

State of Vermont
Sports Wagering Procedures
Draft: June 14, 2023

INTRODUCTION

The Vermont Board of Liquor and Lottery enhanced procedures are adopted pursuant to 3 V.S.A. § 835 and 31 V.S.A. § 1303.

INTRODUCTION.....	1
Part I General Provisions	1
Part II Standards for Sports Wagering.....	7
Part III Technical Requirements and Oversight	18
Part IV Sports Wagering Accounts.....	23
Part V Audit and Internal Control Standards.....	34
Part VI Responsible Gaming.....	47
Part VII Advertising and Marketing.....	51
Part VIII Revenue Share and Payments	53
Part IX Contract Sanctions.....	55

Part I General Provisions

Section 1.0 Definitions.

The following definitions apply unless the context requires a different meaning or is otherwise inconsistent with the intention of the procedures adopted by the Board.

- 1.1. “Abnormal Wagering Activity” means wagering activity exhibited by one (1) or more players and considered by a Sportsbook as a potential indicator of Suspicious or Illegal Wagering Activity. Abnormal Wagering Activity may include the size of a player's Sports Wager or increased wagering volume on a particular sports event or type of wager.
- 1.2. "Act" means Title 31, Chapter 25, of the Vermont Statutes Annotated.
- 1.3. “Adjusted Gross Sports Wagering Revenue” has the meaning provided in 31 V.S.A. § 1301(1).
- 1.4. “Affiliate” means a person that, directly or indirectly, through one (1) or more intermediaries, controls or is controlled by an Operator.
- 1.5. “Applicant” means a person that applies with the Department to be an authorized Operator.

- 1.6. "Board" has the meaning provided in 31 V.S.A. § 1301(2).
- 1.7. "Cancelled Wager" means a Sports Wager that was valid at the time that it was made but has since been invalidated due to an event or action that prevents its completion.
- 1.8. "Card" means the list of Sports Events and Types of Wager from which a player can make selections for a given pool.
- 1.9. "Cash" means US currency.
- 1.10. "Cash Equivalent" means an asset convertible to cash for use in connection with authorized Sports Wagering that includes all of the following:
 - (a) Traveler's checks;
 - (b) Foreign currency and coin;
 - (c) Certified checks, cashier's checks, and money orders;
 - (d) Personal checks and drafts;
 - (e) Digital, crypto, and virtual currencies;
 - (f) Online and mobile payment systems that support online money transfers;
 - (g) Electronic devices with prepaid access, as defined by 31 C.F.R. Section 1010.100(ww); and
 - (h) Any other form approved by the Department.
- 1.11. "Collegiate Sports Event" has the meaning provided in 31 V.S.A. § 1301(3).
- 1.12. "Contract Holder" means an Operator.
- 1.13. "Commissioner" has the meaning provided in 31 V.S.A. § 1301(4).
- 1.14. "Critical Employee" means any employee whose duties directly impact the integrity of Sports Wagering in Vermont, including:
 - (a) An individual who has the capability of affecting the outcome of Sports Wagering through deployment of code to production for any critical components of a Mobile Sports Wagering Platform;
 - (b) An individual who can deploy code to production and directly supervises individuals who have the capability of affecting the outcome of Sports Wagering in Vermont through deployment of code to production for other than read-only or the equivalent access to any critical components of a Mobile Sports Wagering Platform;
 - (c) An individual who directly manages a Sportsbook or who directly supervises an individual who directly manages a Sportsbook; or
 - (d) Any other individual who directly impacts the integrity of Sports Wagering as determined by the Department, which shall include but not be limited to, any individual who has the capability to directly affect the outcome of a Sports Wager or a payout to a player.
- 1.15. "Department" has the meaning provided in 31 V.S.A. § 1301(5).
- 1.16. "Data Source" means a Supplier that sells league or event data, player or team statistics necessary to enable Sports Wagering.
- 1.17. "eSports Event" means leagues, competitive circuits, tournaments, or similar competitions where individuals or teams play video games, typically for spectators, either in-person or online, for the purpose of prizes, money, or entertainment.
- 1.18. "eSports Event Operator" means a person or entity which sanctions, regulates, and/or organizes an eSports Event.

- 1.19. "Exchange Wagering" means a form of wagering in which two (2) or more persons place identically opposing wagers in a given market, allowing players to wager on both winning and non-winning outcomes in the same event.
- 1.20. "Fantasy Sports Contests" has the meaning provided in 31 V.S.A. § 1330(3).
- 1.21. "High School Sports Event" has the meaning provided in 31 V.S.A. § 1301(6).
- 1.22. "Ineligible Person" means:
 - (a) Any Underage Person;
 - (b) Any Prohibited Sports Bettor;
 - (c) Any Involuntarily-Excluded Person;
 - (d) Any Voluntarily-Excluded Person
 - (e) Any individual wagering while not in in the authorized geographic boundaries within the State of Vermont;
 - (f) Any individual wagering in violation of state, local, or federal law; or
 - (g) Other Ineligible Persons as determined by the Department.
- 1.23. "Integrity Monitoring" means the monitoring of Sports Wagering to identify Abnormal or Suspicious Wagering Activities from a match-fixing and sporting corruption standpoint to then report such activities to required parties.
- 1.24. "Internet" means the international computer network of interoperable packet switched data networks, inclusive of additional technological platforms, such as mobile, satellite, and other electronic distribution channels.
- 1.25. "Internet Website or Mobile Application" means a website or application on a mobile phone or other device through which an individual is able to place a Sports Wager.
- 1.26. "Involuntarily-Excluded Person" means any individual who has been involuntarily excluded by the Commissioner and who is prohibited from establishing a Sports Wagering Account or participating in Sports Wagering activities under the jurisdiction of the Department.
- 1.27. "Key Person" means a person that is any of the following:
 - (a) A director of the Applicant;
 - (b) A managerial employee of the Applicant that performs the function of principal executive officer, principal operations officer, or principal accounting officer;
 - (c) A person who holds more than five percent (5%) ownership interest in the Applicant;
 - (d) An affiliate of the Applicant;
 - (e) A director of an affiliate of the Applicant;
 - (f) A managerial employee of an affiliate of an Applicant that performs the function of principal executive officer, principal operations officer, or principal accounting officer; or
 - (g) Any individual or business entity so designated by the Department or Commissioner.
- 1.28. "Layoff Wager" means a wager placed by an Operator with another Operator for the purpose of offsetting Sports Wagers.
- 1.29. "Mobile Sports Wagering" means the conduct of Sports Wagering through or by means of the Internet, a mobile device, or any other telecommunications service.
- 1.30. "Mobile Sports Wagering Platform" has the meaning provided in 31 V.S.A. § 1301(7)

- 1.31. "Multi-Factor Authentication" means a type of authentication which uses two or more of the following to verify a user's identity:
 - (a) Information known only to the user (e.g., a password, pattern or answers to challenge questions);
 - (b) An item possessed by a user (e.g., an electronic token, physical token or an identification card);
 - (c) A user's biometric data (e.g., fingerprints, facial or voice recognition).
- 1.32. "Operator" has the meaning provided in 31 V.S.A. § 1301(8)
- 1.33. "Person" means any natural person, corporation, municipality, the State of Vermont or any department, agency or subdivision of the State, and any partnership, unincorporated association or other legal entity.
- 1.34. "Personally Identifiable Information" has the meaning provided in 9 V.S.A. § 2430(10)
- 1.35. "Player" means an individual who has established a Sports Wagering Account with a Sportsbook.
- 1.36. "Pool" means an offering where players may make selections of outcomes on a set number of Sports Events and Types of Wager on a card in order to enter for a chance to win all or a portion of the Prize Pool.
- 1.37. "Prize Pool" means the prizing available for an individual tournament, contest, or pool.
- 1.38. "Prohibited Sports Bettor" has the meaning provided in 31 V.S.A. § 1301(9)
- 1.39. "Prohibited Sports Event" has the meaning provided in 31 V.S.A. § 1301(10)
- 1.40. "Rake" means the fee that is deducted by a Sportsbook from a wager made for Exchange Wagering or other peer-to-peer wagering, or entry fees paid by players who participate in a tournament, contest, or pool.
- 1.41. "Rake Adjustment" means an adjustment made by a Sportsbook to account for any shortfall in connection with Exchange Wagering or other peer-to-peer wagering, a tournament, contest, or pool.
- 1.42. "Self-Exclusion List" means a list of individuals who voluntarily excluded themselves from establishing or maintaining a Sports Wagering Account with a Sportsbook.
- 1.43. "Sensitive Information" means information such as Personally Identifiable Information, transactional wagering data, authentication credentials (including PINs and passwords), secure seeds and keys used in encryption, and other data that shall be handled in a secure manner.
- 1.44. "Service Provider" means a business entity that provides any service creating Sports Wagering markets and determination of Sports Wager outcomes that involves the operation, management, or control of Sports Wagers authorized by the Act, including the development or operation of the Mobile Sports Wagering Platform and the determination of odds or line information.
- 1.45. "Shared Liquidity Pool" means a tournament, contest, or pool conducted in Vermont and at least one other jurisdiction.
- 1.46. "Sportsbook" has the meaning provided in 31 V.S.A. § 1301(11)
- 1.47. "Sports Event" has the meaning provided in 31 V.S.A. § 1301(12)
- 1.48. "Sports Governing Body" has the meaning provided in 31 V.S.A. § 1301(13)
- 1.49. "Sports Wager" has the meaning provided in 31 V.S.A. § 1301(14)
- 1.50. "Sports Wagering" has the meaning provided in 31 V.S.A. § 1301(15)

- 1.51. "Sports Wagering Account" means a financial record established by an operator for an individual player into which the player may deposit and from which the player may withdraw funds for Sports Wagering and other purchases, and into which the operator may credit winnings or other amounts due to that player or authorized by that player.;
- 1.52. "Sports Wagering Network" means the offering of Exchange Wagering or other peer-to-peer wagering through the linking of players:
 - (a) Of one or more Operators in the State; or
 - (b) From an Operator in the State and players whose access is established from locations outside the State if the Department determines that such wagering is not inconsistent with the laws of the State of Vermont, federal law or the law of the jurisdiction in which any such players are located or such wagering is conducted.
- 1.53. "Suspicious or Illegal Wagering Activity" means Abnormal Wagering Activity that cannot be explained and is indicative of any of the following:
 - (a) Match-fixing;
 - (b) The manipulation of an event;
 - (c) Misuse of inside information;
 - (d) A potential breach of a Sports Governing Body's or equivalent's internal rules or code of conduct pertaining to Sports Wagering;
 - (e) Any other conduct that corrupts the outcome of an event; or
 - (f) Any other prohibited activity.
- 1.54. "Supplier" means a person that provides services, goods, software, or other components necessary for the creation of Sports Wagering markets and determination of Sports Wager outcomes, directly or indirectly, to any Operator or Service Provider involved in the acceptance of Sports Wagers, including any of the following: providers of data feeds and odds services, internet platform providers, risk management providers, integrity monitoring providers, and other providers of supplier services as determined by the Department.
- 1.55. "Type of Wager" has the meaning provided in 31 V.S.A. § 1301(16)
- 1.56. "Underage Person" means any person under twenty-one (21) years of age.
- 1.57. "Virtual Sports Event" means a Sports Event where elements of the event, including the results, are generated by a Random Number Generator.
- 1.58. "Void Wager" or "Voided Wager" means a Sports Wager that was not valid at the time it was placed or a Sports Wager that was valid at the time it was placed but has since become invalid for any reason, including but not limited to, the change in eligibility status of a player or subject of the Sports Wager.
- 1.59. "Voluntarily-Excluded Person" means any individual whose name is included, at their own request, in the responsible gaming database or on a self-exclusion list or both.
- 1.60. "Wager" means a sum of money or thing of value risked on an uncertain occurrence.
- 1.61. "Winnings" means the total cash value of all property or sums, including currency or instruments of monetary value paid to a player by a Sportsbook as a direct result of a winning Sports Wager.
- 1.62. "Youth Sports" means a Sports Event in which the majority of participants are under the age of eighteen (18) or are competing on behalf of or under the sponsorship of one or

more public or private preschools or public or private elementary, middle or junior high, or high schools. The term does not include professional sports or events that occur under the sponsorship or oversight of national or international athletic bodies that are not educational institutions and that include participants both over and under the age of eighteen (18).

Section 2.0 Oversight Authority.

The Department shall retain oversight of its Operators and Service Providers to ensure that all Sports Wagering activities are conducted in accordance with the Act, these Procedures, any contractual terms, and any other policies adopted by the Department.

Section 3.0 Severability of Provisions

The provisions of any procedures contained herein are severable. If any provision of a procedure is invalid, or if any application thereof to any person or circumstance is invalid, the invalidity shall not affect other provisions or applications which can be given effect without the invalid provision or application.

Part II Standards for Sports Wagering

Section 1.0 Authorized and Prohibited Sports Events and Types of Wagers

Only those categories of Sports Events and their Types of Wager authorized by the Department and posted on the Department's website may be offered for Sports Wagering by a Sportsbook.

- 1.1. Any wager which complies with all of the following criteria and does not involve any criteria listed in subsection 1.2 is generally approved and does not need specific approval subject to section 2.0 prior to being offered by a Sportsbook:
 - (a) It is decided based on an outcome or outcomes determined because of a Sports Event or Sports Events sanctioned by a Sports Governing Body or equivalent that is approved by the Department;
 - (b) It is based on statistical results which can be verified by a data source, box score, aggregation of box scores, or other statistical analysis;
 - (c) It is based on the performance of a single or group of rostered or otherwise registered participants; and
 - (d) It is based on the result of an outcome on the field of play (including the virtual field of play for eSports events).
- 1.2. A Sportsbook shall not offer wagering on:
 - (a) Any eSports Event that:
 - (1) Is not sanctioned by an approved Sports Governing Body or equivalent; or
 - (2) Has not been endorsed by the Department pursuant to the procedures set forth in section 2.0;
 - (b) Any Virtual Sports Event unless:
 - (1) A Random Number Generator (RNG), certified by an Independent Testing Laboratory, is used to determine the outcome(s);
 - (2) A visualization of the Virtual Sports Event is offered to all players which displays an accurate representation of the result(s) of the virtual Sports Event; and
 - (3) The Virtual Sports Event is approved pursuant to the procedures set forth in section 2.0;
 - (c) Any occurrence of injuries or penalties;
 - (d) Any outcome of replay reviews;
 - (e) Any disciplinary proceedings against a participant in a Sports Event;
 - (f) Any High School Sports Events or other Youth Sports;
 - (g) Any Fantasy Sports Contests unless offered pursuant to Title 31, Chapter 25, Subchapter 3 of the Vermont Statutes Annotated;
 - (h) Any Sports Event or Type of Wager in which the outcome has already been determined and is publicly known;
 - (i) Any Prohibited Sports Events;
 - (j) Any pari-mutuel wagering on dog or horse races; and
 - (k) Any other categories of Sports Event or Type of Wager until the Sports Event or Type of Wager has been approved by the Department in accordance with section 2.0

Section 2.0 Petition for a Category of Sports Event or Type of Wager

The Department shall have authority to review and approve types of wagers and categories of sports events before a Sportsbook is permitted to offer the wager to the public. A petitioner may petition the Department for approval of a new category of Sports Event or Type of Wager.

