

112-100-1. Definitions. In addition to the definitions in the Kansas expanded lottery act, the following terms as used in these regulations shall have the meanings specified in this regulation, unless the context requires otherwise:

- (a) "The act" means the Kansas expanded lottery act.
- (b) "The commission" means the Kansas racing and gaming commission.
- (c) "Executive director" means the executive director of the Kansas racing and gaming commission.
- (d) "Facility manager" means a lottery gaming facility manager or racetrack gaming facility manager that is certified to operate a lottery gaming facility or racetrack gaming facility as indicated by a certificate issued by the commission.
- (e) "Gaming facility" means a lottery gaming facility or a racetrack gaming facility.
- (f) "Junket" means a promotional trip to a gaming facility that is partially or wholly funded by a facility manager.
- (g) "Person" means any natural person, association, limited liability company, corporation, sole proprietorship, partnership, or other legal entity. (Authorized by K.S.A. 2007 Supp. 74-8751 and 74-8772; implementing K.S.A. 2007 Supp. 74-8751; effective Sept. 26, 2008.)

112-100-2. Duty to disclose material and complete information. (a) An applicant for a certificate, certificate renewal, license, or license renewal shall not provide false information on any application form or to commission staff.

(b) Each applicant for a certificate, certificate renewal, license, or license renewal shall disclose any material fact required on any application form.

(c) Unless otherwise provided in these regulations, each applicant for a certificate, certificate renewal, license, or license renewal and each holder of one of those documents shall report any change in the application or renewal information. The applicant or holder shall notify the commission in writing within 11 days of each change.

(d) Each licensee and each certificate holder shall report any suspected illegal activity or regulatory violations that impact Kansas to the commission security staff within 24 hours of becoming aware of the matter. (Authorized by and implementing K.S.A. 2010 Supp. 74-8751 and 74-8772; effective Sept. 26, 2008; amended December 9, 2011.)

112-100-3. Duty to submit to background investigations and to cooperate. (a) Each applicant for a certificate or license and each person whom the executive director determines to be subject to a background investigation pursuant to the act or these regulations shall complete any application or disclosure forms requested by the commission staff and shall submit to being fingerprinted.

(b) Each person that is subject to investigation shall have a duty to cooperate with the commission during any investigation and to provide the information that the commission requests. (Authorized by and implementing K.S.A. 2007 Supp. 74-8751 and 74-8772; effective Sept. 26, 2008.)

112-100-4. Knowledge of the law and regulations. Each applicant, certificate holder, or licensee shall be responsible for knowing and complying with the applicable provisions of the act, these regulations, and each amendment to the law or regulations relating to the certificate or license. (Authorized by and implementing K.S.A. 2007 Supp. 74-8751 and 74-8772; effective Sept. 26, 2008.)

112-100-5. Display of credentials. Each person who has been issued a current license, certificate, or temporary permit by the commission shall carry a commission-issued badge in a conspicuous manner while the person is working in a gaming facility.

(Authorized by and implementing K.S.A. 2007 Supp. 74-8751 and 74-8772; effective Sept. 26, 2008.)

112-100-6. Loss of badges. Each person who loses or destroys any commission-issued badge shall perform the following, no later than 24 hours after the loss or destruction:

- (a) Notify the commission licensing office at the gaming facility; and
- (b) obtain a replacement badge. (Authorized by and implementing K.S.A. 2007

Supp. 74-8751 and 74-8772; effective Sept. 26, 2008.)

112-100-7. Nontransferability. Each license, certificate, and badge issued by the commission shall be nontransferable. (Authorized by and implementing K.S.A. 2007 Supp. 74-8751 and 74-8772; effective Sept. 26, 2008.)

112-101-1. Prohibition against uncertified management of a gaming facility. No person may manage a gaming facility unless that person is a lottery gaming facility manager or racetrack gaming facility manager certified by the commission with a current facility manager's certificate. (Authorized by K.S.A. 2007 Supp. 74-8751 and 74-8772; implementing K.S.A. 2007 Supp. 74-8751; effective April 17, 2009.)

112-101-2. Facility manager application procedure. Each lottery gaming facility manager and each racetrack gaming facility manager that seeks to be certified as a facility manager shall submit the following to the commission staff:

- (a) A completed application for the certificate on a commission-approved form;
- (b) any supporting documents;
- (c) all plans required by these regulations, including the internal controls system plan, surveillance system plan, security plan, responsible gaming plan, and, if applicable, the plan for compliance with the requirements for live racing and purse supplements established pursuant to the act;
- (d) a background investigation deposit as specified in K.A.R. 112-101-5;
- (e) prospective financial statements, including a one-year forecast and a three-year projection, that have been audited by an independent certified public accountant or independent registered certified public accounting firm as to whether the prospective financial information is properly prepared on the basis of the assumptions and is presented in accordance with the relevant financial reporting framework; and
- (f) any other information that the commission deems necessary for investigating or certifying the applicant and its officers, directors, and key employees and any persons directly or indirectly owning an interest of at least 0.5% in the applicant. (Authorized by K.S.A. 2007 Supp. 74-8751 and 74-8772; implementing K.S.A. 2007 Supp. 74-8734, 74-8741, 74-8751 and 74-8772; effective April 17, 2009.)

112-101-3. Background investigations. (a) Each applicant for a facility manager's certificate and each person whom the executive director deems to have a material relationship to the applicant, including the applicant's officers, directors, and key gaming employees and any persons known to directly or indirectly own an interest of at least 0.5% in the applicant, shall submit to a background investigation conducted by the commission's director of security or other person designated by the executive director. For purposes of this regulation, a material relationship shall mean a relationship in which the person has an influence on the applicant or facility manager or its business and shall be determined according to the criteria in paragraphs (b)(1) through (3).

(b) In determining the level of background investigation that a person shall undergo, all relevant information, including the following, may be considered by the executive director:

- (1) The person's relationship to the applicant;
- (2) the person's interest in the management of the applicant;
- (3) the person's participation with the applicant;
- (4) if applicable, identification of the person as a shareholder in a publicly traded company; and
- (5) the extent to which the person has been investigated in another jurisdiction or by other governmental agencies.

(c) Each person subject to a background investigation shall submit a complete personal disclosure to the commission on a commission-approved form and shall submit

any supporting documentation that the commission staff requests.

(d) Each person that is subject to investigation shall have a duty to fully cooperate with the commission during any investigation and to provide any information that the commission requests. (Authorized by and implementing K.S.A. 2007 Supp. 74-8751 and 74-8772; effective April 17, 2009.)

112-101-4. Affirmative duty to demonstrate qualifications. Each applicant for a facility manager's certificate shall have an affirmative duty to the commission to demonstrate that the applicant, including the applicant's directors, officers, owners, and key employees, is qualified for certification. (Authorized by and implementing K.S.A. 2007 Supp. 74-8751 and 74-8772; effective April 17, 2009.)

112-101-5. Fees and costs. (a) Each applicant for a facility manager's certificate and each applicant for a certificate as a racetrack gaming facility manager shall provide a background investigation deposit to the commission. That deposit shall be assessed for all fees and costs incurred by the commission in performing the background investigation of the applicant, its officers, directors, and key gaming employees, any persons known to directly or indirectly own an interest of at least 0.5% in the applicant, and any other person as the executive director deems necessary, including any person specified in article 102 or 103.

(b) Any facility manager that wishes to renew its certificate may be required to provide a background investigation deposit. The facility manager shall be assessed for all fees and costs incurred by the commission in performing the background investigation of the applicant, its officers, directors, and key gaming employees, any persons known to directly or indirectly own an interest of at least 0.5% in the applicant, and any other person as the executive director deems necessary, including any person specified in article 102 or 103.

(c) All fees paid to the commission shall be nonrefundable. (Authorized by K.S.A. 2007 Supp. 74-8751 and 74-8772; implementing K.S.A. 2007 Supp. 74-8734, 74-8741, 74-8751, and 74-8772; effective April 17, 2009.)

112-101-6. Disqualification criteria. (a) A facility manager's certificate shall be denied or revoked by the commission if the applicant or certificate holder itself has been convicted of any felony, crime involving gambling, or crime of moral turpitude.

(b) A certificate may be denied, suspended, or revoked by the commission, and a certificate holder may be otherwise sanctioned by the commission as specified in K.A.R. 112-113-1 if the certificate holder or its officers, directors, key gaming employees, or any person directly or indirectly owning an interest of at least 0.5% in the applicant meets any of the following conditions:

- (1) Has any employees who have knowingly or negligently provided false or misleading material information to the commission or its staff;
- (2) fails to notify the commission staff about a material change in the applicant's or certificate holder's application within seven days;
- (3) is delinquent in paying for the cost of regulation, oversight, or background investigations required under the act or any regulations adopted under the act;
- (4) has violated any provision of the act or any regulation adopted under the act;
- (5) has failed to meet any monetary or tax obligation to the federal government or to any state or local government;
- (6) is financially delinquent to any third party;
- (7) has failed to provide information or documentation requested in writing by the commission in a timely manner;
- (8) does not consent to or cooperate with investigations, inspections, searches, or

having photographs and fingerprints taken for investigative purposes;

(9) has failed to meet the requirements of K.A.R. 112-101-4;

(10) has officers, directors, key gaming employees, or persons directly or indirectly owning an interest of at least 0.5% that have any present or prior activities, criminal records, reputation, habits, or associations meeting either of the following criteria:

(A) Pose a threat to the public interest or to the effective regulation of gaming; or

(B) create or enhance the dangers of unfair or illegal practices in the conduct of gaming; or

(11) has violated any contract provision with the Kansas lottery. (Authorized by and implementing K.S.A. 2009 Supp. 74-8751 and 74-8772; effective April 17, 2009; amended April 1, 2011.)

112-101-7. Certificate duration. Each certificate for a gaming manager shall be issued by the commission for no longer than two years and one month. Each certificate shall expire on the last day of the month of the anniversary date of issue. (Authorized by K.S.A. 2007 Supp. 74-8751 and 74-8772; implementing K.S.A. 2007 Supp. 74-8751; effective April 17, 2009.)

112-101-8. Certificate renewal. (a) Each renewal application for a facility manager's certificate shall be submitted to the commission staff at least 120 days before the expiration of the current certificate. Each certificate holder shall submit the renewal application on a commission-approved form along with any supporting documents.

(b) Each person seeking to renew its gaming certificate shall be required to meet all requirements for an initial gaming certificate.

(c) An applicant's timely submission of a renewal application shall suspend the expiration of the certificate until the commission has taken action on the application. This suspended expiration shall not exceed six months. (Authorized by K.S.A. 2010 Supp. 74-8751 and 74-8772; implementing K.S.A. 2010 Supp. 74-8751; effective April 17, 2009; amended December 9, 2011.)

112-101-9. Notice of anticipated or actual change. (a) Each facility manager or applicant shall notify the commission in writing of any reasonably anticipated or actual change in its directors, officers, or key employees or persons directly or indirectly owning an interest of at least 0.5% in the facility manager or applicant.

(b) Each new director, officer, key employee, or person directly or indirectly owning an interest of at least 0.5% in the facility manager shall submit to a background investigation as specified in K.A.R. 112-101-3 before acting in the person's new capacity.

(c) Failure to comply with this regulation may result in a sanction as specified in K.A.R. 112-113-1. (Authorized by K.S.A. 2007 Supp. 74-8751 and 74-8772; implementing K.S.A. 2007 Supp. 74-8751; effective April 17, 2009.)

112-101-10. Advertising; promotion of responsible gaming. (a) As used in this regulation, the term "advertisement" shall mean any notice or communication to the public of any information concerning the gaming-related business of an applicant or facility manager through broadcasting, publication or any other means of dissemination.

The following notices and communications shall be considered advertisements for purposes of this regulation:

(1) Any sign, notice, or other information required to be provided by the act or by regulation, including the following:

- (A) Notices regarding the rules of the games;
- (B) information about rules of the games, payoffs of winning wagers, and odds;
- (C) gaming guides;
- (D) information imprinted upon gaming table layouts; and
- (E) information imprinted, affixed, or engraved on slot machines or bill changers;

(2) any signs or other directional devices contained in a gaming facility for the purpose of identifying the location of authorized games; and

(3) press releases.

(b) Each facility manager and each applicant shall provide to the executive director any proposed advertisement that references the Kansas lottery at least seven business days in advance of its anticipated publication, broadcast, or other use. The advertisement may be inspected and approved by the executive director before its publication, broadcast, or use.

(c) Advertisements shall be based on fact and shall not be false, deceptive, or misleading. No advertisement may use any type, size, location, lighting, illustration, graphic depiction, or color resulting in the obscuring of any material fact or fail to specifically designate any material conditions or limiting factors. Each advertisement that the executive director finds to reflect negatively on the state of Kansas or upon the integrity of gaming shall be deemed to be in violation of this regulation, and the facility manager or applicant may be subject to sanction.

(d) Each applicant or facility manager shall be responsible for all advertisements that are made by its employees or agents regardless of whether the applicant or facility manager participated directly in its preparation, placement, or dissemination.

(e) Each on-site advertisement of a facility manager's business shall comply with the facility manager's responsible gaming plan that has been approved by the commission pursuant to article 112. Each advertisement shall reference the Kansas toll-free problem gambling help line in a manner approved by the executive director.

(f) Each applicant and each facility manager shall submit all proposed text and planned signage informing patrons of the toll-free number regarding compulsive or problem gambling to the executive director with its responsible gaming plan required in article 112.

(g) Each advertisement shall be maintained by the facility manager or applicant for at least one year from the date of broadcast, publication, or use, whether that advertisement was placed by, for, or on behalf of the facility manager or applicant. Each

advertisement required to be maintained by this subsection shall be maintained at the principal place of business of the facility manager or applicant and shall be made available or produced for inspection upon the request of the commission.

(h) Each gaming facility manager and each applicant shall maintain a file containing samples of the types and forms of promotional materials not directly related to gaming activity for at least six months from the date of placement of the promotional materials. The promotional materials shall be maintained at the principal place of business of the facility manager or applicant and shall be made available or produced for inspection upon the request of the executive director. (Authorized by K.S.A. 2007 Supp. 74-8772; implementing K.S.A. 2007 Supp. 74-8752 and 74-8772; effective April 17, 2009.)

112-101-11. Material debt transaction. (a)(1) No facility manager shall consummate a material debt transaction that involves either of the following without the prior approval of the commission:

- (A) Any agreement that provides for any borrowing for a purpose other than capital and maintenance expenditures; or
- (B) a guarantee of debt of an affiliate, whether signing a note or otherwise, an assumption of the debt of an affiliate, or an agreement to impose a lien on the approved gaming facility to secure the debts of an affiliate.

(2) A transaction not specified in this subsection shall not require the approval of the commission.

(b) In reviewing any material debt transaction specified in paragraph (a)(1), whether the transaction would deprive the facility manager of financial stability shall be considered by the commission, taking into account the financial condition of the affiliate and the potential impact of any default on the gaming facility manager. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective April 17, 2009.)

112-101-12. Notice of bankruptcy or liquidation. Each facility manager shall notify the commission within one hour following the filing of bankruptcy or an agreement to liquidate any of the following:

- (a) The facility manager;
- (b) any parent company of the facility manager; or
- (c) any subsidiary of the facility manager's parent company. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective April 17, 2009.)

112-101-13. Access to gaming facility and information. (a) Each applicant and each facility manager, including their intermediary companies and holding companies, shall consent to inspections of the gaming facility by commission staff.

(b) Each applicant and each facility manager shall provide all information requested by the commission. The access to information shall be granted upon the commission's request. The applicant or facility manager shall deliver any requested copies of the information within seven calendar days, at the commission's request.

(Authorized by K.S.A. 2008 Supp. 74-8772; implementing K.S.A. 2008 Supp. 74-8752 and 74-8772; effective April 17, 2009.)

112-101-14. Certification of employees. (a) Each employee, contractor, and agent of an applicant or facility manager shall be certified by the commission with a current occupation license before performing any tasks or duties or assuming any responsibilities for matters regulated by the commission for the applicant or facility manager pursuant to article 103.

(b) Each applicant and each facility manager shall coordinate the submission of all occupation license applications and background costs and expenses to the commission. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective April 17, 2009.)

112-101-15. Reporting requirements. (a) Each facility manager shall submit a monthly report to the commission listing all contracts the facility manager has had with gaming and non-gaming suppliers for the previous month and cumulatively for the past 12 months.

(b) Each facility manager shall submit a monthly report to the commission listing all persons working in the gaming facility and any ancillary facilities and each person's department, job duty, and function.

(c) At the end of its tax year, each facility manager shall submit to the commission a copy of its certified financial statements, along with an opinion from a certified public accountant or independent registered certified public accounting firm certifying the total revenue from all lottery facility games.

(d) Each facility manager and each applicant for a gaming certificate shall disclose in writing within 11 days any material change in any information provided in the application forms and requested materials submitted to the commission. Each change in information that is not material shall be disclosed to the commission during the facility manager's subsequent application for renewal. For the purpose of this regulation, a change shall be deemed material if the change includes any of the following:

- (1) The personal identification or residence information;
- (2) the officers, directors, or key employees or any persons owning an interest of at least 0.5% in a lottery gaming facility or racetrack gaming facility manager; or
- (3) other information that might affect an applicant's or facility manager's

suitability to hold a gaming certificate, including any of the following occurrences that happen to the applicant, facility manager, or its material people as determined by the executive director pursuant to K.A.R. 112-101-3:

- (A) Arrests;
- (B) convictions or guilty pleas;
- (C) disciplinary actions or license denials in other jurisdictions;
- (D) significant changes in financial condition, including any incurrence of debt equal to or exceeding \$1,000,000; or
- (E) relationships or associations with persons having criminal records or criminal reputations. (Authorized by and implementing K.S.A. 2007 Supp. 74-8751 and 74-8772; effective April 17, 2009.)

112-101-16. Prohibitions. Each facility manager shall be prohibited from and subject to sanctions as specified in K.A.R. 112-113-1 for the following:

- (a) Failing to exercise discretion and judgment to prevent any incident that might adversely reflect on the reputation of the state of Kansas or act as a detriment to the development of the lottery industry, including allowing lewd entertainment at a gaming facility;
- (b) failing to conduct advertising and public relations activities in accordance with honest and fair representation;
- (c) knowingly or negligently catering to, assisting, employing, or associating with, either socially or in business affairs, persons who have a criminal reputation or who have felony police records, or employing either directly through a contract or other means, any firm or individual in any capacity in which the repute of the state of Kansas or the lottery industry is liable to be damaged because of the unsuitability of the firm or the individual;
- (d) failing to conduct gaming in accordance with the act and these regulations or permitting conduct that could reflect negatively on the reputation of the state of Kansas or act as a detriment to the lottery industry;
- (e) failing to report to the commission any known or suspected violations of commission regulations and applicable law;
- (f) failing to comply with any regulation or order of the commission or its employees relating to gaming; and

(g) receiving goods or services from a person or business that does not hold a certificate under article 103 but is required to do so. (Authorized by and implementing K.S.A. 2007 Supp. 74-8751 and 74-8772; effective April 17, 2009.)

112-102-1. Prohibition against uncertified business. No person identified in K.A.R. 112-102-2 as a gaming or non-gaming supplier may provide any equipment or services to a gaming facility or manager unless the person is certified by the commission with a current gaming supplier certificate, non-gaming supplier certificate, or temporary supplier permit. (Authorized by and implementing K.S.A. 2008 Supp. 74-8751 and 74-8772; effective Aug. 14, 2009.)

112-102-2. Gaming supplier and non-gaming supplier defined. (a) Each person that performs one or more of the following shall be considered a gaming supplier:

- (1) Manufactures, sells, leases, supplies, or distributes devices, machines, equipment, accessories, or items that meet at least one of the following conditions:
 - (A) Are designed for use in a gaming facility;
 - (B) are needed to carry out a lottery facility game;
 - (C) have the capacity to affect the result of the play of a lottery facility game; or
 - (D) have the capacity to affect the calculation, storage, collection, or control of the revenues from a gaming facility;
- (2) provides maintenance services or repairs gaming equipment, including slot machines;
- (3) provides services directly related to the management or administration of a gaming facility;
- (4) provides junket services; or
- (5) provides items or services that the commission has determined are used in or are incidental to gaming or to an activity of a gaming facility.

(b)(1) Any person that is not a gaming supplier but otherwise meets one or more of the following may be considered a non-gaming supplier:

- (A) Acts as a manager of an ancillary lottery gaming facility;
- (B) is not a public utility and provides goods or services to a facility manager or ancillary lottery gaming facility in an amount of \$250,000 or more within a one-year period; or
- (C) provides goods or services to a gaming facility and could present a security, integrity, or safety concern to the gaming operations as determined by the executive director.

(2) A person that is any of following shall not be considered a non-gaming supplier:

- (A) Regulated insurance company providing insurance to a facility manager, an ancillary lottery gaming facility, or the employees of either;
- (B) employee benefit or retirement plan provider, including the administrator;
- (C) regulated bank or savings and loan association that provides financing to a facility manager or ancillary lottery gaming facility; or
- (D) professional service provider, including an accountant, architect, attorney, and engineer.

(Authorized by and implementing K.S.A. 2015 Supp. 74-8751 and 74-8772; effective Aug. 14, 2009; amended Dec. 9, 2011; amended July 15, 2016.)

112-102-3. Gaming and non-gaming supplier employees. Any employee or agent of a gaming or non-gaming supplier may be required by the commission to be separately investigated or licensed. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective Aug. 14, 2009.)

112-102-4. Application for a certificate. Each person that does not qualify for reciprocal certification under K.S.A. 74-8751(b), and amendments thereto, and any directives of the executive director and is seeking a gaming supplier certificate or a non-gaming supplier certificate shall submit the following to the commission staff:

- (a) A completed application for the certificate on a commission-approved form;
- (b) any supporting documents;
- (c) a copy of the applicant's contractual agreement or statement of intent with a facility manager that the applicant expects to be supplying its goods or services. As a part of that contract or statement of intent, the applicant shall describe any arrangement it has made with the facility manager to cover the fees and costs incurred by the commission in performing the background investigation of the applicant pursuant to K.A.R. 112-102-7; and
- (d) any other information that the commission deems necessary for investigating or considering the applicant. (Authorized by and implementing K.S.A. 2008 Supp. 74-8751; effective Aug. 14, 2009.)

112-102-5. Temporary supplier permit. (a) The commission staff may issue a temporary supplier permit if all of the following conditions are met:

- (1) The commission staff determines that the applicant has filed a completed application for a gaming or non-gaming supplier certificate.
- (2) The applicant has no immediately known present or prior activities, criminal records, reputation, habits, or associations that meet either of these conditions:
 - (A) Pose a threat to the public interest or to the effective regulation of gaming; or
 - (B) create or enhance the dangers of unfair or illegal practices in the conduct of gaming.
- (3) The applicant has completed a supplier-sponsored agreement with each gaming facility that the applicant proposes to conduct business with.

(b) A temporary supplier permit may be issued for a period not to exceed 90 days. Any temporary supplier permit may be extended by the commission's licensing staff for an additional 90 days.

(c) The issuance of a temporary supplier permit shall not extend the duration of the gaming or non-gaming supplier certificate for which the applicant has applied.

(Authorized by and implementing K.S.A. 2007 Supp. 74-8751 and 74-8772; effective Aug. 14, 2009.)

112-102-6. Affirmative duty to demonstrate qualifications. Each applicant for a certificate as a gaming supplier or non-gaming supplier shall have an affirmative duty to the commission to demonstrate that the applicant, including the applicant's directors, officers, stockholders, and principal employees and any persons deemed necessary by the executive director because of that person's relationship to the applicant, is qualified for certification. (Authorized by and implementing K.S.A. 2007 Supp. 74-8751 and 74-8772; effective Aug. 14, 2009.)

112-102-7. Background investigations. (a) Each applicant and each person whom the executive director deems to have a material relationship to the applicant, including officers, directors, key gaming employees, and any persons known to directly or indirectly own an interest of at least 0.5% in the applicant, shall submit to a background investigation conducted by the commission's director of security or other person designated by the executive director.

For purposes of this regulation, a material relationship shall mean a relationship in which a person participates in the business decisions or finances of the applicant or can exhibit control over the applicant, as determined by the executive director.

(b) To determine the known owners as required in subsection (a), each applicant or certificate holder that is a publicly traded company or is owned by a publicly traded company shall rely on the publicly traded company's most recent annual certified shareholder list.

(c) Each applicant or certificate holder shall identify any passive investing company that owns between 0.5% and 10% as a candidate for completing a commission-approved institutional investor background form. (Authorized by and implementing K.S.A. 2008 Supp. 74-8751 and 74-8772; effective Aug. 14, 2009.)

112-102-8. Disqualification criteria. (a) A certificate shall be denied or revoked by the commission if the applicant or certificate holder has been convicted of any felony, crime involving gambling, or crime of moral turpitude.

(b) A certificate may be denied, suspended, or revoked by the commission, and a certificate holder may be sanctioned by the commission under K.A.R. 112-113-1 if the certificate holder or its officers, directors, key gaming employees, or any person known to directly or indirectly own an interest of at least 0.5% in the applicant meets any of the following conditions:

- (1) Has knowingly provided false or misleading material information through its employees to the commission or commission staff;
- (2) fails to notify the commission staff about a material change in the application within seven days;
- (3) has violated any provision of the act or any regulation adopted under the act;
- (4) has failed to meet any monetary or tax obligation to the federal government or to any state or local government;
- (5) is financially delinquent to any third party;
- (6) has failed to provide information or documentation requested in writing by the commission in a timely manner;

- (7) does not consent to or cooperate with investigations, interviews, inspections, searches, or having photographs and fingerprints taken for investigative purposes;
- (8) has failed to meet the requirements of K.A.R. 112-102-6;
- (9) has any officers, directors, key gaming employees, or any person known to directly or indirectly own an interest of at least 0.5% in the applicant that has any present or prior activities, criminal records, reputation, habits, or associations meeting either of the following criteria:
 - (A) Pose a threat to the public interest or to the effective regulation of gaming; or
 - (B) create or enhance the dangers of unfair or illegal practices in the conduct of gaming; or
- (10) has violated any contract with the Kansas lottery. (Authorized by and implementing K.S.A. 2009 Supp. 74-8751 and 74-8772; effective Aug. 14, 2009; amended April 1, 2011.)

112-102-9. Certificate duration. Each certificate for a gaming supplier or non-gaming supplier shall be issued by the commission for no longer than two years and one month. Each certificate shall expire on the last day of the month of the anniversary date of issue. (Authorized by and implementing K.S.A. 2007 Supp. 74-8751; effective Aug. 14, 2009.)

112-102-10. Certificate renewal application. Each renewal application for a gaming or non-gaming supplier certificate shall be filed with the commission staff at least 120 days before the expiration date of the license. Each certificate holder shall submit the renewal application on a commission-approved form along with any supporting documents. An applicant's timely submission of a renewal application shall suspend the expiration of the certificate until the commission has taken action on the application. This suspended expiration shall not exceed six months. (Authorized by and implementing K.S.A. 2010 Supp. 74-8751; effective Aug. 14, 2009; amended December 9, 2011.)

112-102-11. Change in ownership. (a) Each change in either of the following shall be sufficient cause for revoking any certificate or temporary permit granted by the commission:

- (1) The ownership of the applicant or the holder of a gaming supplier or non-gaming supplier certificate; or
- (2) the ownership of any holding or intermediary company of the applicant or certificate holder, unless the holding or intermediary company is a publicly traded corporation.

(b) Each proposed new owner shall submit to the commission an application for initial certification as a gaming supplier or non-gaming supplier and all supporting material. (Authorized by and implementing K.S.A. 2007 Supp. 74-8751 and 74-8772; effective Aug. 14, 2009.)

112-102-12. Certificates, temporary supplier permits, and badges to be commission property. (a) Each gaming supplier certificate, non-gaming supplier certificate, temporary supplier permit, and badge issued by the commission shall be the property of the commission.

(b) Possession of a certificate, temporary supplier permit, or badge shall not confer any right upon the certificate holder or temporary permittee to contract with or work for a gaming facility.

(c) Each certificate holder or temporary permittee shall return that person's certificate or temporary supplier permit and each badge in that person's possession to commission staff no later than one day after the certificate holder's or temporary supplier permit holder's business is terminated. (Authorized by and implementing K.S.A. 2007 Supp. 74-8751 and 74-8772; effective Aug. 14, 2009.)

112-102-13. Records. (a) Each gaming supplier and each non-gaming supplier certified by the commission shall maintain that supplier's business records in a place secure against loss and destruction. Each certificate holder shall make these records available to the commission upon the commission's request. The records shall include the following:

- (1) Any correspondence with the commission and any other governmental agencies;
- (2) any correspondence related to the business with a gaming facility, whether proposed or existing;
- (3) a copy of any publicity and promotional materials;
- (4) the personnel files for every employee of the certified gaming supplier or non-gaming supplier, including sales representatives; and
- (5) the financial records for all the transactions related to the certificate holder's business with a gaming facility, whether proposed or existing.

(b) Each certificate holder shall keep the records listed in subsection (a) for at least five years from the date of creation. (Authorized by and implementing K.S.A. 2007 Supp. 74-8751 and 74-8772; effective Aug. 14, 2009.)

112-103-1. Prohibition of unlicensed employment with a facility manager. No person may work as an employee or independent contractor of a facility manager unless the person is certified to do so with a current occupation license or temporary work permit issued by the commission for the actual job, duty, or position that the person is seeking to perform. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective April 17, 2009.)

112-103-2. License levels. (a) Each of the following persons who will be employed by or working for a facility manager in a position that includes the responsibility or authority specified in this subsection, regardless of job title, shall be considered key employees and shall be required to hold a current and valid temporary work permit or level I occupation license issued in accordance with the act and these regulations:

- (1) Any person who has authority to perform any of the following:
 - (A) Hire or fire employees of a facility manager;
 - (B) establish working policies for a facility manager;
 - (C) act as the chief financial officer or have financial management responsibility for a facility manager;
 - (D) manage all or part of a gaming facility; or
 - (E) direct, control, manage, or engage in discretionary decision making over a facility manager;
- (2) any person who has the authority to develop or administer policy or long-term plans or to make discretionary decisions about the management of a gaming facility or ancillary lottery gaming facility, including any of the following persons:
 - (A) General manager or chief executive officer;
 - (B) electronic gaming machine director;
 - (C) director of surveillance;
 - (D) director of security;
 - (E) controller;

- (F) director of internal audit;
- (G) manager of the management information systems section or of any information system of a similar nature;
- (H) marketing department manager;
- (I) administrative operations manager;
- (J) hotel general manager; or
- (K) restaurant or bar general manager; or
- (3) any other person designated as a key employee by the executive director.

(b) Each person whose responsibilities predominantly involve the maintenance of gaming equipment or assets associated with gaming activities or whose responsibilities predominantly involve conducting gaming activities shall obtain a temporary work permit or a level II occupation license. Each person who will be employed by or working for a facility manager in a position that includes any of the following responsibilities shall obtain a temporary work permit or a level II occupation license:

- (1) Supervising the pit area;
- (2) functioning as a dealer or croupier;
- (3) conducting or supervising any table game;
- (4) repairing and maintaining gaming equipment, including slot machines and bill validators;
- (5) functioning as a gaming cashier or change person;

(6) assisting in the operation of electronic gaming machines and bill validators, including any person who participates in the payment of jackpots and in the process of filling hoppers, or supervising those persons;

(7) identifying patrons for the purpose of offering them complimentaries, authorizing the complimentaries, or determining the amount of complimentaries;

(8) analyzing facility manager operations data and making recommendations to key personnel of the facility manager relating to facility manager marketing, complimentaries, gaming, special events and player ratings, and other similar items;

(9) entering data into the gaming-related computer systems or developing, maintaining, installing, or operating gaming-related computer software systems;

(10) collecting and recording patron checks and personal checks that are dishonored and returned by a bank;

(11) developing marketing programs to promote gaming in the gaming facility;

(12) processing coins, currency, chips, or cash equivalents of the facility manager;

(13) controlling or maintaining the electronic gaming machine inventory, including replacement parts, equipment, and tools used to maintain electronic gaming machines;

(14) having responsibilities associated with the installation, maintenance, or operation of computer hardware for the facility manager computer system;

(15) providing surveillance in a gaming facility;

- (16) providing security in a gaming facility;
- (17) supervising areas, tasks, or staff within a gaming facility or ancillary lottery gaming facility operations; or
- (18) any other person designated by the executive director.

(c) Each person who will be employed by or working for a facility manager or with an ancillary lottery gaming facility operator and who is not required under the act or these regulations to obtain a level I or level II occupation license shall obtain a temporary work permit or a level III occupation license. (Authorized by and implementing K.S.A. 2009 Supp. 74-8772; effective April 17, 2009; amended April 1, 2011.)

112-103-3. Temporary work permit. (a) The commission staff may issue a temporary work permit to an applicant if both of the following conditions are met:

- (1) The commission staff determines that the applicant has filed a completed application for a level I, level II, or level III occupation license.
- (2) The applicant has no immediately known present or prior activities, criminal records, reputation, habits, or associations that meet either of these conditions:
 - (A) Pose a threat to the public interest or to the effective regulation of gaming; or
 - (B) create or enhance the dangers of unfair or illegal practices in the conduct of gaming.

(b) A temporary work permit may be issued for an initial period not to exceed 90 days. Any temporary work permit may be extended by the commission's licensing staff for an additional 90 days.

(c) The issuance of a temporary work permit shall not extend the duration of the level I, level II, or level III license for which the applicant has applied. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective April 17, 2009.)

112-103-4. Application for a license. Each applicant for a level I, level II, or level III occupation license shall submit a completed application on a commission-approved form to the human resources department of the facility manager with which the applicant seeks employment. The human resources staff shall ensure the form's completeness and shall submit the form to the commission's licensing staff. (Authorized by and implementing K.S.A. 2009 Supp. 74-8772; effective April 17, 2009; amended April 1, 2011.)

112-103-5. Applicant identification. (a) Each applicant shall have the responsibility to provide identification when submitting an application by presenting one of the following:

- (1) A current and valid state-issued driver's license that has a photograph of the applicant on the license;
- (2) documentation for American citizens or persons born in the United States that includes one or more of the following:
 - (A) A certified United States birth certificate;
 - (B) a certified birth certificate from a United States territory;
 - (C) a current and valid United States passport or passport card;
 - (D) a current and valid United States military card;
 - (E) a certified order of adoption that is an original United States document;
 - (F) a certificate of naturalization with intact photo or a certificate of United States citizenship;
 - (G) a United States military common access card with photo, date of birth, and name and branch of service; or
 - (H) a United States government-issued consular report of birth abroad;
- (3) documentation for persons not born in the United States or persons who are not American citizens that includes one or more of the following:
 - (A) A valid foreign passport with a form I-94 or valid "processed for I-551" stamp with a mandated departure date more than 60 days in the future. This shall exclude border-crossing cards;

- (B) a form I-94 with refugee status;
- (C) a valid form I-551 green card or alien registration; or
- (D) a valid photo employment authorization issued by the United States department of justice; or

(4) documentation for proof of name change that includes one or more of the following:

- (A) A certified United States marriage certificate indicating the city, county, and state where issued;
- (B) a certified United States divorce decree containing an official signature;
- (C) a certified United States court order of name change;
- (D) a certified court order of adoption; or
- (E) a marriage certificate from a foreign country. If the marriage certificate from a foreign country is not in English, the certificate shall be translated into English.

(b) The facility manager shall review the identification documents, ensure to the best of that person's ability the authenticity of the documents, and ensure that the applicant is legally in the United States.

(c) Each applicant shall have the responsibility to identify that person to the commission enforcement agents by submitting the applicable documents listed in this regulation, upon request. (Authorized by and implementing K.S.A. 2010 Supp. 74-8772; effective April 17, 2009; amended April 1, 2011.)

112-103-6. Affirmative duty to demonstrate qualifications. Each applicant for an occupation license shall have an affirmative duty to the commission to demonstrate that the applicant is qualified for licensure. (Authorized by and implementing K.S.A. 2007 Supp. 74-8751 and 74-8772; effective April 17, 2009.)

112-103-7. Background investigation. Each applicant shall submit to a background investigation conducted by the commission's director of security or other person designated by the executive director. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective April 17, 2009.)

112-103-8. Disqualification criteria for a level I, level II, or level III license. (a) A level I license shall be denied or revoked by the commission if the applicant or licensee is or has been convicted of any felony, crime involving gambling, or crime of moral turpitude.

(b) Any license may be denied, suspended, or revoked by the commission, and any licensee may be sanctioned by the commission if the applicant or licensee meets any of the following conditions:

- (1) Has knowingly provided false or misleading material information to the commission or its staff;
- (2) fails to notify the commission staff about a material change in the applicant's or licensee's application within seven days;
- (3) has violated any provision of the act or any regulation adopted under the act;
- (4) is unqualified to perform the duties required;
- (5) has failed to meet any monetary or tax obligation to the federal government or to any state or local government;
- (6) is financially delinquent to any third party;
- (7) has failed to provide information or documentation requested in writing by the commission in a timely manner;
- (8) does not consent to or cooperate with investigations, interviews, inspections, searches, or having photographs and fingerprints taken for investigative

purposes;

- (9) has failed to meet the requirements of K.A.R. 112-103-6; or
- (10) has any present or prior activities, criminal records, reputation, habits, or associations that meet either of the following criteria:
 - (A) Pose a threat to the public interest or to the effective regulation of gaming; or
 - (B) create or enhance the dangers of unfair or illegal practices in the conduct of gaming. (Authorized by and implementing K.S.A. 2009 Supp. 74-8772; effective April 17, 2009; amended April 1, 2011.)

112-103-9. Examinations. (a) Any applicant for an occupation license may be required to demonstrate knowledge, qualifications, and proficiency related to the license for which application is made through an examination approved by the commission or its designee.

(b) Any applicant who fails the examination may be retested no earlier than 30 days following the first failure and no earlier than six months following the second failure. Each applicant failing the examination on the third attempt shall be ineligible to retake the examination for one year from the date of the third failure. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective April 17, 2009.)

112-103-10. License duration. Each occupation license shall be issued for a period of no longer than two years and one month. Each license shall expire on the last day of the month in which the licensee was born. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective April 17, 2009.)

112-103-11. License renewal. Each occupation licensee wanting to renew the license shall file an application for occupation license renewal with the commission staff. Each application shall be submitted on a form approved by the commission. The completed renewal application shall be filed with the commission staff at least 90 days before expiration of the license. An applicant's failure to timely file the renewal application may result in expiration of the license and an inability to work with or for the facility manager. An applicant's timely submission of a renewal application shall suspend the expiration of the license until the commission has taken action on the application. This suspended expiration shall not exceed six months. (Authorized by and implementing K.S.A. 2010 Supp. 74-8772; effective April 17, 2009; amended December 9, 2011.)

112-103-12. Reapplication after license denial or revocation. A person who is denied licensure or whose license is revoked shall not reapply for the same or higher level of license for at least one year from the date of the denial or revocation. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective April 17, 2009.)

112-103-13. Reserved.

112-103-14. Reserved.

112-103-15. License mobility; limitations. (a) Any licensee may work in any other position at or below that license level. If a licensee changes positions for more than one shift in a seven-day period, the facility manager shall request approval from the commission's licensing staff about the change.

(b) If the commission's licensing staff determines that the person's license no longer reflects that person's actual position, the person shall be required to reapply for the appropriate occupation license.

(c) Each licensee who wants to work for a different lottery gaming facility shall request approval from the commission's licensing staff before commencing employment at the other lottery gaming facility. That employee shall submit an updated license application and a personal disclosure form. (Authorized by and implementing K.S.A. 2010 Supp. 74-8772; effective April 17, 2009; amended April 1, 2011.)

112-103-16. Licenses, temporary work permits, and badges to be commission property. (a) Each license, temporary work permit, and badge issued by the commission shall be the property of the commission.

(b) Possession of a license, temporary permit, or badge shall not confer any right upon the temporary permittee or licensee to employment with a facility manager.

(c) Each licensee or temporary permittee shall return the license or temporary work permit and each badge in that person's possession to commission staff within one day if the temporary permittee's or licensee's employment or contract is terminated.

(Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective April 17, 2009.)

112-104-1. Definitions; internal control system. (a) The following words and terms, when used in this article, shall have the following meanings unless the context indicates otherwise:

- (1) "Accounting department" means a facility manager's internal department that is responsible for the management of the financial and accounting activities relating to electronic gaming machines being utilized on an approved gaming floor.
- (2) "Asset number" means a unique number assigned to an electronic gaming machine by a facility manager for the purpose of tracking the electronic gaming machine.
- (3) "Bill validator" means an electronic device designed to interface with an electronic gaming machine for the purpose of accepting and validating any combination of United States currency, gaming tickets, coupons, or other instruments authorized by the commission for incrementing credits on an electronic gaming machine.
- (4) "Bill validator canister" means a mechanical or electronic device designed to interface with an electronic gaming machine for the purpose of storing any combination of United States currency, gaming tickets, coupons, or other instruments authorized by the commission for recording credits on an electronic gaming machine.
- (5) "Blind count" means the counting of currency or gaming chips by a person who does not know the inventory balance.
- (6) "Cash equivalents" means instruments with a value equal to United States currency or coin, including certified checks, cashier's checks, traveler's checks, money orders, gaming tickets, and coupons.

(7) "Cashier's booth" means an area from which a cashier conducts transactions associated with gaming cashiers or window cashiers.

(8) "Change person" means a person who exchanges coins, currency, and coupons with patrons.

(9) "Complimentary" means any lodging, service, or item that is provided directly or indirectly to an individual at no cost or at a reduced cost and that is not generally available to the public. This term shall include lodging provided to a person at a reduced price due to the anticipated or actual gaming activities of that person. Group rates, including convention and government rates, shall be deemed generally available to the public.

(10) "Count room" means a room secured by keys controlled by two separate facility manager departments with limited access, where the contents, including currency, gaming tickets, and coupons, of bill validator canisters are counted by the count team.

(11) "Currency counters" means a device that counts currency and tickets.

(12) "Critical program storage media" and "CPSM" mean any media storage device that contains data, files, or programs and is determined by the commission to be capable of affecting the integrity of gaming.

(13) "Drop" means the total amount of money, tickets, and coupons removed from any lottery facility game or kiosk.

(14) "Drop team" means the group of employees of a facility manager who participate in the transportation of the drop.

(15) "EGM" means electronic gaming machine.

(16) "Gaming day" means a period not to exceed 24 hours corresponding to the beginning and ending times of gaming activities for the purpose of accounting reports and determination by the central computer system of net lottery facility game income.

(17) "Generally accepted accounting principles" and "GAAP" have the meaning specified in K.A.R. 74-5-2.

(18) "Imprest" means the basis on which the operating funds of general cashiers and gaming cashiers are maintained. The opening and closing values shall be equal, and any difference shall result in a variance. The funds may be replenished as needed in exactly the value of the net of expenditures made from the funds for value received.

(19) "Incompatible functions" means functions or duties that place any person or department in a position to perpetuate and conceal errors, fraudulent or otherwise.

(20) "LFG" means lottery facility game.

(21) "Main bank" means the central location in the gaming facility where acts that include the following are performed:

(A) Transactions for recording currency, coin, tokens, cash equivalents, and negotiable instruments;

(B) preparation of bank deposits;

(C) acceptance of currency from the count room; and

(D) reconciliation of all cage transactions.

(22) "Trolley" means a wheeled apparatus used for the secured transport of electronic gaming cash storage boxes and drop boxes.

(23) "Unclaimed winnings" means gaming winnings that are held by the facility manager as a liability to a patron until that patron is paid.

(24) "Unredeemed ticket" means a ticket issued from an LFG containing value in U.S. dollars that has not been presented for payment or accepted by a bill acceptor at a gaming machine and has not been marked as paid in the ticket file.

(25) "Weigh scale" means a scale that is used to weigh coins and tokens and that converts the weight to dollar values in the count process.

(b) Each applicant for a facility manager certificate shall submit to the commission and the Kansas lottery a written plan of the applicant's initial system of administrative and accounting procedures, including its internal controls and audit protocols, at least 180 days before opening a gaming facility, unless the executive director finds good cause for a shorter deadline. This plan shall be called the internal control system and shall include the following:

- (1) Organization charts depicting segregation of functions and responsibilities;
- (2) a description of the duties and responsibilities of each licensed or permitted position shown on the organization charts and the lines of authority;
- (3) a detailed narrative description of the administrative and accounting procedures designed to satisfy the requirements of this article;
- (4) a record retention policy in accordance with K.A.R. 112-104-8;
- (5) procedures to ensure that assets are safeguarded and counted in conformance with effective count procedures;
- (6) the following controls and procedures:

(A) Administrative controls that include the procedures and records that relate to the decision making processes leading to management's authorization of transactions;

(B) accounting controls that have as their primary objectives the safeguarding of assets and revenues and the reliability of financial records. The accounting controls shall be designed to provide reasonable assurance that all of the following conditions are met:

(i) The transactions or financial events that occur in the operation of an LFG are executed in accordance with management's general and specific authorization;

(ii) the transactions or financial events that occur in the operation of an LFG are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles, the act, and this article;

(iii) the transactions or financial events that occur in the operation of an LFG are recorded in a manner that provides reliable records, accounts and reports, including the recording of cash and evidence of indebtedness, for use in the preparation of reports to the commission related to LFGs;

(iv) the transactions or financial events that occur in the operation of an LFG are recorded to permit proper and timely reporting and calculation of net LFG income and fees to maintain accountability for assets;

(v) access to assets is permitted only in accordance with management's general and specific authorization; and

(vi) the recorded accountability for assets is compared with existing physical assets at reasonable intervals, and appropriate action is taken with respect to any discrepancies;

- (C) procedures and controls for ensuring that all functions, duties, and responsibilities are segregated and performed in accordance with legitimate financial practices by trained personnel;
- (D) procedures and controls for ensuring all applicable technical standards as adopted by the commission under article 110 are followed;

(7) a completed internal control checklist; and

(8) any other items that the commission may require to be included in the internal controls.

(c) The internal control system shall be accompanied by the following:

- (1) An attestation by the chief executive officer or other competent person with a direct reporting relationship to the chief executive officer attesting that the officer believes in good faith that the submitted internal controls conform to the requirements of the act and this article; and
- (2) an attestation by the chief financial officer or other competent person with a direct reporting relationship to the chief financial officer attesting that the officer believes in good faith that the submitted internal controls are designed to provide reasonable assurance that the financial reporting conforms to generally accepted accounting principles and complies with all applicable laws and regulations, including the act and this article.

(d) Each internal control system shall be reviewed by the commission in consultation with the Kansas lottery to determine whether the system conforms to the requirements of the act and this article and provides adequate and effective controls to

ensure the integrity of the operation of LFGs at a gaming facility. If the commission determines that the system is deficient, a written notice of the deficiency shall be provided by the executive director to the applicant or facility manager. The applicant or facility manager shall be allowed to submit a revision to its submission. Each facility manager shall be prohibited from commencing gaming operations until its internal control system is approved by the commission.

(e) If a facility manager intends to update, change, or amend its internal control system, the facility manager shall submit to the commission for approval and to the Kansas lottery a written description of the change or amendment and the two original, signed certifications described in subsection (c).

(f) A current version of the internal control system of a facility manager shall be maintained in or made available in electronic form through secure computer access to the accounting and surveillance departments of the facility manager and the commission's on-site facilities. The facility manager shall also maintain a copy, in either paper or electronic form, of any superseded internal control procedures, along with the two certifications required to be submitted with these procedures, for at least seven years. Each page of the internal control system shall indicate the date on which the page was approved by the commission. (Authorized by and implementing K.S.A. 2009 Supp. 74-8772; effective Sept. 26, 2008; amended April 1, 2011.)

112-104-2. Facility manager's organization. (a) Each facility manager's internal control system shall include organization charts depicting the segregation of functions and the responsibilities and descriptions of the duties and responsibilities for each position shown. Each facility manager shall be permitted, except as otherwise provided in this regulation, to tailor organizational structures to meet the needs or policies of a particular management philosophy. Each facility manager's organization charts shall provide for the following:

- (1) A system of personnel and chain of command that permits management and supervisory personnel to be held accountable for actions or omissions within their areas of responsibility;
- (2) the segregation of incompatible functions, duties, and responsibilities so that no employee is in a position both to commit an error or perpetrate a fraud and to conceal the error or fraud in the normal course of the employee's duties;
- (3) the performance of all functions, duties, and responsibilities in accordance with legitimate financial practices by trained personnel;
- (4) the areas of responsibility that are not so extensive as to be impractical for one person to monitor; and
- (5) a chief executive officer. For the purposes of this article, a "chief executive officer" shall mean the person located at the gaming facility who is ultimately responsible for the daily conduct of the facility manager's business regardless of the particular title that person actually holds. Unless otherwise specified in these regulations,

each supervisor of a department required by subsection (b) shall report directly to the chief executive officer of the facility manager regarding administrative matters and daily operations. The facility manager's organization charts shall designate which positions, in the absence of the chief executive officer, shall be designated as having responsibility for the daily conduct of the facility manager's gaming business.

(b) Each facility manager's internal control system shall also include the following departments and supervisory positions, each of which shall be categorized as mandatory and shall cooperate with, yet perform independently of, other mandatory departments and supervisory positions of the facility manager. However, a department or supervisor of a facility manager that is not required or authorized by this subsection may operate under or in conjunction with a mandatory department or supervisor if the organizational structure is consistent with the requirements of the act and subsection (a).

The mandatory departments and supervisory positions shall be the following:

- (1) A surveillance department supervised by a person located at the gaming facility who functions, for regulatory purposes, as the director of surveillance;
- (2) an internal audit department supervised by a person located at the gaming facility who functions, for regulatory purposes, as the director of internal audit:
 - (A) The director of internal audit department shall report directly to one of the following persons or entities regarding matters of policy, purpose, responsibility, and authority, which persons or entities shall also control the hiring, termination, and salary of the position:

- (i) The independent audit committee of the facility manager's board of directors;
- (ii) the independent audit committee of the board of directors of any holding or intermediary company of the facility manager that has authority to direct the operations of the facility manager;
- (iii) the internal audit executives of any holding or intermediate company if the most senior executive in the reporting line reports directly to the independent audit committee of the board of directors of the holding or intermediary company; or
- (iv) for facility managers or holding companies that are not corporate entities, the noncorporate equivalent of any of the persons or entities listed in paragraphs (b)(2)(A)(i) through (iii) as approved by the commission; and

(B) the internal audit department shall operate under all of the provisions contained under K.A.R. 112-104-24;

- (3) a management information systems (MIS) department supervised by a person located at the gaming facility who functions, for regulatory purposes, as the MIS director;
- (4) an EGM department supervised by a person located at the gaming facility who functions, for regulatory purposes, as the EGM director;
- (5) a security department supervised by a person located at the gaming facility who functions, for regulatory purposes, as the director of gaming facility security;
- (6) an accounting department supervised by a person located at the gaming facility who functions as the controller, for regulatory purposes;

(A) The controller shall be responsible for all accounting functions, including the preparation and control of books, records, and data, the control of stored data, the control of unused forms, the accounting for and comparison of operational data and forms; and

(B) the facility manager shall have in its accounting department at least one individual responsible for and dedicated to verifying financial transactions and reviewing accounting forms and data. This function, which is sometimes referred to as "income or revenue reconciliation," shall be independent of the transactions under review. This function shall include a daily reconciliation of EGM transactions documentation, a daily reconciliation of the parimutuel transaction documentation, a daily reconciliation of the facility manager cage accountability, document control, and signature verification; and

(7) a cashier's cage department supervised by a person located at the gaming facility who functions as the treasurer, for regulatory purposes:

(A) The treasurer shall be responsible for the control and supervision of the cashier's cage, satellite cages, count room, and vault. The cashier's cage may be separated into independent operations or satellite cages to facilitate operations and accountability;

(B) the cashier's cage department shall be responsible for the following:

(i) The custody and accountability of coin, currency, negotiable instruments, documents, and records normally associated with the operation of a cage;

(ii) any other functions normally associated with the operation of a cage;

(iii) the count room; and

(iv) the vault; and

(C) the cage department shall be responsible for the control and supervision of gaming cashiers and change persons.

(d) The facility manager's personnel shall be trained in all policies, procedures, and internal controls relevant to each employee's individual function. The facility manager shall develop special instructional programs in addition to any on-the-job instruction sufficient to make each member of the department knowledgeable about the requirements and performance of all transactions relating to that employee's functions.

(e) Notwithstanding other provisions to the contrary, a facility manager may designate and assign more than one person to serve jointly as the supervisor of a department required by this regulation. Each person approved to serve as a joint supervisor of a mandatory department shall be located at the gaming facility and shall be individually and jointly accountable for the functioning of that department.

(f) If a vacancy in the chief executive officer position or any mandatory department supervisory position required by subsection (b) occurs, all of the following requirements shall apply:

(1) The facility manager shall notify the commission within five days from the date of vacancy. The notice shall be submitted in writing and shall indicate the following information:

(A) The vacant position;

(B) the date on which the position will become or became vacant; and

(C) the date on which the facility manager anticipates that the vacancy will be filled on a permanent basis.

(2) The facility manager shall designate a person to assume the duties and responsibilities of the vacant position within 30 days after the date of vacancy. The person may assume the duties and responsibilities of the vacant position on a temporary basis if both of the following conditions are met:

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

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

(3) Within five days of filling a vacancy under paragraph (f)(2), the facility manager shall notify the commission. The notice shall be submitted in writing and shall indicate the following:

(A) The position;
(B) the name of the person designated;
(C) the date that the vacancy was filled; and
(D) an indication of whether the position has been filled on a temporary or permanent basis.

(4) The notices required in this subsection shall be directed to the executive director. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective Sept. 26, 2008.)

112-104-3. Accounting records. (a) Each facility manager's internal control system shall include internal controls for accounting records. The internal controls shall be submitted to and approved by the commission according to K.A.R. 112-104-1. Each facility manager shall maintain complete, accurate, and legible records of all transactions pertaining to the revenues, expenses, assets, and liabilities of each gaming facility.

(b) General accounting records shall be maintained on a double-entry system of accounting with transactions recorded on a basis consistent with generally accepted accounting principles. Detailed, supporting, and subsidiary records sufficient to meet the requirements of subsection (c) shall also be maintained in accordance with the requirements of this article.

(c) The detailed, supporting, and subsidiary records shall include the following:

- (1) Records pertaining to revenue, expenses, assets, and liabilities of all facility manager activities;
- (2) records pertaining to the financial statements and all transactions impacting the financial statements of the facility manager, including contracts or agreements with licensed manufacturers, suppliers, junket enterprises, vendors, contractors, consultants, management companies, attorneys and law firms, accountants and accounting firms, insurance companies, and financial institutions, including statements and reconciliations related to these contracts or agreements;

- (3) records that identify the handle, payout, actual win amounts and percentages, theoretical win amounts and percentages, and differences between theoretical and actual

win amounts and percentages for each EGM on a daily, week-to-date, month-to-date, and year-to-date basis;

- (4) records documenting the costs of complimentaries as defined in article 100;
- (5) records created in connection with the internal control system submitted to the commission under this article;
- (6) records of all returned checks;
- (7) records supporting the daily and other periodic reconciliations of cash and account balances to general ledger accounts;
- (8) records supporting the reconciliation of accounting records to those of the independent auditors;
- (9) records supporting the preparation of any state and federal tax returns and reconciliation of all such records to general ledger accounts;
- (10) records required to comply with all federal financial recordkeeping requirements as specified in 31 C.F.R. part 103; and
- (11) any other relevant records that the executive director requires to be maintained. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective Sept. 26, 2008.)

112-104-4. Forms, records, and documents. (a) Each facility manager's internal control system shall include internal controls for forms, records, and documents. The internal controls shall be submitted to and approved by the commission according to K.A.R. 112-104-1. Information required by this article to be placed on any form, record, or document shall be recorded on the form, record, or document in ink or in another permanent format.

