting the requirements of Regulation .10 of this chapter including, at a minimum, details pertaining to:

- (a) Camera configuration inside and outside the facility;
- (b) Monitor room configuration;
- (c) Video recording format and configuration specifications;
- (d) Authentication of digital recordings, including Commission access to the system's video verification encryption code or watermark;
- (e) Audio recording format; and
- (f) System access controls; and

(2) Surveillance department operating procedures conforming to this regulation.

C. A sports wagering licensee may not commence operations until its surveillance system and surveillance department operating procedures are approved in writing by the Commission.

D. A sports wagering licensee's surveillance department operating procedures shall, at a minimum, require:

- (1) Coverage of all areas and transactions enumerated in Regulation .10 of this chapter;
- (2) Contingency plans addressing:
 - (a) Full and partial failure of the surveillance system including:
 - (i) A contact list with telephone numbers for individuals required to be notified in the event of a failure; and
 - (ii) Facility closure protocols; and
 - (b) Planned shutdown of the surveillance system;
- (3) A surveillance incident log:
 - (a) Maintained by monitor room employees in:
 - (i) A book with bound numbered pages that cannot be readily removed; or
 - (ii) An electronic format equipped with software that prevents modification of an entry after it has been initially entered into the system; and
 - (b) Documenting the scheduled coverage in §D(1) of this regulation and all other non-routine surveillance activity as follows:
 - (i) Date and time surveillance is commenced;
 - (ii) Name and Commission license number of the individual initiating, performing, or supervising the surveillance;
 - (iii) Reason for the surveillance;
 - (iv) Whether the suspicious activity involves an alleged regulatory violation or criminal activity;
 - (v) Name, if known, alias, or description of an individual being monitored;
 - (vi) Description of the activity in which the individual being monitored is engaged;
 - (vii) Reading on a meter, counter, or device that identifies the point on the video recording at which the event occurred;
 - (viii) Time at which a video recording is commenced and terminated, if different than when surveillance is commenced or terminated;
 - (ix) Date and time surveillance is terminated;

(x) Summary of the results of the surveillance; and

(xi) Description of the time, date, and cause of any equipment or camera malfunction which occurred during the conduct of surveillance;

(4) A surveillance room entry log:

(a) To be signed by an individual entering the surveillance monitor room who is not a surveillance department employee assigned to the monitor room's work shift at the time of entry;

(b) Maintained by monitor room employees in:

(i) A book with bound numbered pages that cannot be readily removed; or

(ii) An electronic format equipped with software that prevents modification of an entry after it has been initially entered into the system; and

(c) Documenting the following:

(i) Date and time of entering the monitor room;

(ii) The entering individual's name and department or affiliation;

(iii) The reason for entering the monitor room;

(iv) The name of the individual authorizing the individual's entry into the monitor room; and

(v) The date and time of exiting the monitor room;

(5) That surveillance monitor room employees notify:

(a) Security department supervisory personnel within 5 minutes of an incident of equipment failure affecting coverage of the facility; and

(b) The Commission within 30 minutes of an incident of equipment failure affecting coverage of the facility citing:

(i) Date and time;

(ii) Cause of the malfunction; and

(iii) Time a sports wagering licensee's security department was notified of the malfunction;

(6) That a sports wagering licensee confirm in writing a notice given verbally to the Commission under §D(5) of this regulation; and

(7) That, on a daily basis, a sports wagering licensee synchronize the date and time on the surveillance system to the date and time on a public time server.

E. A sports wagering licensee may not implement a change or amendment in its surveillance system or surveillance department operating procedures approved by the Commission under §C of this regulation without the prior written approval of the Commission.

F. Surveillance department employees shall be reasonably segregated and independent of all other departments at the facility.

G. A surveillance department employee may not transfer to any other department in the facility without the prior written approval of the Commission.

.12 Surveillance Department Minimum Staffing for Class A and Class B-1 Sports Wagering Facility Licensees.

A. Except as set forth in §B, this regulation is only applicable to the holder of a Class A sports wagering facility license.

B. The Commission may require the holder of a Class B-1 sports wagering facility license to comply with any or all of the requirements of this regulation.

C. At least 60 days before sports wagering operations are to commence, a sports wagering licensee shall submit its surveillance department minimum staffing plan to the Commission for review and written approval.

D. A sports wagering licensee may not commence operations until its surveillance department minimum staffing plan is approved in writing by the Commission.

E. A surveillance department minimum staffing plan shall assess, on a per-shift basis, the minimum number of on duty surveillance department employees necessary to:

(1) Provide adequate and effective surveillance of all activities in and outside the facility;

(2) Ensure the physical safety of employees of and invitees to the facility;

(3) Comply with all applicable laws and regulations including Commission-approved internal controls and operating procedures;

(4) Monitor the facility to ensure that the following individuals are identified, prohibited from entering the facility, and, if necessary, immediately removed from the facility:

(a) An intoxicated individual;

(b) An excluded individual; and

(5) Monitor the facility floor to ensure that an individual younger than 21 years old is identified, prohibited from accessing the facility floor in accordance with State Government Article, §9-1E-11(a)(1), Annotated Code of Maryland, and, if necessary, immediately removed from the facility floor.

F. A sports wagering licensee's proposed surveillance department minimum staffing plan shall consider:

- (1) Square footage and layout of the facility;
- (2) Use of fixed and roving security posts;
- (3) Activity level on a per-shift basis and identify it as slow, normal, or peak;
- (4) Department supervisory needs; and
- (5) A limit of one employee per monitor station.

G. A sports wagering licensee may not implement a change or amendment in the surveillance department minimum staffing plan approved by the Commission under §C of this regulation without the prior written approval of the Commission.

.13 Surveillance System Design Standards for Class B Sports Wagering Facility Licensees.

A. This regulation is only applicable to the holder of a Class B sports wagering facility license.

B. A sports wagering licensee shall install in its facility a surveillance system that complies with the requirements of this regulation.

C. A sports wagering licensee's surveillance system shall be reviewed and approved by the Commission under Regulation .14 of this chapter.

D. A sports wagering licensee's surveillance system shall include:

(1) Light sensitive cameras that are:

(a) Enabled by lenses of sufficient magnification to monitor activity at each betting window, kiosk and other sports wagering related areas and activities in the facility;

(b) Enabled by lighting which is continuous and of sufficient quality to produce clear video recordings and still pictures; and

(c) Configured to clandestinely monitor and record:

(i) Transactions conducted at each betting window, kiosk and other sports wagering related areas and activities in the facility;

(ii) Transactions conducted at cashier locations including the face of each individual transacting business with a cashier;

(iii) Transactions conducted at automated teller machines;

(iv) Activity in the count room;

(v) Movement of cash and cash storage boxes within the facility;

(vi) Entrances and exits to the facility;

(vii) Activities in all other restricted areas; and

(viii) Other areas and events designated by the Commission;

(2) Digital video recording capability equipped to:

(a) Superimpose the date and time on all monitoring and recording;

(b) Identify and locate, through the use of a meter, counter or other device or method, a particular event which was recorded; and

(c) Identify on video recording disks or other storage media the type of media player and software prerequisite to viewing the digital images.

E. Except as provided in §F of this regulation, a sports wagering licensee shall retain surveillance recordings for a minimum of 7 days.

F. Upon the request of the Commission or a law enforcement agency that has proper jurisdiction over the facility, a recording shall be retained and stored in accordance with the directives of the Commission or law enforcement agency pertaining to that recording.

G. A sports wagering licensee shall provide the Commission with timely and unfettered access to its surveillance monitor room, surveillance system and all transmissions.

H. A sports wagering licensee shall comply in a timely fashion with a request from the Commission to:

(1) Use, as necessary, any monitor room in the facility;

(2) Display on the monitors in its monitor room any event capable of being captured by the surveillance system;

- (3) Relinquish control of a camera or monitor;
- (4) Discontinue monitoring a particular camera or recording activity captured by it;
- (5) Make a video recording or photograph of any event capable of being captured by the surveillance system; and
- (6) Restrict or deny access to a recording or photograph.

I. A surveillance system may not be remotely accessed from a location outside the surveillance monitor room without the prior written approval of the Commission.

.14 Surveillance Department Operating Procedures for Class B Sports Wagering Facility Licensees.

- A. This regulation is only applicable to the holder of a Class B sports wagering facility license.
- B. At least 60 days before sports wagering operations are to commence, a sports wagering licensee shall submit to the Commission for review and written approval:
 - (1) A surveillance system meeting the requirements of Regulation .13 of this chapter including, at a minimum, details pertaining to:
 - (a) Camera configuration inside and outside the facility;
 - (b) Monitor room configuration;
 - (c) Video recording format and configuration specifications;
 - (d) Authentication of digital recordings, including Commission access to the system's video verification encryption code or watermark;
 - (e) Audio recording format; and
 - (f) System access controls; and
 - (2) Surveillance department operating procedures conforming to this regulation.
- C. A sports wagering licensee may not commence operations until its surveillance system and surveillance department operating procedures are approved in writing by the Commission.
- D. A sports wagering licensee's surveillance department operating procedures shall, at a minimum, require:
 - (1) Coverage of all areas and transactions as enumerated in Regulation .13;

- (2) Contingency plans addressing a full or partial failure of the surveillance system.
- (3) A surveillance system access log that documents:
 - (a) The date and time the surveillance system is accessed by an individual;
 - (b) The accessing individual's name and department or affiliation;
 - (c) The reason for accessing the surveillance system; and
 - (d) The date and time the individual ended their access of the surveillance system.
- (4) The sports wagering licensee to notify the Commission within 12 hours of an equipment failure affecting coverage of the facility citing:
 - (a) The date and time of the failure;
 - (b) The cause of the failure;
 - (c) The length of time the surveillance system was inoperable or malfunctioning; and
 - (d) The length of time the before the surveillance system is expected to be operable or have the malfunction to be corrected;
- (5) The sports wagering licensee to confirm in writing a notice given verbally to the Commission under §D(4) of this regulation; and
- (6) On a daily basis, the sports wagering licensee to synchronize the date and time on the surveillance system to a public time server.

E. A sports wagering licensee may not implement a change or amendment in its surveillance system or surveillance department operating procedures approved by the Commission under §B of this regulation without the prior written approval of the Commission.

.15 Surveillance System Design Standards for Mobile Sports Wagering Licensees.

- A. This regulation is only applicable to the holder of a mobile sports wagering license.
- B. A sports wagering licensee shall install in each of the licensee's data information centers and operations centers a surveillance system that complies with the requirements of this regulation.
- C. A sports wagering licensee's surveillance system shall be reviewed and approved by the Commission under Regulation .16 of this chapter.
- D. A sports wagering licensee's surveillance system shall include:

(1) Light sensitive cameras that are:

(a) Enabled by lenses of sufficient magnification to observe front and back of each server cabinet that house all servers that collectively are the online wagering and associated systems;

(b) Enabled by lighting which is continuous and of sufficient quality to produce clear video recordings and still pictures; and

(c) Configured to monitor and record physical access to the online wagering and associated systems;

(2) Digital video recording capability equipped to:

(a) Superimpose the date and time on all monitoring and recording;

(b) Through the use of a meter, counter or other device or method, identify and locate a particular event which was recorded; and

(c) Identify on video recording disks or other storage media the type of media player and software prerequisite to viewing the digital images.

E. Except as provided in §F of this regulation, a sports wagering licensee shall retain surveillance recordings for a minimum of 90 days.

F. Upon the request of the Commission or a law enforcement agency that has proper jurisdiction over the sports wagering licensee, a recording shall be retained and stored in accordance with the directives of the Commission or law enforcement agency pertaining to that recording.

G. A sports wagering licensee shall provide the Commission with timely and unfettered remote access to its surveillance system and all transmissions.

H. A sports wagering licensee shall comply in a timely fashion with a request from the Commission to:

(1) Display on monitors any event capable of being captured by the surveillance system;

(2) Make a video recording or photograph of any event capable of being captured by the surveillance system; and

(3) Restrict or deny access to a recording or photograph.

I. A surveillance system may not be directly accessible from a location outside a mobile sports wagering licensee's local network.

.16 Surveillance Department Operating Procedures for Mobile Sports Wagering Licensees.

A. This regulation is only applicable to the holder of a mobile sports wagering license.

B. At least 60 days before sports wagering operations are to commence, a sports wagering licensee shall submit to the Commission for review and written approval:

(1) A surveillance system meeting the requirements of Regulation .15 of this chapter including, at a minimum, details pertaining to:

(a) Camera configuration inside and outside the data information centers and operations centers;

(b) Monitor room configuration;

(c) Video recording format and configuration specifications;

(d) Authentication of digital recordings, including Commission access to the system's video verification encryption code or watermark;

(e) Audio recording format; and

(f) System access controls; and

(2) Surveillance department operating procedures conforming to this regulation.

C. A sports wagering licensee may not commence operations until its surveillance system and surveillance department operating procedures are approved in writing by the Commission.

