

Title 42
LOUISIANA GAMING
Part XI. Video Poker

Chapters 1-23. Reserved

Chapter 24. Video Draw Poker

§2401. Statement of Department Policy

A. The rules contained herein are promulgated by the Video Gaming Division of the Office of State Police in order to facilitate implementation of the video draw poker devices control law, R.S. 27:401 et seq., to achieve the effective regulation of the video gaming industry, and to maintain the health, welfare, and safety of the public. These considerations shall control the application and interpretation of the rules. Any subsequent restatement, repeal, or amendment of these rules shall be in accordance with the aforementioned considerations.

B. The Video Gaming Division of the Office of State Police shall apply these rules to protect the video gaming industry from infiltration by organized crime and other harmful and unscrupulous elements, thereby ensuring the fair play of all video gaming devices, and the prosperity and longevity of the industry.

AUTHORITY NOTE: Promulgated in accordance with R.S. 33:4862.1 et seq., the Act.

HISTORICAL NOTE: Promulgated by the Department of Public Safety and Corrections, Office of State Police, Gaming Enforcement Section, Video Gaming Division, LR 18:196 (February 1992), amended LR 21:582 (June 1995), amended by the Department of Public Safety and Corrections, Gaming Control Board, LR 40:1108 (June 2014).

§2403. Definitions

A. The provisions of the Louisiana video draw poker devices control law relating to the definitions of words, terms, and phrases are hereby incorporated by reference and made a part hereof, and shall apply and govern the interpretation of these regulations, except as otherwise specifically declared or as is clearly apparent from the context of the regulations herein. The following words, terms, and phrases shall have the ascribed meaning indicated below.

Act—the provisions of Chapter 8 of Title 27, R.S. 27:401-457 and its amendments hereafter.

Advertise or Advertising—to issue an advertisement.

Advertisement—public notice or announcement of gaming activities, gaming promotions, or of a gaming establishment. Public notice or announcement includes, but is not limited to, all written communication, signage, and radio or television broadcasts.

Agent—any commissioned Louisiana state police trooper or designated employee of the State of Louisiana,

Department of Public Safety and Corrections, Office of State Police, Video Gaming Division.

Applicant—the person who has completed an application to the division for a license or permit to participate in the video gaming industry in Louisiana.

Application—the process by which a person requests a license or permit, or the renewal of a license or permit, for participation in the video gaming industry in Louisiana.

Audit Tape—an exact copy of each printed ticket voucher retained within the device pursuant to the Act.

Designated Representative—an employee designated by the licensee to oversee and assume responsibility for the operation of the licensed establishment.

Device—a video draw poker device which complies with the rules of the division and the Act.

Electronic Funds Transfer, hereinafter referred to as a *Sweep*—any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument that is initiated through an electronic terminal, telephone, computer, or magnetic tape for the purpose of ordering, instructing, or authorizing a financial institution to debit or credit an account.

Encourage Play—see *Promote* or *Promoting*.

Enrolling Procedure—the process by which a device is linked to and monitored by the central computer system of the division.

Facility—the premises of a business which is licensed to house or offer for play video gaming devices within this state.

Inspection—the observation or examination by any agent of the division of any premises or motor vehicles of the licensee or applicant where video gaming devices and related equipment may be manufactured, distributed, stored, possessed, or offered for play, or any inquiry procedures necessary to discover facts or things related/connected to video gaming in any way.

Interstate Highway—a fully controlled access highway which is part of the National System of Interstate and Defense Highways.

Licensee—any applicant or person who is granted a license by the division permitting video gaming activities that are authorized by the Act. The authorized activity of all licensees shall be limited to the type of license issued to each.

Maintenance—the routine servicing of any video gaming device, excluding the logic board, software, and

electronic (soft) and mechanical (hard) meters, and other servicing which provides for the efficient operation of the device.

Major State Highway—a through highway as defined in R.S. 32:1 and which has been designated as a state highway by the Louisiana Department of Transportation and Development.

Minors—every natural person under the age of 18 years.

Mixed Patronage—a clientele which includes both minors and adults.

Nonvolatile Memory—a type of memory in which data stored in the memory is not lost when the power is turned off.

Notify or Notification—the act of providing notice of an event through written communication, including electronic transmission, as required by these rules.

Offense—any violation of the Act or these rules or any other criminal conduct.

Permittee—for purposes of these rules, shall have the same meaning as "video draw poker employee" as provided in R.S. 27:402.

Premises—land, together with all buildings, improvements, equipment, and personal property located thereon which is controlled by an applicant or a licensee, and associated with video gaming activities authorized by the Act.

Promote or Promoting—to engage in a *promotion*.

Promotion—an activity, prize, or event offered or held on the premises of a licensed video poker establishment for the purpose of directly encouraging or rewarding the play of video poker devices at the establishment. For the purpose of this Part, *promotion* does not include on-premises advertising of the promotional activity, prize, or event.

RAM Clear Chip—an erasable programmable read-only memory or other media memory storage device as approved by the division which contains a program specifically designed to clear volatile and nonvolatile memory sections of a logic board for a video gaming device.

Resident—any natural person who is domiciled in the state or who demonstrates that he maintains a permanent place of abode within the state, and who has resided and/or been domiciled in the state of Louisiana for a period of two years prior to the date of his application for a license.

Security Interest Holder—any person who loans money for the purpose of financing devices, and uses the devices as collateral. This shall also include a lessor of devices.

Shipment—any physical movement of a video gaming device from a manufacturer to a distributor, from a distributor to a device owner, or vice versa either into the state, from the state, or within the state.

Ticket Voucher—a ticket which is printed by a video gaming device by use of a player-activated switch providing the player with a printed record of credits owed.

Transfer—the physical movement of a video gaming device by a device owner to or from a licensed establishment where a change of ownership does not occur.

Validation Decal—the decal furnished by the division and placed on a device indicating that the device meets the criteria established by the division, and that the particular device has been enrolled by the division.

Video Gaming Device—for purposes of these rules, shall have the same meaning as video draw poker device.

Volatile Memory—a type of memory in which data stored in the memory is lost when the power is turned off.

Warehouse—a secure and limited access structure or room, approved by the division, utilized for the storage of video gaming devices and/or their components.

Written Reprimand—a written notification from the division to a licensee which outlines any violation of these rules.

AUTHORITY NOTE: Promulgated in accordance with R.S. 33:4862.1 et seq.

HISTORICAL NOTE: Promulgated by the Department of Public Safety and Corrections, Office of State Police, Gaming Enforcement Section, Video Gaming Division, LR 18:196 (February 1992), amended LR 21:582 (June 1995), amended by the Department of Public Safety and Corrections, Gaming Control Board, LR 30:266 (February 2004), repromulgated LR 30:439 (March 2004), amended LR 32:108 (January 2006), LR 36:2045 (September 2010), LR 38:2935 (November 2012), LR 40:1108 (June 2014).

§2405. Application and License

A.1. All applications for a license shall be submitted on forms provided by the division.

2. An application is not complete nor is it considered filed with the division unless it is submitted with the required fee, is signed by the applicant, and contains all information required by the division.

3. All new and renewal applications shall be submitted to the division by the United States Postal Service certified or registered mail, return receipt requested, private or commercial interstate carrier, electronic submission in accordance with Chapter 4 of Part III of this Title, hand delivery or other board-approved method of delivery.

4. All applicants shall be required to disclose any violation of an administrative regulation from any jurisdiction.

5. Except as otherwise provided in this Paragraph, all licensed establishment applications submitted to the division shall be for an existing and operating business.

a.i. An entity that intends to build a truck stop facility and apply for a Type V video gaming license is eligible to submit a notice of intent to build a truck stop facility on a form prescribed by the division if it either:

(a). provides proof of application to the local governing authority of the parish where the truck stop is to be located for a certificate of compliance with applicable zoning ordinances and building codes, a statement of approval for the operation of video draw poker devices at a truck stop facility as required by R.S. 27:452(C), and has published the public notices required by R.S. 27:419; or

(b). has applied with the appropriate authority for a building permit, and has published the public notices required by R.S. 27:419.

ii. The notice of intent to build a truck stop facility shall include:

(a). proof of application for a certificate of compliance with applicable zoning ordinances and a statement of approval of the operation of video poker devices from the applicable local governing authority or a statement that local approval is not required; or proof of application for a building permit filed with the appropriate governing authority; and

(b). proof of publication of the notice of intent to build a qualified truck stop facility as required by R.S. 27:419(A);

(c). proof of issuance of the press release required by R.S. 27:419(D); and

(d). a plat showing the location of the truck stop facility and the surrounding area identifying schools, churches, playgrounds, synagogues, public libraries, residences, and buildings on the National Historic Registry.

b. Once accepted by the division, a notice of intent to build a truck stop facility shall expire after one year.

c.i. An applicant for a Type V license may submit Form DPSSP 0031 and all other forms and fees required by the Board within 120 days of the planned completion of the truck stop facility and commencement of operations. Upon submission of these forms and fees, the Division may commence its investigation of the facility and all persons required to meet suitability.

ii. The applicant shall notify the Division in writing of all changes to any information provided on the application or required forms within 10 business days of the change.

iii. An application shall be considered withdrawn and the application fee forfeited if completion of the truck stop facility and commencement of operations does not occur within 180 days of the date the application is filed with the Division. The Division may grant an extension for good cause shown.

d. For purposes of determining compliance with the distance requirements provided in R.S. 27:422, the date of application shall be the date the certificate of compliance was received from the applicable local governing authority or the date the application for a building permit was filed, whichever last occurred.

6. All applications, except for a manufacturer's application, shall include an accurate sketch of the interior of the facility, and the proposed location of all video gaming devices to be located therein. In addition, the sketch shall include all grounds and parking areas.

7. All applications shall include the name of the owner(s) of the premises on which the establishment is located.

8. All renewal applications, shall be submitted in completed form, including a Louisiana State Tax Clearance Certificate. Out-of-state manufacturers shall not be required to submit a Louisiana State Tax Clearance Certificate.

9. All applicants shall provide all additional information requested by the division. If applicants fail to provide all additional information requested by the division, the application shall be considered incomplete.

10. All applications shall contain a certification signed by a duly authorized representative of the applicant wherein the applicant certifies that:

a. the information contained therein is true and correct;

b. the applicant has read the Act and these rules, and any other informational materials supplied by the division that pertain to video gaming; and

c. the applicant agrees to comply with these rules and the Act.

11. All applications shall contain an email address, a telephone number and permanent mailing address for receipt of correspondence and service of documents by the division.

12. Incomplete applications, including failure to pay fees may result in a delay or denial of a license.

13. The applicant shall notify the division in an electronic document or in writing of all changes of address, phone numbers, personnel, and other required information in the application within 10 business days of the effective date of the change.

14. An application shall be denied if an applicant has been convicted in any jurisdiction for any of the following offenses within the 10 years prior to the date of the application, and at least 10 years has not elapsed between the date of application and the successful completion of any service of a sentence, deferred adjudication, or period of probation or parole for any of the following:

a. any offense punishable by imprisonment for more than one year;

b. theft or any crime involving false statements or declaration; or

c. gambling as defined by the laws or ordinances of any municipality, parish (county), or state, the United States, or any similar offense in any other jurisdiction.

15. Any false statement, including improperly notarized documents, contained in any report, disclosure,

application, permit form, or any other document required by this Section shall be a violation of these rules and the Act.

B. Requirements for Licensing

1.a. No person shall be granted a license, and no license shall be renewed unless the applicant demonstrates to the division that he is suitable for licensing, and thereafter continues to maintain suitability, as provided in the Act.

b. All applicants for a license and licensees shall be current in filing all applicable tax returns and in the payment of all taxes, interest and penalties owed to all appropriate local taxing authorities, the state of Louisiana and the Internal Revenue Service, excluding contested amounts pursuant to applicable statutes, and excluding items for which the Department of Revenue and Taxation and the Internal Revenue Service have accepted a payment schedule of back taxes.

