

(H. B. 2038)
(Conference)

(No. 81-2019)

(Approved June 29, 2019)

AN ACT

To establish the “Government of Puerto Rico Gaming Commission Act” for the purpose of establishing the public policy of the Government of Puerto Rico on Sport Events, eSports, and Fantasy Contests; authorize bets on these events in Puerto Rico, both online and at physical locations; provide for betting locations; provide safeguards to prevent gambling addiction, money laundering, and underage betting; create the Government of Puerto Rico Gaming Commission, which shall handle all matters related to sports betting, games of chance, and the horse racing industry; transfer the duties of the Tourism Office of the Department of Economic Development and Commerce relating to games of chance as well as the powers and duties of the Horse Racing Industry and Sport Administration to the new Gaming Commission; provide for the transfer of employees; amend Sections 2, 2-A, 2-B, 3, 4, 5, 7, 7-A, 7-B, 8, 9, 9-A, 9-B, 11, 12, 13, and 14 of Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act”; amend Sections 3, 4, 5-A, 6, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 24, 25, 26, 30, 32, and 33 of Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act”; amend Sections 2 and 3, repeal Sections 4, 5, 7, 8, 9, 10, and 11, amend renumbered Section 4, amend renumbered Section 5, renumber Sections 13, 14, 15, and 16 as Sections 6, 7, 8, and 9 respectively, renumber and amend Sections 17, 18, 19, 20, 21, and 22 as Sections 10, 11, 12, 13, 14, and 15, respectively, repeal Section 23, renumber Section 24 as Section 16, and renumber and amend Sections 25, 26, 27, 28, 29, 30, and 31 as Sections 17, 18, 19, 20, 21, 22, and 23, respectively, of Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act”; and for other related purposes.

STATEMENT OF MOTIVES

Sports Betting

On October 1992, the United States Congress passed the Professional and Amateur Sports Protection Act (PASPA) to prohibit sports betting throughout the United States. The states of Delaware, Montana, Nevada, and Oregon were exempt by virtue of a grandfather clause that allowed them to continue accepting bets.

Furthermore, online sports betting was introduced during the 1990s. Fans of different sports have deemed online betting to be much more convenient. This modality has become more popular throughout the industry and there are currently hundreds of online betting options.

The foregoing notwithstanding, PASPA's approval had the effect of increasing rather than decreasing unlawful sports betting. It is estimated that the unlawful betting market was worth over \$150 billion in 2016, generating approximately \$7.5 to \$9 billion in revenue.¹ Likewise, there was no evidence that the ban on unlawful betting had a positive effect on gambling addiction.

In *Murphy v. National Collegiate Athletic Assn.*, 584 U.S. ____; 138 S.Ct. 1461 (2018), twenty-five (25) years after the approval of PASPA, the Supreme Court of the United States held unconstitutional the legislation that prevented the states from regulating and authorizing sports betting. This holding prompted many states to approve legislation authorizing this type of bets in order to increase revenues and promote economic development. Puerto Rico shall not be the exception.

¹ According to a study published by the American Gaming Association.

After the holding in *Murphy*, the four (4) major sports leagues in the United States (the Major League Baseball, National Basketball Association, National Football League, and National Hockey League) are projected to generate \$4.2 billion from lawful sports betting according to a study published by the American Gaming Association.

Likewise, the betting market is projected to reach \$3.1 billion by 2023 nationally, and online sports betting is projected to reach \$8.1 billion.² For the first time in history, in January 2019, the lawful bets handled outside the state of Nevada exceeded those handled in the gambling capital of the world (Las Vegas). Nevada handled \$497.5 million in lawful bets, whereas New Jersey, Mississippi, Pennsylvania, Rhode Island, West Virginia, and Delaware handled \$501.3 million. In sum, nearly \$1 billion in lawful bets were handled in January 2019 as a result of the holding in *Murphy, supra*.

This Act authorizes and promotes Sports and eSports betting as well as all that pertains to Fantasy Contests. However, this legislation establishes rigorous standards including stringent regulations and protections for players and consumers, as well as a tax structure that shall benefit important sectors of our society, and the necessary tools to eliminate money laundering and unlawful gambling. We can take advantage of this new economic activity while safeguarding the integrity of our citizens by providing safe, legal, highly regulated, and transparent betting locations. Moreover, it provides that, when granting licenses, the Government of Puerto Rico Gaming Commission may authorize the holders of different licenses to enter into agreements among themselves so that Principal Operators can offer services to other license holders for establishments operating as a branch of the Principal operators.

² <https://gamblingcompliance.com/us-sports-betting>

Market Studies

Regarding this new activity, two (2) studies were conducted on the impact that this industry would have on Puerto Rico. The Puerto Rico Chamber of Commerce commissioned The Innovation Group to conduct the first study. In said study the Government of Puerto Rico's revenues were estimated in \$29 million by 2020, \$51 million by 2021, \$68 million by 2022, \$77 million by 2023, and \$87 million by 2024. These projections are contingent on the authorization of sports betting in casinos, racetracks, cockpits, off-track betting locations, and over the internet.

In addition, said study assessed whether such revenues could cannibalize existing casino revenues which are considered revenues of the Government of Puerto Rico in the Fiscal Plan. The experience in other U.S. jurisdictions is that rather than cannibalizing casino revenues it complements casino activity. The study concluded with a projection of a potential increase in casino revenues and visits. The firm estimated that there could be a \$5 million-increase in casino revenues by 2024. Likewise, such study rejects the possibility that revenues from horse races in Puerto Rico could be cannibalized. On the contrary, it is believed that allowing sports betting in racetracks would attract new bettors to the horse racing sport and industry.

Aware of the impact that this industry shall have on Puerto Rico, our Government also commissioned to Spectrum Gaming Group a market study on sports betting. The firm estimated that in-person and online sports betting could generate between \$44 and \$62 million annually. Clearly, both expert firms provided similar numbers.

According to Spectrum, sports betting has proven beneficial to casinos because it attracts a different demographic that usually does not attend casinos. The hotels where these casinos are located experienced an increase in food and beverage consumption, and hotel occupancy between ten percent (10%) and fifteen percent (15%).

In general, even though the impact of sports betting has varied from state to state, most casino Operators have benefitted from this product because it expands the casino's offerings. For such reason, both studies concluded that authorizing sports betting would complement casinos rather than cannibalize their revenues.

As stated above, two well-known independent firms that are experts on the subject of gambling have favored the authorization of sports betting in Puerto Rico. The potential of sports betting shall be truly beneficial for a Puerto Rico that is open to do business.

eSports

As part of this aggressive public policy to authorize sports betting, we also recognize the existence and proliferation of the worldwide phenomenon known as eSports. The foregoing includes playing videogames competitively and professionally, in an organized manner, whether in leagues or tournaments. Some examples of popular games that have been played at these types of events include franchises such as Madden Football, Rainbow Six, and Gears of War.

These games target a younger demographic not over the age of thirty-five (35) years and have grown immensely popular worldwide. It is estimated that the global eSports audience surpassed 380 million at the end of 2018³, which eclipses both Major League Baseball and National Hockey League viewership. These games are estimated to generate \$3 billion in revenues by 2023.⁴ This estimate

³ Source: Nezo, 2018 Global Market Esports Report

⁴ Source: Superdata, Goldman Sachs Global Investment Research, 2018

represents the total revenues including marketing, advertising, and other positive effects that betting has in several areas.

There are three (3) types of eSports betting: bets placed during eSports events or tournaments; Skill-Based Gaming; and Peer-to-Peer Wagering.

The first type of betting includes in-person or online bets placed during eSports events or tournaments. Skill-Based Gaming, however, combines chance with player skills: a player plays against a machine for money. Lastly, peer-to-peer wagering is modeled on traditional aspects where two players play against each other and place bets through an intermediary who pays the winner and charges a commission.

Very little regulations exist for eSports, with Nevada and New Jersey being some of the few jurisdictions that have adopted regulations directed specifically at this phenomenon. We recognize that eSports has entered the mainstream worldwide appealing to a demographic different from that of traditional casinos. This is one of the fastest growing sectors in the sports betting industry; therefore, Puerto Rico should not lag behind. For such reason, this measure authorizes this type of betting in Puerto Rico.

Public Policy

Consistent with the public policy of this administration—which has announced to the world that our Island is open for business—and aware of the need to provide the Treasury with new resources in order to honor its most pressing commitments, such as the payment of pensions, it is hereby declared as the public policy of the Government of Puerto Rico to authorize sports and eSports betting. These segments represent a new type of betting that was not previously allowed in Puerto Rico or the other states. Therefore, these represent a new source of economic activity through the creation of industries, jobs, and new Government revenues. With this Act, Puerto Rico is once again at the forefront of innovation

while responsibly facing the challenges posed by innovative industries. Furthermore, we provide a sense of reliability for this new industry that is being sanctioned through this Act by creating a clear legal framework that would allow for the development thereof.

Thus, with this Act we join a handful of U.S. jurisdictions that have already passed legislation authorizing this activity based on the holding in *Murphy*. As of February 28, 2019, eight (8) states have already authorized sports betting; three (3) states and the District of Columbia have passed legislation that are yet to become effective; twenty-three (23) states have introduced legislation in their state legislatures; seven (7) states have expressed interest in introducing legislation; and only (9) states have remained idle with regards to this subject.

At present, there are no legal obstacles for Puerto Rico to establish the legal framework to make sports betting feasible as provided in this Act. Sports Event and eSports betting is a growing billion-dollar industry. This is an opportunity for the Island to generate new economic activity in the important tourism sector as well as revenues that shall allow us to address the needs of the most vulnerable. The foregoing shall be achieved by allocating a portion of said revenues to fulfill the government's commitments to pensioners, police officers, municipalities, the education and the sports sectors, as well as to fight gambling.

Along with these new games, the responsibilities and obligation of the Gaming Commission are created herein to ensure that minors have no access thereto. Similarly, and consistent with other types of betting that now would be under the jurisdiction of the Gaming Commission, this Act requires the adoption of a program and collaboration with other government entities, such as the Mental Health and Anti-Addiction Services Administration (ASSMCA, Spanish acronym) through its Compulsive Gamblers Assistance Program, or any other resource, in order to prevent gambling addiction, including an evaluation of digital tools that

may be adopted to require an assessment of a gambler's credit history, tax evasion, and money laundering.

