

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2011

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SENATE DRS55172-MA-62 (01/18)

Short Title: North Carolina Casino Gaming Act.

(Public)

Sponsors: Senator Jenkins.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH THE NORTH CAROLINA CASINO GAMING ACT BY ALLOWING CERTAIN SLOT MACHINES TO BE OPERATED BY PERMITTED AND LICENSED ENTITIES WITHIN TIER 1 COUNTIES THAT BORDER ANOTHER STATE AND WHICH HAVE A HIGHWAY DESIGNATED AS AN INTERSTATE HIGHWAY IN THE COUNTY; TO CREATE A PERMITTING SCHEME; TO CREATE AN ADMINISTRATION AND ENFORCEMENT SCHEME; TO CREATE FUNDS TO DIRECT THE PAYMENT OF MONIES AND RECEIVE REVENUES; AND TO ENHANCE ECONOMIC GROWTH IN ECONOMICALLY DISADVANTAGED COUNTIES.

The General Assembly of North Carolina enacts:

**SECTION 1.** The General Statutes of North Carolina are amended by adding a new Chapter to read:

**"Chapter 18D.**

**"North Carolina Casino Gaming Act.**

**"Article 1.**

**"General Provisions.**

**"§ 18D-100. Short title.**

This Chapter shall be known and may be cited as the "North Carolina Casino Gaming Act."

**"§ 18D-101. Legislative intent.**

The General Assembly recognizes the following public policy purposes and declares that the following objectives of the State are to be served by this Chapter:

- (1) The primary objective of this Chapter to which all other objectives and purposes are secondary is to protect the public through the regulation and policing of all activities involving gaming and practices that continue to be unlawful.
- (2) The authorization of limited gaming by the installation and operation of slot machines as authorized in this Chapter is intended to enhance entertainment and employment in this State.
- (3) The authorization of limited gaming is intended to provide a significant source of new revenue to the State to support public education, economic development opportunities, and other similar initiatives.
- (4) The authorization of limited gaming is intended to provide broad economic opportunities to the citizens of this State and shall be implemented in such a



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- 1           manner as to prevent possible monopolization by establishing reasonable  
2           restrictions on the control of multiple licensed gaming facilities in this State.  
3           (5)   The authorization of limited gaming is intended to enhance the further  
4           development of the tourism market throughout this State, including, but not  
5           limited to, year-round recreational and tourism locations in this State.  
6           (6)   Participation in limited gaming authorized under this Chapter by any  
7           licensee or permittee shall be deemed a privilege, conditioned upon the  
8           proper and continued qualification of the licensee or permittee and upon the  
9           discharge of the affirmative responsibility of each licensee to provide the  
10           regulatory and investigatory authorities of the State with assistance and  
11           information necessary to assure that the policies declared by this Chapter are  
12           achieved.  
13           (7)   Strictly monitored and enforced control over all limited gaming authorized  
14           by this Chapter shall be provided through regulation, licensing, and  
15           appropriate enforcement actions of specified locations, persons, associations,  
16           practices, activities, licensees, and permittees.  
17           (8)   Strict financial monitoring and controls shall be established and enforced by  
18           all licensees or permittees.  
19           (9)   The public interest of the citizens of this State and the social effect of  
20           gaming shall be taken into consideration in any decision or order made  
21           pursuant to this Chapter.  
22           (10) It is necessary to maintain the integrity of the regulatory control and  
23           legislative oversight over the operation of slot machines in this State; to  
24           prevent the appearance of corruption or actual corruption that may result  
25           from campaign contributions; to ensure the bipartisan administration of this  
26           Chapter; and to avoid actions that may erode public confidence in the system  
27           of representative government.

28   **"§ 18D-102. Geographical location of gaming establishments.**

29           The provisions of this act allowing gaming establishments to engage in slot machine  
30           gaming shall be restricted to counties designated as Tier 1 counties by the North Carolina  
31           Department of Commerce, as of the date of application for a license or permit from the  
32           Commission, that border another state and have a highway designated as an Interstate highway  
33           in the county. If the Tier designation of a county in which a gaming establishment is located  
34           changes as a result of economic growth, the Commission shall allow the continued operation of  
35           the gaming establishment in the county.

36   **"§ 18D-103. Definitions.**

37           Unless the context requires otherwise, the following definitions apply throughout this  
38           Chapter to the defined words and phrases and their cognates:

- 39           (1)   Affiliate, affiliate of, or person affiliated with. – A person that directly or  
40           indirectly, through one or more intermediaries, controls, is controlled by, or  
41           is under common control with a specified person.  
42           (2)   ALE Division. – The Alcohol Law Enforcement Division of the Department  
43           of Crime Control and Public Safety.  
44           (3)   Applicant. – Any person who, on his own behalf or on behalf of another, is  
45           applying for permission to engage in any act or activity which is regulated  
46           under the provisions of this Chapter. In cases in which the applicant is a  
47           person other than an individual, the Commission shall determine the  
48           associated persons whose qualifications are necessary as a precondition to  
49           the licensing of the applicant.  
50           (4)   Approved, approval, or approve. – When used in reference to an application  
51           submitted to the Commission to authorize and regulate the placement and

1 operation of slot machines, the terms refer to the date that an application to  
2 the Commission is granted regardless of the pendency of any administrative  
3 or judicial appeals or other legal action challenging the decision of the  
4 Commission.

5 (5) Associated equipment. – Any equipment or mechanical, electromechanical,  
6 or electronic contrivance, component, or machine used in connection with  
7 gaming, including linking devices which connect to progressive slot  
8 machines or slot machines, replacement parts, equipment which affects the  
9 proper reporting of gross revenue, computerized systems for controlling and  
10 monitoring slot machines, including, but not limited to, the central control  
11 computer, and devices for weighing or counting money.

12 (6) Background investigation. – A security, criminal, credit, and suitability  
13 investigation of a person as provided for in this Chapter. The investigation  
14 shall include the status of taxes owed to the United States and to the State  
15 and its political subdivisions.

16 (7) Bonds. – Bonds, notes, instruments, refunding notes and bonds, and other  
17 evidences of indebtedness or obligations.

18 (8) Central control computer. – A central site computer controlled by the  
19 Commission to which all slot machines communicate for the purpose of  
20 auditing capacity, real-time information retrieval of the details of any  
21 financial event that occurs in the operation of a slot machine, including, but  
22 not limited to, coin in, coin out, ticket in, ticket out, jackpots, machine door  
23 openings, and power failure, and remote machine activation and disabling of  
24 slot machines.

25 (9) Cheat. – To alter without authorization the elements of chance, method of  
26 selection, or criteria which determine:

27 a. The result of a slot machine game.

28 b. The amount or frequency of payment in a slot machine game.

29 c. The value of a wagering instrument.

30 d. The value of a wagering credit.

31 The term does not include altering for required maintenance and repair.

32 (10) Commission. – The North Carolina State Lottery Commission established  
33 pursuant to Chapter 18C of the General Statutes.

34 (11) Compensation. – Any thing of value, money, or a financial benefit conferred  
35 on or received by a person in return for services rendered, or to be rendered,  
36 whether by that person or another.

37 (12) Complimentary service. – Any lodging, service, or item which is provided to  
38 an individual at no cost or at a reduced cost which is not generally available  
39 to the public under similar circumstances. Group rates, including convention  
40 and government rates, shall be deemed to be generally available to the  
41 public.

42 (13) Conduct of gaming. – The licensed placement and operation of games of  
43 chance under this Chapter and approved by the Commission at a licensed  
44 facility.

45 (14) Controlling interest. – For a publicly traded domestic or foreign corporation,  
46 a controlling interest is an interest in a legal entity, applicant, or licensee if a  
47 person's sole voting rights under State law or corporate articles or bylaws  
48 entitle the person to elect or appoint one or more of the members of the  
49 Commission of directors or other governing Commission or the ownership  
50 or beneficial holding of five percent (5%) or more of the securities of the  
51 publicly traded corporation, partnership, limited liability company, or other

1 form of publicly traded legal entity, unless this presumption of control or  
2 ability to elect is rebutted by clear and convincing evidence. For a privately  
3 held domestic or foreign corporation, partnership, limited liability company,  
4 or other form of privately held legal entity, a controlling interest is the  
5 holding of any securities in the legal entity, unless this presumption of  
6 control is rebutted by clear and convincing evidence.

7 (15) Conviction. – A finding of guilt or a plea of guilty or nolo contendere,  
8 whether or not a judgment of sentence has been imposed as determined by  
9 the law of the jurisdiction in which the prosecution was held. The term does  
10 not include a conviction that has been expunged or overturned or for which  
11 an individual has been pardoned, or an order of Accelerated Rehabilitative  
12 Disposition.

13 (16) Corporation. – Any business entity established or regulated by the North  
14 Carolina Business Corporation Act.

15 (17) Financial backer. – An investor, mortgagee, bondholder, noteholder, or other  
16 source of equity or capital provided to an applicant or licensed entity.

17 (18) Fund. – The North Carolina State Lottery Fund.

18 (19) Gaming employee. – Any employee of a slot machine licensee, including,  
19 but not limited to:

20 a. Cashiers.

21 b. Change personnel.

22 c. Counting room personnel.

23 d. Slot attendants.

24 e. Hosts or other persons authorized to extend complimentary services.

25 f. Machine mechanics or computer machine technicians.

26 g. Security personnel.

27 h. Surveillance personnel.

28 i. Supervisors and managers.

29 The term includes employees of a person holding a supplier's license whose  
30 duties are directly involved with the repair or distribution of slot machines  
31 and associated equipment sold or provided to the licensed facility within this  
32 State as determined by the Commission. The term does not include  
33 bartenders, cocktail servers, or other persons engaged solely in preparing or  
34 selling food or beverages, clerical or secretarial personnel, parking  
35 attendants, janitorial, stage, sound and light technicians, and other  
36 nongaming personnel as determined by the Commission.

37 (20) Gross terminal revenue. – The total of cash or cash equivalent wagers  
38 received by a slot machine minus the total of:

39 a. Cash or cash equivalents paid out to patrons as a result of playing a  
40 slot machine, which are paid to patrons either manually or paid out  
41 by the slot machine.

42 b. Cash paid to purchase annuities to fund prizes payable to patrons  
43 over a period of time as a result of playing a slot machine.

44 c. Any personal property distributed to a patron as the result of playing  
45 a slot machine. This does not include travel expenses, food,  
46 refreshments, lodging, or services.

47 The term does not include counterfeit money or tokens, coins, or currency of  
48 other countries which are received in slot machines, except to the extent that  
49 they are readily convertible to United States currency, cash taken in  
50 fraudulent acts perpetrated against a slot machine licensee for which the

- 1                    licensee is not reimbursed, or cash received as entry fees for contests or  
2                    tournaments in which the patrons compete for prizes.
- 3                    (21) Holding company. – A person, other than an individual, which, directly or  
4                    indirectly, owns or has the power or right to control or to vote any  
5                    significant part of the outstanding voting securities of a corporation or other  
6                    form of business organization. A holding company indirectly has, holds, or  
7                    owns any such power, right, or security if it does so through an interest in a  
8                    subsidiary or successive subsidiaries.
- 9                    (22) Independent contractor. – A person who performs professional, scientific,  
10                    technical, advisory, or consulting services for the Commission for a fee,  
11                    honorarium, or similar compensation pursuant to a contract.
- 12                    (23) Institutional investor. – Any retirement fund administered by a public  
13                    agency for the exclusive benefit of federal, State, or local public employees,  
14                    an investment company registered under the Investment Company Act of  
15                    1940 (15 U.S.C. § 80a-1, et seq.), a collective investment trust organized by  
16                    banks under Part Nine of the Rules of the Comptroller of the Currency, a  
17                    closed-end investment trust, a chartered or licensed life insurance company  
18                    or property and casualty insurance company, a banking or other chartered or  
19                    licensed lending institution, an investment advisor registered under the  
20                    Investment Advisors Act of 1940 (15 U.S.C. § 80b-1, et seq.), and such  
21                    other persons as the Commission may determine consistent with this  
22                    Chapter.
- 23                    (24) Intermediary. – A person, other than an individual, which is:  
24                    a.        A holding company with respect to a corporation or other form of  
25                    business organization which holds or applies for a license under this  
26                    Chapter; and  
27                    b.        A subsidiary with respect to any holding company.
- 28                    (25) Issued, issuance, or issue. – When used in reference to an application  
29                    submitted to the Commission to authorize the placement and operation of  
30                    slot machines, the terms refer to the date when a determination by the  
31                    Commission approving an application becomes final, binding, and is not  
32                    appealable and is not subject to a pending legal challenge.
- 33                    (26) Key employee. – Any individual who is employed in a director or  
34                    department head capacity and who is empowered to make discretionary  
35                    decisions that regulate slot machine operations, including the general  
36                    manager and assistant manager of the licensed facility, director of slot  
37                    operations, director of cage and/or credit operations, director of surveillance,  
38                    director of marketing, director of management information systems, director  
39                    of security, comptroller, and any employee who supervises the operations of  
40                    these departments or to whom these department directors or department  
41                    heads report and such other positions which the Commission shall determine  
42                    based on detailed analyses of job descriptions as provided in the internal  
43                    controls of the licensee as approved by the Commission. All other gaming  
44                    employees unless otherwise designated by the Commission shall be  
45                    classified as nonkey employees.
- 46                    (27) Licensed entity. – Any slot machine licensee, manufacturer licensee,  
47                    supplier licensee, or other person licensed by the Commission under this  
48                    Chapter.
- 49                    (28) Licensed facility. – The physical land-based location at which a licensed  
50                    gaming entity is authorized to place and operate slot machines.

