

**DRAFT**  
**POLICY MANUAL**

**CHAPTER 15 – SPORTS GAMING LICENSE RULES, REGULATIONS  
AND STANDARDS**

**POLICY 15.1 –IMPLEMENTATION PLAN**

**15.1.1. APPLICABILITY**

This Chapter 15, Sports Gaming License Rules, Regulations and Standards contains the rules, regulations and standards that apply to the licensing requirements and conditions for Sports Gaming in Tennessee. The purpose of these rules, regulations and standards is to implement the Tennessee Sports Gaming Act, codified at T.C.A. §4-51-301 *et seq*, as amended from time to time (“Sports Gaming Act”). Capitalized terms appearing herein shall have the meaning set forth in Section 15.1.2, below, or as defined by the Sports Gaming Act.

All Licensees shall become familiar with and adhere to these Rules, Regulations and Standards. The TEL, from time to time, may amend these Rules, Regulations and Standards and adopt new ones. When an amendment occurs, Licensees shall be advised of these changes. If a Licensee is unwilling to agree to any amendments or revisions to these Rules, Regulations and Standards, the Licensee’s sole recourse shall be to notify the TEL, in writing, within 20 calendar days of being advised by TEL of the changes, that the Licensee is voluntarily canceling its License. In the event of a conflict between the Sports Gaming Act, and these Sports Gaming License Rules, Regulations and Standards, the Sports Gaming Act will govern.

**15.1.2. DEFINITIONS**

- A. “ACH” means Automated Clearing House, which is a network that connects all banking and financial institutions within the United States.
- B. “Adjusted Gross Income” means the total of all money paid to a Licensee as Bets minus the total amount paid out to winning Bettors over a specified period of time, which includes the cash equivalent of any merchandise or thing of value awarded as a prize. Including for clarification, without limiting the foregoing, prizes, premiums, drawings, benefits, or tickets that are redeemable for money or merchandise or other promotional allowances including, Player incentives to deposit or Bet (i.e. free plays, etc.), must not be deducted as losses from winnings. Additionally, cash or non-cash prizes awarded to Players in a contest or tournament should not be deductible. Promotional consideration and discounts should not be permitted in determining taxable gaming revenue.
- C. “AML” means anti-money laundering.

- D. “Applicant” means an individual, group of individuals or entity that applies for a License in the state of Tennessee.
- E. “Authentication Process” means a method used by a system to verify the validity of software.
- F. “Bettor”, “Patron” or “Player” means a person who is:
  - 1. Twenty-one (21) years of age or older;
  - 2. Physically present in this state when placing a Wager;
  - 3. Not prohibited from placing a Wager under §4-51-312; and
  - 4. Not a Prohibited Participant.
- G. “Board” means Board of Directors of the Tennessee Education Lottery Corporation.
- H. “Bond” means an instrument held in escrow for the purpose of maintaining adequate reserves to account for losses suffered by a Licensee and owed to Bettors.
- I. “Cancelled Wager” means a Wager that has been cancelled by the system due to an event or circumstance that prevents the Wager’s completion.
- J. “Cashless wagering system” or “CWS” means a host system whereby a Player maintains an electronic account on the host database that allows play through the use of a login and personal identification number (PIN).
- K. “CEO” means the chief executive officer of the TEL.
- L. “Cheating” means improving the chances of winning or of altering the outcome by deception, interference, or manipulation of a Sporting Event or of any equipment, including software pertaining to or used in relation to the equipment used for or in connection with the Sporting Event on which Wagers are placed or are invited, including attempts and conspiracy to cheat.
- M. “Council” means Tennessee Education Lottery Corporation Sports Wagering Advisory Council.
- N. “Event Number” means a set of alpha and/or numeric characters that correspond to a Sporting Event or an Event ancillary to a Sporting Event.
- O. “Global Risk Management” means the operation by a Person who holds a sports book License in another permissible jurisdiction, as determined by the TEL in its sole discretion, to provide through communications, technology, management or

consultation or instruction in the management of Sports Pools and the transmission of information relating to Sports Pools or similar information to Tennessee Sports Gaming Operators. The term includes: The management of risks associated with a Sports Pool for a Sporting Event or any other Event for which a Wager may be accepted; the setting or changing of Bets or Wagers, cutoff times for Bets or Wagers, acceptance or rejection of Bets or Wagers, pooling or laying off of Bets or Wagers, lines, point spreads, odds or other activity relating to Betting or Wagering. “Permissible jurisdiction” means any jurisdiction in which global risk management or the Betting or Wagering on a Sporting Event is lawful or not otherwise expressly prohibited under the laws of that jurisdiction. The TEL shall be provided with information regarding an intent to utilize global risk management including the written agreement of those services. The TEL may reject the use of such services for any reason deemed reasonable in the preservation of the integrity of the Sports Gaming Act.

- P. “Integrity Monitoring System” means a system of policies and procedures approved by the TEL through which a Licensee receives and sends reports from other Licensees to assist in identifying unusual or suspicious activity.
- Q. “Interactive Sports Gaming” means placing a Wager on a Sporting Event via the internet, on a mobile device or any other telecommunications device.
- R. “Internal Control Standards” mean the internal procedures, administration, and accounting controls designed by the Licensee to conduct sports wagering operations.
- S. “Key Employee” or “Key Personnel” means a principal, member of the board of directors or employee having the authority to act on behalf of a Licensee or whose judgment is being relied upon to manage and advance the business operations of a Licensee.
- T. “Layoff Wager” means a Wager placed by a Sports Gaming Operator with another Sports Gaming Operator for the purpose of offsetting Player Wagers.
- U. “License” means the authority to engage in sports gaming operations granted by the TEL pursuant to the Sports Gaming Act.
- V. “Licensee” means a Sports Gaming Operator (Level I), Sports Pool Intermediary (Level II), or Vendor (Level III) approved by the TEL and operating pursuant to a License granted by the TEL.
- W. “MICS” means the Minimum Internal Control Standards established by the TEL pursuant to TCA §4-51-310.
- X. “Minor” means a person who is less than twenty-one (21) years of age.

- Y. “Mobile Applications” means any interactive platform for use through the Internet, via a mobile device or computer, which has been approved by the TEL for operation of a Sports Pool.
- Z. "Multi-source Authentication" means a strong authentication procedure that uses two of the forms noted below to verify a Player's identity:
1. Information known only to the Player, such as a password, pattern or answers to challenge questions; and/or
  2. A Player's biometric data, such as fingerprints, facial or voice recognition, to the extent it does not violate any privacy laws.
- AA. “Official League Data” means statistics, results, outcomes, and other data related to a Sporting Event obtained pursuant to an agreement with the relevant governing body of a sport or sports league, organization, or association whose corporate headquarters are based in the United States, or an entity expressly authorized by such governing body to provide such information to Licensees.
- BB. “Online Sports Wagering Platform” or “Sports Gaming System” means the combination of hardware, software, and data networks used to manage, administer, or control sports wagering and any associated Wagers accessible by any electronic means, including mobile applications and Internet websites accessed via a mobile device or computer.
- CC. “Parlay Wager” means a Wager on the outcome of a single Bet that links together two (2) or more individual Wagers on a series of two (2) or more games, matches, or similar Sports Events and is dependent on all of those Wagers winning together.
- DD. “Patron Session” means a period of time when a Player is logged on to a Sports Pool system.
- EE. “Person” means an individual, a group of individuals, a trust, corporation or other business entity.
- FF. “Prohibited Participant” means any individual who is prohibited from wagering pursuant to: (1) T.C.A. §4-51-312; (2) any self-exclusion list or TEL exclusion list; or (3) any individual whose participation may undermine the integrity of the wagering or the Sporting Event (4); or who is excluded from wagering for other good cause, including but not limited to, an attempt to place a Wager as an agent or a proxy.

- GG. “Prohibited Wagers” means an attempted wager on any sporting event or occurrence which is not permitted under the Act or the Board has prohibited by rule.
- HH. “Propositional Wagers” means a Wager made regarding the occurrence or nonoccurrence of an event or circumstance during a Sporting Event that does not directly affect the final outcome of the Sporting Event.
- II. “Secure Transaction File” means a file that contains data, which cannot be modified without detection.
- JJ. “Sporting Event” or “Event” means a game or other sports competition on which a Wager may be placed, if so authorized by the TEL
- KK. “Sports Gaming Act” means the Tennessee Sports Gaming Act, codified at T.C.A. §§4-51-301 *et seq*, as amended from time to time.
- LL. “Sports Gaming Operator” means a Level I Licensee authorized by the TEL to offer and operate sports gaming activities through a Sports Pool.
- MM. “Sports Pool” means an operation in which Wagers on Sporting Events are made through computers or Mobile Applications on mobile devices or other approved interactive devices accepted through an Online Sports Wagering Platform.
- NN. “Sports Pool Intermediary” means a Level II Licensee affiliated with a Sports Gaming Operator who supplies geolocation services, sports wagering equipment, software, systems, data, global risk management services, patron accounts management systems, payment processors or services that are material to the conducting of on-line interactive sports wagering.
- OO. “Sports Pool System” means all hardware, software, and communications that comprise a type of server-based gaming system for the purpose of offering a Sports Pool.
- PP. “Sports Wagering Account” means an account established by a Licensee for an individual Patron to use for Sports Pool Wagering.
- QQ. “Strong Authentication” means a method of confirming a patron’s identity that has been demonstrated to the satisfaction of the TEL to effectively provide higher security than a user name and password alone.
- RR. “Suspicious Wagering Activity” means unusual wagering activity which cannot be explained and is indicative of match-fixing, the manipulation of an event, misuse of inside information, or other prohibited activity.