- 2.1. A proposed new Sports Event or Type of Wager may be a variation of an authorized Sports Event or Type of Wager, a composite of authorized Sports Events or Types of Wager, or a new Sports Event or Type of Wager.
- 2.2. A petition for a proposed new Sports Event or Type of Wager shall be in writing and shall include, at a minimum, the following information:
 - (a) The name(s) and address(es) of petitioner(s);
 - (b) The name of the Sports Event or Type of Wager;
 - (c) Whether the Sports Event or Type of Wager is a variation of an authorized Sports Event or Type of Wager, a composite of authorized Sports Events or Types of Wager, or a new Sports Event or Type of Wager;
 - (d) The name of the Sportsbook serving as a sponsor of the new Sports Event or Type of Wager variation petition;
 - (e) A complete and detailed description of the Sports Event or Type of Wager for which approval is sought, including:
 - (1) A summary of the Sports Event or Type of Wager and the manner in which Sports Wagers would be placed and winning Sports Wagers would be determined;
 - (2) A draft of the proposed house rules including a description of any technology that would be utilized to offer the Sports Event or Type of Wager;
 - (3) Any rules or voting procedures related to the Sports Event or Type of Wager;
 - (4) Assurance that the Sports Event or Type of Wager meets the requirements of subsection 2.3;
 - (f) For the approval of an eSports Event, complete information about:
 - (1) The proposed location(s) of the eSports Event;
 - (2) The video game used for the eSports Event, including, without limitation, the key role of game publishers as creators of the underlying video game;
 - (3) The eSports Event Operator, whether the eSports Event Operator is approved to host events by the video game publisher, and whether the eSports Event Operator has any affiliation with the video game publisher;
 - (4) The manner in which the eSports Event is conducted by the eSports Event Operator, including, without limitation, eSports Event rules and certification from a third party, such as an eSports Event Operator or game publisher certifies that the eSports Event meets all event integrity requirements of the Department;
 - (g) The name of the Sports Governing Body or equivalent;
 - (h) To the extent known by the Sportsbook, a description of its policies and procedures regarding event integrity; and
 - (i) Any other information or material requested by the Department.

23. The Sports Event or Type of Wager being requested must meet the following criteria before the request may be approved:
 - (a) The outcome can be verified;
 - (b) The outcome can be generated by a reliable and independent process;
 - (c) The Sports Event generating the outcome is conducted in a manner that ensures sufficient Integrity Monitoring controls exist so the outcome can be trusted;
 - (d) The outcome is not likely to be affected by any Sports Wager placed; and
 - (e) The Sports Event is conducted in conformity with applicable laws.
24. The Department shall approve types of wagers and categories of Sports Events in a reasonable time frame. The Department will consider the request, all provided materials and any relevant input from the Sports Governing Body or equivalent, or the conductor of the Sports Event, prior to authorizing a Sports Event or Type of Wager.
25. The Department may require an appropriate test or experimental period, under such terms and conditions the Department may require, before granting final approval to a Sports Event or Type of Wager. The Department may subject any technology that would be used to offer a Sports Event or Type of Wager to such testing, investigation, and approval if the Department deems it necessary to do so.
26. The Department may grant, deny, limit, restrict, or condition a request made pursuant to this procedure for any cause the Department considers reasonable. The Department may issue an order revoking, suspending, or modifying any approval of a Sports Event or Type of Wager granted under this procedure for any cause the Department considers reasonable.
27. The Department shall notify all Sportsbooks of any additions, deletions, or changes regarding authorized Sports Events and Types of Wager. Once a particular category of Sports Event or Type of Wager is approved for its first use, it may be used on multiple events without further approval. The Department may issue general approval for Sportsbooks to offer wagers on enumerated categories of Sports Events and Types of Wagers.
28. The Department reserves the right to prohibit the acceptance of any Sports Wagers and may order the cancellation of Sports Wagers and require refunds on any Sports Event or Type of Wager for which wagering would be contrary to the public policies of the state.
29. If it is determined that a Sportsbook has offered an unauthorized or Prohibited Sports Event or Type of Wager, the Sportsbook must immediately cancel and refund all Sports Wagers associated with the unauthorized or Prohibited Sports Event or Type of Wager. The Sportsbook must notify the Department promptly after cancelling and refunding the Sports Wagers.
- 2.10. The Department may use any information it considers appropriate, including, but not limited to, information received from a Sports Governing Body or equivalent, to determine whether to authorize or prohibit wagering on a particular Sports Event or Type of Wager.
- 2.11. The Department may restrict, limit, or exclude wagering on a Sports Event or Type of Wager if the Department determines that the restriction, limitation, or exclusion is necessary to ensure the integrity of the Sportsbook.

Section 3.0 Limitations on Certain Sports Wagering for Good Cause.

If a Sports Governing Body or college believes that the type, form, or category of Sports Wagering on that Sports Governing Body's Sports Event has the potential to undermine the integrity or perceived integrity of the sports governing body or its Sports Event, the Sports Governing Body or college may submit to the Department a written request to restrict, limit, or exclude a certain type, form, or category of Sports Wagering on a Sports Event or series of Sports Events.

- 3.1. The request must be submitted in the form and manner prescribed by the Department and must include all of the following:
 - (a) The identity of the Sports Governing Body or college and contact information for at least one specific individual who will be the primary point of contact for questions related to the request;
 - (b) A description of the Sports Wagering information, event, or wager type that is the subject of the request;
 - (c) Information explaining why granting the request is necessary to protect the integrity of the event, or public confidence in the integrity of the event, that is the subject of the request. This may include information regarding any credible threat to the integrity of the event that is beyond the control of the sports governing body or college to preemptively remedy or mitigate; and
 - (d) Any other information required by the Department.
- 3.2. To ensure proper consideration, the request should be sent to the Department at least ten (10) business days before the particular Sports Event. At any time, however, a sports governing body or college should report information to the Department if it involves allegations of match-fixing, the manipulation of an event, misuse of inside information, or other prohibited activity.
- 3.3. On receipt of a complete request from a Sports Governing Body or college under subsection 3.1, the Department will review the request and seek input from the Department's Sportsbooks. All Sportsbooks must be given an opportunity to comment on the request. The notification must include the date by which written comments must be submitted to the Department.
- 3.4. If the Department determines by a preponderance of the information received that, but for implementation of all or part of the requestor's proposed restriction, limitation, or exclusion of a certain type, form, or category of Sports Wagering on a Sports Event or series of Sports Events, unlawful activity will occur, the integrity of the event will be materially harmed, or public confidence in the integrity of the Sports Event will be materially undermined, then the Department may implement the requester's proposed restriction, limitation, or exclusion in whole or in part.
- 3.5. The Department shall
 - (a) if feasible, respond to a request concerning a particular Sports Event before the event begins; or
 - (b) if not feasible, respond not later than the seventh (7th) business day after the date the request is submitted.

- 3.6. If the Department preliminarily determines the requestor who submitted a request is likely to prevail in successfully demonstrating that, but for implementation of all or part of its proposed restriction, limitation, or exclusion of a certain type, form, or category of Sports Wagering on a Sports Event or series of Sports Events, unlawful activity will occur, the integrity of the event will be materially harmed, or public confidence in the integrity of the Sports Event will be materially undermined, then the Department may approve the request or some portion thereof on a temporary basis until the Department determines whether to implement such proposed restriction, limitation, or exclusion in whole or in part on a permanent basis.
- 3.7. Absent a provisional grant by the Department, an Operator may continue to offer Sports Wagering on Sports Events that are the subject of such a request during the pendency of the Department's consideration of the applicable request.
- 3.8. On request, the Department may reconsider its decision if there is a material change in the circumstances related to the original request.

Section 4.0 Data Sources for Sports Wagering.

A Sportsbook shall report to the Department the Data Source that it uses to resolve Sports Wagers. The Department may disapprove of a Data Source for any reason.

- 4.1. The Data Source and corresponding data must be complete, accurate, reliable, timely, and available.
- 4.2. The Data Source must be appropriate to settle the category of sports events and types of wagers for which it is used.
- 4.3. The Data Source and corresponding data must meet any other conditions set by the Department.

Section 5.0 House Rules.

The Sportsbook must adopt comprehensive house rules, which must be approved by the Department.

- 5.1. The house rules, together with any other information the Department considers appropriate, must be conspicuously displayed on the Sportsbook's Internet Website or Mobile Application, and copies must be made readily available to individuals and players.
- 5.2. The house rules must address the following items regarding Sports Wagers, at a minimum:
 - (a) Types of Sports Wagers accepted;
 - (b) Minimum and maximum Sports Wagers;
 - (c) The method for calculation and payment of winning wagers;
 - (d) The effect of schedule changes for a Sports Event;
 - (e) The method of notifying players of odds or proposition changes;
 - (f) Acceptance of wagers at terms other than those posted;
 - (g) Circumstances under which the operator will void a bet; and

- (h) Treatment of errors, late bets, and related contingencies;
- (i) Description of the process for handling incorrectly posted events, odds, Sports Wagers, or results;
- (j) Procedures related to pending winning Sports Wagers;
- (k) Method of contacting the Sportsbook for questions and complaints;
- (l) Description of Ineligible Persons, and events and wager types on which Sports Wagers may not be accepted under the Act and these Procedures;
- (m) Methods of funding a wager;
- (n) Maximum payouts; however, such limits must only be established through limiting the amount of a Sports Wager and cannot be applied to reduce the amount paid to a player as a result of a winning Sports Wager;
- (o) A policy by which the Sportsbook can cancel Sports Wagers for obvious errors pursuant to the Sportsbook's Internal Control System, which must include a definition and procedures for obvious errors;
- (p) Parlay wager related rules;
- (q) Rules and procedures for wagering communications;
- (r) What is to occur when an event or any component of an event on which Sports Wagers are accepted is canceled, including the handling of Sports Wagers with multiple selections, such as parlays, where one or more of these selections is canceled; and
- (s) Any other rule and related information the Department determines necessary.

5.3 The Sportsbook shall not implement any changes or modifications of the practices, procedures, or representations upon which the approval was based without the prior written approval of the Department. Failure by a Sportsbook to act in accordance with the house rules may result in monetary penalties, suspension or termination of operator's Vermont operations, civil damages, injunctive relief and/or criminal liability.

Section 6.0 Tournaments, Contests, and Pools.

- 6.1. No Sports Wagering tournament, contest, or pool shall be conducted unless the Sportsbook, before the first time a tournament, contest, or pool type is offered, files written notice with the Department of its intent to offer that tournament, contest, or pool type and obtains approval from the Department. The Sportsbook may file a master list with the Department to satisfy this requirement.
- 6.2. The request must provide a detailed description of the tournament, contest, or pool type and must include the rules of the tournament, contest, or pool, the requirements for entry, the entry fees, the Rake, and potential payouts. The request must also indicate whether or not the proposed type involves a shared liquidity pool available to players in Vermont and other jurisdictions with the Prize Pool being comprised of entry fees collected from players in multiple jurisdictions.
- 6.3. Once a Sportsbook receives approval to offer a tournament, contest, or pool type the Sportsbook shall not be required to seek additional approvals from the Department for each subsequent type that has only variations to the size, number of entries permitted, entry fee, or prize structure, or other minor variations as allowed by the Department.
- 6.4. Each Sportsbook must maintain a record of each tournament, contest, or pool it offers,

which must address, at a minimum, all of the following:

- (a) Name or identification of the tournament, contest, or pool;
 - (b) The date and time the tournament, contest, or pool occurred or will occur (if known);
 - (c) Sports Events and Types of Wager;
 - (d) Rules concerning tournament, contest, or pool play and participation; and
 - (e) For each player:
 - (1) Unique player identification;
 - (2) Amount of entry fee collected, including any promotional or bonus credits, and the date collected;
 - (3) Player scorings or rankings; and
 - (4) Amount of payouts paid, including any promotional or bonus credits, and the date paid;
 - (f) Total amount of entry fees collected, including any promotional or bonus credits;
 - (g) Total amount of payouts paid to players, including any promotional or bonus credits;
 - (h) Total Rake, takeout, or fees collected;
 - (i) Funding source amount or amounts comprising the Prize Pool (for example, buy-ins, re-buys, or add-ons);
 - (j) Prize structure on payout;
 - (k) Methodology for determining winner or winners; and
 - (l) The current status of the tournament, contest, or pool (in progress, complete, interrupted, cancelled, etc.).
- 6.5. The Sportsbook shall be responsible for the Rake. The Sportsbook's Rake collected from players that enter a contest, tournament, or pool while located in the state less any Rake Adjustment, if applicable, shall be considered Adjusted Gross Sports Wagering Revenue and are subject to all revenue share requirements outlined in Part VIII:
- (a) At no time shall the calculation resulting from a Rake or Rake Adjustment be negative; and
 - (b) For a contest, tournament, or pool which utilize shared liquidity available to players in Vermont and other jurisdictions, the Rake rate must be the same for all jurisdictions participating.

Section 7.0 Acceptance of Wagers.

- 7.1. Available wagers must be displayed to players on the Mobile Sports Wagering Platform. The display must include the lines or odds and a brief description of the Sports Event and wagering proposition.
- 7.2. A Sportsbook may not set lines or odds or offer wagering propositions designed for the purposes of ensuring that a player will win a Sports Wager or a series of Sports Wagers, unless the lines, odds, or wagering propositions are offered in connection with a promotion or bonus conducted in accordance with section 9.0.
- 7.3. A Sportsbook may not accept a Sports Wager on a Sports Event unless a wagering proposition is posted on the Mobile Sports Wagering Platform.

- 7.4. The Sportsbook shall debit the amount wagered by a player from their Sports Wagering Account. Wagers shall not be accepted in an amount in excess of an account balance.
- 7.5. No Sportsbook shall accept a Sports Wager from a person on the Sports Wagering Account of or for any other person. No Sportsbook shall knowingly allow a person to make a wager utilizing the Sports Wagering Account of another person.

Section 8.0 Cancelled or Voided Wagers.

A Sportsbook shall not cancel or void any Sports Wager except in accordance with this section.

