

BEFORE THE DEPARTMENT OF JUSTICE
OF THE STATE OF MONTANA

In the matter of the adoption of New) NOTICE OF PUBLIC HEARING ON
Rules I and II pertaining to video) PROPOSED ADOPTION AND
gambling machine malfunctions and) AMENDMENT
cash ticket validation systems and the)
amendment of ARM 23.16.101,)
23.16.1802, 23.16.1901, 23.16.1902,)
23.16.1903, 23.16.1905, 23.16.1906,)
23.16.1907, 23.16.1907A,)
23.16.1908, 23.16.1909,)
23.16.1909A, 23.16.1910,)
23.16.1910A, 23.16.1911,)
23.16.1916A, 23.16.1918,)
23.16.1920, 23.16.1927, 23.16.1928,)
23.16.1931, and 23.16.2305)
pertaining to definitions, video)
gambling machine (VGM))
specifications, and electronic live)
bingo and keno equipment)
specifications)

TO: All Concerned Persons

1. On September 6, 2018, at 1:30 p.m., the Department of Justice will hold a public hearing in the conference room of the Gambling Control Division, 2550 Prospect Avenue, Helena, Montana, to consider the proposed adoption and amendment of the above-stated rules.

2. The Department of Justice will make reasonable accommodations for persons with disabilities who wish to participate in this rulemaking process or need an alternative accessible format of this notice. If you require an accommodation, contact the Department of Justice, no later than 5:00 p.m. on August 31, 2018, to advise us of the nature of the accommodation that you need. Please contact Jean Saye, Department of Justice, 2550 Prospect Avenue, P.O. Box 201424, Helena, Montana, 59620-1424; telephone (406) 444-1971; fax (406) 444-9157; or e-mail jsaye@mt.gov.

3. The rules as proposed to be adopted provide as follows:

NEW RULE I PROCEDURE ON DISCOVERY OF SUSPECTED OR CONFIRMED VGM MALFUNCTION (1) A gambling operator who has a good faith belief a ticket voucher is the result of a VGM malfunction may refuse payment of the ticket voucher but must follow these steps:

- (a) the gambling operator must immediately:
 - (i) print an audit ticket from the VGM;

- (ii) suspend play of the VGM; and
 - (iii) contact and consult with the VGM owner if the gambling operator is not also the VGM owner;
- (b) after consulting with the VGM owner, a gambling operator:
- (i) who no longer believes the ticket voucher resulted from a VGM malfunction shall immediately pay the ticket voucher as provided in ARM 23.16.1903 and the VGM may be returned to active play; or
 - (ii) who continues to believe the ticket voucher resulted from a VGM malfunction shall within 24 hours submit a completed Form 50 to the department, together with all required documents.

(2) The department upon receipt of the completed Form 50, together with all required documents, shall inspect and evaluate the suspended VGM or its subparts and determine whether the ticket voucher resulted from a VGM malfunction. The department shall notify the player, the VGM owner, and the gambling operator of its determination:

(a) if the department determines the ticket voucher did not result from a VGM malfunction, the gambling operator shall immediately pay the ticket voucher, and the VGM may be returned to active play; or

(b) if the department determines that a VGM malfunction occurred, the ticket voucher is invalid and the gambling operator need not pay the ticket voucher, but the department's determination may include compensation due the player. The department may continue to suspend play of the VGM or a game title until all necessary software or hardware corrections are completed and approved.

(3) VGM owners and gambling operators must report suspected or confirmed software or hardware malfunctions on a completed Form 50 supported by all required documents. The VGM owner or gambling operator must submit the Form 50 and supporting documents to the department within 24 hours of the suspected or confirmed malfunction.

(4) For purposes of this rule, the following definitions apply:

(a) a software malfunction means an obvious deviation from the ordinary and expected play of a game that interrupts play, or an event resulting in a player losing credits or additional play earned before the malfunction. Such deviations include, but are not limited to:

(i) repeated game lock-ups or freezes whether or not the VGM can be manipulated to resume play without loss of credits or games earned;

(ii) inability to print an accurate ticket voucher;

(iii) play or VGM behavior inconsistent with the general rules of the game or inconsistent with the particular game description found on help screens;

(iv) any recurrent play anomalies or irregularities; and

(v) any irregular play that can be replicated;

(b) a hardware malfunction means repeated failures or breakdowns of the same VGM component. Such failures or breakdowns include, but are not limited to:

(i) power supplies;

(ii) memory storage devices; and

(iii) logic board integrated circuits.

(5) The following are not software or hardware malfunctions that must be reported under this rule:

- (a) a single unexpected VGM event or behavior that cannot be replicated and is not expected to recur;
- (b) routine maintenance or repairs commonly reported under ARM 23.16.1929; and
- (c) routine maintenance or repairs necessary due to ordinary wear and breakdowns.

AUTH: 23-5-115, 23-5-608, 23-5-621, MCA

IMP: 23-5-602, 23-5-607, 23-5-608, 23-5-616, 23-5-621, MCA

REASON: Recent experience showed a need for a rule providing certainty to licensees on what VGM malfunctions must be reported to the department and what malfunctions may be considered ordinary maintenance and repair that need not be reported. For ease of reference, the rule covering disputes regarding ticket vouchers suspected of being produced by a VGM malfunction (ARM 23.16.1903) was combined in this rule with other situations involving a VGM hardware or software malfunction.

NEW RULE II CTVS TESTING AND RESTRICTIONS (1) A CTVS is associated equipment that electronically acquires information and data from a VGM for the sole purpose of validating the authenticity of a ticket voucher presented for payment.

(2) A person licensed as a manufacturer may manufacture and sell a CTVS subject to the following restrictions:

- (a) all CTVS and site controllers must be tested and approved by the department prior to being offered for sale, sold, or installed/connected to any permitted VGM;
- (b) a CTVS may only be used with VGMs employing an approved AARS;
- (c) a CTVS may not electronically capture VGM accounting information and records to be communicated to the department or elsewhere; and
- (d) all electronically acquired information must be limited to the sole purpose of validating ticket vouchers and may not include player tracking.