- SS. “TEL” or “Corporation” means the Tennessee Education Lottery Corporation.
- TT “Ticket” means a printed record issued or an electronic record maintained by the Sports Pool System that evidences a Wager.
- UU. “Unusual Wagering Activity” means abnormal wagering activity exhibited by Players and deemed by a Licensee as a potential indicator of Suspicious Wagering Activity. Unusual Wagering Activity may include, but is not limited to, the size of a Player’s Wager or increased wagering volume on a particular event or Wager type.
- VV. “Vendor” means a contractor, subcontractor, or independent contractor hired, or contracted with, by the Corporation or a Level I or Level II Licensee for the purpose of facilitating the business of the TEL or Level I or Level II Licensee under this part. “Vendor” is a Level III Licensee. “Vendor” does not include a lottery system vendor.
- WW. “Voided Wager” means a Wager voided by a Sports Gaming Operator for a specified Event.
- XX. “Voucher” means a printed wagering instrument, or digital representation thereof, used in a cashless wagering system that has a fixed dollar wagering value and is redeemable for cash or cash equivalents approved by the TEL.
- YY. “Wager” or “Bet” means a sum of money or thing of value risked on an uncertain occurrence.

### **15.1.3 GENERAL RULES**

- A. In order to accept a Wager in the State of Tennessee a sports wagering entity must be licensed by the TEL. Upon being awarded a Sports Gaming License, each Licensee agrees that it shall comply with all terms, conditions, obligations and requirements set forth in the Sports Gaming Act and the TEL’s Sports Gaming Rules, Regulations and Standards, as they may be amended from time to time, as well as all other state and federal laws, rules and regulations.
- B. A Sports Gaming Operator, Level I Licensee and a Sports Pool Intermediary, Level II Licensee shall be required to agree, in writing, to indemnify and to save harmless the TEL against any and all actions, claims, and demands of whatever kind or nature that the TEL may incur by reason of or in consequence of permitting them to operate under the Sports Gaming Act.
- C. The TEL shall not be required to issue a License to an Applicant unless and until it is satisfied that the Applicant meets the requirements for a License and is suitable

and qualified to be licensed to conduct or participate in conducting all aspects of sports wagering in Tennessee. An Applicant for a License or a Person seeking a determination of suitability shall, among other things, verify that it has not engaged in gaming activity in any jurisdiction in which such activity is illegal. The burden of proving suitability and qualifications shall always be on the Applicant.

- D. In the State of Tennessee, Wagers may only be placed on an interactive platform for use through the Internet, via a mobile device or computer.
- E. A Sports Gaming Operator must provide a secure location within the State of Tennessee for the placement and operation of the Sports Gaming System.
- F. Players must be affirmatively identified by the Sports Gaming Operator as being over 21 years of age and physically present in the State of Tennessee at the time the Wager is placed.
- G. A Sports Gaming Operator shall not accept any Wager on a Sporting Event unless the category of the Sporting Event has received prior approval from the TEL.
- H. A Sports Gaming Operator shall not permit a Wager to be placed on the following:
  - 1. Injuries, penalties, or other such occurrences the wager on which would be contrary to public policy, unfair to consumers, or deemed to violate Article XI, Section 5 of the Constitution of Tennessee;
  - 2. Individual actions, events, statistics, occurrences, or non-occurrences to be determined during a collegiate sporting event, including, without limitation, in-game Propositional Wagers on the performance or non-performance of a team or individual participant during a collegiate sporting event; and
  - 3. Any event, outcome, or occurrence other than a Sporting Event, including, without limitation, a high school sporting event offered, sponsored, or played in connection with a public or private institution that offers education at the secondary level.
  - 4. An officiating-related event, i.e., when will the first penalty be called.
  - 5. An occurrence determinable by one person or one play, i.e., kicker to miss the first field goal.
  - 6. Pre-determined Wagers, based on outcomes of fact known by insiders, i.e., which quarterback will start this week.
- I. All Licensees shall assist the TEL with safeguarding the integrity of Sports Gaming.
  - 1. Sports Gaming Operator Licensees shall maintain membership in the Global

Lottery Monitoring System (GLMS).

2. All Licensees shall cooperate with investigations conducted by the TEL, sports governing bodies and law enforcement agencies, including, but not limited to, providing or facilitating the provision of account-level betting information and data files relating to persons placing Wagers.
3. All Licensees shall immediately report to the TEL and the relevant sports governing body any information relating to:
  - a. Criminal or disciplinary proceedings in any jurisdiction commenced against the Licensee, or its affiliates, its officers, directors and shareholders, in connection with its operations;
  - b. Betting activity or patterns that may indicate a concern with the integrity of a Sporting Event;
  - c. Any potential breach of a sports governing body's internal rules and codes of conduct pertaining to sports wagering;
  - d. Conduct that corrupts the betting outcome of a Sporting Event for purposes of financial gain, including event fixing; and
  - e. Illegal or Suspicious Wagering activities, including cheating, the use of funds derived from illegal activity, Wagers to conceal or launder funds derived from illegal activity, using agents to place Wagers (messenger bets), and using false identification.

J Registry of Ineligible Bettors

1. The TEL shall develop a registry of persons and categories of persons who are ineligible, under the Act, to place a Wager on certain Sporting Events in Tennessee.
2. The ineligibility registry shall be provided to Sports Gaming Operators through means of an electronic interface. It shall be the obligation of each Sports Gaming Operator to ensure that a person on the ineligibility registry shall not be able to place a Wager on said Events.
3. Each Sports Gaming Operator Licensee shall maintain the confidentiality of the registry provided by the TEL.

K. Official League Data

A Sports Gaming Operator must use Official League Data for live betting unless it



can demonstrate to the Board that the governing body of a sport or other authorized entity can not provide a feed of Official League Data for live betting in accordance with commercially reasonable terms, as determined by the Board.

L. Post Service Restrictions

No employee or officer of the TEL, member of its Board or Advisory Council may apply for a License or determination of suitability under the Act, or represent any Licensee or perspective Licensee before the TEL for a period of one (1) year following termination of service to the TEL.

#### 15.1.4 LEVELS OF LICENSES

A. The TEL shall grant the following types of Licenses:

1. Sports Gaming Operator License –Level I

- a. A Person who offers on-line interactive sports betting to the public shall be considered an Operator and shall be required to obtain a Sports Gaming Operator License—Level I.
- b. The cost of a Sports Gaming Operator License—Level I shall be Seven Hundred Fifty Thousand and 00/100 Dollars (\$750,000) per year.
- c. Applicants seeking to obtain a Level I License shall complete the (i) Business Entity Disclosure Form; (ii) any Supplement thereto prepared by the TEL; and (iii) any additional forms requested by the TEL.
- d. The officers, directors and Key Personnel of an Applicant seeking to obtain this License shall complete the (i) Multijurisdictional Personal History Disclosure Form; (ii) any Supplement thereto prepared by the TEL; and (iii) any additional forms requested by the TEL. The individuals noted in this section will be seeking a finding of suitability. If the individuals noted above do not submit the requisite forms as part of the Operator’s License Application, each individual shall be charged a nonrefundable background investigation fee as determined by the TEL.

2. Sports Pool Intermediary License—Level II

- a. A Person who supplies geolocation services, sports wagering equipment, software, systems, data, Global Risk Management services, Patron accounts management systems, payment processors or services that are material to the conducting of on-line interactive sports wagering shall be considered an Intermediary and shall be required to obtain an Intermediary License.
- b. The cost of this License shall be Seventy-Five Thousand and 00/100 Dollars (\$75,000) per year.
- c. Applicants seeking to obtain this License shall complete the Sports Pool Intermediary License Application; (ii) any Supplement thereto prepared by the TEL; and (iii) any additional forms requested by the TEL.
- d. The officers, directors and Key Personnel of an Applicant seeking to obtain this License shall complete the (i) Multi-jurisdictional Personal History Disclosure Form; (ii) any Supplement thereto prepared by the TEL; and (iii) any additional forms requested by the TEL. The individuals noted in this section will be seeking a finding of suitability. If the individuals noted above do not submit the requisite forms as part of the Sports Pool Intermediary License Application, each individual shall be charged a nonrefundable background investigation fee as determined by the TEL.

3. Vendor License—Level III

- a. A Person who provides services that are not material, as determined by the TEL, to the conducting of on-line interactive Sports Pool shall be considered a Vendor and shall be required to obtain a Vendor License. A Vendor License shall be required for providers of “Know Your Customer” services, contractors and affiliated marketers.
- b. The cost of a Vendor License shall be Seven Thousand Five Hundred and 00/100 Dollars (\$7,500). This License shall be valid for three (3) years.
- c. Applicants seeking to obtain a Vendor License shall complete a Vendor License Application Form.
- d. The officers, directors and Key Personnel of an Applicant seeking to obtain a Vendor License shall complete the forms requested by the TEL. The individuals noted in this section will be seeking a finding of suitability. If the individuals noted above do not submit the requisite forms as part of the Vendor License Application, each

individual shall be charged a nonrefundable background investigation fee as determined by the TEL.