8.1. Cancellation of an otherwise validly placed Sports Wager by a Sportsbook shall be nondiscretionary. A Sportsbook shall cancel or void a Sports Wager without prior authorization of the Department under the following circumstances:

- (a) Any Sports Wager where after a player has placed a Sports Wager, the Sports Event is cancelled, postponed or rescheduled to a different date prior to completion of the Sports Event;
 - (1) In the case of a Sports Wager on a portion of a Sports Event, that Wager shall be valid when the event is canceled, postponed, or rescheduled if the outcome of the affected portion was determined prior to the cancellation, postponement or rescheduling; or
 - (2) A Sportsbook may establish a timeframe in which an event may be rescheduled or postponed without canceling the Sports Wager. This timeframe shall be tied to specific Sports Events, subject to the approval of the Department, and documented in the Internal Control System.
- (b) A change in the venue where a Sports Event was scheduled to be held occurs after a player has placed a Sports Wager;
- (c) Any Sports Wager when an individual participant fails to participate in a Sports Event and the outcome of the wager is solely based upon that individual participant's performance;
- (d) Any Sports Wager received for an act, or set of acts, to be performed during a Sports Event when such act or acts does not occur and the ability to Wager on the non-occurrence of the event was not offered;
- (e) Any Wager received on whether a team will qualify to participate in post-season competitions when the number of teams allowed to participate in the post-season changes after a player has placed a Wager;
- (f) Changes to rules by a Sports Governing Body or equivalent regarding the format or number of participants scheduled to participate in a defined phase of a Sports Event or that particular phase is not played at all;
- (g) A material change in circumstances for a given Sports Event or Type of Wager occurs, provided:
 - (1) The Department approves the material change;
 - (2) The Sportsbook documents the material change in its Internal Control System; and
 - (3) The Sportsbook displays the material change to a player at the time of placement of the Sports Wager;

- (h) Where the Sportsbook has reasonable basis to believe there was an obvious error in the placement or acceptance of the Wager, including, but not limited to:
 - (1) The Wager was placed with incorrect odds; or
 - (2) Human error in the placement of the Wager; or
 - (3) Any other obvious error defined in the Internal Control System
 - (i) When a player requests a Sports Wager be cancelled or voided prior to the commencement of the Sports Event due to an error in communicating the type, amount or parameters of the Sports Wager; or
 - (j) When authorized or ordered by the Department pursuant to this section.
- 8.2. For all circumstances that are not set forth in subsection 8.1, a Sportsbook may request the Department authorize the cancellation or voiding of all Sports Wagers of a specific type, kind, or subject. A Sportsbook shall submit its request to cancel or void the Sports Wager in writing, and such request shall contain the following:
 - (a) A description of the type, kind, or subject of Sports Wager the Sportsbook is requesting to cancel or void;
 - (b) A description of any facts relevant to the request; and
 - (c) An explanation why cancelling or voiding the Sports Wager is in the best interests of the State or ensures the integrity of the Sports Wagering industry.
- 8.3. The Sportsbook shall provide any additional information requested by the Department to review and approve the request.
- 8.4. The Department shall issue a written order granting or denying the request to cancel or void the Sports Wager. In determining whether to grant or deny the request, the Department shall consider any relevant factors, including:
 - (a) Whether the alleged facts implicate the integrity of the Sports Event subject to the Wager or the Sports Wagering industry;
 - (b) Whether the alleged facts implicate possible illegal activity relating to the Sports Event or the Sports Wagering industry;
 - (c) Whether allowing the Wager would be unfair to players; or
 - (d) Whether allowing the Wager is contrary to public policy.
- 8.5. No Sports Wager subject to the request to cancel or void shall be redeemed, cancelled, or voided, until the Department or its designee issues an order granting or denying the request to cancel.
- 8.6. If the Department or its designee grants the request to cancel or void, the Sportsbook shall make commercially reasonable efforts to notify players of the cancellation or voiding of the Sports Wager.
- 8.7. The Department or its designee has discretion to order all Sportsbooks to cancel or void all Wagers on a specific Sports Event or Wagers of a specific type or kind on a specific Sports Event. In exercising its discretion, the Department shall apply the same factors described in subsection 8.1.
- 8.8. A player may request the Department or its designee review any Sports Wager declared cancelled or voided by a Sportsbook. If the Department or its designee concludes there is no reasonable basis to believe there was obvious error in the placement or acceptance of the Sports Wager, the Department or its designee may order the Sports Wagering Operator to honor the Sports Wager.

- 8.9. A Sports Wager shall not be declared canceled or voided without the approval of an authorized Critical Employee of the Sportsbook.
- 8.10. If a Sports Wager is declared canceled or voided, the Sports Wager shall be refunded to the player and that amount shall be deducted from the Adjusted Gross Sports Wagering Revenue.

Section 9.0 Promotional or Bonus Wagering.

A Sportsbook may conduct Sports Wagering promotions or bonuses in accordance with this section:

- 9.1. Procedures for the issuance, acceptance, and tracking of promotions or bonuses must be defined in the Internal Control System.
- 9.2. A Sportsbook must maintain a record of all promotions or bonuses related to Sports Wagering to facilitate the Department's tracking of promotional or bonus activity, which must address, at a minimum, all of the following:
 - (a) Unique ID for each promotion or bonus;
 - (b) The date and time the promotion or bonus was or is scheduled to be available;
 - (c) Current balance for promotional or bonus awards;
 - (d) Total amount of promotional or bonus awards issued;
 - (e) Total amount of promotional or bonus awards redeemed;
 - (f) Total amount of promotional or bonus awards expired;
 - (g) Total amount of promotional or bonus award adjustments;
 - (h) The current status of the promotion or bonus (active, disabled, decommissioned, etc.); and
 - (i) The date and time the promotion or bonus was or is scheduled to be decommissioned.
- 9.3. All promotion or bonus rules must be full, accurate, concise, transparent, and must not contain misleading information. Promotion or bonus rules must be accessible by the player on the Sportsbook's Internet Website or Mobile Application and provide unambiguous notice no more than one click away of the:
 - (a) The date and time the promotion or bonus is active and expires;
 - (b) Rules of play;
 - (c) Nature and value of prizes or awards;
 - (d) Eligibility restrictions or limitations;
 - (e) Wagering and redemption requirements, including any limitations;
 - (f) How the player is notified when they have received an award;
 - (g) The order in which funds are used for wagers;
 - (h) Eligible events or wagers; and
 - (i) Cancellation Requirements.
- 9.4. Promotions or bonuses must not be described as
 - (a) Free unless those promotions or bonuses are free. If the player has to risk or lose their own money or if there are conditions attached to their own money, the promotion or bonus rules must disclose those terms and may not be described as free; or

- (b) Risk-free if those promotions or bonuses require the player to incur any loss or risk the player's own money to use or withdraw winnings from the risk-free wager.
- 9.5. A Sportsbook must provide a clear and conspicuous method for a player to cancel their participation in a promotion or bonus that utilizes restricted wagering credits that cannot be cashed out until a wagering requirement or other restrictions associated with the credits is met:
 - (a) Upon request for cancellation, the Sportsbook shall inform the player of the amount of unrestricted funds that will be returned upon cancellation and the value of restricted wagering credits that will be removed from the Sports Wagering Account; and
 - (b) If a player elects to proceed with cancellation, unrestricted funds remaining in a player's Sports Wagering Account must be returned according to the rules of a promotion or bonus.
- 9.6. Once a player has met the terms of a promotion or bonus, a Sportsbook must not limit winnings earned while participating in the promotion or bonus.

Section 10.0 Exchange Wagering and Other Peer-to-Peer Wagering

- 10.1. Prior to offering Exchange Wagering or other peer-to-peer wagering, a Sportsbook must obtain approval from the Department. The Rake taken on such wagers shall be considered Adjusted Gross Sports Wagering Revenue and is subject to all revenue share requirements outlined in Part VIII
- 10.2. One or more Operators may, with prior approval of the Department, participate in a Sports Wagering Network in accordance with a written agreement that has been executed by each Sportsbook. The agreement shall:
 - (a) Designate the party responsible for the operation and administration of the network;
 - (b) Identify and describe the role, authority, and responsibilities of each participating Sportsbook;
 - (c) Include a description of the process by which significant decisions that affect the operation of the network are approved and implemented by each Sportsbook; and
 - (d) Allocate the Adjusted Gross Sports Wagering Revenue and revenue share liability between the participating Operators to ensure the accurate reporting thereof.
- 10.3. Each party to an agreement to participate in a Sports Wagering Network as set forth in subsection 10.2 shall be jointly and severally liable for any acts or omissions in violation of the Act, these Procedures, or the policies of the Department.

Part III Technical Requirements and Oversight

Section 1.0 Mobile Sports Wagering Platform Standards.

A Sportsbook shall use a Mobile Sports Wagering Platform to offer, conduct, or operate Sports Wagering in accordance with applicable laws and these Procedures. Only a Sportsbook may process, accept, offer, or solicit Sports Wagers.

- 1.1. The Sportsbook must comply with, and the Department adopts and incorporates by reference, the Gaming Laboratories International's GLI-33: Standards for Event Wagering Systems, and its appendices, as amended or modified. The GLI-33 standards are intended to supplement rather than supplant other technical standards and requirements under these Procedures.
- 1.2. A Mobile Sports Wagering Platform for use to conduct Sports Wagering must meet the specifications set forth in these Procedures or other technical specifications as prescribed by the Department. Failure to comply with the approved specifications, internal controls, or technical specifications may result in disciplinary action by the Department.

Section 2.0 Testing and Certification of Mobile Sports Wagering Platform.

Prior to conducting Sports Wagering, and annually thereafter, the Mobile Sports Wagering Platform used in conjunction with the Sportsbook shall be submitted to a nationally recognized, independent testing laboratory approved by the Department for certification testing. Certification and Department approval must be received prior to the use of any Mobile Sports Wagering Platform to conduct Sports Wagering. The Sportsbook is responsible for all costs associated with testing and obtaining such certifications.

- 2.1. Unless otherwise authorized by the Department, the independent testing laboratory must be provided access to the Mobile Sports Wagering Platform's controlled software source code along with the means to verify compilation of such source code. The result of the compiled source code must be identical to that in the software submitted for evaluation.
- 2.2. If the Mobile Sports Wagering Platform meets or exceeds the specifications set forth in these Procedures or other technical specifications as prescribed by the Department, the independent testing laboratory approved by the Department shall certify the Mobile Sports Wagering Platform. Sportsbooks are prohibited from offering Sports Wagering in Vermont without such certification.

Section 3.0 Integration Requirements.

The Sportsbook shall be responsible for the Sports Wagering realized through other Service Providers and Suppliers, and other Sportsbooks where applicable.

- 3.1. The servers and other equipment of Service Providers and Suppliers will be considered to this effect as part of the Sportsbook's Mobile Sports Wagering Platform and must comply with the specifications provided in these Procedures.

- 3.2. The Sportsbook must guarantee that any integration with the servers and other equipment of another Sportsbook is realized in a way that complies with the specifications provided in these Procedures.
- 3.3. An independent testing laboratory shall conduct integration testing and certification for each server and other equipment with the Sportsbook's Mobile Sports Wagering Platform prior to its deployment and as requested by the Department.

Section 4.0 Change Management Processes.

The Sportsbook must submit change management processes to the Department for approval which detail evaluation procedures for identifying the criticality of updates and determining the updates that must be submitted to the approved independent testing laboratory for review and certification.

- 4.1. These change management processes must be:
 - (a) Developed in accordance with the Gaming Laboratories International's GLI-CMP: Change Management Program Guide, as amended or modified;
 - (b) Approved by the Department prior to its deployment; and
 - (c) Audited at an annual interval by the independent testing laboratory.
- 4.2. Quarterly change reports are issued to independent testing laboratory for review to ensure risk is being assessed according to the change management processes and all documentation for all changes are complete.
- 4.3. At least once annually, each product operating under the approved change management processes must be fully certified to the specifications set forth in these Procedures and other technical specifications as prescribed by the Department and accompanied by formal certification documentation from the independent testing laboratory. The Sportsbook shall be allowed to seek approval for extension beyond the annual approval if hardship can be demonstrated. Granting of a hardship waiver is the sole discretion of the Department.

Section 5.0 Geolocation Requirements.

Mobile Sports Wagers must be initiated, received, and otherwise placed in the authorized geographic boundaries within the State of Vermont and may not be intentionally routed outside the State. The authorized geographic boundaries shall be determined by the Department. The incidental intermediate routing of electronic data relating to a mobile Sports Wager shall not determine the location or locations in which the wager is initiated, received, or otherwise made, consistent with the Unlawful Internet Gambling Enforcement Act of 2006 (31 U.S.C. Section 5361, et seq.).

- 5.1. The Sportsbook must utilize geolocation services to ensure that the player is located in the authorized geographic boundaries within the State of Vermont when placing any Sports Wager and to monitor and block unauthorized attempts to place Sports Wagers when an individual or player is physically outside the authorized geographic boundaries within the State of Vermont at the time the Sports Wager is placed.
- 5.2. The Sportsbook shall trigger:

- (a) A geolocation check prior to the placement of the first wager after login or upon a change of IP address;
 - (b) Recurring periodic geolocation checks as follows:
 - (1) For static connections, at least every twenty (20) minutes or five (5) minutes if within one (1) mile of the border; and
 - (2) For mobile connections, at intervals to be based on a patron's proximity to the border with an assumed travel velocity of seventy (70) miles per hour or a demonstrated average velocity of a roadway/path. This interval shall not exceed twenty (20) minutes.
- 5.3. Mechanisms must be in place to detect software, programs, virtualization, and other technology that may obscure or falsify the player's physical location for the purpose of placing Sports Wagers.
- 5.4. The geolocation services used by the Sportsbook shall be certified by the approved independent testing laboratory, including applicable field testing, before its deployment.

Section 6.0 Data Security.

Each Sportsbook shall employ commercially reasonable security mechanisms to ensure the confidentiality of wagering and personal and financial information, and any other confidential information, including information provided by a Sports Governing Body or equivalent, from unauthorized access and dissemination except as otherwise authorized by the Act. Nothing in this subsection shall preclude the use of internet or cloud-based hosting of such data and information or disclosure as required by State or federal law or a court order.

Section 7.0 Location of Servers, Security, and Cloud Storage.

Unless otherwise approved by the Department in writing, a Sportsbook must place its primary server or other information technology equipment directly related to the placing of Sports Wagers in secure locations in the state of Vermont and which, upon request, shall be accessible by the Department.

- 7.1. The location of all other technology and servers used by a Sportsbook in connection with Sports Wagering shall be approved by the Department.
- 7.2. The Department may approve of the use of internet or cloud-based hosting of duplicate data or data not related to transactional wagering data upon written request of a Sportsbook.

Section 8.0 System Security Testing.

Each Sportsbook shall, within ninety (90) business days after commencing operations in Vermont, and annually thereafter, have system security testing of the Mobile Sports Wagering Platform conducted by a third-party contractor experienced in security procedures, including computer security and systems security, selected by the Sportsbook and subject to approval of the Department.