2. Once a gaming license has been issued by the division, the license shall be conspicuously displayed by the licensee in his place of business so that it can be easily seen and read by the public.

3.a. Beginning with licenses renewed or issued after August 15, 1999, licenses to operate video draw poker devices shall expire as follows.

i. Licenses with a last digit of 1 or 2 in the license number shall expire on June 30, 2005.

ii. Licenses with a last digit of 3 or 4 in the license number shall expire on June 30, 2001.

iii. Licenses with a last digit of 5 or 6 in the license number shall expire on June 30, 2002.

iv. Licenses with a last digit of 7 or 8 in the license number shall expire on June 30, 2003.

v. Licenses with a last digit of 9 or 0 in the license number shall expire on June 30, 2004.

b. Beginning on July 1, 2004, all licenses shall have a term of five years from the date of issuance.

c. If a licensee fails to file a complete renewal application on or before forty five days prior to the license expiration date, the division may assess a civil penalty of \$250 for the first violation, \$500 for the second violation and \$1000 for the third violation.

4.a. The appropriate annual fee shall be paid by all licensees regardless of the expiration date of the license on or before July 1 of each year.

b. Proof of current tax filings and payments, including tax clearance certificates from the state and all appropriate local taxing authorities shall be submitted to the division along with the annual fee as provided in Subparagraph B.4.a. no later than July 1 of each year.

5. All nonrefundable fees required for initial and renewal applications and any administrative fines or penalties shall be made payable to the Department of Public

Safety and Corrections and remitted to the division in accordance with these rules.

6. Upon discovery, hidden ownership, whether by counter letter or other device or agreement, whether oral or written, shall constitute grounds for immediate suspension, revocation or denial of a license or application.

7. If there is more than one owner of a company, applicants and licensees shall disclose all ownership interests in the company so that the aggregate of percentages of individual ownership totals 100 percent.

8. All licensees shall attend all hearings, meetings, seminars and training sessions required by the division. The division shall not be responsible for any costs incurred by the licensees.

9. All licensees shall maintain compliance with all applicable federal gambling law requirements, including any registration required by the provisions of chapter 24 of title 15 of the *United States Code* (§1171 et seq.), which govern the transportation of gambling devices.

10.a. All licensees shall continue to operate the business described in the application during the term of the license. In the event either the business or the video draw poker devices at the location are not in operation for a period of 30 consecutive calendar days during which the business would normally operate, the licensee and device owner shall immediately notify the division of such fact and the licensee shall immediately surrender its license to the board or division.

b. If surrendered in accordance with §2405.B.10.a, no gaming activities may be conducted at the premises unless and until the license is returned to the licensee.

c. The license may be returned to the licensee when business operations are resumed for the unexpired term of the license provided that the license has not been revoked and is not under suspension and further provided that no more than 180 days has elapsed from the date the license was surrendered.

d. Licenses surrendered in accordance with §2405.B.10.a shall not be subject to renewal unless the license has been returned to the licensee.

e. Failure to surrender the license as provided in §2405.B.10.a shall constitute grounds for revocation or suspension of the license.

11.a. Within 15 days following a force-majeure event which has not affected video poker operation but necessitates closing any part of the licensed entity in order to make repairs, a licensee shall notify the division which may, following an on-site inspection to evaluate damage to the premises, grant the licensee a 60-day waiver from the provisions of LAC 42:XI.2405.B.10.a.

b. The division may grant one 60-day extension if it determines that the licensee has made substantial progress towards completing the necessary repairs within the original 60 day waiver period and the applicant can demonstrate a

reasonable likelihood of completing the necessary repairs within the next 60 days.

c. Under no circumstances shall a licensee continue video poker operations without completing the necessary repairs and resuming normal operations for a period longer than 120 days.

C. Parish or Municipal Licenses

1. Prior to obtaining a video gaming license, all applicable parish and/or municipal occupational and alcohol beverage control licenses required for a facility to operate within said parish or municipality shall be current and valid.

2. All fees required to secure the aforementioned licenses shall be paid prior to the division issuing a license for video gaming.

D. Change of Ownership of Licensed Establishment

1. If a change in ownership of a licensed establishment occurs, the division shall be notified, in an electronic document or in writing within five days, of the act of sale or transfer.

2. When a licensed establishment which requires an alcoholic beverage license as a condition of the receipt of a video gaming license is sold or transferred, the devices shall be allowed to continue to operate under the old license if:

a. the new owner applies for a state Class "A" general retail or restaurant alcohol permit within 15 days of the Act of sale or transfer; and

b. upon issuance of a state Class "A" general retail or restaurant alcohol permit, the new owner applies for a video gaming license within 15 days of said issuance.

3. The devices shall only be allowed to continue in operation under the old license until:

a. the issuance of a video draw poker license in the name of the new owner;

b. a determination by the division that the new applicant is unsuitable;

c. denial of the new license application; or

d. the passage of 180 days from submission of the application to the division.

4. The new owner shall provide, at the time of application to the division, a certified copy of the act of sale or transfer, a copy of all appropriate documentation which indicates the date the licensed establishment began the Alcohol and Tobacco Control Commission application process, and a copy of the permit issued by the Alcohol and Tobacco Control Commission.

5. If any of the documents required by this Section are not submitted with the new owner's application, the division may immediately disable the devices.

6. If the 180-day period has elapsed prior to the issuance of a new video gaming license, the devices shall be disabled and the device owner shall immediately make

arrangements to remove and transfer the devices from the formerly licensed establishment.

7. Upon the issuance of a license to a new owner or the passage of 180 days, whichever occurs first, the license issued to the prior owner shall expire and be surrendered to the division.

AUTHORITY NOTE: Promulgated in accordance with R.S. 27:15 and 24.

HISTORICAL NOTE: Promulgated by the Department of Public Safety and Corrections, Office of State Police, Gaming Enforcement Section, Video Gaming Division, LR 18:196 (February 1992), amended LR 21:582 (June 1995), amended by the Department of Public Safety and Corrections, Gaming Control Board, LR 23:1322 (October 1997), LR 24:955 (May 1998), LR 26:346 (February 2000), LR 26:2322 (October 2000), LR 27:61 (January 2001), LR 29:362 (March 2003), LR 30:267 (February 2004), repromulgated LR 30:439 (March 2004), amended LR 34:1037 (June 2008), LR 35:82 (January 2009), repromulgated LR 35:490 (March 2009), amended LR 36:2045 (September 2010), LR 38:2935 (November 2012), LR 40:1105, 1109 (June 2014).

§2407. Operation of Video Draw Poker Devices

A. Responsibilities of Licensees

1. The licensee or a designated representative of the licensed establishment shall be required to be physically present and available within the licensed establishment at all times during all hours of operation; shall ensure that the devices are not tampered with, abused, or altered in any way; and shall prevent the play of video draw poker devices by persons under the age of 21 and prevent access to the gaming area by persons under the age of 18. The penalty for violation of this Subsection shall be \$250 for the first offense, \$500 for the second offense, and \$1,000 for the third offense. The penalty for fourth and subsequent offenses shall be administrative action, including, but not limited to, suspension or revocation.

2. Licensees and employees of a licensee shall not loan money, extend credit, or provide any financial assistance to Patrons for use in video gaming activities.

3. Licensees and employees of a licensee shall not permit any person who appears to be intoxicated to participate in the play of the video devices.

4. All licensees shall supervise all employees to ensure compliance with the laws and regulations relating to the operation of video gaming devices.

5. All licensees or an employee of a licensee shall, upon demand of the player, pay all monies owed as shown on a valid ticket voucher.

6. All licensees shall be responsible for the proper placement and installment of devices within a licensed establishment as prescribed by these rules.

7. Licensees shall advise the division of any device malfunction that has not been rectified by the device owner, within 24 hours after the device owner or service entity has been notified, or before the end of the next business day.

8. An establishment licensee and/or the device owner who owns and/or operates the video draw poker devices at

the licensed establishment may only promote or encourage the play of the video draw poker devices in compliance with the following:

a. All promotions shall comply with the Act and these regulations as well as all federal and state laws and regulations and municipal ordinances including, but not limited to, R.S. 27:502 and the Louisiana charitable raffles, bingo and keno licensing law, R.S. 4:701 et seq. The establishment licensee, and/or the device owner conducting the promotion is/are responsible for ensuring that all promotions are in compliance with this Paragraph.

b. A promotion requiring either a purchase, fee, or video poker play styled as either a raffle, drawing, sweepstakes, or any other event which utilizes a ticket, entry form, registration, or other mechanism used to determine the winner based on either the winner's name or corresponding ticket, entry form, registration, or other identification mechanism being chosen by virtue of a randomizing event shall not offer a prize or prize package valued over \$250.

c. A promotion shall not require the participant to be present at any time in order to win.

d. All rules, terms, and conditions of the promotion shall be displayed in a prominent manner inside the licensed establishment at all times during the promotion.

e. If the promotion requires participants to engage in the play of video poker, the value of the prize or prize package awarded shall not exceed the maximum payout set by the internal mechanism of the video draw poker device and shall not be based solely upon the value of a single winning hand played on the video draw poker device.

f. Giveaway promotions designed to promote the overall business may offer prizes valued in excess of the limits listed in Subparagraphs (b) and (e) provided that participation:

- i. is open to the general public;
- ii. does not require a purchase;
- iii. does not require video poker play or entrance to gaming areas.

g. Notwithstanding the provisions of this Section, or any other provision of law to the contrary, no prize for any promotion may provide food to any patron free of charge or below the cost to the licensee or the device owner.

9. All keys to all devices shall be secured and available upon request by the division.

10. All licensees shall provide a separate voice grade telephone line which shall provide exclusive, continuous capabilities, for the division, to access licensed devices. Any device that loses telephone line service for any reason within the control of the licensee, shall constitute a violation of these rules. Such violations shall include, but not be limited to:

a. the loss of service due to delinquent or nonpayment of telephone service;

b. the internal disruption of service resulting from tampering with the communications link;

c. the internal disruption of service generated by a request to the phone company to disconnect service; or

d. any other method of interference with normal telephone service.

11. Licensees shall not allow a device to be played unless connected to the required telephone line service and the division's central computer system.

12. All licensees shall post signs on the premises of a licensed establishment which admits mixed patronage that restricts the play of video draw poker devices by persons under the age of 21 and restricts the access to areas where gaming is conducted by persons under the age of 18.

a. The signs shall be placed at the entrances to device areas with lettering at least 3 inches in height stating that there are gaming devices inside, no one under 18 allowed in gaming area, and no one under the age of 21 allowed to play gaming devices.

13. Reserved.

14. All licensees shall post one or more signs at points of entry to the gaming area to inform customers of the toll-free telephone number available to provide information and referral services regarding compulsive or problem gambling. The toll-free numbers shall be provided by the division. The penalty for violation of this Subsection shall be \$250 per day for the first offense, \$500 per day for the second offense and \$1000 per day for the third offense. The penalty for fourth and subsequent offenses shall be \$1000 per day or administrative action including but not limited to suspension or revocation.

B. Video Draw Poker Employees and Permits

1. The division shall issue a video draw poker employee permit to persons determined to be suitable pursuant to the provisions of the Act and rules adopted by the Louisiana Gaming Control Board pursuant to the Administrative Procedure Act.

2. All video draw poker employees shall possess a valid video draw poker employee permit in addition to a valid state issued driver's license, identification card or United States military identification card. The penalty for violation of this Subsection shall be \$25 for the first offense, \$50 for the second offense, and \$75 for the third offense. The penalty for fourth and subsequent offenses shall be administrative action, including, but not limited to, suspension or revocation of the permit.

3. All video draw poker employee applications must be submitted on forms prescribed by the Louisiana Gaming Control Board.

a. All applications shall be submitted to the division by the United States Postal Service certified or registered mail, return receipt requested, commercial interstate carrier, electronic submission in accordance with Chapter 4 of Part

III of this Title, hand delivery or other board-approved method of delivery.

b. All applications shall contain an email address, a telephone number and permanent address for receipt of correspondence and service of documents by the division.

c. All video draw poker employees shall submit a renewal application to the division at least 60 days prior to expiration of their permit to avoid a lapse in their ability to work as video draw poker employees.

