

ARTICLE 2. FANTASY SPORTS**R19-4-201. Definitions**

- A. The definitions in A.R.S. § 5-1201 apply to this Article.
- B. Additionally, in this Article and in the Act, unless the context requires:
1. "Act" means Title 5, Arizona Revised Statutes, Chapter 10.
 2. "Article" means Arizona Administrative Code, Title 19, Chapter 4, Article 2.
 3. "Fantasy Sports Contest Entry" means the method to participate in a fantasy sports contest.
 4. "Geofence Provider" means a person who creates a virtual perimeter for a real geographic location.
 5. "Internal Control System" means the minimum level of operational controls developed by a responsible party to ensure the integrity of fantasy sports contests.
 6. "Licensee" includes any person licensed by the Department under this Article.
 7. "Responsible Party" means the fantasy sports contest operator or the management company who is responsible for the operation of fantasy sports contests.
 8. "State" means the State of Arizona not to include the Indian lands within its exterior boundaries.
 9. "Supplement" means a form of application approved by the Department for qualified applicants.
 10. "Supplier" means persons who provide goods or services, directly or indirectly, to a responsible party in connection with fantasy sports contests pursuant to the Act, to include:
 - a. fantasy sports contest platform providers;
 - b. identity verification service providers;
 - c. league data providers;
 - d. payment processors;
 - e. marketing services;
 - f. geofence providers;
 - g. independent integrity and security assessment professionals; and
 - h. any other person as determined by the Department.

R19-4-202. Fantasy Sports Contests Permitted

Fantasy sports contests in the State, except those which are permitted pursuant to Title 13, Chapter 33, shall only be conducted by licensed responsible parties who operate in compliance with, and meet the terms of, the Act and this Article. Entry fees for participation in fantasy sports contests, except those which are permitted pursuant to Title 13, Chapter 33, shall only be accepted from persons within the State pursuant to the Act and this Article.

R19-4-203. Power and Authority

- A. The Department reserves all powers, duties and authority granted to it by the Act and in this Article.
- B. As a condition of holding a license, all licensees agree to be subject to State jurisdiction for purposes of compliance with, and enforcement of, the Act and this Article.
- C. The Department shall monitor licensees, audit compliance with this Act and Article, and investigate suspected violations of any provision in the Act or this Article and may, at any time:
1. Access and test all, or any part of, any fantasy sports contest platform;
 2. Access and test any fantasy sports contest server; and
 3. Access, review and/or copy all books, records, and/or data maintained by a licensee.

R19-4-204. License Categories

- A. Key employees are subject to the licensing requirements of the Act and this Article. Key employees shall have obtained a license from the Department prior to commencing employment. The key employee shall have obtained from the Department a renewal of the license every two (2) years thereafter as a condition of continuing employment.
- B. Fantasy sports contest operators are subject to the licensing requirements of the Act and this Article. Fantasy sports contest operators shall have obtained from the Department a renewal of the license every two (2) years thereafter before continuing to operate fantasy sports contests.
- C. A management company shall have obtained a license from the Department. A management company shall have obtained a renewal of the license every two (2) years thereafter before continuing to offer management services.
- D. A fantasy contest operator and/or management company shall identify any holding company which holds an ownership interest or voting rights of ten percent (10%) or more. The Department, in its sole discretion, may require a holding company to obtain licensure in order to preserve the integrity of fantasy sports contests.
- E. A supplier shall have obtained a license from the Department prior to providing goods and/or services. The supplier license shall be in effect for two (2) years and the supplier shall have obtained a renewal from the Department thereafter as a condition of continuing to provide goods and/or services.
1. The Department may waive the requirement that a supplier be licensed if, in its sole discretion, it determines that licensing the supplier is not necessary to protect the public interest.
 2. On a monthly basis, responsible parties shall provide to the Department a list of the names and addresses of all their suppliers.