- 8.1. At a minimum, such documented system security testing should include a review of network vulnerability, application vulnerability, application code review, wireless security, security policy and processes, security and privacy program management, technology infrastructure and security controls, security organization and governance, and operational effectiveness.
- 8.2. The scope of the documented system security testing is subject to approval of the Department and must include, at a minimum, all of the following:
 - (a) A vulnerability assessment of all digital platforms, internet websites, mobile applications, internal, external, and wireless networks with the intent of identifying vulnerabilities of all devices, the Mobile Sports Wagering Platforms, and applications transferring, storing, and/or processing Personally Identifiable Information and/or other sensitive information connected to or present on the networks;
 - (b) A penetration test of all digital platforms, internet websites, mobile applications, internal, external, and wireless networks to confirm if identified vulnerabilities of all devices, the Mobile Sports Wagering Platforms, and applications are susceptible to compromise;
 - (c) A review of the firewall rules to verify the operating condition of the firewall and the effectiveness of its security configuration and rule sets performed on all of the perimeter firewalls and the internal firewalls;
 - (d) A security control assessment against the provisions adopted in these Procedures, including those standards adopted in the technical security controls of GLI-33, with generally accepted professional standards and as approved by the Department;
 - (e) If a Cloud Service Provider is in use, an assessment performed on the access controls, account management, logging and monitoring, and over security configurations of their cloud tenant;
 - (f) An evaluation of information security services, payment services (financial institutions, payment processors, etc.), geolocation services, and any other services which may be offered directly by the Operator or involve the use of Service Providers or Suppliers; and
 - (g) Any other specific criteria or standards for the documented system security testing as prescribed by the Department.
- 8.3. To qualify as a third-party contractor, the third-party contractor shall:
 - (a) Have relevant education background or in other ways provide relevant qualifications in assessing Mobile Sports Wagering Platforms;
 - (b) Obtain and maintain certifications sufficient to demonstrate proficiency and expertise as a network penetration tester by recognized certification boards, either nationally or internationally;
 - (c) Have at least five (5) years' experience performing system security testing on Mobile Sports Wagering Platforms; and
 - (d) Meet any other qualifications as prescribed by the Department or its designee.
- 8.4. The full third-party contractor's security audit report containing the overall evaluation of Sports Wagering in terms of each aspect of security shall be presented to the Department

no later than thirty (30) business days after the assessment is conducted and must include all the following:

- (a) Scope of review;
- (b) Name and company affiliation, contact information, and qualifications of the individual or individuals who conducted the assessment;
- (c) Date of assessment;
- (d) Findings;
- (e) Recommended corrective action, if applicable; and
- (f) The Sportsbook's response to the findings and recommended corrective action.

- 8.5. It is acceptable to leverage the results of prior assessments within the past year conducted by the same third-party contractor against standards such as ISO/IEC 27001, ISO/IEC 27017, ISO/IEC 27018, the NIST Cybersecurity Framework (CSF), the Payment Card Industry Data Security Standards (PCI-DSS), or equivalent. Such leveraging shall be noted in the third-party contractor's security audit report. This leveraging does not include critical components of a Mobile Sports Wagering Platform unique to the state which will require fresh assessments.
- 8.6. If the third-party contractor's security audit report recommends corrective action, the Sportsbook must provide the Department with a remediation plan and any risk mitigation plans which detail the Sportsbook's actions and schedule to implement the corrective action. Once the corrective action has been taken, the Sportsbook will provide the Department with documentation evidencing completion.

Section 9.0 Quarterly Vulnerability Scans.

Internal and external network vulnerability scans shall be run at least quarterly and after any significant change to the Mobile Sports Wagering Platform or network infrastructure.

- 9.1. Testing procedures must verify that four (4) quarterly internal and scans took place in the past twelve (12) months and that re-scans occurred until all "Medium Risk" (CVSS 4.0 or Higher) vulnerabilities were resolved and/or accepted via a formal risk acceptance program. Internal scans should be performed from an authenticated scan perspective. External scans can be performed from an uncredentialed perspective.
- 9.2. The quarterly scans can be performed by either a qualified employee of the Sportsbook or a qualified third-party contractor selected by the Sportsbook and subject to approval of the Department.
- 9.3. Verification of scans must be submitted to the Department on a quarterly basis and must include a remediation plan and any risk mitigation plans for those vulnerabilities not able to be resolved.

Part IV Sports Wagering Accounts

Section 1.0 Sports Wagering Account Requirements.

- 1.1. An individual must have an established Sports Wagering Account with the Sportsbook to participate in Sports Wagering. An account shall only be established in the name of a player who is a natural person and may not be in the name of any beneficiary, custodian, joint trust, corporation, partnership, or any other entity.
- 1.2. A Sportsbook must collect the following Personally Identifiable Information from for each player through the Mobile Sports Wagering Platform:
 - (a) The player's full legal name;
 - (b) The player's date of birth;
 - (c) The player's principal residential address. A post office box is not acceptable;
 - (d) The player's Social Security number, or the last four (4) digits of the Social Security number, or an equivalent government identification number for a noncitizen, such as a passport or taxpayer identification number; and
 - (e) Any other information collected from the player used to verify their identity and to prove the player is not an Ineligible Person.
- 1.3. During the Sports Wagering Account registration process, the player shall:
 - (a) Be denied the ability to register for account if they submit a birth date which indicates that they are an Underage Person;
 - (b) Be informed on the account application which information fields are "required," which are not, and what will be the consequences of not filling in the required fields;
 - (c) Agree to the terms and conditions and privacy policies of the Sportsbook;
 - (d) Acknowledge that they are prohibited from:
 - (1) Transferring or selling an account or account balance;
 - (2) Using any technology that may obscure or falsify the player's physical location for the purpose of placing Sports Wagers;
 - (3) Allowing any unauthorized person to access or use their account;
 - (4) Any form of collusion, cheating, or other unlawful activity;
 - (e) Consent to the monitoring and recording of the use of their account by the Sportsbook and the Department; and
 - (f) Affirm that:
 - (1) The player meets all eligibility requirements for registration; and
 - (2) The Personally Identifiable Information the player is providing to open the account is accurate.
 - (g) Authorize the provision of notices and other required communications either through a designated mobile or other interface or to an electronic mail address designated by the player.
- 1.4. A Sportsbook must maintain an electronic player file, which must, at a minimum, include the following for each Sports Wagering Account, as applicable:
 - (a) Unique Sports Wagering Account ID and username (if different);
 - (b) The information indicated in 1.2 to register a player and create the account;

- (c) The date and method of identity verification, including, where applicable, the document number of the government issued identification credential examined and its date of expiration, if applicable. If a government issued identification credential is not required for registration, the electronic record that details the process used to confirm the player's identity must be recorded;
 - (d) The date of player agreement to the terms and conditions and privacy policies;
 - (e) Previous Sports Wagering Accounts, if any, and reason for de-activation;
 - (f) The date and method from which the Sports Wagering Account was registered;
 - (g) The date and time a Sports Wagering Account is accessed by any person, including IP Address; and
 - (h) A history of financial transactions, including deposits, withdrawals, and account adjustments;
 - (i) Account details and current balance, including any incentive credits. All restricted wagering credits and unrestricted funds that have a possible expiration shall be maintained separately;
 - (j) The current status of the Sports Wagering Account (e.g., active, dormant, closed, suspended, excluded, etc.).
- 1.5. The following information maintained as part of the electronic player file shall be stored in encrypted form:
- (a) The player's government identification number, or portion(s) thereof;
 - (b) The player's previous and current password(s), PIN(s), or other authentication credential(s); and
 - (c) The player's previous and current debit instrument number(s), debit card number(s), bank account number(s) or other personal financial information.
- 1.6. A Sportsbook shall allow the player to update authentication credentials, registration information and the account used for financial transactions. A Multi-Factor Authentication process shall be employed for these purposes.
- 1.7. No Sportsbook may charge any fee to maintain or administer any Sports Wagering Account.

Section 2.0 Age and Identity Verification.

The Sportsbook shall adopt commercially reasonable policies and procedures to verify and authenticate age and identity of each player.

- 2.1. Only eligible persons may create a Sports Wagering Account, deposit funds, or participate in Sports Wagering. The Sportsbook must deny the ability to create a Sports Wagering Account, deposit funds, or participate in Sports Wagering to any an Ineligible Person. This section shall not be construed to prevent an individual from creating a Sports Wagering Account and depositing funds to such an account even if they are prohibited from placing certain wagers.
- 2.2. At the time of account establishment the Sportsbook shall employ electronic verification using one or more secure online databases, which government or business regularly use to verify and authenticate age and identity, or by examination of photo identification and the review of a supplemental, contemporaneous photograph of the person in order to

- verify each player's name, date of birth, and government identification number, or portion(s) thereof.
- 2.3. The following data must be verified before players can initiate activity including deposits, withdrawals and wagering:
- (a) Items that require an exact match:
 - (1) The player's last name;
 - (2) The player's date of birth; and
 - (3) The player's government identification number, or portions thereof;
 - (b) Items that permit flexible match:
 - (1) The player's first name; and
 - (2) The player's principal residential address.
- 2.4. Reasonable measures must be taken to ensure the person providing the identity information is truly the owner of the identity before a players can initiate any activity including deposits, withdrawals and wagering. One of the options below is required:
- (a) Correctly answer three dynamic knowledge-based questions compiled from public and private data such as public records, credit reports, marketing data, and other recorded facts;
 - (b) Verification that the player's phone number and email address match the information provided by the player
 - (c) Valid government issued identification credential; or
 - (d) Other methods approved by the Department.
- 2.5. The Sportsbook shall refuse to establish an account if it is found that any of the information supplied is untrue or incomplete.
- 2.6. A Sportsbook must use commercially available and demonstrable standards to confirm that an individual attempting to create a Sports Wagering Account is not an Ineligible Person.
- 2.7. A Sportsbook must periodically re-verify a player's identification upon reasonable suspicion that the player's identification has been compromised.

Section 3.0 Limitation to One Account per Player .

An individual may not have more than one (1) Sports Wagering Account with each Sportsbook. A Sportsbook shall implement procedures to terminate all accounts of any player that establishes or seeks to establish more than one (1) username or more than one (1) account, whether directly or by use of another person as proxy. Such procedures may allow a player that establishes or seeks to establish more than one (1) username or more than one (1) account to retain one (1) account provided that the Sportsbook investigates and makes a good-faith determination that the player's conduct was not intended to obtain a competitive advantage.

Section 4.0 Terms and Conditions and Privacy Policies for Sports Wagering Accounts.

All terms and conditions and privacy policies for Sports Wagering Accounts must be included in the Internal Control System of the Sportsbook and shall be readily accessible to the player before

and after registration and noticed when materially updated (i.e., beyond any grammatical or other minor changes).

4.1. All terms and conditions for Sports Wagering Accounts must address all aspects of the Sportsbook, including, but not limited to all of the following:

- (a) A statement that only individuals located in the authorized geographic boundaries within the State of Vermont can participate in Sports Wagering;
- (b) A statement that Ineligible Persons are prohibited from participating in Sports Wagering;
- (c) Advice to the player to keep their authentication credentials (e.g., password and username) secure;
- (d) All processes for dealing with lost authentication credentials, forced password changes, password strength and other related items as required by the Department;
- (e) Full explanation of all rules applicable to dormant Sports Wagering Accounts, including the conditions under which an account is declared dormant and what actions will be undertaken on the account once this declaration is made;
- (f) Actions that will be taken on the player's pending wagers placed prior to any exclusion or suspension, including the return of all wagers, or settling all wagers, as appropriate;
- (g) Information about timeframes and limits regarding deposits to and/or withdrawals from Sports Wagering Accounts, including a clear and concise explanation of all fees, if applicable; and
- (h) Statements indicating that the Sportsbook has the right to:
 - (1) Refuse to establish a Sports Wagering Account for what it deems good and sufficient reason;
 - (2) Refuse deposits to and/or withdrawals from Sports Wagering Accounts for what it deems good and sufficient reason; and
 - (3) Unless there is a pending investigation or player dispute, suspend or close any Sports Wagering Account at any time pursuant to the terms and conditions between the Sportsbook and the player.

4.2. All privacy policies for Sports Wagering Accounts must address all aspects of the Personally Identifiable Information protection, including, but not limited to all of the following:

- (a) The Personally Identifiable Information required to be collected;
- (b) The purpose and legal basis for Personally Identifiable Information collection and of every processing activity for which consent is being sought;
- (c) The period in which the Personally Identifiable Information is stored, or, if no period can be possibly set, the criteria used to set this;
- (d) The conditions under which Personally Identifiable Information may be disclosed;
- (e) An affirmation that measures are in place to prevent the unauthorized or unnecessary disclosure of the Personally Identifiable Information;
- (f) The identity and contact details on the Sportsbook who is seeking the consent; and
- (k) Any other privacy requirements specified by the Department.

Section 5.0 Responsible Gaming and Problem Gambling Information.

A Sportsbook must provide Department-approved responsible gaming and problem gambling information that must be readily accessible to each player and conspicuously displayed on each applicable Internet Website or Mobile Application, at a minimum, all of the following:

- 5.1. Responsible gambling and problem gambling information including a telephone number that an individual may use to obtain information about problem gambling and resources addressing addiction and compulsive behavior and where to seek assistance with these issues in Vermont and nationally.
- 5.2. Notification that underage gambling is a criminal offense and that anyone who facilitates an underage person to place a Sports Wager has committed a criminal offense and must be prohibited from Sports Wagering;
- 5.3. A list of the available responsible gaming limits and restrictions that can be invoked by the player, including a means to initiate a break in play to discourage excessive play, and information on how to invoke those measures;
- 5.4. A link to the statewide Voluntary Self-Exclusion Program and enrollment information;
- 5.5. Mechanisms in place for players to detect unauthorized use of their Sports Wagering Account, such as the player reviewing financial statements against known deposits;
- 5.6. Method for filing a complaint with the Sportsbook; and
- 5.7. Method for filing with the Department an unresolved complaint after all reasonable means to resolve the complaint with the Sportsbook have been exhausted utilizing forms and in the manner prescribed by the Department.

Section 6.0 Account Access.

- 6.1. The Mobile Sports Wagering Platform shall utilize authentication credentials, such as a username (or similar) and a password or a secure alternative means to assure that only the player has access to the Sports Wagering Account. Allowable authentication credentials are subject to the discretion of the Department as necessary. The requirement does not prohibit the option for more than one method of authentication being available for a player to access their account.
- 6.2. If the Mobile Sports Wagering Platform does not recognize the authentication credentials when entered, an explanatory message shall be displayed to the player which prompts the player to try again. The error message shall be the same regardless of which authentication credential is incorrect.
- 6.3. Players must be given the option to use a Multi-Factor Authentication process when accessing their Sports Wagering Account. In addition, a Multi-Factor Authentication shall be employed for the retrieval or reset of a player's forgotten or lost authentication credentials.
- 6.4. Current account balance information, including any restricted wagering credits and unrestricted funds, and transaction options shall be available to the player once authenticated. All restricted wagering credits and unrestricted funds that have a possible expiration shall be indicated separately.

- 6.5. The Mobile Sports Wagering Platform shall either:
- (a) Continuously and prominently display the current time in the state of Vermont and the amount of time that the player has spent on the Sportsbook's Internet Website or Mobile Application, or
 - (b) Cause a pop-up notification, at least every once every thirty (30) minutes if a player has not logged out of their account during such 30-minute period, to be prominently displayed advising the player of the current time and the amount of time that the player has spent on the Internet Website or Mobile Application.
- 6.6. The Mobile Sports Wagering Platform shall support a mechanism that allows for an account to be locked in the event that suspicious activity is detected, such as three consecutive failed access attempts in a 30-minute period. A Multi-Factor Authentication process shall be employed for the account to be unlocked.

Section 7.0 Financial Transactions.

