

RULE 10

WORKERS SHALL NOT PLAY – MINIMUM AGES FOR GAMES MANAGERS – MEMBERSHIP LISTS-BADGES

- 1) No bingo-raffle licensee shall allow any person who works or assists at an occasion in any capacity to play bingo or to purchase or play any pull tabs at that particular occasion, whether for that person or on behalf of another.
- 2) At the time of filing an application for a bingo-raffle license pursuant to section 12-9-104, C.R.S., the applicant shall provide a list of active members who are authorized to assist with the applicant's bingo-raffle activities, if the license is granted. Such list shall include members of the licensee's auxiliary, if the licensee has an auxiliary, or, if the licensee is an auxiliary, members of the organization to which licensee is auxiliary, to the extent such members are authorized to assist with the applicant's bingo-raffle activities in accordance with section 12-9-107(1)(a). At any time after filing such list, a bingo-raffle licensee may file with the Secretary of State a supplemental list that designates additional active members who are authorized to assist with the licensee's bingo-raffle activities. No bingo-raffle licensee shall allow any person to work or assist at an occasion in any capacity unless the name of such person is on a list of designated active members on file with the Secretary of State. The Secretary of State may grant a partial or complete waiver from the requirements of filing the list required by this rule where such requirement would be unduly burdensome because of the large number of members authorized to assist and because of frequent changes in the members so authorized.
- 3) Any person who is working or assisting at any occasion in any capacity shall present personal photo identification upon request of any employee or authorized agent of the Secretary of State.

RULE 11

ALLOWABLE EXPENSE AMOUNTS AND RENTAL AGREEMENTS

- 1) A bingo-raffle licensee conducting bingo occasions may not pay more than \$40 per occasion for bookkeeper or accountant services in preparing the financial reports for such occasions.
- 2) A bingo-raffle licensee conducting bingo occasions on premises owned by it, or in its sole control, or which it uses rent free may pay a total or not more than \$40 for janitorial services for each occasion it conducts, unless the licensee has requested and

received the written permission of the licensing authority to pay a greater amount. Requests shall be by letter, accompanied by documentation of the licensee's anticipated costs for janitorial services and of the prevailing rates of payment for such services in the community in which the licensee's bingo premises are located. Permission shall be granted only for payments that are reasonable in light of such prevailing rates.

- 3) A bingo-raffle licensee may not rent premises for an occasion except from a landlord licensee. No rental fee may be paid without prior approval of the Secretary of State and shall cover the expenses reasonably necessary for the use of the premises for the occasion, plus the expenses authorized in rule 11.5.
- 4) Upon renting a space in a commercial bingo facility to a bingo-raffle licensee, and before the bingo-raffle licensee conducts any occasion therein, a landlord licensee shall file with the Secretary of State an executed rental agreement. If the bingo-raffle licensee agrees to use games of chance equipment owned by the landlord or another bingo-raffle licensee, the landlord licensee shall also file an equipment agreement. All such agreements shall be on forms prescribed by the Secretary of State or forms approved by the Secretary of State; such approval shall be in writing.
- 5) A rental agreement may be terminated by either party upon at least two week's notice to the other, or upon the voluntary or involuntary suspension of the licensee of either. The agreement may contain such other terms and conditions upon which the parties shall agree, except:
 - a. It shall not specify the fee that the bingo-raffle licensee shall charge for a player's right to participate in any games of chance conducted during a bingo occasion.
 - b. It shall not obligate a bingo-raffle licensee to pay for any canceled occasion.
- 6) The rental agreement shall disclose clearly and conspicuously all of the material terms of the agreement, including, but not limited to:
 - a. The amount of rent to be charged for each occasion and the method used to calculate the amount of rent;
 - b. The location of the rented premises, the term of the rental agreement, the day or days of the week upon which bingo-raffle occasion will be conducted, the number of hours per occasion, and the beginning and ending times of each occasion;
 - c. A description of any promotion or advertising to be conducted in the commercial bingo facility by the bingo-raffle licensee or by the landlord licensee during the bingo-raffle licensee's occasions, the amounts, if any, to be paid by the bingo-raffle licensee to participate in any promotion or advertising conducted by the landlord licensee, the frequency of such

promotions, and the terms and conditions upon which such payments are to be made;