(3) A gambling operator may use a CTVS subject to the following restrictions:

- (a) a gambling operator may purchase an approved CTVS only from a licensed manufacturer, distributor, or route operator; and
- (b) before acquiring a CTVS system, every gambling operator must complete a CTVS use disclosure form (Form 33) supplying information to the department, which must include the gambling operator's confirmation:
 - (i) only AARS enabled VGMs will use a CTVS; and
 - (ii) the operator's use of electronically acquired information:
 - (A) will be limited to ticket voucher validation for VGMs permitted to the gambling operator's individual licensed premises;
 - (B) will be restricted to VGM ticket voucher validation; and
 - (C) will not be used for player tracking purposes.

AUTH: 23-5-115, 23-5-621, MCA

IMP: 23-5-602, 23-5-621, 23-5-625, 23-5-631, MCA

REASON: This new rule is necessary to provide a regulatory system for a new technology--a cash ticket validation system or CTVS--that will aid gambling operators in detecting and rejecting forged ticket vouchers.

4. The rules as proposed to be amended provide as follows, new matter underlined, deleted matter interlined:

23.16.101 DEFINITIONS As used throughout this subchapter, the following definitions apply:

(1) "AARS" (automated accounting and reporting system) means a system that, at a minimum, is used to electronically report VGM accounting data to the State of Montana.

~~(4)~~(2) "Accounting system vendor" means a person who sells or leases an accounting system to a licensed gambling manufacturer, route operator, or gambling operator to be utilized as an approved ~~automated accounting and reporting system~~ AARS, as provided in 23-5-637, MCA.

(2) through (14) remain the same, but are renumbered (3) through (15).

~~(15)~~(16) "Owner" or "owner of an interest" means a person with a right to share in the profits, losses, or liabilities of a gambling operation. The term "ownership interest" is synonymous with "owner" or "owner of an interest." The term "owner" or "owner of an interest" does not include route operators with a right to share in proceeds from ~~video gambling machines~~ VGMs they have leased to location operators. "Owner" or "owner of an interest" includes:

(a) through (d) remain the same.

(16) through (20) remain the same, but are renumbered (17) through (21).

(22) "VGM" means a video gambling machine as defined in 23-5-112, MCA.

(21) remains the same, but is renumbered (23).

AUTH: 23-5-115, 23-5-621, MCA

IMP: 23-5-112, 23-5-115, 23-5-118, 23-5-176, 23-5-629, 23-5-637, MCA

REASON: This rule amendment is necessary to adopt naming conventions for use throughout the Gambling Control Division's administrative rules, ARM Title 23, chapter 16. These name changes are proposed for internal consistency, brevity, and to update terminology to current usage. Many of the following proposed rule amendments apply to these and other name changes.

23.16.1802 DEFINITIONS (1) remains the same.

(2) "Applicant" means any person who has applied for a permit for a ~~video gambling machine~~ VGM.

(3) and (4) remain the same.

(5) "CTVS" (cash ticket validation system) means a system that electronically acquires information from VGMs solely for the purpose of validating cash ticket vouchers.

~~(5)~~(6) "Designated representative" means a person designated on forms provided by the department to be a representative of the licensed ~~machine~~ VGM

owner or operator. This designation is made for the purposes of filing quarterly reporting documents, applying for permits, receiving of forms, etc. However, the permit holder or ~~machine~~ VGM owner remains responsible for maintaining accurate records, filing reports in a timely manner, or paying ~~machine~~ VGM taxes due.

~~(6)~~(7) "Destruction of a ~~machine~~ VGM" may be the result of deliberate or accidental causes. However, in all cases a ~~machine~~ VGM shall be considered destroyed only if it results in the ~~machine~~ VGM never being able to function again. ~~Such a claim must be verified to the satisfaction of the department.~~

(7) remains the same, but is renumbered (8).

~~(8)~~(9) "Game marked spots" means spots selected by a keno game title that do not require player interaction.

(10) "Game title" means an identifier representing a unique playable game, as defined in 23-5-602, MCA, at its most basic level. For example, program name ABC123 has a poker game "Jacks or Better" with unique pay tables for the five cent and 25 cent denominations. The game titles might be "Jacks or Better .05" and "Jacks or Better .25."

~~(9)~~(11) "Identification decal" means a decal permanently affixed to a ~~video gambling machine~~ VGM and bears its unique identification number issued by the department.

(12) "Lifetime memory clear" means a procedure initiated by use of the audit key to clear electronic meters as defined by the department.

(10) remains the same, but is renumbered (13).

~~(11)~~(14) "Machine" means an electronic ~~video gambling machine~~ VGM.

~~(12)~~(15) "Machine permit" means a permit issued by the State of Montana which ~~that~~ authorizes a specific ~~machine~~ VGM to be ~~operated as an electronic video gambling machine~~ offered for play.

~~(13)~~(16) "Modification" means a change or alteration to a ~~video gambling machine~~ VGM that affects the manner or mode of play of the ~~video gambling machine~~ VGM. The term includes any change to the control program, graphics program, or theoretical return percentage. The term does not include:

(a) a change in a ~~video gambling machine~~ VGM from one approved configuration to another approved configuration or from one approved mode of play to another approved mode of play;

(b) remains the same.

(c) the rebuilding of a previously approved ~~machine~~ VGM with approved components in an approved configuration.

~~(14)~~(17) "Multigame machine" means a ~~video gambling machine~~ VGM that at all times offers for play to the public, within the same ~~video gambling machine~~ VGM cabinet, a combination of at least two of the following types of games that have been approved by the department:

(a) through (d) remain the same.

(15) through (18) remain the same, but are renumbered (18) through (21).

~~(19)~~(22) "Simulates the game of draw poker" means plays by or mimics the generally accepted rules or methods of any of the various card games known as "draw poker," whether played against another player or the house. Methods Draw poker simulations include, but are not limited to, symbols used for or in place of images of playing cards, ~~description~~, and draw poker wagering techniques. For

purposes of this definition, a determination that a machine VGM plays the game of draw poker is not solely based on the ~~name of the game title.~~

(20) and (21) remain the same, but are renumbered (23) and (24).

~~(22)~~(25) "Valid ticket voucher" is a ticket produced by a machine VGM that is the result of bona fide play of a gambling machine VGM and not the result of forgery, player tampering, manipulation, or a machine VGM malfunction that can be documented.