### 15.1.5 APPLICATION PROCESS FOR A SPORTS GAMING LICENSE

- A. The Application for any type of License for sports gaming to be granted by the TEL shall be on a form provided by the TEL (in its sole discretion) and be in accordance with requirements of the Act.
- B. Any Person applying to the TEL for a License shall make a written request for an Application for a License via a website established by the TEL for this purpose.
- C. Upon receipt of a request for an Application, the TEL shall make the Application available to the requesting party. The requesting party will be required to disclose pertinent information via the website in order to receive a copy of the Application. All requested information must be submitted prior to the issuance of an Application.
- D. The Application for a Sports Gaming Operator License—Level I or a Sports Gaming Pools Intermediary License Level—II shall at a minimum include the following:
  - 1. The Applicant’s legal name, including any DBA, if applicable and form of business entity;
  - 2. The mailing address of the Applicant and, if a corporation, its state of incorporation and the location of its principal place of business;
  - 3. The names, addresses, taxpayer identification numbers and dates of birth of each director, officer, partner, owner of five percent (5%) or more of the business entity’s equity, and other key personnel, along with three years of income tax returns for same;
  - 4. The names, addresses, employer identification or social security numbers and dates of birth, as applicable, of each individual, group of individuals, partnership, trust or entity associated with an Applicant, including, but not limited to, a holding company, parent company, or subsidiary company of the Applicant that has the ability to control the activities of the Applicant or elect a majority of the board of directors of the Applicant (excluding any bank or other licensed lending institution that holds a mortgage or other lien acquired in the ordinary course of business);
  - 5. The names, addresses, employer identification or social security numbers and dates of birth, as applicable, of each individual, group of individuals, partnerships, trust or entity associated with a non-

corporate Applicant that directly or indirectly holds a five percent (5%) or greater beneficial or proprietary interest in the Applicant's business operation, or that the TEL otherwise determines has the ability to control the Applicant;

6. Information, documentation, and assurances as may be required to establish by clear and convincing evidence that the applicant has sufficient business ability and gaming experience to create and maintain a successful, efficient sports wagering operation;
7. A description of the proposed internal controls and security systems to be used in conducting sports wagering or processing sports wagering transactions;
8. The number of employees expected to be employed by the Licensee in the State of Tennessee;
9. The estimated privilege tax revenue to be generated by the Sports Gaming Operator;
10. The estimated economic benefit to the state of Tennessee of the proposed License. The estimate shall include, but not be limited to, the following: projected amount of annualized gross revenue; estimated new capital investment for the project; scientific or market research performed by the Applicant or its contractors; and such other information as may be requested by the TEL;
11. A copy of the Applicant's certificate of good standing and authorization to conduct business in the state of Tennessee;
12. A list of jurisdictions where the Applicant has (i) applied for a sports wagering or gaming license; (ii) been issued a sports wagering or gaming license; (iii) been the subject of a law enforcement or regulatory subpoena, cease and desist letter, opinion or other letter regarding its conduct, and (iv) had a sports wagering or gaming license suspended or revoked;
13. Letters of reference from law enforcement agencies having jurisdiction in the Applicant's place of residence and principal place of business. The letters of reference must indicate that such law enforcement agencies do not have any pertinent information concerning the applicant, or if such law enforcement agency does have information pertaining to the applicant, must specify what the information is;

14. If the Applicant has conducted gaming operations in a jurisdiction which permits such activity, letters of reference from the regulatory body that regulates sports wagering that specify the standing of the Applicant with the regulatory body; provided, however, that if no such letters are received within sixty (60) days of the request therefor, the Applicant may submit a statement under oath that the Applicant is or was, during the period such activities were conducted, in good standing with the governing body;
15. Notice and a description of civil judgments obtained against the Applicant, or any Persons identified in subsections D.3. through D.5., above, pertaining to antitrust or security regulation laws of the federal government, of the State of Tennessee or of any other state, jurisdiction, province, or country;
16. Description of any bankruptcy actions filed by the Applicant, or any Persons identified in subsections D.3. through D.5., above.
17. Copies of any regulatory or law enforcement actions, subpoenas, orders, opinions, or letters regarding Applicant's conduct of business in any jurisdiction.
18. The TEL will have compiled a national or, as applicable, international, criminal history and background report on the Applicant or any person identified in subsections D.3. through D.5., above, (reviews on individuals shall include fingerprint submissions), conducted by the TBI, or other U.S. or international law enforcement agency, or the TEL security staff or other private security firm, as authorized by the TEL. Said report shall include verification that neither the Applicant nor any person identified in subsections D.3. through D.5., above, have engaged in gaming activity in any jurisdiction in which such activity is illegal. The costs associated with said criminal history review and report shall be the responsibility of the Applicant (this cost is in addition to the application fee);
19. Applicant's plan to responsibly conduct its sports wagering activities in the State of Tennessee; and
20. Any other information the TEL considers necessary and appropriate to determine by clear and convincing evidence the competency, law abiding nature, suitability, honesty and integrity of Applicant and the persons listed in subsection D.3. through D.5., above.

- E. As required by the Act, each Applicant shall submit ancillary documentation necessary for the TEL to assess fully the Applicant’s operations and compliance with the Act. Each Applicant shall submit with its application, made under oath, the following:
1. Applicant’s plan to provide data files, in a format approved by the TEL, to the TEL in order for the TEL to confirm Applicant’s calculation of the privilege tax to be paid each month;
  2. Applicant’s most recent report addressing its system’s integrity and security assessment performed by an independent professional laboratory.
  3. Applicant’s methodology and process for preventing the placing of Wagers by a Minor;
  4. Applicant’s methodology and process for permitting individuals to exclude themselves from being able to place Wagers; maintenance of the self-exclusion list; and preventing the placing of Wagers by individuals on the self-exclusion list.
  5. Applicant’s methodology and process for preventing the placing of Wagers by prohibited participants;
  6. Applicant’s plan and policy governing the acceptance of Wagers and the making of payouts (i.e., House Rules), which must be approved by the TEL;
  7. Applicant’s Responsible Gaming Plan;
  8. Applicant’s system for monitoring and reporting Unusual Wagering Activity and Suspicious Wagering Activity;
  9. Documentation describing Applicant’s internal controls for all aspects of its sports wagering operation, including Parlay Wagers.
  10. Documentation of Applicant’s expected use of geolocation services to prevent Wagers from outside the State of Tennessee.
  11. Documentation describing Applicant’s AML system including handling of payouts of \$10,000 or more, structuring of multiple wagers within a 24-hour period, and a log of Wagers of \$5,000 or more.
  12. A diagram illustrating the process flow among Applicant and its Intermediaries and Vendors.
  13. Applicant shall notify the TEL in writing of any change to its application within ten (10) business days of the change. Notwithstanding the foregoing,

an Applicant shall immediately notify the TEL if there is a newly elected officer or director of the board of the Applicant or if Applicant or an officer or director of Applicant sells or transfers five percent (5%) or more of any class of equity of Applicant.

14. For a Sports Gaming Operator License (Level I) or a Sports Gaming Intermediary License (Level II) Applicant shall submit a nonrefundable application fee of fifty thousand dollars (\$50,000) due at the time the application is submitted. Failure to submit the \$50,000 application fee shall cause the application to be rejected or cause a delay in the processing of an application. Upon approval of the application, the \$50,000 application fee shall be applied to the Sport's Gaming Operator's initial licensing fee of Seven Hundred Fifty Thousand Dollars (\$750,000) and the Intermediary's initial licensing fee of Seventy-Five Thousand Dollars (\$75,000). The balance of the fees shall be due and payable within ten (10) business days of the approval of the application. Vendor's application fee of Seven Thousand Five Hundred Dollars (\$7,500) is due and payable at the time the application is submitted. Failure to submit same shall cause the application to be rejected.
15. Once an Application is submitted it cannot be withdrawn.
16. Applicant shall complete such additional forms or provide such additional information as may be requested by TEL.

#### **15.1.7 APPROVAL OR DENIAL OF AN APPLICATION**

- A. In accordance with the Act, the following individuals shall not apply for or obtain a License or a determination of suitability:
  1. Any employee, officer or Board member of the TEL;
  2. A member of the Tennessee Education Lottery Corporation Sports Wagering Advisory Council;
  3. An employee of any professional sports team;
  4. A coach of, or player for, a collegiate, professional, or Olympic sports team or sport;
  5. A Person who is a member or employee of any governing body of a sports team, league, or association;
  6. A Person who has been convicted of a crime as specified in these rules or by law;

7. A Person having the ability to directly affect the outcome of a Sporting Event; and
  8. Any other category of persons, established by rule of the Board, who, if licensed, would affect the integrity of sports wagering in Tennessee.
- B. Unless the civil rights of the Applicant have been restored, and/or unless at least ten (10) years have elapsed from the date of the completion of the sentence without a subsequent conviction of a crime described in this subdivision as determined by the Board, Applicants shall not be issued a License if they have been convicted of a crime involving an offense listed below:
1. Organized Crime (RICO);
  2. Money Laundering;
  3. Crimes of Force or Violence;
  4. Assaultive offenses;
  5. Criminal Homicide;
  6. Kidnapping and False Imprisonment;
  7. Robbery;
  8. Sexual Offenses;
  9. Invasion of Privacy;
  10. Terrorism;
  11. Theft or Embezzlement;
  12. Arson;
  13. Burglary;
  14. Tennessee Personal and Commercial Computer Act of 2003;
  15. Criminal Instruments;
  16. Inchoate Crime;
  17. Offenses against Administration of Government;
  18. False Personalization;
  19. Misconduct Involving Public Officials and Employees;
  20. Interference with Government Operations;
  21. Obstruction of Justice;
  22. Perjury;
  23. Offenses against Public Health, Safety and Welfare;
  24. Drugs;
  25. Gambling;
  26. Intoxicating Liquors;
  27. Obscenity;
  28. Weapons.
- C. In all other cases the TEL shall have sole discretion to approve or to deny an application for a License.



