



INTEROFFICE MEMO

Gary Grief, Executive Director LaDonna Castañuela, Charitable Bingo Operations Director

To: Robert G. Rivera, Chairman
Cindy Fields, Commissioner
Mark A. Franz, Commissioner
Erik C. Saenz, Commissioner
Jamey Steen, Commissioner

Approved

Denied

From: Tyler Vance, Assistant General Counsel TV

Date: December 12, 2022

Re: Consideration of and possible discussion and/or action, including proposal, on new 16 TAC §§ 402.331 (Shutter Card Bingo Systems – Definitions), 402.332 (Shutter Card Bingo Systems – Site System Standards), 402.333 (Shutter Card Bingo Systems – Shutter Card Station and Customer Account Standards), 402.334 (Shutter Card Bingo Systems – Approval of Shutter Card Bingo Systems), 402.335 (Shutter Card Bingo Systems – Licensed Authorized Organization Requirements), 402.336 (Shutter Card Bingo Systems – Distributor Requirements), 402.337 (Shutter Card Bingo Systems – Security Standards), and 402.338 (Shutter Card Bingo Systems – Inspections and Restrictions)

Attached is a new rule proposal prepared for submission to the *Texas Register*. On July 5, 2022, the Texas Lottery Commission (Commission) received a petition filed by Daniel R. Moore Inc., K&B Sales Inc., and Roy Bingo Supplies of Texas Inc., each a Texas licensed distributor of bingo equipment, for adoption of the above-referenced new rules relating to shutter card bingo systems. Although Commission rules recognize shutter cards may be used in the play of bingo, the proposed new rules would provide specificity by authorizing and regulating shutter card bingo systems, including customer accounts, for use in Texas. On August 22, 2022, the Commission voted to grant the petition and initiate the rulemaking process to propose these new rules.

- The proposed new Rule 402.331 (Shutter Card Bingo Systems – Definitions) provides definitions for words and terms used relative to shutter card bingo systems.
- The proposed new Rule 402.332 (Shutter Card Bingo Systems – Site System Standards) provides requirements for the site system design, internal accounting system, verification of winning shutter cards, storing of certain information regarding transactions affecting a shutter card station and shutter cards, capability to generate reports that detail each transaction of a shutter card sale or return, and use of and requirements of a customer account.
- The proposed new Rule 402.333 (Shutter Card Bingo Systems – Shutter Card Station and Customer Account Standards) provides requirements and restrictions for shutter card stations and customer accounts.
- The proposed new Rule 402.334 (Shutter Card Bingo Systems – Approval of Shutter Card Bingo Systems) provides the approval process to the manufacturers of shutter card bingo systems for use in Texas.

- The proposed new Rule 402.335 (Shutter Card Bingo Systems – Licensed Authorized Organization Requirements) provides licensed authorized organizations the requirements and guidelines for utilizing shutter card bingo systems.
- The proposed new Rule 402.336 (Shutter Card Bingo Systems – Distributor Requirements) provides the requirements and guidelines for distributing shutter card bingo systems for use in Texas.
- The proposed new Rule 402.337 (Shutter Card Bingo Systems – Security Standards) provides the security standards and restrictions for the shutter card bingo system components: site systems, shutter card stations, and customer accounts.
- The proposed new Rule 402.338 (Shutter Card Bingo Systems – Inspections and Restrictions) provides the requirements related to the inspection and restrictions of shutter card bingo systems.

If approved for publication, the Commission will hold a public hearing to receive comments on this proposal at 9:00 a.m. on January 18, 2023, at 1700 N. Congress Ave., Austin, TX 78701, Stephen F. Austin State Office Building, Room 170.

Recommendation: Staff recommends the Commission initiate the rulemaking process by publishing the attached proposed rules in the *Texas Register* in order to receive public comments for a period of thirty (30) days.

1 The Texas Lottery Commission (Commission) proposes new rules 16 TAC §§ 402.331
2 (Shutter Card Bingo Systems – Definitions), 402.332 (Shutter Card Bingo Systems – Site System
3 Standards), 402.333 (Shutter Card Bingo Systems – Shutter Card Station and Customer Account
4 Standards), 402.334 (Shutter Card Bingo Systems – Approval of Shutter Card Bingo Systems),
5 402.335 (Shutter Card Bingo Systems – Licensed Authorized Organization Requirements),
6 402.336 (Shutter Card Bingo Systems – Distributor Requirements), 402.337 (Shutter Card Bingo
7 Systems – Security Standards), and 402.338 (Shutter Card Bingo Systems – Inspections and
8 Restrictions).

