



ILLINOIS GAMING BOARD

Pat Quinn • Governor Aaron Jaffe • Chairman Mark Ostrowski • Administrator

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VIDEO GAMING PAYOUT DEVICE REQUIREMENTS (AMENDED)

REPLACING VIDEO GAMING PAYOUT DEVICE REQUIREMENTS DATED JULY 10, 2012

Pursuant to Emergency Rule 1800.1410, a payout device for video gaming terminals (i.e., a kiosk and/or “behind-the-bar,” “vault” type system) shall be required at each licensed video gaming location at which video gaming terminals are available for play. Each payout device shall conform to: (1) Scientific Games International, Inc.’s Redemption Terminal Interoperability Requirements, version 1.4, and (2) Gaming Laboratories International, LLC’s Standards for Kiosks, GLI-20, version 1.5.

In addition to the above requirements and standards, a payout device and procedures for video gaming terminals shall comply with the following provisions:

- a) An authorized payout device shall accept input of a ticket for redemption by either (1) a scanner to scan a bar code or similar secure code without the need for the ticket to physically go into the payout device, or (2) a bill validator.
- b) Any authorized payout device redeeming a ticket pursuant to Rule 1800.1410(c)(2) - where a patron redeems a ticket by submitting the ticket for payment to an authorized employee of the licensed video gaming location who then submits the ticket to a payout device (e.g., using a “behind-the-bar,” “vault” type payout device) - may, but is not required to, pay currency of less than \$1. If a payout device redeeming a ticket pursuant to Rule 1800.1410(c)(2) does not pay currency of less than \$1, the authorized employee of the licensed video gaming location shall pay the patron any remainder owed of less than \$1 in addition to the whole dollar currency amount produced by the payout device following the successful redemption of the ticket.
 - 1) The sum of the whole dollar and coinage currency amount provided to the patron by the authorized employee for redemption shall equal the currency amount reflected on the ticket dispensed by a video gaming terminal.
 - 2) A payout device that does not pay currency of less than a dollar shall incorporate a “total location change pay” meter that accumulates the total value of all amounts reflecting the remainder not paid by the payout device of less than \$1 following the successful redemption and payout by the payout device for all whole dollar amounts reflected on the ticket.
 - 3) Currency paid by an authorized employee of a licensed video gaming location for the remainder owed on a ticket of less than \$1 following the successful redemption of a ticket by a payout device that does not pay currency of less than \$1 shall be paid by the authorized employee from non-comingled funds segregated from other funds of the video gaming location that are designated for payment of video gaming activity only.
- c) All location change payments from a payout device that do not pay currency of less than \$1 and all facility payments must be accounted for by the licensed terminal operator and licensed video gaming location using Generally Accepted Accounting Principles (GAAP).

Mark Ostrowski, Administrator

Dated: July 16, 2012

ILLINOIS REGISTER

ILLINOIS GAMING BOARD

NOTICE OF EMERGENCY AMENDMENTS

- 1) Heading of the Part: Video Gaming (General)
- 2) Code Citation: 11 Ill. Adm. Code 1800
- 3)

<u>Section Numbers:</u>	<u>Emergency Action:</u>
1800.110	Amendment
1800.1410	New Section
- 4) Statutory Authority: Implementing and authorized by the Video Gaming Act [230 ILCS 40/1 et seq.], specifically Section 78 of that Act [230 ILCS 40/78].
- 5) Effective date of Amendments:
- 6) If this emergency rule is to expire before the end of the 150-day period, please specify the date on which it is to expire: The emergency amendments will expire at the end of the 150-day period or upon adoption of permanent rules, whichever comes first.
- 7) Date filed with the Index Department:
- 8) A copy of the emergency amendments, including any material incorporated by reference, is on file in the Illinois Gaming Board's principal office and is available for public inspection.
- 9) Reason for Emergency: The Illinois Gaming Board is mandated by Section 78 (b) of the Video Gaming Act [230 ILCS 40/78 (b)] to "adopt emergency rules to administer this Act in accordance with Section 5-45 of the Illinois Administrative Procedure Act."
- 10) A Complete Description of the Subjects and Issues Involved: The rulemaking adds a new Subpart N, Payout Devices and Requirements, to the Video Gaming (General) Part of the Illinois Administrative Code [11 Ill. Admin. Code 1800]. It also amends Section 1800.110, Definitions, to add a definition of "payout device."