- d. The amount, if any, to be charged for security services, but no bingo-raffle licensee may be required to use a landlord licensee's security services in order to rent the premises.
 - e. The conditions under which the parties may cancel any occasion under the rental agreement.
- 7) No payment from a bingo-raffle licensee to a landlord licensee may be made or accepted unless made by check. Such payments may be made and accepted only for the amounts agreed upon and identified in the rental agreement and any amendments filed with the Secretary of State pursuant to section 12-9-104.5(8), C.R.S..
- 8) The rent to be charged for each occasion shall be determined to be unreasonable in amount by the Secretary of State pursuant to section 12-9-108(6), C.R.S., if a reasonable degree of competition does not exist in the area with respect to the type of facilities and services provided and if the rent charged is likely to produce a profit that is unreasonably high for the facilities and services provided. If the Secretary of State finds that the amount of rent to be charged is unreasonable in amount, the secretary of state shall issue a letter ruling to that effect. Before making such a finding, the landlord licensee shall be afforded the opportunity to present evidence in justification for such amount, including the commercial setting, purpose, and effect.
- a. For purposes of this rule, it shall be presumed that "a reasonable degree of competition does not exist in the area with respect to the type of facilities and services provided" unless there is another commercial bingo hall within ten miles driving distance that is owned by a different licensee.
 - b. The rent charged for each occasion shall be presumed "to produce a profit that is unreasonably high for the facilities and services provided" if the amount exceeds either 0.055 dollars per square foot of premises rented or \$200 per hour.
- 9) A bingo-raffle licensee conducting bingo occasions may pay not more than \$16 per hour for security services for such occasions unless the licensee has requested and received the written permission of the licensing authority to pay a greater amount. Requests shall be by letter, accompanied by documentation of the licensee's anticipated costs for security services and of the prevailing rates of payment for such services in the community in which the licensee's bingo occasions are held. Permission shall be granted only for payments that are reasonable in light of such prevailing rates. Security shall be paid for no longer than the length of the occasion plus one additional hour for money transport, if needed.
- 10) The maximum allowable amounts set in this rule 11 for bingo expenses for bookkeeping, janitorial, and security services shall be adjusted annually on the first day of February, beginning on February 1, 2002. The adjustment to each allowable

maximum amount shall be in the percentage as the total overall percent change in the Bureau of Labor Statistics Consumer Price Index. All urban U.S. city average (CPI-U) for the preceding calendar year.

RULE 11.5 PROMOTIONS

- 1) As used in this rule 11.5, a “promotion” means the conduct of a game during any occasion for promotional purposes that would constitute a “game of chance” as defined in section 12-9-102(7), C.R.S., except for the fact that the shares or tickets or rights to participate in the game are given away at no charge.
- 2) In any promotion, the shares, tickets, or rights to participate in the promotion must be offered free of charge and on an equal basis to all persons present. In accordance with section 12-9-102.5, C.R.S., only merchandise or other tangible products may be given away as prizes, and no cash prize may be offered or awarded in any promotion.
- 3) A landlord licensee may conduct a promotion on the landlord’s premises prior or subsequent to a bingo-raffle licensee’s rental term. A landlord licensee may conduct a promotion during an occasion held on the landlord’s premises if the promotion and its cost to the bingo-raffle licensee is clearly disclosed in the rental agreement in accordance with rule 11.
- 4) A landlord licensee may not require any bingo-raffle licensee to participate in or conduct any promotion.
- 5) A bingo-raffle licensee may conduct its own promotion during an occasion if no funds of the licensee are expended to acquire a prize offered in the promotion.
- 6) The games manager for any occasion may not assist in any promotion conducted during the occasion.
- 7) A landlord licensee may pay no member of the bingo-raffle licensee’s organization to participate or assist in a promotion offered during the bingo-raffle licensee’s occasion.
- 8) Prizes offered as part of a promotion shall not be considered as part of the prize limits specified in the bingo-raffle law.
- 9) Prior to conducting a promotion, the landlord licensee or bingo-raffle licensee shall provide either evidence of ownership, free and clear, of the prize to be offered, or a bond or insurance policy in a sufficient amount to guarantee that any prize offered in the promotion is available and will be awarded. This requirement does not apply if all prizes to be awarded are present and available for viewing on the premises or in adjacent parking areas on the day they are to be awarded.
- 10) The landlord licensee or bingo-raffle licensee offering any promotion shall disclose full information at the beginning of the promotion, identifying the prizes to be awarded and the method by which such prizes may be won. This disclosure need not be made separately or personally to each participant, but may be made by

conspicuously posting or displaying upon the premises where the games are operated, either the available prizes or a list and complete description thereof, together with a description of the method by which such prizes may be won.