9 On July 5, 2022, the Commission received a petition filed by Daniel R. Moore Inc., K&B
10 Sales Inc., and Roy Bingo Supplies of Texas Inc., each a Texas licensed distributor of bingo
11 equipment, for adoption of the above-referenced new rules relating to shutter card bingo systems.
12 Although Commission rules recognize shutter cards may be used in the play of bingo, the proposed
13 new rules would provide specificity by authorizing and regulating shutter card bingo systems,
14 including customer accounts, for use in Texas. On August 22, 2022, the Commission voted to grant
15 the petition and initiate the rulemaking process to propose these new rules. The proposed new rules
16 are necessary in order to set out clear guidelines for the use of shutter card bingo systems in Texas.

17 The proposed new Rule 402.331 (Shutter Card Bingo Systems – Definitions) provides
18 definitions for words and terms used relative to shutter card bingo systems.

19 The proposed new Rule 402.332 (Shutter Card Bingo Systems – Site System Standards)
20 provides requirements for the site system design, internal accounting system, verification of
21 winning shutter cards, storing of certain information regarding transactions affecting a shutter card
22 station and shutter cards, capability to generate reports that detail each transaction of a shutter card
23 sale or return, and use of and requirements of a customer account.

1 The proposed new Rule 402.333 (Shutter Card Bingo Systems – Shutter Card Station and
2 Customer Account Standards) provides requirements and restrictions for shutter card stations and
3 customer accounts.

4 The proposed new Rule 402.334 (Shutter Card Bingo Systems – Approval of Shutter Card
5 Bingo Systems) provides the approval process to the manufacturers of shutter card bingo systems
6 for use in Texas.

7 The proposed new Rule 402.335 (Shutter Card Bingo Systems – Licensed Authorized
8 Organization Requirements) provides licensed authorized organizations the requirements and
9 guidelines for utilizing shutter card bingo systems.

10 The proposed new Rule 402.336 (Shutter Card Bingo Systems – Distributor Requirements)
11 provides the requirements and guidelines for distributing shutter card bingo systems for use in
12 Texas.

13 The proposed new Rule 402.337 (Shutter Card Bingo Systems – Security Standards)
14 provides the security standards and restrictions for the shutter card bingo system components: site
15 systems, shutter card stations, and customer accounts.

16 The proposed new Rule 402.338 (Shutter Card Bingo Systems – Inspections and
17 Restrictions) provides the requirements related to the inspection and restrictions of shutter card
18 bingo systems.

19 Kelly Stuckey, Controller, has determined that for each year of the first five years the rules
20 will be in effect, there will be no significant fiscal impact for state or local governments as a result
21 of the proposed rules. There will be no adverse effect on small businesses or rural communities,
22 micro businesses, or local or state employment. There will be no additional economic cost to
23 persons required to comply with the rules, as proposed. Furthermore, an Economic Impact

1 Statement and Regulatory Flexibility Analysis is not required because the proposed rules will not
2 have an adverse economic effect on small businesses or rural communities as defined in Texas
3 Government Code §2006.001(1-a) and (2).

4 LaDonna Castañuela, Director of the Charitable Bingo Operations Division, has
5 determined that for each year of the first five years the proposed new rules will be in effect, the
6 anticipated public benefit are clear and concise requirements and guidelines for manufacturers,
7 distributors, and licensed authorized organizations that are involved with shutter card bingo
8 systems to ensure that the fairness and integrity of the games will not be compromised.

9 Pursuant to Texas Government Code §2001.0221, the Commission provides the following
10 Government Growth Impact Statement for the proposed rules. For each year of the first five years
11 the proposed rules will be in effect, Kelly Stuckey, Controller, has determined the following:

12 (1) The proposed rules do not create or eliminate a government program.

13 (2) Implementation of the proposed rules does not require the creation of new employee
14 positions or the elimination of existing employee positions.

15 (3) Implementation of the proposed rules does not require an increase or decrease in future
16 legislative appropriations to the Commission.

17 (4) The proposed rules do not require an increase or decrease in fees paid to the
18 Commission.

19 (5) The proposed rules do not create a new regulation.

20 (6) The proposed rules do not expand or limit an existing regulation.

