

GLC RULES – COIN OPERATED AMUSEMENT MACHINES

RU 13.1 COIN OPERATED AMUSEMENT MACHINE ADMINISTRATION

RU 13.1.1 PURPOSE

This rule provides for the administration of Coin Operated Amusement Machines as defined by the Georgia Lottery for Education Act (“Act”) Title 50, Chapter 27, Article 3 of the Official Code of Georgia Annotated. In the event of a conflict between this Rule RU 13.1 and the Act, the Act will govern.

RU 13.1.2 DEFINITIONS

The following definitions are provided as stated within, or in addition to, §50-27-70 of the Georgia Lottery for Education Act (“the Act”):

Amusement or Recreational Establishment – An open-air establishment frequented by the public for amusement or recreation. Such an establishment shall be in a licensed fixed location located in this state and which has been in operation for at least 35 years.

Bona Fide Coin Operated Amusement Machine (“COAM”) – Every machine of any kind or character used by the public to provide amusement or entertainment whose operation requires the payment of or the insertion of a coin, bill, other money, token, ticket, card, or similar object and the result of whose operation depends in whole or in part upon the skill of the player, whether or not it affords an award to a successful player pursuant to subsections (b) through (g) of Code Section 16-12-35, and which can be legally shipped interstate according to federal law.

Chief Executive Officer or CEO – The chief executive officer of the Georgia Lottery Corporation as provided in the Act.

Class A Machine – A bona fide coin operated amusement machine that is not a Class B machine, does not allow a successful player to carry over points won on one play to a subsequent play or plays, and (A) provides no reward to a successful player, (B) rewards a successful player only with free replays or additional time to play, (C) rewards a successful player with noncash merchandise, prizes, toys, gift certificates, or novelties in compliance with the provisions of subsection (c) or paragraph (1) of subsection (d) of Code Section 16-12-35, and does not reward a successful player with any item prohibited as a reward in subsection (i) of Code Section 16-12-35 or any reward redeemable as an item prohibited as a reward in subsection (i) of Code Section 16-12-35, (D) rewards a successful player with points, tokens, tickets, or other evidence of winnings that may be exchanged only for items listed in

subparagraph (C) of this paragraph, or (E) rewards a successful player with any combination of items listed in subparagraphs (B), (C), and (D) of this paragraph.

Class B Machine – A bona fide coin operated amusement machine that allows a successful player to accrue points on the machine and carry over points won on one play to a subsequent play or plays in accordance with paragraph (2) of subsection (d) of Code Section 16-12-35 and (A) rewards a successful player in compliance with the provisions of paragraphs (1) and (2) of subsection (d) of Code Section 16-12-35 and (B) does not reward a successful player with any item prohibited as a reward in subsection (i) of Code Section 16-12-35.

Coin – Any object, including, but not limited to, such things as a coin, paper bill, ticket, token or other monetary substitute, which is necessary for the operation of a Coin Operated Amusement Machine.

Discrepancy (Adjustment) – Any financial adjustment made which is the result of a bona fide malfunction which may include a reported failure of a component of a Class B machine either in part or in whole that would impact the accuracy of the data being reported if not otherwise stated. Said adjustment must be made in good faith without fraud or deceit.

Distributor – A person, individual, partnership, corporation, limited liability company, or any other business entity that buys, sells, or distributes Class B machines to or from Operators.

GLC – Georgia Lottery Corporation

Gross Retail Receipts – The total revenue derived by a business at any one business location from the sale of goods and services and the commission earned at any one business location on the sale of goods and services but shall not include revenue from the sale of goods or services for which the business will receive only a commission. Revenue from the sale of goods and services at wholesale shall not be included.

Hand count (Limit Win Per Game Played) – A setting in software that along with a ticket value does not allow a player to receive a reward which exceeds \$5.00 in noncash redemption for a single play.

Immediate Family Member -- Immediate family member means: spouse, parent, child, stepchild, sibling, stepsibling, grandparent, grandchild, cousin, niece, nephew, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, sister-in-law, aunt and uncle.

An interest in any Manufacturer, Distributor, Location Owner or Location Operator – any equity or non-equity interest in the Manufacturer, Distributor, Location Owner or Location Operator, or any other direct or indirect participation that results in the Master Licensee receiving any monies or any other thing of value at all, including, but not limited to, salary, reimbursement of expenses, interest or loan payments or any value in the company which could inure to the Master Licensee.

Last Collection Date – The last date of collection of revenue by the Master Licensee from the designated COAM Location.

Location license – means the initial and annually renewed license which every business Location Owner or business Location Operator must purchase and display in the location where one or more bona fide coin operated amusement machines are available for commercial use by the public for play in order to operate legally any such machine in this state.

Location Owner or Location Operator – An owner or operator of a business where one or more bona fide coin operated amusement machines are available for commercial use and play by the public.

Malfunction – A failure in a bona fide coin operated amusement machine that can be corrected only by the Master Licensee of the machine. Acceptable malfunctions shall include, but are not limited to, hardware failures, software failures, electrical surges, and failures due to low or high voltage levels within a machine.

Manufacturer – A person, individual, partnership, corporation, limited liability company, or any other business entity that supplies and sell major components or parts, including software, hardware, or both, to Class B machine Distributors or Operators.

Master License – The certificate which every Owner of a bona fide coin operated amusement machine must purchase and display in the Owner's or Operator's place of business, where the machine is located for commercial use by the public for play in order to legally operate the machine in the state.

Operator (or Master License holder under the Act) – Any person, individual, firm, company, association, corporation, or other business entity that exhibits, displays, or permits to be exhibited or displayed, in a place of business other than his own, any bona fide coin operated amusement machine in this state.

Owner (or Master License holder under the Act) – Any person, individual, firm, company, association, corporation, or other business entity owning any bona fide coin operated amusement machine in this state.

Sticker – The decal issued for every bona fide coin operated amusement machine to show proof of payment of the permit fee.

Temporary Location Permit – The permit which every Location Owner or Location Operator must purchase and display in the location where one or more bona fide coin operated amusement machines are available for commercial use by the public for play in order to operate legally the machine or machines in this state for seven days or less. Such temporary location permits shall be subject to the same regulations and conditions as Location Licenses.

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Total Gross Receipts - means the total revenue received from the public for play of an amusement machine.

Total Net Receipts – The entire amount of moneys received from the public for play of an amusement machine, minus the amount of expenses for noncash redemption of winnings from the amusement machine, and minus the amount of moneys refunded to the public for bona fide malfunctions of the amusement machine.

Total Value of all Prizes Awarded – The total dollar value of all prizes awarded to players which may include merchandise, prizes, toys, online tickets and instant tickets.

Total Value of GA Lottery Online Tickets Awarded as Prizes – The total dollar value of lottery online tickets awarded as prizes.

Total Value of GA Lottery Instant Tickets Awarded as Prizes – The total dollar value of lottery instant tickets awarded as prizes.

Vending Machine – A machine whose operation requires no skill, chance, or luck on the part of the user to obtain a desired tangible item in exchange for payment and provides for no further subsequent winning of anything of value. The exchange must be a simultaneous transaction that does not require redemption by the user including, but not limited to, such things as vouchers, tokens, tickets, or other evidence of winnings.