"Payout device" is defined by Section 1800.110 as a device approved by the Board and provided by a supplier or distributor to redeem tickets dispensed by a video gaming terminal ("VGT") for cash to a player, in exchange for credits accumulated on the VGT.

New Section 1800.1410, contained in new Subpart N, imposes the following requirements pertaining to payout devices:

ILLINOIS GAMING BOARD

NOTICE OF EMERGENCY AMENDMENTS

- *Locations must have payout devices:* Each licensed video gaming location must have a payout device, as defined above.
- *Illinois Gaming Board Administrator must give prior approvals:* Each payout device must receive prior written approval from the Illinois Gaming Board Administrator (“Administrator”). All programming changes and upgrades must also receive prior approval from the Administrator. Payout devices shall conform to the redemption terminal interoperability requirements approved by the Administrator, as well as the video gaming payout device standards approved by the Administrator.
- *Methods of payment:* A player seeking to redeem a ticket dispensed by a video gaming terminal for cash may either:
 - Submit the ticket for payment to the payout device, or
 - Submit the ticket for payment to an authorized employee of the licensed video gaming location who is at least 21 years old, who then shall submit the ticket into the payout device.
- *“Facility-pay” in the event of malfunction:* If a payout device malfunctions or is otherwise inoperable and unable to produce a ticket or redeem a ticket, a player shall promptly receive a “facility-pay” from an employee of the licensed video gaming location who is at least 21 years of age. All facility-pays must be accounted for by the terminal operator and licensed video gaming location using Generally Accepted Accounting Principles (GAAP).
- *Automated teller machines may be used in conjunction with payout devices:* A payout device may allow for automated teller machine (“ATM”) functionality for patron cash withdrawals only where the material components of such functionality and any accompanying remote access communications are physically and logically segregated from the functionality for the video gaming ticket payment system. The ATM system and video gaming ticket payment system may share a single currency dispenser.
- *Required features of payout devices:* Each approved payout device shall:

ILLINOIS REGISTER

ILLINOIS GAMING BOARD

NOTICE OF EMERGENCY AMENDMENTS

- Ensure against manipulation, alteration, or change;
- Be operated in such a manner as to cause immediate notification to the central communication system of any malfunction that affects the integrity of the device;
- Provide for on-line real-time monitoring; and
- Be subject to testing by an independent laboratory and review by the Illinois Gaming Board as deemed necessary or appropriate to ensure the continued integrity of the approved payout device or any of its component parts.

11) Are there any other amendments pending to this Part? Yes

<u>Section Numbers</u>	<u>Proposed Action</u>	<u>Illinois Register Citation</u>
1800.110	Amendment	36 Ill. Reg. 5935, April 20, 2012
1800.250	Amendment	36 Ill. Reg. 6197, April 27, 2012
1800.270	Amendment	36 Ill. Reg. 6197, April 27, 2012
1800.930	Amendment	36 Ill. Reg. 6197, April 27, 2012
1800.820	New Section	36 Ill. Reg. 9377, June 29, 2012
1800.250	Amendment	
1800.230	Amendment	
1800.260	Amendment	
1800.310	Amendment	
1800.520	Amendment	
1800.830	New Section	
1800.1310	New Section	

12) Statement of Statewide Policy Objectives: This rulemaking does not create or expand a State mandate under 30 ILCS 805.

13) Information and questions regarding this rulemaking shall be directed to

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ILLINOIS REGISTER

ILLINOIS GAMING BOARD

NOTICE OF EMERGENCY AMENDMENTS

The full text of the Emergency Amendments begins on the next page.