D. A sports wagering licensee's surveillance department operating procedures shall, at a minimum, require:

(1) Coverage of all areas and transactions as enumerated in Regulation .15;

(2) Contingency plans addressing a full or partial failure of the surveillance system.

(3) A surveillance system access log that documents:

(a) The date and time the surveillance system is accessed by an individual;

(b) The accessing individual's name and department or affiliation;

(c) The reason for accessing the surveillance system; and

(d) The date and time the individual ended their access of the surveillance system.

(4) The sports wagering licensee to notify the Commission within 12 hours of an equipment failure affecting coverage of the facility citing:

- (a) The date and time of the failure; and
- (b) The cause of the failure;
- (c) The length of time the surveillance system was inoperable or malfunctioning; and
- (d) The length of time the before the surveillance system is expected to be or operable or the malfunction to be corrected;

(5) The sports wagering licensee to confirm in writing a notice given verbally to the Commission under §D(4) of this regulation; and

(6) On a daily basis, the sports wagering licensee to synchronize the date and time on the surveillance system to Eastern Standard Time.

E. A sports wagering licensee may not implement a change or amendment in its surveillance system or surveillance department operating procedures approved by the Commission under §B of this regulation without the prior written approval of the Commission.

.17 Security Department Operating Procedures for Class A and Class B-1 Sports Wagering Facility Licensees.

A. Except as set forth in §B, this regulation is only applicable to the holder of a Class A sports wagering facility license.

B. The Commission may require the holder of a Class B-1 sports wagering facility license to comply with any or all of the requirements of this regulation.

C. At least 60 days before sports wagering operations are to commence or another time approved by the Commission, a sports wagering licensee shall submit to the Commission for review and written approval its security department operating procedures.

D. A sports wagering licensee may not commence operations until its security department operating procedures are approved in writing by the Commission.

E. A sports wagering licensee's security department operating procedures shall, at a minimum, include:

(1) A security zone plan for the facility, employing fixed security posts and roving security officers designed to ensure:

- (a) The physical safety of employees of and invitees to the facility;

- (b) The safeguarding of assets;
- (c) Compliance with all applicable laws and regulations including Commission approved internal controls and operating procedures;
- (d) That the following individuals are identified, prohibited from entering the facility, and, if necessary, immediately removed from the facility:
 - (i) An intoxicated individual;
 - (ii) An excluded individual; and
- (e) That an individual younger than 21 years old is identified, prohibited from accessing the facility floor in accordance with State Government Article, §9-1E-11(a)(1), Annotated Code of Maryland, and, if necessary, immediately removed from the facility floor;
- (2) Procedures and controls addressing:
 - (a) Facility access controls including:
 - (i) An access badge system;
 - (ii) If utilized, specifications pertaining to a computerized access control system;
 - (iii) Administrative responsibility over a manual or computerized access control system;
 - (b) A temporary access credential;
 - (c) Key controls;
 - (d) Emergency alarm and fire command responsibilities including communication protocols with the surveillance department;
 - (e) Evacuation of the facility in the event of fire or other emergency;
 - (f) The identification and immediate removal of an intoxicated individual, an individual younger than 21 years old, an excluded individual;
 - (g) Bettor disputes under Regulation .37 of this chapter; and
 - (h) The notice requirements of §E(4) of this regulation;
- (3) A security department incident log:
 - (a) Maintained by security department employees in:

- (i) A book with bound numbered pages that cannot be readily removed; or
 - (ii) An electronic format equipped with software that prevents modification of an entry after it has been initially entered into the system; and
- (b) Documenting the following:
 - (i) Assignment number of the incident;
 - (ii) Date and time;
 - (iii) Name and Commission license of the department member covering the incident;
 - (iv) Nature of the incident; and
 - (v) Resolution of the incident; and
- (4) A requirement that a sports wagering licensee notice the Commission on detection of:
 - (a) An individual engaged in, attempting to engage in, or suspected of cheating, theft, embezzlement, or other illegal activities;
 - (b) An individual who is:
 - (i) younger than 21 years old;
 - (ii) Intoxicated; or
 - (iii) An excluded individual.

.18 Security Department Minimum Staffing for Class A and Class B-1 Sports Wagering Facility Licensees.

A. Except as set forth in §B, this regulation is applicable only to the holder of a Class A sports wagering facility license.

B. The Commission may require the holder of a Class B-1 sports wagering facility license to comply with any or all of the requirements of this regulation.

C. At least 60 days before sports wagering operations are to commence or another time approved Commission, a sports wagering licensee shall submit its security department minimum staffing plan to the Commission for review and written approval.

D. A sports wagering licensee may not commence operations until its security department

minimum staffing plan is approved in writing by the Commission.

.19 Security Department Operating Procedures for Class B Sports Wagering Facility Licensees.

- A. This regulation is only applicable to the holder of a Class B sports wagering facility license.
- B. A sports wagering licensee shall submit to the Commission for review and written approval its security operating procedures.
- C. A sports wagering licensee's security operating procedures shall, at a minimum, include:
 - (1) A security zone plan for the facility designed to ensure:
 - (a) The physical safety of employees and invitees to the facility;
 - (b) The safeguarding of assets;
 - (c) Compliance with all applicable laws and regulations including Commission approved internal controls and operating procedures;
 - (d) That intoxicated individuals are identified, prohibited from entering the facility and, if necessary, immediately removed from the facility; and
 - (e) That an individual younger than 21 years old is identified, prohibited from sports wagering and, if necessary immediately removed from the facility; and
 - (2) Procedures and controls addressing:
 - (a) Facility access controls including:
 - (i) An access badge or key system;
 - (ii) If utilized, specifications pertaining to a computerized access control system; and
 - (iii) Administrative responsibility over a manual or computerized access control system;
 - (b) A temporary access credential;
 - (c) Key controls;
 - (d) Emergency alarm and fire command responsibilities;
 - (e) Evacuation of the facility in the event of fire or other emergency;

(f) The identification and immediate removal of an intoxicated individual, and, if applicable, an individual younger than 21 years old; and

(g) The notice requirements of §(C)(4) of this regulation;

(3) A security incident log:

(a) Maintained in:

(i) A book with bound numbered pages that cannot be readily removed; or

(ii) An electronic format equipped with software that prevents modification of an entry after it has been initially entered into the system; and

(b) Documenting:

(c) The assignment number of the incident;

(i) The date and time of the incident;

(ii) The name of the person covering the incident;

(iii) The nature of the incident; and

(iv) The resolution of the incident; and

(4) A requirement that a Class B licensee notify the Commission upon detection of:

(a) An individual engaged in, attempting to engage in, or suspected of cheating, theft, embezzlement, or other illegal activities; and

(b) An individual who is:

(i) Younger than 21 years old and has engaged in sports wagering; or

(ii) Intoxicated.

.20 Internal Audit Department Standards.

A. Except as set forth in §B, this regulation is only applicable to the holder of a Class A sports wagering facility license.

B. The Commission may require the holder of a Class B sports wagering facility license to comply with any or all of the requirements of this regulation.

C. At least 60 days before sports wagering operations are set to commence or another time approved Commission, a sports wagering licensee shall submit to the Commission for review and approval internal audit department operating standards and procedures that:

- (1) Meet the requirements of Regulation .09E(6)(b) of this chapter;
- (2) Conform to this regulation; and
- (3) Ensure that an internal audit is conducted in accordance with generally accepted auditing standards in the United States.

D. A sports wagering licensee's internal audit department operating procedures and standards shall, at a minimum, require the internal audit department to:

- (1) Work independently of the departments of the sports wagering licensee that are subject to audit;
- (2) Assess whether the sports wagering licensee's internal controls comply with applicable law and Commission directives;
- (3) Test the sports wagering licensee's compliance with its internal controls;
- (4) Immediately report a deficiency in, or noncompliance with, the sports wagering licensee's internal controls to:
 - (a) The audit committee;
 - (b) The chief executive officer;
 - (c) Management; and
 - (d) The Commission;
- (5) Recommend resolution for eliminating a deficiency in, or noncompliance with, the sports wagering licensee's internal control system;
- (6) Meet periodically with the audit committee or director of internal audit;
- (7) Perform audits of:
 - (a) Unless an alternate risk assessment and audit plan is submitted in writing and approved in writing by the Commission, all departments of the sports wagering licensee that are designated under §§C and D of this regulation; and
 - (b) A department of the sports wagering licensee designated by the Commission;

(8) Prepare an audit report for each audit conducted;

(9) Accurately document the audit process and results in an audit report that, at a minimum, shall include:

(a) Audit objectives;

(b) Audit procedures and scope;

(c) Findings and conclusions;

(d) A recommendation for addressing a deficiency in, or noncompliance with, the sports wagering licensee's internal controls;

(e) Resolution of all exceptions; and

(f) Management's response;

(10) Submit audit reports to the Commission on a schedule specified by the Commission; and

(11) Verify that:

(a) A deficiency or noncompliance revealed during an audit has been corrected; and

(b) An exception disclosed during an audit has been resolved.

E. If applicable, the audit department shall audit at least semiannually the functions and operations of the sports wagering licensee's:

(1) Cashiers' cage;

(2) Collection of cash storage boxes;

(3) Cash count;

(4) Revenue audit;

(5) Sports wagering operations department; and

(6) Key control;

F. If applicable, the audit department shall audit at least annually:

(1) Responsible gaming program;

- (2) Security department;
- (3) Currency transaction reporting;
- (4) Suspicious activity reporting;
- (5) Information technology controls;
- (6) Accounts payable;
- (7) Purchasing;
- (8) Surveillance department; and
- (9) Bettor tracking system.

F. The internal audit department shall conduct an audit on an unannounced basis when possible.

.21 Access to Sports Wagering Systems.

A. The sports wagering licensee shall limit and control administrative access to the sports wagering platform and associated equipment by ensuring the following:

- (1) Maintain access configurations and procedures that meet industry best practices and adhere to nationally recognized information technology compliance standards;
- (2) Maintain logs of user access and review the logs daily to identify security incidents and unusual transactions;
- (3) Coordinate and develop an education and training program on information security and privacy matters for employees and other authorized users;
- (4) Ensure compliance with all State and federal information security policies and rules;
- (5) Prepare and maintain security-related reports and data;
- (6) Develop and implement an incident response plan to address security breaches, policy violations and complaints from external parties;
- (7) Develop and implement an ongoing risk assessment program that targets information security and privacy matters by identifying methods for vulnerability detection and remediation and overseeing the testing of those methods; and

(8). Ensure remote access to a sports wagering licensee's sports wagering platform and associated equipment is only permitted from within the local network and not directly accessible from the internet.

B. All sports wagering licensee's sports wagering platforms and associated equipment must be available for independent testing by the Commission or the Commission's designee.

.22 Cashiers' Cage Design Standards.

A. Except as set forth in §B, this regulation is only applicable to the holder of a Class A sports wagering facility license.

B. The Commission may require the holder of a Class B sports wagering facility license to comply with any or all of the requirements of this regulation.

C. A sports wagering licensee shall have on, adjacent, or proximate to the facility floor a physical structure known as a cashiers' cage to house the cashiers in the facility for:

(1) The custody of the cash, accounting records, and forms and documents required under this chapter to conduct sports wagering operations;

(2) The initial financial consolidation of all transactions pertaining to sports wagering activity; and

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

D. A cashiers' cage shall include a manually triggered silent alarm system connected:

(1) Directly to the security department; or

(2) Directly, or through a documented communication protocol, to the monitor room of the surveillance department.

E. A sports wagering licensee shall make readily available to the Commission:

(1) An access control matrix indicating which employee job descriptions are authorized to have access to the cashiers' cage; and

(2) A list of employees, with license number, who are authorized:

(a) To have access to the Cashiers' cage;

(b) To activate or deactivate alarm systems for the cashiers' cage; and

(c) To grant access to the cashiers' cage through the access control matrix or a computerized access control system.

.23 Accounting Controls for a Cashiers' Cage.

A. This regulation is only applicable to the holder of a Class A or Class B sports wagering facility license.

B. A sports wagering licensee may only conduct transactions with individuals at its cashiers' cage and any satellite cage during the hours of operation approved by the Commission for the facility under COMAR 36.10.17.02.

C. A sports wagering licensee shall develop and include in the internal controls submitted to and approved by the Commission under Regulation .04 of this chapter procedures addressing the segregation of the cashiers' cage and the general conduct of cashiers' cage transactions.

