

## U.S. VIRGIN ISLANDS INTERNET GAMING AND GAMBLING

### FINAL REGULATIONS – (Adopted November 25, 2002)

#### §603-1.1 Definitions

The following words and terms, when used in these rules, shall have the following meanings, unless the context clearly indicates otherwise.

- (a) “Act” means all current and previous Virgin Islands legislation enacted to enable land-based casino and Internet gaming or Internet gambling operations.
- (b) “Approved Game” means an Internet game that the Commission has approved for use in online wagering by an Internet gaming or Internet gambling licensee.
- (c) “Approved Internet Gambling” means conducting Internet gambling with the approval of the Commission.
- (d) “Bank” means any financial institution organized under federal, state or territorial law including, but not limited to: a bank; a thrift institution; a credit union; a credit card services institution and any other financial services institution recognized under the laws of the United States and United States Virgin Islands as a financial intermediary.
- (e) “Commission” means the Casino Control Commission established pursuant to the provisions of Title 32, Virgin Islands Code.
- (f) “Control” means: ownership of, or the power to vote, directly or indirectly, at least fifteen percent (15%) of a class of voting securities or voting interests of an Internet gaming or Internet gambling licensee or person in control of an Internet gaming or Internet gambling licensee; or the power to elect a majority of executive officers, managers, directors, trustees, or other persons exercising managerial authority of an Internet gaming or Internet gambling licensee or person in control of an Internet gaming or Internet gambling licensee; or the power to exercise directly or indirectly, a controlling influence over the management of policies of an Internet gaming or Internet gambling licensee or person in control of an Internet gaming or Internet gambling licensee, if the Commission, after notice and opportunity for hearing, so determines.
- (g) “Control System” means any system of internal controls, gaming and legal compliance procedures, and administrative and accounting procedures for the operation of an approved game by an Internet gaming or Internet gambling licensee.
- (h) “Court” means the Territorial Court of the Virgin Islands.
- (i) “Division” means the Division of Gaming Enforcement as established pursuant to the provisions of Title 32, Virgin Islands Code.

- (j) “Executive Officer” means a president, chairperson of the executive committee, chief financial officer, principal employee, responsible for individual, or other individual who performs similar functions.
- (k) “Gaming Record” means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form, including documents, about the operation of an approved game conducted by an Internet gaming or Internet gambling licensee pursuant to a license issued by the Commission.
- (l) “Gross Franchise Revenue” means the total of all sums received by the Master Service Providers from Internet gaming or Internet gambling licensees.
- (m) “Gross Internet Gambling Revenue” means the total of all sums, including checks received by the Internet gaming or Internet gambling licensee under the Internet Gaming Act actually received by an Internet gaming or Internet gambling licensee from gaming operations, less the total of all sums paid out as winnings to players, but including an allowance for uncollectible gaming receivables. The deduction for uncollectible gaming receivables shall not exceed the lesser of: a reasonable provision for uncollectible player checks received from gaming operations; or four percent (4%) of the total of all sums including checks, whether collected or not, less than the amount paid out as winnings to players.
- (n) “Gross Service Provider Revenue” means the total of all sums received by the Master Service Providers from Internet gaming or Internet gambling licensees.
- (o) “Hardware” means any computer, computer server, or other device whether electronic, electrical or mechanical, required for or used in approved Internet gaming or Internet gambling.
- (p) “Identity” in relation to a person means name, physical, mailing and e-mail address, date of birth or a prescribed aspect of the person’s identity.
- (q) “Internet Funds” are funds that are transferred through a third party or peer-to-peer and which the payee can access and retrieve for debiting or crediting an account.
- (r) “Internet Game” means a scheme, arrangement, or plan comprised of prize, chance, and consideration or prize, mixed chance and skill, and consideration that is approved and authorized by the Commission.
- (s) “Internet Gaming or Internet Gambling” means the dealing, operating, carrying on, conducting, maintaining, or exposing for pay, of any Internet Game.
- (t) “Internet Gaming Equipment” or “Internet Gambling Equipment” means a computer or other device (whether electronic, electrical or mechanical), computer software, or another thing used, or suitable for use, in the conduct of an approved game.
- (u) “Internet Gaming or Internet Gambling Licensee” means a person or entity approved by the Commission to conduct Internet gaming or Internet

- gambling; or, a person or entity approved by the Commission to provide goods and services to any other person or entity approved by the Commission to conduct Internet gaming or Internet gambling.
- (v) “Internet Gaming or Internet Gambling System” shall mean the integrated system of hardware, software, data, communications, and security components used by the Internet gaming or Internet gambling licensee to conduct Internet gaming or Internet gambling.
  - (w) “Key Employee” means a person who occupies or acts in a managerial position or carries out managerial functions in relation to an operation carried out under an Internet gaming or Internet gambling operation, or is a person in a position to control or exercise significant influence over Internet gaming or Internet gambling operations.
  - (x) “License” means a license for Internet gaming or Internet gambling issued pursuant to the Internet Gaming and Gambling Act.
  - (y) “Master Service Provider” means the person or entity authorized by the Internet Gaming and Gambling Act to host the physical operations, including hardware, software, and personnel of approved Internet gambling in the Virgin Islands, all shareholders, partners, members, or other owners thereof, subject to the rules and regulations promulgated by the Commission in accordance with the provisions of section 4, subsection (b) of the Master Franchise Agreement.
  - (z) “Outstanding,” with respect to a payment instrument, means issued, awarded, or sold by or for the Internet gaming or Internet gambling licensee and which has been reported as issued, awarded or sold but not yet paid by or for the Internet gaming or Internet gambling licensee and which has been reported as issued, awarded or sold but not yet paid by or for the Internet gaming or Internet gambling licensee.
  - (aa) “Play” means participate in an approved game conducted by an Internet gaming or Internet gambling licensee.
  - (bb) “Player” means a person who has attained the age 21 and who participates in an approved game conducted by an Internet gaming or Internet gambling licensee.
  - (cc) “Random Number Generator” or “RNG” means a computer or computer server or software program used to produce a selection of numbers in no particular order and with no favor being given to any numbers that behave similarly to realizations of independent, identically distributed random variables; a procedure which produces different values each time it is called simulating a random selection process that ensures the fairness of an approved game or approved Internet gaming or Internet gambling.
  - (dd) “Record” means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

- (ee) “Regulations” means all current and previous Virgin Islands rules or orders proscribed or adopted by the Commission with regard to land-based casino and Internet gaming or Internet gambling operations.
- (ff) “Responsible individual” means an individual who programs or customizes the specific hardware platform for the Internet gaming or Internet gambling licensee, operating system of the Internet gaming or Internet gambling licensee, and application software of and for the Internet gaming or Internet gambling licensee that can affect game play or has access to sensitive areas, or who is employed by an Internet gaming or Internet gambling licensee, and has principal, active, managerial authority, empowered to make discretionary decisions over the provision of approved gaming and approved Internet gaming or Internet gambling by the Internet gaming or Internet gambling licensee in the Virgin Islands.
- (gg) “Software” means the assembled, compiled or engineered intellectual information and instructions in a program and includes procedures and associated documentation concerned with the operation of a computer, computer program, or computer network.
- (hh) “System Tester” means an accredited systems testing entity licensed by the Commission to perform systems and game testing for Internet gaming or Internet gambling licensees.
- (ii) “Unsafe or unsound practice” means a practice or conduct by a person licensed to engage in approved Internet gaming or Internet gambling which creates the likelihood of insolvency or material loss or dissipation of the Internet gaming or Internet gambling licensee’s assets beyond that prescribed by law, or otherwise materially prejudices the interests of its players.
- (jj) “Virgin Islands or Territory” means the United States Virgin Islands.
- (kk) “Wager” means an amount a player puts at risk in playing an approved game conducted by an Internet gaming or Internet gambling licensee.

#### **§604-1.1 Authority of the Commission**

- (a) These regulations are issued under and pursuant to the authority of the U.S. Virgin Islands Technology Initiative, Chapter 21 of Title 32 of the Virgin Islands Code, as amended.
- (b) The Commission may request a legal opinion from the Virgin Islands Department of Justice regarding whether Internet gaming or Internet gambling can be operated in compliance with all federal and territorial law.
- (c) To fulfill its legislative mandate and given the innovative nature of Internet gaming or Internet gambling, the Commission shall have the power to amend these regulations from time to time through both formal and informal rulemaking.

- (d) These regulations shall be liberally construed in favor of unfettered regulatory oversight to permit the Commission and the Division to effectively carry out their respective statutory functions and to secure a just and expeditious determination of issues properly presented to the Commission.

#### **§604-1.2 Severability**

If any Court shall declare any parts or portions, subsection, section, or provision of these Regulations invalid, the remaining parts and portions, subsection, section and provision shall remain in full force and effect.

