

# COLORADO SECRETARY OF STATE

## BINGO AND RAFFLES GAMES

[8 CCR 1505-2]

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### Rule 1. Definitions

- 1.1 “Bingo-raffle licensee rules” means rules established by a licensee for the payment for and playing of games of chance not covered by the state constitution, the Colorado revised statutes, or these rules.
- 1.2 “Bucket raffle” means an event where a licensee conducts many small raffles at the same time. Ticket purchasers may deposit one or more of the purchased tickets into various receptacles from which a winner or winners will be drawn for a prize or prizes.
- 1.3 “Call fulfillment center” means a registered company that employs telephone operators to answer calls and provide data entry services.
- 1.4 “Concealed face card” means a non-reusable bingo card containing five rows of five squares with a free center space, one number preprinted on each of the remaining 24 spaces, and the letters “B I N G O” printed in order over the five columns. No part of the card’s face is detectable or discernible until the card is purchased and opened by the player.
- 1.5 “Double Action Game” means a bingo game that uses a bingo card containing the letters “B I N G O” placed horizontally over a five by five matrix of squares with the center square blank, where each of the other squares contains two numbers in the range of one to 75.
- 1.6 “Face” means a bingo card.
- 1.7 “Flare” means a piece of heavy paper stock or other material accompanying a pull tab deal that shows at minimum the following about the matching deal:
  - 1.7.1 The name and form number of the game;
  - 1.7.2 The manufacturer name or logo;
  - 1.7.3 The number of tickets in the deal and the cost per play; and
  - 1.7.4 The prize structure, including the number of winning tickets by denomination and their respective winning symbol combinations.
- 1.8 “Licensed Premises” means the premises owned, leased by, or controlled by a licensee and used for games of chance, but which are not leased to other licensees for the conduct of games of chance.

- 1.9 “Licensee” means, for the purposes of these rules and unless otherwise specified, a bingo-raffle licensee as defined in section 12-9-102(1.2), C.R.S.
- 1.10 “Master Board” means the rack in which a bingo ball is placed after it is taken from the receptacle. If a master board is electronically connected to a lighted display board with an electronic random number generator that calls numbers, the lighted display board is the master board.
- 1.11 “Pack” means a collation of disposable paper bingo cards or sheets.
- 1.12 “Pre-Draw Concealed Face Game” means a bingo game in which a designated number of balls, objects, or numbers are drawn or randomly generated in the presence of at least ten players prior to the purchase of the cards. Players purchase concealed face cards after the designated number of balls, objects, or numbers is drawn or randomly generated. The licensee announces the resumption of the game and continues to draw balls or generate numbers until a player signals a bingo.
- 1.13 “Progressive Pull Tab” Means a game consisting of one or more seal pull tab deals with identical form numbers that offers a cumulative or carryover jackpot prize. The prize structure for a progressive pull tab game is predetermined by the game’s manufacturer. The structure includes a cumulative jackpot prize, to which each deal of the game in which the jackpot prize is not won contributes a pre-designated amount.
- 1.14 “Progressive Jackpot (“Progressive”) Bingo Game” means a bingo game in which a prize amount is carried over to the subsequent game in the progression if no bingo is achieved within a specified number of balls drawn and called.
- 1.15 “Remuneration” means a payment given to a member of an organization in return for that member’s participation in the operation of charitable gaming. The definition includes, but is not limited to:
- 1.15.1 Cash;
  - 1.15.2 Reduced-price or free packs;
  - 1.15.3 Reduced dues based on the number of volunteer hours that the member works in the operation of charitable gaming;
  - 1.15.4 Meal vouchers;
  - 1.15.5 Reimbursement of travel expenses when other members who do not participate in the operation of charitable gaming are not reimbursed for travel;
  - 1.15.6 Non-competitive scholarships where the selection of the scholarship recipient is based on the amount of time volunteered in charitable gaming operations, whether by the recipient or a member of the organization related to the recipient; or

- 1.15.7 Tips received from a player as a result of the member's participation in charitable gaming operations.
- 1.16 "Renewal Application" means an application for bingo-raffle license renewal filed by a qualified organization that holds a bingo-raffle license for the immediately-preceding calendar year.
- 1.17 "Seal Pull tab" means a pull tab game that offers one or more prizes by means of a flare or a jackpot card that is part of a pull tab deal. The flare or jackpot card includes a section bearing a tab or tabs that must be torn or broken apart to reveal a winning combination or combinations.
- 1.18 "Stub" means the portion of a raffle ticket kept by the licensee.
- 1.19 "Ticket" means a slip of paper or any other object that is discrete from every other object sold, which evidences that the person to whom it is issued, or the current holder, is entitled to some right or privilege as indicated by the licensee.

## **Rule 2. Bingo-Raffle Licensees**

### **2.1 Application**

#### **2.1.1 Initial Application**

- (a) An applicant seeking a bingo-raffle license must submit a complete application, using the form prescribed by the Secretary of State, in addition to the following:
- (1) The application fee;
  - (2) A list of all members of the organization, and all members of auxiliary and affiliate organizations who will participate in the operation of games of chance. If the organization has a large number of members, the applicant may submit a copy of the entire membership;
  - (3) The names, addresses, and titles of all officers and directors of the organization; and
  - (4) Proof that the organization has functioned for the five years immediately preceding the application date and that the organization has had members throughout this period. Proof of existence consists of:
    - (i) Articles of Incorporation dated more than five years from the date of application, stating that the organization has members; and

- (ii) Copies of at least one bank statement per year for the five-year period;
    - (iii) Copies of minutes from at least one general membership meeting per year for the five-year period; or
    - (iv) A copy of the IRS letter recognizing that the organization is exempt from taxation in accordance with the Internal Revenue Code (26 U.S.C. § 501(c)).
  - (b) The 45 day period for approval or rejection of the application will start upon notification that the Secretary of State received the required information outlined in Rule 2.1.1(a). [Section 12-9-103(1)(a)(I), C.R.S.]
- 2.1.2 **Renewal Application.** To renew a bingo-raffle license, a licensee must submit a complete renewal application, using the form prescribed by the Secretary of State, in addition to the following:
- (a) The items listed in Rule 2.1.1(a)(1-3); and
  - (b) If the organization changed names in the last year, evidence of the name change. For entities organized under Colorado law, articles of amendment, articles of merger, or other documentation of changes filed with the Secretary of State qualify as evidence of the name change.
- 2.1.3 **Board-only organizations without members.** An organization that does not have members but is managed by a board of directors or trustees may apply for a bingo-raffle license but only in the name of the board of directors. Only board members may participate in the operation of charitable gaming.
- 2.2 A licensee may, as a membership condition or qualification, require all of its active members to assist with its charitable gaming operations. Members are considered bona fide volunteer workers when operating or assisting with the licensee's bingo-raffle activities if:
- 2.2.1 The licensee does not provide any remuneration, including but not limited to, any fee, expense, travel, tuition, or other credit that is based on the amount of service or assistance rendered or time spent by a member in the course of operating any licensed bingo-raffle activity; and
  - 2.2.2 The licensee does not offer or give to any member an option to pay money or donate anything of value to the licensee nor offer or give a reduction in any member's benefits, privileges, or powers as an alternative to assistance with bingo-raffle activities.
- 2.3 **Games managers.**

2.3.1 A licensee may not conduct any bingo, raffle, or other game of chance until at least one of its designated games managers holds a current, valid games manager certificate issued by the Secretary of State as follows:

- (a) The Secretary of State may issue a games manager certificate to any individual who has successfully completed a games manager training program and passed a test.
- (b) The Secretary of State may issue games manager certificates that are valid for the management of all licensed bingo-raffle activities or may issue a limited certificate valid only for licensed raffles.
- (c) Each games manager must execute a games manager's oath on a form prescribed by the Secretary of State.
- (d) A games manager certificate is valid for a period of four years from the date of issuance, except that a certificate that is renewed in the six months prior to the expiration date is valid for a period of four years from the expiration date of the prior certificate.

2.3.2 The designated games manager must be present during all charitable gaming activities and he or she must remain present for at least 30 minutes after activities end.

## 2.4 Materials and notices that a licensee must post

2.4.1 Constitution, Statutes and Rules. Each licensee must keep a current copy of the bingo-raffle constitutional provisions, statutes, and rules at the location and during the time that an activity is held. The licensee must show the law and rules to any person on demand.

- (a) Before the start of the first bingo game, the licensee must inform the players in attendance, by posting or announcement, that the players may obtain copies of the Bingo and Raffles Law and rules from the Secretary of State's office. The notice must include the Secretary of State's address and phone number.
- (b) The licensee must post a sign stating that the games manager has a copy of the Bingo and Raffles Law and rules available for inspection. The licensee must use at least 12-point font and post the sign in a conspicuous location.
- (c) The licensee must post any material as required by the Secretary of State from time to time.

2.4.2 License. A licensee must post a copy of the license for all players to see until the conclusion of the occasion.

2.4.3 Occasion Rules. Each licensee must post at a conspicuous location a sign in at least 12-point font stating:

- (a) All licensee rules in effect during that occasion, none of which may be in conflict with the Bingo and Raffles Law or these rules.
- (b) That the games manager is the final authority in the event of a dispute.
- (c) The procedure for determining refunds and the amount of the refund in the event of a power failure.

#### 2.4.4 Prize information.

- (a) The licensee shall conspicuously post information at the beginning of each occasion specifying the number and amount of cash prizes, and how the prizes may be won, including the cost to players.
- (b) The licensee must either display the available merchandise prizes or post a list and complete description of the prizes, and how the prizes may be won, including the cost to players. If the licensee designates an alternative cash prize in the case of multiple bingo winners, the licensee must post details about the alternative prize in accordance with Rule 2.4.4(a).
- (c) Merchandise prizes are not redeemable or convertible into cash directly or indirectly, in accordance with section 12-9-107(8), C.R.S.
- (d) If the licensee offers prize payouts on the basis of number of players or gross amount of sales, the licensee must conspicuously post a statement to that effect.

#### 2.4.5 Notice of Cancellation of Bingo Occasion. A licensee may only cancel a previously scheduled occasion by posting a notice of cancellation at the location of the scheduled game at least one hour prior to the scheduled beginning of the occasion.

- (a) For occasions played at commercial bingo facilities, the scheduled beginning of the occasion is the occasion start time stated in the rental agreement.
- (b) For occasions played at facilities owned by the licensee or used without charge, the start time is the time the licensee normally admits players into the facility.

### **Rule 3. Bingo Games**

#### 3.1 Conduct of Bingo Games in General

3.1.1 Bingo game. A bingo game starts when the first numbered object, ball or number is selected at random or randomly generated by machine, and called. The game continues until all the objects or balls have been returned to the receptacle or the machine has been cleared. A game may have two or more parts with different

winning patterns for each part, if the total amount of prizes offered or given for all parts of one game does not exceed, in amount or value, the maximum prize that may be offered or given in a single game of bingo.