~~(23)~~(26) "Video bingo" means the game of bingo as defined in Montana law when offered and simulated by a video gambling machine VGM ~~which that~~ uses video images and a random number generator rather than authorized equipment as defined in 23-5-112, MCA. The image or images projected on the video display of video bingo gambling machines VGMS are a material component of the game and shall not simulate an illegal gambling device or enterprise.

~~(24)~~ "Video gambling machine" means a video poker, video keno, or video bingo machine as defined in 23-5-112, MCA, and a multigame machine as defined in 23-5-602, MCA and in this rule and authorized in 23-5-621, MCA.

~~(25)~~(27) "Video keno" means the game of keno as defined in Montana law when offered and simulated by a video gambling machine VGM ~~which that~~ uses video images and a random number generator rather than authorized equipment as defined in 23-5-112, MCA. The image or images projected on the video display of video keno gambling machines VGMS are a material component of the game and shall not simulate an illegal gambling device or enterprise.

(26) remains the same, but is renumbered (28).

~~(27)~~(29) "Video poker" means the games of draw poker, stud, or hold'em hold 'em as defined in this rule when offered and simulated by a video gambling machine VGM ~~which that~~ uses video images and a random number generator.

(a) The images projected on the video display of video poker gambling machines VGMS are a material component of the game and shall not simulate an illegal gambling device or enterprise.

(b) Varieties of draw poker, stud, and hold'em hold 'em must be found in the department's authority reference used for the live game of poker.

(28) remains the same, but is renumbered (30).

AUTH: 23-5-115, 23-5-602, 23-5-621, MCA

IMP: 23-5-111, 23-5-112, 23-5-115, 23-5-151, 23-5-602, 23-5-603, 23-5-607, 23-5-608, 23-5-610, 23-5-611, 23-5-612, 23-5-621, 23-5-637, MCA

REASON: As indicated above in ARM 23.16.101, this rule amendment is necessary to provide for a new technology--a cash ticket validation system or CTVS--and to create a new term for a basic level game within a video gambling machine that may feature multiple varieties of bingo, poker, keno, and/or video line games.

23.16.1901 GENERAL SPECIFICATIONS OF VIDEO GAMBLING MACHINES VGMS (1) Each video gambling machine VGM model or modification must:

(a) ~~be inspected in the state for approval and licensure by the department. The department may inspect any machine sold or operated in the state. Any~~

~~approval granted by the department to a person is not transferable. The department must be allowed immediate access to each machine. Keys to allow access to a machine for purposes of inspection may be provided to the department or must be immediately available at the premise. Machines for which a substantial modification or a series of minor modifications whose total result is substantial must meet all of the specific law or rule requirements in effect at the time of submission. Only those machines which are owned or operated in Montana, and to which the submitted modification will be applied are required to meet those specifications in effect at time of submission. The department's determination that a modification is substantial may be contested pursuant to the Montana Administrative Procedure Act be tested and approved by the department before it may be sold or permitted. The department's approval of a VGM is limited to the manufacturer to whom the approval was granted and may not be transferred. The department may inspect any VGM sold or permitted in the state. All owners or permit holders must grant the department immediate access to inspect VGMs in their possession. Keys to allow access to a VGM for inspection may be provided to the department or must be immediately available at the premises;~~

~~(b) remains the same.~~

~~(c) not have any switches, jumpers, wire posts, or other means of manipulation that could affect the accounting, and operation or outcome of a game. The machine VGM may not have any functions or parameters adjustable by and through any separate video display or input codes except for the adjustment of features that are wholly cosmetic or other operational parameters as approved by the Gambling Control Division. This is to include devices known as "knockoff switches;"~~

~~(d) and (i) remain the same.~~

~~(ii) the each game title must display the combinations for which credits/cash value will be awarded and the number of credits/cash value awarded for each combination;~~

~~(iii) one credit may not exceed twenty-five cents in value;~~

~~(iv)(iii) the machine VGM must have locked doors to two separate areas, one containing the logic board and software for the game and the other housing the cash. Conventional ROM media storage devices must be accessible from the front of the machine VGM. Access from one area to another must not be allowed;~~

~~(v)(iv) the machines VGM may have:~~

~~(A) two mechanisms that accept coins, referred to as "mechanism 1" and "mechanism 2." These mechanisms must have devices referred to as "lockouts" which prohibit the machine from accepting coins during periods when the machine is inoperable;~~

~~(B) a mechanism that accepts cash in the form of bills that do not exceed \$100;~~

~~(vi)(v) in the case of poker, each machine VGM must use a color display with images of cards that closely resemble the standard poker playing cards;~~

~~(vii)(vi) the machine VGM must be capable of printing a ticket voucher for all credits/cash value owed the player at the completion of each game. A valid ticket voucher must contain the following information in a format prescribed by the department:~~

- (A) and (B) remain the same.
- (C) the ~~machine~~ VGM serial number;
- (D) the ~~video gambling machine~~ VGM identification number (VGMID) assigned to the ~~machine~~ VGM;
- (E) the time of day in hours, ~~and minutes, and seconds~~ in a 24-hour format. The clock must automatically account for daylight savings time and indicate "S" for standard time and "D" for daylight savings time;
- (F) remains the same.
- (G) the program name ~~and revision~~;
- (H) the cash value of the prize in numbers numerals;
- (I) the cash value of the prize in words;
- (J) remains the same.
- (K) this notice clearly displayed on the ticket voucher: "Ticket Void After 48 Hours."

~~(viii)~~(vii) the printing mechanism must be located in a locked area of the ~~machine~~ VGM to ensure the safekeeping of the audit copy. The printing mechanism must have a paper sensing device that upon sensing a "low paper" condition will allow the ~~machine~~ VGM to finish printing the ticket and prevent further play. The ~~machine~~ VGM must recognize a printer power loss occurrence and cease play until power has been restored to the printer and the ~~machine~~ VGM is capable of producing a valid ticket voucher;

~~(ix)~~(viii) the ~~machine~~ VGM must have non-resettable mechanical meters of at least seven digits, housed in a readily accessible locked ~~machine~~ VGM area. These meters must be in a configuration prescribed by the department. The mechanical meters must be manufactured in such a way as to prevent access to the internal parts without destroying the meter. ~~Meters must be hardwired (no quick connects will be allowed in the meter wiring system).~~ The department may require and provide a validating identification sticker to attach to the mechanical meters to verify the meters are assigned to a specific licensed ~~machine~~ VGM. The meters must keep a permanent record of:

(A) total dollars accepted by the coin acceptor mechanism(s) (if applicable), and bill acceptor (if applicable);

(B) through (D) remain the same.