- D. In determining whether or not an Applicant is suitable and in determining whether or not to approve or to deny an application for sports wagering, the TEL shall consider the following factors relating to the Applicant:
1. Whether the Applicant is proposing a sports gaming operation that will have a positive impact through increased revenues to the state of Tennessee and its residents;
  2. Whether the Applicant possesses adequate funds or has secured adequate financing to commence and maintain a sports wagering operation;
  3. Whether the Applicant has the financial stability, integrity, and responsibility to conduct a sports wagering operation;
  4. Whether the Applicant has sufficient business ability and experience to create and maintain a successful sports wagering operation;
  5. Whether the Applicant has proposed adequate measures for internal and external security, including a surveillance system or protocol;
  6. Whether the Applicant has satisfied the sports wagering licensing requirements;
  7. Whether the Applicant has demonstrated that its proposed sports wagering operation will be conducted in accordance with the Sports Gaming Act and all other applicable state and federal laws;
  8. Whether the Applicant has been convicted of or plead guilty to a disqualifying offense, as established by the Sports Gaming Act;
  9. The past and present compliance of the Applicant and its affiliates or affiliated companies with gaming-related licensing requirements in any other jurisdiction, including, but not limited to, whether the Applicant has a history of non-compliance with the gaming licensing requirements or prohibitions of any jurisdiction;
  10. If the Applicant has been charged with, convicted of, pleaded guilty to, or forfeited bail concerning any criminal offense under the laws of any jurisdiction, other than for a traffic offense;
  11. If the Applicant has filed, or had filed against it, a proceeding for bankruptcy or has ever been involved in any formal process to adjust, defer, suspend, or otherwise work out the payment of any debt;
  12. If the Applicant has been served with a complaint or other notice filed with any public body regarding a payment of any tax required under any law in

any jurisdiction, where the Applicant has been in breach for one or more years.

13. If the Applicant is or has been a defendant in litigation involving its business practices that would call into question its suitability to be licensed;
14. Whether the Applicant has submitted a Responsible Gaming Plan that meets the TEL's requirements;
15. If awarding a License would undermine the public's confidence in the gaming industry in the State of Tennessee;
16. If the Applicant is a member of Global Lottery Monitoring System (GLMS).
17. If the Applicant meets other prescribed standards for the issuance of a License; and
18. Such other factors as may be determined by the TEL from time to time in its sole discretion.

E. Completed Applications

1. Upon receipt of an application, the TEL shall commence to review it for completeness and submit the requisite information to the designated investigative unit to provide the criminal history review and report. In the event the review of the application reveals a deficiency, the TEL shall notify in writing the contact of record for the Applicant.
2. Upon receipt of a notice of deficiency, the Applicant shall have twenty (20) business days to provide the information requested by the TEL, unless another time is agreed upon, in writing, between the parties.
3. Upon a determination that the application is complete, which includes the receipt of the criminal history review and report, the TEL shall notify the Applicant in writing that the application has been deemed complete. The TEL shall approve or deny the application within ninety (90) calendar days of it declaring the application complete.

Despite this determination, the TEL may continue to request additional information from Applicant. If, as a result of the investigation into the background of the Applicant or its affiliated persons or entities, a sufficient amount of additional information is required to be provided, the TEL shall notify the Applicant in writing at the time of the request for additional information that it is suspending or revoking its determination of completeness.

4. In the event the TEL suspends its determination of completeness, such suspension shall remain in place until such time as the additional requested information is provided by Applicant. The imposition of a suspension of completeness will result in a resetting of the timeframe for the TEL to approve or to deny the application.

F. Applicant Background Investigation

1. Once it is determined that the preliminary application requirements have been received, the TEL or its designated agent(s) shall initiate an investigation into the backgrounds of the Applicant's principle owner(s), who own five percent (5%) or more of the company, partners, board members, and Key Personnel.
2. The TEL shall conduct a comprehensive due diligence investigation of the Applicant to assess whether a License shall be awarded. The investigation will focus on integrity, background, responsibility, financial stability, criminal history, reputation, character and ability to perform scope of services
3. Criminal history background investigations shall include the submission of fingerprints to the Tennessee Bureau of Investigation and Federal Bureau of Investigation, or any other foreign government agency, public or private, deemed to be appropriate by the TEL. Applicant or any persons identified in subsection F.1., above, will be required to disclose the following information:
  - a. Whether the Applicant or any persons identified in subsection F.1., above, have been convicted of a criminal offense other than a traffic violation;
  - b. Whether the Applicant or any persons identified in subsection F.1., above, have been subject to any disciplinary action, past or pending, by any administrative, governmental, or regulatory body; and
  - c. Whether the Applicant or any persons identified in subsection F.1., above, have been charged with a violation of any statute, rule, regulation, or ordinance of any administrative, regulatory, or other governmental body.
4. Applicant's financial stability review shall include the following information:

- a. Whether the Applicant or any persons identified in subsection F.1., above, have been in default of paying any taxes, fees, or other obligations owed to the state of Tennessee, any local governmental entity in Tennessee, or the federal government;
- b. A report of the financial activities of the Applicant and any person identified in subsection F.1., above, including evidence of financial stability, such as bank statements, business and personal income and disbursement schedules, tax returns, or other documentation satisfactory to the TEL that demonstrates by clear and convincing evidence that the Applicant has sufficient business ability and experience to establish and maintain a successful sports wagering business; and
- c. A report of the ability of the Applicant and any person identified in subsection F.1., above, to meet ongoing operating expenses necessary for the maintenance of continuous and stable sports wagering operations and the ability to pay, as and when due, winning Wagers and, all state and federal taxes.

G. Audit Requirements

Upon Application for a Sports Gaming Operator’s License, and at annual renewal thereafter, each Level I Licensee shall submit to the TEL an audit of the financial transactions and condition of the Licensee's Sports Wagering Operations in Tennessee prepared by a Certified Public Accountant in accordance with generally accepted accounting principles and applicable state and federal law.

H. Sports Gaming System Requirements

1. A Sports Gaming System must address, at a minimum, the following functions:
  - a. Wagering Management;
  - b. Player Account Management;
  - c. Location requirements for wagering;
  - d. Verification of all system, data, and software-related components and time synchronization;
  - e. Reporting and security requirements;
  - f. Ability to report and detect abnormal betting patterns, including suspicious or illegal wagering activities; and
  - g. Preventing the acceptance of Wagers from Prohibited Participants.

2. A Sports Gaming System shall maintain all transactional wagering data for a period of five years.
  
3. A Sports Gaming System shall record the following information for each Wager made and store it to transmit to the TEL upon request:
  - a. Description of Event;
  - b. Event number;
  - c. Wager selection;
  
  - d. Type of Wager;
  - e. Amount of Wager;
  - f. Date and time of Wager;
  - g. Unique Wager identifier(s); and
  - h. Player identification number;
  - i. Current Wager status (i.e., active, cancelled, unredeemed, pending, etc.);
  - j. Redemption and/or ticket expiration period, if applicable;
  - k. Relevant location information;
  - l. The results of the Wager;
  - m. Amount won;
  - n. Detail indicating the bank account where funds were deposited; and
  - o. Date and time winning Wager was paid to Player.
  
4. A Sports Gaming System that issues and/or redeems a voucher shall record the following information:
  - a. Amount of voucher;
  - b. Date, time, and location of issuance;
  - c. Unique voucher identifier;
  - d. Expiration date of the voucher;
  - e. Player identification number assigned to the voucher; and
  - f. Date, time, and location of redemption, if applicable.

5. A Sports Gaming System that offers in-play wagering shall be capable of the following:
  - a. The accurate and timely update of odds for in-play Wagers;
  - b. The ability to notify the Player of any change in odds after a Wager is attempted;
  - c. The ability for the Players to confirm the Wager after notification of the odds change; and
  - d. The ability to freeze or suspend the offering of Wagers when necessary.
6. When a Wager is voided or cancelled, the system shall clearly indicate that the transaction was voided or cancelled, render the transaction nonredeemable, and make an entry in the system indicating the voiding or cancellation of the Wager.
7. A Sports Gaming System shall prevent past purchasing and modifications of Wagers (including voiding or cancellation of Wagers) after the outcome of an event is known.
8. In the event a Player has a pending Wager and then self-excludes, the funds shall be returned to the Player's account in accordance with the Licensee's internal controls governing any cancellation or refund of the Wager(s).
9. A Sports Gaming System shall be capable of verifying that all components of the system are the authentic, approved versions used to offer, record, and process Wagers to ensure there have been no unauthorized modifications. The system must be able to detect if any system component is determined to be invalid in the event of an authentication failure.

10. A Sports Gaming System shall have controls in place to review the accuracy and timeliness of any data feeds used to offer or settle wagers. In the event that an incident or error occurs that results in a loss of communication with data feeds used to offer or redeem wagers, such error shall be recorded in a log capturing the date and time of the error, the nature of the error, and a description of its impact on the system's performance. Such information shall be maintained for a minimum period of two (2) years.
  11. Level I and Level II Licensees shall provide the TEL with access to wagering systems, transactions and related data as deemed necessary and in a manner approved by the TEL.
  12. A Sports Gaming System shall provide a mechanism for the TEL to query and export, in a format required by the TEL, all Sports Gaming System data.
  13. A Sports Gaming System must be reviewed, tested and approved by a recognized independent laboratory, preapproved by the TEL.
  14. Additional system specifications may be specified by the TEL through the issuance of technical bulletins.
- I. For Applicant's Minimum Internal Control Standards (MICS) and Security Systems Requirements, see Part 15.3.
- J. Geolocation Requirements
- The Geolocation System shall, at a minimum:
1. Detect the physical location of a Player attempting to access the Sports Gaming System; and monitor and block unauthorized attempts to access the Sports Gaming System.
  2. Ensure that a Player is continually located within the geographic boundary of Tennessee when the Wager is initiated and received;
  3. Not rely solely upon IP addresses to determine location when a mobile internet connection is being used to place a Wager; and

4. The TEL shall approve technical specifications for Geolocation Systems and any specific requirements related to geolocation.