- 7.1. Sportsbooks shall provide the player written confirmation or denial of every financial transaction initiated, including:
- (a) The type of transaction (deposit or withdrawal);
 - (b) The transaction value; and
 - (c) For denied transactions, a descriptive message as to why the transaction did not complete as initiated.
- 7.2. A Sports Wagering Account may be funded using approved methods which shall produce a sufficient audit trail for verification of the source of the wagers.
- (a) Approved methods for funding Sports Wagering Accounts include:
 - (1) Cash equivalents converted to cash;
 - (2) Debit cards;
 - (3) Electronic funds transfers (EFTs);
 - (4) Promotional or bonus credit;
 - (5) Winnings;
 - (6) Adjustments made by the Sportsbook with documented notification to the player; and
 - (7) Any other form approved by the Department including those which are initiated with cash.
 - (b) The Sports Wagering Account shall not be funded using a credit card.
 - (c) The Sports Wagering Account shall be credited for any deposit in accordance with the Internal Control System as submitted by the Sportsbook and approved by the Department.
 - (d) For debit cards and EFTs, the player may be liable for any charges imposed by the transmitting or receiving Sportsbook and the charges may be deducted from the player's Sports Wagering Account.
- 7.3. When a Sports Wagering Account's lifetime deposits exceed \$2,500, and every year thereafter, the Sportsbook shall prevent any wagering until the player immediately acknowledges that the player has met the deposit threshold and may elect to establish

responsible gaming limits or close the account, and the player has received disclosures from the Sportsbook concerning problem gambling resources.

- 7.4. Where financial transactions are conducted through EFT, the Sportsbook shall have security measures and controls to prevent EFT fraud. A failed EFT attempt is not considered fraudulent if the player has successfully performed an EFT on a previous occasion with no outstanding chargebacks. Otherwise, the Sportsbook shall do all of the following:
 - (a) Temporarily block the player's Sports Wagering Account for investigation of fraud after five (5) consecutive failed EFT attempts within a 10-minute period. If there is no evidence of fraud, the block may be vacated; and
 - (b) Suspend the player's Sports Wagering Account after five (5) additional consecutive failed EFT attempts within a 10-minute period.
- 7.5. A Sportsbook must not restrict the player from withdrawing the player's own funds or withdrawing winnings from wagers placed using the player's own funds, whether the account is open or closed, except as otherwise provided in these Procedures, or any other applicable state or federal laws.
 - (a) A Sportsbook must employ a mechanism that can detect and prevent any withdrawal activity initiated by a player that would result in a negative balance of the Sports Wagering Account.
 - (b) A Sportsbook shall not allow a Sports Wagering Account to be overdrawn unless caused by payment processing issues outside the control of the Sportsbook.
 - (c) A Sportsbook must honor the player's request to withdraw funds within five (5) business days after the request, unless the conditions set forth in subsection 7.5(d) are met.
 - (d) The Sportsbook may decline to honor a player's request to withdraw funds only if the Sportsbook believes in good faith that the player engaged in either fraudulent conduct or other conduct that would put the Sportsbook in violation of the Act and these Procedures. In such cases, the Sportsbook must do all of the following:
 - (1) Provide notice to the player of the nature of the investigation of the Sports Wagering Account; and
 - (2) Conduct its investigation in a reasonable and expedient fashion, providing the player additional written notice of the status of the investigation every tenth (10th) business day starting from the day the original notice was provided to the player.
 - (e) For purposes of this subsection, a request for withdrawal is considered honored if it is processed by the Sportsbook notwithstanding a delay by a payment processor, debit card issuer, or the custodian of a financial account.
- 7.6. All adjustments to Sports Wagering Accounts for amounts of five hundred dollars (\$500.00) or less must be periodically reviewed by supervisory personnel as set forth in the Sportsbook's Internal Control System. All other adjustments must be authorized by an authorized Critical Employee of the Sportsbook before being entered.

Section 8.0 Account Information.

Upon request of the player, the Sportsbook shall provide a statement detailing account activity for the past year including wagers, deposit amounts, withdrawal amounts, and bonus or promotion information, including amounts remaining for a pending bonus or promotion, and amounts released to the player.

Section 9.0 Responsible Gaming Limits.

A Sportsbook shall allow a player to limit the amount of money that may be deposited into an account and spent through an account.

- 9.1. A deposit limit shall be offered on a daily, weekly and monthly basis and shall specify the maximum amount of money a player may deposit into their Sports Wagering Account during a particular period of time.
- 9.2. A wager limit shall be offered on a daily, weekly and monthly basis and shall specify the maximum amount of player funds that may be put at risk during a particular period of time.
- 9.3. Any decrease to these limits shall be effective immediately or at the point in time (e.g., next login, next day) that was clearly indicated to the player. Any increase to these limits shall become effective only after the time period of the previous limit (e.g., day, week, month, etc.) has expired and the player reaffirms the requested increase.

Section 10.0 Self-Restriction Process

- 10.1. A Sportsbook shall enable a player to restrict themselves from Sports Wagering for a period of time the player specifies, which must not be less than seventy-two (72) hours, by submitting a request to the Sportsbook through its Internet Website or Mobile Application or by online chat with the Sportsbook's customer support team.
- 10.2. The Sportsbook shall provide to a player who self-restricts their participation information concerning:
 - (a) Available resources addressing addiction and compulsive behavior;
 - (b) How to close an account and restrictions on opening a new account during the period of self-restriction;
 - (c) Requirements to reinstate an account at the end of the period;
 - (d) The ability to enroll in the statewide Voluntary Self-Exclusion Program and a link to such site; and
 - (e) How the Sportsbook addresses bonuses or promotions and account balances during and after the period of self-restriction, and when the player closes their Sports Wagering Account.

Section 11.0 Suspension and Restoration of Sports Wagering Accounts.

- 11.1. A Sports Wagering Account may be placed into a suspended mode by the Sportsbook under any of the following conditions:

- (a) When requested by the player through a self-restriction process under section 10.1;
 - (b) When required by the Department;
 - (c) If the Sportsbook determines it lacks sufficient information to verify the age and eligibility of the player; or
 - (d) Upon a determination by a Sportsbook that a player
 - (1) Has provided any false or misleading information in connection with the opening of the account or has engaged in collusion, cheating or other unlawful conduct
 - (2) Is or has been barred from placing Sports Wagers in the State of Vermont;
 - (3) Is or has otherwise become an ineligible person;
 - (e) When initiated by a Sportsbook that has evidence that indicates any of the following:
 - (1) Illegal activity including providing any false or misleading information in connection with the opening of the account, or engaging in collusion, cheating, or other unlawful conduct
 - (2) A negative Sports Wagering Account balance; or
 - (3) A violation of the terms and conditions has taken place on a player's Sports Wagering Account.
 - (f) For any other reason at the sole discretion of the Sportsbook, provided that reason is not based on a player's actual or believed sex, gender identity, race, religion, national origin, sexual orientation, or other lawfully protected characteristic or is not in violation of federal or State law.
- 11.2. When a Sports Wagering Account is in a suspended mode, the Sportsbook must do all of the following:
- (a) Prevent the player from placing Sports Wagers;
 - (b) Prevent the player from depositing funds unless the account is suspended due to having a negative Sports Wagering Account balance but only to the extent the Sports Wagering Account balance is brought back to zero dollars;
 - (c) Prevent the player from withdrawing funds from their Sports Wagering Account, unless the Sportsbook acknowledges that the funds have cleared, and that the reason(s) for suspension would not prohibit a withdrawal;
 - (d) Prevent the player from making changes to their Sports Wagering Account;
 - (e) Prevent the removal of the Sports Wagering Account from the Mobile Sports Wagering Platform; and
 - (f) Prominently display to the player that the Sports Wagering Account is in a suspended mode, the restrictions placed on the Sports Wagering Account, and any further course of action needed to remove the suspended mode.
 - (g) Remove the player from any advertising or marketing distribution lists.
- 11.3. A Sports Wagering Account in a suspended mode may be restored for any of the following reasons:
- (a) Upon expiration of the self-restriction time period established by the player under section 10.1;
 - (b) If authorized by the Department;

- (c) When the player is no longer an Ineligible Person; or
 - (d) When the Sportsbook has lifted the suspended status.
- 11.4 In the event of termination of the Sports Wagering Account in accordance with this section, the player shall be provided a timely ability to access and withdraw any funds remaining in the Sports Wagering Account, provided that the Sportsbook acknowledges that the funds have cleared, and that the reason(s) for termination would not prohibit a withdrawal.

Section 12.0 Account Closure.

- 12.1. A Mobile Sports Wagering Platform must provide a conspicuous and readily accessible method for a player to close their Sports Wagering Account through the account management or similar page or through the Sportsbook's customer support team.
- 12.2. Upon closure any funds remaining in the Sports Wagering Account shall be refunded to the player, provided that the Sportsbook acknowledges that the funds have cleared.

Section 13.0 Dormant Accounts.

Any Sports Wagering Account with no activity for at least three (3) years may be closed. When a Sports Wagering Account is closed the Sportsbook shall issue any funds, less processing fees, within five (5) business days to the player.

Section 14.0 Anti-Money Laundering (AML) Monitoring.

The Sportsbook shall develop and implement AML procedures and policies that adequately address the risks posed by Mobile Sports Wagering for the potential of money laundering and terrorist financing. Additional requirements for AML procedures and policies may be specified by the Department.

Section 15.0 Personally Identifiable Information Security.

- 15.1. Any information obtained in respect to the Sports Wagering Account, including Personally Identifiable Information and authentication credentials, shall be done in compliance with the privacy policies and local privacy regulations and standards observed by the Department. Both Personally Identifiable Information and the Sports Wagering Account funds shall be considered as critical assets for the purposes of risk assessment.
- 15.2. No employee or agent of the Sportsbook shall divulge any Personally Identifiable Information related to a Sports Wagering Account, the placing of any wager or any other sensitive information related to the operation of the Sportsbook without the consent of the player, except as required by this section, the Department, and as otherwise required by state or federal law. This includes, but is not limited to:
- (a) The amount of money credited to, debited from, or present in any particular player's Sports Wagering Account;

- (b) The amount of money wagered by a particular player on any event or series of events;
 - (c) The unique Sports Wagering Account ID or username and authentication credentials that identify the player;
 - (d) The identities of particular Sports Events or Types of Wagers on which the player is wagering or has wagered; and
 - (e) Unless otherwise authorized by the player, the name, address, and other information in possession of the Sportsbook that would identify the player to anyone other than the Department or Sportsbook.
- 15.3. There shall be procedures in place for the security and sharing of Personally Identifiable Information, funds in a Sports Wagering Account and other sensitive information as required by the Department, including, but not limited to:
- (a) The designation and identification of one or more employees having primary responsibility for the design, implementation, and ongoing evaluation of such procedures and practices;
 - (b) The procedures to be used to determine the nature and scope of all information collected, the locations in which such information is stored, and the storage devices on which such information may be recorded for purposes of storage or transfer;
 - (c) The measures to be utilized to protect information from unauthorized access; and
 - (d) The procedures to be used if a breach of data security has occurred, including required notification to the Department.

Section 16.0 Test Accounts.

A Sportsbook may establish test accounts to be used to test the various components and operation of a Sportsbook pursuant to an Internal Control System, which, at a minimum, must address all of the following:

- 16.1. The procedures for issuing funds used for testing, including the identification of who may issue the funds and the maximum amount of funds that may be issued;
- 16.2. The procedures for assigning each test account for use by only one (1) individual. However, a Sportsbook may establish a specific scenario or instance of a test account that may be shared by multiple users if each user's activities are separately logged;
- 16.3. The maintenance of a record for all test accounts, to include when they are active, to whom they are issued, and the employer of the individual to whom they are issued;
- 16.4. The procedures for auditing testing activity by the Sportsbook to ensure the accountability of funds used for testing and proper adjustments to Adjusted Gross Sports Wagering Revenue; and
- 16.5. The procedures for authorizing and auditing out-of-state test activity.

Part V Audit and Internal Control Standards

Section 1.0 Internal Control System.

Unless otherwise provided for by the Department, before beginning Sportsbook operations, an Operator must submit its administrative and accounting procedures, in detail, in an Internal Control System for Department review and written approval. The Department or its designee may perform any inspection necessary in order to determine conformance with the approved Internal Control System.

- 1.1. Amendments to any portion of the Internal Control System must be submitted to the Department for approval. If within thirty (30) business days the Department has not approved, denied, or otherwise provided written notice, an Operator may implement the amended internal controls as submitted with the Department retaining its authority to require further amendment, approval, or denial;
 - (a) The Department may, in writing, approve, deny, or require a revision to the amendment to the Internal Control System. If the Operator is notified of a required revision, the Operator must work with the Department to address the revision;
 - (b) If the Department requests additional information, clarification, or revision of an amendment to the Internal Control System and the Operator fails to satisfy the request within thirty (30) business days after the Department request, the Department shall consider the amendment denied and it cannot be implemented or, if previously implemented, the Operator has fifteen (15) business days to cease implementation of that amendment. If the Operator subsequently wants to pursue the amendment, it must resubmit the request along with the additional information previously requested by the Department.
- 1.2. In the event of an emergency, the Operator may temporarily amend their Internal Control System. The Commissioner or their designee must be notified that an emergency exists before temporarily amending their Internal Control System. The Operator must submit the temporary emergency amendment of the Internal Control System to the Commissioner or their designee within twenty-four (24) hours of the amendment. The submission must include the detailed emergency procedures that will be implemented and the time period the emergency procedures will be temporarily in place. Any concerns the Department has with the submission must be addressed with the Operator.
- 1.3. An Internal Control System must include a detailed narrative description of the administrative and accounting procedures designed to satisfy the requirements of these Procedures, including the following:
 - (a) Administrative controls which include, as their primary objective, policies and procedures designed to assure that all activities and transactions of the Operator are instituted and completed in accordance with the applicable policy and/or procedure.
 - (b) Accounting controls, as detailed in these Procedures, which include, as their primary objectives:
 - (1) Processes for recording the collection of wagers, payment of wagers, and cancellation of wagers issued in accordance with generally accepted

- accounting principles; and
 - (2) Requirements for an annual audit of accounting controls.
 - (c) Reporting controls which shall include policies and procedures for the timely reporting of economic and social impact reports, and standard financial and statistical reports and information in accordance with these Procedures.
 - (d) Access controls which include, as their primary objective, the safeguarding of company assets to include safeguards in the form of organizational safeguards.
 - (e) Tables of organization, which shall provide for:
 - (1) A system of personnel and chain of command which permits management and supervisory personnel to be held accountable for actions or omissions within their areas of responsibility;
 - (2) The segregation of incompatible functions so that no employee is in a position both to commit an error or to perpetrate a fraud and to conceal the error or fraud in the normal course of their duties;
 - (3) Primary and secondary supervisory positions which permit the authorization or supervision of necessary transactions at all relevant times; and
 - (4) Areas of responsibility which are not so extensive as to be impractical for one person to monitor.
 - (f) A jobs compendium detailing job descriptions, chains of command, and lines of authority for all personnel engaged in the operation of Sports Wagering. The Operator shall maintain and update the jobs compendium on a regular basis.
 - (g) An infrastructure and information security program; and
 - (h) All applicable policies and procedures required pursuant to this Part.
14. To the extent a Service Provider is involved in or provides any of the internal controls required in this Part, the Operator's Internal Control System must document the roles and responsibilities of the Service Provider and must include procedures to evaluate the adequacy of and monitor compliance with the Service Provider's Internal Control System.
15. Nothing in this Part shall be interpreted so as to limit an Operator's use of technology, provided that, if the Operator intends to utilize any new technology not identified in its initial proposal, it shall submit the changes to its Internal Control System to incorporate the use of any such new technology to the Department which shall refer the proposed change to the Commissioner who shall review the proposal.
16. If the Department determines that the Internal Control System of the Operator does not comply with the requirements of these Procedures or requires improvement, the Department shall notify the Operator in writing. Within fifteen (15) business days after receiving the notification, the Operator must amend its Internal Control System accordingly and must submit, for Department approval, a copy of the written Internal Control System, as amended, and a description of any other remedial measure taken.