ILLINOIS REGISTER

ILLINOIS GAMING BOARD

NOTICE OF EMERGENCY AMENDMENTS

TITLE 11: ALCOHOL, HORSE RACING, LOTTERY, AND VIDEO GAMING

SUBTITLE D: VIDEO GAMING

CHAPTER I: ILLINOIS GAMING BOARD

PART 1800

VIDEO GAMING (GENERAL)

SUBPART A: GENERAL PROVISIONS

Section

1800.110 Definitions

EMERGENCY

1800.115 Gender

1800.120 Inspection

SUBPART B: DUTIES OF LICENSEES

Section

1800.210 General Duties of All Video Gaming Licensees

1800.220 Continuing Duty to Report Violations

1800.230 Duties of Licensed Manufacturers

1800.240 Duties of Licensed Distributors

1800.250 Duties of Licensed Video Terminal Operators

1800.260 Duties of Licensed Technicians

1800.270 Duties of Licensed Video Gaming Locations

SUBPART C: STANDARDS OF CONDUCT FOR LICENSEES

Section

1800.310 Grounds for Disciplinary Actions

1800.320 Minimum Standards for Use Agreements

1800.330 Economic Disassociation

SUBPART D: LICENSING QUALIFICATIONS

Section

1800.410 Coverage of Subpart

1800.420 Qualifications for Licensure

1800.430 Persons with Significant Influence or Control

ILLINOIS REGISTER

ILLINOIS GAMING BOARD

NOTICE OF EMERGENCY AMENDMENTS

SUBPART E: LICENSING PROCEDURES

Section

1800.510	Coverage of Subpart
1800.520	Applications
1800.530	Submission of Application
1800.540	Application Fees
1800.550	Consideration of Applications by the Board
1800.555	Withdrawal of Applications
1800.560	Issuance of License
1800.570	Renewal of License
1800.580	Renewal Fees and Dates

SUBPART F: DENIALS OF APPLICATIONS FOR LICENSURE

Section

1800.610	Coverage of Subpart
1800.615	Requests for Hearing
1800.620	Appearances
1800.625	Appointment of Administrative Law Judge
1800.630	Discovery
1800.635	Subpoenas
1800.640	Motions for Summary Judgment
1800.650	Proceedings
1800.660	Evidence
1800.670	Prohibition on Ex Parte Communication
1800.680	Sanctions and Penalties
1800.690	Transmittal of Record and Recommendation to the Board
1800.695	Status of Applicant for Licensure Upon Filing Request for Hearing

SUBPART G: DISCIPLINARY ACTIONS AGAINST LICENSEES

Section

1800.710	Coverage of Subpart
1800.715	Notice of Proposed Disciplinary Action Against Licensees
1800.720	Hearings in Disciplinary Actions
1800.725	Appearances
1800.730	Appointment of Administrative Law Judge
1800.735	Discovery
1800.740	Subpoenas

ILLINOIS REGISTER

ILLINOIS GAMING BOARD

NOTICE OF EMERGENCY AMENDMENTS

- 1800.745 Motions for Summary Judgment
- 1800.750 Proceedings
- 1800.760 Evidence
- 1800.770 Prohibition on Ex Parte Communication
- 1800.780 Sanctions and Penalties
- 1800.790 Transmittal of Record and Recommendation to the Board

SUBPART H: LOCATION OF VIDEO GAMING TERMINALS IN
LICENSED VIDEO GAMING LOCATIONS

Section

- 1800.810 Location and Placement of Video Gaming Terminals

SUBPART I: SECURITY INTERESTS

Section

- 1800.910 Approvals Required, Applicability, Scope of Approval
- 1800.920 Notice of Enforcement of a Security Interest
- 1800.930 Prior Registration

SUBPART J: TRANSPORTATION, REGISTRATION, AND DISTRIBUTION
OF VIDEO GAMING TERMINALS

Section

- 1800.1010 Restriction on Sale, Distribution, Transfer, Supply and Operation of Video Gaming Terminals
- 1800.1020 Transportation of Video Gaming Terminals into the State
- 1800.1030 Receipt of Video Gaming Terminals in the State
- 1800.1040 Transportation of Video Gaming Terminals Between Locations in the State
- 1800.1050 Approval to Transport Video Gaming Terminals Outside of the State
- 1800.1060 Placement of Video Gaming Terminals
- 1800.1065 Registration of Video Gaming Terminals
- 1800.1070 Disposal of Video Gaming Terminals