3.1.2 Authorized equipment and cards. A licensee must keep authorized equipment and cards, including all bingo-related items, in good repair and sound working condition. The Secretary of State may order, in writing, any equipment, cards, or related items immediately repaired or replaced if they are found to be defective.

- (a) A licensee may not use balls with creases, holes or other damage during a bingo game.
- (b) Balls used during bingo games must be in the master board before each occasion, and at least one player must verify that all balls are present immediately prior to the first game of the occasion. Licensees that use electronic random number generators must ensure that all numbers on the lighted board can be illuminated.
- (c) Once a ball is removed from the receptacle, it may not be returned until the conclusion of that game.
- (d) A licensee must select balls one at a time.

3.1.3 Call and display of balls. A caller must draw a ball from the receptacle and immediately display the letter and number on the ball to the players. The caller must loudly and clearly announce the letter and number on the ball so that all players can hear. The caller must make the announcement twice before drawing the next ball. The ball is not official until it has been properly called.

- (a) If more than one room is used, the receptacle and the caller must be in the room with the greatest number of players.
- (b) The caller may use a camera and monitor to display the letter and number. If the caller uses a monitor, the licensee must post a sign by each monitor that reads: "Ball on TV is not official until called."

3.1.4 Master board. The master board is the only official scorer unless the licensee is using a random number generator, in which case a lighted display board may serve as the official scorer.

- (a) If a lighted display is used, the letter and number of the called ball must be lit immediately after the ball is called.
- (b) If the caller discovers that the wrong letter or number was called, the caller must announce: "I am reading the correct number, please correct your card or sheet." The caller must then correct the master board and the lighted display, if applicable, before continuing with the game.



3.1.5 Closing a bingo game. Each bingo game must close in accordance with the following procedure:

- (a) The licensee must stop the game after “Bingo” is signaled by a player or a worker. A player is responsible for ensuring that a signaled “Bingo” is acknowledged by a floor worker, the bingo caller, or both.
- (b) The caller may not call the next ball removed from the machine or otherwise selected, until the signaled bingo is verified or invalidated. If the signaled bingo is verified, the caller must return the ball to the machine unless the verified bingo is part of a multi-part or continuing game.
- (c) The last number called does not need to be part of the signaled bingo, unless the licensee has conspicuously posted a bingo occasion rule with this requirement.
- (d) When a player or worker signals “Bingo”, a worker on the floor must place the card, sheet, or electronic bingo aid device in front of at least one other player to confirm the bingo.
- (e) The worker must call the numbers of the winning combination to the caller or, in the case of a coverall or blackout bingo, the caller may announce the numbers that have not been called, unless an electronic bingo number verification device is used to verify the bingo.
- (f) If an electronic verification device is used to invalidate a signaled bingo, the worker on the floor must announce the numbers of the winning combination so the caller can check the numbers against those actually called.
- (g) The caller must then ask the players two times: “Are there any other bingos?” If no player answers, the caller must announce “This game is completed.”

3.1.6 Multiple bingo winners.

- (a) If multiple bingos are announced and verified and the prize is a cash prize, the licensee must divide the prize for that game or game part so that each verified bingo receives the appropriate amount, regardless of the number or identity of players involved. If a prize is divided, the licensee may round up the prize amount given to any player holding a verified bingo only to the nearest dollar.
- (b) If the licensee is offering a merchandise prize, the licensee may designate an alternative cash prize in the case that more than one person achieves a valid bingo. The alternative cash prize must be equal to the current retail value of the merchandise prize, and information on the alternative prize must be posted in accordance with Rule 2.4.4.

### 3.1.7 Workers.

- (a) No individual who works or assists at a bingo occasion may play bingo or purchase or play any pull tabs at the occasion which that individual works.
- (b) A licensee must file with the Secretary of State a revised list of members who will work any bingo-raffle activities if the list submitted with the licensee's application is changed by the addition of new members.
- (c) An individual may not work or assist in the operation of licensed activities unless that individual is a member of the licensee or of an auxiliary as defined in Rule 3.1.8 and the licensee has provided a list of members containing that individual's name to the Secretary of State.
- (d) An individual working or assisting at any bingo-raffle activity must present photo identification upon request of the Secretary of State.

### 3.1.8 Auxiliaries

- (a) Auxiliaries of licensee. An association or organization is an auxiliary of a licensee if:
  - (1) It is subsidiary to the licensee;
  - (2) It is subordinate to the licensee;
  - (3) Its primary purpose is to support and assist, particularly by donations and volunteer services, the licensee; and
  - (4) It is constituted, chartered, governed, or otherwise formally recognized as an adjunct by the licensee.
- (b) Licensee auxiliary of another organization. A licensee is an auxiliary of an association or organization if:
  - (1) The licensee is subsidiary to the association or organization;
  - (2) The licensee is subordinate to the association or organization;
  - (3) The primary purpose of the licensee is to support and assist, particularly by donations and volunteer services, the association or organization to which it is subsidiary; and
  - (4) The licensee is constituted, chartered, governed, or otherwise formally recognized as an adjunct by the association or organization to which it is subsidiary.

- (c) Auxiliary affiliated with licensee. An association or organization is affiliated with a licensee and the association or organization and the licensee are auxiliaries of another organization or association if:
  - (1) The licensee and the affiliated organization are both subsidiary to an association or organization;
  - (2) The licensee and the affiliated organization are both subordinate to the association or organization;
  - (3) The primary purpose of the licensee and the affiliated organization is to support and assist, particularly by donations and volunteer services, the association or organization to which they both are subsidiary; and
  - (4) Both the licensee and the affiliate are constituted, chartered, governed, or otherwise formally recognized as adjuncts by the association or organization to which they are subsidiary.

#### 3.1.9 Security personnel

- (a) Security personnel must wear a badge or uniform.
- (b) Security personnel, whether volunteer or paid, may not play or participate in the operation of any bingo-raffle activities.

3.1.10 Number of games allowed. No licensee may hold, operate, or conduct more than 220 bingo occasions in any calendar year.

3.1.11 Prohibition on saving seats and playing space. A seat or playing space may only be reserved to provide a reasonable accommodation for a player with a disability.

3.2 Progressive Jackpot Bingo Games. The following requirements apply specifically to progressive jackpot bingo.

3.2.1 Required Postings. In addition to any postings otherwise required by these rules, a licensee that conducts a progressive jackpot game must also post, , a sign in at least 12-point font stating:

- (a) The amount of the progressive jackpot at the beginning of the bingo occasion;
- (b) The percentage of gross sales of progressive cards that is contributed to the jackpot and whether the contribution amount is added to the jackpot during the present occasion or during the next occasion;
- (c) The price and description, including color and design, of the cards for the progressive game;

- (d) The bingo pattern or number arrangement a player must complete to win the progressive jackpot prize, together with a clear diagram of the number arrangement, if any pattern other than a full card (“blackout” or “coverall”) is required to win;
- (e) The maximum number of calls in which a player must complete the required pattern in order to win the progressive jackpot prize;
- (f) The date, time, and location of the occasion at which the next game in the progression will be conducted if the jackpot is not awarded;
- (g) If the licensee elects to continue a progressive game as a regular game in the event that the progressive jackpot is not won, the amount of the regular game prize; and
- (h) If the licensee is operating a progressive jackpot bingo game and is withholding 10% of the gross sales of progressive cards as a secondary jackpot, a statement to that effect.

3.2.2 Number of Progressive Games Allowed. No more than three progressive games may be conducted at any one bingo occasion, except that a licensee that conducts a bingo occasion for only its members may conduct successive games of a progression during a single bingo occasion.

3.2.3 Method of Play.

- (a) A licensee may start a single game of progressive bingo, in an amount not to exceed \$500 or the amount of the secondary jackpot from a prior progression, whichever is greater. A progressive game is won when a previously designated arrangement of numbers or spaces on a card or sheet is covered within a previously designated number of objects or balls drawn.
- (b) If the game is not won within the drawing of the previously designated number of objects or balls, the licensee must replay the game over successive occasions at the same location using the previously designated arrangement of numbers or spaces, until the game is won.
- (c) On the second and subsequent occasions, the jackpot amount increases by a percentage of the gross proceeds, not greater than 70%, collected from the sale of progressive bingo cards or sheets during that occasion or on the prior occasion. If a licensee is conducting a progressive jackpot bingo game with a secondary jackpot, 10% of the gross proceeds collected from the sale of progressive bingo cards or sheets at that occasion or the prior occasion must be set aside and segregated from the jackpot amount in the bingo-raffle account.

- (d) A progressive jackpot may not exceed \$15,000. Upon reaching \$15,000, the licensee must award the jackpot to the player completing the designated pattern regardless of the number of objects or balls called. If the jackpot reaches \$15,000, the licensee may award the jackpot on that or the following occasion.
  - (e) A licensee may impose a progressive jackpot maximum below the \$15,000 maximum ceiling set by rule. Upon reaching the self-imposed maximum, the licensee must award the jackpot to the player completing the designated pattern regardless of the number of objects or balls called. When the maximum is reached, the licensee may choose to stop contributing the set percentage of the proceeds to the jackpot (hard cap) or continue to contribute the same percentage until the jackpot prize is won (soft cap). The licensee must award the jackpot at the occasion during which the maximum was reached or at the following occasion. The licensee must post notice of self-imposed caps in accordance with Rule 3.2.1.
- 3.2.4 Members' only occasions. A licensee must restrict a members' only occasion to bona fide members of the licensee and accompanying spouses. The public may not access the premises where members' only bingo is conducted.
  - 3.2.5 Successive bingo occasions. Once a progressive jackpot bingo game begins, it must continue at each successive bingo occasion of the licensee at the same location until a player wins the jackpot.
  - 3.2.6 Card type. The licensee must use the same type of progressive game card throughout all games in a progression.
  - 3.2.7 Bingo pattern. The licensee must require the same bingo pattern or number arrangement to win the progressive jackpot prize throughout all games in a progression.
  - 3.2.8 Number of balls called during successive occasions. For each successive game in a progression, the number of balls called may remain the same or increase.
  - 3.2.9 Percentage added to the jackpot. For each successive game in a progression, the licensee must not change the percentage of gross proceeds added to the jackpot or the timing of when the amount is added.
  - 3.2.10 Pre-game Announcements. Immediately before drawing the first ball for any progressive game, the caller must clearly announce the maximum number of balls to be called in which a player must complete the pattern or number arrangement required to win the progressive jackpot prize, the jackpot prize amount, the card description, and the date and time of the next occasion if the jackpot prize is not awarded.