(b) The accounting department shall be responsible for the receipt, control, and issuance of all prenumbered forms. Serial numbers on manual forms shall be printed on the form by the manufacturer. Computerized forms shall be sequentially numbered by the computer system. Documentation of all serial numbers shall be maintained to account for the forms.

(c) Whenever duplicate or triplicate copies are required of a form, record, or document, the original, duplicate, and triplicate copies shall be color-coded and have the name of the recipient originally receiving a copy preprinted on the bottom of that copy to differentiate one copy from the other.

(d) If the facility manager prepares more copies than required by this article and the forms, records, and documents are required to be inserted in a locked dispenser, the last copy shall remain in a continuous, unbroken form in a locked dispenser. The key to this dispenser shall be controlled by the accounting department.

(e) Whenever a prenumbered form is voided, the original and all copies shall be marked "void" and the person voiding the form shall record that person's signature on the voided form.

(f) Whenever forms or serial numbers are required to be accounted for under this article and an exception is noted, the exception shall be reported in writing to the facility manager's internal audit department and the commission within two days of identification of the exception or upon confirmation of the exception, whichever occurs earlier.

(g) Unless otherwise specified in this article, all forms, records, documents, and stored data required by this article to be prepared, maintained, and controlled shall have the name of the gaming facility and the title of the form, record, document, and, for stored data, the imprinted or preprinted date.

(h) Nothing in this article shall be construed as prohibiting a facility manager from preparing more copies of any form, record, or document than the number of those copies required by this article. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective Sept. 26, 2008.)

112-104-5. Standard financial reports. (a) Each facility manager's internal control system shall include internal controls for standard financial reports. The internal controls shall be submitted to and approved by the commission under K.A.R. 112-104-1. A facility manager shall file the following financial data reports:

- (1) A balance sheet submitted monthly, quarterly, and annually;
- (2) an income statement submitted monthly, quarterly, and annually;
- (3) a cash flow statement submitted monthly, quarterly, and annually;
- (4) daily net EGM income submitted daily, monthly, quarterly, and annually; and
- (5) a comparison of net EGM income to projected net EGM income submitted monthly, quarterly, and annually.

(b) Standard reporting forms and corresponding filing instructions may be prescribed by the executive director to be used by a facility manager in filing the monthly reports specified in subsection (a).

(c) The annual reports shall be based on a fiscal year beginning July 1 and ending June 30, unless otherwise approved by the executive director. The quarterly reports shall be based on the quarters ending September 30, December 31, March 31, and June 30, unless otherwise approved by the executive director. The monthly reports shall be based on calendar months. Interim reports shall contain a cumulative year-to-date column.

(d) The annual financial statements shall be prepared on a comparative basis for the current and prior years and shall present financial position, results of operations, and cash flows in conformity with GAAP.

(e) The electronically transmitted reports or hard copy reports required to be filed pursuant to this regulation shall be authorized by individuals designated by the facility manager.

In addition, the facility manager shall submit a letter attesting to the completeness and accuracy of the reports. The letter shall be signed by the facility manager's chief financial officer or controller.

(f) The reports required to be filed pursuant to this regulation shall be addressed as prescribed by the executive director and received no later than the required filing date. The required filing dates shall be the following:

(1) Monthly reports shall be due on the last calendar day of the following month or the next business day if the day falls on a weekend or legal holiday.

(2) Quarterly reports for the first three quarters shall be due on the last calendar day of the second month following the end of the facility manager's quarter. Quarterly reports for the fourth quarter shall be due on the last calendar day of the third month following the end of the facility manager's fourth quarter.

(3) Annual reports shall be due on the last calendar day of the third month following the end of the facility manager's year or 10 days after form 10-K is filed with the securities and exchange commission, whichever comes first.

(g) In the event of a license termination, change in business entity, or a change in ownership of at least 20%, the facility manager shall file with the commission the required financial and statistical reports listed in paragraphs (a)(1) through (3) for the previous month through the date of occurrence. The facility manager shall file the reports within 30 calendar days of the occurrence.

(h) All significant adjustments resulting from the annual audit required in K.A.R. 112-104-6 shall be recorded in the accounting records of the year to which the adjustment relates. If the adjustments were not reflected in any annual report and the commission concludes that the

adjustments are significant, the facility manager may be required by the executive director to file a revised annual report. The revised filing shall be due within 30 calendar days after written notification to the facility manager, unless the facility manager submits a written request for an extension before the required filing date and the extension is granted by the executive director.

(i) Additional financial reports may be requested in writing by the executive director to determine compliance by the facility manager with the act and this article. (Authorized by and implementing K.S.A. 2010 Supp. 74-8772; effective Sept. 26, 2008; amended December 9, 2011.)

112-104-6. Annual audit; other reports; currency transaction reporting; suspicious transaction reporting. (a) Each facility manager's internal control system shall include internal controls for annual and other audit reports. The internal controls shall be submitted to and approved by the commission according to K.A.R. 112-104-1. Each facility manager shall cause its annual financial statements to be audited by an independent certified public accountant or, when appropriate, an independent registered certified public accounting firm licensed to practice in this state. The audit shall be in accordance with generally accepted auditing standards and, when applicable, the standards of the public company accounting oversight board. The independent certified public accountant or, when appropriate, independent registered certified public accounting firm shall be approved by the executive director before the audit engagement.

(b) Independent certified public accountants and independent registered certified public accounting firms performing annual audits or special reports shall not perform internal audit services for the same facility manager.

(c) The annual financial statements audit shall be prepared on a comparative basis for the current and prior fiscal years and present financial position and results of operations in conformity with generally accepted accounting principles.

(d) The financial audit required by this regulation shall include a footnote reconciling and explaining any differences between the financial statements included in any annual report filed in conformity with K.A.R. 112-104-5 and the audited financial statements. The footnote shall disclose the effect of adjustments on the following:

- (1) Revenue from the operation of EGMs;
- (2) EGM revenue minus expenses for complimentaries;
- (3) total costs and expenses;
- (4) income before extraordinary items, as that term is used within GAAP; and
- (5) net income.

(e) The facility manager shall require the independent certified public accountant or independent registered certified public accounting firm auditing the facility manager's financial statements to render the following additional reports:

- (1) A report on the prospective financial statements, including a one-year forecast and three-year projection, expressing an opinion as to whether the prospective financial information is properly prepared on the basis of the assumptions and is presented in accordance with the relevant financial reporting framework; and
- (2) any additional relevant reports if required by the executive director.

(f) At any time a special audit of a facility manager may be required by the commission to be conducted by commission personnel, an independent certified public accountant, or an independent registered certified public accounting firm licensed to practice in the state of Kansas. The scope, procedures, and reporting requirements of any special audit shall be established by the executive director.

(g) Copies of the audited financial statements in an amount determined by the executive director, together with any management letter or report prepared regarding that statement by the facility manager's independent certified public accountant or

independent registered certified public accounting firm, shall be filed with the commission not later than 120 days after the end of the facility manager's fiscal year.

(h) The facility manager shall prepare a written response to the independent certified public accountant's or independent registered certified public accounting firm's reports required by subsection (e). The response shall indicate, in detail, any corrective actions taken. The facility manager shall submit a copy of the response to the commission within 90 days of receipt of the reports.

(i) The facility manager shall file with the commission copies of the reports required by subsection (e) in an amount determined by the executive director and copies in an amount determined by the executive director of any other reports on internal controls, administrative controls, or other matters relative to the facility manager's accounting or operating procedures rendered by the facility manager's independent certified public accountant or independent registered certified public accounting firm within 120 days following the end of the facility manager's fiscal year or upon receipt, whichever is earlier.

(j) The facility manager shall submit to the commission three copies of any report that is filed, or required to be filed, with the securities and exchange commission (SEC) or other securities regulatory agency. The reports shall include any S-1, 8-K, 10-Q, 10-K, proxy or information statements, and registration statements. The reports shall be filed with the commission within 10 days of whichever of the following occurs first:

(1) The filing of the report with the SEC or other securities regulatory agency; or

(2) the due date prescribed by the SEC or other securities regulatory agency.

(k) If an independent certified public accountant or independent registered certified public accounting firm previously engaged as the principal accountant to audit the facility manager's financial statements resigns or is dismissed as the facility manager's principal accountant or if another independent certified public accountant or independent registered certified public accounting firm is engaged as principal accountant, the facility manager shall file a report with the commission within 10 days following the end of the month in which the event occurs, setting forth the following:

- (1) The date of the resignation, dismissal, or engagement;
- (2) an indication of whether in connection with the audits of the two most recent years preceding a resignation, dismissal, or engagement there were any disagreements with the former accountant on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, including a description of each disagreement. The disagreements to be reported shall include those resolved and those not resolved; and
- (3) an indication of whether the principal accountant's report on the financial statements for either of the past two years contained an adverse opinion or disclaimer of opinion or was qualified. The nature of the adverse opinion, disclaimer of opinion, or qualification shall be described.

(l) The facility manager shall request the former accountant to furnish to the facility manager a letter addressed to the commission stating whether that accountant agrees with the statements made by the facility manager in response to paragraph (k)(2). The letter shall be filed with the commission as an exhibit to the report required by paragraph (k)(2).

(m) All of the audits and reports required by this regulation that are performed by independent certified public accountants or independent registered certified public accounting firms shall be prepared at the sole expense of the facility manager.

(n) Each facility manager's internal control system shall include internal controls to meet the requirements of 31 C.F.R. Part 103 dated August 31, 2011, and amendments thereto, for the reporting of certain currency transactions. The internal controls shall be submitted to and approved by the commission according to K.A.R. 112-104-1.

(1) The facility manager shall file with the commission a copy of any suspicious activity report-casino (SARC) that the facility manager is required to file under 31 C.F.R. §103.21 dated August 31, 2011, and amendments thereto. Each SARC shall be filed with the commission concurrently with the federal filing.

(2) A facility manager, director, officer, employee, or agent who reports a suspicious activity under paragraph (n)(1) shall not notify any person involved in the suspicious activity that the suspicious activity has been reported.

(3) The facility manager shall file with the commission a copy of any currency transaction report by casino (CTRC) that the facility manager is required to file under 31

C.F.R. §103.22 dated August 31, 2011, and amendments thereto. Each CTRC shall be filed with the commission concurrently with the federal filing.

(o) An annual audit of the facility manager's compliance with commission regulations may be required by the executive director to be conducted in accordance with generally accepted auditing standards and the standards for financial audits under government auditing standards. The audit report shall require the expression of an opinion on compliance. The audit shall be conducted by either commission staff or an independent certified public accountant firm selected by the commission. (Authorized by and implementing K.S.A. 2010 Supp. 74-8772; effective Sept. 26, 2008; amended December 9, 2011.)

112-104-7. Meter readings and related statistical reports. (a) Each facility manager's internal control system shall include internal controls for meter reading and the related statistical reports. The internal controls shall be submitted to and approved by the commission according to K.A.R. 112-104-1. Accounting department employees who are independent of the drop process according to K.A.R. 112-104-18 shall read and record on a gaming machine meter sheet the numbers on all meters as required under the technical standards adopted by the commission in article 110.

(b) Any facility manager may have a computer system, as approved by the commission under K.A.R. 112-107-2, to record any of the required meter readings if the meter readings are recorded in accordance with subsection (a) at least weekly. The computer shall store in machine-readable form all information required by this regulation. The stored data shall not be susceptible to change or removal by any personnel without the system identifying and establishing a record of the personnel making the change, maintaining an archive of the original record, and identifying the new record as having been changed. Access to this information shall be restricted to the following:

- (1) Accounting department personnel;
- (2) internal audit department personnel;
- (3) EGM department personnel when diagnosing EGM problems;
- (4) management staff when assessing EGM performances; and
- (5) count room supervisors when reconciling an EGM drop.

(c)(1) Bill validator meter readings shall be taken when any of the following occurs:

- (A) Devices containing bill validators are moved.
- (B) Denominations change.
- (C) Devices containing bill validators are placed in service.
- (D) Devices containing bill validators are taken out of service.
- (E) The computer components of the devices containing bill validators are

accessed, which could cause the device or system meters to reset.

(2) A bill validator meter reading shall be taken for each drop.

(d) After preparation of the gaming machine meter sheet, each employee involved with its preparation shall sign the gaming machine meter sheet attesting to the accuracy of the information contained on the sheet. The sheet shall then be forwarded directly to the accounting department for comparison to the gaming machine win sheet and calculation of gaming machine statistics.

(e) Upon receipt of the gaming machine meter sheet, the accounting department shall review all meter readings for reasonableness using preestablished parameters and prior meter readings. Meter readings shall not be altered except to correct meters that were incorrectly recorded. All changes shall have adequate supporting documentation. The accounting department shall notify the EGM department of potentially faulty meters and follow up to ensure that proper maintenance is performed. Documentation that supports machine service and maintenance shall be maintained.

(f) If a meter unexpectedly resets to 0000, which is also known as “zeroing out,” accounting personnel shall notify the EGM department to determine the cause of the reset. Using the information obtained from the EGM department, accounting personnel shall complete a meter reset form whenever a meter is reset. On a monthly basis, accounting personnel shall review the meter reset form to determine if there are any ongoing problems with any electronic device. If a problem is noted in three consecutive drops, the commission shall be notified. The accounting department shall ensure that appropriate and adequate meter readings are available to generate statistical reports.

(g) The EGM activity for all EGMs that were active on the gaming floor shall be reflected on statistical reports. Large or unexpected variances shall be investigated by the appropriate personnel, and the results shall be documented in accordance with internal control procedures as approved by the commission according to K.A.R. 112-104-1. The accounting department shall prepare, review, and analyze the following reports:

(1) The EGM revenue summary report, which is also called an EGMR report, shall be prepared at least once each month. This report shall be a summary of EGM activity by drop and by denomination, for the period reported on. Information included on this report shall be the dollar value of currency by denomination, drops, payouts, fills, and net EGM income. Tickets and coupons redeemed shall include total tickets and coupons redeemed by all devices and in all cages. All reconciling items, including a statewide multilink progressive contribution, unclaimed jackpots, and bills accepted into the cage from bill validator malfunctions, shall be documented on the EGMR report.

(2) The comparison of the meter drop with the actual drop report shall compare the meter drop with the actual drop by device, by denomination, and in total, which shall be prepared at least once each month. The report shall be prepared on a drop-by-drop basis. Additionally, monthly and yearly drop information by machine, by denomination, and in total shall be either included on the last report of each month or available on a separate report. Information needed to calculate the drop report shall include the actual drop from the EGMR report and current and prior drop meter readings. The incremental change in the drop meter shall reflect what the EGM machine recorded as dropped, pursuant to K.A.R. 112-104-18, in the current drop period. The variance percentages between what the meter records and what is counted in the count room shall be computed by dividing the dollar variance by the meter drop amount. When a variance both equals or exceeds 2% and equals or exceeds \$25, the variance shall be investigated and documented in accordance with internal control procedures as approved by the commission under K.A.R. 112-104-1.

(3) The comparison of meter jackpots with actual jackpots paid report shall be prepared at least monthly. This report shall compare the total attendant-paid jackpot meter and cancelled credit meters with the actual manual pay jackpots by machine, by denomination, and in total. The report shall be prepared on a drop-by-drop basis. Additionally, monthly and yearly jackpot information by machine, by denomination, and in total shall be either included on the last report of each month or available on a separate

report. The monthly totals on this report shall agree with the manual jackpot payout totals shown on the EGMR report.

(A) Information needed to calculate the report shall include the actual manual pay jackpots from the jackpot payout slips and the current and prior jackpot meter readings.

(B) Variance percentages between meter and actual jackpots shall be computed by dividing the dollar variance by the meter jackpot amount. If a variance both equals or exceeds 1% and equals or exceeds \$10, the variance shall be investigated and documented in accordance with internal control procedures as approved by the commission under K.A.R. 112-104-1.

(C) Payouts that are not a result of a wager shall be considered promotional and shall be included in the calculation of net EGM income. These types of payments shall be shown as a reconciling item on the EGMR report. These payouts shall include the following:

- (i) Amount of overpayment of jackpots due to incorrectly calculating the jackpot;
- (ii) payments due to incorrect machine setup;
- (iii) payments due to failing to perform slot machine maintenance; and
- (iv) any payment resulting from a patron dispute that is not supported by documentation verifying accuracy of the transaction and is not approved by the executive director.

(4) The comparison of the theoretical hold with the actual hold report shall be prepared at least monthly. This report shall compare the theoretical hold with the actual hold by machine, by denomination, and in total, on a month-to-date and year-to-date basis. A theoretical hold shall be defined as the intended hold percentage or win of a machine as computed by reference to its payout schedule or reel strip settings, or both. The actual hold percentage shall be calculated by dividing net EGM income by the dollar value of currency in. The theoretical hold percentage shall be obtained from the part sheet, which is a manufacturer's specification sheet located and maintained in each EGM machine. Each facility manager with any EGM games whose outcome is determined in whole or in part by skill shall use the higher range of the manufacturer's expected field return subtracted from 100 as the theoretical hold for these types of games. Each facility manager with multigame and multidenominational EGMs shall use the weighted theoretical hold percentage from the EGM each month. The machines' weighted theoretical hold shall be compared to the actual hold percentage. The dollar value of currency in for the current month shall be calculated by subtracting the prior month's end meter readings from the current month's end meter readings and multiplying the difference by the denomination of the machine. Large or unexpected variances between the theoretical and the actual hold shall be investigated and documented in accordance with internal control procedures as approved by the commission under K.A.R. 112-104-1.

(5) The comparison of ticket-in meter to tickets redeemed by device report shall be prepared at least monthly. This report shall compare the change in the ticket-in meter

to the actual tickets redeemed by machine. This report shall be prepared on a drop-by-drop, month-to-date, and year-to-date basis and shall show totals by machine, denomination, and grand totals. Variance percentages between the ticket-in meter and actual tickets redeemed shall be computed by dividing the dollar variance by the total ticket-in meter amount. When a variance both equals or exceeds 1% and equals or exceeds \$10, the variance shall be investigated and documented in accordance with internal control procedures as approved by the commission under K.A.R. 112-104-1.

(6) The comparison of ticket-out meter to tickets issued by device report shall be prepared at least monthly. This report shall compare the change in the ticket-out meter to the actual tickets issued, as reported by the ticket verification system, by each device. This report shall be prepared on a drop-by-drop, month-to-date, and year-to-date basis and shall show totals by machine, denomination, and grand totals. This report shall be used in the reconciliation of outstanding tickets in order to determine ticket liability.

(7) A comparison of coupon-in meter to coupons redeemed by device report shall be prepared at least monthly. This report shall compare the change in the coupon-in meter to the actual coupons redeemed by machine. This report shall be prepared on a drop-by-drop, month-to-date, and year-to-date basis and shall show totals by machine, denomination, and grand totals. Variance percentages between the coupon-in meter and actual coupons redeemed shall be computed by dividing the dollar variance by the total coupon in meter amount. When a variance both equals or exceeds 1% and equals or

exceeds \$10, the variance shall be investigated and documented in accordance with internal control procedures as approved by the commission under K.A.R. 112-104-1.

(h) No person shall alter meter information on any statistical report, unless the meter was read or recorded incorrectly or a data entry error occurred. All changes shall be supported with adequate documentation.

(i) If a variance exceeds any of the variances listed in subsection (g), then the facility manager shall prepare and file an incident report documenting the variance with the commission. The facility manager shall report the actual cause of the variance, unless the cause cannot be definitively determined after an investigation, in which case the probable cause of the variance shall be reported. The incident report shall be filed at least within one week from discovery. The incident report shall include the following:

- (1) The date of the meter reading;
- (2) the date the report was filed;
- (3) the asset number of the device involved;
- (4) the amount of the variance by currency, gaming tickets, or coupons;
- (5) an explanation for the cause of the variance, with documentation to support the explanation;
- (6) the manufacturer and model number of the device to which the bill validator is attached or in which the bill validator is embedded;
- (7) the manufacturer of the bill validator involved;

(8) the total number of reported variances, by manufacturer and model number of the device;

(9) the total number of reported variances, by manufacturer of the bill validator;

(10) the total number of reported variances compared to the total number of bill validator canisters counted; and

(11) the signature and license number of the preparer. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective Sept. 26, 2008.)

112-104-8. Retention, storage, and destruction of books, records, and documents.

(a) Each facility manager's internal control system shall include internal controls for retention, storage, and destruction of books, records, and documents.

(b) For the purposes of this regulation, "books, records, and documents" shall mean any book, record, or document pertaining to, prepared in, or generated by the operation of the gaming facility, including all forms, reports, accounting records, ledgers, subsidiary records, computer-generated data, internal audit records, correspondence, and personnel records required by this article to be generated and maintained by this article. This definition shall apply without regard to the medium through which the record is generated or maintained, including, paper, magnetic media, and encoded disk.

(c) The facility manager shall ensure that all original books, records, and documents pertaining to the operation of a gaming facility meet the following requirements:

(1) Are prepared and maintained in a complete, accurate, and legible form. Electronic data shall be stored in a format that ensures readability, regardless of whether the technology or software that created or maintained the data has become obsolete;

(2) are retained at the site of the gaming facility or at another secure location approved under subsection (e);

(3) are kept available for inspection by agents of the commission and the Kansas lottery during all hours of operation;

(4) are organized and indexed in a manner to provide accessibility upon request to agents of the commission and the Kansas lottery; and

(5) are destroyed only after expiration of the minimum retention period specified in subsection (d). However, upon the written request of a facility manager and for good cause shown, the destruction at an earlier date may be permitted by the executive director.

(d) Each facility manager shall retain the original books, records, and documents for at least seven years, with the following exceptions:

(1) Gaming tickets reported to the commission as possibly counterfeit, altered, or tampered with shall be retained for at least two years.

(2) Coupons entitling patrons to cash or LFG credits, whether unused, voided, or redeemed, shall be retained for at least six months.

(3) Voided gaming tickets and gaming tickets redeemed at a location other than an LFG or a kiosk shall be retained for at least six months.

(4) Gaming tickets redeemed at an LFG or a kiosk shall be retained for at least 30 days.

(e) Any facility manager may request, in writing, that the executive director approve a location outside the gaming facility to store original books, records, and documents. The request shall include the following:

(1) A detailed description of the proposed off-site facility, including security and fire safety systems; and

(2) the procedures under which the commission and the Kansas lottery will be able to gain access to the original books, records, and documents retained at the off-site facility.

(f) Any facility manager may request in writing that the executive director approve an unalterable media system for the copying and storage of original books, records, and documents. The request shall include a description of the following:

(1) The processing, preservation, and maintenance methods that will be employed to ensure that the books, records, and documents are available in a format that makes them readily available for review and copying;

(2) the inspection and quality control methods that will be employed to ensure that the media, when displayed on a viewing machine or reproduced on paper, exhibit a high degree of legibility and readability;

(3) the accessibility by the commission and the Kansas lottery at the gaming facility or other location approved by the executive director and the readiness with which the books, records, or documents being stored on media can be located, read, and reproduced; and

(4) the availability of a detailed index of all stored data maintained and arranged in a manner to permit the location of any particular book, record, or document, upon request.

(g) Nothing in this regulation shall be construed as relieving a facility manager from meeting any obligation to prepare or maintain any book, record, or document

required by any other federal, state, or local governmental body, authority, or agency.

(Authorized by and implementing K.S.A. 2009 Supp. 74-8772; effective Sept. 26, 2008; amended April 1, 2011.)

112-104-9. Complimentaries. (a) Each facility manager's internal control system shall include internal controls for the authorization, issuance, recording, and auditing of complimentaries, including cash and non-cash gifts. The internal controls shall be submitted according to K.A.R. 112-104-1. These internal controls shall include the procedures by which the facility manager delegates to its employees the authority to approve the issuance of complimentaries and the procedures by which conditions or limits that may apply to this authority are established and modified, including limits based on relationships between the authorizer and recipient.

(b) On a daily basis the facility manager shall record the name of each patron provided with complimentaries, the category of service or item, the value of the services or items provided to each patron or that patron's guests as calculated in accordance with subsection (d), and the license number of the employee authorizing the issuance of the services or items. For the purposes of this regulation, "guest" shall mean any person who receives complimentaries as a result of that person's relationship with the patron receiving the primary complimentaries. Upon request, a copy of this daily report shall be submitted to the commission.

(c) The internal audit department shall review the reports required in subsection (b) at least monthly. These reports shall be made available to the commission, audit committee of the board of directors, and any other entity designated by the executive director, upon request.

(d) All complimentaries shall be valued and recorded as follows:

- (1) At full retail price normally charged by the facility manager if the complimentary is provided directly to patrons in the normal course of the facility manager's business, including rooms, food, and beverages;
- (2) at an amount based upon the actual cost to the facility manager of providing the service or item, if the complimentary is not offered for sale to patrons in the normal course of a facility manager's business;
- (3) at an amount based upon the actual cost to the facility manager of having a third party who is not affiliated with the facility manager provide a service or item directly or indirectly to patrons by the third party; or
- (4) if provided directly or indirectly to a patron on behalf of a facility manager by a third party who is affiliated with the facility manager, in accordance with the provisions of this regulation as if the affiliated third party were the facility manager.

(e) Complimentaries that are cash gifts shall include the following:

- (1) Public relations payments made for the purpose of resolving complaints by or disputes with facility manager patrons;
- (2) travel payments made for the purpose of enabling a patron to return home;
- (3) cash gifts issued to patrons as a result of actual gaming activity; and
- (4) coupons issued and redeemed as part of a promotion program.

(f) The facility manager shall report to the commission on a quarterly basis both the dollar amount of and number of patrons provided with each category of

complimentaries. The complimentaries reported shall be separated into categories for rooms, food, beverage, travel, cash gift, non-cash gift, and other services or items.

(g) If cash and non-cash complimentaries issued to a patron or the patron's guest or guests have a value of \$600.00 or more, the facility manager shall meet the following requirements, in addition to those in subsection (f):

- (1) Record the name and address of the recipient;
- (2) record the unique identification number from the recipient's government-issued photo identification card and perform one of the following:
 - (A) Examine the identification card to ensure that it is consistent with the actual appearance of the patron;
 - (B) obtain the patron's signature and compare it to the patron's signature and general physical description in a patron signature file; or
 - (C) obtain authorization from a level I employee attesting to the patron's identity;

and

- (3) record the method of verification.

(h) All cash complimentaries shall be disbursed directly to the patron by a gaming cashier at the cage after receipt of appropriate documentation or in any other manner approved by the executive director.

(i) No facility manager shall permit any employee to authorize the issuance of cash or non-cash complimentaries with a value of \$1,000.00 or more, unless the employee is licensed and functioning as a level I employee.

(j) Each facility manager shall submit to the commission a report listing the name of each patron who has received \$1,000.00 or more in cash and non-cash complimentaries, including amounts received by the patron's guests within a calendar month. Each report shall be filed within five business days and shall include the total amount of cash or non-cash complimentaries provided to each patron and the patron's guests. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective Sept. 26, 2008.)

112-104-10. Personal check cashing. (a) Each facility manager's internal control system shall include internal controls for the acceptance of personal checks. The internal controls shall be submitted to and approved by the commission according to K.A.R. 112-104-1. The internal controls submitted by the facility manager shall include procedures for complying with this regulation.

(b) Each personal check accepted by a facility manager to enable a patron to take part in gaming shall meet the following requirements:

- (1) Be drawn on a commercial bank, savings bank, saving and loan association, or credit union located in the United States and be payable on demand;
- (2) be drawn on an account listed in the name of the patron presenting the check or on an account for which the patron is a listed signatory;
- (3) be drawn for a specific amount;
- (4) be made payable to the facility manager; and
- (5) be currently dated and not postdated.

(c) Each personal check accepted under subsection (b) shall be presented by the patron drafting the check directly to a gaming cashier. The gaming cashier shall do all of the following:

- (1) Restrictively endorse the check "for deposit only" to the bank account designated by the facility manager;
- (2) initial the check;
- (3) date and time-stamp the check;

(4) verify that the signature of the patron on the personal check and the patron's physical appearance agree with information recorded in a patron signature file created and maintained by the facility manager in accordance with subsection (d) or with the signature and either the photograph or physical description contained on a government-issued identification presented by the patron. The gaming cashier shall document how the signature verification was performed in connection with the acceptance of each personal check;

(5) for each personal check equaling or exceeding \$500.00, verify the validity of the check directly with the commercial bank, savings bank, saving and loan association, or credit union upon which the check is drawn or obtain an authorization and guarantee of the check from a check verification and warranty service certified as a vendor by the commission. The gaming cashier shall document how the check verification was performed in connection with the acceptance of each personal check; and

(6) exchange the personal check for cash in an amount equal to the amount for which the check is drawn.

(d) To record a patron's signature in a patron signature file, a gaming cashier shall require the person for whom the file is to be created to present for examination the following:

(1) If the identity of the patron is to be confirmed in accordance with paragraph (e)(1), one form of identification; or

(2) if the identity of the patron is to be confirmed in accordance with paragraph (e)(2), two forms of identification, at least one of which shall contain a photograph or a general physical description of the patron.

(e) Before a facility manager may use a signature recorded in a patron signature file to verify the identity of a patron or the validity of a signature on a document, the facility manager shall confirm the identity of the patron by either of the following:

(1) Comparing the signature on the identification presented by the patron under paragraph (d)(1) with the signature obtained from the patron and verifying the address of the patron's residence with a credit board or a commercial bank or, if neither of these sources has the person's address on file or will not provide the information, with an alternative source that does not include any documentation presented by the patron at the cage; or

(2) comparing the signature on each of two forms of the identification presented by the patron under paragraph (d)(2) with the signature obtained from the patron and comparing the photograph or general physical description contained on at least one of the forms of identification with the patron's actual physical appearance.

(f) Each facility manager's internal control system shall include internal controls for each patron signature file to be established and maintained by a facility manager under subsection (d) and shall include the following, in addition to the patron's signature:

- (1) The patron's name;
- (2) the patron's residential address;

(3) the types of identification examined under subsection (e) and an indication of whether the identification contained a photograph or physical description of the patron, including the date of birth, approximate height, approximate weight, hair color, and eye color;

(4) the date and time that the patron signature file was established;

(5) the procedure by which the identity of the patron was confirmed under subsection (e), including one of the following:

(A) The source of confirmation, date, and time if confirmed under paragraph (e)(1); or

(B) the date and time of confirmation if confirmed under paragraph (e)(2); and

(6) the signature of the gaming cashier or cage supervisor who examined the identification of the patron and established the patron signature file. The signature shall evidence that the following conditions are met:

(A) The signature of the patron recorded in the patron signature file is consistent with the signature on each form of identification that was examined; and

(B) the physical description recorded in the patron signature file is consistent with both the actual appearance of the patron and any photograph or physical description that may be contained on an identification that was examined.

(g) Each check shall be required to be deposited for collection by the next banking day following receipt.

(h) Each check returned for insufficient funds or any other reason shall be documented on a returned check log maintained by the accounting department and shall contain the following information:

- (1) The original date of the check;
- (2) the name and address of the drawer of the check;
- (3) the amount of the check;
- (4) the check number;
- (5) the date the check was dishonored; and
- (6) the date and amount of each collection received on the check after being returned by a financial institution, if applicable.

(i) The amount of all personal checks that remain uncollected shall be the responsibility of the facility manager and shall not be used in any net EGM income calculations.

(j) The facility manager shall not accept checks from any patron who has outstanding liabilities for any dishonored checks. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective Sept. 26, 2008.)

112-104-11. Wire transfers. (a) Each facility manager's internal control system shall include internal controls for the acceptance, verification, accounting for, and sending of wire transfers. The internal controls shall be submitted to and approved by the commission according to K.A.R. 112-104-1 and shall include the following:

- (1) A cage log to record the following information with regard to wire transfers accepted:
 - (A) A sequential number assigned by the facility manager to the wire transfer transaction;
 - (B) the date and time of notification;
 - (C) the name of the financial institution and account number to which the funds were transferred;
 - (D) the amount of funds transferred;
 - (E) the name of the patron for whose benefit the funds were transferred;
 - (F) the name and address of the financial institution from which the funds were transferred and the account number from which the funds were debited;
 - (G) the method by which the facility manager was notified of the receipt of the wire transfer. The method shall be limited to one of the following:
 - (i) Direct telephone notification between the facility manager's bank and a cage employee. When notice is provided by telephone, the name and title of the person providing notice shall be recorded;

(ii) direct hard copy communication sent by the facility manager's bank to a cage employee. The document shall be dated, time-stamped, and signed by the cage employee receiving the notification; or

(iii) direct computer access by the facility manager to the wire transfer or electronic fund transfer transaction as it is credited to the manager's operating account at its bank. The transaction shall be printed from the computer screen and dated, time-stamped, and signed by the cage employee receiving the notification;

(H) the method by which the facility manager verified the wire transfer with the sending financial institution and, if noticed by telephone, the name and title of the person verifying the transfer;

(I) the signature of the cage employee receiving and recording the information required by this subsection; and

(J) a notation that the wire transfer has been reversed under subsection (d), when applicable;

(2) a requirement that a cage supervisor other than the cage employee who initially documented receipt of the wire transfer verify receipt of the wire transfer according to one of the following:

(A) If notice was provided by telephone or direct hard copy, verify the wire transfer with a previously identified and authorized representative of the facility manager's financial institution; or

(B) if notice was provided by direct computer access, review the printout of the computer screen;

(3) a requirement that the cage supervisor verifying receipt of the wire transfer document the verification process performed in the log required under paragraph (a)(1), including the following:

(A) The method by which the receipt of the wire transfer was verified and, if verified by telephone, the name and title of the person providing the verification;

(B) the date and time of verification; and

(C) the signature of the cage supervisor verifying receipt of the wire transfer;

(4) the procedures used to perform the following:

(A) Establish, verify, and document the identity of the patron;

(B) make the wire transfer proceeds available to the patron at the cage; and

(C) adjust the cage accountability;

(5) a cage log to record the following information with regard to wire transfers sent on behalf of a patron:

(A) The name of the patron;

(B) the date of the transaction;

(C) the amount of funds transferred;

(D) the source of funds transferred, whether cash, cash equivalent, or jackpot payout;

(E) the name and address of the financial institution to which the funds will be transferred and the account number to which the funds will be credited;

(F) the signature of the patron if the request to send a wire transfer is made in person at the cage;

(G) documentation supporting the receipt of a request by the facility manager to send a wire transfer on behalf of a patron if the request was not made in person at the cage;

(H) the signature of the cage employee receiving and recording the information required by this subsection; and

(I) the signature of the cage supervisor or accounting department supervisor authorizing the wire transfer; and

(6) when sending a wire transfer on behalf of a patron, the procedures used to perform the following:

(A) Verify and document the identity of the patron; and

(B) adjust the cage accountability.

(b) Each wire transfer accepted by a facility manager on behalf of a patron to enable a patron to take part in gaming shall be recorded in the facility manager's cage accountability documentation upon acceptance.

(c) Each facility manager shall take all steps necessary to return to a patron by wire transfer the patron's residual balance if both of the following circumstances exist after 14 gaming days following the patron's wired deposit:

(1) The wired funds remain in the facility manager's operating account or cage accountability.

(2) The patron has engaged in minimal or no EGM play. Minimal shall mean less than 20% of the wired funds.

(d) The wire transfer returned under subsection (c) shall be sent to the financial institution from which the funds were debited. This reversal of the wire transfer shall be recorded in the wire transfer log maintained under paragraph (a)(1). (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective Sept. 26, 2008.)

112-104-12. Cash equivalents. Each facility manager's internal control system shall include internal controls for the acceptance and verification of cash equivalents. The internal controls shall be submitted to and approved by the commission according to K.A.R. 112-104-1. The internal controls developed and implemented by the facility manager shall include the following:

(a) A requirement that cage employees perform the specific verification procedures required by the issuer of each cash equivalent accepted. The facility manager shall retain adequate documentation evidencing the verification of each cash equivalent;

(b) a requirement that cage employees examine each cash equivalent for counterfeiting, forgery or alteration;

(c) if a facility manager elects to incorporate in its verification procedures a level of reliance on previously accepted cash equivalents, a description of the general parameters governing the reliance;

(d) the criteria for cage supervisor involvement in the verification process;

(e) the procedures for verifying any patron signature on the cash equivalent.

Signature verification shall be accomplished in accordance with the signature verification procedures in K.A.R. 112-104-10. The facility manager shall retain adequate documentation evidencing how each signature was verified; and

(f) for cash equivalents equaling or exceeding \$500.00, verification of the validity of the cash equivalent with the financial institution upon which it is drawn. The gaming cashier shall document how the verification was performed in connection with

the acceptance of each cash equivalent. (Authorized by and implementing K.S.A. 2007
Supp. 74-8772; effective Sept. 26, 2008.)

112-104-13. Patron deposits. (a) Each facility manager's internal control system shall include internal controls for the receipt and withdrawal of patron deposits. The internal controls shall be submitted to and approved by the commission according to K.A.R. 112-104-1.

(b) At the request of a patron, a facility manager may hold cash, funds accepted by means of wire transfer in accordance with K.A.R. 112-104-11, or cash equivalents accepted in accordance with K.A.R. 112-104-12 for a patron's subsequent use for gaming purposes. For the purposes of this regulation, non-cash items shall be considered converted to cash and deposited as cash for credit to the patron in a patron deposit account maintained in the cage.

(c) The internal controls developed and implemented by the facility manager under subsection (a) shall include the following:

(1) A requirement that patron deposits be accepted at the cage according to the following requirements:

(A) A file for each patron shall be prepared manually or by computer before the acceptance of a cash deposit from a patron by a gaming cashier, and the file shall include the following:

- (i) The name of the patron;
- (ii) a unique identifying number obtained from a United States government-issued photo identification card or a government-issued passport;
- (iii) the date and amount of each cash deposit initially accepted from the patron;

- (iv) the date and amount of each request accepted from the patron, as a draw against a cash deposit; and
- (v) the date and amount of each cash deposit redemption;

(B) the gaming cashier accepting a deposit shall prepare a patron deposit form and other necessary documentation evidencing the receipt;

(C) patron deposit forms shall be serially prenumbered, each series of patron deposit forms shall be used in sequential order, and the series number of all patron deposit forms shall be accounted for by employees with no incompatible function. All original and duplicate void patron deposit forms shall be marked void and shall require the signature of the preparer;

(D) for establishments in which patron deposit forms are manually prepared, a prenumbered two-part form shall be used;

(E) for establishments in which patron deposit forms are computer-prepared, each series of patron deposit forms shall be a two-part form and shall be inserted in a printer that will simultaneously print an original and duplicate and store, in machine-readable form, all information printed on the original and duplicate. The stored data shall not be susceptible to change or removal by any personnel after preparation of a patron deposit form;

(F) on the original and duplicate of the patron deposit form, or in stored data, the gaming cashier shall record the following information:

- (i) The name of the patron making the deposit;

- (ii) a unique identifying number obtained from a United States government-issued photo identification card or a government-issued passport;
- (iii) the total amount being deposited;
- (iv) the date of deposit;
- (v) the signature of the gaming cashier or, if computer-prepared, the identification code of the gaming cashier; and
- (vi) nature of the amount received, including cash, cash equivalents, wire transfer, or electronic fund transfer; and

(G) after preparation of the patron deposit form, the gaming cashier shall obtain the patron's signature on the duplicate copy and shall distribute the copies in the following manner:

- (i) If an original, give a copy to the patron as evidence of the amount placed on deposit with the facility manager; and
- (ii) if a duplicate copy, forward the copy along with any other necessary documentation to the main bank cashier, who shall maintain the documents;

(2) a requirement that patron deposits be withdrawn by the patron at the cage or upon receipt by the facility manager of a written request for withdrawal whose validity has been established:

(A) A patron shall be allowed to use the deposit by supplying information as required by K.A.R. 112-104-10 to verify the patron's identification:

(i) The gaming cashier shall ascertain, from the cage, the amount of the patron deposit available and request the amount the patron wishes to use against this balance. The gaming cashier shall prepare a patron deposit withdrawal form, which shall include the signature of the patron; and

(ii) the gaming cashier shall verify the signature on the patron deposit withdrawal form with the signature on the patron deposit form and sign the patron deposit withdrawal form to indicate verification;

(B) the patron's deposit balance shall be reduced by an amount equal to that on the patron deposit withdrawal form issued at the cage;

(C) a patron may obtain a refund of any unused portion of the patron's funds on deposit by performing either of the following:

(i) Sending the facility manager a signed, written request for a refund together with a signed, original patron deposit form; or

(ii) appearing personally at the cage, requesting the refund, and returning the original patron deposit form;

(D) once the original patron deposit form is presented at a cage, a gaming cashier shall perform the following:

(i) Verify the unused balance with the main bank gaming cashier;

(ii) require the patron to sign the original of the patron deposit form;

(iii) prepare necessary documentation evidencing the refund, including a patron deposit withdrawal form or any other similar document that evidences the date and shift

of preparation, the amount refunded, the nature of the refund made, the patron's name, and the signature of the gaming cashier preparing the documentation; and

(iv) verify the patron's identity with a United States government-issued photo identification card or a government-issued passport;

(E) the gaming cashier shall forward each original patron deposit form tendered by the patron pursuant to paragraph (c)(2)(D), along with any other necessary documentation, to the main bank gaming cashier, who shall compare the patron's signature on the original patron deposit form and any attached written, signed request required by paragraph (c)(2)(A)(i) to the patron's signature on the duplicate patron deposit form and on the original patron deposit withdrawal form. The main bank gaming cashier shall sign the original patron deposit form if the signatures are in agreement, notify the gaming cashier of the results of the comparison, and maintain the original patron deposit form and the documentation supporting the signature verification; and

(F) if the patron has requested the return of the patron's original deposit, the main bank gaming cashier shall return the patron's original patron deposit form to the gaming cashier. After the main bank gaming cashier has notified the gaming cashier that the signatures contained in paragraph (c)(2)(E) are a match, the gaming cashier shall then refund the unused balance of the deposit to the patron and, if applicable, return the original patron deposit form to the patron. The gaming cashier shall maintain any necessary documentation to support the signature verification and to evidence the refund;

(3) a requirement that the patron receive a receipt for any patron deposit accepted reflecting the total amount deposited, the date of the deposit, and the signature of the cage employee accepting the patron deposit; and

(4) procedures for verifying the identity of the patron at the time of withdrawal.

Signature verification shall be accomplished in accordance with the signature verification procedures under K.A.R. 112-104-10. The facility manager shall maintain adequate documentation evidencing the patron identification process and the procedure for signature verification:

(A) A log of all patron deposits received and returned shall be prepared manually or by a computer on a daily basis by main bank gaming cashiers. The log shall include the following:

(i) The balance of the patron deposits on hand in the cage at the beginning of each shift;

(ii) for patron deposits received and refunded, the date of the patron deposit or refund, the patron deposit number, the name of the patron, and the amount of the patron deposit or refund; and

(iii) the balance of the patron deposits on hand in the cage at the end of each shift; and

(B) the balance of the patron deposits on hand in the cage at the end of each shift shall be recorded as an outstanding liability and accounted for by the main bank gaming

cashier. (Authorized by and implementing K.S.A. 2009 Supp. 74-8772; effective Sept. 26, 2008; amended April 1, 2011.)

112-104-14. Cage and main bank. (a) Each facility manager's internal control system shall include internal controls for the cage and the main bank. The internal controls shall be submitted to and approved by the commission according to K.A.R. 112-104-1. Each gaming facility shall have, adjacent to the gaming floor, a physical structure known as a cage. The cage shall house the cashiers and serve as the central location in the gaming facility for functions normally associated with the cage and the main bank, including the following:

- (1) The custody of the cage inventory comprised of cash, cash equivalents, gaming chips, and the forms, documents, and records normally associated with the functions of a cage;
- (2) the issuance, receipt, and reconciliation of imprest funds used by gaming cashiers, parimutuel tellers, and change persons in the acceptance of currency and coupons from patrons in exchange for currency;
- (3) the exchange of currency, coin, gaming chips, and coupons for supporting documentation;
- (4) the responsibility for the overall reconciliation of all documentation generated by gaming cashiers, parimutuel tellers, and change persons; and
- (5) the receipt of currency, coupons, and tickets from the count room.

(b) The cage and the main bank shall provide maximum security for the materials housed, the employees located, and the activities performed in the cage and the main

bank. The cage and the main bank shall meet all of the following requirements, at a minimum:

- (1) The cage and the main bank shall be fully enclosed except for openings through which materials, including cash, records, and documents, can be passed to patrons, gaming cashiers, parimutuel tellers, and change persons.
- (2) The cage and the main bank shall have manually triggered silent alarm systems located at the cashiers' window, vault, and in adjacent office space. The systems shall be connected directly to the monitoring room of the surveillance department and to the security department.
- (3) The cage shall have a double-door entry and exit system that does not permit a person to pass through the second door until the first door is securely locked. In addition, all of the following requirements shall apply:
 - (A) The first door leading from the gaming floor of the double-door entry and exit system shall be controlled by the surveillance department through a commission-approved electronic access system designed and administered to provide a record of each entry authorization, including the authorizing employee's name and license number and the date and time of the authorization.
 - (B) The second door of the double-door entry and exit system shall be controlled by the cage through a commission-approved electronic access system designed and administered to provide a record of each entry authorization, including the authorizing employee's name and license number and the date and time of authorization.

(C) The double-door entry and exit system shall have surveillance coverage, which shall be monitored by the surveillance department.

(D) An entrance to the cage that is not a double-door entry and exit system shall be an alarmed emergency exit door only.

(4) Each door of the double-door entry and exit system shall have two separate commission-approved locking mechanisms.

(c) Any gaming facility may have one or more satellite cages separate and apart from the cage, established to maximize security, efficient operations, or patron convenience. The employees in a satellite cage may perform all of the functions of the employees in the cage. Each satellite cage shall be equipped with an alarm system in compliance with paragraph (b)(2). The functions that are conducted in a satellite cage shall be subject to the accounting controls applicable to a cage specified in K.A.R. 112-104-16.

(d) Each facility manager shall maintain and make available to the commission, upon request, a detailed and current list of the name of each employee meeting either of the following conditions:

(1) Possessing the combination to the locks securing the double-door entry and exit system restricting access to the cage and the main bank, any satellite cage, and the vault; or

(2) possessing the ability to activate or deactivate alarm systems for the cage, the main bank, any satellite cage, and the vault. (Authorized by and implementing K.S.A. 2009 Supp. 74-8772; effective Sept. 26, 2008; amended April 1, 2011.)

112-104-15. Count room and main bank requirements. (a) Each facility manager shall have a count room and a main bank. The count room and the main bank shall be adjacent to the cage.

(b) Each count room and main bank shall meet both of the following requirements:

(1) Both rooms shall have a metal door for each entrance and exit. Each of these doors shall be equipped with an alarm device that audibly signals the surveillance department monitoring room and the security department whenever the door is opened at times other than those times for which the facility manager has provided prior notice according to K.A.R. 112-104-20.

(2) Each entrance and exit door shall be equipped with two separate commission-approved locking mechanisms. The combinations shall be maintained and controlled as follows:

(A) One of the commission-approved locking mechanisms shall be controlled by the surveillance department.

(B) Each entry shall be maintained in a log indicating the name and license number of each employee who entered the count room or the main bank and the date and time of the entry.

(c) The following shall be located within the count room:

(1) A table constructed of clear glass or similar material for the emptying, counting, and recording of the contents of bill validator canisters; and

- (2) surveillance cameras capable of video monitoring the following:
 - (A) The entire count process; and
 - (B) the interior of the count room, including any storage cabinets or trolleys used to store bill validator canisters, and any commission-approved trolley storage area located adjacent to the count room.
- (d) The following shall be located within the main bank:
 - (1) A vault or locking cabinets, or both, for the storage of currency and gaming chips; and
 - (2) surveillance cameras capable of video monitoring the following:
 - (A) Interior of the vault room, including unobstructed views of counting surfaces;
 - (B) the exchange of currency, gaming chips, and documentation through any openings; and
 - (3) a secure opening through which only currency, gaming chips, and documentation can be passed to gaming cashiers, parimutuel tellers, and change persons.

(Authorized by and implementing K.S.A. 2009 Supp. 74-8772; effective Sept. 26, 2008; amended April 1, 2011.)

112-104-16. Accounting controls for the cage and main bank. (a) Each facility manager's internal control system shall include internal controls for cage and main bank accounting. The internal controls shall be submitted to and approved by the commission according to K.A.R. 112-104-1. If the facility manager elects to use a satellite cage, the same requirements shall apply.

(b) The facility manager shall provide the commission with the start and end times of each cage and main bank shift.

(c) The assets for which gaming cashiers are responsible shall be maintained on an imprest basis and protected from unauthorized access. Gaming cashiers shall lock and secure any assets that are outside of their direct physical control.

(1) Before redeemed tickets are transferred from a cage window to the main bank, the gaming cashier shall prepare an automated system report of the total number and value of the tickets redeemed at that window and compare that report to physical tickets being transferred to ensure that they match. Before reimbursing the cashier, the main bank cashier shall total the tickets received to verify that the dollar amount matches the amount on the gaming cashier's report or shall compare the tickets to the report to ensure that all tickets are present.

(2) Only tickets redeemed in the system shall be forwarded to accounting. If the online validation system ceases to function through the end of the gaming day and the cage is unable to redeem in the system any tickets received in the cage that day, these unredeemed tickets shall have the bar code manually canceled by completely filling in

one space of the bar code with a black permanent marker before being forwarded to accounting to prevent subsequent automated redemption.

(3) At the end of each shift, the outgoing gaming cashier shall count all assigned assets and prepare and sign a bank count sheet listing the inventory. A reconciliation of the opening imprest amount to the closing inventory total shall be performed. Any variance shall be documented on the count sheet.

(4) The incoming gaming cashier shall verify by blind count the closing inventory and sign the count sheet in the presence of the outgoing gaming cashier, attesting to accuracy of the information recorded on the sheet. If there is no incoming gaming cashier, a gaming cashier supervisor or the most senior supervisor in the department shall verify by blind count the closing inventory and sign the count sheet in the presence of the outgoing gaming cashier, attesting to accuracy of the information recorded on the sheet. At the completion of each shift, the cashier count sheets shall be forwarded to the main bank cashier.

(d) If an imprest bank has not been opened for use, a main bank cashier or supervisor shall count and verify the imprest bank and complete a count sheet at least once every seven days.

(e) At the opening of every shift, in addition to the imprest funds normally maintained by gaming cashiers, each facility manager shall have in the cage a reserve cash bankroll sufficient to pay winning patrons.

(f) The cage, any satellite cage, and the main bank shall be physically segregated by personnel and function as follows:

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

(A) The receipt of cash and cash equivalents from patrons in exchange for cash according to K.A.R. 112-104-12;

(B) the receipt of personal checks for gaming and non-gaming purposes from patrons in exchange for cash, subject to any limitations on amount required by the commission according to K.A.R. 112-104-10;

(C) the receipt of cash, cash equivalents, checks issued by the facility manager, annuity jackpot checks, wire transfers, and cashless fund transfers from patrons to establish a patron deposit according to K.A.R. 112-104-13;

(D) the receipt of patron deposit forms from patrons in exchange for cash according to K.A.R. 112-104-13;

(E) the preparation of jackpot payout slips in accordance with this regulation and K.A.R. 112-104-21;

(F) the receipt of gaming tickets from patrons or from authorized employees who received gaming tickets as gratuities, in exchange for cash; and

(G) the issuance of cash to automated bill breaker, gaming ticket, coupon redemption, and jackpot payout machines in exchange for proper documentation.

(2) The main bank cashier functions shall include the following:

(A) The receipt of cash, cash equivalents, gaming tickets, jackpot payout slips, and personal checks received for gaming and non-gaming purposes from gaming cashiers in exchange for cash;

(B) the receipt of cash from the count rooms;

(C) the receipt of personal checks accepted for gaming and non-gaming purposes from gaming cashiers for deposit;

(D) the preparation of the overall cage reconciliation and accounting records. All transactions that are processed through the main bank shall be summarized on a vault accountability form and be supported by documentation according to the following:

(i) At the end of each shift, the outgoing main bank cashier shall count the inventory and record the inventory detail and the total inventory on a vault accountability form. The main bank cashier shall also record the amount of each type of accountability transaction, the opening balance, the closing balance, and any variance between the counted inventory and the closing balance. If there is more than one main bank cashier working during a shift, each cashier shall participate in the incoming count and the outgoing count for that shift; and

(ii) a blind count of the inventory shall be performed by the incoming main bank cashier. The incoming main bank cashier shall sign the completed vault accountability form attesting to the accuracy of the information in the presence of the outgoing main bank cashier. If there is no incoming main bank cashier, a cage supervisor shall conduct

the blind count and verification and sign the completed vault accountability form in the presence of the outgoing main bank cashier;

(E) the preparation of the daily bank deposit for cash, cash equivalents, and personal checks;

(F) the issuance, receipt, and reconciliation of imprest funds used by gaming cashiers, parimutuel tellers, and change persons;

(G) the collection of documentation that is required by these regulations to establish the segregation of functions in the cage;

(H) the responsibility for the reserve cash bankroll;

(I) the receipt of unsecured currency and unsecured gaming tickets and preparation of related reports; and

(J) the issuance, receipt, and reconciliation of imprest funds used by any redemption kiosk, which shall be done according to the following requirements:

(i) Redemption kiosks shall be maintained on an imprest basis on the main bank accountability form and shall be counted down and reconciled within 24 hours of adding funds to or removing funds from the redemption kiosk. In order to reconcile the redemption kiosk, all currency, tickets, and coupons remaining in the redemption kiosk shall be removed, counted, and compared to the redemption kiosk report that lists the amount of each item that should have been in the redemption kiosk. Each redemption kiosk shall be reconciled at least once every three days regardless of activity at that kiosk.

If redemption kiosks are used for any other type of transaction, including providing

automated teller machine functions, corresponding reports shall be printed and reconciled during the kiosk reconciliation. The internal controls shall include a record of the name of each person who performs the count and reconciliation. All kiosk counts shall be performed under dedicated surveillance coverage in the count room or main bank and shall be documented. The reconciliation of the redemption kiosk shall be documented and signed by the employee performing the reconciliation;

(ii) the main bank shall have a designated area for the preparation of currency cassettes and a designated storage area for cassettes that contain cash. Both locations shall be described in the internal controls. The designated preparation area shall have overhead, dedicated surveillance coverage. The storage area of the cassettes shall have dedicated surveillance coverage to record the storage and retrieval of currency cassettes. The storage area shall be locked when cassettes are not being removed or added to the area. Empty currency cassettes shall not be stored with the currency cassettes containing cash;

(iii) all currency cassettes used in kiosks shall be filled with currency by a main bank cashier. The amount of currency to be placed in the cassettes shall be counted by the main bank cashier and placed in the cassette. A prenumbered tamper-resistant seal that secures the cash in each cassette shall be immediately placed on the cassette. The type of seal shall be submitted to the commission director of security for prior approval. All cassettes that contain currency and are not immediately placed in a kiosk shall be stored in the designated storage area;

(iv) a currency cassette log shall be maintained and updated each time currency cassettes are sealed. The log shall contain the following information: date, time, seal number, cassette number, amount of currency in the cassette, denomination of currency in the cassette, and signature of the main bank cashier who prepared the cassette;

(v) each cassette shall be labeled with the required dollar denomination for that cassette and a unique cassette number. The label shall be clearly visible to surveillance during the fill process;

(vi) each individual transporting currency cassettes outside of the cage shall be escorted by security;

(vii) only cassettes properly prepared and sealed in the main bank shall be used to place currency in the redemption kiosk. A seal may be broken before the count and reconciliation only if there is a machine malfunction. If a seal must be broken before the redemption kiosk is reconciled due to a malfunction, the cassette shall be brought to the main bank with security escort before the seal is broken. The seal shall be broken under surveillance coverage. Once the cassette is repaired, the funds shall be recounted and resealed by the main bank cashier;

(viii) the individual who removed the seal on the cassette in order to perform the count of the cassettes shall record the seal number of all cassettes used in the kiosk since the last reconciliation on the count and reconciliation documentation;

(ix) the individual who reconciles the redemption kiosk shall not be one of the individuals who initially prepared the currency in any of the cassettes used in the kiosk since the last reconciliation; and

(x) if cassettes need to be replaced during the gaming day before the redemption kiosk is dropped and reconciled, the individual cassettes that are replaced and that still contain currency shall be locked in a storage area designated in the internal controls.