SUBPART K: STATE-LOCAL RELATIONS

Section

- 1800.1110 State-Local Relations

SUBPART L: FINGERPRINTING OF APPLICANTS

ILLINOIS REGISTER

ILLINOIS GAMING BOARD

NOTICE OF EMERGENCY AMENDMENTS

Section

- 1800.1210 Definitions
- 1800.1220 Entities Authorized to Perform Fingerprinting
- 1800.1230 Qualification as a Livescan Vendor
- 1800.1240 Fingerprinting Requirements
- 1800.1250 Fees for Fingerprinting
- 1800.1260 Grounds for Revocation, Suspension and Denial of Contract

SUBPART N: PAYOUT DEVICES AND REQUIREMENTS

Section

1800.1410 Ticket Payout Devices

EMERGENCY

AUTHORITY: Implementing and authorized by the Video Gaming Act [230 ILCS 40].

SOURCE: Adopted by emergency rulemaking at 33 Ill. Reg. 14793, effective October 19, 2009, for a maximum of 150 days; adopted at 34 Ill. Reg. 2893, effective February 22, 2010; emergency amendment at 34 Ill. Reg. 8589, effective June 15, 2010, for a maximum of 150 days; emergency expired November 11, 2010; amended at 35 Ill. Reg. 1369, effective January 5, 2011; amended by emergency rulemaking at 35 Ill. Reg. 13949, effective July 29, 2011; emergency expired December 26, 2011; amended at 36 Ill. Reg. 840, effective January 6, 2012; amended by emergency rulemaking at 36 Ill. Reg. 4150, effective February 29, 2012, for a maximum of 150 days; amended at 36 Ill. Reg. 5455, effective March 21, 2012; amended at 36 Ill. Reg. _____, effective July 2, 2012; amended by emergency rulemaking at 36 Ill. Reg. _____, effective _____, for a maximum of 150 days.

SUBPART A: GENERAL PROVISIONS

Section 1800.110 Definitions

EMERGENCY

For purposes of this Part the following terms shall have the following meanings:

"Act": The Video Gaming Act [230 ILCS 40].

"Administrator": The chief executive officer responsible for day-to-day operations of the Illinois Gaming Board.

ILLINOIS REGISTER

ILLINOIS GAMING BOARD

NOTICE OF EMERGENCY AMENDMENTS

"Affiliate": An "affiliate of", or person "affiliated with", a specified person shall mean a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such person.

"Affiliated entity": An "affiliated entity" of a person is any business entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the person.

"Applicant": A person applying for any license under the Video Gaming Act.

"Application": All material submitted, including the instructions, definitions, forms and other documents issued by the Illinois Gaming Board, comprising the video gaming license application submitted to the Illinois Gaming Board.

"Associated video gaming equipment": Ticket payout systems and validation procedures; wireless, promotional and bonusing systems; kiosks; gaming-related peripherals; hardware, software and systems; and other gaming devices and equipment for compliance with:

Illinois laws, regulations, and requirements as codified or otherwise set forth; and

Board-approved video gaming industry standards.

"Attributed interest": A direct or indirect interest in an enterprise deemed to be held by an individual not through the individual's actual holdings but either through the holdings of the individual's relatives or through a third party or parties on behalf of the individual pursuant to a plan, arrangement, agreement or contract.

"Board": The Illinois Gaming Board.

"Business entity" or "Business": A partnership, incorporated or unincorporated association or group, firm, corporation, limited liability company, partnership for shares, trust, sole proprietorship or other business enterprise.

"Chi-square test": A statistical test used to determine if a relationship between variables exists by comparing expected and observed cell frequencies. Specifically, a chi-square test examines the observed frequencies in a category and compares them to what would be expected by chance or would be expected if there was no relationship between variables.

ILLINOIS REGISTER

ILLINOIS GAMING BOARD

NOTICE OF EMERGENCY AMENDMENTS

"Control": The possession, direct or indirect, of power to direct or cause the direction of the management and policies of an applicant or licensee through the ownership of voting securities, by contract or otherwise.

"Convenience store": A retail store that is open long hours and sells motor fuel and a limited selection of snacks and general goods.

"Credit": One, five, 10 or 25 cents.

"Distributor": An individual, partnership, corporation or limited liability company licensed under the Act to buy, sell, lease or distribute video gaming terminals or major components or parts of video gaming terminals to or from terminal operators.

