

Title 11—DEPARTMENT OF PUBLIC SAFETY
Division 45—Missouri Gaming Commission
Chapter 5—Conduct of Gaming

PROPOSED AMENDMENT

11 CSR 45-5.200 Progressive Slot Machines. The commission is amending sections (2) and (8), adding a new section (3), and renumbering sections after that.

PURPOSE: This amendment changes regulations for progressive slot machines.

(2) A meter that shows the accurate amount of the progressive jackpot must be conspicuously displayed at or near the machines to which the jackpot applies. At a minimum, on the same day each week while the casino is closed, each licensee shall record the amount displayed on each progressive's top award jackpot meter at the licensee's establishment, except for wide-area progressive systems and stand-alone progressives where the software for the progressive is embedded within the EGD's Critical Program Storage Media (CPSM). The top award jackpot amount shall be reconciled to the *[system]* meters *[by multiplying the progression rate by the amount-in for the period between which the meter amounts were recorded, less any jackpots that have occurred plus any reset amounts]* **using the reconciliation formula provided by the supplier.** In order to perform this reconciliation, the top award jackpot on these local progressive games shall require the EGD to lock-up requiring a hand-paid jackpot. The licensee authorized to provide a wide-area progressive system shall perform the required reconciliation for each system provided by such licensee. At the conclusion of the reconciliation, if a variance exists between the amount shown on each progressive jackpot meter and the expected amount, the licensee shall document the variance amount. The licensee shall make the necessary adjustment(s) to ensure the correct amount is displayed by the end of the gaming day following the day on which the reconciliation occurred. Explanations for meter reading differences or adjustments thereto shall be maintained with the progressive meter reading sheets. In addition to the weekly reconciliation, each licensee shall record the top award jackpot progressive meter display amount once each banking day for each non-exempt progressive EGD to ensure jackpot resets occurred properly, to determine whether the meters incremented since the last reading, and to identify any obvious atypical results which could indicate there is a problem with the progressive meter. If known variances are discovered during the daily review, which require a change to the meter display of one dollar (\$1) or more, the meter display shall be adjusted by the end of the gaming day. Each licensee shall record the base amount of each progressive jackpot the licensee offers.

(3) Suppliers shall have progressive reconciliation instructions and a method to adjust the current progressive award value(s) displayed, including hidden meters, for each progressive EGD, provide them to the Class B licensee, and make the instructions immediately available to the commission upon request.

*[(3)]***(4)** A licensee may impose a limit on the jackpot of a progressive slot machine if the limit imposed is greater than the possible maximum jackpot payout on the slot machine at the time the limit is imposed. The licensee must inform the public with a prominently posted notice of

progressive slot machines that have limits. Such notice shall clearly state the amount of the limits and must be approved by the commission.

~~[(4)]~~**(5)** A licensee shall not reduce the amount displayed on a progressive jackpot meter or otherwise reduce or eliminate a progressive jackpot unless—

- (A) A player wins the jackpot; or
- (B) The licensee adjusts the progressive jackpot meter to correct a malfunction or to prevent the display of an amount greater than a limit imposed pursuant to section (3) of this rule and the licensee documents the adjustment and the reasons for it; or
- (C) The licensee's gaming operations at the establishment cease for any reason other than a temporary closure where the same licensee resumes gaming operations at the same establishment within a month; or
- (D) The licensee distributes the incremental amount to another progressive jackpot as approved in writing by the commission and—
 - 1. The licensee documents the distribution;
 - 2. Any machine offering the jackpot to which the licensee distributes the incremental amount does not require that more money be played on a single play to win the jackpot than the machine from which the incremental amount is distributed;
 - 3. Any machine offering the jackpot to which the incremental amount is distributed complies with the minimum theoretical payout requirement of 11 CSR 45-5.190(1); and
 - 4. The distribution is completed within thirty (30) days after the progressive jackpot is removed from play or within a longer period as the commission for good cause may approve; or
- (E) The commission for good cause approves a reduction, elimination, distribution, or procedure not otherwise described in this section, which approval is confirmed in writing.