This storage area shall be separate from the storage area of filled cassettes.

(g)(1) Whenever a gaming cashier, parimutuel teller, or change person exchanges funds with the main bank cashier, the cashier shall prepare a two-part even exchange form. The form shall include the following, at a minimum:

- (A) The date of preparation;
- (B) the window location;
- (C) a designation of which items are being sent to or received from the main bank;
- (D) the type of items exchanged;
- (E) the total of the items being exchanged;
- (F) the signature of the cashier preparing the form requesting the exchange; and
- (G) the signature of the cashier completing the exchange.

(2) If the exchange is not physically between a gaming cashier, parimutuel teller, or change person and the main bank, the exchange shall be transported by a

representative of the security department, who shall sign the form upon receipt of the items to be transported.

(h) Overages and shortages per employee shall be documented on a cage or bank variance slip, which shall be signed by the responsible cashier and that person's supervisor. Each variance in excess of \$50 shall be investigated and the result of the investigation shall be documented. If there is a variance of \$500 or more, the commission agent on duty shall be informed within 24 hours. Repeated shortages by an employee totaling \$500 or more over any seven-day period shall be reported to the commission agent on duty within 24 hours.

(i) All cashier's paperwork shall include the date, shift of preparation, and location for which the paperwork was prepared.

(j) At the end of each gaming day, the cashiers' original bank count sheet, vault accountability form, and related documentation shall be forwarded to the accounting department for verification of agreement of the opening and closing inventories, agreement of amounts on the sheets with other forms, records, and documents required by this article, and recording transactions.

(k) Each facility manager shall establish a training program for gaming cashiers and main bank cashiers, which shall include written standard operating procedures. No cashier shall be allowed to individually perform gaming cashier duties until the cashier has completed at least 40 hours of training. No cashier shall be allowed to individually

perform main bank cashier duties until the cashier has completed at least 80 hours of training.

(l) Each gaming facility employee shall clear that individual's hands in view of all persons in the immediate area and surveillance immediately after the handling of any currency or gaming chips within the cage, main bank, or count room.

(m) No employee shall be permitted to carry a pocketbook or other personal container into any cashiering area unless the container is transparent. All trash shall be placed in a transparent container or bag and inspected by security when removed from the cashiering area. (Authorized by and implementing K.S.A. 2009 Supp. 74-8772; effective Sept. 26, 2008; amended April 1, 2011.)

112-104-17. Bill validators and bill validator canisters. (a) Each facility manager's internal control system shall include internal controls for bill validators and their related canisters. The internal controls shall be submitted to and approved by the commission according to K.A.R. 112-104-1. Each electronic device configured to accept any combination of currency, gaming tickets, coupons, and any other instruments authorized by the commission shall be equipped with a bill validator.

(b) Each bill validator used by the facility manager shall meet the technical standards adopted by the commission under article 110. The identifying information on each bill validator shall be noted on the master list of approved gaming machines in accordance with K.A.R. 112-107-10.

(c) If an electronic device has a bill validator that is controlled by a software program that can be modified without replacing any physical element of the bill changer, the facility manager shall submit for review and approval the manager's internal controls, which shall address the following:

- (1) The method for detecting authorized and unauthorized software changes;
- (2) the generation of a daily report from its EGM monitoring system, which immediately documents the software change;
- (3) procedures for the control and installation of the software by the management information systems (MIS) department;
- (4) the creation of a software control log by the MIS department evidencing all authorized changes to the bill validator software; and

(5) the review and comparison of the report and log required in paragraphs (c)(2) and (4) by the internal audit department for any deviations and investigation.

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

(e) Unless otherwise authorized by the commission, each electronic device with a bill validator attached shall also be equipped with the following mechanical, electrical, or electronic machines:

(1) A cash box meter that continuously and automatically registers the total amount in dollars accepted by the bill validator;

(2) bill meters that continuously and automatically count, for each denomination of currency accepted by the bill validator, the actual number of bills accepted by the bill validator; and

(3) any other meters that may be required by the executive director.

(f) The bill validator in each electronic device shall contain a secure, tamper-resistant container known as a bill validator canister. Currency, gaming tickets, coupons, and commission-approved instruments inserted into the bill validator shall be deposited into the bill validator canister.

(g) The bill validator canister shall be secured to the bill validator by two separate locks, the keys to which shall be different from each other. One key shall be to the lock on the belly door or main door of the EGM, and the second key shall be for the lock on the release mechanism on the bill validator canister. If there is not a full door on

the bill validator, the lock on the release mechanism on the bill validator canister shall detect and display whether the lock is locked or unlocked and communicate whether the lock is locked or unlocked to an EGM monitoring system. The keys shall be maintained and controlled as follows:

- (1) The key to the belly door or main door of the electronic device shall be maintained and controlled by the EGM department.
- (2) The key to the lock securing the release mechanism on the bill validator canister shall be maintained and controlled by the security department. The security department shall establish a sign-out and sign-in procedure for this key, which shall include documentation of each transfer.

(h) Each bill validator canister shall meet the following requirements:

- (1) Have at least one lock securing the contents of the bill validator canister, the key to which shall be maintained and controlled by the cage department;
- (2) have a slot opening through which currency, gaming tickets, and coupons can be inserted into the bill validator canister;
- (3) have a mechanical arrangement or device that prohibits the removal of currency, gaming tickets, and coupons from the slot opening whenever the bill validator canister is removed from the bill validator;
- (4) be fully enclosed, except for openings that may be required for the operation of the bill validator or the bill validator canister. However, the location and size of the

openings shall not affect the security of the bill validator canister, its contents, or the bill validator;

(5) have an asset number that is permanently imprinted, affixed, or impressed on the outside of the bill validator canister that corresponds to the asset number of the electronic device to which the bill validator has been attached. In lieu of the asset number, a facility manager may develop and maintain, with prior commission approval, a system for assigning a unique identification number to its bill validator canisters. The system shall ensure that each bill validator canister can readily be identified, either manually or by computer, when in use with, attached to, and removed from a particular bill validator. Each unique identification number shall be permanently imprinted, affixed, or impressed on the outside of each bill validator canister that does not otherwise bear an asset number. The asset number or unique identification number shall be conspicuous and visible to persons involved in removing or replacing the bill validator canister in the bill validator and through the facility manager's surveillance system. However, emergency bill validator canisters may be maintained without an asset number or a unique identification number if the word "emergency" is permanently imprinted, affixed, or impressed on each canister and if, when put into use, each canister is temporarily marked with the asset number of the electronic device to which the bill validator is attached; and

(6) be designed and installed in a manner that renders the electronic device inoperable in the event of the removal or absence of the bill validator canister.

(i) Notwithstanding paragraph (h)(5), any facility manager that uses a computerized EGM monitoring system may use bill validator canisters and any related components, which shall, through the use of technology approved by the commission, meet the following requirements:

- (1) Have a unique identifier number assigned to each bill validator canister:
 - (A) The number shall not be subject to change without the approval of the executive director; and
 - (B) the facility manager shall provide the commission with a list of the unique identifier numbers;
- (2) in the EGM monitoring system, associate the bill validator canister with the electronic device into which the bill validator canister is inserted. The association shall remain with the bill validator canister until the completion of the count process; and
- (3) provide the commission and the facility manager with a method to determine the unique identifier number of the bill validator canister. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective Sept. 26, 2008.)

112-104-18. Transportation of bill validator canisters to and from bill validators; storage.

(a) Each facility manager's internal control system shall include internal controls for the transportation of bill validator canisters. The internal controls shall be submitted to and approved by the commission according to K.A.R. 112-104-1. Each facility manager shall file with the commission a schedule setting forth the specific times at which bill validator canisters will be brought to or removed from the bill validators, along with specifications as to the areas of the gaming floor where canisters will be brought to or removed from the bill validator on each pickup day and the specific transportation route to be utilized from the gaming floor to the count room.

(b) Each facility manager shall maintain and make available to the commission, upon request, a detailed and current list of all employees participating in the transportation of bill validator canisters. Each deviation from the schedule setting forth the specific times at which bill validator canisters will be brought to or removed from the bill validators, change in the areas to be dropped, or change in the transportation route to the count room shall be noticed to the commission in advance.

(c) Each bill validator canister removed from a bill validator shall be transported directly to, and secured in, the count room or a trolley storage area located adjacent, configured, and secured by at least three employees. At least one of these employees shall be a member of the security department, and at least one of these employees shall be a member of the cage department. The facility manager shall also comply with the following procedures:

(1) Before the removal of a bill validator canister from a bill validator, patrons shall be removed from the immediate area being dropped by representatives of the security department.

(2) Each bill validator canister that is removed from a bill validator during the drop process shall be replaced with an empty bill validator canister that meets the requirements of K.A.R. 112-104-17.

(3) Upon its removal from a bill validator, a bill validator canister shall be placed in an enclosed trolley that is secured by two separately keyed locks. The keys shall be maintained and controlled as follows:

(A) The key to one lock shall be maintained and controlled by the cage department; and

(B) the key to the second lock shall be maintained and controlled by the security department. Access to the security department's key shall be controlled by a sign-out and sign-in procedure. The security department's key shall be returned to its secure location upon the completion of the collection and transportation of the bill validator canisters.

(4) Before the movement of any trolley containing bill validator canisters from the gaming floor into the count room, the drop team supervisor shall verify that the number of bill validator canisters being transported from the gaming floor equals the number of bill validator canisters scheduled to be collected that day.

(5) Each bill validator canister being replaced by an emergency bill validator canister shall be transported to, and secured in, the count room by at least three

employees, at least one of which shall be a member of the cage department and at least one of which shall be a member of the security department.

(d) All bill validator canisters not contained in a bill validator, including emergency bill validator canisters that are not actively in use, shall be stored in the count room or other secure area outside the count room approved by the commission, in an enclosed storage cabinet or trolley and secured in the cabinet or trolley by a separately keyed, double-locking system. The keys shall be maintained and controlled as follows:

(1) The key to one lock shall be maintained and controlled by the cage department; and

(2) the key to the second lock shall be maintained and controlled by a security department. Access to the security department's key shall be limited to a supervisor of that department.

(e) Notwithstanding subsection (c), the security department may, before beginning the count process, issue its key to the storage cabinet or trolley to a count room supervisor for the purpose of allowing count room personnel to gain access to the bill validator canisters to be counted. Each key transferred from the custody of the security department to the count room supervisor shall be returned immediately following the conclusion of the count of the bill validator canisters and the return of the empty emergency drop boxes and bill validator canisters to their respective storage cabinet or trolley by the count room supervisor. The security department shall establish a sign-out and sign-in procedure, which shall include documentation of each transfer.

(f) Employees authorized to obtain bill validator canister storage cabinet or trolley keys shall be precluded from having simultaneous access to bill validator canister keys, with the exception of the count team in the count room.

(g) The access to bill validator canisters stored in the count room that have not been emptied and counted shall be restricted to authorized members of the drop and count teams. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective Sept. 26, 2008.)

112-104-19. Unsecured currency, gaming tickets, and coupons. (a)(1) Each facility manager's internal control system shall include internal controls for unsecured currency, gaming tickets, and coupons. The internal controls shall be submitted to and approved by the commission according to K.A.R. 112-104-1.

(2) As used in this article when modifying "currency," "gaming ticket," or "coupon," "unsecured" shall mean that the currency, gaming ticket, or coupon is found inside a bill validator but outside the bill validator canister.

(3)(A) If an EGM department representative finds any unsecured currency, tickets, or coupons, the representative shall complete a form that includes the following:

(i) The asset number or other unique identification number of the bill validator canister in the bill validator in which the unsecured currency, unsecured gaming ticket, or unsecured coupon was found;

(ii) the date the unsecured currency, unsecured gaming ticket, or unsecured coupon was found; and

(iii) the total value of the unsecured currency, unsecured gaming ticket, or unsecured coupon.

(B) After the requirement specified in paragraph (a)(3)(A) is met, a representative of the gaming machine department or cage department and a member of the security department shall perform the following:

(i) Sign the form as evidence of the total value being transported;

(ii) place the form and the unsecured currency, unsecured gaming ticket, or unsecured coupon into an envelope or container, unless the form is printed on the front of the envelope in which the currency, gaming ticket, or coupon is being placed; and

(iii) transport the envelope or container directly to the cage.

(b) Upon receipt of the envelope or container from the EGM department representative or cage department representative, a main bank cashier or cage supervisor shall prepare an unsecured bill validator report. If the unsecured currency, unsecured gaming ticket, or unsecured coupon was not transported by an EGM department supervisor or cage supervisor, the unsecured bill validator report shall be prepared by a cage supervisor pursuant to subsection (d).

(c) The unsecured bill validator reports shall be on serially prenumbered forms. Each series of unsecured bill validator reports shall be used in sequential order and shall be accounted for by employees of the accounting department. All original and duplicate void unsecured bill validator reports shall be marked "void" and shall require the signature of the preparer. All copies of void unsecured bill validator reports shall be forwarded to the accounting department at the end of each gaming day.

(d) For facilities in which unsecured bill validator reports are manually prepared, the following requirements shall be met:

(1) Each series of unsecured bill validator reports shall be a three-part form and shall be inserted into a locked dispenser that permits an individual slip in the series and its copies to be written upon simultaneously while still locked in the dispenser and that

discharges the original and duplicate while the triplicate remains in a continuous, unbroken form in the dispenser.

(2) Access to the triplicates shall be maintained and controlled at all times by employees responsible for controlling and accounting for the unused supply of unsecured bill validator reports, placing unsecured bill validator reports in the dispensers, and removing from the dispensers the remaining triplicates.

(e) For facilities in which unsecured bill validator reports are computer-prepared, each series of unsecured bill validator reports shall be a two-part form and shall be generated by a computer system that can simultaneously print an original and duplicate and store, in machine-readable form, all information printed on the original and duplicate and discharge the original and duplicate. The stored data shall not be susceptible to change or removal by any personnel after preparation of the unsecured bill validator report.

(f) On the original, duplicate, and triplicate or, if applicable, in stored data, the main bank cashier or cage supervisor shall record the following information:

- (1) The date and time of preparation;
- (2) the asset number or other unique identification number of the bill validator canister in the bill validator from which the unsecured currency, unsecured gaming ticket, or unsecured coupon was removed;
- (3) each denomination of unsecured currency;
- (4) the total value of the unsecured currency;

- (5) each denomination of unsecured coupons;
- (6) the total value of the unsecured coupons;
- (7) the serial number and value of each unsecured gaming ticket;
- (8) the total value of the unsecured gaming tickets; and
- (9) the signature or, if computer-prepared, identification code of the preparer.

(g) The original and duplicate copies of the unsecured bill validator report shall be presented to the representative of the EGM department or cage department and the security representative for signature.

(h)(1) Upon meeting the signature requirements, the main bank cashier or cage supervisor shall transport the unsecured currency, unsecured gaming tickets, and unsecured coupons along with the original and duplicate copies of the unsecured bill validator report to the main bank and shall do one of the following:

(A) If the unsecured bill validator report was prepared by a cage supervisor, the main bank cashier shall perform the following:

- (i) Sign the original and duplicate copies of the unsecured bill validator report;
- (ii) retain the original unsecured bill validator report and the unsecured currency, unsecured gaming tickets, and unsecured coupons; and
- (iii) return the duplicate unsecured bill validator report to the cage supervisor, who shall attach the form referenced in subsection (a) to the duplicate and deposit the duplicate with the attached form into the locked accounting box located in the cage.

(B) If the unsecured bill validator report was prepared by the main bank cashier, the main bank cashier shall perform the following:

- (i) Retain the original unsecured bill validator report and the unsecured currency, unsecured gaming tickets, and unsecured coupons;
- (ii) attach the form referenced in subsection (a) to the duplicate unsecured bill validator report; and
- (iii) return the duplicate unsecured bill validator report and attached form to the security representative, who shall deposit the duplicate with the attached form into a locked accounting box maintained in a location approved by the commission.

(2) The main bank cashier shall then perform one of the following:

- (A) Add the value of the unsecured currency, unsecured gaming tickets, and unsecured coupons to the main bank's accountability and retain the original of the unsecured bill validator report until the end of the gaming day; or

- (B) maintain the unsecured currency, the unsecured gaming tickets, the unsecured coupons, and the original unsecured bill validator report until collected by a count room supervisor and transported to the count room, where both of the following requirements shall be met:

- (i) The currency, gaming tickets, and coupons shall be counted with the contents removed from the corresponding bill validator canisters and recorded on the bill validator canisters report; and

(ii) the original unsecured bill validator report shall be forwarded to the accounting department.

(i) At the end of the gaming day, the original and the duplicate copy of the unsecured bill validator report, along with any gaming tickets and coupons, shall be forwarded as follows:

(1) If, pursuant to paragraph (h)(1), the main bank cashier has retained possession of the original, the cashier shall forward the original, along with any gaming tickets and coupons, directly to the accounting department for agreement with the triplicate or stored data; and

(2) the duplicate with the attached form shall be forwarded directly to the accounting department for recording on the bill validator canisters report and gaming machine win sheet and agreement with the triplicate or stored data. However, no additional recording of the unsecured currency, unsecured gaming tickets, and unsecured coupons shall be required if the currency, gaming tickets, and coupons have been transported to the count room, counted, and recorded pursuant to paragraph (h)(2).

(j) The duplicate copy of the unsecured bill validator report shall be attached to the bill validator canisters report as supporting documentation. A notation shall be made on the duplicate unsecured bill validator report indicating whether the dollar value of the unsecured currency, unsecured coupons, and unsecured gaming tickets has been added to the bill validator canisters report, gaming machine win sheet, and the main bank's

accountability in accordance with subsection (g) or (h). (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective Sept. 26, 2008.)

112-104-20. Counting and recording bill validator canisters. (a) Each facility manager's internal control system shall include internal controls for the opening, counting, and recording of the contents of bill validator canisters. The internal controls shall be submitted to and approved by the commission according to K.A.R. 112-104-1.

(b) The internal controls developed and implemented by the facility manager under subsection (a) shall include a description of all computer equipment used in the counting and recording process and other systems, if any, that communicate with that computer equipment for purposes related to the counting of net EGM income.

(c) Each facility manager shall file with the commission a schedule setting forth the specific times during which the contents of bill validator canisters are to be counted and recorded. Each deviation from the schedule shall be noticed to the commission at least 48 hours in advance.

(d) The computerized equipment utilized to count and secure currency, gaming tickets, and coupons shall meet the following requirements:

(1) Automatically provide two separate counts of the funds at different stages of the count process and, if the separate counts are not in agreement, document the discrepancy; and

(2) be capable of determining the value of a gaming ticket or coupon by independently examining information printed on the gaming ticket or coupon. The information shall be used by the counting equipment to either calculate the value internally or obtain the value directly from the gaming ticket system or coupon system in

a secure manner. If the gaming ticket system is utilized to obtain the value of a gaming ticket or coupon, the gaming ticket system shall perform a calculation or integrity check to ensure that the value has not been altered in the system in any manner since the time of issuance.

(e) All persons accessing the count room when uncounted funds are present shall wear clothing without any pockets or other compartments, with the exception of representatives of the commission, the Kansas lottery, the facility security department, the facility internal audit department, and independent auditors specified in K.A.R. 112-104-6.

(f) No person present in the count room shall perform either of the following:

- (1) Carry a handbag or other container unless it is transparent; or
- (2) remove that person's hands from or return them to a position on or above the count table or counting equipment, unless the backs and palms of the hands are first held straight out and exposed to the view of other members of the count team and a surveillance camera.

(g) Immediately before beginning the count, a count room employee shall notify the surveillance department that the count is about to begin, to facilitate the recording, under article 106, of the entire count process.

(h) Each gaming ticket or coupon deposited in a bill validator canister shall be counted and included in the calculation of net EGM income without regard to the validity of the gaming ticket or coupon.

- (i) A coupon that has not already been canceled upon acceptance or during the count shall be canceled before the conclusion of the count.
- (j) Each variance between the value of cash gaming tickets and coupons in a bill validator canister as determined in the count room and the value for that particular bill validator canister recorded on corresponding reports generated by the gaming ticket system or coupon system shall be disclosed to the commission in a detailed written report citing each variance, the reason for the variance, and the corrective action taken. This variance report shall be filed by the facility manager with the commission within 72 hours of the count that is the subject of the variance. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective Sept. 26, 2008.)

112-104-21. Jackpot payouts. (a) Each facility manager's internal control system shall include internal controls for jackpot payouts that are not paid directly from an EGM and for the method of jackpot payout specified in subsection (d). The internal controls shall be submitted to and approved by the commission according to K.A.R. 112-104-1.

(b) The internal controls developed and implemented by the facility manager under subsection (a) shall include the following:

(1) A request for jackpot payout document or an electronic entry into an EGM computer system generating jackpot payouts by an EGM department employee or EGM department supervisor, evidencing the observation by the EGM department employee or EGM department supervisor of the winning combination of characters on the EGM and a determination of the amount of the jackpot payout based on the observed winning combinations;

(2) a requirement that the preparer of the request for jackpot payout document or the employee performing the electronic entry into the EGM computer system be an EGM department supervisor if the hand-paid jackpot is \$10,000 or more;

(3) a requirement that the following information be on the request for jackpot payout document or electronically entered into the EGM computer system and maintained in stored data:

(A) The date and time of the jackpot;

(B) the asset number of the EGM on which the jackpot was registered;

- (C) the winning combination of characters constituting the jackpot or a code corresponding to the winning combination of characters constituting the jackpot;
- (D) the dollar amount of the jackpot payout in both alpha and numeric form or a description of personal property awarded, including the fair market value of the personal property;
- (E) the method of payment requested by the patron;
- (F) the signature or identification code of the preparer; and
- (G) the following additional signatures or identification codes, which shall be required if the EGM or the progressive meter is reset before the patron is paid or if payment is made directly to the patron by a gaming cashier:
 - (i) The signature or identification code of a security department member or EGM department attendant other than the preparer, attesting to the winning combination of characters constituting the jackpot and the amount of the jackpot payout; or
 - (ii) the signature or identification code of the EGM department shift manager, attesting to the winning combination of characters constituting the jackpot and the amount of the jackpot payout if the jackpot amount is \$25,000 or more;

(4) a requirement that, upon preparation, the request for jackpot payout document be transported by the preparer to the cage, where the document will serve to authorize the preparation of a jackpot payout document or that the information be made available by the EGM computer system;

(5) a requirement that if the winning patron will not be paid before the EGM or progressive meter is reset, the preparer of the request for jackpot payout document or the employee performing the electronic entry required by paragraph (b)(1) also prepare a two-part receipt document containing the following information:

- (A) The date and time of the jackpot;
- (B) the asset number of the EGM on which the jackpot was registered;
- (C) the winning combination of characters constituting the jackpot or a code corresponding to the winning combination of characters constituting the jackpot;
- (D) the dollar amount of the jackpot payout in both alpha and numeric form or a description of personal property awarded, including the fair market value of the personal property;
- (E) the signature of the winning patron on the original form only; and
- (F) the signature of the preparer, attesting that the information on the receipt document is correct and agrees with the information on the request for jackpot payout document or in stored data;

(6) a requirement that the receipt document be distributed as follows:

- (A) The original shall be immediately delivered to the gaming cashier by the preparer, security department member, or verifying EGM department attendant, along with the request for jackpot payout document if manually generated in accordance with paragraph (b)(1); and

(B) the duplicate shall be immediately presented to the winning patron, who shall be required to present the duplicate receipt document before being paid the jackpot in accordance with the procedures set forth in this regulation;

(7) a requirement that the following information be on any jackpot payout document generated by the EGM computer system:

- (A) The asset number of the EGM on which the jackpot was registered;
- (B) the winning combination of characters constituting the jackpot or a code corresponding to the winning combination of characters constituting the jackpot;
- (C) the date on which the jackpot occurred;
- (D) the dollar amount of the jackpot payout in both alpha and numeric form or a description of personal property awarded, including the fair market value of the personal property;
- (E) the date, time, and method of payment; and
- (F) the signature or identification code of the preparer;

(8) a requirement that the data in paragraphs (b)(7)(A) through (F) not be susceptible to change or removal by any personnel after preparation of a jackpot payout document;

(9) a requirement that whenever the winning patron is paid directly by the gaming cashier, the following procedures be followed:

(A) A jackpot payout document shall be generated by the EGM computer system in accordance with paragraph (b)(7);

(B) if a one-part request for jackpot payout document is involved and a security department member or verifying EGM department attendant other than the preparer has not signed the one-part request for jackpot payout document, the gaming cashier shall summon a security department member or EGM department employee other than the preparer of the request for jackpot payout document and provide that employee with the request for jackpot payout document. The security department member or verifying EGM department employee shall proceed to the EGM identified on the request for jackpot payout document and sign the request for jackpot payout document, attesting that the winning combination of characters on the EGM and the amount to be paid match those that appear on the request for jackpot payout document. If the jackpot amount is \$25,000 or more, an EGM department shift manager shall also sign the request for jackpot payout document, attesting that the winning combination of characters on the EGM and the amount to be paid match those that appear on the request for jackpot payout document. The request for jackpot payout document shall be returned to the gaming cashier before the end of that gaming day;

(C) after the gaming cashier determines that the required signatures verifying the winning combination of characters on the EGM and the amount to be paid have been placed on the one-part request for jackpot payout document, if the amount being paid is less than \$10,000, the gaming cashier shall pay the winning patron in the presence of the preparer of the request for jackpot payout document. If the amount being paid is \$10,000 or more but less than \$25,000, the gaming cashier shall pay the winning patron in the

presence of the EGM department attendant supervisor who prepared the request for jackpot payout document. If the amount being paid by the cashier is \$25,000 or more, the gaming cashier shall pay the winning patron in the presence of the EGM department supervisor and the EGM department shift manager who prepared the request for jackpot payout document in accordance with this subsection. The personnel required by this subsection to witness the payment shall sign the duplicate jackpot payout document, attesting to the accuracy of the information on the duplicate jackpot payout document and the disbursement of the payment to the patron;

(D) if a receipt document under paragraph (b)(5) was issued, the duplicate receipt document shall be signed by the patron in the presence of the gaming cashier. The gaming cashier shall compare the signature on the duplicate receipt document to that on the original receipt document and make the payment only if the signatures are in agreement;

(E) once the required signatures are obtained and payment has been made, the gaming cashier shall give the duplicate jackpot payout document to a security department member or EGM department employee, who shall deposit the document into a locked accounting box; and

(F) the gaming cashier shall attach the request for jackpot payout document, if applicable, and the original and duplicate receipt documents, if applicable, to the original copy of the jackpot payout document. All documents shall be forwarded by the end of the gaming day to the main bank for reimbursement;

(10) a requirement that the facility manager's accounting department perform, at the conclusion of each gaming day, income control reconciliation procedures over the issuance of jackpot payouts, including adequate comparisons to gaming ticket system data; and

(11) details for processing system overrides or adjustments.

(c) Nothing in this regulation shall preclude the use of an EGM computer system, approved by the commission, that electronically records the information required on a request for jackpot payout document or facilitates through the EGM computer system the verifications and comparisons as to a winning combination of characters on the EGM or an amount to be paid required under this regulation.

(d) Nothing in this regulation shall preclude a facility manager from implementing procedures by which a gaming cashier, in the presence of a member of the security department, utilizes an imprest inventory of funds secured in a pouch or wallet to pay a jackpot of less than \$1,200 that is not totally and automatically paid directly from an EGM. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective Sept. 26, 2008.)

112-104-22. Annuity jackpots. (a) Each facility manager's internal control system shall include internal controls for the payment of an annuity jackpot. The internal controls shall be submitted to and approved by the commission according to K.A.R. 112-104-1. The internal controls developed and implemented by the facility manager shall include the following:

- (1) Procedures to be followed by a winning patron to exercise a cash payout option;
- (2) procedures with regard to the administration of the trust agreement established to ensure the future cash payments due under the annuity jackpot award; and
- (3) a requirement that the trustee for the trust fund established by the trust agreement be a facility manager or, for a wide-area progressive system offering an annuity jackpot, the EGM system operator for that wide-area progressive system.

(b) Any facility manager offering an annuity jackpot payable over 10 years or more may offer a winning patron the option to be paid in a single cash payout, in lieu of the annuity jackpot, in an amount that is equal to the present value of the face amount of the jackpot payout as calculated in subsection (c).

(c) Any facility manager may offer a cash payment option. The present value of the cash payout option on an annuity shall be determined by applying a discount rate to each of the future annuity jackpot payments, taking into consideration the number of years until each jackpot payment would otherwise have been received and adding to that amount the amount of the first cash payment that would otherwise have been received.

For the purposes of this subsection, the discount rate shall equal the United States treasury constant maturity rate for 20-year United States government securities for the week ending before the date of the jackpot, as identified in the federal reserve statistical release form H.15 for selected interest rates, plus 0.5%.

(d) A facility manager shall not offer an annuity jackpot payout unless both of the following conditions are met:

(1) The terms and conditions of the annuity jackpot, including the effect on the calculation of the theoretical payout percentage, meet the requirements of the act, this article, and the technical standards approved by the commission under article 110.

(2) The commission has approved the specific offer of the annuity jackpot.

(e) Each cash payout made in connection with an annuity jackpot shall be made in accordance with K.A.R. 112-104-21. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective Sept. 26, 2008.)

112-104-23. Merchandise jackpots. (a) Each facility manager's internal control system shall include internal controls for the payment of a merchandise jackpot. The internal controls shall be submitted to and approved by the commission according to K.A.R. 112-104-1.

(b) A facility manager shall not offer a merchandise jackpot payout unless both of the following conditions are met:

(1) The terms and conditions of the merchandise jackpot, including the effect on the calculation of the theoretical payout percentage, meet the requirements of the act, this article, and the technical standards approved by the commission under article 110.

(2) The commission has approved the specific offer of the merchandise jackpot. To obtain commission approval, a facility manager shall file an amendment waiver and request form containing all of the details related to the merchandise jackpot payout.

(c) Each cash payout made in connection with a merchandise jackpot shall be made in accordance with K.A.R. 112-104-21. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective Sept. 26, 2008.)

112-104-24. Internal audit standards. (a) Each facility manager's internal control system shall include internal controls for internal audit standards. The internal controls shall be submitted to and approved by the commission according to K.A.R. 112-104-1. The facility manager shall maintain a separate internal audit department whose primary function is to perform internal audit work that shall be independent with respect to the departments subject to audit. The facility manager shall ensure that the standards, conventions, and rules governing audits in the United States are followed for all audits.

The internal audit department shall be responsible for the following:

- (1) The review and appraisal of the adherence of the facility manager's systems of internal control to commission regulations and technical standards;
- (2) performing tests to ensure compliance with internal control procedures;
- (3) the reporting to the facility manager's management and the commission of instances of noncompliance with the internal control system;
- (4) the reporting to the facility manager's management and the commission of any weaknesses in the internal control system;
- (5) the recommendation of procedures to eliminate any weaknesses in the internal control system; and
- (6) performing tests to ensure compliance with K.A.R. 112-104-6.

(b) The auditing department shall prepare documents to evidence all internal audit work performed as the work relates to the requirements in this regulation, including all instances of noncompliance with internal control procedures:

(1) The internal audit department shall operate with audit programs that address the requirements of this regulation.

(2) The internal audit department shall accurately document the work performed, the conclusions reached, and the resolution of all exceptions.

(c) All audit reports shall be prepared, maintained, and provided to the commission on a schedule approved by the executive director.

(1) Internal audit personnel shall perform audits of all major gaming areas of the facility manager. The following shall be reviewed at least quarterly:

(A) Wagering, including calculation and payout procedures;

(B) net EGM income;

(C) EGM activity, including the following:

(i) Jackpot payout and EGM or electronic device fill procedures;

(ii) EGM or electronic device drop counts, bill validator counts, and subsequent transfer of funds;

(iii) unannounced testing of count room currency counters or currency interface;

(iv) EGM drop cabinet access;

(v) tracing of source documents to summarized documentation and accounting records;

(vi) reconciliation to restricted copies;

(vii) compliance with erasable programmable read-only memory (EPROM) duplication procedures; and

(viii) compliance with internal control procedures for EGMs or electronic devices that accept currency and issue cash-out tickets and for EGMs that do not accept currency and do not return currency;

(D) cage procedures, including the reconciliation of trial balances to physical instruments on a sample basis. Cage accountability shall be reconciled to the general ledger;

(E) information technology standards specified in K.A.R. 112-104-25;

(F) complimentaries, including procedures whereby complimentaries are issued, authorized, and redeemed;

(G) control of keys that require accountability in a log beginning with the authorization to order, number received, establishment of the beginning key inventory, and control of issuance of keys to the operating departments;

(H) purchasing functions and contractual agreements to determine that the purchases and agreements are not in excess of their fair market value; and

(I) any other internal audits as required by the executive director, audit committee of the board of directors, or other entity designated by the executive director.

(2) The audit reports shall include the following information:

(A) Audit objectives;

(B) audit procedures and scope;

(C) findings and conclusions;

(D) recommendations, if applicable; and

(E) management's response.

(3) In addition to the observation and examinations performed under paragraph (c)(1), follow-up observations and examinations shall be performed to verify that corrective action has been taken regarding all instances of noncompliance cited by internal audit, the independent accountant, and the commission. The verification shall be performed within three months of the issuance of the audit report.

(4) Whenever possible, internal audit observations shall be performed on an unannounced basis.

(5) All exceptions disclosed during audits shall be investigated and resolved, with the results being documented and retained for seven years.

(d) All internal audit findings shall be reported to management, who shall be required to respond to internal audit findings stating corrective measures to be taken to avoid recurrence of the audit exception. The management responses shall be included in the internal audit reports that are delivered to the facility manager's management, the commission, audit committee of the board of directors, or other entity designated by the executive director. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective Sept. 26, 2008.)

112-104-25. Information technology standards. (a) Each facility manager's internal control system shall include internal controls for information technology standards. The internal controls shall be submitted to and approved by the commission according to K.A.R. 112-104-1. The management information systems (MIS) department shall be responsible for the quality, reliability, and accuracy of all EGM computer systems used by the facility manager regardless of whether data, software, or systems are located within or outside the gaming facility. The MIS department shall be responsible also for the security and physical integrity of, and the accountability and maintenance of, the following:

- (1) Access codes and other security controls used to ensure limited access to computer software and the systemwide reliability of data;
- (2) computer tapes, disks, or other electronic storage media containing data relevant to the facility manager's operations;
- (3) computer hardware, communications equipment, and software used in the conduct of the facility manager's operations; and
- (4) the computerized EGM monitoring system utilized by the facility manager, which shall ensure that the following conditions are met:
 - (A) EGMs located on the gaming floor are connected to the facility manager's computerized EGM monitoring system and to the Kansas lottery's central computer system in accordance with the act;

(B) the security features of the computerized EGM monitoring system prohibit the deletion, creation, or modification of any data unless a permanent record is created that sets forth the original information, modifications to the original information, the identity of the employee making the modification, and, if applicable, the identity of each employee authorizing the modification;

(C) computerized jackpot payout systems utilized by the facility managers are configured to require that any modification of \$100 or more to the original amount recorded on a computerized jackpot payout or system override is authorized by two cage department employees, one of whom is in a position of greater authority than the individual preparing the jackpot payout; and

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

(b) The internal controls specified in subsection (a) shall include general controls for gaming hardware and software. These general controls shall include all of the following requirements:

(1) The facility manager's management shall ensure that physical and logical security measures are implemented, maintained, and adhered to by personnel to prevent unauthorized access that could cause errors or compromise data or processing integrity.

(2) The facility manager's management shall ensure that all new gaming vendor hardware and software agreements and contracts contain language requiring the vendor to adhere to internal control standards applicable to the goods and services the vendor is providing.

(3) Physical security measures shall exist over computers, computer terminals, data lines, and storage media to prevent unauthorized access and loss of integrity of data and processing.

(4) The requirements in paragraph (b)(1) shall apply to each applicable department within the gaming facility. Only authorized personnel shall have access to the following:

- (A) Systems software and application programs;
- (B) computer data;
- (C) computer communications facilities;
- (D) the computer system; and
- (E) information transmissions.

(c) Each facility manager shall include the following in that facility manager's internal controls:

- (1) The method for detecting authorized and unauthorized software changes;
- (2) the generation of daily reports from all computer systems, which shall document any software changes;
- (3) procedures for the control and installation of software by the MIS department;

(4) the creation of a software control log by the MIS department evidencing all authorized changes to software; and

(5) the review and comparison of the report and log required in paragraphs (c)(2) and (4) by the internal audit department for any deviations and investigation.

(d) The main computers for each gaming application shall be located in a secured area with access restricted to authorized persons, including vendors. Non-MIS department personnel shall be precluded from having unrestricted access to the secured computer areas.

(e) Access to computer operations shall be restricted to authorized personnel.

(f) Incompatible functions shall be adequately segregated and monitored to prevent lapses in general information technology procedures that could allow errors to go undetected or fraud to be concealed.

(g) The computer systems, including application software, shall be secured through the use of passwords or other means approved by the commission, if applicable. MIS department personnel shall assign and control the access to system functions.

(h) Passwords shall be controlled through both of the following requirements:

(1) Each user shall have that person's own individual password.
(2) Each password shall be changed at least quarterly with each change documented.

(i) MIS department personnel shall have backup and recovery procedures in place that include the following:

- (1) Daily, monthly, and annual backup of data files;
- (2) backup of all programs;
- (3) secured off-site storage of all backup data files and programs or other adequate protection access to which shall be restricted to authorized MIS department personnel; and
- (4) recovery procedures, which shall be tested on a sample basis at least semi-annually with documentation of results.

(j) Information technology system documentation shall be maintained, including descriptions of hardware and software, including current version numbers of approved software and licensee manuals.

(k) MIS department personnel shall meet the following requirements:

- (1) Be precluded from unauthorized access to the following:
 - (A) Computers and terminals located in gaming areas;
 - (B) source documents; and
 - (C) live data files, which shall not contain test data; and
- (2) be restricted from the following:
 - (A) Having unauthorized access to cash or other liquid assets; and
 - (B) initiating general or subsidiary ledger entries.

(l) All program changes for in-house developed systems shall be documented as follows:

(1) Requests for new programs or program changes shall be reviewed by the MIS department supervisor. The approval to begin work on the program shall be documented.

(2) A written plan of implementation for new and modified programs shall be maintained and shall include the following:

(A) The date the program is to be placed into service;

(B) the nature of the change;

(C) a description of procedures required in order to bring the new or modified program into service, including the conversion or input of data and installation procedures; and

(D) an indication of who is to perform the procedures specified in paragraph (l)(2)(C).

(3) The testing of new and modified programs shall be performed and documented before implementation.

(4) A record of the final program or program changes, including evidence of user acceptance, the date in service, the name of the programmer, and the reason for changes, shall be documented and maintained.

(m) The facility manager shall maintain computer security logs. If computer security logs are generated by the system, the logs shall be reviewed by MIS department personnel for evidence of the following:

(1) Multiple attempts to log on. Alternatively, the system shall deny user access after three attempts to log on;

(2) unauthorized changes to live data files; and

(3) any other irregular transactions.

(n) The following requirements shall apply to accessing computer systems through remote dial-up or other methods as authorized by the commission:

(1) If remote dial-up to any associated equipment is allowed for software support, MIS department personnel shall maintain an access log that includes the following:

(A) The name of employee authorizing modem access;

(B) the name of authorized programmer or vendor representative;

(C) the reason for modem access;

(D) a description of work performed; and

(E) the date, time, and duration of access.

(2) The facility manager shall be required by the commission to maintain evidence of all changes being made during remote access sessions.

(o) Any facility manager may scan or directly store documents to an unalterable storage medium if all of the following requirements are met:

(1) The storage medium shall contain the exact image of the original document.

(2) All documents stored on the storage medium shall be maintained with a detailed index listing the department and date. This index shall be available upon request by the executive director.

(3) Upon request and adequate notice by the commission, hardware, including the terminal and printer, shall be made available in order to perform auditing procedures.

(4) Controls shall exist to ensure the accurate reproduction of records, including the printing of stored documents used for auditing purposes.

(5) The storage medium shall be retained for at least seven years.

(p) If a facility manager employs computer applications to replace or to supplement manual procedures, the computer application procedures implemented shall provide the same level of documentation or procedures, or both, that manual procedures approved by the commission provide. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; Sept. 26, 2008.)

112-104-26. Gaming facility. (a) Each facility manager's internal control system shall include internal controls for the gaming facility requirements contained within this regulation. The internal controls shall be submitted to and approved by the commission according to K.A.R. 112-104-1. Each gaming facility shall be equipped with a surveillance system configured and approved in accordance with article 106.

(b) Restricted areas within the gaming facility shall be designated for the repair and storage of EGMs. The areas approved and utilized within the gaming facility for EGM repair shall be monitored by the surveillance system.

(c) Each emergency exit from the gaming floor shall be equipped with an audible alarm system that produces a loud, distinguishable warning sound, discernable in the vicinity of the exit, whenever the emergency door is opened. The alarm system shall be designed to require deactivation and reset by means of a key. The key shall be maintained by the facility manager's security department.

(d) Each facility manager shall, in accordance with the act, provide for and maintain facilities for use by the commission and the Kansas lottery for the purpose of carrying out each commission's responsibilities. The facilities shall be located in the same building as the gaming floor and shall include adequate office space, equipment, partitions, and supplies to meet the continuing needs of the commission and the Kansas lottery at the facility, including the following:

(1) A surveillance system monitoring room that meets all of the requirements of K.A.R. 112-106-1(o);

- (2) an area for detention that meets all of the requirements of K.A.R. 112-105-6;
- (3) a fingerprinting and photographing facility for use by the commission, located in conformance with and outfitted in compliance with specifications established by the commission;
- (4) adequate computer, telephone, and copying capability to meet the commission's and the Kansas lottery's continuing data processing and related needs;
- (5) direct telephone connections between these facilities and the facility manager's surveillance monitoring room and its security department; and
- (6) computer terminals facilitating read-only access to any EGM computer system used by the facility manager in its gaming operations.

(e) The keys or alternative locking mechanisms securing access to the on-site facilities shall be under the exclusive custody and control of the commission or the Kansas lottery.

(f) Each facility manager shall provide additional accommodations within the gaming facility upon receipt of a written request from the executive director or the Kansas lottery to accommodate periodic audit, compliance, or investigative reviews at the gaming facility.

(g) Each facility manager shall provide adequate parking spaces adjacent or proximate to the on-site facilities, clearly marked for the commission and the Kansas lottery use only.

(h) Each facility manager shall equip the facility with communication systems necessary to ensure communication between the gaming facility and the commission, the Kansas lottery, and any applicable local law enforcement agency or emergency first responders. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective Sept. 26, 2008.)

112-104-27. Acceptance of tips or gratuities from patrons. Notwithstanding the requirements of K.A.R. 112-107-18, a level I employee or gaming employee who serves in a supervisory position shall be prohibited from soliciting or accepting a tip or gratuity from a patron of the facility manager. No level II or level III employee may solicit a tip or gratuity from a patron of the facility manager. A facility manager shall not permit any practices prohibited by this regulation. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective Sept. 26, 2008.)

112-104-28. Automated teller machines. Automated teller machines may be placed at any location within the gaming facility, if the location is approved by the executive director. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective Sept. 26, 2008.)

112-104-29. Waiver of requirements. (a) One or more of the requirements of this article applicable to accounting and internal controls may be waived by the commission on its own initiative, upon the commission's determination that the compensating control or procedure, as documented in a facility manager's internal control system, meets the operational integrity requirements of the act and this article.

(b) Any facility manager may submit a written request to the commission for a waiver for one or more of the requirements in this article. The request shall be filed on an amendment waiver and request form and shall include supporting documentation demonstrating how the proposed accounting and internal controls for which the waiver has been requested would meet the operational integrity requirements of the act and this article. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective Sept. 26, 2008.)

112-104-30. Gaming day. (a) The beginning and ending times of the gaming day shall be determined by the Kansas lottery and shall be uniform for all facility managers for the purposes of determining net EGM income.

(b) Before beginning gaming operations, each facility manager shall submit to the commission in writing its hours of gaming. The gaming times shall correspond to the portion of the gaming day the facility manager will be open to the public for the purpose of gaming activities. A facility manager shall not commence gaming until its hours of gaming are approved by the commission.

(c) Each facility manager shall provide written notice of any planned change in the facility manager's hours of gaming to the commission at least 72 hours before the change. The facility manager shall notify the commission of a change in the facility manager's hours due to an emergency at that time. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective Sept. 26, 2008.)

112-104-31. Signature. An employee signature may be in either of the following formats:

- (a) The employee's first initial, last name, and employee credential number, which shall be written by the employee, immediately adjacent to or above the clearly printed or preprinted title of the employee; and
- (b) the employee's unique identification number or other computer identification code issued to the employee by the facility manager, if the document to be signed is authorized by the commission to be generated by an EGM computer system and this method of signature is approved or required by the commission. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective Sept. 26, 2008.)

112-104-32. Unclaimed winnings. (a) Each facility manager's internal control system shall include internal controls for unclaimed winnings. The internal controls shall be submitted to and approved by the commission according to K.A.R. 112-104-1.

(b) All winnings, whether property or cash, that are due and payable to a known patron and remain unclaimed shall be held in safekeeping for the benefit of the known patron.

(c)(1) If winnings have not been provided to a known patron, the facility manager shall prepare a winner receipt form. The form shall be a two-part, serially prenumbered form and shall contain the following:

(A) The name and address of the patron;
(B) a unique identifying number obtained from a United States government-issued photo identification card or a government-issued passport;
(C) the date and time the winning occurred; and
(D) the LFG upon which the win occurred, including the following:

(i) The LFG asset number;
(ii) the location; and
(iii) the winning combination.

(2) The two-part receipt form shall be distributed as follows:
(A) The preparer of the original shall send the original to the gaming cashier responsible for maintaining safekeeping balances.

(B) The duplicate shall be presented to the winning patron, who shall be required to present the duplicate receipt before being paid the winning amount due.

(d) Each facility manager shall be required to use its best efforts to deliver the winnings to the patron. The facility manager shall maintain documentation of all efforts to provide the patron with the unclaimed winnings. Documentation shall consist of letters of correspondence or notation of telephone calls or other means of communication used in the attempt to provide the winnings to the patron.

(e) Each winning patron shall collect that patron's winnings by presenting to a gaming cashier the duplicate copy of the winner receipt form signed in the presence of the gaming cashier. The gaming cashier shall obtain the original winner receipt form from safekeeping and compare the signature on the original to the signature on the duplicate receipt form. The gaming cashier shall sign the original winner receipt form, attesting that the signatures on the original and duplicate receipt forms agree, and then distribute the winnings to the patron.

(f) The gaming cashier shall retain the original receipt form as evidence of the disbursement from the gaming cashier's funds. The duplicate receipt form shall be placed in a box for distribution to accounting by security or someone who did not participate in the transaction.

(g) Undistributed winnings of any known patron held in safekeeping for 12 months or longer shall revert to the Kansas state treasurer's office in accordance with

unclaimed property laws after reasonable efforts to distribute the winnings to the known patron, as determined from review of the documentation maintained.

(h)(1) If the identity of any patron who wins more than \$1,200 is not known, the facility manager shall be required to make a good faith effort to learn the identity of the patron. If the identity of the patron is determined, the facility manager shall comply with subsections (b) through (g).

(2) If a patron's identity cannot be determined after 180 days from the time the patron's winnings were payable, the winnings shall be distributed according to the formula contained in the gaming facility's management contract. (Authorized by and implementing K.S.A. 2009 Supp. 74-8772; effective Sept. 26, 2008; amended April 1, 2011.)

112-104-33. Disputes. (a) If a dispute arises with a patron concerning the payment of alleged winnings, the facility manager shall provide the patron with a patron complaint form and instructions for submitting a patron complaint.

(b) If a facility manager refuses to pay the winnings claimed by a patron and the patron and the facility manager remain unable to resolve the dispute after seven days, the facility manager shall, on the next day, notify the commission in writing of the dispute in a manner and form the commission prescribes. The notice shall identify the parties to the dispute and shall state the known relevant facts regarding the dispute. A determination regarding the dispute may be made by the commission. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective Sept. 26, 2008.)

112-104-34. Physical key controls; automated key controls. (a) "Sensitive keys" shall mean those unlocking devices designated by the Kansas lottery, a facility manager, or the commission as important to preserving the security of the facility manager's business. Each facility manager shall control the storage, duplication, custody, issuance, and return of sensitive keys. The sensitive key box may be stored in each facility manager's accounting department. At a minimum, the following keys shall be deemed sensitive keys:

- (1) The EGM belly glass key;
- (2) the tip box key, sometimes called a "toke box" key; and
- (3) the accounting or audit box key.

(b) Sensitive keys may be further designated as "critical." Critical keys shall mean those unlocking devices that shall be maintained in a dual-lock box. If a critical key is lost or becomes missing, all locks that the key fits shall be changed within 24 hours. At a minimum, the following keys shall be deemed critical keys:

- (1) The EGM central processing unit key;
- (2) the EGM main door key;
- (3) the EGM drop door key;
- (4) the bill validator door and box release key;
- (5) the bill validator contents key;
- (6) the jackpot or EGM reimbursement kiosk keys;
- (7) the self-redemption or bill breaker kiosk keys;

- (8) the change cart key;
- (9) the key for each table game's drop box;
- (10) the key for the table game drop box release;
- (11) the keys for the bill validator and table drop storage cart;
- (12) the key for each table game's chip bank cover;
- (13) the key for each table game's chip tray;
- (14) the key for each progressive game's controller;
- (15) the key for each progressive game's reset switch;
- (16) the keys for the reserve chip storage;
- (17) the keys for the card and dice storage area;
- (18) the keys for the secondary chip storage area;
- (19) the access door key to any cage, EGM bank, or redemption booth;
- (20) the window key to any cage, EGM bank, or redemption booth;
- (21) the keys to the vault;
- (22) the keys to the soft count room; and
- (23) any key not listed in this subsection that controls access to any cash or chip storage area.

- (c) If a facility manager chooses to use rings to maintain its keys, each key on the ring shall be individually identified on a key access list.
- (d) Each facility manager's internal control system shall include the following information:

- (1) The location of each sensitive key and critical key box;
- (2) each employee or contract job title that is authorized to access the sensitive key or critical key boxes;
- (3) the procedure for issuing and controlling the keys for the sensitive key or critical key boxes;
- (4) the sensitive key or critical key names, location, and persons authorized to sign out each sensitive key or critical key;
- (5) the location and custodian of each duplicate sensitive key; and
- (6) continuous surveillance coverage of each key box.

(e) If a facility manager chooses to use an automated key control system, the facility manager's internal control system shall include the following information:

- (1) A description of the automated system and its configuration, including how access is controlled;
- (2) the system's ability to provide scheduled and on-demand reports for a complete audit trail of all access, including the following:
 - (A) The identity of the key box;
 - (B) the identity of the employee;
 - (C) the identity of the keys;
 - (D) the date and time a key was removed;
 - (E) the date and time a key was returned;
 - (F) any unauthorized attempts to access the key box; and

(G) all entries, changes, or deletions in the system and the name of the employee performing the entry, change, or deletion;

(3) the employee position that is in charge of any automated key control system;

(4) each employee position that is authorized to enter, modify, and delete any keys;

(5) each employee position that is authorized to access the system;

(6) details about the alarms being used to signal for the following events:

(A) Overdue keys;

(B) open key box doors;

(C) unauthorized attempts to access; and

(D) any other unusual activities;

(7) any system override procedures; and

(8) a procedure for the notification of a commission security agent on duty if a partial or complete system failure occurs.

(f) Each individual authorized to access keys in the automated system shall have the authorization noted in the employee's personnel file.

(g) Each change to the list of authorized employees that have access to the automated keys shall be updated within 72 hours of the change. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Oct. 16, 2009.)

112-104-35. Key control procedures. (a) Each facility manager's internal controls for keys shall include a key box custodian. Each custodian of a sensitive key box or critical key box shall be issued a sensitive key or critical key access list that notes the authorized employee positions that may access each sensitive key or critical key.

(b) If two keys are required to access a controlled area, then the keys shall be issued to different employees and each key shall be individually signed out of the key access list.

(c) Each key that requires issuance under security or management escort shall be identified as such in the sensitive key or critical key access list. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Oct. 16, 2009.)

112-104-36. Key access list. (a) Each facility manager shall maintain a current and accurate key access list for each sensitive key or critical key. Each facility manager shall provide a copy of the key access list to the commission's director of security. The key access list shall include the following details:

- (1) The name of the key;
- (2) the storage location of the key;
- (3) the name of the custodian of the key;
- (4) the quantity of the keys;
- (5) the title of each employee authorized to remove the key; and
- (6) any escort requirements and specific limitations to key access.

(b) The custodian of duplicate keys shall maintain a key access list documenting the following information:

- (1) The name of the keys;
- (2) the identification number assigned to the key;
- (3) the employee positions that are authorized to remove a key; and
- (4) any escort requirements for each key's use.

(c) The internal control system for keys shall indicate which employees have the authority to make changes, deletions, or additions to the sensitive key and critical key access lists. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Oct. 16, 2009.)

112-104-37. Key log. (a) Any sensitive key or critical key may be issued only after completion of a sensitive key or critical key log. The key log shall include the following information:

- (1) The date the key was issued or returned;
- (2) the key number;
- (3) the individual or automated key box issuing the key;
- (4) the individual receiving the key;
- (5) the time the key was signed out or removed;
- (6) the time the key was signed in;
- (7) the individual returning the key; and
- (8) the individual or automated key box receiving the returned key.

(b) Each individual who signs out a sensitive key or a critical key shall maintain custody of the key until the key is returned to the sensitive key or the critical key box. Keys may be passed only to count team leads and distributed to other count team members during bill validator drops and EGM drops. In the event of an emergency, illness, or injury rendering the individual incapable of returning the key, a supervisor may return the key with a notation on the sensitive key log.

(c) Upon completion, sensitive key or critical key logs shall be forwarded at intervals specified by the facility manager to the accounting or internal audit department, where the logs shall be reviewed and retained. If any discrepancies are found in the key

logs, the security or internal auditing department shall begin an investigation and document the discrepancy.

(d) Each facility manager shall maintain a duplicate key inventory log documenting the current issuance, receipt, and inventory of all duplicate sensitive keys.

The duplicate key inventory log shall include the following information:

- (1) The date and time of the key issuance, receipt, or inventory;
- (2) each key name;
- (3) each key number;
- (4) the number of keys in beginning inventory;
- (5) the number of keys added or removed;
- (6) the number of keys in ending inventory;
- (7) the reason for adding or removing keys; and
- (8) the signatures of the two individuals accessing the box. (Authorized by and

implementing K.S.A. 2008 Supp. 74-8772; effective Oct. 16, 2009.)

112-104-38. Broken, lost, or missing keys. (a) The internal control system shall include procedures for the following if a critical key or sensitive key is broken:

- (1) The name of the employee required to receive and replace the broken key;
- (2) disposition of the broken key; and
- (3) notification to a commission agent on duty.

(b) An inventory of duplicate keys shall be maintained in such quantity that there is always at least one duplicate key in inventory for each critical key or sensitive key.

(c) The internal control system shall include procedures to be followed when a sensitive key or critical key is lost, missing, or taken from the premises.

(d) The internal control system shall include procedures for investigating and reporting missing critical keys or sensitive keys. The commission agent on duty shall be notified upon discovery that any sensitive keys or critical keys are missing. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Oct. 16, 2009.)