RU 13.1.3 LICENSEE QUALIFICATIONS

- (1) Any Owner or Operator, and any Location Owner or Location Operator, whether a resident or nonresident of Georgia, of COAMs located in Georgia and used for commercial purposes must qualify to do business in Georgia in the manner required by applicable laws.
- (2) Any Owner or Operator, and any Location Owner or Location Operator, whether a resident or non-resident of Georgia, of any COAMs located in Georgia, shall be in compliance with all taxes and fees imposed by applicable laws, rules and ordinances.
- (3) To be eligible as a Master Licensee, the person shall not have had a gambling license in any state for at least five (5) years prior to obtaining or renewing a Georgia Master License.
- (4) An entity is deemed to be the Owner or Operator of a COAM if that person has a right to:
 - (a) Access and retain the gross receipts in any COAM without the consent or presence of the person furnishing, stocking, or servicing the machine;
 - (b) Establish or approve a written agreement as required by the Act (including but not limited to the requirements of O.C.G.A. §50-27-87.1) to provide for a rental, commission, or gross receipts sharing arrangement based upon COAM receipts;

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- (c) Insure, or require insurance by a third-party while under the control of that third-party, any COAM against loss due to fire, theft, damage, or other occurrences;
 - (d) Retain directly or indirectly a percentage of the gross receipts from any COAM as a result of an ownership interest in the COAM;
 - (e) Control the disposition, movement, or maintenance of any COAM;
 - (f) Pay any obligated indebtedness secured by, or incurred in connection with, the lease or purchase of any COAM;
 - (g) Possess as owner a bill of sale for the purchase of COAMs at fair market value.
- (5) An entity is deemed to be the Location Owner or Location Operator of a COAM if that person has a right to:
- (a) Possession of a COAM;
 - (b) Conduct business at a location where a COAM is in use;
 - (c) Share in the proceeds of a COAM at a location under the ownership or exclusive control of the person, all in accordance with the Act (including but not limited to the requirements of O.C.G.A. §50-27-87.1); or
 - (d) Dominion and control over a COAM while in operation.
- (6) Any statement or confession made in judico and under oath regardless of the proceeding in which statement or confession was made may be considered by the GLC in the course of any investigation or determination of a license application.

RU 13.1.4 APPLICATION REQUIREMENTS

- (1) The Master License and Location License qualification criteria established by the GLC are designed to comply with all requirements of the Act and to provide clear and objective guidelines to license applicants. An application for a Master License or Location License to do business under this Rule RU 13.1 shall be in the form required by the Chief Executive Officer (“CEO”) and contain:
- (a) The full legal name of the applicant, the type of ownership, a listing of any trade names of the applicant, and the names and addresses of the officers of the applicant;
 - (b) The name, address and telephone number of every person who has a financial interest in the business, and a description of the nature, type, and extent of that financial interest;

- (c) A signed statement under oath that the information in the application is true and correct;
 - (d) The address of a designated office in Georgia where the applicant will maintain the records regarding its operation of COAMs and any other information required to be maintained by law and these rules;
 - 1. If the designated office is also the place of business of the registered agent, the records of the business regarding the operation of COAMs in Georgia must be kept at such place of business.
 - (e) The applicant's State Taxpayer Identification Number, Federal Employer Identification Number, or Social Security Number;
 - (f) Total number and class designation of COAMs;
 - (g) Email address of the Owner or Operator;
 - (h) The name and address of a corporation's registered agent, or as to any other type of business, a party designated to receive service of process;
 - (i) Any other information the CEO may require.
- (2) Additional requirements as to Master Licenses:
- (a) A complete listing of each location at which the applicant offers COAMs for play on form as prescribed by the CEO, including the:
 - 1. Legal and trade name of the entity operating at each location.
 - 2. Street address of each location where COAMs will be offered for play.
 - (b) Any applicant for a Master Licensee shall not have had a gambling license in any state for at least five (5) years prior to obtaining or renewing a Georgia Master License. Each applicant for a Class B Master License must disclose any and all prior gambling license(s), including the jurisdiction issuing the license and dates during which the license was held.
 - (c) Each applicant for a Class B Master License must provide recordkeeping information, including:
 - a. Who maintains the applicants financial and business records;
 - b. Where the financial and business records are kept; and
 - c. Who prepares tax returns and other governmental registrations and filings.

- (d) Each applicant for a Class B Master License must disclose any and all prior interests, existing within five years of the date of application, in any business operating as a COAM manufacturer, distributor, location owner, or location operator. If there is an interest to disclose, the applicant shall provide written proof of:
 - a. Divesture of the interest, along with proof of closing, date of sale, and name, address and phone number of purchase; or
 - b. Compliance with the 10 year joint ownership exception set forth in O.C.G.A. §50-27-87.

- (e) In accordance with uniform administrative standards approved by the GLC in its sole discretion, each applicant for a Class B Master License must provide a current and valid list of all proprietors, partners, corporate officers and shareholders of closely held corporations or other business entities who hold any of the beneficial equity ownership interests in the applicant. Additionally, the applicant shall provide copies of the following documents:
 - a. Local business licenses;
 - b. All Georgia state issued business licenses; and
 - c. Only upon request by the GLC, the applicable organizational documents of the applicant, such as:
 - e.c.i. Corporate articles of incorporation and bylaws;
 - e.c.ii. Partnership agreements;
 - e.c.iii. LLC management agreements; or
 - e.c.iv. Other related documentation requested by the GLC.

- (f) Each applicant for a Class B Master License must disclose the names of all their manufactures, suppliers and distributors of both COAM machines, parts, hardware and software, as well as supply any additional related information requested by the GLC.

- (g) Each applicant for a Class B Master License will specifically represent and warrant that it is in compliance with the requirements of O.C.G.A. §50-27-87.1, prohibiting unfair methods of competition and unfair and deceptive acts, including prohibited agreements and arrangements with Location Licensees or with manufacturers, suppliers, and distributors of hardware and software; and

- (h) Each applicant for a Class B Master License will specifically represent and warrant its compliance with all requirements of Act and applicable laws, and acknowledge its on-going obligations to maintain compliance as Master Licensee, specifically including, but

not limited to, its obligation to promptly report in writing any change of ownership or control of the underlying business holding a Class B Master License.

- (3) A temporary license obtained prior to issuance of a Master License and/or Location License is not permitted under the Act. A temporary location permit may be obtained by submitting the appropriate processing fee and following the provisions of the Act and these Rules.
- (4) If there is a change in ownership of the business or COAM, or the location of any COAM, throughout the license period, the licensee shall update the information within five (5) business days of the change.
- (5) Vending Machines are not COAMs pursuant to O.C.G.A. §50-27-70(b)(2)(B).
- (6) Applicants will be eligible to be approved by the GLC for a Master License or a Location License if they are found to be in compliance with the requirements of the Act, and if:
 - (a) The applicant returns a completed application form; and
 - (b) The applicant provides a listing of all proprietors, partners, corporate officers and shareholders of closely held corporations or other business entities, regardless of the percentage of ownership interest held in the applicant; and
 - (c) The applicant provides a certification of compliance with the provisions of the Act and with the Rules and Regulations of the GLC; and
 - (d) The applicant provides a notarized consent form from each proprietor, partner, corporate officer or shareholder of closely held corporations or other business entities holding an ownership interest, thereby allowing the GLC to investigate criminal, financial and tax status, subject to administrative exceptions as allowed by the GLC in its sole discretion in accordance with uniform criteria approved by the CEO; and
 - (e) The applicant is not reported as delinquent in filing or payment of taxes by the Georgia Department of Revenue, or otherwise in violation of any obligations imposed by the tax laws or other laws or regulations of this state as required by O.C.G.A. §50-27-71(a.2)(6) and §50-27-73(c)(7); and
 - (f) The applicant(s) for each Master License and each Class B Location License, including all proprietors, partners, corporate officers or shareholders holding an ownership interest, have not been convicted of a criminal offense prohibited by the Act under the same standards set for GLC Lottery Retailers pursuant to O.C.G.A. §50-27-17; and
 - (g) In accordance with uniform administrative standards approved by the GLC in its sole discretion, the applicant, including all proprietors, partners, corporate officers or shareholders holding an ownership interest, either:

1. Meets an acceptable level of creditworthiness as assessed through an independent credit agency, and has an acceptable level of creditworthiness, in the GLC's sole discretion, based upon the current or prior payment history with the GLC; or
 2. Provides a financial security deposit or other credit enhancement acceptable to the GLC; and
- (h) The applicant submits the required license application fees required by the Act; and
- (i) Upon notice by the GLC prior to the successful implementation and certification of the Class B accounting terminal under the provisions of O.C.G.A. §50-27-101, the applicant or License Holder for a Class B Location License shall establish a separate bank account in the name of the Licensee as "Trustee for the Georgia Lottery Corporation" for handling COAM proceeds in accordance with O.C.G.A. §50-27-102(c), and provides the banking information to the GLC to enable collection of the COAM proceeds by way of Electronic Funds Transfer (EFT); and
- (j) The applicant has one (1) or more individuals from each Licensed Class B Location attend and successfully complete any and all training program prescribed by the GLC from time to time; and
- (k) None of the applicant's proposed locations for a Location License is an establishment featuring entertainment which would not be consistent with the dignity of the State of Georgia, the GLC, and the citizens they serve; and, specifically, the Location Licensee is not in the business of conducting or allowing to be conducted on its premises at any proposed location, shows and exhibits in which sexually explicit nude portions of the human body are displayed, nor does the applicant's business, at any proposed locations, derive fifteen (15) percent or more of its gross income from the selling or loaning for monetary consideration pictures, photographs, drawings, sculptures, motion picture films, books, pamphlets, magazines, printed matter however reproduced, sound recordings or similar visual representations or images of a person or portion of the human body which depicts sexually explicit nudity, sexual conduct, or sadomasochistic abuse or explicit and detailed verbal descriptions or narrative accounts of sexual excitement, sexual conduct, or sadomasochistic abuse; and
- (l) After a visit to each proposed Location by a GLC representative, the GLC determines that all information provided by the applicant appears accurate and that each such location sells sufficient products other than COAM plays to meet the requirements of the Act; and
- (m) In accordance with uniform administrative standards approved by the GLC in its sole discretion, for an applicant, including all proprietors, partners, corporate officers or shareholders holding an ownership interest, who has ever held a like position or ownership interest in any GLC Lottery Retailer which has or has had an outstanding unpaid balance owing to the GLC, the applicant:

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1. Must satisfy in full any legally enforceable outstanding balance which was not paid to the GLC when due; and
 2. May be required, in the GLC's sole discretion, to provide a financial security deposit or other credit enhancement acceptable to the GLC: and
- (n) In accordance with uniform administrative standards approved by the GLC in its sole discretion, the applicant provides either: (i) a personal guaranty of performance signed by each proprietor, partner, member, corporate officer or shareholder of closely held businesses, who hold ownership interests; and/or (ii) provides such other acceptable credit enhancements or agrees to such other license terms as allowed by the GLC; and
- (o) For an applicant for a Location License for any location which has (i) a previous history of non-compliance with the Act and the GLC Rules or which has (ii) multiple inconsistent licenses or business entities operating at that single location, all as determined in the sole discretion of the GLC, the GLC may defer the approval of any new Location License application for that same location, pending further investigation by the GLC of ownership and compliance with the Act and the GLC Rules.
- (7) The foregoing notwithstanding, the GLC may deny the issuance of a Master License or a Location License under the same standards applied to the revocation and suspension of a such licenses when it would be contrary to the intent and purpose of Article 3 of the Act under O.C.G.A. §50-27-73(c)(5) and O.C.G.A. §50-27-71(a.2)(4).
- (8) By submitting a COAM License application, the applicant is acknowledging that it is subject to any and all applicable laws, including the Act and GLC Rules and Regulations.
- (9) If a Master or Location License is not issued, the GLC will refund the Base Fee, Decal Fee(s), and Machine Fee(s) less \$100.00 to cover administrative costs. No refund of Base Fee, Decal Fee(s), and Machine Fee(s) will be allowed if the owner has an existing liability for any other fees or taxes due. Any refund will be applied to the existing liability due.
- (10) Any statement or confession made in judico and under oath regardless of the proceeding in which such statement or confession was made may be considered by the GLC in the course of any investigation or determination of a license application.

RU 13.1.5 MASTER LICENSE

- (1) All Owners of COAMs must obtain a Master License prior to placing COAMs in operation.
- (2) The Master License shall contain the following information:
 - (a) The date of issuance;
 - (b) The expiration date;

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- (c) The Master License number;
 - (d) Name and mailing address of the Owner(s).
- (3) A Master License shall be valid and effective commencing July 1, or upon issuance if purchased after July 1, through June 30 of the following year.
 - (4) The original Master License shall be retained by the Owner of the COAMs and displayed at the Owner's place of business in a conspicuous location if COAMs are operated there.
 - (5) The Master Licensee must provide each affiliated Location Operator with a copy of the Master License.
 - (6) A Master Licensee shall notify the CEO if the Master Licensee's COAMs have been completely removed from a location within five (5) business days from removal of the COAM, on forms prescribed by the CEO.
 - (7) A Master License is not transferrable from one Owner to another Owner.
 - (8) Commencing on January 15, 2015 until and including July 5, 2015, in order to avoid disruption of connections of Class B COAMs to the central accounting terminal pursuant to O.C.G.A. §50-27-101, a Master Licensee shall not facilitate in any way any change in location, placement, ownership or control of any Class B COAMs.
 - (a) Any attempt by a Master Licensee to evade the restriction contained in this subdivision or otherwise evade the requirement to connect Class B COAMs to a central accounting terminal pursuant to O.C.G.A. §50-27-101 shall be subject to disciplinary action, including the penalties described in the exhibit to this rule entitled "Connection Standards for the Class B Accounting Terminal."
 - (b) GLC, in its sole discretion and for good cause shown, may permit a deviation from or waiver of the restriction contained within this subdivision. To request relief from this restriction, written application must be submitted to GLC, setting forth the name, address and telephone number of the requester, the COAM license number, the details of the request, and the basis for a claim of good cause.

RU 13.1.6 LOCATION LICENSE

- (1) All Location Operators of COAMs must obtain and post in a conspicuous public location a Location License for each location prior to placing COAMs in operation. No COAM shall be made available for play by the public prior to obtaining full licensure from the GLC.