~~[(5)]~~**(6)** The operation of wide-area progressive slot machines is allowed subject to compliance with all other requirements of this rule, in addition to the following conditions:

- (A) The wide-area system must have the ability to monitor entry into the main door of each networked slot machine as well as the logic area of each networked slot machine and report it to the central system immediately;
- (B) A licensee utilizing a wide-area progressive system must suspend play on the system if a communication failure in the system cannot be corrected within a period of time approved by the commission prior to the commencement of play on the wide-area progressive system. If a communication failure occurs in a wide-area progressive system, the licensee authorized to provide the system must take a reading during the time the system is down to make sure that the jackpot amount is the same at all excursion gambling boats connected to the system before bringing the system that failed back online;
- (C) The licensee authorized to provide a wide-area system must keep a hard or electronic copy log of all events for a period of at least sixty (60) days;
- (D) Jackpot verification procedures must include the following:
 - 1. When a jackpot is won, the licensee authorized to provide the wide-area system may inspect the machine when accompanied by a gaming agent. The inspection shall include examining the critical program storage media, the error events received by the central system, and any other data which could reasonably be used to ascertain the validity of the jackpot;
 - 2. The central system shall produce reports that will clearly demonstrate the method of arriving at the payoff amount. This shall include the amount contributed beginning at the polling

cycle or data transfer immediately following the previous jackpot and will include all amounts contributed up to, and including, the polling cycle or data transfer, which includes the jackpot signal. Amounts contributed to the system before the jackpot message is received will be deemed to have been contributed to the progressive amount prior to the current jackpot. Amounts contributed to the system subsequent to the jackpot message being received will be deemed to have been contributed to the progressive amount of the next jackpot;

3. The jackpot may be paid in installments as long as each machine clearly displays the fact that the jackpot will be paid in installments. In addition, the number of installments and time between installments must be clearly displayed on the face of the machine in a non-misleading manner that is approved by the commission; and

4. Two (2) jackpots that occur in the same polling cycle or data transfer will be deemed to have occurred simultaneously and therefore, each “winner” shall receive the full amount shown on the meter unless another method of operation has been approved in advance by the commission;

(E) Approval by the commission of any wide-area progressive system shall occur in two (2) phases—

1. The “initial approval” stage, wherein the underlying gaming devices and any associated device or system, including all hardware and software, shall be subject to testing by the commission or an independent testing laboratory designated by the commission; and review and approval by the commission. Testing shall include examination for adherence to the regulatory and technical standards adopted by the commission; and

2. The “on-site testing” phase, wherein a field inspection is conducted at the central computer site as well as multiple field sites to ensure compliance with these rules. Operation of the system will be authorized only after the commission is satisfied that the system meets both the Phase I and Phase II testing requirements, as well as any other requirements that the commission may impose to assure the integrity, security and legal operation of the wide-area progressive system;

(F) Any licensee authorized to provide a wide-area progressive system, must supply reports to the commission which support and verify the economic activity on the system;

(G) Any licensee authorized to provide a wide-area progressive system, must supply, as requested, reports and information to the commission indicating the amount of, and basis for, the current jackpot amount (the amount currently in play). Such reports shall include an “aggregate report” and a “detail report.” The “aggregate report” shall show only the balancing of the system with regard to system-wide totals. The “detail report” shall be in such form as to indicate for each machine, summarized by location, the amount-in and amount-out totals as such terms are commonly understood in the industry. In addition, upon the invoicing of any licensee participating in a wide-area progressive system, each such licensee must be given a printout of each machine at that licensee’s establishment linked to the system, the amount contributed by each machine to the jackpot for the period for which an invoice is remitted, and any other information required by the commission to confirm the validity of the licensee’s contributions to the jackpot amount;

(H) The licensee authorized to provide a wide-area progressive system, must obtain approval from the commission as to the methods of funding the progressive prize pool and calculating and receiving payments from participating licensees for the provision of equipment and services associated with the wide-area progressive system;

(I) In calculating Adjusted Gross Receipts, a licensee may deduct its pro rata share of the present value of any progressive jackpots awarded during the month. The deducted amount shall be listed on the detailed accounting records provided by the licensee authorized to provide the wide-area progressive system. A licensee's contribution is based on the amount-in from machines at that licensee's gaming establishment which are on the wide-area progressive system, compared to the total amount-in on the whole system for the time period(s) between jackpot(s) awarded;

(J) The right to receive the jackpot payments may not be encumbered, assigned, or otherwise transferred in any way by any winner, estate, or heir(s) of a deceased winner, except to the estate or heir(s) of such person upon his/her death and that any attempt to make a prohibited transfer may result in such person forfeiting the right to receive future payments;