RULE 16
PULL TAB OPERATION
Sections (6) and (9)

- 6) No deal or series of pull tab tickets or any unsold portion thereof and no seal flare shall be removed from display and sale after any ticket from such deal or series has been sold except upon order of the Secretary of State or any law enforcement authority or on account of demonstrated unsalability. Additionally, a deal or series of pull tabs shall be removed from display and sale because of defects as described in Section 9 of this Rule 16. A ticket or portion of a pull tab deal or series is unsalable when it has been displayed and openly offered throughout the duration of two consecutive bingo occasions at the particular location or for two weeks continuously at bar, clubrooms, or other pull tab location of the licensee without the sale of any ticket from the deal or series. Except for tickets removed from sale because of defects, as described in section 9 of this rule 16, the licensee shall keep any unsold or unsalable pull tab tickets unopened for four (4) months following the end of the quarter in which such tickets were removed from sale. After the required retention period, such tickets shall be destroyed in such a manner as to deface and destroy any winning combination of numbers or symbols.

- 9) No defective series or deal of pull-tabs shall be displayed or sold by any licensee. A series or deal of pull-tabs is considered defective when more than one serial number, color code, or ticket name is included in a series or deal. Additionally, printer's or manufacturer's mistakes or misstatements on tickets which adversely affect the gross receipts and/or profit of the pull tab series or deal shall be considered a defect. Upon discovery of a defective pull tab series or deal, the bingo-raffle licensee shall immediately remove the same from display and sale and refund the purchase price of all presented winning tickets and all unopened tickets in players' possession. The Secretary of State shall be notified, in writing within seventy-two (72) hours of the discovery of a defective series or deal of pull tabs. After 30 days have elapsed from the date of discovery of a defective pull tab series or deal, or after inspection of such series or deal by a representative of the licensee, whichever occurs first, the bingo-raffle licensee shall return to the pull tab's manufacturer all tickets from the defective series or deal that are in the licensee's possession, including all returned, redeemed, and unopened tickets.

RULE 21

FINES

- 7) The licensing authority, for good cause shown, may suspend or reduce any fine imposed pursuant to this rule 21. Requests for fine suspensions or reductions must be in writing, must be received by the licensing authority within 20 days of the date of the citation imposing the fine, and must state and document with particularity the facts, circumstance, and/or arguments supporting such request.

RULE 18.5 FINANCIAL STATEMENTS OF BINGO-RAFFLE LICENSEES

- 1) A bingo-raffle licensee shall report each and every games of chance expense incurred during any calendar quarter on the financial statement covering that quarter, regardless of whether such expense is paid when incurred or is to be paid at a later date. No expense that has already been reported on the financial statement covering the quarter in which it was incurred shall be reported again when it is paid in a subsequent quarter.
- 2) On each quarterly financial statement filed, a bingo-raffle licensee shall show the number of its special segregated games of chance checking or savings account, established in accord with the requirements of C.R.S. 12-9-108(3), and identify the financial institution at which such account is maintained. No licensee shall show the number of any account other than a special games of chance account on any quarterly financial statement.

RULE 23 AUXILIARIES

For purposes of identifying those members of auxiliary organizations who may participate in the conduct or operation of games of chance activities pursuant to the provisions of the bingo and raffles law, specifically C.R.S. 12-9-107(1)(a), an association or organization shall be deemed to be an auxiliary only if it is subsidiary to another organization; is subordinate to the organization to which it is subsidiary; has as its primary purpose the support and assistance, particularly by donations and volunteer services, of the organization to which it is subsidiary; and is constituted, chartered, governed, or otherwise formally recognized as an adjunct by the organization to which it is subsidiary.