R19-4-205. Procedures for Licensing

- A. Every applicant for a license shall submit a complete application in the form prescribed by the Department, which shall include all information and documentation required by the Department, and the license fee.
- B. An applicant licensed by the Department under Article 1 may submit a supplement to the application on file.
- C. Payment of Fees.
1. Key employees, fantasy sports contest operators, management companies, holding companies, and suppliers shall submit a non-refundable initial license fee along with their completed application.
 2. Key employees, fantasy sports contest operators, management companies, holding companies, and suppliers shall submit a license renewal fee if applying for license renewal.

- D. Each person licensed by the Department shall give the Department written notice within thirty (30) days after a material change is made to information provided in the licensee’s initial application or renewal application.
- E. If a fantasy sports contest operator, management company and/or holding company has a change of principals, each new principal shall file a complete application within thirty (30) days after appointment or election.
- F. The fantasy sports contest operator, management company and/or holding company’s license shall remain valid unless the Department denies the application.
- G. An applicant for renewal may continue to be employed or engaged under the expired license until action is taken on the renewal application by the Department. Applicants for renewal of a license shall not be required to resubmit historical data already available to the Department. The Department may choose not to conduct an additional background investigation if there is no new information concerning the applicant’s continuing eligibility for a license.
- H. The fees for licensure shall be the following:
 - 1. Fantasy Contest Operator

Initial License Fee	\$
Renewal	\$
 - 2. Management Company

Initial License Fee	\$
Renewal	\$
 - 3. Holding Company

Initial License Fee	\$
Renewal	\$
 - 4. Suppliers

Initial License Fee	\$
Renewal	\$
 - 5. Key Employee

Initial License	\$
Renewal	\$

The Department may modify any of the above fees by giving sixty (60) days notice of the intent to modify fees.

- I. Within five (5) days following its receipt of a complete application for licensure of a key employee or supplier, the Department shall issue a temporary license to the applicant unless the Department does not believe that the applicant will qualify for licensure. If the key employee or supplier does not receive a response from the Department regarding the approval or denial of the applicant’s temporary license by the close of the fifth (5th) day following the receipt of a complete application for licensure then the applicant’s temporary license shall be deemed approved by the Department. The results of a Department background investigation shall not be required prior to the issuance of a temporary license. The temporary license shall become void and be of no effect upon either the issuance of licensure or upon the issuance of notice of denial.
- J. Applicants and licensees may appeal a summary suspension or a determination by the Department which may result in the revocation, suspension, or denial of licensure.
- K. An applicant for licensure, or renewal that wishes to withdraw an application shall submit a request to the Department in writing. The application shall not be considered withdrawn without the written permission of the Department.

R19-4-206. Internal Control System

- A. Responsible parties shall operate fantasy sports contests pursuant to a written internal control system approved by the Department. The internal control system shall be designed to reasonably assure that:
 - 1. Assets are safeguarded and accountability over assets is maintained;
 - 2. Liabilities are properly recorded and contingent liabilities are properly disclosed;
 - 3. Financial records including records relating to revenues, expenses, assets, liabilities, and equity/fund balances are accurate and reliable;
 - 4. Transactions are performed in accordance with the responsible party’s general or specific authorization;
 - 5. Access to assets is permitted only in accordance with the responsible party’s specific authorization;
 - 6. Recorded accountability for assets is compared with actual assets at frequent intervals and appropriate action is taken with respect to any discrepancies; and
 - 7. Functions, duties and responsibilities are appropriately segregated and performed in accordance with sound practices by qualified personnel.
- B. The internal control system shall include:
 - 1. An organizational chart depicting appropriate segregation of functions and responsibilities for all positions in the operation;
 - 2. A description of the duties, responsibilities, and user access of each position shown on the organizational chart;
 - 3. A description of, and the inter-relationships and dependencies of, the fantasy sports contest platform, hardware, software, and all integrated supplier platforms;
 - 4. A description of, and physical/logical security for, fantasy sports contest servers;
 - 5. Procedures for verifying geolocation services and establishing a fantasy sports contest player’s geographic location;
 - 6. A description of the administrative, operational, and accounting procedures designed to satisfy the requirements of R19-4-206.A.1-7;
 - 7. A description of the procedures for responding to a failure of the fantasy sports contest platform;
 - 8. Change management procedures;
 - 9. Procedures for identifying and reporting fraudulent and/or suspicious activity;
 - 10. Procedures for the access to, and use of scripts;
 - 11. Procedures for the mitigation of risk of fraud, cheating, and/or money laundering;
 - 12. Procedures for the identification of highly experienced fantasy sports contest players;
 - 13. Bank Secrecy Act procedures;
 - 14. Procedures to mitigate problem gambling and curtail compulsive gambling;
 - 15. Problem gambling training and education program;
 - 16. Procedures for the identification, notice, and removal of self-excluded or barred persons from fantasy sports contest platforms;
 - 17. Procedures for accepting fantasy sports contest entry fees, cancelling fantasy sports contest entries, paying out prizes or awards, and issuing tax or other required forms;
 - 18. Procedures for the reconciliation of transactions, assets, and documents contained in a player account;
 - 19. Procedures for the verification of player identification;