4. All applicants shall provide all additional information requested by the division. If applicants fail to provide all additional information requested by the division, the application shall be denied.

5. All video draw poker employees or applicants shall notify the division in an electronic document or in writing of all changes of address, phone numbers, and other required information in the application within 10 calendar days of the effective date of the change.

6. No person shall be granted a permit and no permit will be renewed unless the applicant demonstrates to the division that he is suitable for permitting and thereafter continues to maintain suitability, as provided in the Act.

7. All applicants and video draw poker employees shall attend all hearings, meetings, seminars, and training sessions required by the division. The division shall not be responsible for any cost incurred by the applicants and/or video draw poker employees.

8. Permittees employed as a designated representative shall have the ability to locate all records and documents of the licensed establishment and possess the knowledge of all day to day operations of the licensed establishment.

9. All video draw poker employees shall have knowledge of these rules and the provisions of the Act.

C. Payment of Prizes

1. An employee shall be available during all hours of operation to redeem valid ticket vouchers. All valid ticket vouchers shall be paid when presented. In addition:

- a. ticket vouchers shall be redeemed for cash only;
- b. ticket vouchers shall be redeemed only at licensed establishments where the ticket voucher was printed;
- c. ticket vouchers shall be redeemed during the normal operating hours of the licensed establishment unless otherwise authorized by the division;
- d. neither the division nor the state of Louisiana is responsible for any device malfunction that causes prizes to be wrongfully awarded or denied to any player;
- e. the phrase "ANY MALFUNCTION VOIDS ALL PLAYS AND PAYS" shall be conspicuously displayed on the face of all licensed devices; and

f. failure to make timely payments as required shall be grounds for the suspension or revocation of the license, or assessment of a civil penalty.

2. The payment for prizes awarded by a video gaming device may be withheld if the ticket voucher printed by that device is:

- a. mutilated, altered, unreadable, or tampered with in any manner;
- b. falsified or counterfeited in any way;
- c. created by a device malfunction;
- d. not fully legible; or
- e. presented for payment at the licensed establishment by a person not authorized to operate the devices.

D. Advertising

1. Except for a uniform logo which has been adopted by the division or other advertisement allowed by this Subsection, no other advertising of video gaming activities shall be displayed anywhere on the exterior of any licensed establishment.

2. The word "casino" may be used (with or without including the problem gambler toll-free telephone number) either alone, as part of the d/b/a name of the licensed establishment, or in printed advertisements on the exterior of the licensed establishment and premises provided that:

- a. the establishment is a Type IV or Type V licensee; and
- b. use of the word "casino" on the premises is in compliance with all applicable local and state zoning and/or signage ordinances.

3. With the exception of the word "casino" as set forth in subsection 2, Type IV and V licensees may advertise freely on the exterior of the licensed establishment provided that all such printed advertisements display the problem gambler toll-free telephone number in a manner consistent with these rules and is in compliance with all applicable local and state zoning and/or signing ordinances.

4. Electronic displays capable of displaying moving characters or type, such as video monitors, video display panels, and LED reader boards, shall, if used to advertise video gaming activities, display the problem gambler toll-free telephone number every five minutes in a size, font, speed, brightness, and contrasting color scheme so that the toll-free number and accompanying letters are clearly visible and discernable by viewers.

5. Duplication of the uniform logo shall be identical to the design and colors of the approved uniform logo.

6. The size of the uniform logo shall not exceed 6 feet in height and 6 feet in width.

7. The uniform logo may be displayed alone or in conjunction with advertisement by the licensed

establishment of other activities that do not pertain to video gaming.

8. For purposes of advertising prohibitions, a licensed establishment which is a qualified truck stop facility shall include the entire area which comprises the qualified truck stop facility.

9. The logo format may be obtained for duplication by all licensed establishments from their respective device owners.

10. The division shall enforce the prohibition of all other video gaming advertising on licensed premises that are not permitted by these rules or the Act.

11. All letters accompanying the toll-free telephone number shall be in capital letters and the same size as the toll-free telephone number. The toll-free telephone number and letters shall appear in conspicuous and legible type in contrast by typography, layout, or color with all other printed material on the advertisement.

12. Notwithstanding Subparts 2 and 4, exterior print advertising, including but not limited to, billboards, shall display the toll-free telephone number and all accompanying letters in a rectangle. The rectangle shall comprise an area equal to 1/10 of the entire advertisement's height and extend across the entire width of the advertisement. The toll-free telephone number and accompanying letters must be sized to utilize the entire area within the rectangle. In the case of billboards, the rectangle containing the toll-free telephone number shall be a part of the billboard itself and not a separate add-on to the frame.

13. Notwithstanding Subparts 2 and 4, interior print advertising, including but not limited to posters, banners and other forms of advertising intended to be viewed from within the licensed establishment, but not the designated gaming area, shall display the toll-free telephone number and all accompanying letters in a rectangle. The rectangle shall comprise an area equal to 1/20 of the entire advertisement's height and extend across the entire width of the advertisement. The toll-free telephone number and accompanying letters must be sized to utilize the entire area within the rectangle.

14. The problem gambler toll-free telephone number shall be prominently displayed at all interior and exterior entrances to all gaming areas. The letters and numbers shall be fully visible, at least 2 inches in height and contrast with the background.

15. Print advertising which is handheld or which is customarily viewed by the person holding the advertisement, including but not limited to newspapers, flyers, coupons and other forms of advertising shall display the toll-free telephone number and all accompanying letters in a rectangle. The rectangle shall comprise an area equal to 1/20 of the entire advertisement's height and extend across the entire width of the advertisement. The toll-free telephone number and accompanying letters must be sized to utilize the entire area within the rectangle.

16. A licensee which is required to display the toll-free telephone number may seek approval from the division for particular forms of print advertising on an individual basis. In those instances where the licensee seeks approval, the division may in its discretion, approve the print advertisement in writing. The approved advertisement shall conform to the division's written approval.

AUTHORITY NOTE: Promulgated in accordance with R.S. 27:15 and 24.

HISTORICAL NOTE: Promulgated by the Department of Public Safety and Corrections, Office of State Police, Gaming Enforcement Section, Video Gaming Division, LR 18:196 (February 1992), amended LR 21:582 (June 1995), amended by the Department of Public Safety and Corrections, Gaming Control Board, LR 25:85 (January 1999), LR 27:205 (February 2001), LR 30:267 (February 2004), repromulgated LR 30:441 (March 2004), amended LR 33:857 (May 2007), LR 36:2046 (September 2010), LR 36:2874 (December 2010), LR 38:2936 (November 2012), repromulgated LR 38:3234 (December 2012), amended LR 40:1106, 1109 (June 2014).

§2409. Revenues

A. License Fees

1. A nonrefundable annual fee as listed below shall be paid by each applicant:

- a. manufacturer, as provided in R.S. 27:29.1;
- b. distributor, as provided in R.S. 27:435;
- c. service entity, as provided in R.S. 27:435;
- d. device owner, as provided in R.S. 27:435; and
- e. licensed establishment, as provided in 27:435.

2. All required license fees shall be submitted with the initial and renewal application.

3. All licensees shall pay their license fee(s) for the year in a single payment.

4. All license fees shall be paid by personal, company, certified or cashier's check, money order, electronic funds transfer or other form of electronic payment. If a payment is denied or returned for insufficient funds, the applicant's license shall not be issued.

B. Device Operation Fees

1. A nonrefundable annual device operation fee shall be paid by the device owner for each video gaming device placed at a licensed establishment.

2. The division shall prorate the device operation fee that is required for each enabled video gaming device on a quarterly basis in accordance with the following schedule of dates of enrollment. For devices enrolled:

- a. July 1 through September 30, the whole operation fee is due;
- b. October 1 through December 31, three quarters of the operation fee is due;
- c. January 1 through March 31, one half of the operation fee is due;

d. April 1 through June 30, one quarter of the operation fee is due.

3. The annual device operation fee may be paid in quarterly installments as prescribed by the Act.

4. If the device operation fee is to be paid in quarterly installments, after payment of the initial enrollment fee, subsequent payments are to be made by electronic funds transfer and are due on the first sweep of each quarter.

5. Any payments received after the tenth day of the beginning of each quarter shall constitute a violation of this Section and be subject to an interest penalty of 0.000575 per day (21 percent per annum).

6. The annual device operation fees are as follows:

a. a restaurant, bar, tavern, cocktail lounge, club, motel, or hotel, as provided in R.S. 27:435(A)(5)(a);

b. a Louisiana State Racing Commission licensed pari-mutuel wagering facility, as provided in R.S. 27:435(A)(5)(b)(i);

c. a Louisiana State Racing Commission licensed off-track wagering facility, as provided in R.S. 27:435(A)(5)(b)(ii);

d. a qualified truck stop facility, as provided in R.S. 27:435(A)(5)(c).

C. Franchise Payments

1. All device owners shall remit to the division a franchise payment as provided for by the Act. The franchise payment shall be securely held by the device owner and shall be deemed to be held in trust for the state of Louisiana in accordance with this Subsection until such time as the franchise payment is remitted and received by the division.

2. Franchise payments shall be calculated based upon the net device revenue, as verified by the electronic (soft) meters of the device. Revenues received from franchise payments shall be electronically transferred to the designated bank of the state treasurer.

3. All device owners shall establish and maintain a single bank account exclusively for the electronic funds transfer (sweep) of franchise payments to the designated bank of the state treasurer.

a. The payments shall be transferred electronically into the designated bank of the state treasurer semi-monthly or as otherwise prescribed by the division. Licensees shall authorize the division to initiate these transfers.

b. The funds shall be electronically transferred (swept) no later than the tenth day after the fifteenth and last day of every month. Any account found with insufficient funds shall constitute a violation of this Section.

c. Electronic funds transfers shall be calculated based upon device polling from the first through the fifteenth, and the sixteenth through the last day of every month.

d. Any delinquent monies not forwarded to the bank designated by the state treasurer by electronic funds transfers at the time of the transfer shall be subject to an interest penalty of 0.000575 per day (21 percent per annum). The interest penalty shall be in addition to any other penalties imposed by the division.

4. A device owner who has a nonsufficient fund return within the past three years shall be required to maintain a minimum balance at all times in the video gaming sweep account, or the account shall at all times be secured by a line of credit or bond issued by a bank or security company acceptable to the state treasurer. For purposes of this rule the term "bond" shall include cash, cash equivalent instruments or such other instruments as the division determines provide immediate liquidity.

a. The minimum balance and the security shall be equivalent to at least 15 percent of the previous month's net device revenues of all video gaming devices of the device owner.

b. No withdrawals at any time from the device owner's video gaming account, including electronic funds transfers, shall cause the account balance to be less than the minimum balance requirement prescribed above.

5. All licensed device owners shall be liable for that portion of net device revenues from such times as the funds are received into the device until said funds are deposited into the designated bank of the state treasurer.

6. Upon failure of a device owner to remit the state's franchise payment in accordance with this Subsection, the device owner and its shareholders, officers and directors, if a corporation; its partners, if a partnership; and its managers and managing member if a limited liability company, shall be jointly and severally liable to the state of Louisiana for the franchise payment until such time as the payment is remitted and received by the division. The board may initiate collection proceedings against any party liable for the payment of the franchise fee pursuant to R.S. 27:435(D)(5) and (6).

D. Supplemental Purses for Horsemen

1. Forms provided by the division shall be used to record amounts earned for purse supplements and shall be filed with the division, the Horsemen's Benevolent and Protective Association, and the Louisiana State Racing Commission by the twentieth day of every month.

2. The division may at all times oversee any and all operations pertaining to video gaming and may review and/or audit any account or fund used for receipt and/or disbursement of any of the aforementioned income.

