

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH30365-STf-3

Short Title: Gaming Commission. (Public)

Sponsors: Representatives Warren, Hardister, Saine, and Hunter (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO ESTABLISH THE NORTH CAROLINA GAMING COMMISSION AND TO
3 AUTHORIZE THE REGULATION OF FANTASY SPORTS LEAGUES.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.(a)** Recodification; Name Change; Technical and Conforming
6 Changes. – The Revisor of Statutes shall recodify Part 2 of Article 37 of Chapter 14 of the General
7 Statutes, Bingo and Raffles, and Article 68 of Chapter 143 of the General Statutes, Regulation of
8 Boxing, and Chapter 18C of the General Statutes, North Carolina State Lottery, into a new
9 Chapter 18E of the General Statutes to be entitled "Gaming," as enacted by Section 2 of this act.
10 The Revisor may also recodify into the new Chapter 18E of the General Statutes other existing
11 statutory laws relating to gaming that are located elsewhere in the General Statutes as the Revisor
12 deems appropriate. The new Chapter 18E of the General Statutes shall have the following
13 structure:

14 SUBCHAPTER I. GENERAL PROVISIONS.

15 Article 1. Gaming Commission.

16 Article 2. Commission Employees.

17 SUBCHAPTER II. LOTTERY.

18 Article 5. General Provisions and Definitions.

19 Article 6. Operation of Lottery.

20 Article 7. Lottery Game Retailers.

21 Article 8. Lottery Contractors.

22 Article 9. North Carolina State Lottery Fund.

23 Article 10. Miscellaneous.

24 SUBCHAPTER III. BINGO AND RAFFLES.

25 Article 15. Bingo.

26 Article 16. Raffles.

27 SUBCHAPTER IV. REGULATION OF BOXING.

28 Article 20. General Provisions and Definitions.

29 Article 21. Boxing Advisory Commission.

30 Article 22. Regulation of Boxing.

31 SUBCHAPTER V. FANTASY SPORTS.

32 Article 25. General Provisions and Definitions.

33 Article 26. Regulation of Fantasy Sports.

34 **SECTION 1.(b)** When recodifying pursuant to this section, the Revisor is authorized
35 to change all references to the North Carolina State Lottery Commission, State Bureau of
36 Investigation, and Alcohol Law Enforcement Branch of the Department of Public Safety, as



1 appropriate, to instead be references to the North Carolina Gaming Commission. The Revisor
2 may separate subsections of existing statutory sections into new sections and, when necessary to
3 organize relevant law into its proper place in Chapter 18C of the General Statutes, as amended
4 by this act, may rearrange sentences that currently appear within subsections. The Revisor may
5 modify statutory citations throughout the General Statutes, as appropriate, and may modify any
6 references to statutory divisions, such as "Chapter," "Subchapter," "Article," "Part," "section,"
7 and "subsection," adjust the order of lists of multiple statutes to maintain statutory order, correct
8 terms and conform names and titles changed by this act, eliminate duplicative references to the
9 Lottery Commission, State Bureau of Investigation, or Alcohol Law Enforcement Branch of the
10 Department of Public Safety that result from the changes authorized by this section, and make
11 conforming changes to catch lines and references to catch lines. The Revisor may also adjust
12 subject and verb agreement and the placement of conjunctions. The Revisor shall consult with
13 the North Carolina State Lottery Commission, State Bureau of Investigation, and Alcohol Law
14 Enforcement Branch of the Department of Public Safety on this recodification.

15 **SECTION 2.** The General Statutes are amended by adding a new Chapter to read:

16 **"Chapter 18E.**

17 **"Gaming.**

18 **"Article 1.**

19 **"Gaming Commission.**

20 **"§ 18E-100. Gaming Commission established.**

21 There is created the North Carolina Gaming Commission to establish and oversee the
22 operation of gaming in this State. The Commission shall be located in the Department of
23 Commerce for budgetary purposes only; otherwise, the Commission shall be an independent,
24 self-supporting, and revenue-raising agency of the State. The Commission shall reimburse other
25 governmental entities that provide services to the Commission.

26 **"§ 18E-101. Reserved.**

27 **"§ 18E-102. Definitions.**

28 As used in this Chapter, unless the context requires otherwise:

29 (1) "Commission" means the North Carolina Gaming Commission.