K. Applicant’s Responsible Gaming Plan

Each Applicant shall submit a Responsible Gaming Plan to the TEL with its application. The plan must be approved by the TEL prior to the commencement of gaming activity, and an annual report must be provided to the TEL showing that the plan goals were met. Licensees shall resubmit their Responsible Gaming Plan for approval within ten (10) days of any changes to the plan and at license renewal.

The Plan shall include, at a minimum, the following:

1. Plan goals, statement of policy and commitment, procedures and deadlines for implementation;
2. A process for Players to make a request to restrict themselves from placing Wagers and to prevent them from making Wagers. For each person who makes such a self-exclusion request, Licensees will provide the person a list of responsible gaming resources;
3. A method to allow self-excluded Players to share the request with the TEL for the sole purpose of disseminating the request to other Licensees;
4. A self-limitation program where Players have the option to set limits on money and time spent betting, deposit limits, session time limits, account cool off, and loss limits;
5. A plan for making responsible gaming information available and legible on its website(s), mobile apps and all other platforms. At a minimum, a problem gambling helpline phone number that provides information about responsible gaming and services;
6. A plan for providing comprehensive responsible gaming training to employees and annual or periodic refresher training. Training should equip the trainee to respond to circumstances in which individuals present signs of gambling addiction;
7. Procedures to prevent underage gambling; including age affirmation mechanisms that utilize month, date and year of birth that will apply before the user can gain access to any platform where individuals can engage in wagering. A Sports Gaming Operator may use information obtained from third parties to verify that a person is authorized to open an account, place wagers, and make deposits and withdrawals;



8. A process to provide Players with information about their play. This includes history, time and money spent, games played, net wins/losses and other information;
9. Provide Players with updates during play about time and money spent and account balances in cash, not credits;
10. A display on the website indicating that it is illegal for a person under twenty-one (21) years of age to engage in sports wagering in this state;
11. Procedures to prohibit an individual, group of individuals or entity that places Wagers with the Licensee from establishing more than one active account with the Licensee; and
12. Procedures to permit an individual, group of individuals or entity that places Wagers with the Licensee to terminate their account at any time and for any reason and without penalty.

L. Final Approval

1. If the TEL determines that the Application requirements set forth in the Act and these Rules have been met to its satisfaction, the TEL shall issue a Sports Gaming License, Level I, II, or III, as applicable.
2. A Sports Gaming License, Level I shall be issued for one (1) year and require a nonrefundable application fee of Fifty Thousand Dollars (\$50,000) and an annual licensing fee of seven hundred fifty thousand dollars (\$750,000). For each application approved, the application fee then shall be credited to the annual License fee, and the Licensee shall send the balance of the annual fee to the TEL within ten (10) business days of approval of a License. Fees not paid as noted shall incur a penalty of 10% of the balance due. There shall be an automatic License revocation for non-payment of licensing fees and penalties after thirty (30) days. A Sports Pool Intermediary Gaming License, Level II shall be issued for one (1) year and require a nonrefundable Application fee of Fifty Thousand Dollars (\$50,000), which shall be paid at the time of Application and annually thereafter. The Twenty-Five Thousand Dollar balance, shall be due and payable within ten (10) business days of approval of a License. Fees not paid as noted shall incur a penalty of 10% of the balance due. There shall be an automatic License revocation for non-payment of licensing fees and penalties after thirty (30) days. A Sports Gaming License, Level III shall be issued for three (3) years and require a nonrefundable application fee of

Seven Thousand Five Hundred Dollars (\$7,500), which shall be paid at the time of Application and every three years thereafter.

1. No Licensee shall be permitted to accept Wagers unless and until it has completed any and all testing and received approval of its Sports Gaming System by a qualified independent laboratory approved by the TEL and its internal controls plan, along with all other requisite plans have been reviewed and approved by the TEL.
2. Once the Applicant is approved as a Licensee, each Person receiving a determination of suitability shall have a continuing duty to immediately inform the TEL of any change in status or applicable information that, if known by the TEL, could disqualify the Licensee from holding the License.

### **15.1.8 MAINTENANCE OF LICENSE**

In order to maintain its License, a Licensee is required to maintain certain requirements, conditions and programs. Failure to maintain these requirements, conditions and programs may result in the suspension or revocation of a License.

#### **A. Bond and/or Cash on Hand Reserve Requirements**

1. Level I Licensee shall maintain a cash reserve and/or bond of not less than the amount necessary to ensure the ability to cover the outstanding Sports Pool liability.

The liability of the Sports Pool shall be the sum of the following amounts:

- a. Amounts held by the Licensee for player accounts;
  - b. Aggregate amounts accepted by the Licensee as Wagers on Sports Events whose outcomes have not been determined; and
  - c. Amounts owed but unpaid by the Licensee on winning wagers through the period established by the Licensee for honoring winning Wagers.
2. Level I Licensees shall calculate their reserve requirements each day. In the event a Licensee determines that its reserve is not sufficient to cover the calculated requirement, the Licensee, within twenty-four (24) hours, must notify the TEL of this occurrence and indicate the steps the Licensee has taken to remedy any deficiency. All reserve funds must be held in a bank licensed to conduct business in Tennessee.
  3. If a bond is used to fund the reserve, the company issuing the bond shall be financially rated A or better by a nationally recognized rating agency and

duly licensed, admitted and authorized to transact business in the State of Tennessee.

4. Level I Licensee shall provide the original bond to the TEL. The bond shall be renewable annually and shall list the TEL as obligee of the bond. The bond may not be cancelled without a minimum of thirty (30) days prior written notice to the TEL.

B. Insurance Requirements – Level I and Level II Licensees

1. Licensee shall provide the TEL with certificates of insurance at time of approval and at each renewal. The company issuing the insurance shall be financially rated A or better by a nationally recognized rating agency and duly licensed, admitted and authorized to transact business in the State of Tennessee.
2. Licensee shall maintain the following types and amounts of insurance while they are an approved Licensee to conduct Sports Wagering transactions:
  - a. General Liability insurance in the amount of Five Million Dollars (\$5,000,000);
  - b. Errors and omissions insurance in the amount of Fifteen Million Dollars (\$15,000,000); and
  - c. Such other types and amounts of insurance that are reasonably required and are mutually agreed upon by the TEL and Licensee in writing.

C. Periodic Audits

1. Annually each Level I Licensee shall submit to the TEL an audit of the financial transactions and condition of the Licensee's Sports Wagering Operations in Tennessee prepared by a Certified Public Accountant in accordance with generally accepted accounting principles and applicable state and federal law.
2. Level I Licensees shall establish and maintain books, records, and documents (including electronic storage media) in accordance with generally accepted accounting principles and practices which sufficiently and properly reflect all revenues and expenditures of funds associated with sports wagering.
3. Level I Licensees shall retain all records, financial records, supporting documents, statistical records, and any other documents (including electronic storage media) pertinent to their Sports Wagering Operations for a minimum period of five (5) years from their creation.

4. Books and records pertaining to the sports wagering operation shall be subject to inspection, review, and audit by the TEL.

D. Financial Reporting and Financial Data Requirements

1. The Sports Gaming System must have the ability to deliver all requested data either by report or data file to the TEL while achieving compliance with standards of integrity, security and control required by the TEL.
2. The Sports Gaming System shall be required to generate reports necessary to record all the components of the Adjusted Gross Income calculation over a specific period, and include the cash equivalent of any merchandise or thing of value awarded as a prize as deemed necessary by the TEL. Such reports shall distinguish information by type and status where applicable and shall meet the TEL's MICS.
3. All data required must be available in report formats as well as database formats approved by the TEL. All Licensees shall provide requested data to be utilized by TEL's central accounting and reporting system (Sports Wagering Internal Control System).
4. All required reports shall be generated by the Sports Gaming System, even if the period specified contains no data to be presented. The report generated shall indicate all required information and contain an indication of "No Activity" or similar message if no data appears for the period specified.
5. The Sports Gaming System shall, at a minimum, generate daily reports for each gaming day in order to calculate the adjusted gross income to ensure the integrity of operations related to operating an online sports pool.
6. The TEL may periodically prescribe a set of standard reporting forms and instructions to be used by each licensee for filing the daily, weekly, monthly, and/or quarterly reports.

E. Required Bank Accounts

1. Operating Account - A Level I Licensee shall maintain a bank account with a financial institution licensed to conduct business in Tennessee. This bank account shall be separate from all other operating accounts of the Licensee to ensure the security of funds held in the Player's Sports Wagering Accounts. The balance maintained in this account shall be used to determine the daily cash reserve and/or bond amount for the Licensee.
2. Escrow Account - A Level I Licensee shall maintain an escrow account, designating the TEL as sole beneficiary, with a financial institution licensed to conduct business in Tennessee. This escrow account shall be separate from all other operating accounts of the Licensee to ensure the security of funds due to the TEL to pay the accrued privilege tax.

No later than the close of each day, Licensee shall deposit in this escrow account an amount equal to twenty percent (20%) of its adjusted gross income for the prior wagering day.