E. Authority to Audit Records

1. If there is a discrepancy between the electronic (soft) and mechanical (hard) meter accounting devices, an audit may be performed.

2. In the event of an audit, all records requested by the division shall be made readily available. These records shall include, but not be limited to:

- a. audit tapes;
- b. collection reports;
- c. bank statements;
- d. canceled checks;
- e. deposit slips;
- f. lease agreements;
- g. access log books; and
- h. any other records of gaming activity that are necessary for the completion of the audit.

AUTHORITY NOTE: Promulgated in accordance with R.S. 33:4862.1 et seq.

HISTORICAL NOTE: Promulgated by the Department of Public Safety and Corrections, Office of State Police, Gaming Enforcement Section, Video Gaming Division, LR 18:196 (February 1992), amended LR 21:582 (June 1995), amended by the Department of Public Safety and Corrections, Gaming Control Board, LR 30:268 (February 2004), repromulgated LR 30:442 (March 2004), amended LR 38:2936 (November 2012), LR 40:1107, 1109 (June 2014).

§2411. Regulatory, Communication, and Reporting Responsibilities

A. General Provisions

1. For purposes of this Section quarters of the year are defined as follows:

- a. first quarter shall be July 1-September 30;
- b. second quarter shall be October 1-December 31;
- c. third quarter shall be January 1-March 31; and
- d. fourth quarter shall be April 1-June 30.

2. For purposes of this Section, business days are defined as Monday through Friday, not including state or federal holidays.

3. Semi-annual reports, if required, shall be postmarked no later than the last business day of July for the reporting period of January through June and no later than the last business day of January for the reporting period of July through December.

4. Quarterly reports, if required, shall be postmarked no later than the fifteenth day of the first month following the end of the quarter for which they are required.

5. Monthly reports, if required, shall be postmarked no later than the tenth day of the first month following the end of the month for which they are required.

6. Any semi-annual, quarterly, or monthly report that is requested by the division which is either postmarked later than the date required by these regulations, or inaccurate or incomplete shall constitute a violation of these rules.

7. All licensees shall retain all records for a period of three years, except that licensed manufacturers shall maintain all records for a period of five years.

8. Any licensee who seeks to surrender his license and cease participation in video gaming shall surrender his license to the division, and if requested, shall also provide copies to the division of all of the licensee's records pertaining to video gaming activities.

9. All licensees shall maintain all required records, submit all required reports, and keep the division currently informed, in writing, of any changes which could affect the status of any records, reports, or gaming devices.

10. All licensees shall keep and maintain the following records:

- a. all video gaming bank account documents and other related financial documents; and
- b. all business documents of the licensee including, but not limited to, records of:
 - i. employee salary payments and hours worked;
 - ii. all federal, state, and local taxes paid;
 - iii. all contracts and/or subcontracts that exist with the licensed business; and
 - iv. if applicable, certified technician training records of employees.

11. Except as otherwise provided in these regulations and the Act, all licensees, upon divesting or selling a licensed entity, shall surrender their video gaming license to the division within 10 business days of the effective date of the change of ownership.

12. All licensed manufacturers and distributors shall maintain a current record of devices received, devices sold, and devices in inventory, and if requested, must provide this information to the division.

13. All licensed manufacturers and distributors shall develop and provide to all licensed device owners and licensed service entities, a program to train and certify technicians. In addition, all licensed manufacturers and distributors shall award certification to authorized service personnel, and maintain all training records and certificate awards, which shall be provided to the division upon request.

14. All licensed manufacturers and distributors shall provide the division with a current list of authorized service entities and other personnel that they have certified. The list, which shall be updated and provided quarterly in a format specified by the division, shall include, but not be limited to, the following information:

- a. name and address of service entity and all of its certified technicians;
- b. Social Security number and date of birth of all technicians;
- c. date of certification of all technicians; and

d. level(s) of certification of all technicians.

B. Licensed Manufacturers

1. If requested by the division, all licensed manufacturers shall provide a semi-annual report, signed by the licensee or an authorized representative of the licensee, on authorized forms provided by the division.

2. The semi-annual report shall include, but not be limited to the following information:

- a. gross machine sales for that period;
- b. specific delivery location of all devices and identity of person(s) purchasing and receiving devices;
- c. names and addresses of carriers used in transporting devices;
- d. names and addresses of licensees to whom the devices were sold;
- e. number of devices sold to each licensee;
- f. make, model, and serial number of all devices; and
- g. the sale price of each device.

3. All licensed manufacturers shall request authorization for any device modifications and updates from the division. Any device operating in, or shipped to or within, Louisiana that is modified without prior written approval from the division, shall be considered an illegal gambling device as provided in the Act.

4. All licensed manufacturers shall sell or lease video gaming devices only to licensed video gaming distributors.

C. Licensed Distributors

1. If requested by the division, all licensed distributors shall provide a quarterly report, signed by the licensee or an authorized representative of the licensee, on authorized forms provided by the division.

2. The quarterly report shall include, but not be limited to, the following information:

- a. gross device sales for the quarter;
- b. make, model, and serial number of all devices sold or leased;
- c. name and address of all licensees that the devices were sold or leased to;
- d. number of devices sold or leased to each licensee;
- e. delivery address of each device sold or leased; and
- f. if requested, copies of invoices, credit memos, and/or documents substantiating any transactions and/or sales.

3. In addition, if requested by the division, all licensed distributors shall provide a quarterly inventory report, signed

by the licensee or an authorized representative of the licensee, on authorized forms provided by the division.

4. The inventory report shall include, but not be limited to, the following information:

- a. total number of devices in inventory; and
- b. make, model, and serial number of all devices in inventory.

5. A licensed distributor shall only purchase or lease video gaming devices from, or sell or lease video gaming devices to, a licensed manufacturer, licensed device owner, or another licensed distributor.

D. Licensed Device Owners

1. If requested by the division, a licensed device owner shall provide a monthly report, signed by the licensee or an authorized representative of the licensee, on authorized forms provided by the division.

2. The monthly report shall include, but not be limited to, the following information:

- a. gross and net device revenue;
- b. make, model and serial number of all devices;
- c. physical location of each device;
- d. number of devices at each licensed establishment;
- e. mechanical (hard) and electronic (soft) meter readings for each device on the last day of the month of the reporting period; and
- f. actual cash collected from each device.

3. All licensed device owners shall maintain all audit tapes for a period of three years.

4. Except as otherwise provided in this Section, all licensed device owners shall only purchase or lease video gaming devices from, or sell or lease video gaming devices to, licensed distributors, or other licensed device owners.

5. All licensed device owners are prohibited from possessing RAM clear chips.

6. If a device is to be removed for service and/or repair for a period of less than 72 hours, the device owner shall notify the division technical staff prior to such removal for the service and/or repair.

7. Any time a device located in a licensed establishment is disabled from the central computer for a period in excess of 72 hours, the device owner shall transfer the device to its warehouse or to a licensed service entity, and notify the division using the appropriate transfer report form within five business days.

E. Licensed Establishments

1. If requested by the division, licensed establishments shall file a quarterly report, signed by the licensee or an

authorized representative, on authorized forms provided by the division.

2. The quarterly report shall include, but not be limited to, the following information:

- a. device owners who have devices on licensed premises;
- b. number of devices each device owner has on the premises; and
- c. make, model, and serial number of all devices on the premises.

3. All licensed establishments that are qualified truck stop facilities shall provide to the division all necessary diesel and gasoline fuel sales data consisting of beginning and ending pump meter readings and summaries of all diesel and gasoline fuel sales, in gallons. Such information shall be given to the division on a monthly basis, on a form supplied by the division.

4. All licensed establishments that are qualified truck stop facilities shall maintain records that would enable the division to verify daily fuel sales on a pump-by-pump basis. Failure to maintain such records shall be considered grounds for suspension or revocation of the licensed establishment's video gaming license.

5. The division shall evaluate each monthly report to establish the average monthly fuel sales for the quarter in question. This shall determine the number of electronic video draw poker devices that can be legally operated at the truck stop facility during the next quarterly period. The division shall disable or enable devices in accordance with the Act.

6. For purposes of this Section, only nonbulk transfers of fuel to over-the-road motor vehicles, sold at prices not less than the delivered fuel cost, shall be used to compute average monthly fuel sale totals. Sales to marine vessels shall not be used to compute these fuel totals.

F. Licensed Service Entities

1. All licensed service entities shall be required to maintain the following records:

- a. invoices, of all services and/or repairs to devices, which shall contain, but not be limited to:
 - i. date device was received;
 - ii. date device was serviced;
 - iii. date device was returned;
 - iv. service entity name and license number;
 - v. device owner name and license number;
 - vi. manufacturer, make, and model number of the device;
 - vii. device serial number;
 - viii. description of service and/or repair performed on the device;

- ix. name of certified technician performing service and/or repair on the device; and

- x. electronic (soft) and mechanical (hard) meter readings before and after service and/or repair of the device;

- b. a list of all certified technicians, including a list of the types of devices that each is certified to service and/or repair, and who certified the technician.

2. All licensed service entities shall have a certified technician or technicians who are employed by the licensed service entity, adequate facilities approved by the division to repair, service, and maintain video gaming devices, and the ability to make service calls at licensed establishments.

3. A service entity may contract with a device owner to maintain, repair, and service video gaming devices.

4. All licensed service entities are prohibited from possessing RAM clear chips.

G. Required Forms

1. The division shall have the authority to require, design, prescribe, and amend all forms.

2. The division shall have the authority to require submission of any additional forms, reports, or records that it deems necessary.

3. If applicable, all licensees shall provide the division with all required device-related reports, to include, but not be limited to, the following:

- a. APPLICATION FOR VIDEO POKER DEVICE PERMIT, which shall be submitted for any enrollment, device renewal, device transfer, decal replacement, or withdrawal within five business days of any enrollment, device renewal, device transfer, decal replacement, or withdrawal;

- b. GAMING DEVICE OWNERSHIP TRANSFER NOTIFICATION, which shall be submitted for any change of ownership of any device within five business days of the change of ownership;

- c. VIDEO GAMING DEVICE SHIPMENT NOTIFICATION, which shall be submitted for any shipment of any device at least three business days prior to the date of shipment of any device; and

- d. VIDEO GAMING DEVICE SERVICE/REPAIR FORM, which shall be submitted when any service or repair is done to a device that may alter any meter reading of the device within five business days of the service or repair.

H. Contracts

1. Misrepresentation of contracts concerning activities regulated by the Act is prohibited and shall be grounds for denial, suspension, or revocation of a license, as well as possible criminal charges as provided in the Act.

2. All applicants and licensees shall submit copies of all written contracts pertaining to the operation of video gaming devices and summaries of all oral contracts pertaining to the operation of video gaming devices to which

they are party or intend to become party within 10 business days of signing or making such contracts.

3. If requested, every person who is party to any video gaming contract with an applicant for a video gaming license, or a licensee of the division, shall provide the division with any and all information requested by the division that is necessary for a determination of suitability.

4. No licensee shall enter into or continue any contract with any person, natural or juridical, whom the division determines to be unsuitable.

AUTHORITY NOTE: Promulgated in accordance with R.S. 33:4862.1 et seq.

HISTORICAL NOTE: Promulgated by the Department of Public Safety and Corrections, Office of State Police, Gaming Enforcement Section, Video Gaming Division, LR 18:196 (February 1992), amended LR 21:582 (June 1995), amended by the Department of Public Safety and Corrections, Gaming Control Board, LR 30:269 (February 2004), repromulgated LR 30:444 (March 2004), amended LR 32:109 (January 2006).