30 (2) "Commissioner" means a member of the Commission.

31 (3) "Director" means the person selected by the Commission to be the chief
32 administrator of the North Carolina Gaming Commission.

33 (4) "Person" means any natural person or corporation, limited liability company,
34 trust, association, partnership, joint venture, subsidiary, or other business
35 entity.

36 **"§ 18E-103 through 18E-111. Reserved.**

37 **"§ 18E-112. Commission membership; appointment; selection of chair; vacancies;**
38 **removal; meetings; compensation.**

39 (a) The Commission shall consist of nine members, five of whom shall be appointed by
40 the Governor, two of whom shall be appointed by the General Assembly upon the
41 recommendation of the President Pro Tempore of the Senate, and two of whom shall be appointed
42 by the General Assembly upon the recommendation of the Speaker of the House of
43 Representatives. Commissioners may be removed by the appointing authority for cause.

44 (b) The Governor shall select the chair of the Commission from among its membership,
45 who shall serve at the pleasure of the Governor.

46 (c) Of the initial appointees of the Governor, two members shall serve a term of one year,
47 two members shall serve a term of two years, and one member shall serve a term of three years.
48 All succeeding appointments shall be for terms of four years. Members shall not serve for more
49 than two successive terms.

50 (d) Vacancies shall be filled by the appointing authority for the unexpired portion of the
51 term in which that vacancy occurs.

1 (e) The Commission shall meet at least quarterly upon the call of the chair. A majority of
2 the total membership of the Commission shall constitute a quorum.

3 (f) Members of the Commission shall receive per diem, subsistence, and travel as
4 provided in G.S. 138-5 and G.S. 138-6.

5 **"§ 18A-113. Qualifications of Commissioners.**

6 (a) Of the members of the Commission, at least one member shall have a minimum of
7 five years' experience in law enforcement. Notwithstanding subsection (e) of this section, a
8 member serving in this slot may be an elected law enforcement official.

9 (b) Of the members of the Commission, at least one member shall be a certified public
10 accountant.

11 (c) Of the members of the Commission, at least one member shall have retail sales
12 experience as an owner or manager.

13 (d) In making appointments to the Commission, the composition of the State with regard
14 to geographic representation and gender, ethnic, racial, and age composition shall be considered.

15 (e) A member of the Commission may not hold an elective office or be a candidate for
16 an elective office. If any Commissioner takes any of the following actions, that Commissioner
17 vacates office as a member of the Commission and the vacancy shall be filled as provided by
18 G.S. 18E-112:

19 (1) Files a notice of candidacy under G.S. 163A-972 through G.S. 163A-978 or a
20 petition under G.S. 163A-980.

21 (2) Is nominated to fill a vacancy among party nominees under G.S. 163A-987 or
22 G.S. 163A-988.

23 (3) Files a petition as an unaffiliated candidate under G.S. 163A-1005.

24 (4) Files a declaration of intent as a write-in candidate under G.S. 163A-1006.

25 (5) Is nominated by party convention under G.S. 163A-953.

26 **"§ 18E-114. Reserved.**

27 **"§ 18E-115. Meetings; records.**

28 (a) Meetings of the Commission shall be subject to Article 33C of Chapter 143 of the
29 General Statutes. A majority of the total membership of the Commission shall constitute a
30 quorum. No action may be taken except by a majority vote at a meeting at which a quorum is
31 present.

32 (b) Records. – Except as provided in this Chapter, records of the Commission shall be
33 open and available to the public in accordance with Chapter 132 of the General Statutes.
34 Personnel records of the Commission are subject to Article 7 of Chapter 126 of the General
35 Statutes.

36 **"§ 18E-116. Reserved.**

37 **"§ 18E-117. Powers and duties of the Commission.**

38 (a) The Commission shall have the following powers and duties:

39 (1) To regulate and oversee gaming, as authorized by the General Assembly.

40 (2) To prescribe the nature of gaming advertising which shall comply with the
41 following:

42 a. All advertising shall include resources for responsible gaming
43 information.

44 b. No advertising may intentionally target specific groups or economic
45 classes.

46 c. No advertising may be misleading, deceptive, or present any lottery
47 game as a means of relieving any person's financial or personal
48 difficulties.

49 d. No advertising may have the primary purpose of inducing persons to
50 participate in any gaming.