~~(x)~~(ix) the ~~machine~~ VGM must contain electronic metering, using meters that record and display the following on the video screen in a format prescribed by the department:

(A) total cents in through mechanism(s) 1 and 2 (if applicable);

(B) through (F) remain the same.

~~(xi)~~(x) the ~~machine~~ VGM must issue by ~~activation of an external key switch use of the audit key~~, an accounting ticket containing a performance synopsis of the ~~machine~~ VGM and progressive accounting data (if applicable). The printing of all totals from the electronic meters shall occur automatically each time access occurs to either the logic compartment or any compartment where cash is collected. Whenever ~~electronic meters are reset, a lifetime memory clear is performed~~, each ~~machine~~ VGM must produce a full accounting ticket both before and after each resetting. The tickets must be in the format prescribed by the department and contain:

(A) and (B) remain the same.

(C) the VGM serial number of the machine;

(D) the ~~video gambling machine~~ VGM identification number (VGMID) assigned to the machine VGM;

(E) the time of day, in hours, and minutes, and seconds in a 24-hour format. The clock must automatically account for daylight savings time and indicate "S" for standard time and "D" for daylight savings time;

(F) remains the same.

(G) the program name and ~~revision number~~; and

(H) remains the same.

~~(xii)(xi) the machine~~ each VGM and any peripheral electronic device must have an a manufacturer identification tag permanently affixed to the machine it by the VGM manufacturer. The tag must be ~~on the right hand side, upper left corner of the machine or peripheral electronic device or in another~~ affixed in a location approved by the department and must include the following information:

(A) and (B) remain the same.

(C) model; and

(D) date of manufacture; and

~~(xiii)(xii) the face of the machine~~ VGM must be clearly labeled so as to inform the public that no person under the age of 18 years is allowed to play display "No Person Under the Age of 18 Years is Allowed to Play";

~~(xiv)(xiii) each machine~~ VGM and peripheral electronic device must pass a static test that is determined by the department; and

~~(xv)(xiv) a machine~~ VGM shall be equipped with a surge protector that will feed all A.C. electrical current to the machine VGM and a ~~backup power supply capable of maintaining~~ maintain for a 30-day period the accuracy of all electronic meters, date, and time during power fluctuations and loss. ~~The battery must be in a state of charge during normal operation of the machine. Manufacturers incorporating either the use of E2 PROMs or a lithium battery for memory retention will be considered to meet this requirement;~~ and

~~(e) video gambling machines submitted for approval on or after October 1, 2003 must comply with ARM 23.16.1920.~~

(2) Any ~~and all~~ modifications made to an approved ~~video gambling machine~~ VGM must be submitted to the department for approval prior to installation. If a modification is substantial or if a series of minor modifications results in a substantial modification, the VGM as modified must meet all specifications in effect at the time of submission. A licensee's challenge to the department's determination that a modification is substantial must proceed under ARM 23.16.203.

(3) ~~The department may suspend, or revoke a permit or revoke approval of a machine at any time when it finds that any machine or machine component does not comply with statutes and rules governing electronic video gambling machines in effect at the time of approval. The department may also suspend, or revoke the licenses or revoke approval of other similar model machines or machine components in use in the state. When the department finds that any~~ CTVS, AARS, VGM, VGM component, or game title does not comply with statutes and rules applicable at the time of approval, or its actual operation differs from its intended and approved functioning, the department may require game title(s) to be disabled,

suspend or revoke a permit, or revoke approval of the CTVS, AARS, VGM, or VGM component. The department may also require game title(s) to be disabled, suspend or revoke the permits, or revoke approval of models of a CTVS, AARS, VGM, or VGM component similar to one the department finds noncompliant.

AUTH: 23-5-115, 23-5-602, 23-5-621, MCA

IMP: 23-5-136, 23-5-602, 23-5-603, 23-5-608, 23-5-610, 23-5-621, 23-5-637, MCA

REASON: As indicated above in ARM 23.16.101, this proposed amendment is necessary to delete references to obsolete technologies such as "knockoff switches" and coin mechanism lockouts. The rule contains updates to current electronics standards and terminology. Certain subsections of the rule were rewritten to improve readability and clarity.

23.16.1902 AUDIT DATA STORAGE DEVICES (1) The department may approve a VGM (~~video gambling machine~~) utilizing using an audit storage device (ASD) (~~audit storage device~~) for use in place of duplicate printed audit tapes. Each VGM providing ASD support must be reported on a tier I or tier II system and operate in the following manner:

- (a) remains the same.
- (b) at a minimum, record information on the ASD as required in ARM 23.16.1901(4)(d)(vii) ~~and(xi)~~ as defined by the department;
- (c) at a minimum, maintain current record of \$\$IN, \$\$PL, \$\$WN, \$\$PD electronic meters as defined by the department;
- (d) through (k)(iv) remain the same.
- (v) a newly installed ASD has unexpected files, directories, or contains files from a ~~machine~~ VGM with a different VG MID;
- (l) remains the same.
- (m) ASD data must be displayed on VGM ~~via~~ by use of the audit key; and
- (n) remains the same.

AUTH: ~~23-5-115~~, 23-5-621, 23-5-637, MCA

IMP: 23-5-112, 23-5-115, 23-5-616, 23-5-621, 23-5-628, 23-5-637, MCA

REASON: As indicated above in ARM 23.16.101.