"Enforce a security interest": To transfer possession of ownership or title pursuant to a security interest.

"EPROM": An acronym for Erasable, Programmable, Read Only Memory, which is a microprocessor component that stores memory and affects payout percentage and/or contains a random number generator that selects the outcome of a game on a video gaming terminal.

"Fraternal organization": An organization or institution organized and conducted on a not-for-profit basis with no personal profit inuring to anyone as a result of the operation and that is exempt from federal income taxation under section 501(c)(8) or (c)(10) of the Internal Revenue Code.

"Game": A gambling activity that is played for money, property or anything of value, including without limitation those played with cards, chips, tokens, vouchers, dice, implements, or electronic, electrical or mechanical devices or machines.

"Gaming": The dealing, operating, carrying on, conducting, maintaining or exposing for play of any game.

"Gaming operation": The conducting of gaming or the providing or servicing of gaming equipment.

"Gaming property collateral": Video gaming equipment subject to a security interest.

ILLINOIS REGISTER

ILLINOIS GAMING BOARD

NOTICE OF EMERGENCY AMENDMENTS

"Illinois resident":

With respect to an individual, an individual who is either:

domiciled in Illinois or maintains a bona fide place of abode in Illinois; or

is required to file an Illinois tax return during the taxable year.

With respect to a corporation, any corporation organized under the laws of this State and any foreign corporation with a certificate of authority to transact business in Illinois. A foreign corporation not authorized to transact business in this State is a nonresident of this State.

With respect to a partnership, a partnership in which any partner is an Illinois resident, or where the partnership has an office and is doing business in Illinois.

With respect to an irrevocable trust, a trust where the grantor was an Illinois resident individual at the time the trust became irrevocable.

"Institutional investor":

A retirement fund administered by a public agency for the exclusive benefit of federal, state or local public employees;

An investment company registered under section 8 of the Investment Company Act of 1940 (15 USC 80a-8);

A collective investment trust organized by a bank under Part 9 of the Rules of the Comptroller of the Currency (12 CFR 9.18);

A closed end investment trust registered with the United States Securities and Exchange Commission;

A chartered or licensed life insurance company or property and casualty insurance company;

A federal or state bank;

ILLINOIS REGISTER

ILLINOIS GAMING BOARD

NOTICE OF EMERGENCY AMENDMENTS

An investment advisor registered under the Investment Advisors Act of 1940 (15 USC 80b-1 through 80b-21); or

Such other person as the Illinois Gaming Board may determine for reasons consistent with the Act and this Part.

"License": Authorization granted by the Board permitting a licensee to engage in the defined activities of video gaming.

"Licensed establishment": Any retail establishment licensed under the Act where alcoholic liquor is drawn, poured, mixed, or otherwise served for consumption on the premises. Licensed establishment does not include a facility operated by an organization licensee, an intertrack wagering licensee, or an intertrack wagering location licensee licensed under the Illinois Horse Racing Act of 1975 or a riverboat licensed under the Riverboat Gambling Act.

"Licensed fraternal establishment": The location licensed under the Act where a qualified fraternal organization that derives its charter from a national fraternal organization regularly meets.

"Licensed technician": An individual who is licensed under the Act to repair, service and maintain video gaming terminals.

"Licensed terminal handler": A person, including but not limited to an employee or independent contractor working for a manufacturer, distributor, supplier, technician or terminal operator, who is licensed under the Act to possess or control a video gaming terminal or to have access to the inner workings of a video gaming terminal. A licensed terminal handler does not include an individual, partnership, corporation or limited liability company defined as a manufacturer, distributor, supplier, technician or terminal operator under Section 5 of the Video Gaming Act.

"Licensed truck stop establishment": A facility licensed under the Act that is at least a 3-acre facility with a convenience store, that has separate diesel islands for fueling commercial motor vehicles, that sells at retail more than 10,000 gallons of diesel or biodiesel fuel per month, and that has parking spaces for commercial motor vehicles. "Commercial motor vehicles" has the same meaning as defined in Section 18b-101 of the Illinois Vehicle Code [625 ILCS 5/18b-101]. The 10,000 gallon requirement may be met by showing that estimated future sales or past sales average at least 10,000 gallons per month.