F. Payment of Privilege Tax

Licensee must timely pay the privilege tax imposed under the Sports Gaming Act. The privilege tax shall be equal to twenty percent (20%) of a Licensee's adjusted gross income. The privilege tax for a month shall be transferred to the TEL on the fifth business day of the following month from the escrow account.

G. System Integrity and Security Assessment

1. Sports Gaming Operator shall, prior to commencing operations and annually thereafter, perform a system integrity and security assessment of Sports Pool Systems conducted by an independent professional selected by the Licensee and subject to approval of the TEL.
2. The independent professional's report on the assessment shall be submitted to the TEL and shall, at a minimum, include:
  - a. the scope of review;
  - b. Name and company affiliation of the individual(s) who conducted the assessment;
  - c. Date of assessment;
  - d. Findings;
  - e. Recommended corrective action, if applicable; and
  - f. The Licensee's response to the findings and recommended corrective action.

H. Prohibition on Wagers by and Payouts to Minors

1. Sports Gaming Operator shall not permit Wagers to be placed by Minors. Licensee shall maintain a system through which it verifies that Wagers are not made by Minors. This system shall be approved by the TEL.
2. Sports Gaming Operator shall provide the TEL information about its methodology for verifying the age of a Bettor. Licensee shall notify TEL of any changes to its methodology or in the event there is a change of Vendor or Intermediary that provides an age verification service to Level I Licensee.

3. Licensees shall prohibit any Minor from collecting payouts or winnings from sports wagering.

I. Prohibited Participants

1. Sports Gaming Operator shall maintain the list provided by the TEL of persons who, pursuant to Act, are not permitted to Wager on Sporting Events. Licensees shall not permit Wagers to be placed by Prohibited Participants. Licensee shall maintain a system through which it verifies that Wagers are not made by Prohibited Participants.
2. Sports Gaming Operator shall provide the TEL information about its methodology for determining whether or not a Bettor is ineligible due to his/her inclusion in one or more classes of Prohibited Participants as enumerated in the Act. Licensee shall notify TEL of any changes to its methodology.
3. Licensees shall prohibit any person who is included in a class of individuals ineligible to place a Wager pursuant to the Act from collecting winnings from Sports Gaming.

J. Integrity Monitoring.

1. Sports Gaming Operator shall have controls in place to identify unusual and Suspicious Wagering Activity and report such activity according to the integrity monitoring system procedures approved by the TEL.
2. All Integrity Monitoring System procedures shall provide for the sharing of information with each Sports Gaming Operator.
3. Sports Gaming Operator shall review such reports and notify other Sports Gaming Operators of whether or not they have experienced similar activity in the manner approved by the TEL. Specific reporting requirements shall be designated by the TEL in its MICS.
4. If a Sports Gaming Operator finds that previously reported Unusual Wagering Activity rises to the level of Suspicious Wagering Activity, they shall immediately notify all other Sports Gaming Operators, the TEL, appropriate law enforcement entities, regulatory agencies, governing authorities, and accredited sports governing entities as required by the TEL.
5. Sports Gaming Operators receiving a report of Suspicious Wagering Activity shall be permitted to Suspend Wagering on Events related to the report, but may only cancel related Wagers after TEL approval.

6. Integrity Monitoring Systems shall provide the TEL with remote access which shall provide at a minimum:
  - a. All reports of Unusual Wagering Activity;
  - b. If the activity was determined to be suspicious; and
  - c. The actions taken according to the Integrity Monitoring System procedures approved by the TEL.
7. Notwithstanding the other provisions of this section, all information and data received pursuant to administering the Sports Gaming Act related to Unusual or Suspicious Wagering Activity shall be considered confidential. Such data and information may not be revealed in whole or in part except upon the lawful order of a court of competent jurisdiction, or, with any law enforcement entities, regulatory agencies, governing authorities, or accredited sports governing entities as required by the TEL.

K. Participation in Investigations

1. Sports Gaming Operators shall cooperate in good faith with investigations conducted by the TEL, sports governing bodies, and law enforcement agencies, including, but not limited to, providing or facilitating the provision of account-level betting information and data files relating to persons placing wagers.
2. The TEL shall investigate Sports Gaming Operators and Intermediary Licensees upon information and belief that the Licensee has failed to comply with the Licensee requirements outlined in the Act.
3. During normal business hours the TEL and its agents may enter the premises of any facility of a Sports Gaming Operator or third party utilized by the Licensee to operate and conduct business for the purpose of inspecting books and records kept as required by the Act (all business records shall be maintained for a minimum of five (5) years), to ensure that the Licensee is in compliance with the Act, or to make any other inspection as necessary. The TEL and its agents, including its law enforcement representatives shall be able to demand access and inspect business records without the requirement to obtain a subpoena. Failure to admit the TEL or its agents after presentation of credentials shall be grounds for disciplinary action.
4. The TEL shall investigate whether Sports Gaming Operators have engaged in any of the following activities:
  - a. Accepted Wagers from Minors;
  - b. Accepted Wagers from individuals ineligible to place Wagers in

- Tennessee;
- c. Accepted Wagers from persons not physically located in Tennessee;
  - d. Transmitted material non-public information for the purpose of wagering on a Sporting Event or to influence a Wager;
  - e. Abnormal betting activity or patterns that may indicate concerns on the integrity of the Sporting Event;
  - f. Money laundering;
  - g. Criminal, civil, administrative or disciplinary proceedings against the Licensee;
  - h. Offering, accepting or extending credit to a Player;
  - i. Directly advertising or promoting sports wagering to Minors;
  - j. Offering or accepting a Wager on any event, outcome, or occurrence other than a Sporting Event, including, without limitation, a high school sporting event offered, sponsored, or played in connection with a public or private institution that offers education at the secondary level;
  - k. Any Wager prohibited by the Board;
  - l. Upon receiving information and belief that the Licensee has engaged in illegal or Suspicious Wagering Activity;
  - m. Any complaints of illegal activity reported by a Licensee; and
  - n. Any other complaints, activity, and/or conduct that may affect the integrity of sports wagering in Tennessee.
5. Sports Gaming Operators shall immediately report to the TEL any information relating to:
- a. Criminal or disciplinary proceedings commenced against the Licensee in connection with its operations world-wide;
  - b. Unusual or Suspicious Wagering Activity or patterns that may indicate a concern with the integrity of a Sporting Event;
  - c. Any potential breach of a sports governing body's internal rules and codes of conduct pertaining to sports wagering;
  - d. Conduct that corrupts the betting outcome of a Sporting Event for purposes of financial gain, including match fixing; and



- e. Suspicious or illegal wagering activities, including cheating, the use of funds derived from illegal activity, wagers to conceal or launder funds derived from illegal activity, using agents to place wagers, and using false identification.
6. Sports Gaming Operator also must immediately report information relating to conduct described in subsection 5.b.-d., above, to the relevant sports governing body and provide written notice of its communications to the sports governing body to the TEL.
7. Sports Gaming Operator shall share, upon request by the TEL, in real time and at the account level, information regarding a Bettor, amount and type of Wager, the time the Wager was placed, the location of the Wager, including the internet protocol address if applicable, the outcome of the Wager, and records of abnormal wagering activity. Information shared under this subsection shall be submitted in the form and manner as request by the TEL.
8. If a sports governing body has notified the TEL that real-time information sharing for Wagers placed on its Sporting Events is necessary and desirable, Sports Gaming Operators shall share the same information with the sports governing body or its designee with respect to Wagers on its Sporting Events. Such information may be provided in anonymized form and may be used by a sports governing body solely for integrity purposes.
- 9.. Sports Gaming Operators shall maintain membership in the Global Lottery Monitoring System (GLMS).

#### L. Manner in Which a Sports Gaming Operator May Advertise its Business Operations

1. Sports Gaming Operators shall provide all advertising and marketing materials to the TEL for review/approval, no less than thirty (30) days prior to publishing materials;
2. Sports Gaming Operators shall not directly advertise or promote Sports Gaming to Minors;
3. Sports Gaming Operators shall include a responsible gaming message, which includes, at a minimum, the TEL provided problem gambling helpline number and a help/prevention message;
4. Sports Gaming Operators shall communicate the legal age to participate (21 years old and above) on website, mobile app and other mediums or forms of advertising;
5. Sports Gaming Operators shall strictly comply with all state and federal

standards to make no false or misleading claims nor to create a suggestion that the probabilities of winning or losing at the various games are different than those actually experienced;

6. Advertisements shall not contain images, symbols, celebrity/entertainer endorsements and/or language designed to appeal specifically to those under 21 years old;
7. Advertisements shall not feature anyone who is or appears to be below the legal age to participate in betting activity or imply that underage persons engage in sports betting;
8. Sports Gaming Operator Licensee shall not advertise in media outlets (including social media) that appeal primarily to those under the age of 21;
9. Advertisements shall not be placed with such intensity and frequency that they represent saturation of that medium or become excessive;
10. Advertisements shall not contain claims or representations that gambling activity will guarantee an individual's social, financial or personal success.
11. Advertisements shall not be placed before any audience where the majority of the participants is presumed to be below the legal age to gamble or include potentially vulnerable persons, including self-excluded Bettors;
12. Advertisements shall not imply that chances of winning increase the longer one plays or the more one spends;
13. For Bettors who have self-excluded, Sports Gaming Operator Licensee shall discontinue advertising and marketing to their mobile devices or through other contact information collected during the initial sign-up;
14. Sports Gaming advertisements shall not be placed on any page devoted to responsible gaming;
15. Advertisements shall neither contain nor imply lewd or indecent language, images nor actions;
16. Advertisements shall reflect generally accepted contemporary standards of good taste;
17. Advertisements shall not be created that may be perceived as denigrating the work ethic;
18. All digital marketing will allow the option to unsubscribe;

19. Sports Gaming Operator shall respect user privacy and comply with all applicable legal privacy requirements including those governing consent; and
20. Sports Gaming Operator will provide these rules to its advertising, marketing and promotion personnel and agencies and ensure that they comply herewith.
21. Failure to adhere to any of the above shall be grounds for disciplinary action.