D. A sports wagering licensee's internal controls shall require:

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

(a) General cashiers shall be responsible for:

- (i) An individual imprest inventory of cash;
- (ii) Receipt and payout of cash, negotiable instruments, sports betting tickets, and other documentation from and to bettors subject to the limitations imposed under this chapter; and
- (iii) Other functions designated by the sports wagering licensee which are not incompatible with the functions of a general cashier; and

(b) Main bank cashiers shall be responsible for:

- (i) Receipt of cash, negotiable instruments, sports betting tickets, and other documentation from general cashiers in exchange for cash or documentation;
- (ii) Replenishment of kiosks;
- (iii) Receipt of unsecured cash and unsecured sports betting tickets;
- (iv) Receipt of cash and documentation from the count room;
- (v) Preparation of the overall cashiers' cage reconciliation;
- (vi) Preparation of bank deposits; and
- (vii) Other functions designated by the sports wagering licensee which are not incompatible with the functions of a main bank cashier;

(2) Each general cashier and main bank cashier to prepare a cashiers' count sheet on each shift:

- (a) Recording the amount of the inventory in the window or bank;
- (b) Reconciling the total closing inventory with the total opening inventory; and
- (c) Including the signature of the:
 - (i) Outgoing general or main bank cashier; and
 - (ii) Incoming general or main bank cashier;

(3) At the end of the wagering day, the cashiers' cage to forward a copy of each cashiers' count sheet and related documentation to the accounting department for:

- (a) Agreement of opening and closing inventories; and
- (b) Comparison of forms or documents; and

(4) No more than 48 hours after the discovery of an employee's unresolved cage or count room overage or shortage of \$500 or more, a sports wagering licensee shall submit a written report to the Commission describing:

- (a) The reason for the overage or shortage and corrective action taken or adjustment made; or
- (b) That a notice of investigation is ongoing and the written report will be submitted within the following 48 hours.

.24 Checks Accepted from a Bettor.

A. A sports wagering licensee may accept a negotiable instrument in the form of a check meeting the requirements of this regulation from a bettor to enable the bettor to take part in sports wagering.

B. A sports wagering licensee may accept a check only during the hours of operation approved by the Commission for the facility under COMAR 36.10.17.02.

C. A sports wagering licensee may accept a personal check that is:

- (1) Made payable to the sports wagering licensee;
- (2) Drawn on a bank, savings and loan association, or credit union subject to federal or State banking regulation;

- (3) Drawn for a specific amount;
- (4) Currently dated, not postdated; and
- (5) Payable on demand.

D. Subject to the requirements of §E of this regulation, a sports wagering licensee may accept a check issued by:

- (1) A Sports wagering licensee;
- (2) The Agency; and
- (3) A person that:
 - (a) Is an affiliate of the sports wagering licensee; and
 - (b) Holds a valid sports wagering license in another jurisdiction.

E. A sports wagering licensee shall only accept a check under §D of this regulation which has been issued to an individual as:

- (1) Employment compensation; or
- (2) A payout in connection with:
 - (a) Sports wagering activity;
 - (b) Casino activity; or
 - (c) Maryland lottery prizes.

F. A sports wagering licensee may not:

- (1) Except as provided under §C of this regulation, accept a check that is payable to an individual, including:
 - (a) A Social Security check;
 - (b) An unemployment insurance check;
 - (c) A disability payment check; or
 - (d) A public assistance check; or

(2) Except for a check issued under §E of this regulation, accept from a bettor under this regulation a check or multiple checks which in the aggregate exceed \$30,000 during a wagering day.

G. For a personal check equaling or exceeding \$ 5,000, a sports wagering licensee shall confirm the availability of funds by:

(1) Directly contacting the bank, savings and loan association, or credit union upon which the check is drawn;

(2) Obtaining an authorization and guarantee of the check from a check verification and warranty service licensed as a contractor under COMAR 36.10.06.04; or

(3) Alternate procedures addressing acceptance and verification of personal checks submitted in writing and approved by the Commission.

H. A sports wagering licensee shall develop and include in the internal controls submitted to and approved by the Commission under Regulation .04 of this chapter, procedures addressing the acceptance and verification of checks meeting the requirements of this regulation.

I. A sports wagering licensee's internal controls shall require a check accepted from a bettor by a general cashier to be:

(1) If a personal check other than an electronic check, restrictively endorsed "for deposit only" to the bank account designated for this purpose by the sports wagering licensee and:

(a) Initialed by the accepting general cashier;

(b) Date and time stamped;

(c) Documented on the face of the check the number on the bettor's government-issued photographic identification; and

(d) If a personal check equaling or exceeding \$5,000, confirmed for availability of funds under §G of this regulation;

(2) Verified for signature authenticity by a general cashier who shall:

(a) Obtain from the bettor one form of identification that is a valid, unexpired government-issued photographic identification; and

(b) Satisfactorily compare the:

(i) Signature of the bettor on the personal check or endorsing the payroll or payout check with the signature on an identification credential; and

(ii) Bettor's physical appearance with the photograph contained on the valid, unexpired government-issued photographic identification presented by the bettor;

(3) If presented by a bettor as a payroll or payout check under § E of this regulation, confirmed to have been issued as employment compensation or as a payout in connection with sports wagering activity; and

(4) Immediately exchanged for:

(a) Cash;

(b) If the sports wagering licensee has the capability, a sports betting ticket;

(c) Funding for a sports wagering account in accordance with this chapter.

J. Subject to the limit in §F(2) of this regulation, a sports wagering licensee may accept a check issued to an individual as a payout in connection with sports wagering activity from a sports wagering licensee that holds a valid sports betting license in another jurisdiction.

.25 Wire Transfers.

A. A sports wagering licensee may accept a negotiable instrument in the form of a wire transfer from a bettor to enable the bettor to take part in sports wagering.

B. A sports wagering licensee shall record in its cashiers' cage accountability or other accounting records any funds accepted by wire transfer with no documented business purpose other than to enable a bettor to take part in sports wagering within 24 hours of receipt of the wire transfer.

C. A sports wagering licensee shall develop and include in the internal controls submitted to and approved by the Commission under Regulation .04 of this chapter procedures addressing the acceptance, verification, and sending of wire transfers meeting the requirements of this regulation.

D. A sports wagering licensee's internal controls shall:

(1) Require preparation of a wire transfer log to record the following information pertaining to a wire transfer accepted by a sports wagering licensee on behalf of a bettor:

(a) A sequential number assigned by the sports wagering licensee to the wire transfer accepted;

(b) Date and time notice of the wire transfer was received;

(c) Name of the financial institution to which the funds were sent;

(d) Amount transferred;

- (e) Name of the bettor for whose benefit the funds were accepted;
 - (f) The name of the financial institution from which the funds were transferred;
 - (g) The method by which the sports wagering licensee was notified of the receipt of the wire transfer;
 - (h) If noticed by telephone, the name and title of the individual providing notice; and
 - (i) The signature of the employee receiving and recording the information required by this section.
- (2) Require that a supervisor other than the employee who initially documented acceptance of the wire transfer:
- (a) Independently confirm date, time, and method by which the sports wagering licensee was notified of the wire transfer;
 - (b) Record the date and time of confirmation in the wire transfer log; and
 - (c) Sign the wire transfer log as completing the confirmation process;
- (3) Document the procedures used to:
- (a) Establish, verify, and document the identity of a bettor sending a wire transfer;
 - (b) Make the wire transfer proceeds available to a bettor at the cashiers' cage or any other means as approved by the Commission; and
 - (c) Adjust the cashiers' cage accountability or other accounting records;
- (4) Require preparation of a wire transfer log to record the following information pertaining to a wire transfer sent by a sports wagering licensee on behalf of a bettor:
- (a) A sequential number assigned by the sports wagering licensee to the wire transfer sent;
 - (b) Name of the bettor;
 - (c) Date of the transaction;
 - (d) Amount wired;
 - (e) Source of funds;
 - (f) The name and address of the financial institution to which the funds were wired;

(g) Account number to which the funds are credited;

(h) If the request to send a wire transfer is made in person at the cashiers' cage, the signature of the bettor;

(i) If the request to send a wire transfer is not made in person at the cashiers' cage, documentation supporting the receipt of a request by the sports wagering licensee to send a wire transfer on behalf of a bettor;

(j) The signature of the cashiers' cage employee or accounting department employee receiving and recording the information required by this regulation; and

(k) The signature of the cashiers' cage supervisor or accounting department supervisor authorizing the wire transfer; and

(5) Document the procedures used to:

(a) Establish, verify, and document the identity of a bettor requesting that a wire transfer be sent;

(b) Send the wire transfer; and

(c) Adjust the cashiers' cage accountability or other accounting records.

.26 Cash Equivalents.

A. A sports wagering licensee may accept a negotiable instrument in the form of a cash equivalent from a bettor to enable the bettor to take part in sports wagering.

B. If applicable, a sports wagering licensee may accept a cash equivalent only during the hours of operation approved by the Commission for a sports wagering facility under COMAR 36.10.15.02.

C. A sports wagering licensee shall develop and include in the internal controls submitted to and approved by the Commission under Regulation .04 of this chapter procedures addressing the acceptance and verification of cash equivalents meeting the requirements of this chapter.

D. A sports wagering licensee's internal controls shall:

(1) Enumerate the type of cash equivalents complying with this chapter to be accepted;

(2) Detail the specific verification procedures required by each issuer;

(3) Require that a general cashier:

(a) Perform the specific verification procedures required by each issuer;

(b) Prepare and maintain documentation evidencing the verification of a cash equivalent accepted; and

(c) Examine a cash equivalent for counterfeiting, forgery, or alteration;

(4) If applicable, detail the criteria for cashiers' cage supervisor or accounting department supervisor involvement in the verification process; and

(5) Include procedures for verifying the authenticity of a bettor's signature on a cash equivalent in conformance with the signature authentication procedures in Regulation .19 of this chapter.

.27 Bettor Deposits.

A. A sports wagering licensee may establish a customer deposit account for a bettor to enable the bettor to take part in sports wagering.

B. A sports wagering licensee shall perform all procedures required by this chapter before depositing funds accepted by means of check, wire transfer, cash equivalent, or other negotiable instrument into a customer deposit account.

C. If applicable, a sports wagering licensee may accept a customer deposit only during the hours of operation approved by the Commission for the facility under COMAR 36.10.15.02.

D. A sports wagering licensee shall develop and include in the internal controls submitted to and approved by the Commission under Regulation .04 of this chapter procedures addressing the acceptance of customer deposits meeting the requirements of this regulation.

E. A sports wagering licensee's internal controls shall:

(1) Require acceptance of customer deposits at the cashiers' cage or by any other means as approved by the Commission;

(2) Require preparation of a receipt documenting:

(a) Amount deposited;

(b) Date of the deposit; and

(c) If applicable, the signature of the general cashier accepting the customer deposit;

(3) Provide for full or partial withdrawal of a customer deposit:

(a) By a bettor at the cashiers' cage or by any other means as approved by the Commission; or

(b) Upon receipt by the sports wagering licensee of a written request for withdrawal for which validity has been established; and

(4) Include procedures for documenting acceptance and withdrawal of customer deposits including a verification of the authenticity of a bettor's signature on a customer deposit withdrawal document in conformance with the signature authentication procedures in Regulation .24 of this chapter.

.28 Use of Credit.

A. Except for an online sports wagering licensee, a sports wager may not be accepted in any way by use of a:

1. Credit card; or
2. Electronic transfer of funds from a credit card.

B. If an online sports wagering licensee accepts credit cards to fund a sports wagering account, the licensee shall require a bettor to acknowledge that the transaction may be treated as a cash advance and be subject to additional fees.

.29 Bettor Tracking System.

A. A sports wagering licensee shall utilize a bettor tracking system meeting the requirements of this subtitle.

B. Participation in a tracking system:

- (1) Subject to §B(2), is voluntary;
- (2) A bettor using a mobile betting application must be included in the tracking system.

C. A sports wagering licensee shall provide a bettor with a record of sports wagering spending levels if:

- (1) The bettor:
 - (a) Has registered with the licensee for inclusion in the bettor tracking system; and
 - (b) Submits a request for the spending level documentation at:
 - (i) The cashiers' cage; or
 - (ii) By any other means approved by the Commission; and

(2) For requests made at a sports wagering facility, the identification of the bettor and the authenticity of the bettor's signature on the request is established by an employee satisfactorily comparing the:

(a) Bettor's information recorded on the spending level request documentation with the information contained on the valid, unexpired government-issued photographic identification presented by the bettor; and

(b) Bettor's physical appearance with the photograph contained on the valid, unexpired government-issued photographic identification presented by the bettor.

.30 Sports Wagering Ticket.

A. A sports wagering licensee may issue a sports wagering ticket and utilize a sports wagering ticket system meeting the requirements of this subtitle.

B. A sports wagering licensee shall issue a sports wagering ticket which expires 182 days after the date of the sporting event.

C. Except for mobile sports wagering, a sports wagering licensee shall:

(1) Configure its sports wagering ticket system to:

(a) Prevent issuance of a sports wagering ticket from a kiosk exceeding \$10,000; and

(b) Require sports wagering tickets of \$3,000 or more to be redeemed only at the cashiers' cage;

(2) Configure a ticket redemption unit under Regulation .31 of this chapter to:

(a) Redeem only a sports wagering ticket of less than \$3,000; and

(b) Direct a bettor attempting to redeem a sports wagering ticket of \$3,000 or more to the cashiers' cage; and

(3) Redeem at its cashiers' cage a sports wagering ticket of \$3,000 or more by:

(a) Cash or check; or

(b) Check on the request of a bettor.