ILLINOIS REGISTER

ILLINOIS GAMING BOARD

NOTICE OF EMERGENCY AMENDMENTS

"Licensed veterans establishment": The location licensed under the Act where a qualified veterans organization that derives its charter from a national veterans organization regularly meets.

"Licensed video gaming location": A licensed establishment, licensed fraternal establishment, licensed veterans establishment, or licensed truck stop establishment, all as defined in Section 5 of the Video Gaming Act and this Part.

"Liquor license": A license issued by a governmental body authorizing the holder to sell and offer for sale at retail alcoholic liquor for use or consumption.

"Major components or parts": Components or parts that comprise the inner workings and peripherals of a video gaming terminal, including but not limited to the device's hardware, software, human interface devices, interface ports, power supply, ticket payout system, bill validator, printer and any component that affects or could affect the result of a game played on the device.

"Manufacturer": An individual, partnership, corporation or limited liability company that is licensed under the Act and that manufactures or assembles video gaming terminals.

"Net terminal income": Money put into a video gaming terminal minus credits paid out to players.

"Nominee": Any individual or business entity that holds as owner of record the legal title to tangible or intangible personal or real property, including without limitation any stock, bond, debenture, note, investment contract or real estate on behalf of another individual or business entity, and as such is designated and authorized to act on his, her or its behalf with respect to the property.

"Ownership interest": Includes, but is not limited to, direct, indirect, beneficial or attributed interest, or holder of stock options, convertible debt, warrants or stock appreciation rights, or holder of any beneficial ownership or leasehold interest in a business entity.

"Payout device": A device approved by the Board and provided by a supplier or distributor to redeem tickets dispensed by a video gaming terminal for cash to a player in exchange for credits accumulated on a video gaming terminal.

"Person": Includes both individuals and business entities.

ILLINOIS REGISTER

ILLINOIS GAMING BOARD

NOTICE OF EMERGENCY AMENDMENTS

"Person with significant interest or control": Any of the following:

Each person in whose name the liquor license is maintained for each licensed video gaming location;

Each person who, in the opinion of the Administrator, has the ability to influence or control the activities of the applicant or licensee, or elect a majority of its board of directors, other than a bank or licensed lending institution that holds a mortgage or other lien, or any other source of funds, acquired in the ordinary course of business;

Persons having the power to exercise significant influence or control over decisions concerning any part of the applicant's or licensee's video gaming operation.

"Secured party": A person who is a lender, seller or other person who holds a valid security interest.

"Security": An ownership right or creditor relationship.

"Security agreement": An agreement that creates or provides a security interest, including but not limited to a use agreement.

"Security interest": An interest in property that secures the payment or performance of an obligation or judgment.

"Sole proprietor": An individual who in his or her own name owns 100% of the assets and who is solely liable for the debts of a business.

"Substantial interest": With respect to a partnership, a corporation, an organization, an association, a business or a limited liability company means:

When, with respect to a sole proprietorship, an individual or his or her spouse owns, operates, manages, or conducts, directly or indirectly, the organization, association or business, or any part thereof; or

When, with respect to a partnership, the individual or his or her spouse shares in any of the profits, or potential profits, of the partnership activities; or

ILLINOIS REGISTER

ILLINOIS GAMING BOARD

NOTICE OF EMERGENCY AMENDMENTS

When, with respect to a corporation, an individual or his or her spouse is an officer or director or the individual or his or her spouse is a holder, directly or beneficially, of 5% or more of any class of stock of the corporation; or

When, with respect to a limited liability company, an individual or his or her spouse is a member, or the individual or his or her spouse is a holder, directly or beneficially, of 5% or more of the membership interest of the limited liability company; or

When, with respect to any other organization not covered in the preceding four paragraphs, an individual or his or her spouse is an officer or manages the business affairs, or the individual or his or her spouse is the owner of, or otherwise controls, 10% or more of the assets of the organization; or

When an individual or his or her spouse furnishes 5% or more of the capital, whether in cash, goods or services, for the operation of any business, association or organization during any calendar year.

For purposes of this definition, "individual" includes all individuals or their spouses whose combined interest would qualify as a substantial interest under this definition and whose activities with respect to an organization, association, or business are so closely aligned or coordinated as to constitute the activities of a single entity.