- 1           (29) Licensed gaming entity or slot machine licensee. – A person that holds a slot  
2           machine license pursuant to this Chapter.
- 3           (30) Manufacturer. – A person who manufactures, builds, rebuilds, fabricates,  
4           assembles, produces, programs, designs, or otherwise makes modifications  
5           to any slot machine or associated equipment for use or play of slot machines  
6           in this State for gaming purposes.
- 7           (31) Manufacturer license. – A license issued by the Commission authorizing a  
8           manufacturer to manufacture or produce slot machines or associated  
9           equipment for use in this State for gaming purposes.
- 10          (32) Manufacturer licensee. – A manufacturer that obtains a manufacturer  
11          license.
- 12          (33) Net terminal revenue. – The net amount of the gross terminal revenue less  
13          the tax and assessments imposed by this Chapter.
- 14          (34) Occupation permit. – A permit authorizing an individual to be employed or  
15          to work as a gaming employee at a licensed facility.
- 16          (35) Permittee. – A holder of a permit issued pursuant to this Chapter.
- 17          (36) Person. – Any natural person, corporation, foundation, organization,  
18          business trust, estate, limited liability company, licensed corporation, trust,  
19          partnership, limited liability partnership, association, or any other form of  
20          legal business entity.
- 21          (37) Principal. – An officer; director; person who directly holds a beneficial  
22          interest in or ownership of the securities of an applicant or licensee; person  
23          who has a controlling interest in an applicant or licensee, or has the ability to  
24          elect a majority of the Commission of directors of a licensee or to otherwise  
25          control a licensee; lender or other licensed financial institution of an  
26          applicant or licensee, other than a bank or lending institution which makes a  
27          loan or holds a mortgage or other lien acquired in the ordinary course of  
28          business; underwriter of an applicant or licensee; or other person or  
29          employee of an applicant, slot machine licensee, manufacturer licensee, or  
30          supplier licensee deemed to be a principal by the Commission.
- 31          (38) Progressive payout. – A slot machine wager payout that increases in a  
32          monetary amount based on the amounts wagered in a progressive system.
- 33          (39) Progressive system. – A computerized system linking slot machines in one  
34          or more licensed facilities within this State and offering one or more  
35          common progressive payouts based on the amounts wagered.
- 36          (40) Publicly traded corporation. – A person, other than natural person, which:  
37                a. Has a class or series of securities registered under the Securities  
38                Exchange Act of 1934 (15 U.S.C. § 78a, et seq.).  
39                b. Is a registered management company under the Investment Company  
40                Act of 1940 (15 U.S.C. § 80a-1, et seq.).  
41                c. Is subject to the reporting obligations imposed by section 15(d) of the  
42                Securities Exchange Act of 1934 by reason of having filed a  
43                registration statement which has become effective under the  
44                Securities Act of 1933 (15 U.S.C. § 77a, et seq.).
- 45          (41) Revenue- or tourism-enhanced location. – Any location within this State  
46          determined by the Commission, in its discretion, which will maximize net  
47          revenue to the State or enhance year-round recreational tourism within this  
48          State, in comparison to other proposed facilities and is otherwise consistent  
49          with the provisions of this Chapter and its declared public policy purposes.
- 50          (42) Security. – As defined in G.S. 78A-2(11).



- 1           (5)    To sell, transfer, convey, and dispose of tangible or intangible property  
2           owned by the Commission.
- 3           (6)    To establish, charge, and collect fees and fines as authorized by this Chapter.
- 4           (7)    To administer oaths, examine witnesses, and issue subpoenas compelling the  
5           attendance of witnesses or the production of documents and records or other  
6           evidence.
- 7           (8)    To purchase insurance against a loss related to the Commission's property or  
8           assets.
- 9           (9)    To retain attorneys, accountants, auditors, and financial and other experts to  
10          render services as necessary.
- 11          (10)   To require background investigations on applicants, licensees, principals,  
12          key employees, or permittees under the jurisdiction of the Commission.
- 13          (11)   At its discretion, to issue, approve, renew, revoke, suspend, condition, or  
14          deny issuance or renewal of slot machine licenses.
- 15          (12)   At its discretion, to issue, approve, renew, revoke, suspend, condition, or  
16          deny issuance or renewal of supplier and manufacturer licenses.
- 17          (13)   At its discretion, to issue, approve, renew, revoke, suspend, condition, or  
18          deny issuance or renewal of a license or permit for various classes of  
19          employees as required under this Chapter.
- 20          (14)   At its discretion, to issue, approve, renew, revoke, suspend, condition, or  
21          deny issuance or renewal of any additional licenses or permits which may be  
22          required by the Commission under this Chapter.
- 23          (15)   At its discretion, to suspend, condition, or deny the issuance or renewal of  
24          any license or permit or levy fines or other sanctions for any violation of this  
25          Chapter.
- 26          (16)   To require prospective and existing employees, independent contractors,  
27          applicants, licensees, and permittees to submit to fingerprinting by the ALE  
28          Division. The ALE Division shall submit the fingerprints to the State Bureau  
29          of Investigation which shall in turn submit a copy to the Federal Bureau of  
30          Investigation for purposes of verifying the identity of the individual and  
31          obtaining records of criminal arrests and convictions.
- 32          (17)   To require prospective and existing employees, independent contractors,  
33          applicants, licensees, and permittees to provide, or allow the Commission or  
34          ALE Division to capture, a current photograph in a digital format.
- 35          (18)   To levy fines or other sanctions against any person who is an applicant,  
36          licensed entity or other licensee, permittee, or an employee of the  
37          Commission who possesses, uses, sells or offers for sale any device,  
38          equipment, or material subject to this Chapter in a manner which constitutes  
39          a violation of this Chapter.
- 40          (19)   In addition to the power of the Commission regarding license and permit  
41          applicants, to determine at its discretion the suitability of any person who  
42          furnishes or seeks to furnish to a slot machine licensee directly or indirectly  
43          any services or property related to slot machines or associated equipment or  
44          through any arrangements under which that person receives payment based  
45          directly or indirectly on earnings, profits, or receipts from the slot machines  
46          and associated equipment. The Commission may require any such person to  
47          comply with the requirements of this Chapter and the regulations of the  
48          Commission and may prohibit the person from furnishing the services or  
49          property.



- 1           (20) Except for contracts related to the central control computer, all contracts  
2 entered into by the Commission during the two-year period following the  
3 effective date of this Chapter shall not exceed a term of two years.
- 4           (21) The Commission shall not issue or renew a license or permit unless it is  
5 satisfied that the applicant is a person of good character, honesty, and  
6 integrity and is a person whose prior activities, criminal record, if any,  
7 reputation, habits, and associations do not pose a threat to the public interest  
8 or the effective regulation and control of slot machine operations or create or  
9 enhance the danger of unsuitable, unfair, or illegal practices, methods and  
10 activities in the conduct of slot machine operations or the carrying on of the  
11 business and financial arrangements incidental thereto.
- 12           (22) To publish and maintain on the Commission's Internet Web site a complete  
13 list of all persons or entities who have applied for, hold, or have held a slot  
14 machine license, manufacturer license, supplier license, or racetrack license  
15 at any time during the preceding calendar year and all affiliates,  
16 intermediaries, subsidiaries, and holding companies thereof and the status of  
17 the application or license.
- 18           (23) To promulgate all rules necessary for the administration and enforcement of  
19 this Chapter, including rules promulgated in cooperation with the North  
20 Carolina Alcoholic Beverage Control Commission relating to the sale and  
21 service of alcoholic beverages by licensees or permittees.

22 **"§ 18D-201. Temporary rules.**

23           (a) Promulgation. – In order to facilitate the prompt implementation of this Chapter,  
24 rules promulgated by the Commission shall be deemed temporary rules which shall expire no  
25 later than three years following the effective date of this Chapter. The Commission's temporary  
26 rules shall not be subject to review pursuant to Chapter 150B of the General Statutes.

27           (b) Expiration. – The authority provided to the Commission by this section shall expire  
28 July 1, 2014. Rules adopted after this period shall be promulgated as provided by law.

29 **"§ 18D-202. License or permit application hearing process; public hearings.**

30           (a) General Rule. – The Commission's consideration and resolution of all license or  
31 permit applications shall be conducted in accordance with the provisions of this Chapter and  
32 the rules of the Commission. Any person aggrieved by an action or decision of the Commission  
33 may file a petition for a contested case before the Office of Administrative Hearings in  
34 accordance with Chapter 150B of the General Statutes. The Commission shall not file a petition  
35 on behalf of an aggrieved party.

36           (b) Public Hearing Required. – Prior to licensing a facility under this Chapter, the  
37 Commission shall hold at least one public hearing on the matter. All public hearings relating to  
38 an application for a slot machine license shall be held in the municipality where the facility will  
39 be located and shall be organized in cooperation with the municipality. A list of all witnesses  
40 scheduled to testify at a public hearing shall be made public at least seven days prior to the  
41 hearing. The list shall be updated at least three days prior to the hearing. Additional witnesses  
42 shall be posted on the Commission's Internet Web site as they are added to the list.

43 **"§ 18D-203. Commission meetings; records.**

44           (a) Open Meetings and Public Records. – Commission meetings and records shall be  
45 subject to the provisions of the open meetings laws in Article 33C of Chapter 143 of the  
46 General Statutes and the public records laws in Chapter 132 of the General Statutes.

47           (b) Record of Proceedings. – The Commission shall cause to be made and kept a record  
48 of all proceedings held at public meetings of the Commission. The verbatim transcript of those  
49 proceedings shall be the property of the Commission and shall be prepared by the Commission  
50 upon the request of any Commission member or upon the request of any other person and the  
51 payment by that person of the costs of preparation.

1       (c) Applicant Information. – The Commission shall maintain a list of all applicants for  
2 licenses and permits. The list shall include a record of all actions taken with respect to each  
3 applicant. The list shall be open to public inspection during the normal business hours of the  
4 Commission. Information for any applicant whose license or permit has been denied, revoked,  
5 or not renewed shall be removed from such list after seven years from the date of the action.

6       (d) Other Files and Records. – The Commission may maintain such other files and  
7 records as it may deem appropriate.

8       (e) Confidentiality of Information. – All information submitted by an applicant  
9 pursuant to this Chapter or obtained by the Commission or the ALE Division as part of a  
10 background investigation from any source shall be considered confidential. Except as otherwise  
11 provided by law, the information shall be withheld from public disclosure in whole or in part,  
12 except that any information shall be released upon the lawful order of a court of competent  
13 jurisdiction, to a law enforcement agency conducting an active criminal investigation, or shall  
14 be released to the public, in whole or in part, to the extent that such release is requested by an  
15 applicant and does not otherwise contain confidential information about another person. The  
16 Commission may not require any applicant to waive any confidentiality provided for in this  
17 subsection as a condition for the approval of a license or any other action of the Commission.  
18 Any Commission employee who violates this subsection is subject to discharge, suspension, or  
19 other formal disciplinary action as the Commission deems appropriate. Any ALE Division  
20 employee who violates this subsection is subject to discharge, suspension, or other formal  
21 disciplinary action as the ALE Division deems appropriate.

22       (f) Notice. – Notice of the contents of any information, except to a law enforcement  
23 agency pursuant to this section, shall be given to any applicant or licensee in a manner  
24 prescribed by the rules adopted by the Commission.

25       (g) Information Held by the Department of Revenue. – In order to ensure complete  
26 disclosure and protect the public, files, records, reports, and other information in the possession  
27 of the Department pertaining to licensees and permittees shall be made available to the  
28 Commission and the ALE Division upon a written request from the Executive Director of the  
29 Commission or the Director of the ALE Division unless the release of such information is  
30 prohibited by federal law.

31 **"§ 18D-204. Regulatory authority of Commission.**

32 The Commission shall have the power and duties to:

- 33       (1) Deny, deny the renewal, revoke, condition, or suspend any license or permit  
34 provided for in this Chapter if the Commission finds in its sole discretion  
35 that a licensee or permittee under this Chapter, or its officers, employees, or  
36 agents have furnished false or misleading information to the Commission or  
37 failed to comply with the provisions of this Chapter or the rules of the  
38 Commission and that it would be in the public interest to deny, deny the  
39 renewal, revoke, condition, or suspend the license or permit.
- 40       (2) Restrict access to confidential information in the possession of the  
41 Commission which has been obtained under this Chapter and ensure that the  
42 confidentiality of information is maintained and protected. Records shall be  
43 retained by the Commission for seven years.
- 44       (3) Prescribe and require periodic financial reporting and internal control  
45 requirements for all licensed entities.
- 46       (4) Require that each licensed entity provide to the Commission its audited  
47 annual financial statements, with such additional detail as the Commission  
48 from time to time shall require, and which information shall be submitted  
49 not later than 60 days after the end of the licensee's fiscal year.
- 50       (5) Prescribe the procedures to be followed by slot machine licensees for any  
51 financial event that occurs in the operation of slot machines.