The Commission shall establish the requirements needed to ensure that the technology provided in sports betting platforms are robust and guarantee the transparency of the operations thereof for the purpose of facilitating the Government's duty to oversee sports betting operations. The Executive Director shall be responsible for directly supervising said system so as to maximize government revenues and minimize money laundering and tax evasion.

Online Betting

In the Information Age, citizens are using the internet more and more in their daily lives. The world of gambling has also been affected by this trend. Players today want to place their bets from the comfort of their homes or from any place they wish.

This legislation authorizes online sports betting. However, a surtax shall be imposed on online bets as opposed to bets placed in-person at an authorized location. Likewise, online betting operators shall be required to meet high standards to prevent underage betting.

On November 2, 2018, the U.S. Department of Justice reversed its 2011 Opinion on the application of the Wire Act, 35 Op. O.L.C. (2011) and reinterpreted it. In its 2018 Opinion, the Department of Justice stated that the prohibitions of the Wire Act, 18 U.S.C. § 1084(a), were not just limited to Sports Betting, when performed between states over the internet, but rather that they can be applied to all forms of gambling. Furthermore, the U.S. Department of Justice clarified in its Opinion that the enactment of the Unlawful Internet Gambling Enforcement Act of 2006, 31 U.S.C. § 5361, *et seq.*, did not alter the scope of the Wire Act. Thus, under federal law, the use of the Internet to place or receive bets made outside the geographical limits of its jurisdiction is unlawful. However, such prohibitions

apply to persons engaged in gambling activities outside the state borders and not to persons engaged in such activities within a single state.

Authorized Locations

We have drafted a very aggressive legislation for the purpose of making Puerto Rico marketable, both at a national and international level, as an attractive destination for the millions of people betting on sports and eSports.

For such purposes, we promote the establishment of competitive license fees and tax rates vis-a-vis other U.S. states that are entering this new industry.

Consistent with our public policy, this new segment of sports betting is authorized to be conducted in as many locations as possible, insofar as such locations are able to ensure that strict standards on child protection, gambling addiction, and tax evasion are met.

Firstly, casinos, hotels, inns (*paradores*), racetracks, off-track betting locations, and cockpits shall be considered as authorized betting locations under this Act. Furthermore, centers or districts that promote betting on special sports events may be established in strategic areas such as tourist or historical zones or any other location that complies with this Act and meets the requirements established by the Commission.

In order to make this industry available in as many locations as possible across Puerto Rico, authorized off-track betting locations may apply for licenses to receive bets on sports events. The Gaming Commission shall establish lower licensing fees for these locations given that they are smaller establishments with a lower volume of revenues and players.

Likewise, in order to incentivize the cockfighting industry, cockpits shall not pay for the first ten (10) years of operations the license fees established herein, as required by the Commission, for the new betting modalities authorized in this Act.

Government of Puerto Rico Gaming Commission

With this Act, this Administration also consolidates the implementation of a public policy aimed at reengineering and restructuring the Government thoroughly, thus rendering it more efficient and improving its services, while reducing spending, and promoting the Island's economic growth. Through this Act we consolidate germane structures into a single entity thereby allowing the Government to address all relevant matters holistically, thus maximizing resources in the most effective manner. This Act consolidates under a single Commission all matters and regulations relating to the Horse Racing Industry, all matters entrusted to the Tourism Office of the Department of Economic Development and Commerce under the Games of Chance Act, and the new segments of sports and eSports betting; in addition, it addresses all matters related to Fantasy Contests, which are regulated in a separate chapter, since these operate different than sports and eSports betting.

The consolidation of all betting-related matters under a single Commission shall enable the Government of Puerto Rico to handle such matters within a single regulatory entity, as it is done in other U.S. jurisdictions. Furthermore, this consolidation shall allow the Government to maximize its resources, become more efficient and effective, and improve its service rendering. In addition, it is consistent with the Government right-sizing public policy as declared in the Plan for Puerto Rico. Said Plan for Puerto Rico, which the People endorsed on November 8, 2016, identifies government reengineering as an important piece of our Island's economic development. Moreover, the Plan for Puerto Rico proposes the implementation of a new government structure that significantly cuts back on public spending and substantially improves its operations. To achieve this, it is necessary to conduct a thorough assessment of the services rendered by the Government to determine which services can be consolidated, without resorting to

the dismissal of public employees, but rather to employee mobility consistent with the service needs of our citizens. Hence, this Act provides for a Commission that shall have jurisdiction over all types of betting and the authority to develop and prescribe by regulations all betting processes and procedures.

This action is consistent with all other measures taken by this Administration, given that we have consolidated twenty-five (25) agencies of the Executive Branch which shall result in annual savings of \$60 million. Likewise, this Administration has taken decisive actions directed at creating a more effective business and investment environment. Among said actions, it is worth noting the enactment of: the Labor Reform, Act No. 4-2017; the Permit Reform, Act No. 19-2017; the DMO, Act No. 17-2017; Invest Puerto Rico, Inc., Act No. 13-2017; and a New Tax Model which reduces tax rates, Act No. 257-2018. Regarding the government debt inherited by this Administration, in only two (2) years we have set the stage for and ensured unprecedented transactions in the history of our Nation.

Games of Chance and the Horse Racing Sport

As part of the public policy on government efficiency, this Act creates the specialized Gaming Commission thus strengthening the entity responsible for regulating and overseeing such an important sector for our Island's tourism. Thusly, we ensure that games of chance, which are so popular in major tourist centers worldwide, have resources that can effectively contribute to this sector considering the critical role it still plays on the Island's economy. Therefore, this Act grants to the new Commission jurisdiction over all types of gambling, including those provided for in Act No. 221 of May 15, 1948, as amended, known as the "Games of Change Act." This Act does not eliminate the Office of the Commissioner of Financial Institutions (OCIF, Spanish acronym) or its role regarding Casinos; on the contrary, OCIF shall be charged with oversight to

prevent money laundering in connection with the new types of betting authorized herein, among others. Upon considering that many, if not all, casinos in Puerto Rico shall establish their own sports betting systems, this integration makes even more sense because it shall help create an efficient framework.

Moreover, the Puerto Rico horse racing industry is regulated by Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act.” This industry constitutes an important part of our economy. In addition, horse racing is considered a sport, a form of entertainment, and a family activity that interacts with various sectors of our local economy.

The horse racing industry and sport has a direct impact on the island’s economic development, Puerto Rican culture, and the social development of our People. This activity creates thousands of direct and indirect jobs, and assists in the collection of taxes, license fees, and other levies from various industry components. Moreover, the General Fund of the Government of Puerto Rico receives substantial revenues from horse race bets. The trust of horse race betters is critical for generating a substantial wager amount. To a great extent, this trust is contingent on the transparency and purity of the processes.

This Act shall provide such important sectors with an entity that has greater resources to address their needs and that shall be responsible for regulating betting in Puerto Rico.

The Government of Puerto Rico Gaming Commission shall comprise the Horse Racing Industry and Sport Administration, the Games of Chance Division of the Tourism Office of the Department of Economic Development and Commerce, as well as the necessary framework to regulate and oversee this new sports betting industry. The Commission shall be composed of seven (7) commissioners appointed by the Governor. These commissioners shall be the heads of the Department of Economic Development and Commerce; the Sports and Recreation

Department; the Mental Health and Anti-Addiction Services Administration (ASSMCA, Spanish acronym); the Chief Innovation and Information Officer; and two (3) members from the private sector.

Likewise, the Commission shall have an Executive Director to be charged with the daily operations of the Commission and with the establishment of the specialized framework required to address the matters under the consideration thereof.

CONCLUSION

With this Act, we take a step in the right direction to authorize an industry that has been on the rise at the National level after the U.S. Supreme Court's holding in *Murphy*. This groundbreaking legislation is promoted with utmost urgency, but also with the greatest sense of responsibility.

As we have discussed, the sports betting sector has the potential of injecting millions of dollars annually into the Puerto Rican economy. While we do promote the establishment of this industry through this Act, we also ensure the industry's strict compliance with rigorous standards in order to prevent underage betting, gambling addiction, money laundering, and tax evasion.

The establishment of this industry may potentially keep Puerto Rico at the focal point of the Caribbean by serving as a liaison to the Americas. Our tropical weather, beauty, and several other factors have the potential to create an ideal environment for investors to place their trust on the Island.

This Act represents another forward-thinking step in innovative fields as we maintain our firm commitment to build a government with a more efficient and effective framework directed at rendering excellent services.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF PUERTO RICO:**CHAPTER I – GENERAL PROVISIONS**

Section 1.1.-Title.

This Act shall be known as the “Government of Puerto Rico Gaming Commission Act.”

Section 1.2.- Public Policy.

It is the public policy of the Government that Puerto Rico maintains its commitment to innovation and economic development thereby demonstrating that it is a pioneer, at the National level, in highly specialized fields such as sports event and eSports betting and all that pertains to Fantasy Contests; as well as in government reengineering. Sports Events and eSports betting are emerging fields with the potential to have a significant impact on the Island’s tourist sector. It is the Government’s public policy to not only adopt these types of betting, but also to continue maximizing resources for the benefit of all sectors of the betting industry set comprised in this Act with the creation of the Gaming Commission.

Likewise, it is the Government’s public policy to ensure and safeguard the integrity of minors in the face of these new types of betting by providing that minors shall not have access to such games, thus ensuring their emotional and general wellbeing. Consistent with these principles, measures are herein adopted to: educate on and fight gambling addiction; ensure the safety of all industry stakeholders; and prevent these new types of betting from being otherwise used for money laundering and tax evasion. It is the public policy to adopt measures that promote economic development while strengthening public safety with the appropriate oversight framework and ensuring the general wellbeing.

Section 1.3.- Definitions.

For purposes of this Act, the following terms and phrases shall have the meaning stated below:

(1) “Sports Betting Administration Agreement” - means a written agreement entered into between a Principal Operator and a Point of Sale for the administration and operation of an Authorized Sports Betting Location in order to operate as a Branch of the Principal Operator.

(2) “Off-Track Betting Location” - means locations where Off-track Betting Tellers operate pursuant to the Horse Racing Act.

(3) “Sports Betting” - means the business of accepting bets, in cash or cash equivalent, on any Sports Event or on the individual performance of individuals participating in a Sport Event or eSports, or a combination thereof, authorized by the Commission, by any method or system of betting. This includes, but is not limited to, any in-person communication, kiosks, and self-service betting stations located in an authorized facility, or online. The term does not authorize bets on Sports Events designed for players under the age of eighteen (18). Betting on Sports Events held by educational institutions at elementary, middle, and high-school level are not authorized either.