112-104-39. Corrections to forms. (a) Monetary corrections to a figure originally recorded on a form may be made only in ink by performing the following:

- (1) Crossing out the error;
- (2) entering the correct figure; and
- (3) obtaining the initials of the employee making the change and the initials of

the employee's supervisor.

(b) Each nonmonetary correction to a form shall be initialed by the employee making the correction.

(c) Each form that is not prenumbered shall be maintained and controlled by the applicable department manager. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Oct. 16, 2009.)

112-104-40. Manual form dispensers. (a) Each facility manager's accounting or security department shall be responsible for loading and unloading any locked manual form dispenser. Each form unloaded from the dispenser shall be delivered directly to the accounting department.

(b) If the manual form dispenser jams, an employee from the accounting department or security department shall clear the jam and relock the manual form dispenser.

(c) If a facility manager uses a manual form dispenser, then the dispenser shall be configured to dispense a single form at a time, with undispensed forms kept in continuous order.

(d) Manual form dispensers shall be used to control the following manual forms:

- (1) Table fill slips;
- (2) table credit slips; and
- (3) EGM hand-paid jackpot payout forms. (Authorized by and implementing

K.S.A. 2008 Supp. 74-8772; effective Oct. 16, 2009.)

112-104-41. Forms; description. (a) Each facility manager shall maintain a supply of all forms listed in subsection (b) and any additional forms that the manager deems necessary to manage the facility. Each facility manager's internal control submission shall include an index of all forms that the manager may use.

(b) The following forms shall be a part of each facility manager's minimum internal controls:

- (1) Inventory ledgers for the following:
 - (A) Date of receipt, count, or issuance of cards or dice;
 - (B) quantity of cards and dice received or issued; and
 - (C) balance of cards or dice inventory on hand;
- (2) a log for card or dice pickup and either cancellation or destruction, including the following details:
 - (A) The date of the form's preparation;
 - (B) the date and time of cancellation or destruction of the cards or dice;
 - (C) the quantity of cards and dice picked up, canceled, or destroyed; and
 - (D) all required signatures;
- (3) a card or dice storage log for the pit area, including the following details:
 - (A) The date of each entry on the log;
 - (B) the quantity and description of all cards and dice placed in the compartment;
 - (C) the quantity and description of all cards and dice removed from the compartment;

(D) the current number of each design and color combination of cards and dice; and

(E) each daily verification of the current inventory;

(4) a cashier's cage or vault count sheet, including the following details:

(A) The date and time of completion of the count sheet;

(B) the location of the cashier's cage;

(C) the amount of each type and denomination of funds;

(D) the actual count total or closing inventory;

(E) the accountability total;

(F) the amount of overages or shortages; and

(G) each signature required by these regulations for the count sheet;

(5) a cashier's cage multiple-transaction log, including the following details:

(A) The location of the cashier's cage or bank where the cash transactions occurred;

(B) the date of the multiple-transaction log;

(C) the full name of any patron making multiple transactions, if provided by the patron, or a description to help identify the patron if the patron refuses to provide a name.

Each description shall include weight, height, hair color, and any other observed distinguishing features;

(D) the total cash transaction amount; and

(E) the transaction type. The transaction types shall be the following:

- (i) Cash-outs, including cashing personal checks and travelers checks;
- (ii) chip redemptions. The gaming location shall be included in the comments column;
- (iii) deposits for safekeeping;
- (iv) deposits out when withdrawing a safekeeping deposit; and
- (v) any other transactions not listed in paragraphs (b)(5)(E)(i) through (iv), including each cash transaction payment of EGM jackpots and each exchange of currency for currency;

- (F) the time of the transaction;
- (G) the signature and commission license number of the employee logging the transaction;
- (H) any observed information that would be useful in identifying the patron or explaining the transaction;
- (I) the supervisor's signature. The supervisor's signature shall acknowledge the following items:
 - (i) That the supervisor has reviewed the log and, to the best of the supervisor's knowledge, all cash transactions of \$500 or more have been properly recorded; and
 - (ii) that all currency transaction reports have been properly completed for all single cash transactions and series of multiple cash transactions in excess of \$10,000; and
- (J) the page number and total pages of the log for the gaming day;

(6) a chip inventory ledger, including the following details:

- (A) The date of receipt, issuance, and destruction;
- (B) the number of each denomination of chips received, issued, or destroyed;
- (C) the dollar amount of each denomination of value chips, as defined in K.A.R. 112-108-1, received, issued, or destroyed;
- (D) the number and description of non-value chips received, issued, or destroyed;
- (E) any required signatures; and
- (F) the identification of any primary chips held in reserve with the word "reserve";

(7) a safekeeping deposit or withdrawal form, including the following details:

- (A) Preprinted numbering on all copies;
- (B) the name and signature of the patron making the deposit;
- (C) the date of each deposit or withdrawal;
- (D) the amount of each deposit or withdrawal;
- (E) the type of deposit or withdrawal;
- (F) the reason for the deposit or withdrawal; and
- (G) any required signatures;

(8) a duplicate key inventory log, including the following details:

- (A) The date and time of the log's completion;
- (B) the key name;
- (C) the key number;

- (D) the number of keys in beginning inventory;
- (E) the number of keys added or removed;
- (F) the number of keys in ending inventory;
- (G) the reason for adding or removing keys; and
- (H) the required signatures of the two individuals accessing the box;

(9) a tips and gratuity deposit form, including the following details:

- (A) The date of completion of the form;
- (B) the number of chips listed by denomination;
- (C) the total number of all denominations; and
- (D) all required signatures;

(10) a temporary bank voucher, including the following details:

- (A) The date and time of the voucher's completion;
- (B) the location of the temporary bank;
- (C) the amount of funds issued;
- (D) the signature from the main bank cashier who is issuing the funds;
- (E) the signature of the individual receiving funds;
- (F) the signature of the individual returning funds; and
- (G) the signature of the main bank cashier receiving returned funds;

(11) a duplication of any critical program storage media log. "Critical program storage media" and "CPSM" shall mean any media storage device containing data, files,

or programs, as determined by the commission, that are capable of affecting the integrity of gaming. The duplicate CPSM log shall include the following details:

- (A) The date of completion of the form;
- (B) the manufacturer of the chip;
- (C) the program number;
- (D) any personnel involved; and
- (E) the disposition of any permanently removed CPSM;

(12) an EGM drop compartment sweeps log, including the following details:

- (A) Each EGM number and location;
- (B) the date and time of the drop;
- (C) the signature of each employee performing the sweep; and
- (D) the signature of the supervisor overseeing the drop;

(13) an EGM drop or win report, including the following details:

- (A) The gaming date;
- (B) the amount wrapped by denomination and totaled;
- (C) the dollar value difference by denomination;
- (D) the percentage variance difference by denomination;
- (E) the total jackpot payouts;
- (F) the total drop by denomination;
- (G) the total drop of all denominations;
- (H) the net win or loss by denomination and total; and

- (I) all required signatures;

(14) an EGM entry access log, including the following details:

- (A) The EGM number and location;
- (B) the date and time of the EGM access;
- (C) the reason for entry; and
- (D) all required signatures;

(15) an EGM hand-paid jackpot form, including the following details:

- (A) The date and time of completion of the form;
- (B) an EGM number that required hand payment and the location and denomination of the payment;
- (C) the amount of jackpot;
- (D) the reel symbols on each EGM jackpot requiring hand payment; and
- (E) all required signatures;

(16) an EGM sweeps log, including the following details:

- (A) Each EGM number and location;
- (B) the date and time of the EGM sweep;
- (C) the signature of each employee performing the sweep; and
- (D) the signature of the supervisor overseeing the sweep;

(17) an even exchange slip, including the following details:

- (A) The date, time, and location of the exchange;
- (B) the amounts to be exchanged by type;

(C) the amounts to be changed for;

(D) all required signatures; and

(E) the total amount exchanged;

(18) each cage or bank variance slip, including the following details:

(A) The date and time of completion of the slip;

(B) the location of the bank;

(C) the amount of overage or shortage; and

(D) all required signatures;

(19) ingress or egress logs for the count rooms, surveillance rooms, and cages,

including the following details:

(A) The date and time of each ingress or egress;

(B) the printed name of each person entering or leaving;

(C) the room entered or left;

(D) the reason for entry; and

(E) all required signatures;

(20) a main bank or vault accountability log, including the following details:

(A) The date and shift that the accounting was made;

(B) the opening balance;

(C) the amount of each type of accountability transaction;

(D) detail of the total main bank or vault inventory, including the inventory of the

following:

- (i) Currency;
- (ii) coin;
- (iii) chips;
- (iv) safekeeping deposits; and
- (v) any unclaimed property account;

- (E) the total main bank or vault inventory;
- (F) all overages and shortages;
- (G) the closing balance; and
- (H) all required signatures;

(21) a master gaming report, including the following details:

- (A) The gaming date;
- (B) the game and table number;
- (C) the opening table inventory slip;
- (D) the total fill slips;
- (E) the total credit slips;
- (F) the closing table inventory slip;
- (G) the total drop per table;
- (H) the overall totals by game;
- (I) the total win or loss; and
- (J) all required signatures;

(22) a RAM clearing slip, including the following details:

- (A) The date and time that the RAM was cleared;
- (B) an EGM number, the location, and the number of credits played before the RAM clearing occurred;
- (C) the current reel positions or video displays;
- (D) the previous two reel positions or video displays;
- (E) the actual meter readings of the internal hard and soft meters;
- (F) the progressive jackpot display, if linked;
- (G) the reason for RAM clear; and
- (H) all required signatures;

(23) the returned check log, including the following details:

- (A) The name and address of each person who presented the check that was subsequently returned;
- (B) the date of the check;
- (C) the amount of the check;
- (D) the check number;
- (E) the date the facility manager received notification from a financial institution that the check was not accepted; and
- (F) the dates and amounts of any payments received on the check after being returned by a financial institution;

(24) a sensitive key log, including the following:

- (A) The date the key activity occurred;

- (B) the key number;
- (C) the individual or automated key box issuing the key;
- (D) the name of the individual receiving the key;
- (E) the time the key was signed out;
- (F) the time the key was signed in;
- (G) the individual returning the key; and
- (H) the individual or automated key box receiving the returned key;

(25) a signature authorization list, including the following details for each employee listed:

- (A) The employee's hire date;
- (B) the employee's name;
- (C) the department;
- (D) the position;
- (E) the license number;
- (F) the employee's initials as on a signature card; and
- (G) the employee's signature, with at least the first initial and last name;

(26) a surveillance incident report, including the following details:

- (A) The date and incident report number;
- (B) the time and location of the incident;
- (C) the name and address of each witness and subject involved in the incident, if known;

- (D) a detailed narrative of the incident;
- (E) an identification of any videotape covering the incident;
- (F) the final disposition of the incident; and
- (G) all required signatures;

(27) a surveillance shift log, including the following details:

- (A) The date that the entry is being made;
- (B) the time of and duration, description, and location of all unusual occurrences observed;
- (C) a listing of any surveillance issues, including the following:
 - (i) Equipment malfunctions related to other logged events or activities;
 - (ii) completed tapes;
 - (iii) still photograph requests; and
- (D) required signatures;

(28) a surveillance tape release log, including the following details:

- (A) The tape number;
- (B) the date and time of release;
- (C) the printed name, department, or agency;
- (D) a notation indicating whether the tape is a duplicate or original;
- (E) an authorization notation;
- (F) an "issued by and to" notation; and
- (G) all required signatures;

(29) a surveillance tape retention log, including the following details:

- (A) The date and time of the tape retention activity;
- (B) the tape number being retained;
- (C) a description of the activity recorded and the recording mode; and
- (D) all required signatures;

(30) a table credit slip, if applicable, including the following details:

- (A) The date, pit, game or table number, and time of the table credit activity;
- (B) the amount of each denomination of chips to be credited;
- (C) the total amount of all denominations to be credited; and
- (D) all required signatures;

(31) a table fill slip, including the following details:

- (A) The date, pit, game or table number, and time of the table fill activity;
- (B) the amount of each denomination of chips to be distributed;
- (C) the total amount of all denominations to be distributed; and
- (D) all required signatures;

(32) a table inventory slip, including the following details:

- (A) The date and shift;
- (B) the game and table number;
- (C) the total value of each denomination of chips remaining at the table;
- (D) the total value of all denominations; and
- (E) all required signatures;

(33) a table soft count slip or currency counter machine tape, including the following details:

- (A) The date of the soft count or printing of the machine tape;
- (B) the table game and number;
- (C) the box contents by denomination;
- (D) the total of all denominations; and
- (E) all required signatures;

(34) a wide-area progressive secondary jackpot slip, including the following details:

- (A) The date and time of the wide-area progressive secondary jackpot;
- (B) an EGM number, location, and denomination;
- (C) the amount of the jackpot in alpha and numeric description;
- (D) the reel symbols and number of credits played;
- (E) all required signatures; and
- (F) the game type;

(35) a security incident report, including the following details:

- (A) The incident report number;
- (B) the date and time of the incident;
- (C) the location of the incident;
- (D) the type of incident;

- (E) the names and addresses of any witnesses and subjects involved in the incident, if known;
- (F) a detailed narrative of the incident;
- (G) the identification of videotape covering the incident, if applicable; and
- (H) all required signatures;

(36) a security incident log, including the following details:

- (A) The date of the daily log;
- (B) the time of the incident;
- (C) the incident report number;
- (D) the name of the reporting security department employee and the employee's commission license number; and
- (E) the summary of the incident;

(37) a visitor or vendor log, including the following details:

- (A) The date of the visitor's or vendor's visit;
- (B) the printed name;
- (C) the company;
- (D) the time in and time out;
- (E) the type of badge and the badge number;
- (F) the reason for entry; and
- (G) all required signatures;

(38) a key access list, including the following details:

(A) The name of the key;
(B) the location of the key;
(C) the custodian of the key;
(D) the quantity of the keys; and
(E) the job titles authorized to sign out the key and, if applicable, any escort requirements and specific limitations;

(39) a table games variance slip, including the following details:

(A) The gaming date;
(B) the game or table number;
(C) the shift;
(D) a description of the discrepancy found; and
(E) all required signatures;

(40) an inventory log of prenumbered forms, including the following details:

(A) The name of the prenumbered form;
(B) the date received or issued;
(C) the quantity received or issued;
(D) the number sequence of forms received or issued;
(E) the name of each department to which forms were issued; and
(F) all required signatures and commission license numbers;

(41) a gift log, including the following details:

(A) The name of the gift recipient;

(B) the gift donor;

(C) a description and value of the gift; and

(D) the date the gift was received;

(42) a safekeeping log, including the following details:

(A) The date of deposit or withdrawal;

(B) the name of the patron;

(C) the dollar amount of deposit or withdrawal;

(D) the type of deposit or withdrawal; and

(E) the total balance of all deposits;

(43) a card or dice discrepancy report, including the following details:

(A) The date and time of the noted discrepancy;

(B) the location;

(C) a description of the discrepancy found; and

(D) all required signatures;

(44) a remote access log, including the following details:

(A) The access start date and time;

(B) the access end date and time;

(C) the reason for the remote access; and

(D) the person making access;

(45) a personnel access list, including the following details:

(A) The employee name;

(B) the license number; and

(C) all authorized functions the employee may perform;

(46) a redemption log, including the following details:

(A) The date the claim is being made;

(B) the dollar value of each item received by mail;

(C) the check number;

(D) the patron's name and address; and

(E) the signature of the employee performing the transaction;

(47) a currency cassette log, including the following details:

(A) The date of the currency cassette log;

(B) the time of the currency cassette log;

(C) the tamper-resistant seal number;

(D) the unique cassette number;

(E) the amount of cash in the cassette;

(F) the denomination of currency in the cassette; and

(G) the signature of the main bank cashier who prepared the cassette; and

(48) a table games jackpot slip, including the following details:

(A) The date of the table game jackpot;

(B) the time of the table game jackpot;

(C) the amount of winnings in alpha and numeric description;

(D) the table game number;

- (E) the type of jackpot;
- (F) the player's name;
- (G) the signature of the cashier;
- (H) the signature of the dealer;
- (I) the signature of the table games supervisor; and
- (J) the signature of the security officer escorting the funds; and

(49) a meter-reading comparison report, including the following details:

- (A) The date of the meter-reading comparison report;
- (B) the asset number;
- (C) the beginning and ending credits played;
- (D) the beginning and ending credits paid;
- (E) the beginning and ending amount-to-drop, if applicable;
- (F) the beginning and ending jackpots paid;
- (G) the difference between the beginning and ending amount for all meters;
- (H) the variance between the meters, if any; and
- (I) the signature of an accounting department employee. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Oct. 16, 2009.)

112-104-42. Purchasing. (a) Each facility manager's internal control system shall include internal controls for purchasing.

(b) The internal controls shall indicate the amount of a single transaction or series of related transactions that an individual or a group of employees, owners, or directors may approve.

(c) The internal controls shall include the following information for both manual and computerized systems:

(1) Steps for initiating purchasing procedures;

(2) detailed procedures for the preparation and distribution of purchase orders, including the following:

(A) The amounts that can be authorized by various positions or levels of personnel;

(B) the sequence of required signatures and distribution of each part of the purchase order;

(C) a statement that purchase orders shall be issued only for a specific dollar amount.

Each change to an issued purchase order shall be returned to the purchasing department to initiate an amended purchase order and obtain additional approvals, if necessary; and

(D) the maintenance of a purchase order log;

(3) detailed procedures for issuing and approving blanket purchase orders for purchases of goods or services, including the following:

(A) The competitive bid requirements for blanket purchase orders;

(B) a statement that each blanket purchase order shall include a maximum amount, the effective date, and the expiration date; and

(C) controlling, documenting, and monitoring blanket purchase orders;

- (4) requirements for competitive bidding process, including the following:
 - (A) The number of bids required. A minimum of two bids shall be required;
 - (B) a statement that the purchasing department shall have the final responsibility for obtaining competitive bids. The originating departments may provide the amount budgeted for the purchase, cost limitations, and vendor recommendations;
 - (C) the steps for documenting bids and the minimum amount required for written bids;
 - (D) a statement that all competitive bids received shall be confidential and shall not be disclosed to any other vendors; and
 - (E) criteria for qualifying approved vendors of goods or services based on "fair market value," considering factors including quality, service, and price;
- (5) detailed procedures and approval process for emergency purchases, including the following:
 - (A) A statement that emergency purchases shall occur after normal business hours, on weekends or holidays or, in case of immediate need of goods or services, in response to unusual occurrences during normal business hours;
 - (B) a statement that approvals may be verbal until purchasing documentation is prepared. Purchasing documentation shall be finalized within five days;
 - (C) a statement on the purchase order documenting the reason for the emergency purchase; and
 - (D) the maintenance of an emergency purchase order log;
- (6) detailed procedures to ensure that vendor files contain all company-required forms, documentation, and approvals;

- (7) a prohibition against the purchase or lease of gaming equipment or supplies from other than a licensed supplier;
- (8) detailed procedures for contracts, including the following:
 - (A) The management levels and the contract amounts that managers may negotiate and execute;
 - (B) a statement that all contracts shall be subject to the competitive bid process;
 - (C) the terms of all contracts;
 - (D) the approval process for payments made against an executed contract; and
 - (E) the distribution and filing of executed contracts;
- (9) if applicable, detailed procedures for the use of purchasing cards, including the following:
 - (A) Authorized position titles to be purchasing card holders and their spending limits, both single-transaction and monthly;
 - (B) items that may be purchased with the purchasing card;
 - (C) use of the purchasing card with approved vendors only, if applicable;
 - (D) responsibilities of the holder of the purchasing card, including maintaining receipts and verifying monthly statements;
 - (E) responsibilities of the manager of the purchasing card holder, including approving monthly statements;
 - (F) disputing fraudulent or incorrect charges;
 - (G) payment to vendors for purchasing card charges; and
 - (H) the name of the department or position, as stated in the facility manager's internal controls, that is responsible for overseeing the purchasing card process;

(10) detailed procedures for the receipt of all goods received by an employee independent of the purchasing department as specified in the facility manager's internal controls, including the following:

(A) The verification process for the receipt of goods, including damaged goods, partial shipments, and overshipments;

(B) the distribution of all receiving documentation; and

(C) the maintenance of receiving documentation; and

(11) payment of vendor invoices, including procedures for the following:

(A) Each time the invoice amount disagrees with the purchase documentation;

(B) processing non-invoice payments; and

(C) the approval process for the utilization of a check request form, if applicable.

(d) Related party transactions, either oral or written, shall meet the minimum internal control standards in this regulation. In addition, the internal controls shall require the following:

(1) Each related party transaction or series of related party transactions reasonably anticipated to exceed \$50,000 annually shall be subject to approval of the board of directors or owners of the company.

(2) An annual report of related party contracts or transactions shall be prepared and submitted to the board of directors or owners and the executive director, listing all related party transactions or group of like transactions occurring during the year. This report shall be due at the end of the third month following each calendar year, be formatted to group related party transactions by key person or entity, and contain the following information:

(A) Name of the related party;

(B) amount of the transaction or payments under the contract;

- (C) term of contract;
- (D) nature of transaction; and
- (E) determination of how the fair market value of the contract, goods, or services was ascertained.

(3) A quarterly report updating new or renewed related party transactions entered into during the quarter shall be prepared and submitted to the board of directors or owners and to the executive director. This report shall also indicate any terminations of related party transactions and shall be due at the end of the second month following the end of the quarter. The annual report shall meet the requirement for the fourth quarterly report. (Authorized by and implementing K.S.A. 2010 Supp. 74-8772; effective December 9, 2011.)

112-105-1. Security department. (a) Each facility manager shall have a security department that is responsible for the security of the gaming facility. The facility manager, through its security department, shall do the following:

- (1) Protect the people in the gaming facility;
- (2) safeguard the assets within the gaming facility;
- (3) protect the patrons, employees, and property from illegal activity;
- (4) assist with the enforcement of all applicable laws and regulations;
- (5) prevent persons who are under 21 years old from gambling or entering gaming areas;
- (6) detain any individual if a commission enforcement agent so requests or if there is reason to believe that the individual is in violation of the law or gaming regulations;
- (7) record any unusual occurrences, including suspected illegal activity;
- (8) identify and remove any person who is required to be excluded pursuant to article 111 or 112 of the commission's regulations;
- (9) report security violations or suspected illegal activity to the commission security staff within 24 hours;
- (10) report to the commission's security staff, within 24 hours, any facts that the facility manager has reasonable grounds to believe indicate a violation of law, violation of the facility manager's minimum internal control standards, or violation of regulations committed by any facility manager, including the performance of activities different from those permitted under that person's license or certificate;

(11) notify commission security staff, within 24 hours, of all inquiries made by law enforcement officials and any inquiries made concerning the conduct of a person with a license or certificate; and

(12) establish and maintain procedures for handling the following:

- (A) Identification badges;
- (B) incident reports;
- (C) asset protection and movement on the property;
- (D) power or camera failure;
- (E) enforcement of the minimum gambling age;
- (F) firearms prohibition;
- (G) alcoholic beverage control;
- (H) disorderly or disruptive patrons;
- (I) trespassing;
- (J) eviction;
- (K) detention; and
- (L) lost or found property.

(b) No open carrying of firearms shall be permitted within a gaming facility except for the following:

- (1) Kansas racing and gaming commission enforcement agents;
- (2) on-duty law enforcement officers;

and

(3) trained and certified guards employed by an armored car service while on duty and working for a licensed non-gaming supplier company.

(c) No concealed carrying of firearms shall be permitted within a gaming facility except for the following:

(1) Kansas racing and gaming commission enforcement agents;
(2) on-duty law enforcement officers in plain clothes engaged in the performance of their official duties; and

(3) any off-duty or retired law enforcement officer who meets the following conditions:

(A) Is in compliance with the firearms policies of the officer's law enforcement agency;
(B) is carrying a photographic identification card that identifies the individual as a current or retired law enforcement officer and has been issued by the officer's current agency or the agency from which the individual separated from service as a law enforcement officer;
(C) presents the photographic identification card specified in paragraph (c)(3)(B) when requested by a commission agent or gaming facility security personnel; and
(D) has not been denied a license to carry a concealed handgun and does not have a license to carry a concealed handgun that has been suspended or revoked pursuant to the personal and family protection act, K.S.A. 75-7c01 et seq. and amendments thereto.

(d) As used in this regulation, "law enforcement officer" shall mean any of the following:

- (1) Any person employed by a law enforcement agency who is in good standing and is certified under the Kansas law enforcement training act;
- (2) a law enforcement officer who has obtained a similar designation in a jurisdiction outside the state of Kansas but within the United States; or
- (3) a federal law enforcement officer who, as part of the officer's duties, is permitted to make arrests and to be armed.

(e) Each facility manager shall meet its obligations in subsections (b) and (c) in accordance with the personal and family protection act, K.S.A. 75-7c01 et seq. and amendments thereto. (Authorized by and implementing K.S.A. 74-8772; effective Sept. 26, 2008; amended April 1, 2011; amended P- November 26, 2020.)

112-105-2. Security plan. (a) Each applicant for a facility manager certification shall submit a security plan to the commission at least 120 days before the proposed opening of a racetrack gaming facility or lottery gaming facility. The plan shall be consistent with the applicant's contractual obligations with the Kansas lottery.

(b) A facility manager shall not commence gaming operations until its security plan has been approved by the commission.

(c) To be approved, the security plan shall include the following:

(1) An organizational chart showing all positions in the security department;

(2) a description of the duties and responsibilities of each position shown on the organizational chart;

(3) the administrative and operational policies and procedures used in the security department;

(4) a description of the training required for security personnel;

(5) a description of the location of each permanent security station;

(6) the location of each security detention area;

(7) provisions for security staffing; and

(8) the emergency operations plan required by K.A.R. 112-105-3.

(d) All amendments to the security plan shall be submitted to the commission for approval at least 30 days before the date of desired implementation. (Authorized by

and implementing K.S.A. 2009 Supp. 74-8772; effective Sept. 26, 2008; amended April 1, 2011.)

112-105-3. Emergency operations plan. (a) The director of security in the security department shall maintain an emergency operations plan, including evacuation procedures, to deal with the following:

- (1) The discovery or threat of an explosive device on the property;
- (2) a fire or fire alarm;
- (3) a terrorist threat directed at the property;
- (4) severe storms;
- (5) the threat or use of an unauthorized firearm or any other weapon, as

described in K.S.A. 21-4201 and amendments thereto; and

(6) any other event for which the applicant determines that prior planning is reasonable.

(b) When the applicant establishes the emergency operations plan, the safety of patrons and personnel shall be the first priority.

(c) The director of security shall ensure that the commission's security staff at the facility are notified of any emergency situation at that time.

(d) All amendments to the emergency operations plan shall be submitted to the commission for approval at least 30 days before the desired date of implementation.

(Authorized by and implementing K.S.A. 2010 Supp. 74-8772; effective Sept. 26, 2008; amended April 1, 2011.)

112-105-4. Security department staffing. (a) Each security department shall be supervised by a director of security, who shall report directly to the general manager.

(b) The facility manager shall at all times maintain sufficient security officers on duty to reasonably meet the requirements in this article.

(c) The personnel in the security department shall be employees of the facility manager.

(d) Staffing considerations shall include the following:

- (1) The size and layout of the property;
- (2) special events;
- (3) the number of people entering the facility at a given time;
- (4) the number of occurrences of suspected illegal activity; and
- (5) the safety of the people lawfully on the property. (Authorized by and

implementing K.S.A. 2007 Supp. 74-8772; effective Sept. 26, 2008.)

112-105-5. Reports. (a) The director of security shall ensure that a report is prepared regarding each incident observed by or reported to a security department employee that the employee suspects involves any one of the following:

- (1) Criminal conduct;
- (2) injuries to a patron or employee;
- (3) gambling or any attempt to gamble by a person under the age of 21;
- (4) the detention of persons;
- (5) violation of any of the commission's regulations; and
- (6) the presence within the facility of any person who is on the self-excluded or involuntary exclusion list.

(b) Each report shall include the following, at a minimum:

- (1) The name of the person preparing the report;
- (2) the date and time of the incident;
- (3) the names of the security personnel present;
- (4) the nature of the incident;
- (5) the names of the persons involved, if available;
- (6) the names of any witnesses, if available; and
- (7) the security department's action.

(c) Each security department report shall be provided to commission security employees within 24 hours of the incident reported.

(d) Each security department report shall be retained by the director of security for at least one year after the reported incident. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective Sept. 26, 2008.)

112-105-6. Security detention area. (a) The staff of the security department shall have access to at least one security detention area that is designated and used for the detention of persons by security officers, commission employees, or other law enforcement personnel.

(b) The security detention area shall be used exclusively for the detention of persons and shall be safe, secure, and away from other people lawfully at the facility.

(c) The security detention area shall have video and audio surveillance whenever the area is being used.

(d) A security department employee shall be present in the security detention area whenever a person is being detained. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective Sept. 26, 2008.)

112-105-7. Communications system. (a) Each security department shall have a communications system that allows all security officers on duty to communicate with each other.

(b) The communications system shall provide two-way communications between security officers and the surveillance department.

(c) The communications system shall be available to and useable by commission security agents. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective Sept. 26, 2008.)

112-106-1. Surveillance system. (a) A facility manager or applicant for a facility manager certification shall have a surveillance system before beginning gaming operations. The surveillance system shall include a digital video system capable of the following:

- (1) Instant replay;
- (2) recording by any camera in the system; and
- (3) allowing simultaneous and uninterrupted recording and playback.

(b) The surveillance system shall include a communication system capable of monitoring the gaming facility, including the security department.

(c) The surveillance system shall be connected to all facility alarm systems.

(d) The surveillance system shall be capable of monitoring the entire property, except private offices and restrooms.

(e) The surveillance system shall include the following features:

- (1) Redundant system drives;
- (2) a backup power supply capable of operating all surveillance equipment during a power outage. The backup power supply shall be tested on a monthly basis;
- (3) backup storage components that will automatically continue or resume recording in the event of failure of any single component of the system, so that the failure of any single component will not result in the loss of any data from the system; and
- (4) automatic restart if a power failure occurs.

(f) The digital video system shall meet the following requirements:

- (1) Function as a closed network;
- (2) have its access limited to the personnel identified in the surveillance system plan;
- (3) be equipped to ensure that any transmissions are encrypted, have a firewall at both ends, and are password-protected;
- (4) be equipped with a failure notification system that provides an audible and visual notification of any failure in the surveillance system or the digital video recording storage system;
- (5) record all images and audit records on a hard drive;
- (6) be locked by the manufacturer to do the following:
 - (A) Disable the erase and reformat functions; and
 - (B) prevent access to the system data files; and
- (7) be equipped with data encryption or watermarking so that surveillance personnel will be capable of demonstrating in a court of law that the video was not altered or manipulated in any way.

- (g) The surveillance system shall include cameras dedicated to monitoring the following with sufficient clarity to identify any person:
 - (1) The entrances to and exits from the gaming facility;
 - (2) the count rooms;
 - (3) the vaults;
 - (4) the surveillance room;

(5) the security rooms;

(6) all cage areas; and

(7) all exterior entrances to and exits from the property.

(h) The surveillance system required by this regulation shall be equipped with light-sensitive cameras with lenses of sufficient magnification to allow the operator to read information on an electronic gaming machine reel strip and credit meter and be capable of clandestine monitoring in detail and from various vantage points, including the following:

- (1) The conduct and operation of electronic gaming machines, lottery facility games, and parimutuel wagering;
- (2) the conduct and operation of the cashier's cage, satellite cashier's cages, mutuel lines, count rooms, and vault;
- (3) the collection and count of the electronic gaming bill validator canisters; and
- (4) the movement of cash and any other gaming facility assets.
 - (i) All cameras shall be equipped with lenses of sufficient magnification capabilities to allow the operator to clearly distinguish the value of the following:
 - (1) Chips;
 - (2) dice;
 - (3) tokens;
 - (4) playing cards;
 - (5) positions on the roulette wheel; and

- (6) cash and cash equivalents.
- (j) The surveillance system shall provide a view of the pit areas and gaming tables capable of clearly identifying the following:
 - (1) The dealers;
 - (2) the patrons;
 - (3) the hands of all participants in a game;
 - (4) facial views of all participants in a game;
 - (5) all pit personnel;
 - (6) the activities of all pit personnel;
 - (7) the chip trays;
 - (8) the token holders;
 - (9) the cash receptacles;
 - (10) the tip boxes;
 - (11) the dice;
 - (12) the shuffle machines;
 - (13) the card shoes, which are also called dealing boxes;
 - (14) the playing surface of all gaming tables with sufficient clarity to determine the following:
 - (A) All wagers;
 - (B) card values; and
 - (C) game results; and

(15) roulette tables, which shall be viewed by the surveillance system with color cameras.

(k) The surveillance of the electronic gaming devices shall be capable of providing the following:

- (1) A view of all patrons;
- (2) a facial view of all patrons with sufficient clarity to allow identification of each patron;
- (3) a view of the electronic gaming device with sufficient clarity to observe the result of the game;
- (4) an overall view of the areas around the electronic gaming device;
- (5) a view of each bill validator with sufficient clarity to determine bill value and the amount of credit obtained; and
- (6) a view of the progressive games, including the incrementation of the progressive jackpot.

(l) All surveillance system display screens shall meet all of the following requirements:

- (1) Be equipped with a date and time generator synchronized to a central clock that meets the following requirements:
 - (A) Is displayed on any of the surveillance system display screens; and
 - (B) is recorded on all video pictures or digital images;
- (2) be capable of recording what is viewed by any camera in the system; and

- (3) be of a sufficient number to allow the following:
 - (A) Simultaneous recording and coverage as required by this article;
 - (B) off-line playback;
 - (C) duplication capabilities;
 - (D) single-channel monitors in the following areas:
 - (i) Each entry and each exit;
 - (ii) the main bank and cages;
 - (iii) table games; and
 - (iv) count rooms; and
 - (E) no more than four channels per monitor in all other areas where surveillance is required.
- (m) The surveillance system shall be connected to at least one video printer. Each video printer shall be capable of generating clear color copies of the images depicted on the surveillance system display screen or video recording.
- (n) The surveillance system shall allow audio recording in any room where the contents of bill validator canisters are counted.
- (o) All wiring within the surveillance system shall be tamper-resistant.
- (p) The surveillance system shall be linked to the commission's security office with equipment capable of monitoring or directing the view of any system camera.
- (q) The commission's director of security shall be notified at least 48 hours in advance of the relocation of any camera on the surveillance system's floor plan.

(Authorized by and implementing K.S.A. 2009 Supp. 74-8772; effective Sept. 26, 2008;
amended April 1, 2011.)

112-106-2. Surveillance system plan. (a) Each applicant for a facility manager certification shall submit a surveillance system plan to the commission at least 120 days before the proposed opening of a racetrack gaming facility or lottery gaming facility.

(b) A facility manager shall not commence gaming activities until its surveillance system plan is approved by the commission.

(c) To be approved, the surveillance system plan shall include the following:

- (1) A schematic showing the placement of all surveillance equipment;
- (2) a detailed description of the surveillance system and its equipment;
- (3) the policies and procedures for the surveillance department;
- (4) the plans for staffing as required in K.A.R. 112-106-4;
- (5) the monitoring activities for both the gaming area and adjacent areas;
- (6) the monitoring activities for a detention room; and
- (7) a list of the facility manager's personnel that may have access to the surveillance system.

(d) All proposed changes to the surveillance system plan shall be submitted by the director of surveillance to the commission for approval at least 30 days before the director of surveillance desires to implement the changes. (Authorized by and implementing K.S.A. 2009 Supp. 74-8772; effective Sept. 26, 2008; amended April 1, 2011.)

112-106-3. Surveillance department. (a) Each facility manager shall have a surveillance department that is responsible for the following:

- (1) Detection of cheating, theft, embezzlement, and other illegal activities in the gaming facility;
- (2) detection of the presence in the gaming facility of any person who is required to be excluded pursuant to voluntary or involuntary exclusion;
- (3) detection of persons under age 21 in the gaming areas; and
- (4) clandestine video recording of activities in the facility.

(b) The surveillance department shall be independent of all aspects of the gaming facility operations.

(c) The director of surveillance shall ensure that procedures are created for maintaining the chain of evidence custody of surveillance information that reasonably can be expected to be used in a criminal or regulatory investigation.

(d) Upon request, each facility manager shall provide commission employees with access to its surveillance system and transmissions.

(e) Each member of the surveillance department shall comply with any request made by a commission employee to perform the following:

- (1) Use, as necessary, any surveillance room in the gaming facility;
- (2) display on the monitors in the surveillance room any event capable of being monitored by the surveillance system; and
- (3) make a video recording and, if applicable, audio recording of, and take a still

photograph of, any event capable of being monitored by the surveillance system.

(f) The director of surveillance shall notify commission security employees as soon as possible but within 30 minutes of any incident of surveillance equipment failure.

(g) The director of surveillance shall ensure that a reasonable attempt to repair or replace malfunctioning equipment is made within 24 hours. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective Sept. 26, 2008.)

112-106-4. Surveillance department staffing. (a) The surveillance department shall be supervised by a director of surveillance. The director of surveillance shall report directly to the facility manager's board of directors or similar body. The director of surveillance shall not report to or take direction from any authority at or below the level of the general manager.

(b) The personnel of the facility manager's surveillance department shall at all times be employees of the facility manager. The facility manager shall not outsource the surveillance function to any third party.

(c) The surveillance department shall be reasonably staffed, as determined by the commission's director of security, considering the size and layout of the licensed facility and the number of electronic gaming machines and lottery facility games.

(d) No surveillance department employee shall transfer from the surveillance department to another department of a gaming facility, unless at least one year has passed since the surveillance department employee worked in surveillance. The facility manager may request that the commission waive this requirement if the facility manager demonstrates that the surveillance and security systems of the facility manager will not be jeopardized or compromised by the employment of the surveillance employee in the particular position requested.

(e) Each surveillance employee shall be trained in the following:

- (1) Surveillance techniques;
- (2) the operation of all surveillance equipment;

- (3) regulatory requirements;
- (4) internal control procedures;
- (5) the rules of all available lottery facility games;
- (6) the methods of cheating, theft, embezzlement, and other illegal activities in a gaming facility; and
- (7) the surveillance department's procedures on handling surveillance evidence.

(Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective Sept. 26, 2008.)

112-106-5. Surveillance room. (a) Each facility manager shall have a secure surveillance room with reasonable space, as determined by the executive director, to accommodate the required equipment and operator stations.

(b) Each surveillance room shall be located out of the view of the gaming area. The entrances to the surveillance room shall be locked at all times and shall not be accessible to members of the public or non-surveillance employees of the gaming facility.

(c) Commission agents shall have unrestricted access to the surveillance room and all information received or stored by the surveillance system.

(d) Access to the surveillance room shall be limited to surveillance employees of the gaming facility and commission security employees, except that persons with a legitimate need to enter the surveillance room may do so upon receiving approval from a commission enforcement agent.

(1) Each person, other than surveillance personnel and commission enforcement agents, entering the surveillance room shall sign a surveillance room entry log.

(2) The surveillance room entry log shall meet the following requirements:

(A) Be maintained in the surveillance room by surveillance room personnel;

(B) be maintained in a book with bound numbered pages that cannot readily be removed;

(C) be signed by each person entering the surveillance room, with each entry containing the following:

- (i) The date and time of entering the surveillance room;
- (ii) the entering person's name and that person's affiliation or department within the gaming facility;
- (iii) the reason for entering the surveillance room; and
- (iv) the date and time of exiting the surveillance room; and

(D) be retained for at least one year after the date of the last entry. The destruction of the surveillance room entry log shall be approved by the commission's director of security.

(3) The surveillance room entry log shall be made available for inspection by the commission security employees upon demand.

(e) The surveillance room shall be subject to periodic inspection by commission employees to ensure that all of the following conditions are met:

- (1) All equipment is working properly.
- (2) No camera views are blocked or distorted by improper lighting or obstructions.
- (3) All required surveillance capabilities are in place.
- (4) All required logs are current and accurate.
- (5) There is sufficient staff to protect the integrity of gaming at the facility.

(6) The surveillance room employees are not performing tasks beyond the surveillance operation. (Authorized by and implementing K.S.A. 2009 Supp. 74-8772; effective Sept. 26, 2008; amended April 1, 2011.)

112-106-6. Monitoring. (a) The surveillance department employees shall continuously record the transmissions from the cameras used to observe the following locations, persons, activities, and transactions:

- (1) The entrances to and exits from the following:
 - (A) The gaming facility;
 - (B) the count rooms;
 - (C) the vaults;
 - (D) the surveillance room;
 - (E) the security rooms;
 - (F) the cage areas; and
 - (G) the site of all ancillary operations;
- (2) each transaction conducted at a cashiering location, whether or not that cashiering location services patrons;
- (3) the main bank, vault, and satellite cages;
- (4) the collection of cash storage boxes from electronic gaming machines;
- (5) the count procedures conducted in the count room;
- (6) any armored car collection or delivery;
- (7) automated bill breaker, gaming voucher redemption, coupon redemption, and jackpot payout machines whenever the machines are opened for replenishment or other servicing; and
- (8) any other areas specified in writing by the commission.

(b) The surveillance department employees shall maintain a surveillance log of all surveillance activities in the surveillance room. The log shall be maintained in a book with bound, numbered pages that cannot be readily removed or in an electronic format with an audit function that prevents modification of information after the information has been entered into the system. The log shall contain the following, at a minimum:

- (1) The date and time of each entry;
- (2) the identity of the employee making the entry;
- (3) a summary of the activity recorded;
- (4) the location of the activity;
- (5) the location of the recorded information; and
- (6) the surveillance department's disposition of the activity.

(c) The surveillance department employees shall record by camera and log the following events when they are known to occur on the property:

- (1) Any activity by players and employees, alone or in concert, that could constitute cheating or stealing;
- (2) any activity that could otherwise be criminal;
- (3) any procedural violation by an employee;
- (4) the detention of persons;
- (5) the treatment of disorderly individuals;
- (6) emergency activities capable of being observed by the surveillance system;
- (7) the presence of persons on the involuntary exclusion list;

- (8) the presence of persons on the self-exclusion list;
- (9) arrests and evictions;
- (10) the treatment of ill or injured patrons;
- (11) the on-site maintenance and repair of any gaming or money handling equipment; and

(12) any jackpot winning of \$1,200 or more.

(d) Surveillance department employees shall record by camera the movement of the following on the gaming facility floor:

- (1) Cash;
- (2) cash equivalents;
- (3) tokens;
- (4) cards;
- (5) chips; or
- (6) dice.

(e) The surveillance department employees shall continuously monitor and record by camera the following:

- (1) Soft count procedures;
- (2) hard count procedures;
- (3) currency collection;
- (4) drop bucket collection; and

(5) the removal of the daily bank deposit from the gaming facility by armored car officers. (Authorized by and implementing K.S.A. 2009 Supp. 74-8772; effective Sept. 26, 2008; amended April 1, 2011.)

112-106-7. Retention of surveillance recordings. (a) All recordings depicting the detention or questioning of an individual suspected of procedural errors, regulatory violations, or criminal activity shall be copied and provided to law enforcement agents upon request. Each recording shall be retained by the facility manager for at least 60 days.

(b) Each recording not specified in subsection (a) shall be retained for at least 30 days. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective Sept. 26, 2008.)

112-107-1. Electronic gaming machine requirements. (a) Each electronic gaming machine (EGM) approved for use in a gaming facility shall meet the requirements of article 110.

(b) Unless a facility manager's electronic gaming monitoring system is configured to automatically record all of the information required by this article, the facility manager shall be required to house the following entry authorization logs in each EGM:

(1) A machine entry authorization log that documents each time an EGM or any device connected to the EGM that could affect the operation of the EGM is opened. The log shall contain, at a minimum, the following:

(A) The date and time of opening;
(B) the purpose for opening the EGM or device;
(C) the signature and the license or permit number of the person opening and entering the EGM or device; and
(D) if a device, the asset number corresponding to the EGM in which the device is housed; and

(2) a progressive entry authorization log that documents each time a progressive controller not housed within the cabinet of the EGM is opened. The log shall contain, at a minimum, the following:

(A) The date and time of opening;
(B) the purpose for accessing the progressive controller; and

(C) the signature and the license or permit number of the person accessing the progressive controller. Each log shall be maintained in the progressive controller unit and have recorded on the log a sequence number and the gaming supplier's serial number of the progressive controller.

(c) Each EGM shall be equipped with a lock controlling access to the card cage door securing the microprocessor, and the lock's key shall be different from any other key securing access to the EGM's components, including its belly door or main door, bill validator, and electronic gaming cash storage box. Access to the key securing the microprocessor shall be limited to a supervisor in the security department. The department's director of security shall establish a sign-out and sign-in procedure for the key, which shall include notification to commission staff before release of the key.

(Authorized by K.S.A. 2007 Supp. 74-8772; implementing K.S.A. 2007 Supp. 74-8750 and 74-8772; effective April 24, 2009.)

112-107-2. Testing and approval. (a) Each EGM prototype and the associated equipment operated in this state shall be approved in accordance with the act, this article, and article 110.

(b) One of the following EGM testing procedures may be required by the executive director:

- (1) An abbreviated testing and approval process in accordance with K.A.R. 112-107-3(g); or
- (2) testing and approval in accordance with K.A.R. 112-107-3(i). (Authorized by K.S.A. 2007 Supp. 74-8772; implementing K.S.A. 2007 Supp. 74-8750 and 74-8772; effective April 24, 2009.)

112-107-3. Submission for testing and approval. (a) Each LFG prototype and the associated equipment subject to testing and approval under this regulation shall be evaluated by the commission for the following:

- (1) Overall operational integrity and compliance with the act, this article, and the technical standards adopted by the commission under article 110;
- (2) compatibility and compliance with the central computer system; and
- (3) compatibility with any protocol specifications approved by the Kansas lottery, including the ability to communicate with the central computer system for the purpose of transmitting auditing program information, real-time information retrieval, and activation and disabling of LFGs.

(b) LFGs and associated equipment that shall be submitted for testing and commission approval include the following:

- (1) Bill validators and printers;
- (2) electronic gaming monitoring systems, to the extent that the systems interface with LFGs and related systems;
- (3) LFG management systems that interface with LFGs and related systems;
- (4) player tracking systems that interface with LFGs and related systems;
- (5) progressive systems, including wide-area progressive systems;
- (6) gaming ticket systems;
- (7) external bonusing systems;

- (8) cashless funds transfer systems;
- (9) machines performing gaming ticket, coupon, or jackpot payout transactions;
- (10) coupon systems, to the extent the systems interface with LFGs and related systems; and
- (11) other LFG-related systems as determined by the executive director.

(c) A product submission checklist to be completed by an applicant for or holder of a gaming supplier certificate may be prescribed by the executive director.

(d) The chief engineer of the applicant for or holder of a gaming supplier certificate or the engineer in charge of the division of the gaming supplier responsible for producing the product submitted may be required by the executive director to attest that the LFGs and associated equipment were properly and completely tested by the gaming supplier before submission to the commission.

(e) An abbreviated testing and approval process may be utilized by the commission in accordance with the act.

(f) If a facility manager develops software or a system that is functionally equivalent to any of the electronic gaming systems specified in subsection (b), that software or system shall be subject to the testing and approval process of this article to the same extent as if the software or system were developed by a gaming supplier certificate holder. Each reference in this article to the responsibilities of a gaming supplier certificate holder shall apply to a facility manager developing software or systems subject to testing and approval under this article.

(g) When an applicant or gaming supplier certificate holder seeks to utilize the abbreviated testing and approval process for an LFG prototype, associated device or software, or any modification to an LFG prototype, associated device or software, the applicant or supplier shall submit the following to the independent testing laboratory:

(1) A prototype of the equipment, device, or software accompanied by a written request for abbreviated testing and approval that identifies the jurisdiction within the United States upon which the applicant or supplier proposes that the commission rely. The applicant or supplier shall transport the equipment, device, or software at its own expense and deliver it to the offices of the independent testing laboratory;

(2) a certification executed by the chief engineer or engineer in charge of the applicant or supplier verifying that all of the following conditions are met:

(A) The prototype or modification is identical in all mechanical, electrical, and other respects to one that has been tested and approved by the testing facility operated by the jurisdiction or private testing facility on behalf of the jurisdiction;

(B) the applicant or supplier is currently certified and in good standing in the named jurisdiction, and the prototype has obtained all regulatory approvals necessary to sale or distribution in the named jurisdiction;

(C) in the engineer's opinion, the testing standards of the named jurisdiction are comprehensive and thorough and provide adequate safeguards that are similar to those required by this article; and

(D) in the engineer's opinion, the equipment, device, or software meets the requirements of the act, this article, and the technical standards adopted by the

commission under article 110, including requirements related to the central computer system;

(3) an executed copy of a product submission applicable to the submitted equipment, device, or software unless a substantially similar checklist was filed with the named jurisdiction and is included in the submission package required by paragraph

(g)(4);

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

(5) a disclosure that details any conditions or limitations placed by the named jurisdiction on the operation or placement of the equipment, device, or software at the time of approval or following approval;

(6) a complete and accurate description of the manner in which the equipment, device, or software was tested for compatibility and compliance with the central computer system and protocol specifications approved by the Kansas lottery, including the ability to communicate with the central computer system for the purpose of transmitting auditing program information, real-time information retrieval, and activation and disabling of LFGs;

(7) any hardware, software, and other equipment, including applicable technical support and maintenance, required by the independent testing laboratory to conduct the

abbreviated testing and approval process required by the act, this article, and the technical standards adopted by the commission under article 110. The testing equipment and services required by this subsection shall be provided at no cost to the commission; and

(8) any additional documentation requested by the commission that is necessary to evaluate the LFG, associated equipment, or any modification.

(h) When an applicant or a gaming supplier seeks commission approval of an LFG, equipment, device, or software, or any modification to which the abbreviated testing process in subsection (f) is not applicable, the applicant or supplier shall submit the following to the independent testing laboratory:

(1) A prototype of the equipment, device, or software accompanied by a written request for testing and approval. The gaming supplier shall transport the equipment, device, or software at its own expense and deliver the equipment, device, or software to the offices of the commission's independent testing laboratory in accordance with instructions provided;

(2) any certifications required under this regulation;

(3) an executed copy of a current product submission checklist;

(4) a complete and accurate description of the equipment, device, or software, accompanied by related diagrams, schematics, and specifications, together with documentation with regard to the manner in which the product was tested before its submission to the commission;

(5) any hardware, software, and other equipment, including applicable technical support and maintenance, required by the independent testing laboratory to conduct the

testing and approval process required by the act, this article, and the technical standards adopted by the commission under article 110. All testing equipment and services required by this subsection shall be provided at no cost to the commission;

(6) for an LFG prototype, the following additional information, which shall be provided to the commission:

(A) A copy of all operating software needed to run the LFG, including data and graphics information, on electronically readable and unalterable media;

(B) a copy of all source code for programs that cannot be reasonably demonstrated to have any use other than in an LFG, on electronically readable and unalterable media;

(C) a copy of all graphical images displayed on the LFG, including reel strips, rules, instructions, and pay tables;

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

(E) hardware block diagrams of the major subsystems;

(F) a complete set of schematics for all subsystems;

(G) a diagram of the wiring harness connection;

(H) a technical or operator manual;

(I) a description of the security methodologies incorporated into the design of the LFG including, when applicable, encryption methodology for all alterable media, auto-authentication of software, and recovery capability of the LFG for power interruption;

(J) a cross reference of product meters to the required meters specified in article 110;

(K) a description of tower light functions indicating the corresponding condition;

(L) a description of each error condition and the corresponding action required to resolve the error;

(M) a description of the use and function of available electronic switch settings or configurable options;

(N) a description of the pseudo random number generator or generators used to determine the results of a wager, including a detailed explanation of operational methodology, and a description of the manner by which the pseudo random number generator and random number selection processes are impervious to outside influences, interference from electromagnetic, electrostatic, and radio frequencies, and influence from ancillary equipment by means of data communications. Test results in support of representations shall be submitted;

(O) specialized hardware, software, or testing equipment, including technical support and maintenance, needed to complete the evaluation, which may include an emulator for a specified microprocessor, personal computers, extender cables for the central processing unit, target reel strips, and door defeats. The testing equipment and services required by this subsection shall be provided at no cost to the commission;

- (P) a compiler, or reasonable access to a compiler, for the purpose of building applicable code modules;
- (Q) program storage media including erasable programmable read-only memory (EPROM), electronically erasable programmable read-only memory (EEPROM), and any type of alterable media for LFG software;
- (R) technical specifications for any microprocessor or microcontroller;
- (S) a complete and accurate description of the manner in which the LFG was tested for compatibility and compliance with the central computer system and protocol specifications approved by the Kansas lottery, including the ability to communicate with the central computer system for the purpose of transmitting auditing program information, real-time information retrieval, and activation and disabling of LFGs; and
- (T) any additional documentation requested by the commission relating to the LFG;

- (7) if an LFG prototype is modified, including a change in theme, the following additional information, which shall be provided to the commission:
 - (A) A complete and accurate description of the proposed modification to the LFG prototype, accompanied by applicable diagrams, schematics, and specifications;
 - (B) when a change in theme is involved, a copy of the graphical images displayed on the LFG, including reel strips, rules, instructions, and pay tables;
 - (C) when a change in the computation of the theoretical payout percentage is involved, a mathematical explanation of the theoretical return to the player, listing all assumptions, all steps in the formula from the first principles through the final results of

all calculations including bonus payouts, and, when a game requires or permits player skill in the theoretical derivations of the payout return, the source of strategy;

(D) a complete and accurate description of the manner in which the LFG was tested for compatibility and compliance with the central computer system and protocol specifications approved by the Kansas lottery, including the ability to communicate with the central computer system for the purpose of transmitting auditing program information, real-time information retrieval and activation, and the disabling of LFGs; and

(E) any additional documentation requested by the commission relating to the modification of the LFG;

(8) for an electronic gaming monitoring system, casino management system, player tracking system, wide-area progressive system, gaming ticket system, external bonusing system, cashless funds transfer system, automated gaming ticket, coupon redemption or jackpot payout machine, coupon system, or any other equipment or system required to be tested and approved under subsection (b), the following:

- (A) A technical manual;
- (B) a description of security methodologies incorporated into the design of the system, which shall include the following, when applicable:
 - (i) Password protection;
 - (ii) encryption methodology and its application;
 - (iii) automatic authentication; and
 - (iv) network redundancy, backup, and recovery procedures;

(C) a complete schematic or network diagram of the system's major components accompanied by a description of each component's functionality and a software object report;

(D) a description of the data flow, in narrative and in schematic form, including specifics with regard to data cabling and, when appropriate, communications methodology for multisite applications;

(E) a list of computer operating systems and third-party software incorporated into the system, together with a description of their interoperability;

(F) system software and hardware installation procedures;

(G) a list of available system reports;

(H) when applicable, features for each system, which may include patron and employee card functions, promotions, reconciliation procedures, and patron services;

(I) a description of the interoperability testing, including test results for each submitted system's connection to LFGs, to ticket, coupon redemption, and jackpot payout machines, and to computerized systems for counting money, tickets, and coupons. This list shall identify the tested products by gaming supplier, model, and software identification and version number;

(J) a narrative describing the method used to authenticate software;

(K) all source codes;

(L) a complete and accurate description, accompanied by applicable diagrams, schematics, and specifications, of the creation of a ticket and the redemption options available;

(M) a complete and technically accurate description, accompanied by applicable diagrams, schematics, and specifications, of the creation of a coupon and the redemption options available;

(N) any specialized hardware, software, or other equipment, including applicable technical support and maintenance required by the independent testing laboratory to conduct the testing and approval process required by the act, this article, and the technical standards adopted by the commission under article 110. The testing equipment and services required by this subsection shall be provided at no cost to the commission; and

(O) any additional documentation requested by the executive director related to the equipment or system being tested; and

(9) for a modification to any of the systems identified in paragraph (h)(8), the following additional information:

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

(B) a narrative disclosing the purpose for the modification; and

(C) any additional documentation requested by the executive director relating to the modification.