M. Maintenance of a Self-Exclusion List

1. Licensees shall develop and maintain a system to allow persons who have made a determination to prohibit themselves from being able to place a Wager. Such self-exclusion list shall be made available to the TEL, upon written request to Licensee. Licensees shall maintain such a list of persons.
2. Licensees shall submit a monthly report to the TEL that includes the number of persons who requested to exclude themselves from the ability to participate in sports wagering on their platform.
3. Any person may request placement on the list of self-excluded persons, and the person during any period of voluntary exclusion may not collect any winnings or recover any losses resulting from any sports wagering.
4. Licensee shall notify the Sports Wagering Account holder via email, certified or registered mail, or other method approved by the TEL, whenever his or her Sports Wagering Account has been closed or placed in a suspended mode. Such notification shall include the restrictions placed on the Sports Wagering Account and any further course of action needed to remove the restriction.

N. Reporting Requirements

Sports Gaming Operators shall report to the TEL:

1. No later than January 15 of each year:
  - a. The total amount of Wagers received from Players for the immediately preceding calendar year;
  - b. The adjusted gross income of the Licensee for the immediately preceding calendar year; and
  - c. Any additional information required by rule of the Board deemed in the

public interest or necessary to maintain the integrity of sports wagering in this state.

2. Immediately any information relating to:
  - a. The name of any newly elected officer or board member of the licensed entity;
  - b. The acquisition by any person of five percent (5%) or more of any class of corporate stock; and
  - c. The resignation or departure of Key Personnel or board member.

O. House Rules

1. Licensees shall adopt comprehensive House Rules which shall be submitted to the TEL for approval before the commencement of operations.
2. At a minimum, the House Rules shall address the following items:
  - a. A method for the calculation and payment of winning wagers;
  - b. The effect of schedule changes;
  - c. The method of notifying players of odds or proposition changes;
  - d. Acceptance of Wagers at terms other than those posted;
  - e. The method of contacting the Licensee for questions and complaints;
  - f. A description of prohibited sports participants;
  - g. The method of funding a Wager; and
  - h. A description of all types of Wagers that may be accepted.
3. House Rules shall include a provision prohibiting the stacking of Bets to avoid federal currency transactional reporting thresholds.
4. House Rules shall place Players on notice that Wagers are subject to Anti-Money Laundering (AML) standards, including Currency Transaction Reports and Suspicious Activity Reports.
5. Minimum and maximum Wagers referenced in House Rules must not fall outside of the limits set by the TEL.
6. House Rules shall be conspicuously displayed on the Sports Gaming Operator's

websites and mobile applications.

7. Copies of the House Rules shall be made readily available, upon request, to Players.

P. Responsible Gaming Plan

Sports Gaming Operators shall adopt a Responsible Gaming Plan and submit such plan to the TEL at the time of application. The plan must be approved by the TEL prior to the commencement of gaming activity. Licensee shall maintain the plan for so long as Licensee accepts Wagers in the State of Tennessee.

Q. Internal Control Systems

Sports Gaming Operator shall develop system requirements and specifications for internal controls according to industry standards and implement the requirements and specifications as required by the TEL. At a minimum, the internal controls policy shall address the following items regarding the Sports Gaming System, in addition to minimum standards noted in 15.3, Minimum Internal Control Standards:

1. Safeguarding assets and revenues;
2. Safeguarding Sports Wagering Accounts;
3. Requirements for internal and independent audits of Licensee;
4. User access controls for all sports wagering personnel;
5. Segregation of duties among all sports wagering personnel;
6. Automated and manual risk management procedures;
7. Procedures for identifying and reporting fraud, Cheating, and Suspicious or Unusual Wagering Activity;
8. Procedures for identifying and preventing persons who are under twenty-one (21) years of age from engaging in Sports Wagering;
9. Procedures to prevent Wagering by Prohibited Participants;
10. Description of its AML compliance standards;
11. Description of all types of Wagers available to be offered by the system;
12. Description of all integrated third-party systems;
13. A monitoring system utilizing software to identify irregularities in volume or odds and swings that could signal suspicious activities that should require

further investigation.; and

14. Suspicious sports wagering over any threshold set by the Licensee.

R. Geolocation System

1. Licensee shall keep its Geolocation System up to date, including integrating the latest solutions in real time that can detect the use of remote desktop software, rootkits, virtualization, or any other programs identified by the TEL having the ability to circumvent geolocation measures.
2. At least every ninety (90) days, Licensees shall provide the TEL evidence that the Geolocation System is updated to the latest solution.
3. The integrity of the Geolocation System shall be reviewed regularly (no less than) at least every ninety (90) days) by the Licensee to ensure it detects and mitigates existing and emerging location fraud risks.
4. Licensee acknowledges that the TEL may issue additional Geolocation requirements in the form of technical bulletins.

S. Player Complaints

Licensees shall investigate each Player complaint and provide a response to the Player within ten (10) business days. For complaints that cannot be resolved to the satisfaction of the Player, related to a Player's Sports Wagering Accounts, settlement of Wagers or illegal activity, a copy of the complaint and Licensee's response, including all relevant documentation, shall be provided to the TEL.

**15.1.10 RULES GOVERNING SPORTS WAGERING ACCOUNTS**

- A. Online sports wagering shall only be engaged in by Players who have established a Sports Wagering Account with an approved Sports Gaming Operator.
- B. The information necessary to initially create a Sports Wagering Account shall be recorded and maintained. The information includes, but is not limited to:
  1. The Player's legal name;
  2. The Player's date of birth, Licensees shall have in place technical and operational measures to prevent sports wagering by those who are underage;
  3. The Player's residential address (other than a post office box);
  4. The Player's phone number(s);

5. An active email account for the Player;
  6. The Player’s social security number (SSN) or equivalent for a foreign Player (who places a Wager within Tennessee) such as a passport or taxpayer identification number. The Player may enter only the last four digits of a SSN if the other factors are sufficient to determine the entire nine-digit SSN within a reasonable time.
  7. Verification that the Player is not a Prohibited Participant; and
  8. Record the document number of the government-issued identification credentials entered, or other methodology for remote, multi-sourced authentication, which may include third-party and governmental databases, as approved by the TEL.
- C. Licensees shall record the Player’s acceptance of the terms and conditions and privacy policy and acknowledgment that the information provided is accurate and the Player is prohibited from allowing any other person to access or use the Player’s Sports Wagering Account.
- D. Licensees shall notify the Player of the establishment of the Sports Wagering Account by email or first-class mail. If a Licensee determines that the information provided by a Player to make a deposit or process a withdrawal is inaccurate or incapable of verification, fails to verify the identity of the Player, or violates the policies and procedures of the Licensee, the Licensee shall, within ten (10) calendar days, require the submission of additional information from the Player that can be used to verify the identity of the Player. If such information is not provided or does not result in verification of the Player’s identity, the Licensee shall:
1. Immediately suspend the Player’s account and not allow the Player to place Wagers;
  2. Submit any winnings attributable to the Player to the TEL for distribution to the Lottery for Education Account;
  3. Refund the balance of deposits made to the account to the source of such deposit or by issuance of a check; and
  4. Deactivate the account.
- E. Once a Sports Wagering Account is created, a secure personal identification (e.g., a unique username) for the player authorized to use the Sports Wagering Account shall be established that is reasonably designed to prevent the unauthorized access to, or use of, the Sports Wagering Account by any individual other than the Player for whom the Sports Wagering Account is established.

- F. A Player shall have only one (1) Sports Wagering Account for each Licensee.
- G. A Sports Wagering Account may be funded using:
  - 1. Debit cards;
  - 2. Electronic bank transfers, including such transfers through third parties;
  - 3. Online and mobile payment systems that support online money transfers;
  - 4. Winnings or payouts; and
  - 5. Any other means approved by the rule of the Board that is initiated with cash.
- H. Funds may be withdrawn from a Player’s Sports Wagering Account as follows:
  - 1. Wagers;
  - 2. Cashier’s check, wire transfer and money order by the Licensee made payable to the Player and issued directly or delivered to the Player’s address on file with Licensee;
  - 3. Credits to the Player’s debit card; or
  - 4. Any other means approved by the TEL.
- I. A player’s request for withdrawal of funds (i.e., deposited and cleared funds and funds won) shall be completed within a reasonable timeframe unless there is a pending unresolved Player dispute or investigation. Funds for withdrawal may be withheld from withdrawal until the funding transaction clears or the chargeback period ends.
- J. All adjustments to a Player’s Sports Wagering Account for individual amounts of five hundred dollars (\$500.00) or less shall be periodically reviewed by a Key Employee and be set forth in the Licensee's internal controls. All other adjustments shall be authorized by a Key Employee prior to being entered.
- K. Licensees shall not allow the transfer of funds or credits between Players.
- L. Each transaction with respect to a Sports Wagering Account between a Player and Licensee must be confirmed by email, telephone, text message or other means agreed upon by the Player. Licensees shall provide an account statement with details to a Player on demand, which shall include account activity for at least the six (6) months preceding twenty-four (24) hours prior to the request. In addition,



Licenses shall, upon request, be capable of providing to a Player a summary statement of all Player activity during the past twelve (12) months.