- 3.2.11 No winner of progressive. If no player wins a progressive jackpot in the designated number of balls called, the entire jackpot prize amount, without deduction for consolation prizes, will carry over to the next game in the progression. After the designated number of balls is called, the licensee may either proceed to its next regular bingo game or continue the current game as its next regular game. If the game is continued as a regular game, the pattern or arrangement required to win may not change, and the prize amount is subject to the limitations in these rules.
- 3.2.12 Winner of progressive. The caller, a floor worker, and a player other than the winning player must verify a winning card by manufacturer's identification number, series number, and balls called.
- 3.2.13 Loss of license before award of jackpot. If a licensee's license expires, is not renewed, is suspended, revoked, or surrendered, or if the licensee permanently terminates its bingo operations or terminates its operations at a particular location before a progressive jackpot is awarded, the licensee must determine a winner and award the jackpot prize on the licensee's last authorized bingo occasion at the location where the progression was started, regardless of the number of balls called.
- 3.2.14 Inability to conduct occasion at regular licensed premises. If a licensee cannot conduct the next game in the progression at the location where the progression started, the licensee must post a notice on the premises where the last game in the progression was conducted announcing the date, time, and location of the next game in the progression. If known at the time, the caller must make this announcement at the conclusion of the progressive jackpot game before the change in location.
- 3.2.15 Multiple locations. If a licensee regularly conducts bingo occasions at least weekly at each of two licensed commercial bingo facilities, the licensee may offer and continue one progressive jackpot bingo progression at each facility as long as all games in a single progression are conducted at the location where the progression began except where the provisions of Rules 3.2.13 or 3.2.14 apply.
- 3.2.16 Multiple progressive type bingo games. A licensee intending to conduct more than one progressive bingo game must provide the following information in writing to the Secretary of State for approval not less than ten days before commencing the games:
- (a) Conduct of games
    - (1) Method of play for the new progressive bingo game(s);
    - (2) All applicable rules for the new progressive bingo game(s); and
    - (3) Accounting methods to ensure distinctness of the new progressive bingo games.

- (b) Restrictions. The results of a progressive bingo game may not depend on any other bingo game, pull tab or raffle.

### 3.3 Disputed games.

3.3.1 If the licensee discovers verifiable problems with the bingo balls, equipment, or operation of the equipment, the games manager must settle the dispute in the following manner:

- (a) Discovered before start of next game. If a problem is discovered before the start of the next game and if the error affected the outcome of the previous game, then the licensee must void and replay the previous game during the same occasion at no cost to players.
- (b) Discovered after occasion. If a problem is discovered after a bingo occasion is completed, then no games will be replayed.
- (c) Void game. If a game is voided and the number of bingo cards that each player was playing during the voided game can be determined, then each player must receive that same number of bingo cards for the replay. If the number of bingo cards played cannot be determined for all players, the licensee must give each player an equal number of bingo cards.
- (d) Mechanical defect of electronic bingo aid device. If the licensee discovers or is advised by a player that the player's electronic bingo aid device malfunctioned during a game, the licensee is not required to suspend the calling of new balls or numbers until the player replaces the malfunctioning device.
- (e) Mechanical failure of electronic bingo system. If the licensee discovers or is advised by a player that the computer system controlling radio frequency signal transmission to electronic bingo aid devices has failed, the games manager must either:
  - (1) Instruct players using electronic bingo aid devices to manually daub the numbers of the balls called;
  - (2) Provide packs or sheets to players using electronic bingo aid devices and continue the occasion if the failure of the bingo aid system does not render the blower and master board inoperative; or
  - (3) Terminate the occasion and refund all or a portion of the pack and sheet sales and rental of electronic bingo aid devices.
- (f) Player has no right to prize. If the licensee discovers after the start of another game that a winner does not have the right to claim a previous game's prize, the licensee must replay the disputed game.

- (g) Prize money payment in disputed game. In a disputed game, the licensee may not pay any prize money until the dispute is resolved in accordance with Rule 3.
- (h) Payment exceeds occasion limit. If prize payment exceeds the maximum prize limit permitted by these rules, the licensee must note the cause of the over-payment in the game records and corresponding financial report for that time period. The Secretary of State may consider repeated or excessive overpayments of this nature a violation of these rules.
- (i) Loss of electrical power. If electrical power is lost during an occasion, the games manager must wait a minimum of 30 minutes but no more than one hour before terminating an occasion. Reimbursement for games not played or for the rental of electronic bingo aid devices will be as set forth in the occasion rules posted prior to the game.
- (j) Secretary of State. While investigating disputed prizes, the Secretary of State may instruct a licensee to pay a disputed prize if the preponderance of the evidence is in favor of the player.

3.3.2 Games Manager's Log. The games manager must keep a written log of all disputed games. The entries must include the occasion date, the game played, a short description of the dispute, the names and addresses of players involved in the dispute if the dispute involves a called bingo, and the resolution determined by the games manager.

3.4 Multiple Bingo Occasions. A licensee may conduct multiple bingo occasions on the same day, if:

- 3.4.1 The licensee concludes all games of chance from the first occasion and completes all player-related activities, including, but not limited to, the purchase, opening, and redemption of pull tabs, prior to the end of the occasion.
- 3.4.2 The licensee does not begin the next occasion for 15 minutes after the conclusion of the previous occasion, or until the final accounting for games of bingo played and pull tabs sold is completed and the books are closed for all of the first occasion activities.
- 3.4.3 The licensee does not offer to sell pull tabs or other raffle tickets after an occasion concludes and before the next occasion begins.
- 3.4.4 The licensee does not continue activities from an occasion during the next occasion, and does not offer to sell, distribute or reserve any cards, sheets, tickets, admissions, or chances for the next occasion during the previous occasion or during the period between the two occasions.



## **Rule 4. Sale and use of Bingo Cards, Packs, Sheets, and Raffle Tickets**

### 4.1 Sales

4.1.1 Player Payment method. A licensee must not extend credit to a player.

- (a) When accepting payment, the licensee must:
  - (1) Collect the consideration for playing a game of chance in full, in advance, by check, cash, or debit or credit card.
  - (2) Directly deposit all proceeds received into the licensee's segregated checking or savings account. The licensee must not commingle proceeds with funds in a general account or other account. [Section 12-9-108(3), C.R.S.]
- (b) A licensee accepts all risks and losses associated with credit and debit card payment cancellations and returned checks. A licensee may not subtract these losses from its gross proceeds.
- (c) A licensee may pay fees to a check guarantee service or debt collection firm for recovery of bad checks or cancelled credit charges from the licensee's segregated checking or savings account.

4.1.4 Premises only sales. All sales of cards, packs, and sheets must take place on the licensed premises during the bingo occasion.

4.1.5 Set price.

- (a) A licensee must sell all cards, packs, and sheets at a set price.
- (b) A licensee may offer discounts on the basis of criteria available to all players, such as quantity purchased.
- (c) A licensee must set a price for the purchase, lease, or use of an electronic bingo aid device and that price must not change throughout the bingo occasion.
- (d) A licensee must charge identical fees for electronic and non-electronic bingo card faces.
- (e) A licensee must post the price of each card, pack, or sheet, including discounts offered, and the charge, if any, for the purchase, lease, or use of each electronic bingo aid device, during the occasion, and before players may purchase items.

4.1.6 Sales of individual sheets and cards. At all bingo occasions where individual disposable cards or sheets are sold, the following procedures apply:

- (a) The licensee must issue individual disposable cards or sheets and a change fund to the workers. The licensee must record the exact number of disposable cards or sheets issued using the form prescribed by the Secretary of State.
- (b) After the cards or sheets for a game are sold, the games manager or other designated individual must count the amount on hand, subtract the change fund, and compare cards or sheets sold against the money received.
- (c) The licensee must record and retain the exact number of cards or sheets that are removed from inventory, sold, and returned to inventory using the form prescribed by the Secretary of State.
- (d) Sellers of individual disposable cards or sheets may not use proceeds from sales to pay prizes.

4.1.7 Progressive bingo cards and sheets. The following procedures and requirements, in addition to those for bingo operations generally, apply to the sale and use of progressive jackpot bingo cards and sheets:

- (a) The licensee must sell only disposable paper cards and must only lease electronic bingo aid devices where card faces are distinguishable by a color or design that the licensee does not use for any other game.
- (b) Each card or face sold for a progressive game must contain five rows of five squares with 24 preprinted numbers, or 48 preprinted numbers in the case of double action games, from the range of 1-75, a free center space, and the letters B I N G O printed in order over the five columns.
- (c) A licensee must determine a card price of at least one dollar per card before the first game in a progression. Discounts, free cards or faces, price changes, and variable pricing are prohibited.
- (d) A licensee must sell progressive bingo cards prior to the drawing of the first number for the game, except that, if the progressive game is a pre-draw concealed face game, the licensee may sell cards after the first drawing of numbers and before the game resumes.
- (e) A licensee must sell and account for progressive cards separately from other cards, sheets, or packs sold or used at a bingo occasion. A licensee may, by house rule, make purchase of a pack or door card a pre-requisite for purchase of a progressive card.

## 4.2 Use

4.2.1 Packs. A licensee must collate each pack sold for use at a bingo occasion from a series of consecutively numbered sheets, and each sheet **MUST** contain its individual consecutive series number and the identification number assigned by

the manufacturer to that series. Nothing in this rule requires a licensee to sell packs in any particular order.

- 4.2.2 Tally cards. A licensee must provide a tally card or cash receipt to Anyone who purchases cards or packs at the door. At a minimum, the tally card or cash receipt must show the date of purchase and the total number of cards or packs purchased. A licensee must only award a prize when the purchaser provides the tally card or cash receipt.
- 4.2.3 Manufacturer's identification number. Prior to starting any game using disposable sheets or packs, the bingo caller must have the manufacturer's identification number and/or card number and the series number of the set of cards sheets or packs offered for sale for that particular occasion. When a player completes a bingo, the worker on the floor checking the bingo must read the manufacturer's identification number and/or card number and the series number of each winning sheet. Payment may not be made unless both numbers were among those offered for sale for that game.
- 4.3 Concealed face cards. At all bingo occasions where pre-draw concealed face cards are sold or used, the following procedures, in addition to those applicable to the sale and use of bingo cards generally, apply:
  - 4.3.1 All pre-draw concealed face cards must be conspicuously identified prior to sale or transfer to any player so that the concealed face card may not be played at any occasion other than the one at which the card was sold or transferred.
  - 4.3.2 A licensee must sell all pre-draw concealed face cards for a uniform price, except that a licensee may permit players to trade one previously purchased card for one new one with the purchase of an additional card.
  - 4.3.3 A licensee that allows pre-draw concealed face card trade-ins must maintain two sets of cards for each pre-draw concealed face game. One set is the original set and is a different color from the second set, which is the trade-in set. Players may purchase cards only from the original set, and may only trade for cards in the trade-in set.
  - 4.3.4 A licensee that allows pre-draw concealed face card trade-ins must mark or otherwise deface all returned cards.
- 4.4 Cash shortages. A licensee shall notify the Secretary of State within 72 hours if at the end of the occasion the cash counted is short by \$30 or more.

## **Rule 5. Sale and use of Pull Tabs**

### **5.1 Pull Tabs**

- 5.1.1 Price. A licensee may not sell a pull tab ticket for a price different than the price stated on the deal's flare.