- 1           (6)   Prescribe criteria and conditions for the operation of slot machine  
2           progressive systems. A wide area progressive slot system shall be  
3           collectively administered by participating slot machine licensees in  
4           accordance with the terms of a written agreement executed by each  
5           participating slot machine licensee and approved by the Commission.
- 6           (7)   Enforce prescribed hours for the operation of slot machines so that slot  
7           machine licensees may operate slot machines on any day during the year in  
8           order to meet the needs of patrons or to meet competition.
- 9           (8)   Require that each licensed gaming entity prohibit any person less than 21  
10          years of age from operating or using slot machines.
- 11          (9)   Establish procedures for the inspection and certification of compliance of  
12          each slot machine and associated equipment prior to being placed into use by  
13          a slot machine licensee.
- 14          (10) Require that no slot machine may be set to pay out less than the theoretical  
15          payout percentage, which shall be no less than eighty percent (80%), as  
16          specifically approved by the Commission. The Commission shall adopt  
17          regulations that define the theoretical payout percentage of a slot machine  
18          game based on the total value of the jackpots expected to be paid by a play  
19          or a slot machine game divided by the total value of slot machine wagers  
20          expected to be made on that play or slot machine game during the same  
21          portion of the game cycle. In so doing, the Commission shall decide whether  
22          the calculation shall include the entire cycle of a slot machine game or any  
23          portion thereof.
- 24          (11) Require each slot machine license applicant to provide detailed site plans of  
25          its proposed licensed facility which shall be reviewed and approved by the  
26          Commission for the purpose of determining the adequacy of the proposed  
27          security and surveillance measures inside and outside the facility. Applicants  
28          will cooperate with the Commission in making changes to the plans  
29          suggested by the Commission and will ensure that the plans as modified and  
30          approved are implemented.
- 31          (12) Require slot machine licensees to provide onsite facilities for use by the  
32          Commission, the ALE Division, and other appropriate persons for the  
33          purpose of carrying out their respective responsibilities under this Chapter.
- 34          (13) Enter into contracts with any person for the purposes of carrying out the  
35          powers and duties of the Commission under this Chapter.
- 36          (14) Require each slot machine licensee to sell North Carolina State Lottery  
37          tickets at its licensed facility at a location as near as practicable to the pay  
38          windows.
- 39          (15) Permit, in its discretion and upon application, the use of a temporary facility  
40          within which slot machines may be available for play or operation at a  
41          licensed gaming facility, for a period not to exceed 24 months, provided that,  
42          upon good cause shown, the Commission may extend permission to operate  
43          a temporary facility for an additional 12-month period.

44    **§ 18D-205. Collection of fees and fines.**

45    The Commission has the following powers and duties:

- 46          (1)   To levy and collect fees from the various applicants, licensees, and  
47          permittees to fund the operations of the Commission. The fees shall be  
48          deposited into the State Lottery Fund established pursuant to G.S. 18C-160.  
49          In addition to the fees set forth in G.S. 18D-206, the Commission shall  
50          assess and collect fees as follows:

- 1           a.     Supplier licensees shall pay a fee of twenty-five thousand dollars  
2                 (\$25,000) upon the issuance of a license and ten thousand dollars  
3                 (\$10,000) for the annual renewal of a supplier license.  
4           b.     Manufacturer licensees shall pay a fee of twenty-five thousand  
5                 dollars (\$25,000) upon the issuance of a license and ten thousand  
6                 dollars (\$10,000) for the annual renewal of a manufacturer license.  
7           c.     Each application for a slot machine license, supplier license, or  
8                 manufacturer license must be accompanied by a nonrefundable fee  
9                 set by the Commission for the cost of each individual requiring a  
10                background investigation. The reasonable and necessary costs and  
11                expenses incurred in any background investigation or other  
12                investigation or proceeding concerning any applicant, licensee,  
13                permittee, or registrant shall be reimbursed to the Commission by  
14                those persons.

- 15           (2)    To provide for the assessment and collection of fines and penalties for  
16                violations of this Chapter. The clear proceeds of all civil fines and penalties  
17                assessed pursuant to this Chapter shall be remitted to the Civil Penalty and  
18                Forfeitures Fund in accordance with G.S. 115-457.2. Two years following  
19                enactment of this Chapter, the Commission shall have the authority to  
20                increase each year any fee, charge, cost, or administrative penalty, but not  
21                any criminal fine or penalty, provided in this Chapter by an amount not to  
22                exceed an annual cost-of-living adjustment calculated by applying the  
23                percentage change in the Consumer Price Index for All Urban Consumers  
24                (CPI-U) for the North Carolina, Georgia, South Carolina, Tennessee, and  
25                Virginia area for the most recent 12-month period for which figures have  
26                been officially reported by the United States Department of Labor, Bureau of  
27                Labor Statistics, immediately prior to the date the adjustment is due to take  
28                effect.

29    **"§ 18D-206. Slot machine license fee.**

30           (a)    Fee Required. – At the time of license issuance the Commission shall impose a  
31                one-time slot machine license fee to be paid by each successful slot machine applicant for a  
32                license in the amount of \$50,000,000 and deposited in the State Lottery Fund.

33           (b)    Term. – A slot machine license, after payment of the fee, shall be in effect unless  
34                suspended, revoked, or not renewed by the Commission upon good cause consistent with the  
35                license requirements as provided for in this Chapter. Slot machine licensees shall be required to  
36                update the information in their initial applications annually, and the license of a licensee in  
37                good standing shall be updated and renewed annually. As to the renewal of a license, no  
38                additional license fee pursuant to subsection (a) shall be required.

39           (c)    Credit Against Tax for Slot Machine Licensees. – If the rate of the tax imposed by  
40                G.S. 18D-402 is increased at any time during the term of 10 years following the initial issuance  
41                of the slot machine license, the slot machine licensee shall be entitled to a credit against  
42                subsequent payment of the tax equal to the difference between the tax calculated at the rate  
43                when the license was issued and the tax calculated at the increased rate. This credit shall be  
44                applied on a dollar-for-dollar basis as and when the tax is payable as set forth in G.S. 18D-402  
45                but shall not extend beyond the 10-year period following the initial issuance of the license. The  
46                aggregate amount of all credits provided shall not exceed the amount of the licensing fee paid  
47                by the licensee. The Commission shall enter into a contract with each slot machine licensee  
48                explicitly setting forth the terms and conditions of this credit and which also specifically  
49                incorporates the requirements of subsection (f) of this section.

50           (d)    Deposit of License Fee. – The total amount of all license fees imposed and collected  
51                by the Commission under this section shall be deposited in the State Lottery Fund.



1 filed and deemed complete by the Commission. The Commission shall approve, condition, or  
2 deny the issuance of a slot machine license within the time period provided for herein.  
3 Following approval of an application for a slot machine license, the applicant shall provide  
4 formal notification to the Commission as soon as it fulfills all required conditions for issuance  
5 of the license and the Commission's decision approving the application is final and is not  
6 subject to a pending legal challenge. Upon receipt of such formal notification and upon  
7 conducting any necessary verification, the Commission shall issue a slot machine license to the  
8 applicant.

9 **"§ 18D-301. Order of initial license issuance.**

10 In order to facilitate the timely and orderly deployment of licensed gaming operations in  
11 this State, the Commission shall adopt a schedule by which applicants for slot machine,  
12 manufacturer, and supplier licenses shall be filed, considered, and resolved in accordance with  
13 the provisions of this Chapter. In so doing, the Commission shall consider, approve, condition,  
14 or deny the approval of all filed applications for manufacturer and supplier licenses as soon as  
15 administratively possible. The Commission shall ensure that an adequate number of suppliers  
16 have been licensed to meet market demand.

17 **"§ 18D-302. Applications for license or permit.**

18 (a) Applications. – An application for a license or permit to be issued by the  
19 Commission shall be submitted on a form and in a manner as shall be required by the  
20 Commission. Before reviewing an application, the Commission shall confirm that all the  
21 applicable license or permit fees have been paid in accordance with this Chapter.

22 (b) Completeness of Applications. – The Commission shall not consider an incomplete  
23 application and shall notify the applicant in writing if an application is incomplete. An  
24 application shall be considered incomplete if it does not include all applicable fees and all  
25 information and accompanying documentation required by the Commission. Any unpaid taxes  
26 identified by the Department of Revenue shall be paid before the application is considered  
27 complete. A notification of incompleteness shall state the deficiencies in the application that  
28 must be corrected prior to consideration of the merits of the application.

29 (c) Adverse Litigation. – Notwithstanding any law to the contrary, the Commission  
30 shall not consider any application for a license if the applicant or any person affiliated with or  
31 directly related to the applicant is a party in any ongoing civil proceeding in which the party is  
32 seeking to overturn or otherwise challenge a decision or order of the Commission pertaining to  
33 the approval, denial, or conditioning of a license to operate slot machines. This subsection shall  
34 not be interpreted to affect the rights of applicants to seek judicial enforcement of mandatory  
35 obligations of the Commission as may be required by this Chapter.

36 **"§ 18D-303. Slot machine license application.**

37 (a) General Requirements. – In addition to any other information required under this  
38 Chapter, or required by the Commission, the application for a slot machine license shall include  
39 the following:

- 40 (1) The name, address, and a photograph of the applicant and of all directors and  
41 owners and key employees and their positions within the corporation or  
42 organization, as well as any additional financial information required by the  
43 Commission.
- 44 (2) The proposed location of the slot machine areas, if known.
- 45 (3) The number of slot machines requested.
- 46 (4) A letter from the Department of Revenue showing that no overdue tax is  
47 owed to the State.
- 48 (5) In those instances where additional slot machines are being requested, the  
49 justification and explanation for the number and proposed location of the  
50 slot machine areas within the confines of the licensed facility.

1           (6)   The details of any gaming, slot machine, or casino license applied for,  
2           granted to, or denied to the applicant by other jurisdictions where such form  
3           of gaming is legal and the consent for the Commission to acquire copies of  
4           applications submitted or licenses issued in connection therewith.

5           (7)   The details of any loans applied for and obtained from a financial institution  
6           or not obtained from a financial institution for the purposes of establishing  
7           operating a licensed premises.

8           (8)   The consent to conduct a background investigation by the ALE Division for  
9           the Commission, the scope of which shall be determined by the Commission  
10          in its discretion consistent with the provisions of this Chapter, and a release  
11          signed by all persons subject to the investigation of all information required  
12          to complete the investigation.

13          (9)   Any other information determined to be appropriate by the Commission.

14          (b)   Refusal to Cooperate. – Any refusal to provide the information required under this  
15          section or to consent to a background investigation shall result in the immediate denial of a  
16          license or permit.

17          **"§ 18D-304. Slot machine license application character requirements.**

18          (a)   Application. – Every application for a slot machine license shall include such  
19          information, documentation, and assurances as may be required to establish by clear and  
20          convincing evidence the applicant's good character, honesty, and integrity. Information shall  
21          include, without limitation, information pertaining to family, habits, character, reputation,  
22          criminal history background, business activities, financial affairs, and business, professional,  
23          and personal associates, covering at least the 10-year period immediately preceding the filing  
24          date of the application.

25          (b)   Civil Judgments and Law Enforcement Agency Information. – Each applicant shall  
26          notify the Commission of any civil judgments obtained against the applicant pertaining to  
27          antitrust or security regulation laws of the federal government, this State, or any other state,  
28          jurisdiction, province, or country. In addition, each applicant shall produce a letter of reference  
29          from law enforcement agencies having jurisdiction in the applicant's place of residence and  
30          principal place of business, which letter of reference shall indicate that the law enforcement  
31          agencies do not have any pertinent information concerning the applicant or, if the law  
32          enforcement agency does have information pertaining to the applicant, shall specify the nature  
33          and content of that information. If no letters are received within 30 days of the request, the  
34          applicant may submit a statement under oath which is subject to the penalty for perjury that the  
35          applicant is, or was during the period the activities were conducted, in good standing with the  
36          gaming or casino enforcement or control agency.

37          (c)   Gaming or Casino Enforcement Agency Information. – If the applicant has held a  
38          gaming license in a jurisdiction where gaming activities are permitted, the applicant shall  
39          produce a letter of reference from the gaming or casino enforcement or control agency which  
40          shall specify the experiences of that agency with the applicant, the applicant's associates, and  
41          the applicant's gaming operation. If no letters are received within 30 days of the request, the  
42          applicant may submit a statement under oath which is subject to the penalty for perjury that the  
43          applicant is, or was during the period the activities were conducted, in good standing with the  
44          gaming or casino enforcement or control agency.

45          **"§ 18D-305. Additional slot machine license requirements.**

46          (a)   Additional Eligibility Requirements. – In order to be eligible for a slot machine  
47          license under this Chapter, the principals and key employees of the applicant shall obtain a  
48          license to meet the character requirements established by this Chapter or other eligibility  
49          requirements established by the Commission.

50          (b)   Classification System. – The Commission shall develop a classification system for  
51          other agents, employees, or persons who directly or indirectly hold or are deemed to be holding

1 debt or equity securities or other financial interest in the applicant and for other persons which  
2 the Commission considers appropriate for review.

3 (c) Related Entities. – No person shall be eligible to receive a slot machine license  
4 unless the principals and key employees of each intermediary, subsidiary, or holding company  
5 of the person meets the requirements of subsection (a) of this section. The Commission may  
6 require that lenders and underwriters of intermediaries, subsidiaries, or holding companies of a  
7 slot machine license applicant meets the requirements of subsection (a) of this section if the  
8 Commission determines that the suitability of a lender or underwriter is at issue and is  
9 necessary to consider a pending application for a slot machine license.

10 (d) Waiver for Publicly Traded Corporations. – The Commission may waive the  
11 requirements of subsection (a) of this section for a person directly or indirectly holding  
12 ownership of securities in a publicly traded corporation if the Commission determines that the  
13 holder of the securities is not significantly involved in the activities of the corporation and does  
14 not have the ability to control the corporation or elect one or more directors thereof.

15 (e) Waiver for Subsidiaries. – If the applicant is a subsidiary, the Commission may  
16 waive the requirements of subsection (a) of this section for a holding company or intermediary  
17 as follows:

18 (1) If the applicant is a publicly traded corporation, the Commission may issue a  
19 waiver under this subsection if it determines that the principal or key  
20 employee does not have the ability to control the holding company or  
21 intermediary or to elect one or more directors of the holding company or  
22 intermediary, does not have a controlling interest in the holding company or  
23 its intermediary, and is not actively involved in the activities of the  
24 applicant.