23.16.1903 ~~VIDEO GAMBLING MACHINE~~ VGM TICKET VOUCHERS – EXPIRATION DATE – PAYMENT IN FULL UPON DEMAND – EXCEPTIONS

- (1) remains the same.
- (2) A ticket voucher that is printed more than 48 hours before it has been presented for payment may, at the discretion of the gambling operator, be deemed invalid and not payable, only if ~~there has been notice to the player of the expiration period by the presence of a sign~~ the operator has given notice to players of the 48-hour voucher expiration by:

(a) posting a notice in plain view of the gambling public at the time of play that is not less than 24 inches by 36 inches ~~displayed in a licensed premises at the~~

time of play, in plain view of the gambling public, which ~~that~~ reads "Promptly Redeem Your Win Tickets -- Tickets Void After 48 Hours"; and:

~~(b) issuing ticket vouchers displaying their expiration by:~~

~~(a)(i) for machines VGMs and programs approved prior to adoption of this rule, the face of the ticket voucher paper has been preprinted with the expiration notice required by ARM 23.16.1901; or~~

~~(b)(ii) for machines VGMs and programs approved after adoption of this rule, the expiration notice is printed on the face of the ticket voucher as required by ARM 23.16.1901.~~

~~(3) A gambling operator who has a good faith reason to believe a ticket voucher resulted from a machine VGM malfunction may refuse payment of the ticket voucher and must proceed as required by [NEW RULE I], pending the department's finding in (4), provided the gambling operator immediately:~~

~~(a) prints an audit ticket from the machine;~~

~~(b) suspends play of the VGM;~~

~~(c) contacts and consults with the machine owner if the gambling operator is not also the machine owner.~~

~~(i) After consulting with the machine owner, the gambling operator who no longer believes the ticket voucher resulted from a machine malfunction shall immediately pay the ticket voucher as provided in (1).~~

~~(ii) After consulting with the machine owner, the gambling operator who continues to believe the ticket voucher resulted from a machine malfunction shall promptly submit a completed Form 50 to the department, together with all required documents.~~

~~(4) Upon receipt of the completed Form 50, together with all required documents, the department shall inspect and evaluate the suspended video gambling machine or its subparts, and determine whether the ticket voucher resulted from a machine malfunction. The department shall notify the player, the machine owner, and the gambling operator of its determination.~~

~~(a) If the department determines the ticket voucher did not result from a machine malfunction, the gambling operator shall immediately pay the ticket voucher, and the VGM may be returned to active play.~~

~~(b) If the department determines that a machine malfunction occurred, the ticket voucher is invalid, and the department will prescribe appropriate remedial action to the machine owner.~~

AUTH: 23-5-115, 23-5-608, MCA

IMP: 23-5-608, MCA

REASON: As indicated above in ARM 23.16.101, certain subsections of the rule were rewritten to improve readability and clarity. Portions of the rule regarding VGM malfunctions were stricken and reproduced in New Rule I to cover in one rule licensees' responsibilities in all forms of VGM malfunctions.

23.16.1905 SAFETY SPECIFICATIONS (1) A ~~video gambling machine~~ VGM must include the following hardware specifications:

(a) remains the same.

(b) A ~~video gambling machine~~ VGM shall be designed to ensure that the player will not be subjected to any physical, electrical, or mechanical hazards.

AUTH: 23-5-605, 23-5-621, MCA

IMP: 23-5-606, 23-5-607, 23-5-609, 23-5-621, MCA

REASON: As indicated above in ARM 23.16.101.

23.16.1906 GENERAL SOFTWARE SPECIFICATIONS FOR VIDEO GAMBLING MACHINES VGMS (1) Each ~~video gambling machine~~ VGM must meet the following specifications:

(a) through (d) remain the same.

(e) for ~~any~~ each game title played, the paytable for ~~that game~~ must be prominently displayed and understandable to the player;

(f) remains the same.

(g) prominently displays the message "Promptly Redeem Your Win Tickets – Tickets Void After 48 Hours" when the printing of a cash ticket voucher is initiated;

(h) the duration of a game title shall be the period of play for a game authorized under Title 23, chapter 5, part 6, MCA, starting with the utilization of the first random number ~~from the "previously frozen field"~~ and ending with the last utilized random number ~~from the "previously frozen field"~~; and

(i) remains the same.

(2) A ~~machine~~ VGM may have a ~~personality program~~ software that includes but is not limited to the following:

(a) through (d) remain the same.

(e) ~~personality program~~ number name.

(3) remains the same.

(4) Notwithstanding any other rule to the contrary, on or after June 30, 1997, the image or images projected on each ~~video gambling machine~~ VGM shall not simulate, in part or in whole, an illegal gambling device or enterprise.

AUTH: 23-5-115, 23-5-621, MCA

IMP: 23-5-602, 23-5-603, 23-5-607, 23-5-608, 23-5-611, 23-5-621, 23-5-631, 23-5-637, MCA

REASON: As indicated above in ARM 23.16.101, this proposed amendment is necessary to delete references to obsolete technologies. The rule contains updates to current electronics standards and terminology.

23.16.1907 SOFTWARE SPECIFICATIONS FOR VIDEO POKER MACHINES GAMES (1) Each video poker ~~machine~~ game title must meet the following specifications for approval for use within the state of Montana. ~~In order to~~ To be approved, the machine game must:

(a) use a deck of cards consisting of 52 standard playing cards, ~~up to two~~ (jokers may also be used);

(b) remains the same.

(c) ~~deal~~ using a random number generator, draw and display the initial cards from the top of the frozen field in order;

(d) using a random number generator, replace any discarded cards, if applicable, with remaining additional cards in the frozen field starting with the top of the frozen field and drawing any additional cards in the order of that frozen field; and

(e) display the winning hand and the ~~number of credits awarded~~ credits/cash value won for that hand.

AUTH: 23-5-621, MCA

IMP: 23-5-602, 23-5-607, 23-5-621, MCA

REASON: As indicated above in ARM 23.16.101, this proposed amendment is necessary to delete references to obsolete technologies. The rule contains updates to current electronics standards and terminology.

23.16.1907A SOFTWARE SPECIFICATIONS FOR VIDEO LINE GAMES

(1) Each video line game title must meet the following specifications for approval for use within the state of Montana. ~~In order to~~ To be approved, the game must:

(a) using a random number generator, draw and display a minimum of three numbers or symbols in a line;

(b) remains the same.

(c) display and identify each winning combination of numbers or symbols, if any, and the ~~amount~~ credits/cash value won, if any, at the end of each game;

(d) through (f) remain the same.

(2) Licensed ~~machine~~ VGM manufacturers submitting video line games for approval must supply written verification from a qualified independent testing service that the theoretical return for each bet increment does not exceed 92%. For purposes of this rule, a qualified independent testing service means a person or entity that:

(a) remains the same.