#### **§605-1.1 License Required**

- (a) All persons or entities must receive an Internet gaming or Internet gambling license from the Commission prior to conducting an Internet gaming or Internet gambling business at or from a place in the Virgin Islands.
- (b) All persons or entities must receive an Internet gaming or Internet gambling license from the Commission prior to engaging in owning, controlling, or operating a computer server in the Virgin Islands that enables an Internet game to be played.
- (c) All persons or entities must receive an Internet gaming or Internet gambling license from the Commission prior to engaging in offering, advertising, or soliciting in the Virgin Islands the playing of Internet games; provided, however, that such a requirement is not applicable to electronic and print media providers with no ownership interest in, or common ownership with, any Internet gaming or Internet gambling business.
- (d) All persons or entities must receive an Internet gaming or Internet gambling license from the Commission prior to engaging in any behavior that a reasonable person would believe indicates that the person or entity is holding themselves out as an approved Internet gambling licensee.

#### **§605-1.2 Person & Entity Approval Required**

- (a) All persons or entities must receive approval from the Commission prior to working for, contracting services to, or consulting to, an Internet gaming or Internet gambling business at or from a place in the Virgin Islands, provided, however, that regulated professional service providers such as certified accountants and licensed attorneys shall not be required to obtain approval from the Commission when they do not have an interest in the Internet gaming or Internet gambling business.

- (b) Approval as required under Section 605-1.2(a) may be granted on an interim basis by the Commission; provided, however, that such interim approval shall be effective for no longer than 12 months.
- (c) Each employee, consultant, and service contractor, shall at a minimum submit the following information to the Commission:
  - 1. Any casino or Internet gaming or Internet gambling license or registration number;
  - 2. Last name, first name and middle initial as indicated on his or her license, birth certificate, or registration;
  - 3. If an entity, the legal name of the entity and the jurisdiction of incorporation, and tax identification number;
  - 4. date of birth;
  - 5. Job title;
  - 6. Job description;
  - 7. The initial date of hire in the position indicated in the notice;
  - 8. The effective date of any change in the employee's position or job title;
  - 9. Social security number; and
  - 10. If the person has no social security number, then the federal tax identification number.

### **§605-1.3 Computer Systems Approval**

- (a) An Internet gaming or Internet gambling licensee shall apply to the Commission for approval of the computer system, hardware, systems software, application software and any other gaming equipment the Internet gaming or Internet gambling licensee proposes to use to conduct Internet games.
- (b) All computer systems, hardware, systems software, application software and any other gaming equipment the Internet gaming or Internet gambling licensee proposes to use to conduct Internet games shall be specifically tested by the Division of Gaming Enforcement or a system tester selected by the Division of Gaming Enforcement.
- (c) An Internet gaming or Internet gambling licensee shall apply to Commission for approval to change the Internet gaming or Internet gambling licensee's approved computer system.
- (d) The Commission shall evaluate the system or proposed change in a timely manner, if the Commission determines that it is necessary to engage in an evaluation.
- (e) The Commission, after considering the application, and performing an evaluation if deemed necessary, shall provide a written approval or denial for the proposed computer system.

- (f) The Internet gaming or Internet gambling licensee shall be responsible for all costs of the Commission and Division that are incurred in testing and evaluating any computer system; and the Commission may require an advance payment of such costs as the Commission deems reasonable.
- (g) Any denial of approval by the Commission shall be accompanied with a detailed reason for the denial.
- (h) Internet gaming or Internet gambling licensees may only conduct Internet games using the Internet gaming or Internet gambling licensee's computer system that has been approved by the Commission and licensed on St. Croix, U.S. Virgin Islands.
- (i) An Internet gaming or Internet gambling licensee must not change, or authorize a change to, the Internet gaming or Internet gambling licensee's approved computer system, unless the change has been approved in writing by the Commission.

#### **§605-1.4 Computer Systems Evaluation Criteria**

- (a) The Commission shall establish the criteria to be applied in evaluating the functionality of computer systems used to provide Internet gaming or Internet gambling, the approved games and wagering types to be offered, the communications interface which connects these systems to the Internet, and the communications interface which connect these systems to other computer equipment. The Commission shall revise the criteria from time to time and may publish a technical standards reference to supplement the evaluation criteria.
- (b) The hardware platform, operating system and application software must be proven to be reliable.
  - 1. The hardware platform(s) used must have a mean time between failure (MTBF) in excess of 22,000 hours.
  - 2. Where redundant sub-systems are used (e.g. Master/Slave configurations, clusters, RAID), each redundant system must have an MTBF in excess of 10,000 hours.
  - 3. Published MTBF figures should be included with any application for approval by the Commission.
- (c) Operating System reliability will be measured in terms of re-boots not due to non-redundant system faults and the time taken for restoration.
  - 1. System re-boots that occur due to the failure of a redundant component will be counted as Operating System Failures.
  - 2. A reliable Operating System is one that re-boots less than once per week and requires less than 10 minutes to return to service.
  - 3. Operating System reliability will be tested during evaluation.

- (d) Application software reliability will be measured in terms of application re-starts not due to non-redundant system faults and the time taken for restoration .
  - 1. Application re-starts that occur due to the failure of a redundant component will be counted as application software failures.
  - 2. Reliable application software is software that re-starts less than once per week and requires less than 10 minutes to return to service.
  - 3. Application software reliability will be tested during evaluation.
- (e) Logical security will be tested, reviewed and evaluated.
  - 1. The computer system must meet the security requirements for Trusted Computer System Evaluation Criteria (TCSEC) C2 level class computer systems or similar rating/certification.
  - 2. The operating system of the computer(s) must provide comprehensive password security.
  - 3. All computer systems (including operator PCs) in the same broadcast domain as the Internet gaming or Internet gambling system must have the same logical and physical security as the Internet gaming system host.
  - 4. The Internet gaming or Internet gambling system and all computer systems that connect to the Internet gaming or Internet gambling system at the IP level must run resident virus detection software.
  - 5. All programs and important data files must only be accessed by entry of a password that will be known only to authorized personnel.
  - 6. All Personal Identification Numbers (PINs) and passwords in the system must be stored in an encrypted, nonreversible form.
  - 7. Use of the system for development or testing must be completely logically separated from the live production system and its database.
  - 8. A program must be available that will list all registered users on the system including their privilege level.
  - 9. There must be adequate tools and procedures to regularly assess the vulnerability of the Internet gaming or Internet gambling system from an internal or external attack.
- (f) The system must ensure that there is no illicit access possible to player accounts or unclaimed prize money residing in the system (e.g. funds in dormant accounts).



- (g) There must be adequate methods to ensure that changes to systems or data are identifiable.
- (h) An audit trail of changes to gaming parameters must be maintained by the system and accessible on demand by authorized personnel.
- (i) Areas in which a system must be able to fulfill its tasks in providing reports to the Commission include:
  - 1. Verification of the financial activity of all Internet gaming or Internet gambling (including jackpots) conducted by the Internet gaming or Internet gambling system;
  - 2. Verification of the fair play of games (and jackpots) that the system offers to player;
  - 3. Verification of the correct operation of the gaming system; and
  - 4. Any other events deemed relevant by the Commission.
- (j) An Internet gaming or Internet gambling system must be capable of producing a daily, weekly and monthly based financial summary report that totals all funds in, funds out, turnover, total wins for the system. This report shall summarize Gross Internet Gambling revenue.
- (k) An Internet gaming or Internet gambling system must be capable of providing a report that details summary game play information in order to verify the return to play (RTP) for each game configured on the Internet gaming or Internet gambling system. This shall be derived from the network total of turnover & total wins for each game offered. The number of games played and games won for each game shall also be provided.
- (l) If relevant, the Internet gaming system must:
  - 1. Provide financial summary information on each jackpot configured on the system;
  - 2. Provide detailed information regarding jackpot parameter settings, configuration, and changes; and
  - 3. Provide information on player loyalty data details.
- (m) Internet gaming or Internet gambling licensees must have a system in place to provide the Commission with electronically formatted game play data from a secure part of the service provider's computer system. The data must be of sufficient detail and completeness to allow automated verification of player payouts, gross Internet gambling revenue, trend analysis, and anomaly identification.
- (n) The Internet gaming or Internet gambling licensee must have a technological method to backup all critical data on a daily basis that comprises financial, security, and event information.
- (o) There must be an uninterruptible power supply for each CPU and each independently powered electronic data storage unit that, in the event of a main power outage, allows sufficient time for the system to be shut down

- in a manner that preserves all data and the integrity of the computer system.
- (p) The computer system, including communications components, must include automated monitoring of critical components.
    - 1. If a critical component fails an automated monitoring test, then it must be taken out of service immediately
    - 2. The component must not be returned to service until there is reasonable evidence that any fault has been rectified.
  - (q) In the event of a failure, the Internet gaming or Internet gambling system must be able to recover all critical information from the time of the last backup to the point in time at which the system failure occurred (no time limit is specified).
  - (r) All software for all application components of the Internet gaming or Internet gaming or Internet gambling system must be maintained under an appropriate software version control system or mechanism.
  - (s) Software and hardware version control should be maintained by the Internet gaming or Internet gambling licensee to coordinate interoperability of hardware, software and applications.
  - (t) Determination of events of chance must not be influenced, affected or controlled by anything other than numerical values derived in an approved manner from an approved random number generator in conjunction with the prevailing payout table and rules of the game.
  - (u) The output of the events of chance from the RNG must not be predictable.
  - (v) Any outcomes derived from the RNG must be uniformly distributed.
  - (w) Any mappings to convert random numbers into events of chance must be uniformly distributed and unpredictable.
  - (x) Events of chance must demonstrate that they are statistically random when subject to the same statistical tests for randomness specified for the base random number generator.
  - (y) All numbers generated from the RNG shall be created on the Internet gaming or Internet gambling licensee's computer system not on, at, or through the player's computer or playing device.
  - (z) The use of a random number generator must result in the selection of numeric outcomes which are to be proven to be statistically independent; be uniformly distributed over their range; pass various recognized statistical tests; and be unpredictable.
  - (aa) The Internet gaming or Internet gambling system must employ firewall technology to prevent unauthorized access to the Internet gaming or Internet gambling system and to identify and track suspicious communications activity.
  - (bb) The Internet gaming or Internet gambling system must communicate with the systems of players using a secure or encrypted communications protocol.