21 (7) The proposed rules do not increase or decrease the number of individuals subject to the
22 rules' applicability.

23 (8) The proposed rules do not positively or adversely affect this state's economy.

1 The Commission requests comments on the proposed rules from any interested person.
2 Comments may be submitted to Tyler Vance, Assistant General Counsel, by mail at Texas Lottery
3 Commission, P.O. Box 16630, Austin, Texas 78761-6630; by facsimile at (512) 344-5189; or by
4 email at legal.input@lottery.state.tx.us. Comments must be received within 30 days after
5 publication of this proposal in the *Texas Register* in order to be considered. The Commission also
6 will hold a public hearing to receive comments on this proposal at 9:00 a.m. on January 18, 2023,
7 at 1700 N. Congress Ave., Austin, TX 78701, Stephen F. Austin State Office Building, Room 170.

8 The new rules are proposed under Texas Occupations Code §2001.054, which authorizes
9 the Commission to adopt rules to enforce and administer the Bingo Enabling Act; and Texas
10 Government Code §467.102, which authorizes the Commission to adopt rules for the laws under
11 the Commission's jurisdiction.

12 This proposal is intended to implement Texas Occupations Code, Chapter 2001.
13 §402.331. Shutter Card Bingo Systems – Definitions.

14 The following words and terms, when used in this chapter, shall have the following meanings,
15 unless the context clearly indicates otherwise.

16 (1) Shutter Card Bingo System--A shutter card and related hardware and software that is
17 interfaced with or connected to equipment used to conduct a game of bingo using shutter cards. A
18 shutter card bingo system consists of the following three parts:

19 (A) Shutter Card--A device made of cardboard or other suitable material with
20 plastic "shutters" that cover a number to simulate the number being daubed and that is used in
21 conjunction with a shutter card customer account.

22 (B) Shutter Card Bingo Site System--Computer hardware, software, and peripheral
23 equipment that is located at the bingo premises, is controlled by the licensed authorized

1 organization conducting bingo, and interfaces with, connects with, controls, or defines the
2 operational parameters of shutter card customer accounts. Shutter Card Bingo Site Systems must
3 include, but are not limited to, the following components: point of sale station, shutter card station,
4 a caller station verifier, printers, remote access capability, proprietary executable software, report
5 generation software, and an accounting system and database.

6 (C) Shutter Card Station--Computer hardware and software that is located at a
7 player's seat that allows the player to select up to three shutter cards located at the player's seat
8 for play in a bingo game at the bingo premises.

9 (2) Cards and Card Sets--The number of unique bingo shutter cards on site, with the card
10 numbers and card data being used.

11 (3) Checksum--A value of fixed-size computed from a block of digital data for the purpose
12 of detecting changes or modifications. Also referred to as a digital signature or hash sum.

13 (4) Connected--Communication between the player's shutter card station and the site
14 system by wired or wireless means during an active bingo session.

15 (5) Customer Account--An account established by a customer and tracked with the use of
16 a unique player shutter card station identification number assigned by a licensed authorized
17 organization based on a player's seat position. The customer may access their own Customer
18 Account to track:

19 (A) the deposit of funds; and

20 (B) the purchase of bingo shutter cards.

21 (6) Shutter Card Station ID number--The unique identification number assigned by a
22 manufacturer to a specific shutter card station.

23 (7) Shutter Card Station Played--A shutter card station utilized within a bingo occasion.

1 (8) End of Occasion Log--Information stored in the site system database at the end of each
2 bingo occasion containing pertinent sales, refunds, game and system accounting information to
3 include the following:

- 4 (A) licensed authorized organization's name;
- 5 (B) licensed authorized organization's license number;
- 6 (C) bingo occasion site (location);
- 7 (D) listings of transactions or receipt numbers, including balance refunds;
- 8 (E) date and time of the bingo occasion and occasion number, if applicable;
- 9 (F) total quantity of shutter cards played;
- 10 (G) the shutter card station ID number of each shutter card station loaded;
- 11 (H) total dollar value of funds deposited and shutter cards sold;
- 12 (I) total dollar value of deposits refunded;
- 13 (J) total dollar value of unused deposits retained by the organization;
- 14 (K) total dollar value of shutter card bingo prizes awarded;
- 15 (L) listing of the balls called, in order called, for each game; and
- 16 (M) listing of all shutter cards verified for each game, both the non-winning and
17 the winning card face numbers.

