

TITLE 325. OKLAHOMA HORSE RACING COMMISSION

CHAPTER 80. GAMING LICENSING REQUIREMENTS

SUBCHAPTER 1. GENERAL PROVISIONS

325:80-1-2. Definitions

Unless otherwise defined below, terms used in this chapter have the same meanings as set forth in the State-Tribal Gaming Act:

"Act" means the State-Tribal Gaming Act enacted by the people with passage of State Question 712.

"Authorized games" means Electronic Amusement Games as defined in the Act, Electronic Bonanza-Style Bingo Games as defined in the Act, Electronic Instant Bingo Games as defined in the Act, Compact Electronic Games as defined in these Rules, and Non-Compact Electronic Games as defined by these Rules.

"Commission" means the Oklahoma Horse Racing Commission.

"Component" means a part of a Gaming Machine that is necessary for the proper operation and essential function of the Gaming Machine, including but not limited to a hopper, coin acceptor, Microprocessor and related circuitry, Program Storage Device, Bill Acceptor, cashless system, progressive system, monitoring system, meter and any other parts the Commission determines are Components; a Component is necessary for the proper operation and essential function of a Gaming Machine if it affects, directly or indirectly, the Gaming Machine's operation, game outcome, security, record-keeping, or communication with the central monitoring system; parts such as light bulbs, buttons, wires, decorative glass, fuses, batteries, handles, springs, brackets, and locks are not Components if they do not directly or indirectly affect the Gaming Machine's operation, game outcome, security, record-keeping, or communication with the central monitoring system.

"Control," when used as a noun, means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person or to exercise significant influence over management and policies due to financial investment, assumption of debts or expenses, or other monetary or non-monetary considerations extended to the applicant or Licensee; when used as a verb, "Control" means to exert, directly or indirectly, such power, or to be in a position to exert such power.

"Distributor" means a non-Manufacturer who leases, sells, distributes or markets any Gaming Machine, associated equipment, game program or Program Storage Device to a Racetrack Gaming Operator Licensee in the State of Oklahoma.

"Enclosure" means all areas of the property of an Organization Licensee to which admission can be obtained only by payment of an admission fee or upon presentation of proper credentials and all parking areas designed to serve the facility which are owned or leased by the Organization Licensee.

"Executive director" means the executive director of the Commission.

"Gaming agent" means a Commission employee trained in machine gaming, responsible for on-site enforcement of the Act and these Rules and other regulatory responsibilities as assigned by the Executive Director.

"Gaming employee" means any employee of a Racetrack Gaming Operator Licensee who works in any capacity within the confines of the Gaming Facility.

"Gaming employee license" means a license issued to a Gaming Employee by the Commission.

"Gaming facility" means that area within an Organization Licensee's Racetrack Premises approved by the Commission that has been set aside for the use of Authorized Games and related activities and access to which is limited to patrons 18 years of age or older.

"Gaming machine" means a contrivance designed primarily for gambling purposes which for a consideration affords the player an opportunity to obtain something of value, the award of which is determined by chance, or any token, chip, paper, receipt or other document which evidences, purports to evidence or is designed to evidence participation in a lottery or the making of a bet. The fact that the prize is not automatically paid by the device does not affect its character as a gambling device.

"Gaming machine license" means a license issued by the Commission to a Racetrack Gaming Operator Licensee for each Gaming Machine brought into the Racetrack Premises, for any purpose, including but not limited to storage, repair, modification or play.

"Independent testing laboratory" means a laboratory with a national reputation for honesty, independence, competence and timeliness that is demonstrably competent and qualified to scientifically test and evaluate devices for compliance with the Act and to otherwise perform the functions assigned to it in the Act. An Independent Testing Laboratory shall not be owned or Controlled by an Organization Licensee, an Indian tribe, the State, or any Manufacturer, supplier or operator of Gaming Machine. The use of an Independent Testing Laboratory for any purpose related to the operation of Authorized Games by an Organization Licensee under the Act shall be made from a list of one or more laboratories approved by the Commission.

"Key executive" means an executive of a Racetrack Gaming Operator Licensee, Manufacturer, Distributor, Manufacturer/Distributor, Vendor, or Independent Testing Laboratory who supplies goods and/or services which are used in the actual gaming, gaming monitoring or gaming surveillance, including officers, directors, and other Persons having the power to exercise significant influence over decisions concerning any part of the licensed gaming operations of the licensed employer, which for a Racetrack Gaming Operator Licensee, would include but would not be limited to the General Manager, Comptroller, Director of Finance, Director of Security, Director of Electronic Gaming Operations, and Director of Marketing.