(i) A trial period may be required by the commission to assess the functionality of the prototype or modification in a live gaming environment. The conduct of the trial period shall be subject to compliance by the gaming supplier and the facility manager with any conditions that may be required by the commission. These conditions may include development and implementation of product-specific accounting and internal

controls, periodic data reporting to the commission, and compliance with the technical standards adopted under article 110 on trial periods or the prototype or modification adopted by the commission. Termination of the trial period may be ordered by the executive director if the executive director determines that the gaming supplier or the facility manager conducting the trial period has not complied with the conditions required by the commission or that the product is not performing as expected.

(j) At the conclusion of the testing of a prototype or modification, the independent testing laboratory shall report the results of its testing to the commission. Upon receipt of the independent testing laboratory's report, any one of the following shall be done by the commission:

- (1) Approve;
- (2) approve with conditions;
- (3) reject the submitted prototype or modification; or
- (4) require additional testing or a trial period under subsection (i).

(k) A facility manager shall not install an LFG or associated equipment, or any modification, required to be tested and approved under subsection (b) unless the equipment, device, or software has been approved by the commission and issued a certificate authorizing its use at the gaming facility. The certificate shall be prominently displayed on the approved device. A facility manager shall not modify, alter, or tamper with an approved LFG, the associated equipment, or a commission-issued certificate. Before the removal of the LFG or associated equipment from the gaming facility, the certificate shall be removed by a commission agent. An LFG or the associated

equipment installed in a gaming facility in contravention of this requirement shall be subject to seizure by any Kansas law enforcement officer.

(l) The installation of a modification to an LFG prototype or the associated equipment prototype may be authorized by the executive director on an emergency basis to prevent cheating or malfunction, upon the written request of a gaming supplier. The request shall specify the name and employer of any persons to be involved in the installation of the modification and the manner in which the installation is to be effected. Within 15 days of receipt of any authorization to install an emergency modification, the gaming supplier shall submit the modification for full testing and approval in accordance with this article.

(m) Each facility manager shall, no later than four hours after detection, notify the commission's security staff of any known or suspected defect or malfunction in any LFG or associated equipment installed in the gaming facility. The facility manager shall comply with any instructions from the commission staff for use of the LFG or associated equipment.

(n) Each facility manager shall file a master list of approved gaming machines as required by K.A.R. 112-107-10.

(o) Each gaming supplier shall, no later than 48 hours after detection, notify the commission of any known or suspected defect or malfunction in any LFG or associated equipment approved for use in a lottery gaming facility. (Authorized by K.S.A. 2009 Supp. 74-8772; implementing K.S.A. 2009 Supp. 74-8749, 74-8750, and 74-8772; effective April 24, 2009; amended April 1, 2011.)

112-107-4. Reserved.

112-107-5. Transportation of LFGs. (a) The transportation of any LFG into or out of this state shall be approved in advance by the executive director. The person causing the LFG to be transported or moved shall notify the executive director of the proposed importation or exportation at least 15 days before the LFG is moved, unless otherwise approved by the executive director. The notice shall include the following information:

- (1) The name and address of the person shipping or moving the LFG;
- (2) the name and address of the person who manufactured, assembled, distributed, or resold the LFG, if different from the person shipping or moving the game;
- (3) the name and address of a new owner if ownership is being changed in conjunction with the shipment or movement;
- (4) the method of shipment or movement and the name and address of the common carrier or carriers, if applicable;
- (5) the name and address of the person to whom the LFG is being sent and the destination of the LFG, if different from that address;
- (6) the quantity of LFG being shipped or moved and the manufacturer's make, model, and serial number of each game;
- (7) the expected date and time of delivery to, or removal from, any authorized location within this state;
- (8) the port of entry or exit, if any, of the LFG if the origin or destination of the LFG is outside the continental United States; and
- (9) the reason for transporting or moving the LFG.

(b) Each shipment of LFGs shall be sealed before being transported. On arrival at the gaming facility, the shipment shall not be opened or inventoried until the seal is witnessed and broken by an agent of the commission. An agent of the commission shall verify that the LFGs are unloaded, inventoried, and compared to the notice required in subsection (a). (Authorized by and implementing K.S.A. 2009 Supp. 74-8772; effective April 24, 2009; amended April 1, 2011.)

112-107-6. Off-premises storage of EGMs. (a) A facility manager shall not store EGMs off the premises of the gaming facility without prior approval from the commission.

(b) Each facility manager seeking to store EGMs off the premises of the gaming facility shall file a written request for off-premises storage with the executive director.

The request shall include all of the following:

- (1) The location and a physical description of the proposed storage facility;
- (2) a description of the type of surveillance system that has been or will be installed at the storage facility;
- (3) the facility manager's plan to provide continuous security at the storage facility;
- (4) the number and the name of the manufacturer of the EGMs that will be stored at the facility;
- (5) the date that the EGMs are expected to arrive at the storage facility; and
- (6) the date that the EGMs are expected to be moved to the gaming facility.

(c) Before acting on a request for off-premises storage of EGMs, agents of the commission shall inspect the proposed storage facility.

(d) Each request shall be responded to by the executive director within 30 days.

Any request approved by the executive director may be subject to specific terms and conditions imposed by the executive director. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective April 24, 2009.)

112-107-7. Gaming floor plan. (a) Each applicant or gaming facility manager shall submit to the commission a floor plan of its gaming floor and the restricted areas servicing the electronic gaming operation. The floor plan shall include depictions drawn to a scale of 1/8 inch per foot, unless another scale is approved by the executive director, of the following:

- (1) Each EGM area on the gaming floor and each EGM location within each EGM area. EGM locations shall be identified by number;
- (2) the cage and any satellite cage, including each cage window and window number;
- (3) each count room and any trolley storage area;
- (4) each automated bill validator, gaming ticket redemption machine, coupon redemption machine, and jackpot payout machine;
- (5) each automated teller machine;
- (6) each area designated for the storage or repair of EGMS;
- (7) the location of each vault and armored car bay; and
- (8) any additional documentation requested by the executive director relating to the floor plan for the gaming floor.

(b) A gaming facility manager shall not commence electronic gaming operations until the floor plan depicting the facility manager's gaming floor and all restricted areas servicing the electronic gaming operation has been approved in writing by the executive director.

(c) A gaming facility manager shall not change the number, configuration, or location of EGMs on the floor plan approved under subsection (b) without the prior written approval of the executive director. (Authorized by K.S.A. 2008 Supp. 74-8772; implementing K.S.A. 2008 Supp. 74-8752 and 74-8772; effective April 24, 2009.)

112-107-8. Reserved.

112-107-9. Testing and software installation on the live gaming floor. (a) Each facility manager shall notify the executive director in writing at least 72 hours before testing any EGMs, associated equipment, and displays on a gaming floor during the facility manager's gaming hours. The notification shall include the following:

- (1) A detailed narrative description of the type of testing to be conducted, including the reason for the testing, a list of individuals conducting the testing, and the facility manager's procedures for conducting the testing;
- (2) the date, time, and approximate duration of the testing;
- (3) the model, EGM location number, and asset number of the EGM or machines to be tested; and
- (4) the location within the gaming facility where the testing shall occur.

(b) Each facility manager shall notify the executive director at least 72 hours before installing any new software or installing any change in previously approved software for the following:

- (1) Automated gaming ticket and coupon redemption machines;
- (2) wide-area progressive systems;
- (3) electronic gaming monitoring systems;
- (4) casino management systems;
- (5) player tracking systems;
- (6) external bonusing systems, as specified in K.A.R. 112-107-26;
- (7) cashless funds transfer systems;

- (8) server-supported electronic gaming systems;
- (9) server-based electronic gaming systems; and
- (10) automated jackpot payout machines.

(c) The notification required by subsection (b) shall include the following:

- (1) A description of the reasons for the new installation or change in previously approved software;
- (2) a list of the computer components and the programs or versions to be modified or replaced;
- (3) a description of any screens, menus, reports, operating processes, configurable options, or settings that will be affected;
- (4) the method to be used to complete the proposed installation;
- (5) the date that the proposed modification will be installed and the estimated time for completion;
- (6) the name, title, and employer of the persons performing the installation;
- (7) a diagrammatic representation of the proposed hardware design change;
- (8) restrictions on access to the production code by the person implementing the installation; and
- (9) procedures to ensure that user and operator manuals are updated to reflect changes in policies and procedures resulting from the proposed installation. (Authorized by K.S.A. 2008 Supp. 74-8772; implementing K.S.A. 2008 Supp. 74-8750 and 74-8772; effective April 24, 2009.)

112-107-10. Master list of approved gaming machines. (a) At least 20 days before commencing gaming, each facility manager shall file with the commission, in writing, a complete list of the LFGs and gaming equipment possessed by the facility manager on its gaming floor, in restricted areas off the gaming floor but within the gaming facility as approved by the commission under K.A.R. 112-104-26, and in storage locations in this state off the premises of the gaming facility as approved by the commission under K.A.R. 112-107-6. The list shall be titled as a master list of approved gaming machines.

(b) The master list of approved LFGs and gaming equipment shall contain the following information that, for those LFGs and the gaming equipment located on the gaming floor, shall be presented for each LFG and gaming equipment in consecutive order by the LFG or gaming equipment location number:

- (1) The date the list was prepared;
- (2) a description of each LFG and all gaming equipment, using the following:
 - (A) Asset number and model and manufacturer's serial number;
 - (B) computer program number and version;
 - (C) denomination, if configured for multiple denominations, and a list of the denominations;
 - (D) manufacturer and machine type, noting cabinet type;
 - (E) if an LFG, specification of whether the LFG is a progressive or a wide-area progressive LFG;

(F) an indication as to whether the LFG or gaming equipment is configured to communicate with a cashless funds transfer system;

(G) an indication as to whether the LFG or gaming equipment is configured to communicate with a gaming ticket system;

(H) designation of which specific surveillance video system cameras will be able to view that LFG or gaming equipment; and

(I) commission certificate number;

(3) for those LFGs or gaming equipment located off the gaming floor, an indication as to whether the LFG or gaming equipment is in a restricted area off the gaming floor but within the gaming facility under K.A.R. 112-104-26 or is in a commission-approved storage location in this state off the premises of the gaming facility under K.A.R. 112-107-6; and

(4) any additional relevant information requested by the commission.

(c) If an LFG or gaming equipment has been placed in an authorized location on the gaming floor or is stored in a restricted area off the gaming floor but within the gaming facility as approved by the commission under K.A.R. 112-104-26, then all subsequent movements of that LFG or gaming equipment within the gaming facility shall be recorded by an LFG department member in a gaming equipment movement log, which shall include the following:

(1) The asset number and model and the manufacturer's serial number of the moved LFG or gaming equipment;

- (2) the date and time of movement;
- (3) the location from which the LFG or gaming equipment was moved;
- (4) the location to which the LFG or gaming equipment was moved;
- (5) the date and time of any required notice to the Kansas lottery in connection with the activation or disabling of the LFG in the central computer system;
- (6) the signature of the LFG shift manager and the commission's electronic gaming inspector verifying the movement of the LFG or gaming equipment in compliance with this regulation; and
- (7) any other relevant information the commission may require.

(d) Before moving an LFG or any gaming equipment that has been placed in an authorized location on the gaming floor, the facility manager shall remove the bill validator canister drop box and transport the drop box to the count room in accordance with the procedures in K.A.R. 112-104-18.

(e) The facility manager shall daily submit documentation summarizing the movement of LFGs and gaming equipment within a gaming facility to the commission, in writing or in an electronic format approved by the commission.

(f) On the first Tuesday of each month following the initial filing of a master list of approved LFGs or gaming equipment, a facility manager shall file with the commission, in writing or in an electronic format approved by the commission, an updated master list of approved LFGs or gaming equipment containing the information required in subsection (b).

(g) Each gaming supplier and each regulatory or law enforcement agency that possesses LFGs shall file with the commission, in writing or in an electronic format approved by the commission, a complete list of the LFGs possessed by the entity. The list shall be titled as a master list of approved gaming machines and shall be filed within three business days of the initial receipt of the LFGs. Each list shall contain the following information:

- (1) The date on which the list was prepared; and
- (2) a description of each LFG by the following:
 - (A) Model and manufacturer's serial number;
 - (B) manufacturer and machine type, noting cabinet type; and
 - (C) specification of whether the LFG is a progressive or a wide-area progressive LFG.

(h) On the first Tuesday of each month following the initial filing of a master list of approved LFGs or gaming equipment, those persons specified in subsection (f) shall file with the commission, in writing or in an electronic format approved by the commission, an updated master list of approved LFGs or gaming equipment containing the information required in subsection (g).

(i) A computer system designed to meet the requirements of this regulation may be approved by the executive director. (Authorized by K.S.A. 2010 Supp. 74-8772; implementing K.S.A. 2010 Supp. 74-8750 and 74-8772; effective April 24, 2009; amended April 1, 2011.)

112-107-11. Notice to Kansas lottery of EGM movement. Each facility manager shall obtain authorization from the executive director and the Kansas lottery's executive director before doing any of the following:

- (a) Placing an EGM on the gaming floor;
- (b) moving an EGM to a different location on the gaming floor; or
- (c) removing an EGM from the gaming floor. (Authorized by K.S.A. 2008 Supp. 74-8772; implementing K.S.A. 2008 Supp. 74-8749, 74-8750, and 74-8772; effective April 24, 2009.)

112-107-12. Reserved.

112-107-13. Commencement of electronic gaming operations. (a) Each facility manager shall demonstrate that the facility manager has met all of the following conditions before commencing electronic gaming at a gaming facility:

- (1) The gaming facility, including the gaming floor and restricted areas servicing the electronic gaming operation, meets all the applicable requirements of the act, this article, and article 110.
- (2) Each EGM and the associated equipment installed in the gaming facility and utilized in the conduct of EGM operations have been tested and approved by the commission in compliance with the act, this article, and article 110.
- (3) The gaming floor plan required under K.A.R. 112-107-7(a) has been approved by the executive director in compliance with the act, this article, and article 110.
- (4) The facility manager's internal control system has been approved by the commission in compliance with the act, this article, K.A.R 112-104-1, and article 110.
- (5) The facility manager is prepared to implement necessary management controls, surveillance, and security precautions to ensure the efficient conduct of electronic gaming operations.
- (6) The facility manager's employees are licensed or permitted by the commission and are trained in the performance of their responsibilities.
- (7) The gaming facility is prepared in all respects to receive the public.
- (8) The facility manager has successfully completed a test period.

(9) For racetrack gaming facility managers, the facility manager has met the live racing requirements under the act.

(b) When a facility manager meets the requirements in subsection (a), the date and time at which the facility manager may begin gaming operations at the gaming facility shall be authorized by the commission. (Authorized by K.S.A. 2007 Supp. 74-8772; implementing K.S.A. 2007 Supp. 74-8749, 74-8750, and 74-8772; effective April 24, 2009.)

112-107-14. EGM conversions. Each facility manager shall meet the following requirements:

- (a) Maintain complete and accurate records of all EGM conversions;
- (b) give prior written notice of each EGM conversion to the commission; and
- (c) notify the Kansas lottery in accordance with K.A.R. 112-107-11. (Authorized by K.S.A. 2008 Supp. 74-8772; implementing K.S.A. 2008 Supp. 74-8750, 74-8752, and 74-8772; effective April 24, 2009.)

112-107-15. Revocations and additional conditions. The approval of or imposition of additional conditions on an EGM prototype, associated equipment prototype, or modification may be revoked by the commission if the equipment, device, or software meets either of the following conditions:

- (a) The equipment, device, or software does not meet the requirements of the act, this article, or article 110.
- (b) The EGM, or modification to the EGM, is not compatible or compliant with the central computer system and protocol specifications approved by the Kansas lottery or is unable to communicate with the central computer system for the purpose of transmitting auditing program information, real-time information retrieval, and the activation and disabling of EGMs. (Authorized by K.S.A. 2007 Supp. 74-8772; implementing K.S.A. 2007 Supp. 74-8749, 74-8750, and 74-8772; effective April 24, 2009.)

112-107-16. Kiosks as automated gaming ticket and coupon redemption machines.

(a) Any facility manager may utilize a kiosk as an automated gaming ticket and coupon redemption machine if that machine has been tested and approved by the commission under K.A.R. 112-107-3.

(b) Automated gaming ticket and coupon redemption machines may be located on or proximate to the gaming floor of a gaming facility and shall be subject to surveillance coverage under article 106. Each kiosk shall have imprinted, affixed, or impressed on the outside of the machine a unique asset identification number.

(c) Each kiosk shall meet the requirements of article 110.

(d) Before using a kiosk, a facility manager shall establish a comprehensive system of internal controls addressing the distribution of currency or coin, or both, to the machines, the removal of gaming tickets, coupons or currency accepted by the machines, and the associated reconciliations. The internal controls shall be submitted to and approved by the commission under K.A.R. 112-104-1.

(e) Each kiosk or the ancillary systems, applications, and equipment associated with reconciliation shall be capable of producing the following reports upon request:

(1) A gaming ticket transaction report. The report shall include the disposition of gaming tickets, including whether the ticket has been paid, partially paid, unpaid, or accepted by a kiosk, which shall include the validation number, the date and time of redemption, amount requested, and the amount dispensed. This information shall be available by reconciliation period, which may be by day, shift, or drop cycle;

(2) a coupon transaction report. This report shall include the payment disposition of coupons accepted by a kiosk, which shall include the unique serial number, the date and time of redemption, the amount requested, and the amount dispensed. The information shall be available by reconciliation period, which may be by day, shift, or drop cycle;

(3) a reconciliation report. The report shall include all of the following:

- (A) Report date and time;
- (B) unique asset identification number of the machine;
- (C) total cash balance of the currency cassettes;
- (D) total count of currency accepted by denomination;
- (E) total dollar amount of tickets accepted;
- (F) total count of gaming tickets accepted;
- (G) total dollar amount of coupons accepted; and
- (H) total count of coupons accepted;

(4) gaming ticket, coupon, and currency storage box report. The report shall be generated, at a minimum, whenever a gaming ticket, coupon, or currency storage box is removed from a kiosk. The report shall include all of the following:

- (A) Report date and time;
- (B) unique asset identification number of the machine;
- (C) unique identification number for each storage box in the machine;
- (D) total value of currency dispensed;

- (E) total number of bills dispensed by denomination;
- (F) total dollar value of gaming tickets accepted;
- (G) total count of gaming tickets accepted;
- (H) total dollar value of coupons accepted;
- (I) total count of coupons accepted; and
- (J) the details required to be included in the gaming ticket transaction report required by paragraph (e)(1) and the coupon transaction report required in paragraph (e)(2); and

(5) a transaction report. The report shall include all critical patron transaction history, including the date, time, amount, and disposition of each complete and incomplete transaction. If a kiosk is capable of redeeming multiple tickets or coupons in a single transaction, the transaction history shall include a breakdown of the transaction with regard to the individual gaming tickets and coupons accepted. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective April 24, 2009.)

112-107-17. Automated jackpot payout machines. (a) Any facility manager may utilize an automated jackpot payout machine that has been tested and approved by the commission under K.A.R. 112-107-3.

(b) Each automated jackpot payout machine shall meet the requirements of the act, this article, and article 110.

(c) Before using an automated jackpot payout machine, each facility manager shall establish a comprehensive system of internal controls for the payment of jackpot payouts utilizing an automated jackpot payout machine and the distribution of currency or coin, or both, to the machines. The internal controls shall be submitted to and approved by the commission under K.A.R. 112-104-1. (Authorized by K.S.A. 2008 Supp. 74-8772; implementing K.S.A. 2008 Supp. 74-8750 and 74-8772; effective April 24, 2009.)

112-107-18. Gaming tickets. (a) A facility manager may utilize gaming tickets and a gaming ticket system that has been tested and approved by the commission under K.A.R. 112-107-3.

(b) Each facility manager shall establish a system of internal controls for the issuance and redemption of gaming tickets. The internal controls shall be submitted and approved by the commission under K.A.R. 112-104-1 and shall address the following:

- (1) The procedures for assigning an EGM's asset number, identifying other redemption locations in the system, and enabling and disabling ticket capabilities for EGMs and redemption locations;
- (2) the procedures for issuance, modification, and termination of a unique system account for each user in accordance with article 110;
- (3) the procedures used to configure and maintain user passwords in accordance with article 110;
- (4) the procedures for restricting special rights and privileges, including administrator and override capabilities, in accordance with article 110;
- (5) the duties and responsibilities of the information technology, internal audit, electronic gaming operations, cage, and accounting departments and the level of access for each position with regard to the gaming ticket system;
- (6) a description of physical controls on all critical hardware, including locks and surveillance. This description shall include the location and security protocols applicable to each piece of equipment;

- (7) the procedures for the backup and timely recovery of critical data in accordance with article 110; and
- (8) the use of logs to document and maintain the details of commission-approved hardware and software modifications upon implementation.

(c) The system of internal controls required in subsection (b) shall also include controls over the issuance and redemption of gaming tickets and shall include all of the following requirements:

- (1) Upon presentation of a gaming ticket for redemption, the electronic gaming cashier or EGM shall use the gaming ticket system to verify the validity of the serial number and value of the ticket, and if valid, the system shall immediately cancel the ticket electronically and permit the redemption of the ticket for the value printed thereon. Before redeeming a gaming ticket, the complete serial number of the unredeemed gaming ticket shall be available only to the system.
- (2) The facility manager shall maintain a record of all transactions in the gaming ticket system for at least 210 days from the date of the transaction.
- (3) Each gaming ticket shall expire in not less than 180 days from the date of issuance if not redeemed.
- (4) A gaming ticket system shall not be configured to issue a gaming ticket exceeding \$10,000.
- (5) The facility manager shall maintain a record of unredeemed gaming tickets for all gaming tickets that were issued but not redeemed. The record shall be stored in

the system for a period of time approved by the executive director, which shall be at least one year from the date of issuance of the gaming ticket. The following requirements shall apply:

(A) Each unredeemed gaming ticket record removed from the system after one year shall be stored and controlled in a manner approved by the commission.

(B) Each unredeemed gaming ticket record removed from the system shall be subject to the standard record retention requirements of this article.

(d) The system of internal controls required to be submitted and approved by the commission under subsection (b) shall also include procedures to be used in the following instances:

(1) If the facility manager chooses to pay a patron the represented value of a gaming ticket notwithstanding the fact that the gaming ticket system is inoperable, rendering the manager unable to determine the validity of the gaming ticket at the time of payment. The system of internal controls shall include procedures to verify the ticket once the gaming ticket system becomes operable in accordance with article 110; and

(2) if the facility manager chooses to pay a patron the value of a gaming ticket notwithstanding the fact that the gaming ticket system failed to verify and electronically cancel the gaming ticket when it was scanned. Each payment by the facility manager shall be treated as a complimentary. These payments shall not result in a deduction from EGM income.

(e) At the end of each gaming day, the gaming ticket system shall be caused by the facility manager to generate reports, and the reports shall be provided to the manager's accounting department, either directly by the system or through the management information systems department. The report, at a minimum, shall contain the following information:

- (1) A list of all gaming tickets that have been issued, including the asset number and the serial number of the EGM, and the value, date, and time of issuance of each gaming ticket;
- (2) a list of all gaming tickets that have been redeemed and cancelled, including the redemption location, the asset number of the EGM or location if other than an EGM, the serial number, the value, date, and time of redemption for each ticket, the total value of all gaming tickets redeemed at EGMs, and the total value of all gaming tickets redeemed at locations other than EGMs;
- (3) the liability for unredeemed gaming tickets;
- (4) the readings on gaming ticket-related EGM meters and a comparison of the readings to the number and value of issued and redeemed gaming tickets, as applicable;
- (5) the exception reports and audit logs; and
- (6) any other relevant reports as required by the executive director.

(f) Each facility manager shall, at the time of discovery, report to the commission audit staff any evidence that a gaming ticket has been counterfeited, tampered with, or

altered in any way that would affect the integrity, accuracy, reliability, or suitability of the gaming ticket.

(g) Upon any attempt to redeem a gaming ticket when the total value of which gaming ticket cannot be completely converted into an equivalent value of credits, the EGM shall perform one of the following procedures:

- (1) Automatically issue a new gaming ticket containing the value that cannot be completely converted;
- (2) not redeem the gaming ticket and return the gaming ticket to the patron; or
- (3) allow for the additional accumulation of credits on a meter that displays the value in dollars and cents.

(h) Each facility manager that utilizes a system or an EGM that does not print a test gaming ticket that is visually distinguishable from a redeemable gaming ticket shall adopt internal controls for all of the following:

(1) The issuance of test currency from the cage; and
(2) the return and reconciliation of the test currency and any gaming tickets printed during the testing process.

(i) Except as provided in subsection (m), each gaming ticket shall be redeemed by a patron for cash, EGM credits, or a check issued by the facility manager in the amount of the gaming ticket redeemed. A facility manager shall not permit redemption of a gaming ticket if the facility manager knows or has reason to know that the ticket meets any of the following conditions:

- (1) Is different from the sample of the gaming ticket approved by the commission;
- (2) was previously redeemed; or
- (3) was printed as a test gaming ticket.

(j) Any facility manager may effectuate redemption requests submitted by mail.

Gaming tickets redeemed by mail may only be redeemed by a cage supervisor in accordance with internal controls approved by the commission under K.A.R. 112-104-1 that include the following:

- (1) Procedures for using the gaming ticket system to verify the validity of the serial number and value of the ticket that, if valid, shall be immediately cancelled electronically by the system; and
- (2) procedures for the issuance of a check equal to the value of the ticket.

(k) Gaming tickets redeemed at cashier locations shall be transferred to the facility manager's accounting department on a daily basis. The gaming tickets redeemed by EGMS shall be counted in the count room and forwarded to the manager's accounting department upon the conclusion of the count process. The gaming tickets redeemed at automated gaming ticket redemption machines shall be forwarded to the manager's accounting department upon the conclusion of the cage reconciliation process. The manager's accounting department employees shall perform the following, at a minimum:

- (1) On a daily basis, the following:

(A) Compare gaming ticket system report data to any count room system report data available for that gaming day to ensure proper electronic cancellation of the gaming ticket; and

(B) calculate the unredeemed liability for gaming tickets, either manually or by means of the gaming ticket system; and

(2) on a weekly basis, compare appropriate EGM meter readings to the number and value of issued and redeemed gaming tickets per the gaming ticket system. Meter readings obtained through an electronic gaming monitoring system may be utilized to complete this comparison.

(l) Each facility manager shall provide written notice to the commission audit staff of any adjustment to the value of any gaming ticket. The notice shall be made before or concurrent with the adjustment.

(m) Employees of a facility manager who are authorized to receive gratuities under K.A.R. 112-104-27 may redeem gaming tickets given as gratuities only at a cage. Gaming tickets valued at more than \$100 shall be redeemed at the cage only with the approval of the supervisor of the cashier conducting the redemption transaction.

(n) Each gaming ticket system shall be configured to alert each facility manager to any malfunction in accordance with article 110. Following a malfunction of a system, the facility manager shall notify the commission within 24 hours of the malfunction and shall not utilize the system until the malfunction has been eliminated. A facility manager

may be permitted by the executive director to utilize the system before the system is restored, for a period not to exceed 72 hours, if all of the following conditions are met:

- (1) The malfunction is limited to a single storage media device, including a hard disk drive.
- (2) The system contains a backup storage media device not utilized in the normal operation of the system. The backup device shall automatically replace the malfunctioning device and permit a complete recovery of all information in the event of an additional malfunction.
- (3) Continued use of the malfunctioning system would not inhibit the ability to perform a complete recovery of all information and would not otherwise harm or affect the normal operation of the system.
 - (o) Other than a modification to a gaming ticket system that is required on an emergency basis to prevent cheating or malfunction and is approved by the executive director under K.A.R. 112-107-3(m), a modification to a gaming ticket system shall not be installed without being tested and approved under K.A.R. 112-107-3. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective April 24, 2009.)

112-107-19. Coupons. (a) Any facility manager may utilize coupons and a coupon system that has been tested and approved by the commission under K.A.R. 112-107-3.

(b) The design specifications for the coupon shall meet the requirements of article 110.

(c) The design specifications for the coupon system shall meet the requirements of article 110.

(d) Each facility manager shall establish a system of internal controls for the issuance and redemption of coupons before issuing any coupon. The internal controls shall be submitted to and approved by the commission under K.A.R. 112-104-1. The system of internal controls shall include the following requirements:

(1) The package containing the coupons shall be opened and examined by at least two members of the accounting department. Each deviation between the invoice and control listing accompanying the coupons, the purchase or requisition order, and the actual coupons received shall be reported to the controller or to a higher authority in a direct reporting line and to the director of internal audit.

(2) Upon examination of the coupons, the facility manager shall cause to be recorded in a coupon control ledger the type and quantity of coupons received, the date of the receipt, the beginning serial number, the ending serial number, the new quantity of unissued coupons on hand, the purchase order or requisition number, any deviations between the number of coupons ordered and the number received, and the signature of any individual who examined the coupons.

(3) All unissued coupons shall be stored in the cage, controlled by a cage department supervisor.

(4) A representative from the internal audit department shall prepare a monthly inventory of unissued coupons. Any deviations between the coupon inventory and the coupon control ledger shall be reported to the controller and the director of internal audit.

(5) A representative of the facility manager shall estimate the number of coupons needed by shift each day. An accounting department employee shall obtain the quantity of coupons to be issued. If a date indicating when the coupon becomes invalid is not preprinted on the coupon, the accounting department employee shall affix a stamp indicating the date the coupon becomes invalid. The following, at a minimum, shall be recorded in the coupon control ledger:

- (A) The date the coupons were issued;
- (B) the type of coupons issued;
- (C) the beginning serial number of the coupons issued;
- (D) the ending serial number of the coupons issued;
- (E) the quantity issued and the quantity remaining; and
- (F) the signatures of the accounting department employee issuing the coupons and any other department's employee receiving the coupons.

(6) The facility manager shall require unused coupons obtained from the accounting department employee to be stored in a locked cabinet until the coupons are distributed to patrons. All coupons remaining unused at the end of a shift shall be either

returned to the cage department for receipt and redistribution or kept for use by the following shift if accountability between shifts is maintained. All expired coupons shall be returned to the cage department on a daily basis. Any coupons that are not used by the expiration date indicated on the coupons shall be voided when returned to the cage department.

(7) Documentation shall be prepared by a representative of the facility manager for the distribution of coupons to patrons. The documentation shall include the following information, at a minimum:

- (A) The date and time or the shift of preparation;
- (B) the type of coupons used;
- (C) the beginning serial number of the coupons used;
- (D) the ending serial number of the coupons used;
- (E) the total number of coupons used;
- (F) the total number of coupons remaining for use by the next shift or returned to the accounting department; and
- (G) the signatures of the facility manager's representatives who distributed the coupons.

(8) The coupons shall be redeemed in the following manner:

- (A) Coupons redeemable for cash or tokens shall be redeemed only by change persons or at cashiers' booths, the cage, or at any other location within the gaming facility approved by the commission. A change person, booth cashier, or general cage

cashier shall accept the coupons in exchange for the stated amount of cash or tokens.

Coupons accepted for redemption shall be cancelled by those authorized to accept coupons. Cancellation of coupons shall be done in a manner that cancels the coupon number and shall permit subsequent identification of the individual who accepted and cancelled the coupon. Redeemed coupons shall be maintained and shall be submitted to the main bank not less frequently than at the conclusion of each day.

(B) Coupons redeemable for wagers shall be accepted only in exchange for the wagers stated on the coupons. Cancellation of coupons shall be done in a manner that permits subsequent identification of the individual who accepted and cancelled the coupon. Redeemed coupons shall be maintained and shall be submitted to the main bank not less frequently than at the conclusion of each gaming day.

(C) A coupon redeemable for gaming chips shall be redeemed only by one of the following ways:

(i) At a gaming table and only by a dealer or first-level supervisor who supervises the game, who shall accept the coupon in exchange for the stated amount of gaming chips and shall deposit the coupon into the drop box upon acceptance; or

(ii) by a chip person, who shall accept the coupon only from a patron seated at a poker table at which a game is in progress in exchange for the stated amount of gaming chips and shall cancel the coupon upon acceptance. The coupon shall be cancelled in a manner that permits subsequent identification of the individual who accepted and

cancelled the coupon. The cancelled coupons shall be exchanged with the main bank at the conclusion of the chip person's shift, at a minimum.

(D) A match play coupon shall be redeemed only at a gaming table that offers an authorized game in which patrons wager only against the house. The coupon shall be redeemed only by a dealer and only if accompanied by the proper amount of gaming chips required by the coupon. The dealer shall accept the coupon as part of the patron's wager and deposit the coupon into the drop box after the wager is won or lost.

(9) Documentation on unused coupons, voided coupons, and redeemed coupons maintained shall be forwarded on a daily basis to the accounting department, which shall perform the following regarding the coupons:

(A) Review for the propriety of signatures on documentation and for proper cancellation of coupons;

(B) examine for proper calculation, summarization, and recording on documentation, including the master game report;

(C) reconcile by the total number of coupons given to representatives of the department making distribution to patrons, returned for reissuance, distributed to patrons, voided, and redeemed;

(D) record; and

(E) maintain and control until destruction of the coupons is approved by the commission. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective April 24, 2009.)

112-107-20. EGM computer systems. (a) All components of a facility manager's production EGM computer system shall be located within the gaming facility. As used in this regulation, "production EGM computer system" shall mean the facility manager's primary EGM computer system comprised of a collection of hardware and software used to process or monitor EGM activity in real time. A production EGM computer system shall include any segregated testing component.

(b) With the written approval of the executive director, a facility manager's backup EGM computer system, or any part of it, may be located in a secure and remote computer that is under the custody and control of an affiliate, intermediary, subsidiary, or holding company approved by the commission, referred to as a "host entity." A backup EGM computer system may consist of either of the following:

(1) A mirrored backup system that duplicates the production system by recording all slot-related operations on a real-time basis and is designed to become the production system whenever needed; or

(2) a periodic backup system that consists of regularly scheduled recording of selected data, which may include a complete image of the production system or any portion of the system.

(c) At a minimum, each facility manager requesting authorization to allow a backup EGM computer system to reside outside the gaming facility shall certify that both of the following conditions are met:

(1) Communications between the remote computer and the facility manager's EGM computer system occur using a dedicated and secure communication medium, which may include a leased line.

(2) The remote computer automatically performs the following functions:

- (A) Generates daily monitoring logs and real-time alert messages to inform the facility manager and host entity of any system performance problems and hardware problems;
- (B) generates daily monitoring logs and real-time alert messages to inform the facility manager of any software errors;
- (C) generates daily monitoring logs to inform the facility manager of any unsuccessful attempts by a device, person, or process to obtain computer access;
- (D) authenticates the identity of every device, person, and process from which communications are received before granting computer access to the device, person, or process;
- (E) ensures that data sent through a transmission is completely and accurately received; and
- (F) detects the presence of corrupt or lost data and, as necessary, rejects the transmission.

(d) Unless a remote computer is used exclusively to maintain the EGM computer system of the facility manager, the system shall be partitioned in a manner approved by the executive director and shall include the following:

- (1) A partition manager that meets the following requirements:
 - (A) The partition manager shall be comprised of hardware or software, or both, and perform all partition management tasks for a remote computer, including creating the partitions and allocating system resources to each partition;
 - (B) the facility manager and host entity shall jointly designate and identify the security officer who will be responsible for administering the partition manager and maintaining access codes to the partition manager. The security officer shall be an employee of the facility manager or host entity and shall be licensed as a level I employee;
 - (C) special rights and privileges in the partition manager, including the administrator, shall be restricted to the management information systems director or security officer of the facility manager or host entity, who shall be licensed as level I employees;
 - (D) access to the partition manager shall be limited to employees of the management information systems departments of the facility manager and host entity; and
 - (E) software-based partition managers contained in a remote computer shall be functionally limited to performing partition management tasks for the remote computer, while partition managers using hardware and software that are not part of a remote computer may be utilized to perform other functions for a remote computer that are approved by the executive director;

(2) a separate partition established for the facility manager's EGM computer system that meets the following requirements:

(A) The partition shall be limited to maintaining the software and data of the facility manager for which the partition has been established;

(B) the security officer of the facility manager for which the partition has been established shall be licensed as a level I employee and shall be responsible for maintenance of access codes to the partition; and

(C) special rights and privileges in the partition, including the administrator, shall be restricted to the security officer and the management information systems director of the facility manager for which the partition has been established; and

(3) separate and distinct operating system software, application software, and computer access controls for the partition manager and each separate partition.

(e) Any facility manager may be permitted by the executive director to establish a partition within a computer that contains its EGM computer system for its affiliate, intermediary, subsidiary, or holding company if all of the following requirements are met:

(1) A partition manager comprised of hardware or software, or both, shall be utilized to perform all partition management tasks, including creating the partitions and allocating system resources to each partition.

(2) A security officer shall be designated within the management information systems department of the facility manager to be responsible for administering the

partition manager and maintaining access codes to the partition manager. Special rights and privileges in the partition manager, including the administrator, shall be restricted to the security officer and the management information systems director of the facility manager.

(3) Special rights and privileges in any partition that has been established for the benefit of an affiliate, intermediary, subsidiary, or holding company shall be restricted to the security officer and information technology director of the affiliate, intermediary, subsidiary, or holding company.

(f) Any facility manager may be permitted by the executive director to maintain backup or duplicate copies of the software and data of its EGM computer system, or any portion of the software and data, in removable storage media devices, including magnetic tapes or disks, in a secure location within a gaming facility or other secure location outside the gaming facility as approved by the executive director for the purposes of disaster recovery.

(g) Notwithstanding the provisions of subsection (a), upon the declaration of a disaster affecting the EGM computer system by the chief executive officer of the facility manager and with the prior written approval of the executive director, a facility manager may maintain the software and data of its EGM computer system, or any portion of the software and data, in a computer located in a secure location outside the gaming facility.

(h) Any facility manager may locate software or data not related to an EGM computer system, including software or data related to the sale of food and beverages, in

a computer located outside the gaming facility. With the written approval of the executive director, a facility manager may connect the computer to an EGM computer system if all of the following conditions are met:

- (1) Logical access to computer software and data of the EGM computer system is appropriately limited.
- (2) Communications with all portions of the EGM computer system occur using a dedicated and secure communications medium, which may consist of a leased line.
- (3) The facility manager complies with other connection-specific requirements of the commission. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective April 24, 2009.)

112-107-21. Progressive LFGs. (a) Each progressive LFG shall meet the requirements of article 110.

(b) Each facility manager seeking to utilize a linked LFG shall submit the location and manner of installing any progressive meter display mechanism to the executive director for approval.

(c) An LFG that offers a progressive jackpot shall not be placed on the gaming floor until the executive director has approved the following:

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

(2) the proposed system for controlling the keys and applicable logical access controls to the LFGs;

(3) the proposed rate of progression for each progressive jackpot;

(4) the proposed limit for the progressive jackpot, if any; and

(5) the calculated probability of winning each progressive jackpot. The probability shall not exceed 50 million to one.

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

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

(2) The progressive jackpot amount won by the patron has been recorded in accordance with a system of internal controls approved under K.A.R. 112-104-1.

(3) The progressive jackpot has, upon executive director approval, been transferred to another progressive LFG or wide-area progressive system in accordance with this article.

(4) The change is necessitated by an LFG or meter malfunction. For progressive jackpots governed by subsection (a), an explanation for the malfunction shall be entered on the progressive electronic gaming summary required by this article, and the commission shall be notified of the resetting in writing.

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

(f) If an LFG has a progressive meter with digital limitations on the meter, the facility manager shall set a limit on the progressive jackpot, which shall not exceed the display capability of the progressive meter.

(g) Any facility manager may limit, transfer, or terminate a progressive jackpot offered on a gaming floor only under any of the following:

(1) A facility manager may establish a payout limit for a progressive jackpot if the payout limit is greater than the payout amount that is displayed to the patron on the progressive jackpot meter. The facility manager shall provide notice to the commission

of the imposition or modification of a payout limit on a progressive meter concurrent with the setting of the payout limit.

(2) A facility manager may terminate a progressive jackpot concurrent with the winning of the progressive jackpot if its LFG program or progressive controller was configured before the winning of the progressive jackpot to establish a fixed reset amount with no progressive increment.

(3) A facility manager may permanently remove one or more linked LFGs from a gaming floor if both of the following conditions are met:

(A) If the LFG is part of a wide-area progressive system offered at multiple facilities, the facility manager retains at least one linked LFG offering the same progressive jackpot on its gaming floor.

(B) If the progressive jackpot is only offered in a single gaming facility, at least two linked LFGs offering the same progressive jackpot remain on the gaming floor.

(4) Any facility manager may transfer a progressive jackpot amount on a stand-alone LFG or the common progressive jackpot on an entire link of LFGs with a common progressive meter, including a wide-area progressive system, from a gaming floor. The facility manager shall give notice of its intent to transfer the progressive jackpot to the commission at least 30 days before the anticipated transfer and shall conspicuously display the facility manager's intent to transfer the progressive jackpot on the front of each LFG for at least 30 days. To be eligible for transfer, the progressive jackpot shall meet the following conditions:

- (A) Be transferred in its entirety; and
- (B) be transferred to one of the following:
 - (i) The progressive meter for an LFG or wide-area progressive system with the same or greater probability of winning the progressive jackpot, the same or lower wager requirement to be eligible to win the progressive jackpot, and the same type of progressive jackpot. However, if no other LFG or wide-area progressive system meets all of these qualifications, a transfer of the jackpot to the progressive meter of the most similar LFG or wide-area progressive system available may be authorized by the executive director; or
 - (ii) the progressive meters of two separate LFGs or wide-area progressive systems if each LFG or wide-area progressive system to which the jackpot is transferred individually satisfies the requirements of paragraph (g)(4)(B)(i).
- (5) Any facility manager may immediately and permanently remove a progressive jackpot on a stand-alone progressive LFG, the common progressive jackpot on an entire link of LFGs with a common progressive meter, or an entire wide-area progressive system from a gaming floor if notice of intent to remove the progressive jackpot meets the following requirements:
 - (A) Is conspicuously displayed on the front of each LFG for at least 30 days; and
 - (B) is provided in writing to the commission at least 30 days before the removal of the progressive jackpot.

(h) The amount indicated on the progressive meter or meters and coin-in meter on each LFG governed by subsection (a) shall be recorded by the facility manager's accounting department or LFG department on a progressive electronic gaming summary report at least once every seven calendar days. Each report shall be signed by the preparer. If not prepared by the accounting department, the progressive electronic gaming summary report shall be forwarded to the accounting department by the end of the gaming day on which it is prepared. An employee of the accounting department shall be responsible for calculating the correct amount that should appear on a progressive meter. If an adjustment to the progressive meters is necessary, the adjustment shall be made by a member of the LFG department authorized by the progressive gaming supplier to make progressive meter adjustments as follows:

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

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

(i) Except as otherwise authorized by this regulation, each LFG offering a progressive jackpot that is removed from the gaming floor shall be returned to or replaced on the gaming floor within five gaming days. The amount on the progressive meter or meters on the returned or replacement LFG shall not be less than the amount on the

progressive meter or meters at the time of removal. If an LFG offering a progressive jackpot is not returned or replaced, any progressive meter amount at the time of removal shall, within five days of the LFG's removal, be added to an LFG offering a progressive jackpot approved by the executive director. The LFG shall offer the same or greater probability of winning the progressive jackpot and shall require the same or lower denomination of currency to play that was in use on the LFG that was removed. This subsection shall not apply to the temporary removal by a facility manager, for a period not to exceed 30 days, of all linked LFGs that are part of a particular wide-area progressive system if the progressive jackpot offered by the temporarily removed LFGs remains available on LFGs that are part of the same wide-area progressive system in another gaming facility.

(j) If an LFG is located adjacent to an LFG offering a progressive jackpot, the facility manager shall conspicuously display on the LFG a notice advising patrons that the LFG is not participating in the progressive jackpot of the adjacent LFG. (Authorized by K.S.A. 2009 Supp. 74-8772; implementing K.S.A. 2009 Supp. 74-8750 and 74-8772; effective April 24, 2009; amended April 1, 2011.)

112-107-22. Wide-area progressive systems. (a) Two or more facility managers may operate linked progressive LFGs that are interconnected between two or more participating gaming facilities, with the prior written approval of the commission and the Kansas lottery as required under subsection (c). The LFGs participating in the link shall be collectively referred to as a wide-area progressive system.

(b) Each wide-area progressive system shall at all times be installed and operated in accordance with relevant requirements of the act, this article, and article 110.

(c) Each wide-area progressive system shall be operated and administered by participating facility managers in accordance with the terms and conditions of a written agreement executed by the participating facility managers. The agreement shall be referred to as an electronic gaming system agreement. Each electronic gaming system agreement shall be submitted in writing and approved by the commission and the Kansas lottery before implementation and shall meet the requirements of the act, this article, and article 110.

(d) Any facility manager participating in an electronic gaming system agreement may delegate, in whole or in part, the management and administration of a wide-area progressive system to a gaming supplier if the electronic gaming system agreement is executed by the gaming supplier and the terms of the agreement are approved by the commission and the Kansas lottery. The persons designated in an electronic gaming system agreement as being responsible for the management and administration of a wide-area progressive system shall be referred to as the wide-area progressive system operator.

(e) An agreement between a gaming supplier and a facility manager under which a gaming supplier sells, leases, or services a wide-area progressive system shall not constitute an electronic gaming service agreement, unless the agreement also covers the management and administration of the wide-area progressive system.

(f) Each electronic gaming system agreement providing for the management and administration of a wide-area progressive system shall identify and describe with specificity the duties, responsibilities, and authority of each participating facility manager and each electronic gaming system operator, including the following:

(1) Details with regard to the terms of compensation for the electronic gaming system operator. The agreement shall address to what extent, if any, the electronic gaming system operator is receiving compensation based, directly or indirectly, on an interest, percentage, or share of a facility manager's revenue, profits, or earnings from the management of the wide-area progressive system;

(2) responsibility for the funding and payment of all jackpots and fees associated with the management of the wide-area progressive system;

(3) control and operation of the computer monitoring room required under subsection (1);

(4) a description of the process by which significant decisions with regard to the management of the wide-area progressive system are approved and implemented by the participating facility managers and electronic gaming system operator;

- (5) when applicable, terms satisfactory to the commission with regard to apportionment of responsibility for establishing and servicing any trust agreement associated with any annuity jackpot offered by the wide-area progressive system;
- (6) responsibility for generating, filing, and maintaining the records and reports required under the act, this part, and article 110; and
- (7) any other relevant requirements of the commission, including those required to comply with the technical standards on wide-area progressive systems adopted by the commission under article 110.

(g) An electronic gaming system agreement submitted to the commission for approval shall be accompanied by a proposed system of internal controls addressing the following:

- (1) Transactions directly or indirectly relating to the payment of progressive jackpots, including the establishment, adjustment, transfer, or removal of a progressive jackpot amount and the payment of any associated fees; and
- (2) the name, employer, position, and gaming license status of any person involved in the operation and control of the wide-area progressive system.

(h) The information identified in paragraph (g)(2) shall be reviewed by the executive director to determine, based on an analysis of specific duties and responsibilities, which persons shall be licensed. The electronic gaming system manager shall be advised of the executive director's findings. Each participating facility manager

and any participating gaming supplier shall comply with the commission's licensing instructions.

(i) An electronic gaming system manager shall not commence operation and administration of a wide-area progressive system pursuant to the terms of an electronic gaming system agreement until the agreement and the internal controls required under subsection (g) have been approved in writing by the commission and any licensing requirements under subsection (h) have been met.

(j) If an electronic gaming system agreement involves payment to a gaming supplier functioning as an electronic gaming system operator, of an interest, percentage, or share of a facility manager's revenue, profits, or earnings from the operation of a wide-area progressive system, the electronic gaming system agreement may be approved by the commission only if it determines that the total amounts paid to the gaming supplier under the terms of the agreement are commercially reasonable for the managerial and administrative services provided. Nothing in this regulation shall limit the commission's consideration of the electronic gaming system agreement to its revenue-sharing provisions.

(k) Each wide-area progressive system shall be controlled from a computer monitoring room. The computer monitoring room shall meet the following requirements:

(1) Be under the sole possession and control of employees of the wide-area progressive system manager designated in the electronic gaming system agreement for that system. The employees of the wide-area progressive system manager may be

required to obtain a license or permit if the executive director determines, after a review of the work being performed, that the employees require a license or permit for the protection of the integrity of gaming;

(2) have its monitoring equipment subjected to surveillance coverage either by the surveillance system of a facility manager participating in the electronic gaming system agreement or by a dedicated surveillance system maintained by the wide-area progressive system manager. The surveillance plan shall be approved by the executive director;

(3) be accessible only through a locked door. The door shall be alarmed in a manner that audibly signals the surveillance monitoring room for the surveillance system elected under paragraph (1)(2); and

(4) have a computer monitoring room entry log. The log shall meet the following requirements:

(A) Be kept in the computer monitoring room;
(B) be maintained in a book with bound, numbered pages that cannot be readily removed or an electronic log approved by the executive director; and
(C) be signed by each person entering the computer monitoring room who is not an employee of the wide-area progressive system manager employed in the computer monitoring room on that person's assigned shift. Each entry shall contain the following information:

(i) The date and time of entering and exiting the room;

(ii) the name, department, or license number of the person entering and exiting the room and of the person authorizing the entry; and

(iii) the reason for entering the computer monitoring room.

(l) In evaluating a proposed location for a computer monitoring room, the following factors may be considered by the executive director:

- (1) The level of physical and system security offered by the proposed location; and
- (2) the accessibility of the location to the commission's audit, law enforcement, and technical staff. (Authorized by K.S.A. 2009 Supp. 74-8772; implementing K.S.A. 2009 Supp. 74-8750 and 74-8772; effective April 24, 2009; amended April 1, 2011.)

112-107-23. Electronic gaming monitoring systems. (a) Any facility manager may utilize an electronic gaming monitoring system that has an interface between it, EGMs, and related systems if the electronic gaming monitoring system has been tested and approved by the commission under K.A.R. 112-107-3.

(b) Each electronic gaming monitoring system shall meet the requirements of the act, this article, and article 110. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective April 24, 2009.)

112-107-24. Casino management systems. (a) Any facility manager may utilize a casino management system that has an interface between it, EGMs, and related systems if the casino management system has been tested and approved by the commission under K.A.R. 112-107-3.

(b) Each casino management system shall meet the requirements of the act, this article, and article 110. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective April 24, 2009.)

112-107-25. Player tracking systems. (a) Any facility manager may utilize a player tracking system that has an interface between it, EGMS, and related systems if the player tracking system has been tested and approved by the commission under K.A.R. 112-107-3.

(b) Each player tracking system shall meet the requirements of the act, this article, and article 110. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective April 24, 2009.)

112-107-26. External bonusing systems. (a) Any facility manager may utilize an external bonusing system that has been tested and approved by the commission under K.A.R. 112-107-3.

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

(c) Each EGM shall meet the minimum theoretical payout percentage required under this article without the contribution of any external bonus award available on the EGM.

(d) Each external bonusing system shall meet the requirements of the act, this article, and article 110. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective April 24, 2009.)

112-107-27. Cashless funds transfer systems. (a) Any facility manager may utilize a cashless funds transfer system that has been tested and approved by the commission under K.A.R. 112-107-3.

(b) Each cashless funds transfer system shall meet the requirements of the act, this article, and article 110.

(c) Before utilizing a cashless funds transfer system, each facility manager shall establish a system of internal controls for the cashless funds transfer system. The internal controls shall be submitted to and approved by the commission under K.A.R. 112-104-1. The internal control procedures submitted by the facility manager shall address the integrity, security, and control of the facility manager's cashless funds transfer system shall include the following:

- (1) An overview of the system design;
- (2) system access controls and restrictions;
- (3) override policies and restrictions;
- (4) backup and recovery procedures;
- (5) logical and physical access controls and restrictions;
- (6) network security; and
- (7) procedures for handling customer disputes.

(d) The transfer of electronic credits to an EGM under this regulation shall be initiated only by a patron using an access control. Access controls shall require the use of

a unique access code for each patron. The access code shall be selected by and available to only the patron.

(e) Each facility manager shall maintain a record of every transfer of electronic credits to an EGM under this regulation. Each transfer shall be identified by, at a minimum, the date, the time, and the asset number of the EGM to which the transfer occurred and an identification number assigned to the patron who initiated the transaction. The identification number assigned to a patron for the purposes of this regulation shall be different from the unique access code selected by the patron as part of an access control.

(f) On at least a monthly basis, each facility manager using a cashless funds transfer system shall provide a statement to each patron who has participated in the system that month. The statement shall include, at a minimum, the patron's beginning monthly balance, credits earned, credits transferred to an EGM pursuant to this regulation, and the patron's monthly ending balance. With the written authorization of the patron, the mailing of a monthly statement may be issued electronically to the patron. However, a monthly statement shall not be required for transfers of temporary electronic credits or transfers of electronic credits from a temporary anonymous account.

(g) Each facility manager shall provide notice to the commission in writing of any adjustment to the amount of a credit transferred to an EGM by means of a cashless funds transfer system. The notice shall be submitted on or before the date of the

adjustment. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective April 24, 2009.)

112-107-28. Server-supported electronic gaming systems. (a) Any facility manager may utilize a server-supported electronic gaming system if that system has been tested and approved by the commission under K.A.R. 112-107-3.

(b) Each server-supported electronic gaming system shall meet the requirements of the act, this article, and article 110.

(c) Before utilizing a server-supported electronic gaming system, each facility manager shall establish a system of internal controls for the server-supported electronic gaming system. The internal controls shall be submitted to and approved by the commission under K.A.R. 112-104-1. The internal controls submitted by the facility manager shall address the integrity, security, and control of the server-supported electronic gaming system. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective April 24, 2009.)

112-107-29. Server-based electronic gaming systems. (a) Any facility manager may utilize a server-based electronic gaming system if that system has been tested and approved by the commission under K.A.R. 112-107-3.

(b) Each server-based electronic gaming system shall meet the requirements of the act, this article, and article 110.

(c) Before utilizing a server-based electronic gaming system, each facility manager shall establish a system of internal controls for the server-based electronic gaming system. The internal controls shall be submitted to and approved by the commission under K.A.R. 112-104-1. The internal controls submitted by the facility manager shall address the integrity, security, and control of its server-based electronic gaming system. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective April 24, 2009.)

112-107-30. EGMs and associated equipment utilizing alterable storage media. The use of alterable storage media in an EGM or associated equipment shall meet the requirements of the act, this article, and the technical standards on alterable storage media adopted by the commission under article 110. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective April 24, 2009.)

112-107-31. Remote system access. (a) In emergency situations or as an element of technical support, an employee of a gaming supplier may perform analysis of, or render technical support with regard to, a facility manager's electronic gaming monitoring system, casino management system, player tracking system, external bonusing system, cashless funds transfer system, wide-area progressive system, gaming ticket system, or other approved system from a remote location. All remote access to these systems shall be performed in accordance with the following procedures:

- (1) Only an employee of a gaming supplier who separately holds an occupation license under article 103 may remotely access a system sold, leased, or otherwise distributed by that gaming supplier for use at a gaming facility.
- (2) The gaming supplier shall establish a unique system account for each employee of a gaming supplier identified by that supplier as potentially required to perform technical support from a remote location. All system access afforded pursuant to this regulation shall meet the following requirements:
 - (A) Be restricted in a manner that requires the facility manager's management information systems department to receive prior notice from the gaming supplier of its intent to remotely access a designated system;
 - (B) require the facility manager to take affirmative steps, for each instance of access, to activate the gaming supplier's access privileges; and

(C) be designed to appropriately limit the ability of any person authorized under this regulation to deliberately or inadvertently interfere with the normal operation of the system or its data.