This definition does not apply to:

(a) bets authorized under Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act.”

(b) all games of chance authorized under Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act.”

(4) “Online Betting” - means the business of accepting bets on any Sports Event through electronic communications and platforms such as the Internet, webpages, and mobile applications, including mobile sports betting platforms that

allow a person using cash, checks, electronic checks, electronic fund transfers, microtransactions, credit cards, debit cards, or any other method to transmit information to a computer and complete the transaction with the corresponding information. Prepaid debit cards are excluded from this definition.

(5) “Commission” - means the Government of Puerto Rico Gaming Commission.

(6) “Fantasy Contests” - means online games where participants assemble virtual teams of real players of a professional sport. These teams compete against each other based on the statistical performance of those players in actual games for a specific period.

(7) “Executive Director” - means the Executive Director of the Government of Puerto Rico Gaming Commission.

(8) “eSports” - means organized video game competitions where individual competitors, from different leagues or teams, compete against each other in popular games of the video game industry. There are three (3) modalities:

(a) Bets on online sports events or tournaments played before live audiences or over the internet.

(b) Skill-based Gaming - Combines chance with the player’s skill.

(c) Peer-to-Peer Wagering – It is modeled on traditional aspects where two players play against each other and place bets through an intermediary who pays the winner and charges a commission.

(9) “Sports Event” – means any professional Sports Event, athletic event, or collegiate or varsity sport as well as any Sports or athletic event recognized by a sports governing body. For purposes of this Act, the term “Sports Event” may include, but shall not be limited to, other types of events or contests; provided, that the winner is determined in real time.

The term “Sports Event” excludes:

(a) horse racing events regulated under Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act.”

(b) electronic lottery games, drawings, or contests by virtue of Act No. 10 of May 24, 1989, as amended, known as the “Act to Authorize the Additional Lottery System”;

(c) games, drawings, or contests by virtue of Act No. 465 of May 15, 1947, as amended, known as the “Puerto Rico Lottery Act”; and

(d) any prohibited or unlawful Sport Event.

(10) “Collegiate or Varsity Sport Event” - means a Sport or athletic event offered or sponsored by, or played in relation to a public or private institution that offers Higher Education services.

(11) “Special Events” - means any game or event that generates sports bets, including, but not limited to, eSports and Fantasy Games, the duration of which do not exceed thirty (30) days. The Commission shall ensure a safe environment for all parties involved in the industry in order to prevent tax evasion, money laundering, and any other criminal conduct classified as such under the corresponding statutes. The term does not authorize betting on Special Events designed for players under the age of eighteen (18). Betting on Special Events held by educational institutions at elementary, middle, and high-school level are not authorized either.

(12) “Gross Receipts” - means the Total Gross Receipts received by a license holder minus the winnings paid by a license holder to winning players.

(13) “Total Gross Receipts” - means the receipts on sports bets received by the holder of a license to accept bets and pay out winnings.

(14) “Authorized Player” - means an individual, age 18 or older, whose identity was physically authenticated in an authorized location with an Operator license or through a sports betting application. Once authorized, the player may place bets at any authorized location or online.

(15) “Authorized Location” - means a physical establishment, whether an Operator or a branch, holding a license issued by the Commission to accept sports bets placed by registered and authorized players, and pay out winnings.

(16) “Operator” - means an entity authorized through a license issued by the Commission to accept sports bets placed either in person within an authorized location or through a sports betting application and to pay out winnings, within the territorial limits of Puerto Rico, in compliance with the state and federal legal framework. The term Operator shall also include:

(a) a Principal Operator that, through a Sports Betting Administration Agreement, could offer services to other license holders to operate as Branches; and

(b) an Online Betting Operator that, through a license issued by the Commission, is authorized to accept Online Sports Bets and pay out winnings, within the territorial limits of Puerto Rico, in compliance with the state and federal legal framework. The Commission shall prescribe through regulations the number of sites that each Betting Operator may offer.

(17) “Technology Platform Provider” - means an entity holding a license issued by the Commission that provides betting software and hardware where they reside. The Technology Platform Provider that renders services to an Operator in Puerto Rico may not be an Operator in Puerto Rico.

(18) “Service Provider” - means any person or company holding a license issued by the Commission to offer services or any goods necessary for sports betting operations.

(19) “Point of Sale or Branch” - means an authorized location licensed as a point of sale by the Commission to accept sports bets on behalf and as a branch of the Principal Operator and to pay out winnings to bettors authorized thereto. In order to be authorized, every branch or point of sale must be evaluated by the Commission and comply, independently from the Principal Operator, with the parameters established in Sections 2.3 and 3.4 of this Act.

CHAPTER II. GOVERNMENT OF PUERTO RICO GAMING COMMISSION

Section 2.1.- Commission.

A Commission to be known as the “Government of Puerto Rico Gaming Commission” (hereinafter, “the Commission”) is hereby created. The Commission shall be an agency of the Government of Puerto Rico. It shall be composed of seven (7) commissioners of which five (5) shall be ex officio members, to wit: the Secretary of the Department of Economic Development and Commerce; the Executive Director of the Tourism Office of the Department of Economic Development and Commerce; the Secretary of the Sports and Recreation Department; the Administrator of the Mental Health and Anti-Addiction Services Administration; the Government’s Chief Information Officer; and two (2) members who shall be persons from the private sector appointed by the Governor with the advice and consent of the Senate, who shall be persons of recognized personal, moral, and professional integrity, and who are neither engaged in any businesses, activities nor have any interests in the Puerto Rico gambling industry. The determinations of the Commission shall be made by a majority of the members present, but four (4) members of the Commission shall constitute a quorum. However, if a vacancy occurs among the members of the Commission, a quorum shall consist of one half plus one (1) of the members in office. The ex officio members of the Commission shall discharge their duties without any compensation whatsoever. The two (2) members from the private sector appointed by the

Governor shall be entitled to a per diem to be determined by the Commission. Such members shall also be entitled to receive the established per diems when they attend official events or activities as representatives of the Commission. The per diem shall be established by the Commission, but it shall never exceed one hundred and fifty dollars (\$150.00) per day. All of the commissioners shall be entitled to be reimbursed for any necessary expenses incurred in the discharge of their duties. The Commission shall be chaired by the Secretary of the Department of Economic Development and Commerce. The members of the Commission appointed by the Governor shall hold positions of trust, and thus, may be removed by the Governor at any time. It is hereby provided that the members of the Commission shall be subject to the provisions of Act No. 1-2012, as amended, known as the “Organic Act of the Puerto Rico Government Ethics Office.”

Section 2.2.- Jurisdiction and Powers of the Commission.

The Government of Puerto Rico Gaming Commission shall govern, oversee and have jurisdiction over all matters pertaining to online betting industry such as, sports, eSports, and fantasy contests betting. Moreover, it shall have jurisdiction over the matters established in Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act,” as well as Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act.”

This Commission shall protect the integrity and stability of the industry by adopting, among others, stringent regulations for licenses, bets, betting mechanisms, authorized events, individuals, locations, practices, associations, and all activities related to this industry in Puerto Rico. The Commission shall employ always the best investigation and licensing practices, and shall enforce all laws, regulations, and rules relating thereto. Through such practices, it shall ensure the proper collection of taxes and license fees, which constitute a critical source of

revenue for Puerto Rico, while promoting the development and growth of this industry.

The Commission shall have all powers as are necessary or convenient to achieve the purposes and enforce the provisions of this Act including, but not limited to, the following:

(1) To adopt, authorize, or amend regulations concerning all matters under its jurisdiction, and prescribe regulations that shall govern the requirements for and the granting of licenses, the imposition of fees, the collection of taxes and duties, and the operation of the games authorized under this Act, pursuant to Act No. 38-2017, as amended, known as the “Government of Puerto Rico Uniform Administrative Procedure Act.”

(2) To adopt an official seal and alter such seal as the circumstances warrant.

(3) To establish its own organizational structure and change it, from time to time, as necessary to properly enforce this Act and achieve its purposes. For such purposes, the Commission shall avail itself of the provisions of, and employ the mechanisms provided in Act No. 8-2017, as amended, known as the “Government of Puerto Rico Human Resources Administration and Transformation Act.”

(4) To maintain offices at the place or places it determines.

(5) To sue and be sued.

(6) To hire services to establish all licensed sports betting within a centralized system, which shall be available to the Commission, in order to allow the Government of Puerto Rico to effectively regulate and oversee the entire sports betting operations. When considering the proposals submitted for this tender, the Commission shall ensure that no bidder has any interest in the sports betting industry that may constitute a conflict of interest with respect to its duties as

operator of the centralized system. Hiring any person, business, entity, or organization that has any business, association, agreement, nexus with or rights in, either directly or indirectly, with any business or entity, whether a parent or a subsidiary, related to the sports betting industry is hereby prohibited. To take the necessary safeguards, the Commission shall require the disclosure of partners, members, shareholders, and/or members of the board of directors or governing body of any bidding business.

(7) To draft, enter into, and execute leases, contracts, and other instruments as are necessary or pertinent to the exercise of the powers and discharge the duties of the Commission, with any person, entity, corporation, federal agency, and any government agency or instrumentality.

(8) To hire any person, company, or corporation for consulting or advisory services.

(9) To acquire, for the purposes of the Commission, any personal property, including, but not limited to, acquisition by purchase or lease. It may also sell, lease, or otherwise dispose of any property that, in the judgment of the Commission, is no longer necessary to achieve the purposes of this Act.

(10) To hold hearings in accordance with its adjudicative function, conduct on-site inspections, summon witnesses, administer oaths and take testimonies, subpoena witnesses and documents and any other additional evidence of any nature deemed fundamental to have full knowledge of a matter under its jurisdiction.

(11) To adjudicate on matters under its jurisdiction when required by Act No. 38-2017, as amended, known as the “Government of Puerto Rico Uniform Administrative Procedure Act,” and/or the due process of law.

(12) The Commission is also empowered to issue orders or subpoenas and depose witnesses in the course of any investigation, issue subpoenas and compel the attendance of witnesses, administer oaths and take testimonies under oath. In

the event of nonappearance, the Commission may resort to and petition the Court of First Instance to compel the attendance of witnesses under penalty of contempt.

(13) To keep and maintain a record of all of its proceedings in regular and special meetings as well as of all license applications and the actions thereon.

(14) To inspect license holders.