§2413. Devices

A. Device Specifications

1. All devices shall include all of the specifications and features as provided in R.S. 27:405. In addition, all devices shall include the following specifications and features:

a. a video display screen utilizing a cathode ray tube or other display device as approved by the division and microprocessors in order for a person or persons to view the actual games;

b. a maximum expected payback value for one credit that shall not exceed 94 percent of the value of a credit based on optimum operating play strategy;

c. a pay table for each hand of poker which shall be conspicuously displayed;

d. accept only United States coins and/or currency;

e. display only information on the screen or housing that has been approved, in writing, by the division. In addition:

i. all information required for external display shall be kept under a pre-approved transparent material, (i.e., shatterproof glass or Plexiglas); and

ii. the phrase "NO PERSON UNDER THE AGE OF 21 ALLOWED TO PLAY" shall be conspicuously displayed on the face of all devices;

f. fully functioning electronic (soft) meters and mechanical (hard) meters capable of displaying accurate monetary transactions and printing a record of those transactions. In addition, the electronic (soft) meters shall be capable of printing an accurate record of the monetary transactions:

i. any device that produces inaccurate electronic (soft) meter data shall be disabled or removed from play immediately upon notification, from the division, that it is

incapable of displaying and printing accurate monetary transactions. The device shall remain disabled until testing and repair forms indicate that soft meters are accurately recording monetary transactions;

g. electronic (soft) meters that shall retain the following transactions for a period of no less than 180 days, including:

i. credits in;

ii. credits played;

iii. credits won;

iv. credits paid out;

v. number of games played;

vi. number of games won;

vii. credit for games won but not collected (i.e., credit balance);

viii. number of times logic area is accessed; and

ix. number of times cash door is accessed;

h. main logic board and printed circuit board which shall contain a game EPROM or other secure media memory storage device as approved by the division, and which shall be separate in a locked area of the device. All logic boards shall have a nonremovable number affixed or inscribed;

i. permanent serial numbers not to exceed nine alpha and/or numeric characters. The serial number plate shall be located in the upper (front) right side panel of the device and shall contain the following information:

i. serial number of the device;

ii. manufacturer's name;

iii. model number of the device; and

iv. date of assembly of the device;

j. line filter and surge protector that shall control all A.C. electrical current to the device, and a back-up or alternate power supply source capable of maintaining the integrity of all electronic meters and the time and date functions for a 30-day period during any power fluctuation or total power loss. In addition:

i. the battery or back-up power source shall be in a state of charge or readiness during the normal operation of the device; and

ii. all devices shall pass a static discharge test before being certified (the test shall be uniform for all similar devices);

k. games which shall be random and shall be tested to at least a 99 percent certainty using a standard correlation test or analysis (a correlation test or analysis for purposes of this Section is defined as the process by which each card or number position is chosen independently without regard to any other card or number drawn within that game play);

LOUISIANA GAMING

l. an approved and fully functioning security system that shall temporarily disable the gaming function of the device while the device is open. If there is a breach of security, all devices shall notify the central computer system via electronic signal upon polling;

m. a circuit-interrupting device, method, or capability which shall disable the operation of the device if the division approved program of the device is accessed or altered;

n. a lockout mechanism which prohibits the device from accepting coins and currency during the play of a hand;

o. construction which meets UL-22 or CSA/NRTL standards approved;

p. a ticket voucher printing system located in a locked compartment of the device in order to safeguard the audit copy. In addition:

i. printing of all totals from the meters shall occur automatically by means of a switch attached to the locking mechanism each time the device is accessed;

ii. the printing system shall have a paper sensing device that prevents play and disables the device if there is insufficient paper to print a ticket voucher for a player or an audit copy. Upon sensing the "paper low" or "paper out" signal, the device shall finish printing the ticket voucher for the last game played and prevent further play; and

iii. the paper contained in the printing mechanism for the printing of the ticket vouchers and the audit copy shall be of a type which diminishes the ability to copy, alter, or falsify;

q. upon command, be able to display the most recent game history of at least two plays, including the current game play;

r. meet the required central computer communications protocol requiring compatibility with the system during the enrollment procedure. A security related data exchange shall occur between the device and the central computer prior to the transmission of any information. Failure of the device to send the appropriate data back to the central computer shall indicate a communication failure and shall preclude operation of the device. In addition:

i. if a device is not polled by the central computer within the specified time period, the device shall automatically become disabled; and

ii. all devices shall report electronically as required or it may be disabled by the division; and

s. a feature that shall accept a "shutdown" command from the central computer and obey that command.

2. Devices shall not have any switches, jumpers, wire posts, or any other means of manipulation that could be used to affect the outcome of a game.

3. Devices shall not have any functions or parameters which are adjustable by or through any separate video

display or input codes, except for adjustment features which are cosmetic.

4. A valid ticket voucher shall contain all information required by R.S. 27:406. In addition, a valid ticket voucher shall contain the program name and/or software number.

5. Devices shipped to and transported through Louisiana shall at all times remain in the demonstration mode or other non-functioning mode. In addition, after January 1, 1996, no device operating in demonstration mode shall accept coin or currency.

6. All manufacturers shall submit to the division and its designated testing facility, in writing, a complete description, explanation, and location of all hidden icons.

B. Testing of Video Gaming Devices

1. The division shall supply all licensed manufacturers with a timetable for the implementation of acceptance testing and adaptability of the video gaming devices to the central computer of the division.

2. All manufacturers shall supply the division with timetables and guidelines for accomplishing tasks involved in the acceptance testing of video gaming devices within the division parameters. This shall include system functions and communication procedures of information to and from the division's central computer and the devices.

3. Upon request by the division, all manufacturers shall be required to provide assistance in troubleshooting, communication and technical problems once the devices are placed at the licensed establishments, at no cost to the division.

4. Upon request by the division, all manufacturers shall submit schematic diagrams, illustrations, technical and operational manuals, program source codes, and other information necessary for the operation, maintenance, and testing of the devices. Such information shall remain confidential.

5. Testing of the devices shall require that working models of devices, associated equipment, and documentation described above be transported to locations specified by the division for examination and analysis.

6. The testing, examination, and analysis of the devices may require dismantling of devices, and some tests may result in permanent damage to one or more components. All manufacturers shall be required to provide additional parts or components to complete testing, and specialized testing equipment to ensure integrity and durability to the satisfaction of the division. In addition:

a. all manufacturers shall submit all hardware, software, and testing equipment for the testing of their video gaming devices;

b. all devices shall have built in diagnostic functions for the testing of all major components; as defined by the division;

c. the quality of the hardware, software, and components submitted for testing shall be of the same quality as that in devices offered to licensees; and

d. no device shall contain software that has any transparent codes, security features, or passwords, that would or could evoke any functions, or sub-routines that would alter any game characteristics, required features, specifications, or device capabilities such as pay tables, payout percentages, or counters.

7. The division may accept the results of testing done by division-approved independent laboratories which were performed on specified devices at the request of the division.

8. All manufacturers shall bear all costs associated with initial device testing and subsequent testing and investigation.

C. Device Modifications

1. No device shall be altered or modified, temporarily or permanently, without prior written approval from the division.

2. Unauthorized modifications of any type shall be grounds for immediate suspension and/or revocation, in accordance with these rules and the Act.

D. Enrollment Procedures

1. Once a licensed establishment receives a video gaming license, the device owner may file the necessary paperwork to notify the division in order to initiate enrollment procedures.

2. No device shall be enrolled into the central computer system without proper coordination and security procedures between the central computer office personnel and authorized personnel at the licensed establishment where the devices are located.

3. Validation decals shall be issued by the division for devices and shall be promptly affixed by a division representative to an enrolled device. The validation decal shall be affixed to the upper (front) right side of the device, or as otherwise approved by the division.

E. Maintenance

1. Only certified technicians may access the interior of an enrolled and enabled video gaming device. Access of the devices includes routine maintenance, repairs or replacement of parts, paper, etc. In addition:

a. a certified technician level 1 and certified technician level 2 shall only be employed by an entity that is licensed by the division;

b. a certified technician level 2 who is employed by a licensed establishment in another capacity shall not perform certified technician level 2 services and/or repairs to devices in the licensed establishment; and

c. a licensee who authorizes a certified technician to access the licensee's video gaming device(s) is responsible

for any actions by the certified technician that would constitute a violation of these regulations or the Act.

2. All device owners shall maintain a current, written maintenance log for each device operating within a licensed establishment, on a form approved by the division, for the purpose of keeping records of routine maintenance and repairs. All log entries shall contain the following information:

a. time and date of access of the device;

b. reason for access of the device;

c. mechanical (hard) and electronic (soft) meter readings of the device;

d. the signed and printed name and state issued permit number of the certified individual accessing the device;

e. area of the device accessed; and

f. time and date the device was secured.

3. A division-approved RAM clear chip and procedure shall be used when a video gaming device's memory is to be cleared.

4. Whenever a video gaming device's software program is to be changed or upgraded, prior approval shall be obtained from the division, and the video gaming device's memory shall be cleared using a division-approved RAM clear chip.

5. Only licensed manufacturers, licensed distributors, and division personnel are allowed to possess RAM clear chips for video gaming devices.

6. Use of any other method to clear a video gaming device memory is prohibited unless specifically authorized by the division.

7. The division shall be notified before a device is disconnected from the division's central computer.

8. A device may not be substituted or replaced until the replacement device has been approved by the division and the proper validation decal has been affixed.

F. Device Security and Shipments

1. Any licensee who is shipping devices into, within, or from this state for any purpose shall provide the division with information relating to those shipments, in writing, on a form provided by the division. No licensee shall ship any device until the shipment is approved by the division.

2. The shipper shall provide the division with the make, model, serial number, and an inventory of the devices being shipped.

3. The division shall be notified at least three business days prior to shipment of any device.

4. The devices shall be shipped within 10 business days of the shipment notification. The division shall be notified immediately by the shipper if the devices cannot be moved within the time frame specified on the shipment

notification. A copy of the completed form containing the approval for shipment shall be in the possession of the carrier during shipment of the listed devices.

5. All manufacturers, distributors, and device owners who ship devices to a destination other than an approved location by the division, shall be subject to suspension or revocation of their license or the imposition of a fine.

G. Damage to or Theft from Devices

1. Upon discovery of damage to or theft from a video gaming device, the device owner, licensed establishment owner, or a designated representative of the licensed establishment shall request the local law enforcement agency to investigate.

2. After investigation by local law enforcement authorities, the device owner shall obtain and forward the following reports to the division:

a. service/repair report with the electronic (soft) and mechanical (hard) meter readings from the device with an audit ticket attached. The meter readings shall be taken as soon as possible after the discovery of damage or theft; and

b. when possible, an offense/complaint report from the local enforcement agency.

3. The device owner or licensed establishment owner shall immediately notify the division, in writing, of any damage to or theft from a device.

H. Devices Permanently Removed from Service

1. When a device is permanently removed from service by a licensed device owner, the validation decal shall be removed by that device owner and shall be returned to the division with the completed device transfer report provided by the division.

2. The completed device transfer report shall be submitted to the division within five business days by the United States Postal Service certified or registered mail, return receipt requested or private or commercial interstate carrier.

3. No devices which are permanently removed from service shall have a validation decal displayed on it.

4. For purposes of this Section, devices permanently removed from service shall mean devices:

a. that are sold back or otherwise returned, and shipped to the distributor or manufacturer;

b. that are damaged beyond repair due to theft, vandalism, or natural disasters; or

c. that are completely dismantled for parts or destroyed and properly discarded as waste.

5. If a device is damaged beyond repair due to theft, vandalism, or natural disaster, the device owner may petition the division in writing for a device operation fee credit, to be applied to a replacement device of the same make and model, in the amount previously received by the division for the device to be replaced.

I. Contraband Equipment and Unregulated Devices

1. No licensee shall place or allow the placement of any video gaming device in any establishment unless the device is placed pursuant to the provisions of these regulations and the Act.

2. No licensee may possess or offer for play any unlicensed device, or any other gambling device as defined in R.S. 15:31, whether electronic or mechanical, that plays, emulates, or simulates the game of draw poker and contains a circuit, meter, or switch capable of recording the removal of credits earned by a player or any variation thereof. Possession of such contraband devices shall constitute a violation of the division's rules and the law.

