

CHAPTER 06 - LOTTERY COMMISSION

SUBCHAPTER 06A - GENERAL WAGERING

SECTION .0100 – GENERAL PROVISIONS

24 NCAC 06A .0101 DEFINITIONS

In addition to defined terms in G.S. 18C-901 and G.S. 18C-1001, the following definitions apply throughout this Rules Manual, unless otherwise specified in the Rule, Section, or Subchapter:

- (1) "Abnormal Wagering Activity" means Wagering Activity exhibited by one or more Players and considered by an Operator as a potential indicator of Suspicious or Illegal Wagering Activity, including the size of a Player's Wager, increased Wagering volume on a particular Wagering Event or Wager Type, or unusual patterns of Wagering over a period of time.
- (2) "Advertisement" means a notice, announcement, or communication to the public, or any specific members thereof, made by an Operator or on its behalf, designed to solicit or entice an Individual to participate in an Operator's Sports Wagering or Pari-Mutuel Wagering offerings via broadcasting, publication, or any other means of dissemination in this State, including social media, direct messaging, text message, or electronic mail.
- (3) "Affiliate" means a Person who directly or indirectly controls, or is controlled by, or is under common control with, a specified Person.
- (4) "Age and Identity Verification" means a method, system, or device used by an Operator to verify the validity of a Player's age and the Player's identity.
- (5) "Applicant" means a Person that applies for a License to engage in activity regulated under these Rules and statutorily authorized by Articles 9 or 10 of the Act.
- (6) "Authorized Representative" means a Responsible Party's licensed attorney-at-law of record or its authorized employee or other official representative; an Authorized Representative shall have full authority to take binding action on behalf of the Responsible Party.
- (7) "Background Investigation" means the statutorily required credit history check, tax record check, criminal history record check, and any other checks or inquiries as determined by the Commission, in its discretion, for Individuals connected with an Applicant for a License, Key Persons, and Persons required to be disclosed as set forth by law, these Rules, or a License application approved by the Commission.
- (8) "Cancelled Wager" means a Wager that was valid at the time that it was made but has since been invalidated in a manner acceptable by the Commission due to an event or action that prevents its completion.
- (9) "Cash" means US currency.
- (10) "Cash Equivalent" has the meaning provided in G.S. 18C-901(2).
- (11) "Commission" has the meaning provided in G.S. 18C-103(1).
- (12) "Commissioner" has the meaning provided in G.S. 18C-103(2).
- (13) "Communication Technology" means the methods used and the components employed to facilitate the transmission of information, including electronic communications, and transmission and reception systems based on wire, cable, radio, microwave, light, optics, or computer data networks or similar electronic agents, including the internet and intranets.
- (14) "Confidential Player Information" means:
 - (a) the amount of money credited to, debited from, withdrawn from, or present in a particular Wagering Account;
 - (b) the amount of money Wagered by a particular Player on one or more Wagering events;
 - (c) the unique Wagering Account ID or username and authentication credentials that identify the particular Registered Player;
 - (d) the identities of particular Wagering Events or Wager Types 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 Operator that would identify the Player to anyone other than the Commission or the Operator.

(15) "Day" means a calendar day, unless otherwise specified in the Rule. In computing any period prescribed or allowed by the Rule, the day of the act, event, or default from which the designated period begins to run shall not be included.

(16) "Director" has the meaning provided in G.S. 18C-103(3).

(17) "Disciplinary Action" means action taken by the Commission or Director against a Responsible Party to assess a civil penalty, suspend a License, or revoke a License.

(18) "Disciplinary Hearing" means a proceeding set forth in Section .0300 of this Subchapter to comply with the hearing requirement of G.S. 18C-916.

(19) "Event Corruption" means an intentional arrangement, act, or omission aimed at an improper alteration of the result or the course of a Wagering Event in order to remove all or part of the unpredictable nature of the event with a view to obtaining an undue advantage for oneself or for others. By way of illustration, Event Corruption includes, but is not limited to, instances of: bribery, Match Fixing, misuse of insider information, officiating abnormalities, or any illegal, immoral, or unethical activity that attempts deliberately to distort the result of a Wagering Event for the personal material gain of one or more parties involved in that corrupting activity.

(20) RESERVED FOR FUTURE USE.

(21) "Gaming Day" means a twenty-hour period which begins at 12:00 a.m. Eastern Time and ends the following Day at 11:59 p.m. Eastern Time.

(22) "Independent Testing Laboratory" means a laboratory which:

- (a) holds an active accreditation in accordance with:
 - (i) ISO/IEC 17020, ISO/IEC 17025, and ISO/IEC 17065 by an accreditation body that is a signatory to the International Laboratory Accreditation Cooperation Mutual Recognition Agreement; or
 - (ii) other active accreditation satisfactory to the Commission from a recognized accrediting body;
- (b) has a reputation for honesty, independence, competence, and timeliness that is demonstrably competent and which is qualified to scientifically test and to evaluate gaming equipment for compliance with the Act, state and federal law, applicable case law, and these Rules; and
- (c) is approved by the Commission.