(3) A separate log shall be maintained by both the gaming supplier and the facility manager's management information systems department. Each log shall contain, at a minimum, the following information:

(A) The system accessed, including manufacturer, and version number;
(B) the type of connection;
(C) the name and license number of the employee remotely accessing the system;
(D) the name and license number of the employee in the management

information systems department activating the gaming supplier's access to the system;

(E) the date, time, and duration of the connection;
(F) the reason for the remote access, including a description of the symptoms or malfunction prompting the need for remote access to the system; and

(G) any action taken or further action required.

(4) All communications between the gaming supplier and any of the systems identified in subsection (a) shall occur using a dedicated and secure communication facility which may consist of a leased line approved in writing by the executive director.

(b) Each modification of, or remedial action taken with respect to, an approved system shall be processed and approved by the commission either in accordance with the

emergency modification provisions of K.A.R. 112-107-3(l) or as a standard modification submitted under K.A.R. 112-107-3(h).

(c) If an employee of a gaming supplier is no longer employed by, or authorized by, that manufacturer to remotely access a system pursuant to this regulation, the gaming supplier shall notify, by the end of that business day, the commission and each facility manager that has established a unique system account for that employee of the change in authorization and shall verify with each facility manager that any access privileges previously granted have been revoked.

(d) All remote system access shall be performed in accordance with article 110.

(e) Each facility manager authorizing access to a system by a gaming supplier under this regulation shall be responsible for implementing a system of access protocols and other controls over the physical integrity of that system and the remote access process sufficient to ensure appropriately limited access to software and the systemwide reliability of data. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective April 24, 2009.)

112-107-32. EGM destruction procedures. (a) Each facility manager shall establish a comprehensive system of internal controls for the EGM destruction procedures required by this regulation. The internal controls shall be submitted to and approved by the commission under K.A.R. 112-104-1.

(b) The facility manager shall submit a request in writing with an attached approval letter from the Kansas lottery requesting the destruction of an EGM. The notice shall contain the asset number of each EGM that is requested to be destroyed and shall be submitted at least 14 days in advance of the requested destruction date.

(c) When destroying an EGM, the critical program storage media (CPSM) and component parts shall be removed from the EGM before destruction of the cabinet. For the purposes of this regulation, a component part shall mean any subassembly or essential part as described in K.S.A. 21-4302(d)(1)(C), and amendments thereto, and shall include any equipment necessary for any of the following operations by the EGM:

- (1) The acceptance of currency, tickets, coupons, or tokens;
- (2) the discharge of currency, tickets, coupons, or tokens;
- (3) the determination or display of the outcome of the game;
- (4) recordkeeping; and
- (5) security.

(d) The CPSM and component parts may be destroyed or placed into the controlled inventory of the EGM department. All destroyed CPSM and component parts shall be destroyed separately from the EGM cabinets.

(e) The destruction of any EGMs, CPSM, and component parts shall be witnessed by an agent of the commission. (Authorized by K.S.A. 2008 Supp. 74-8772; implementing K.S.A. 2008 Supp. 74-8750 and 74-8772; effective April 24, 2009.)

112-107-33. Reserved.

112-107-34. Waivers. (a) The requirements in this article or article 110 for an EGM may be waived by the commission upon the commission's determination that the EGM, associated equipment, or modification as submitted by the facility manager meets the operational integrity requirements of the act, this article, and article 110.

(b) Any gaming supplier may submit a written request to the commission for a waiver for one or more of the requirements in this article or article 110. The request shall include supporting documentation demonstrating how the EGM, associated equipment, or modification for which the waiver has been requested meets the operational integrity requirements of the act, this article, and article 110. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective April 24, 2009.)

112-108-1. Definitions. The following words and terms, when used in this article, shall have the following meanings unless the context clearly indicates otherwise:

- (a) "Bad beat" means a jackpot prize that is paid in poker when a sufficiently strong hand is shown face down and loses to an even stronger hand held by another player.
- (b) "Boxperson" means an individual who supervises dice games, including craps, guards the money and chips at a long table, issues chips, and settles conflicts about the plays.
- (c) "Burning cards" means a process, performed by the dealer, in which one or more cards are removed from the top of the deck of cards and placed in the discard pile, after the cards have been cut.
- (d) "Coloring up" means exchanging lower denomination chips for higher denomination chips.
- (e) "Counterfeit chip" means any chip or chiplike objects that have not been approved pursuant to this article, including objects referred to as "slugs," but not coins of the United States or other nations.
- (f) "Day" means calendar day regardless of whether the day falls on a weekend or holiday.
- (g) "Non-value chips" means chips without a value impressed, engraved, or imprinted on them.

(h) "Pai gow" means a double-hand poker variation based on the Chinese dominos game of Pai Gow.

(i) "Patron" means any person present at a gaming facility who is not employed by the facility manager, the Kansas lottery, or the commission and is not on the premises as a vendor of the facility manager.

(j) "Pit area" means the immediate areas within a gaming facility where one or more table games are open for play.

(k) "Promotional coupon" means any instrument offering any person something of value issued by a facility manager to promote the lottery gaming facility or ancillary facility or for use in or related to certified gambling games at a facility manager's gaming establishment.

(l) "Promotional game" means a drawing, event, contest, or game in which patrons can, without giving consideration, participate or compete for the chance to win a prize or prizes of different values.

(m) "Promotional giveaway" means a promotional gift or item given by a facility manager to any person meeting the facility manager's promotional criteria, for which the person provides no consideration. No chance or skill is involved in the awarding of the promotional gift or item, and all persons meeting the facility manager's promotional criteria receive the same promotional gift or item.

(n) "Rake" means a commission charged by the house for maintaining or dealing a game, including poker.

(o) "Special hand" means a secondary jackpot paid on a poker hand that does not qualify for the bad beat.

(p) "Table game" means any lottery facility game other than a game played on an electronic gaming machine.

(q) "Table game mechanism" means a component that is critical to the operation of a table game, including a roulette wheel and an electronic add-on for the placement of wagers.

(r) "Value chips" means chips with a value impressed, engraved, or imprinted on the chips. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-2. Consistency with the Kansas lottery's rules. Each facility manager shall conduct each lottery facility game in a manner consistent with the rules of the game approved by the Kansas lottery. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-3. Participation in table games by a certificate holder or a licensee.

(a) Except as provided in K.A.R. 112-108-37, no facility manager or any director, officer, key person, or any other agent of any facility manager shall play or be permitted to play any table game in the gaming facility where the person is licensed or employed.

(b) No holder of a gaming supplier certificate or any director, officer, key person, or any other agent of a gaming supplier shall play or be permitted to play at a table game in a gaming facility to which the gaming supplier provides its goods or services.

(Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-4. Testing and approval of table games. (a) Each table game, the rules of the game, and the associated equipment to be used in a gaming facility shall be submitted for approval in accordance with the act and these regulations.

(b) Each table game, the rules of the game, and associated equipment shall be evaluated by the commission for the following:

- (1) Overall operational integrity and compliance with the act and these regulations;
- (2) mathematical accuracy of the payout tables; and
- (3) compatibility with any specifications approved by the Kansas lottery.

(c) A product submission checklist may be prescribed by the executive director.

(d) An independent testing laboratory may be used by the commission to evaluate the table game and associated equipment.

(e) A trial period may be required by the commission to assess the functionality of the table game, rules of the game, and associated equipment in a live gaming environment. The conduct of the trial period shall be subject to compliance by the facility manager with any conditions that may be required by the commission.

(f) A facility manager shall not install a table game or associated equipment unless the table game, rules of the game, and associated equipment have been approved by the commission and issued a certificate authorizing the use of the game, rules, or associated equipment at the gaming facility. The certificate shall be prominently displayed on the approved device. A facility manager shall not modify, alter, or tamper

with an approved table game, rules of the game, or associated equipment or with a commission-issued certificate.

(g) The facility manager shall notify the executive director in writing and receive written approval at least five days before moving or disposing of a table game or associated equipment that has been issued a certificate. Before the removal of the table game or associated equipment from the gaming facility, the certificate shall be removed by a commission agent. A table game or the associated equipment installed in a gaming facility in contravention of this requirement shall be subject to seizure by any Kansas law enforcement officer.

(h) Any modification to a table game or the associated equipment may be authorized by the executive director on an emergency basis to prevent cheating or malfunction. The emergency request shall be documented by the facility manager. The request shall specify the name and employer of any persons to be involved in the installation of the modification and the manner in which the installation is to be effected. Within 15 days of receipt of any authorization to install an emergency modification, the facility manager shall submit the modification for full evaluation and approval in accordance with this article.

(i) Each facility manager shall notify the commission's security staff of any known or suspected defect or malfunction in any table game or associated equipment installed in the gaming facility no later than four hours after detection. The facility

manager shall comply with any instructions from the commission staff for the use of the table game or associated equipment.

(j) Each facility manager shall include table games and associated equipment on the facility manager's master list of approved gaming machines as required by K.A.R. 112-107-10.

(k) All table games and associated equipment shall be noted on the gaming floor plan under K.A.R. 112-107-7. (Authorized by K.S.A. 2008 Supp. 74-8772; implementing K.S.A. 2008 Supp. 74-8750 and 74-8772; effective Jan. 8, 2010.)

112-108-5. Compliance with law; prohibited activities. (a) Each facility manager shall comply with all federal and state regulations and requirements for the withholding of taxes from winnings and the filing of currency transaction reports (CTR).

- (b) Each facility manager shall be prohibited from the following activities:
 - (1) Permitting persons who are visibly intoxicated to participate in table games;
 - (2) permitting any table game or associated table game equipment that could have been marked, tampered with, or otherwise placed in a condition or operated in a manner that might affect the normal game play and its payouts;
 - (3) permitting cheating, if the facility manager was aware of the cheating;
 - (4) permitting any cheating device to remain in or upon any gaming facility, or conducting, carrying on, operating, or dealing any cheating or thieving game or device on the premises; and
 - (5) permitting any gambling device that tends to alter the normal random selection of criteria that determines the results of the game or deceives the public in any way to remain in or upon any gaming facility, if the facility manager was aware of the device.
- (c) Each violation of this regulation shall be reported within one hour to a commission agent.
- (d) A facility manager shall not allow a patron to possess any calculator, computer, or other electronic, electrical, or mechanical device at any table game that meets any of the following conditions:

- (1) Assists in projecting the outcome of a game;
- (2) keeps track of cards that have been dealt;
- (3) keeps track of changing probabilities; or
- (4) keeps track of playing strategies being utilized, except as permitted by the commission.

(e) A person who, without the assistance of another person or without the use of a physical aid or device of any kind, uses the person's own ability to keep track of the value of cards played and uses predictions formed as a result of the tracking information in their playing and betting strategy shall not be considered to be in violation of these regulations. Any facility manager may make its own determination of whether the behavior is disruptive to gaming. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-6. Table game internal controls. (a) Each facility manager shall establish a system of internal controls for the security and operation of table games as provided under this article. The internal controls for table games shall be submitted to the commission for approval under K.A.R. 112-104-1 and shall address the following:

- (1) Object of the game and method of play, including what constitutes win, loss, or tie bets;
- (2) physical characteristics of the game, gaming equipment, and gaming table;
- (3) procedures for opening and closing of the gaming table;
- (4) wagers and payout odds for each type of available wager, including the following:
 - (A) A description of the permissible wagers and payout odds;
 - (B) any minimum or maximum wagers, which shall be posted on a sign at each table; and
 - (C) any maximum table payouts, if any, which shall be posted at each table and shall not be less than the maximum bet times the maximum odds;
- (5) for each game that uses any of the following, the applicable inspection procedures:
 - (A) Cards;
 - (B) dice;
 - (C) wheels and balls; or
 - (D) manual and electronic devices used to operate, display the outcome, or monitor live games;

- (6) for each game that uses cards, a description of the following:
 - (A) Shuffling procedures;
 - (B) card cutting procedures;
 - (C) procedures for dealing and taking cards; and
 - (D) burning cards;
- (7) procedures for the collection of bets and payouts including requirements for internal revenue service purposes;
- (8) procedures for handling suspected cheating or irregularities and immediate notification of commission agent on duty;
- (9) procedures for dealers being relieved;
- (10) procedures for immediate notification to the commission agent on duty when equipment is defective or malfunctioning; and
- (11) procedures to describe irregularities of the game, including dice off the table and soiled cards.

(b) Each facility manager that provides table games shall include a table game department in the internal controls. That department shall be supervised by a person located at the gaming facility who functions as the table game director. The department shall be mandatory and shall cooperate with yet perform independently of other mandatory departments listed under K.A.R. 112-104-2. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-7. Publication of rules and payoff schedules for all permitted games. Each facility manager shall provide, free of charge and within one hour, a copy of the rules and accurate payoff schedules for any table game if requested by a patron. Each payoff schedule shall accurately state actual payoffs applicable to a particular game or device. No payoff schedule shall be worded in a manner that misleads the public. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-8. Payout for progressive table games. (a) Each table game that includes progressive jackpots shall have a progressive meter visible to patrons. If any part of the distribution to the progressive jackpots is being used to fund a secondary jackpot, visible signage informing players of this supplemental distribution shall be placed in the immediate area of the table. The existence of progressive jackpots and the distributions to those jackpots shall be set forth in the "rules of the game" within a facility manager's internal controls for each game having a progressive jackpot. Each table game not meeting this distribution requirement shall be deemed an unauthorized gambling game.

(b) At least five days before the cancellation of any table game that includes a progressive jackpot that has not been awarded, the facility manager shall submit a plan for disbursement of that jackpot for approval by the executive director. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-9. Authorized table gaming suppliers. Chips, dice, and playing cards for use in table games may be purchased only from a permitted or certified gaming supplier.

(Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-10. Chip specifications. (a) Each value chip issued by a facility manager shall have the following characteristics:

- (1) Be round;
- (2) have clearly and permanently impressed, engraved, or imprinted on it the name of the facility manager and the specific value of the chip;
- (3) have, at least on one side of the chip, the name of the city or other locality and the state in which the gaming facility is located and either the manufacturer's name or a distinctive logo or other mark identifying the manufacturer;
- (4) have its center portion impressed, engraved, or imprinted with the value of the chip and the name of the facility manager that is issuing the chip;
- (5) utilize a different center shape for each denomination;
- (6) be designed so that the specific denomination of a chip can be determined on surveillance camera monitors when placed in a stack of chips of other denominations; and
- (7) be designed, manufactured, and constructed so as to prevent the counterfeiting of value chips.

(b) Unless otherwise authorized by the executive director, value chips may be issued by facility managers in denominations of \$1, \$2.50, \$5, \$20, \$25, \$100, \$500, \$1,000, \$5,000, and \$10,000. Each facility manager shall have the discretion to determine the denominations to be utilized at its gaming facility and the amount of each denomination necessary for the conduct of gaming operations.

(c) Unless otherwise authorized by the executive director, value chips worth less than \$500 shall have a diameter of 39 millimeters, and value chips worth equal to or greater than \$500 shall have a diameter of 43 millimeters.

(d) Each denomination of value chip shall have a different primary color from every other denomination of value chip. Unless otherwise approved by the executive director, value chips shall have the colors specified in this subsection when the chips are viewed both in daylight and under incandescent light. In conjunction with these primary colors, each facility manager shall utilize contrasting secondary colors for the edge spots on each denomination of value chip. Unless otherwise approved by the executive director, no facility manager shall use a secondary color on a specific denomination of chip identical to the secondary color used by another facility manager in Kansas on that same denomination of value chip. The primary color to be utilized by each facility manager for each denomination of value chip shall be as follows:

- (1) For \$1, white;
- (2) for \$2.50, pink;
- (3) for \$5, red;
- (4) for \$20, yellow;
- (5) for \$25, green;
- (6) for \$100, black;
- (7) for \$500, purple;
- (8) for \$1,000, fire orange;

(9) for \$5,000, grey; and

(10) for \$10,000, burgundy.

(e)(1) Each non-value chip utilized by a facility manager shall be issued solely for roulette. Each non-value chip at each roulette table shall meet the following conditions:

(A) Have the name of the facility manager issuing it impressed into its center;

(B) contain a design, insert, or symbol differentiating it from the non-value chips being used at every other roulette table in the gaming facility;

(C) have "Roulette" impressed on it; and

(D) be designed, manufactured, and constructed so as to prevent counterfeiting;

(2) Non-value chips issued at a roulette table shall be used only for gaming at that table and shall not be redeemed or exchanged at any other location in the gaming facility.

When so presented, the dealer at the issuing table shall exchange these chips for an equivalent amount of value chips.

(f) No facility manager or its employees shall allow any patron to remove non-value chips from the table from which the chips were issued.

(g) No person at a roulette table shall be issued or permitted to game with non-value chips that are identical in color and design to value chips or to non-value chips being used by another person at the same table. When a patron purchases non-value chips, a non-value chip of the same color shall be placed in a slot or receptacle attached

to the outer rim of the roulette wheel. At that time, a marker denoting the value of a stack of 20 chips of that color shall be placed in the slot or receptacle.

(h) Each facility manager shall have the discretion to permit, limit, or prohibit the use of value chips in gaming at roulette. Each facility manager shall be responsible for keeping an accurate account of the wagers being made at roulette with value chips so that the wagers made by one player are not confused with those made by another player at the table. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-11. Submission of chips for review and approval. (a) Each facility manager shall submit a sample of each denomination of value chips and non-value chips to the executive director for approval. No facility manager shall utilize these chips for gaming purposes until approved in writing by the executive director.

(b) In requesting approval of any chips, a facility manager shall submit to the commission a detailed schematic of its proposed chips and a sample chip. The detailed schematic shall show the front, back, and edge of each denomination of value chip and each non-value chip and the design and wording to be contained on the chip. If the design schematics or chip is approved by the executive director, no value chip or non-value chip shall be issued or utilized unless a sample of each denomination of value chip and each color of non-value chip is also submitted to and approved by the executive director.

(c) The facility manager shall provide the name and address of the chip manufacturer to the commission.

(d) No facility manager or other person licensed by the commission shall manufacture for, sell to, distribute to, or use in any gaming facility outside of Kansas any value chips or non-value chips having the same design as that approved for use in Kansas. (Authorized by K.S.A. 2008 Supp. 74-8772; implementing K.S.A. 2008 Supp. 74-8752 and 74-8772; effective Jan. 8, 2010.)

112-108-12. Primary, secondary, and reserve sets of gaming chips. Unless otherwise authorized by the executive director, each facility manager shall have a primary set of value chips, a separate secondary set of value chips, a primary set of non-value chips, and a non-value chip reserve, which shall conform to the color and design specifications set forth in K.A.R. 112-108-10. An approved secondary set of value chips and reserve non-value chips shall be placed into active play when the primary set of value chips or non-value chips is removed.

- (a) The secondary set of value chips shall have different secondary colors than the primary set and shall be required for all denominations.
- (b) Each facility manager shall have a non-value chip reserve for each color utilized in the gaming facility with a design insert or symbol different from those non-value chips comprising the primary set.
- (c) The facility manager shall remove the primary set of gaming chips from active play if at least one of the following conditions is met:
 - (1) A determination is made by the facility manager that the gaming facility is receiving a significant number of counterfeit chips.
 - (2) Any other impropriety or defect in the utilization of the primary set of chips makes removal of the primary set necessary.
 - (3) The executive director orders the removal because of security or integrity.
- (d) If the primary set of chips is removed from active play, the facility manager shall immediately notify a representative of the commission of the reason for this

occurrence. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-13. Exchange of value chips or non-value chips. (a) Chips shall be issued to a person only at the request of that person and shall not be given as change in any other transaction. Chips shall be issued to gaming facility patrons at cashiers' cages or at the live table games. Chips may be redeemed at cashiers' cages.

(b) Chips shall be redeemed only by a facility manager for its patrons and shall not be knowingly redeemed from a source other than a patron. Employees of the facility manager may redeem chips they have received as gratuities as allowed under these regulations.

(c) Each facility manager shall redeem its own chips by cash or by check dated the day of the redemption on an account of the facility manager as requested by the patron, except when the chips were obtained or used unlawfully.

(d) Any facility manager may demand the redemption of its chips from any person in possession of them. That person shall redeem the chips upon presentation of an equivalent amount of cash by the facility manager.

(e) No facility manager shall knowingly accept, exchange, use, or redeem gaming chips issued by another facility manager.

(f) Each facility manager shall cause to be posted and remain posted, in a prominent place on the front of a cashier's cage, a sign that reads as follows: "Gaming chips issued by another facility manager cannot be used, exchanged, or redeemed at this gaming facility." (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-14. Receipt of gaming chips from manufacturer. (a) When chips are received from the manufacturer, the chips shall be opened and checked by at least two employees, one from the table games department and one from the security department of the facility manager. Any deviation between the invoice accompanying the chips and the actual chips received or any defects found in the chips shall be reported to a security agent of the commission. A security agent of the commission shall be notified by both the gaming supplier and the facility manager of the time of delivery of any chips to the facility manager.

(b) After checking the chips received, the facility manager shall report in a chip inventory ledger each denomination of the chips received, the number of each denomination of chips received, the number and description of all non-value chips received, the date of receipt, and the signature of the individuals who checked the chips.

Chips shall be divided into the following categories:

- (1) Primary chips for current use;
- (2) reserve chips that may be placed into play as the need arises; and
- (3) secondary chips, both value chips and non-value chips, that are held to replace the primary set when needed.

(c) If any of the chips received are to be held in reserve and not utilized either at the table games or at a cashier's cage, the chips shall be stored in a separate, locked compartment either in the vault or in a cashier's cage and shall be recorded in the chip inventory ledger as reserve chips.

(d) All chips received that are part of the facility manager's secondary set of chips shall be recorded in the chip inventory ledger as such and shall be stored in a locked compartment in the gaming facility vault separate from the reserve chips.

(Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-17. Counterfeit chips. (a) The facility manager shall notify a commission security agent when a counterfeit chip is discovered and shall deliver the counterfeit chip to the commission security agent to investigate criminal prosecution.

(b) Each facility manager shall record the following information regarding counterfeit chips:

- (1) The number and denominations, actual and purported, of the coins and counterfeit chips destroyed or otherwise disposed of pursuant to this regulation;
- (2) the month during which they were discovered;
- (3) the date, place, and method of destruction or other disposition, including, in the case of foreign coin exchanges, the exchange rate and the identity of the bank, exchange company, or other business or person at which or with whom the coins are exchanged; and
- (4) the names of the persons carrying out the destruction or other disposition on behalf of the facility manager.

(c) Unless the executive director orders otherwise, facility managers may dispose of coins of the United States or any other nation discovered to have been unlawfully used at their establishments by either of the following:

- (1) Including the coins in the coin inventories or, in the case of foreign coins, exchanging the coins for United States currency or coins and including the coins in the currency or coin inventories; or
- (2) disposing of them in any other lawful manner.

(d) The facility manager shall maintain each record required by this regulation for at least seven years, unless the executive director approves or requires otherwise.

(Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-15. Inventory of chips. (a) Chips shall be taken from or returned to either the reserve chip inventory or the secondary set of chips in the presence of at least two individuals, one from the table games department and one from the security department of the facility manager. The denominations, number, and amount of chips taken or returned shall be recorded in the chip inventory ledger, together with the date and signatures of the two individuals carrying out this process.

(b) The facility manager's accounting department shall monthly compute and record the unredeemed liability for each denomination of chips, take an inventory of chips in circulation, and record the result of this inventory in the chip inventory ledger. The accounting department shall take a monthly inventory of reserve chips and secondary chips and record the result of this inventory in the chip inventory ledger. Each individual who inspected and counted the chips shall sign either the inventory ledger or other supporting documentation. The procedures to be utilized to compute the unredeemed liability and to inventory chips in circulation, reserve chips, and secondary chips shall be submitted in the internal controls to the commission for approval. A physical inventory of chips in reserve shall be required annually only if the inventory procedures incorporate a commission-sealed, locked compartment and the seals have not been broken. Seals shall be broken only by a commission agent, with each violation of this requirement reported upon discovery to a commission agent on duty.

(c) During non-gaming hours, all chips in the possession of the facility manager shall be stored in the chip bank, in the vault, or in a locked compartment in a cashier's

cage, except that chips may be locked in a transparent compartment on gaming tables if there is adequate security as approved by the commission.

(d) The internal control system shall include procedures for the removal and destruction of damaged chips from the gaming facility inventory. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-16. Destruction of chips. (a) At least 10 days before the anticipated destruction of chips, a facility manager shall notify the commission in writing of the following:

- (1) The date on which and the location at which the destruction will be performed;
- (2) the denomination of the chips to be destroyed;
- (3) the number and amount of value chips to be destroyed;
- (4) the description and number of non-value chips to be destroyed; and
- (5) a detailed explanation of the method of destruction.

(b) The facility's surveillance staff and a commission agent shall be notified before the commencement of destruction.

(c) The destruction of chips shall occur in a room monitored by surveillance for the duration of destruction.

(d) Unless otherwise authorized by the executive director, the destruction of chips shall be carried out in the presence of at least two individuals, one from the table games department and the other one from the security department. The following information shall be recorded in the chip inventory ledger:

- (1) The denomination, number, and amount of value chips or, in the case of non-value chips, the description and number so destroyed;
- (2) the signatures of the individuals carrying out the destruction; and

(3) the date on which destruction took place. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-18. Tournament chips and tournaments. (a) "Tournament chip" shall mean a chip or chiplike object issued by a facility manager for use in tournaments at the facility manager's gaming facility.

(b) Tournament chips shall be designed, manufactured, approved, and used in accordance with the provisions of this article applicable to chips, except as follows:

(1) Tournament chips shall be of a shape and size and have any other specifications necessary to make the chips distinguishable from other chips used at the gaming facility.

(2) Each side of each tournament chip shall conspicuously bear the inscription "No Cash Value."

(3) Tournament chips shall not be used, and facility managers shall not permit their use, in transactions other than the tournaments for which the chips are issued.

(c) As used in this regulation, entry fees shall be defined as the total amount paid by a person or on a person's behalf for participation in a tournament. A tournament shall mean a contest offered and sponsored by a facility manager in which patrons may be assessed an entry fee or be required to meet some other criteria to compete against one another in a gambling game or series of gambling games in which winning patrons receive a portion or all of the entry fees, if any. These entry fees may be increased with cash or noncash prizes from the facility manager. Facility managers may conduct tournaments if all of the following requirements are met:

- (1) The facility manager shall notify the executive director of the planned tournament at least 30 calendar days before the first day of the event.
- (2) The facility manager shall not conduct the tournament unless approved by the executive director.
- (3) The facility manager shall conduct the tournament in compliance with all applicable rules, regulations, and laws.
- (4) The facility manager shall maintain written, dated rules governing the event and the rules shall be immediately available to the public and the commission upon request. Tournament rules shall, at a minimum, include the following:
 - (A) The date, time, and type of tournament to be held;
 - (B) the amount of the entry fee, if any;
 - (C) the minimum and maximum number of participants;
 - (D) a description of the tournament structure, including number of rounds, time period, players per table, and criteria for determining winners;
 - (E) the prize structure, including amounts or percentages, or both, for prize levels; and
 - (F) procedures for the timely notification of entrants and the commission and the refunding of entry fees in the event of cancellation.
- (5) No false or misleading statements, written or oral, shall be made by a facility manager or its employees or agents regarding any aspect of the tournament, and all prizes

offered in the tournament shall be awarded according to the facility manager's rules governing the event.

(6) The facility manager's accounting department shall keep a complete record of the rules of the event and all amendments to the rules, including criteria for entry and winning, names of all entrants, all prizes awarded, and prize winners, for at least two years from the last date of the tournament. This record shall be made readily available to the commission upon request.

(7) Entry fees shall accumulate to adjusted gross gaming receipts.

(8) Cash and noncash winnings paid in a tournament shall be deductible from adjusted gross gaming revenue, but any such deduction shall not exceed the total entry fees received for the tournament and noncash winnings shall be deductible only to the dollar value of the amount actually invoiced to and paid by the facility manager.

(9) Upon the completion of the tournament, documentation of entrants' names, names of prize winners and amounts won, and tax-reporting information shall be submitted to the commission.

(10) The facility manager shall designate in its internal control system an employee position acceptable to the commission that shall be responsible for ensuring adherence to the requirements in this regulation. (Authorized by and implementing K.S.A. 2009 Supp. 74-8772; effective Jan. 8, 2010; amended April 1, 2011.)

112-108-19. Promotional activities. (a) Each facility manager shall establish a system of internal controls for promotional giveaways, conduct of promotional games, and similar activities. The internal controls shall be submitted to the commission under K.A.R. 112-104-1. Each promotion shall meet the following requirements:

- (1) No false or misleading statements, written or oral, shall be made by a facility manager or its employees or agents regarding any aspect of any promotional activity.
- (2) The promotional activity shall meet the requirements of all applicable laws and regulations and shall not constitute illegal gambling under federal or state law. An affidavit of compliance shall be signed by the legal counsel of the facility manager and be maintained on file for two years from the last day of the event.
- (3) The facility manager shall create dated, written rules governing the promotional activity that shall be immediately available to the public and the commission upon request. The facility manager shall maintain the rules of the event and all amendments, including criteria for entry and winning, prizes awarded, and prize winners, for at least two years from the last day of the event.
- (4) All prizes offered in the promotional activity shall be awarded according to the facility manager's rules governing the event.
- (5) The facility manager's employees shall not be permitted to participate as players in any gambling, including promotional games, at the facility manager's gaming facility, including games for which there is no cost to participate.

(6) The facility manager shall designate in its internal control system an employee position acceptable to the commission that shall be responsible for ensuring adherence to the requirements in this regulation.

(b) Each promotional coupon shall contain the following information preprinted on the coupon:

(1) The name of the gaming facility;
(2) the city or other locality and state where the gaming facility is located;
(3) specific value of any monetary coupon stated in U.S. dollars;
(4) sequential identification numbers, player tracking numbers, or other similar means of unique identification for complete, accurate tracking and accounting purposes;
(5) a specific expiration date or condition;
(6) all conditions required to redeem the coupon; and
(7) a statement that any change or cancellation of the promotion shall be approved by the commission before the change or cancellation.

(c) Documentation of any change or cancellation of a promotional coupon, with the legal counsel's affidavit, shall be maintained on file for two years.

(d) Any facility manager may use mass media to provide promotional coupon offers to prospective patrons; however, these offers shall be redeemed only for a preprinted coupon that contains all of the information required for a promotional coupon in subsection (c).

(e) Each facility manager offering promotional coupons shall track the issuance and redemption of each promotional coupon in accordance with K.A.R. 112-107-19. Documentation of the promotional coupon tracking shall be maintained on file for two years and made available to the commission upon request. The inventory of nonissued promotional coupons shall be maintained in accordance with K.A.R. 112-107-19.

(f) Promotional coupons shall be cancelled when they are redeemed, in a manner that prevents multiple redemptions of the same coupon. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-20. Table game and poker cards; specifications. (a) Unless otherwise documented in the internal controls and approved by the commission, all cards used for table games shall meet all of the following requirements:

- (1) Cards shall be in standard decks of 52 cards, with each card identical in size and shape to every other card in the deck or as otherwise documented in the internal controls and approved by the commission.
- (2) Each standard deck shall be composed of four suits: diamonds, spades, clubs, and hearts.
- (3) Each suit shall consist of 13 cards: ace, king, queen, jack, 10, 9, 8, 7, 6, 5, 4, 3, and 2. The face of the ace, king, queen, jack, and 10 value cards may contain an additional marking, as documented in the internal controls and approved by the commission, that will permit a dealer, before exposing the dealer's hole card at the game of blackjack, to determine the value of that hole card.
- (4) The backs of all cards in the deck shall be identical and no card shall contain any marking, symbol, or design that will enable a person to know the identity of any element printed on the face of the card or that will in any way differentiate the back of that card from any other card in the deck.
- (5) The backs of all cards in the deck shall be designed so as to diminish as far as possible the ability of any person to place concealed markings on the backs.
- (6) The design to be placed on the backs of cards used by facility managers shall contain the name or trade name of the facility manager where the cards are to be used and

shall be submitted to the executive director for approval before use of the cards in gaming activity.

(7) Each deck of cards for use in table games as defined in K.A.R. 112-108-1 shall be packaged separately with cellophane, shrink wrap, or another similar material as documented in the internal controls and approved by the commission. The packaging shall have a tamper-resistant security seal and a tear band. Each deck of poker cards shall be packaged in sets of two decks through the use of cellophane, shrink wrap, or another similar material as documented in the internal controls and approved by the commission and have a tamper-resistant security seal and a tear band.

(8) Nothing in this regulation shall prohibit decks of cards with one or more jokers. However, jokers may be used by the facility manager only in the play of any games documented in the internal controls and approved by the commission for that manner of play.

(b) The cards used by a facility manager in any poker room game shall meet the following requirements:

- (1) Be visually distinguishable from the cards used by that facility manager to play any table games;
- (2) be made of plastic; and
- (3) have two decks with visually distinguishable card backings for each set of poker cards. These card backings may be distinguished, without limitation, by different logos, different colors, or different design patterns.

(c) For each table game utilizing cards, the cards shall be dealt from a dealing shoe or shuffling device, except the card games specified in K.A.R. 112-108-41.

(Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-21. Table game cards; receipt, storage, inspections, and removal from use.

- (a) Each facility manager shall use only plastic cards that have been approved by the commission as specified in K.A.R. 112-108-20.
- (b) Each facility manager shall ensure that each card storage area contains an inventory ledger and that the facility manager's employees update the ledger when cards are added or removed from that storage area.
- (c) When a deck of table game cards, including poker cards, is received for use in the gaming facility from a licensed gaming supplier, all of the following requirements shall be met:
 - (1) The decks shall be inspected for proper quantity and any obvious damage by at least two employees, one of whom shall be from the table games department and the other from the security department or accounting department.
 - (2) The decks shall be recorded in the card inventory ledgers by a member of the security or accounting department and a member of the table games department. If any discrepancies in the invoice or packing list or any defects are found, the discrepancies shall be reported to a commission agent on duty within 24 hours.
 - (3) The decks shall be placed for storage in a primary or secondary storage area by at least two employees, one of whom shall be from the table games department and the other from the security department or accounting department. The primary card storage area shall be located in a secure place, the location and physical characteristics of which shall be documented in the internal controls and approved by the commission.

Secondary storage areas, if needed, shall be used for the storage of surplus decks. Decks maintained in any secondary storage area shall be transferred to the primary card storage area before being distributed to the pit area or poker tables. All secondary storage areas shall be located in secure areas, the location and physical characteristics of which shall be documented in the internal controls and approved by the commission.

(d) Each primary card storage area and each secondary card storage areas shall have two separate locks. The security department shall maintain one key to each storage area, and the table games department shall maintain the other key. No person employed by the table games department other than the pit manager, poker room manager, or the supervisor shall have access to the table games department key for the primary and secondary card storage areas.

(e) Immediately before the commencement of each gaming day and at other times as may be necessary, the pit manager, poker room manager, or the supervisor, in the presence of a security department employee and after notification to surveillance, shall remove the decks of table game cards or poker cards from the primary card storage area needed for that gaming day.

(f) All cards transported to a pit or the poker room shall first be recorded on the card inventory ledger. Both the authorized table games department employee and the security department employee shall sign to verify the information.

(g) Once the cards are removed from the primary card storage area, the pit manager, poker room manager, or the supervisor, in the presence of a security department

employee, shall take the decks to the pit area or poker room and distribute the decks to the floor supervisors for distribution to the dealer at each table. The poker room manager, pit manager, or the supervisor shall place extra decks into a single locked compartment of a poker room or pit area stand. All authority shall be limited to the supervisor's or manager's respective area of duty. The poker room supervisor, pit area supervisor, or an employee in a higher position shall have access to the extra decks of cards to be used for that gaming day.

(h) Each movement of decks after delivery to the poker room or pit area shall be by a poker room manager, pit manager, or an employee in a higher position and shall require a security escort after notifying surveillance. The procedures for transporting used decks shall include the following:

- (1) A requirement that used decks be transported by security;
- (2) a requirement that the surveillance department be notified before movement of the decks;
- (3) specifications on the time that the procedures will be performed;
- (4) specifications on the location to which the decks will be taken;
- (5) specifications on the keys needed;
- (6) specifications on the employees who are responsible;
- (7) a requirement for updating inventory ledgers; and
- (8) any other applicable security measures that the facility manager deems appropriate.

(i) Before being placed into play, each deck shall be inspected by the dealer, with the inspection verified by a floor supervisor or the floor supervisor's supervisor. Card inspection at the gaming table shall require the dealer to sort each deck into sequence and into suit to ensure that all cards are in the deck. The dealer shall also check each card to ensure that there is no indication of tampering, flaws, scratches, marks, or other defects that might affect the integrity of the game.

(1) If, after checking the cards, the dealer finds that a card is unsuitable for use, a floor supervisor or an employee in a higher position shall either bring a replacement card from the replacement deck or replace the entire deck.

(2) A commission security agent on duty shall be notified immediately of the removal, including the card manufacturer's name, and the time of discovery and the location of where the unsuitable card was discovered. Cards may also be removed at the direction of the commission security agent on duty.

(3) Based upon the agent's discretion and circumstances as listed in subsection (t), all decks being removed from play shall be counted at the table to ensure that no cards are missing.

(4) The unsuitable cards shall be placed in a transparent sealed envelope or container, identified by the table number, date, and time, and shall be signed by the dealer and floor supervisor assigned to that table. The floor supervisor or an employee in a higher position shall maintain the envelope or container in a secure place within the

enclosed and encircled area until collected by a facility manager's security department employee.

(5) Cards being removed from play shall be inspected by a member of the facility's security department within 48 hours of their removal.

(j) If an automated deck-checking device is used, the facility manager shall include the following procedures:

(1) Before the initial use of the automated deck-checking device, the critical program storage media and the camera software shall be verified and sealed by a commission security agent.

(2) The dealer shall complete the inspection of the cards. The dealer inspection shall ensure that the back of the cards are the correct color and free of any visible flaws.

(3) The automated deck-checking device shall be maintained in the enclosed and encircled area.

(4) The automated deck-checking device shall not be used in the card storage room.

(5) The automated deck-checking device shall be inspected on a weekly basis with decks that have preidentified missing cards from each suit. The devices shall properly identify each missing card in these decks.

(k) All envelopes and containers used to hold or transport cards collected by security shall be transparent.

- (1) The envelopes or containers and the method used to seal them shall be designed or constructed so that any tampering is evident.
- (2) The envelopes or containers and seals shall be approved by the executive director.
 - (1) If any cards have been opened and placed on a gaming table, those cards shall be changed at least once every 24 hours. In addition, the following requirements shall be met:
 - (1) All cards opened for use on a traditional baccarat table shall be changed upon the completion of each shoe.
 - (2) All cards opened for use on any table game in which the cards are handled by the players shall be changed at least every six hours.
 - (3) All cards opened for use on any table game and dealt from the dealer's hand or held by players shall be changed at least every four hours.
 - (4) If any cards have been opened and placed on a poker table, those cards shall be changed at least once every six hours.
 - (m) Each card damaged during the course of play shall be replaced by the dealer, who shall request a floor supervisor or an employee in a higher position to bring a replacement card from the enclosed and encircled area.
 - (1) The damaged cards shall be placed in a sealed envelope, identified by table number, date, and time, and be signed by the dealer and the floor supervisor or the supervisor's supervisor who brought the replacement cards to the table.

(2) The floor supervisor or an employee in a higher position shall maintain the envelope or container in a secure place within the enclosed and encircled area until collected by a security department employee.

(n)(1) The floor supervisor or an employee in a higher position shall collect all used cards either at the end of the gaming day or at least once each gaming day at the same time as designated by the facility manager and documented in the internal controls approved by the commission. A facility manager may choose to collect all used cards at other times as may be necessary.

(2) Used cards shall be counted and placed in a sealed envelope or container. A label shall be attached to each envelope or container that shall identify the table number, date and time and shall be signed by the dealer and floor supervisor assigned to the table. The floor supervisor or an employee in a higher position shall maintain the envelopes or containers in a secure place within the enclosed or encircled area until collected by a facility manager security department employee.

(o) The facility manager shall remove any cards from use whenever there is indication of tampering, flaws, scratches, marks, or other defects that might affect the integrity or fairness of the game, or at the request of the commission security agent on duty.

(p) Each extra deck with a broken seal shall be placed in a sealed envelope or container with a label attached to each envelope or container. The label shall identify the date and time the envelope was sealed and shall be signed by the floor supervisor and the

pit manager. If the pit manager is not available to sign the label, then the floor supervisor and the floor supervisor's supervisor shall sign the label.

(q) At least once each gaming day at the time as designated by the facility manager in the internal controls, a facility manager security department employee shall collect, sign, and return to the security department all envelopes or containers containing the following:

- (1) Damaged cards;
- (2) cards used during the gaming day; and
- (3) all other decks with broken seals.

(r) Each poker room supervisor shall maintain in the poker room stand a specified number of replacement decks for replacing unsuitable cards. The poker room supervisor or an employee in a higher position shall have access to the replacement decks that are kept in a single locked compartment. The poker room supervisor or an employee in a higher position shall keep a record of all cards removed from the replacement decks. The record shall include the time, date, color, value, suit, reason for replacement, and name of the individual who replaced the cards. The replacement decks shall be reconciled to the record at least weekly. Once a replacement deck has been depleted to the point that the deck is no longer useful, the remaining cards in the replacement deck shall be picked up by security and destroyed or cancelled.

(s) At least once each gaming day as designated by the facility manager in the internal controls, a pit manager or the pit manager's supervisor may collect all extra-

decks of cards. If collected, all sealed decks shall be cancelled, destroyed, or returned to an approved storage area.

(t) When the envelopes or containers of used cards and reserve cards with broken seals are returned to the security department, the used cards and reserve cards shall be inspected within 48 hours by a member of the facility manager's security department who has been trained in proper card inspection procedures. The cards shall be inspected for tampering, marks, alterations, missing or additional cards, or anything that might indicate unfair play.

(1) With the exception of the cards used on a traditional baccarat table, which are changed upon the completion of each shoe, all cards used in table games in which the cards are handled by the player shall be inspected.

(2) In other table games, if fewer than 300 decks are used in the gaming day, at least 10 percent of those decks shall be selected at random to be inspected. If 300 or more decks are used that gaming day, at least five percent of those decks but no fewer than 30 decks shall be selected at random to be inspected.

(3) The facility manager shall also inspect the following:

- (A) Any cards removed from play as stated in paragraph (i)(3) based upon the agent's discretion and circumstances as listed in subsection (t);
- (B) any cards that the facility manager has removed for indication of tampering; and
- (C) all cards used for poker.

(4) The procedures for inspecting all decks required to be inspected under this subsection shall, at a minimum, include the following:

- (A) The sorting of cards sequentially by suit;
- (B) the inspection of the backs of the cards with an ultraviolet light;
- (C) the inspection of the sides of the cards for crimps, bends, cuts, and shaving;
- (D) the inspection of the front and back of all poker cards for consistent shading and coloring;
- (E) the positions authorized by job description to conduct the inspection;
- (F) surveillance notification before inspecting the cards;
- (G) time and location the inspection will be conducted;
- (H) minimum training requirements of persons assigned to conduct the inspections;
- (I) each type of inspection to be conducted and how each inspection will be performed, including the use of any special equipment;
- (J) any other applicable security measures;
- (K) immediate notification of the commission security agent on duty and the completion of an incident report describing any flawed, marked, suspects, or missing cards that are noted; and
- (L) reconciliation by an employee of the facility manager security department of the number of cards received with the number of cards destroyed or cancelled and any

cards still pending destruction or cancellation. Each discrepancy shall be reported to the commission security agent on duty immediately.

(5) If, during the inspection procedures required in paragraph (t)(4), one or more poker cards in a deck are determined to be unsuitable for continued use, those cards shall be placed in a sealed envelope or container, and a three-part card discrepancy report shall be completed in accordance with paragraph (t)(10).

(6) Upon completion of the inspection procedures required in paragraph (t)(4), each deck of poker cards that is determined suitable for continued use shall be placed in sequential order, repackaged, and returned to the primary or poker card storage area for subsequent use.

(7) The facility manager shall develop internal control procedures for returning the repackaged cards to the storage area.

(8) The individuals performing the inspection shall complete a work order form that details the procedures performed and list the tables from which the cards were removed and the results of the inspection. Each individual shall sign the form upon completion of the inspection procedures.

(9) The facility manager shall submit the training procedures for those employees performing the inspection, which shall be documented in the internal controls and approved by the commission.

(10) Evidence of tampering, marks, alterations, missing or additional cards, or anything that might indicate unfair play shall be reported upon discovery to the commission staff by the completion and delivery of a card discrepancy report.

(A) The report shall accompany the cards when delivered to the commission.
(B) The cards shall be retained for further inspection by the commission.
(C) The commission agent receiving the report shall sign the card discrepancy report and retain the original at the commission office.

(u) The facility manager shall submit to the commission for approval internal controls procedures for the following:

(1) A card inventory system that shall include, at a minimum, documentation of the following:

(A) The balance of decks on hand;
(B) the decks removed from storage;
(C) the decks returned to storage or received from the manufacturer;
(D) the date of the transaction; and
(E) the signature of each individual involved;
(2) a verification on a daily basis of the number of decks distributed, the decks destroyed or cancelled, and the decks returned to the storage area; and
(3) a physical inventory of the decks at least once every three months, according to the following requirements:

(A) This inventory shall be performed by an employee from the internal audit department, a supervisor from the cage, or a supervisor from the accounting department and shall be verified to the balance of decks on hand required in paragraph (u)(1)(A);

(B) the employees conducting this inventory shall make an entry and sign the card inventory ledger in a manner that clearly distinguishes this count as the quarterly inventory; and

(C) each discrepancy shall be reported upon discovery to the commission security agent on duty.

(v) If cards in an envelope or container are inspected and found to be without any indication of tampering marks, alterations, missing or additional cards, or anything that might indicate unfair play, those cards shall be destroyed or cancelled. Once released by the commission agent on duty, the cards submitted as evidence shall immediately be destroyed or cancelled according to the following:

(1) Destruction shall occur by shredding or other method documented in the internal controls and approved by the commission.

(2) Cancellation shall occur by drilling a circular hole of at least 1/4 of an inch in diameter through the center of each card in the deck or by cutting at least 1/4 of an inch off one corner from each card in the deck or other method documented in the internal controls and approved by the commission.

(3) The destruction and cancellation of cards shall take place in a secure place, the location and physical characteristics of which shall be documented in the internal

controls approved by the commission, and shall be performed by a member of the facility manager security department specifically trained in proper procedures.

(4) Card cancellation and destruction record shall be maintained indicating the date and time of cancellation or destruction, quantity of cards to be cancelled or destroyed, and the name of each individual responsible for cancellation or destruction.

(w) Procedures for canceling or destroying cards shall include the following maintenance:

(1) Notation of the positions authorized by job description to cancel or destroy cards;

(2) notation of surveillance notification before cancellation or destruction of the cards;

(3) notation of time and location the cancellation or destruction will be conducted;

(4) notation of the manner in which cancellation or destruction will be accomplished, including the use of any special equipment;

(5) any other applicable security measures; and

(6) immediate notification of a commission security agent on duty and the completion of a card and dice discrepancy report regarding any flawed, marked, or suspicious cards that are noted during the cancellation or destruction process.

(Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-22. Dice specifications. (a) Except as provided in subsection (b), each die used in gaming shall meet the following requirements:

- (1) Be formed in the shape of a cube with a size no smaller than .750 inch on each side and not any larger than .775 inch on each side;
- (2) be transparent and made exclusively of cellulose except for the spots, name, or trade name of the facility manager and serial numbers or letters contained on the die;
- (3) have the surface of each of its sides flat and the spots contained in each side flush with the area surrounding them;
- (4) have all edges and corners square and forming 90-degree angles;
- (5) have the texture and finish of each side exactly identical to the texture and finish of all other sides;
- (6) have its weight equally distributed throughout the cube, with no side of the cube heavier or lighter than any other side of the cube;
- (7) have its six sides bearing white circular spots from one to six respectively, with the diameter of each spot equal to the diameter of every other spot on the die;
- (8) have spots arranged so that the side containing one spot is directly opposite the side containing six spots, the side containing two spots is directly opposite the side containing five spots, and the side containing three spots is directly opposite the side containing four spots. Each spot shall be placed on the die by drilling into the surface of the cube and filling the drilled-out portion with a compound that is equal in weight to the weight of the cellulose drilled out and that forms a permanent bond with the cellulose

cube. Each spot shall extend into the cube exactly the same distance as every other spot extends into the cube to an accuracy tolerance of .0004 inch; and

(9) have the name or trade name of the facility manager in which the die is being used imprinted or impressed on the die.

(b) Each die used in gaming at pai gow shall meet the requirements of subsection (a), except as follows:

(1) Each die shall be formed in the shape of a cube not larger than .8 inch on each side.

(2) Instead of the name or trade name of the facility manager, an identifying mark or logo may be approved by the executive director to be imprinted or impressed on each die.

(3) The spots on each die shall not be required to be equal in diameter.

(4) Edges and corners may be beveled if the beveling is similar on each edge and each corner.

(5) Tolerances required by paragraph (a)(8) as applied to pai gow dice shall require accuracy of only .004 inch.

(c) A picture and sample of the die shall be submitted to the executive director for approval before being placed into play. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-23. Dice; receipt, storage, inspections, and removal from use. (a) Each facility manager shall ensure that all of the following requirements are met each time dice are received for use in the gaming facility:

(1) The packages shall be inspected for proper quantity and any obvious damage by at least two employees, one of whom shall be from the table games department and the other from the security department or accounting department.

(2) The dice shall be recorded in the dice inventory ledgers by a member of the security or accounting department. Any discrepancies in the invoice or packing list or any defects found shall be reported upon discovery to a commission security agent on duty.

(3) The boxes shall be placed for storage in a primary or secondary storage area by at least two employees, one of whom shall be from the table games department and the other from the security department or accounting department. The primary storage area shall be located in a secure place, the location and physical characteristics of which shall be approved by the commission. Secondary storage areas, if needed, shall be used for the storage of surplus dice. Dice maintained in secondary storage areas shall be transferred to the primary storage area before being distributed to the pits or tables. All secondary storage areas shall be located in secure areas, the location and physical characteristics of which shall be approved by the commission.

(b) Each primary storage area and each secondary storage area shall have two separate locks. The security department shall maintain one key, and the table games

department shall maintain the other key. No person working in the table games department that is an employee in a lower position than the pit manager or poker room manager may have access to the table games department key for the primary and secondary storage areas.

(c) A facility manager shall ensure that each dice storage area contains an inventory ledger and that its employees update the ledger when dice are added or removed from that storage area.

(d) Before the commencement of each gaming day and at other times as may be necessary, the pit manager, poker room manager, or the supervisor, in the presence of a security department employee and after notification to surveillance, shall remove the appropriate number of dice from the primary storage area for that gaming day.

(e) Before being transported to a pit, all dice shall be recorded on the dice inventory ledger. Both the authorized table games department employee and security department employee shall sign verifying the information.

(f) Once the dice are removed from the primary storage area, the pit manager, poker room manager, or the supervisor, in the presence of a security department employee, shall take the dice to the pits and distribute the dice to the floor supervisors or directly to the boxperson.

(1) At the time of receipt of any dice, a boxperson at each craps table shall, in the presence of the floor supervisor, inspect each die with a micrometer or any other instrument approved by the commission that performs the same function, a balancing

caliper, a steel set square, and a magnet. These instruments shall be kept in a compartment at each craps table or pit stand and shall be at all times readily available for use by the commission upon request. The boxperson shall also check the dice to ensure that there is no indication of tampering, flaws, scratches, marks, or other defects that might affect the play of the game. The inspection shall be performed on a flat surface, which allows the dice inspection to be observed by surveillance and by any person near the pit stand.

(2) Following this inspection, the boxperson shall in the presence of the floor supervisor place the dice in a cup on the table for use in gaming. The dice shall never be left unattended while the dice are at the table.

(3) The pit manager shall place extra dice in a single locked compartment in the pit stand. The floor supervisor or an employee in a higher position shall have access to the extra dice to be used for that gaming day.

(4) Any movement of dice after being delivered to the pit shall be made by a pit manager or an employee in a higher position and require a security escort after notifying surveillance. Procedures for the pickup of used dice, including obtaining keys, assigning individuals responsible, and updating inventory ledgers, shall include the following:

- (A) Transportation of used dice by security;
- (B) surveillance notification before movement of the dice;
- (C) time the procedures will be performed;
- (D) location where the dice will be taken; and

(E) any other applicable security measures.

(5) No dice taken from the reserve shall be used for gaming until the dice have been inspected in accordance with this regulation.

(g) The facility manager shall remove any dice from use if there is any indication of tampering, flaws, or other defects that might affect the integrity or fairness of the game, or at the request of the commission agent on duty.

(h) At the end of each gaming day or at any other times as may be necessary, a floor supervisor, other than the person who originally inspected the dice, shall visually inspect each die for evidence of tampering. Any evidence of tampering shall be immediately reported to the commission security agent on duty by the completion and delivery of an approved dice discrepancy report.

(1) Each die showing evidence of tampering shall be placed in a sealed envelope or container.

(A) All envelopes and containers used to hold or transport dice collected by security shall be transparent.

(B) A label shall be attached to each envelope or container that identifies the table number, date, and time and shall be signed by the boxperson and floor supervisor.

(C) The envelopes or containers and the method used to seal the dice shall be designed or constructed so that any tampering is evident.

(D) The security department employee receiving the die shall sign the original, duplicate, and triplicate copy of the dice discrepancy report and retain the original at the

security office. The duplicate copy shall be delivered to the commission, and the triplicate copy shall be returned to the pit and maintained in a secure place within the pit until collection by a security department employee.

(2) The procedures for inspecting dice under this subsection shall include the following information:

- (A) A listing of the positions authorized by job description to conduct the inspection;
- (B) a direction that surveillance personnel shall be notified before inspecting the dice;
- (C) detail about the time and location the inspection will be conducted;
- (D) a listing of the minimum training requirements of persons assigned to conduct the inspections;
- (E) a description of the inspections that will be conducted and how they will be performed, including the use of any special equipment;
- (F) any other applicable security measures;
- (G) a requirement for immediate notification of the commission security agent on duty and the completion of an incident report describing any flawed, marked, suspect, or missing dice that are noted; and
- (H) a requirement for reconciliation by the security department employee of the number of dice received with the number of dice destroyed or cancelled and any dice still

pending destruction or cancellation. Each discrepancy shall be reported to the commission security agent within two hours.

(3) All other dice shall be put into envelopes or containers at the end of each gaming day.

(A) A label shall be attached to each envelope or container that identifies the table number, date, and time and is signed by the boxperson and floor supervisor.

(B) The envelope or container shall be appropriately sealed and maintained in a secure place within the pit until collection by a security department employee.

(i) All extra dice in dice reserve that are to be destroyed or cancelled shall be placed in a sealed envelope or container, with a label attached to each envelope or container that identifies the date and time and is signed by the pit manager.

(j) A security department employee shall collect and sign all envelopes or containers of used dice and any dice in dice reserve that are to be destroyed or cancelled and shall transport the envelopes or containers to the security department for cancellation or destruction. This collection shall occur at the end of each approved gaming day and at any other times as may be necessary. The security department employee shall also collect all triplicate copies of dice discrepancy reports, if any. No dice that have been placed in a cup for use in gaming shall remain on a table for more than 24 hours.

(k) A pit manager or supervisor of the pit manager may collect all extra dice in dice reserve at the end of each gaming day or at least once each gaming day as designated

by the facility manager and approved by the commission, and at any other times as may be necessary.

- (1) If collected, dice shall be returned to the primary storage area.
- (2) If not collected, all dice in dice reserve shall be reinspected before use for gaming.