(15) To conduct inspections and examine all facilities or locations where activities regulated by this Act are carried out, where gaming devices, equipment and software are manufactured, repaired, sold, or distributed; provided that, these are located in the jurisdiction of Puerto Rico.

(16) To inspect any equipment or supplies in all the facilities or locations where the activities regulated by this Act are carried out.

(17) To seize and remove from such facilities or locations any equipment, supplies, materials, documents, or records for examination and inspection purposes.

(18) To require access to, and inspect, examine, photocopy, and audit all documents, books, and records of any applicant, license holder, or affiliate thereof, or former license holder, in his facilities or in any other location, whichever is more feasible.

(19) To issue, deny, revoke, suspend, and restrict licenses, and impose civil fines in accordance with the provisions of this Act and the regulations adopted thereunder.

(20) To investigate any suspected violations of the provisions of this Act for the purpose of enforcing any criminal, civil, or administrative liability.

(21) To file any legal action, suit or proceeding deemed necessary or convenient to enforce the provisions of this Act, or of any other law or regulations whose enforcement or oversight has been entrusted to the Commission, whether by and through its attorneys or the Secretary of Justice, upon motion to such effect.

(22) To submit to the Governor and the Legislative Assembly, through the Office of the Clerk of the House and Office of the Secretary of the Senate, an annual report of its operations, actions, determinations, and recommendations regarding the matters under its jurisdiction.

(23) To exercise the powers delegated thereto under Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act”; Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act”; and any other authority or power delegated to the Commission by other special laws. The special powers granted by this Act to each sector shall not be construed as a limitation to the broad powers of the Commission to enforce the “Games of Chance and Gambling Devices in Casinos Authorization Act” and the “Games of Chance Act”; and

(24) To exercise the powers delegated thereto by Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act”; and any other power or authority vested in the Commission by other special laws. The special powers granted by this Act to each sector shall not be construed as a limitation to the broad powers of the Commission to enforce Act No. 83, *supra*.

The Commission shall adopt regulations as are necessary to discharge these powers, providing procedures that guarantee due process of law.

Section 2.3.- Special Powers of the Commission Relating to Bets on Sport Events, eSports and Fantasy Contests.

The Commission shall have all the powers deemed necessary or convenient to achieve the purposes and enforce the provisions of this Act, including but not limited to, the following:

(1) To fix the application fees for the following licenses: gaming, technology platform provider, service provider, sports betting, eSports, and fantasy contests.

(2) To determine which online sports events and games, sports betting, eSports, and fantasy Contests shall be authorized. The Commission shall establish the procedures for the authorized games and associated devices, equipment, and accessories, including, but not be limited to, approving the standards of conduct for the authorized online games, sports betting, eSports, and fantasy Contests. None of the provisions of this Act shall be considered or interpreted as to regulate the rules or the conduct of sports events.

(3) To establish the object of sports betting, eSports (without it being limited to sports events in which bets can be placed and accepted), and the gaming methods including what constitutes a winning or losing bet, or a tie; as well as the authorized online games including the winners, losers, or ties;

(4) To establish the manner in which bets on authorized games, sports, and eSports are received, payouts are remitted and point spreads, lines and odds are determined for each type of bet available;

(5) To establish the physical characteristics of any device, equipment, software, and accessory related to authorized online games, sports betting, eSports and fantasy leagues [sic], which shall comply with the standards or parameters established by an international laboratory recognized by regulatory entities and the gaming industry in the United States, and that is licensed in Puerto Rico;

(6) To establish the inspection procedures applicable to any device, equipment, software, and accessory related to authorized online games, eSports and Fantasy Contests;

(7) As part of an application evaluation, the Commission may require the applicant to submit fingerprints or any other method of identification, as well as information about his criminal record, if any, habits, and character, and any outstanding debts with the State. The Commission shall prescribe the manner and form of the application that every person applying for a license issued in accordance with this Chapter shall adhere to and complete prior to being considered; prescribe the communications technology to be allowed; require the implementation of border control technology to ensure that off-shore betting is not allowed; and require the implementation of programs to evaluate the financial capacity of players so as to limit the amount of bets they can place based on their income;

(8) To establish procedures for collecting bets and payouts, including, among others, internal revenue service requirements;

(9) To establish the procedures to handle suspected irregularities in authorized online games, sports betting, eSports, and Fantasy Contests.

(10) To establish the procedures for handling any device, equipment, software, as well as any defective or malfunctioning device;

(11) To establish the method to calculate the revenues from and set the standards for the authorized online games, Sports Betting, eSports, and Fantasy Contests, and the recording and counting of cash and cash equivalents collected from authorized online games and sports betting;

(12) In order to ensure that compulsive gamblers are protected, the Commission shall establish as a licensing requirement, without it being construed as a limitation, the adoption of currently available technology that identifies risk patterns in order to provide the player with advice, if necessary, on his playing patterns and/or on tools that shall help the player to identify his financial capacity.

The necessary mechanisms shall be implemented to prevent players from placing bets that are deemed to be beyond their financial capacity;

(13) To establish regulations as are necessary to prevent money laundering and tax evasion;

(14) To establish the necessary parameters to ensure that no person under eighteen (18) years of age participates in betting; and

(15) Any other matter that, in the judgment of the Commission, should be regulated.

Section 2.4.- Executive Director.

The Government of Puerto Rico Gaming Commission shall be under the direction of an Executive Director appointed by the Governor with the advice and consent of the Senate. The Executive Director shall have, at least, five (5) years of professional experience in public or business administration or professional experience or education in management or administration and shall earn a salary equivalent to that of a Judge of the Court of Appeals. The Executive Director shall be the chief executive of the Commission, hold a position of trust, and have the administrative and operational duties and functions as are delegated to him by the Commission pursuant to the powers conferred thereto. The Commission may not delegate its rulemaking authority. Nevertheless, the Commission may delegate to the Executive Director the authority to evaluate and make recommendations to the Commission regarding the license applications.

Likewise, the Executive Director shall ensure that the implementation of the public policy on the regulation of games and betting in Puerto Rico is consistent with the highest criteria of excellence and efficiency, adequately protects the public interest, and meets current needs as well as the current and future changes in the gaming and betting industry and its regulations.

Section 2.5.- Functions and Duties of the Executive Director.

In addition to the functions assigned to the Executive Director by the Commission pursuant to the powers conferred thereto, the Executive Director shall have the following powers, duties, and functions:

(1) To take administrative and managerial actions as are necessary and convenient for the effective implementation of this Act and the regulations adopted thereunder;

(2) To establish the administrative and organizational structure and change it from time to time as is necessary to properly implement this Act and achieve its purposes. This structure shall include personnel compensation, budget, finance, procurement, accounting systems, controls, and rules, and any other administrative systems needed for an effective and efficient operation. For such purposes, the Commission shall avail itself of the provisions of, and employ the mechanisms provided in Act No. 8-2017, as amended, known as the “Government of Puerto Rico Human Resources Administration and Transformation Act”;

(3) To establish, as authorized by the Commission and as appropriate, specialized bureaus for any events under the jurisdiction of the Commission. For such purposes, the Executive Director shall establish bureaus or offices for the horse racing sport, games of chance, and sports betting. The Executive Director may delegate to said bureaus or offices specific duties as he may deem appropriate to promote swiftness and efficiency in the operations thereof;

(4) To execute any action provided herein or delegated by the Commission relating to Sports Events, eSports, and fantasy leagues [sic] betting.

(5) To draft, enter into, and execute leases, contracts, and other instruments as are necessary or pertinent to the exercise of his powers with any person, entity, corporation, federal agency, and any government entity or instrumentality.

(6) Any other power vested in or conferred on the Executive Director in accordance with the provisions of Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act”; Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act”; Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act”; and any other authority delegated by the Commission or special laws.

Section 2.6.- Hearing Examiners.

The Commission may delegate to hearing examiners its adjudicative function of presiding over the public hearings to be held. The hearing examiners shall be empowered to:

- (1) administer oaths and take testimonies;
- (2) issue subpoenas, require the production of reports, books, papers, and documents pertinent to the exercise of their duties;
- (3) receive relevant evidence and rule upon it;
- (4) take or direct the taking of depositions;
- (5) hold hearings and regulate the course of the hearings;
- (6) hold and preside over preliminary conferences for clarification and simplification of issues in controversy;
- (7) rule upon procedural requests or similar issues;
- (8) recommend decisions to the Executive Director; and
- (9) carry out duties in accordance with the adjudicative function delegated to them.

The duties of these hearing examiners shall be valid with the affirmative vote of a majority of the Commission, unless the law or the Commission has delegated to the Executive Director the authority to decide upon any matter, in which case the approval of the Executive Director shall suffice.

Section 2.7.- Fines.

For the purpose of ensuring the protection of children and preventing unlawful activities as well as any violation of this Act or the regulations promulgated to ensure effective compliance therewith, the Commission shall impose the following civil penalties: ten thousand dollars (\$10,000) for the first violation, twenty thousand dollars (\$20,000) for the second violation, and twenty-five thousand dollars (\$25,000) for the third violation. A third violation shall also entail revoking the license of the party who committed such violation. The revenues collected from these fines shall be distributed in accordance with Section 3.15. The Commission shall prescribe by regulations the process to request review of the fines it issues.

Section 2.8.- Lists to be Kept by the Commission

The Commission shall keep an updated list of all natural or juridical persons that are banned from obtaining any type of license issued by the Commission, as provided in this Section and Section 3.4. Likewise, the Commission shall keep a list of all natural persons who are banned from participating in sports betting, as provided in Section 3.12.

The lists referred to in the preceding paragraph shall include all natural and/or juridical persons that appear:

(a) in the lists kept by the U.S. Department of the Treasury (in the Office of Foreign Assets Control - OFAC);

(b) in any other list of terrorist, terrorist organizations, narcotics traffickers or organizations related to the latter that is currently kept by the Department of the Treasury in the aforementioned office; or

(c) in any similar list kept by the U.S. Department of State, the U.S. Department of Commerce, the U.S. Department of Homeland Security, the U.S. Department of Justice, or any other governmental entity of the United States

Government, of any state government, or of any territory of the United States or the Government of Puerto Rico.

These lists shall be updated daily and must include the social security number or employer identification number and/or any other information that helps identifying it adequately. To these ends, the Commission shall prescribe by regulations the process to include a natural and/or juridical person in these lists and the process for them to have their names removed therefrom, among others.

The authorization provided for herein to enable the Commission to establish such lists shall not be deemed to be a limitation for the Commission to maintain other lists it deems pertinent and appropriate.