(23) "Indian Lands" has the meaning provided in the Indian Gaming Regulatory Act of 1988, 25 U.S.C. 2703(4).

(24) "Individual" means a natural person.

(25) "Ineligible Person" means:

- (a) a Commissioner;
- (b) an Underage Individual;
- (c) for Sports Wagering, an Individual prohibited from engaging in Sports Wagering pursuant to G.S. 18C-902(i);
- (d) for Pari-Mutuel Wagering, an Individual prohibited from engaging in Pari-Mutuel Wagering pursuant to G.S. 18C-1015(b);
- (e) an Involuntarily Excluded Person;
- (f) a Voluntarily Excluded Person;
- (g) an Individual Wagering while not in the authorized geographic boundaries within the State of North Carolina;
- (h) a Person Wagering in violation of State, local, or federal law;
- (i) an Individual Wagering on behalf of another Individual or Person;
- (j) except for the purpose of Layoff Wagers, as defined in Rule 24 NCAC 06B .0101(18), a Person that is not an Individual; or
- (k) other Persons as determined by the Commission.

(26) "Integrity Monitoring" means the monitoring of Sports Wagering or Pari-Mutuel Wagering to identify Abnormal Wagering Activity or Suspicious or Illegal Wagering Activities from an Event Corruption standpoint, to include reporting these activities to required or other appropriate parties.

(27) "Internal Controls" means a system of internal procedures, as well as administrative and accounting controls, related to the integrity of Sports Wagering and Pari-Mutuel Wagering.

- (28) "Internet" means the international computer network of interoperable packet switched data networks, inclusive of additional technological platforms, including mobile, satellite, and other electronic distribution channels.
- (29) "Involuntarily Excluded Person" means an Individual who has been involuntarily prohibited from establishing a Wagering Account or participating in Sports Wagering Activities or Pari-Mutuel Wagering Activities under the jurisdiction of the Commission.
- (30) "Key Person" has the meaning provided in G.S. 18C-901(10).
- (31) "License" means a License applied for by an Applicant or issued by the Commission under these Rules and the Act.
- (32) "Match Fixing" means the act of playing or officiating a Wagering Event with the intention of achieving a pre-determined result, violating the rules of the event.
- (33) "Multi-Factor Authentication" means a type of authentication which uses two or more of the following to verify an Individual's identity:
 - (a) information known only to the Individual, including a password, pattern, or answers to challenge questions;
 - (b) an item possessed by an Individual, including an electronic token, physical token, or an identification card; or
 - (c) an Individual's biometric data, including fingerprints, voice recognition, or recognition of any physiological characteristic, including facial recognition.
- (34) "Operator" for purposes of these Rules means:
 - (a) an Interactive Sports Wagering Operator as defined in G.S. 18C-901(9); or
 - (b) an advance deposit wagering (ADW) licensee as defined in G.S. 18C-1001(2).
- (35) "Operator License" for the purposes of these Rules means a License issued by the Commission to:
 - (a) an Interactive Sports Wagering Operator under G.S. 18C-904; or
 - (b) an advance deposit wagering (ADW) licensee under G.S. 18C-1005.
- (36) "Pari-Mutuel Wager" or "Pari-Mutuel Wagering" has the meaning provided in G.S. 18C-1001(3).
- (37) "Person" has the meaning provided in G.S. 18C-103(7).
- (38) "Personal Information" has the meaning provided in G.S. 75-61(10).
- (39) "Player" means a Person who Wagers on Wagering Events.
- (40) "Registered Player" means an Individual who has established a Wagering Account with an Operator.
- (41) "Responsible Party" means Operators, Sports Wagering Service Providers, and Sports Wagering Suppliers.
- (42) "Revocation" means action taken by the Commission or Director to terminate the rights and privileges associated with a License and to permanently prohibit the Responsible Party from applying for or receiving a License within the State.
- (43) "Rule" means a requirement, condition, or directive adopted by the Commission in this Rules Manual or any technical manual authorized herein that is applicable to an Applicant, Responsible Party, Player, Person, Individual, or other party subject to the authority, oversight, or supervision of the Commission.
- (44) "Segregated Account" means a financial account that separates funds, to include Cash and Cash Equivalents, owned by Players and that is restricted to funds owned by Players in the United States, and has funds that are not commingled with the Operator's operational funds.
- (45) "Sensitive Information" means information about an Individual, including Personal Information, transactional Wagering data, authentication credentials, secure seeds and keys used in encryption, and other data that shall be handled in a secure manner.
- (46) "Service Provider" or "Sports Wagering Service Provider" has the meaning provided in G.S. 18C-901(15).
- (47) "Sports Facility" has the meaning provided in G.S. 18C-901(17).
- (48) "Sports Governing Body" has the meaning provided in G.S. 18C-901(18).
- (49) "Sports Wager" or "Sports Wagering" has the meaning provided in G.S. 18C-901(19).
- (50) "Sports Wagering Operator" means an Interactive Sports Wagering Operator as defined in G.S. 18C-901(9).
- (51) "State" means the State of North Carolina not to include the Indian Lands within its boundaries.
- (52) "State Lottery Act" or "Act" means Chapter 18C of the General Statutes.