20. Procedures for the issuance and acceptance of promotional and/or bonus credit for fantasy sports contests;
 21. Procedures for handling fantasy sports contest player disputes;
 22. Procedures for creating, updating, adjusting, and closing player accounts;
 23. Internal audit procedures;
 24. Procedures for the retention of fantasy sports contest records;
 25. Procedures for the disposition of claims arising from property damage, loss of funds, and/or compromised protected information alleged to have been suffered by players; and
 26. Procedures for the identification and prohibition of prohibited participants from participation in a fantasy sports contest.
- C.** Responsible parties shall have obtained written approval of the internal control system, or any material change to it, from the Department prior to implementation. The Department shall review the system, or any material change to the system, and issue a letter either approving or disapproving of it.
- D.** For fantasy sports contests under the Act, responsible parties shall maintain:
1. Accurate, complete, legible and permanent records of all transactions in a manner suitable for audit under the standards of the American Institute of Certified Public Accountants;
 2. General accounting records using a double entry system of accounting with transactions recorded on a basis consistent with generally accepted accounting principles;
 3. Detailed supporting and subsidiary records;
 4. Detailed records identifying revenues, expenses, assets, liabilities and fund balances or equity;
 5. All records required by the internal control system including, but not limited to, those relating to any fantasy sports contest activity authorized by the Act;
 6. Journal entries;
 7. Detailed records sufficient to accurately reflect gross income and expenses relating to its operations;
 8. Detailed records of any reviews or audits, whether internal or otherwise, performed in addition to the annual audit required in R19-4-206.F, including, but not limited to, management advisory letters, agreed upon procedure reviews, notices of non-compliance and reports on the internal control system; and
 9. Records of any proposed or adjusting entries made by an independent certified public accountant.
- E.** The responsible party shall maintain bank account(s) that are separate and distinct from all other corporate accounts, unless otherwise agreed to by the Department. The account(s) shall be used for all player deposits, receipts, and disbursements relating to its operation of fantasy sports contests under the Act. The responsible party shall utilize a software accounting system that separates and distinguishes all receipts and disbursements regarding or in any way relating to fantasy sports contest activity under the Act.
- F.** Financial statements of the responsible party shall be audited, not less than annually at its fiscal year end, by an independent certified public accountant at the expense of the responsible party. The audit shall also include or be supplemented with an attestation by the auditor that fantasy sports contest adjusted revenues are accurately reported. If the responsible party changes its fiscal year end, it may elect

either to prepare financial statements for a short fiscal year or for an extended fiscal year, but in no event shall an extended fiscal year extend more than fifteen (15) months.