- 1 (3) To conduct a background investigation, including a criminal history record
2 check, of applicants for the Director of the Commission, which may include a
3 search of the State and National Repositories of Criminal Histories based on
4 the fingerprints of applicants.
- 5 (4) To charge a fee, not to exceed the cost of the criminal record check, of the
6 licensees and contractors.
- 7 (5) To specify the authority, compensation, and role of the Director, and to specify
8 the authority, selection, and role of the other employees of the Commission,
9 in accordance with Article 3 of this Chapter.
- 10 (6) To approve and authorize the Director to enter into agreements with other
11 states to operate and promote multistate gaming operations consistent with the
12 purposes set forth in this Chapter.
- 13 (7) To specify the number and value of prizes for winning tickets or shares in
14 lottery games, including cash prizes, merchandise prizes, prizes consisting of
15 deferred payments or annuities, and prizes of tickets or shares in the same
16 lottery game or other lottery games.
- 17 (8) To adopt rules necessary to carry out the provisions of this Chapter in
18 accordance with Chapter 150B of the General Statutes.
- 19 (9) Any other powers necessary for the Commission to carry out its
20 responsibilities under this Chapter.

21 (b) Article 15 of Chapter 143B of the General Statutes shall not apply to the Commission.

22 "**§ 18E-118. Reserved.**"

23 "**§ 18E-119. Reports.**"

24 The Commission shall send quarterly and annual reports on the operations of the Commission
25 to the Governor, State Treasurer, and to the General Assembly. The reports shall include
26 complete statements of revenues, prize disbursements, expenses, net revenues, and all other
27 financial transactions involving funds collected or disbursed under this Chapter, including the
28 occurrence of any audit.

29 "**§ 18E-120. Reserved.**"

30 "**§ 18E-121. Audits.**"

31 (a) The State Auditor shall conduct annual audits of all accounts and transactions of the
32 Commission and any other special postaudits the State Auditor considers to be necessary.

33 (b) Biennially, at the beginning of the calendar year, the Commission shall engage an
34 independent firm experienced in security procedures, including computer security and systems
35 security, to conduct a comprehensive study and evaluation of all aspects of security in the
36 operation of the Commission. At a minimum, such a security assessment should include a review
37 of network vulnerability, application vulnerability, application code review, wireless security,
38 security policy and processes, security/privacy program management, technology infrastructure
39 and security controls, security organization and governance, and operational effectiveness.

40 (c) The portion of the security audit report containing the overall evaluation of the
41 Commission and of lottery games in terms of each aspect of security shall be presented to the
42 Commission, to the Governor, and to the General Assembly.

43 (d) The portion of the security audit report containing specific recommendations shall be
44 confidential, shall be presented only to the Director and to the Commission, and shall be exempt
45 from Chapter 132 of the General Statutes. The Commission may hear the report of such an audit,
46 discuss, and take action on any recommendations to address that audit under
47 G.S. 143-318.11(a)(1).

48 (e) Biennially, at the end of the fiscal year, in addition to the audits required by this
49 section, the Commission shall engage an independent auditing firm that has experience in
50 evaluating the operation of lotteries to perform an audit of the lottery as operated under

1 Subchapter II of this Chapter. The results shall be presented to the Commission, to the Governor,
2 and to the General Assembly.

3 (f) In addition to the other audits required by this section, the Commission may engage
4 an independent auditing firm that has experience in evaluating the operation of various gaming
5 activities to perform an audit of various games under this Chapter.

6 **"§ 18E-122 through 124. Reserved.**

7 **"§ 18E-125. Enforcement.**

8 (a) The Commission may apply to the superior court for an injunction to restrain any
9 person from violating the provisions of this Chapter or its rules. Actions under this section may
10 be brought in Wake County or the county where the licensee maintains its principal place of
11 business or the county where the alleged acts occurred.

12 (b) Whenever the Commission has reasonable cause to believe that a violation of any of
13 the provisions of this Chapter may have occurred, the Commission may, upon its own motion or
14 upon complaint of any person, investigate to determine whether a violation has occurred.

15 (c) At any time during normal business hours, the Commission or the Department of
16 Public Safety, Alcohol Law Enforcement Branch, may inspect an establishment of a licensee.
17 The inspection may include the examination of records, equipment, and proceeds related to the
18 operation.