- (2) The Location License shall contain the following information:
 - (a) The name and address of the business location;
 - (b) The date of issuance;
 - (c) The expiration date;
 - (d) The name and mailing address of the Location Operator(s);
 - (e) The number of each class of machine in use at that location.
- (3) A Location License shall be valid commencing July 1, or upon issuance if purchased after July 1, through June 30 of the following year.
- (4) The original Location License shall be posted at the Location Operator's place of business in a conspicuous public location.
- (5) A licensed location shall also display, in a conspicuous public location, a copy of the Master License of the COAMs in operation at that location.
- (6) A Location Licensee shall notify the CEO if a Master Licensee has removed all COAMs owned by that Master Licensee from the location within five (5) business days of removal on forms prescribed by the CEO.
 - (a) If the Location Licensee enters an agreement with another Master Licensee for COAMs:
 1. Of the same class and number for which the previous license was issued, the GLC shall issue a duplicate license reflecting the change in the Master Licensee, for no additional charge.
 2. Of a different class or for more COAMs for which the original license was issued, the Location Licensee must obtain a new Location License.
- (7) A Location License is not transferrable from one Location Operator to another.
- (8) Commencing on January 15, 2015 until and including July 5, 2015, in order to avoid disruption of connections of Class B COAMs to the central accounting terminal pursuant to O.C.G.A. §50-27-101, a Location Licensee shall not facilitate in any way any change in location, placement, ownership or control of any Class B COAMs.
 - (a) Any attempt by a Location Licensee to evade the restriction contained in this subdivision or otherwise evade the requirement to connect Class B COAMs to a central accounting terminal pursuant to O.C.G.A. §50-27-101 shall be subject to disciplinary action, including

the penalties described in the exhibit to this rule entitled “Connection Standards for the Class B Accounting Terminal.”

(b) GLC, in its sole discretion and for good cause shown, may permit a deviation from or waiver of the restriction contained within this subdivision. To request relief from this restriction, written application must be submitted to GLC, setting forth the name, address and telephone number of the requester, the COAM license number, the details of the request, and the basis for a claim of good cause.

RU 13.1.7 TEMPORARY LOCATION PERMIT

- (1) All Location Operators of COAMs that do not operate at a permanent location shall obtain a Temporary Location Permit.
- (2) The Temporary Location Permit shall contain the following information:
 - (a) The name and address of the location;
 - (b) The date of activation;
 - (c) The expiration date;
 - (d) Name and mailing address of the Location Operator;
 - (e) The number of each class of machine in use at that location.
- (3) A Temporary Location Permit shall be valid for no longer than seven (7) days.
- (4) The original Temporary Location Permit shall be posted at the temporary location in a conspicuous public location for the duration of the permit.
- (5) A licensed location shall also display, in a conspicuous public location, a copy of the Master License of the COAMs in operation at that location.
- (6) A Temporary Location Permit is not transferrable:
 - (a) From one Location Operator to another; or
 - (b) From one temporary location to another.
- (7) Each temporary location shall be independently licensed under this rule.

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- (a) Payment of fees for Permit Stickers is only required once during the licensing period that commences on July 1 and ends on June 30 of the following year.
- (b) A new Temporary Location Permit must be applied for every seven (7) days for locations in operation for more than seven (7) days.

RU 13.1.8 PERMIT STICKER

- (1) The Permit Stickers required under O.C.G.A. §50-27-78 for Class A Machines and Class B Machines shall vary in color from each other as well as from year to year, and shall be in the form prescribed by the CEO.
- (2) The Permit Sticker shall be attached in a conspicuous place on the front of the machine to the corresponding class of machine at all times the machine is in operation.
- (3) A Permit Sticker shall only be valid and effective commencing July 1, or upon issuance if purchased after July 1, through June 30 of the following year.
 - (a) The Permit Sticker shall conspicuously indicate the year that the sticker is valid.

RU 13.1.9 REMOVAL OF PERMIT STICKER

- (1) The Permit Sticker may not be removed from any COAM except by the Master Licensee, under penalty of law.
- (2) If a COAM is sold, the Owner is required to remove the sticker before surrendering the COAM to the new Owner.
- (3) The new Owner is responsible for purchasing a Permit Sticker, as evidenced by a copy of a bill of sale provided to the GLC, within ten (10) business days of purchase of a COAM that remains in operation at that location.
 - (a) For COAM removed from a location upon purchase, the new Owner is responsible for purchasing and affixing a Permit Sticker prior to the date in which a machine is placed in a location and becomes available for play by the public.
- (4) Permit Stickers are non-transferable from one Master Licensee to another Master Licensee.
- (5) Permit Stickers may be transferred from one COAM to another so long as the ownership of the COAM does not change and the Permit Sticker is placed on a COAM that is in the same class of machines as the transferred sticker.

RU 13.1.10 INSPECTION OF LICENSED PREMISES AND RECORDS

- (1) No bona fide coin operated amusement machine, its parts, or software or hardware shall be placed or leased in any Location Owner's or Location Operator's establishment except by a Master Licensee and only if the owner or agent of the Location Owner or Location Operator holds a valid COAM location license and has entered into a written agreement with a Master Licensee for placement of the bona fide coin operated amusement machine. Any written agreement entered into after April 10, 2013 shall be exclusive as between one bona fide coin operated amusement machine Master Licensee and one Location Owner or Location Operator per location.
- (2) A copy of the written agreement shall be on file in the Master Licensee's and the Location Owner's and Location Operator's place of business and available for inspection by individuals authorized by the corporation.
- (3) Master Licensees, Location Owners, and Location Operators must comply with reporting and labeling requirements established by the corporation.
- (4) The CEO and/or agents authorized by the CEO may enter the licensed place of business of any person engaged in the ownership and/or operation of COAMs at any time for the purpose of inspecting the place of business and enforcing Chapter 27 of Title 50 of the Official Code of Georgia and these rules, and agents shall have access during the inspection to:
 - (a) All areas of the place of business;
 - (b) All books, records, and supplies relating to the ownership and/or operation of COAMs.
- (5) Failure to cooperate with all aspects of an inspection or to hinder or interfere with an agent in the performance of the agent's duties shall be a violation of these rules by any licensee, its employee, or anyone acting on behalf of or with the approval of the licensee, compensated or otherwise.
- (6) Interference or hindrance of an agent shall include, but not be limited to the following:
 - (a) Disorderly conduct including behaving in any manner tending to threaten or to appear to threaten the agent or members of the public during an inspection or performance of the agent's duty;
 - (b) Disturbing the peace including, but not limited to, utilizing loud, boisterous, threatening, abusive, insulting, or indecent language during an inspection or performance of the agent's duty.
- (7) All licensees' business records relating to COAM maintained at its registered agent's place of business are subject to the requirements of this Rule.

(8) Any request to change a master licensee for a COAM location through an assignment or transfer of a COAM location written agreement between two master licensees that is not subject to O.C.G.A. §50-27-102 (d) because the COAMs within the COAM location are not being removed or replaced at the time of the change of master licensee shall be submitted to GLC for consideration. Such submission to GLC shall include: (i) a copy of the agreement between the master licensees that identifies the COAM location or locations that are the subject of the assignment or transfer; and (ii) identification of the COAMs being transferred under such agreement, including the unique identifier required by GLC RU 13.1.14 (24). GLC's review of any such information provided may include, but not be limited to, confirmation that the master licensee making any such transfer is the master licensee authorized to place COAMs within such location according to GLC records; and that the involved COAM licensees hold valid COAM licenses. GLC may undertake any further review or investigation that it deems appropriate.