25 (2) If the applicant is a noncorporate organization, the Commission may issue a  
26 waiver under this subsection for a person who directly or indirectly holds a  
27 beneficial or ownership interest in the applicant if it determines that the  
28 person does not have the ability to control the applicant.

29 (f) Ongoing Duty to Provide Information. – A person applying for a license, permit, or  
30 other authorization under this Chapter shall have the continuing duty to provide any  
31 information required by the Commission or the ALE Division and to cooperate in any inquiry  
32 or investigation.

33 (g) Criminal History Record Check. – The ALE Division shall conduct a criminal  
34 history record check for the Commission on any person for whom a waiver is granted under  
35 this section.

36 **"§ 18D-306. Licensing of principals.**

37 (a) License Required. – All principals shall obtain a principal license from the  
38 Commission.

39 (b) Application. – A principal license application shall be in a form prescribed by the  
40 Commission and shall include the following:

41 (1) Verification of status as a principal from a slot machine licensee,  
42 manufacturer licensee, or supplier licensee.

43 (2) A description of responsibilities as a principal.

44 (3) All releases necessary to obtain information from governmental agencies,  
45 employers, and other organizations.

46 (4) Fingerprints, which shall be submitted to the Commission.

47 (5) A photograph that meets the standards of the Commission.

48 (6) Details relating to a similar license, permit, or other authorization obtained  
49 in another jurisdiction.

50 (7) Any additional information required by the Commission.



1       (c) Issuance. – Following review of the application and the background investigation,  
2 the Commission may issue a principal license if the applicant has proven by clear and  
3 convincing evidence that the applicant is a person of good character, honesty, and integrity and  
4 is eligible and suitable to be licensed as a principal.

5       (d) License Nontransferable. – A license issued under this section shall be  
6 nontransferable.

7       (e) Principals Exempt From Key Employee License. – An individual who receives a  
8 principal license need not obtain a key employee license.

9 **"§ 18D-307. Licensing of key employees.**

10       (a) License Required. – All key employees shall obtain a key employee license from the  
11 Commission.

12       (b) Application. – A key employee license application shall be in a form prescribed by  
13 the Commission and shall include the following:

14           (1) Verification of status as a key employee from a slot machine licensee,  
15 manufacturer licensee, or supplier licensee.

16           (2) A description of employment responsibilities.

17           (3) All releases necessary to obtain information from governmental agencies,  
18 employers, and other organizations.

19           (4) Fingerprints, which shall be submitted to the Commission.

20           (5) A photograph that meets the standards of the Commission.

21           (6) Details relating to a similar license, permit, or other authorization obtained  
22 in another jurisdiction.

23           (7) Any additional information required by the Commission.

24       (c) Issuance. – Following review of the application and the background investigation,  
25 the Commission may issue a key employee license if the applicant has proven by clear and  
26 convincing evidence that the applicant is a person of good character, honesty, and integrity and  
27 is eligible and suitable to be licensed as a key employee.

28       (d) License Nontransferable. – A license issued under this section shall be  
29 nontransferable.

30 **"§ 18D-308. Divestiture of disqualifying applicant.**

31 In the event that any slot machine license application is not approved by the Commission  
32 based on a finding that an individual who is a principal or has an interest in the person applying  
33 for the license does not meet the character requirements of G.S. 18D-306 or any of the  
34 eligibility requirements under this Chapter, or a person who purchases a controlling interest in a  
35 licensed gaming entity in violation of this Chapter, the Commission may afford the individual  
36 the opportunity to completely divest the individual's interest in the person, its affiliate,  
37 intermediary, subsidiary, or holding company seeking the license and, after such divestiture,  
38 reconsider the person's or applicant's suitability for licensure in an expedited proceeding and  
39 may, after such proceeding, issue the person or applicant a slot machine license. The  
40 Commission shall approve the terms and conditions of any divestiture under this section. Under  
41 no circumstances shall any divestiture be approved by the Commission if the compensation for  
42 the divested interest exceeds the cost of the interest.

43 **"§ 18D-309. Slot machine license application financial fitness requirements.**

44       (a) Applicant Financial Information. – The Commission shall require each applicant for  
45 a slot machine license to produce the information, documentation, and assurances concerning  
46 financial background and resources as the Commission deems necessary to establish by clear  
47 and convincing evidence the financial stability, integrity, and responsibility of the applicant, its  
48 affiliate, intermediary, subsidiary, or holding company, including, but not limited to, bank  
49 references, business and personal income and disbursement schedules, tax returns and other  
50 reports filed with governmental agencies, and business and personal accounting and check

1 records and ledgers. In addition, each applicant shall in writing authorize the examination of all  
2 bank accounts and records as may be deemed necessary by the Commission.

3 (b) Financial Backer Information. – The Commission shall require each applicant for a  
4 slot machine license to produce the information, documentation, and assurances as may be  
5 necessary to establish by clear and convincing evidence the integrity of all financial backers,  
6 investors, mortgagees, bondholders, and holders of indentures, notes, or other evidences of  
7 indebtedness, either in effect or proposed. Any such banking or lending institution and  
8 institutional investors may be waived from the qualification requirements. A banking or  
9 lending institution or institutional investor shall, however, produce for the Commission upon  
10 request any document or information which bears any relation to the proposal submitted by the  
11 applicant or applicants. The integrity of the financial sources shall be judged upon the same  
12 standards as the applicant. Any such person or entity shall produce for the Commission upon  
13 request any document or information which bears any relation to the application. In addition,  
14 the applicant shall produce whatever information, documentation, or assurances the  
15 Commission requires, to establish, by clear and convincing evidence, the adequacy of financial  
16 resources.

17 (c) Applicant's Ability to Pay License Fee. – The Commission shall require each  
18 applicant for a slot machine license at the time of application to post a letter of credit or bond in  
19 the amount of fifty million dollars (\$50,000,000) to demonstrate the financial ability to pay the  
20 slot machine license fee as required by this Chapter if issued a slot machine license by the  
21 Commission.

22 (d) Applicant's Business Experience. – The Commission shall require each applicant for  
23 a slot machine license to produce the information, documentation, and assurances, as the  
24 Commission may require, to establish, by clear and convincing evidence, that the applicant has  
25 sufficient business ability and experience to create and maintain a successful, efficient  
26 operation. Applicants shall produce the names of all proposed key employees and a description  
27 of their respective or proposed responsibilities as they become known.

28 (e) Applicant's Operational Viability. – In assessing the financial viability of the  
29 proposed licensed facility, the Commission shall make a finding, after review of the  
30 application, that the applicant is likely to maintain a financially successful, viable, and efficient  
31 business operation and will likely be able to maintain a steady level of growth of revenue to the  
32 State. Notwithstanding any provision of this Chapter to the contrary, an applicant that includes  
33 a commitment or promise to pay a slot machine license fee in excess of the amount required by  
34 this Chapter shall not be deemed a financially successful, viable, or efficient business operation  
35 and shall not be approved for a slot machine license.

36 (f) Additional Information. – In addition to other information required by this Chapter,  
37 a person applying for a slot machine license shall provide the following information:

38 (1) The organization, financial structure, and nature of all businesses operated  
39 by the person, including any affiliate, intermediary, subsidiary, or holding  
40 companies, the names and personal employment and criminal histories of all  
41 officers, directors, and key employees of the corporation; the names of all  
42 holding, intermediary, affiliate, and subsidiary companies of the corporation;  
43 and the organization, financial structure, and nature of all businesses  
44 operated by such holding, intermediary, and subsidiary companies as the  
45 Commission may require, including names and personal employment and  
46 criminal histories of such officers, directors, and principal employees of such  
47 corporations and companies as the Commission may require.

48 (2) The extent of securities held in the corporation by all officers, directors, and  
49 underwriters and their remuneration in the form of salary, wages, fees, or  
50 otherwise.

51 (3) Copies of all management and service contracts.

1 **"§ 18D-310. Bond for issuance of slot machine license.**

2 Before a slot machine license may be issued, the licensee shall post a bond in an amount not  
3 less than the sum of one million dollars (\$1,000,000), as set by the Commission, payable to the  
4 State Lottery Fund. The bond shall be used to guarantee that the slot machine licensee faithfully  
5 makes the payments, keeps books and records, makes reports, and conducts operations in  
6 conformity with this Chapter and the rules and orders of the Commission. The bond shall not  
7 be canceled by a surety on less than a 30-day notice in writing to the Commission. If a bond is  
8 canceled and the slot machine licensee fails to file a new bond with the Commission in the  
9 required amount on or before the effective date of cancellation, the licensee's license shall be  
10 revoked or suspended. The total and aggregate liability of the surety on the bond is limited to  
11 the amount specified in the bond.

12 **"§ 18D-311. Supplier licenses.**

13 (a) Application. – A manufacturer that elects to contract with a supplier under section  
14 G.S. 18D-312 shall ensure that the supplier is licensed under this section. A person seeking to  
15 provide slot machines or associated equipment to a slot machine licensee within this State  
16 through a contract with a licensed manufacturer shall apply to the Commission for a supplier  
17 license.

18 (b) Requirements. – An application for a supplier license shall be on the form required  
19 by the Commission, accompanied by the application fee, and shall include all of the following:

20 (1) The name and business address of the applicant and the applicant's affiliates,  
21 intermediaries, subsidiaries, and holding companies; the principals and key  
22 employees of each business; and a list of employees and their positions  
23 within each business, as well as any financial information required by the  
24 Commission.

25 (2) A statement that neither the applicant nor any of its affiliates, intermediaries,  
26 subsidiaries, or holding companies is a slot machine licensee.

27 (3) Proof that the applicant has or will establish a principal place of business in  
28 this State. A supplier licensee shall maintain its principal place of business in  
29 this State to remain eligible for licensure.

30 (4) The consent to a background investigation of the applicant, its principals,  
31 and key employees or other persons required by the Commission and a  
32 release to obtain any and all information necessary for the completion of the  
33 background investigation.

34 (5) The details of any equivalent license granted or denied by other jurisdictions  
35 where gaming activities as authorized by this Chapter are permitted, and  
36 consent for the Commission to acquire copies of applications submitted or  
37 licenses issued in connection therewith.

38 (6) The type of goods and services to be supplied and whether those goods and  
39 services will be provided through purchase, lease, contract, or otherwise.

40 (7) Any other information determined by the Commission to be appropriate.

41 (c) Review and Approval. – Upon being satisfied that the requirements of subsection  
42 (b) of this section have been met, the Commission may approve the application and issue the  
43 applicant a supplier license consistent with all of the following:

44 (1) The license shall be valid for a period of two years. Upon expiration, the  
45 license may be renewed in accordance with subsection (d) of this section.

46 (2) The license shall be nontransferable.

47 (3) Any other condition required by the Commission.

48 (d) Renewal. – An applicant may renew a supplier license two months prior to  
49 expiration of the license. The supplier licensee seeking renewal of its license shall submit a  
50 renewal application accompanied by the renewal fee to the Commission. If the renewal  
51 application satisfies the requirements of subsection (b) of this section, the Commission may

1 renew the licensee's supplier license. If the Commission receives a complete renewal  
2 application but fails to act upon the renewal application prior to the expiration of the supplier  
3 license, the supplier license shall continue to remain in effect until the renewal application is  
4 approved or rejected by the Commission.

5 (e) Prohibitions. – No limitation shall be placed on the number of supplier licenses  
6 issued or the time period to submit applications for licensure except as required by a rule of the  
7 Commission.

8 **"§ 18D-312. Manufacturer licenses.**

9 (a) Application. – A person seeking to manufacture slot machines and associated  
10 equipment for use in this State shall apply to the Commission for a manufacturer license.

11 (b) Requirements. – An application for a manufacturer license shall be on the form  
12 required by the Commission, accompanied by the application fee, and shall include all of the  
13 following:

14 (1) The name and business address of the applicant and the applicant's affiliates,  
15 intermediaries, subsidiaries, and holding companies; the principals and key  
16 employees of each business; and a list of employees and their positions  
17 within each business, as well as any financial information required by the  
18 Commission.

19 (2) A statement that the applicant and each affiliate, intermediary, subsidiary, or  
20 holding company of the applicant are not slot machine licensees.

21 (3) The consent to a background investigation of the applicant, its principals and  
22 key employees, or other persons required by the Commission and a release  
23 to obtain any and all information necessary for the completion of the  
24 background investigation.

25 (4) The details of any equivalent license granted or denied by other jurisdictions  
26 where gaming activities as authorized by this Chapter are permitted and  
27 consent for the Commission to acquire copies of applications submitted or  
28 licenses issued in connection therewith.

29 (5) The type of slot machines or associated equipment to be manufactured or  
30 repaired.

31 (6) Any other information determined by the Commission to be appropriate.

32 (c) Review and Approval. – Upon being satisfied that the requirements of subsection  
33 (b) of this section have been met, the Commission may approve the application and issue the  
34 applicant a manufacturer license consistent with all of the following:

35 (1) The license shall be valid for a period of two years. Upon expiration, a  
36 license may be renewed in accordance with subsection (d) of this section.

37 (2) The license shall be nontransferable.

38 (3) Any other condition required by the Commission.

39 (d) Renewal. – Six months prior to expiration of a manufacturer license, the  
40 manufacturer licensee seeking renewal of its license shall submit a renewal application  
41 accompanied by the renewal fee to the Commission. If the renewal application satisfies the  
42 requirements of subsection (b) of this section, the Commission may renew the licensee's  
43 manufacturer license. If the Commission receives a complete renewal application but fails to  
44 act upon the renewal application prior to the expiration of the manufacturer license, the  
45 manufacturer license shall continue in effect until approved or rejected by the Commission.