(l) The facility manager's internal control system shall include approval procedures for the following:

(1) A dice inventory system that shall include, at a minimum, documenting the following:

- (A) The balance of dice on hand;
- (B) the dice removed from storage;
- (C) the dice returned to storage or received from the manufacturer;
- (D) the date of the transaction; and
- (E) the signature of each individual involved.;

(2) a reconciliation on a daily basis of the dice distributed, the dice destroyed and cancelled, the dice returned to the primary storage area and, if any, the dice in dice reserve; and

(3) a physical inventory of the dice performed at least once every three months and meeting the following requirements:

(A) This inventory shall be performed by an employee from the internal audit department or a supervisor from the cashier's cage, or accounting department and shall be verified to the balance of dice on hand required in paragraph (l)(1)(A);

(B) each discrepancy shall immediately be reported to the commission agent on duty; and

(C) the employees conducting this inventory shall make an entry and sign the dice inventory ledger in a manner that clearly distinguishes this count as the quarterly inventory.

(m)(1) Cancellation shall occur by drilling a circular hole of at least 3/16 of an inch in diameter through the center of each die or any other method approved by the commission.

(2) Destruction shall occur by shredding or any other method approved by the commission.

(3) The destruction and cancellation of dice shall take place in a secure place, the location and physical characteristics of which shall be approved by the commission.

(4) Dice cancellation and destruction record shall be maintained indicating the date and time of cancellation or destruction, quantity of dice to be cancelled or destroyed, and the individuals responsible for cancellation or destruction.

(5) Procedures for cancelling or destroying dice shall include the following:

(A) The positions authorized by job description to cancel or destroy dice;

(B) surveillance notification before cancellation or destruction of the dice;

- (C) time and location the cancellation or destruction will be conducted;
- (D) specifically how cancellation or destruction will be accomplished, including the use of any special equipment; and
- (E) other applicable security measures.

(6) Each facility manager shall notify the commission security agent of any flawed, marked, or suspect dice that are discovered during the cancellation or destruction process.

(n) Evidence of tampering, marks, alterations, missing or additional dice or anything that might indicate unfair play discovered shall be reported to the commission by the completion and delivery of a dice discrepancy report.

- (1) The report shall accompany the dice when delivered to the commission security agent on duty.
- (2) The dice shall be retained for further inspection by the commission security agent on duty.
- (3) The commission agent receiving the report shall sign the dice discrepancy report and retain the original at the commission office. (Authorized by and implementing K.S.A. 2010 Supp. 74-8772; effective Jan. 8, 2010; amended December 9, 2011.)

112-108-24. Mandatory table game count procedure. Each facility manager shall report to the commission the times when drop boxes will be removed and the contents counted. All drop boxes shall be removed and counted at the times previously reported to the commission. The removal and counting of contents at other than the designated times shall be prohibited, unless the facility manager provides advance written notice to the commission's security staff on site of a change in times or the commission requires a change of authorized times. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-25. Handling of cash at gaming tables. (a) Whenever cash is presented by a patron at a gaming table to obtain gaming chips, the following requirements shall be met:

(1) The cash shall be spread on the top of the gaming table by the dealer or boxperson accepting the cash, in full view of the patron who presented the cash and the supervisor assigned to that gaming table.

(2) The cash value amount shall be verbalized by the dealer or boxperson accepting the cash, in a tone of voice calculated to be heard by the patron and the supervisor assigned to that gaming table.

(3) The boxperson or dealer shall count and appropriately break down an equivalent amount of chips in full view of surveillance and the patron.

(4) The cash shall be taken from the top of the gaming table and placed by the dealer or boxperson into the drop box attached to the gaming table.

(b) No cash wagers shall be allowed to be placed at any gaming table. The cash shall be converted to chips before acceptance of a wager. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-26. Table game tips. (a) Each tip given to a dealer shall be handled in the following manner:

(1) Immediately deposited into a transparent locked box reserved for tips, except that value chips received at table games may first be placed in a color-up tube if approved internal controls are in place for this action. If non-value chips are received at a roulette table, the marker button indicating their specific value at that time shall not be removed or changed until after a dealer, in the presence of a supervisor, has converted the non-value chips into value chips that are immediately deposited in a transparent locked box reserved for tips; and

(2) accounted for by a recorded count conducted by a randomly selected dealer for each respective count and a randomly selected employee of the security department. This count shall be recorded on a tips and gratuity deposit form.

(b) Any facility manager may submit internal controls for the commission's approval that would allow poker dealers to either pool tips with other dealers operating poker games in the poker room or receive tips on an individual basis. The receiving of tips individually may be allowed only when the dealer does not make decisions that can affect the outcome of the gambling game, is not eligible to receive winnings from the gambling game as an agent of the facility manager, and uses an approved shuffling machine during the course of the poker game. If tips are received by poker dealers on an individual basis, all tips shall be immediately placed into a locked individual transparent tip box that shall be assigned to and maintained by the dealer while working. The locked

individual tip box shall be given to the facility manager at the end of the shift for counting, withholding of taxes, and subsequent payment during the normal payroll process. For the purposes of this subsection, winnings from a gambling game shall not include commissions, commonly referred to as the "rake," withheld from amounts wagered in a game. Poker dealers may be permitted to receive tips on an individual basis only if the facility manager has internal controls governing this practice that have been approved by the commission.

(c) For exchanging, which is sometimes called "coloring up," dealer tips to a higher denomination before insertion into the tip box, the following requirements shall be met:

(1) A transparent cylinder or tube shall be attached to the table to maintain the chips until exchanged or colored up. The cylinder or tube shall have a capacity of no more than 25 chips.

(2) Before any chips are exchanged or colored up, the dealer shall make the announcement in a voice that can be heard by the table games supervisor that chips are being colored up. The dealer shall then deposit an equal value of higher denomination chips into the tip box and place the lower denomination chips into the chip tray.

(d) Upon receipt of a tip from a patron, a dealer shall extend the dealer's arm in an overt motion and deposit the tip into the transparent locked box or color-up tube reserved for this purpose.

(e) Applicable state and federal taxes shall be withheld on tips and gifts received by facility manager employees.

(f) The facility manager shall include in its internal controls the procedures for dropping tip boxes.

(g) The contents of tip boxes shall be collected, transported, stored, counted, and distributed in a secure manner on a regular basis pursuant to a schedule approved by the commission.

(h) Before any tip box collection, a security department employee shall notify the surveillance department that the tip box collection process is about to begin.

(i) If a tip box becomes full, a security department employee and an employee from the applicable department shall notify the surveillance department and empty the full tip box into a secure bag or other approved container for the applicable department.

(Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-27. Table inventory. (a) Chips shall be added or removed from the table inventory only in any of the following instances:

- (1) In exchange for cash presented by the patron;
- (2) for payment of winning wagers or collection of losing wagers made at the table;
- (3) through approved internal controls governing table fill and credit procedures;
- (4) in exchange with patrons for gaming chips of equal value;
- (5) in exchange for a verified automated tip receipt from a commission-approved automated table game controller; or
- (6) in exchange with patrons for non-value chips on the roulette table.

(b) A facility manager shall not transfer or exchange chips or currency between table games.

(c) Table inventories shall be maintained in trays that are covered with a transparent locking lid when the tables are closed. The information on the table inventory slip shall be placed inside the transparent locking lid and shall be visible from the outside of the cover. In case of an emergency, the transparent lid shall be locked over the inventory until normal play resumes.

(d) The table inventory slip shall be at least a two-part form, one of which shall be designated as the "opener" and the other as the "closer."

(e) If a gaming table is not opened during a gaming day, preparation of a table inventory slip shall not be required. However, the table games department shall provide a

daily list of table games not open for play, including the inventory amount and date on the last closing table inventory slip.

(f) If a table game is not open for play for seven consecutive gaming days, the table inventory shall be counted and verified either by two table games supervisors or by a table games supervisor and a dealer or boxperson, who shall prepare a new table inventory slip and place the previous inventory slip in the table drop box. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-28. Opening of gaming tables. (a) Immediately before opening a table for gaming, a table games supervisor or table games manager shall unlock the transparent table tray lids in the presence of the dealer or boxperson assigned to the table.

(b) Either the dealer or boxperson in addition to either the table games supervisor or table games manager shall each count the chips by denomination and verify the count to the opening table inventory slip.

(c) The dealer or boxperson and the table games supervisor or table games manager shall sign and attest to the accuracy of the information recorded on the opener.

(d) Once signed, the dealer or boxperson shall immediately deposit the opener into the drop box attached to the gaming table.

(e) Internal controls shall include procedures for reconciling instances when counted inventory differs from the amount recorded on the opener and shall include the name of the table games supervisor or table games manager preparing a table games variance slip, the signatures required, distribution of each part of the form, and the assurance that one part is deposited in the drop box. Each variance of \$100 or more at any table shall be reported immediately by the table games supervisor or table games manager to a commission security agent on duty. (Authorized by and implementing

K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-29. Closing of gaming tables. (a) Whenever a gaming table is closed, all chips remaining at the table shall be counted and verified by either two table games supervisors or a table games supervisor in addition to either a dealer or a boxperson, who shall prepare a table inventory slip.

(b) After the table inventory slip is signed by the table games supervisor and the dealer or boxperson, the dealer or boxperson shall immediately deposit the closing table inventory slip in the drop box.

(c) The table games supervisor shall place the opening inventory slip under the table tray lid in a manner that the amounts on the opening inventory slip may be read and lock the lid in place.

(d) Each time a table game is closed, complete closing procedures shall be followed to include the counting, verification, recording, and securing of the chips in the tray, as well as the proper disposal of the cards or dice that were in play. If the game is reopened again on the same gaming day, complete opening procedures shall be followed to include the counting and verification of chips in the tray and inspection of cards or dice and all applicable gaming equipment. The opening and closing inventory table slip for games that are opened and closed more than once in a gaming day may be marked in a manner that indicates the sequence of the slips. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-30. During 24-hour gaming. During 24-hour gaming, a closing table inventory slip shall be prepared in conjunction with the table drop for that gaming day.
(Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-31. Procedures for manually filling chips from cage to tables; form procedures. (a) Cross-fills, even money exchanges, and foreign currency exchanges in the pit shall be prohibited.

(b) To request that chips be filled at table games, a supervisor or table games manager shall prepare a two-part order for fill form in ink entering the following information:

- (1) The amount of the fill by denomination of chips;
- (2) the total amount of the fill;
- (3) the table or game number; and
- (4) the signature of the supervisor or manager.

(c) The order for fill shall be transferred to the facility manager's accounting department by the end of the gaming day. The order for fill shall be taken by a security department employee to the cashier's cage. A copy of the order for fill shall be placed on top of the table requesting the fill.

(d) A three-part manual fill slip shall be used to record the transfer of chips from the cashier's cage to a gaming table. The fill slips shall be sequentially numbered by the vendor. The alphabet shall not be required to be used if the numerical series is not repeated during the business year. Chips shall not be transported unless accompanied by a fill slip.

(e) Unless otherwise approved by commission, manual fill slips shall be inserted in a locked dispenser that permits an individual slip in the series and its copies to be

written upon simultaneously. The dispenser shall discharge the original and duplicate copies while the triplicate remains in a continuous, unbroken form in the locked dispenser.

(f) If a manual fill slip needs to be voided, the cage cashier shall write "VOID" and an explanation of why the void was necessary. Both the cage cashier and either a security department employee or another level II employee independent of the transaction shall sign the voided fill slip. The voided fill slips shall be submitted to the facility manager's accounting department for retention.

(g) Corrections on manual table fills shall be made by crossing out the error, entering the correct information, and then obtaining the initials and employee license number of at least two cage employees. Each employee in accounting who makes corrections shall initial and include the employee's commission license number.

(h) A small inventory of unused manual fill slips may be issued to the facility manager's security department by accounting for emergency purposes. These unused fill slips shall be maintained by the facility manager's accounting or security departments.

(i) A cashier's cage employee shall prepare a three-part fill slip in ink by entering the following information:

- (1) Denomination;
- (2) total amount;
- (3) game or table number and pit;
- (4) date and time; and

(5) required signatures.

(j) A cashier's cage employee shall sign the order for fill after comparing it to the fill slip and then prepare the proper amount of chips. A facility manager's security department employee shall verify the chip totals with the fill slip. A cashier's cage employee shall present the ordered chips to the security department employee in a covered clear chip carrier. Once verified, both the cashier's cage employee and the security department employee shall sign the fill slip, and the cashier's cage employee or security department employee shall also time- and date-stamp the fill slip. A cashier's cage employee shall retain the order for fill and staple it to a copy of the fill slip after the required signatures from pit personnel are obtained by a security department employee.

(k) After notifying surveillance, a facility manager's security department employee shall take the chips and the fill slips to the indicated table. The chips shall be counted by the dealer or boxperson and witnessed by a table games supervisor and security department employee in full view of surveillance. After verifying the chips against the amounts listed on the fill slip, the table games supervisor and dealer or boxperson shall sign the fill slips. The table games supervisor and security department employee shall observe the dealer or boxperson place the chips in the rack and deposit the fill slips in the table drop box. A security department employee shall not leave the table until the chips have been placed in the racks and the fill slips have been dropped. A security department employee shall return a copy of the fill slip to the cashier.

(l) The copies of the fill slips shall be reconciled by accounting at least once daily. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-32. Procedures for automated filling of chips. (a) The table games supervisor or table games manager shall determine whether a fill is necessary and initiate the request for fill process. If a request for fill slip is used, procedures for distribution of the slip shall be included in the internal controls.

(b) The table games manager or the pit clerk shall enter a request for fill into the computer, including the following information:

- (1) The amount by denomination;
- (2) the total amount;
- (3) the game or table number and pit;
- (4) the dates and time; and
- (5) the required signatures.

(c) A two-part computer-generated fill slip shall be used to record the transfer of chips from the cashier's cage to a gaming table. The fill slips shall be numbered by the computer in a manner that ensures that every fill in a given calendar year has a unique sequential number.

(d) Two copies of the computerized fill slips shall be printed simultaneously, and a record of the transaction shall be stored within the computer database.

(e) If a computerized fill slip needs to be voided, the cage cashier shall write "VOID" across the original and all copies of the fill slip and an explanation of why the void was necessary. Both a cashier's cage employee and either a security department employee or another level II employee independent of the transaction shall sign the

voided fill slip. The voided fill slips shall be submitted to the accounting department for retention and accountability. The transaction shall be properly voided in the computer database.

(f) A two-part fill slip shall be printed in the cashier's cage containing the information required in subsection (b). A security department employee shall verify the chip totals with the fill slip. A cashier's cage employee shall present the ordered chips to a security department employee in a clear chip carrier. Once verified, both a cashier's cage employee and security department employee shall sign the fill slip.

(g) After notifying surveillance, a security department employee shall take the chips and the fill slips to the indicated table. Only a security department employee shall transport fills. The chips shall be counted by the dealer or boxperson and witnessed by a table games supervisor and security department employee in full view of surveillance. After verifying the chips to the amounts listed on the fill slip, the table games supervisor and a dealer or boxperson shall sign the fill slips. The table games supervisor and security department employee shall observe the dealer or boxperson place the chips in the rack and deposit the fill slip in the table drop box. A security department employee shall not leave the table until the chips have been placed in the racks and the fill slip has been dropped. A security department employee shall return a copy of the fill slip to the cashier's cage.

(h) The main bank cashier shall run an adding machine tape on the fill slips and verify the total to the amount in the automated accounting system. All fill paperwork shall be forwarded to accounting.

(i) The ability to input data into the gaming facility computer system from the pit shall be restricted to table game managers and pit clerks. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-33. Procedures for recording manual table credits. (a) Three-part manual credit slips shall be used to record the transfer of chips from a gaming table to the cage. The credit slips shall be sequentially numbered by the vendor. The alphabet shall not be required to be used if the numerical series is not repeated during the calendar year. Chips shall not be transported unless accompanied by a credit slip.

(b) The inventory of nonissued credit slips shall be maintained by the facility manager's accounting or security department. The accounting department shall be responsible for the initial receipt of manual credit slips.

(c) If a table game supervisor or table game manager determines that a table credit is required, a three-part order for credit shall be completed in ink by entering the following information:

- (1) The amount by denomination of chips needed;
- (2) the total amount;
- (3) the game or table number and pit;
- (4) the date and time; and
- (5) the signature of the manager or supervisor.

(d) The table game supervisor or the table game manager shall keep one copy of the order for credit on the table and take the other copy of the order for credit to the pit stand. The pit stand employee shall record that copy in the pit paperwork log and then return the copy to the table. The table game manager shall give a copy of the order for

credit to a security department employee, who shall take it to the cashier's cage, where the cashier shall prepare a three-part credit slip in ink by entering the following:

- (1) The chip denomination;
- (2) total amount;
- (3) game or table number; and
- (4) time and date.

(e) The security department employee shall take the credit slip to the gaming table. A copy of the order for credit shall be retained at the cage.

(f) The dealer or boxperson shall count the chips in full view of a security department employee and either the table game supervisor or an employee in a higher position. The count shall be conducted in full view of cameras connected to the surveillance department.

(g) The dealer or boxperson and the table game supervisor shall verify the chips against the credit slip, and the credit slip against the order for credit. The dealer or boxperson and the table game supervisor shall sign the credit slip and the order for credit. The security department employee shall verify the chips against the order for credit, sign the order for credit and the credit slip, and receive the chips in a clear chip carrier. The security department employee shall carry the chips and the credit slip back to the cashier's cage. A copy of the order for credit shall be retained at the table until a copy of the credit slip is returned.

(h) The cashier's cage employee shall receive the credit slips and the chips from the security department employee and verify that the chips match the order for credit and credit slip. The cashier's cage employee shall then sign the credit slips and the order for credit. The cashier's cage employee shall time- and date-stamp the credit slips. Unless otherwise approved by the commission, a copy shall remain unbroken in the locked form dispensing machine. The order for credit shall be attached to a copy of the credit slip and be retained by the cashier's cage.

(i) The copy of the credit slip issued by the cashier's cage shall be taken back to the table by the security department employee. The table game supervisor and the dealer or boxperson shall compare the copy of the credit slip to the order for credit. The table game supervisor shall observe the dealer or boxperson deposit the order for credit slip and the credit slip in the table drop box.

(j) The copies of the credit slips, with the copies of the order for credit attached, shall be transferred to the main bank. The main bank cashier shall run a tape on the credit slips and verify the total against the amount in the automated accounting system.

(k) The locked copies of the manual credit slips shall be removed from the machines by the accounting department.

(l) If a credit slip needs to be voided, the cage cashier shall write "VOID" and an explanation of why the void was necessary across the original and all copies of the credit slip. Both the cashier's cage employee and either a security department employee or another level II employee independent of the transaction shall sign the voided credit slip.

The voided credit slips shall be subsequently transferred to the accounting department and retained.

(m) Corrections on manual table fill or credit shall be made by crossing out the error, entering the correct information, and then obtaining the initials and commission license numbers of at least two cashier's cage employees.

(n) Each accounting employee who makes corrections shall initial and note that employee's commission license number on the request. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-34. Automated table credits. (a) Two-part computer-generated credit slips shall be used to record the transfer of chips from a gaming table to the cashier's cage. The credit slips shall be sequentially numbered by the computer system, ensuring that each credit in a given calendar year is assigned a unique number. Chips shall not be transported unless accompanied by a credit slip.

(b) The table game manager or the pit clerk shall enter a request for credit into the computer, including the following information:

- (1) The amount by denomination;
- (2) total amount;
- (3) game or table number and pit;
- (4) dates and time; and
- (5) required signatures.

(c) A security department employee shall obtain the credit slip and chip carrier from the cage and proceed to the pit area.

(d) The dealer or boxperson shall count the chips in full view of a security department employee and either the table games supervisor or an employee in a higher position. The count shall be conducted in full view of a camera connected to the surveillance department.

(e) The table games supervisor and either a dealer or a boxperson shall verify that the value of the chips in the carrier matches the amount on the credit slip and sign the

credit slip. The security department employee shall verify that the chips match the credit slip, sign the credit slip, and carry the chips and the credit slip to the cashier's cage.

(f) A cashier's cage employee shall receive the credit slip and the chips from the security department employee, verify that the chips match the credit slip, and sign the credit slip. A copy of the credit slip shall be retained by the cashier's cage.

(g) The copy of the credit slip shall be taken back to the table by the security department employee. The table games supervisor shall observe the dealer or boxperson deposit the copy of the credit slip into the table drop box.

(h) The main bank cashier shall run an adding machine tape on the credit slips and verify the total against the amount on the automated accounting system. All credit paperwork shall be forwarded to the accounting department by the main bank cashier.

(i) If a credit slip needs to be voided, the cashier's cage employee shall write "VOID" and an explanation of why the void was necessary across the original and all copies of the credit slip. Both the cashier's cage employee and a security department employee independent of the transaction shall sign the voided credit slips. The voided credit slip shall be transferred to the accounting department, where the slip shall be retained. The transaction shall be properly voided in the computer database.

(j) The ability to input data into the gaming facility computer system from the pit shall be restricted to table games managers and pit clerks.

(k) Each employee in accounting who makes corrections shall initial each correction and include that employee's commission license number. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-35. Table game layouts. (a) All table game layouts shall be consistent with the facility manager's internal controls and meet the following requirements:

- (1) Markings on the layout shall be of a size that can be adequately seen by the surveillance.
- (2) The odds of winnings and payouts shall be included in markings on the layout when required by the executive director.
- (3) The designs shall not contain any advertising other than the facility manager's logo or trademark symbol or Kansas lottery-approved design.
- (4) The designs shall not contain any feature that tends to create a distraction from the game.
- (5) All other components of the game on the layout shall be of a size that can be adequately seen by surveillance.
- (6) A colored depiction of the table shall be submitted to the executive director for approval before being placed into play.
 - (b) Table layouts shall not be stored in a nonsecure area.
 - (c) Used table layouts that display the licensee's logo and are not used for internal training purposes approved by commission shall be destroyed and shall not be sold or given to the public. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-36. Required personnel for specific table games. (a) Pit areas may be on multiple levels or locations within a gaming facility. Pit areas shall be described by facility managers in their internal controls at a minimum by their locations, configurations, and restrictions on access. Each full-size baccarat table shall be in a separate room or clearly segregated area of the floor that functions as a separate area from the other table games and is surrounded by baccarat tables. For the purposes of access to a pit, card and dice control, and other table games activities, a "pit" shall be more narrowly defined as a single, separate area that is completely enclosed or encircled by gaming tables.

(b) The number of required table games supervisors shall be determined as follows:

(1) One table games supervisor shall not oversee more than six open table games if no craps table is open.

(2) One table games supervisor shall not oversee more than four open table games if one of the open table games is a craps table.

(3) One table games supervisor shall not oversee more than two open table games if both table games are craps tables.

(c) The table games supervisors and the oversight of their assigned table games and pit operations shall be directly supervised in the following configuration by either a table games manager or casino shift manager:

(1) In either of the following instances, a table games manager shall not be required to be on duty, but at least one casino shift manager shall provide direct supervision by acting as a table games manager:

- (A) When one craps table is open; or
- (B) when up to six tables are open.

(2) In either of the following instances, a table games manager shall provide direct supervision and a casino shift manager shall not act as a table games manager:

- (A) When two or more craps or baccarat tables are open; or
- (B) when seven to 36 table games are open.

(3) If more than 36 tables are open, one additional table games manager shall provide direct supervision for each additional set of one to 36 tables open. A casino shift manager shall not act as a table games manager.

(d) Other than a casino shift manager acting as a table games manager, table games managers shall be physically present in the pit for at least 90 percent of their shift and be solely dedicated to supervising activities at open table games and activities within the pits. Each absence of a longer duration shall require a replacement table games manager to be on duty in the pit. If a facility manager uses job titles other than "table games supervisor" or "table games manager," then the internal controls shall specify which job titles used by the facility manager correspond to these positions and ensure that the job descriptions of those positions properly delineate the duties. Table games managers supervising pit areas separated by sight or sound shall have a communications

device enabling them to be immediately notified of any incident requiring their attention and shall promptly respond. The gaming facility shift manager shall assign table games managers specific responsibilities regarding activities associated with specific tables.

(e) Each full-size baccarat table shall be directly supervised by at least one table games supervisor. (Authorized by K.S.A. 2010 Supp. 74-8772; implementing K.S.A. 2010 Supp. 74-8752 and 74-8772; effective Jan. 8, 2010; amended April 1, 2011.)

112-108-37. Instructional table games offered to public. (a) A facility manager may offer instructional table games if all of the following conditions are met:

- (1) Only cancelled cards and dice are used.
- (2) Gaming chips are marked "no cash value" or are distinctively different from any value and non-value chips used in the gaming facility and can be readily seen if intermingled into a stack of active chips of a similar color.
- (3) For roulette, non-value chips are distinctively different in design than those used on the gaming floor or have been drilled or otherwise cancelled.
- (4) No wagering is permitted.
- (5) No prizes are awarded in association with the games.
- (6) All participants are at least 21 years of age.
- (7) The executive director gives approval to the facility manager to use the instructional table game.

(b) Written notification setting forth the date, time, type of event, and event location shall be submitted for approval to the executive director at least 15 days in advance of the instructional game. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-38. Minimum and maximum table game wagers. (a) All minimum and maximum wagers shall be posted at each table and may be changed between games by posting new table limits.

(b) If the minimum or maximum wager is changed, the sign shall be changed to reflect the new amount. A facility manager may allow the following bets during a table limit change:

(1) Patrons who were playing when minimum table limits were raised may continue to place bets under the old table minimum limit; and

(2) patrons who were playing when a maximum table limit was raised may be allowed to continue placing bets under the previous table maximum bet.

(c) Payment on wagers that cannot be made evenly shall be rounded up to the next chip denomination. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-39. Dealer and boxperson hand clearing. (a) Each dealer and each boxperson shall clear that individual's hands in view of all persons in the immediate area and surveillance before and after touching that individual's body and when entering and exiting the game. "Clearing" one's hands shall mean holding and placing both hands out in front of the body with the fingers of both hands spread and rotating the hands to expose both the palms and the backs of the hands to demonstrate that the hands are empty. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-40. Table games jackpot; employee pocketbooks. (a) A table games jackpot slip or manual jackpot form shall be used to pay any table games jackpot that triggers IRS required reporting. If a manual jackpot form is used, the form shall include all the information as required on the table games jackpot slip. The table games jackpot slip or manual jackpot form shall be a sequentially numbered, two-part form. One part shall be deposited in the table game drop box, and the other copy shall be retained at the cashier's cage.

(b) Each employee shall be prohibited from taking a pocketbook or other personal container into the pit area unless the pocketbook or container is transparent.

(Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-41. Poker room; general. (a) Live poker games in which the dealer does not play a hand and a rake is collected shall be played only in an approved poker room. All other poker games in which the dealer plays a hand and the player competes against the dealer shall be played at gaming tables that are part of a pit on the gaming floor.

(b) The facility manager shall have the current house rules in writing. These rules shall be available in hard copy in the poker room for patrons, employees, and commission personnel. All revised or rescinded house rules shall be kept on file and shall be available for at least one year. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-42. Poker room; supervision. (a) Each poker room shall be under the general control of a poker room manager or table games manager and the direct oversight of at least one poker room supervisor. Poker room supervisors shall be solely dedicated to supervising poker room personnel and all activities within the poker room when the poker room is opening, in operation, or closing at the end of the gaming day. A poker room supervisor may operate the poker room bank, if so authorized in the internal controls system. The poker room shall be staffed with at least one poker supervisor for every one to eight tables open.

(b) If a facility manager uses job titles other than "poker room manager" or "poker room supervisor," the internal controls shall specify which job titles used by the facility manager correspond to these positions and ensure that the job descriptions of those positions properly describe the duties assigned. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-43. Poker room; banks and transactions. (a) If a facility manager uses a poker room bank, the facility manager's internal controls shall state whether the bank is operated as a branch of the main cage with a cashier's cage or if accountability and staffing of the bank are the responsibility of the poker room manager or poker room supervisor.

(b) Both the outgoing and incoming individuals responsible for the bank shall sign the completed count sheet attesting to the accuracy of the information at the beginning and ending of each shift. If there is no incoming or outgoing individual, the countdown, verification, and signatory requirements shall be performed by the individual who is responsible for the bank and a cashier's cage employee or a supervisor independent of the poker room.

(c) Each transfer between any table banks and the poker room bank shall be authorized by a poker room supervisor and evidenced by the use a transfer slip as specified in the internal controls. The poker dealer and poker room supervisor shall verify the amount of chips to be transferred. Transfers between table banks, poker room banks, or cashier's cages within the poker room shall not require a security escort.

(d) Transfers between the table banks, poker room banks, or the cashier's cages outside the poker room shall be properly authorized and documented by the poker room supervisor on an even exchange slip as specified in the internal controls.

(e) A facility manager may permit patrons to exchange cash for chips only at the poker room bank or cashier's cage and then only within submitted and commission-approved buy-in procedures.

(f) When a poker table is opened, a poker dealer shall count the poker table bank inventory, and the accuracy of the count shall be verified by the poker room supervisor and attested to by their signatures on a table inventory slip. The count shall be recorded and reconciled when the poker table is closed.

(g) When a poker table is not open for play for seven consecutive gaming days, the poker table inventory shall be counted and verified by either two poker room supervisors or a poker room supervisor and a dealer. The poker room supervisor shall prepare a new table inventory slip and place the previous inventory slip in the table drop box. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-44. Poker room; drops and counts. The procedures for the collection of poker table drop boxes, toke boxes, and the count of the contents of these boxes shall meet the requirements of the internal control standards applicable to the table game drop boxes in K.A.R. 112-108-48. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-45. Bad beat and special hand. (a) If the facility manager offers a bad beat or special hand, all funds collected for the jackpot shall be used to fund the primary, secondary, and tertiary jackpots and be available for poker players to win. The percentage of the funds attributable to each jackpot shall be included in the rules of the game in the facility manager's internal control standards.

(b) When a patron wins a bad beat or special hand, the following information shall be recorded on the bad beat payout documentation, and copies of the internal revenue service forms, if applicable, shall be attached:

(1) A description of the cards that comprised the winning poker hand for that game;

(2) a description of the cards that comprised the winning bad beat hand;

(3) the name of the person that had the winning poker hand for that game;

(4) the name of the person that had the winning bad beat hand;

(5) the names of the other players in the game; and

(6) the amount won by each person.

(c) Surveillance staff shall be notified and shall visually verify all winning hands when a bad beat or special hand is won. The verification by surveillance shall be documented in the surveillance log.

(d) The amount of primary bad beat and any special hand shall be prominently displayed at all times in the poker room, and the amount displayed shall be promptly updated at least once each gaming day by adding the correct percentage of funds that

were collected from the previous gaming day. If the bad beat is won and the amount displayed has not yet been updated, the poker room supervisor shall contact accounting and update the bad beat amount before paying the winners. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-46. Gaming table drop device characteristics. (a) Each gaming table in the gaming facility shall have an attached drop device for the following items:

- (1) Deposited currency;
- (2) copies of table transaction documents; and
- (3) mutilated chips.

(b) Each gaming table drop device shall have the following features:

- (1) A lock that secures the drop device to the gaming table;
- (2) a lock that secures the contents of the drop device from being removed without authorization;
- (3) a slot opening or mechanism through which all currency, documents, and mutilated chips shall be inserted;
- (4) a mechanical device that shall automatically close and lock the slot opening upon removal of the drop device from the gaming table; and
- (5) a marking that is permanently imprinted and clearly visible and that identifies the game and table number to which it is attached. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-47. Emergency gaming table drop devices; drop procedures. (a) The facility manager shall maintain emergency gaming table drop devices with the same physical characteristics as those specified in K.A.R. 112-108-46, except for the game and table number markings. The emergency drop device shall be permanently marked with the word "EMERGENCY" and shall have an area for the temporary marking of the game and table number.

(b) Emergency drop devices shall be maintained in the soft count room or in a secured area as approved by the commission. The storage location, controls, and authorized access shall be described in the internal control system.

(c) At least two individuals shall be responsible for performing the emergency drop. One individual shall be a security department employee, and one individual shall be a level I or level II employee independent of the table games department. The table games department shall notify the commission security agent on duty that an emergency drop is needed. Security staff shall notify surveillance that an emergency drop is needed.

(d) The internal control procedures for emergency drop devices shall include the following items:

- (1) Procedures for retrieval of the emergency drop device;
- (2) the process for obtaining drop device release keys;
- (3) procedures for removal of the drop device; and
- (4) the location and safekeeping of the replaced drop device.

(e) All contents removed during the emergency drop shall be counted and included in the next count. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-48. Procedures for the collection and transportation of drop devices. (a) Each facility manager shall submit the current drop schedule to the commission's security agent showing the times and days when the drop devices will be removed from the gaming tables. At a minimum, the gaming table drop devices shall be dropped at the end of each gaming day.

(b) Each facility manager shall be allowed to conduct drops while patrons are present in accordance with commission-approved drop procedures.

(c) The internal control system shall state which job titles will participate in each drop ensuring that there are at least two employees, one of whom shall be a security employee. The actual removal of the drop devices from the gaming tables shall be performed by an employee independent of the table games department.

(d) The collection and transportation of gaming table drop devices containing funds shall be conducted using locked storage carts that shall be escorted by a security department employee at all times.

(e) The collection and transportation procedures of each type of drop device shall be described in the internal control system, including alternative procedures for malfunctions, emergencies, and occasions when multiple trips are required to transport the drop devices to the count room.

(f) Access to stored drop devices that contain funds shall be restricted to authorized members of the drop and count teams.

(g) Each drop device collection process, including transportation of drop devices, shall be continuously monitored by surveillance personnel and recorded.

(h) Each drop and count team member, except security department employees, assigned to the collection of drop devices shall wear a one-piece, pocketless jumpsuit, or other apparel approved by commission, as supplied by the facility manager. Drop apparel shall be issued immediately before use by the facility manager.

(i) A security department employee shall be present for and observe the entire drop process. All drop devices shall be observed by security staff from the time the drop devices are no longer secured in the gaming device until the drop devices are secured in the respective count rooms.

(j) All drop devices shall be transported to the soft count room. The facility manager shall describe, in the internal control system, security procedures to be used when the empty drop storage carts must be stored elsewhere because of space limitation in the count rooms. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-49. Exchange and storage of foreign chips. (a) Foreign chips shall mean chips that are not authorized for use at a specific gaming facility.

(b) Foreign chips inadvertently received in the rake shall be recorded as drop for adjusted gross receipt purposes.

(c) Foreign chips shall be separated from the facility manager's chips and stored in a locked compartment in the main bank or vault.

(d) The internal control system shall describe procedures for the storage of and accountability concerning foreign chips.

(e) Facility managers exchanging foreign chips with other gaming facilities shall ensure that each employee performing the exchange is independent of the transaction.

(f) Foreign chips shall be exchanged only for an equal value of the facility manager's chips, a check, or cash.

(g) Each facility manager shall maintain documentation of the exchange of foreign chips. The documentation shall include the signatures of all the individuals involved in the exchange and an inventory of all the items exchanged. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-50. Procedures for monitoring and reviewing game operations. (a) Each facility manager shall establish procedures for monitoring and reviewing daily table games transactions for the following activities:

- (1) Table games;
- (2) gaming facility cashiering;
- (3) currency transaction reporting;
- (4) sensitive key access; and
- (5) reconciliation of numerical sequence of forms used, matching and reviewing all copies of forms, matching computer monitoring system reports with actual fill and payout forms, and examination of voided forms.

- (b) The procedures in subsection (a) shall include a description of the computation of the unredeemed liability and the inventory of chips in circulation and reserve.

- (c) Each facility manager shall establish procedures for the documentation of resolving questions raised during the review and monitoring of daily gaming transactions.

- (d) Each facility manager shall establish procedures for the documentation of the criteria for determining deviations from expected results of gaming operations that require further investigations and the procedures for conducting and recording the results of such investigations. This shall include the notification of a commission agent.

- (e) The accounting department shall perform a monthly general ledger reconciliation of the following:

(1) Adjusted gross receipts;

(2) cage accountability;

(3) chip liability; and

(4) progressive jackpot liability.

(f) Each gaming facility's accounting department shall review on a weekly basis the master game report for any unusual variances from the prior week.

(g) The accounting department for each facility manager shall perform daily audits of the following:

(1) Table games;

(2) cashier's cage;

(3) player tracking; and

(4) any other areas deemed appropriate by the executive director.

(h) The daily audits specified in subsection (g) shall indicate the individual performing the audit and the individual reviewing the audit performed.

(i) Table game procedures shall be performed daily for both computerized and manual forms and shall include, at a minimum, the following:

(1) Trace table game fills and credit slips originals to duplicate copies and to orders for fill and credits to verify agreement;

(2) review the table game fills and credit slips for the proper number of authorized signatures, proper date or time, and accurate arithmetic;

- (3) review all voided table game fills and credits for appropriate handling and required number of authorized signatures. Ensure that all appropriate forms are attached;
- (4) verify that credits and fills are properly recorded for the computation of win;
- (5) trace opening drop cards to the previous shift's closing inventory slip to verify agreement and test for completeness and propriety;
- (6) trace the detail from the master gaming report into the accounting entries recording the transactions and to the total cash summary; and
- (7) perform any other procedures deemed necessary by the executive director.

(j) All variances or discrepancies in the daily audits specified in subsection (g) shall be investigated, recorded, and reported to the head of the accounting department or equivalent position. The investigation information shall be made available upon demand by the commission staff. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-51. Maintaining table game statistical data. (a) Each facility manager shall maintain records showing the statistical drop, statistical win, and statistical win-to-drop percentages for each gaming table and type of game. These records shall be maintained by day, cumulative month-to-date, and cumulative year-to-date.

(b) Each facility manager shall prepare and distribute statistical reports to gaming facility management on at least a monthly basis. Fluctuations outside of the standard deviation from the base level shall be investigated, and the results shall be documented in writing and retained, with a copy submitted to the commission. For the purposes of this regulation, the "base level" shall be defined as the facility manager's win-to-drop percentage for the previous business year or previous month in the initial year of operations.

(c) The gaming facility management shall investigate with pit supervisory personnel any fluctuations outside of the standard deviation from the base level in table game statistics. At a minimum, investigations shall be performed for a month for all percentage fluctuations in excess of three percent from the base level. The results of each investigation shall be documented in writing and maintained for at least seven years by the licensee.

(d) Reports of daily table game drop, win or loss, and percentage of win or loss shall be given to the commission, as requested. In addition, if gaming facility management has prepared an analysis of specific table wins, losses, or fluctuations outside of the standard deviation from the base level, these reports shall also be given to

the commission. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-52. Required internal audits. (a) The internal audit procedures specified in this regulation shall be conducted on at least a semiannual basis, except for the annual cash count. If a procedure does not apply to the operations of the facility manager, this fact shall be noted in the audit report.

(b) Table game audit procedures, which shall be performed by a member of the facility's audit department, shall include the following requirements:

(1) Five table openings and five table closings shall be observed for compliance with the commission-approved internal controls and this article. The related documentation shall be reviewed for accuracy and required information.

(2) A total of 10 table fills and three table credits shall be observed. The observations shall occur over at least three different gaming days. If a member of the facility's audit department is unable to observe three credit fills, the staff member shall verify procedures through interview.

(3) Table game drop and collection procedures as defined in the commission-approved internal controls and this article shall be observed and reviewed for two gaming days with one day being a 24-hour gaming day or a weekend day.

(4) Soft count procedures for table games and poker drops shall be observed and reviewed as defined in the commission-approved internal controls and this article, including the subsequent transfer of funds to the main bank or vault.

(5) Dice inspection procedures shall be observed and reviewed as outlined in the commission-approved internal controls and this article.

(6) Card inspection procedures shall be observed and reviewed as defined in the commission-approved internal controls and this article.

(7) Card and dice inventory control procedures shall be reviewed and verified.

(8) Statistical reports for table game drop, win, and win-to-drop percentages shall be reviewed to determine if fluctuations in excess of three percent from the base level are investigated.

(9) Supervision in the pits shall be verified as required by the commission-approved internal controls and this article.

(10) Dealer tip collection, count verification, and recording procedures shall be observed.

(11) Table game operations shall be observed to ensure compliance with the commission-approved internal controls and this article pertaining to table games, including poker. This observation shall include a representative sample of all table games over a two-day observation period.

(c) Gaming facility cashiering shall be verified by a member of the facility's internal audit department to ensure that any changes to the chip inventory ledgers during the semiannual audit period are documented and the required signatures are present on the ledger or the supporting documentation.

(d) Adjusted gross receipts shall be reconciled by a member of the facility's internal audit department against the following:

(1) The adjusted gross receipts from the table games, cage accountability, chip liability, and progressive jackpot liability. A copy of the reconciliation shall be included in the internal audit report;

(2) a two-day sample of gaming source documents, including table fill slips, table credit slips, and opener or closer slips. These gaming source documents shall also be reviewed in this process for accuracy and completion, as defined in the commission-approved internal controls and this article; and

(3) the transactional data in the central computer system.

(e) On an annual basis, the internal audit department shall conduct an observation of a complete physical count of all cash and chips in accordance with guidelines issued by the executive director. The count shall not be conducted during the last two months of a fiscal year.

(1) The executive director shall be notified 30 days in advance of the count. At the executive director's discretion, commission representatives may be present.

(2) Management staff may be notified no more than 24 hours in advance of the count to ensure that adequate staff is on duty to facilitate access to all areas being counted.

(3) All count sheets shall be signed by each individual performing the inventory.

(4) A summary of the inventory total for each count sheet, along with all shortages and overages and the signed count sheets, shall be included in the internal audit report.

(5) The cash count of cage windows and of the main bank shall be conducted by a member of the facility's internal audit department when the location is closed, unless otherwise approved by the executive director. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-53. Found items. All cash, chips, tickets, cards, dice, gaming equipment, records, and any other items found in unauthorized or suspicious locations or circumstances shall be reported by the finder to the commission security agent on duty.

(Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-54. Waiver of requirements. (a) On the commission's initiative, one or more of the requirements of this article applicable to table games may be waived by the commission upon a determination that the nonconforming control or procedure meets the operational integrity requirements of the act and this article.

(b) A facility manager may submit a written request to the commission for a waiver for one or more of the requirements in this article. The request shall be filed on an amendment waiver and request form and shall include supporting documentation demonstrating how the table game controls for which the waiver has been requested will still meet the operational integrity requirements of the act and this article. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-55. Shipment of table games and table game mechanisms. (a) Each facility manager shall ensure that the shipment of any table game or table game mechanism for use in a gaming facility shall be approved in advance by the executive director. The person causing the shipment shall notify the executive director of the proposed shipment at least 15 days before the shipment, unless otherwise approved by the executive director. The notice shall include the following information:

- (1) The name and address of the person shipping the table game or table game mechanism;
- (2) the name and address of the person who manufactured, assembled, distributed, or resold the table game or table game mechanism, if different from the person shipping the item;
- (3) the name and address of a new owner if ownership is being changed in conjunction with the shipment;
- (4) the method of shipment and the name and address of the third-party carrier, if applicable;
- (5) the name and address of the person to whom the table game or table game mechanism is being sent and the destination of the item, if different from that address;
- (6) the quantity of table games or table game mechanisms being shipped and the manufacturer's make, model, and serial number of each item;
- (7) the expected date and time of delivery to, or removal from, any authorized location within this state;

(8) the port of entry or exit, if any, of the table game or table game mechanism if the origin or destination of the table game or table game mechanism is outside the continental United States; and

(9) the reason for shipping the table game or table game mechanism.

(b) Each shipment of table games or table game mechanisms shall be sealed before being transported. On arrival at the gaming facility, the shipment shall not be opened or inventoried until the seal is witnessed and broken by an agent of the commission. An agent of the commission shall verify that each table game and table game mechanism is unloaded, inventoried, and compared to the notice required in subsection (a). (Authorized by and implementing K.S.A. 2009 Supp. 74-8772; effective Jan. 8, 2010; amended April 1, 2011)

112-108-56. Handling chips. A dealer shall “prove chips” when opening or closing a table, filling a table, or exchanging chips for a patron by displaying and counting the chips in full view of either of the following, in accordance with the facility’s procedures:

(a) Surveillance and either the pit manager or an employee in a higher position;

or

(b) surveillance and the affected patron. (Authorized by and implementing

K.S.A. 2008 Supp. 74-8772; effective Jan. 8, 2010.)

112-108-57. Progressive table games. (a) A facility manager shall place a table game that offers a progressive jackpot only if the executive director has approved the following:

- (1) The initial and reset amounts for the progressive meters;
- (2) the system for controlling the keys and applicable logical access controls to the table games;
- (3) the proposed rate of progression for each jackpot;
- (4) the proposed limit for progressive jackpot, if any; and
- (5) the calculated probability of winning each progressive jackpot. The probability shall not exceed 50 million to one.

(b) Progressive meters shall not be reset or reduced unless one of the following occurs:

- (1) The amount indicated has been actually paid to a winning patron.
- (2) The progressive jackpot amount won by the patron has been recorded in accordance with a system of internal controls approved by the commission.
- (3) The progressive jackpot has been transferred to another progressive table game and the transfer has been approved by the executive director.
- (4) The change is necessitated by a meter malfunction, and the commission has been notified of the resetting in writing.

(c) A facility manager shall not alter the odds of winning a progressive jackpot unless the jackpot has been transferred to another progressive table game in accordance with subsection (d).

(d) A facility manager may limit, transfer, or terminate a progressive jackpot or progressive game offered on the gaming floor under any of the following circumstances:

(1) A progressive jackpot may be limited if the payout limit is greater than the payout amount displayed on the progressive jackpot meter to patrons. The facility manager shall provide notice to the commission of the imposition or modification of a payout limit on a progressive meter concurrent with the setting of the payout limit.

(2) A progressive jackpot game may be terminated concurrent with the winning of the progressive jackpot if the progressive controller was configured to automatically establish a fixed reset amount with no progressive increment.

(3) A progressive jackpot amount may be transferred from a gaming floor. The facility manager shall give notice to the commission of its intent to transfer the progressive jackpot at least 30 days before the anticipated transfer, and the facility manager shall conspicuously display the facility manager's intent to transfer the progressive jackpot on the front of each affected table game for at least 30 days. To be eligible for transfer, the progressive jackpot shall be transferred in its entirety and shall meet one of the following conditions:

(A) Be transferred to the progressive meter for a table game with the same or greater probability of winning the progressive jackpot, with the same or lower wager

requirement to be eligible to win the progressive jackpot, and with the same type of progressive jackpot;

- (B) be transferred to the progressive meters of two separate table games if each table game progressive system to which the jackpot is transferred individually meets the requirements of paragraph (d)(3)(A); or
- (C) be transferred to the most similar table game progressive system that is available if approved by the executive director.

(4) A progressive jackpot on a stand-alone progressive table game system may be removed from a gaming floor if notice of intent to remove the progressive jackpot meets the following conditions:

(A) The notice is conspicuously displayed on the front of each table game for at least 30 days.

(B) The notice of intent is provided in writing to the commission at least 30 days before the removal of the progressive jackpot.

(e) The amount indicated on the progressive meter on each table game governed by subsection (a) shall be recorded by the facility manager's accounting department on a progressive electronic gaming summary report at least once every seven calendar days.

Each report shall be signed by the person preparing the report. If the report is not prepared by the accounting department, the progressive electronic gaming summary report shall be forwarded to the accounting department at the end of the gaming day on which the report is prepared. An employee of the accounting department shall be

responsible for calculating the correct amount that should appear on a progressive meter. If an adjustment to the progressive meters is necessary, the adjustment shall be made by a member of the EGM department as follows:

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

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

(f) Except as otherwise authorized by this regulation, each table game offering a progressive jackpot that is removed from the gaming floor shall be returned to or replaced on the gaming floor within five gaming days. The amount on the progressive meter on the returned or replacement table game shall not be less than the amount on the progressive meter at the time of removal, unless the amount was transferred or paid out in accordance with these regulations. If a table game offering a progressive jackpot is not returned or replaced, any progressive meter amount at the time of removal shall, within five days of the table game's removal, be added to a table game offering a progressive jackpot approved by the executive director. The table game shall offer the same or greater probability of winning the progressive jackpot and shall require the same or lower denomination of currency to play that was in use on the table game that was removed.

(g) If a table game is located adjacent to a table game offering a progressive jackpot, the facility manager shall conspicuously display on the table game a notice advising patrons that the table game is not participating in the progressive jackpot of the adjacent table game. (Authorized by K.S.A. 2008 Supp. 74-8772; implementing K.S.A. 2008 Supp. 74-8752 and 74-8772; effective Jan. 8, 2010.)

112-110-1. Adoptions by reference. The following texts by gaming laboratories international (GLI) are hereby adopted by reference:

- (a) “GLI-11: gaming devices in casinos,” version 2.0, dated April 20, 2007, except the following:
 - (1) Each reference to a “75% payout percentage,” which shall be replaced with “an average of not less than 87% of the amount wagered over the life of the machine”;
 - (2) section 1.1;
 - (3) section 1.2;
 - (4) section 1.4; and
 - (5) the section titled “revision history”;
- (b) “GLI-12: progressive gaming devices in casinos,” version 2.0, dated April 20, 2007, except the following:
 - (1) Section 1.1;
 - (2) section 1.2;
 - (3) section 1.4; and
 - (4) the section titled “revision history”;
- (c) “GLI-13: on-line monitoring and control systems (MCS) and validation systems in casinos,” version 2.0, dated April 20, 2007, except the following:
 - (1) Section 1.3;
 - (2) section 1.5;
 - (3) the “note” in section 3.4.3; and

(4) the section titled "revision history";
(d) "GLI-15: electronic bingo and keno systems," version 1.2, dated April 12, 2002, except the following:

- (1) Section 1.3;
- (2) section 1.5; and
- (3) the section titled "revision history";

(e) "GLI-16: cashless systems in casinos," version 2.0, dated April 20, 2007, except the following:

- (1) Section 1.2;
- (2) section 1.4; and
- (3) the section titled "revision history";

(f) "GLI-17: bonusing systems in casinos," version 1.2, dated February 27, 2002, except the following:

- (1) Section 1.2;
- (2) section 1.4; and
- (3) the section titled "revision history";

(g) "GLI-18: promotional systems in casinos," version 2.0, dated April 20, 2007, except the following:

- (1) Section 1.2;
- (2) section 1.4; and
- (3) the section titled "revision history";

- (h) "GLI-20: kiosks," version 1.4, dated July 1, 2006, except the following:
 - (1) Section 1.3; and
 - (2) the section titled "revision history";
 - (i) "GLI-21: client-server systems," version 2.1, dated May 18, 2007, except the following:
 - (1) Section 1.1;
 - (2) section 1.2;
 - (3) section 1.4;
 - (4) each reference to a "75% payout percentage," which shall be replaced with "an average of not less than 87% of the amount wagered over the life of the machine"; and
- (5) the section titled "revision history";
- (j) "GLI-24: electronic table game systems," version 1.2, dated September 6, 2006, except the following:
 - (1) Section 1.1;
 - (2) section 1.3;
 - (3) each reference to "75% payout percentage," which shall be replaced with "an average of not less than 87% of the amount wagered over the life of the machine"; and
 - (4) the section titled "revision history";
- (k) "GLI-25: dealer controlled electronic table games," version 1.1, dated September 8, 2006, except the following:

- (1) Section 1.1;
- (2) section 1.3; and
- (3) the section titled “revision history”
 - (l) “GLI-26: wireless gaming system standards,” version 1.1, dated January 18, 2007, except the following:
 - (1) Section 1.1;
 - (2) section 1.2;
 - (3) section 1.4; and
 - (4) the section titled “revision history”; and
 - (m) “GLI-28: player user interface systems,” version 1.0, dated February 14, 2011, except section 1.1. (Authorized by K.S.A. 2010 Supp. 74-8772; implementing K.S.A. 2010 Supp. 74-8750 and 74-8772; effective May 1, 2009; amended December 9, 2011.)

112-110-2. Central computer system accounting. (a) Each central computer system (CCS) provided to the commission shall include an accounting and auditing mechanism.

(b) Each CCS shall be capable of supporting a network of 15,000 EGMs and the location controllers and validation stations needed to support the EGMs.

(c) Each CCS shall meet all of the following requirements:

(1) The CCS computers shall obtain all meter reading data in real time, which shall be no longer than two and one-half minutes after any meter acquisition request.

(2) The CCS shall keep accurate records, maintaining a total of at least 14 digits, including cents, in length for each type of datum required and of all income generated by each electronic gaming machine (EGM).

(3) The CCS shall be capable of monitoring the operation of each game and EGM.

(4) The CCS shall be capable of creating reports from the following information by EGM and by game, if applicable:

- (A) The number of cents wagered;
- (B) the number of cents won;
- (C) the number of cents paid out by a printed ticket;
- (D) the number of cents accepted from a printed ticket;
- (E) the number of cents accepted from each coin, bill, ticket, or other instrument of value;
- (F) the number of cents electronically transferred to the EGM;

- (G) the number of cents electronically transferred from the EGM;
- (H) the number of cents paid out by hand pay, which means the payment of credits that are not totally and automatically paid directly from an EGM, or canceled credit;
- (I) the number of cents paid out by jackpot;
- (J) the number of cumulative credits representing money inserted by a player;
- (K) the number of cents on the credit meter;
- (L) the number of games played;
- (M) the number of games won;
- (N) the number of times the logic area was accessed; and
- (O) the number of times the cash door was accessed.

(d) The CCS shall be capable of generating the following reports:

- (1) Gaming facility performance reports. The gaming facility performance report for the previous period shall be available to be printed on the first day of the next period. Each gaming facility performance report shall be available to be printed for all facilities and for specific facilities. The report shall include data from each EGM in play at the gaming facility. Each report shall contain the following information:

- (A) EGM serial number;
- (B) the number of cents played;
- (C) the number of cents won;
- (D) net terminal income, which is the amount played minus the amount won;

- (E) Kansas lottery's administrative expenses;
- (F) gross profits;
- (G) drop amount; and
- (H) drop time frame;

(2) a report that calculates the prize payout percentage of each EGM on the basis of cents won divided by cents played;

(3) a report that calculates cents played less cents won, divided by the number of EGMs in play at a facility, during the period;

(4) a report that compares cents played less cents won against total cents in less total cents out by EGMs. This report shall also include the value on the EGM's credit meter;

(5) a daily report showing the total number of EGMs in play and cents played less cents won;

(6) performance reports by brand of EGM, game name, game type, and facility number;

(7) a report by EGM number;

(8) a report of nonreporting EGMs by facility and by EGM supplier, summarizing the last polled date, EGM manufacturer and serial number, reason for error, and poll address;

(9) a report of nonreporting intermediary servers that are communicating with the EGMs but not reporting data by facility and by EGM that summarizes the last polled date, EGM manufacturer and serial number, reason for error, and poll address;

(10) a financial summary report listing facility summaries by date, amount played, amount won, net revenue, number of EGMs, and average net revenue by EGM;

(11) a transaction report listing facility, by EGM supplier and by EGM, that summarizes the electronic game machine manufacturer and serial number, cents in, cents out, net revenue, amount played, amount won, progressive jackpot contribution, win frequency, payback percentage, net jackpot won, number of times each game was played, and number of times each play resulted in a win;

(12) a report containing a record of all security events by EGM or event type over a specific time range; and

(13) a financial report based upon a user-specified time frame, by EGM, that summarizes cents in, cents out, net revenue, cents played, cents won, progressive jackpot contribution, win frequency, payback percentage, net jackpot won, games played, and games won.

(e) Each report specified in this regulation shall be available on demand and, if applicable, cover a period determined by Kansas lottery or commission auditing staff. On-demand reporting shall be sortable by date, EGM, game, EGM manufacturer, location, and facility. The time period of each report may be daily, weekly, monthly, and yearly, and sufficient data shall be resident on the database to accommodate a facility

manager's need to report on a basis specified by the Kansas lottery or commission auditing staff.

(f) Each EGM event and all configuration data, including configurable pay table information, if applicable, shall be retained for each individual EGM in a backed-up CCS system.

(g) All security event data shall be retained for each individual EGM as well as accumulated for each facility.

(h) All game play statistics, EGM event data, and configuration data, including configurable pay table information, if applicable, shall be retained for each EGM in a backed-up CCS system.