- G.** Either the firm, or all independent certified public accountants engaged to do audits pursuant to R19-4-206.F shall be licensed by the Arizona State Board of Accountancy. The Department shall be authorized to confer with the independent certified public accountant during the audit process and to review all the independent certified public accountant's work papers and documentation relating to the responsible party.
- H.** Responsible parties shall notify the Department in writing of their fiscal year end and any changes to the fiscal year end within ten (10) days after deciding on a fiscal year end or a change to that year end.

R19-4-207. Fees for Operating

- A.** As per A.R.S. § 5-1211.A, the established fee for the privilege of operating fantasy sports contests shall be [TBD] of fantasy sports contest adjusted revenues.
- B.** The calculation of fantasy sports contest adjusted revenues shall be reported in a format required by the Department. The responsible party shall submit all necessary supporting documentation as directed by the Department to confirm the calculation of fantasy sports contest adjusted revenues. The report and supporting documentation shall be submitted to the Department no later than the twenty-fifth (25th) day of each month for the preceding month.
1. Fees paid pursuant to the Act and this Article shall be paid to the Department in the manner prescribed by the Department.
 2. Following the Department's receipt of the annual audit pursuant to A.R.S. § 5-1204, any overpayment of fees by the responsible party shall be credited to the responsible party's next monthly fee payment. Any underpayment of fees shall be paid by the responsible party within thirty (30) days of the Department's receipt of the annual audit.

R19-4-208. Geofencing

- A.** The responsible party shall utilize a geofence system to dynamically monitor the physical location of a player attempting to purchase a fantasy sports contest entry on a fantasy sports contest platform.
- B.** The geofence system shall perform a geolocation check prior to the purchase of a fantasy sports contest entry in an authorized session.
- C.** The geofence system shall perform recurring geolocation checks throughout a player's authorized session.
- D.** If a geolocation check determines that a player is not located in the State, the player shall be blocked from purchasing a fantasy sports contest entry on the fantasy sports contest platform.
- E.** The responsible party and the geofence provider shall implement a means to notify a player of a geolocation failure.
- F.** The Department shall have access to real-time geofence data. Unauthorized attempts to access a fantasy sports contest platform shall be reported to the Department by the geofence provider as soon as practically possible.

R19-4-209. Servers and Cloud Storage

Responsible parties shall only accept fantasy sports contest entries on servers located in the United States. Responsible parties shall provide the Department with the physical location of each server that accepts fantasy sports contest entries. The server(s) shall have physical and logical security as provided in the responsible party's internal control system. The responsible party may utilize cloud storage for duplicate data upon written approval by the Department.

R19-4-210. Fantasy Sports Contest Platform

- A. The fantasy sports contest platform shall be designed to ensure the integrity and confidentiality of all player communications, security and confidentiality of player data including personal and financial information, and the proper identification of the sender and receiver of all communications.
- B. The responsible party shall certify to the Department in writing prior to the installation of a fantasy sports contest platform that the platform meets the requirements of R-19-4-210.A.
- C. The responsible party shall certify to the Department in writing prior to the installation of a fantasy sports contest platform, and annually thereafter, that the platform properly calculates fantasy sports contest entry fees and payouts.

R19-4-211. Self-Monitoring of Critical Components

The fantasy sports contest platform shall perform a self-authentication process on all critical components upon initial installation of the software, each time the software is loaded for use, and every twenty-four (24) hours thereafter.

R19-4-212. Fantasy Sports Contest Platform Communication

If the fantasy sports contest platform is down for more than two (2) hours, the responsible party shall notify the Department as soon as practically possible.

R19-4-213. Annual Testing

- A. The responsible party shall perform an integrity and security assessment of the fantasy sports contest platform within ninety (90) days after the commencement of operations, and annually thereafter. The assessment shall be conducted by an independent integrity and security assessment professional licensed by the Department. The scope of the assessment shall include, at a minimum, the following:
 1. The testing of the security for all personally identifiable information, financial transactions, and the secure storage thereof;
 2. A vulnerability assessment of internal, external, and wireless networks with the intent of identifying vulnerabilities of all devices, platforms, and applications connected to or present on the networks;
 3. A penetration test of all internal, external, and wireless networks to confirm if identified vulnerabilities of all devices, platforms, and applications are susceptible to compromise;
 4. A geofencing field test of all available device types and connections;
 5. A policy and procedures review against the current information security management system standard or another similar standard approved by the Department; and
 6. Any other specific criteria or standards for the integrity and security assessment as required by the Department.