- 5.1.2 Pull tab construction. A licensee may not sell a pull tab ticket unless it has a pull tab or seal to be opened by the purchaser.
- 5.1.3 Reservation of pull tabs. A licensee may not reserve pull tabs for any person.
- 5.1.4 Prohibition against information to players. No person selling pull tabs or managing or working at any bingo game or other place where pull tabs are sold may state, imply, or in any way indicate to the purchaser the number or type of tickets that have been redeemed or that remain in the container.
- 5.1.5 Defective pull tabs. A licensee may not permit the display, sale, or operation of a defective pull tab.
- (a) The following are types of defective pull tabs:
    - (1) A pull tab that is marked, defaced, tampered with, or otherwise placed in a condition that may deceive the public.
    - (2) A series or deal of pull tabs that consists of more than one serial number, color code, or ticket name.
    - (3) A pull tab that contains printer or manufacturer mistakes or misstatements that adversely affect the gross receipts and/or profit of the pull tab series or deal.
  - (b) The licensee must immediately remove a defective pull tab deal or series from display and refund the purchase price of all presented winning tickets and all unopened tickets in the players' possession.
  - (c) The licensee must notify the Secretary of State in writing within 72 hours of discovering a defective series or deal of pull tabs.
  - (d) The licensee must return the defective pull tabs in the licensee's possession, including all returned, redeemed, and unopened tickets, to the manufacturer no earlier than the thirtieth day after discovery or the inspection of the defective deal or series by the Secretary of State, whichever comes first.
- 5.1.6 No commingling. A licensee may not commingle pull tab deals or display, or sell a commingled deal. A commingled series or deal of pull tabs is one containing two or more serial numbers of the same form number.
- 5.1.7 Identical form and serial numbers. A licensee may not knowingly obtain or allow, a deal of pull tabs or portion thereof with the same serial number, form number, and color code combination as another deal of pull tabs, or portion thereof, in the possession or on the premises of the licensee.

5.1.8 Removal of deal from play. A licensee may not remove any deal or series of pull tab tickets or any unsold portion thereof from display or sale after the first ticket from the deal or series is sold unless the Secretary of State or any law enforcement authority orders the removal or when there is demonstrated unsalability.

- (a) A ticket or portion of a pull tab deal or series is unsalable if it was displayed and openly offered throughout the duration of at least two consecutive bingo occasions at the same location. Pull tabs at bar and clubrooms are unsalable if they were displayed and offered for sale for a two-week period without any pull tab tickets from that deal or series being sold.
- (b) The licensee must keep any unsold or unsalable pull tab tickets unopened for a period of six months following the end of the quarter in which the tickets were removed from sale unless the pull tabs were removed from sale because of defects.
- (c) The licensee must destroy, after the time specified in Rule 5.1.8(b), all pull tabs that were removed from sale.

5.1.9 Defacing winning pull tabs. Before the end of the bingo occasion, the licensee must ensure that the winning combination of every winning pull tab ticket is defaced so that the winning ticket combination is identifiable but cannot be altered or used again.

- (a) A licensee that conducts pull tabs only on its premises, must deface the winning pull tab tickets daily.
- (b) The licensee must keep all redeemed winning tickets of \$20 or more and all opened flares and sign-up sheets for seal pull tabs for six months following the end of the quarter in which the tickets were redeemed.

5.1.10 Paying pull tab prizes.

- (a) The licensee may not redeem a ticket from a seal or pull tab for any other prize than the prize on the flare for the symbol combination on the winning ticket.
- (b) The licensee must award a prize only upon presentation, verification, and redemption of a ticket showing a winning combination, except when the deal of pull tabs is a last sale deal as designated by the manufacturer of the pull tab deal.
- (c) If pull tab tickets are sold at a bar or clubroom, the licensee may maintain a separate cash fund in a secure container on the premises to track proceeds and pay out pull tab prizes. This cash fund may not exceed \$2,000.

5.2 Seal Pull Tab Operations.

- 5.2.1 Number of deals in play. A licensee may not operate, sell, or put into play more than one seal pull tab deal of the same game name, form number, and serial number at one time.
- 5.2.2 Flare. The licensee must post the flare for the deal with the deal's serial number at the location of the seal game. The flare must be posted out of reach but fully visible to any player, and must contain a correct and accurate record of all holders of redeemed tickets that offer a chance on the seal tab prizes, as well as the potential winning combination of each ticket redeemed.
- 5.2.3 Hold tickets. The licensee must deface and return to the purchaser those tickets redeemed for a chance to win the seal pull tab prize.
- 5.2.4 Sign-up sheet. The licensee must maintain a separate list of redeemed ticket holders' addresses to contact them if they are not present when the winning combinations are revealed.
- 5.2.5 Small deals.
  - (a) The licensee is not required to maintain a list of names and addresses of those winners entitled to a chance to win the seal pull tab prize if the game consists of 600 or fewer tickets and is reasonably anticipated to sell out in the course of a single bingo occasion or in one day at a licensee's bar or club room.
  - (b) Small deals, sign-up sheet required. The licensee must prepare a complete and accurate sign-up sheet and address record for any small deal pull tab game that does not sell out as anticipated in a single occasion or day.
- 5.2.6 Opening seal tab. A player who is eligible to win the seal tab prize must break or tear open the seal tab for the deal in plain view of all individuals present when tickets from a seal pull tab deal are sold or when the deal is declared unsalable.
- 5.2.7 Announcements and postings. The licensee must announce the winning combination(s), the specific form number, the name of the game, the serial number of the deal, and the date the seal tab was opened and must post the information at the game. The licensee must record the name and license number of the licensee on the flare.
- 5.2.8 Unsold deals. The licensee must announce and post the game name, form number, and serial number of any seal pull tab deal that is not sold out before the end of a bingo occasion or the closing time for a bar or clubroom where the deal was offered for sale. The licensee shall also announce and post the date, time, and place of the next scheduled pull tab operation and advise the players to retain potential winning tickets until the flare is opened.
- 5.2.9 Notification of winner. If the winning ticket is not redeemed upon the opening of the seal, the licensee must, within 15 days of seal opening, send written notice to the

holder of the winning ticket at the address shown on the sign-up sheet. The notification must give the game name, form number, and serial number of the deal, and state that the winner must present the winning ticket for verification to receive the prize.

5.2.10 Redemption of pull tabs. The licensee must redeem and retain seal flare prize winning tickets in the same manner as other winning pull tab tickets.

### 5.3 Last Sale Pull Tab Operations.

5.3.1 Upon opening a last sale deal of pull tabs for sale, a licensee must display and make available for sale all pull tabs contained in the deal. If the pull tab deal exceeds 5,000 tickets, the licensee is not required to display all pull tabs, but must post a conspicuous notice upon the receptacle indicating whether all unsold tickets in the deal are contained in the receptacle.

5.3.2 If the licensee uses a mechanical pull tab dispensing device, the licensee must post a conspicuous notice upon the machine indicating whether all unsold tickets in the deal are loaded in the machine.

5.3.3 A licensee may sell or pay in full any pull tab deal that offers a prize for the last sale in the deal if the licensee:

- (a) Completes the forms required by the Secretary of State for last sale pull tab prizes and retains the forms for four months after the end of the quarter in which the prize was paid.
- (b) Verifies the identification of the winner of the last sale pull tab prize, regardless of amount, including name, address, and driver's license number or Colorado identification number. No last sale prize may be paid without such verified information.

5.4 Progressive Pull Tab Operations. A licensee may conduct a progressive pull tab game if it complies with all rules and regulations concerning the sale and operation of pull tabs in general and the following specific requirements:

5.4.1 Number allowed. A licensee may not offer, put into play or have in play more than one progressive pull tab deal at any time.

5.4.2 Continuous play. Once a progressive pull tab game starts, it must continue until a jackpot winner is determined.

5.4.3 Offered for play. Once a progressive pull tab game starts at a bingo occasion, a licensee must offer the game at each succeeding bingo occasion sponsored by the licensee until the jackpot is won. If a progressive pull tab game starts on the licensee's premises, the licensee must offer the game on each successive day that the premises is open.

5.4.4 Award of prizes. A licensee must only award prizes in a progressive pull tab game in accordance with the manufacturer's pre-designated prize structure for the game.

5.4.5 Flare

- (a) Format. The flare or jackpot card for each deal in a progressive pull tab game must show, , the amount dedicated to the progressive jackpot prize and the current total of the prize. The jackpot prize amount must be modified on the flare each time a contribution is made to the jackpot from sales of progressive pull tab tickets at the immediately preceding occasion and the sales of progressive pull tab tickets during the current occasion.
- (b) Display. The licensee must display or keep available for viewing the flare or jackpot card for each deal in a progressive pull tab game played or that has been played during the course of a progressive game. The flare must be available for viewing at all times the game is in play until the progressive jackpot prize is won.

5.4.6 Maximum prize.

- (a) The maximum jackpot prize for a progressive pull tab is \$5,000.
- (b) Once the jackpot amount reaches \$5,000, the licensee may not make any further contributions to the jackpot amount.
- (c) All proceeds from the sale of progressive pull tabs after the jackpot amount reaches \$5,000 are considered part of the bingo-raffles licensee's gross proceeds from the progressive game.
- (d) If a jackpot prize reaches \$5,000 without a winner:
  - (1) The licensee must award the prize in accordance with the manufacturer's specifications for determining a winner upon accumulation of the maximum amount; or
  - (2) If there are no specifications built into the progressive game being conducted, the game must continue in accordance with the manufacturer's specifications until the game is won. The licensee however, may not make further contributions to the jackpot amount in accordance with Rule 5.4.6(c).

5.4.7 Loss of license before award of jackpot.

- (a) If a licensee's license expires, is not renewed, is suspended, revoked or surrendered, or if the licensee permanently terminates its bingo operations or terminates its operations at a particular location before a progressive pull tab jackpot is awarded, the licensee must determine a winner and award the



jackpot prize on the licensee's last authorized bingo occasion at the location where the progression was started.

- (b) If there is no winner of the jackpot prize on the last authorized occasion, the licensee must conduct a public drawing for the prize by issuing one free ticket to each eligible member of the public who is present at the end of the occasion, without regard to whether the individual was a participant during the occasion. The jackpot winner is the individual whose ticket is drawn at random.

5.4.8 Serial and form numbers. The licensee may not pay a prize amount unless the serial and form numbers of the winning ticket match the serial and form numbers of a deal contributing to the jackpot amount.

5.4.9 Conclusion of game. A progressive pull tab game must end with the award of the cumulative jackpot prize or, if the jackpot prize is unclaimed, upon expiration of a 15-day period after determination of the winner. If a jackpot prize is not claimed by the next day or occasion on which the licensee conducts pull tab activities, the licensee may begin a new progressive pull tab game.

5.4.10 Display of winner(s) and notice to winner(s). If a jackpot prize is not claimed upon determination of a winner, a licensee shall continue to display all flares and jackpot cards for 15 days after such determination. The display must be in plain view of all players at the licensee's bingo occasions or pull tab operations. The licensee shall also provide the winner with the notice prescribed for all winners.