### **§605-1.5 Control Systems Approval**

- (a) Without a limitation to other sections of these regulations, a control system must include:
1. the accounting systems, financial procedures and chart of accounts, the administrative systems and procedures, the compliance plans, the computer software and hardware and the standard forms and terms used to conduct Internet games;
  2. the procedures including, if appropriate, formulas for, or with respect to, the hold percentages and their calculation and verification to be followed in conducting Internet games;
  3. the procedures and standards for maintaining the integrity of all data and equipment used in conducting Internet games;
  4. the procedures for recording and paying prizes won in Internet games and maintaining and using players' accounts, including the procedures for paying in and out of any account, foreign currency dealings and the recording of all transactions relating to gaming operations;
  5. the structure of the organization to which it relates, including:
    - i. the management structure and description of positions within the management structure and the responsibilities and functions of those positions;
    - ii. the employee structure and description of positions within the employee structure and the responsibilities and functions of those positions;
    - iii. the chain of authority that shows the diversity of responsibility among employees engaged in all operations of the Internet gaming or Internet gambling business including primary

- and secondary supervisory positions; and
      - iv. if the organization uses an agent, the terms and conditions of the agency agreement including to whom the agent is to report or to whom the agent is accountable within the organization; and
      - v. all measures for securing all data.
- (b) All approved games shall only be conducted using the control system approved by the Commission.
- (c) An Internet gaming or Internet gambling licensee shall make an application to the Commission for approval of the Internet gaming or Internet gambling licensee's proposed control system, or changes to a control system approved by the Commission. Such a submission shall, with specificity, identify all material elements and document the proposed control system or proposed control system changes.
- (d) Emergency Changes. If an approved Internet gaming or Internet gambling licensee's control system has either been breached, compromised, or the integrity of the Internet gaming or Internet gambling licensee's control system has been jeopardized, as in an emergency, then the Internet gaming or Internet gambling licensee may immediately implement changes to the control system that are necessary to address the emergency. In such cases, the Internet gaming or Internet gambling licensee shall immediately inform the Commission of the measures implemented and shall submit such changes to the Commission for approval within 24 hours.
- (e) Other than emergency changes, as set forth in Section 605-1.5(d), the Internet gaming or Internet gambling licensee shall not change the control systems without prior written approval from the Commission.
- (f) The Commission shall consider the application of the Internet gaming or Internet gambling licensee for implementing or changing a control system;
- (g) The Commission shall evaluate the new control system or proposed change in a timely manner if the Commission determines that it is necessary to engage in an additional evaluation.
- (h) The Commission shall, after considering the application and evaluation if necessary, provide a written approval or denial for the control system or change.
- (i) In evaluating the control system, the Commission shall, without limitation, ensure that the system promotes security, reliability and provides reasonable assurances that players will be of lawful age and are communicating only from jurisdictions that have not been identified by the

U.S. Virgin Islands Department of Justice as jurisdictions where engaging in online gambling is illegal.

- (j) The Internet gaming or Internet gambling licensee shall be responsible for all costs of the Commission and Division that are incurred in testing or evaluating any control system, and the Commission may require an advance payment of such costs as the Commission deems reasonable.
- (k) The Internet gaming or Internet gambling licensee shall promptly respond to any Commission or Division requests for additional information regarding a control system.
- (l) Any denial of approval by the Commission shall be accompanied with a detailed reason for the denial.
- (m) The Commission may, at its sole discretion, by written notice to an Internet gaming or Internet gambling licensee, direct the Internet gaming or Internet gambling licensee to change the Internet gaming or Internet gambling licensee's approved control system within the time, and in the way specified in the notice.
- (n) If the Internet gaming or Internet gambling licensee does not comply with the direction to change a control system, the Commission may, in its discretion, suspend the license of the Internet gaming or Internet gambling licensee to offer Internet gambling, until the Internet gaming or Internet gambling licensee complies with the direction to the satisfaction of the Commission.

### **§606-1.5 Game Approval**

- (a) An Internet gaming or Internet gambling licensee shall apply to the Commission for approval of an online gambling game; or approval of changes to an approved game.
- (b) In applying for approval of a game, in addition to any other relevant information, the Internet gaming or Internet gambling licensee shall provide to the Commission, without limitation, the following information:
  - 1. The theoretical payout percentage, along with any documentation substantiating such a theoretical payout percentage;
  - 2. The likely payout percentage to average players, along with any documentation substantiating such a likely average payout percentage;
  - 3. The detailed rules of the game;
  - 4. The pay tables for the game;
  - 5. The minimum and maximum bets for each wagering event in a game;

6. The results of all testing of the game performed by, or on behalf of, the Internet gaming or Internet gambling licensee;
  7. The vendor that supplied the game;
  8. Information regarding uses of the same or a similar game by other Internet gaming or Internet gambling licensees; and
  9. Any other information that may be required by the Commission.
- (c) The Commission shall consider the game application of the Internet gaming or Internet gambling licensee;
- (d) The Commission shall evaluate and test the game or the proposed change, for honesty and fairness, if the Commission determines that it is necessary to engage in an evaluation and test;
- (e) The Commission shall, after considering the application, and the evaluation if necessary, provide a written approval or denial of approval for the computer system or change.
- (f) The Internet gaming or Internet gambling licensee shall be responsible for all costs of the Commission and Division that are incurred in testing and evaluating any computer system, and the Commission may require an advance payment of such costs as the Commission deems reasonable.
- (g) The Commission may issue amendments to these regulations as games are approved by the Commission. The amendments shall describe approved games, the payout odds, any vigorish, game rules, payment procedures and other relevant information similar to the information set forth in the Internet Gaming and Gambling Act.

#### **§606-1.6 Merger of Approved Licensees and Casino Operations**

- (a) Any Internet gaming or Internet gambling licensee that wishes to merge with a casino operator licensed in the U.S. Virgin Islands or other jurisdiction deemed suitable by the Commission shall submit an application to the Commission for approval of such a merger. Such an application shall contain all relevant information regarding the proposed combined information including, without limitation:
1. the proposed integration of the Internet gaming or Internet gambling licensee operations with the licensed casino operations;
  2. the proposed business plan of the Internet gaming or Internet gambling licensee after merger;
  3. the projected impact on revenue to the Internet gaming or Internet gambling licensee and licensed casino operator;

4. the projected impact on employees of the Internet gaming or Internet gambling licensee and licensed casino operator; and
  5. a statement regarding the commercial reason for the proposed merger.
- (b) The Commission shall investigate the proposed merger.
  - (c) The Commission shall review the status and history of the Internet gamign or Internet gambling licensee and the licensed casino operator.
  - (d) The Commission shall independently assess whether the merger is consistent with the public policy of the Virgin Islands and its residents.
  - (e) The Commission shall issue a written approval or refusal to grant approval.
  - (f) The Commission shall, if the merger is not approved, provide a reason for not approving the merger.