"Supplier": An individual, partnership, corporation or limited liability company that is licensed under the Act to supply major components or parts to video gaming terminals to licensed terminal operators.

"Terminal operator": An individual, partnership, corporation or limited liability company that is licensed under the Act that owns, services, and maintains video gaming terminals for placement in licensed establishments, licensed truck stop establishments, licensed fraternal establishments or licensed veterans establishments.

"Use agreement": A contractual agreement between a licensed terminal operator and a licensed video gaming location establishing terms and conditions for placement and operation of video gaming terminals by the licensed terminal operator within the premises of the licensed video gaming location.

ILLINOIS REGISTER

ILLINOIS GAMING BOARD

NOTICE OF EMERGENCY AMENDMENTS

"Veterans organization": An organization or institution organized and conducted on a not-for-profit basis with no personal profit inuring to anyone as a result of the operation and that is exempt from federal income taxation under section 501(c)(19) of the Internal Revenue Code (26 USC 501(c)(19)).

"Video gaming equipment": Video gaming terminals, associated video gaming equipment and major components or parts.

"Video gaming operation": As the context requires, the conducting of video gaming and all related activities.

"Video gaming terminal": Any electronic video game machine that, upon insertion of cash, is available to play or simulate the play of a video game, including but not limited to video poker, line up and blackjack, as authorized by the Board utilizing a video display and microprocessors in which the player may receive free games or credits that can be redeemed for cash. The term does not include a machine that directly dispenses coins, cash, or tokens or is for amusement purposes only.

(Source: Amended by emergency rulemaking at 36 Ill. Reg. _____, effective _____, for a maximum of 150 days)

SUBPART N: PAYOUT DEVICES AND REQUIREMENTS

Section 1800.1410 Ticket Payout Devices

EMERGENCY

- a) Each licensed video gaming location at which video gaming terminals are available shall have a payout device as defined in Section 1800.110 of this Part.
- b) In addition to the requirement set forth in this section, each payout device shall conform to the redemption terminal interoperability requirements approved by the Administrator, and to the video gaming payout device standards approved by the Administrator. A licensed video gaming location shall only use a payout device that has received prior written approval by the Administrator. All programming changes or upgrades to an approved payout device shall also receive prior written approval by the Administrator.

ILLINOIS REGISTER

ILLINOIS GAMING BOARD

NOTICE OF EMERGENCY AMENDMENTS

- c) For purposes of Section 20 of the Act, a player seeking to redeem a ticket dispensed by a video gaming terminal for cash may either:
 - 1) submit the ticket for full payment directly to a payout device; or
 - 2) submit the ticket for full payment to an authorized employee of the licensed video gaming location who is at least 21 years old who shall then submit the ticket into a payout device.

- d) If a video gaming terminal and/or payout device has malfunctioned or is otherwise inoperable and unable to produce a ticket or redeem a ticket, a player shall promptly receive a “facility-pay” from an employee of the licensed video gaming location or an employee of the licensed terminal operator who is at least 21 years old.

- e) All facility payments must be accounted for by the licensed terminal operator and licensed video gaming location using Generally Accepted Accounting Principles (GAAP).

- f) A payout device may allow for automated teller machine (ATM) functionality for patron cash withdrawals initiated from bank cards and other similar instruments only where the material components of such functionality and any accompanying remote access communication is physically and logically segregated from the functionality for the video gaming ticket payment system. The ATM system and video gaming ticket payment system may share a single currency dispenser.

- g) Each approved payout device shall:
 - 1) ensure against manipulation, alteration, or change of the approved payout device;
 - 2) be operated in such a manner as to cause immediate notification to the central communication system of any malfunction that affects the integrity of the approved payout device;
 - 3) provide for on-line real-time monitoring; and

ILLINOIS REGISTER

ILLINOIS GAMING BOARD

NOTICE OF EMERGENCY AMENDMENTS

- 4) be subject to testing by an independent laboratory and review by the Board as deemed necessary or appropriate to ensure the continued integrity of the approved payout device or any of its component parts.

(Source: Added by emergency rulemaking at 36 Ill. Reg. _____, effective _____, for a maximum of 150 days)