19 "Article 2.

20 "North Carolina Gaming Commission Employees.

21 **"§ 18E-201. Selection of the Director; powers and duties.**

22 (a) The Commission shall select a Director to operate and administer the functions of the
23 Commission and to serve as the Secretary of the Commission. Except as to the provisions of
24 Article 6 and Article 7 of Chapter 126 of the General Statutes, the Director shall be exempt from
25 the North Carolina Human Resources Act.

26 (b) The Director shall have the following powers and duties, under the supervision of the
27 Commission:

28 (1) To provide for the reporting of payment of prizes to State and federal tax
29 authorities and for the withholding of State and federal income taxes from
30 lottery game prizes as provided in State and federal law.

31 (2) To conduct a background investigation, including a criminal history record
32 check, of applicants for employment with the Commission, licensees, and
33 contractors, which may include a search of the State and National Repositories
34 of Criminal Histories based on the fingerprints of applicants.

35 (3) To set the salaries of all Commission employees, subject to the approval of
36 the Commission. Except for the provisions of Article 6 and Article 7 of
37 Chapter 126 of the General Statutes, all employees of the Commission shall
38 be exempt from the North Carolina Human Resources Act.

39 (4) To enter into contracts upon approval by the Commission.

40 (5) To provide for the security and accuracy in the operation and administration
41 of the Commission, including examining the background of all prospective
42 employees, licensees, and contractors.

43 (6) To coordinate and collaborate with the appropriate law enforcement
44 authorities regarding investigations of violations of the laws relating to the
45 functions of the Commission and make reports to the Commission regarding
46 those investigations.

47 (7) To confer with the Commission on the operation and administration of the
48 lottery under Subchapter II of this Chapter and make available for inspection
49 by the Commission all books, records, files, documents, and other information
50 of the lottery.

- 1 (8) To enter into agreements with other states to operate and promote multistate
2 lotteries consistent with the purposes set forth in Subchapter II of this Chapter
3 and upon the approval of the Commission.
4 (9) To study the functions of the Commission, and gaming, and to collect
5 demographic and other information concerning those matters and make
6 recommendations to improve operations and administration to the
7 Commission, to the Governor, and to the General Assembly.
8 (10) To provide monthly financial reports to the Commission.

9 **"§ 18E-202. Reserved.**

10 **"§ 18E-203. Employees of the Commission.**

11 All of the following apply to the Director and all other employees of the Commission:

- 12 (1) No employee of the Commission may have a financial interest in any licensee
13 or contractor, other than an interest as part of a mutual fund.
14 (2) No employee of the Commission with decision-making authority shall
15 participate in any decision involving the licensee or contractor with whom the
16 employee has a financial interest.
17 (3) No employee of the Commission who leaves the employment of the
18 Commission may represent any licensee or contractor before the Commission
19 for a period of one year following termination of employment with the
20 Commission.
21 (4) No employee of the Commission who leaves the employment of the
22 Commission may represent any lottery contractor, potential contractor, or
23 retailer, as defined in Subchapter II of this Chapter, before the Commission
24 for a period of one year following termination of employment with the
25 Commission.
26 (5) A background investigation shall be conducted on each applicant for
27 employment with the Commission.
28 (6) The Commission shall bond all employees with access to Commission funds
29 or revenue or security.

30 **"§ 18E-204. Reserved.**

31 **"§ 18E-205. Gifts.**

32 (a) No Commissioner, the Director, any employee of the Commission, or a member of
33 the immediate family residing in the same household as any of these individuals may accept any
34 economic opportunity, gift, loan, gratuity, special discount, favor, hospitality, or service,
35 excluding food and beverages having an aggregate value exceeding one hundred dollars
36 (\$100.00) in any calendar year from any person regulated by this Chapter.

37 (b) This section shall be supplemental to Subchapter II of Chapter 163A of the General
38 Statutes.