D. A sports wagering licensee shall immediately report to the Commission evidence that a sports wagering ticket has been counterfeited, tampered with, or altered in any way which would affect the integrity, fairness, or reliability of the sports wagering ticket.

E. A sports wagering licensee shall develop and include in the internal controls submitted to and approved by the Commission under Regulation .04 of this chapter procedures addressing the issuance and redemption of a sports wagering ticket.

F. A sports wagering licensee's internal controls shall:

- (1) Require a sports wagering ticket to include:
- (a) Name or trade name of the sports wagering licensee;
 - (b) Date and time of issuance;
 - (c) A description of the wager;
 - (d) Amount of the sports wagering ticket;
 - (e) Unique series number automatically generated by the sports wagering ticket system;
 - (f) Asset number of the ticket redemption unit or point of sale device dispensing the sports wagering ticket;
 - (g) At least one anticounterfeiting measure, which appears on one or both sides of the sports wagering ticket;
 - (h) Sports wagering facility's where the sports wagering ticket may be redeemed and any restrictions applicable to redemption;
 - (i) A bar code which enables the sports wagering ticket system to identify the numeric information required by this section; and
 - (j) Notice to the bettor of the terms of expiration; and
- (2) Include procedures and controls which:
- (a) Require a sports wagering ticket system to perform the following prior to payment:
 - (i) Verify the validity of the ticket number and amount of the sports wagering ticket;
- and
- (ii) Electronically cancel the sports wagering ticket;
 - (b) Require the sports wagering ticket system to be configured:
 - (i) To permit access to the complete ticket number of an unredeemed sports wagering ticket only to sports wagering ticket system administrative employees and accounting department employees not assigned to the cashiers' cage; and
 - (ii) To maintain a record of all unredeemed sports wagering tickets for a minimum of two years from the date of issuance of the sports wagering ticket unless a request to remove or relocate system records is submitted in writing and approved in writing by the Commission;
 - (c) Address the following events:
 - (i) Calculation and transmittal by the sports wagering licensee of its outstanding expired unredeemed sports wagering ticket balance to the State; and

(ii) An election by a sports wagering licensee to pay a sports wagering ticket when the sports wagering ticket system is inoperable or otherwise unable to verify the validity of the sports wagering ticket at the time of payment; and

(d) Require generation, at the conclusion of each wagering day, of reports detailing:

(i) Sports wagering tickets issued;

(ii) Sports wagering tickets redeemed and cancelled by redemption facility;

(iii) Unredeemed liability for sports wagering tickets; and

(iv) Any exceptions.

.31 Ticket Redemption Unit.

A. A sports wagering licensee may utilize a ticket redemption unit meeting the requirements of this subtitle.

B. A sports wagering licensee shall locate a ticket redemption unit in the sports wagering facility subject to the surveillance coverage requirements of Regulation .11 of this chapter.

C. A ticket redemption unit:

(1) Shall, in accordance with this regulation, be configured to:

(a) Redeem a sports wagering ticket of less than \$3,000; and

(b) Direct a bettor attempting to redeem a sports wagering ticket of \$3,000 or more to the cashiers' cage; and

(2) May be configured to function as a bill breaker changing bills of one denomination into bills of a smaller denomination.

D. A sports wagering licensee shall develop and include in the internal controls submitted under Regulation .04 of this chapter, procedures addressing a ticket redemption unit.

E. A sports wagering licensee's internal controls shall address:

(1) Distribution of cash to a ticket redemption unit;

(2) Removal of sports wagering tickets and cash accepted by a ticket redemption unit;

(3) Reconciliations associated with the replenishment process;

(4) Generation of the following reports by a ticket redemption unit or ancillary system or application for the reconciliation period, which may be by wagering day, shift, or drop cycle:

(a) A sports wagering ticket transaction report which details:

(i) Disposition, as paid, partially paid, or unpaid, of sports wagering tickets accepted by a ticket redemption unit;

- (ii) Sports wagering ticket validation number;
 - (iii) Date and time of redemption;
 - (iv) Amount requested; and
 - (v) Amount dispensed;
- (b) A reconciliation report which details:
- (i) Date and time;
 - (ii) Unique asset identification number of the ticket redemption unit;
 - (iii) Total amount of cash in the currency and coin cassettes;
 - (iv) Total number of bills accepted by denomination; and
 - (v) Total amount of sports wagering tickets accepted; and
- (c) A sports wagering ticket and currency storage box report which details the following data whenever a storage box is removed from the ticket redemption unit:
- (i) Date and time;
 - (ii) Unique asset identification number of the ticket redemption unit;
 - (iii) Unique identification number for each storage box in the ticket redemption unit;
 - (iv) Total amount of currency dispensed;
 - (v) Total number of bills dispensed by denomination;
 - (vi) Total amount of sports wagering tickets accepted;
 - (vii) Total count of sports wagering tickets accepted; and
 - (viii) Details required to be included in the sports wagering ticket transaction report required under §E(4)(a) of this regulation; and
- (5) A transaction history report which details all critical bettor transaction history including the date, time, amount, and disposition of each complete and incomplete transaction.

.32 Wager Payouts.

A. A sports wagering licensee shall prepare and timely file IRS Form W-2G, Certain Gambling Winnings, in accordance with IRS rules and regulations.

B. A sports wagering licensee shall pay a sports wager payout of \$50,000 or more:

(1) by cash or check; or

(2) On the request of a bettor, any combination of cash, sports betting ticket, check, or other method of payment approved by the Commission.

C. A sports wagering licensee shall develop procedures to obtain personal identifying information from any individual who places any single wager in an amount of \$10,000 or greater on a sporting event while physically present in a facility.

D. To ensure compliance with §C of this regulation, a sports wagering licensee shall, prior to accepting any sports wager in excess of \$3,000 or making a payout in excess of \$3,000 on a winning sports wager:

(1) Create a bettor identification file and identify the bettor;

(2) Obtain and record the bettor's Social Security number in the bettor identification file;
and

(3) Record, on a log, the following information:

(a) Date of the wager or payout;

(b) Name of the bettor;

(c) Name and signature of the sports betting employee authorizing the acceptance of the wager; and

(d) Name and signature of the sports betting employee identifying the bettor and generating the sports betting ticket or making the payout.

E. A sports wagering licensee shall monitor for and report all suspicious activity related to sports betting transactions.

.33 Access to Bill Validators, Cash Storage, and Drop Boxes.

A. Access.

(1) A sports wagering licensee shall control access to a bill validator and a cash storage box housed in a sports betting kiosk in accordance with this regulation.

(2) Access to a bill validator shall be controlled by:

(a) At least one lock; and

(b) Requiring the key to the lock to be maintained by the security department.

(3) The cash storage box shall be secured to a bill validator by two separate locks, the keys to which are different from each other, and, for the lock on the belly door or main door of the sports betting kiosk:

(a) The key shall be controlled by the sports betting department in:

(i) A manual key box; or

(ii) An automated key tracking system;

(b) Immediately prior to the commencement of the drop, the sports betting department may issue its belly door or main door key to the accounting department;

(c) A key transferred from the sports betting department to the accounting department shall be returned immediately following the conclusion of the drop;

(d) The sports wagering licensee shall establish sign in and sign out procedures in its internal controls documenting the transfers; and

(e) If an automated key tracking system is used, a sports wagering licensee shall require dual access from the security department and accounting department to obtain keys.

(4) The lock on the release mechanism securing the cash storage box to the bill validator shall be controlled by the security department.

(5) Access to the contents of a cash storage box shall be controlled by:

(a) At least one lock; and

(b) Requiring the key to the lock to be maintained by the accounting department.

B. Control. A sports wagering licensee shall either:

(1) Assign to a cash storage box an asset number that:

(a) Is permanently imprinted or affixed to the outside of the cash storage box; and

(b) Corresponds to the asset number of the kiosk in which the cash storage box is installed; or

(2) With the written approval of the Commission, utilize a computerized system for:

(a) Assigning a unique identification number to a cash storage box; and

(b) Attributing it to the sports betting kiosk in which the cash storage box is currently installed.

C. Unique Identification Number. A sports wagering licensee shall ensure that an asset number or unique identification number on a cash storage box is clearly visible to:

- (1) An employee involved in removing or replacing a cash storage box; and
- (2) If applicable, the surveillance department.

D. Emergency Cash Storage Box. A sports wagering licensee may maintain an emergency cash storage box without an asset number or a unique identification number if:

- (1) The word “emergency” is permanently imprinted or affixed on the box; and
- (2) When put into use, the cash storage box is temporarily marked with the asset number of the kiosk in which it is installed.

.34 Collection of Cash Storage and Drop Boxes.

A. At least 30 days before sports wagering operations are to commence or other time period approved by the Commission, a sports wagering licensee shall submit to the Commission in writing a drop schedule setting forth specific pick-up days and times for collection of cash storage drop boxes, including:

- (1) Specifications as to what areas of the sports wagering facility will be covered on each pick-up day; and
- (2) Specific transportation routes to be utilized from the sports wagering facility floor to the count room on each pick-up day.

B. A sports wagering licensee shall notify the Commission:

- (1) In writing, of a permanent change in the drop schedule including a pick-up day or time, area of the floor to be dropped, or transportation route; and
- (2) Prior to any temporary deviation from the drop schedule.

C. A sports wagering licensee shall make readily available to the Commission:

- (1) An access control matrix indicating which employee job descriptions are authorized to participate in the cash storage drop box collection process; and
- (2) A list of employees, with license numbers, who are authorized to participate in the cash storage drop box collection process.

D. A sports wagering licensee shall develop and include in the internal controls submitted to and approved by the Commission under Regulation .04 of this chapter procedures addressing the collection of cash storage drop boxes.

E. A sports wagering licensee's internal controls shall:

(1) Detail the actual procedures to be performed and documentation to be generated by drop team employees collecting cash storage drop boxes:

(a) In accordance with the drop schedule; and

(b) On an emergency basis; and

(2) Require:

(a) Cash storage drop boxes to be transported directly to, and secured in:

(1) The count room; or

(2) A trolley storage area approved by the Commission under COMAR 36.10.15.04.B;

(b) The cash storage drop box collection process to involve the participation of at least three employees, at least one of whom is an employee of the:

(1) Security department or other department approved by the Commission; and

(2) Accounting department; and

(c) Prior to the movement of a trolley containing cash storage boxes from the sports wagering facility floor into the count room, an accounting department supervisor to verify that the number of cash storage boxes being transported from the facility floor equals the number of cash storage boxes scheduled for collection that day;

(d) Prior to changing the type of a kiosk, or removing a kiosk from the sports wagering facility floor, that an emergency drop shall be conducted.

F. A sports wagering licensee shall transport cash storage drop boxes in an enclosed trolley secured by one lock that has a key which is controlled by the security department.

G. A sports wagering licensee shall store cash storage drop boxes not attached to a bill validator, including emergency cash storage drop boxes that are not actively in use:

(1) In the count room in an area approved by the Commission;

(2) In a trolley storage area approved by the Commission under COMAR 36.10.15.04.B.;
or

(3) In another location at the sports facility approved by the Commission.

H. The cabinet or trolley used for storage under §G of this regulation shall be secured by one lock that has a key which is controlled by the security department in:

- (1) A manual key box; or
- (2) An automated key tracking system.

I. Immediately prior to the commencement of the count process, the security department may issue its key to the storage cabinet or trolley required under §G of this regulation to a count room supervisor for the purpose of allowing count room personnel to gain access to the cash storage or table game drop boxes to be counted.

J. A trolley storage area utilized to store cash storage drop boxes prior to the count process shall meet the design standards for a count room under Regulation .35 of this chapter.

.35 Count Room Design Standards.

A. This regulation is only applicable to the holder of a sports wagering facility licensee.

B. A licensee shall have a count room designated, designed, and used for counting the contents of cash storage drop boxes at a sports wagering facility approved by the Commission.

C. A count room or space used for counting the contents of cash storage drop boxes area used for counting shall conform to the following standards:

- (1) Meet the surveillance requirements of Regulations .10 and .13 of this chapter including audio coverage of the count process;
- (2) If used during normal operating business hours, be separate and not visible from the public areas of the facility; and
- (3) Any other requirements imposed by the Commission.

D. A sports wagering licensee shall install in its count room a table constructed of clear glass or similar transparent material to be used for the emptying, counting, and recording of the contents of cash storage and table game drop boxes.

.36 Accounting Controls for a Count Room.