Section 2.9.- Budget of the Commission

As of Fiscal year 2019-2020, the Secretary of the Treasury shall deposit in a special account denominated “Government of Puerto Rico Gaming Commission Special Fund,” the funds collected by virtue of this Act, which may be used solely and exclusively for defraying the operating and functioning costs of the Commission and shall be deemed to be de jure encumbered for such purposes. Said budget items shall be independent from the General Budget of the Government of Puerto Rico, from the budget of any other entity, agency, instrumentality, or public corporation of the Government of Puerto Rico.

However, for each fiscal year from the year of approval provided in Section 7.4 of this Act, the Commission shall submit its budget request, including the expense budget, to the Office of Management and Budget and additional funds shall be appropriated for its expenses and operations, according to its needs and total resources available. Furthermore, the Commission shall be required to answer to and furnish any information requested by any Executive agency with relevant authority or to any request of the Legislative Assembly, and shall ensure that its

budget and expenses are published on its webpage, which shall provide the general public with open access.

CHAPTER III. SPORTS EVENTS AND ESPORTS BETTING

Section 3.1.- Betting Authorization.

Betting on any professional sport or, any collegiate or varsity sport, Olympic or international sports event, or any part thereof, including, but not limited to the individual performance statistics of athletes or teams in a Sports Event or combination thereof is hereby authorized. However, betting on Sports Events designed for players under the age of eighteen (18) are not authorized. Betting on Sports Events held by educational institutions at elementary, middle, and high-school level are not authorized either.

Furthermore, eSports betting is hereby authorized. This also includes any games that the Commission deems to be compatible with those mentioned in this gaming authorization and to be in the public interest, as well as those deemed suitable for the use thereof, including also game tournaments where participants compete against each other in one or more authorized games; betting on eSports events or tournaments; Skill-Based Gaming; and Peer-to-Peer Wagering, provided that the tournaments have been approved by the Commission.

If at any time, whether by law or judicial precedent, the federal government approves betting on sports events and eSports across states or other jurisdictions, the Commission is hereby empowered to approve regulations authorizing sports betting on the Island.

The maximum limit of daily Sports Bets allowed in cash per Authorized Player in an Operator or a branch may be provided by the Commission through regulations to such effect.

Any medium used to place bets must be linked to a personal account of a *bona fide* financial institution. An online sports bet shall be deemed to be placed at the physical location of the server or other equipment used by an online betting Operator. The intermediate routing between servers of electronic data related to online bets shall not determine the location or locations where a sports bet is initiated, received, or otherwise placed.

Section 3.2.- Authorized Locations.

Bets on events authorized by this Chapter may be placed in-person at casinos, hotels without casinos, *paradores*, off-track betting locations, cockpits, and any other location the Commission determines that provides security for all parties engaged in this industry in order to prevent tax evasion, money laundering, and any other criminal conduct classified as such under the corresponding statutes. For purposes of this Act, casinos and racetracks shall not be considered Branches; whereas hotels without casinos, *paradores*, racetracks, off-track betting locations, and cockpits may be considered, at their option, as Operators or Branches. The Commission may authorize the holding of Special Events, as defined in subsection (11) of Section 1.3 of this Act.

The Commission shall not authorize new locations under the following circumstances:

- (1) using criteria based on a particular business industry; or
- (2) if the new location is located within less than one hundred (100) meters of a school, place of worship, or public or private drug or alcohol rehabilitation facility. However, if any of these places consents in writing to the issuance of an Operator license, the Commission may issue such license under the conditions it deems necessary so that all establishments may carry out their activities.

The Commission is also authorized to establish mechanisms that only allow persons within the territorial limits of Puerto Rico to engage in online or internet betting from computers, or mobile or interactive devices that accept bets through an online gaming system for betting on sport events and eSports; provided, that measures are implemented to ensure the security of all parties involved in this industry; and prevent tax evasion, money laundering and/or any other criminal conduct. The Commission shall require the use of border control technologies to ensure that bets are placed within the territorial limits of Puerto Rico.

All points of sale and mobile applications or websites shall be accessible to persons with disabilities.

Section 3.3.- Location of the Operations of an Online Gaming License Holder.

An entity holding a license to accept bets on the games authorized under this Chapter, from persons who are within the territorial limits of Puerto Rico shall establish its main gaming operations in a location authorized by the Commission that meets the security standards established by the Commission, in accordance with acceptable standards or parameters of the gaming industry and regulatory entities throughout the United States. The backup systems and servers used pursuant to the rules established by the Commission to place bets on authorized online games may, with prior approval of the Commission, be located in a different location within the territorial limits of Puerto Rico. An Operator holding a license to accept Online bets shall maintain at least one physical location of operations or office to receive with capacity to provide customer services and handle players' claims.

The facilities to be used to conduct online games shall be organized in such a manner so as to provide optimum security for online games and all parties involved in this industry.

Section 3.4.- Licenses.

The Commission is hereby authorized to issue licenses, as prescribed by regulations, for the types of betting authorized by this Chapter. The Commission is hereby authorized to set licenses and licensing requirements as are necessary to comply with this Act as well as with state and federal laws, including the provisions of Section 2.8 regarding such matter. When issuing a license, the Commission may authorize agreements among holders of different licenses so that the principal Operators may render services to other license holders operating as branches or points of sale of the principal. The aforementioned requirements are hereby set without any impairment to the licenses issued by other oversight entities and that must remain valid in accordance with other statutes, such as the licenses issued by the Office of the Commissioner of Financial Institutions (OCIF, Spanish acronym).

Without it being construed as a limitation to other factors to be identified, the Commission shall take into account the following criteria when establishing the licensing requirements, in order to comply with the public policy set forth herein as well as with state and federal legal frameworks:

- (1) The experience, character, and general aptitude of the applicant are such that his involvement in this industry is in the public interest. Proposals that promote economic growth and maximize job creation shall have preference;
- (2) Betting shall increase revenues and job opportunities;
- (3) The applicant has sufficient funds or has secured appropriate financing to defray any necessary expansion or modification;
- (4) The applicant has financial stability, integrity, and responsibility to hold a license;

(5) The applicant has sufficient business ability and experience to establish and maintain a successful betting operation. The Commission may also require the applicant to have experience in the games of chance industry for those licenses that warrant it in the public interest.

(6) The internal and external security proposed by the applicant and the surveillance measures proposed for the area where applicant seeks to conduct the betting operations are appropriate; thus, prior to issuing a license to any location the Commission shall evaluate and confirm that the area where bets are placed is not accessible to minors, and that it meets the safety measures to ensure the wellbeing of players.

(7) The applicant meets the application requirements and has furnished any other information required by the Commission.

As part of its evaluation, the Commission may require the applicant to submit his fingerprints or any other method of identification; as well as information about his criminal record, habits, and character. The Commission shall prescribe the manner and form of the application that every license applicant shall follow and complete before being considered; prescribe the communications technology to be allowed; require the implementation of border control technology to ensure that off-shore betting is not allowed; and require the implementation of programs to evaluate the financial capacity of players so as to limit the number of bets they can place based on their income.

Prior to issuing a license, the Commission is authorized to verify that each Operator and/or point of sale or branch is able to comply with the following:

1. The Bank Secrecy Act and the regulations promulgated thereunder, Public Law 91-508, as amended, (12 U.S.C. 1829b, 12 U.S.C. 1951-1959, and 31 U.S.C. 5311-5332,) and its regulations implementing Title 11 of the BSA (31 CFR, Part 103), and the Currency Transaction Reports of the Internal Revenue Code. In

addition, they shall comply with the regulations of OFAC and the Federal Trade Commission (FTC) as well as with all federal and state laws promulgated from time to time.

2. Fill out a Multiple Transactions Log (MTL) as part of their compliance with the BSA. The MTL must include Cash-In and Cash-Out transactions that may entail filing CTR's by gaming day.

3. Establish the protocol to prevent financial abuse and exploitation of seniors or people with disabilities, pursuant state laws in effect.

4. Act No. 36 of July 28, 1989, as amended, known as the "Abandoned and Unclaimed Money and Other Liquid Assets."

5. Establish procedures and mechanisms to verify the customer's identity.

Section 3.5.- Licensing Fees.

The Commission shall establish the initial fee as well as the annual fee to be paid by every license holder in order to engage in the betting operations authorized by this Chapter. The Commission shall also fix the amount of or establish the formula for the licensing fee, in accordance with the parameters established in this Section. When fixing the fee amount, the Commission shall evaluate the licensing fees of other jurisdictions to ensure its competitiveness.

Casinos shall apply for the appropriate licenses prescribed by the Commission through regulations in order to engage in the gaming operations authorized herein. The Commission shall establish the formula to compensate casinos for the fees paid for similar licenses, based on their operations and volume of business, for the purpose of reimbursing a portion of such payments as credit. In doing so, the Commission shall take into account, among other things, that the credit awarded for paid licensing fees does not affect the operations of the Commission.

For the purpose of incentivizing the cockfighting industry, any cockpits lawfully operating as of December 31, 2018, shall not pay the licensing fees imposed by the Commission for the new methods of betting authorized herein during the first ten (10) years of operation.

Likewise, for the purpose of incentivizing the horse racing industry, off-track betting locations shall pay fifty percent (50%) of the licensing fees imposed by the Commission for the new types of betting authorized herein during the first ten (10) years of operation.

The Commission shall prescribe license and renewal fees by regulations. However, the minimum license fees to be set by the Commission shall be the following:

(a) For Principal Operator and Online Betting Platform licenses, the minimum fee shall be fifty thousand dollars (\$50,000);

(b) for Point of Sale or Branch licenses, the minimum fee shall be two thousand five hundred dollars (\$2,500);

Section 3.6.- Basis for Denial of Licenses.

Pursuant to the provisions of this Chapter, the Commission shall take into account, as a basis for denial of licenses, the following:

(1) Whether the applicant made a misrepresentation of a material fact to the Commission;

(2) Whether the applicant's operation of a game or gaming device, or gaming operation has been suspended, or the applicant's license has been revoked by any government authority responsible for regulating or overseeing games of chance;

(3) Whether the applicant has been found guilty of an offense involving moral turpitude, a gaming-related crime, that is, theft or fraud, or other offense involving moral depravity; or

(4) Whether the applicant is a company or person that has been directly employed by an illegal organization, whether in Puerto Rico or abroad, or that otherwise engaged in illegal gambling.

Section 3.7. Revocation or Suspension of License.