(b) shares no common ownership interests with the licensed ~~machine~~ VGM manufacturer that submits the video line game to the department for approval; and

(c) has at least one contract with, or is licensed by, another governmental entity to test gambling machines and provide mathematical certification for the maximum theoretical return for ~~video gambling machine~~ VGM software.

AUTH: 23-5-115, 23-5-602, 23-5-603, 23-5-621, MCA

IMP: 23-5-602, 23-5-603, 23-5-607, 23-5-608, 23-5-611, 23-5-621, MCA

REASON: As indicated above in ARM 23.16.101.

23.16.1908 SOFTWARE SPECIFICATIONS FOR VIDEO KENO MACHINES GAMES

(1) Each video keno ~~machine~~ game title must meet the following specifications for approval for use within the state of Montana. ~~In order to~~ To be approved, the ~~machine~~ game must:

(a) and (b) remain the same.

- (c) using a random number generator, draw and display the balls picked;
- (d) conform to standard rules of keno except:
- (i) game marked spots can be used to trigger free games, games with altered play, bonus games, award multipliers, or ~~additional credit that can be redeemed for cash~~ credits/cash value;
- (ii) remains the same.
- (e) display the total number of player spots picked at the end of each game, display the number of balls drawn that matched the players' picks (this may be shown as three out of eight, eight out of ten, etc.) and display any credits/cash value awarded for these combinations.

AUTH: 23-5-602, 23-5-621, MCA

IMP: 23-5-602, 23-5-621, MCA

REASON: As indicated above in ARM 23.16.101.

23.16.1909 SOFTWARE SPECIFICATIONS FOR VIDEO BINGO

~~MACHINES GAMES~~ (1) Each video bingo machine game title must meet the following specifications for approval within the state of Montana. ~~In order to~~ To be approved, the machine game must:

- (a) through (d) remain the same.
- (e) using a random number generator, draw and display the number of balls picked and the credits/cash value awarded for the number of balls drawn ~~in order to~~ obtain a bingo;
- (f) allow the player the choice of cards on which to play. All winning cards must be available for display on the screen, including any that may be played by the machine VGM in any game; and
- (g) remains the same.

AUTH: 23-5-621, MCA

IMP: 23-5-621, MCA

REASON: As indicated above in ARM 23.16.101.

23.16.1909A SOFTWARE SPECIFICATIONS FOR VIDEO MULTIGAME

~~MACHINES VGMS~~ (1) Each ~~video~~ multigame machine VGM must meet the following specifications for approval for use within the State of Montana, if applicable:

- (a) remains the same.

AUTH: 23-5-115, 23-5-602, 23-5-621, MCA

IMP: 23-5-602, 23-5-603, 23-5-607, 23-5-608, 23-5-611, 23-5-621, 23-5-631, 23-5-637, MCA

REASON: As indicated above in ARM 23.16.101.

23.16.1910 RESTRICTIONS ON OPTIONAL GAME FORMAT OR FEATURES (1) The department shall determine what optional features may be allowed and such features must be approved by the department prior to inclusion in a machine's VGM's game format. For video poker machines games the department will evaluate only those draw poker, stud poker, and ~~hold'em~~ hold'em games described in the authority references identified in the department's card game rules.

AUTH: 23-5-115, MCA

IMP: 23-5-602, 23-5-607, 23-5-608, 23-5-621, MCA

REASON: As indicated above in ARM 23.16.101.

23.16.1910A BONUS GAMES (1) through (2)(c) remain the same.
(d) the award of ~~credit that can be redeemed for cash~~ credits/cash value.
(3) remains the same.

AUTH: 23-5-115, 23-5-602, 23-5-621, MCA

IMP: 23-5-112, 23-5-602, 23-5-603, 23-5-608, 23-5-611, 23-5-621, MCA

REASON: As indicated above in ARM 23.16.101.

23.16.1911 INFORMATION TO BE PROVIDED TO THE DEPARTMENT
(1) ~~A licensed manufacturer or accounting system vendor may be required to provide information to the department necessary to To ensure a machine or automated accounting and reporting system is in compliance VGM, AARS, or CTVS complies with the act and these rules-, the department may require a licensed manufacturer or accounting system vendor to supply information, including but not limited to: The information shall include, but not be limited to:~~
(a) through (c) remain the same.
(d) ~~all source listings~~ code, including programmer's comments, ~~and flow charts for the game program(s) and printer routine(s);~~
(e) ~~hexadecimal dump(s) for each compiled program~~ binary images for all programs;
(f) ~~conventional ROM media storage devices containing compiled game programs and character sets~~ binary image(s), including those that may reside on the peripheral devices;
(g) ~~access to a software compiler for the programming language used if the department is unable to compile the program with the equipment it has available;~~
(h) remains the same.
(i) schedule of proposed payout(s), percentage(s) and odds determinations;
(j) ~~a complete copy of the programmer's memory map;~~
(k) ~~programmer's memory map defining unused program and data storage space reserved for automated accounting and reporting system communication protocol and related data storage;~~
(l) remains the same, but is renumbered (k).
(m) ~~truth tables for all PALs used;~~
(n) ~~(l)~~ (l) an operator's manual for each peripheral device utilized; and

~~(e)(m) additional information to be provided for automated accounting and reporting systems: an AARS or CTVS upon request.~~

~~(i) electronic copy of an output data file produced by the system for communication to the department. File shall contain no less than one hundred records for each of the following classes:~~

- ~~(A) video gambling machine startup;~~
- ~~(B) video gambling machine electronic meter period;~~
- ~~(C) video gambling machine event (if applicable);~~
- ~~(D) video gambling machine before service (if applicable);~~
- ~~(E) video gambling machine after service (if applicable); and~~
- ~~(F) video gambling machine end.~~

AUTH: 23-5-115, 23-5-621, MCA

IMP: 23-5-607, 23-5-621, 23-5-631, 23-5-637, MCA

REASON: As indicated above in ARM 23.16.101, this proposed amendment is necessary to delete references to obsolete technologies. The rule contains updates to current electronics standards and terminology. Certain subsections of the rule were rewritten to improve readability and clarity.