(53) "Sufficient Clarity" means the capacity of a Surveillance System to record images at a resolution determined by the Commission to clearly identify the intended activity, Individual, object, or location.

(54) "Supplier" or "Sports Wagering Supplier" has the meaning provided in G.S. 18C-901(22).

(55) "Surveillance Operation Room" means the secured area where surveillance takes place or where active surveillance equipment is located.

(56) "Surveillance System" means a system of video cameras, monitors, recorders, video printers, switches, selectors, and other equipment used for surveillance.

(57) "Suspension" means action taken by the Commission or Director to temporarily deauthorize the rights and privileges associated with a License after which the Responsible Party shall cease all activity regulated by these Rules for the requisite period of Suspension as defined in the Commission decision or order.

(58) "Suspicious or Illegal Wagering Activity" means activities, actions, or behaviors that raise concerns about the integrity of the Wagering Activity or the Wagering Event itself. This includes, but is not limited to: Match Fixing or point-shaving, misuse of insider information, Abnormal Wagering Activity, Wagering by Ineligible Persons, money laundering, use of multiple Accounts, collusion or cheating, Wager or Wagering Event manipulation, unauthorized use of bots or automated systems, and potential breaches of internal rules or code of conduct related to Wagering for a Sports Governing Body, racing regulatory body, or equivalent.

(59) "Ticket Writer" means a cashier employed by an Operator who is assigned the responsibility for the operation of a Ticket Writer Station.

(60) "Ticket Writer Station" means a point-of-sale system used by a Ticket Writer for the execution or formalization of Wagers placed on behalf of a Player.

(61) "Tribal Gaming Enterprise" has the meaning provided in G.S. 18C-901(25).

(62) "Underage Person" means an Individual under twenty-one years of age.

(63) "Void Wager" or "Voided Wager" means a Wager that was not valid at the time it was placed or a Wager that was valid at the time it was placed but has since become invalid for reasons, including but not limited to the change in eligibility status of an event participant or subject of the Wager.

(64) "Voluntarily Excluded Person" means an Individual who is included, at their own request, in the Voluntary Exclusion Program.

(65) "Voluntary Exclusion Program" means a program operated by the Commission to maintain a list of Individuals who voluntarily exclude themselves from Sports Wagering or Pari-mutuel Wagering and from establishing or maintaining a Wagering Account with an Operator for such Wagering.

(66) "Wager" means a sum of money or Cash Equivalent risked on an uncertain occurrence.

(67) "Wagering Account" or "Account" means:

- (a) an Interactive Sports Wagering Account used for placing Sports Wagers as defined in G.S. 18C-901(8); or
- (b) an advance deposit account used for placing Pari-Mutuel Wagers as contemplated in G.S. 18C-1015.

(68) "Wagering Activity" means Sports Wagering Activity or Pari-Mutuel Wagering Activity unless otherwise specified.

(69) "Wagering Event" means:

- (a) for Sports Wagering, a Sporting Event as defined in G.S. 18C-901(16); or
- (b) for Pari-Mutuel Wagering, a horse race.

(70) "Wagering Facility" means:

- (a) a place of public accommodation operated by an Interactive Sports Wagering Operator and approved by the Commission for in-person Sports Wagering; or
- (b) a simulcast facility operated by an ADW licensee and approved by the Commission for in-person Pari-Mutuel Wagering.

(71) "Wagering Kiosk" or "Kiosk" means a self-service automated device, computer terminal, or other similar machine that a Player may use in a Wagering Facility to place a Wager using Cash and Cash Equivalents. A Wagering Kiosk may also be used to redeem a Wager and for other regulated functions where supported.

(72) RESERVED FOR FUTURE USE.

- (73) "Wagering Rules" means the comprehensive rules established by an Operator for governing Wagering Activities with that Operator.
- (74) "Wagering Ticket" or "Ticket" means a printed record, or digital representation thereof, that contains information pertaining to a Wager in connection with a Wagering Event.
- (75) "Wagering Voucher" or "Voucher" means a printed record, or digital representation thereof, that may be used to fund a Sports Wager or may be redeemable for Cash or Cash Equivalents.
- (76) "Wagering Window" means a window in a structure approved by the Commission within a Wagering Facility from which a Ticket Writer conducts Wagering Activity by accepting or distributing Cash or Cash Equivalents.
- (77) "Wager Type" for purposes of these Rules means:
 - (a) the form of a Wager offered by a Sports Wagering Operator, including but not limited to Single-Game Wagers, Teaser Wagers, Parlays, Over-Under, Moneyline, Pools, Exchange Wagering, In-Game Wagering, In-Play Wagers, Proposition Wagers, Straight Wagers, and other Sports Wagers approved by the Commission; or
 - (b) the form of a Wager offered by an ADW Operator, including but not limited to Win, Place, Show, Daily Double, Daily Triple, Exacta, Quinella, Trifecta, Superfecta, and Pick(n).
- (78) "Winnings" means the total Cash value of property or sums, including Cash, Cash Equivalents, or instruments of monetary value paid, to a Player by an Operator as a direct result of a winning Wager.

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