The Commission may revoke or suspend any license issued under this Chapter if it has grounds to believe that there has been a noncompliance with any license requirement or any law or regulations. The suspension or revocation by the Commission of any license issued under this Chapter shall be subject to judicial review pursuant to the provisions of Act No. 38-2017, as amended, known as the “Government of Puerto Rico Uniform Administrative Procedure Act.”

Section 3.8.- Non-transferable License.

The Commission shall determine the eligibility of a person to hold or continue to hold a license, issue all licenses, and maintain a record of all licenses issued by virtue of this Section. No license issued or renewed pursuant to this Section may be transferred to another person. It is hereby prohibited to offer, pledge, or place a license as collateral.

Section 3.9.- Authorized Players.

Only persons who are eighteen (18) years of age or older may play. In order to verify whether or not a player is a minor, the Commission shall be required to take measures as necessary to ensure the identity of the player and that the player is eighteen (18) years old or older. The Commission shall employ the most advanced technology for such purpose and prescribe suitable parameters to ensure the authentication of the player, including, but not limited to, verifying his identification and social security. Likewise, the Commission may implement tools to assess the financial capacity of the applicant so as to be able to limit the number of bets he may place based on his income. The holder of any license issued by the

Commission shall be required to implement strict controls to deny access to persons under the age of eighteen (18).

Provided, further, that prior to placing any Sports Bet, whether in person or online, the player must register in any authorized location as Principal Operator, or online over the internet or through a mobile application. Registration constitutes an essential requirement for placing bets in any online system, Principal Operator, or branches or points of sale, except for participating in fantasy contests. The register shall have strict controls to prevent individuals under the age of 18 from registering.

Section 3.10.- Commissioner of Financial Institutions.

The Commissioner of the Office of the Commissioner of Financial Institutions is hereby empowered to conduct investigations as are necessary to ensure compliance with this Act, prevent money laundering, and to ensure that all operations relating to and the revenues from the activities authorized under this Chapter comply with this Act and the federal legal framework. The Commissioner of Financial Institutions is hereby empowered to adopt regulations as deemed necessary or convenient to enforce the provisions of this Chapter. The Commissioner of Financial Institutions in conjunction with the Government of Puerto Rico Gaming Commission shall collaborate in the development of tools and processes to prevent and identify money laundering and/or any other violations of the federal and state legal framework relating to the activities authorized under this Chapter.

Section 3.11.- Detection of Money Laundering Schemes.

The online betting system for games authorized by this Chapter, including mobile games, shall be designed to detect and report suspicious activity such as scams, theft, embezzlement, collusion, money laundering, or any other unlawful activity.

The holder of a casino or Operator license that offers Online games authorized by this Act shall designate an online games administrator who shall be responsible for the operation and integrity of Online games and shall constantly review all suspicious activity reports.

The online games and mobile games administrator shall immediately notify the Commission when it detects any person engaging or attempting to engage in a scam, theft, embezzlement, collusion, money laundering, or any other unlawful activity, including those prohibited by the Penal Code and any other applicable special law.

Section 3.12.- Ban on Engaging in Sports Betting.

Any person from Puerto Rico, the United States, or abroad who is recognized as a professional athlete, trainer or referee, or the director of a sports governing body or of any member team thereof, a sports governing body or any member team thereof, or a player or referee who is a staff member in any Sports Event supervised by the sports governing body; a person who holds a position of authority or influence sufficient to exercise it over the participants of a tournament or Sports Event, including, among others, trainers, managers, agents, athletic trainers or sports trainers in general; a person with access to certain types of privileged information about a Sports Event, as defined in Section 1.3 of this Act; or a person identified in any list provided by a sports governing body in Puerto Rico shall be prohibited from having any proprietary interest in, control of, or from being an employee of a licensed sports betting Operator or a facility where there is a sports betting hall, and from betting on a Sports Event from which said person may benefit, or of which said person may have privileged information, or in any other event identified by the Commission. Any employee of a sports governing body or of a member team thereof who is not banned from betting on a sports event shall, however, notify the Commission prior to betting on Sports Events. The

direct, indirect, or legal owner or beneficiary of a sport governing body or of any member team thereof shall not place or accept any bet on a Sports Event in which a member team of such governing body is participating. The Commission shall keep an updated list of all persons banned from engaging in sports betting as provided in the preceding paragraph and subject to the provisions of Section 2.8 of this Act.

Authorized Agents or Operators shall maintain records of the sports betting operations in accordance with the regulations promulgated by the Commission.

Section 3.13.- Tax on Bets Allowed by this Chapter.

The State shall impose and collect a tax at the rate of seven percent (7%) on the gross receipts of any Sports and eSports bets placed in person.

The State shall impose and collect a tax at the rate of twelve percent (12%) on the gross receipts of sports and eSports bets placed online.

Gross receipts shall be determined by subtracting the total gross receipts received by a license holder from the winnings paid by a license holder to winning players. The accounting and payment methods as well as the frequency of payment shall be determined by the Commission.

Section 3.14.- Limitations on the Amount and Distribution of Commissions.

The Commission shall establish the total commissions to be deducted from any authorized bet by any agent holding a license pursuant to this Chapter.

Section 3.15.- Distribution of Revenues.

The revenues collected by the Government of Puerto Rico by virtue of the taxes to be paid by participants in this industry shall be distributed as follows:

(1) Before any other disbursement, to cover all operating expenses of the Commission and its administrative structure to meet the obligations and exercise the powers delegated thereto by this Act;

(2) To guarantee the payments to our pensioners, fifty percent (50%) of revenues;

(3) To provide resources for the operations of the Puerto Rico Police so as to continue to ensure the safety of our People, fifteen percent (15%) of revenues.

(4) For the municipalities, ten percent (10%) of revenues, to be transferred to the Municipal Improvement Fund;

(5) For the Sports and Recreation Department of the Government of Puerto Rico, five percent (5%) of the revenues, to support and develop sports, including Paralympic sports on the Island. The Department (SRD) shall distribute the funds allocated as follows: of the five percent (5%) of revenues appropriated to the Department, three percent (3%) shall be allocated to nonprofit organizations engaged in the development, promotion, and advancement of competitive sports; and two percent (2%) among nonprofit organizations engaged in the development, promotion, and advancement of Paralympic sports on the Island. The Department shall create and publish the requirements, guidelines, and criteria for granting these funds, always taking as a basis that funds shall be distributed proportionally to the performance and impact of applicants on sports, including Paralympic sports.

(6) For the Joint Committee on Legislative Donations, five percent (5%) to be distributed among nonprofit organizations engaged in the development, promotion, and advancement of sports in Puerto Rico. This Committee shall create and publish the requirements, guidelines, and criteria for granting these funds, always taking as a basis that funds shall be distributed proportionally to the performance and impact of applicants on sports and the community they serve;

(7) To strengthen the resources allocated for children's education on the Island through a special account aimed at advancing our strong commitment to education and which may be used to fund the My Future Account program and other Programs of the Department of Education, such as: the school voucher program, ten percent (10%) of the revenues; and

(8) For the [sic] Health and Anti-addiction Services Administration to be allocated for gambling education and fighting gambling addiction through the services offered by said Administration, five percent (5%) of the revenues.

CHAPTER IV. FANTASY CONTESTS

Section 4.1.- Definitions.

Any term defined in this Act, but not defined in this Chapter shall apply to Fantasy Contests. As used in this Chapter, and unless the context indicates otherwise, the following terms shall have the meaning stated below:

(1) “Confidential Information” means the information related to the play of a Fantasy Contest by a Fantasy Contest player obtained as a result or by virtue of a person’s employment.

(2) “Entry Fee” means the cash or cash equivalent that a Fantasy Contest player is required to pay to a fantasy contest Operator in order to participate therein.

(3) “Fantasy Contest” means any online Fantasy or simulated game or Contest in which one or more players compete against each other and the winning outcomes reflect the relative knowledge and skill of the Fantasy Contest players and are determined, mostly, by accumulated statistical results of the performance of individuals, including athletes in the case of sports events.

(4) “Fantasy Contest Operator” means a person or entity that offers Fantasy Contests to members of the public in general for an Entry Fee and a cash award.

(5) “Fantasy Contest Player” means a person who participates in a Fantasy Contest offered by a Fantasy Contest Operator.

(6) “Fantasy Contest Gross Revenue” means the amount equal to the total of all entry fees that a Fantasy Contest Operator collects from all fantasy contest players at the national level, less the total of all sums paid out as winnings to all fantasy contest players, multiplied by the Resident Percentage for Puerto Rico;

(7) “Resident Percentage” means the percentage, rounded to the nearest tenth of a percent, of the total entry fees collected from Fantasy Contest players located in Puerto Rico, divided by the total Entry Fees collected from all Fantasy Contest players.

(8) “Fantasy Contest Gross Revenue At the National Level” is the amount equal to the total of all entry fees that a Fantasy Contest Operator collects from all Fantasy Contest players located in the United States and in Puerto Rico, less the total of all sums paid out as winnings to all fantasy contest players.

Section 4.2.- Tax on Entry Fees Allowed in this Chapter.

For participating in Fantasy Contests, the State shall impose and collect a tax at the rate of twelve percent (12%) on the gross revenues of the fantasy contest entry fee.

Section 4.3.- Registration in Fantasy Contest.

No Fantasy Contest Operator may offer a Fantasy Contest with entry fees in the jurisdiction of Puerto Rico without first being registered and licensed with the Government of Puerto Rico Gaming Commission. Applications for registration and renewal shall be on forms prescribed by the Commission.

In order to offer Fantasy Contests with Entry Fees in Puerto Rico, a Fantasy Contest Operator shall apply to the Office for an initial license. The Commission shall prescribe by regulations the license and license renewal fees. However, the minimum license fees to be set by the Commission shall be:

(a).- The minimum license fee to be paid by Fantasy Contest Operators whose gross revenues from these Contests at the national level exceed ten million

dollars (\$10,000,000), shall be ten thousand dollars (\$10,000). This minimum fee shall also apply for license renewals.

(b).- The minimum license fee to be paid by all other Fantasy Contest Operators shall be five thousand dollars (\$5,000). This minimum shall also apply for license renewals.

Section 4.4.-Consumer Protection.