#### **§607-1.1 Contents of the Application for Internet Gambling License**

- (a) Each Internet gaming or Internet gambling license applicant shall provide all information requested by the Commission including, without limitation:
  1. the legal name, residential and business addresses of the applicant and any fictitious or trade name used by the applicant in the conduct of its business;
  2. the applicant's civil litigation for the last five (5) years;
  3. a description of any gaming business previously or presently engaged in by the applicant;
  4. an inventory of any software and an inventory of computer hardware that the applicant believes will be utilized by the applicant in the proposed Internet gaming or Internet gambling business, provided, however, that the Commission may require, and the applicant shall provide, a copy of any software the applicant is planning to use in the proposed business;
  5. the name and address of any clearing financial institutions through which the applicant's prizes will be payable;
  6. a document confirming that the requirements for security and net worth, as set forth in sections 611 and 629 of the Internet gaming or Internet Gambling Act, have been satisfied;
  7. a draft services agreement between the Master Service Provider and the applicant indicating that the Master Service Provider finds the terms of such an agreement acceptable;

8. a document confirming that the applicant acknowledges that the laws of the Virgin Islands and the United States, as applicable, shall apply to the conduct of its operations and that the applicant shall comply with all rules and regulations promulgated by the Commission as applicable to the conduct of approved games and that the applicant agrees to the location of its operations within the facility operated by the Master Service Provider; and
  9. such other information as the Commission may reasonably require with respect to the applicant.
- (b) If an applicant is a corporation, the applicant shall also provide:
1. the date of the applicant's incorporation and the jurisdiction of incorporation;
  2. a certificate of good standing from the jurisdiction in which the applicant is incorporated;
  3. a description of the corporate structure of the applicant, including any parent or subsidiary of the applicant, and whether any parent or subsidiary is publicly traded on a securities exchange;
  4. the legal and any fictitious name, business and residential addresses, and employment records, for the past five years, of each executive officer, director, principal employee, and controlling persons of the applicant;
  5. civil litigation and criminal convictions for the past ten (10) years of each executive officer, director, principal employee, and controlling persons of the applicant;
  6. a copy of the applicant's audited financial statements for the most recent fiscal year and, if available, for the next preceding two years;
  7. a copy of the applicant's unconsolidated financial statements for the current year, whether audited or not, and, if available, for the next preceding two (2) years;
  8. if the applicant is a publicly traded corporation, a copy of the most recent 10-K report filed with the United States Securities and Exchange Commission;
  9. if the applicant is a wholly owned subsidiary of a corporation publicly traded in the United States;
    - i. then a copy of the articles of incorporation and all amendments;
    - ii. audited financial statements for the parent corporation for the current year; or
    - iii. the parent corporation's most recent 10-K reports filed with the United States Securities and Exchange Commission;



10. If the applicant is a corporation publicly traded outside of the United States, then
  - i. similar documentation filed with the parent corporation's non United States regulator; and
  - ii. such other information that the Commission may reasonably require.
- (c) If the applicant is not a corporation, the applicant shall also provide:
  1. evidence that the applicant is qualified to do business in the Virgin Islands;
  2. the legal and any fictitious name, business and residential addresses;
  3. personal financial statements and employment records for the last five years, for each controlling person that is an individual and each responsible individual of the applicant;
  4. civil litigation claims and criminal convictions, for the last ten years, of each controlling person that is an individual and each responsible individual of the applicant; and
  5. a copy of the applicant's audited financial statements for the current year, and, if available, for the two years prior to the current year.
- (d) A nonrefundable application fee of \$10,000 must accompany the application.
- (e) In addition, for the first two (2) years after the commencement of Internet gaming or Internet gambling, a license fee of \$25,000 must accompany an application for a license under this section. The license fee shall be refunded if the application is denied.
- (f) Security
  1. A surety bond in an amount not less than \$100,000 must accompany an application for a license. The applicant may petition the Commission, for some other form of security, and if the Commission finds such other security satisfactory, then the Commission may, in its sole discretion, accept such other form of security in lieu of the security bond.
  2. Notwithstanding the previous subsection, the Commission may in writing increase the amount of security required based upon the potential outstanding liability of an Internet gaming or Internet gambling licensee for jackpots, player deposits, and money held in trust.
  3. A security must be in a form satisfactory to the Commission and run to the Government of the Virgin Islands for the benefit of any claimant against the Internet gaming or Internet gambling licensee to secure the faithful

performance of the obligations of the Internet gaming or Internet gaming or Internet gambling licensee with respect to payment of prizes and monies held on account for players.

4. The aggregate liability on a surety bond may not exceed the principal sum of the bond.
  5. A claimant against an Internet gaming or Internet gambling licensee may maintain an action directly on the bond, or the Commission may maintain an action on behalf of the claimant. The bond must run to the Government of the Virgin Islands for the benefit of the commission or any person injured by a wrongful act, omission, default, fraud, or misrepresentation of an Internet gaming or Internet gaming or Internet gambling licensee or employee of the Internet gaming or Internet gambling licensee in the conduct of its business as an Internet gaming or Internet gambling licensee. Only one bond is required of an Internet gaming or Internet gambling licensee, irrespective of the number of executive officers, directors, principal employees or other employees of the Internet gaming or Internet gambling licensee.
  6. A surety bond must remain in effect until cancellation, which may occur only after 30 days written notice to the Commission of the intended cancellation.
  7. A surety bond must cover claims effective for as long as the Commission specifies, but at least two years after the Internet gaming or Internet gambling licensee ceases to be an approved Internet gaming or Internet gaming or Internet gambling business in the Virgin Islands. The Commission may, however, permit the amount of security to be reduced or eliminated before that time, to the extent that the amount of the Internet gaming or Internet gambling licensee's prizes outstanding are reduced.
  8. The Commission may permit an Internet gaming or Internet gambling licensee to substitute another form of financial security acceptable to the Commission.
- (g) The applicant for a license shall also be responsible for the total costs associated with the investigation of the applicant in addition to the application fee and the license fee required by this subsection.
- (h) Upon petition of the applicant, the Commission may waive a requirement of subsections (a) through (c) of this section or permit an applicant to submit substituted information in lieu of the required information.
- (i) A license is required, along with a \$10,000 license fee, under the provision of this section, for every shareholder owning directly or indirectly over

fifteen percent (15%) of any class of voting Securities, and all executive officers, all directors, principal programmers, system operators, and any other persons as the Commission or the Division may determine, including individuals or entities that have a controlling interest.

### **§607-1.2 Internet Gambling License Applicant Eligibility**

- (a) No Internet gaming or Internet gambling business may operate unless all necessary license and approvals have been obtained in accordance with the Internet Gaming and Gambling Act and these regulations.
- (b) Persons and entities on the excluded persons list for casino licensees shall not receive an Internet gaming or Internet gambling license and may not own, operate, consult, supply or in any other way interact with an Internet gaming or Internet gambling licensee.
- (c) No Internet gaming or Internet gambling license shall be issued or renewed by the Commission, unless the individual qualifications of every person required by the Commission to qualify as part of the application or renewal of the Internet gaming or Internet gambling Licensee, or applicant, shall have first been established in accordance with all relevant standards set forth in the Internet Gaming and Gambling Act and the rules and regulations of the Commission.
- (d) All persons in similar positions in relation to the Internet gaming or Internet gambling licensee as those persons are to a casino licensee that are required to qualify pursuant to the provisions of section 434 and 437 of the Virgin Islands Casino and Resort Control Act shall be required to qualify as part of the application for the issuance or renewal of an Internet gaming and gambling license.

### **609-1.1 Issuance of License**

- (a) Upon the filing of an application for a license, under the provisions of this section and such supplemental information as the Commission may require, the Commission shall request the Division to conduct such investigation into the qualification of the applicant. The Commission shall conduct a hearing thereon concerning the qualifications of the applicant. The Commission may issue a license to an applicant under this section if it finds that all of the following conditions have been fulfilled:
  - 1. The applicant has complied with sections 607 and 608 of the Internet Gaming and Gambling Act and regulations;
  - 2. The competence, experience, character, and general fitness of the executive officers, directors, principal employees and controlling persons indicate that it is in the interest of the public to permit the applicant to conduct approved games

- and approved Internet gaming or Internet gambling pursuant to the Act and regulations.
3. Applicant has paid the requisite application fee, service fees, license fees and the total costs of the investigation; and
  4. The applicant has executed an operations and services contract with the Master Service Provider.
- (b) Without limiting the matters to which conditions may relate, the conditions of a license may relate to:
1. Any matter for which provision is made in the rules and regulations which must not be inconsistent with the provisions of the Act;
  2. Approval of Internet games, Internet gaming or Internet gambling and random number generator;
  3. Approval of rules of Internet games and Internet gaming or Internet gambling;
  4. Approval of executive officers and responsible individuals;
  5. Approval of internal control system, including the keeping of records, holding of funds on behalf of players, financial statements, reports, accounts and prizes; and
  6. Approval of computer equipment including, but not limited to, computer servers and associated processing devices.
- (c) An applicant whose application is denied by the Commission pursuant to the Act and Regulations may request a hearing before the Commission, within thirty (30) days after receipt of the notice of the denial.