J. Disabling or Seizure of Devices

1. The division shall have the authority to disable and/or seize any device at any location when a violation of the Act occurs, in accordance with the procedure provided therein.

2. In those cases where the division determines that the device owner was not responsible for or involved in, the violation of the Act, the device(s) may be returned to the device owner.

K. Warehouses

1. Devices stored in a warehouse shall be stored in a manner which easily displays the device serial number plate and/or the state issued permit sticker.

2. Device owners who wish to share warehouse space must execute a written lease agreement outlining the conditions and method of the space sharing. A copy of the lease agreement, along with a diagram indicating the method of device separation, must be sent to the division within five calendar days from the date of execution.

a. The shared warehouse must be partitioned in such a manner as to visually distinguish each device owner's video gaming devices.

b. Device owners shall not commingle their video gaming devices.

L. Device Parts

1. Licensed distributors and device owners shall purchase parts for video draw poker devices according to the following provisions.

a. Logic boards, EPROM's, media memory storage devices, or any other proprietary parts of a video draw poker device shall be purchased from a licensed video draw poker manufacturer or distributor.

b. Video draw poker device monitors and bill/coin acceptors may be purchased directly from the original equipment manufacturer, if available. After market device monitors and bill/coin acceptors may be purchased from sources other than a licensed manufacturer or distributor and used only if the part has been tested and approved for use in a video draw poker device by a division-approved testing facility.

c. Any other replacement parts of a video draw poker device may be purchased from sources other than a licensed manufacturer or distributor if:

- i. the parts are of equal or better quality than the original device parts; and
- ii. the parts have no effect on the security, integrity, or outcome of the game.

AUTHORITY NOTE: Promulgated in accordance with R.S. 33:4862.1 et seq. and R.S. 27:1 et seq.

HISTORICAL NOTE: Promulgated by the Department of Public Safety and Corrections, Office of State Police, Gaming Enforcement Section, Video Gaming Division, LR 18:197 (February 1992), amended LR 21:582 (June 1995), amended by the Department of Public Safety and Corrections, Gaming Control Board, LR 23:1322 (October 1997), LR 25:85 (January 1999), LR 30:269 (February 2004), repromulgated LR 30:446 (March 2004), amended LR 32:109 (January 2006), LR 32:1613 (September 2006), LR 40:1109 (June 2014).

§2415. Gaming Establishments

A. Establishment Licenses

1. The division may issue a license to qualified applicants based on the type of business being conducted. The types of licenses and the requirements for these licenses are as follows:

a. *Type "I" License*—any bar, tavern, cocktail lounge, or club only, as defined in R.S. 27:402(14) shall be designated as a type "I" establishment;

b. *Type "II" License*—any restaurant, as defined in R.S. 27:402(14) shall be designated as a type "II" establishment;

c. *Type "III" License*—a hotel or motel as defined in R.S. 27:402(8) and R.S. 27:414 shall be designated as a type "III" establishment;

d. *Type "IV" License*—a Louisiana State Racing Commission licensed race track, pari-mutuel wagering facility, or off-track wagering facility as defined in R.S. 27:402(10) (licensed establishment) shall be designated a type "IV" establishment;

e. *Type "V" License*—a qualified truck stop facility as defined in R.S. 27:417 shall be designated a type "V" establishment.

B. Security

1. Licensed and insured uniformed security guards or off duty uniformed P.O.S.T. (Peace Officers Standards and Training) certified law enforcement officers shall be required in all Type IV and Type V establishments with more than 20 devices. Security guards, other than off duty P.O.S.T. certified law enforcement officers, shall possess a security guard identification card issued by the Louisiana State Board of Private Security Examiners at all times while on duty at the licensed establishment. In addition:

a. a sufficient number of security personnel shall be provided for the safe operation of the establishment; and

b. if the division determines that an unsafe situation exists, the division shall have the authority to mandate that a licensee provide additional security measures.

2. All Type V establishments with 20 or more video gaming devices enrolled for play, shall provide video security surveillance, approved by the division, for the continuous monitoring of all gaming activities.

C. Placement of Devices in Licensed Establishments

1. Device groupings shall be physically located within the licensed establishment.

2. No device shall be placed closer than 6 inches to any other device, except devices may be placed back to back or in a carousel.

3. No video draw poker devices which a qualified truck stop facility is licensed to operate on the premises shall be located or operated in the convenience store, trucker lounges, laundry rooms, shower rooms, and/or hallway areas of the truck stop facility. Video draw poker devices shall be located and operated in areas designated primarily for gaming, as defined in R.S. 27:401 et seq., and/or in lounges/bars and restaurants that meet the criteria of R.S. 27:401 et seq., and part II of chapter 1 or part II of chapter 2 of title 26 of the *Louisiana Revised Statutes* of 1950. In areas legally accessible to minors the device areas shall comply with the provisions of R.S. 27:430(F)(2) and LAC 42:XI.2415.D.2.

D. Structural Requirements for Licensed Establishments

1. No licensed establishment shall be altered, renovated, or expanded if such alteration, renovation, or expansion is for the purpose of moving devices or installing additional devices, without first submitting to the division for approval, a written notification, via delivery by the United States Postal Service certified or registered mail, return receipt requested or a private or commercial interstate carrier, of the intent and a set of plans illustrating the projected changes.

2. Any licensed establishments that allow mixed patronage shall have devices for play and operation only in designated areas. These gaming areas shall be physically separated by a partition as provided in R.S. 27:430(F). The partition shall be permanently affixed and solid except for an opening to allow for player access into the gaming area.

3. A licensed establishment which is connected by a doorway or other opening to any other business establishment whether or not such other establishment is eligible for licensing by the division shall:

a. have a door or doors between the licensed establishment and the other entity which shall automatically close;

b. have a separate outside entrance for patrons such that an individual patron may enter each establishment from the exterior of the building;

c. keep business records and books that are separate from those of the other entity; and

d. have personnel who work solely for the licensed establishment and not for the other entity during all hours of operation of the licensed establishment.

4. Each qualified truck stop facility licensed after having filed a new application on or after July 1, 2000 shall comply with the following requirements.

a. Each new application shall contain a scale drawing of the qualified truck stop facility prepared by a registered civil engineer which indicates the overall dimension of the facility and parking area and upon which is superimposed the required areas and dimensions for 50 parking stalls measuring 12 feet wide and 65 feet long and for travel lanes located at or adjacent to the parking stalls measuring 50 feet wide at those facilities with two-way truck travel. At those facilities having one-way truck travel, the travel lane located at or adjacent to the parking stalls shall be 30 feet wide.

b. The parking area design, plans and construction shall be in compliance with all applicable federal, state, and local laws and regulations and in compliance with the most appropriate and applicable national or regional association or industry design and construction guidelines applicable to the geographical area in which the qualified truck stop facility is proposed to be located as reasonably determined by the registered civil engineer.

c. The parking area shall be constructed of asphalt or concrete in accordance with a design and plans prepared by a registered civil engineer. The travel lanes shall be constructed in accordance with a design and plans prepared by a registered civil engineer.

d. The licensee or applicant shall submit to the division written certification from the registered civil engineer that construction was in accordance with the design and construction plans and these rules.

5. Each qualified truck stop facility filing a new application, including a change in ownership, on or after January 1, 2011, shall comply with the following requirements.

a. The parking lot area shall be paved and striped so as to clearly indicate where drivers are to park their tractor-trailers and shall provide sufficient maneuvering room to allow for proper parking.

b. The parking lot area shall be clearly marked with indicators directing drivers to the proper lanes for ingress and egress.

c. All two-way truck travel lanes, shall be paved with concrete or asphalt, and be striped or marked so as to indicate lane division.

d. Traffic and inter-facility access connections shall be paved, marked and at least 25 feet wide for two-way truck traffic and at least 12 feet wide for one-way truck traffic. Construction shall be to industry standards and shall be designed to allow for safe maneuvering of tractor trailer vehicles.

6. The licensee has a continuing responsibility to maintain the dimensions of the parking area, minimum number of required parking spaces, access to all parking spaces, traffic and inter-facility access connections, and travel lanes in accordance with the Act and these rules. The licensee shall upon request provide to the division applicable documentation supporting the design and construction of the parking area in accordance with the Act and these rules.

E. Location of Licensed Establishment

1. Except as otherwise provided in this Section, video gaming activities shall be prohibited as provided in R.S. 26:281.

2. All applicants for a truck stop license shall comply with the distance requirements as provided in R.S. 27:422.

3. In addition, a licensed establishment which is a qualified truck stop facility shall be located adjacent to a major state or interstate highway. For purposes of this Section, the word adjacent shall mean that the property line of the premises upon which a qualified truck stop facility is located shall be within a distance of 2,000 feet to the nearest edge of the traveled portion of the roadway which is a major state highway or interstate highway.

AUTHORITY NOTE: Promulgated in accordance with R.S. 27:15 and 24.

HISTORICAL NOTE: Promulgated by the Department of Public Safety and Corrections, Office of the State Police, Gaming Enforcement Section, Video Gaming Division, LR 18:197 (February 1992), amended LR 21:582 (June 1995), amended by the Department of Public Safety and Corrections, Gaming Control Board, LR 23:1322 (October 1997), LR 24:1504 (August 1998), LR 26:1321 (June 2000), LR 36:2047 (September 2010), LR 39:329 (February 2013), LR 40:1106, 1110 (June 2014).

§2417. Code of Conduct of Licensees and Permittees

A. General Provisions

1. All licensees and permittees shall comply with all applicable federal, state, and local laws and regulations.

2. All licensees and permittees shall, at all times, conduct themselves in a professional manner when communicating with the public, the division and the board.

3. Any violation of the provisions of the Act, shall also constitute a violation of these rules.

B. Unsuitable Conduct

1. No licensee or permittee shall engage in unsuitable conduct or practices or shall employ or have a business association with any person, natural or juridical, which engages in unsuitable conduct or practices;

2. for purposes of this Section, unsuitable conduct or practices shall include, but not be limited to the following:

a. employment of, in a managerial or other significant capacity as determined by the division or board, business association with, or participation in any enterprise or business with, except for race horse care personnel, a person convicted of a felony or declared unsuitable by the division or board;

b. employment of, association with, or participation in any enterprise or business with a documented or identifiable organized crime group or recognized organized crime figure;

c. misrepresentation of any material fact or information to the division or board;

d. engaging in, furtherance of, or profit from any illegal activity or practice, or any violation of these rules or the Act;

e. obstructing or impeding the lawful activities of the board, division or its agents;

f. persistent or repeated failure to pay amounts due or to be remitted to the state; and

3. a licensee or permittee shall not engage in, participate in, or facilitate by any means, any criminal activity;

4. any person required to be found suitable or approved in connection with the granting of any license or permit shall have a continuing duty to notify the division of his/her/its arrest, summons, citation or charge for any criminal offense or violation including DWI; however, minor traffic violations need not be included. All licensees and permittees shall have a continuing duty to notify the division of any fact, event, occurrence, matter or action that may affect the conduct of gaming or the business and financial arrangements incidental thereto or the ability to conduct the activities for which the licensee or permittee is licensed or permitted. Such notification shall be made within ten calendar days of the arrest, summons, citation, charge, fact, event, occurrence, matter or action;

5. A licensee or permittee shall not intentionally make, cause to be made, or aid, assist, or procure another to make any false statement in any report, disclosure, application, permit form, electronic document, or any other document, including improperly notarized or certified documents, required by these rules or the Act.