Fantasy Contest Operators offering Fantasy Contests with Entry Fees in Puerto Rico shall establish commercially reasonable procedures that are intended to:

(a) Prevent the Fantasy Contest Operator, its employees and family members living in the same household as the employees from competing in any public Fantasy Contest offered by any Fantasy Contest Operator in which the Operator offers a cash prize to the general public;

(b) Prevent the sharing of Confidential Information that could affect Fantasy Contest play with third parties before the information is made publicly available;

(c) Verify that any Fantasy Contest player is eighteen (18) years of age or older;

(d) Prevent Fantasy Contests Operators from offering contests based on the performance of participants in high schools or youth athletics;

(e) Prevent Fantasy Contests Operators from offering Fantasy Contests open to the general public without establishing or announcing the prizes or awards offered to winners before the game or contest.

(f) Ensure that no winning outcome is based on the score, point spread, or any performance of any single actual team or combination of teams or solely on any single performance of an individual athlete or player in any single actual event;

(g) Ensure that an individual playing in a Sports Event or actual game does not participate in a Fantasy Contest that is determined, in whole or part, on the accumulated statistical results of that player, the player's actual team, or sports competition in which such player is a participant;

(h) Allow individuals to restrict themselves from entering a Fantasy Contest upon request and take reasonable steps to prevent those individuals from entering the Operator's Fantasy Contests;

(i) Disclose the number of entries a single Fantasy Contest player may submit to each Fantasy Contest and take reasonable steps to prevent such players from submitting more than the allowable number of entries;

(j) Segregate Fantasy Contest player funds from operational funds in separate accounts or maintain a reserve in an amount equal to or in excess of the funds deposited by the players, which shall not be used for operational activities. This reserve may be in the form of cash, cash equivalents, irrevocable letter of credit, bond, and payment processor accounts and receivables, or a combination thereof in an amount that exceeds the total balance of the fantasy contest players' accounts.

(k) Refrain from approaching minors or other players excluded by this Act.

(l) Hire a third party to conduct independent annual audits, pursuant to the standards of the American Institute of Certified Public Accountants, in accordance with this Act, and file the results of said audits with the Office within 270 days from the close of the fiscal year of the Operator.

Section 4.5.-Games of Chance Exempted and Applicability of the Provisions of the Gaming Commission Act.

Fantasy Games offered in accordance with this Act shall be exempt from the provisions of Act No. 221 of May 15, 1948, as amended, known as the "Games of

Chance Act.” Likewise, all the general provisions of the Gaming Commission Act shall apply to Fantasy Contests regulated in this Chapter; provided, that such general provisions are not inconsistent with these specific provisions.

CHAPTER V. AMENDMENTS – GAMES OF CHANCE AND GAMBLING DEVICES IN CASINOS AUTHORIZATION ACT; GAMES OF CHANCE ACT

Section 5.1.- Section 2 of Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act,” is hereby amended to read as follows:

“Section 2.- Games of Chance in Licensed Gambling Halls, Authorized.

(A) ...

However, the games of chance of roulette, craps, cards, and bingo are hereby authorized in gambling halls operated under a license issued according to the terms of this Act, and the games and methods authorized by the Government of Puerto Rico Gaming Commission Act, subject to the conditions and limitations thereof and the regulations prescribed hereunder.

(B) ...

(1) The Government of Puerto Rico Gaming Commission, or

(2) A licensee who:

(i) Holds a valid license duly issued by the Commissioner of Financial Institutions of Puerto Rico to operate games of chance, and

(ii) Holds a license issued by the Government of Puerto Rico Gaming Commission as provided in Section 7-A of this Act, to operate all slot machines to be placed and operated solely and exclusively in the gambling halls authorized by the Commissioner of Financial Institutions of Puerto Rico, as provided in this Act, and subject to the regulations promulgated by the Government of Puerto Rico Gaming Commission which are not inconsistent with the provisions of this Act.

(C) It shall be an unavoidable requirement for all licensees having slot machines owned or leased by the Government of Puerto Rico Gaming Commission, who wish to introduce slot machines to be used in their gambling halls, prior to the introduction of the latter, to:

(1) Acquire, at book value, those slot machines from the Government of Puerto Rico Gaming Commission that are located at that time in their gambling halls;

(2) Assume any and all obligations of the Government of Puerto Rico Gaming Commission regarding the slot machines located in their gambling halls and held by the Government of Puerto Rico Gaming Commission on lease under any existing lease agreement so that:

(i) The Government of Puerto Rico Gaming Commission be exempt by the lessor from any and all obligations under said agreement, and/or

(ii) The Government of Puerto Rico Gaming Commission be compensated, to its entire satisfaction, for any liability that may have arisen or may arise thereunder;

(3) ...

(i) ...

...

(iv) the job offers made by the licensees to the slot machine service technicians and attendants employed by the Government of Puerto Rico Gaming Commission must include a basic salary at least equal to, or higher than the salary earned by said employees as employees of the Government of Puerto Rico Gaming Commission at that time;

...

(4) Prove, to the satisfaction of the Government of Puerto Rico Gaming Commission, that any person contracted to operate, provide maintenance services, or any other service relating to slot machines, holds or shall hold the necessary licenses duly issued by the Government of Puerto Rico Gaming Commission to work with said slot machines.

(D) No licensee shall alter the number of slot machines located in his gambling hall as of May 31, 1997, unless the Government of Puerto Rico Gaming Commission, at its discretion, decides to remove any of its slot machines from any gambling hall.

(E) The Government of Puerto Rico Gaming Commission, at its discretion, and at any time, may remove any slot machine, owned or leased by the Government of Puerto Rico Gaming Commission, located in any licensed gambling hall, if after the effective date of this Act the licensee of the gambling hall has not acquired all the slot machines of the Government of Puerto Rico Gaming Commission located in his gambling hall or has failed to assume the obligations of the Government of Puerto Rico Gaming Commission under any lease agreement thereof, as the case may be.

(F) Once a licensee acquires or assumes the lease of slot machines of the Government of Puerto Rico Gaming Commission located in his gambling hall pursuant to the provisions of subsection (c) of this Section, the licensee shall be solely and exclusively liable for the maintenance and repair of any slot machine thus acquired or leased and of those slot machines the licensee may decide to acquire or lease in the future; provided, that under no circumstance the Government of Puerto Rico Gaming Commission shall be held liable for nor assume any cost whatsoever related to the maintenance, repair, and operation of a slot machine owned or leased by a licensee.

(G) The introduction and use of slot machines with a maximum denomination of up to twenty-five dollars (\$25) is hereby authorized. The Government of Puerto Rico Gaming Commission shall submit to the Legislative Assembly every year, within the first thirty (30) days of each Regular Session, a report and an evaluation regarding the impact of the slot machine legislation on the hotel sector and the tourist industry; provided, that said report and evaluation shall include the impact, if any, caused by measures such as the extension of the gambling hours, the sale of alcoholic beverages in the gambling halls, and the permission to advertise and promote the gambling halls, among others, as these have been authorized.

...”

Section 5.2.- Section 2-A of Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act,” is hereby amended to read as follows:

“Section 2-A.- Slot Machine Service Attendants and Technicians.

(A) Every slot machine service attendant and technician who ceases to work for the Government of Puerto Rico Gaming Commission as a result of being contracted by a licensee pursuant to the provisions of Section 2(C) of this Act, shall receive from the Government of Puerto Rico Gaming Commission for a period of one year, while employed by a licensee as a slot machine service attendant or technician, an additional compensation equal to forty-five percent (45%) of his basic salary as of May 31, 1997, to compensate the loss of fringe benefits that the slot machine service attendant or technician enjoyed during his term of employment with the Government of Puerto Rico Gaming Commission. This payment shall be made in twelve (12) monthly installments; provided, that the employee continues working for a licensee as a slot machine service attendant or technician.

(B) Every slot machine service attendant or technician affected by this Act shall have the option to waive his right to be employed by a licensee, and resign from the Government of Puerto Rico Gaming Commission. In this case, the Government of Puerto Rico Gaming Commission shall pay him the basic salary equivalent to one year. Every slot machine service attendant or technician wishing to avail himself of this option shall have up to sixty (60) days after the approval of this Act to file a written petition to such effect with the Government of Puerto Rico Gaming Commission in order to avail himself of this benefit.

(C) The Government of Puerto Rico Gaming Commission is expressly exempt from having to offer other benefits to the slot machine service attendants or technicians who cease to work for the Government of Puerto Rico Gaming Commission and by reason of the approval of this Act.

(D) The Government of Puerto Rico Gaming Commission shall prepare a list of the employees of the Government of Puerto Rico Gaming Commission who are eligible to fill the positions of slot machine service attendant or technician, to be distributed among the licensees. This list shall include the employee's name, experience, and employment qualifications. Licensees shall make their job offers to the employees included in said list pursuant to the provisions of this Section.”

Section 5.3.- Section 2-B of Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act,” is hereby amended to read as follows:

“Section 2-B.- Non-delegable Power to Remove, Collect, and Enter in the Books the Moneys from the Slot Machines.

(A) The Government of Puerto Rico Gaming Commission is hereby granted the sole and non-delegable authority to:

(1) Remove, collect, and enter in the books all the moneys and/or tokens obtained from the slot machines, regardless of whether the slot machines

are owned by or under the control of the Government of Puerto Rico Gaming Commission or a licensee under this Act;

(2) ...

...”

Section 5.4.- Section 3 of Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act,” is hereby amended to read as follows:

“Section 3.- Games of Chance in Licensed Gambling Halls, Authorized—Qualifications for Licenses.

(A) The Commissioner of Financial Institutions is hereby empowered to issue licenses for the operation of gambling halls for roulette, craps, cards, and bingo, where the machines known as slot machines, be they owned or leased by the Government of Puerto Rico Gaming Commission or a holder of a gambling license, may be installed and operated pursuant to the provisions of this Act, to such natural or juridical persons that meet to his full satisfaction the following conditions:

(1) ...

...

(B) It is hereby provided that the slot machines authorized in Section 2 of this Act shall be located and operated by the Government of Puerto Rico Gaming Commission or by a holder of a gambling license, authorized by law to operate in Puerto Rico. The holder of a gambling license under this Section may install and operate, or allow the Government of Puerto Rico Gaming Commission to operate machines in his gambling halls, in exchange for a share of the profits of the Operator, as provided in Section 5 of this Act, and subject to the payment of the license fees established in Section 7 of this Act. The share of the profits corresponding to the holder of a license to operate a gambling hall shall be sent by

the Government of Puerto Rico Gaming Commission to the Secretary of the Treasury during the term that may be necessary to pay off any tax debt already assessed and due for collection at the internal revenue offices, which the holder of a license to operate a gambling hall may have pending. In addition, the share of the profits from the slot machines corresponding to the holder of a license to operate a gambling hall may be withheld by the Government of Puerto Rico Gaming Commission to pay any debt that the licensee has accumulated, and is pending payment, in regards to the room occupancy rate tax.