RU 13.1.11 FAILURE TO COMPLY WITH TAX LAWS

- (1) No application for a license under this Rule RU 13.1 will be considered as long as any person, firm, or corporation holding an interest in the business for which an application is made, has failed to meet any obligations imposed by any rule, rule, or tax law of Georgia.
- (2) The failure of any licensee, permittee, person, firm, or corporation holding an interest in the business for which the license is issued to meet any obligations imposed by any tax law of Georgia, shall be grounds for non-renewal, suspension, or revocation of any license, permit, or registration.

RU 13.1.12 SUBTERFUGE; UNLAWFUL ACTIVITIES

- (1) Any act which may be construed as a subterfuge in an effort to circumvent any of these rules and regulations shall be deemed a violation of the rule or regulation attempted to be circumvented.
- (2) Any licensee or any employee or agent of the licensee who violates any provision of these rules and regulations or any provision of O.C.G.A. §50-27-1, et seq., being the Georgia Lottery for Education Act (the "Act"), or O.C.G.A. Title 16, Chapter 12, Article 2, or directs, consents to, permits or acquiesces in such violation, either directly or indirectly shall, by such conduct, subject the license to suspension or revocation. For purposes of administering and enforcing the Act and these rules and regulations, any act committed by an employee, agent or representative of a licensee shall be deemed to be act of the licensee.
- (3) It shall be a violation of the Act and these rules and regulations for any licensee to permit any person to engage in any activity on licensed premises which is in violation of the laws or regulations of any federal, state, county or municipal governing authority or regulatory agency.

With respect to such activity, it shall be rebuttably presumed that the act was done with the knowledge or consent of the licensee; provided however, that this presumption may be rebutted only by evidence which precludes every other reasonable hypothesis such that such licensee did not know, assist or aid in such occurrence, or in the exercise of full diligence could not have discovered or prevented such activity.

RU 13.1.13 PROHIBITED ACTIVITIES

- (1) Although the GLC actively promotes the sale of its Lottery Tickets or Shares to benefit education in Georgia, the GLC does not endorse any products or services promoted by other commercial ventures. Accordingly, unless otherwise authorized in writing by the GLC, the GLC prohibits Operators, Owners, Master Licensees, Location Owners, and Location Operators from using the GLC's logo and copyrighted items in the course of their business promotions generally and as may be directed by the GLC specifically.
- (2) A licensee or applicant shall not allow the use of its Master License certificate or per machine permit stickers by any other business entity or person who owns or operates bona fide coin operated amusement machines available for commercial use and available to the public for play.
- (3) As provided in the Act, and in accordance with the definitions set forth in RU 13.1.2 above, a Location Owner or Location Operator shall not derive more than fifty percent (50%) of such Location Owner's or Location Operator's monthly gross retail receipts for the business location in which the Class B machine or machines are situated from such Class B machines.
- (4) Except as authorized by local ordinance, no Location Owner or Location Operator shall offer more than nine (9) Class B machines to the public for play in the same business location; provided, however, that this limitation shall not apply to an amusement or recreational establishment.
A Master Licensee, Location Owner, or Location Operator shall each retain only fifty percent (50%) of the net monthly proceeds for the operation of a Class B machine after the allowance for the GLC's share as set forth in O.C.G.A. §50-27-102.
- (5) A Master Licensee or Owner shall not enter into an agreement with a Manufacturer or Distributor (A) that grants the Owner or Master Licensee exclusive rights to own, maintain, place, or lease a type, model, or brand of bona fide coin operated amusement machine in this state, or (B) for the lease of a bona fide coin operated amusement machine, its parts, or software or hardware.
- (6) A Location Owner or Location Operator shall not ask, demand, or accept anything of value, including but not limited to a loan or financing arrangement, gift, procurement fee, lease payments, revenue sharing, or payment of license fees or permit fees from a Master

Licensee, as an incentive, inducement, or any other consideration to locate bona fide coin operated amusement machines in that establishment.

- (7) An Operator, Owner, Master Licensee, or Individual shall not provide anything of value, including but not limited to a loan or financing arrangement, gift, procurement fee, lease payments, revenue sharing, or payment of license fees or permit fees to a Location Owner or Location Operator, as any incentive, inducement, or any other consideration to locate bona fide coin operated amusement machines in that establishment.
- (8) Operators, Owners, Master Licensees, Location Owners, and Location Operators shall be exclusively responsible to COAM players for the consequences of any and all COAM malfunctions, and shall be subject to further rules and order of the GLC from time to time.
- (9) On or after July 1, 2013, no person with or applying for a Master License shall have an interest in any Manufacturer, Distributor, Location Owner, or Location Operator in this state. Additionally, no group or association whose membership includes Manufacturers, Distributors, Operators, Master Licensees, Location Owners, or Location Operators shall obtain a Master License nor shall they form an entity which acts as a Master Licensee, Operator, Location Owner, or Location Operator for the purpose of obtaining a Master License; provided, however, that through June 30, 2015, this paragraph shall not apply to persons who, as of December 31, 2013, have or will have continuously possessed a Master License for ten (10) or more years and, for ten (10) or more years, have or will have continuously owned or operated a location where a bona fide coin operated machine has been placed.
- (10) Beginning on July 1, 2013, no person, or immediate family member of a person, with or applying for a Location Owner's or Location Operator's license shall have an interest in any person, or immediate family member of a person, with a Master License, or doing business as a Distributor, or Manufacturer in this state.
- (11) Except as provided in O.C.G.A. § 50-27-87, a person shall not own, maintain, place, or lease a bona fide coin operated amusement machine unless he or she has a valid Master License; provided, however, a Manufacturer or Distributor may own a bona fide coin operated amusement machine intended for sale to an Operator, Master Licensee, Manufacturer, or Distributor. Neither a Manufacturer nor Distributor may maintain, place, or lease a bona fide coin operated amusement machine to another Manufacturer or Distributor.
- (12) A Master License holder cannot lease Class B machines to another person who holds a Master License. A person who holds a Master License must own and not lease the Class B machines that it places in the business of a Location Owner or Location Operator.
- (13) Penalties for Prohibited Activities shall include any and all penalties allowed by O.C.G.A. §50-27-1, et seq., being the Georgia Lottery for Education Act (the "Act"), and O.C.G.A. §16-12-35, both of which were amended in the 2013 Legislative Session of the Georgia

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General Assembly in enacted House Bill 487, and may result in fines of up to \$50,000, loss of licensure for a period of one to five years per incident, loss of any other state or local licenses held by the person, and other penalties allowed by law or rule.