C. Additional Causes for Disciplinary Action

1. Further instances of conduct by a licensee or permittee where the division or board may sanction a licensee or permittee shall include but not be limited to when:

a. the licensee or permittee has been involved in the diversion of gaming equipment for unlawful means;

b. the licensee or permittee or a designated representative of the licensee or permittee has been involved in activities otherwise prohibited by law or the willful purpose of which was to circumvent or contravene the provisions set forth in the division's rules;

c. the licensee or permittee has demonstrated a reluctance or inability to comply with the requirements set forth in these rules and the Act, particularly after repeated warnings;

d. the licensee or permittee violates written conditions;

e. the division discovers incomplete or erroneous information as to a material or a substantial matter provided on an application or any item affecting the decision whether to license the applicant;

f. the division discovers substantial, incomplete, or erroneous information provided in a report or other required communication; and

g. the licensee or permittee has failed to timely pay a fine imposed by the division or board;

h. tardy, inaccurate, or incomplete reports;

i. failure to respond in a timely manner to communications from the division or board; and

j. unavailability of the licensees or permittees, their designated representatives, or any agents of the licensee.

AUTHORITY NOTE: Promulgated in accordance with R.S. 33:4862.1 et seq., and R.S. 27:15 and 24.

HISTORICAL NOTE: Promulgated by the Department of Public Safety and Corrections, Office of State Police, Gaming Enforcement Section, Video Gaming Division, LR 18:197 (February 1992), amended LR 21:582 (June 1995), amended by the Department of Public Safety and Corrections, Gaming Control Board, LR 27:59 (January 2001), LR 30:270 (February 2004), repromulgated LR 30:447 (March 2004), amended LR 38:2936 (November 2012), LR 40:1110 (June 2014).

§2419. Investigations

A. Background Investigations

1. All applicants shall be subject to a background investigation in order to ensure that licensing requirements are met.

2. All applicants shall, upon request, make available to the division, records and documentation to substantiate statements and support information supplied in the application process.

3. All licensees and their employees shall provide the following information upon request:

a. their immediate families' and relatives' names and addresses;

b. their affiliations with any organized groups or organizations;

c. their affiliations with any corporations, firms, or any other business entities; or

d. their association or involvement with any criminal or illicit activity.

4. Any information provided to the division by an applicant or licensee shall be a public record unless excepted by R.S. 44:1 et seq., or any other law.

B. Inspections

1. Inspections of Facilities

a. During all hours of operation, any licensed premises upon which a licensee conducts any video gaming activity shall be subject to inspection by the division, without advance notice, in order to ensure compliance with the rules of the division and the provisions of the Act.

b. Once an inspection commences, the licensee or a designated representative shall render full courtesy and cooperation to agents.

c. Upon completion of an inspection, agents may advise the licensee or a designated representative of any violation or problems which may exist.

d. Agents shall provide the licensee or a designated representative with a copy of an inspection report.

2. Inspection of Records

a. Upon request, all licensees shall make available to the division, all required information and records, including, but not limited to:

i. video gaming bank account documents including, but not limited to:

- (a). bank statements;
- (b). canceled checks;
- (c). deposit slips; and
- (d). other related documents of this nature;

ii. licensed establishment documents including, but not limited to:

- (a). payroll records of all employees;
- (b). tax records for federal, state, and local jurisdictions;
- (c). licensee contracts concerning the licensed premises;
- (d). video gaming contracts and agreements with other businesses; and
- (e). other video gaming related documents of this nature;

iii. device and gaming documents including but not limited to:

- (a). rental, lease or purchase agreements;
- (b). all maintenance records for the devices operated;
- (c). prize and award records; and
- (d). other video gaming related documents of this nature.

b. The division may require a licensee to submit any and all video gaming records or documents that are necessary for the facilitation and/or completion of an investigation pertaining to a violation of these rules or the Act.

3. Inspection of Devices

a. Agents of the division may, at any time, without advance notice, inspect any device located within a licensed premises.

b. All devices shall have, at all times, the proper validation decal affixed to the device and maintenance log books properly secured in the device and available for inspection by the division.

c. Agents of the division may disable and/or seize any device which it finds to be in violation of any of these rules or the law.

AUTHORITY NOTE: Promulgated in accordance with R.S. 33:4862.1 et seq.

HISTORICAL NOTE: Promulgated by the Department of Public Safety and Corrections, Office of State Police, Gaming Enforcement Section, Video Gaming Division, LR 18:197 (February 1992), amended LR 21:582 (June 1995), amended by the Department of Public Safety and Corrections, Gaming Control Board, LR 30:270 (February 2004), repromulgated LR 30:447 (March 2004).

§2421. Miscellaneous

A. Required Meetings

1. The division may summon a licensee or permittee to appear for a consultation, explanation, discussion, clarification, training session, or other meeting considered by the division to be of potential benefit, or otherwise aid in the effective regulation of the video gaming industry.

2. Any information obtained in any required meeting may be used by the division to substantiate the imposition of an administrative sanction.

B. Security Interest Holders

1. Any variance to the rules pertaining to security interests and trusts contained herein shall be at the discretion of the division only, and shall only be granted by the division in writing.

2. The division recognizes the rights of a person who holds a security interest in video gaming devices. However, the right to possess a video gaming device under the Act requires an entity to be licensed by the division, and that any movement within, into, or from Louisiana be monitored by the division.

3. In order to facilitate both the security interest holder's and the division's regulatory responsibilities, the following procedures shall be followed during voluntary repossession proceedings and judicial actions to recognize and enforce security interests:

a. the security interest holder shall notify the division in writing regarding its intent to repossess any video gaming device;

b. the video gaming devices shall be identified by make, model, serial number, and location;

c. the security interest holder shall notify the division, in writing, of the proposed date and time of repossession of the devices;

d. agents from the division shall be present at the location to secure the gaming device, and to record serial numbers and meter readings of the devices;

e. the division shall be advised of the location of all devices and shall coordinate activities regarding the movement of such devices. The division shall issue a document authorizing the movement of the devices and said document shall accompany the devices during movement;

f. the security interest holder or former security interest holder which purchases devices at a judicial sale, may be granted a provisional license for a maximum of 90 days only, inclusive of weekends and holidays, for the express purpose of selling the same devices to a licensed manufacturer, distributor, or device owner only;

g. upon request, names and addresses of licensed manufacturers, distributors, and device owners may be provided by the division to the security interest holder in order to aid in the sale of the devices; and

h. all applicable transportation forms shall be completed in whole by the licensee before video gaming devices are transported by the security interest holder.

C. Proceeds from the Sale of Devices

1. For purposes of these rules and the Act, a device owner may pay an entity holding a security interest in a device a portion or percentage of the proceeds received by the owner from the device as long as there is a fixed purchase price, with or without a fixed rate of interest, which shall not exceed a payment term of four years.

2. All contracts for the sale of devices where the price is paid to the seller by the owner out of device proceeds shall be in writing and approved by the division.

D. Disposition of Secured Assets

1. The division recognizes that distributors, device owners, device operators, and establishment owners have a need to secure financing for their business and operations, that the rights of persons granting such financing require protection in order to insure the continued availability of financing, and that the disposition of assets in liquidation, foreclosure and bankruptcy requires regulation in order to insure compliance with the provisions of the Act.

2. In order to facilitate the disposition of assets that are regulated or require licensure as regulated activities under the Act, in whole or in part, the following provisions shall apply to the transfer or assignment of such assets:

a. creditors who have provided financing to distributors, operators, or establishment owners and who have secured such financing by security interests under Article 9 of the Uniform Commercial Code may enforce their rights or remedies through the transfer or assignment of assets in accordance with the provisions of this Section;

b. the benefits of this provision shall apply only to state or federally chartered and insured banking institutions, chartered or licensed lending institutions authorized to do

business in Louisiana, or persons holding any form of video gaming license under the Act; and

c. the transfer or assignment of assets may only be made pursuant to a confirmed bankruptcy plan of reorganization or liquidation, or other judicial proceedings to foreclose on a security interest under Louisiana law, and only after the division shall have been given notice of such assignment and the opportunity to be heard in the bankruptcy or other proceeding on all aspects of the assignment or transfer.

E. Provisions for Transfer of Assets

1. Unless the proposed transferee of the asset is fully licensed under the Act to own and/or operate the particular asset to be transferred, or if previously approved by the division, has contracted with a properly licensed device owner and/or operator of the asset to be transferred, the following provisions shall apply to such transfer:

a. the creditor shall establish a trust for its benefits in a form acceptable to the division to which legal title to the asset may be transferred; and

b. no transfer of assets shall be consummated until the trust shall have been established, and the trust and the trustee(s) thereof shall have received all required approvals, permits and/or licenses from the division.

2. The trust shall be managed by one or more trustees who shall be appointed by the creditor beneficiary.

3. No trustee shall be empowered to act without first having received approval to serve in such position from the division.

F. Operation of Trust

1. The trustee(s) shall hold legal title to the assets of the trust and administer those assets in accordance with the provisions of the Act, and shall perform such other duties as may be required by law or the trust instrument.

2. The trust shall neither conduct nor contract for the operation of any video gaming activity without first having obtained all approvals or licenses which may be required for such activity from the division.

3. The trust shall be permitted to contract with a person holding the appropriate video gaming license from the division for the operation of any video gaming activity without the necessity of the trust itself receiving such license.

4. In the event that the creditor who is the beneficiary of the trust shall be a person holding any form of video poker license under the Act, then the trust may delegate the right to contract with a licensee for any licensed activity to the creditor beneficiary pursuant to provisions of the trust instrument.

G. Required Provisions of Trust Instrument

1. The trust shall be constituted for a limited term under provisions that shall require it to divest itself of all assets within six months after the creditor beneficiary has

LOUISIANA GAMING

recouped in net disbursements from the trust the full amount of its original indebtedness, plus accrued interest and other monies due under the security agreement.

2. The trustee(s) shall be required to provide the division with reports on a quarterly basis as to the financial affairs, operations and other business of the trust as the division may direct.

3. The trust instrument shall contain provisions governing contracts for the conduct of activities requiring licensure under the Act that are satisfactory to the division and appropriate to the particular circumstances of the creditor beneficiary. The division shall review and approve such provisions of the trust instrument and, upon approval, and provided that the trust and creditor beneficiary only enter into contracts consistent with such provisions, the division shall not require either the trust, the trustee(s) or the creditor beneficiary to apply for or obtain any license under the Act. This provision shall not affect the requirement for

B. Penalty Schedule

approvals from the division required by other provisions of this Section.

AUTHORITY NOTE: Promulgated in accordance with R.S. 33:4862.1 et seq.

HISTORICAL NOTE: Promulgated by the Department of Public Safety and Corrections, Office of State Police, Gaming Enforcement Section, Video Gaming Division, LR 18:197 (February 1992), amended LR 21:582 (June 1995), amended by the Department of Public Safety and Corrections, Gaming Control Board, LR 30:270 (February 2004), repromulgated LR 30:447 (March 2004).

§2424. Enforcement Actions of the Board

A. Pursuant to R.S. 27:432 et seq., in lieu of other administrative action, the division may impose a civil penalty as provided for in the penalty schedule contained in Subsection B.