39 **"Article 5.**

40 **"General Provisions and Definitions.**

41 **"§ 18E-501. Definitions.**

42 In this Part, unless the context otherwise requires, the following definitions shall apply:

- 43 (1) Entry fee. – Cash or cash equivalent that is required to be paid by a participant
44 to an operator in order to participate in a fantasy contest.
45 (2) Fantasy contest. – An online fantasy or simulated game or contest in which an
46 entry fee is charged and all of the following conditions apply:
47 a. The value of all prizes and awards offered to winning participants is
48 established and made known to the participants in advance of a contest
49 that is open to the general public.
50 b. All winning outcomes reflect the relative knowledge and skill of the
51 participants and shall be determined by accumulated statistical results

1 of the performance of individuals, including athletes in the case of
2 sports events.

3 c. No winning outcome is based on the score, point spread, or any
4 performance of any single actual team or combination of teams or
5 solely on any single performance of an individual athlete or player in
6 any single actual event.

7 (3) Location percentage. – The percentage for the operator, rounded to the nearest
8 tenth of a percent (0.1%), of the total amount of entry fees collected from
9 players located in this State, divided by the total entry fees collected by the
10 operator from all players.

11 (4) Net revenue. – The amount equal to the total of all entry fees that an operator
12 collects from all players, less the total of all sums paid out as winnings to all
13 players, multiplied by the location percentage. The term includes the value of
14 any promotional tickets and credits.

15 (5) Operator. – A person or entity that offers fantasy contests to members of the
16 public. The term does not include an Internet service provider or a provider of
17 mobile data services merely as a result of that entity's transporting general
18 traffic that may include a fantasy contest.

19 (6) Player. – A person who participates in a fantasy contest offered by an operator.

20 (7) Principal stockholder. – Any person who individually, or in concert with the
21 person's spouse and immediate family members, (i) beneficially owns or
22 controls, directly or indirectly, at least fifteen percent (15%) of the equity
23 ownership of an operator or (ii) has the power to vote or cause the vote of at
24 least fifteen percent (15%) of an operator.

25 "Article 26.

26 "Regulation of Fantasy Sports.

27 **"§ 18E-600 through 602. Reserved.**

28 **"§ 18E-603. Application for registration; expiration and renewal.**

29 (a) No fantasy contest shall be offered in this State unless the operator has been registered
30 with the Commission.

31 (b) An applicant for registration shall be registered by the Commission if the applicant
32 meets all of the following requirements:

33 (1) Submission of an application, on a form to be prescribed by the Commission,
34 that contains all of the following information:

35 a. The name and principal address of the applicant.

36 b. The address of any offices of the applicant in this State and its
37 registered agent within this State. If the applicant does not maintain an
38 office in this State, the name and address of the person having custody
39 of its financial records.

40 c. The location and date the applicant was legally established and the
41 form of its organization.

42 d. The names and addresses of the officers, directors, trustees, and
43 principal salaried executive staff officer.

44 e. The name and address of each principal stockholder of the applicant,
45 if any.

46 f. Any information the Commission deems necessary to ensure
47 compliance with the provisions of this Article.

48 (2) Submission of evidence satisfactory to the Commission that the operator has
49 established commercially reasonable procedures for fantasy contests that are
50 intended to do the following:

- 1 a. Prevent the operator and its employees and their immediate family
2 members living in the same household from competing in any public
3 fantasy contest offered by the operator in which a cash prize is offered.
4 b. Prevent the sharing of information by fantasy contest players that has
5 the potential to affect a fantasy contest that is obtained as a result of or
6 by virtue of a person's employment and that is not publicly available.
7 c. Verify that a player is at least 18 years of age.
8 d. Ensure that players participating in a fantasy contest are restricted
9 from entering any fantasy contest where the outcome is determined, in
10 whole or part, on the accumulated statistical results of a team of
11 individuals in which such players are participants.
12 e. Allow individuals, upon request, to restrict themselves from entering
13 a fantasy contest and take reasonable steps to prevent those individuals
14 from entering the operator's fantasy contests.
15 f. Disclose the maximum number of entries a single fantasy contest
16 player may submit to each fantasy contest and take reasonable steps to
17 prevent any player from submitting more than the maximum allowable
18 number.
19 g. Segregate player funds from operational funds in separate accounts
20 and maintain a reserve in the form of cash, cash equivalents,
21 irrevocable letter of credit, bond, credit card and payment processor
22 accounts and receivables, or a combination thereof, in an amount
23 sufficient to pay all prizes and awards offered to winning participants.
24 h. Prevent fantasy contests based on the performances of participants in
25 collegiate, high school, or youth athletic competitions.
26 (3) Submission of an initial registration fee equal to ten percent (10%) of the
27 operator's gross fantasy contest revenues from the previous calendar year;
28 provided, however, that the fee shall not be less than two thousand five
29 hundred dollars (\$2,500) or more than ten thousand dollars (\$10,000).
30 (4) Submission of any fees necessary to cover the cost of the criminal record
31 check of the applicant.
32 (c) Registrations issued pursuant to this Article shall expire five years after issuance or
33 renewal. The Commission shall renew the registration of an operator that submits a completed
34 application in accordance with subsection (b) of this section and a renewal fee equal to the lesser
35 of five thousand dollars (\$5,000) or ten percent (10%) of the operator's net revenue from the
36 previous calendar year.
37 (d) An operator applying for registration who has been in continuous operation in this
38 State for at least 180 days as of the effective date of this act may continue to offer fantasy contests
39 to persons located in the State until 60 days after applications for registration are published by
40 the Commission. Operators who have applied for registration during that 60-day period may
41 continue to operate while the registration is pending. Operators who have not registered shall
42 cease operations within this State by the expiration of the 60-day period.
43 (e) An operator applying for registration or renewal of a registration may operate during
44 the application period unless the Commission has reasonable cause to believe that the operator is
45 or may be in violation of the provisions of this Article and the Commission requires the operator
46 to suspend all fantasy contests until registration or renewal of registration is issued or denied.
47 (f) The Commission shall issue a registration within 60 days of receipt of the application
48 for registration. If the registration is not issued, the Commission shall provide the operator with
49 the justification for not issuing such registration with specificity.
50 "**§ 18E-604. Reserved.**
51 "**§ 18E-605. Denial, revocation, or suspension of registration; hearings; civil penalties.**

1 (a) The Commission may deny, revoke, or suspend a registration upon determination that
2 an operator, or any officer, partner, principal stockholder, or director of the operator, has done
3 any of the following:

4 (1) Knowingly made a false statement of material fact or has deliberately failed
5 to disclose any information requested.

6 (2) Committed an illegal, corrupt, or fraudulent act, practice, or conduct in
7 connection with any fantasy contest in any jurisdiction, or has been convicted
8 of a felony, a crime of moral turpitude, or any criminal offense involving
9 dishonesty or breach of trust within 10 years prior to the date of application
10 for registration.

11 (3) Knowingly failed to comply with the provisions of this Chapter or of any
12 requirements of the Commission.

13 (4) Defaulted in the payment of any obligation or debt due to the State.

14 (5) Fails to be qualified to do business in this State or is not subject to the
15 jurisdiction of the courts of this State.

16 (b) After a hearing with 30 days' notice, the Commission may suspend or revoke an
17 operator's registration where a violation of this Article has been found by a preponderance of the
18 evidence. In addition, the Commission may assess a civil penalty not in excess of one thousand
19 dollars (\$1,000) for any violation of this Article demonstrated by a preponderance of the
20 evidence; provided, however, that the penalty shall not exceed ten thousand dollars (\$10,000) for
21 a continuing violation. The clear proceeds of any civil penalty assessed under this section shall
22 be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2. After
23 a hearing, the Commission may revoke a registration if it finds that facts not known by it at the
24 time it considered the application indicate that such registration should not have been issued. For
25 the purposes of this section, a single act or omission by an operator that affects one or more
26 players shall be treated as a single violation.

27 (c) If the Commission determines that a violation of this Article has occurred and
28 emergency action is required to protect the public health, safety, and welfare, the Commission
29 may suspend any registration for a period of not more than seven business days pending a hearing
30 and final determination. The Commission shall notify the operator of the date, time, and place of
31 the hearing at least five business days prior to the hearing.

32 (d) If the Commission denies, suspends, or revokes a registration, or assesses a civil
33 penalty in accordance with this Article, the Commission shall issue written notice to the operator.
34 An operator aggrieved by the Commission's action may seek review in accordance with Chapter
35 150B of the General Statutes.

36 **"§ 18E-606. Reserved.**

37 **"§ 18E-607. Reporting and audit requirements.**

38 A registered operator shall do all of the following:

39 (1) File an annual report with the Commission indicating compliance with this
40 Article.