"Key executive license" means a license issued to a Key Executive by the Commission.

"Manufacturer" means a Person who manufactures, fabricates, assembles, produces, programs, refurbishes, or makes Modification to any Gaming Machine or Component thereof, or associated Program Storage Device for sale, lease, distribution, use or play by a Racetrack Gaming Operator Licensee in the State of Oklahoma.

"Manufacturer licensee" means a Manufacturer licensed by the Commission.

"Manufacturer/Distributor" means a Person who is both a Manufacturer and Distributor as defined in these Rules.

"Manufacturer/Distributor licensee" means a Manufacturer/Distributor Licensed by the Commission.

"Modification" means a change or alteration in an approved Gaming Machine or Component thereof that affects the manner or mode of play (including the percentage paid by the Gaming Machine), as well as a change in Control or graphics programs "Modification" does not include a conversion from one approved mode of play to another approved mode of play, replacement of one game for another approved game replacement of one Component with another

pre-approved Component, or the rebuilding of a previously approved Gaming Machine with pre-approved Components.

"Occupation gaming license" means any gaming license issued by the Commission other than a Racetrack Gaming Operator License or a Recipient Racetrack Gaming License.

"Occupation gaming licensee" means any Person receiving an Occupation Gaming License issued by the Commission.

"Organization license" means a license issued by the Commission which authorizes the licensee to conduct a race meeting in Oklahoma and accept pari-mutuel wagers on the outcome of live and simulcast horse racing.

"Organization licensee" means any Person receiving an Organization License issued by the Commission.

"Participating tribe" means an Indian tribe which operates a Gaming Facility within a radius of twenty (20) miles from the Enclosure of a Recipient Racetrack Gaming Licensee pursuant to a Model Compact.

"Person" means any individual, partnership, corporation, or other association or entity.

"Program storage device" means an EPROM (Erasable Programmable Read-Only Memory), hard drive, DVD, CD-ROM or other storage medium which is used for storing program instructions in or for a Gaming Machine, system or other associated equipment.

"Racetrack gaming operator license" means a license issued by the Commission which authorizes an Organization Licensee to conduct Authorized Games under the regulation, implementation and enforcement of the Commission.

"Racetrack gaming operator licensee" means any Organization Licensee which has been issued a Racetrack Gaming Operator License by the Commission.

"Racetrack premises" means the property that is owned or leased by the Organization Licensee that is used for racetrack purposes.

"Recipient racetrack gaming license" means a license issued by the Commission which authorizes the licensee to receive the funds authorized in the Act from Participating Tribes.

"Recipient racetrack gaming licensee" means any Person receiving a Recipient Racetrack Gaming License issued by the Commission.

"Rules" means the Commission's *Rules for Racetrack Gaming*.

"State" means the State of Oklahoma.

"This Title" means Title 325 of the Oklahoma Administrative Code.

"Vendor" means a Person, other than a licensed Manufacturer, Distributor, or Manufacturer/Distributor, who in selling or leasing goods and/or services to a Racetrack Gaming Operator Licensee, conducts operations on-site at a racetrack Gaming Facility provided that attorneys shall be exempt from the licensing requirement herein to the extent that they are providing services covered by their professional licenses.

"Vendor employee" means a Person employed by a Vendor and licensed by the Commission as a Vendor Employee.

"Vendor employee license" means a license which authorizes any employee to work for a licensed Vendor and supply goods and/or services on-site at the Gaming Facility.

"Vendor license" means a license issued by the Commission which authorizes a Vendor to sell goods and/or services to a Racetrack Gaming Operator Licensee.

**SUBCHAPTER 13. REQUIREMENTS FOR KEY EXECUTIVE LICENSE OR
GAMING EMPLOYEE LICENSE AND AMENDMENTS TO ANY EMPLOYEE
LICENSE**

325:80-13-6. Employee Licenses - Refusal to issue or denial and license termination upon loss of employment

All employee licenses are the property of the State of Oklahoma. Any employee whose employment is terminated for any reason must surrender his or her license to the Commission within five (5) business days of termination. An application for any type employee license may be denied for any reason that an application for a horse racing Occupation Gaming License may be denied. It may also be denied if an applicant has had a gaming or horse racing license revoked or suspended in any other jurisdiction or has been found guilty or pled guilty or no contest to any felony, or any crime involving gaming or horse racing. The grounds listed above in these Rules may also be used as a basis for refusal to issue or revoke a license.