### **§609-1.2 License Criteria**

- (a) In making the required license determinations, the Commission may consider the following factors and indices, without limitation:
1. The integrity of the applicant and any personnel employed to have duties and responsibilities for the operation of gaming. This determination shall include consideration of the following information:
    - i. Any criminal record of any individual;
    - ii. The involvement in litigation over business practices by the applicant or any individuals or entities employed by the applicant;
    - iii. The involvement in proceedings in which unfair labor practices, discrimination or regulation of gambling was an issue; and
    - iv. Failure to satisfy any judgments, orders or decrees of any court.
  2. The types and variety of games which applicant may offer;

3. The quality of the computer system and control system;
4. Financial ability to develop and operate an Internet gaming or Internet gambling business successfully, including:
  - i. Ownership and control structure;
  - ii. Amounts and reliability of development costs;
  - iii. Current financial conditions;
  - iv. Sources of equity and debt funds, amounts, terms and conditions and certainty of commitment;
  - v. Provisions for cost overruns, nonreceipt of expected equity or debt funds, failure to achieve projected revenues or other financial adversity; and
  - vi. Feasibility of financial plan;
5. Management ability of the applicant, including, without limitation:
  - i. Qualifications of managers, consultants and other contractors to develop and own a gaming facility and the likelihood of projected operation;
  - ii. Security plan;
  - iii. Plans for marketing, promotion, and advertising;
  - iv. Plan for training personnel; and
  - v. Equal employment and affirmative action plan;
6. Compliance with applicable statutes, rules, and regulations; and

- (b) The Commission may also consider any other information which the applicant discloses and which is relevant or helpful to a proper determination by the Commission, and any information disclosed during the background investigation.

#### **§610-1.1 License Fees**

In addition to all other fees, the Internet gaming or Internet gambling licensee shall pay to the Commission an annual license fee of \$25,000.

#### **§610-1.2 Renewal Fees**

- (a) An Internet gaming or Internet gambling licensee shall pay an annual renewal fee of \$10,000, 30 days before the anniversary of the issuance of the license, or if that date is not a business day, on the first business day after that date. The Master Service Provider shall report all service fees collected under this section to the Commission not more than thirty (30) days after such fees are received by the Master Service Provider. The Commission in its discretion may require the Internet gaming or Internet gambling licensee to undergo an investigation prior to the renewal of the license. The Internet gaming or Internet gambling licensee shall be responsible for the total costs associated with the investigation.
- (b) An Internet gaming or Internet gambling licensee shall submit with the renewal and processing fee a renewal report which shall state or contain all information relevant to the continued licensing of the Internet gaming or Internet gambling licensee, including, without limitation:
  - 1. A copy of the Internet gaming or Internet gambling licensee's most recent annual financial statement, or if the Internet gaming or Internet gambling licensee is a wholly owned subsidiary of another corporation, the most recent consolidated annual financial statement of the parent corporation or the Internet gaming or Internet gambling licensee's most recent consolidated annual financial statement;
  - 2. The number of prizes issued by the Internet gaming or Internet gambling licensee that have not been previously included on a renewal report, the monetary amount of those prizes, and the monetary amount of prizes currently outstanding;
  - 3. A description of each material change in information submitted by the Internet gaming or Internet gambling licensee in its original license application which has not been previously reported to the Commission on any required report;
  - 4. A list of the Internet gaming or Internet gambling licensee's permissible investments and a certification that the Internet gaming or Internet gambling licensee continues to maintain permissible investments according to the requirements set forth in the Act and these regulations; and
  - 5. Proof that the Internet gaming or Internet gambling licensee continues to maintain adequate security as required by the Act and these regulations.
- (c) If an Internet gaming or Internet gambling licensee fails to file a renewal report or to pay its renewal fee by the renewal date, and has not been

granted an extension of time to do so by the Commission, its license is suspended on the renewal date and all approved games shall cease.

- (d) The Internet gaming or Internet gambling licensee has 30 days after its license is suspended in which to file a renewal report and to pay the annual renewal fee of \$10,000, plus \$500 for each day thereafter that the Commission does not receive the renewal form and application.

#### **§612-1.1 Returns to Players**

- (a) The Internet gaming or Internet gambling licensee shall, each month, provide a report to the Commission listing the approved games, the number of players that played each game during that month, the amount wagered on each game during that month, and the payout to players for each game during that month.
- (b) The Commission may at anytime audit the Internet gaming or Internet gambling licensee to confirm that the payouts are consistent with the odds of the games being played.
- (c) The Internet gaming or Internet gambling licensee shall be responsible for the total costs associated with this audit.

#### **§613-1.1 Gross Master Service Provider Revenues**

In accordance with Section 613 of the Act, the Master Service Provider shall pay an annual tax of two and one half percent (2½%) of its gross Master Service Provider revenues.

#### **§613-1.2 Gross Internet Gambling and Gaming Revenues**

In accordance with Section 613 of the Internet Gaming and Gambling Act, an Internet gaming or Internet gambling licensee shall pay an annual tax of one and one half percent (1½%) of its gross Internet gaming and gross Internet gambling revenues.

#### **§613-1.3 Fees**

Application fees, license fees and renewal fees imposed on Internet gaming or Internet gambling licensees shall be covered into the Casino Control Fund established pursuant to Section 514 of the Virgin Islands Casino and Resort Control Act.

#### **§613-1.4 Gross Revenue Reporting**

- (a) The Master Service Providers and Internet gaming or Internet gambling licensees shall report to the Commission monthly by categories all revenues received and generated.
- (b) The Internet gaming and gambling revenue taxes and the Master Service Provider revenue fees shall be due and payable monthly, under such conditions and in such manner, as prescribed by the Virgin Islands Bureau of Internal Revenue.
- (c) For purposes of the tax on Internet gaming and gambling revenues, the tax year shall be the calendar year. In the year in which the Internet gaming license commences Internet gaming operations, the tax year for that licensee shall begin with the commencement of operations and terminate on the last gaming day of the current calendar year.

#### **§614-1.1 Player Registration and Acceptance of Wagers**

- (a) An Internet gaming or Internet gambling licensee shall use its best efforts to identify and verify the age of each player.
- (b) An Internet gaming or Internet gambling licensee shall not permit a person to play an approved game unless the person is registered with the Internet gaming or Internet gambling licensee as a player and the person's identity has been authenticated in accordance with the conditions of the license.
- (c) An Internet gaming or Internet gambling licensee shall not register a person as a player who is:
  - 1. under 21 years of age; or
  - 2. a resident of a jurisdiction where Internet gaming or Internet gambling is prohibited.
- (d) An Internet gaming or Internet gambling licensee shall not accept a wager from a player in an approved game unless:
  - 1. the player is registered; and
  - 2. the funds necessary to cover the amount of the wager are held in the player's account.
- (e) A registered player upon playing an approved game conducted by an Internet gaming or Internet gambling licensee shall be deemed to subject himself to the jurisdiction of the Virgin Islands.
- (f) An Internet gaming or Internet gambling licensee or key employee of an Internet gaming or Internet gambling licensee shall not participate as a player in an approved game conducted by any Internet gaming or Internet gambling licensee.
- (g) The Master Service Provider or an employee of the Master Service Provider shall not participate as a player in an approved game conducted by any Internet gaming or Internet gambling licensee.



- (h) The Internet gaming or Internet gambling licensee shall employ technological and procedural methods, as defined in the Internet gaming or Internet gambling licensee's approved control system, to reasonably ensure that the player is at least 21 years of age, and is communicating from a jurisdiction where wagering via the Internet has not been determined to be illegal by the Commission or the U.S. Virgin Islands Department of Justice.

#### **§615-1.1 Players' Funds**

- (a) An Internet gaming or Internet gambling licensee shall, at the request of a registered player or the personal representative of the registered player, remit funds of the player held by the Internet gaming or Internet gambling licensee on behalf of the player, as directed by the player, no later than two (2) business days after the request is received.
- (b) An Internet gaming or Internet gambling licensee shall not have recourse to funds held on behalf of a player except to debit the funds of a player for a wager made by the player or an amount the player is playing or is about to play;
- (c) Players must fund accounts by depositing money prior to playing any approved game by payment in advance.
- (d) Internet gaming or Internet gambling licensees shall not extend credit to a player.

#### **§617-1.1 Inactive Players**

- (a) Internet gaming or Internet gambling licensees that have player accounts that have been inactive for a period of (1) one year shall remit any funds in the player's account to the player.
- (b) If the player cannot be located, then such funds shall be paid into the Virgin Islands Education Initiative Fund.
- (c) The Internet gaming or Internet gambling licensee shall provide the Commission with a report of accounts that have been deemed inactive and shall indicate whether the funds remaining in the inactive player account were remitted to the player or were paid to the Virgin Islands Education Initiative Fund established pursuant to Title 33, Section 3093 of the Virgin Islands Code.

#### **§618-1.1 Limitation on Wagers**

- (a) A registered player may, by written or electronic notice to an Internet gaming or Internet gambling licensee, set a limit on the amount the player may wager during a single calendar day.

- (b) A player who has set a limit pursuant to this section may amend or revoke the limit on wagers by written or electronic notice delivered to and received by Internet gaming or Internet gambling licensee.
- (c) A notice increasing or revoking the limit shall not take effect unless:
  - 1. Seven (7) calendar days have passed since the Internet gaming or Internet gambling licensee received the notice; and
  - 2. The player has not notified the Internet gaming or Internet gambling licensee of an intention to withdraw the notice.
- (d) The Internet gaming or Internet gambling licensee shall, within one (1) business day, implement any limitation on wagering that has been received from a player.
- (e) The Internet gaming or Internet gambling licensee shall send a confirmatory electronic message to any player that the Internet gaming or Internet gaming or Internet gambling licensee reasonably believes has requested to limit their wagers.
- (f) Once the player confirms any such limit, the Internet gaming or Internet gambling licensee shall not accept a wager from a player contrary to a limit set for the player pursuant to this section.