5.4.11 Unclaimed prizes. Unclaimed progressive pull tab prizes are the property of the licensee 15 days after a winner is determined.

5.5 Multiple locations. A licensee that conducts bingo occasions at two or more locations may conduct pull tab operations at each location if the bingo-raffle licensee:

5.5.1 Uses a different deal of pull tabs at each location.

5.5.2 Does not use pull tabs with the same name, form number and serial number at more than one location.

5.5.3 Termination of operations at premises. If the licensee terminates operations at one location, the licensee must display and sell all opened pull tab deals from the terminated location with the pull tabs at one of the remaining locations.

5.5.4 Records. The licensee must maintain the required records for all deals regardless of where the pull tabs were sold and must make those records available to the Secretary of State upon request at the location where the pull tabs were sold.

## **Rule 6. Electronic Bingo Aid Devices**

6.1 Usage of electronic bingo aid devices.

- 6.1.1 New usage. A licensee that intends to use any electronic bingo aid device must provide the following to the Secretary of State in writing:
  - (a) The name and address of the manufacturer and the licensed Colorado supplier; and
  - (b) The make, model, and description of the electronic bingo aid device or bingo aid computer system that the licensee intends to offer.
- 6.1.2 Bingo aid system. A licensee that uses a bingo aid computer system to record, track, or process any bingo transactions during a bingo occasion must use the system to record, track, and process all bingo transactions occurring during that occasion.
- 6.1.3 Use of bingo aid system without bingo aid devices. A licensee may use a bingo aid computer system at any time. A licensee must use a bingo aid computer system if players are allowed to use electronic bingo aid devices during a bingo occasion.
- 6.2 Required reports. A licensee that uses a bingo aid computer system must produce and attach to its daily bingo occasion records the report generated by the bingo aid computer system. The report must show at least the following information:
  - 6.2.1 The reporting licensee's name;
  - 6.2.2 The date and time of the bingo occasion reported;
  - 6.2.3 A description of each transaction processed, including all voids and refunds, which shows:
    - (a) The time the transaction took place;
    - (b) The quantity, description and price of all cards and sheets, including specials, progressives and extras that were sold, refunded or voided in the course of the transaction;
    - (c) The charges for any electronic bingo aid device furnished in connection with the transaction;
    - (d) The manufacturer's identification number (serial number) for all cards and sheets sold in conjunction with an electronic bingo aid device; and
    - (e) The total number and related charges for all electronic bingo aid devices sold, leased or furnished in connection with the reported occasion.
- 6.3 Data backup and security.

6.3.1 Data backup. At the end of an occasion, a licensee must save all transaction data and keep an electronic copy of the data for two calendar years after the occasion.

6.3.2 Data security

- (a) A licensee must not access or attempt to access a bingo aid computer system data that does not belong to the licensee.
- (b) A licensee must protect, secure and safeguard its unique system identification from unauthorized disclosure or use. If the licensee discovers or suspects that system security has been breached or compromised, the licensee must:
  - (1) Immediately Report the breach or compromise to the Secretary of State; and
  - (2) Disable access to the system and either issue new identification and passwords or stop using the system until new identification and methods of access have been provided by the manufacturer, supplier or agent.
- (c) Control of the means of access, like identification, passwords, or tokens, to the licensee's bingo aid computer system is the responsibility of designated games managers or officers. The disclosure or transfer of the means of access is strictly prohibited unless disclosure or transfer is ordered by the Secretary of State or a law enforcement authority.

6.4 Player usage

6.4.1 Single player usage. A bingo player may use only one electronic bingo aid device during an occasion.

6.4.2 Maximum number of faces. A licensee may not program an electronic bingo aid device to play more than 36 faces per bingo game.

6.4.3 Passive Play. The passive play of a bingo game by means of an electronic bingo aid device is prohibited. Players must physically enter each number called by either manually entering the number or by touching a button or a screen icon.

**Rule 7. Promotions by Bingo-Raffle Licensees**

7.1 Promotions allowed. A licensee may conduct a promotion on its own or on leased premises where no purchase is necessary to enter the contest. A licensee may charge an admission fee to enter its premises to participate in a bingo occasion separate from the promotion, but the licensee must allow anyone participating in the promotional contest to be present when the prize is awarded.

- 7.1.1 Reporting requirements. A licensee that conducts a promotion must report awarded prize information to the licensing authority in accordance with section 12-9-102.5(4)(a), C.R.S.
- 7.1.2 Promotion prize limits. The licensee must not offer merchandise, services, or cash that exceeds \$1,000 in value as a prize for any single promotion.
- 7.2 Relationship with landlord licensee promotions. A licensee may conduct a promotion concurrently with any promotion sponsored by a landlord licensee. If the licensee agrees to participate in the landlord licensee's promotion and agrees to pay a portion of the costs of the promotion, such costs must not exceed \$1,000.

## **Rule 8. Raffles**

8.1 General requirements. Licensees that conduct raffles shall comply with the following:

### 8.1.1 Selling Tickets.

- (a) Except as provided in Rule 8.1.1(e), only members of the licensee may sell tickets for entry into a raffle drawing. Members may not receive remuneration for selling raffle tickets, and may not sell raffle tickets while they are receiving compensation for performing regular duties for the licensee.
- (b) A licensee must sell tickets for entry in a raffle drawing at a stated price, and each ticket must constitute a separate and equal chance to win.
- (c) A licensee must provide any conditions that may affect the stated price of a raffle ticket to the public prior to the sale of the first raffle ticket. If any of the following apply, then the licensee must provide the information to the ticket purchaser at the time of sale:
  - (1) The date or dates that the price of an individual ticket or group of tickets may increase or decrease.
  - (2) Any discounted price that is based on the purchase of a minimum number of tickets.
  - (3) The method of determining the number of tickets at a set price, such as in a stretch raffle.
- (d) A licensee may sell raffle tickets at bingo occasions if:
  - (1) The proceeds from raffle ticket sales are recorded separately from bingo sales; and
  - (2) Purchase of a raffle ticket is not conditioned on the purchase of bingo cards or faces, pull tabs, or payment of an admission fee to play bingo.

- (e) Licensees may contract with a call fulfillment center to process raffle ticket orders if:
  - (1) The call fulfillment center only receives incoming calls from ticket-purchasers and process ticket-purchaser information;
  - (2) The call fulfillment center does not process payments for raffle tickets and does not make outgoing calls to solicit purchases or encourage incoming callers to purchase additional raffle tickets; and
  - (3) The licensee submits a form prescribed by the Secretary of State that contains details of the agreement between the licensee and the call fulfillment center prior to the sale of raffle tickets through the call fulfillment center.
- 8.1.2 Format of tickets. All tickets must be discrete from every other ticket sold and may be identified by symbols, numbers, color, design or combination thereof.
- 8.1.3 Ownership of prizes. The licensee must fully own merchandise offered as a raffle prize except as provided in Rules 8.2, 8.3, and 8.4. The raffle prize must be free of debt, lien and encumbrance prior to the sale of raffle tickets.
- 8.1.4 Prizes exceeding \$1,000 in value. If the total retail value of the raffle prize or prizes to be won in a single raffle exceeds \$1,000, a licensee must:
  - (a) Print a paper ticket stating the bingo-raffle license number and the name of the licensee, exactly as it appears on its license, together with the date, time and place of the drawing, the cost of the ticket, an adequate description of the major prize or prizes offered, the date or dates, if any, when the ticket price will increase or decrease, the cost if tickets are purchased as part of a package, and the word "Raffle".
  - (b) Print on each ticket a statement indicating whether the holder presence is required to win the raffle prize.
  - (c) Print a ticket stub providing for the entry of the name and mailing address of the ticket purchaser if:
    - (1) Presence is not required to win;
    - (2) Presence is required to win and tickets are sold on any day other than the day of the drawing; or
    - (3) Presence is required to win and tickets are sold at any location other than the location of the drawing.

- (d) Retain all raffle ticket stubs and unsold tickets for six months following the quarter in which the raffle was held.
- (e) File a voided ticket for the raffle with the Secretary of State prior to the sale of any tickets.

8.1.5 Requiring Presence at drawing to win. A licensee may require a ticket holder's presence at the raffle drawing in order to claim a prize.

- (a) If a ticket holder's presence is required to win, the licensee must provide a reasonable amount of time for the holder to claim his or her prize. The time to claim the prize may not exceed 30 minutes. If no ticket holder claims a prize after a reasonable amount of time, the licensee must continue drawing tickets until the prize is claimed.
- (b) If presence is not required to win, the licensee must notify all winners by U.S. postal service certified mail, return receipt requested, who have not claimed their prize(s) within 30 days of the drawing. The notification must state the prize won, a telephone number of a contact person, and the time and location where the winner may claim his or her prize(s). If a prize is not claimed within 30 days of receipt of the notification, the licensee may retain the prize or offer it in another raffle.

8.1.6 Cancellation. A licensee must not cancel a raffle after the first raffle ticket has been sold unless the licensee can demonstrate to the Secretary of State that it maintained name and address records for every raffle ticket purchaser and can refund the purchase amount to every purchaser.

8.1.7 Postponing a drawing. A licensee must not alter or postpone a raffle after the first raffle ticket has been sold unless the licensee can demonstrate to the Secretary of State that purchasers of raffle tickets will not be adversely affected by a substitution of prizes, a change of time or location and that the information concerning the raffle specifically states that a purchaser need not be present at the drawing to win.

8.2 Motor vehicle, real estate, or real estate under construction as a prize.

8.2.1 A licensee may raffle a motor vehicle, if:

- (a) The licensee files proof of ownership of the motor vehicle with the Secretary of State; or
- (b) A contract exists between the owner of the motor vehicle and the licensee to transfer title to the motor vehicle to the holder of the winning ticket; and
- (c) The licensee must announce prior to the sale of the first raffle ticket and the raffle ticket must contain information as to whether there are any encumbrances on the motor vehicle that the winner of the raffle will be subject to, including federal, state and local income taxes; and

- (d) The licensee maintains, during the course of the sale of raffle tickets and continuing through the date of the raffle drawing, a certificate of deposit in the amount of the purchase price of the motor vehicle described in the contract required by Rule 8.2.1(b). If the motor vehicle owner fails to transfer title, the licensee must use the certificate of deposit to purchase an equivalent motor vehicle for delivery to the holder of the winning ticket; and
- (e) Prior to the sale of the first raffle ticket, the licensee must submit evidence of the contract and certificate of deposit to the Secretary of State.