18 (9) Independent Testing Facility--A laboratory approved by the Commission that is
19 demonstrably competent and qualified to test the site systems scientifically and evaluate them for
20 compliance with statutes and regulations. An independent testing laboratory shall maintain the
21 current applicable standards of the International Organization of Standardization as an accredited
22 laboratory in the field of information technology testing. An independent laboratory shall not be
23 owned or controlled by a licensed authorized organization, the state, or any manufacturer or

distributor or operator of shutter card bingo systems.

(10) Mobile Point of Sale—A mobile device that allows a licensed authorized organization to conduct customer shutter card sales transactions anywhere within the bingo premises and is a component of the site system.

(11) Model Number--A number designated by the manufacturer that indicates the unique structural design of the shutter card bingo system.

(12) Occasion Report--A report generated by the site system at the end of each bingo occasion containing pertinent sales, refunds, game, and system accounting to include the following information:

(A) licensed authorized organization's name;

(B) licensed authorized organization's license number;

(C) bingo occasion site (location);

(D) total dollar value of funds deposited and shutter cards sold;

(E) total dollar value of deposits refunded;

(F) total dollar value of unused deposits retained by the organization;

(G) total dollar value of prizes awarded;

(H) total dollar value of prize fees collected in conjunction with shutter card bingo prizes awarded.

(13) Occasion Summary Report--A report generated by the site system for any specified period which contains the following information:

(A) licensed authorized organization's name;

(B) licensed authorized organization's taxpayer number;

(C) bingo occasion site (location);

1 (D) total dollar value of funds deposited and shutter cards sold;

2 (E) total dollar value of deposits refunded;

3 (F) total dollar value of unused deposits retained by the organization;

4 (G) total dollar value of shutter card bingo prizes awarded; and

5 (H) total dollar value of prize fees collected in conjunction with shutter card bingo
6 prizes awarded.

7 (14) Secondary Component--Additional software or hardware components provided by the
8 manufacturer that are part of, or are connected to, a shutter card bingo system and that do not affect
9 the conduct of the bingo game. Secondary components may include computer screen backgrounds,
10 battery charge-up software routines, printers, printer software drivers, and charging racks.

11 (15) Proprietary Software--Custom computer software developed by a licensed
12 manufacturer that is the primary component of a shutter card bingo system and is required for a
13 shutter card bingo system to be used in a game of bingo.

14 (16) Software Modifications--Alterations to proprietary software approved by the
15 Commission.

16 (17) Transaction Log--A site system report containing a record of transaction information
17 in detail.

18 (18) Version Number--A unique number designated by the manufacturer to signify a
19 specific version of software used on or by the shutter card bingo system.

20 §402.332. Shutter Card Bingo Systems – Site System Standards.

21 (a) The site system must be designed so that the Commission may remotely verify the operation,
22 compliance, and internal accounting systems of the site system at any time. The manufacturer shall
23 provide to the Commission all current protocols, usernames, passwords, and any other required

1 information needed to access the system. Any and all reports maintained or available for generation
2 by the shutter card bingo system shall be capable of being downloaded or otherwise accessed via
3 the remote connection.

4 (b) The site system's internal accounting system must be capable of recording the licensed
5 authorized organization's player deposits, sale of shutter cards, deposit refunds, deposits retained,
6 shutter card bingo prizes awarded, and prize fee collected in conjunction with shutter card bingo
7 prizes awarded.

8 (c) The site system must be able to verify winning shutter cards and print the shutter cards for
9 posting. For verification purposes, the site system must be capable of storing and printing an
10 ordered list of all balls called for each bingo game played using shutter cards.

11 (d) The site system must be capable of storing:

12 (1) all transactions affecting a shutter card system and/or station;

13 (2) the shutter card station ID number for each transaction affecting the shutter card system
14 and/or station; and

15 (3) the date, time, quantity of shutter cards affected, price per card, and deposit refunds.

16 (e) The site system shall not allow the exact duplication of cards.

17 (f) Upon completion of each transaction, the site system must not allow any transactional
18 information including date, time, quantity of shutter cards, price per card or package, package
19 number, or other source information to be changed within the accounting system or database.

20 (g) The site system must recognize the shutter card station ID number and store that number on
21 the transaction log for each and every transaction that directly affects that shutter card station.

22 (h) The site system must have a database backup and recovery system to prevent loss of
23 transactional information in the event of power failures or any disruptive event.