41 (2) Conduct an independent financial audit and submit to the Commission a copy
42 of the independent financial audit report no less frequently than every two
43 years. The audit shall be consistent with the standards established by the
44 American Institute of Certified Public Accountants and may be part of a
45 national audit conducted by a certified public accountant.

46 (3) Notify and update the Commission of any material change to the information
47 provided in the application for registration under G.S. 18E-603.

48 (4) Notify the Commission if the operator ceases to offer fantasy contests in this
49 State.

50 **"§ 18E-608. Reserved.**

51 **"§ 18E-609. Change of ownership or acquisition of interest in operator.**

1 If any person acquires a controlling interest of a registered operator, that person shall register
2 with the Commission in accordance with this act. The operator may continue to operate during
3 the registration period unless the Commission has reasonable cause to believe that person is or
4 may be in violation of the provisions of this Article. The Commission may require the operator
5 to suspend the operation of any fantasy contest until registration is issued or denied.

6 **"§ 18E-610. Reserved.**

7 **"§ 18E-611. Confidential information.**

8 Reports, data, or documents submitted to the Commission pursuant to the audit requirements
9 of this Article and records submitted to the Commission as part of an application for registration
10 or renewal that contain information about the character or financial responsibility of the operator
11 or its principal stockholders are confidential and shall not be considered public records within
12 the meaning of Chapter 132 of the General Statutes.

13 **"§ 18E-612. Reserved.**

14 **"§ 18E-613. Fantasy contests not considered gambling.**

15 Fantasy contests conducted pursuant to this Article do not constitute gambling, lotteries,
16 gaming, or any activity or enterprise subject to or prohibited by Chapter 14, 16, or 19 of the
17 General Statutes, or any other provision of law. The award of prize money for any fantasy contest
18 shall not be deemed to be part of any gaming contract prohibited pursuant to Chapter 16 of the
19 General Statutes.

20 **"§ 18E-614. Reserved.**

21 **"§ 18E-615. Operator control of contests.**

22 Nothing in this Article shall be construed to limit the ability of an operator to control or
23 conduct its contests or to provide a uniform gameplay platform for players in multiple
24 jurisdictions."

25 **SECTION 3.(a)** G.S. 18C-110 is repealed.

26 **SECTION 3.(b)** G.S. 18C-111 is repealed.

27 **SECTION 3.(c)** G.S. 18C-112 is repealed.

28 **SECTION 3.(d)** G.S. 18C-113(a), (b), and (c) are repealed.

29 **SECTION 3.(e)** G.S. 18C-115(a) is repealed.

30 **SECTION 3.(f)** G.S. 18C-114 is repealed.

31 **SECTION 3.(g)** G.S. 18C-120 is repealed.

32 **SECTION 3.(h)** G.S. 18C-122 is repealed.

33 **SECTION 4.** G.S. 18B-500(b) reads as rewritten:

34 "(b) Subject Matter Jurisdiction. – After taking the oath prescribed for a peace officer, an
35 alcohol law-enforcement agent shall have authority to arrest and take other investigatory and
36 enforcement actions for any criminal offense. The primary responsibility of an agent shall be
37 enforcement of the ~~ABC-ABC~~, gaming, and lottery laws."

38 **SECTION 5.(a)** The North Carolina Gaming Commission shall study the feasibility
39 of authorizing sports betting, steeplechases, and video lottery terminals for operation in this State.
40 As part of its study, the North Carolina Gaming Commission shall address all of the following:

41 (1) Examine any restrictions on such activities in this State.

42 (2) Examine the effects of authorizing such activities on existing tribal games in
43 this State, if any.

44 (3) Investigate the positive and negative impacts of authorizing such activities in
45 this State, including whether any additional resources may be needed for
46 assistance to those with gambling addictions.

47 (4) Examination of potential revenues and expenditures for the State, if such
48 activities are authorized.

49 (5) Recommendations of types of regulation of such activities, including any to
50 protect players.

51 (6) Any other matters the North Carolina Gaming Commission deems relevant.

1 **SECTION 5.(b)** The North Carolina Gaming Commission shall report its findings,
2 together with any proposed legislation, to the 2020 Regular Session of the 2019 Session of the
3 General Assembly on or before January 31, 2020.