8.2.2 A licensee may raffle real estate, or real estate containing an existing house, if:

- (a) The licensee files proof of ownership (such as a bill of sale); or
- (b) A contract exists between the owner of the real estate and the licensee to transfer title to the real estate or the real estate that includes an existing house to the holder of the winning ticket; and
- (c) The licensee must announce prior to the sale of the first raffle ticket and the raffle ticket must contain information as to whether there are any encumbrances on the real estate that the winner of the raffle will be subject to, including a mortgage and federal, state and local income taxes; and
- (d) The licensee maintains, during the course of the sale of raffle tickets and continuing through the date of the raffle drawing, a certificate of deposit or bond in the amount of the purchase price of the real estate and/or house described in the contract required by Rule 8.2.2(b). If the owner fails to transfer ownership, the licensee must purchase an equivalent real estate and house for delivery to the holder of the winning ticket; and
- (e) Prior to the sale of the first raffle ticket, the licensee must submit evidence of the contract and certificate of deposit or bond to the Secretary of State.

8.2.3 A licensee may raffle a house under construction, if:

- (a) A contract exists between the owner of the real estate and the licensee to transfer title to the real estate and existing house to the holder of the winning ticket; and
- (b) The licensee must announce prior to the sale of the first raffle ticket and the raffle ticket must contain information as to whether there are any encumbrances on the real estate that the winner of the raffle will be subject to, including a mortgage and federal, state and local income taxes; and

- (c) The licensee maintains, during the course of the sale of raffle tickets and continuing through the date of the raffle drawing, a certificate of deposit or bond in the amount of the purchase price of the real estate and house described in the contract required by Rule 8.2.3(a). If the owner fails to transfer ownership, the licensee must purchase an equivalent house for delivery to the holder of the winning ticket; and
- (d) Prior to the sale of the first raffle ticket, the licensee must submit evidence of the contract and certificate of deposit or bond to the Secretary of State.

### 8.3 Specific types of raffles

8.3.1 Key raffles. Licensees may conduct a key raffle where the purchaser receives a key that may open the particular prize being raffled, such as an automobile, if:

- (a) The licensee conducts a raffle where the keys are sold only to participants at an event sponsored by the licensee; and
- (b) The purchaser selects the key from a receptacle containing all of the keys being sold; and
- (c) The licensee provides a separate paper ticket to the purchaser that contains a stub with the name, address and telephone number of the purchaser and each stub sold is placed in a separate receptacle containing all stubs sold. The receptacle must be designed so that each stub has an equal chance of being drawn.
- (d) In the event that not all keys are sold, and none of the keys that are sold will open the prize, the licensee will determine the winner by drawing a ticket stub from the receptacle containing all stubs sold.

8.3.2 Card raffles. A licensee may conduct a card raffle where the purchaser receives a card containing numbers, symbols, colors or a combination thereof, where one-half of the card is torn off and placed in the receptacle from which the winning card will be drawn, if:

- (a) The portion of each card deposited into the receptacle is approximately the same size and shape as all other portions deposited; and
- (b) Each card sold is distinct from every other card sold, although multiple decks of playing cards may be used if the decks are of different colors or design.

8.3.3 Bucket raffles. A licensee may conduct bucket raffles using theater style tickets only if the total retail value of the prizes offered for a specific receptacle in which raffle tickets are placed does not exceed \$1,000. If the total retail value of the prizes offered for a specific receptacle in which raffle tickets are placed exceeds \$1,000, the licensee must print a ticket conforming to Rule 8.1.4. The licensee must



either display merchandise prizes or display descriptions of merchandise prizes offered for each receptacle.

8.3.4 Sporting event raffles. A licensee may conduct raffles where the winner is determined on the basis of scores from sporting events if and only if the licensee can demonstrate to the Secretary of State that each ticket sold has an equal chance to win with every other ticket sold.

8.3.5 Wheel raffles. A licensee may conduct a wheel raffle, where the winning ticket is determined by spinning a wheel until a pointer lands in one of the discrete segments marked on the wheel.

(a) The number of raffle tickets must be less than or equal to the number of discrete numbers or symbols on the wheel, and each ticket sold matches only one of the numbers or symbols on the wheel.

(b) If fewer tickets than the number of segments are sold, the licensee must continue to spin the wheel until there is a winner.

(c) A licensee may use a wheel containing symbol(s), 0, or 00 only if it offers to sell tickets for those segments.

8.3.6 Stretch raffles. A stretch raffle is a raffle where the number of raffle tickets purchased for a set price is determined by a specific measurement method. For example, a stretch raffle may use a raffle participant's arm span to determine how many raffle tickets may be purchased for a set price. A licensee may conduct a stretch raffle only if the same measurement method is used to determine the number of tickets for all purchasers.

8.4 Games not classified as raffles. The games of chance commonly known as "Animal Plop Bingo," "Golf Ball Drops," plastic or rubber "Duck Races," and variations of these games are not raffles as defined by section 12-9-102(19.3), C.R.S., and are not raffles as authorized by subsections (2) to (4) of Section 2 of Article XVIII of the Colorado Constitution. Therefore, these games of chance are not licensed or regulated by the Secretary of State. In certain circumstances, these games of chance may be considered unlawful gambling. Licensees or other organizations who wish to conduct these games should contact law enforcement authorities or legal counsel to determine how to comply with Colorado law.

## **Rule 9. Prize Amounts and Payment of Prizes**

9.1 Occasion prizes

9.1.1 Maximum occasion prizes. The total value of prizes offered during a bingo occasion may not exceed \$2,000.

9.1.2 Maximum game prize. Licensees may award any amount as a prize for any single game of bingo so long as the total value of prizes offered at the bingo occasion does not exceed \$2,000.

## 9.2 Progressive prizes

9.2.1 Progressive bingo. The maximum progressive jackpot prize may not exceed \$15,000.

9.2.2 Progressive pull tab games. The maximum progressive pull tab prize may not exceed \$5,000.

## 9.3 Payment of prizes

9.3.1 Pull tab prize payment. Licensees must award all pull tab prizes immediately upon determination of a winner.

9.3.2 Time to redeem pull tab. If any pull tab ticket is presented more than ten days after a determination that it is a winning ticket, the licensee may consider the ticket void and of no value and may elect to not redeem such pull tab, except as provided for winners of seal and progressive pull tabs in accordance with these rules.

9.3.3 Method of payment. Licensees must award all pull tab prizes in cash, by check, or in merchandise, except that winning pull tab tickets may be exchanged for an equivalent amount in new tickets of the same deal and serial number.

(a) All progressive jackpot bingo and progressive pull tab prizes in excess of \$500 must be paid by check.

(b) A progressive jackpot bingo prize and a progressive jackpot pull tab prize need not be paid immediately upon the determination of a winner if:

(1) The prize amount exceeds \$500;

(2) The prize amount is paid in full within 48 hours after the winner was declared;

(3) The prize amount is paid at a location and in a manner acceptable to the winner; and

(4) The winner is presented with a voucher or promissory note for the full amount of the jackpot prize before the end of the occasion during which the winner was declared. The licensee's games manager and one other member of the licensee must sign the voucher or promissory note. The note must state the following:

(i) The name and license number of the licensee;

- (ii) The date, time, and location of verification of the winning card;
- (iii) The manufacturer's serial and identification numbers of the winning card;
- (iv) The identification of the winner of the prize; and
- (v) The date, time, place and manner in which the check for the prize amount will be delivered to the winner.

## **Rule 10. Accounting for Receipts and Deposits**

### 10.1 Maintenance of records

10.1.1 Retention period. Each licensee conducting charitable gaming activities must maintain records on forms prescribed or approved by the Secretary of State. These forms must cover bingo occasions, bar and club room sales and raffles. The records must be retained for a period of two years following the calendar year in which bingo, pull tabs or raffles were conducted.

10.1.2 Receipts to be recorded. Each licensee must record the following:

- (a) Gross receipts collected for all cards, packs and sheets sold for each occasion.
- (b) Gross receipts collected for all pull tabs sold for each occasion and in bars and clubrooms.
- (c) Gross receipts collected for all raffle tickets sold.

10.1.3 Progressive bingo and pull tabs

- (a) All receipts from the sale of progressive bingo cards and progressive pull tabs must be accounted for separately within the licensee's bingo-affle checking or savings account created in accordance with section 12-9-108(3)(a) and 12-9-108(3)(b), C.R.S.
- (b) All receipts from the sale of progressive bingo cards and progressive pull tabs must be deposited in the bingo-affle account by means of separate deposit slips that indicate the serial numbers of the progressive bingo cards sold and the serial numbers of the progressive pull tabs sold. all deposits must be made no later than the close of the business day after the occasion at which the cards were sold.
- (c) Unless the licensee starts a progressive jackpot bingo game with a secondary jackpot amount, the licensee shall continuously hold an amount equal to at least the accrued progressive jackpot prize in the licensee's bingo-

raffle checking or savings account for the entire duration of the progression. No part of this amount may be expended, transferred, or otherwise removed from the account prior to the payment of the progressive jackpot to a winner.

- (d) If the licensee has started a progressive jackpot bingo game with a secondary jackpot amount, the licensee shall continuously hold an amount equal to at least the accrued primary and secondary jackpots in the licensee's bingo-raffle checking or savings account for the entire duration of the progression. No part of this amount may be expended, transferred, or otherwise removed from the account prior to the payment of the progressive jackpot to a winner.
- (e) If the licensee conducts a progressive pull tab game, the licensee must maintain an amount in the bingo-raffle account sufficient to pay out the total of all prize amounts in the game.
- (f) If the licensee fails to maintain account balances in accordance with this rule or uses such balances for unlawful purposes, the failure or action is prima facie evidence of fraud.

## 10.2 Method of accounting

10.2.1 Accrual method. The licensee must use the accrual accounting method and must report all bingo-raffle related expenses incurred on the licensee's quarterly financial statement. The licensee must report these expenses regardless of whether the expense is paid when incurred or at a later date. The licensee must not report a payment that was reported in a previous quarter as an expense to be paid.

### 10.2.2 Segregated bank accounts.

- (a) The licensee must indicate on forms provided by the Secretary of State, the financial institution and account numbers for all segregated bingo-raffle checking or savings accounts.
- (b) The licensee must notify the Secretary of State in writing if the licensee changes the financial institution it uses to maintain the segregated checking or savings accounts or if the licensee closes an account or starts a new account.

10.2.3 Accounting for prizes and payouts. The licensee must maintain prize and payout records on forms prescribed or approved by the Secretary of State covering each occasion, bar and club room sales, and each raffle. The licensee must retain the records for a period of two years following the calendar year in which bingo, pull tabs or raffles were conducted. The records must disclose the following information:

- (a) The amount of the prizes paid to winners in cash or in merchandise for each bingo game at each occasion.
- (b) The amount of the prizes paid to all pull tab winners at each occasion and bar and club room.
- (c) The amount of prizes paid to raffle winners for each raffle conducted.
- (d) The cost of all merchandise given as prizes in any bingo game, pull tab game, or raffle.

10.2.4 Records. The licensee must maintain administrative records on forms prescribed or approved by the Secretary of State covering each occasion, bar and club room sales, and each raffle. The licensee must retain the records for a period of two years following the calendar year in which bingo, pull tabs or raffles were conducted. The records must disclose the following information:

- (a) The name, address and signature of each games manager for the licensee at each bingo occasion, bar and club room or raffle.
- (b) The full name of each member working the occasion.