- M. Licenses shall re-verify a Player's identification upon reasonable suspicion that the Player's identification or Sports Wagering Account has been compromised.
- N. Licenses shall offer a readily-accessible method for a Player to close his or her Sports Wagering Account. Any balance remaining in a Player's Sports Wagering Account closed by a Player shall be refunded pursuant to the Licensee's internal controls, within two (2) days of notice from the Player to the Licensee.
- O. Sports wagering systems shall employ a mechanism that can detect and prevent any player-initiated wagering or withdrawal activity that would result in a negative balance of a Sports Wagering Account.
- P. A Player's Sports Wagering Account shall be disabled after three (3) failed log-in attempts and require multi-factor authentication to recover or reset a password or username.
- Q. A Licensee shall employ a mechanism that places a Sports Wagering Account in a suspended mode in the following situations:
  - 1. When requested by the Player for a specified period of time, which shall not be less than seventy-two (72) hours (self-exclusion);
  - 2. When required by the TEL; or
  - 3. Upon a determination or notice from a trustworthy source that a Player is a Prohibited Participant;
  - 4. When Licensee has evidence that indicates:
    - a. Illegal activity;
    - b. A negative account balance;
    - c. After failed ACH deposit attempts;
    - d. A violation of the terms and conditions has taken place on a Player's Sports Wagering Account.
- R. When a Sports Wagering Account is in a suspended mode, the Player shall be prevented from:
  - 1. Wagering;

2. Depositing funds;
  3. Withdrawing funds, unless the reason for the suspended mode would not prohibit a withdrawal;
  4. Making changes to their Sports Wagering Account; and
  5. Removing of the Sports Wagering Account from the system.
- S. A suspended Sports Wagering Account may be restored as follows:
1. Upon expiration of the time period established by the Player;
  2. When permission is granted by the TEL;
  3. When the Player is no longer a Prohibited Participant; or
  4. When the Licensee has lifted the suspended status.

#### **15.1.11 RULE GOVERNING CAPPED PAYOUT**

Sports Gaming Operator’s aggregate annual payout shall not exceed 85%.

#### **15.1.12 RULES GOVERNING PARLAY AND PROPOSITION WAGERS**

##### **A. Parlay Wagers**

1. Proposition plays and future Bets can not be parlayed. (A future Bet is any Bet that the outcome will not be decided until the distant future; these Bets typically stretch over weeks or months and are made up of lots of different games that need to be won in order for you to win your Bet, i.e., a future Bet on the Titans to win the Super Bowl);
2. Event outcomes that are directly connected can not be parlayed, i.e., moneyline and the spread of the same game;
3. If there is a tie (push) in one Event of the Parlay, one leg would be unsuccessful therefore, the Parlay would be deemed a loss;
4. Teasers (a type of Parlay Bet that can only include Bets against the spread or on totals) are allowable as included and approved by the TEL in the Sports Gaming Operator’s House Rules.

B. Proposition Wagers

1. Proposition Wagers can not be placed on in-game proposition plays on the performance or non-performance of a team or individual participant during a collegiate sporting event;
2. Proposition Wagers can not be placed on any type of non-sport related Events, i.e., the color of the sports drink dumped on the winning team's coach;
3. Proposition Wagers can not be placed on any type of possible injury;
4. Various forms of Proposition Wagers are allowable as included and approved by the TEL in the Sports Gaming Operator's House Rules.

**5.1.13 RULES GOVERNING GLOBAL RISK MANAGEMENT**

Permissible services which an approved Licensee from another jurisdiction may perform in Tennessee:

1. Setting or modifying the betting odds and point spreads (“the line”);
2. Deciding when an event should be removed from the list of authorized wagering propositions.
3. Determining when the betting action by customers on a particular event should be rejected (keeping the book balanced and preventing too much money wagered on a particular side).
4. Determining when it would be desirable to “lay off” wagers to another licensed sports book in the jurisdiction (again, helping to keep the book in balance).
5. In sum, using their special expertise to manage the risks associated with a wagering pool.

**15.1.14 TENNESSEE EDUCATION LOTTERY CORPORATION ADVISORY COUNCIL**

A. Duties and Responsibilities

1. Advise the Board of best practices with respect to sports wagering;

2. Provide administrative and technical assistance to the corporation;
3. Upon the request of the Board, three members (3) of the council, as selected by the Board Chair, shall serve as a hearing panel in disputes between Players and Sports Gaming Operators brought in accordance with the Dispute Resolution Regulations, Policy 15.2; and
4. The council shall carry out any other duties as prescribed by the Board.

#### **15.1.15 RENEWAL OF LICENSE**

1. A Sports Gaming Operator License or Intermediary License shall be subject to renewal each year on or around the anniversary date of the final approval of the Licensee’s application for a Level I or Level II License as applicable. Each renewal term of the License shall be for one (1) year. A Vendor License shall be subject to renewal every three years on or around the anniversary date of the final approval of the Licensee’s application for a Level III License.
2. Each renewal term is subject to an investigation of Licensee. Such investigation shall be in a form and manner as determined by the TEL in its sole discretion.

#### **15.1.16 CHANGE OF OWNERSHIP**

- A. The issuance of a License is not a property right and the holder obtains no vested rights therein. A License is not transferrable. If the control of an entity changes, a new License must be applied for.
- B. A change of control shall be deemed to have occurred in the following situations:
  1. If a corporation, the Applicant or Licensee, performs as follows:
    - a. Sells more than five percent (5%) of its voting stock;
    - b. Sells more than five percent (5%) of the voting stock of a corporation that controls the Applicant or Licensee;
    - c. Sells all or substantially all of the Applicant’s or Licensee’s assets, other than those bought and sold in the ordinary course of business;

- d. Sells an interest in all or substantially all of its assets, to an individual, group of individuals, or entity not already determined by the TEL to have met the qualifications of a Licensee.
  - 2. If a non-corporate entity, if an individual, group of individuals, or entity not already determined by the TEL to have met the qualifications of a Licensee pursuant to this policy holds at least five percent (5%) interest in the non-corporate entity.
- C. Required Notification
- Licensee shall give immediate notice to the TEL of any proposed change of ownership. The TEL, upon receipt of such notice, shall require the new equity holder or new owner of the assets of a Licensee to submit a new Application.
- D. Upon receipt of notice of a pending change of ownership, the TEL shall perform its standard investigation of the new owner(s) or equity holder(s).
  - E. While the TEL investigates a change of control, the License shall remain with the existing Licensee. In the event the change of control occurs prior to the approval of the TEL, the Licensee's License shall be suspended until such time as the TEL approves the change of ownership.
  - F. A change of ownership of a Licensee shall not be permitted or effective unless and until approved by the TEL, in its sole discretion.

**15.1.17 DENIAL, SUSPENSION, REVOCATION OF OR REFUSAL TO RENEW LICENSE**

The TEL may deny, suspend, or revoke a License if evidence satisfactory to the TEL exists that the Applicant or Licensee committed any of the following disqualifying offenses:

- A. The Applicant or Licensee knowingly made a false statement of a material fact to the TEL;
- B. The Applicant or Licensee has been suspended from operating a gambling game, gaming device, or gaming operation, or had a license revoked by any governmental authority responsible for the regulation of gaming activities;
- C. The Applicant or Licensee has been convicted of or plead guilty to a felony or misdemeanor, as determined by the Board to disqualify the Applicant;
- D. The Applicant or Licensee has been convicted of a gambling-related offense, or a theft or fraud offense;

- E. The Applicant or Licensee is a company or individual who has been directly employed by any illegal or offshore book that serviced the United States or otherwise accepted illegal wagers from individuals located in the United States;
- F. If the Applicant or Licensee has not demonstrated by clear and convincing evidence to the satisfaction of the TEL financial responsibility sufficient to adequately meet the requirements of the proposed enterprise;
- G. Licensee fails to remit the privilege tax or balance of its application fee when due;
- H. If the Applicant or Licensee is not the true owner of the business or is not the sole owner and has not disclosed on the application the existence or identity of other persons who have an ownership interest in the business;
- I. If a corporation, the Applicant or Licensee, without consent of the TEL (which the TEL may withhold, condition or delay in its sole discretion for any or no reason):
  - 1. Sells more than five percent (5%) of its voting stock;
  - 2. Sells more than five percent (5%) of the voting stock of a corporation that controls the Applicant or Licensee;
  - 3. Sells all or substantially all of the Applicant's or Licensee's assets, other than those bought and sold in the ordinary course of business;
  - 4. Sells an interest in all or substantially all of its assets, to an individual, group of individuals, or entity not already determined by the TEL to have met the qualifications of a Licensee.
- J. If a non-corporate entity, if an individual, group of individuals, or entity not already determined by the TEL to have met the qualifications of a Licensee pursuant to this policy holds at least five percent (5%) interest in the non-corporate entity.
- K. If the Licensee or any person affiliated with Licensee, commits any violation of the Sports Gaming Act, these rules and regulations, or any other applicable state or federal law or regulation.
- L. If any Person associated with an Applicant or Licensee has been convicted of a crime in any jurisdiction, involving the offenses noted in subsection 15.1.7 B, of this part, Applicant shall not be issued a License or have it renewed, unless the civil rights of the Applicant have been restored, and/or at least ten (10) years have elapsed from the date of the completion of the sentence without a subsequent conviction of a crime described in this subsection as determined by the Board.

**15.1.18 REINSTATEMENT OF LICENSE**

[Refer to Dispute Resolution Policy 15.2]