- B. The full independent integrity and security assessment professional's report on the assessment shall be submitted to the Department no later than thirty (30) days after the assessment is conducted and shall include the following:
 1. Assessment procedures and scope;
 2. Name and company affiliation of the individual(s) who conducted the assessment;
 3. Date of assessment;
 4. Findings;
 5. Recommended corrective action, if applicable; and
 6. The responsible party's response to the findings and recommended corrective action.

R19-4-214. Responsible Advertising

The responsible party shall adopt and adhere to the American Gaming Association's responsible marketing code for sports wagering.

R19-4-215. House Rules

- A. The house rules shall be prominently displayed on the fantasy sports contest platform. House rules shall address, at a minimum:
 1. Types of entry fees accepted;
 2. Minimum and maximum fantasy sports contest entry amounts accepted;
 3. The maximum number of entries a player may have in a fantasy sports contest;
 4. Method for calculation and payment of winnings;
 5. Effect of scheduling changes and/or cancelled events;
 6. Process for handling incorrectly posted results;
 7. Methods of funding an account;
 8. Methods for redeeming winnings;
 9. Policy and process for canceling fantasy sports contest entries;
 10. Process for fantasy sports contest players to submit questions and/or complaints;
 11. Notification of the fantasy sports contest player dispute process; and
 12. Notification of the self-exclusion process.
- B. Responsible parties shall submit the house rules to the Department prior to implementation. The Department shall review the house rules and issue a letter either approving or disapproving of them. Any proposed changes to the house rules shall be approved by the Department prior to implementation.

R19-4-216. Events and Fantasy Sports Contests

- A. The responsible party shall submit a catalogue of the events and fantasy sports contests it intends to offer. The catalogue and any changes shall be submitted to the Department prior to implementation.
- B. The Department may prohibit a particular event or fantasy sports contest.

R19-4-217. Payment and Entry Rules

- A. Fees for fantasy sports contest entries shall be paid by cash, cash equivalent, electronic funds transfer, debit card, personal check, winnings, or promotional or bonus credit. Other forms of payment may be utilized upon written approval of the Department.
- B. All entry fees shall be transacted through the fantasy sports contest platform.
- C. Upon acceptance of an entry fee, an electronic fantasy sports contest entry shall be immediately issued.
- D. Winnings from fantasy sports contest entries shall be immediately deposited into the player account.

- E. A fantasy sports contest entry shall only be purchased from a verified player account.
- F. A fantasy sports contest entry shall not be accepted upon an event whose outcome has already been determined.
- G. A fantasy sports contest entry shall not be accepted upon an event that has already started unless otherwise approved by the Department pursuant to the Act and this Article.
- H. A fantasy sports contest entry shall be considered final at the start of the fantasy sports contest.
- I. If the responsible party cancels a fantasy sports contest entry prior to the start of the fantasy sports contest, a refund shall be generated after verification by the fantasy sports contest platform.
- J. An entry fee shall not be accepted from a person who is purchasing the fantasy sports contest entry for the benefit of another for compensation or is purchasing the fantasy sports contest entry in violation of state or federal law.