10.2.5 Availability of records. The licensee must have available on its premises all required daily records for the current quarter and the quarter immediately preceding on forms prescribed or approved by the Secretary of State. A licensee must be able to print records maintained on a computer upon request of the Secretary of State or authorized representative.

10.2.6 Pull tab records. Each licensee that sells pull tabs must record sales and prize payout information on forms prescribed or approved by the Secretary of State, including a current summary of such sales. The licensee must retain the records for a period of two years. The licensee must maintain the records for the current and immediately preceding quarter on the premises where the pull tabs are sold and must make them available to the Secretary of State or authorized representatives upon request.

10.2.7 Submission of bank statements to the Secretary of State. Any licensee that turns in its license, has had its license suspended or revoked or for whatever reason ceases to conduct charitable gaming activities after it has opened a segregated bingo-raffle checking or savings account, or both, must send a copy of the bank statement for each account to the Secretary of State within 30 days after the licensee ceased operations.

### 10.3 Allowable expenses limitations

10.3.1 Bookkeeper. A licensee must not pay more than \$75 per occasion for bookkeeper or accountant services. The licensee must notify the Secretary of State in writing,

signed by an officer of the licensee, if it remunerates its games manager for performing bookkeeping or accounting services.

- 10.3.2 Security. A bingo-raffle licensee must not pay more than \$75 per occasion for security unless security is provided by one or more off-duty law enforcement officers. If a bingo-raffle licensee uses off-duty law enforcement officers, it must notify the Secretary of State and list the names and badge numbers of those officers who perform security duties prior to paying more than \$75 per occasion.
- 10.3.3 Janitorial. A licensee must not pay more than \$75 per occasion for janitorial services. The licensee may only pay for janitorial services in facilities owned by the licensee or in its sole control, or which it uses rent-free.
- 10.3.4 Advertising. A licensee must not pay more than the amount customarily charged by the medium used for advertisements of the same size and duration of publication.
- 10.3.5 Call Fulfillment Center. A licensee may pay a reasonable amount to contract a call fulfillment center for call reception and data entry only. All activities of the call fulfillment center must comply with Rule 8.1.1(e).
- 10.3.6 Legal Services. A licensee may only pay for legal services directly related to an administrative action brought by the Secretary of State or the Colorado Department of Law or for legal advice relating to the interpretation of the Bingo and Raffles Law or these rules.

## **Rule 11. Rental Agreements**

### 11.1 General

- 11.1.1 License required. A licensee may only rent premises from landlords licensed by the Secretary of State.
- 11.1.2 Lease fees.
  - (a) The rental fee may only cover the expenses reasonably necessary for the use of the premises for the occasion, plus any expenses related to landlord sponsored promotions.
  - (b) Rental agreements must not specify any fee that the licensee must charge for a player's right to participate in any games of chance conducted during a bingo occasion.
  - (c) A licensee must not conduct any activity under the Bingo and Raffles law if the lease, rent, contract or any other arrangement under which the rights to use the premises for the conduct of the activity is based on a percentage of receipts or profits derived from such licensed activities.

## 11.2 Termination

11.2.1 Termination by bingo-raffle licensee. A licensee may terminate a rental agreement upon at least two weeks notice to the landlord licensee or upon the voluntary cessation of bingo-raffle operations by the licensee or suspension or revocation of the licensee's license by the Secretary of State.

11.2.2 Termination by landlord licensee. A landlord licensee may terminate a rental agreement between the landlord licensee and any bingo-raffle license by giving at least two weeks notice to the licensee or upon failure of the licensee to make payment for at least three bingo occasions.

## **Rule 12. Landlord Licensees**

### 12.1 Application

12.1.1 Forms. A landlord license applicant must use the forms prescribed and provided by the Secretary of State.

12.1.2 Fees. The fee established by the Secretary of State must accompany all applications for a landlord license. There is no proration of the annual license fee.

12.1.3 Duration. A landlord license is issued for a period of one calendar year (January through December)..

### 12.2 Lease agreements

12.2.1 Copy to Secretary of State. A landlord licensee must submit an executed copy of the rental agreement between the landlord licensee and each licensee to the Secretary of State prior to the conduct of any games of chance on the licensed premises.

12.2.2 Equipment lease. If a landlord licensee provides equipment on the licensed premises and the licensee has agreed to the use of the equipment, the landlord licensee must submit an executed copy of the equipment agreement between the landlord licensee and each licensee to the Secretary of State prior to the conduct of any games of chance in or on the licensed premises.

12.2.3 Substitutions. A landlord licensee may negotiate with a licensee to have the licensee operate a bingo-raffle occasion that was not provided in the original rental agreement between the landlord licensee and the licensee. The landlord licensee must submit an executed copy of the rental agreement to the Secretary of State within five working days of the date of the substituted occasion.

12.3 Promotions. A Landlord licensee may award a prize of merchandise, services, or cash in a promotion that does not exceed \$10,000. A landlord licensee must not require participation by any licensee, and the landlord licensee must not require payment in excess of \$1,000 from any licensee that agrees to participate in the promotion.

- 12.4 Assistance with licensee games. A landlord licensee and its employees must not assist a licensee in the conduct or operation of games of chance. This assistance includes but is not limited to:
- 12.4.1 Acting as a caller;
  - 12.4.2 Selling bingo packs, sheets or electronic bingo aid devices;
  - 12.4.3 Acting as a floor worker;
  - 12.4.4 Operating a bingo computer aid system other than instructing a licensee on its use and maintenance;
  - 12.4.5 Providing bookkeeping or accounting services to a licensee.
- 12.5 Prohibited Activities
- 12.5.1 A landlord licensee must not require any licensee that operates games of chance on the premises to adopt a specific set of occasion rules.
  - 12.5.2 A landlord licensee must not require, coerce or induce a licensee to purchase supplies from a specific supplier as a condition of rental of the premises.
  - 12.5.3 A landlord licensee must not require, coerce or induce a licensee to charge players a set pack price, admission to the premises, or other fee as a condition of rental of the premises.
  - 12.5.4 A landlord licensee must not require, coerce or induce a licensee to conduct a set number of bingo games during an occasion or set a minimum prize amount per game or occasion as a condition of rental of the premises.

### **Rule 13. Manufacturer and Supplier Licensees**

#### 13.1 Application

- 13.1.1 Forms. A manufacturer's or supplier's license applicant must use the forms prescribed by the Secretary of State.
- 13.1.2 Fees. The fee established by the Secretary of State must accompany all applications for a manufacturer's or supplier's license. There is no proration of the annual license fee.
- 13.1.3 Duration. A manufacturer's or supplier's license is issued for a 12-month period commencing April 1 and ending March 31 of the following calendar year.
- 13.1.4 Software Manufacturers. Companies that produce bingo, pull tab, or raffle software must hold a manufacturer's license and comply with all statutes and rules pertaining to bingo-raffle manufacturers in Colorado



## 13.2 Authorized sales

13.2.1 Licensed purchasers. A licensed supplier or manufacturer may sell supplies and equipment only to licensed licensees.

13.2.2 Financial terms. A licensed supplier or manufacturer may sell supplies and equipment to licensed bingo-raffle licensees for cash or on terms agreed to between the licensed supplier or manufacturer and the licensee, but such terms may not exceed 60 days.

## 13.3 Delinquent accounts. If a licensee's account with a supplier or manufacturer is more than 60 days past due, then

13.3.1 The supplier or manufacturer must report to the Secretary of State by the tenth day of each month the name of the licensee whose account is in arrears.

13.3.2 The Secretary of State will notify all licensed suppliers, suppliers' agents, and manufacturers and the licensee that, until further notice from the Secretary of State, all sales of bingo supplies and equipment to the delinquent licensee must be on a cash-only basis.

13.3.3 No supplier, supplier's agent, or manufacturer may extend credit to the delinquent licensee until the Secretary of State approves, in writing, credit sales to the licensee.

## 13.4 Discontinued pull tabs. A licensed supplier or manufacturer that sells progressive pull tab games to any licensee may discontinue distribution or production of specific progressive pull tab games if:

13.4.1 The licensed supplier or manufacturer provides at least 60 days written notice to the Secretary of State and to all licensees that have purchased the pull tab game from the supplier or manufacturer within the previous 12 months. The notice must state that the supplier or manufacturer intends to discontinue the distribution or manufacture of the progressive pull tab game on a specified future date that is at least 60 days after notice is received by the Secretary of State; and

13.4.2 The supplier or manufacturer maintains a sufficient inventory of pull tab deals for that progressive pull tab game to ensure that all licensees that have purchased the game within the previous 12 months can close the game by awarding a jackpot.

## **Rule 14. Electronic Devices used as Bingo Aids and Bingo Aid Computer Systems Manufacturers and Supplier Requirements**

### 14.1 General

14.1.1 Application for approval. Any Colorado licensed manufacturer of an electronic bingo aid device and computer system may apply for a letter ruling in accordance with section 12-9-103(1)(d), C.R.S., by submitting a written request to the Secretary of State. The request must include the manufacturer's name, license

number, address, telephone and fax numbers, and an email address; the make, model and description of the bingo aid device and computer system for which approval is sought; and the name and specific contact information of the manufacturer's representative who is an expert on the construction, programming, and operation of the device and system. All requests must also include:

- (a) A complete user's manual of the bingo aid device or system;
- (b) Either a working prototype or a location in Colorado where the manufacturer can demonstrate the prototype;
- (c) An affirmation from the manufacturer stating that the manual and prototype submitted to the Secretary of State do not differ materially from the manual, device and system that will be distributed in Colorado after approval of the prototype;
- (d) In the case of a bingo aid device, a verified certificate from the manufacturer stating that the device meets all the standards set forth in section 12-9-107(29)(a)(II)(A) through (D), C.R.S., and that the device can and will be restricted to allow the play of no more than 36 faces per bingo game;
- (e) In the case of a bingo aid computer system, a verified manufacturer's certificate stating that the system meets all the requirements set forth in section 12-9-107(30)(a) through (c), C.R.S., and that the system, if constructed or intended for more than one licensee, is capable of segregating, securing, and restricting access to each licensee's data so that no other licensee can access the data; and
- (f) The manufacturer must verify that a bingo aid computer system that is designed for use by more than one user only allows users to access the system through a unique user identification and password, smart card, token, or other method. Identification and access must:
  - (1) Ensure that the licensee's data is accessible only to the bearer of the licensee's unique identifier, the Secretary of State and the personnel of the system's manufacturer; and
  - (2) Clearly identify all of the licensee's data and only the licensee's data.

14.1.2 Letter ruling. The Secretary of State will issue a letter ruling within 45 days after receipt of the letter ruling request complete with all attachments required by these rules.