Section 2.0 Information Security Responsibilities.

An Internal Control System shall ensure that an information security program is effectively implemented, and information security function responsibilities are effectively allocated.

- 2.1. The Sportsbook shall implement, maintain, and comply with a comprehensive information security program, the purpose of which shall be to take reasonable steps to protect the confidentiality, integrity, and availability of Personally Identifiable Information of individuals who place a Sports Wager with the Sportsbook.
- 2.2. The information security program shall contain administrative, technical, and physical safeguards appropriate to the size, complexity, nature, and scope of the operations and the sensitivity of the Personally Identifiable Information owned, licensed, maintained, handled, or otherwise in the possession of the Sportsbook.
- 2.3. An information security forum or other organizational structure comprised of senior managers shall be formally established to monitor and review the information security program to ensure its continuing suitability, adequacy and effectiveness, maintain formal minutes of meetings, and convene at least every six months.
- 2.4. An information security department shall exist that is responsible for developing a security strategy in accordance with the overall operation. The information security function will subsequently work with the other departments to implement the associated action plans. It shall be involved in reviewing all tasks and processes that are necessary from the security perspective for the Sportsbook, including, but not limited to, the protection of information and data, communications, physical, virtual, personnel, and overall business operational security.
- 2.5. The information security department shall report to no lower than executive level management and shall be independent of the IT department with regard to the management of security risk.
- 2.6. It shall have the competences and be sufficiently empowered and shall have access to all necessary resources to enable the adequate assessment, management, and reduction of risk.
- 2.7. The chief security officer or equivalent head of the information security department shall be a full member of the information security forum and be responsible for recommending information security policies and changes.

Section 3.0 Accounting Records.

Sportsbooks must maintain complete, accurate, and legible records of all transactions related to their Sportsbooks, including transactions pertaining to revenues, expenses, assets, liabilities, and equity in conformance with generally accepted accounting principles.

- 3.1. The Department may direct Sportsbooks to alter the manner in which the records are maintained if a Sportsbook's records are not in accordance with generally accepted accounting principles or if the records are not in sufficient detail.
- 3.2. The accounting records must be maintained using a double entry system of accounting with transactions recorded on the accrual basis and supported by detailed subsidiary records.
- 3.3. The detailed subsidiary records must include, at a minimum, all of the following:
 - (a) Detailed general ledger accounts identifying all revenue, expenses, assets, liabilities, and equity;

- (b) A record of all investments, advances, loans, and accounts receivable balances due the establishment;
 - (c) A record of all loans and other accounts payable;
 - (d) A record of all accounts receivable written off as uncollectible;
 - (e) Journal entries prepared;
 - (f) Tax work papers used in preparation of any state or federal tax return if applicable;
 - (g) Records supporting the accumulation of the costs for complimentary services and items. A complimentary service or item provided to individuals in the normal course of a Sports Wagering business must be recorded in an amount based upon the full retail price normally charged for the service or item or as is otherwise consistent with generally accepted accounting principles;
 - (h) Records required by the Internal Control System; and
 - (i) Other records that the Department requires to be maintained.
- 3.4. The Sportsbook must maintain all records supporting the Adjusted Gross Sports Wagering Revenue.
- 3.5. If a Sportsbook fails to maintain the records used by it to calculate the Adjusted Gross Sports Wagering Revenue, the Department may compute and determine the amount upon the basis of an audit conducted by the Department using available information.

Section 4.0 Financial Audits.

Upon application, and annually thereafter, each Sportsbook shall submit to the Department, within ninety (90) business days of the operator's fiscal year end, its most recent financial audit.

- 4.1. The financial audit must be performed by an independent certified public accountant currently authorized to practice in Vermont and presented in accordance with generally accepted accounting principles and contain the opinion of the independent certified public accountant as to its fair preparation and presentation in accordance with generally accepted accounting principles.
- 4.2. The Department shall determine the date of filing and the number of copies of audits or reports required under this procedure. The audits or reports must be received by the Department or postmarked no later than the required filing date.
- 4.3. The reporting year-end of the Sportsbook is December 31 unless otherwise approved by the Department.

Section 5.0 Retention, Storage and Destruction Records.

An Internal Control System shall include a records retention schedule, and provisions related to the storage and destruction of records that at a minimum incorporates the following provisions:

- 5.1. Each Sportsbook must maintain, in a place secure from theft, loss, or destruction, adequate records of its business and accounting operations.
- 5.2. A Sportsbook must make the records available to the Department, upon request, within a time provided for by the Department.

- 5.3. A Sportsbook must hold the records identified in this section for not less than three (3) years; however, a Sportsbook must hold all records pertaining to performance under the Operator's contract for the term of the Operator's contract and for three (3) years thereafter or for any period required by law for inspection by any authorized representatives of the State or Federal Government, provided that if any litigation, claim, or audit is started before the expiration of the three-year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved.
- 5.4. A Sportsbook must keep and maintain, in a manner and form required by the Department, accurate, complete, and legible records of any books, records, or documents pertaining to, prepared in, or generated by, the Sportsbook, including but not limited to, all of the following:
 - (a) Forms;
 - (b) Reports;
 - (c) Accounting records;
 - (d) Ledgers;
 - (e) Subsidiary records;
 - (f) Internal audit records;
 - (g) Correspondence; and
 - (h) Personnel records.
- 5.5. A Sportsbook must organize and index all required records in a manner that enables the Department to locate, inspect, review, and analyze the records with reasonable ease and efficiency.
- 5.6. A Sportsbook shall, except as otherwise provided, notify the Department in writing at least 60 business days prior to the scheduled destruction of any record required to be retained in accordance with this section. Such notice shall list each type of record scheduled for destruction, including a description sufficient to identify the records included; the retention period; and the date of destruction.
- 5.7. The Department may prohibit the destruction of any record required to be retained in accordance with this section by so notifying the Sportsbook in writing within 45 business days of receipt of the notice of destruction pursuant to subsection 5.5 or within the specified retention period. Such original record may thereafter be destroyed only upon notice from the Department, or by order of the Department upon the petition of the Sportsbook or by the Department on its own initiative.
- 5.8. The Sportsbook may utilize the services of a disposal company for the destruction of any records required to be retained in accordance with this section.
- 5.9. Nothing in this Part shall be construed as relieving a Sportsbook 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.

Section 6.0 Reserve Requirement

- 6.1. An Internal Control System shall include a plan to maintain and protect sufficient cash and other supplies to conduct Sports Wagering at all times through a reserve in the amount

necessary to ensure the security of funds held in Sports Wagering Accounts and the ability to cover the outstanding Sports Wagering liability.

- (a) The reserve must be in the form of cash, cash equivalents, payment processor receivables, payment processor reserves, an irrevocable letter of credit, a bond, or a combination thereof.
 - (b) The reserve must be not less than the greater of twenty-five thousand dollars (\$50,000.00) or the sum of the following amounts:
 - (1) The daily ending cashable balance of all Sports Wagering Accounts;
 - (2) Pending withdrawals;
 - (3) Amounts accepted by the Sportsbook on Sports Wagers whose outcomes have not been determined; and
 - (4) Amounts owed but unpaid on winning Sports Wagers.
 - (c) Amounts available to players for wagering that are not redeemable for cash may be excluded from the reserve computation.
- 6.2. A Sportsbook must have access to all Sports Wagering Account and transaction data to ensure the amount of its reserve is sufficient. Unless otherwise directed by the Department, a Sportsbook must file a monthly attestation with the Department, in the form and manner prescribed by the Department, that funds have been safeguarded under this procedure.
- 6.3. The Department may audit a Sportsbook's reserve at any time and may direct a Sportsbook to take any action necessary to ensure the purposes of this procedure are achieved, including but not limited to requiring the Sportsbook to modify the form of its reserve or increase the amount of its reserve.

Section 7.0 Risk Management Framework

An Operator must implement a risk management framework. This framework may be provided in-house by a unit capable of performing this function with appropriate segregation of functions and reporting duties, or by a Service Provider.

- 7.1. An Internal Control System shall contain a description of the risk management framework, including but not limited to:
- (a) Automated and manual risk management procedures;
 - (b) Employee management, including access controls and segregation of duties;
 - (c) Information regarding identifying and reporting fraud and suspicious conduct;
 - (d) Controls ensuring regulatory compliance;
 - (e) Description of Anti-Money Laundering (AML) compliance standards;
 - (f) Description of all software applications that comprise the Mobile Sports Wagering Platform, including
 - (1) The unique identification and verification systems for wagers;
 - (2) The minimum data that must be recorded relating to each wager;
 - (3) System redundancy to ensure recording of wagers during a system outage;
 - (g) Description of all types of Sports Wagers available to be offered by the Sportsbook;
 - (h) Description of the procedures to prevent past posting of wagers;

- (i) Description of the procedures to prevent individuals from placing wagers as agents or proxies for other individuals;
 - (j) Description of all integrated third-party platforms, including integration with an independent control system to ensure integrity of system wagering information; and
 - (k) Any other information which may be required by the Department.
- 7.2. A Sportsbook shall file with the Department, in a manner and form developed by the Department, a report of any error that occurs in offering an event or wager or if an unapproved Sports Event or Type of Wager is offered to the public.

Section 8.0 Taxation Requirements

An Internal Control System shall ensure compliance with all Internal Revenue Service (IRS) requirements and the Sportsbook shall provide for the withholding or reporting of income tax of players as required by applicable state or federal law.

- 8.1. The Sportsbook shall comply with all applicable tax laws and regulations including, without limitation, laws and regulations applicable to tax withholding and laws and regulations applicable to providing information about payouts and withholdings to taxing authorities and to players.
- 8.2. The Sportsbook shall disclose potential tax liabilities to players at the time of award of any Sports Wagering payouts in excess of limits set by the IRS. Such disclosures will include a statement that the obligation to pay applicable taxes on payouts is the responsibility of the player and that failure to pay applicable tax liabilities may result in civil penalties or criminal liability. Upon written request, the Sportsbook shall provide players with summarized tax information on Sports Wagering activities.

Section 9.0 Bank Secrecy Act Compliance

An Internal Control System shall ensure compliance with all provisions of The Bank Secrecy Act of 1970, 31 USC §§ 5311 to 5332, applicable to the operation of Sports Wagering. The Sportsbook must:

- 9.1. Maintain records related to its compliance with The Bank Secrecy Act of 1970, 31 USC §§ 5311 to 5332, including all currency transaction reports, suspicious activity reports, and any supporting documentation, for the term of the Operator's contract and for three (3) years thereafter or for any period required by law for inspection by any authorized representatives of the State or Federal Government, provided that if any litigation, claim, or audit is started before the expiration of the three-year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved. The Sportsbook must provide the records to the Department and any appropriate law enforcement agencies on request consistent with the authorization prescribed in The Bank Secrecy Act of 1970, 31 USC §§ 5311 to 5332, and applicable regulations.
- 9.2. Provide written notice to the Department as soon as the Sportsbook becomes aware of a

compliance review that is conducted by the Internal Revenue Service under The Bank Secrecy Act of 1970, 31 USC §§ 5311 to 5332, and involves or impacts the Sportsbook's Sportsbook. The Sportsbook must provide a copy of the compliance review report or the equivalent to the Department within ten (10) business days after the receipt of the report by the Sportsbook.

Section 10.0 Anti-Money Laundering (AML) Monitoring

An Internal Control System shall implement AML procedures and policies that adequately address the risks posed by Sports Wagering for the potential of money laundering and terrorist financing. At a minimum, the AML procedures and policies shall provide for:

- 10.1. Controls to assure ongoing compliance with the local AML regulations and standards observed by the Department;
- 10.2. Up to date training of employees in the identification of unusual or suspicious transactions;
- 10.3. Assigning an individual or individuals to be responsible for all areas of AML by the Sportsbook including reporting unusual or suspicious transactions;
- 10.4. Use of any automated data processing systems to aid in assuring compliance; and
- 10.5. Periodic independent tests for compliance with a scope and frequency as required by the Department. Logs of all tests shall be maintained.

Section 11.0 Integrity Monitoring and Suspicious Behavior

An Operator must implement an integrity monitoring system. This solution may be provided in-house by a unit capable of performing this function with appropriate segregation of functions and reporting duties, or by a Service Provider.

- 11.1. An Internal Control System shall include provisions for a Sportsbook to report to the Department as soon as practicable:
 - (a) Any information regarding irregularities in volume or changes in odds that could signal suspicious activities which were identified
 - (b) Any information relating to criminal or disciplinary proceedings commenced against the Sportsbook in connection with its operations;
 - (c) Any information relating to the following, which must also be reported to the relevant Sports Governing Body or equivalent:
 - (1) Abnormal Wagering Activity or patterns that may indicate a concern with the integrity of a Sports Event or events;
 - (2) Any potential breach of the internal rules and codes of conduct pertaining to Sports Wagering of a relevant Sports Governing Body or equivalent, to the extent the operator has actual knowledge of the potential breach;
 - (3) Any other conduct that corrupts a Sports Wagering outcome of a Sports Event or events for purposes of financial gain, including match-fixing; or
 - (d) Any information relating to Suspicious or Illegal Wagering Activities, including the use of funds derived from illegal activity, the placement of wagers to conceal or launder funds derived from illegal activity, the use of agents to place wagers, and

the use of false identification in placing wagers.

- 11.2. A Sportsbook must maintain the confidentiality of information provided by a Sports Governing Body or equivalent for purposes of investigating or preventing the conduct described in subsection 11.1(d), unless disclosure is required by the Act, the Department, other law or court order or unless the Sports Governing Body or equivalent consents to disclosure.
- 11.3. A Sportsbook receiving a report of Suspicious or Illegal Wagering Activity must be permitted to suspend wagering on Sports Events or Types of Wager related to the report, and may place a hold on suspicious wagers while investigating but may only cancel or void Sports Wagers related to the report after receiving approval from the Department.
- 11.4. Upon request by the Department or its designee, a Sportsbook shall provide remote, read-only access and the necessary software and hardware for the Department to evaluate or monitor the Mobile Sports Wagering Platform. If requested, the Sportsbook shall provide the Department with remote access or other approved mechanism which shall provide at a minimum:
 - (a) All reports of Abnormal Wagering Activity;
 - (b) If the Abnormal Wagering Activity was subsequently determined to be Suspicious or Illegal Wagering Activity;
 - (c) All reports deemed Suspicious or Illegal Wagering Activity at the outset; and
 - (d) The actions taken by the Sportsbook according to its integrity monitoring system.
- 11.5. Nothing in this section shall require a Sportsbook to provide any information that is prohibited by federal, state or local law or regulation, including, but not limited to, laws and regulations relating to privacy and Personally Identifiable Information.
- 11.6. A Sportsbook must maintain records of all Integrity Monitoring services and activities, including all reports and/or Suspicious or Illegal Wagering Activity and any supporting documentation, for a minimum of three (3) years after a Sports Event occurs or for any period required by law for inspection by any authorized representatives of the State or Federal Government, provided that if any litigation, claim, or audit is started before the expiration of the three-year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved.
- 11.7. The Sportsbook shall disclose these records to the Department upon request.
- 11.8. The Department may require a Sportsbook to provide any hardware or software necessary to the Department, or to an independent testing laboratory approved by the Department, for evaluation of its Sports Wagering offering or to conduct further monitoring of Sports Wagering data.
- 11.9. The Department and its operators may participate in national and international monitoring services and associations and may share Sports Wagering data with those entities and sports governing bodies in order to ensure the integrity of Sports Wagers and Sports Events.