(i) The site system must be capable of printing a report that details each transaction of a credit or shutter card sale or credit return that includes, at a minimum, the following information:

(1) licensed authorized organization's name;

(2) licensed authorized organization's taxpayer number;

(3) bingo occasion location name;

(4) date and time of the transaction, in DD/MM/YYYY HH:MM:SS; format;

(5) the dollar value of the transaction and quantity of player funds deposited and refunded and the sales of shutter cards;

(6) the shutter card station where any sales and refunds were done; and

(7) the total dollar value of the transaction.

(j) The site system must be capable of storing and printing:

(1) a transaction log; and

(2) end of occasion log for each bingo occasion.

(k) The site system must be capable of storing and printing an Occasion Report and Occasion Summary Report on demand.

(l) The site system must be capable of maintaining all required information for the end of occasion log and the occasion summary report for a period of forty-eight (48) months.

(m) The site system must not erase or overwrite any of the required bingo occasion information until both detail and summary information is transferred to a secondary storage medium.

(n) Any subsequent changes or modifications to an approved system require compliance with this section and must be re-submitted to the Commission for approval prior to use.

(o) The site system may, but is not required to, be designed to incorporate the use of a customer account. However, if the site system incorporates the use of a customer account, the site system

1 must include the following requirements:

2 (1) Be capable of recording each transaction made by a player from their customer account
3 and include the transaction number, dollar amount deposited, time and date, quantity and price of
4 the shutter cards purchased, or player funds refunded;

5 (2) Not be used to track and credit a customer's account with bingo prizes won;

6 (3) Additional funds may only be added to the customer's account only by using a site
7 system Point-of-Sale that is operated by a registered bingo worker;

8 (4) Capable to generate financial reports for customer account activity to include:

9 (A) customer account number;

10 (B) initial amount of funds deposited in the account;

11 (C) each transaction including quantity of shutter cards purchased, dollar amount,
12 time and date, any ending balance, bingo worker login information; and

13 (D) if any remaining player funds were refunded at end of occasion or retained by
14 the organization as other income.

15 (E) be capable of and shall provide a receipt for each customer transaction that
16 contains the following disclaimer: "Any funds remaining in your customer account that you do not
17 claim by the end of the occasion may be kept by the licensed authorized organization."

18 §402.333. Shutter Card Bingo Systems – Shutter Card Station and Customer Account Standards.

19 (a) The shutter card bingo system must have a unique and permanent identification number for
20 each shutter card station.

21 (b) The shutter card station must automatically transmit its identification number to the site system
22 or be known by the site system, to be recorded on the transaction log, each time the shutter card
23 station is involved in a transaction with the site system.

(c) The shutter card station must not track bingo numbers called or assist the customer in any way to mark their shutter cards.

(d) The shutter card station must not allow a player to change cards after a game has started.

(e) The shutter card station must clear the shutter cards in play after each game.

(f) A shutter card station utilizing a customer account may not permit customers to purchase any bingo equipment other than shutter cards that are part of the shutter card bingo system.

(g) A shutter card station must display the player's account balance at all times.

(h) A customer account and a shutter card station shall not:

(1) track and store any winnings from authorized bingo games;

(2) replay any winnings;

(3) be used to credit the player's winnings;

(4) be used to purchase or play pull-tab bingo tickets; or

(5) be used for video confirmation of pull-tab bingo tickets.

(i) The customer account and shutter card station may not be used:

(1) to generate or determine the random letters, numbers, or other symbols used in playing the shutter card;

(2) as a receptacle for the deposit of tokens or money in payment for playing the shutter card; or

(3) as a dispenser for the payment of a bingo prize, including coins, paper currency, or a thing of value for playing the shutter card.

§402.334. Shutter Card Bingo Systems – Approval of Shutter Card Bingo Systems.

(a) A shutter card bingo system must not be sold, leased, or otherwise furnished to any person for use in the conduct of bingo until it has first been tested and certified as compliant with the standards

1 in this subchapter by an independent testing facility or the Commission's own testing lab, as
2 applicable. The shutter card bingo system shall be submitted for testing at the manufacturer's
3 expense. The testing facility should be required to ensure that the shutter card bingo system
4 conforms to the restrictions and conditions set forth in these standards. The approval process is set
5 forth in subsections (b)–(e) of this section.