R19-4-218. Player Account Creation

- A. Responsible parties shall verify a fantasy sports contest player's identity before allowing that player to create a player account and purchase a fantasy sports contest entry.
- B. Responsible parties may utilize an identity verification service provider to confirm a fantasy sports contest player's age and identity.
- C. Responsible parties shall prohibit a fantasy sports contest player from having more than one (1) player account and username for each fantasy sports contest platform
- D. Responsible parties shall establish each player account file with the following:
 1. Player's legal name;
 2. Player's date of birth;
 3. Player's social security number, or the last four (4) digits of the social security number, or an equivalent identification number for a noncitizen;
 4. Player's account number or username;
 5. Player's residential address;
 6. Player's telephone number;
 7. Player's e-mail address;
 8. The method used to verify the player's identity;
 9. The document or record number of the player's government issued identification;
 10. The date of verification; and
 11. Acknowledgement of fantasy sports contest terms and conditions, including any subsequent updates.
- E. Responsible parties shall notify players of the establishment of a player account and the associated terms and conditions via e-mail.
- F. Responsible parties shall re-verify a player's identification upon reasonable suspicion that the player's identification has been compromised or the player account has been misused, or upon any suspicious activity involving the player or player account.

R19-4-219. Player Account Terms and Conditions

- A. Player account terms and conditions shall include the following:
 1. Name of the responsible party with whom the player is entering into a contractual relationship;
 2. Player's consent to have the responsible party confirm the player's age and identity;
 3. Rules and obligations applicable to the player with regard to allowing any other person to access or use his or her account, being physically present in the State in order to purchase an entry fee, and consenting to the monitoring and recording by the responsible party of

- any fantasy sports contest entry communication and geographic location information;
- 4. Privacy policy;
- 5. Legal age policy;
- 6. Rules for player account suspension;
- 7. Rules for dormant player accounts;
- 8. Availability of player account statements; and
- 9. The statewide problem gambling toll-free helpline telephone number, text message and website information.

R19-4-220. Player Account Maintenance

- A. All adjustments to a player account shall be authorized and periodically reviewed by the responsible party.
- B. A player shall be allowed to withdraw the funds maintained in his or her player account.
 1. The responsible party shall honor such player requests to withdraw funds within five (5) days of the request.
 2. The responsible party may decline to honor a player request to withdraw funds if the responsible party believes that the player engaged in either fraudulent conduct or other conduct that would put the responsible party in violation of the law or this Article. In such cases, the responsible party shall:
 - a. Provide notice to the player of the nature of the investigation of the player account;
 - b. Investigate in an expedient fashion
 - c. Notify the Department of the investigation; and
 - d. Notify the player and the Department of the results of the investigation within two (2) days of the completion of the investigation.
- C. The responsible party shall consider a player account to be dormant if the player has not logged into the player account for at least two (2) years. A dormant account shall be closed by the responsible party. Upon closure of a dormant account, the responsible party shall make reasonable efforts to contact the account holder to return any unclaimed funds.

R19-4-221. Promotions and Bonuses

- A. Responsible parties may offer promotions and bonuses.
- B. The responsible party shall submit a written notification to the Department for a promotion or bonus prior to implementation.
- C. The promotion or bonus rules shall be clear and unambiguous, and include:
 1. Date and time the promotion or bonus is active and expires;
 2. Rules of play;
 3. Nature and value of prizes or awards;
 4. Eligibility restrictions or limitations;
 5. Participation requirements and limitations;
 6. Eligible fantasy sports contests; and
 7. Cancellation requirements.
- D. The responsible party shall make the promotion or bonus rules available to eligible players.

R19-4-222. Information Technology

- A. Responsible parties shall maintain an information technology department that is responsible for the quality, reliability, and accuracy of all computer systems used in the operation.
- B. Responsible parties shall ensure that duties in the information technology department are adequately segregated and monitored to detect procedural errors and to prevent the concealment of fraud.

- C. Information technology employees shall be restricted from access to financial transactions, ledger entries, payout forms, and cash or other liquid assets.
- D. The information technology environment and infrastructure shall be maintained in a secured physical location that is restricted to authorized employees.
- E. Information technology employees shall review user access logs for:
 1. Multiple log-on attempts, or alternatively, the system shall deny user access after three failed attempts;
 2. Unauthorized changes to live data files; and
 3. Any other unusual transactions.
- F. Responsible parties shall adopt procedures for responding to, monitoring, investigating, resolving, documenting, and reporting security incidents associated with information technology systems.
- G. Information technology employees shall test the recovery procedures of the fantasy sports contest platform on a sample basis at specified intervals at least annually. The results shall be documented and available to the Department upon request.