46 (e) Authority. – The following shall apply to a licensed manufacturer:

47 (1) A licensed manufacturer or its designee, as licensed by the Commission,  
48 may supply or repair any slot machine or associated equipment  
49 manufactured by the licensed manufacturer.

- 1           (2)    A manufacturer may contract with a supplier under G.S. 18D-311 to provide  
2                   slot machines or associated equipment to a slot machine licensee within this  
3                   State.
- 4       (f)    Prohibitions. – The following acts are prohibited:
- 5           (1)    No person may manufacture slot machines or associated equipment for use  
6                   within this State by a slot machine licensee unless the person has been issued  
7                   a manufacturer license under this section.
- 8           (2)    No slot machine licensee may use slot machines or associated equipment  
9                   unless the slot machines or associated equipment were manufactured by a  
10                  person that has been issued a manufacturer license under this section.
- 11          (3)    No person issued a license under this section shall apply for or be issued a  
12                  license under G.S. 18D-311.

13    **"§ 18D-313. Occupation permit application.**

14       (a)    Application. – Any person who desires to be a gaming employee and has a bona fide  
15              offer of employment from a licensed gaming entity shall apply to the Commission for an  
16              occupation permit. A person may not be employed as a gaming employee unless and until that  
17              person holds an appropriate occupation permit issued under this section. The Commission may  
18              promulgate regulations to reclassify a category of nongaming employees or gaming employees  
19              upon a finding that the reclassification is in the public interest and consistent with the  
20              objectives of this Chapter.

21       (b)    Requirements. – The application for an occupation permit shall include, at a  
22              minimum:

- 23           (1)    The name and home address of the person.
- 24           (2)    The previous employment history of the person.
- 25           (3)    The criminal history record of the person, as well as the person's consent for  
26                  the ALE Division to conduct a background investigation.
- 27           (4)    A photograph of the person.
- 28           (5)    Evidence of the offer of employment and the nature and scope of the  
29                  proposed duties of the person, if known.
- 30           (6)    The details of any occupation permit or similar license granted or denied to  
31                  the applicant in other jurisdictions and consent for the Commission to obtain  
32                  copies of applications submitted or permits or licenses issued in connection  
33                  therewith.
- 34           (7)    Any other information determined by the Commission to be appropriate.

35       (c)    Prohibition. – No slot machine licensee may employ or permit any person under 18  
36              years of age to render any service whatsoever in any area of its licensed facility at which slot  
37              machines are physically located.

38    **"§ 18D-314. Alternative manufacturer licensing standards.**

39       (a)    General Rule. – The Commission may determine whether the licensing standards of  
40              another jurisdiction within the United States in which an applicant for a manufacturer license is  
41              similarly licensed are comprehensive and thorough and provide similar adequate safeguards as  
42              those required by this Chapter. If the Commission makes that determination, it may issue a  
43              manufacturer license to an applicant who holds a similar manufacturer license in such other  
44              jurisdiction after conducting an evaluation of the information relating to the applicant from  
45              such other jurisdictions, as updated by the Commission, and evaluating other information  
46              related to the applicant received from that jurisdiction and other jurisdictions where the  
47              applicant may be licensed, the Commission may incorporate such information in whole or in  
48              part into its evaluation of the applicant.

49       (b)    Abbreviated Process. – In the event an applicant for a slot machine manufacturer  
50              license is licensed in another jurisdiction, the Commission may determine to use an alternate  
51              process requiring only that information determined by the Commission to be necessary to

1 consider the issuance of a license, including financial viability of the licensee, to such an  
2 applicant. Nothing in this section shall be construed to waive any fees associated with obtaining  
3 a license through the normal application process.

4 **"§ 18D-315. Slot machine testing and certification standards.**

5 (a) Use of Other State Standards. – The Commission may contract with an independent  
6 testing laboratory to conduct any necessary testing to ensure the standards of slot machines to  
7 be deployed in this State. The independent testing lab shall have a national reputation for being  
8 competent and qualified to scientifically test and evaluate slot machines and other authorized  
9 gaming devices. No owner, operator, holder of any ownership interest, or employee of an  
10 independent lab under contract with the Commission to test and evaluate slot machines and  
11 other gaming devices shall be licensed by the Commission to participate in gaming in this  
12 State. No person licensed or permitted under this Chapter may be employed by, or have any  
13 ownership interest in, any independent lab under contract with the Commission to test and  
14 evaluate slot machines or other gaming devices for the Commission.

15 (b) Alternative Standards. – The Commission may determine, at its discretion, whether  
16 the slot machine testing and certification standards of another jurisdiction within the United  
17 States in which an applicant for a manufacturer license is licensed are comprehensive and  
18 thorough and provide similar adequate safeguards as those required by this Chapter. If the  
19 Commission makes that determination, it may permit a manufacturer or a licensed supplier to  
20 deploy those slot machines which have met the slot machine testing and certification standards  
21 in such other jurisdictions without undergoing the full testing and certification process by a  
22 Commission-contracted independent facility. In the event slot machines of an applicant for a  
23 manufacturer license are licensed in such other jurisdiction, the Commission may determine to  
24 use an abbreviated process requiring only that information determined by the Commission to be  
25 necessary to consider the issuance of a slot machine certification to such an applicant.

26 (c) Central Control Computer Compatibility. – The Commission shall ensure that all  
27 slot machines certified and approved for use in this State are compatible and comply with the  
28 central control computer and protocol specifications approved by the Commission.

29 **"§ 18D-316. Additional licenses and permits and approval of agreements.**

30 (a) Requirements. – In addition to the requirements for a license or permit specifically  
31 set forth in this Chapter, the Commission may require a license or permit, and set a fee for the  
32 same, for any key or gaming employee or any person who satisfies any of the following  
33 criteria:

34 (1) The person transacts business within this State with a slot machine licensee  
35 as a ticket purveyor, tour operator, operator of a bus trip program, or  
36 operator of any other type of travel program or promotional business related  
37 to slot machines. The Commission may also review, deny, order  
38 modification or approve, at its discretion, proposed tours, bus routes, and  
39 travel programs.

40 (2) The person is presently not otherwise required to be licensed under this  
41 Chapter and provides any goods, property, or services, including, but not  
42 limited to, management contracts for compensation to a slot machine  
43 licensee at the licensed facility.

44 (b) Agreement. – Any agreement to conduct business within this State between a person  
45 and a slot machine licensee relating to slot machines or associated equipment is subject to the  
46 approval of the Commission in accordance with rules and regulations promulgated by the  
47 Commission. Every agreement shall be in writing and shall include a provision for its  
48 termination without liability on the part of the slot machine licensee upon a finding by the  
49 Commission that the agreement is not approved or that it is terminated. Failure to expressly  
50 include this condition in the agreement is not a defense in any action brought under this section  
51 relating to the termination of the agreement.

1 **"§ 18D-317. Slot machine accounting controls and audits.**

2 (a) Approval. – Except as otherwise provided by this Chapter, each slot machine license  
3 applicant shall, in addition to obtaining a slot machine license, obtain approval from the  
4 Commission of its proposed site plans and internal control systems and audit protocols prior to  
5 the installation and operation of slot machines at the licensed facility.

6 (b) Minimum Requirements. – At a minimum, the applicant's or person's proposed  
7 internal controls and audit protocols shall do the following:

8 (1) Safeguard its assets and revenues, including, but not limited to, the recording  
9 of cash and evidences of indebtedness related to the slot machines.

10 (2) Provide for reliable records, accounts, and reports of any financial event that  
11 occurs in the operation of a slot machine, including reports to the  
12 Commission related to the slot machines.

13 (3) Ensure that each slot machine directly provides or communicates all required  
14 activities and financial details to the central control computer as set by the  
15 Commission.

16 (4) Provide for accurate and reliable financial records.

17 (5) Ensure any financial event that occurs in the operation of a slot machine is  
18 performed only in accordance with the management's general or specific  
19 authorization, as approved by the Commission.

20 (6) Ensure that any financial event that occurs in the operation of a slot machine  
21 is recorded adequately to permit proper and timely reporting of gross  
22 revenue and the calculation thereof and of fees and taxes and to maintain  
23 accountability for assets.

24 (7) Ensure that access to assets is permitted only in accordance with  
25 management's specific authorization, as approved by the Commission.

26 (8) Ensure that recorded accountability for assets is compared with actual assets  
27 at reasonable intervals and appropriate action is taken with respect to any  
28 discrepancies.

29 (9) Ensure that all functions, duties, and responsibilities are appropriately  
30 segregated and performed in accordance with sound financial practices by  
31 competent, qualified personnel.

32 (c) Internal Control. – Each slot machine license applicant shall submit to the  
33 Commission, in the manner required by the Commission, a description of its administrative and  
34 accounting procedures in detail, including its written system of internal control. Each written  
35 system of internal control shall include all of the following:

36 (1) Records of direct and indirect ownership in the proposed slot machine  
37 licensee, its affiliate, intermediary, subsidiary, or holding company.

38 (2) An organizational chart depicting appropriate segregation of functions and  
39 responsibilities.

40 (3) A description of the duties and responsibilities of each position shown on the  
41 organizational chart.

42 (4) A detailed narrative description of the administrative and accounting  
43 procedures designed to satisfy the requirements of this section.

44 (5) Record retention policy.

45 (6) Procedure to ensure that assets are safeguarded, including mandatory count  
46 procedures.

47 (7) A statement signed by the chief financial officer of the proposed licensed  
48 gaming entity or other competent person and the chief executive officer of  
49 the proposed licensed gaming entity or other competent person attesting that  
50 the officer believes, in good faith, that the system satisfies the requirements  
51 of this section.

1           (8)    Any other item that the Commission may require in its discretion.

2   **"§ 18D-318. Central control computer system.**

3       (a)    General Rule. – To facilitate the auditing and security programs critical to the  
4 integrity of slot machine gaming in this State, the Commission shall have overall control of slot  
5 machines, and all slot machine terminals shall be linked, at an appropriate time to be  
6 determined by the Commission, to a central control computer under the control of the  
7 Commission and accessible by the Commission to provide auditing program capacity and  
8 individual terminal information and shall include real-time information retrieval and terminal  
9 activation and disabling programs. The central control computer selected and employed by the  
10 Commission shall not unduly limit or favor the participation of a vendor or manufacturer of a  
11 slot machine as a result of the cost or difficulty of implementing the necessary program  
12 modifications to communicate with and link to the central control computer. The central control  
13 computer employed by the Commission shall provide the following:

14           (1)    A fully operational statewide slot machine control system that has the  
15 capability of supporting up to the maximum number of slot machines that  
16 could be permitted to be in operation under this Chapter.

17           (2)    The employment of a widely accepted gaming industry communication  
18 protocol to facilitate slot machine manufacturers' ability to communicate  
19 with the statewide system.

20           (3)    The delivery of a system that has the ability to verify software, detect  
21 alterations in payout, and detect other methods of fraud in all aspects of the  
22 operation of slot machines.

23           (4)    The delivery of a system that has the capability to support in-house and  
24 wide-area progressive slot machines as approved by the Commission.

25           (5)    The delivery of a system that allows the slot machine licensee to install  
26 independent player tracking systems and cashless technology as approved by  
27 the Commission.

28           (6)    The delivery of a system that does not alter the statistical awards of slot  
29 machine games as designed by the slot machine manufacturer and approved  
30 by the Commission.

31           (7)    The delivery of a system that provides redundancy so that each component  
32 of the network will be capable of operating independently by the  
33 Commission if any component of the network, including the central control  
34 computer, fails or cannot be operated for any reason as determined by the  
35 Commission, and to assure that all transactional data is captured and  
36 secured. Costs associated with any computer system required by the  
37 Commission to operate at a licensed facility, whether independent or as part  
38 of the central control computer, shall be paid by the slot machine licensee.  
39 The computer system will be controlled by and accessible to the  
40 Commission.

41           (8)    The ability to meet all reporting and control requirements as prescribed by  
42 the Commission.

43           (9)    Any other capabilities as determined by the Commission.

44       (b)    Personal Information. – Except as provided for in subdivision (a)(5) of this section,  
45 the central control computer shall not provide for the monitoring or reading of personal or  
46 financial information concerning a patron of a slot machine licensee.

47       (c)    Initial Acquisition of Central Control Computer. – Notwithstanding any other  
48 provision of law to the contrary and in order to facilitate the prompt implementation of this  
49 Chapter, initial contracts entered into by the Commission for a central control computer,  
50 including any necessary computer hardware, software, licenses, or related services shall not be



1 subject to the provisions of G.S. 143-129. Contracts made pursuant to the provisions of this  
2 section shall not exceed five years in duration.

3 **"§ 18D-319. Protocol information.**

4 The Commission shall provide, upon request and in advance of the operation of a central  
5 control computer, to a licensed slot machine supplier or manufacturer the comprehensive  
6 protocol specifications necessary to enable the respective slot machine suppliers or  
7 manufacturers of slot machine terminals to communicate with the Commission's central control  
8 computer for the purpose of transmitting auditing program information and for activating and  
9 disabling of slot machine terminals. Manufacturers and suppliers shall be afforded a reasonable  
10 period of time to comment upon the protocol in advance of the operation of the central control  
11 computer. Once adopted, the Commission shall provide suppliers and manufacturers a  
12 reasonable period of time to review and comment on any changes and on documentation data  
13 for all proposed changes to the original protocol specifications of the central control computer.  
14 Manufacturers and suppliers shall be afforded a reasonable period of time to comment upon  
15 and employ all proposed changes to the protocol in advance of its implementation and  
16 operation with the central control computer. Notwithstanding the foregoing, the Commission  
17 may expedite changes in the protocol as may be needed to ensure the integrity and stability of  
18 the entire system.