6 (b) Utilizing an Independent Testing Facility:

7 (1) Manufacturer submits system to lab with letter outlining the shutter card bingo system
8 to be tested for approval in Texas;

9 (2) Lab performs validation testing to ensure compliance with the Commission's
10 requirements. Testing may include functional testing and/or modification testing, if applicable;

11 (3) Lab creates certification report which includes file verification methodology,
12 software/firmware signatures (checksum), and testing results;

13 (4) Manufacturer submits approval request with certification report to the Commission;

14 (5) Once the Commission has received the certification report from the independent testing
15 facility, the Commission may request a demonstration of the product; and

16 (6) The Commission shall either approve or disapprove the submission based on the test
17 results and inform the manufacturer and lab of the results within thirty (30) calendar days of receipt
18 of the test results.

19 (c) After the Commission approves a shutter card bingo system, the manufacturer shall notify the
20 Commission of the date, time and place of the first installation of the system so that a Commission
21 representative may observe and review the shutter card bingo system.

22 (d) Checksum or digital signatures will be obtained from the proprietary software submitted for
23 testing to be used to verify that proprietary software at playing locations is the same as the software

1 that was approved.

2 (e) The decision by the director to approve or disapprove any component of a shutter card bingo
3 is administratively final.

4 (f) The manufacturer shall be responsible for the costs related to the testing of shutter card bingo
5 system to include the fees charged by independent testing facilities.

6 (g) The manufacturer shall be responsible for the travel costs incurred by the Commission to audit
7 the initial installation of a shutter card bingo system in the state of Texas.

8 (h) Any subsequent changes or modifications to an approved shutter card bingo system require
9 compliance with this section and must be re-submitted to the Commission for approval prior to
10 use.

11 §402.335. Shutter Card Bingo Systems – Licensed Authorized Organization Requirements.

12 (a) The licensed authorized organization must ensure that the site system is accessible to the
13 Commission via remote connection at all times.

14 (b) The licensed authorized organization must ensure that the reports for its bingo occasion display
15 the correct licensed authorized organization's name, location name, time, and date.

16 (c) The licensed authorized organization must ensure that the occasion report displays the correct
17 licensed authorized organization's name, location name, date of the bingo occasion, and all other
18 required information contained in Rule 402.331(12).

19 (d) Each licensed authorized organization must record all sales of credits, sales of shutter cards,
20 credit refunds, and all prizes awarded.

21 (e) Each licensed authorized organization purchasing, leasing, or otherwise utilizing a shutter card
22 bingo system must maintain a log or other records showing the following:

23 (1) the date the shutter card bingo system was installed or removed; and

(2) the name and license number of the distributor from which the shutter card bingo system was purchased, leased or otherwise obtained.

(f) If multiple licensed authorized organizations hold an interest in a shutter card bingo system, a single record identifying each licensed authorized organization should be retained on the premises where the shutter card bingo system is utilized.

(g) The licensed authorized organization must retain all records and reports relating to the shutter card bingo system's transactions, maintenance, and repairs for a period of forty-eight (48) months for examination by the Commission. Such records shall be kept on the premises where the licensed authorized organization is licensed to conduct bingo, or at a location designated in writing to the Commission by the licensed authorized organization.

(h) All shutter card stations must be enabled for play on the premises where the game will be played.

(i) After the last game of the bingo occasion has been completed, the licensed authorized organization shall print an occasion report from the site system.

(j) The bingo player must be physically present during the game on the premises where the game is actually conducted.

(k) A licensed authorized organization may not add to or remove any software program related to the conduct of bingo to an approved shutter card bingo system. If the Commission detects or discovers a shutter card bingo system at a bingo premises that is using components or software that were not approved by the Commission as required, the shutter card bingo system is deemed to have an unauthorized modification.

(l) No licensed authorized organization may display, use, or otherwise furnish a shutter card station which has in any manner been tampered with, or which otherwise may deceive the player or affect

1 a player's chances of winning.

2 (m) At the time a player establishes a customer account, the licensed authorized organization must
3 notify the player that any unclaimed balances in the customer account at the end of the occasion
4 will be retained by the organization. Information regarding the retention by the licensed authorized
5 organization of the unclaimed balances in a customer account at the end of an occasion must be
6 included in the information the organization must provide to its players pursuant to §402.200 of
7 this chapter. Any unclaimed balances retained by the organization under this subsection shall be
8 considered to be funds derived from the conduct of bingo, deposited into the organization's bingo
9 account, and reported as other income. However, any unclaimed balances deposited into the
10 organization's bingo account are restricted to the organization's charitable purposes, as provided
11 by Texas Occupations Code §2001.453(2) and §2001.454.