Section 12.0 Cooperation with Investigations; Confidentiality of Certain Reported Information.

The Department and Sportsbooks shall cooperate with investigations conducted by law enforcement agencies, Sports Governing Bodies or equivalent, including by providing or

facilitating the provision of account-level wagering information and audio or video files relating to individuals placing wagers.

- 12.1. If a Sports Governing Body or equivalent notifies the Department that real-time information sharing for wagers placed on its Sports Events is necessary and desirable, Sportsbooks must share with that Sports Governing Body or equivalent or its designee in real-time, at the account level:
 - (a) Anonymized information regarding an individual who places a wager;
 - (b) The amount and type of wager;
 - (c) The time the wager was placed;
 - (d) The location of the wager, including the Internet Protocol address if applicable;
 - (e) The outcome of the wager; and
 - (f) Records of Abnormal Wagering Activity.
- 12.2. A Sports Governing Body may use the information described by subsection 12.1 solely for Sports Wagering integrity purposes.
- 12.3. For purposes of subsection 12.1, "real-time information sharing" means the sharing of information at a commercially reasonable periodic interval of not less than once every seventy-two (72) hours.
- 12.4. A Sportsbook must maintain the confidentiality of information provided by a Sports Governing Body or equivalent to the Sportsbook unless disclosure is required by this Part, the Department, other law, or court order.
- 12.5. The Department, Sports Governing Bodies or equivalent, and Sportsbooks must maintain the confidentiality of all information relating to conduct described in subsection 11.1(d) unless disclosure is required by these Procedures, other law, or court order, or as authorized by the relevant Sports Governing Body or equivalent.
- 12.6. The Department must maintain the confidentiality of all information provided by Sportsbooks for compliance purposes unless disclosure is required by this Part, other law, or court order.
- 12.7. The Department and a Sportsbook may disclose confidential information to another Sportsbook, a Sports Governing Body or equivalent, a Sports Wagering regulating entity, a law enforcement entity, or other party for the purpose of preventing or investigating conduct that corrupts or could corrupt the outcome of a Sports Event, including match fixing.

Section 13.0 Complaints Pertaining to Sports Wagering

An Internal Control System shall provide procedures for receiving, investigating, responding to and reporting on complaints by players.

- 13.1. When a player makes a complaint, the Sportsbook shall immediately issue a complaint report, setting out:
 - (a) The name of the complainant;
 - (b) The nature of the complaint;
 - (c) The name of the persons, if any against whom the complaint was made;
 - (d) The date of the complaint; and
 - (e) The action taken or proposed to be taken, if any, by the Sportsbook.

- 13.2. All complaints received by a Sportsbook from a player and the Sportsbook's responses to complaints shall be retained for three (3) years thereafter or for any period required by law for inspection by any authorized representatives of the State or Federal Government, provided that if any litigation, claim, or audit is started before the expiration of the three-year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved. The Operator will produce such records to the Department within ten (10) business days of any request by the Department.
- 13.3. A Sportsbook must investigate and attempt to resolve all complaints with the player.
- 13.4. A Sportsbook shall respond to such complaints in writing within ten (10) business days. If the relief requested in the complaint will not be granted, the response to the complaint shall state the reasons with specificity.
- 13.5. If the response to a complaint is that more information is needed, the form and nature of the necessary information shall be specifically stated. When additional information is received, further response shall be required within seven (7) business days.
- 13.6. In its response, the Sportsbook must advise the player of their right to submit the complaint to the Department in the form and manner prescribed by the Department.
- 13.7. Unless otherwise directed by the Department, for complaints related to Sports Wagering Accounts, settlement of Sports Wagers, or illegal activity related to Sports Wagering that cannot be resolved to the satisfaction of the player, the Sportsbook must promptly notify the Department of the complaint and the Sportsbook's response.
- 13.8. On receipt of a complaint from a player or notification of an unresolved complaint from a Sportsbook, the Department may conduct any investigation the Department considers necessary and may direct a Sportsbook to take any corrective action the Department considers appropriate.

Section 14.0 Prohibition of Credit Extension

An Internal Control System shall include controls relating to not allowing the acceptance of a Sports Wager or deposit of funds into a Sports Wagering Account that is derived from the extension of credit by affiliates or agents of the Sportsbook. For purposes of this section, credit shall not be deemed to have been extended where, although funds have been deposited into a Sports Wagering Account, the Sportsbook is awaiting actual receipt of such funds in the ordinary course of business.

- 14.1. Credit providers such as small amount credit contracts (payday lending) must not be advertised or marketed to players.
- 14.2. A player must not be referred to a credit provider to finance their Sports Wagering activity.
- 14.3. Personally Identifiable Information related to a player must not be provided to any credit provider.

Section 15.0 Ineligible Persons

An Internal Control System shall include commercially reasonable measures to prevent accepting or making payment relating to Sports Wagers made by Ineligible Persons.

- 15.1. If a Sportsbook detects, or is notified of, an individual suspected of being an Ineligible Person who had engaged or is engaging in Prohibited Sports Wagering, the Sportsbook must use reasonable measures to verify whether the individual is prohibited or not.
- 15.2. If the Sportsbook is able to establish, by reasonable measures, that the individual is prohibited, the Sportsbook must cancel a Sports Wager and confiscate the funds.
- 15.3. If the Sportsbook is unable to establish, by reasonable measures, that the individual is prohibited, then the individual is presumed to not be an Ineligible Person for the purposes of this section.

Section 16.0 Layoff Wagers

An Internal Control System shall include procedures for a Sportsbook to accept Layoff Wagers placed by other Sportsbooks and place Layoff Wagers with other Sportsbooks for the purpose of offsetting Sports Wagers.

- 16.1. The Sportsbook placing a Layoff Wager shall inform the Sportsbook accepting the wager that the wager is being placed by a Sportsbook and shall disclose their identity.
- 16.2. The Sportsbook may decline to accept a Layoff Wager in its sole discretion.
- 16.3. Layoff Wagers must be reported to the Department.

Section 17.0 Reports of Sportsbooks

An Internal Control System shall detail the Sportsbook's ability to prepare reports supporting Adjusted Gross Sports Wagering Revenue, wagering liability, payouts, and any other reports considered necessary by the Department. The Sportsbook shall timely file with the Department any additional reports required by the Act or by any rule, regulation, or procedure, or practice.

Section 18.0 Department Access to Sports Wagering Data

An Internal Control System shall detail the controls to assure that all Sports Wagering data the Department requires to be maintained under the Act or these Procedures is appropriately segregated and controlled to prevent unauthorized access. Sportsbooks must provide the Department or the Department of Financial Regulation with access to all such data, upon request and with reasonable notice. A Sportsbook must retain such data for a minimum of three (3) years or for any period required by law for inspection by any authorized representatives of the State or Federal Government, provided that if any litigation, claim, or audit is started before the expiration of the three-year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved.

Section 19.0 Financial and Compliance Reports.

The Department may require financial and compliance reports from its Sportsbooks at any time and may conduct audits of these reports to ensure that the State receives the contractual share of Adjusted Gross Sports Wagering Revenue.

Section 20.0 Independent Audit of Internal Control Systems.

Sportsbooks shall have their Internal Control System independently audited at least once every two (2) years with the results documented in a written report. This includes internal controls conducted by a Service Provider on behalf of the Operator. Reports shall be maintained and available to the Department.

- 20.1. Such independent audits may be conducted by the Department, or a third-party contractor approved by the Department. The Department may, in its discretion, allow for an internal audit department within the Sportsbook or parent company of the Sportsbook, which is independent of the Sportsbook, to serve as a third-party contractor for use in completing this audit.
- 20.2. The Department, or third-party contractor shall be responsible for auditing the Sportsbook's compliance with the Act and these Procedures, including those standards adopted in the Wagering Procedures and Practices of GLI-33, the Internal Control System, and any other applicable rules, regulations, or procedures.
- 20.3. Documentation, including checklist, programs, reports, corrective actions, and other items, shall be prepared to evidence all independent audit work performed as it relates to the requirements of this section, including all instances of noncompliance.
- 20.4. Independent audit reports shall include objectives, procedures and scope, findings and conclusions, and recommendations.
- 20.5. Independent audit findings shall be reported to management. Management shall be required to respond to the independent audit findings and the stated corrective measures to be taken to avoid recurrence of the audit exception. Such management responses shall be included in the final independent audit report.
- 20.6. Follow-up observation and examinations shall be performed to verify that corrective action has been taken regarding all instances of noncompliance cited by the independent audits, or by the Department. The verification shall be performed within six (6) months following the date of notification.
- 20.7. It is acceptable to leverage the results of prior audits conducted within the audit period by the same third-party contractor in another Sports Wagering jurisdiction. Such leveraging shall be noted in the audit report. This leveraging does not include any internal controls unique to the state, which will require new audits.

Part VI Responsible Gaming

Section 1.0 Responsible Gaming Plan.

Prior to conducting a Sportsbook in Vermont, each operator must submit a Responsible Gaming Plan to the Department and the Department of Mental Health that shall include information related to the posting of materials related to problem gambling, resources to be made available to players expressing concerns about problem gambling, player-determined individual limits, house-imposed player limits, and voluntary self-exclusion programs. This plan must be approved by the Department prior to authorizing the operator to conduct a Sportsbook within the State. The operator will provide an updated plan annually every year thereafter.

- 1.1. The Responsible Gaming Plan shall include, at a minimum, the following:
 - (a) The goals of the plan, procedures and deadlines for implementation of the plan;
 - (b) The identification of the individual(s) who will be responsible for the implementation, monitoring, and maintenance of the plan;
 - (c) The operator's plan for creating and disseminating promotional material to educate players about compulsive and problem gambling and to inform them about treatment services available to compulsive and problem gamblers and their families. The operator shall provide examples of the materials to be used as part of its plan and a description of how the material will be disseminated;
 - (d) A copy of the employee training program(s) as part of comprehensive employee trainings upon hire and regularly thereafter on what is responsible gambling and the role of employees in responding to circumstances in which individuals present signs of gambling addiction;
 - (e) The duties and responsibilities of the key employees and other employees designated to implement or participate in the plan;
 - (f) Procedures to assess, prevent and address problem gambling by players, including:
 - (1) Identifying players with suspected or known problem gambling behavior;
 - (2) Preventing Sports Wagering by Ineligible Persons;
 - (g) Commitments to participate in statewide responsible gaming initiatives, including, but not limited to:
 - (1) Participating in responsible gaming operator committees;
 - (2) Providing additional education and awareness for identified vulnerable populations;
 - (h) Procedures for advertising and marketing which must comply with applicable standards of socially responsible advertising, including all applicable state and federal laws and standards on this subject;
 - (i) Annual reporting on responsible gaming activities; and
 - (j) Other policies and procedures as determined by the Department to prevent problem gambling and encourage responsible gambling.
- 1.2. At least every five (5) years, each Operator shall be subject to an independent review of the Operator's Responsible Gaming Plan, as assessed by industry standards and performed by a third party approved by the Department. The Department may require the operator to pay for the independent review.

Section 2.0 Statewide Voluntary Self-Exclusion Program.

The Department shall establish, implement, and administer a statewide voluntary self-exclusion program for any individual to voluntarily exclude themselves from establishing a Sports Wagering Account or from placing Sports Wagers through an account for a set period of time specified in the exclusion registration agreement.

- 2.1. Each person seeking placement in the statewide Voluntary Self-Exclusion Program acknowledges that it is their responsibility to refrain from engaging in Sports Wagering and other gambling activities under the jurisdiction of the Department, and must agree to:
 - (a) Refrain from participating in Sports Wagering and other gambling activities for the period specified in the exclusion registration agreement; and
 - (b) Not petition the Department for removal from the program for the period specified in the exclusion registration agreement.
- 2.2 An individual may request to have their name placed on the Self-Exclusion List by completing the exclusion registration agreement. A holder of a joint bank account may also request to have the name of someone whom they share the joint account placed on the Self-Exclusion List when the when the requestor provides documentary evidence to the Department of sharing the joint bank account.
- 2.3 Upon the filing of an exclusion registration agreement in the statewide Voluntary Self-Exclusion Program, the Department may file a Notice of Placement in the statewide Voluntary Self-Exclusion Program and such exclusion registration agreement and notice may be disclosed to Operators and their agents and employees on a periodic basis, as approved by the Department.
- 2.4 A Voluntarily-Excluded Person's registration under the statewide Voluntary Self-Exclusion Program does not prevent an Operator and its agents and others operating on their behalf from seeking payment of a debt accrued by the individual before the individual entered the program.

Section 3.0 Involuntary Exclusion List.

The Department shall maintain an Involuntary Exclusion List that consists of the names of people who the Commissioner determines meet anyone of the following criteria:

- 3.1. Any person whose wagering would be inimical to Sports Wagering or other gambling activities in the State of Vermont, including the following:
 - (a) Any person who is involved in collusion, cheating, or other unlawful activity;
 - (b) Any person who poses a threat to the safety of the players or employees;
 - (c) Persons who pose a threat to themselves;
 - (d) Persons with a documented history of conduct involving the disruption of a facility or website conducting activities under the jurisdiction of the Department;
 - (e) Persons included on another jurisdiction's exclusion list;

- (f) Persons subject to a Court order excluding those persons from a facility or website conducting activities under the jurisdiction of the Department;
 - (g) Any felon or person who has been convicted of any crime gambling or offense involving gambling and whose participation in activities under the jurisdiction of the Department would be harmful to or negatively affect the reputation of the State of Vermont; or
 - (h) Any person who enhances a risk of unfair or illegal practices in the conduct of activities under the jurisdiction of the Department.
- 3.2. The Commissioner's determination of the basis for placing a person on the Involuntary Exclusion list may be based upon any of the following:
- (a) The nature and notoriety of the person to be excluded from all wagering and gaming activities under the jurisdiction of the Department;
 - (b) The history and nature of the involvement of the person's wagering, gaming, or gambling activity in Vermont or any other jurisdiction;
 - (c) The nature and frequency of any contacts or associations of the person with any Sportsbook; or
 - (d) Any other factor reasonably related to the maintenance of public confidence in the regulatory process or the integrity of Sports Wagering in the State of Vermont.
- 3.3. The Involuntary Exclusion List shall contain the following information, if known, for each Involuntarily-Excluded Person:
- (a) The full name and all known aliases and the date of birth;
 - (b) A physical description or photograph, if available;
 - (c) The date the person's name was placed on the Involuntary Exclusion List;
 - (d) Partial or full Social Security Number, or an equivalent government identification number for a noncitizen, such as a passport or taxpayer identification number, if available;
 - (e) The person's occupation and current residential and business addresses; and
 - (f) Any other relevant information as deemed necessary by the Department.
- 3.4. The Department shall attempt to provide notice to any person who is placed on the Involuntary Exclusion List.
- 3.5. Each Involuntarily-Excluded Person who wishes to contest being placed on the Involuntary Exclusion List may request in writing an informal review by the Board of Liquor and Lottery. Such request for review shall fully state the reasons such Involuntarily-Excluded Person believes the Commissioner's exclusion decision was not supported by statute, rule, procedure or practice. The Board's conclusion shall be final and binding on all parties.