19 **"§ 18D-320. License or permit issuance.**

20 (a) Issuance. – In addition to any other criteria provided under this Chapter, any  
21 licensed gaming entity, supplier, manufacturer, gaming employee, or other person that the  
22 Commission approves as qualified to receive a license or a permit under this Chapter shall be  
23 issued a license or permit upon the payment of any fee required and upon the fulfillment of any  
24 conditions required by the Commission or provided for in this Chapter. Nothing contained in  
25 this Chapter is intended or shall be construed to create an entitlement to a license or permit by  
26 any person. The Commission shall in its sole discretion issue, renew, condition, or deny a slot  
27 machine license based upon the requirements of this Chapter and whether the issuance of a  
28 license will enhance tourism, economic development, or job creation is in the best interests of  
29 the State and advances the purposes of this Chapter.

30 (b) Eligibility. – A license or permit shall not be granted or renewed unless the  
31 Commission finds that the applicant satisfies all of the following criteria:

32 (1) The applicant has developed and implemented or agreed to develop and  
33 implement a diversity plan to assure that all persons are accorded equality of  
34 opportunity in employment and contracting by the applicant, its contractors,  
35 subcontractors, assignees, lessees, agents, vendors, and suppliers.

36 (2) The applicant in all other respects is found suitable consistent with the laws  
37 of this State and is otherwise qualified to be issued a license or permit.

38 (c) Additional Requirements. – In addition to the eligibility requirements otherwise  
39 provided in this Chapter, the Commission may also take into account the following factors  
40 when considering an application for a slot machine license:

41 (1) The location and quality of the proposed facility, including, but not limited  
42 to, road and transit access, parking, and centrality to market service area.

43 (2) The potential for new job creation and economic development which will  
44 result from granting a license to an applicant.

45 (3) The applicant's good faith plan to recruit, train, and upgrade diversity in all  
46 employment classifications in the facility.

47 (4) The applicant's good faith plan for enhancing the representation of diverse  
48 groups in the operation of its facility through the ownership and operation of  
49 business enterprises associated with or utilized by its facility or through the  
50 provision of goods or services utilized by its facility and through the  
51 participation in the ownership of the applicant.

- 1           (5)   The applicant's good faith effort to assure that all persons are accorded  
2           equality of opportunity in employment and contracting by it and any  
3           contractors, subcontractors, assignees, lessees, agents, vendors, and suppliers  
4           it may employ directly or indirectly.
- 5           (6)   The history and success of the applicant in developing tourism facilities  
6           ancillary to gaming development if applicable to the applicant.
- 7           (7)   The degree to which the applicant presents a plan for the project which will  
8           likely lead to the creation of quality, living-wage jobs and full-time  
9           permanent jobs for residents of this State generally and for residents of the  
10          host political subdivision in particular.
- 11          (8)   The record of the applicant and its developer in meeting commitments to  
12          local agencies, community-based organizations, and employees in other  
13          locations.
- 14          (9)   The degree to which potential adverse effects which might result from the  
15          project, including costs of meeting the increased demand for public health  
16          care, child care, public transportation, affordable housing, and social  
17          services, will be mitigated.
- 18          (10) The record of the applicant and its developer regarding compliance with the  
19          following:
- 20               a.   Federal, State, and local discrimination, wage and hour, disability  
21               and occupational, and environmental health and safety laws.
- 22               b.   State and local labor relations and employment laws.
- 23          (11) The applicant's record in dealing with its employees and their representatives  
24          at other locations.
- 25          (d)   Trusts and Similar Business Entities. – The Commission shall determine the  
26          eligibility of a trust or similar business entity to be a licensed entity in accordance with the  
27          following:
- 28               (1)   No trust or similar business entity shall be eligible to hold any beneficial  
29               interest in a licensed entity under this Chapter unless each trustee, grantor,  
30               and beneficiary of the trust, including a minor child beneficiary, qualifies for  
31               and is granted a license as a principal. The Commission may waive  
32               compliance with this paragraph if the trustee is a banking or lending  
33               institution and the Commission is satisfied that the trustee is not significantly  
34               involved in the activities of the licensed entity. In addition to other  
35               information required by the Commission, a banking or lending institution  
36               acting as a trustee shall produce, at the request of the Commission, any  
37               documentation or information relating to the trust.
- 38               (2)   No beneficiary of a trust or similar business entity who is a minor child shall  
39               control or be significantly involved in the activities of a licensed entity or its  
40               holding company or intermediary. No beneficiary of a trust or similar  
41               business entity who is a minor child shall be permitted to vote to elect  
42               directors of a licensed entity or its holding company or intermediary.
- 43               (3)   No trust or similar business entity may hold any beneficial interest in a  
44               licensed entity unless the Commission determines that the trust or similar  
45               business entity is not engaged in any activity or otherwise being used to  
46               evade the public protections under this Chapter.

47    **"§ 18D-321. License renewals.**

- 48           (a)   Renewal. – All permits and licenses issued under this Chapter unless otherwise  
49           provided shall be subject to renewal every two years upon the application of the holder of the  
50           permit or license submitted to the Commission at least 60 days prior to the expiration of the  
51           permit or license. The application for renewal shall include an update of the information

1 contained in the initial and any prior renewal applications and the payment of any renewal fee  
2 required by this Chapter. A permit or license for which a completed renewal application and  
3 fee, if required, has been received by the Commission will continue in effect unless and until  
4 the Commission sends written notification to the holder of the permit or license that the  
5 Commission has denied the renewal of such permit or license.

6 (b) **Revocation or Failure to Renew.** – In addition to any other sanctions the  
7 Commission may impose under this Chapter, the Commission may, at its discretion, suspend,  
8 revoke, or deny renewal of any permit or license issued under this Chapter if it receives any  
9 information from any source that the applicant or any of its officers, directors, owners, or key  
10 employees is in violation of any provision of this Chapter, that the applicant has furnished the  
11 Commission with false or misleading information, or that the information contained in the  
12 applicant's initial application or any renewal application is no longer true and correct. In the  
13 event of a revocation or failure to renew, the applicant's authorization to conduct the previously  
14 approved activity shall immediately cease, and all fees paid in connection therewith shall be  
15 deemed to be forfeited. In the event of a suspension, the applicant's authorization to conduct the  
16 previously approved activity shall immediately cease until the Commission has notified the  
17 applicant that the suspension is no longer in effect.

18 **§ 18D-322. Nontransferability of licenses.**

19 A license or permit issued by the Commission is a grant of the privilege to conduct a  
20 business in this State. Except as otherwise provided by law, a license or permit granted or  
21 renewed pursuant to this Chapter shall not be sold, transferred, or assigned to any other person;  
22 nor shall a licensee or permittee pledge or otherwise grant a security interest in or lien on the  
23 license or permit. Nothing contained in this Chapter is intended or shall be construed to create  
24 in any person an entitlement to a license. The Commission has the sole discretion to issue,  
25 renew, condition, or deny the issuance of a slot machine license based upon the purposes and  
26 requirements of this Chapter. Change in ownership or control of slot machine licensee:

27 (a) **Notification and Approval.** –

28 (1) A slot machine licensee shall notify the Commission prior to or immediately  
29 upon becoming aware of any proposed or contemplated change of ownership  
30 of the slot machine licensee by a person or group of persons acting in  
31 concert which involves any of the following:

- 32 a. More than five percent (5%) of a slot machine licensee's securities or  
33 other ownership interests.
- 34 b. More than five percent (5%) of the securities or other ownership  
35 interests of a corporation or other form of business entity that owns  
36 directly or indirectly at least twenty percent (20%) of the voting or  
37 other securities or other ownership interests of the licensee.
- 38 c. The sale, other than in the ordinary course of business, of a licensee's  
39 assets.
- 40 d. Any other transaction or occurrence deemed by the Commission to  
41 be relevant to license qualifications.

42 (2) Notwithstanding the provisions of subdivision (1) of this subsection, a slot  
43 machine licensee shall not be required to notify the Commission of any  
44 acquisition by an institutional investor pursuant to sub-subdivision (1)a. or  
45 (1)b. of this subsection if the institutional investor holds less than ten percent  
46 (10%) of the securities or other ownership interests referred to in sub-  
47 subdivision (1)a. or (1)b. of this subsection, the securities or interests are  
48 publicly traded securities and its holdings of such securities were purchased  
49 for investment purposes only and the institutional investor files with the  
50 Commission a certified statement to the effect that it has no intention of  
51 influencing or affecting, directly or indirectly, the affairs of the licensee,

1           provided, however, that it shall be permitted to vote on matters put to the  
2           vote of the outstanding security holders. Notice to the Commission and  
3           Commission approval shall be required prior to completion of any proposed  
4           or contemplated change of ownership of a slot machine licensee that meets  
5           the criteria of this section.

6           (b) Qualification of Purchaser of Slot Machine Licensee; Change of Control. – The  
7           purchaser of the assets, other than in the ordinary course of business, of any slot machine  
8           licensee shall independently qualify for a license in accordance with this Chapter and shall pay  
9           the license fee as required by G.S. 18D-206 (relating to slot machine license fee). A change in  
10           control of any slot machine licensee shall require that the slot machine licensee independently  
11           qualify for a license in accordance with this Chapter, and the slot machine licensee shall pay a  
12           new license fee as required by G.S. 18D-206, except as otherwise required by the Commission  
13           pursuant to this section.

14           (c) Change in Control Defined. – For purposes of this section, a change in control of a  
15           slot machine licensee shall mean the acquisition by a person or group of persons acting in  
16           concert of more than twenty percent (20%) of a slot machine licensee's securities or other  
17           ownership interests, with the exception of any ownership interest of the person that existed at  
18           the time of initial licensing and payment of the initial slot machine license fee, or more than  
19           twenty percent (20%) of the securities or other ownership interests of a corporation or other  
20           form of business entity which owns directly or indirectly at least twenty percent (20%) of the  
21           voting or other securities or other ownership interests of the licensee.

22           (d) Fee Reduction. – The Commission may, in its discretion, eliminate the need for  
23           qualification and/or proportionately reduce, but not eliminate, the new license fee otherwise  
24           required pursuant to this section in connection with a change of control of a licensee, depending  
25           upon the type of transaction, the relevant ownership interests and changes thereto resulting  
26           from the transaction and other considerations deemed relevant by the Commission.

27           (e) License Revocation. – Failure to comply with this section may cause the license  
28           issued under this Chapter to be revoked or suspended by the Commission unless the purchase  
29           of the assets or the change in control that meets the criteria of this section has been  
30           independently qualified in advance by the Commission and any required license fee has been  
31           paid.

32           **"§ 18D-323. Nonportability of slot machine license.**

33           Each slot machine license shall only be valid for the specific physical location within the  
34           municipality and county for which it was originally granted. No slot machine licensee shall be  
35           permitted to move or relocate the physical location of the licensed facility without Commission  
36           approval for good cause shown.

37           **"§ 18D-324. Duty of licensees, key employees, and gaming employees.**

38           Any licensee, key employee, or gaming employee shall have the following duties:

- 39           (1) Provide any assistance or information required by the Commission or the  
40           ALE Division and to cooperate in any inquiry, investigation, or hearing.
- 41           (2) Consent to inspections, searches, and seizures.
- 42           (3) Inform the Commission of any actions which they believe would constitute a  
43           violation of this Chapter.
- 44           (4) Inform the Commission of any arrests for any violations or offenses in this  
45           Chapter, Chapter 18B, Chapter 18C, or the gambling provisions of Chapter  
46           14 of the General Statutes.

47           **"§§ 18D-325 through 18D-399: Reserved for future codification purposes.**

48                           "Article 4.

49                           "Revenues.

50           **"§ 18D-400. Slot machine licensee deposits.**

1       (a) Initial Deposit of Funds. – Not later than two business days prior to the  
2 commencement of slot machine operations by a slot machine licensee, the slot machine  
3 licensee shall deposit and maintain the sum of five million dollars (\$5,000,000) in its account to  
4 guarantee the payment of funds to the State under this Chapter.

5       (b) Weekly Deposits. – Each slot machine licensee shall deposit funds into its account  
6 on a weekly basis equal to the amounts deducted by the Commission under G.S. 18D-401. The  
7 Commission shall notify each licensee of the amounts deducted. If at any time the amount held  
8 in the account attributable to a slot machine licensee is not sufficient to make the payments  
9 required of the licensee under G.S. 18D-401, the Commission shall notify the slot machine  
10 licensee, and the slot machine licensee shall immediately deposit necessary funds into the  
11 account as directed by the Commission.

12       (c) Return of Funds. – The funds deposited into its account shall not be returned to a  
13 slot machine licensee unless the slot machine licensee ceases conducting business under its  
14 license and relinquishes all rights to do so in the future. In that case, the balance of funds in the  
15 account attributable to such licensee, minus any unpaid amounts due and payable to the State  
16 under this Chapter, shall be returned to the licensee.