(K) In the event a licensee ceases operations and a progressive jackpot is awarded subsequent to the last day of the final month of operation, the licensee may not file an amended tax return or make claim for a gaming tax refund based on its contributions to that particular progressive prize pool;

(L) The central monitoring system for the wide-area progressive system must be in a location approved by the commission. The office containing the central monitoring system shall be secure and shall have surveillance coverage that has been approved by the commission. The central monitoring system shall employ on-line data redundancy that permits a complete and prompt recovery of all information in the event of any malfunction and utilize environmental controls such as uninterruptible power supplies and fireproof and waterproof materials to protect critical hardware and software from natural disasters. The licensee authorized to provide a wide-area progressive system shall be required to keep and maintain an entry and exit log for the office in a manner approved by the commission. The commission shall at all times have the right to immediate access to the office containing the central monitoring system and the system itself. If the licensee operating the central monitoring system proposes to locate the system outside the state of Missouri, the licensee shall reimburse the commission for all reasonable and necessary expenses incurred by its agents—

1. To travel to the site to inspect the system's configuration and operation prior to authorizing use of the system;

2. To otherwise inspect the system location in connection with investigations concerning failures of the system or its operation; or

3. For such other reasons as the commission deems appropriate;

(M) The provider of the wide-area progressive system may not allow any agent or employee to work on any component of the system until that person has obtained a level II occupational license from the commission; however, the commission may require any agent or employee of the licensee to obtain a level I occupation license;

(N) The licensee authorized to provide a wide-area progressive system, must maintain a copy of all lease and contractual agreements relating to the wide-area progressive system and supply a copy to the commission upon request;

(O) The licensee authorized to provide a wide-area progressive system shall ensure the wide-area progressive system prize fund (the amount of money contributed by the participating licensees) is audited, in accordance with generally accepted auditing standards, on the fiscal year-end of the licensee, by an independent certified public accountant licensed by the Missouri State Board of Accountancy pursuant to Chapter 326, RSMo. Two (2) copies of this report must be submitted to the commission upon issuance of the audit report or ninety (90) days after the

conclusion of the licensee's fiscal year, whichever occurs first. The cost of the audit shall be paid by the licensee providing the wide-area progressive system; and

(P) Gaming devices connected to a common wide-area progressive system shall:

1. All require the same maximum wager; or
2. If requiring different maximum wagers, utilize the expected value of winning the top award by setting the odds of winning the top award in proportion to the amount wagered. The method of equalizing the expected value of winning the top award shall be conspicuously displayed on each device connected to the system.

[(6)](7) Licensees shall preserve the records required by this rule for at least five (5) years after they are made unless the commission approves otherwise in writing. The records should be stored in a location acceptable to the commission.

[(7)](8) During the normal mode of progressive slot machines, the progressive controller, or other approved device must continuously monitor each machine on the link for amounts inserted and must multiply the accepted amounts by the rate of progression and denomination in order to determine the correct amounts to apply to the progressive jackpot. The progressive display must be constantly updated, in a manner approved by the commission, as play on the link is continued.

[(8)](9) Progressive slot machines shall not be multi-game or multi-denomination devices unless:

(A) The computerized slot monitoring system required by 11 CSR 45-5.220 separately and accurately accounts for the amount-in for each denomination and game, or all games offered for play by the devices contribute to the progressive jackpot; and

(B) The odds of attaining the [*winning combination*] **progressive award** are the same for each game, **within 0.005%**; and

(C) Each game requires the same maximum wager to win the progressive jackpot, or if requiring different maximum wagers, utilizes the expected value of winning the top award by setting the odds of winning the top award in proportion to the amount wagered. The method of equalizing the expected value of winning the top award shall be conspicuously displayed on each device connected to the system.

[(9)](10) The odds of winning a progressive jackpot shall not be greater than one in fifty million (1:50,000,000) unless specifically approved in writing by the commission.