R19-4-223. Accounting/Revenue Audit

- A. Responsible parties shall maintain an accounting department that is independent from the operation of fantasy sports contests. Accounting/revenue audit personnel shall perform the following:
 1. For all contests, promotions, and bonuses the following documentation shall be maintained:
 - a. Copies of the information provided to the players describing the contests, promotions, and bonuses;
 - b. Effective dates;
 - c. Accounting treatment, including general ledger accounts, if applicable; and
 - d. The dollar amount of the fantasy sports contest prize pool including, if applicable, the amount supplemented by the responsible party.
 2. Daily, reconcile all fantasy sports contest entries and payout forms to the dollar amounts recorded in the appropriate accountability document and fantasy sports contest platform report.
 3. When payment is made to the winners of a fantasy sports contest, reconcile the entry fees collected to the actual payouts made.
 4. Monthly, review all contests, promotions, and bonuses to determine proper accounting treatment and proper win/loss computation.
 5. Monthly, perform procedures to ensure that promotions and bonuses are conducted in accordance with conditions provided to the players.
 6. Daily, reconcile the dollar amount of player account transactions to the transaction summary report and investigate and document any variances.
 7. Quarterly, for at least one (1) day, the fantasy sports contest platform reports shall be reviewed for the proper calculation of the following:
 - a. Amounts held by the responsible party for player accounts;
 - b. Amounts accepted by the responsible party as fantasy sports contest entries on events whose outcomes have not been determined; and
 - c. Amounts owed but unpaid on winning fantasy sports contest entries.
 8. Documentation shall be maintained evidencing the performance of audit procedures, the exceptions noted, and follow-up of all audit exceptions.

R19-4-224. Internal Audit

- A. Responsible parties shall maintain a separate internal audit department independent of the fantasy sports contest operation.
- B. The internal audit department shall be responsible for auditing the responsible party's compliance with the Act and this Article, the internal control system, and any other applicable rules and regulations.
- C. An internal audit shall be performed at least annually with the results documented in a written report.
- D. Documentation, including checklists, programs, reports, corrective actions, and other items, shall be prepared to evidence all internal audit work performed as it relates to the requirements of this section, including all instances of noncompliance.
- E. Internal audit reports shall include objectives, procedures and scope, findings and conclusions, and recommendations. Reports shall be maintained and available to the Department.
- F. Internal audit findings shall be reported to management. Management shall be required to respond to internal audit findings stating corrective measures to be taken to avoid recurrence of the audit exception. Such management responses shall be included in the final internal audit report.
- G. Follow-up observations and examinations shall be performed to verify that corrective action has been taken regarding all instances of noncompliance cited by internal audit, independent certified public accountants, or by the Department. The verification shall be performed within six (6) months following the date of notification, with the results documented.

R19-4-225. Reporting Requirements

- A. The responsible party shall report to the Department any violation or suspected violation of the Act or this Article, security breaches, breaches of confidentiality of a player's personal information, suspicious activity, and any other activity as required by the Department.
- B. Responsible parties shall report the information listed above to the Department in writing within twenty-four (24) hours of discovery.

R19-4-226. Remedies

The Department may fine, or otherwise sanction, licensees, for violations of this Statute, or the administrative rules of the Department. The Department's ability to impose sanctions is subject to the following:

- A. The Department shall notify the responsible party of the results of its investigation(s) and any administrative proceedings. The results of any investigation shall not be disclosed if such disclosure will compromise ongoing law enforcement investigations or activities, or would violate applicable state and federal law;
- B. All monetary fines collected by the Department, including any interest earned thereon, shall be deposited in the fantasy sports contest fund established by A.R.S. § 5-1212(A).