17 **"§ 18D-401. Gross terminal revenue deductions.**

18       After determining the appropriate assessments for each slot machine licensee, the  
19 Commission shall determine costs, expenses, or payments from each account established under  
20 G.S. 18D-400. The following costs and expenses shall be transferred to the appropriate agency  
21 upon appropriation by the General Assembly:

- 22       (1) The costs and expenses to be incurred by the Commission in administering  
23 this Chapter at each slot machine licensee's licensed facility based upon a  
24 budget submitted to and approved by the Commission.
- 25       (2) Sums necessary to repay any loans made by the General Fund to the  
26 Commission in connection with carrying out its responsibilities under this  
27 Chapter, including the costs of the initial acquisition of the central control  
28 computer and any accessories or associated equipment.
- 29       (3) The costs and expenses to be incurred by the ALE Division not otherwise  
30 reimbursed under this Chapter in carrying out all responsibilities assigned  
31 pursuant to this Chapter based upon a budget submitted by the ALE Division  
32 to and approved by the Commission.
- 33       (4) The costs and expenses to be incurred by the Commission in carrying out its  
34 responsibilities under this Chapter based upon a budget approved by the  
35 Commission.
- 36       (5) Sums necessary to repay any loans made by the General Fund to the  
37 Commission in connection with carrying out its responsibilities under this  
38 Chapter.

39 **"§ 18D-402. State Lottery Fund and net slot machine revenue distribution.**

40       (a) State Lottery Fund. – The State Lottery Fund established pursuant to G.S. 18C-160  
41 as an enterprise fund within the State treasury.

42       (b) Slot Machine Tax. – The Commission shall determine and each slot machine  
43 licensee shall pay a daily tax of thirty-four percent (34%) from its daily gross terminal revenue  
44 from the slot machines in operation at its facility into the Fund. All funds owed to the State  
45 under this section shall be held in trust by the licensed gaming entity until the funds are paid or  
46 transferred and distributed to the State. Unless otherwise agreed to by the Commission, a  
47 licensed gaming entity shall establish a separate bank account to maintain gaming proceeds  
48 until such time as they are paid or transferred under this section.

49 **"§ 18D-403. North Carolina Gaming Economic Development and Tourism Fund.**

50       (a) Fund Established. – There is hereby established a North Carolina Gaming Economic  
51 Development and Tourism Fund within the State treasury.



1 Nothing in this Chapter shall be construed to permit the receiving, recording, or the  
2 registering of bets or wagers or selling pools which may involve any professional or amateur  
3 athletic event. Nothing in this Chapter shall be construed to prohibit staging or conducting  
4 athletic events at licensed facilities.

5 **"§ 18D-504. Declaration of exemption from federal laws prohibiting slot machines.**

6 (a) Declaration. – Pursuant to the Gambling Devices Transportation Act, 15 U.S.C. §  
7 1171 et seq., the State declares that it is exempt from section 2 of that Act.

8 (b) Legal Shipments. – All shipments of slot machines into this State, the registering,  
9 recording, and labeling of which has been effected by the manufacturer and supplier of those  
10 devices, in accordance with sections 5 and 7 of the Gambling Devices Transportation Act, 15  
11 U.S.C. §§ 1175 and 1177, shall be deemed legal shipments of slot machines into this State.

12 **"§ 18D-505. Regulation requiring exclusion of certain persons.**

13 (a) General Rule. – The Commission shall by regulation provide for the establishment  
14 of a list of persons who are to be excluded or ejected from any licensed facility. The provisions  
15 shall define the standards for exclusion and shall include standards relating to persons who are  
16 career or professional offenders as defined by regulations of the Commission or whose  
17 presence in a licensed facility would, in the opinion of the Commission, be inimical to the  
18 interest of the State or of licensed gaming therein, or both.

19 (b) Categories Defined. – The Commission shall promulgate definitions establishing  
20 those categories of persons who shall be excluded pursuant to this section, including cheats and  
21 persons whose privileges for licensure or registration have been revoked.

22 (c) Discrimination Prohibited. – Race, color, creed, national origin, or ancestry or sex  
23 shall not be a reason for placing the name of any person upon a list under this section.

24 (d) Sanctions. – The Commission may impose sanctions upon a licensed gaming entity  
25 in accordance with this Chapter if the licensed gaming entity knowingly fails to exclude or  
26 eject from the premises of any licensed facility any person placed by the Commission on the  
27 list of persons to be excluded or ejected.

28 (e) List Not All-Inclusive. – Any list compiled by the Commission of persons to be  
29 excluded or ejected shall not be deemed an all-inclusive list, and a licensed gaming entity shall  
30 have a duty to keep from the licensed facility persons known to it to be within the  
31 classifications declared in this section and the regulations promulgated under this section whose  
32 presence in a licensed facility would be inimical to the interest of the State or of licensed  
33 gaming therein, or both, as defined in standards established by the Commission.

34 (f) Notice. – Whenever the Commission places the name of any person on a list  
35 pursuant to this section, the Commission shall serve notice of this fact to such person by  
36 personal service or certified mail at the last known address of the person.

37 (g) Hearing. – Within 30 days after notice in accordance with subsection (f) of this  
38 section, the person named for exclusion or ejection may demand a hearing before the  
39 Commission, at which hearing the Commission shall have the affirmative obligation to  
40 demonstrate that the person named for exclusion or ejection satisfies the criteria for exclusion  
41 established by this section and the Commission's regulations. Failure to demand a hearing  
42 within 30 days after service shall be deemed an admission of all matters and facts alleged in the  
43 Commission's notice and shall preclude a person from having an administrative hearing, but  
44 shall in no way affect the right to judicial review as provided in this section.

45 (h) Review. – If, upon completion of a hearing on the notice of exclusion or ejection,  
46 the Commission determines that placement of the name of the person on the exclusion list is  
47 appropriate, the Commission shall make and enter an order to that effect, which order shall be  
48 served on all slot machine licensees. The order shall be subject to review by a court of  
49 competent jurisdiction.

50 **"§ 18D-506. Repeat offenders excludable from licensed gaming facility.**

1 A licensed gaming entity may exclude or eject from its licensed facility any person who is  
2 known to it to have been convicted of a misdemeanor or felony committed in or on the  
3 premises of any licensed facility. Nothing in this section or in any other law of this State shall  
4 limit the right of a licensed gaming entity to exercise its common law right to exclude or eject  
5 permanently from its licensed facility any person who disrupts the operations of its premises,  
6 threatens the security of its premises or its occupants, or is disorderly or intoxicated.

7 **"§ 18D-507. List of persons self-excluded from gaming activities.**

8 (a) General Rule. – The Commission shall provide by rule for the establishment of a list  
9 of individuals that are self-excluded from gaming activities at all licensed facilities. Any person  
10 may request placement on the list of self-excluded individuals by acknowledging, in a manner  
11 to be established by the Commission, that the person is a problem gambler and by agreeing  
12 that, during any period of voluntary exclusion, the person may not collect any winnings or  
13 recover any losses resulting from any gaming activity at licensed facilities.

14 (b) Regulations. – The regulations of the Commission shall establish procedures for  
15 placements on and removals from the list of self-excluded individuals. The rules shall establish  
16 procedures for the transmittal to licensed gaming entities of identifying information concerning  
17 self-excluded persons and shall require licensed gaming entities to establish procedures  
18 designed, at a minimum, to remove self-excluded persons from targeted mailings or other  
19 forms of advertising or promotions and deny self-excluded persons access to complimentaries,  
20 check cashing privileges, club programs, and other similar benefits.

21 (c) Liability. – A licensed gaming entity or employee thereof shall not be liable to any  
22 self-excluded person or to any other party in any judicial proceeding for any harm, monetary or  
23 otherwise, which may arise as a result of the failure of a licensed gaming entity to withhold  
24 gaming privileges from or restore gaming privileges to a self-excluded person or otherwise  
25 permitting or not permitting a self-excluded person to engage in gaming activity in the facility  
26 while on the list of self-excluded persons.

27 (d) Disclosure. – Notwithstanding any other law to the contrary, the Commission's list  
28 of self-excluded persons shall not be open to public inspection. Nothing in this section,  
29 however, shall be construed to prohibit a licensed gaming entity from disclosing the identity of  
30 persons self-excluded pursuant to this section to affiliated gaming entities in this State or other  
31 jurisdictions for the limited purpose of assisting in the proper administration of responsible  
32 gaming programs operated by affiliated licensed gaming entities.

33 **"§ 18D-508. Investigations and enforcement.**

34 (a) Enforcement of Chapter. – The ALE Division is responsible for enforcing the  
35 provisions of this Chapter. The ALE Division shall have the following powers and duties:

- 36 (1) In conjunction with the Commission, enforce the provisions of this Chapter.
- 37 (2) Investigate and review all applicants and applications for a license, permit,  
38 or registration.
- 39 (3) Investigate licensees, permittees, registrants, and other persons regulated by  
40 the Commission for violations of this Chapter, including potential violations  
41 referred to the ALE Division by the Commission or any other person.
- 42 (4) Monitor gaming operations to ensure all of the following:
  - 43 a. Compliance with this Chapter, the ABC Laws, and all other laws of  
44 this State.
  - 45 b. The implementation of adequate security measures by a licensed  
46 entity.
- 47 (5) Inspect and examine licensed entities as provided in G.S. 18D-509.  
48 Inspections may include the review and reproduction of any document or  
49 record.



1        (b) Powers and Duties of the Secretary of Revenue. – The Secretary of Revenue shall  
2 supply the Commission, and the ALE Division, any information requested concerning the  
3 status of delinquent taxes owed by any applicant, licensee, or permittee.

4 **"§ 18D-509. Inspection of licensed premises.**

5        (a) Authority. – To procure evidence of violations of the gaming laws, alcohol law  
6 enforcement agents and employees of the Commission shall have authority to investigate the  
7 operation of each licensed premises for which a gaming license or permit has been issued, to  
8 make inspections that include viewing the entire premises, and to examine the books and  
9 records of the licensee or permittee. The inspection authorized by this section may be made at  
10 any time it reasonably appears that someone is on the premises.

11        (b) Interference With Inspection. – Refusal by a licensee or permittee or by any  
12 employee of a licensee or permittee to permit officers to enter the premises to make an  
13 inspection authorized by subsection (a) of this section shall be cause for revocation, suspension,  
14 or other action against the license or permit of the licensee or permittee as provided in this  
15 Chapter. It shall be a Class 2 misdemeanor for any person to resist or obstruct an officer  
16 attempting to make a lawful inspection under this section.

17 **"§ 18D-510. Prohibited acts; penalties.**

18        (a) Criminal Offenses. –

19            (1) The penalties of perjury shall apply to any person providing information or  
20 making any statement, whether written or oral, to the Commission or the  
21 ALE Division as required by this Chapter.

22            (2) It shall be unlawful for a person to willfully do the following:

23            a.        Fail to report, pay, or truthfully account for and pay over any license  
24 fee, tax, or assessment imposed under this Chapter.

25            b.        Attempt in any manner to evade or defeat any license fee, tax, or  
26 assessment imposed under this Chapter.

27            (3) It shall be unlawful for any licensed entity, gaming employee, key employee,  
28 or any other person to permit a slot machine to be operated, transported,  
29 repaired, or opened on the premises of a licensed facility by a person other  
30 than a person licensed or permitted by the Commission pursuant to this  
31 Chapter.

32            (4) It shall be unlawful for any licensed entity or other person to manufacture,  
33 supply, or place slot machines into play or display slot machines on the  
34 premise of a licensed facility without the authority of the Commission.

35            (5) Except as provided for in G.S. 18D-321 (relating to license renewals), it  
36 shall be unlawful for a licensed entity or other person to manufacture,  
37 supply, operate, carry on, or expose for play any slot machine after the  
38 person's license has expired and prior to the actual renewal of the license.

39            (6) a.        Except as set forth in sub-subdivision b. of this subdivision, it shall  
40 be unlawful for an individual while on the premises of a licensed  
41 facility to knowingly use currency other than lawful coin or legal  
42 tender of the United States or a coin not of the same denomination as  
43 the coin intended to be used in the slot machine with the intent to  
44 cheat or defraud a licensed gaming entity or the State or damage the  
45 slot machine.

46            b.        In the playing of a slot machine, it shall be lawful for an individual to  
47 use gaming billets, tokens, or similar objects issued by the licensed  
48 gaming entity which are approved by the Commission.