- (14) No Operator, Owner, Master Licensee, Location Owner, and Location Operator shall pay, give, or make any economic opportunity, gift, loan, gratuity, special discount, favor, hospitality, or service, excluding food and beverages having an aggregate value not exceeding \$100.00 in any calendar year, to the chief executive officer, any GLC board member, any agent representing the GLC, any employee of the GLC, or to a member of the immediate family residing in the same household in the principal place of residence of any such person.
- (15) No Class B Machine shall be played by, nor shall any COAM prize be awarded to, any member of the GLC board of directors; any agent representing the GLC, any employee of the GLC, or to a member of the immediate family residing in the same household as any such person.
- (16) No COAM shall manipulate the accounting of intake of proceeds in the operation of the game.
- (17) No mechanical meter shall be cleared, changed or removed without notifying the GLC by the end of the next business day.
- (18) Class B machines shall not be placed in an establishment featuring entertainment which would not be consistent with the dignity of the State of Georgia, the GLC, and the citizens they serve; and, specifically, Class B machines shall not be placed in a business conducting or allowing nudity.
- (19) Any person holding any COAM license or permit issued pursuant to Chapter 27 of Title 50, or any employee or agent of such person, who violates any provision of Chapter 27 of Title 50 or these regulations, or directs, consents to, or permits such violation, either directly or indirectly, shall, by such conduct, subject the license to suspension, revocation and/or financial penalties as outlined in Georgia Code §50-27-71(a.2) and Georgia Code §50-27-73(c).
- (20) Lottery draw-game tickets shall not be permitted as COAM prizes at any location which is not a licensed GLC Retailer.
- (21) Master Licensees and Location Owners are prohibited from altering or tampering with any part of a Class B machines that causes malfunctions or misrepresentations of actual financial activity associated with the Class B machine, this includes, but is expressly not limited to, changes to any and all meters, software, other reporting systems, bill acceptors, communication or network devices, and motherboards.

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- (22) GLC employees shall not play Class B coin operated amusement machines, except when authorized by the Vice President of COAM for investigative purposes.
- (23) No COAM shall be made available to the public for play by any person that does not hold a valid COAM license.
- (24) No COAM, whether operational or not, shall be placed in any business where a COAM may be available for use if the location or operator does not hold a valid COAM license.
- (25) A Class B COAM, whether operational or not, shall not be placed in a location that holds a valid COAM location license prior to the scheduled connection date for the location to the GLC central accounting terminal unless approved in writing by the GLC.
- (26) A Class B COAM cannot be available to the public for play until it is successfully connected to the GLC central accounting terminal.

RU 13.1.14 REQUIRED ACTIVITIES

Operators, Owners, Master Licensees, Location Owners, Location Operators, and all persons who are subject to the provisions of applicable law and of the GLC COAM Rules, shall independently comply with any and all requirements imposed by O.C.G.A. §50-27-1, et seq., being the Georgia Lottery for Education Act (the “Act”), and O.C.G.A. §16-12-35, both of which were amended in the 2013 Legislative Session of the Georgia General Assembly in enacted House Bill 487, specifically including, but not limited to, the following:

- (1) All licensing, contracting, reporting, operating, and auditing requirements of the Act;
- (2) Display of license posted in a conspicuous public location place requirements;
- (3) All requirements that contracts, licenses and records be available for audit and inspection;
- (4) All COAM Revenue percentage limitations;
- (5) All COAM Revenue sharing requirements;
- (6) All GLC Regulatory Requirements to post any and all notices and placards required by the GLC in conspicuous public locations, such as Play Responsibly notices, problem gaming toll free helpline numbers, violation tip line numbers, et al.;
- (7) The requirement of only one Class B Master Licensee per COAM Location;
- (8) The requirements to comply with any and all required monthly and periodic reports to GLC. Monthly reports will begin for the month of July 2013, which first report will be due on or before August 20, 2013. Monthly reporting will continue thereafter to be due by the

20th day of each month for the previous month. The required monthly reports shall be supplied to the GLC on forms prescribed by the GLC, shall be submitted in electronic format, and shall be submitted with the sworn verification of the Operator, Owner, Master Licensee, Location Owner, and Location Operator;

- (9) The requirements to comply with the centralized accounting terminal and communications network specifications as set forth in the exhibits to this rule, as may be amended from time to time, entitled “Connection Standards for the Class B Accounting Terminal”, Standards For The Secured Compartment”, Georgia COAM SAS Requirements” and “Decommission Procedure”;
- (10) The requirements to refrain from unfair methods of competition and unfair deceptive trade practices as set forth in the Act;
- (11) As of April 10, 2013, the requirements that all Master License Holders, Location Owners and Location Operators are subject to audit by the GLC and its authorized agents, including the division of monies between the parties. For the purposes of such audits, each Operator, Owner, Master Licensee, Location Owner, and Location Operator shall retain records of all its COAM transactions for no less than the last five full calendar years and current year to date measured from the time of audit or request; and
- (12) The compliance with executive orders of the CEO, which may be adopted and promulgated at any time in accordance with uniform criteria as may be established by the GLC Board of Directors, which executive orders shall:
 - (a) Provide for regulations, forms, and other requirements to implement the intent and purpose of the GLC COAM Rules consistent with the Act, and O.C.G.A. §16-12-35, both of which were amended in the 2013 Legislative Session of the Georgia General Assembly in enacted House Bill 487;
 - (b) Address day to day operational and regulatory matters that may arise from time to time; and
 - (c) Provide for the proper and orderly administration of the duties of the GLC under the Act.
- (13) The requirement all Master License Holders and Location Owners and Location Operators show proof of deposits to their financial institution within five (5) business days of collection. Unless otherwise authorized in writing by the GLC, deposits of COAM net proceeds shall be kept separate and apart from all other funds and assets and shall not be commingled with any other funds or assets. Upon successful implementation and certification of the Class B accounting terminal under O.C.G.A §50-27-101, each Location Owner and Location Operator shall place all COAM net receipts in a segregated account pursuant to O.C.G.A. §50-27-102.

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- (14) The requirement all Master License Holders execute a minimum of one (1) collection of proceeds from Location Owners and Location Operators during a calendar month.
- (15) The requirement all Location Owners and Location Operations submit to a minimum of one (1) collection of proceeds by a Master License Holder during a calendar month.
- (16) The requirement all Location Owners and Location Operators prominently display the FRAUD, ABUSE and CASH PAYOUT tip line sign within close proximity of Class B machines.
- (17) The requirement all Master License Holders prominently display the PLAY RESPONSIBLY decals on each Class B machine.
- (18) The requirement that an operational electronic and mechanical meter be contained within the Class B machine which accounts for money being accepted by the Class B machine and one for the credits that will be printed on a voucher for non-cash redemption. Master locations must have operational meter(s) installed in all COAMs by December 1, 2013. Any COAM acquired after December 1, 2013, shall have an operational meter(s) installed prior to distribution to COAM locations.
- (19) As of January 1, 2014, Master Licensees shall record hard meter counts and must be in the form of a permanent record with each reading recorded against the hard meter of each Class B machine and the date of the reading. Copies of the hard meter counts are to be provided to Location Owners.
- (20) Location Owners shall be required to report their arrest or indictment, or that of any of their employees, for any offense(s) under Chapter 27 of Title 50 (Lottery for Education Act) or Chapter 12 of Title 16 Article 2 (Gambling and Related Offenses), to the Georgia Lottery Corporation within fourteen (14) calendar days of the arrest or indictment. The report shall include the date of arrest or indictment and charge(s) lodged against the Location Owner, Operator or any employee of the location. The Location Owner shall also report to the Georgia Lottery Corporation the disposition of any such charges within seven (7) calendar days of the disposition.
- (21) Class B machine mechanical meter shall continuously and automatically calculate in incremental credits of \$1 for money being accepted by the Class B machine and \$1 for the credits that will be printed on a voucher for non-cash redemption.
- (22) Master Licensees and Location Owners shall be required to notify the GLC of any change in their ownership, address information, phone number(s) and email address(es) within five (5) business days
- (23) The hand count mechanism must be readily displayed on the video screen.