R19-4-227. Player Disputes

- A. Whenever the responsible party refuses payment of alleged winnings to a player or there is otherwise a dispute with a player regarding their player account, entries, wins, or losses from fantasy sports contests, and the responsible party and the player are unable to resolve the dispute to the satisfaction of the player, the responsible party shall notify

the player of their right to file a written complaint. The notice shall include the procedure for filing a written complaint and the complaint resolution process.

- B.** Upon receipt of a complaint, the responsible party shall investigate and provide a written response to the player within ten (10) days. The response shall include a notice that the player may submit their complaint to the Department.
1. The responsible party shall immediately notify the Department of any unresolved complaints along with the responsible party's written response to the complaint.
 2. The Department, in its sole discretion, may investigate the complaint and reach a final decision which may include a requirement for appropriate corrective action.
 3. The Department shall provide a written response to the responsible party and the player of the results of its investigation and the corrective action it directs, if any, within five (5) days of the completion of its investigation.

R19-4-228. Self-Exclusion and Problem Gambling

- A.** As part of their procedures and programs to mitigate problem gambling and curtail compulsive gambling, responsible parties shall:
1. Display on the landing page of the fantasy sports contest platform, messaging stating that help is available if a person has a problem with gambling and, at a minimum provide the statewide toll-free helpline telephone number, text message, website information established by the Department, and any other information as directed by the Department.
 2. Include a responsible gaming message with the Department's statewide toll-free crisis helpline telephone number on all advertisements for fantasy sports contests, including on internet, television, radio, and printed advertisements and on billboards.
- B.** The self-exclusion list may not be provided to any licensed supplier without the written approval of the Department. Approval will only be granted by the Department when sharing of the list is deemed necessary to effectuate the terms of the Act and this Article.

R19-4-229. Barred Persons

The Department shall establish a list of persons barred from fantasy sports contests because their prohibited conduct, reputation, other conduct, criminal history or association with career offenders or career offender organizations poses a threat to the integrity of fantasy sports contests or to the public health, safety, or welfare. The responsible party shall prohibit barred persons from participating in fantasy sports contests. To the extent not previously provided, the Department will send a copy of its list on a monthly basis to the responsible party, along with detailed information regarding why the person has been barred. Such persons shall be barred from all fantasy sports contests within the State.

R19-4-230. Debt Setoff

- A.** Responsible parties shall check to determine if a player has a past due, setoff obligation on the payout of winnings which trigger the obligation to file the form 1099-MISC or a substantially similar form.
- B.** The responsible party shall withhold past due, setoff obligations from those triggered winnings.
- C.** The Department shall supply the responsible party with the lists of outstanding obligations as provided by the Arizona

Department of Economic Security, Child Support Enforcement, Supplemental Nutrition Assistance Program and Assistance Overpayment, the Arizona Supreme Court, and the Arizona Health Care Cost Containment System on a monthly basis.

- D.** The outstanding obligation lists shall not be provided to any licensed supplier without the written approval of the Department. Approval shall only be granted by the Department when sharing of the list is deemed necessary to effectuate the terms of the Act and this Article.
- E.** The responsible party shall provide a receipt to the player for any funds withheld for outstanding obligations.
- F.** Any funds withheld by the responsible party shall be remitted to the Department within five (5) days in a format provided by the Department.

R19-4-231. Retention of Records

The responsible party shall require that all books, records, and data relating to the operation and management of fantasy sports contests are maintained for at least three (3) years from the date of creation. Upon written approval of the Department, books, records, and/or data may be destroyed prior to passage of the required three (3) year retention period.

R19-4-232. Calculation of Time

In computing any period prescribed or allowed by the Act or this Article, the day of the act, event, or default from which the designated period begins to run shall not be included. The last day of the period so computed shall be included, unless it is a Saturday, a Sunday, or a legal holiday under state law or federal law. When the time prescribed or allowed is less than eleven (11) days, intermediate Saturdays, Sundays and legal holidays under state law or federal law shall be excluded from the computation period.