Regulation Number	Violation Description	1st	2nd	3rd
Application and License				
2405 A 15	Improperly Notarized Documents	1000	2000	Admin Action
2405 B 2	Failure To Conspicuously Display License	100	200	300
2504 B 3c	Failure To Renew Gaming License 45 Days Prior To Expiration Of License	250	500	1000
2405 B 7	Failure To Attend Required Hearings, Meetings, Etc.	500	1000	Admin Action
2405 B 8	Failure To Attend Required Hearings, Meetings, Etc.	500	1000	Admin Action
Video Gaming Devices				
2407 A 1	No Des Rep/Failure To Monitor VGD/Gaming Area	250	500	1000
2407 A 3	Allowing Intoxicated Persons To Play Video Devices	250	500	1000
2407 A 4	Failure Of Licensee To Supervise Employees To Ensure Compliance With Regulations	100	200	300
2407 A 5	Failure To Pay Valid Ticket Voucher On Demand	500	750	1000
2407 A 6	Proper Placement Of Devices	100	200	300
2407 A 7	Licensee Shall Advise The Division Of Any Device Malfunction That Has Not Been Rectified By The Device Owner Within 24 Hours	250	500	1000
2407 A 9	Keys Shall Be Secure And Available To The Division	100	200	300
2407 A 10	Loss Of Access Of Device Telephone Line	250	500	1000
2407 A 12	Licensee Shall Post Signs At Entrances To Gaming Area/Restricting Play/3 Inch Lettering	250	500	1000
2407 A 14	No Hotline Number/Compulsive Gambling Toll Free Number Signs	250	500	1000
2407 B 2	Video Draw Poker Employee Permit	25	50	75
2407 B 8	Designated Reps Shall Locate Records and Documents	250	500	1000
2407 C 1	Employee Shall Be Available To Redeem Valid Tickets	250	500	1000
2407 C 1a	Ticket Vouchers Shall Be Redeemed For Cash Only	250	500	1000
2407 C 1e	The Phrase "Any Malfunction Voids All Plays And Pays" Shall Be Displayed On The Face Of Devices	100	200	300
2407 C 1f	Failure To Make Timely Payments As Required	500	1000	Admin Action
2407 D	Advertising Violation	500	750	1000
Revenues				
2409 C3d	Insufficient Funds Available For Electronic Transfer—Fine Plus Interest As Per Rule	500	1000	Admin Action
2409 C4	A Device Owner Who Has A Non-Sufficient Fund Return W/ The Past 3 Years Shall Be Required To Maintain A Minimum Balance In The Sweep Account Or Secure With A Line Of Credit Or Bond	500	1000	Admin Action
2409 E 2	Failure To Have All Records Requested Readily Available For Audit	500	1000	Admin Action
Regulatory, Communication, and Reporting Responsibilities				
2411 A 6	Failure To Provide Semi-Annual, Quarterly, Or Monthly Report Requested By Date Required	500	1000	Admin Action

Title 42, Part XI

Regulation Number	Violation Description	1st	2nd	3rd
2411 A 7	Failure To Retain All Records For A Period Of Three Years (Manufacturers-Five Years)	500	1000	Admin Action
2411 A 9	Failure To Maintain Required Records, Submit All Reports, And Keep The Division Informed In Writing Of Changes	500	1000	Admin Action
2411 A 10a	Failure To Keep And Maintain Bank Account Documents	500	1000	Admin Action
2411 A 10b	Failure To Keep And Maintain Business Records	500	1000	Admin Action
2411 A 12	All Licensed Manufacturers And Distributors Shall Maintain A Current Record Of Devices Received, Sold, And In Inventory	500	1000	Admin Action
2411 A 14	Failure To Provide A Current List Of Authorized Service Personnel	500	1000	Admin Action
2411 B 1	Failure To Provide A Semi-Annual Report Requested	500	1000	Admin Action
2411 D 3	Failure Of Device Owner To Maintain All Audit Tapes For A Period Of 3 Years	250	500	1000
2411 D 6	Failure To Notify Division Technical Staff Prior To Removal Of Devices From Service For Less Than 72 Hours – Per Device	250	500	1000
2411 D7	Devices Disabled From The Central Computer For More Than 72 Hours Shall Be Transferred To The Device Owner’s Warehouse Or Service Entity And The Division Notified With The Proper Paperwork Within Five Business Days – Per Device	250	500	1000
2411 E1	Failure Of Licensed Establishment To Provide Quarterly Report Requested By Division	500	1000	Admin Action
2411 E 3	Failure Of Licensed Truck Stops To Provide Monthly Fuel Sales Reports	500	1000	Admin Action
2411 F 1	Failure Of Licensed Service Entity To Maintain Required Records	250	500	Admin Action
2411 F 2	Failure Of Licensed Service Entity To Have A Certified Technician And Adequate Facilities Approved By The Division	250	500	Admin Action
2411 G 3	Failure To Submit Device Forms Required By The Division In A Timely Manner	250	500	1000
2411 H 2	Failure To Provide Copies Of Written Contracts Pertaining To The Operation Of Devices Within 10 Business Days Of Making Such Contract	500	1000	Admin Action
Devices				
2413 A 1 E	Unapproved Information On Device Screen/Housing	100	200	300
2413 A 1 E li	The Phrase “No Persons Under The Age Of 21 Allowed To Play” Shall Be Conspicuously Displayed On The Face Of All Devices	100	200	300
2413 A 1 L	Device Must Have An Approved And Functioning Security System For Temporarily Disabling Device And Alerting The Central System When The Device Is Opened	250	500	1000
2413 E 1	Only Certified Technicians May Access The Interior Of An Enrolled And Enabled Device	250	500	1000
2413 E 2	All Device Owners Shall Maintain A Current, Written Maintenance Log For Each Device Operating Within A Licensed Establishment On A Division Approved Form	100	200	300
2413 E 3	A Division Approved Ram Clear Chip And Procedure Shall Be Used When A Device’s Memory Is To Be Cleared	500	1000	Admin Action
2413 E 4	Prior Approval Must Be Obtained Before A Software Program Is Changed In Any Device	500	1000	Admin Action
2413 E 7	The Division Shall Be Notified Before A Device Is Disconnected From Central Computer	500	1000	Admin Action
2413 F 1	Failure To Provide Information Of Shipment Of Devices And Obtaining Division Approval	500	750	1000
2413 F 2	Failure To Provide Division With The Make, Model, Serial Number And An Inventory Of The Devices Being Shipped	500	750	1000
2413 F 4	Devices Shall Be Shipped Within Ten Business Days Of The Notification And Approval	500	750	1000
2413 G 1	Failure To Request Local Law Enforcement To Investigate Damage Or Theft Of Any Device	250	500	1000
2413 G 2	Failure To Obtain And Forward Requested Reports To The Division After Investigation	250	500	1000
2413 G 3	The Device Owner Or Licensed Establishment Shall Notify The Division, In Writing, Of Any Damage To Or Theft From A Device	250	500	1000
2413 H 2	The Completed Device Transfer Report Shall Be Submitted To The Division Within Five Business Days	200	400	600
2413 H 3	No Devices Which Are Permanently Removed From Service Shall Have A Validation Decal Displayed On It	200	400	600
Gaming Establishments				
2415 B 2	All Type 5 Establishments With 20 Or More Devices Shall Provide Video Surveillance Approved By Division	500	1000	Admin Action
2415 C 1	Device Groupings Shall Be Physically Located Within The Licensed Establishment	250	500	1000
2415 C 2	No Device Shall Be Placed Closer Than Twelve Inches To Any Other Device (May Be Placed Back To Back)	100	200	300

LOUISIANA GAMING

Regulation Number	Violation Description	1st	2nd	3rd
2415 D 1	No Licensed Establishment Shall Be Altered Or Renovated Dealing With Devices Without Division Approval	500	1000	Admin Action
2415 D 2	Any Licensed Establishment That Allows Mixed Patronage Shall Have Devices In Designated Areas With A Partition	250	500	1000
2415 D 3a	A Licensed Establishment That Is Connected To Another Business Shall Have A Door Between Them That Automatically Closes	250	500	1000
2415 D 3b	A Licensed Establishment That Is Connected To Another Business Shall Have A Separate Outside Entrance	250	500	1000
2415 D 3c	A Licensed Establishment That Is Connected To Another Business Shall Keep Records Separate	250	500	1000
2415 D 3d	A Licensed Establishment That Is Connected To Another Business Shall Have Personnel That Are Solely Employed By The Licensed Establishment	250	500	1000
2415 D 4	The Parking Area Of A Truck Stop Facility Shall Be In Compliance With All Federal, State And Local Laws	250	500	1000
Code of Conduct of Licensee				
2417 A 1	All Licensees And Permittees Shall Comply With All Applicable Federal, State, And Local Laws And Regulations	250	500	1000
2417 B 4	All Licensees And Permittees Shall Have A Continuing Duty To Notify The Division Of Any Fact, Event, Occurrence, Matter Or Action That May Affect The Conduct Of Gaming. Such Notification Shall Be Made Within Ten Calendar Days Regarding But Not Limited To The Following:			
	Non-Disqualifying Misdemeanor Arrest	250	250	250
	Disqualifying Misdemeanor Or Felony Arrest	500	1000	Admin Action
	Death (Owner/Member/Officer/Revenue Recipient)	250	250	250
	Marriage/Divorce/Death Of Spouse	250	250	250
	Stock Or Interest Transfer	500	Admin Action	Admin Action
2417 C 11	Company Structure Change (Conversion/Merger Etc)	500	Admin Action	Admin Action
	Company Management Structure Change	500	Admin Action	Admin Action
2417 C 11	Failure To Respond In A Timely Manner To Communications From The Division Or Board (10-Day Letters)	500	1000	2000
Investigations				
2419 B 2	All Licensees Shall Make Available To The Division Records Requested	500	1000	Admin Action
2419 B 3b	All Devices Shall Have, At All Times, The Proper Validation Decal Affixed To The Device And Maintenance Log Books Properly Secured And Available For Inspection	250	500	Admin Action
Miscellaneous				
27:301.B (12) A	Expired ATC Permits Renewed During Investigation Or Adjudication Establishments Primarily Engaged In The Retail Sale Of Prepared Foods And Alcoholic Beverages Must Possess A Valid Class A-General Retail Permit Or A Class A-Restaurant Permit	1000 Plus 500 For Each 30-Day (or Portion of A 30-Day) Period		
27:311 F (2)	A Non-Sufficient Fund Return	250	500	1000 or Admin Action
27:311 K 4 (B)	Required Annual Fees Submitted After July First, But On Or Before July Thirty-First	Type 1 Or 2 License 250	Type 3 - 8 License 500	
27:311 K 4 (C)	Required Annual Fees Submitted After July Thirty-First, But On Or Before August Thirty-First	Type 1 Or 2 License 500	Type 3 - 8 License 1000	
27:311 L	A Complete Renewal Application Filed Within 30 Calendar Days After The Expiration Of The License	500		
27:319	Allowing Underage Patron to Play Video Gaming Device	1000	1000	Revo-Cation
27:402(14)	Expired ATC Permits Renewed during Investigation or Adjudication Establishments Primarily Engaged in the Retail Sale of Prepared Foods and Alcoholic Beverages Must Possess a Valid Class A-General Retail Permit or a Class A-Restaurant Permit	1000 Plus 500 For Each 30-Day (or Portion of A 30-Day) Period		
27:435(F)(2)	A Non-Sufficient Fund Return	250	500	1000 or Admin Action
27:435(K)(4)(b)	Required Annual Fees Submitted after July First, but on or before July Thirty-First	Type 1 Or 2 License 250	Type 3 - 8 License 500	

Title 42, Part XI

Regulation Number	Violation Description	1st	2nd	3rd
27:435(K)(4)(c)	Required Annual Fees Submitted after July Thirty-First, but on or before August Thirty-First	Type 1 Or 2 License 500		Type 3 - 8 License 1000
27:435(L)	A Complete Renewal Application Filed within 30 Calendar Days after the Expiration of the License	500		
27:443	Allowing Underage Patron to Play Video Gaming Device	1000	1000	Revocation

C. A violation shall be considered a second or subsequent violation in accordance with the provisions of R.S. 27:432.1(D)(1)(b).

D. All civil penalties shall be paid by personal, company, certified or cashier's check, money order, electronic funds transfer or other form of electronic payment.

AUTHORITY NOTE: Promulgated in accordance with R.S. 33:4862.1 et seq.

HISTORICAL NOTE: Promulgated by the Department of Public Safety and Corrections, Gaming Control Board. LR 36:2874 (December 2010), amended LR 38:2936 (November 2012), LR 40:1106, 1107, 1108, 1110 (June 2014).

§2425. Severability Clause

A. If any provision of these rules is declared invalid for any reason, the invalidity of that provision shall not affect the validity of the remaining rules or any other provision thereof.

AUTHORITY NOTE: Promulgated in accordance with R.S. 33:4862.1 et seq.

HISTORICAL NOTE: Promulgated by the Department of Public Safety and Corrections, Office of State Police, Gaming Enforcement Section, Video Gaming Division, LR 21:582 (June 1995).