[(10)](11) Each progressive controller must be housed in a secure, locked location which allows only authorized accessibility and which contains a progressive entry authorization log that is completed by any person gaining entrance to the secured location. Both the location housing progressive controllers and the form on which entry is logged shall be approved by the commission prior to use. The storage medium that contains the progressive controller program shall have a unique signature that allows program verification by an agent of the commission through use of a commission-approved verification device. After verification the storage medium shall be secured in the controller with a commission security seal. The security seal must be affixed by and may only be broken and removed by an authorized commission agent. Additionally, each progressive controller linking one (1) or more wide-area progressive slot machines must be housed in a double-keyed compartment. A gaming agent must be in

possession of one (1) of the keys and no person may have access to the controller without the presence of a gaming agent. Normal operation of progressive gaming devices notwithstanding, communication to a progressive controller shall be permitted only by authorized personnel through entrance to the controller's secured location and who document such access and the purpose therefore on the progressive entry authorization log.

~~[(11)]~~**(12)** If this rule prescribes multiple items of information to be displayed on a slot machine, it is sufficient to have the information displayed in an alternating fashion.

~~[(12)]~~**(13)** In addition to the metering requirements provided for in the Minimum Internal Control Standards (MICS), each slot machine attached to one (1) or more wide-area progressive slot machine meters must have a separate software meter that counts the number of times each primary progressive meter is activated.

~~[(13)]~~**(14)** Each machine must have a separate key and key switch to reset the progressive meter or meters or another reset mechanism approved in writing by the commission.

~~[(14)]~~**(15)** Unless the commission has approved the payment of prizes by installments, a licensee who has a progressive slot machine must maintain minimum cash reserves in accordance with 11 CSR 45-8.150. The commission must approve all such cash reserves. Notwithstanding the provisions of 11 CSR 45-5.240 Periodic Payments, to the contrary, the commission shall require that the licensee authorized to provide a wide-area progressive system—

(A) Maintain in a restricted account a reserve consisting of cash, United States Government Treasury Securities, United States Government Agency Securities and/or Missouri state debt instruments of not less than the sum of the following amounts:

1. The present value of the aggregate remaining balances owed on all jackpots previously won by patrons through the wide-area progressive system; and
2. An amount sufficient to fully fund the present value of all amounts currently reflected on the progressive meters of the wide- area progressive systems; and

(B) In addition, the licensee authorized to provide the wide-area system shall at all times satisfy and be in compliance with the following ratios and tests:

1. An interest coverage ratio of not less than three to one (3:1); and
2. Debt to EBITDA (earnings before interest, taxes, depreciation and amortization) of not more than four to one (4:1); and

3. Satisfaction of one (1) of the following ratios and tests:

- A. A current ratio of not less than two to one (2:1); or
- B. Working capital that is greater than twenty percent (20%) of the licensee's total jackpot liability; or
- C. Working capital in excess of one hundred (100) million dollars and a credit rating from at least two (2) of the following credit rating organizations equal to or higher than the following:

- (I) Standard & Poor's Corporate BBB-;
- (II) Moody's Long-Term Baa3; or
- (III) Fitch Corporate BBB-.

~~[(15)]~~**(16)** The requirements of this rule shall apply equally to one (1) progressive gaming device linked to a progressive controller or which is internally controlled, as well as several progressive gaming devices linked to one (1) progressive controller within one (1) casino or multiple casinos.

*AUTHORITY: sections 313.004, [RSMo 2000, and sections] 313.800, [and] 313.805, **and 313.807**, RSMo [Supp. 2011]**2016**. Emergency rule filed Sept. 1, 1993, effective Sept. 20, 1993, expired Jan. 17, 1994. Emergency rule filed Jan. 5, 1994, effective Jan. 18, 1994, expired Jan. 30, 1994. Original rule filed Sept. 1, 1993, effective Jan. 31, 1994. For intervening history, please consult the **Code of State Regulations**. Amended: Filed April 25, 2019.*

PUBLIC COST: This proposed amendment will not cost state agencies or political subdivisions more than five hundred dollars (\$500) in the aggregate.

PRIVATE COST: This proposed amendment will not cost private entities more than five hundred dollars (\$500) in the aggregate.

*NOTICE OF PUBLIC HEARING AND NOTICE TO SUBMIT COMMENTS: Anyone may file a statement in support of or in opposition to this proposed amendment with the Missouri Gaming Commission, PO Box 1847, Jefferson City, MO 65102. To be considered, comments must be received within thirty (30) days after publication of this notice in the **Missouri Register**. A public hearing is scheduled for Tuesday, July 2, 2019, at 10:00 a.m., in the Missouri Gaming Commission's Hearing Room, 3417 Knipp Drive, Jefferson City, Missouri.*