A. This regulation is only applicable to the holder of a sports wagering facility licensee.

B. Count Schedule. At least 30 days before sports wagering operations are to commence or other time period as approved by the Commission, a licensee shall submit to the Commission a count schedule setting forth the specific times during which cash storage drop boxes are to be counted and recorded.

C. Notifications. Within 24 hours of the change or deviation, a licensee shall:

- (1) Notify the Commission in writing of any permanent change in the count schedule; and
- (2) Notify the Commission of any temporary deviation from the count schedule.

D. Count Frequency. A licensee shall count the contents of each cash storage box at least once daily unless an alternative count schedule is submitted in writing to and approved in writing by the Commission.

E. Procedures. A licensee shall develop and include in the internal controls submitted to and approved by the Commission under Regulation .04 of this chapter procedures addressing the counting and recording of cash storage drop boxes.

F. Internal Controls. A sports wagering licensee's internal controls shall:

- (1) Detail all hardware, software, and related equipment utilized by the sports wagering licensee to conduct the count;
- (2) Detail the actual procedures to be performed and documentation to be generated;
- (3) Require equipment utilized to count and strap currency, sports betting tickets, and promotional play instruments to:
 - (a) Conduct two separate counts;
 - (b) If the separate counts are not in agreement, document the discrepancy; and
 - (c) If a sports wagering system or promotional play system is utilized to obtain the amount of a sports betting ticket or promotional play instrument, require the system to perform a calculation or integrity check to ensure that the amount of a sports wagering ticket or promotional play instrument has not been altered in the system in any manner since the time of issuance; and
- (4) Require a count room employee to wear a one-piece, pocketless garment.

G. A sports wagering ticket or promotional play instrument accepted by a cash storage drop box shall be counted and included in the calculation of proceeds without regard to the validity of the sports wagering ticket or promotional play instrument.

H. A promotional play instrument which is not cancelled upon acceptance or during the count process shall be cancelled prior to the conclusion of the count.

I. Within 72 hours of the count, a licensee shall report in writing to the Commission:

- (1) Any variance between:

(a) The actual count of cash, sports wagering tickets, and promotional play instruments in a cash storage box as determined in the count room; and

(b) The amount for the cash storage box recorded on the sports wagering licensee's wagering system;

(2) The reason for the variance; and

(3) Corrective action taken or adjustments made.

.37 Bettor Complaints.

A. A sports wagering licensee shall attempt to timely resolve a dispute with a bettor concerning the licensee's sports wagering operation or payment of alleged winnings.

B. A sports wagering licensee who is unable to satisfactorily resolve a dispute with a bettor within 3 days of notice of the dispute shall notify the Commission of the dispute.

C. On receipt of notice by the sports wagering licensee of the dispute, the Commission shall provide the bettor with a Commission bettor complaint form together with instructions for completing and submitting the form.

D. The Commission shall investigate a complaint submitted to the Commission and notify the bettor and sports wagering licensee of its determination.

E. The Commission may provide a bettor with a complaint form at any time upon request.

.38 Acceptance of Tips or Gratuities.

A. Except as otherwise provided in this regulation:

(1) A supervisory sports wagering employee of a sports wagering licensee is prohibited from soliciting or accepting a tip or gratuity directly from a bettor;

(2) A sports wagering employee is prohibited from soliciting a tip or gratuity from a bettor; and

(3) A sports wagering licensee may permit an employee who is authorized to accept a gratuity from a bettor to accept a sports wagering ticket if the sports wagering ticket is redeemed:

(a) At the cashiers' cage; and

(b) With approval of the sports wagering employee's department supervisor, if the amount of the sports wagering ticket exceeds \$100.

.39 Promotional Play.

A. A sports wagering licensee may:

- (1) Issue promotional play if it is not awarded as cashable credit; and
- (2) Utilize a promotional play system meeting the requirements of this subtitle.

B. A sports wagering licensee may not issue to a bettor promotional play equaling or exceeding \$5,000 per wagering day without approval from the chief executive or the chief executive's designee.

C. A sports wagering licensee shall immediately report to the Commission evidence that a promotional play instrument has been counterfeited, tampered with, or altered in any way which would affect the integrity, fairness, or reliability of the promotional play instrument.

D. A sports wagering licensee shall submit to the Commission in a form and in accordance with a time frame specified by the Commission a quarterly report summarizing:

- (1) Promotional play awarded for the period including:
 - (a) Total amount in promotional play awarded in noncashable credits; and
 - (b) Other forms of promotional play; and
- (2) Promotional play redeemed by players for the period including:
 - (a) Total amount in promotional play redeemed in noncashable credits; and
 - (b) Other forms of promotional play redeemed.

E. A sports wagering licensee shall develop and include in the internal controls submitted to and approved by the Commission under Regulation .04 of this chapter procedures addressing:

- (1) Methods utilized to:
 - (a) Issue promotional play; and
 - (b) Redeem promotional play; and
- (2) A promotion play instrument including a requirement that it document:
 - (a) Name or trade name of the sports wagering licensee;
 - (b) Amount in noncashable credits;
 - (c) Unique series number automatically generated by the promotional play system;

(d) Locations where a promotional instrument may be redeemed and any restrictions applicable to redemption;

(e) If applicable, a bar code or magnetic strip which enables the promotional play system to identify the numeric information required by this section; and

(f) Notice to the player of the terms of expiration.

F. Limitation on Free Promotional Play.

(1) Through the first full fiscal year of a sports wagering licensee's operations, a licensee's proceeds exclude money given away by the licensee as free promotional play and used by bettors to make a sports wager.

(2) After the first full fiscal year of a sports wagering licensee's operations, the amount of money given away as free promotional play in a fiscal year may not exceed a percentage of the licensee's proceeds received in the prior fiscal year that equates to 20 percent of total sports wagering proceeds that the sports wagering licensee generated in the prior fiscal year.

(3) After the first fiscal year of sports wagering activity, the 20 percent cap specified under §F(2) of his regulation includes all revenues generated by casino sports wagering and gaming activities.

(4) An amount of money given away as free promotional play in a fiscal year exceeding the percentage defined in §F(2) of this regulation of the sports wagering licensee's proceeds of the prior fiscal year shall be allocated as proceeds.

G. No later than 90 days after the end of the fiscal year, a sports wagering licensee shall submit to the Commission a written:

(1) Report of its use of free promotional play during the prior fiscal year; and

(2) Recommendation for any adjustment to the limitation on free promotional play established under §F(2) of this regulation.

H. For purposes of §§F and G of this regulation, "fiscal year" means the fiscal year of the sports wagering licensee.

.40 Security of Funds and Data.

A. A sports wagering licensee shall comply with all applicable state and federal requirements for data security.

B. A sports wagering licensee shall not share information that could be used to personally identify a bettor or their gaming habits with any third party other than the Commission, law

enforcement with a warrant or subpoena or a credit-reporting agency when determining whether an individual is credit-worthy.

C. Funds in a bettor's user account shall be held either:

(1) In trust for the bettor in a segregated account; or

(2) In a special-purpose segregated account that is maintained and controlled by a properly constituted corporate entity that is not the sports wagering licensee and whose governing Commission includes one or more corporate directors who are independent of the sports wagering licensee and of any corporation related to or controlled by the sports wagering licensee.

D. A corporate entity that maintains a special purpose segregated account shall:

(1) Require a unanimous vote of all corporate directors to file bankruptcy and have articles of incorporation that prohibit commingling of funds with those of the sports wagering licensee except as necessary to reconcile the accounts of a bettor with sums owed by those bettors to the sports wagering licensee;

(2) Be restricted from incurring debt other than to bettors pursuant to the rules that govern their user accounts;

(3) Be restricted from taking on obligations of the sports wagering licensee other than obligations to bettors pursuant to the rules that govern their user accounts; and

(4) Be prohibited from dissolving, merging, or consolidating with another company, other than a special-purpose corporate entity established by another sports wagering licensee that meets the requirements of this section, while there are unsatisfied obligations to bettors.

E. A sports wagering licensee shall maintain a reserve in the form of cash, cash equivalents, an irrevocable letter of credit, bond, or a combination of these in an amount approved by the Commission and sufficient to pay all winnings and awards offered to a winning bettor.

F. A sports wagering licensee shall implement and prominently publish the following on its platform:

(1) Policies that prevent unauthorized withdrawals from a bettor's account by a sports wagering licensee or others;

(2) Notices that make clear that the funds in the segregated account do not belong to the sports wagering licensee and are not available to creditors other than the bettor whose funds are being held;

(3) Policies that prevent commingling of funds in the segregated account with other funds, including funds of the sports wagering licensee;

(4) Procedures for responding to and reporting on complaints by bettors that their accounts have been misallocated, compromised, or otherwise mishandled;

(5) Procedures that allow a bettor to request withdrawal of funds from their user account, whether such account is open or closed, including:

(a) The sports wagering licensee shall honor any bettor's request to withdraw funds by the later of 10 days after receipt of the request or 10 days after submission of any tax reporting paperwork required by law;

(b) The sports wagering licensee may decline to honor the request for withdrawal of funds for a reasonable investigatory period if it provides notice of the nature of the investigation to the bettor it believes has engaged in either:

(i) Fraudulent conduct; or

(ii) Other conduct that would put the sports wagering licensee in violation of this chapter;

(c) A request for withdrawal shall be considered honored if it is processed by the sports wagering licensee but delayed by a payment processor or the custodian of a segregated account;

(6) Procedures that allow a bettor to permanently close a user account at any time and for any reason. The procedures shall allow for closing by any means, including by a bettor on any platform used by that bettor to make deposits into a segregated account.

G. If winnings are awarded to a bettor with a closed account, the winnings, to the extent that it consists of funds, shall be distributed by the sports wagering licensee within 7 days.

H. If an account is closed on the basis of the sports wagering licensee's good faith belief, after investigation, that the bettor has engaged in fraud or has attempted to engage in behavior that would put the sports wagering licensee in violation of this chapter, such winnings may be withheld and redistributed in a manner that reflects the outcome that would have resulted had that bettor not participated.

I. If a bettor's segregated account remains unclaimed for 5 years after the balances are payable or deliverable to the bettor, the sports wagering licensee shall presume the account to be abandoned and shall report and remit all segregated accounts presumed abandoned to the State Comptroller.

J. A sports wagering licensee shall prominently publish all contractual terms and conditions and rules of general applicability that affect a bettor's segregated account.

K. Presentation of such terms, conditions, and rules at the time a bettor initially acquires a segregated account shall not be deemed sufficient to satisfy the provisions of this subsection.

.41 Consumer Protection.

A. Automated Teller Machines.

(1) **Withdrawal Limits.** Exclusive of transaction fees or surcharges, the maximum amount that a bettor may withdraw from an account by using an automated teller machine at the location is no more than \$2,500 per sports wagering day.

(2) **Temporary Cash Assistance Prohibited.** An automated teller machine or online Sports Wagering System may not accept an electronic benefit card, debit card, or similar instrument issued by the Department of Human Services for the purpose of accessing temporary cash assistance.

B. Promotional Offers. A sports wagering licensee shall, at least seven days prior to implementing a promotion, submit terms and conditions of each promotion to the Commission and must include, at a minimum, all of the following:

- (1) A description of what is being offered as part of the promotion;
- (2) The dates and times that the promotion is being conducted;
- (3) The persons who are eligible to participate in the promotion;
- (4) The required action to receive whatever is being offered as part of the promotion;
- (5) The procedure to claim or redeem the promotional offer, if applicable;
- (6) Registration procedures;
- (7) Limitations on participation;
- (8) Wagering requirements and limitations by type of game;
- (9) The order in which funds are used for wagering;
- (10) Eligible wagers;
- (11) Any restrictions on the withdrawal of funds;
- (12) Rules regarding cancellation;
- (13) The statement “If you or someone you know has a gambling problem, help is available. Call 1-800-GAMBLER.”; and
- (14) Any other information the Commission may require.

C. A sports wagering licensee shall be responsible for the submission of the terms and conditions of promotions and the conduct of all promotions offered directly or indirectly by a third-party vendor or marketing affiliate on behalf of the sports wagering licensee.

D. The terms and conditions of all promotions communicated to bettors must be posted on the sports wagering licensee's home website as well as any websites the sports betting contractor operates on behalf of a sports wagering licensee.

E. The terms and conditions must be stated in a clear and conspicuous manner using plain language and be readily accessible and available for review for the duration of the promotion.

F. A sports wagering licensee shall provide a clear and conspicuous method for a bettor to cancel his participation in a promotion that utilizes restricted sports betting credits.

G. Upon request for cancellation, the sports wagering licensee or sports contractor shall inform the bettor of the amount of unrestricted funds that will be returned upon cancellation and the value of restricted funds that will be removed from the bettor's sports betting account.

H. If the bettor elects to proceed with cancellation, unrestricted funds remaining in a bettor's sports betting account must be returned in accordance with the terms and conditions.

I. A sports wagering licensee may not, once a bettor has met the terms of a promotion, cap or limit winnings earned while participating in the promotion.