23.16.1916A ACCOUNTING SYSTEM VENDOR LICENSE (1) ~~Before conducting business in this state, a~~ A vendor of a tier I or tier II automated accounting and reporting systems AARS must obtain a license from the department before conducting business in this state. An applicant for a license must submit to the department:

~~(a) application for an accounting system vendor license using Form 17, with special accounting system vendor instructions, and Form FD-258, are available from the Gambling Control Division, 2550 Prospect Ave., P.O. Box 201424, Helena, MT 59620-1424, or on the department's web site www.dojmt.gov/gaming;~~

~~(b) through (3) remain the same.~~

AUTH: 23-5-112, 23-5-115, 23-5-178, 23-5-621, MCA

IMP: 23-5-115, 23-5-178, 23-5-637, MCA

REASON: As indicated above in ARM 23.16.101.

23.16.1918 TESTING FEES (1) Each person submitting a video gambling machine VGM, an automated accounting and reporting system AARS, CTVS, or a modification to an approved video gambling machine VGM or an automated accounting and reporting system AARS for testing and department approval must:

~~(a) remains the same.~~

~~(b) at the time of submission deposit with the department a sum of money to begin testing. This sum is to be as follows:~~

~~(i) video gambling machines VGMs, \$10,000;~~

~~(ii) CTVS, \$5,000;~~

~~(ii)(iii) automated accounting and reporting system AARS, \$15,000;~~

(iii)(iv) modification to an approved ~~video gambling machine~~ VGM, CTVS, or ~~automated accounting and reporting system~~ AARS, \$1,000.

(2) This account will be charged at the rate of ~~\$105~~ \$130 per hour.

(3) The division will provide an accounting to the submitting person for charges assessed to them and will refund any overpayment ~~at the time department final approval is given~~. The department will notify the submitting person of any underpayment and collect that money prior to giving ~~any department approval~~ notice of its intended action.

AUTH: 23-5-115, 23-5-621, MCA

IMP: 23-5-631, 23-5-637, MCA

REASON: The division's actual costs of testing services must be paid by applicants. 23-5-110(3), MCA. The existing hourly rate is insufficient to cover current costs and will be raised from \$105 per hour to \$130 per hour, a rate commensurate with testing fees charged by private laboratories and other states' gambling regulatory agencies. The division's actual costs for CTVS testing are not expected to be as great as experience shows are common for VGM or AARS testing. The CTVS deposit of \$5,000 reflects the division's lower estimate of its costs.

23.16.1920 AUTOMATED ACCOUNTING AND REPORTING SYSTEM AARS, CTVS, VIDEO GAMBLING MACHINE, AND VGM HARDWARE AND SOFTWARE SPECIFICATIONS (1) The ~~logical interface communications protocol~~ used shall be the full implementation of the ~~Gaming Standards Association's (GSA) International Game Technology's (IGT) Slot Accounting System (SAS) protocol~~ version 6.00 or later.

(a) The ~~GSA IGT SAS protocol specification documents~~ may be obtained from ~~GSA IGT Main Office, 48377 Fremont Blvd., Suite 117, Fremont, CA 94538; phone: (510) 492-4060; via e-mail: sec@gamingstandards.com sasman@igt.com; or its web site (www.gamingstandards.com)~~.

(b) The required minimum implementation of the ~~GSA IGT SAS protocol~~ is defined in the Montana SAS Serial Protocol Implementation Guide. The guide is available on the Montana Department of Justice, Gambling Control Division web site (www.dojmt.gov/gaming) and is available by request from the Gambling Control Division, Technical Services Section, 2550 Prospect Ave., P.O. Box 201424, Helena, MT 59620-1424; (406) 444-1971.

(2) The physical interface specification is the Electronic Industries Association (EIA) standard EIA-232-F serial communication interface. Note: This standard is also known as RS-232 and TIA (Telecommunication Industry Association).

(a) The physical interface at the ~~video gambling machine~~ VGM shall be a female D-type 9-pin connector. The cable must be of sufficient length to easily reach the system interface board mounting regardless of the orientation of the interface board.

(b) The ~~video gambling machine~~ VGM shall be configured as data terminal equipment with EIA-232 connector pin out in accordance with the standard as follows:

PIN	SIGNAL	Description
1	DCD	Data Carrier Detect (not used)
2	RX	Received Data
3	TX	Transmit Data
4	DTR	Data Terminal Ready (optional)
5	GND	Signal Ready
6	DSR	Data Set Ready (not used)
7	RTS	Request To Send (not used)
8	CTS	Clear To Send (not used)
9	RI	Ring Indicator (not used)

AUTH: 23-5-115, 23-5-621, MCA

IMP: 23-5-603, 23-5-621, 23-5-631, 23-5-637, MCA

REASON: As indicated above in ARM 23.16.101, this proposed amendment is necessary to delete references to obsolete technologies. The rule contains updates to current electronics standards and terminology. Certain subsections of the rule were rewritten to improve readability and clarity.

23.16.1927 APPROVAL OF VIDEO GAMBLING MACHINES VGMS AND/OR MODIFICATIONS TO APPROVED VIDEO GAMBLING MACHINES VGMS BY DEPARTMENT

(1) The department may conditionally approve specific models of ~~machines~~ VGMS or modifications based on its finding that the ~~machines~~ VGMS conform to the act and these rules.

(a) Final approval of each ~~machine~~ VGM or modification is required even if a ~~machine~~ VGM has been conditionally approved.

(b) Conditional or final approval may be withdrawn ~~by the department~~ subsequent to finding that if the department later learns a machine VGM does not conform to specifications or requirements that were in effect at the time conditional or final approval was granted.

(2) Approval includes inspection of the hardware and software and all information provided to the department ~~under the Administrative Rules of Montana~~ to determine whether a ~~machine~~ VGM or modification meets all requirements of the act and these rules.

(3) The department may accept shipment of a ~~machine or modification for the purpose of providing conditional approval of that particular make and model or modification provided the following conditions are met~~ hardware or software as part of an application for conditional or final approval provided that:

(a) remains the same.

(b) all the applicable information required in ARM 23.16.1911 must accompany the ~~machine~~ VGM or modification; and

(c) prior to shipment, the department approved such shipment of a ~~machine~~ VGM or modification for scheduled testing and approval.