**SUBCHAPTER 15. REQUIREMENTS FOR INDEPENDENT TESTING
LABORATORY LICENSE**

325:80-15-1. Application Required

Testing laboratories that wish to function as a Commission-approved Independent Testing Laboratory ~~must~~ shall apply to be issued an Independent Testing Laboratory License. The application ~~must~~ shall be accompanied by the required application fee and an investigation fee in an amount equal to one-half of the license fee. The deadline for renewal license applications is ~~October~~ November 1 of the current license year.

(1) In addition to other information required on the application, ~~any~~ an applicant ~~must~~ shall provide the following information for each of the last three (3) years:

- (A) address of main office and number of square feet used for testing;
- (B) addresses of all satellite offices, if any, and number of square footage;
- (C) number of full-time employees;
- (D) number of machines tested;
- (E) list of states for which the Laboratory has performed tests;
- (F) list of countries for which the Laboratory has performed tests; and
- (G) list of states and countries in which the Laboratory has been licensed or certified.

(2) In addition, the Commission review of consideration of an application for an Independent Testing Laboratory shall include:

(A) For the testing laboratory and its parent corporation, if any, a complete corporate financial disclosure and review; a complete disclosure and review of any criminal proceedings, civil litigation or investigations by a regulatory entity; and an evaluation of its corporate good standing in the jurisdiction(s) where it is incorporated and/or does business.

(B) For its principal shareholders (10% or greater) and its officers and directors, a complete individual financial disclosure and review; a complete disclosure and review of any criminal proceedings, civil litigation or investigations by a regulatory entity; and a finding of suitability.

(C) The testing laboratory will demonstrate its relevant technical skill and capability by providing evidence of suitable testing previously conducted for state or tribal regulatory authorities. The Commission's Law Enforcement Division may conduct an on-site review of the testing laboratory's facilities as part of its evaluation and will be satisfied that the testing laboratory

is qualified and competent to perform the testing required before making any recommendation for approval to the Commission. The frequency of the on-site review will be recommended by the Commission Law Enforcement Division's Director to the Commission Executive Director.

(D) The testing laboratory ~~must~~ shall have in-house staff personnel in the following categories:

- (i) Mathematicians,
- (ii) Mechanical, electrical, and software engineering staff,
- (iii) Compliance engineering staff,
- (iv) Accounting system and communication protocol engineering specialists,
- (v) High-level engineering staff for new and current technology, and
- (vi) Quality assurance staff.

(E) The testing laboratory ~~must~~ shall have the ability to provide twenty-four hour, seven-day a week support for the Commission, including in-house personnel coverage.

(F) The testing laboratory ~~must~~ shall provide training and support staff for on-site field inspections to assist and/or train Gaming Agents on the security, compliance and accounting/auditing practices that ~~should~~ shall be used, with expenses paid by the testing laboratory.

(G) The testing laboratory ~~must~~ shall provide a quality assurance staff that verifies each test result.

(H) The testing laboratory ~~must~~ shall conduct an annual due diligence investigation on each employee of the testing laboratory and maintain such due diligence files on each employee.

(I) The testing laboratory ~~must~~ shall have physical building security in terms of surveillance systems and alarms to protect confidential information.

(J) The testing laboratory ~~must~~ shall demonstrate that it possesses multiple units of the approved signature device(s); that it provides signatures of the approved software with each certification which will assist in the conduct of field audits of the equipment; and that the Laboratory has the ability to provide the specifications on the various software verification methods (i.e., KOBETRON, DataMan and other types of algorithms that allow checking of gaming equipment) to assist the Commission in determining which verification tools will be acceptable.

(K) The testing laboratory ~~must~~ shall have adequate equipment to support the submissions for testing and also, additional units available for on-site inspections when laboratory presence is requested; ~~must~~ shall provide the requested signatures by taking those signatures at the Laboratory prior to storage of the storage media independent of the supplier; and a testing laboratory shall not rely on supplier-generated signatures.

(L) During the detailed communication protocol tests that are performed on the device side and the system side, the testing laboratory ~~must~~ shall use testing tools and testing techniques that are developed in compliance with the protocol used. The testing laboratory ~~must~~ shall have the ability to develop such tools independently without having to rely on the Manufacturer for the equipment.

(M) The testing laboratory ~~must~~ shall demonstrate that the testing it performs includes complete detailed tests to examine all external and internal functions, such as examinations of memory and communication protocol with all devices, of the gaming equipment being tested.

(N) The testing laboratory ~~must~~ shall have a national reputation for honesty, independence, competence and timeliness.