J. A sports wagering licensee or a sports betting contractor may be required to discontinue, as expeditiously as possible, the use of a particular promotion upon receipt of written notice from the Commission that the Commission has determined that the use of the particular promotion in, or with respect to, this Commission could adversely impact the public or the integrity of gaming.

K. A sports wagering licensee or sports betting contractor may not offer or conduct a promotion which violates any Federal, State or local law.

.42 House Rules.

A sports book licensee shall ensure that its house rules are:

- A. Conspicuously displayed in or immediately adjacent to its wagering location;
- B. Posted on its website;
- C. Included in the terms and conditions of use on its sports wagering platform; and
- D. In hard copy, readily available to bettors.

.43 Predatory Marketing Prohibited.

Predatory marketing as defined in COMAR 36.10.01.02.B(56) is prohibited.

.44 Underage Wagering Prohibited.

Sports wagering by an individual younger than 21 years old is prohibited.

Title 36

MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY

Subtitle 10 SPORTS WAGERING PROVISIONS

Chapter 14 Sports Wagering Requirements and Limitations

Authority: State Government Article, §§9-1E-01 - 9-1E-15, Annotated Code of Maryland.

.01 Authorized Wagers.

A. Definition. Unless context or the individual regulation dictates otherwise, for purposes of this regulation, “sports wagering licensee” includes:

- (1) Sports wagering facility licensee;
- (2) Mobile sports wagering licensee;
- (3) Sports wagering facility operator licensee; and
- (4) Online sports wagering operator licensee.

B. Type of Event.

(1) A sports wagering licensee shall submit to the Commission for approval the events and types of wagers it proposes offering to bettors prior to accepting a sports wagering bet.

(2) The Commission may authorize a sports wagering licensee to offer wagering on a sporting event as defined by State Government Article, § 9-1E-01, Annotated Code of Maryland.

C. Verifiable Outcome.

(1) In this section, “official league data” means statistics, results, outcomes, and other data relating to a sporting event obtained by a sports wagering licensee under an agreement with a governing entity or an entity expressly authorized by a governing entity for determining the outcome of a wager placed.

(2) A sports wagering licensee may use any Commission approved data source.

(3) A governing entity may submit a request to the Commission to require a sports wagering licensee to use official league data to settle a wager placed.

(4) Within 60 days after the Commission approves the request from a governing entity, a sports wagering licensee may only use official league data to determine the result of a wager placed.

(5) A sports wagering licensee may use data other than official league data if:

(a) The governing entity is unable to provide, on commercially reasonable terms as determined by the Commission, a timely feed of official league data; or

(b) A sports wagering licensee demonstrates to the Commission that a governing entity has not provided or offered to provide a feed of official league data to the sports wagering licensee on commercially reasonable terms, by providing the Commission with sufficient information to show:

(i) The availability of a governing entity's official league data for such bets on commercially reasonable terms from an alternative authorized source;

(ii) Costs paid by the sports wagering licensee for data from authorized sources, in Maryland and in other states;

(iii) The reliability of the data, including the quality and complexity of the process used for collecting the data; and

(iv) Any other information the Commission requires.

(6) While the Commission is considering whether official league data is available on commercially reasonable terms, a sports wagering licensee may use any other approved data source for determining the results of bets placed.

C. Wager Limits.

The maximum wager that may be accepted by any sports wagering licensee from a patron on any one sporting event shall be limited to \$5,000,000.

.02 Commission Approval of Specific Bet Types.

A. A sports wagering licensee shall submit to the Commission for approval the events and types of wagers it proposes offering to bettors prior to accepting any sports wagering bets.

B. The Commission may permit a sports wagering licensee to offer wagering on any approved sporting event.

C. The Commission may permit a sports wagering licensee on behalf of a sports wagering licensee to offer the any of the following types of wagers on the events contained in §B of this regulation:

(1) Exchange wagers;

(2) In-game wagers;

(3) Parlay wagers;

- (4) Proposition wagers;
- (5) Straight wagers; and
- (6) Other types of wagers as approved by the Commission.

D. A sports wagering licensee shall make available to bettors a clear explanation of all types of wagers permitted by the Commission and events on which those wagers are permitted.

E. A sports wagering licensee may place a layoff wager with another sports wagering licensee or located in the State for the purpose of offsetting bettor wagers provided that:

(1) The sports wagering licensee placing the layoff wager discloses its identity to the sports wagering licensee receiving the layoff wager; and

(2) The receiving sports wagering licensee agrees to accept the layoff wager after receiving notification of the identity of the sports wagering licensee placing the layoff wager.

.03 Prohibited Wagers.

A. Sports wagering activity may not involve:

(1) Wagering on a high school athletic event governed by the Maryland Interscholastic Athletic Association, Maryland Public Secondary Schools Athletic Association, or a similar sports governing entity;

(2) Except for an amateur athletic event specifically approved by the Commission, wagering on an amateur athletic event;

(3) Any other wagering activity that is prohibited by the Commission.

B. A sports wagering licensee may not accept a wager:

(1) That involves cheating;

(2) From an athlete on an athletic event of the type in which the athlete participates or an athletic event governed by the same governing entity under which the athlete competes;

(3) From a person who holds a position of authority or influence over the participants in a sporting event or is professionally connected to an athletic event or governing entity, including a:

(a) Referee;

(b) Official;

(c) Coach;

- (d) Manager;
 - (e) Handler;
 - (f) Trainer;
 - (g) Medical professional; or
 - (h) Person with access to non-public information about a sporting event that is overseen by the governing entity;
- (4) From a person who is placing a wager on behalf, or for the benefit, of a person that is prohibited from participating in sports wagering under applicable law or regulation; or
- (5) That encourages or instructs a bettor to structure a wager to circumvent applicable law or regulation.

C. A sports wagering licensee may not:

- (1) Unless it immediately issues a sports wagering ticket detailing the wager after accepting money to fund the wager, accept or hold cash or a cash equivalent to fund a wager that will be placed if a specified future contingency occurs;
- (2) Accept a wager that is not authorized by the Commission; or
- (3) Accept a wager on:
 - (a) Injuries;
 - (b) Penalties;
 - (c) Player disciplinary rulings;
 - (d) Replay reviews; and
- (e) Any other types or forms of wagering that are contrary to public policy or unfair to bettors.

.04 Limits on Accepting Wagers.

A. A sports wagering platform must be capable of allowing a registered bettor to establish the following responsible wagering limits:

- (1) A deposit limit on a daily, weekly and monthly basis that specifies the maximum amount of money a registered bettor may deposit into their sports betting account during a particular period of time;

(2) A limit on the amount of money lost within a daily, weekly or monthly basis that:

(a) Renders the registered bettor unable to place an additional wager for the remainder of the time selected once the registered bettor reaches the loss limit; and

(b) Does not allow a wager placed prior to reaching the loss limit to be cancelled or refunded;

(3) A limit on the amount of money wagered within a daily, weekly or monthly basis that renders the registered bettor unable to place an additional wager for the remainder of the time selected once the registered bettor reaches the wager limit;

(4) A limit on the maximum amount of a single wager;

(5) A time-based limit that specifies the maximum amount of time, measured hourly from the registered bettor's login to log off, in which a registered bettor may engage in sports betting on a daily basis;

(6) A temporary suspension of sports wagering through the sports wagering account for the number of days selected by the registered bettor; and

(7) A mechanism by which a registered bettor may change the limits of §A(1)—A(6) of this regulation.

B. Notwithstanding any other provision in this section, the registered bettor may not change wagering limits while a sports wagering account is suspended.

C. An increase to financial limits in §A of this regulation may not be effective later than the registered bettor's next login.

D. A decrease to the chronological limits in §A of this regulation must become effective only after the time period of the previous limit has expired.

.05 Funding Wagers.

A. A bettor's sports wagering account may be funded by:

(1) A cash deposit made directly with a sports wagering licensee;

(2) A cash equivalent, personal check, or wire transfer made directly or mailed to the sports wagering licensee;

(3) A bettor's debit card or prepaid card;

(4) A bettor's deposit of a winning sports wagering ticket at a sports wagering facility approved by the Commission;

(5) A cash complimentary, promotional credit, or bonus credit;

(6) If there is documented notification to the bettor, an adjustment made by a sports wagering licensee following the resolution of a dispute; or

(7) Any other means as approved by the Commission.

B. ACH Transfer.

(1) If a sports wagering licensee has security measures and controls approved by the Commission to prevent and detect fraud, it may accept an ACH transfer to fund a wager.

(2) If a bettor has successfully deposited funds through an ACH transfer on a previous occasion with no outstanding chargebacks, a sports wagering licensee is not required to consider one failed ACH deposit attempt as fraudulent.

(3) If a sports wagering licensee suspects fraud after a bettor's multiple failed ACH deposit attempts, the sports wagering licensee:

(a) May temporarily freeze or suspend the bettor's account to investigate; and

(b) If the sports wagering licensee determines that fraud has been attempted or occurred, suspend the bettor's account.

C. A sports wagering licensee may not:

(1) Extend credit to a bettor; or

(2) Allow the deposit of funds into a sports wagering account that are derived from the extension of credit by an affiliate or agent of the sports wagering licensee.

D. A bettor's sports wagering account:

(1) May not have a negative account balance; and

(2) May not accept a wager if the account does not have funds sufficient to pay for the wager.

E. The sports wagering licensee shall update bettor account balances after each game cycle to reflect the funds available for any future wagers the bettor may choose to place.

F. A sports wagering licensee may not accept or facilitate a wager:

(1) On a sporting event not approved by the Commission under §A(1) of this regulation;

(2) From an excluded individual;

(3) From a person who is placing the wager in violation of applicable law or regulation; or

(4) From a person that may not participate in sports wagering because the person:

(a) Is licensed by the Commission under State Government Article, Title 9, Subtitles 9-1A or 9-1E, Annotated Code of Maryland; or

(b) Is an affiliate or agent of a sports wagering licensee or online sports wagering operator.

G. §F(4) of this regulation is not applicable to persons who are registered or certified as a vendor under COMAR 36.10.06.12.

H. Adjustment to a sports wagering account for an amount of \$500 or under shall be periodically reviewed by supervisory personnel as set forth in the sports wagering licensee's internal controls.

I. Supervisory personnel shall authorize an adjustment for an amount above \$500 before the adjustment may be entered into the bettors' account.

.06 Reserve.

A. A sports wagering licensee shall maintain a reserve in cash, cash equivalents, irrevocable letter of credit, bond, or a combination thereof in an amount approved by the Commission to cover the outstanding liability of the sports wagering licensee to bettors.

B. A sports wagering licensee may not remove, release, or withdraw funds from its reserve without the written approval of the Commission.

C. The amount in the reserve shall be at least \$500,000 and equal or exceed the aggregate sum of:

(1) Funds held by the sports wagering licensee in bettor accounts;

(2) The total amount of funds to cover the potential liability for all wagers accepted by the sports wagering licensee on sporting events with outcomes that have not been determined; and

(3) Money owed but unpaid by the sports wagering licensee to bettors on winning wagers.

D. A sports wagering licensee shall ensure that the reserve is held by a financial institution insured by the Federal Deposit Insurance Corporation and licensed to transact business in the State.

E. A sports wagering licensee shall:

(1) Calculate its reserve requirements each day; and

(2) If the sports wagering licensee determines its reserve is insufficient to cover the requirement of this regulation, notify the Commission in writing:

- (a) Within 24 hours of the deficiency; and
- (b) The steps to be taken to remedy the deficiency.

.07 Complaint by an Interested Party.

A. Definitions.

In this regulation, the following terms have the meanings indicated:

(1) “Interested party” means:

- (a) A sports wagering licensee;
- (b) A professional sports team, or it’s;
 - (i) League;
 - (ii) Association; or
 - (iii) Governing entity; or
- (c) An institution of higher education.

(2) “Public hearing” means the portion of a Commission meeting during which the Commission will consider an interested party’s complaint about a matter described in State Government, §9-1E-11(e)(2), Annotated Code of Maryland.

B. Complaint.

(1) An interested party may submit a complaint to the Commission requesting the Commission to prohibit a:

- (a) Type or form of sports wagering; or
- (b) Category of individuals wagering on a sporting event.

(2) Time for Submission.

(a) The complaint shall be submitted at least 15 days before commencement of the wagering activity that is the subject of the complaint.

(b) Except for recurring events, the Commission shall immediately dismiss, and may not consider, a complaint that is submitted less than 15 days before commencement of the wagering activity that is the subject of the complaint.

(3) The complaint shall be in writing, and specifically describe the type, form, or category of wager, including:

- (a) A description of the sporting event for which the wager is offered, including:
 - (i) Date;
 - (ii) Time;
 - (iii) Place; and
 - (iv) Participants in the sporting event;
- (b) The name and contact information for the licensee or person offering the wager;
- (c) The specific reasons why the complainant believes that the type, form, or category of wager:
 - (i) Is contrary to public policy;
 - (ii) Is unfair to consumers;
 - (iii) Affects the integrity of a particular sport; or
 - (iv) Affects the integrity of the sports wagering industry; and
- (d) Any other information the Commission requires.