49            (7) a.        Except as set forth in sub-subdivision b. of this subdivision, it shall  
50 be unlawful for an individual to use or possess a cheating or thieving  
51 device, counterfeit or altered billet, ticket, token, or similar objects

- 1                   accepted by a slot machine or counterfeit or altered slot  
2                   machine-issued tickets or vouchers at a licensed facility.
- 3                   b.   An authorized employee of a licensee or an employee of the  
4                   Commission may possess and use a cheating or thieving device,  
5                   counterfeit or altered billet, ticket, token, or similar objects accepted  
6                   by a slot machine or counterfeit or altered slot machine-issued tickets  
7                   or vouchers in performance of the duties of employment.
- 8                   c.   As used in this subdivision, the term "cheating or thieving device"  
9                   includes, but is not limited to, a device to facilitate the alignment of  
10                  any winning combination or to remove from any slot machine money  
11                  or other contents. The term includes, but is not limited to, a tool,  
12                  drill, wire, coin, or token attached to a string or wire and any  
13                  electronic or magnetic device.
- 14                  (8)   a.   Except as set forth in sub-subdivision b. of this subdivision, it shall  
15                  be unlawful for an individual to knowingly possess or use while on  
16                  the premises of a licensed facility a key or device designed for the  
17                  purpose of and suitable for opening or entering any slot machine or  
18                  coin box which is located on the premises of the licensed facility.
- 19                  b.   An authorized employee of a licensee or a member of the  
20                  Commission may possess and use a device referred to in this  
21                  subdivision in the performance of the duties of employment.
- 22                  (9)   It shall be unlawful for a person or licensed entity to possess any device,  
23                  equipment, or material which the person or licensed entity knows has been  
24                  manufactured, distributed, sold, tampered with, or serviced in violation of  
25                  the provisions of this Chapter with the intent to use the device, equipment, or  
26                  material as though it had been manufactured, distributed, sold, tampered  
27                  with, or serviced pursuant to this Chapter.
- 28                  (10)   It shall be unlawful for a person to sell, offer for sale, represent, or pass off  
29                  as lawful any device, equipment, or material which the person or licensed  
30                  entity knows has been manufactured, distributed, sold, tampered with, or  
31                  serviced in violation of this Chapter.
- 32                  (11)   It shall be unlawful for an individual to work or be employed in a position  
33                  the duties of which would require licensing or permitting under the  
34                  provisions of this Chapter without first obtaining the requisite license or  
35                  permit issued under the provisions of this Chapter.
- 36                  (12)   It shall be unlawful for a licensed entity to employ or continue to employ an  
37                  individual in a position the duties of which require a license or permit under  
38                  the provisions of this Chapter if the individual meets the following criteria:
- 39                   a.   Is not licensed or permitted under the provisions of this Chapter.  
40                   b.   Is prohibited from accepting employment from a licensee.
- 41                  (13)   It shall be unlawful for any person under 18 years of age to be permitted in  
42                  the area of a licensed facility where slot machines are operated.
- 43                  (b)   Criminal Penalties and Fines. –
- 44                   (1)   a.   A person that provides any false or misleading information or makes  
45                   any false or misleading statement, whether written or oral, to the  
46                   Commission or the ALE Division if the information is required by  
47                   this Chapter is guilty of a Class A1 misdemeanor. A person  
48                   convicted of a second or subsequent violation is guilty of a Class H  
49                   felony.
- 50                   b.   A person that violates subdivision (a)(2) through (a)(12) of this  
51                   section commits a Class 1 misdemeanor. A person that is convicted

- 1 of a second or subsequent violation of subdivision (a)(2) through  
2 (a)(12) of this section is guilty of a Class I felony.
- 3 (2) a. For a first violation of subdivision (a)(1) through (a)(12) of this  
4 section, in addition to any other penalty required by law, a person  
5 shall pay a fine of :
- 6 1. Not less than seventy-five thousand dollars (\$75,000) nor  
7 more than one hundred fifty thousand dollars (\$150,000) if  
8 the person is an individual;
- 9 2. Not less than three hundred thousand dollars (\$300,000) nor  
10 more than six hundred thousand dollars (\$600,000) if the  
11 person is a licensed gaming entity; or
- 12 3. Not less than one hundred fifty thousand dollars (\$150,000)  
13 nor more than three hundred thousand dollars (\$300,000) if  
14 the person is a licensed manufacturer or supplier.
- 15 b. For a second or subsequent violation of subdivision (a)(1) through  
16 (a)(11) of this section, in addition to any other penalty required by  
17 law, a person shall pay a fine of:
- 18 1. Not less than one hundred fifty thousand dollars (\$150,000)  
19 nor more than three hundred thousand dollars (\$300,000) if  
20 the person is an individual.
- 21 2. Not less than six hundred thousand dollars (\$600,000) nor  
22 more than one million two hundred thousand dollars  
23 (\$1,200,000) if the person is a licensed gaming entity.
- 24 3. Not less than three hundred thousand dollars (\$300,000) nor  
25 more than six hundred thousand dollars (\$600,000) if the  
26 person is a licensed manufacturer or supplier.
- 27 (c) Commission-Imposed Administrative Sanctions. – In addition to any other penalty  
28 authorized by law, the Commission may impose without limitation the following sanctions  
29 upon any licensee or permittee:
- 30 (1) Revoke the license or permit of any person convicted of a criminal offense  
31 under this Chapter or regulations promulgated under this Chapter or  
32 committing any other offense or violation of this Chapter or applicable law  
33 which would otherwise disqualify such person from holding the license or  
34 permit.
- 35 (2) Revoke the license or permit of any person determined to have violated a  
36 provision of this Chapter or regulations promulgated under this Chapter  
37 which would otherwise disqualify such person from holding the license or  
38 permit.
- 39 (3) Revoke the license or permit of any person for willfully and knowingly  
40 violating or attempting to violate an order of the Commission directed to  
41 such person.
- 42 (4) Suspend the license or permit of any person pending the outcome of a  
43 hearing in any case in which license or permit revocation could result.
- 44 (5) Suspend the license of any licensed gaming entity for violation of or  
45 attempting to violate any provisions of this Chapter or regulations  
46 promulgated under this Chapter relating to its slot machine operations.
- 47 (6) Assess administrative penalties as necessary to punish misconduct and to  
48 deter future violations.
- 49 (7) Order restitution of any moneys or property unlawfully obtained or retained  
50 by a licensee or permittee.

1           (8) Enter cease and desist orders which specify the conduct which is to be  
2           discontinued, altered, or implemented by the licensee or permittee.

3           (9) Issue letters of reprimand or censure, which letters shall be made a  
4           permanent part of the file of each licensee or permittee so sanctioned.

5           (d) If the Commission refuses to issue or renew a license or permit, suspends or revokes  
6           a license or permit, assesses civil penalties, orders restitution, enters a cease and desist order, or  
7           issues a letter of reprimand or censure, it shall provide the applicant or licensee or permittee  
8           with written notification of its decision, including a statement of the reasons for its decision by  
9           certified mail within five business days of the decision of the Commission. The applicant,  
10           licensee, or permittee shall have the right to appeal the decision in accordance with Chapter  
11           150B of the General Statutes.

12           (e) In addition to any other fines or penalties that the Commission may impose under  
13           this Chapter or regulation, if a person violates subdivision (a)(2) of this section, the  
14           Commission shall impose an administrative penalty of three times the amount of the license  
15           fee, tax, or other assessment evaded and not paid, collected, or paid over.

16           "**§ 18D-511. Automated teller machines.**

17           The Commission shall promulgate rules governing the placement of automated teller  
18           machines (ATMs).

19           "**§ 18D-512. Interception of oral communications.**

20           The interception and recording of oral communications made in a counting room of a  
21           licensed facility by a licensee shall not be subject to the provisions of relating to wiretapping  
22           and electronic surveillance. Notice that oral communications are being intercepted and recorded  
23           shall be posted conspicuously in the counting room.

24           "**§§ 18D-513 through 18D-599: (Reserved for future codification purposes.)**"

25           **SECTION 2.** G.S. 14-292 reads as rewritten:

26           "**§ 14-292. Gambling.**

27           Except as provided in Chapter 18C or Chapter 18D of the General Statutes or in Part 2 of  
28 this Article, any person or organization that operates any game of chance or any person who  
29 plays at or bets on any game of chance at which any money, property or other thing of value is  
30 bet, whether the same be in stake or not, shall be guilty of a Class 2 misdemeanor. This section  
31 shall not apply to a person who plays at or bets on any lottery game being lawfully conducted  
32 in any state."

33           **SECTION 3.** G.S. 14-293 reads as rewritten:

34           "**§ 14-293. Allowing gambling in houses of public entertainment; penalty.**

35           Except as provided in Chapter 18C or Chapter 18D of the General Statutes, if any keeper of  
36 an ordinary or other house of entertainment, or of a house wherein alcoholic beverages are  
37 retailed, shall knowingly suffer any game, at which money or property, or anything of value, is  
38 bet, whether the same be in stake or not, to be played in any such house, or in any part of the  
39 premises occupied therewith; or shall furnish persons so playing or betting either on said  
40 premises or elsewhere with drink or other thing for their comfort or subsistence during the time  
41 of play, he shall be guilty of a Class 2 misdemeanor. Any person who shall be convicted under  
42 this section shall, upon such conviction, forfeit his license to do any of the businesses  
43 mentioned in this section, and shall be forever debarred from doing any of such businesses in  
44 this State. The court shall embody in its judgment that such person has forfeited his license, and  
45 no board of county commissioners, board of town commissioners or board of aldermen shall  
46 thereafter have power or authority to grant to such convicted person or his agent a license to do  
47 any of the businesses mentioned herein."

48           **SECTION 4.** G.S. 14-296 reads as rewritten:

49           "**§ 14-296. Illegal slot machines and punchboards defined.**

50           Except as provided in Chapter 18D of the General Statutes, ~~An~~an illegal slot machine or  
51           punchboard within the contemplation of G.S. 14-295 through 14-298 is defined as a device

1 where the user may become entitled to receive any money, credit, allowance, or anything of  
2 value, as defined in G.S. 14-306."

3 **SECTION 5.** G.S. 14-299 reads as rewritten:

4 **"§ 14-299. Property exhibited by gamblers to be seized; disposition of same.**

5 Except as provided in Chapter 18C or Chapter 18D of the General Statutes or in  
6 G.S. 14-292, all moneys or other property or thing of value exhibited for the purpose of alluring  
7 persons to bet on any game, or used in the conduct of any such game, including any motor  
8 vehicle used in the conduct of a lottery within the purview of G.S. 14-291.1, shall be liable to  
9 be seized by any court of competent jurisdiction or by any person acting under its warrant.  
10 Moneys so seized shall be turned over to and paid to the treasurer of the county wherein they  
11 are seized, and placed in the general fund of the county. Any property seized which is used for  
12 and is suitable only for gambling shall be destroyed, and all other property so seized shall be  
13 sold in the manner provided for the sale of personal property by execution, and the proceeds  
14 derived from said sale shall (after deducting the expenses of keeping the property and the costs  
15 of the sale and after paying, according to their priorities all known prior, bona fide liens which  
16 were created without the lienor having knowledge or notice that the motor vehicle or other  
17 property was being used or to be used in connection with the conduct of such game or lottery)  
18 be turned over and paid to the treasurer of the county wherein the property was seized, to be  
19 placed by said treasurer in the general fund of the county."

20 **SECTION 6.** G.S. 14-301 reads as rewritten:

21 **"§ 14-301. Operation or possession of slot machine; separate offenses.**

22 Except as provided in Chapter 18D of the General Statutes, ~~It~~ shall be unlawful for any  
23 person, firm or corporation to operate, keep in his possession or in the possession of any other  
24 person, firm or corporation, for the purpose of being operated, any slot machine or device  
25 where the user may become entitled to receive any money, credit, allowance, or anything of  
26 value, as defined in G.S. 14-306. Each time said machine is operated as aforesaid shall  
27 constitute a separate offense."

28 **SECTION 7.** G.S. 14-302 reads as rewritten:

29 **"§ 14-302. Punchboards, vending machines, and other gambling devices; separate  
30 offenses.**

31 Except as provided in Chapter 18D of the General Statutes, ~~It~~ shall be unlawful for any  
32 person, firm or corporation to operate or keep in his possession, or the possession of any other  
33 person, firm or corporation, for the purpose of being operated, any punchboard, slot machine or  
34 device where the user may become entitled to receive any money, credit, allowance, or  
35 anything of value, as defined in G.S. 14-306. Each time said punchboard, slot machine or  
36 device where the user may become entitled to receive any money, credit, allowance, or  
37 anything of value, as defined in G.S. 14-306 is operated, played, or patronized by the paying of  
38 money or other thing of value therefor, shall constitute a separate violation of this section as to  
39 operation thereunder."

40 **SECTION 8.** G.S. 14-304 reads as rewritten:

41 **"§ 14-304. Manufacture, sale, etc., of slot machines and devices.**

42 Except as provided in Chapter 18D of the General Statutes, ~~It~~ shall be unlawful to  
43 manufacture, own, store, keep, possess, sell, rent, lease, let on shares, lend or give away,  
44 transport, or expose for sale or lease, or to offer to sell, rent, lease, let on shares, lend or give  
45 away, or to permit the operation of, or for any person to permit to be placed, maintained, used  
46 or kept in any room, space or building owned, leased or occupied by him or under his  
47 management or control, any slot machine or device where the user may become entitled to  
48 receive any money, credit, allowance, or anything of value, as defined in G.S. 14-306."

49 **SECTION 9.** G.S. 14-305 reads as rewritten:

50 **"§ 14-305. Agreements with reference to slot machines or devices made unlawful.**

1        Except as provided in Chapter 18D of the General Statutes, it shall be unlawful to make or  
2 permit to be made with any person any agreement with reference to any slot machines or device  
3 where the user may become entitled to receive any money, credit, allowance, or anything of  
4 value, as defined in G.S. 14-306 pursuant to which the user thereof may become entitled to  
5 receive any money, credit, allowance, or anything of value or additional chance or right to use  
6 such machines or devices, or to receive any check, slug, token or memorandum entitling the  
7 holder to receive any money, credit, allowance or thing of value."

8            **SECTION 10.** G.S. 14-306 is amended by adding a new subsection to read:

9        "(e) This section shall not apply to any video lottery terminal permitted under Chapter  
10 18D of the General Statutes."

11           **SECTION 11.** G.S. 14-306.1A is amended by adding a new subsection to read:

12        "(g) This section shall not apply to any video lottery terminal permitted under Chapter  
13 18D of the General Statutes."

14           **SECTION 12.** G.S. 18C-161 reads as rewritten:

15        **"§ 18C-161. Types of income to the North Carolina State Lottery Fund.**

16        The following revenues shall be deposited in the North Carolina State Lottery Fund:

17        ...

18        (1a) All net proceeds from video lottery terminals licensed by the Commission  
19 under Chapter 18D of the General Statutes.

20        ...."

21           **SECTION 13.** This act is effective when it becomes law. Prosecutions for offenses  
22 committed before the effective date of this act are not abated or affected by this act, and the  
23 statutes that would be applicable but for this act remain applicable to those prosecutions. If any  
24 provision of this act or its application is held invalid, the invalidity does not affect other  
25 provisions or applications of this act that can be given effect without the invalid provisions or  
26 application, and to this end the provisions of this act are severable.