Section 4.0 Operator Responsibilities.

The Operator shall regularly receive the Self-Exclusion List and Involuntary Exclusion List from the Department.

- 4.1. The Self-Exclusion List and Involuntary Exclusion List may only be accessed by individuals authorized in accordance with the Internal Control System.

- 4.2. Except as authorized or required by these Procedures, the Self-Exclusion List and Involuntary Exclusion List shall be kept confidential and the Operator shall not disclose the names included on these lists.
- 4.3. The Self-Exclusion List and Involuntary Exclusion List shall not be publicly disclosed by the Operator, its Service Providers, employees, affiliates or other persons authorized to access the lists. However, the Operator may share the lists with other designated Operators in the State of Vermont or its affiliates in other jurisdictions for the purpose of assisting in the proper administration of responsible gaming programs.
- 4.4. The Operator shall establish procedures to add the names from the Self-Exclusion List and Involuntary Exclusion List into their internal list to exclude from Sports Wagering. If the Operator utilizes an internal management system to track individuals on the Self Exclusion List and Involuntary Exclusion List, they shall update that system at least every seventy-two (72) hours with names of individuals being added or removed from the Self Exclusion List and Involuntary Exclusion List.
- 4.5. The Operator shall establish procedures that are designed, to make all commercially reasonable efforts, to:
 - (a) Prevent an individual on the Self-Exclusion List or Involuntary Exclusion List from opening a new Sports Wagering Account;
 - (b) Identify and suspend any Sports Wagering Accounts of an individual on the Self-Exclusion List or Involuntary Exclusion List to prevent further participation in Sports Wagering;
 - (c) Promptly notify the Department, or its designee, if an individual on the Self-Exclusion List or Involuntary Exclusion List attempts to place or is discovered to have placed or attempted to place a wager;
 - (d) In cooperation with the Department, and where reasonably possible, determine the amount wagered and lost by an individual identified to be on the Self-Exclusion List or Involuntary Exclusion List. The monetary value of the losses shall be paid to the Department within forty-five (45) business days;
 - (e) Deny an individual identified to be on the Self-Exclusion List or Involuntary Exclusion List from any winnings derived from wagering while on the Self-Exclusion List or Involuntary Exclusion List. The monetary value of the withheld winnings shall be paid to the Department within forty-five (45) business days;
 - (f) Refund any remaining balance to an individual on the Self-Exclusion List or Involuntary Exclusion List provided that the Sportsbook acknowledges that the funds have cleared; and
 - (g) Ensure that individuals on the Self-Exclusion List or Involuntary Exclusion List do not receive, either from the Operator, its Service Providers, or any agent thereof, direct marketing, telemarketing promotions, player club materials, or other targeted promotional materials relating to Sports Wagering.

Part VII Advertising and Marketing

Section 1.0 Advertising and Marketing Generally.

- 1.1. The Operator shall ensure that its advertisements and marketing:
 - (a) Disclose the identity of the Sportsbook.
 - (b) Contain a statement that Underage Persons are not allowed to open or have access to Sports Wagering Accounts.
 - (c) Do not include or depict:
 - (1) Underage Persons, except live footage or images of professional athletes who may be Underage Persons in Sports Events on which Sports Wagering is permitted;
 - (2) Students;
 - (3) Schools or colleges; or
 - (4) School or college settings.
 - (d) Do not state or imply endorsement or participation by:
 - (1) Underage Persons, other than professional athletes who may be Underage Persons;
 - (2) Colleges; or
 - (3) College athletic associations.
 - (e) Do not target Underage Persons, other Ineligible Persons, individuals with gambling problems, or other vulnerable individuals.
 - (f) Include a means for the receiver to opt out of any advertising or marketing distribution lists.
- 1.2. Incidental depiction of nonfeatured Underage Persons does not violate subsection 5.1.
- 1.3. The use of Sports Wagering advertisements, logos, trademarks, or brands is prohibited on products that are sold in Vermont and intended primarily for Underage Persons.

Section 2.0 Advertisements to Include Information to Promote Responsible Gaming.

An Operator shall include in an advertisement, information concerning assistance available to problem gamblers, or shall direct players to a reputable source of that information, including a toll-free crisis help telephone number approved by the Department. If an advertisement is of insufficient size or duration to provide the information required, the advertisement shall refer to a website or application that does prominently include such information.

Section 3.0 Limitation on Representations about Winnings.

An Operator shall only make representations concerning winnings that are accurate, not misleading, and capable of substantiation at the time of the representation. For purposes of this subsection, an advertisement is misleading if it makes representations about average winnings without equally prominently representing the average net winnings of all players.

Section 4.0 No Promotional Activities at Schools or Colleges

- 4.1. A postsecondary school located in the State shall not permit Sports Wagering to be advertised on property belonging to the postsecondary school, except for generally available advertising, including television, radio, and digital advertising.
- 4.2. An Operator shall not advertise in a manner that targets the area of a college or university campus.

Section 5.0 Advertising and Marketing Plan.

Each Operator shall submit an advertising and marketing plan to the Department which shall include strategies to limit unwanted advertising, and advertising and marketing aimed at Underage Persons.

Section 6.0 Promotional Inducements, Bonuses and Credits

- 6.1. Permitted advertising and marketing materials that communicate promotional inducements, bonuses and credits must, at a minimum:
 - (a) Disclose all material conditions and limitations of the offer at its first presentation on the gaming site, with all other conditions and limitations no more than one click away.
 - (b) Not be described as free unless the inducement, bonus or credit is free. If the player has to risk or lose their own money or if there are conditions attached to their own money, the offer must disclose those terms and may not be described as free.
 - (c) Not be described as risk-free if the player needs to incur any loss or risk their own money to use or withdraw winnings from the risk-free bet.
- 6.2. No promotional inducement, bonus or credit shall exceed a value set by the Department.

Part VIII Revenue Share and Payments

Section 1.0 Revenue Share and Payments Generally.

- 1.1. Each Operator shall pay to the Department a share of the Adjusted Gross Sports Wagering Revenue that is determined through the competitive bidding process.
- 1.2. Prior to commencing Sportsbook operations in Vermont, each Operator shall establish and, after that, maintain an operating account at a designated financial institution capable of handling electronic fund transfers.
- 1.3. The Operator must notify the Department of the financial institution where funds are deposited, and the Department may reject the proposed financial institution for cause”) could be revised to read something like “The Operator must notify the Department of the financial institution where funds are deposited; and the Department may reject the proposed financial institution if the Department determines in its sole discretion that use of such institution would be inconsistent with these procedures or may otherwise undermine Vermont’s Sports Wagering program.”The revenue share received by the Department pursuant to this Part shall be deposited in the Sports Wagering Fund.

Section 2.0 Determination of Value.

- 2.1. An Operator shall not receive a deduction from Adjusted Gross Sports Wagering Revenue unless written approval is granted by the Department for the following:
 - (a) Amounts returned to a player because of Mobile Sports Wagering Platform malfunction or because the Sports Wager must be voided because of concerns regarding integrity of the Sports Wager or Sports Event that were previously included in the computation of Adjusted Gross Sports Wagering Revenue; or
 - (b) Successfully disputed debit card charges that were previously included in the computation of Adjusted Gross Sports Wagering Revenue. Discretionary write-offs by the Operator do not constitute an uncollectible marker.
- 2.2. An Operator must submit for Department review and approval a written request, including all supporting documentation, for any deductions it would like to take against Adjusted Gross Sports Wagering Revenue.
- 2.3. An Operator that has an Adjusted Gross Wagering Revenue for a month that is less than zero may carry that amount forward and deduct the amount from the Operator's Adjusted Gross Wagering Revenue for one or more of the succeeding twelve (12) months before determining the amount of revenue share due under this Part for the applicable month. Any negative Adjusted Gross Sports Wagering Revenue must be carried over and calculated as a deduction on the revenue share form or payment form on the subsequent months until the negative figure has been brought to a zero balance.

Section 3.0 Payment of Revenue Share.

The revenue share imposed under this subchapter is due and payable to the Department on or before the twentieth (20th) day of the month following the month in which the Adjusted Gross Wagering Revenue on which the revenue share is based is received. An Operator must remit the

revenue share or payment imposed, by an electronic transfer of funds. In addition, the Operator shall electronically transmit to the Department a revenue share return in the format provided by the Department. The return, and revenue share or payment shall be transmitted no later than the twentieth day of the month succeeding the calendar month in which the Adjusted Gross Sports Wagering Revenue proceeds were received by the Operator. The revenue share or payment is timely if it settles to the Department's bank account by the twenty-first (21st) day of the month succeeding the calendar month in which the Adjusted Gross Sports Wagering Revenue was received by the Operator.

Part IX Contract Sanctions

Section 1.0 Grounds for Contract Sanctions.

Any failure to comply with the Act, these Procedures, contractual terms, or any procedures adopted by the Department may be brought before the Board of Liquor and Lottery.

- 1.1. The Board shall have the authority to impose sanctions on an operator for a violation, including monetary penalties pursuant to 31 V.S.A. § 1325(b), suspension of operator operations within the State, and the termination of all operator operations within the State. The Department may also bring an action in a Vermont court for damages, injunctive relief, or enforcement of monetary penalties related to any contract violation.
- 1.2. Acceptance or renewal of a contract by a Contract Holder constitutes an agreement on the part of the Contract Holder to be bound by all the Board procedures. It is the responsibility of the Contract Holder to remain self-informed of the content of all such rules, and ignorance thereof will not excuse violations.

Section 2.0 Initiation of Disciplinary Proceedings, Denial of Contract Application, and Contested Case Proceedings.

- 2.1 Upon its own initiative, upon request of the Commissioner, or upon written complaint signed and sworn to by a complainant, the Board may determine whether to suspend or terminate an Operator's contract or to issue monetary penalties.
- 2.2. The Board may elect to suspend or terminate for cause an Operator's contract, or issue monetary penalties, where it determines that the Operator, the Operator's employees, or their agents have violated any of the provisions of the Act or these Procedures; or that violations by the Operator, the Operator's employees, or agents, of laws other than the Sports Wagering laws make the Operator no longer suitable to hold a contract.
- 2.3. Prior to suspending or terminating a contract for cause, or issuing monetary penalties for cause, the Board, or the Commissioner, will send to the Operator by first class mail at the last known mailing address of the Operator, a list of the grounds for the proposed suspension or termination, or monetary penalties, and a notice containing at least thirty (30) business days to cure such violations.
- 2.4. The Department may also bring an action in a Vermont court for damages, injunctive relief, or enforcement of monetary penalties related to any contract violation.

Section 3.0 Citizen Complaints Authorized — Procedure Following Filing.

Any person claiming that an Operator has engaged or is engaging in conduct constituting grounds for suspension or termination of the Operator's contract, or imposition of other

sanctions, may file with the Commissioner a sworn written complaint stating the name and address of the Operator complained against. The complaint must fully detail the conduct alleged to violate a specified Sports Wagering statute, associated Board procedures or other legal requirements, upon which the complaint is made. If the Commissioner determines the complaint has merit, the Commissioner will serve by first class mail on the Operator complained against and any other affected parties a copy of the complaint. The Operator complained against has twenty (20) business days to answer after service of the complaint on the Operator, which answer shall be filed with the Commissioner, on behalf of the Board. The Commissioner may reject a complaint if it does not meet the requirements of this section. If the Operator answers the complaint, the Operator must serve an original and one (1) copy.

Section 4.0 Dismissal of Citizen Complaint.

After receipt of the answer to the complaint, after the time has expired to answer, or after having determined that no answer is necessary, the Commissioner will examine the complaint, any answer, and other supporting documents to determine whether the complaint has merit or is frivolous or whether it charges conduct constituting grounds for suspension or termination of the Operator's contract or other sanctions. If the Commissioner determines that the complaint is without merit or is frivolous or that it does not charge conduct constituting grounds for disciplinary action, the Commissioner will dismiss the complaint and notify in writing the complainant, the Operator complained against, and other affected parties, stating the reasons for dismissal. The Commissioner may investigate the complaint and use extrinsic evidence to determine if the complaint has merit.

Section 5.0 Informal Consultation.

If the Commissioner considers the citizen complaint, or any other allegations, to be grounds for suspension or termination of the Operator's contract or other sanction, the Commissioner may first consult with the Operator and the parties affected in an effort to resolve the matter satisfactorily without referral to the Board. The Commissioner must notify in writing the complainant, the Operator complained against, and affected parties of the results of the informal consultation.

Section 6.0 Assurance of Voluntary Compliance.

The Commissioner may accept an assurance of voluntary compliance regarding any act or practice alleged to violate the Act or these Procedures, from a person who has engaged in, is engaging in, or is about to engage in such acts or practices. The assurance must be in writing and may include a stipulation for the voluntary payment of an amount necessary to restore to a person money or property which may have been acquired by the alleged violator because of the Acts or practices. An assurance of voluntary compliance may not be considered an admission of a violation for any purpose; however, proof of failure to comply with the assurance of voluntary compliance is prima facie evidence of a violation of the Act or these Procedures. The Board may approve or review an assurance of voluntary compliance.

Section 7.0 Decision to Initiate Disciplinary Action.

At any time during the review and investigation of a citizen complaint, the Commissioner and/or Board may decide to take any action where grounds exist to sustain its initiation.

Section 8.0 Criminal Convictions as Grounds for Revocation or Suspension.

The Commissioner and/or Board may immediately terminate or suspend the contract of any person who is convicted of a crime, even though the convicted person's post-conviction rights and remedies have not been exhausted, if the crime or conviction involves a felony, gambling, or Sports Wagering or if it discredits or tends to discredit the State of Vermont, Sports Wagering or gaming industry.

Section 9.0 Facts of Criminal Charge.

The charge in any jurisdiction of an Operator with a felony or with a misdemeanor involving moral turpitude is grounds for taking sanction actions. The Commissioner and/or Board may find the Operator committed a violation based on the facts of the criminal charge even though the Operator has been acquitted on the criminal charge.

Section 10.0 Conditions Imposed by Commissioner for Reissuance of Contract.

In consultation with the Board, The Commissioner may require a person who formerly held an Operator's contract to meet certain conditions before reissuing a contract to that person, including but not limited to the following:

- 10.1. Restitution of money;
- 10.2. Restitution of property; and
- 10.3 Making periodic reports to the Commissioner as required.