C. Review of Complaint.

(1) Commission staff shall review the complaint for compliance with §B of this regulation.

(2) Missing Information.

(a) Commission staff shall notify the complainant if the complaint is missing information required in §B of this regulation, or if additional information is required to review the complaint.

(b) The complainant shall provide Commission staff with any missing or required information within 5 days of the notice in §C(2)(a) of this regulation.

D. Commission staff shall dismiss the complaint if:

- (1) The complainant fails to timely provide information as required in §C of this regulation;
- (2) The person that is allegedly conducting the wagering activity that is the subject of the complaint is not a licensee;
- (3) The wagering activity is a prohibited wager under COMAR 36.10.14; or
- (4) The wagering activity occurs before the next scheduled Commission meeting.

E. Public Hearing.

- (1) The portion of the Commission meeting pertaining to the agenda item of the complaint shall be conducted as part of a Commission open meeting under COMAR 36.01.02.03.
- (2) A public hearing on the complaint of an interested party is not a hearing under COMAR 36.01.02.06.
- (3) If the complaint has not been dismissed under §C of this regulation, Commission staff:
 - (a) Shall place the complaint on the agenda item of the next Commission meeting and post notice of the meeting in the ordinary course of business;
 - (b) Shall attempt to contact the complainant and the licensee or person offering the wager of the meeting; and
 - (c) May notify any interested party of the complaint and meeting.
- (4) An individual who wishes to speak during the portion of the Commission meeting pertaining to the agenda item of the complaint:
 - (a) Is encouraged to contact the Commission staff who notified the individual of the meeting to advise, in advance of the meeting, whether they plan to attend; and
 - (b) Is limited to the time limit established by the Chair.
- (5) If the Commission meeting will be held virtually:
 - (a) The individual shall contact the Commission staff who notified the individual of the meeting to advise, in advance of the meeting, the telephone number, or other means acceptable to the Commission, by which they will join the virtual meeting.
 - (b) An individual who has not contacted Commission staff as required in § E(5)(a) of this regulation may not participate in the meeting.

(6) During discussion of the agenda item pertaining to the complaint, the Commission shall:

- (a) Receive a report from Commission staff;
- (b) Hear the views if interested parties, or individuals who have arranged to join the meeting under §E(5)(a) of this regulation; and
- (c) Decide whether good cause is shown to prohibit the wagering activity that is the subject of the complaint.

(7) If good cause is shown, the Commission shall notify the complainant and licensee of the decision and take appropriate action.

(8) If good cause is not shown, the Commission shall notify the complainant and licensee of the decision.

F. The Commission's decision on a complaint under this regulation does not give rise to an appeal right under State Government Article, Title 10, Annotated Code of Maryland.

Title 36

MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY

Subtitle 10 SPORTS WAGERING PROVISIONS

Chapter 15 Sports Wagering Licensee Facility Standards

Authority: State Government Article, §§9-1E-01 - 9-1E-15, Annotated Code of Maryland.

.01 Applicability.

This chapter applies only to sports wagering facilities.

.02 Hours of Operation.

A facility may operate during the hours approved by the Commission.

.03 Facility Design Standards.

A. The holder of a Class A or Class B license shall, at its own expense, construct its facility in accordance with specifications established by the Commission, including:

(1) For any sports wagering licensee that does not currently hold a video lottery facility operator's license, at least 100 square feet of office space or an amount approved by the Commission that is available for use by the Commission staff and equipped with:

(a) Partitioned workspace, telephones, all-in-one printer, and office supplies sufficient to meet the Commission staff's operational needs;

(b) A secure high-speed wireless internet connection; and

(c) Computer terminals permitting read only access by authorized Commission staff to any computerized sports wagering platform, player management system, surveillance system or better tracking system used by the sports wagering licensee;

(2) A surveillance system approved in writing by the Commission that:

(a) Is configured to provide surveillance of all sports wagering related activities within the facility in accordance with standards established by the Commission;

(b) Is enabled with digital video recording capabilities in accordance with standards established by the Commission; and

(c) Provides the Commission with timely and unfettered access to its surveillance system;

(3) An alarm system connected to all emergency exits from the facility which:

(a) Produces a distinguishable warning sound that is discernible in the vicinity of an exit when the emergency door is opened; and

(b) Requires deactivation and reset by means of a key or alternative locking mechanism maintained and controlled by the security department;

(4) Any signage required by the Commission;

(5) Communication systems capable of effecting timely communication between the facility and the Commission, law enforcement exercising proper jurisdiction over the facility, and emergency first responders; and

(6) Any other equipment or design feature required by the Commission.

.04 Sports Wagering Facility Plan.

A. This regulation is only applicable to the holder of a sports wagering facility licensee.

B. At least 60 days before sports wagering operations are to commence, a licensee shall submit a floor plan depicting its facility and all restricted areas to the Commission for review and written approval.

C. A licensee may not commence operations until its facility plan is approved in writing by the Commission.

D. A facility plan that a licensee submits to the Commission shall:

(1) Be drawn to 1/8-inch scale, unless another scale is approved by the Commission;

(2) Depict the facility with a notation as to:

(a) Total square feet;

(b) Perimeter of the facility;

(c) Each ATM and bill breaker, ticket redemption unit and kiosk; and

(d) Each security department zone, including a notation as to whether it is a fixed or roving post;

(3) Depict any restricted areas within the facility with a notation identifying:

(a) Cashiers' cage, any satellite cashiers' cage, and ancillary offices, inclusive of each cashiers' cage window location and location number;

- (b) Count rooms and any trolley storage areas;
 - (c) Information technology department computer rooms;
 - (d) Surveillance equipment room;
 - (e) Vault and armored car bay facilities, if applicable; and
 - (f) Any area designated as restricted by the licensee in its Commission-approved internal controls;
- (4) Depict each surveillance camera with a notation as to camera type and location number;
 - (5) Depict each automated teller machine installed; and
 - (6) Any other equipment or design feature required by the Commission.

E. If a facility includes an outdoor area, in addition to the requirements of §D of this regulation a licensee shall submit to the Commission a facility plan that includes:

- (1) The amenities that the licensee intends to offer in the outdoor area;
- (2) An affidavit from the licensee's chief executive officer attesting that the outdoor area and its intended use meet all applicable local and State requirements; and
- (3) A plan for bettor and equipment safety during inclement weather.

F. A licensee may not implement any change to its approved wagering facility plan without the prior written approval of the Commission.

Title 36

MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY

Subtitle 10 SPORTS WAGERING PROVISIONS

Chapter 16 Wagering Using Online, Web-based, or Mobile Applications

Authority: State Government Article, §§9-1E-01 - 9-1E-15, Annotated Code of Maryland.

.01 General

Unless context or the individual regulation dictates otherwise, for purposes of this regulation, “sports wagering licensee” includes:

- (1) Mobile sports wagering licensee; and
- (2) Online sports wagering operator licensee.

.02 One Website.

A mobile sports wagering licensee may utilize only one individually branded website to accept and pay sports wagers.

.03 Geolocation Requirements.

A sports wagering licensee and its agents, contractors, and vendors shall ensure that all of its sports wagering is initiated, received, and completed within the State and that only intermediate routing of a sports wager occurs outside the State.

.04 Periodic Review of Systems.

A sports wagering licensee and its agents, contractors, and vendors shall periodically review their information technology systems and networks to ensure compliance with this chapter.

.05 Age Verification.

A. A sports wagering licensee shall provide for age verification measures to block access to and prevent sports wagers by an individual younger than 21 years old.

B. A sports wagering licensee shall provide for identity verification through secure online databases.

.06 Security Mechanisms.

A sports wagering licensee shall have security mechanisms that ensure the confidentiality of personally identifiable information except as otherwise required by law or authorized by this subtitle.

PROPOSED

Title 36

MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY

Subtitle 10 SPORTS WAGERING PROVISIONS

Chapter 17 Sports Wagering Equipment

Authority: State Government Article, §§9-1E-01 - 9-1E-15, Annotated Code of Maryland.

.01 Registration.

A. The Commission shall maintain a register of the serial number of all kiosks used for sports wagering in the State.

B. If a sports wagering facility has multiple sports wagering kiosks, the facility shall ensure that each kiosk is individually identifiable by surveillance.

.02 Testing.

The Commission shall require that sports wagering equipment be tested by an independent certified testing laboratory:

A. For accuracy;

B. To ensure that the sports wagering equipment is in compliance with all statutes, regulations and Commission directives applicable to such equipment; and

C. For any other function that the Commission determines may be necessary to validate the functionality and performance of the sports wagering equipment.

.03 Request for Authorization.

A. A sports wagering licensee shall obtain prior written Commission authorization before:

(1) Placing sports wagering equipment into operation;

(2) Relocating sports wagering equipment within the facility;

(3) Changing a configuration;

(4) Performing a substantial replacement of parts;

(5) Implementing any variation, composite, or new feature of sports wagering equipment;
or

(6) Performing any other action that materially alters or interrupts the operation of the sports wagering equipment.

B. Before the Commission may authorize an action described in §A of this regulation, a sports wagering licensee shall submit to the Commission written notice of the request that includes:

- (1) Description of proposed action;
- (2) Location of proposed action;
- (3) Start and end dates and times of the proposed action; and
- (4) Any other information requested by the Commission.

C. Notice of Changes. A sports wagering licensee shall promptly provide the Commission with written notice of any changes to the information already submitted under §A or B of this regulation.

D. In response to a request for authorization, the Commission may:

- (1) Impose additional requirements on the sports wagering licensee before authorizing the request;
- (2) Deny the request; or
- (3) Approve the request.

E. Notice of Inaction.

A sports wagering licensee shall provide written notice to the Commission if the action is not completed as approved by the Commission.

Title 36

MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY

Subtitle 10 SPORTS WAGERING PROVISIONS

Chapter 18 Sports Wagering Technical Standards

Authority: State Government Article, §§9-1E-01 - 9-1E-15, Annotated Code of Maryland.

.01 General.

Unless context or the individual regulation dictates otherwise, for purposes of COMAR 36.10.16, “sports wagering licensee” includes:

- A. Mobile sports wagering licensee; and
- B. Online sports wagering operator licensee.

.02 Definition.

In this chapter, “past posting” means a wager that was made after the result of an event is accepted or after the selected participant has gained a material advantage.

.03 Sports Wagering Platform Requirements.

A. All sports wagers shall be initiated, received, and otherwise made within the State unless otherwise licensed by federal law.

B. A sports wagering licensee or applicant shall submit its sports wagering platform and sports wagering equipment to an independent certified testing laboratory prior to their use for sports wagering.

C. Sports wagering platform documentation shall include:

(1) A complete, comprehensive, technically accurate description and explanation of the sports wagering platform;

(2) A detailed operating procedures of the sports wagering platform;

(3) A description of the risk management framework, including:

- (a) User access controls for all sports wagering licensee personnel;
- (b) Information regarding segregation of duties;
- (c) Information regarding automated risk-management procedures;

- (d) Information regarding identifying and reporting fraud and suspicious activity;
- (e) Information regarding technical safeguards that protect the sports wagering platform from unauthorized access and loss of data;
- (f) Controls to ensure compliance with all statutory and other legal requirements;
- (g) A description of AML compliance standards;
- (h) A description of all software applications that comprise the sports wagering platform;
- (i) A description of wagers available to be offered by the sports wagering platform;
- (j) A description of all third-party systems proposed for utilization;
- (k) A description of the method proposed by the sports wagering licensee to prevent cheating; and
- (l) Any other information imposed by the Commission.

D. Upon request, a sports wagering licensee shall promptly provide the Commission with relevant reports and documentation that shall include, at a minimum:

- (1) Complete, comprehensive, technically accurate description and explanation of the sports wagering platform;
- (2) The ability to query or sort wagering data; and
- (3) The ability to export wagering data.

E. A sports wagering licensee or a supplier providing a licensee's sports wagering platform shall maintain all transactional wagering data for a period of 5 years.

F. The house rules that apply to wagers placed on a sports wagering platform shall be readily available to a bettor.

G. For each wager, a sports wagering platform shall be capable of recording the:

- (1) Description and alphanumeric identifier of the sporting event;
- (2) Wager selection;
- (3) Type of wager;
- (4) Amount of wager;
- (5) Date and time of the wager;

- (6) Unique wager identifiers;
- (7) Bettor identification number;
- (8) Current wager status;
- (9) Relevant location information;
- (10) Results of the wager;
- (11) Amount won; and
- (12) Date and time the winning wager was paid to the bettor.