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- (24) Each Class B COAM must display a fixed asset tag number for inventory and identification purposes for the Central Accounting System. The fixed asset tags will be provided by the Master Licensee. The Master Licensee will assign a unique number to the fixed asset tag which will be affixed in a conspicuous place on the front of the Class B COAM at all times the machine is in operation.
- (25) COAM licensed activity shall be performed by only a person or entity that holds a valid COAM license for that activity. Except as provided in this subsection, a COAM license holder shall not allow any other person or entity to perform licensed activity for or on behalf of such COAM license holder. A person or entity that holds a valid COAM license shall not conduct COAM licensed activity for or on behalf of another COAM license holder. COAM licensed activity shall mean: facilitating or managing the placement of COAMs between or among COAM licensees or prospective COAM license applicants; operating COAMs; submitting a form or license application to GLC; control of segregated COAM bank accounts in which COAM proceeds are withdrawn or deposited by GLC; appearance before GLC ; or similar activities. This subdivision shall not prohibit the performance of duties by an employee of a COAM licensee, an attorney representing a COAM licensee, or a person providing language interpretation or translation services to a COAM licensee.
- (26) A Master Licensee shall only purchase Class B COAMs or major components or parts of Class B COAMs from a Distributor or a Manufacturer that holds a valid COAM license. Major components or parts of Class B COAMs shall include, but not be limited to, motherboard, game board, software, meter, bill acceptor, locks or COAM cabinet.

Nothing in this subdivision is intended to prohibit a manufacturer or distributor that does not hold a valid COAM license from selling or supplying Class B COAMs or major components or parts of Class B COAMs directly to a Manufacturer that holds a valid COAM license, provided such unlicensed manufacturer or distributor does not sell or supply Class B COAMs or major components or parts of Class B COAMs directly to a Distributor or Master Licensee.

RU 13.1.15 CONSEQUENCES FOR VIOLATIONS

- (1) Any person who violates the provisions of the law or rules, including any tax violations, or who aids or abets another in such violation, will be subject to criminal and financial penalties, including:
 - (a) A fine assessed against the COAM license holder;
 - (b) Suspension of the COAM license;
 - (c) Revocation of the COAM license;

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- (d) Seizure of the COAM, including any proceeds contained in the COAM;
 - (e) Any other penalties and sanctions that may reasonably be imposed by law.
- (2) In addition to the penalties, sanctions, and fines imposed by O.C.G.A. §50-27-1 et seq. and O.C.G.A. §16-12-35 related to illegal conduct concerning COAMs, violations of the law and rules subject the violator to COAM Violation Guidelines, Suggested Penalties for Non-Tax Violations Involving COAM Licenses, and Specific and/or Additional Penalties included as part of this RU 13.1.

RU 13.1.16 REDEMPTION

- (1) Redemption associated with the playing of COAM is permissible only to the extent the redemption is consistent with O.C.G.A. §16-12-35.
- (2) Store cards are permissible if the card is:
- (a) Unique to a location;
 - (b) For use only at that licensed location; and
 - (c) Only redeemable at the location in which the accumulated points are awarded by the COAM.
- (3) Debit cards, including the GLC's iHOPE Discover® Debit Card, that are not store cards shall be considered cash for the purposes of this Rule and are not permissible.

COAM VIOLATION GUIDELINES

VIOLATION	SEVERITY
Failure to apply for a Temporary Location Permit after seven (7) days	Level 1
Failure to post Master and Location licenses at business location	Level 1
Failure to timely update a change in application information	Level 1
Failure to display FRAUD, ABUSE, or CASH PAYOUTS tip line sign within close proximity of Class B machine(s)	Level 1
Failure to display PLAY RESPONSIBLY decal on Class B machine(s)	Level 1
Failure to maintain all address information, phone number and email address	Level 1
Failure to list all locations on application	Level 2
Failure to notify GLC if COAMs have been removed from a location within five (5) business days from removal of COAM	Level 2
Lottery draw-game tickets shall not be permitted as COAM prizes at any location which is not a licensed GLC Retailer.	Level 2
Failure to apply for correct number or class of permit stickers	Level 3
Failure to apply for permit stickers	Level 3
Failure to provide proof of monetary deposits to financial institution within five (5) business days of collection	Level 3
Failure to execute a minimum of one (1) collection of proceeds from Location Owners during a calendar month	Level 3
Failure to execute a minimum of one (1) collection of proceeds by Master Locations during a calendar month	Level 3
Failure to obtain additional permit stickers upon purchase of additional COAMs	Level 3
Master Licensee shall not have had a gambling license in any state for at least five (5) years prior to obtaining or renewing a Georgia Master License	Level 3
Not in compliance with tax laws	Level 3
Display of incorrect class of permit sticker on a COAM	Level 3
Failure to display permit sticker	Level 3
Refusing to allow inspection of a license premise	Level 3
Subterfuge	Level 3
All contracts and licenses be available for audit and inspections	Level 3

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Requirement of only one Master Licensee per COAM Location	Level 3
Operator, Owner, Master Licensee, Location Owner, and Location Owner shall retain records of all its COAM transactions for no less than the last five (5) full calendar years and current year to date	Level 3
Failure to provide required monthly and period reports to GLC	Level 3
Class B machines shall not be placed in a business conducting or allowing nudity	Level 3
Failure of Master Licensee record hard meter counts in the form of a permanent record with each reading and copies of the hard meter counts provided to the Location Owners	Level 3
Purchase of COAMs, components or parts from an unlicensed person or entity	Level 3
Operation of more Class B machines at a single location than authorized by law	Level 4
Not qualified to do business in Georgia	Level 4
Records be available for audit and inspections	Level 4
Failure to readily display the hand count mechanism on the video screen	Level 4
Requirement that an operational electronic and mechanical meter be contained within the Class B machine	Level 4
Mechanical meter cleared, changed or removed without notifying the GLC by the end of the next business day.	Level 4
Violation of 50/50 Rule	Level 4
Deriving more than 50% of monthly gross sales from the operation of Class B machines	Level 4
Permitting the use of GLC's iHOPE Discover® Debit Card as prize payment	Level 4
Illegal gambling on premises, including but not limited to, unlawful redemption of COAM awards	Level 4
Illegal transfer of license, permits, or permit stickers to a new owner	Level 4
Illegal transfer of permit stickers	Level 4
Illegal removal of permit stickers	Level 4
Material False Statements in any application or report submitted to GLC	Level 4

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Failure to obtain Master License or Location License	Level 4
Violation of Written Agreement Requirement, tier restrictions, or Location Owner selling COAMs	Level 4
Violation for inducement monies and failure to refrain from unfair methods of competition and unfair deceptive trade practices	Level 4
Non-compliance with the centralized accounting terminal and communications network specifications (once implemented)	Level 4
Manipulation the accounting intake of proceeds in the operations of the game	Level 4
Altering or tampering with any part of a Class B machine	Level 4
Repeat Offenders	Level 4
Location Owners shall be required to report their arrest or indictment, or that of any of their employees within fourteen (14) calendar days of the arrest or indictment and shall also report to the Georgia Lottery Corporation the disposition of any such charges within seven (7) calendar days of the disposition.	Level 4
Class B machine mechanical meter shall calculate in incremental credits of \$1 for money being accepted by the Class B machine and \$1 for the credits that will be printed on a voucher for non-cash redemption.	Level 4
Failure to comply with dispute certification and arbitration requirements	Level 4

The penalties provided for in this Rule shall be in addition to any criminal penalties that may otherwise be provided by law.