(4) ~~New rules may be adopted which redefine or set forth new specifications that previously approved machines and/or modifications do not comply with. In such cases, and only in such cases, the department shall allow up to 90 days for a licensee to bring a machine and/or modification into compliance with a new or modified specification. A licensee holding approval of a VGM shall have 180 days from the effective date of a new or amended rule establishing VGM specifications in which to conform the VGM to the new specifications.~~

AUTH: 23-5-115, 23-5-602, 23-5-605, 23-5-621, MCA
IMP: 23-5-605, 23-5-606, 23-5-611, 23-5-621, 23-5-631, MCA

REASON: As indicated above in ARM 23.16.101, this proposed amendment is necessary to delete references to obsolete technologies. The rule contains updates to current electronics standards and terminology. Certain subsections of the rule were rewritten to improve readability and clarity.

23.16.1928 DISSEMINATION OF INFORMATION (1) and (1)(a) remain the same.

- (b) ~~listings of source codes and flow charts;~~
- (c) remains the same.
- (d) ~~model PROMs~~ media or logic boards containing compiled programs.
- (2) Information relating to the results of actual operations as shown on a ~~machine's~~ VGM's meters is not confidential and may be used to compile studies or reports.
- (3) and (4) remain the same.

AUTH: 23-5-115, 23-5-605, MCA
IMP: 23-5-115, 23-5-605, 23-5-606, MCA

REASON: As indicated above in ARM 23.16.101, the rule contains updates to current electronics standards and terminology.

23.16.1931 INSPECTION AND SEIZURE OF MACHINES (1) The department has the right ~~at all times to make an examination of~~ during the licensee's normal business hours to inspect an AARS or CTVS, or any machine VGM being used to play or simulate video poker, keno, bingo, or video line games. Such right of inspection includes immediate access to ~~all machines~~ each AARS, CTVS, or VGM and unlimited inspection of all ~~machine~~ VGM parts. The department may immediately seize and remove any ~~machine~~ AARS, CTVS, VGM, or device ~~which that~~ violates state law or these rules.

(2) Given reasonable cause, the department may remove a ~~machine~~ AARS, CTVS, or VGM or parts from a ~~machine~~ VGM for laboratory testing and analysis.

(3) The department may seal any ~~machine~~ AARS, CTVS, or VGM left on the licensee's premises pending the department's investigation. ~~The breaking or removal of~~ Breaking or removing the department's seal will subject the licensee to seizure of

the entire machine AARS, CTVS, or VGM and suspension or revocation of any permit or license issued by the department.

AUTH: 23-5-115, 23-5-602, 23-5-621, MCA

IMP: 23-5-113, 23-5-602, 23-5-603, 23-5-608, 23-5-611, 23-5-613, 23-5-621, MCA

REASON: As indicated above in ARM 23.16.101, the department's right of inspection is proposed to be limited to normal business hours, consistent with other inspection time frames.

23.16.2305 EQUIPMENT SPECIFICATIONS (1) remains the same.

(2) The equipment must:

(a) allow easy access to the equipment's ~~conventional ROM devices~~ for field verification;

(b) have ~~an~~ a manufacturer identification tag permanently affixed to approved hardware in a location approved by the department that lists the manufacturer, serial number, model, and date of manufacture;

(c) have no ~~switches, jumpers, wire posts, or other~~ means of manipulation that could affect the accounting operation or outcome of a game;

(d) generate ~~game numbers before each game by~~ using a random number generator. ~~After the game numbers are generated and before start of the game, the numbers must be frozen in the order they were generated, and all numbers used for play must be taken in order from the top of the frozen field; and~~

(e) meet the same specifications imposed on ~~video gambling machines~~ VGMs under:

(i) ~~ARM 23.16.1901(1)(d)(xiv);~~

(ii) ~~ARM 23.16.1901(1)(d)(xv);~~

(iii) ~~ARM 23.16.1905;~~ and

(iv) ~~ARM 23.16.1906(1)(a), (d), and (e).~~

(3) through (6) remain the same.

AUTH: 23-5-115, 23-5-426, MCA

IMP: 23-5-115, 23-5-426, MCA

REASON: As indicated above in ARM 23.16.101, this proposed amendment is necessary to delete references to obsolete technologies. The rule contains updates to current electronics standards and terminology. Certain subsections of the rule were rewritten to improve readability and clarity.

5. Concerned persons may submit their data, views, or arguments either orally or in writing at the hearing. Written data, views, or arguments may also be submitted to: Michael L. Fanning, 2550 Prospect Avenue, P.O. Box 201424, Helena, Montana, 59620-1424; telephone (406) 444-1971; fax (406) 444-9157 or e-mail j.say@mt.gov and must be received no later than 5:00 p.m., September 14, 2018.

6. Michael L. Fanning, Department of Justice, has been designated to preside over and conduct this hearing.

7. The department maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by this agency. Persons who wish to have their name added to the list shall make a written request that includes the name, e-mail, and mailing address of the person to receive notices and specifies for which program the person wishes to receive notices. Notices will be sent by e-mail unless a mailing preference is noted in the request. Such written request may be mailed or delivered to the contact person in 5 above or may be made by completing a request form at any rules hearing held by the department.

8. The bill sponsor contact requirements of 2-4-302, MCA, do not apply.

9. With regard to the requirements of 2-4-111, MCA, the department has determined that the adoption and amendment of the above-referenced rules will not significantly and directly impact small businesses.

10. Pursuant to 2-4-302, MCA, the cumulative amount for all persons of the proposed fee change in ARM 23.16.1918 is approximately \$41,848 based on the average total fees collected over the last three fiscal years, 2016-18 (\$174,370 x 24%). Collections are declining and if only the most recent year is considered, the cumulative effect of the fee increase is approximately \$36,725 (\$153,021 x 24%). The number of persons affected is approximately 13, representing the number of manufacturers licensed in Montana, though not all of that number are active currently. Additionally, the division will collect fees to cover actual costs for testing cash ticket validation systems (CTVS), a new technology that is not currently tested or deployed. The division expects no more than one or two CTVS submissions annually, each subject to a \$5,000 deposit toward actual testing costs.

/s/ Matthew Cochenour
Matthew Cochenour
Rule Reviewer

/s/ Timothy C. Fox
Timothy C. Fox
Attorney General
Department of Justice

Certified to the Secretary of State July 31, 2018.