4 **SECTION 6.** Except as otherwise specifically provided in this act, each enumerated
5 commission, board, or other function of State government transferred to the North Carolina
6 Gaming Commission, as created in this act, is a continuation of the former entity for purposes of
7 succession to all the rights, powers, duties, and obligations of the former. Where the former
8 entities are referred to by law, contract, or other document in their former name, the North
9 Carolina Gaming Commission, as created in this act, is charged with exercising the functions of
10 the former named entity.

11 **SECTION 7.** No action or proceeding pending on May 1, 2017, brought by or against
12 the North Carolina Lottery Commission, the State Bureau of Investigation, the Alcohol Law
13 Enforcement Branch of the Department of Public Safety, or the Boxing Advisory Commission
14 shall be affected by any provision of this act, but the same may be prosecuted or defended in the
15 name of the North Carolina Gaming Commission, as created in this act. In these actions and
16 proceedings, the North Carolina Gaming Commission or its Executive Director, as appropriate,
17 shall be substituted as a party upon proper application to the courts or other administrative or
18 quasi-judicial bodies.

19 Any business or other matter undertaken or commanded by any State program or
20 office or contract transferred by this act to the North Carolina Gaming Commission pertaining to
21 or connected with the functions, powers, obligations, and duties set forth herein, which is pending
22 on May 1, 2017, may be conducted and completed by the North Carolina Gaming Commission
23 in the same manner and under the same terms and conditions and with the same effect as if
24 conducted and completed by the original program, office, or commissioners or directors thereof.

25 **SECTION 8.** The consolidation provided for under this act shall not affect any
26 ongoing investigation or audit. Prosecutions for offenses or violations committed before May 1,
27 2017, are not abated or affected by this act, and the statutes that would be applicable but for this
28 act remain applicable to those prosecutions.

29 **SECTION 9.** Rules, forms, policies, procedures, and guidance adopted by the North
30 Carolina Lottery Commission, the State Bureau of Investigation, the Alcohol Law Enforcement
31 Branch of the Department of Public Safety, or the Boxing Advisory Commission shall remain in
32 effect until amended or repealed by the North Carolina Gaming Commission.

33 **SECTION 10.** The authority, powers, duties and functions, records, personnel,
34 property, and unexpended balances of appropriations, allocations, or other funds, including the
35 functions of budgeting and purchasing, of the North Carolina Lottery Commission are transferred
36 to the North Carolina Gaming Commission, as created in this act. The authority, powers, duties
37 and functions, records, personnel, property, and unexpended balances of appropriations,
38 allocations, or other funds, including the functions of budgeting and purchasing, of the bingo and
39 raffle functions of the State Bureau of Investigation are transferred to the North Carolina Gaming
40 Commission, as created in this act. The authority, powers, duties and functions, records,
41 personnel, property, and unexpended balances of appropriations, allocations, or other funds,
42 including the functions of budgeting and purchasing, of the boxing regulatory functions of the
43 Alcohol Law Enforcement Branch of the Department of Public Safety and the Boxing Advisory
44 Commission are transferred to the North Carolina Gaming Commission, as created in this act.
45 The Director of the Budget shall resolve any disputes arising out of this transfer.

46 **SECTION 11.** The appropriations and resources of the North Carolina Lottery
47 Commission, including any office space, are transferred to the North Carolina Gaming
48 Commission, and the transfer shall have all the elements of a Type I transfer under G.S. 143A-6.

49 **SECTION 12.** The appropriations and resources of the bingo and raffle functions of
50 the State Bureau of Investigation are transferred to the North Carolina Gaming Commission, and
51 the transfer shall have all the elements of a Type I transfer under G.S. 143A-6.

1 **SECTION 13.** The appropriations and resources of the boxing regulatory functions
2 of the Alcohol Law Enforcement Branch of the Department of Public Safety and the Boxing
3 Advisory Commission are transferred to the North Carolina Gaming Commission, and the
4 transfers shall have all the elements of a Type I transfer under G.S. 143A-6.

5 **SECTION 14.** The North Carolina Gaming Commission shall report to the Joint
6 Legislative Commission on Governmental Operations and the Joint Legislative Lottery
7 Oversight Committee on or before April 1, 2020, and again on or before March 1, 2021, as to
8 recommendations for statutory changes necessary to further implement this consolidation.

9 **SECTION 15.** This act becomes effective January 1, 2020.