**SUGGESTED PENALTIES FOR NON-TAX VIOLATIONS
INVOLVING COAM LICENSES**

VIOLATION CLASS	MITIGATING CIRCUMSTANCES	ORDINARY CIRCUMSTANCES	AGGRAVATING CIRCUMSTANCES
Severity Level 1	Minimum \$100 fine Up to 12 months' probation	\$100 to \$150 fine Up to 12 months' probation	\$125 to \$175 fine 12 months' probation
Severity Level 2	Minimum \$250 fine Up to 12 months' probation	\$300 fine 12 months' probation	\$325 fine 12 months' probation Up to three (3) days suspension
Severity Level 3	Minimum \$500 fine 12 months' probation	\$550 to \$650 fine 12 months' probation Up to three (3) days suspension	\$650 to \$1,000 fine 12 months' probation Up to ten (10) days suspension Possible revocation
Severity Level 4	Up to \$10,000 fine One year Loss of License Loss of other state and local licenses	Up to \$25,000 fine Three Year Loss of License Loss of other state and local licenses	Up to \$50,000 fine Five years Loss of License Possible revocation Loss of other state and local licenses

SPECIFIC AND/OR ADDITIONAL PENALTIES

Additional Penalties:

Improper use of a Master License certificate: \$25,000 each occurrence

Improper use of a Permit Sticker: \$1,000 per machine

Failure to obtain a Master License or Location License as required: Up to \$25,000 and repayment of all fees or receipts due to the corporation pursuant to § 50-27-71 and may subject the person to a loss of all state licenses

Failure to Respond to Citation: up to \$1,000

Violation for Probation on Tax Cases: \$75 to \$100 for each violation

Previous Severity 1 Violation: \$100

Previous Severity 2 Violation: \$175

Previous Severity 3 Violation: \$300

Previous Severity 4 Violation: \$1,000 or Revocation

Unpaid Taxes: Suspension until Unpaid Taxes are Paid

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Version	Date	Modified By	Comments
4	08/13/14	M. Parham	Add Handcount definition
			Licensee shall update ownership information within five (5) business days
			GLC employees shall not play Class B COAMs except for investigative purposes
			COAM net proceeds shall not be commingled with other funds or assets
			Master Licensees and Location Owners shall notify the GLC of change in ownership, address, phone, or email address within five (5) business days
			Display of Hand Count
			Licensee shall comply with central system and communications network requirements
			Guidelines chart - removed "Failure to provide required reports to the GLC" line (repeated in separate section)
			Guidelines chart - record hard meter count guideline changed from Severity Level 2 to 3
			Guidelines chart - not qualified to do business in Georgia changed from Severity Level 3 to 4
			Guidelines chart - updated monthly reports items to "failure to provide required monthly and period reports to GLC"
			Guidelines chart - combined line item "Failure to refrain from unfair methods of competition and unfair deceptive trade practices" with the inducements line item and changed from Severity Level 4 to 5
			Guidelines chart – illegal gambling on premises changed from Severity Level 4 to 5
			Guidelines chart – Operation of more than (9) Class B machines changed from Severity Level 1 to 4

Version	Date	Modified By	Comments
5	01/15/15	J. Barker	Add RU 13.1.5(8) – temporarily prohibits changes in location, placement or control of Class B COAMs
			Add RU 13.1.6(8) – temporarily prohibits changes in location, placement or control of Class B COAMs
			Add 13.1.12(2) and (3) – creates a rebuttable presumption that an employee of a COAM licensee acts on the employer's behalf.
			Add 13.1.14(24) – requires each Class B master licensee to affix an asset number to each of its Class B COAMs

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Version	Date	Modified By	Comments
6	05/13/15	J. Barker	Amend RU 13.1.12(2) – Changes reference from “Chapter 2” to “Chapter 12”
			Add RU 13.1.15(2) – Provides that COAM penalties are subject to violation guidelines and penalties charts
			Guidelines Chart – Change operation of more than 9 Class B COAMs in the absence of local ordinance to Operation of more Class B machines than authorized by law and reorder its placement within chart to be listed with other level 4 violations
			Guidelines Chart – Reorder placement within chart of violation for failure of master licensee to record hard meter counts and provide to locations to be listed with other level 3 violations
			Guidelines Chart – Remove redundant references to failure to renew or apply for license permit as level 3 violations
			Guidelines Chart – Reorder placement within chart of violation for not qualified to do business within Georgia to be listed with other level 4 violations
			Guidelines Chart – Removed records from level 3 violation for failure to have all contracts and licenses available
			Guidelines Chart – Added records to be available for audit and inspections as level 4 violation
			Guidelines Chart – Added failure to readily display hand count as level 4 violation
			Guidelines Chart – Amended illegal gambling violation to include unlawful COAM redemption and changed it to a level 4 violation from level 5
			Guidelines Chart – Amended failure to obtain a license violation to include failure to renew and amended footnote
			Guidelines Chart – Change level 5 violations to level 4
			Suggested Penalties for Non-Tax Violations Involving COAM Licenses Chart – Removed level 5 violation class and footnote
			Specific and/or Additional Penalties – Removed Specific Penalties for Commercial Gambling and footnote
7	07/21/16	J. Barker	Add RU 13.1.14 (25) relating to the performance of COAM licensed activity
			Guidelines Chart – Added failure to comply with dispute certification and arbitration requirements as level 4
			Add RU 13.1.3 (6) and 13.1.4 (10) relating to statement or confession made in judicio and under oath
			Amend RU 13.1.10 (1) relating placement of COAMs where location owner holds a valid COAM license
			Add RU 13.1.13 (23), (24), (25) and (26) relating to prohibited activities

RU 13.1 COIN OPERATED AMUSEMENT MACHINE ADMINISTRATION

			Amend RU 13.1.14 (7) to clarify the requirement only 1 Class B master licensee per COAM location
			Amend RU 13.1.16 (1) to remove “non-cash” reference with regard to redemption of COAM rewards
7-a	08/11/16	J. Barker	Technical correction to address typographical error in description of amendment made on 07/21/16 to provide that 13.1.3 (6) and 13.1.4 (10) were added.
8	10/20/16	J. Barker	Amend RU 13.1.1 to remove reference to “Class B”
			Amend RU 13.1.14 to provide that references to exhibits to the rule are references to the most current version of the exhibits
9	10/19/17	J. Barker	Amend RU 13.1.4 to remove reference to “live” with regard to shows and exhibits
			Add RU 13.14 (26) relating to purchase of Class B COAMs from Distributors and Manufacturers
			Guidelines Chart – Added purchase of equipment from an unlicensed person or entity as level 3
10	4/25/19	J. Barker	Add RU 13.1.10 (8) relating to assignment of COAM location agreements between master licensees
		J. Barker	Amend RU 13.1.14 to remove a reference to “Georgia COAM Transitional Solution Requirements” and replace with “Decommission Procedure”