14.1.3 Authorization required. A manufacturer or supplier licensee must not distribute any electronic bingo aid device or bingo aid computer system that differs materially in construction, hardware, software, or operation from a previously

approved device or system until the Secretary of State approves the differing device or system. A manufacturer or supplier does not have to request authorization for nonfunctional differences in a device or system, including but not limited to, changes in screen appearance, case color or size, or power supply.

14.2 Agreements with bingo-raffle licensees. Any contract or agreement between a manufacturer, supplier or agent and a bingo-raffle licensee concerning the rental, lease or use of any bingo aid device or bingo aid computer system are subject to the following:

14.2.1 Initial term. The initial term and any subsequent term of the contract or agreement must not exceed one year.

14.2.2 Extensions. The contract or agreement may be extended only upon the written affirmative consent of the licensee.

14.2.3 Termination. The contract may be terminated if:

- (a) The licensee ceases bingo-raffle operations;
- (b) The Secretary of State suspends or revokes the license of the licensee;
- (c) The licensee gives the other party to the contract or agreement written notice at least 30 days in advance of the licensee's intention to terminate the contract.

14.3 Secretary of State powers.

14.3.1 Violation of law. The Secretary of State, in addition to or in lieu of any other penalties or corrective actions, may restrict or prohibit the use of any electronic bingo aid device or computer system that violates any provision of law or these rules.

14.3.2 Access and audit.

- (a) Upon request, a manufacturer, supplier, or agent of a bingo aid computer system must grant the Secretary of State access to all systems in use within the state. The Secretary of State will use this access to audit any system and verify that the system is operated in compliance with the law and rules regulating bingo aid computer systems.
- (b) Independent testing.
  - (1) Upon initiating an audit, the Secretary of State may require the manufacturer to submit any electronic bingo aid device, bingo aid computer system, random number generator, or the operating software of any electronic bingo aid device, bingo computer system, or random number generator for testing by an independent

testing facility. Testing is at the manufacturer's expense and the Secretary of State will specify the independent testing facility.

(2) The Secretary of State, in consultation with the independent testing facility, will determine if the electronic bingo aid device and software is operating in compliance with the requirements and restrictions of applicable laws and rules.

(c) If the Secretary of State requests access to a particular system and the manufacturer, supplier or agent does not comply, the manufacturer, supplier and agent are prohibited from allowing a licensee to use the bingo aid computer system until authorized by the Secretary of State.

14.4 Random number generators. Any manufacturer or supplier that intends to sell or lease bingo equipment that generates numbers electronically must submit the following to the Secretary of State prior to the sale or lease of such equipment to licensees:

14.4.1 An operator's manual for the model or models intended for sale or lease;

14.4.2 Technical specifications for the model or models to be sold or leased that describe the method and algorithm of randomly generating numbers, along with the method used to ensure that duplicate numbers cannot be called;

14.4.3 Letters of authorization regarding the sale, lease, use or restrictions on use for each state in which the model or models is currently being sold, leased or otherwise used; and

14.4.4 Upon request of the Secretary of State, a working model capable of demonstrating play or a location where such equipment can be demonstrated to the Secretary of State.

## **Rule 15. Fines**

15.1 General. The schedule of fines provided in this rule applies to any violation of the Bingo and Raffles Law or Rules for which the Secretary of State elects to impose an administrative fine in lieu of seeking a license suspension or revocation.

15.2 Class 1 Violations. A Class 1 violation is a willful act that is specifically prohibited by statute or rule and does, may, or is intended to result directly in the profit or enrichment of the violator or any person associated with the violator.

15.2.1 The fine for a Class 1 violation is \$100.

15.2.2 Class 1 violations include, but are not limited to:

(a) Employing a device, scheme, or artifice to defraud or deceive in connection with any charitable gaming activity;

- (b) Engaging in an act, practice, or conduct that constitutes fraud or deceit, including any intentional misstatement of fact, in charitable gaming operations;
- (c) Transferring any license issued in accordance with the Colorado Bingo and Raffles Law;
- (d) Authorizing or permitting any person other than active member of a licensee to assist in the management or operation of games of chance;
- (e) Conducting more than 220 bingo occasions in one calendar year under color of a single bingo-raffle license;
- (f) Possessing, using, selling, offering for sale or putting into play any computerized or electro-mechanical facsimile of a pull tab game, any pull tab game not purchased from a licensed supplier and accompanied by a complete supplier's invoice; any pull tab game that is marked, altered, tampered with, commingled or known to be defective; any pull tab game in any unlicensed premises, other than the licensee's own premises; or any pull tab game that does not conform to the definitions and requirements of the Bingo and Raffles Law.
- (g) Permitting any person under the age of eighteen to purchase the opportunity to participate in a game of chance.
- (h) Allowing any person other than a licensee's owner, officer, director, member, shareholder of more than 10% of the licensee's ownership interests, or licensed agent to represent a supplier, manufacturer or landlord licensee with regard to any Colorado transaction.
- (i) Buying, selling, receiving, furnishing, or distributing games of chance equipment to any person in Colorado other than a licensee, a supplier licensee and its licensed agents, or a manufacturer licensee.
- (j) Filing any falsified and/or materially misleading renewal application or quarterly financial statement.
- (k) Authorizing, permitting, or receiving any remuneration or inurement for participating in the management or operation of a licensed game of chance.
- (l) Requiring, inducing or coercing a licensee to enter into any agreement contrary to the Bingo and Raffles Law, or to purchase supplies or equipment from a particular supplier as a condition of conducting games of chance at a commercial bingo facility.

15.3 Class 2 Violations. A Class 2 violation is a willful act that is specifically prohibited by statute or rule and is not intended to and does not directly result in the profit or enrichment of the violator.

15.3.1 The fine for a Class 2 violation is \$75.

15.3.2 Class 2 violations include, but are not limited to:

- (a) Using bingo-raffle equipment that is not owned or leased by a landlord licensee or owned or leased by a licensee.
- (b) Paying other than reasonable, bona fide, lawful expenses in connection with the conduct of licensed games of chance, purchasing games of chance prizes or equipment at prices exceeding reasonable and usual amounts, or other use of games of chance proceeds for other than the lawful purposes of the licensee.
- (c) Converting into or redeeming for cash any bingo merchandise prizes.
- (d) Offering or giving any alcoholic beverage as a prize in a licensed game of chance.
- (e) Giving, receiving, authorizing, or permitting the assistance in the conduct of games of chance of any person disqualified or prohibited by statute or rule from rendering such assistance.
- (f) Offering or giving any bingo door prizes or jackpot prizes exceeding the statutory maximum amounts set for prizes.
- (g) Reserving or setting aside bingo cards or pull tabs for use by players, except as authorized in section 12-9-107(27), C.R.S., or, except as authorized by these rules, reserving or allowing to be reserved any seat or playing space for use by players.
- (h) Drawing a check on a bingo-raffle account payable to “cash” or to a fictitious payee.
- (i) Authorizing or allowing the play of bingo by a person not present on the premises where the game is conducted, or the play of any game of chance on credit, or without collecting the consideration required in full and in advance.
- (j) Engaging in any act, practice or conduct described as a Class 1 violation in Rule 15.2, or that would otherwise be a Class 1 violation, when the act or conduct is not intended to and does not directly result in the profit, inurement or remuneration of the violator.

15.4 Class 3 Violations. A Class 3 violation is one that occurs when a licensee omits, fails or neglects to comply with a requirement set forth in the statutes or rules, but that does not involve the affirmative performance of an act specifically prohibited by statute or rule. Class 3 violations are deemed negligent rather than willful, unless a specific violation is repeated within a two-year period or the facts of the violation show that the violator knowingly and deliberately failed or refused to comply with a requirement or standard set by statute or rule.

15.4.1 The fine for a Class 3 violation is \$20 unless the violation is repeated or knowing and deliberate, in which case the fine is \$50.

15.4.2 Class 3 violations include, but are not limited to:

- (a) Neglecting to display a license or other document at a time and place where display is required.
- (b) Failing to file with the Secretary of State any quarterly report, administrative fee, or rental or other document at the time required for the filing, or omitting required information on such a filing.
- (c) Failing to keep or furnish required records in connection with any licensed activity.
- (d) Omitting any required procedure in the conduct of bingo-raffle activities.
- (e) Failing to designate an officer responsible for the use of games of chance proceeds.
- (f) Neglecting to have a certified games manager present continuously during the conduct of any raffle or bingo occasion and for thirty minutes after the last game in an occasion.
- (g) Failing to have games of chance premises or equipment open or available for inspection by the Secretary of State or police officers.
- (h) Failing to deposit or maintain all games of chance receipts in a special segregated checking or savings account of the licensee, or to withdraw any funds expended from such account by means of consecutively numbered checks or withdrawal slips signed by an officer or officers of the licensee and showing the payee and a description of reason for the payment for which the check or withdrawal slip is made, or by electronic funds transfer.
- (i) Failing to submit the required administrative fee, or a portion thereof, at the time of filing a required quarterly financial report.
- (j) Neglecting to give required notice of the termination of a rental agreement or the cancellation of a bingo occasion.

- (k) Omitting required information from a raffle ticket, if the ticket has been offered for sale or sold without the approval of the Secretary of State.

## 15.5 Citations.

15.5.1 Issuance. The Secretary of State shall issue all citations in writing, signed and dated by the authorized agent of the Secretary of State and shall identify the licensee cited; the facts and/or conduct constituting the violation, the specific rule or statutory provision violated, the fine assessed in accordance with this rule and the Bingo and Raffles Law.

15.5.2 Delivery. Citations may be delivered to the cited licensee, to the attention of its games manager, games managers, officer or officers on record in the files of the Secretary of State, either personally or by first class mail.

15.5.3 Suspension or reduction of fine. The Secretary of State, for good cause shown, may suspend or reduce any fine imposed in accordance with this rule. Requests for fine suspensions or reductions must be in writing, must be received by the Secretary of State within 20 days of the date of the citation, and must state and document with particularity the facts, circumstances and arguments supporting the request.

15.4.4 Referral to law enforcement. Irrespective of whether a citation was issued, the Secretary of State reserves the right to refer any violation to a law enforcement agency.

## 15.6 Hearings and payment of fines.

15.6.1 Request for hearing. In accordance with section 12-9-103(1)(a)(II), C.R.S., a licensee may request a hearing before an administrative law judge to appeal the imposition of a fine. The Secretary of State must receive a written request for a hearing within 20 days of the date that the Secretary of State denied a fine suspension or reduction request .

### 15.6.2 Payment of fines.

- (a) If a licensee does not request a fine suspension, fine reduction, or hearing before an administrative law judge, then the licensee must pay within 20 days of the date of the citation imposing the fine.
- (b) If the Secretary of State denies a suspension request or grants a reduction request, then the licensee must pay the fine or reduced fine within 20 days of the date of the notice of denial or reduction.
- (c) If an administrative law judge denies an appeal of a fine, then the licensee must pay the appealed fine within 20 days of the date of the issuance of the administrative law judge's order.



- (d) A licensee must pay fines by check or money order, payable to the Colorado Secretary of State.