**§619-1.1 Self-exclusion order**

- (a) If a person or player gives electronic or written notice to an Internet gaming or Internet gambling licensee to the effect that the person or player is not to be permitted to participate in any approved Internet gaming or Internet gambling conducted by the Internet gaming or Internet gambling licensee, the Internet gaming or Internet gambling licensee shall:
  - 1. Forward a copy of the notice to the Commission and the Master Service Provider; and
  - 2. Not permit the person or player to participate in any approved Internet gaming or Internet gambling conducted by the Internet gaming or Internet gambling licensee unless the notice is revoked in accordance with this section.
- (b) A person or player may revoke a notice given pursuant to subsection (a) of this section by giving written or electronic notice to that effect to the Internet gaming or Internet gambling licensee; provided that such revocation shall not take effect unless:
  - 1. Seven (7) calendar days have passed since the person or player gave the notice; and
  - 2. The player has not withdrawn the notice through a written or electronic notice received by the Internet gaming or Internet gambling licensee.

- (c) An Internet gaming or Internet gambling licensee shall not accept a wager from a person or player who has given notice pursuant to subsection (a) of this section.

**§620-1.1 Claims for Prizes**

- (a) If a claim for a prize in an approved game is made to an Internet gaming or Internet gambling licensee within one year after the end of the approved game or approved Internet gaming or Internet gambling, the Internet gaming or Internet gambling licensee, after immediate notification to the Commission, shall immediately engage in efforts to resolve the claim with the claimant.
- (b) If after ten (10) days of the Internet gaming or Internet gambling licensee's initiation of efforts to resolve the claim with the claimant, the Internet gaming or Internet gambling licensee is not able to resolve the claim with the consent of the claimant, then the Internet gaming or Internet gambling licensee shall inform the claimant of the Internet gaming or Internet gambling licensee's independent decision on the claim.
- (c) If the Internet gaming or Internet gambling licensee has informed the claimant of the Internet gaming or Internet gambling licensee's independent decision, and the claimant is dissatisfied with that decision, then, within ten (10) days of the Internet gaming or Internet gambling licensee sending their decision to the claimant, the claimant may request the Commission to review the Internet gaming or Internet gambling licensee's decision on the claim.
  - 1. A request to the Commission under subsection (c) of this section must contain sufficiently detailed information about the claimant, the Internet gaming or Internet gambling licensee, the facts of the matter, the Internet gaming or Internet gambling licensee's decision and the incident that allows the Commission to carry out an investigate hearing pursuant to section 467-7.1 of the regulations, if the Commission deems that such investigative hearing is appropriate.
- (d) If the claimant has not received a claim result notice from the Internet gaming or Internet gambling licensee, then the claimant may request the Commission to review the matter and resolve the claim.
  - 1. A request to the Commission under subsection (d) of this section must contain sufficiently detailed information about the claimant, the Internet gaming or Internet gambling licensee, and the incident that allows the Commission to carry out an investigative hearing pursuant to section 467-7.1 of the regulations, if the Commission deems that such investigative hearing is appropriate.

- (e) If a request is made to the Commission, the Commission may carry out such investigations that the Commission considers necessary to resolve matters in dispute pursuant to section 467-7.1 of the regulations. The Commission, upon receipt of a request, shall allow the claimant 20 days to amend its request if such request is factually incomplete. If a request remains incomplete after the 20 day period, the claimant's claim will be dismissed in favor of the Internet gaming or Internet gambling licensee. Upon completion of its deliberative process, the Commission shall issue its final order. Such final order, however, shall be subject to a motion for reconsideration, motion to reopen the record, and motion for relief pursuant to section 467-2.2 of the regulations.
- (f) If a prize is not claimed within one year after the end of the approved game in which the prize was won, the Internet gaming or Internet gambling licensee shall cover the amount of the prize into the fund for the Virgin Islands Education Initiative Fund established pursuant to Title 33, section 3093 of the Virgin Islands Code.

#### **§621-1.1 Authority to Withhold Prizes**

- (a) If an Internet gaming or Internet gambling licensee has reason to believe that the result of an approved game event has been affected by an illegal activity or malfunction of equipment, the Internet gaming or Internet gambling licensee may withhold a prize in the approved game event.
- (b) If an Internet gaming or Internet gambling licensee withholds a prize pursuant to this section, the Internet gaming or Internet gambling licensee shall:
  - 1. immediately inform the Commission and the player of the circumstances of the incident;
  - 2. document those facts that formed the basis for its belief that illegal activity or malfunction of equipment occurred; and
  - 3. cease conducting the same approved game event if a recurrence of the illegality or malfunction is likely or if the Internet gaming or Internet gambling licensee cannot document that such an occurrence can be effectively prevented.
- (c) After investigating the incident pursuant to section 467-7.1 of the regulations, the Commission may, by notice in writing to the Internet gaming or Internet gambling licensee and the player:
  - 1. direct the Internet gaming or Internet gambling licensee to pay the prize;
  - 2. confirm the Internet gaming or Internet gambling licensee's decision to withhold the prize, but direct the Internet gaming or Internet gambling licensee to refund amounts

3. wagered in the approved game or approved Internet gaming or Internet gambling; or
  3. confirm the Internet gaming or Internet gambling licensee's decision to withhold the prize without requiring the Internet gaming or Internet gambling licensee to refund the amounts wagered.
- (d) The Internet gaming or Internet gambling licensee shall comply with the directive of the Commission pursuant to subsection (c) of this section.

### **§622-1.1 Complaints**

- (a) Provided that a complaint is made within six (6) months of the event forming the basis of the claim, an Internet gaming or Internet gambling licensee shall investigate:
1. a complaint made to the Internet gaming or Internet gambling licensee by a person about:
    - i. the conduct of an approved game event by the Internet gaming or Internet gambling licensee; or
    - ii. the conduct of an agent of the Internet gaming or Internet gambling licensee in operations related to an approved game event or approved Internet gaming or Internet gambling; or
    - iii. a complaint referred to the Internet gaming or Internet gambling licensee by the Commission or the Master Service Provider under subsection (c) of this section.
- (b) Within ten (10) calendar days after the complaint is received by or referred to the Internet gaming or Internet gambling licensee, the Internet gaming or Internet gambling licensee shall give notice to the Commission in writing of the result of the inquiry in to the complainant.
- (c) If a complaint is made to the Commission or the Master Service Provider about the conduct of an approved game or approved Internet gaming or Internet gambling, or the conduct of an agent in operations related to an approved game or approved Internet gambling, the Commission shall promptly investigate the complaint pursuant to section 467-2.1 of the regulations. The Commission shall have sole authority over reviewing complaints and issuing a decision.
- (d) The Commission shall promptly notify the complainant in writing of the result of the Commission's inquiry. Such final order, however, shall be subject to a motion for reconsideration, motion to reopen the record, and motion for relief pursuant to section 467-2.2 of the regulations.

- (e) Every complaint must have the following qualities and information to be considered:
  - 1. it must be in writing;
  - 2. it must state the complainant's name, physical, and e-mail address;
  - 3. it must give thorough details of incident, matter, or event which is the subject of the complaint, including, without limitation, the time and date of the incident, matter or event, and if available, digital evidence of incident or complaint.

### **§623-1.1 Conducting Investigations**

- (a) Pursuant to section 467 of the regulations, the Commission shall have the authority to conduct investigations of Internet gambling and Internet gaming licensees with or without notice as deemed appropriate in the sole discretion of the Commission or Division. Such authority includes the ability to conduct audits, reviews, or investigations of the Internet gaming or Internet gambling licensees at any time and for any reason.
- (b) The Commission or Division shall further have the ability to remotely monitor through electronic means and have immediate viewing access to all parts of the licensed operation, including any approved game or approved gambling game.
- (c) If the Commission or Division has reason to believe that the Internet gaming or Internet gambling licensee is engaging in an unsafe or unsound practice or has violated or is violating the Act, an adopted rule, an adopted regulation, or an order issued pursuant to the Act, then the Commission or Division shall examine the Internet gaming or Internet gambling licensee without having given notice.
- (d) If the Commission or Division concludes that an on-site or remote examination, or both an on-site and remote examination under subsection (b), of this section, are necessary, the Internet gaming or Internet gambling licensee shall pay all costs of the examination reasonably incurred by the Commission.
- (e) All Internet gaming or Internet gambling licensees shall maintain a deposit account with the Commission containing a \$5,000.00 deposit for purposes of such investigations.
- (f) If the Internet gaming or Internet gambling licensees' deposit account is utilized for purposes of an investigation, the Internet gaming or Internet gambling licensee shall replenish the account on a monthly basis to replace any funds utilized by the Commission.
- (g) Information obtained during an examination under this section may be disclosed only as deemed appropriate by the Commission or Division.