12 (1) For a licensed authorized organization that conducts bingo through a unit created and
13 operated under Texas Occupations Code Chapter 2001, Subchapter I-1, any balances on a customer
14 account may be used by the customer for any bingo occasion conducted on the same day of any of
15 the organizations in the unit on the premises specified in their bingo licenses.

16 (2) For a licensed authorized organization that conducts bingo on consecutive occasions
17 within one 24-hour period, any balances on a customer account may be used by the customer
18 during either occasion.

19 (n) A licensed authorized organization must comply with the requirements in §402.200(b)(6) of
20 this chapter regarding all bingo equipment malfunctions, including customer accounts on a shutter
21 card bingo system.

22 (o) Each licensed authorized organization must ensure that the shutter card bingo system records
23 the actual selling price of each shutter card sold.

(p) A licensed authorized organization shall not pre-sale or add credits to a shutter card station or a player's account prior to the start of an occasion, except as allowed by Rule 402.335(m)(1) and (2) above.

(q) If the shutter cards are not changed between every occasion, a licensed authorized organization shall not conduct a bingo game using the shutter card bingo system in which a player may have an advantage based on their knowledge of the numbers available on the stations. For example, a game in which any given number is "wild" could be exploited by a player with knowledge of which station has the highest occurrence of that number.

(r) The licensed authorized organization must handle deposit refunds in the following manner:

(1) The player must present the original receipt which was issued at the time of the deposit of funds;

(2) The word "refund" shall be clearly printed on the receipt issued once the refund as occurred;

(3) All refund receipts must be attached to the bingo occasion report printed at the end of each bingo occasion and maintained with the records.

(s) A licensed authorized organization may not reserve or hold a station for any player.

§402.336. Shutter Card Bingo Systems – Distributor Requirements.

(a) Installation. Each distributor that leases, sells, or otherwise furnishes a shutter card bingo system shall install the system based on the manufacturer's approval letter for use in Texas. Each system shall be installed with:

(1) a point of sale, caller station, verifier, and all other software components of the site system as listed in the approval letter;

(2) the software settings as established in the approval letter;

1 (3) all of the manufacturer requirements and restrictions in place; and

2 (4) a dedicated modem phone line or internet connectivity.

3 (b) Before initial use by a licensed authorized organization, each distributor that leases, sells, or
4 otherwise furnishes a shutter card bingo system must provide notice to the Commission in writing
5 on a form prescribed by the Commission, or electronically in a format prescribed by the
6 Commission, that includes the following information:

7 (1) the modem number or IP address and protocol for remote access;

8 (2) total number of shutter card stations installed at the bingo premises;

9 (3) the name of the bingo premises, physical address, telephone number, and licensed
10 commercial lessor's taxpayer identification number, if applicable, where the shutter card bingo
11 system is located;

12 (4) the expected start-up date for use of the shutter card bingo system by the licensed
13 authorized organization;

14 (5) the name and taxpayer identification number of the licensed authorized organization to
15 whom the shutter card bingo system was sold, leased, or otherwise furnished;

16 (6) the name and taxpayer identification number of the distributor from whom the shutter
17 card bingo system was leased, purchased, or otherwise obtained;

18 (7) the name and taxpayer identification number of the manufacturer, model and version
19 number of the shutter card bingo system; and

20 (8) a certification statement from the manufacturer that the remote connectivity is operating
21 properly.

22 (c) If a shutter card or shutter card station is to be used at more than one bingo premises, each
23 bingo premises must have its own shutter card bingo site system.

(d) Before the complete removal or hardware upgrade of any shutter card bingo system, each distributor must supply one copy of the data files to each licensed authorized organization that utilized the shutter card bingo system and maintain one additional copy for a period of forty-eight (48) months.

(e) A distributor selling, leasing, or otherwise providing shutter card bingo systems to a licensed authorized organization or another licensed distributor must provide the licensed authorized organization or licensed distributor with an invoice that contains, at a minimum, the following information and must maintain copies of the invoice or documentation for a period of forty-eight (48) months:

(1) the invoice number;

(2) the date of sale or lease period covered by the invoice;

(3) the manufacturer's name;

(4) the name and version number of the shutter card bingo system;

(5) the quantity of shutter cards sold or leased; and

(6) the total invoice amount.