(i) All accounting and security event data shall be retained and shall be accessible for at least seven years.

(j) All accounting and security event data shall be retained for each individual EGM and accumulated for each facility.

(k) Each CCS provider shall provide an invoicing software package for facility licensees. That software package shall allow the Kansas lottery to create periodic statements that interface with an electronic funds transfer account. The CCS shall be able to perform the following functions:

(1) Provide a gross terminal income summary to facilitate daily electronic funds transfer (EFT) sweeps that shall, at a minimum, contain the daily number of EGMs reporting, the daily cash in divided by cash out and daily cash played divided by cash

won, daily gross EGM income, daily net balances, adjustments, progressive contributions, and jackpot reset values. The gross terminal income summary reports shall show the information by each EGM as well as by track and by total system, retailer, facility manager, and county;

(2) conduct downloading to tape, disk, or other standard data storage devices of the information necessary to facilitate the EFT daily sweep of each facility's net EGM income;

(3) create a balanced data file of general ledger journal entries to record all lottery activities and integrate into general ledger software on a daily basis and on a multiple day basis, as needed;

(4) provide payout analyses that indicate performance by EGM; and

(5) provide reports in a format as specified, by period to period, by the Kansas lottery. (Authorized by K.S.A. 2007 Supp. 74-8772; implementing K.S.A. 2007 Supp. 74-8749 and 74-8772; effective May 1, 2009.)

112-110-3. Central computer system security. (a) Each CCS's database shall contain LFG data for at least the prior 24 months. Older data shall also be available from archives for at least seven years. The CCS's vendor shall provide archived data within 24 hours of a request for the data from the Kansas lottery or the commission.

(b) Each CCS shall be capable of the following:

- (1) Receiving and retaining a record of events that affect security, including all door openings, stacker access, and signature failure;
- (2) receiving and retaining a record of events that affect the LFG state, including power on, power off, and various faults and hardware failures;
- (3) receiving and retaining a record of events that affect LFG integrity, including random access memory (RAM) corruption and RAM clear;
- (4) receiving and retaining a record of events that affect the status of communication between all components including the LFG, including loss of communication;
- (5) reporting of all events specified in this article;
- (6) receiving and retaining a record of any other events as specified in writing by the Kansas lottery or the commission; and
- (7) automatic reporting of faults that require a manual reactivation of the LFG.

These faults shall include the following:

- (A) Logic area cabinet access;
- (B) LFG RAM reset;

- (C) catastrophic software corruption;
- (D) unrecoverable hardware faults; and
- (E) a failed signature check.

(c)(1) A record of each of the events specified in subsection (b) shall be stored at the central point of the CCS on a hard drive in one or more files of an approved structure.

- (2) The record of each stored event shall be marked by a date and time stamp.
- (3) Each event shall be detected and recorded to the database and posted to a line printer or terminal monitor within 10 seconds of the occurrence.

(d) Each CCS shall meet the following security requirements:

- (1) The ability to deny access to specific databases upon an access attempt, by employing passwords and other system security features. Levels of security and password assignment for all users shall be solely the function of the Kansas lottery;
- (2) the ability to allow multiple security-access levels to control and restrict different classes of access to the system;
- (3) password sign-on with two level codes comprising the personal identification code and a special password;
- (4) system access accounts that are unique to the authorized personnel;
- (5) the storage of passwords in an encrypted, nonreversible form;
- (6) the requirement that each password be at least 10 characters in length and include at least one nonalphabetic character;
- (7) password changes every 30 days;

- (8) prevention of a password from being used if the password has been used as any of the previous 10 passwords;
- (9) the requirement that the CCS lock a user's access upon three failed attempted log-ins and send a security alert to a line printer or terminal monitor;
- (10) the requirement that connectivity to any gaming system from a remote, non-gaming terminal be approved by the executive director and reported to the Kansas lottery, in accordance with K.A.R. 112-107-31. Remote connections shall employ security mechanisms including modems with dial-back, modems with on-off keylocks, message encryption, logging of sessions, and firewall protection;
- (11) the ability to provide a list of all registered users on the CCS, including each user's privilege level;
- (12) the requirement that approved software and procedures for virus protection and detection, if appropriate, be used;
- (13) the requirement that only programs, data files, and operating system files approved by the Kansas lottery and the commission reside on hard drive or in the memory of the CCS computers;
- (14) the requirement that nonroutine access alerts and alarm events be logged and archived for future retrieval;
- (15) the requirement that software signatures be calculated on all devices at all facilities and the signatures be validated by devices on the CCS network. These devices

shall include gaming equipment, location controllers, and cashier stations. These devices shall exclude non-gaming devices, including dumb terminals;

- (16) audit trail functions that are designed to track system changes;
- (17) time and date stamping of audit trail entries;
- (18) capability of controlling data corruption that can be created by multiple log-ons;
- (19) the requirement that the gaming software be maintained under an approved software change control system;
- (20) the ability to send an alert to any terminal monitor and line printer for any security event that is generated at an LFG or in the system. The system shall allow the system administrator to determine which events should be posted. The events shall be filtered by location;
- (21) equipment with a continuous power supply;
- (22) the capability of on-line data redundancy if a hard disk peripheral fails during operation; and
- (23) provision of a secure way through a graphic user interface for an auditor to make adjustments to the system. (Authorized by and implementing K.S.A. 2009 Supp. 74-8772; effective May 1, 2009; amended April 1, 2011.)

112-110-4. Central computer system; configuration and control. (a) Each CCS shall be able to begin or end gaming functions by a single command for any of the following:

- (1) An EGM;
- (2) a group of EGMS; or
- (3) all EGMS.

(b) Automatic and manual shutdown capabilities shall be available from the CCS.

(c) The software configuration of each CCS gaming system shall be approved by

the Kansas lottery and the commission.

(d) Each CCS shall maintain the following information for each EGM or connected device:

- (1) Location;
- (2) device description, including serial number and manufacturer;
- (3) game name;
- (4) game type;
- (5) configuration, including denomination, software identification number, software version installed on all critical components, game titles available, and progressive jackpot status;
- (6) history of upgrades, movements, and reconfigurations; and
- (7) any other relevant information as deemed necessary by the Kansas lottery or the commission.

(e) Each CCS shall be able to individually and collectively enroll EGMS.

(f) Each CCS shall be able to configure each EGM during the initial enrollment process so that the EGM's system-dependent parameters, including denomination, money units, and pay tables, can be programmed or retrieved from the EGMs and validated by the CCS.

(g) Each CCS shall be able to support continuous gaming operations and shall be able to enable and disable electronic gaming machines based on a daily schedule.

(Authorized by K.S.A. 2007 Supp. 74-8772; implementing K.S.A. 2007 Supp. 74-8749 and 74-8772; effective May 1, 2009.)

112-110-5. Central computer system; software validation. (a) Each CCS shall be programmed to initiate a signature validation when an EGM is enrolled.

(b) If an EGM fails the signature validation, the EGM shall not be placed into gaming mode without manual intervention at the CCS level.

(c) One of the following two methods of storing signature check references shall be implemented in the CCS:

(1) Game software image storage in which game software images existing in the EGM are also stored in the CCS; or

(2) precalculated signature results storage in which the table of signature results have a minimum of five entries and those entries are generated from randomly selected seed values for each game and repopulated on a daily basis. The utility program used to generate the signature check result table shall be approved by the Kansas lottery and the commission's electronic security staff.

(d) The game software image and precalculated signature results shall be secured, including by means of password protection and file encryption.

(e) If the image used for validating the EGM software is comprised of more than one program, both of the following requirements shall be met:

(1) The CCS shall have a method to allow each component to be loaded individually.

(2) The CCS shall combine the individual images based upon the scheme supplied by the EGM manufacturer to create the combined image. (Authorized by

K.S.A. 2007 Supp. 74-8772; implementing K.S.A. 2007 Supp. 74-8749 and 74-8772; effective May 1, 2009.)

112-110-6. Central computer system communication. (a) Each CCS provider shall furnish specifications, protocols, and the format of messages to and from the central computer system.

(b)(1) The documentation of the communications protocol shall explain all messages, conventions, and data formats and shall be submitted for approval before delivery of the protocol to EGM manufacturers. Approval shall be obtained before distribution of the communications protocol may commence.

(2) The documentation shall detail the following:

(A) The data format, including the following:

- (i) Byte ordering;
- (ii) bit order where bits are referenced; and
- (iii) negative number format;

(B) message framing, including the following:

- (i) Header field;
- (ii) address field;
- (iii) control field;
- (iv) information or data;
- (v) frame check sequence; and
- (vi) trailer field;

(C) minimum and maximum frame or packet length;

(D) packet termination indication;

- (E) padding techniques;
- (F) special characters used and the function of each character;
- (G) general principles of data exchange; and
- (H) any other specifications required to support the functionality of the system.

(c) All communications between the host system components shall be encrypted with an encryption tool, which may include data encryption standard approved by the commission's auditing staff. Each proprietary encryption system shall be approved by the Kansas lottery before its use.

(d) If the CCS finds an EGM that is not responding within a set number of retries, the EGM shall be logged as not responding and the system shall continue servicing all other EGMs in the network.

(e) Each CCS shall be wired directly to all EGMs.

(f) Each CCS shall be capable of monitoring the functioning of each EGM.

(g) If a CCS provider proposes a proprietary communications protocol, the provider shall supply a perpetual software license to the Kansas lottery at no additional charge. If a proprietary protocol is utilized, the protocol shall be provided to any vendor designated by the Kansas lottery free of charge within one week of contract signing.

(h) If a CCS uses an industry standard protocol, the provider shall supply and maintain an interoperability document that indicates all of the functionality within the protocol that is used and any additional implementation notes that apply. Each deviation from the protocol shall be approved by the Kansas lottery.

- (i) The communication of each CCS shall use cyclic redundancy checks (CRCs).
- (j) The communication of each CCS shall withstand error rates based on the protocols in use.
- (k) The communications protocol shall provide a method for the recovery of each message received in error or not received at all.
- (l) Each CCS shall acknowledge all data messages that the CCS receives.
- (m) Any CCS may include a negative acknowledgment (NAK) for messages received in error or messages that are received outside of specified time periods.

(Authorized by K.S.A. 2007 Supp. 74-8772; implementing K.S.A. 2007 Supp. 74-8749 and 74-8772; effective May 1, 2009.)

112-110-7. Central computer system; protocol simulator. (a) Each CCS shall include a protocol simulator to enable the development of the communications protocol and to assist in acceptance testing.

(b) Each simulator shall support and test all of the transactions and message types that are to be used by the communications protocol.

(c) Each simulator shall be capable of generating common communication errors to confirm that the EGM software is properly handling the event.

(d) Along with the protocol simulator, each CCS provider shall furnish the following:

(1) An operations manual or other suitable documentation;

(2) a definition of the message structure, types, and formats in machine-readable form;

(3) a standard for all program modules, including naming conventions, definitions of module names, and comments; and

(4) a diagram for the communications protocol.

(e) Each simulator shall run on standard computer equipment, including a personal computer.

(f) The communications protocol shall contain only codes or bytes that are defined in the communications protocol. (Authorized by K.S.A. 2007 Supp. 74-8772; implementing K.S.A. 2007 Supp. 74-8749 and 74-8772; effective May 1, 2009.)

112-110-8. Central computer system; general hardware specifications. (a) Each CCS shall be a state-of-the-art, fault-tolerant, redundant, and high-availability system. Any CCS may be configured in a duplex, triplex, or multiredundant configuration. All computer system components and peripheral equipment, including front-end communications processors, system printers, and tape drives, shall be fault-tolerant and redundant and maintain high availability. No performance degradation or loss of system functionality shall occur with the failure of a single system component. The central computer system's storage management solution shall provide fault tolerance and scalability.

(b) The performance of each CCS shall match or exceed the performance of any similar systems installed by North American lotteries or gaming central control systems in casinos in the last three years.

(c) The functions of each CCS shall not interfere with players, employees who require real-time monitoring of security events, cashiers who handle financial transactions of the electronic gaming machines, or attendants who service the EGM.

(d) Performance of each CCS shall not degrade noticeably during ordinary functionality. The CCS shall provide capacity to accommodate EGM populations, play volumes, user sessions, and event recording consistent with all specifications.

(e) All hardware and ancillary peripherals comprising the CCS shall be new equipment that has not previously been used or refurbished.

- (f) The supplier of each CCS shall be able to produce system checksums or comparable system file checker reports when requested by Kansas lottery or the commission.
- (g) Each supplier of CCS hardware and software shall obtain written approval from the Kansas lottery director or the director's designee before making any enhancement or modification to the operating software.
- (h) Each CCS supplier shall provide all hardware, operating system software, third-party software, and application software necessary to operate the CCS.
- (i) Each CCS shall be able to operate 24 hours a day, seven days a week, with the database up and running. Off-hours backup shall be able to run without shutting down the database. The Kansas lottery shall be able to do a full system backup, which shall include backing up the operating system and any supplier software.
- (j) The central processing unit and peripheral devices of each CCS shall employ physical security measures in the form of sealed casings, lockable containment, or any other means of physical security approved by the Kansas lottery and the commission.
- (k) Each CCS shall be able to support gaming in at least seven gaming facilities in the state of Kansas.
- (l) Each CCS shall have one or more management terminals located at each of the facilities. Management terminals may be accessed only with the permission of the Kansas lottery. A monitoring terminal shall also be located at the Kansas lottery headquarters.

(m) Each CCS shall have two or more monitoring terminals at each facility, as approved by the commission, with at least one terminal to be utilized by the commission. A monitoring terminal shall be located at the commission headquarters.

(n) The responsibility to audit all lottery gaming facility revenues shall rest with the commission. Each CCS supplier shall provide a separate data feed that contains the original accounting data from the EGM before any adjustments and means to reconcile the values or other means of validating any adjustments are made to any data on the system. This separate data feed shall be approved by the commission. (Authorized by K.S.A. 2007 Supp. 74-8772; implementing K.S.A. 2007 Supp. 74-8749 and 74-8772; effective May 1, 2009.)

112-110-9. Central computer system backup. (a) Each CCS supplier shall provide one or more remote backup systems that will take over for the primary site systems, if necessary. Redundant arrays of inexpensive disks (RAID) shall be used to protect key data at the remote site. Data recorded at the remote site shall always contain the most recent transactions. The facility networks shall be routed to permit transaction processing at the backup site. Other communications to permit Kansas lottery operations shall also connect to the backup site. The backup site system shall be able to be tested monthly to ensure that the remote site is fully functional.

(b) Each remaining system shall assume all system functions in case of a failure in one system, without loss or corruption of any data and transactions received before the time of the failure.

(c) Multiple components in the CCS shall have a time-synchronizing mechanism to ensure consistent time recording and reporting for all events and transactions.

(d) The remote backup systems shall have the same processing capacity and architecture as those of the central site systems.

(e) Primary site system recovery from a one-system failure shall be accomplished in no more than two minutes while still maintaining current transactions, including the ability to fully service the communications network supporting the EGM and management terminals.

(f) Backup site system recovery from a primary site failure shall be accomplished in less than 10 minutes without loss of transactions. (Authorized by K.S.A. 2007 Supp.

74-8772; implementing K.S.A. 2007 Supp. 74-8749 and 74-8772; effective May 1, 2009.)

112-110-10. Central computer system manuals. (a) Each CCS supplier shall provide the following manuals and diagrams for the CCS:

- (1) Operation manuals;
- (2) service manuals;
- (3) CCS architecture diagrams; and
- (4) other circuit diagrams.

(b) The required service manuals shall meet the following requirements:

- (1) Accurately depict the CCS that the manual is intended to cover;
- (2) provide adequate detail and be sufficiently clear in their wording and diagrams to enable a qualified repairperson to perform repair and maintenance in a manner that is conducive to the long-term reliability of the CCS;
- (3) include maintenance schedules outlining the elements of the EGM that require maintenance and the frequency at which that maintenance should be carried out; and
- (4) include maintenance checklists that enable EGM maintenance staff to make a record of the work performed and the results of the inspection.

(c) The required CCS architecture diagrams shall meet the following requirements:

- (1) Accurately depict the CCS that the diagrams are intended to cover;

(2) provide adequate detail and be sufficiently clear in their wording and depiction to enable qualified technical staff to perform an evaluation of the design of the component; and

(3) be professionally drafted in order to meet the requirements specified in this subsection. (Authorized by K.S.A. 2007 Supp. 74-8772; implementing K.S.A. 2007 Supp. 74-8749 and 74-8772; effective May 1, 2009.)

112-110-11. Central computer system; support of progressive games. (a) As used within this regulation, the following terms shall have the meanings specified in this subsection:

(1) "Linked progressive games" means a group of EGMs at a gaming facility that offers the same game and involves a manner of wagering providing the same probability of hitting the combination that will award the progressive jackpot that increases by the same increments as the EGM is played.

(2) A "wide-area progressive game" means a game that consists of a group of EGMs located at two or more gaming facilities, linked to a single CCS computer that has a manner of wagering that will provide the same probability of hitting the combination that will award the progressive jackpot that increases, by the same increments, as the EGM is played.

(b) Each CCS shall be able to support a variety of different progressive jackpot games, including single-machine games, linked games at a gaming facility, and wide-area progressive games shared by two or more gaming facilities.

(c) The CCS communication for the wide-area progressive system shall be by means of dedicated on-line communication lines, satellite, or another preapproved communications system. All communication packets between each participating facility manager and the CCS shall be encrypted, and the encryption keys shall be alterable upon demand. The protocol shall ensure delivery of all information packets in a valid and correct form.

(d) The CCS computer's wide-area progressive gaming subsystem shall have the ability to monitor the opening of the front door of the EGM and the logic area of the EGM, and to report all these events to the CCS within one polling cycle.

(e) Each CCS shall have the ability to produce reports that demonstrate the method used to calculate the progressive jackpot amount, including the documentation of credits contributed from the beginning of the polling cycle and all credits contributed throughout the polling cycle that includes the jackpot signal. The method shall assume that credits contributed to the system after the jackpot win occurs, in real-time but during the same polling cycle, are contributed to the progressive jackpot amount before the win.

(f) Each CCS shall be able to produce fiscal reports that support and verify the economic activity of the games, indicating the amount of and basis for the current progressive jackpot amount. These reports shall include the following:

(1) An aggregate report to show only the balancing of the progressive link with regard to facilitywide totals;

(2) a detail report in a format that indicates for each EGM, summarized by location, the cash-in, cash-out, credits-played, and credits-won totals, as these terms are commonly understood by the Kansas lottery; and

(3) a jackpot contribution invoice that includes documentation of contributions by the following:

(A) Each of its participating EGMs;

- (B) the credits contributed by each EGM to the jackpot for the period for which an invoice is remitted;
- (C) the percentage contributed by that gaming facility; and
- (D) any other information required by the Kansas lottery or the commission to confirm the validity of the facility manager's aggregate contributions to the jackpot amount.

This report shall be available for any facility manager participating in a wide-area progressive electronic gaming machine system.

- (g) Each CCS shall be designed to have continuous operation of all progressive games.
- (h) Each CCS shall have a method to transfer the balance of one progressive pool to another.
 - (i)(1) Each progressive controller linking one or more progressive EGMS shall be housed in a double-keyed compartment or an alternative approved by the Kansas lottery and the commission.
 - (2) The Kansas lottery or the Kansas lottery's designee shall be given possession of one of the keys, or the Kansas lottery's designee shall authorize each instance of access to the controller in advance. No person may have access to a controller without notice to the Kansas lottery.

(3) A progressive entry authorization log shall be included with each controller, and the log shall be completed by each person gaining entrance to the controller. The log shall be entered on a form provided by the Kansas lottery.

(4) If a progressive jackpot is recorded on any progressive EGM, the progressive controller shall be able to identify the EGM that caused the progressive meter to activate, and the progressive controller shall display the winning progressive amount.

(5) If more than one progressive EGM is linked to the progressive controller, the progressive controller may automatically reset to the minimum amount and continue normal play only if the progressive meter displays the following information:

- (A) The identity of the EGM that caused the progressive meter to activate;
- (B) the winning progressive amount; and
- (C) the minimum amount that is displayed to the other players on the link.

(6) A progressive meter or progressive controller shall keep the following information in nonvolatile memory, which shall be displayed upon demand:

- (A) The number of progressive jackpots won on each progressive meter if the progressive display has more than one winning amount;
- (B) the cumulative amounts paid on each progressive meter if the progressive display has more than one winning amount;
- (C) the maximum amount of the progressive payout for each meter displayed;
- (D) the minimum amount or reset amount of the progressive payout for each meter displayed; and

(E) the rate of progression for each meter.

(7) Waivers may be granted by the Kansas lottery to ensure that individual EGMS and multiple EGMS linked to a progressive controller meet the requirements of this regulation. (Authorized by K.S.A. 2007 Supp. 74-8772; implementing K.S.A. 2007 Supp. 74-8749 and 74-8772; effective May 1, 2009.)

112-110-12. Central computer system; additional functionality. (a) Each CCS shall be able to support ticket in-ticket out (TITO) processes.

(b) Any CCS may perform the following:

- (1) Downloading operating and game software to EGMs that use electronic storage media on which the operation software for all games resides or at a minimum approving, auditing, and verifying the downloading of software to EGMs;
- (2) allowing gaming software to be driven by down-line loading on the communications line. Gaming software may be either solicited by the EGM or unsolicited; and
- (3) allowing gaming software to be downloaded in a modular fashion with only the modules requiring a change being downloaded. Downloading shall not preclude continuous operation of the EGM network. The CCS provider shall detail for the Kansas lottery and the commission any particular download features of the software, including downloading in the background, eavesdropping, and compression. (Authorized by K.S.A. 2007 Supp. 74-8772; implementing K.S.A. 2007 Supp. 74-8749 and 74-8772; effective May 1, 2009.)

112-110-13. Central computer system; acceptance testing. (a) Each CCS supplier shall make that provider's system available for independent acceptance and compatibility testing.

(b) If a CCS fails the acceptance testing, the CCS supplier shall make all necessary modifications required for acceptance by the Kansas lottery and the commission within the time frame specified by the Kansas lottery and the commission.

(c) Each CCS supplier shall provide at least one test system, including all hardware and software, to the commission or its independent testing laboratory for the duration of the contract. The test system shall include any third-party software and licenses used by the system. The test system shall use the identical software that exists on the production system, though the test system may utilize similar but not identical hardware.

(d) Each CCS supplier shall provide a complete set of manuals at the beginning of acceptance testing. Updates to the manuals shall be supplied concurrently with any CCS modifications that result in updating the manual.

(e) A test system in addition to the system required in subsection (b) may be required if the Kansas lottery determines that a system shall be located at the Kansas lottery.

(f) The cost of initial acceptance testing by the Kansas lottery, the commission, and the commission's independent testing laboratory shall be paid by the CCS supplier. The cost of any testing resulting from system modifications or enhancements shall be

paid by the CCS supplier. These costs shall include travel time and expenses for functionality that must be tested on-site or at an alternate location.

(g) Each CCS supplier shall be responsible for the consulting costs incurred by the commission and the Kansas lottery to develop the test scripts. (Authorized by K.S.A. 2007 Supp. 74-8772; implementing K.S.A. 2007 Supp. 74-8749 and 74-8772; effective May 1, 2009.)

112-110-14. Procedures for resolving EGM breaks in communication with the central computing system. (a) If one or more EGMs have an unscheduled break in communications with the central computer system for more than 60 seconds, unless another time is specified by the executive director, the following requirements shall be met:

- (1) The supplier for the central computer system shall notify the lottery gaming facility's surveillance department of the break in communication.
- (2) The lottery gaming facility's surveillance department shall notify the slot shift supervisor on duty or the person in an equivalent position of the break in communication.
- (3) The lottery gaming facility's EGM department shall perform the following:
 - (A) Investigate the reason for the break in communication with the central computer system; and
 - (B) identify the party responsible for correcting the problem and a time frame for correction.

(b)(1) If one or more EGMs have an unscheduled break in communications with the central computer system for longer than 10 minutes, the supplier for the central computer system shall notify the commission personnel on duty.

(2) For communication breaks that last longer than 10 minutes, a determination shall be made by the commission as to whether to cease operation of the EGMs affected by the central communication system's break in communication. The following may be considered by the commission:

- (A) The potential for any data loss;
- (B) the projected length of outage;
- (C) the circumstances of the break in communication;
- (D) the proposed solution to the problem; and
- (E) any other factor that arises.

(c) If one or more EGMs have an unscheduled break in communications with the central computer system for longer than 30 minutes, the supplier for the central computer system shall perform the following:

- (1) Contact the facility manager slot shift supervisor on duty or the person in an equivalent position to assist in reestablishing communications; and
- (2) send updated notification to the commission personnel on duty of the situation at least every two hours until the situation is resolved. When EGM communications have been restored, the supplier for the central computer system shall notify all parties involved.

(d) For the purpose of this regulation, notification may include automated electronic communications. (Authorized by and implementing K.S.A. 2010 Supp. 74-8772; effective December 9, 2011.)

K.A.R. 112-111-1. Involuntary exclusion list. (a) An “involuntary exclusion list” shall be created by the commission staff and shall consist of the names of people who the executive director determines meet any one of the following criteria:

- (1) Any person whose presence in a gaming facility would be inimical to the interest of the state of Kansas or gaming in Kansas, including the following:
 - (A) Any person who cheats, including by intentionally doing any one of the following:
 - (i) Altering or misrepresenting the outcome of a game or event on which wagers have been made, after the outcome is determined but before the outcome is revealed to the players;
 - (ii) placing, canceling, increasing, or decreasing a bet after acquiring knowledge, not available to other players, of the outcome of the game or subject of the bet or of events affecting the outcome of the game or subject of the bet;
 - (iii) claiming or collecting money or anything of value from a game or authorized gaming facility not won or earned from the game or authorized gaming facility;
 - (iv) manipulating a gaming device or associated equipment to affect the outcome of the game or the number of plays or credits available on the game; or
 - (v) altering the elements of chance or methods of selection or criteria that determine the result of the game or amount or frequency of payment of the game;
 - (B) any person who poses a threat to the safety of the patrons or employees;

- (C) persons who pose a threat to themselves;
- (D) persons with a documented history of conduct involving the disruption of a gaming facility;
- (E) persons included on another jurisdiction's exclusion list; or
- (F) persons subject to an order of the courts of Kansas excluding those persons from any gaming facility;

(2) any felon or person who has been convicted of any crime or offense involving moral turpitude and whose presence in a gaming facility would be inimical to the interest of the state of Kansas or of gaming in Kansas; or

(3) any person who has been identified by the director of security as being a criminal offender or gaming offender and whose presence in a gaming facility would be inimical to the interest of the state of Kansas or of gaming in Kansas.

(b) As used in this article, a person's presence shall be deemed "inimical to the interest of the state of Kansas or gaming in Kansas" if the presence meets any one of the following conditions:

- (1) Is incompatible with the maintenance of public confidence and trust in the integrity of licensed gaming;
- (2) is reasonably expected to impair the public perception of or confidence in the regulation or conduct of gaming; or
- (3) creates or enhances a risk of unfair or illegal practices in the conduct of gaming.

(c) The executive director's determination of inimicality may be based upon any of the following:

- (1) The nature and notoriety of the person to be excluded from gaming facilities;
- (2) the history and nature of the involvement of the person with a gaming facility in Kansas or any other jurisdiction or with any particular licensee or licensees or any related company of any licensee;
- (3) the nature and frequency of any contacts or associations of the person with any licensee; or
- (4) any other factor reasonably related to the maintenance of public confidence in the regulatory process or the integrity of gaming in Kansas.

(d) The involuntary exclusion list shall contain the following information, if known, for each excluded person:

- (1) The full name and all known aliases and the date of birth;
- (2) a physical description;
- (3) the date the person's name was placed on the list;
- (4) a photograph, if available;
- (5) the person's occupation and current home and business addresses; and
- (6) any other relevant information as deemed necessary by the commission.

(e) The involuntary exclusion list shall be open to public inspection and shall be distributed by the executive director. (Authorized by K.S.A. 2007 Supp. 74-8772; implementing K.S.A. 2007 Supp. 74-8752 and 74-8772; effective May 1, 2009.)

K.A.R. 112-111-2. Inclusion on list; notice. (a) Upon the executive director's determination that a person meets the criteria for exclusion from gaming facilities in this article, the person's name shall be added to the involuntary exclusion list, and the commission staff shall be directed by the executive director to file a notice of exclusion.

The notice of exclusion shall identify all of the following:

- (1) The person to be excluded;
- (2) the nature and scope of the circumstances or reasons that the person should be placed on the involuntary exclusion list;
- (3) the names of potential witnesses;
- (4) a recommendation as to whether the exclusion will be permanent; and
- (5) the availability of a hearing by the commission.

(b) The notice of exclusion shall be served on the excluded person using any method that is appropriate for service under Kansas law.

(c) A written request for a hearing shall be delivered to the executive director within 10 calendar days from the date the notice of exclusion was served on the person to be excluded. If no request for hearing is made, an order shall be issued by the commission affirming the placement of the person on the involuntary exclusion list. If the excluded person timely requests a hearing, the commission staff shall set the matter for a hearing before the commission. (Authorized by K.S.A. 2007 Supp. 74-8772; implementing K.S.A. 2007 Supp. 74-8752 and 74-8772; effective May 1, 2009.)

K.A.R. 112-111-3. Effect of placement on the exclusion list. (a) Each excluded person shall be prohibited from entry to a gaming facility.

(b) If the commission or a Kansas court finds that the person does not meet the criteria for exclusion, then the person's name shall be removed from the involuntary exclusion list and the exclusion shall be terminated effective upon the date of the action by the commission or the court. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective May 1, 2009.)

K.A.R. 112-111-4. Facility manager duties. (a) Each facility manager shall exclude from the gaming facility any person on the involuntary exclusion list.

(b) Each facility manager's director of security shall notify the commission's security staff if an excluded person has attempted entry to the gaming facility.

(c) Each facility manager shall distribute copies of the involuntary exclusion list to its employees.

(d) Each facility manager shall notify the commission in writing of the names of persons the facility manager believes meet the criteria for placement on the involuntary exclusion list. (Authorized by and implementing K.S.A. 2008 Supp. 74-8772; effective May 1, 2009.)

K.A.R. 112-111-5. Petition for removal. (a) An excluded person shall not petition the commission for removal from the involuntary exclusion list until at least five years have passed from date of the commission's order affirming placement of the person on the list.

(b) Each petition shall be verified with supporting affidavits and shall state in detail the grounds that the petitioner believes constitute good cause for the petitioner's removal from the list.

(c) The petition may be decided by the commission on the basis of the documents submitted by the excluded person. The petition may be granted or summarily denied by the commission or a hearing on the matter may be directed to be held by the commission. The petition may be granted or a hearing may be directed to be held by the commission only upon a finding that there is new evidence that would alter the original decision to affirm the person's placement on the involuntary exclusion list. (Authorized by and implementing

K.S.A. 2007 Supp. 74-8772; effective May 1, 2009.)

112-112-1. Office of responsible gambling. A staff person shall be appointed by the executive director to direct the office of responsible gambling. This staff person shall administer all of the commission's programs to assist individuals with issues related to gambling and to help prevent problem gambling in Kansas. The office of responsible gambling shall coordinate resources to maximize the efficiency and effectiveness of the programs of other state agencies and private organizations that allocate resources to assisting individuals with issues related to gambling and preventing problem gambling.

(Authorized by K.S.A. 2009 Supp. 74-8772 and 74-8804; implementing K.S.A. 2009 Supp. 74-8772, and 74-8773; effective Sept. 26, 2008; amended April 1, 2011.)

112-112-2. Definition. As used within this article, "facility manager" shall mean any lottery gaming facility manager, racetrack gaming facility manager, racetrack facility manager, or fair association. (Authorized by K.S.A. 2007 Supp. 74-8772 and K.S.A. 74-8804; implementing K.S.A. 2007 Supp. 74-8772 and K.S.A. 74-8825; effective Sept. 26, 2008.)

112-112-3. Responsible gambling plan. (a) Each applicant for a facility manager certificate shall submit a responsible gambling plan to the commission with its initial application or at least 90 days before opening a racetrack gaming facility. The responsible gambling plan shall not be inconsistent with any facility manager's contractual obligation with the Kansas lottery. A responsible gambling plan shall be approved by the commission before the commission issues or renews a certificate. Each plan shall include the following:

- (1) The goals of the plan and the procedures and deadlines for implementation of the plan;
- (2) the identification of the individual at each applicant or facility manager location who will be responsible for the implementation and maintenance of the plan;
- (3) procedures for maintaining the confidentiality of the information regarding the persons on the self-exclusion list, as specified in K.A.R. 112-112-7;
- (4) procedures for informing patrons about self-transaction exclusion programs;
- (5) procedures for compliance with the commission's self-exclusion program;
- (6) procedures for creating and disseminating promotional material to educate patrons about problem gambling and to inform patrons about treatment services available. The applicant or facility manager shall provide examples of the material to be used as part of its promotional materials, including signs, brochures, and other media, and a description of how the material will be disseminated;

- (7) details of the training about responsible gambling for the applicant's or facility manager's employees;
- (8) the duties and responsibilities of the employees designated to implement or participate in the plan;
- (9) procedures to prevent underage gambling;
- (10) procedures to prevent patrons impaired by drugs or alcohol, or both, from gambling;
- (11) an estimation of the cost of development, implementation, and administration of the plan; and
- (12) any other policies and procedures to prevent problem gambling and encourage responsible gambling.

(b) Each applicant or facility manager shall submit any amendments to the responsible gambling plan to the commission for review and approval before implementing the amendments. Each facility manager shall report to the commission semiannually on the status and success of the responsible gambling plan. (Authorized by K.S.A. 2009 Supp. 74-8772 and K.S.A. 74-8804; implementing K.S.A. 2009 Supp. 74-8772; effective Sept. 26, 2008; amended April 1, 2011.)

112-112-4. Self-exclusion list. (a) A “self-exclusion list” shall consist of the names of those persons who have complied with the requirements of this article and have been placed on the list by the executive director. The self-exclusion list shall provide the means for each individual with issues related to gambling to formally notify the commission that the individual has a gambling problem and that the individual will refrain from visiting gaming facilities, parimutuel licensee locations, and fair association race meets in Kansas.

(b) Each facility manager shall be notified by the executive director of the placement of any person on the self-exclusion list. Any or all information contained on the person’s application may be disclosed to each facility manager and the facility manager’s agents or employees by the executive director. (Authorized by K.S.A. 2009 Supp. 74-8772 and 74-8804; implementing K.S.A. 2009 Supp. 74-8772; effective Sept. 26, 2008; amended April 1, 2011.)

112-112-5. Requirements for placement on the self-exclusion list. (a) Any person may seek placement on the self-exclusion list by performing the following:

- (1) Requesting an application in person from commission staff at any gaming facility, parimutuel licensee location, or fair association race meet or at the commission's Topeka office during regular business hours; and
- (2) completing and executing the application with a commission staff person.

(b) If the person is unable to appear in person at a gaming facility, parimutuel licensee location, or fair association race meet or at the Topeka office, the person may contact the commission's Topeka office during regular business hours so that other arrangements can be made.

(c) Each completed application shall be a closed record pursuant to K.S.A. 45-221(a)(30) and amendments thereto.

(d)(1) Each application shall contain a statement that the applicant will refrain from visiting gaming facilities, parimutuel licensee locations, and fair association race meets in Kansas. Each person seeking placement on the self-exclusion list shall also acknowledge on the application that by being placed on the list, that person may be subject to a charge of trespass pursuant to K.S.A. 21-3721, and amendments thereto, if that person is discovered at a gaming facility, parimutuel licensee location, or fair association race meet by any agent or employee of the commission or by facility manager staff.

(2) The applicant shall acknowledge that the applicant's request to be placed on the self-exclusion list could result in being denied service or access to gaming and entertainment facilities in other jurisdictions. Furthermore, the applicant shall acknowledge that the commission and all facility managers will prohibit the applicant from entering the premises of all gaming facilities, parimutuel licensee locations, and fair association race meets.

(e)(1) As a part of the application, each applicant shall agree that facility managers and their employees have the right to communicate information in the application to entities affiliated with the facility manager that have a need to know the information for the purpose of complying with this article.

(2) Each facility manager shall be responsible for maintaining the confidentiality of the information provided in the application and shall use the information exclusively to deny persons on the self-exclusion list access to facilities under the control of the facility manager and its affiliates.

(f) An applicant's failure to provide any information or to complete any forms provided by the commission may result in a denial of a request for placement on the self-exclusion list.

(g) Self-exclusion list application forms shall include at a minimum a waiver of liability of the commission and its agents, the Kansas lottery and its agents, the state of Kansas, any person licensed pursuant to the Kansas expanded lottery act or parimutuel

racing act, and any other person deemed necessary by the commission for any claims or damages that arise out of or relate to the self-exclusion list or its use.

(h) Upon an applicant's submission of a completed self-exclusion list application, a notice of placement on the self-exclusion list may be filed by the executive director. Each notice of placement shall be a closed record pursuant to K.S.A. 45-221(a)(30) and amendments thereto, except that the application and notice may be disclosed to facility managers and their agents, employees, and affiliates who have a need to know the information for the purpose of complying with this article.

(i) A copy of the notice of placement on the self-exclusion list shall be delivered by the executive director to the applicant by regular U.S. mail to the home address specified on the application. The applicant shall be deemed to be placed on the self-exclusion list when that person submits the application to the executive director for placement on the self-exclusion list, not at the time the notice is delivered to the applicant.

(j) If the executive director finds that an applicant does not qualify for placement on the self-exclusion list or that the applicant should be allowed to withdraw the application, the applicant shall be notified by the executive director by regular U.S. mail sent to the home address specified on the application. (Authorized by K.S.A. 2007 Supp. 74-8772 and K.S.A. 74-8804; implementing K.S.A. 2007 Supp. 74-8772 and K.S.A. 74-8825; effective Sept. 26, 2008.)

112-112-6. Mandatory surrenders to the state. Each person who has been placed on the self-exclusion list shall surrender to the commission all prizes, jackpots, chips or tokens in play, pay vouchers, coupons, and electronic credits obtained at a facility manager's location after the person's placement on the self-exclusion list. The items surrendered to the commission shall be liquidated or redeemed and shall be transferred to the state's problem gambling and addictions fund. (Authorized by K.S.A. 2007 Supp. 74-8772 and K.S.A. 74-8804; implementing K.S.A. 2007 Supp. 74-8772 and K.S.A. 74-8825; effective Sept. 26, 2008.)

112-112-7. Confidentiality of the self-exclusion list. (a)(1) As part of the responsible gambling plan required by K.A.R. 112-112-3(a), each facility manager or applicant for a facility manager certificate shall submit to the commission a plan for maintaining the confidentiality of the information regarding the persons on the self-exclusion list. The plan shall reasonably safeguard the confidentiality of the information but shall include dissemination of the information to at least the general manager, facility management, and all security and surveillance personnel. Each plan shall be submitted to the commission for approval.

(2) All information disclosed to any facility manager regarding anyone placed on the self-exclusion list shall be deemed a closed record pursuant to K.S.A. 45-221(a)(30) and amendments thereto. However, the information may be disclosed as authorized by the individual seeking placement on the list, by law, and through the provisions in this article.

(b) Any facility manager may disclose the information contained in the application to the facility manager's affiliates, employees, or agents to the extent necessary under this article.

(c) All information associated with the self-exclusion list, including the identities of individuals who have placed themselves on the list and any personal information about those individuals, shall be considered a closed record under the Kansas open records act pursuant to K.S.A. 45-221(a)(30) and amendments thereto.

(d) For administrative, disciplinary, or penalty proceedings regarding any alleged infraction by an individual on the self-exclusion list, the individual who is on the self-exclusion list shall not be named. An alternate means of identification shall be used to keep that individual's identity confidential. (Authorized by K.S.A. 2007 Supp. 74-8772 and K.S.A. 74-8804; implementing K.S.A. 2007 Supp. 74-8772; effective Sept. 26, 2008; amended April 1, 2011.)

112-112-8. Facility manager conduct regarding self-excluded persons. (a) Each facility manager, including its agents and employees, that identifies a person at the facility manager's location who is suspected of being on the self-exclusion list shall at that time notify or cause to notify the commission agent on duty or the facility manager's senior security officer on duty. Once it is confirmed that the person is on the self-exclusion list and at the facility manager's location, the facility manager shall perform the following:

- (1) Remove the self-excluded person from the gaming facility, parimutuel licensee location, or fair meet; and
- (2) cooperate with the commission agent on duty with respect to any further actions or investigations.

(b) Each facility manager shall have 30 days from the effective date of this regulation to submit a list of internal controls, which shall be subject to approval by the commission. This list shall specify the following:

- (1) The facility manager's plan for removing those persons on the self-exclusion list from mailing lists advertising the facility manager's Kansas operation, including marketing offers, slot club programs, VIP member programs, telemarketing programs, and other marketing promotions. However, this paragraph shall not be construed to prohibit mass mailings to "Resident"; and
- (2) the facility manager's plan for denying access by persons on the self-exclusion list to the following:

- (A) Check cashing, bank machine, and cash advance privileges;
- (B) special club programs, including slot clubs and VIP cards; and
- (C) the issuance of credit, if applicable.

(c) Any facility manager and its agents or employees may be disciplined by the commission if any of the following conditions is met:

- (1) It can be shown by a preponderance of the evidence that the facility manager or its employees or agents knew or should have known that a person on the self-exclusion list was present at the facility manager's location and the facility manager failed to follow the procedures required by these regulations.
- (2) The facility manager or its employees or agents failed to follow procedures for complying with the regulations relating to self-exclusion.
- (3) The facility manager reveals any information regarding self-exclusion that is considered a closed record under these regulations to any party not permitted under this act or these regulations. (Authorized by K.S.A. 2007 Supp. 74-8772 and K.S.A. 74-8804; implementing K.S.A. 2007 Supp. 74-8751, 74-8772 and K.S.A. 74-8825; effective Sept. 26, 2008.)

112-112-9. Procedure for removal from the self-exclusion list. (a) At any time after two years from the original date of application for placement on the self-exclusion list, any person on the self-exclusion list may petition the executive director for removal from the self-exclusion list. The authority to approve or deny each petition shall rest with the executive director. To be eligible for removal from the self-exclusion list, each person shall provide documentation acceptable to the commission that the applicant has met all of the following conditions:

- (1) The person has undergone a problem gambling assessment with a gambling counselor certified by the Kansas department of social and rehabilitation services or through any other method approved by the commission.
- (2) The person has completed a commission-approved education program on healthy lifestyle choices and problem gambling awareness.
- (3) The person has met any other requirements deemed necessary by the commission.
- (4) The person has executed an authorization and release to be removed from the self-exclusion list on a form provided by the commission.

(b) Each facility manager shall retain the ability to deny gambling privileges at a gaming facility, parimutuel licensee location, or fair association race meet to the persons who have been removed from the self-exclusion list for any other reason ordinarily available to the facility manager.

(c) Any person who has been removed from the self-exclusion list may reapply for placement on the list at any time as provided in this article.

(d) Upon approval of a petition for removal from the self-exclusion list, a notice of removal from the self-exclusion list shall be drafted by the executive director. Each notice shall be a closed record pursuant to the Kansas open records act, including K.S.A. 45-221(a)(30) and amendments thereto, except that the notice shall be disclosed to all facility managers and their agents and employees.

(e) A copy of the notice of removal from the self-exclusion list shall be delivered by the executive director to the petitioner by regular U.S. mail to the home address specified on the petition. The petitioner shall be deemed to be removed from the self-exclusion list when the executive director mails the approved notice to the petitioner.

(f) If the executive director finds that a petitioner does not qualify for removal from the self-exclusion list, the petitioner shall be notified by the executive director by regular U.S. mail, using the home address specified on the petition. The petitioner shall remain on the self-exclusion list pursuant to this article. (Authorized by K.S.A. 2009 Supp. 74-8772 and 74-8804; implementing K.S.A. 2009 Supp. 74-8772; effective Sept. 26, 2008; amended April 1, 2011.)

112-113-1. Sanctions. (a) Any licensee, certificate holder, permit holder, or applicant may be sanctioned for violating any provision of the act, these regulations, or any other law that directly or indirectly affects the integrity of gaming in Kansas, including a violation of any of the following:

- (1) Failing to disclose material, complete, and truthful information to the commission and its staff;
- (2) failing to comply with any of the duties in article 101;
- (3) being a facility manager and employing unlicensed employees or independent contractors;
- (4) being a facility manager and contracting with uncertified gaming or nongaming suppliers;
- (5) failing to follow the commission's minimum internal control standards or the facility manager's minimum internal control system;
- (6) failing to follow the commission's security regulations or the facility manager's security plan;
- (7) failing to follow the commission's surveillance regulations or the facility manager's surveillance plan;
- (8) failing to enforce the involuntary exclusion list;
- (9) failing to enforce the facility manager's responsible gaming plan or the provisions of article 112;
- (10) failing to post signs informing patrons of the toll-free number available to

provide information and referral services regarding problem gambling; or

(11) permitting persons who are less than 21 years of age that do not have an occupation license to be in areas where electronic gaming machines or lottery facility games are being conducted.

(b) The commission, disciplinary review board, and executive director shall have the authority to impose any of the following sanctions:

(1) License, certificate, or permit revocation;

(2) license, certificate, or permit suspension;

(3) license, certificate, or permit application denial;

(4) a monetary fine pursuant to K.S.A. 74-8764 and amendments thereto;

(5) warning letters or letters of reprimand or censure. These letters shall be made a permanent part of the file of the licensee, applicant, permit holder, or certificate holder; or

(6) any other remedial sanction agreed to by the licensee, applicant, certificate holder, or permit holder.

(c) Each sanction shall be determined on a case-by-case basis. In considering sanctions, the following may be considered by the executive director, disciplinary review board, or commission:

(1) The risk to the public and to the integrity of gaming operations created by the conduct of the licensee, certificate holder, permit holder, or applicant facing sanctions;

(2) the nature of the violation;

(3) the culpability of the licensee, certificate holder, permit holder, or applicant responsible for the violation;

(4) any justification or excuse for the conduct;

(5) the history of the licensee, certificate holder, permit holder, or applicant with respect to compliance with the act, these regulations, or other law; and

(6) any corrective action taken by the licensee, certificate holder, permit holder, or applicant to prevent future misconduct.

(d) In the case of a monetary fine, the financial means of the licensee, certificate holder, permit holder, or applicant may be considered.

(e) It shall be no absolute defense that the licensee, certificate holder, permit holder, or applicant inadvertently, unintentionally, or unknowingly violated a provision of the act or these regulations. These factors shall affect only the degree of the sanction to be imposed by the commission.

(f) Each violation of any provision of these regulations that is an offense of a continuing nature shall be deemed to be a separate offense on each day during which the violation occurs. The commission shall not be precluded from finding multiple violations within a day of those provisions of the regulations that establish offenses consisting of separate and distinct acts. (Authorized by and implementing K.S.A. 2007 Supp. 74-8751 and 74-8772; effective April 17, 2009.)

112-114-1. Definitions. The following terms as used in these regulations shall have the meanings specified in this regulation, unless the context clearly indicates otherwise:

- (a) "Disciplinary review board" means a board established by the executive director. The board members shall be appointed by the executive director to review certain applications and licensee or certificate holder conduct and to ensure compliance by applicants, licensees, and certificate holders with these regulations, the act, and other laws.
- (b) "Hearing body" means the commission, disciplinary review board, or executive director, when each of these is conducting a hearing. (Authorized by and implementing K.S.A. 2007 Supp. 74-8751 and 74-8772; effective May 1, 2009.)

112-114-2. Report of an alleged violation. (a) Any person may file a report of an alleged violation with any commission office.

(b) Each person reporting an alleged violation shall complete the commission-approved report form available online and in commission offices. Substantially incomplete forms shall not be accepted by commission personnel. (Authorized by and implementing K.S.A. 2008 Supp. 74-8751 and 74-8772; effective May 1, 2009.)

112-114-3. Notice of alleged violation and hearing. (a) If disposition of the allegation raised in a report could result in suspension or revocation, the respondent shall be provided by the commission with reasonable notice of the alleged violation and hearing.

(b) The notice of alleged violation and hearing shall include the following information:

- (1) The time and location of the hearing;
- (2) the identity of the hearing body;
- (3) the case number and the name of the proceeding;
- (4) a statement of the legal authority and a general description of the allegation, including the time of occurrence;
- (5) a statement that a respondent who fails to attend the hearing may be subject to the entry of an order that is justified by the evidence presented at the hearing; and
- (6) a statement that a respondent has the right to appear at the hearing with counsel, the right to produce any evidence and witness on the respondent's behalf, the right to cross-examine any witness who may testify against the respondent, and the right to examine any evidence that may be produced against the respondent.

(Authorized by and implementing K.S.A. 2007 Supp. 74-8751 and 74-8772; effective May 1, 2009.)

112-114-4. Waiver. Except to the extent precluded by another provision of law, a person may waive any right conferred upon that person by these regulations.

(Authorized by and implementing K.S.A. 2007 Supp. 74-8751 and 74-8772; effective May 1, 2009.)

112-114-5. Informal settlements. Nothing in these regulations shall preclude the informal settlement of matters that could make a hearing unnecessary. (Authorized by and implementing K.S.A. 2007 Supp. 74-8751 and 74-8772; effective May 1, 2009.)

112-114-6. Participation by and representation of respondents. (a) Whether or not participating in person, any respondent who is a natural person may be represented by an attorney licensed to practice law in the state of Kansas in any evidentiary hearing conducted before the commission or its designated presiding officer or officers. The attorney shall represent the respondent at the respondent's own expense.

(b) Each for-profit or not-for-profit corporation, unincorporated association, or other respondent who is a non-natural person shall be represented by an attorney licensed to practice law in the state of Kansas in any evidentiary hearing conducted before the commission or its designated presiding officer or officers. The attorney shall represent the respondent at the respondent's own expense. (Authorized by and implementing K.S.A. 2007 Supp. 74-8751 and 74-8772; effective May 1, 2009.)

112-114-7. Reserved.

112-114-8. Presiding officer. (a) The presiding officer shall be either of the following:

- (1) The executive director or the chairperson of the commission; or
- (2) a person designated by the commission.

(b) For disciplinary review board hearings, if a substitute is required for a presiding officer or other member of the hearing body who is unavailable for any reason, a substitute shall be appointed by the executive director. Each action taken by the appointed substitute shall be as effective as if the action had been taken by the unavailable member. (Authorized by and implementing K.S.A. 2007 Supp. 74-8751 and 74-8772; effective May 1, 2009.)

112-114-9. Hearing procedure. (a) The presiding officer at each hearing shall regulate the course of the proceedings.

(b) To the extent necessary for full disclosure of all relevant facts and issues, the presiding officer shall afford to all parties the opportunity to respond, present evidence and argument, conduct cross-examination, and submit rebuttal evidence.

(c) Upon the request of the respondent, the presiding officer may conduct all or part of the hearing by telephone or other electronic means, if each participant in the hearing has an opportunity to participate in the entire proceeding while it is taking place.

(d) The presiding officer shall cause the hearing to be recorded at the commission's expense. The commission shall not be required to prepare a transcript at its expense. Subject to any reasonable conditions that the presiding officer may establish, any party may cause a person other than the commission to prepare a transcript of the proceedings.

(e) Each hearing shall be open to public observation, except for deliberations and parts that the presiding officer states are to be closed pursuant to a provision of law expressly authorizing closure. (Authorized by and implementing K.S.A. 2007 Supp. 74-8751 and 74-8772; effective May 1, 2009.)

112-114-10. Evidence. (a) A presiding officer shall not be bound by technical rules of evidence but shall give the parties reasonable opportunity to be heard and to present evidence. The presiding officer shall act without partiality. The presiding officer shall apply any rules of privilege that are recognized by law. Evidence shall not be required to be excluded solely because the evidence is hearsay.

(b) All testimony of parties and witnesses shall be made under oath or affirmation, and the presiding officer or the presiding officer's designee who is legally authorized to administer an oath or affirmation shall have the power to administer an oath or affirmation for that purpose.

(c) Documentary evidence may be received in the form of a copy or excerpt, including electronically stored information. Upon request, parties shall be given an opportunity to compare the copy with the original, if available.

(d) Official notice may be taken of the following:

- (1) Any matter that could be judicially noticed in the courts of this state; and
- (2) the record of other proceedings before the disciplinary review board or the commission. (Authorized by and implementing K.S.A. 2007 Supp. 74-8751 and 74-8772; effective May 1, 2009.)

112-114-11. Orders. (a) Within 30 days after the hearing, the hearing body shall enter a written order.

(b) Each order shall include a brief statement of the findings of the hearing body and any penalty prescribed. The findings shall be based exclusively upon the evidence of record and on matters officially noticed in the hearing.

(c) For disciplinary review board hearings, the order shall also include a statement that the order is subject to appeal to the commission and the available procedures and time limits for seeking an appeal. The order shall further include a statement that any suspension imposed by the order may be stayed, pending appeal.

(d) For disciplinary review board hearings, the hearing body may impose any penalty authorized by law and may refer the matter to the commission with findings and recommendations for imposition of greater penalties.

(e) Each order shall be effective when rendered.

(f) The presiding officer shall cause copies of the order to be served upon each party to the proceedings. (Authorized by and implementing K.S.A. 2007 Supp. 74-8751 and 74-8772; effective May 1, 2009.)

112-114-12. Service of order. (a) Service of an order shall be made upon the party and the party's attorney of record, if any.

(b) Service shall be presumed if the presiding officer, or a person directed to make service by the presiding officer, makes a written certificate of service.

(c) Service by mail shall be complete upon mailing.

(d) Whenever a party has the right or is required to do some act or take some proceedings within a prescribed period after service of an order is made by mail, three days shall be added to the prescribed period. (Authorized by and implementing K.S.A. 2007 Supp. 74-8751 and 74-8772; effective May 1, 2009.)

112-114-13. Reserved.

112-114-14. Appeals of disciplinary review board hearings. (a) Each order entered by the disciplinary review board that imposes suspension or revocation, or any other sanction shall be subject to appeal to the commission.

(b) Each party who wishes to appeal a disciplinary review board order shall file a notice of appeal and brief on forms provided by the commission during regular office hours within 11 days after service of the order from which the party is appealing. If an order is served by mail, the party shall have 14 days within which to file a notice of appeal and brief.

(c) Each notice of appeal and brief shall be completed by the appealing party upon the form available in the commission's licensing office at the gaming facility. Each notice of appeal and brief shall fully state the basis for appeal and identify the issues upon which the party seeks administrative review. Incomplete forms shall not be accepted by commission personnel.

(d) A notice of appeal and brief shall constitute the appealing party's written brief. An opposing party shall be afforded an opportunity to file a brief in response to the appealing party's brief within 14 days following the filing of the appealing party's brief.

(e) Each notice of appeal form shall include a statement that, in reviewing any disciplinary review board's order, the following provisions shall apply:

(1) De novo review may be exercised by the commission, one or more commissioners designated by the commission, or a presiding officer designated by the commission.

(2) The disciplinary review board's order may be affirmed, reversed, remanded for further hearing, or modified by the commission, one or more commissioners designated by the commission, or a presiding officer designated by the commission. A new hearing may also be conducted by the commission, one or more commissioners designated by the commission, or a presiding officer designated by the commission. An occupation license may be suspended or revoked for each violation of the act or these regulations, or both.

(f) Any respondent may be deemed to have timely filed a notice of appeal pursuant to subsection (b) if, after service of the disciplinary review board's order, the respondent performs the following:

(1) Within the appeal time described in subsection (b) of this regulation, files a writing that states an intention to appeal the order and that includes substantially the same information requested in the appeal form available in the commission's licensing office at the gaming facility; and

(2) within a period of time authorized by the disciplinary review board, fully executes and files in the commission's licensing office at the gaming facility the appeal form available in that office. (Authorized by and implementing K.S.A. 2008 Supp. 74-8751 and 74-8772; effective May 1, 2009.)