### **§624-1.1 Reporting Changes in Information**

- (a) If the Internet gaming or Internet gambling licensee incurs any change to information provided by the Internet gaming or Internet gambling licensee on any application for licensing or approval to the Commission, then, within 15 business days of incurring such a change, the Internet gaming or Internet gambling licensee shall file with the Commission a detailed report of any such changes.
- (b) An Internet gaming or Internet gambling licensee shall file with the Commission within ten (10) days after the end of each fiscal quarter, a current list of all employees, consultants, agents, and all other persons involved in the operations. The Internet gaming or Internet gambling licensee must state or include its physical, mailing, and e-mail address.
- (c) An Internet gaming or Internet gambling licensee shall file a report with the Commission within one (1) business day after the Internet gaming or Internet gambling licensee has reason to know of the occurrence of any of the following events:
  - 1. the filing of a petition under the United States Bankruptcy Code for bankruptcy or reorganization;
  - 2. the filing of a petition for receivership;
  - 3. the commencement of a proceeding to revoke or suspend its license in any jurisdiction;
  - 4. the cancellation or other impairment of the Internet gaming or Internet gambling licensee's bond or other security; and
  - 5. an indictment, prosecution, or conviction of the Internet gaming or Internet gambling licensee or of an executive officer, director, employee or controlling person for a felony.

### **§625-1.1 Change of Control**

- (a) A change of control requires prior approval by the Commission.
- (b) A person, group of persons, or corporation that proposes to acquire control shall give written notice to the Commission and request approval of the acquisition and also submit a nonrefundable fee of \$10,000 to the Commission or the cost of the investigation whichever is greater. The Commission may, in the appropriate circumstances, require notification of the Master Service Provider.
- (c) After review of the request for approval under subsection (b) of this section, the Commission may require the Internet gaming or Internet gambling licensee to provide additional information concerning the proposed controlling person or persons. The additional information is limited to the same types required of the Internet gaming or Internet gambling licensee or controlling person or persons as part of its original

license or renewal application. The change of control procedure shall be identical to a licensing determination.

- (d) The Commission may approve a request for change of control under subsection (a) if, after investigation, the Commission determines that the person, or persons, requesting approval has the competence, experience, character, and general fitness to operate the Internet gaming or Internet gambling licensee or controlling person in a lawful and proper manner and that the interests of the public will not be jeopardized by the change of control.
- (e) The following persons or transactions are exempt from the requirements of subsection (a) and (b) but must notify the Commission of the change of control:
  - 1. a person that acts as a proxy for the sole purpose of voting at a designated meeting of the security holders or holders of voting interests of an Internet gaming or Internet gambling licensee or controlling person of a Internet gaming or Internet gambling licensee;
  - 2. a person that acquires control of a Internet gaming or Internet gambling licensee or controlling person of an Internet gaming or Internet gambling licensee by devise or descent;
  - 3. a person that acquires control as a personal representative, custodian, guardian, conservator, or trustee, or as an officer appointed by a court of competent jurisdiction or by operation of law; and
  - 4. a person or transaction that the Commission by rule or order exempts in the public interest. To qualify for such exemption under this subsection, however, the applicant shall submit a request for approval pursuant to subsections (a) through (c) along with a request for an exemption.
- (f) If the Commission determines that the person would not be a controlling person, the Commission shall enter an order to that effect and the proposed person and transaction is not subject to the requirements of sections (a) through (c) of this section.

#### **§626-1.1 Books, Accounts, documents and other records**

- (a) An Internet gaming or Internet gambling licensee shall maintain books, accounts, documents, and other records necessary to determine the Internet gaming or Internet gambling licensee's compliance with the Act and regulations on non re-recordable data medium and kept in a heat insulated fireproof compartment. An Internet gaming or Internet gambling licensee shall maintain the following for at least three (3) years after the record is created:



1. a record of each wager accepted;
  2. a record of each prize paid;
  3. a general ledger posted at least monthly containing all assets, liability, capital, income and expense accounts;
  4. bank statements and bank reconciliation records;
  5. records of outstanding prizes and monies held on behalf of players;
  6. records of each prize paid within the three-year period;
  7. all communications with federal, state, and local governmental entities, unless otherwise required by law;
  8. all expressive, direct communications with players, unless otherwise required in other applicable laws and regulations; and
  9. any other books, accounts, documents, and other records that may be prescribed by the Commission by rule from time to time, including game play data that must be sufficiently complete and detailed to enable player entitlements to be verified, along with government revenue, trend analysis, and anomaly identification.
- (b) The items specified in subsection (a) may be maintained in paper, photographic, electronic, or similar permanent medium. The Internet gaming or Internet gambling licensee's computerized control system must record all events required by the Commission, including:
1. account creation and deactivation;
  2. changes made to players accounts;
  3. transfer of funds over \$3,000.00;
  4. any changes made to game or jackpot parameters;
  5. new jackpots created;
  6. participation added to or deleted from jackpot participation;
  7. jackpot win occurrences;
  8. retired jackpots;
  9. down line load of end player device applications;
  10. loss of communication (no response after three polls) with end player device;
  11. player exclusion, request to lift exclusion, and actual lift of exclusion;
  12. notification of an end-player device malfunction; and
  13. changes to a player's maximum bet levels.
- (c) Books, accounts, documents, and other records may be maintained outside of the Virgin Islands if they are made accessible to the Commission on three (3) business days notice that is set in record.
- (d) All books, accounts, documents and records maintained by the Internet gaming or Internet gambling licensee as required in subsections (a)

through (c) of this section, shall be open to inspection by the Commission pursuant to section 628 of the Act.

- (e) The Internet gaming or Internet gambling licensee shall also provide the Commission with a monthly financial summary that totals all funds in, funds out, turnover, total wins for the system, net revenue and government revenue, and a specific report that summarizes returns on each approved game or approved gambling game, including turnover and total wins per game offered, number of games played, number of games won, and player loyalty.
- (f) The Internet gaming or Internet gambling licensee shall also provide weekly reports on jackpots over \$1,000.00 awarded, including financial summary of each jackpot configured on the system, detailed information on jackpot parameter settings, configurations, and changes.

#### **§629-1.1 Permissible Investments**

- (a) An Internet gaming or Internet gambling licensee shall be permitted to maintain permissible investments that are valued in excess of the aggregate amount of all of its outstanding prizes and monies held on account for players.
- (a) An Internet gaming or Internet gambling licensee shall maintain accurate books in accordance with generally accepted accounting practices regarding any permissible investments.

#### **§630-1.1 Types of Permissible Investments**

- (a) The following investments are permissible investments:
  1. cash, a certificate of deposit, or senior debt obligation of an insured depository institution, as defined in section 3 of the Federal Deposit Insurance Act 12 U.S.C. §1813;
  2. a banker's acceptance or bill of exchange that is eligible for purchase upon endorsement by a member bank of the Federal Reserve System and is eligible for purchase by a Federal Reserve Bank;
  3. an investment bearing a rating of one of the three highest grades as defined by a nationally recognized organization that rates securities.
  4. an investment security that is an obligation of the United States or a department, agency, or instrumentality thereof; and investment in an obligation that is guaranteed fully as to principal and interest by the United States; or an investment in an obligation of a State or a governmental subdivision, agency, or instrumentality thereof;

5. receivables that are payable to an Internet gaming or Internet gambling licensee from its authorized delegates, in the ordinary course of business, pursuant to contracts which are not past due or doubtful or collection, if the aggregate amount of investments in receivables under this paragraph does not exceed twenty percent (20%) of the total permissible investments of an Internet gaming or Internet gambling licensee and the Internet gaming or Internet gambling licensee does not have at one time investments in receivables under this paragraph in any one person aggregating more than ten percent (10%) of the Internet gaming or Internet gambling licensee's total permissible investments; and
  6. a share or a certificate issued by an open-end management investment company that is registered with the United States Securities and Exchange Commission under the Investment Company Act of 1940 [15 U.S.C. §80a-1 et. seq.], and whose portfolio is restricted by the management company's investment policy to investments specified in paragraphs (1) through (4) of this subsection.
- (b) The following investments are permissible, but only to the extent specified by the Commission on a case by case basis:
1. an interest-bearing bill, note, bond, or debenture of a person whose equity shares are traded on a national securities exchange or on a national over-the-counter market, if the aggregate of investments under this paragraph do not exceed twenty percent (20%) of the total permissible investments of an Internet gaming licensee and the Internet gaming or Internet gambling licensee does not at one time have investments under this paragraph in any one person aggregating more than ten percent (10%) of the Internet gaming or Internet gambling licensee's total permissible investments;
  2. a share traded on a national securities exchange or a national over-the-counter market or a share or a certificate issued by an open-end management investment company that is registered with the United States Securities and Exchange Commission under the Investment Company Act of 1940, and whose portfolio is restricted by the management company's investment policy to shares traded on a national securities exchange or a national over-the-counter market, if the aggregate of investments under this paragraph does not exceed twenty percent (20%) of the total permissible investments of an Internet gaming or