H. A sports wagering platform that offers wagering shall be capable of:

- (1) Accurately and timely updating of odds for wagers;
- (2) Notifying a bettor of any change in odds that is not beneficial to the bettor while the wager is selected but before it is placed;
- (3) Allowing bettors to confirm the wager after notification of the odds change; and
- (4) Freezing or suspending the offering of wagers when necessary.

I. A sports wagering platform shall be capable of:

- (1) Creating a wager;
- (2) Settling a wager;
- (3) Voiding a wager;
- (4) Cancelling a wager; and
- (5) Preventing the acceptance of a wager on a prohibited sporting event.

J. If a wager is voided or cancelled, a sports wagering platform shall indicate that:

- (1) The transaction was voided or cancelled;
- (2) The transaction was rendered nonredeemable;
- (3) An entry in the system was made indicating the wager was voided or cancelled; and
- (4) Subject to COMAR 36.10.13.07, the transaction is clearly noted in a permanent record.

K. Unless approved in advance by the Commission, a sports wagering licensee or an online sports wagering operator may not alter the odds or any other material aspect of the transaction after accepting a wager.

L. A sports wagering platform shall prevent:

- (1) The electronic modification of data to facilitate cheating;
- (2) The past posting of wagers; and
- (3) The voiding and cancellation of wagers after the outcome of an event is known.

M. If a bettor has a pending wager and the bettor subsequently self-excludes:

- (1) The wager may settle; and
- (2) The funds and account balance shall be returned to the bettor in accordance with the sports wagering licensee's internal control standards.

N. Software Validation.

(1) At least once every 24 hours and on demand, a sports wagering platform shall perform a software validation on all critical control program components contained on the system to ensure that:

- (a) There have been no unauthorized modifications; and
- (b) The software is authentic.

(2) The software validation process shall employ a hash algorithm which produces a message digest of at least 128 bits and includes all critical control program components which may affect wagering operations, including but not limited to:

- (a) Executables;
- (b) Libraries;
- (c) Wagering or system configurations;
- (d) Operating system files;
- (e) Components that control required system reporting; and
- (f) Database elements that affect system operations.

(3) In the event of a software validation failure, the sports wagering platform shall have the capability to detect if any system component is determined to be invalid.

O. The sports wagering licensee shall notify the Commission within 12 hours of a validation failure.

P. A sports wagering licensee shall:

- (1) Record all validation attempts by the sports wagering platform; and
- (2) Maintain the recorded attempts for a period of 180 days.

Q. Data Feeds.

(1) A sports wagering platform shall have controls in place to review the accuracy and timeliness of any data feeds used to offer or settle wagers.

(2) If an incident or error occurs that results in a loss of communication with the data feeds used to offer or redeem wagers, the sports wagering licensee shall record the error in a log capturing:

- (a) The date and time of the error;
- (b) The nature of the error; and
- (c) A description of its impact on the system's performance.

(3) The sports wagering licensee shall maintain the information required by § (P)(2) for a minimum period of two years.

R. A sports wagering licensee that provides a sports wagering platform shall grant the Commission access to the platform in the manner required by the Commission.

S. In a format required by the Commission, a sports wagering platform shall provide a process for the Commission to query and export all sports wagering platform data.

T. The Commission may require additional system specifications.

.04 Geolocation Systems.

A. A sports wagering licensee shall keep its geolocation system up to date by integrating current solutions in real time that can detect the use of:

- (1) Remote desktop software;
- (2) Rootkits;
- (3) Virtualization; and

(4) Any other programs identified by the Commission as having the ability to circumvent geolocation measures.

B. The sports wagering licensee shall continually review the integrity of the geolocation system to ensure that the system detects and mitigates existing and emerging location fraud risks.

C. A sports wagering platform shall utilize a geolocation system to:

(1) Reasonably detect the physical location of an individual attempting to access the sports wagering platform and place a sports wager; and

(2) Monitor and block attempts to place an online sports wager when an individual is not within the State.

D. The geolocation system required by §C of this regulation shall:

(1) Ensure that a bettor:

(a) Is located within the State when placing a sports wager; and

(b) Can dynamically monitor the bettor's location; and

(2) Block unauthorized attempts to place a sports wager when an individual is not within the State.

E. The Commission may require additional geolocation requirements.

.05 Bettor Accounts.

A. Only a registered bettor may place an online wager.

B. The sports wagering licensee shall record and maintain the information necessary to initiate a bettor account for a period of 5 years.

C. The information recorded and maintained under §B of this regulation shall include:

(1) Bettor's legal name;

(2) Bettor's date of birth;

(3) Bettor's residential address and mailing address if different;

(4) Bettor's phone number;

(5) Bettor's active e-mail address;

(6) Bettor's social security number or equivalent as approved by the Commission;

(7) Verification that the bettor is permitted to place a wager;

(8) Sources of identification authentication, which may include:

- (a) Type and identification number of any government-issued credentials provided; or
- (b) Other methodology for remote, multi-source authentication including third-party and governmental databases, as approved by the Commission; and

(9) Any other information required by the Commission.

D. A sports wagering licensee shall record:

- (1) A bettor's acceptance of the sports wagering licensee's:
 - (a) Sports wagering terms and conditions; and
 - (b) Privacy policy; and
- (2) The bettor's acknowledgment that:
 - (a) The bettor has provided the sports wagering licensee accurate information; and
 - (b) The bettor is prohibited from allowing any other person to access or use the bettor's bettor account.

E. Verification of Transactions on a Bettor Account.

- (1) For each deposit or withdrawal on a bettor account, a sports wagering licensee shall determine if the information provided by the bettor:
 - (a) Is inconsistent with the funding information previously provided by the bettor;
 - (b) Fails to verify the identity of the bettor; or
 - (c) Violates the sports wagering licensee's terms and conditions.
- (2) Within 24 hours after a condition set forth in §(E)(1) occurs, the sports wagering licensee shall require the submission of additional information from the bettor that:
 - (a) Verifies the bettor's:
 - (i) Identity; or
 - (ii) Fund deposit or withdrawal information; or
 - (b) Remedies the violation of the sports wagering licensee's terms and conditions.
- (3) If the information provided by the bettor pursuant to §(E)(2) of this regulation does not provide the proper verification or remedy the violation, the sports wagering licensee shall:

- (a) Immediately suspend the bettor account;
- (b) Prohibit the bettor from placing any wagers;
- (c) Submit any winnings attributable to the bettor to the Commission for distribution to the State's Problem Gambling Treatment and Support Fund;
- (d) Refund the balance of deposits made to the account to the source of such deposit or by issuance of a check; and
- (e) Deactivate the account.

F. Creation of a Bettor Account.

(1) A sports wagering licensee shall notify the bettor of the creation of the bettor account by e-mail, text message, or first-class mail.

(2) When a bettor account is created, the sports wagering licensee shall establish a unique username and password for the bettor authorized to use the bettor account that prevents unauthorized access to the bettor account by an individual other than the bettor.

G. A bettor may have only one bettor account for each sports wagering licensee.

H. A bettor account may be funded using:

- (1) A debit card;
- (2) A credit card subject to COMAR 36.10.13.28;
- (3) An electronic bank transfer, including a transfer through third parties;
- (4) An online or mobile payment system that supports online money transfers;
- (5) Winnings or payouts;
- (6) Bonuses and promotions;
- (7) Reloadable prepaid card, which has been verified as being issued to the bettor and is non-transferable; and
- (8) Any other means approved by the Commission.

I. Funds may be withdrawn from a bettor account through:

- (1) Cash;
- (2) Wagers;

(3) A cashier's check, wire transfer, or money order by the sports wagering licensee made payable to the bettor that is:

- (a) Issued directly to the bettor; or
- (b) Delivered to the bettor's address on file with the sports wagering licensee;
- (4) Credits to the bettor's debit card;
- (5) Electronic bank transfers, including transfers through third parties;
- (6) Online or mobile payment systems that support online money transfers;
- (7) Reloadable prepaid card that:
 - (a) Has been verified as being issued to the bettor; and
 - (b) Is non-transferable; or
- (8) Any other means approved by the Commission.

J. Within 5 days of a bettor request for withdrawal of funds, the sports wagering licensee shall complete the withdrawal unless there is a pending:

- (1) Unresolved bettor dispute; or
- (2) Investigation prompted by a bettor dispute or the Commission.

K. Funds for withdrawal may be withheld from withdrawal until:

- (1) The funding transaction clears; or
- (2) The chargeback period ends.

L. All adjustments to a bettor account for:

- (1) Individual amounts of \$500 or less shall be periodically reviewed by the sports wagering licensee consistent with the sports wagering licensee's internal control standards; and
- (2) Individual amounts of more than \$500 shall be authorized by the sports wagering licensee's management before being entered.

M. A sports wagering licensee may not allow the transfer of funds or credits from or to another bettor account.

N. Except for the placement or settlement of a wager, the sports wagering licensee shall confirm each transaction on a bettor account by:

- (1) E-mail;
- (2) Text message; or
- (3) Other means:
 - (a) Agreed upon by the bettor and sports wagering licensee; and
 - (b) Approved by the Commission.

O. Account Statements.

- (1) A sports wagering licensee shall provide an account statement upon demand by the bettor.
- (2) An account statement shall include detailed account activity for at least six months preceding the 24 hours period before the request.
- (3) A sports wagering licensee shall be capable of providing a summary statement of all bettor activity during the previous 24 months if requested.

P. If a sports wagering licensee knows or has reason to know that a bettor's identification or bettor account has been compromised, a sports wagering licensee shall:

- (1) Suspend wagers from being made; and
- (2) Immediately re-verify a bettor's identification.

Q. A sports wagering licensee shall:

- (1) Offer an easily accessible method for a bettor to close the bettor's account; and
- (2) Refund the balance remaining in a bettor's account:
 - (a) Pursuant to the sports wagering licensee's internal control standards; and
 - (b) No later than five days after receiving notice from the bettor of the intent to close the bettor's account.

R. A sports wagering platform shall employ a mechanism that can detect and prevent any bettor-initiated activity that would result in a negative balance of a bettor account.

S. A sports wagering licensee shall:

- (1) Disable a bettor's account after three failed log-in attempts; and
- (2) Require multi-factor authentication to recover or reset a password or username after being disabled.

T. A sports wagering licensee shall suspend a bettor account if:

- (1) The bettor requests a suspension for a period not less than 24 hours as a self-limiting measure;
- (2) Required by the Commission;
- (3) The sports wagering licensee knows or has reason to know that the bettor may be a prohibited individual; or
- (4) The sports wagering licensee knows or has reason to know of:
 - (a) Illegal activity related to the account;
 - (b) A negative account balance; or
 - (c) A violation of the sports wagering licensee's terms and conditions has taken place on the bettor's account.

U. When a sports wagering account is suspended, the bettor shall be prevented from:

- (1) Wagering;
- (2) Depositing funds, unless the reason for the deposit is to clear a negative balance that resulted in the suspension;
- (3) Withdrawing funds if there is a pending unresolved bettor dispute or investigation prompted by a bettor dispute or the Commission;
- (4) Making changes to the bettor account; or
- (5) Removing the bettor account from the sports wagering platform.

V. A bettor account suspended for a reason stated in §T of this regulation may be restored:

- (1) Upon expiration of the time period established by the bettor;
- (2) When the sports wagering licensee has determined that the Commission has granted permission for the restoration;
- (3) When the licensee has determined that the bettor is not a prohibited or excluded individual; or
- (4) When the sports wagering licensee has determined that:
 - (a) No illegal activity related to the account occurred;
 - (b) There is no longer a negative account balance; or

(c) No violation of the terms and conditions that has taken place on the bettor's account.

.06 Information Security.

A. A sports wagering licensee shall:

(1) Implement, maintain, regularly review and revise, and comply with a comprehensive information security system that takes reasonable steps to protect the confidentiality, integrity, and availability of a bettor's personally identifiable information; and

(2) Ensure that the security system set forth in §(A)(1) of this regulation shall contain administrative, technical, and physical safeguards which are:

(a) Appropriate to the size, complexity, nature, and scope of the operations; and

(b) Sensitive of the personal information owned, licensed, maintained, handled, or otherwise in the possession of the sports wagering licensee.

B. A sports wagering licensee shall:

(1) Perform vulnerability testing of the sports wagering platform, associated equipment, and networks to assess the effectiveness of security controls; and

(2) Have the testing set forth in §B(1) of this regulation conducted by a Commission approved third party as set forth in Regulation .02B of this chapter.

C. A sports wagering licensee shall create a report that:

(1) Assesses the adequacy and effectiveness of the sports wagering licensee's information technology security controls and system configurations; and

(2) Provides recommendations for eliminating each material weakness or significant deficiency identified.

D. A sports wagering licensee shall evaluate all identified vulnerabilities for potential adverse effect on security and integrity and:

(1) Remediate the vulnerability no later than 90 days following the earlier of vulnerability's identification or public disclosure; or

(2) Document why remediation action is unnecessary or unsuitable.