(f) The distributor shall serve as the initial contact for the licensed authorized organization with respect to requests for installation, service, maintenance, or repair of shutter cards, shutter card stations, and site systems. The distributor may, as needed, enlist the aid of the manufacturer in providing service, repair, or maintenance of the site system.

(g) A distributor may not add to nor remove any software programs related to the conduct of bingo to an approved shutter card bingo system. If the Commission detects or discovers a shutter card bingo system at a bingo premises that is using components or software that were required to have been approved by the Commission but have not been approved, the shutter card bingo system is

1 deemed to have an unauthorized modification.

2 (h) Upon the Commission's notification to the manufacturer, the manufacturer must immediately
3 disable the system. A distributor may not display, use, or otherwise furnish a shutter card or shutter
4 card station which has in any manner been tampered with, or which otherwise may deceive the
5 player or affect a player's chances of winning.

6 §402.337. Shutter Card Bingo Systems – Security Standards.

7 (a) A customer account, shutter card station, or site system shall not be a video lottery machine or
8 machine that, upon insertion of cash, is available to play or simulate the play of a video game,
9 including but not limited to, video poker, keno, and blackjack, utilizing a video display and
10 microprocessor in which the player may receive free games or credits that can be redeemed for
11 cash, coins, or tokens or that directly dispenses cash, coins, or tokens.

12 (b) The shutter card station or site system shall provide password protection for each organization
13 at a location using the shutter card station or site system.

14 (c) The site system shall be able to provide the winning game patterns required for the entire bingo
15 occasion. A printout or electronic display of the winning patterns must be available at the bingo
16 occasion upon request by patrons or Commission personnel.

17 (d) The manufacturer shall provide to the Commission all current protocols, usernames, passwords,
18 and any other required information needed to access the system prior to the operation of the system
19 within Texas.

20 (e) The manufacturer and distributor shall notify the Commission of any changes they have made
21 in the protocols, usernames, passwords, and any other required information needed to access the
22 system within ten (10) calendar days of the change.

23 (f) The system shall have sufficient security safeguards to ensure that any restrictions or

requirements authorized by the Commission or any approved proprietary software are protected from alteration.

(g) A manufacturer of a shutter card bingo system shall employ sufficient security safeguards in designing and manufacturing the shutter card bingo system such that only approved proprietary software used directly in the operation of bingo are accessible by the licensed authorized organization.

§402.338. Shutter Card Bingo Systems – Inspections and Restrictions.

(a) The Commission may examine and inspect any shutter card bingo system that was used, is being used, or is intended for subsequent use, in the conduct of bingo, including any individual shutter card, shutter card station, and related site system. Such examination and inspection include immediate access to the shutter card, shutter card station, and unlimited inspection of all parts of the shutter card bingo system.

(b) Distributors and manufacturers shall provide records related to approved shutter card bingo systems requested by the Commission, or any of its employees, within fourteen (14) calendar days of the request unless a longer response time is allowed by the request.

(c) If the Commission detects or discovers any problem with the shutter card bingo system that affects the security and/or integrity of the bingo game or shutter card bingo system, the Commission:

(1) may direct the manufacturer, distributor, or licensed authorized organization to cease the sale, lease, or use of the shutter card bingo system, as applicable and/or to remove the shutter card bingo system from use or play until further notice by the Commission; and

(2) may require the manufacturer to correct the problem or recall the shutter card bingo system immediately upon notification by the Commission to the manufacturer.

(d) If the manufacturer, distributor, or licensed authorized organization detects or discovers any defect, malfunction, or problem with the shutter card bingo system that affects the security and/or integrity of the bingo game or shutter card bingo system, the manufacturer, distributor, or licensed authorized organization, as applicable, shall immediately:

(1) remove the shutter card bingo system from use or play; and

(2) notify the Commission of such action.

(e) The Commission, at its discretion, may require additional examination or inspection of shutter card bingo systems at any time. Such additional examinations or inspections may be at the manufacturer's expense and may be a condition of the continued use of such system.

(f) A manufacturer's demonstration of a non-approved shutter card bingo system or any secondary component may take place only after permission is granted by the Commission. The request to demonstrate must be provided to the Commission at least seven (7) calendar days prior to the date of demonstration. The Commission may request a manufacturer to voluntarily demonstrate to the Commission staff a shutter card bingo system that the manufacturer markets in another jurisdiction.