Internet gaming licensee and the Internet gaming or Internet gambling licensee does not at one time have investments under this paragraph in any one person aggregating more than ten percent (10%) of the Internet gaming or Internet gambling licensee's total permissible investments;

3. a demand-borrowing agreement made to a corporation or a subsidiary of a corporation whose securities are traded on a national securities exchange if the aggregate of the amount of principal and interest outstanding under demand-borrowing agreements under this paragraph does not exceed twenty percent (20%) of the total permissible investments of an Internet gaming or Internet gambling licensee and the Internet gaming or Internet gambling licensee does not at one time have principal and interest outstanding under demand-borrowing agreements under this paragraph with any one person aggregating more than ten percent (10%) of the Internet gaming or Internet gambling licensee's total permissible investments; and
  4. any other investment the Commission reasonably determines to be permissible, to the extent specified by the Commission.
- (c) The aggregate of investments under subsection (b) may not exceed fifty percent (50%) of the total permissible investments of an Internet gaming or Internet gambling licensee calculated in accordance with this section.
- (d) The Commission shall publish from time to time additional guidelines for permissible investments.
- (e) To the extent the Internet gaming or Internet gambling licensee plans to depart from those permissible investments that are enumerated in these regulations or other Commission publications, the Internet gaming or Internet gambling licensee must submit an application to the Commission requesting a variance. Then Commission may grant such a request where that Commission determines, pursuant to a hearing under section 467-7.1 of these regulations, that the Internet gaming or Internet gambling licensee's proposed investment is substantially equivalent to other permissible investments.

### **§631-1.1 Suspension and revocation; receivership**

- (a) The Commission may suspend or revoke a license or place an Internet gaming or Internet gambling licensee in receivership if;
1. the Internet gaming or Internet gambling licensee violates this Act or a rule or regulation adopted or an order issued pursuant to this Act.

2. the Internet gaming or Internet gambling licensee does not cooperate with an examination or investigation by the Commission and/or the Division of Gaming Enforcement;
3. the Internet gaming or Internet gambling licensee engages in fraud, intentional misrepresentation, or gross negligence;
4. the Internet gaming or Internet gambling licensee or a key employee is convicted of a violation of a territorial or federal anti-money laundering statute or a provision of this Act or violates a rule or regulation adopted or an order issued under this section, as a result of the Internet gaming or Internet gambling licensee's willful misconduct or willful blindness;
5. the competence, experience, character, or general fitness of the Internet gaming or Internet gambling licensee, key employee, person in control of an Internet gaming or Internet gambling licensee, or responsible person of the Internet gaming or Internet gambling licensee or authorized delegate indicates that it is not in the public interest to permit the person to conduct an Internet gaming or Internet gambling business;
6. the Internet gaming or Internet gambling licensee engages in an unsafe or unsound practice;
7. the Internet gaming or Internet gambling licensee is insolvent, suspends payment of its obligations, or makes an assignment for the benefit of its creditors;
8. the Internet gaming or Internet gambling licensee does not remove an agent or key employee after the Commission issues and serves upon the Internet gaming or Internet gambling licensee a final order including a finding that the person has violated this Act; or
9. the Internet gaming or Internet gambling licensee or key employee provides materially false or misleading representations in the license application.

#### **§632-1.1 Orders to Cease and Desist**

- (a) If the Commission determines that a violation of this Act or of a rule or regulation adopted or an order issued pursuant to this Act by an Internet gaming or Internet gambling licensee is likely to cause immediate and irreparable harm to the Internet gaming or Internet gambling licensee, its players, or the public as a result of the violation, or cause insolvency or significant dissipation of assets of the Internet gaming or Internet gambling licensee, the Commission may issue an order requiring the

- Internet gaming or Internet gambling licensee to cease and desist from the violation.
- (b) The order becomes effective upon the electronic, written or facsimile service of it upon the Internet gaming or Internet gambling icensee.
  - (c) The Commission shall commence an administrative proceeding within ten (10) days after issuing an order to cease and desist.
  - (e) An order to cease and desist remains effective and enforceable pending the completion of an administrative proceeding pursuant to section 467-7.1 of the regulations.
  - (f) A person that is served with an order to cease and desist for violating section 605 of the Act may petition the Commission for reconsideration of such order.
  - (g) An Internet gaming or Internet gambling licensee or an authorized delegate that is served with an order to cease and desist may petition the Territorial Court for a judicial order setting aside, limiting, or suspending the enforcement, operation, or effectiveness of the order pending the completion of an administrative proceeding pursuant to this section.

#### **§633-1.1 Consent Orders**

- (a) The Commission may enter into a Consent Order at any time with a person to resolve a matter arising under this chapter.
- (b) A Consent Order must be signed by the person to whom it is issued or by the person's authorized representative, and must indicate agreement with the terms contained in the order.
- (c) A Consent Order may provide that it does not constitute an admission by a person pursuant to the Act that this a rule or regulation adopted or an order issued has been violated.

#### **§634-1.1 Civil Penalties**

The Commission may assess a civil penalty against a person that violates this Act or a rule or regulation adopted or an order issued pursuant to this Act in an amount not to exceed \$10,000 per day for each day the violation is outstanding, plus the Commission's costs and expenses for the investigation and prosecution of the matter, including reasonable attorney's fees and expenses incurred by the Commission.

#### **§638-1.1 Administrative Proceedings and Hearings**

- (a) Except as otherwise provided in this section, the Commission may not suspend or revoke a license, place an Internet gaming or Internet gambling licensee in receivership, issue an order to cease and desist, or assess a civil penalty without notice and an opportunity to be heard.

- (b) The Commission shall also hold a hearing, when requested to do so by an applicant whose application for a license is denied pursuant to section 467-5.6 of the regulations.

**§642-1.1 Communication between the Commission and the Master Service Provider**

- (a) The Master Service Provider shall maintain and make available copies of written communication for inspection by the Commission and Division with respect to players, Internet gaming or Internet gambling licensees and any other matter pertaining thereto.
- (b) The Master Service Provider shall provide the Commission with continuous and uninterrupted viewing access to all electronic files maintained by the Master Service Provider.
- (c) The Casino Control Commission shall provide the Master Service Provider with copies of written communication between the Casino Control Commission and a licensee with respect to the results of investigations relating to that licensee or its players.
- (d) All books, files, records, documents pertaining to the Master Service Provider and the Internet gaming or Internet gambling licensee shall be retained for a minimum of three (3) years.
- (e) The Commission may, upon written petition of the Master Service Provider or Internet gaming or Internet gambling licensee and for good cause shown, permit the destruction of books, files, records and documents at an earlier date.

**§644-1.1 Licensing for gaming system software provider and testing of software and equipment**

- (a) Unless otherwise determined by the Casino Control Commission, any person, business, corporation, company, partnership or other business entity providing Internet gaming equipment or Internet gambling equipment shall be required to be licensed in accordance with the provisions of this chapter under provisions established by the Commission.
- (b) All licenses required pursuant to section (a) shall be issued for an initial term of two years, and may be renewed for subsequent terms of three years. Notwithstanding the foregoing, the Casino Control Commission shall reconsider the granting of any license or approval at any time at the request of the Division of Gaming Enforcement.
- (c) All software, hardware, and industry-related gaming equipment used to conduct Internet gambling shall be specifically tested by the Division of Gaming Enforcement and approved by the Commission.

- (d) The Division of Gaming Enforcement may, in its discretion, and for the purpose of expediting the approval process, refer testing to any laboratory possessing a license as a casino service industry.
- (e) In addition to the requirements enumerated elsewhere, the Internet gaming or Internet gambling licensee must ensure that its theoretical minimum probability standard for an approved game or approved gambling game is greater than 1 in 50,000,00 and its theoretical minimum payout ratio is greater than eighty percent of wagers placed on any approved game or approved gambling game.

#### **§645-1.1 Master Service Providers**

- (a) All Master Service Providers are subject to licensing and complete regulatory oversight by the Commission. The Commission shall license and, in the appropriate instances, sanction the Master Service Provider or terminate the Master Service Provider's ability to participate in Internet gambling. The licensing procedure for Master Service Providers, unless expressly stated otherwise, is identical to all Internet gaming licensees.
- (b) Prior to the commencement of Internet gambling operations, the Master Service Provider must submit a detailed operational plan that enumerates all the elements explicitly or implicitly required by the Act and regulations.
- (h) The Commission shall review the Master Service Provider's plan and make recommendations to the Master Service Provider. The Master Service Provider shall adopt all such recommendations or their substantive equivalents to the satisfaction of the Commission. The ultimate standard for the Master Service Provider's operations will be set by the Commission.
- (i) A Master Service Provider shall have the right to obtain judicial review of a decision by the Commission to terminate a Master Service Provider or Master Franchise Agreement by appeal to the Territorial Court of the Virgin Islands.