(C) The Government of Puerto Rico Gaming Commission is hereby empowered to discretionally authorize, at the request of a licensee who is the owner or lessor of the slot machines in his gambling hall, up to a maximum of eight (8) machines for each authorized player seated or standing in the gambling hall, in proportion to the number of authorized tables used for other games of chance. Under no circumstances shall the increase in the number of machines entail the loss of tables. In such case, the casino shall not qualify for the increase in machines. In the case of a holder of a license to operate a gambling hall where the slot machines are owned and operated by the Government of Puerto Rico Gaming Commission, the latter is hereby empowered to discretionally authorize, at the request of said licensee, up to a maximum of one point five (1.5) machines for each authorized player, seated or standing in the gambling hall, in proportion to the number of authorized tables used for other games of chance. The basis for computing authorized players shall be the annual average number of players authorized according to the formula described; provided, that at present, seven (7) players are allowed in the authorized card game known as "21" or Blackjack, up to eighteen (18) players at the craps table, and seven (7) players per table in roulette. The proportion established by the Government of Puerto Rico Gaming Commission pursuant to the rules established herein shall be revised every six (6)

months; provided, that should the licensee fail to comply at any time after the authorization with the proportion established by the Government of Puerto Rico Gaming Commission as an authorization requirement, the latter shall reduce the number of authorized slot machines until a true proportion is reached based on the average number of tables used.

The Government of Puerto Rico Gaming Commission is hereby empowered to authorize, at its discretion, the operation of slot machines in gambling halls located at the airport and port terminals of Puerto Rico; provided, that these are located beyond security checkpoints.”

Section 5.5.- Section 4 of Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act,” is hereby amended to read as follows:

“Section 4.- Games of Chance in Licensed Gambling Halls, Authorized—
License Applications.

Every person interested in obtaining a license under the provisions of this Act shall file a sworn application before the Commissioner of Financial Institutions showing that he meets the requirements established in Section 7 of this Act. Said application shall be enclosed with the sum of fifteen thousand dollars (\$15,000) to defray the investigation expenses incurred by the Commissioner of Financial Institutions to determine whether the applicants qualify for the license they are applying for. Provided, that said amounts shall be deposited in the funds of the Office of the Commissioner of Financial Institutions. If the application is denied, the amount paid shall be nonrefundable. Before considering the application, the Commissioner of Financial Institutions shall cause to be published in one of the newspapers of general circulation in the Government of Puerto Rico, once a week for four (4) weeks, a notice of the application stating the name of the applicant and the hotel where the gambling hall is to be established. Fifteen (15) days after the

publication of the final notice, the Commissioner of Financial Institutions may consider and definitely approve or reject the application; provided, that no application shall be approved unless previously approved by the Government of Puerto Rico Gaming Commission. In the exercise of its powers under the provisions of this Act, and the provisions of Section 3 of this Act notwithstanding, the Government of Puerto Rico Gaming Commission may take into consideration the number of licenses, the location of the licensees, and the type and quality of the facilities offered by the licensees, which shall best achieve the purposes of these provisions, namely fostering and providing tourist attractions and amenities on a par with international standards and which shall best serve to promote tourism. The Government of Puerto Rico Gaming Commission may provide recommendations under the condition that the licensee meets specific requirements as to the establishment, expansion, or improvement of particular tourist attractions and amenities, whether at the same place where the hotel of the applicant is already established, or at any other place in Puerto Rico, and the licenses granted on the basis of such conditional recommendations shall be revoked if the conditions set forth are not complied with. The tourist attractions referred to in this Section may include, but not be limited to, hotels and restaurants. Said tourist attractions shall not necessarily have to be operated directly by the licensee who owns them. The Government of Puerto Rico Gaming Commission shall have discretion to grant a reasonable term for the licensee to invest in the tourist attractions and amenities that the Government of Puerto Rico Gaming Commission establishes as a condition for granting a license, taking into consideration the nature of the investment and the works to be carried out when granting said term; provided, that it shall not be necessary that the total investment be made by the license applicant. The Government of Puerto Rico Gaming Commission shall adopt regulations setting the requirements and policies to be used as its basis when considering

license applications. Said regulations, as well as any amendments thereto, shall be subject to the approval of the Governor of Puerto Rico pursuant to the provisions of Section 8 of Act No. 10 of June 18, 1970.

The Commissioner of Financial Institutions and the Government of Puerto Rico Gaming Commission may draft regulations for the issuance, temporary suspension, or cancellation of the licenses provided by this Section and any other licenses required by this Act.

...”

Section 5.6.- Section 5 of Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act,” is hereby amended to read as follows:

“(A) ...

(B) The gross income produced by the slot machines shall be electronically calibrated to yield a maximum of seventeen percent (17%) of the volume of the machines as profit for the Operator; provided, that the share of profit for the player shall never be less than eighty-three percent (83%), which share shall be measured throughout a reasonable period of time to be established by regulations. The foregoing notwithstanding, any licensee that wishes to operate any slot machines with a share of profit for the player higher than eighty-three percent (83%) shall obtain the prior authorization of the Government of Puerto Rico Gaming Commission.

(C) ...

(D) For Fiscal Year 1997-98 and subsequent fiscal years, the annual net income shall be determined according to the following rules:

(1) The income produced by the slot machines, whether owned or possessed by the Government of Puerto Rico Gaming Commission or the licensees, shall be deposited in a special fund in the Government of Puerto Rico

Gaming Commission, separate from its general funds. From the annual gross income produced by the slot machines and received by the Operator, there shall be deducted:

(i) Monthly, all the operating costs of the slot machines of the Government of Puerto Rico Gaming Commission, including, but not limited to, the salaries, compensation, and any other benefits received by those employees of the Government of Puerto Rico Gaming Commission whose functions are related to slot machines; provided, that when an employee of the Government of Puerto Rico Gaming Commission performs other functions unrelated to slot machines besides those related to the operation of the slot machines, said amount shall also be deducted from his salary, compensation, and any other benefits corresponding to the functions related to the operation of the slot machines;

(ii) Monthly, all of the amortization, leasing, operating, and maintenance costs related to the slot machines owned by the Government of Puerto Rico Gaming Commission for such month;

(iii) ...

(E) The annual net income determined pursuant to subsection (d) of this section shall be distributed as follows:

(1) ...

...

(F)

(1) ...

...

(G) For Fiscal Year 1997-98 and subsequent fiscal years, the annual net income to be distributed to Group A shall be distributed among licensees as follows:

(1) ...

(2) The gross income attributable to each licensee shall be determined pursuant to the rules provided in this paragraph. The gross income of Group A shall be determined by multiplying the gross income of all slot machines by a fraction whose numerator shall be equal to the annual net income distributed to Group A, as determined under subsection (E) of this Section, and the denominator shall be equal to the total annual net income distributed to Group A, Group B, and the General Fund of the State's Treasury and the General Fund of the University of Puerto Rico and the Tourism Office of the Department of Economic Development and Commerce, in those fiscal years in which they shall receive direct allocations from these funds pursuant to this Act. The gross income attributable to each licensee shall be determined by multiplying the gross income of Group A by a fraction whose numerator shall be the gross income generated by slot machines placed in the gambling hall of said licensee, and the denominator shall be the gross income generated by all slot machines in all gambling halls.

(3) In the case of slot machines owned or possessed by licensees, the cost of machines attributable to the licensee shall be determined according to the following rules:

(i) The gross cost of the slot machines located in the gambling hall of each licensee shall be the sum of:

(a) ...

(b) the proportion of the expenses of the Government of Puerto Rico Gaming Commission under Section 5(D)(1)(i) attributable to said machines. The proportion of said expenses is determined by multiplying the expenses of the Government of Puerto Rico Gaming Commission under Section 5(D)(1)(i) by a fraction whose numerator shall be the adjusted number, as provided in Section 5(F)(1)(iii), of the slot machines located in the gambling hall of the licensee, and the denominator shall be the total adjusted number, as provided in

Section 5(F)(1)(iii), of all the slot machines located in all the gambling halls. After Fiscal Years 1997-98, 1998-99, and 1999-00, no deduction shall be allowed under Section 5(D)(1)(iii).

(ii) The cost of slot machines attributable to licensees shall be equal to the gross cost of the machines located in their gambling hall multiplied by a fraction whose numerator shall be the annual income distributed to Group A, as determined under Section 5(E) of this Act, and the denominator shall be the annual net income distributed to Group A, Group B, and the General Fund of the State's Treasury and the General Fund of the University of Puerto Rico, and the Tourism Office of the Department of Economic Development and Commerce, in those fiscal years in which they shall receive direct allocations from these funds pursuant to this Act.

(4) In the case of slot machines owned or possessed by the Government of Puerto Rico Gaming Commission, the cost of machines attributable to licensees shall be determined pursuant to the following rules:

(i) The gross cost of the slot machines of the Government of Puerto Rico Gaming Commission located in the gambling hall of each licensee shall be the sum of:

(a) the Government of Puerto Rico Gaming Commission's cost under Section 5(D)(1)(ii) attributable to the machines located in the gambling hall of said licensee; plus

(b) the proportion of the expenses of the Government of Puerto Rico Gaming Commission under Section 5(D)(1)(i) attributable to said machines. The cost of the Government of Puerto Rico Gaming Commission under Section 5(D)(1)(ii) attributable to the machines located in the gambling hall of the licensee shall be calculated by multiplying the costs of the Government of Puerto Rico Gaming Commission under Section 5(D)(1)(ii) by a fraction whose

numerator shall be the adjusted number, as provided in Section 5(D)(1)(iii), of the slot machines of the Government of Puerto Rico Gaming Commission located in the gambling hall of said licensee, and the denominator shall be the total adjusted number, as provided in Section 5(F)(1)(iii), of the slot machines of the Government of Puerto Rico Gaming Commission located in all the gambling halls. The proportion of the expenses of the Government of Puerto Rico Gaming Commission attributable to the licensee is calculated by multiplying the expenses of the Government of Puerto Rico Gaming Commission's Tourism Office under Section 5(D)(1)(i) by a fraction whose numerator shall be the adjusted number, as provided in Section 5(F)(1)(iii), of the slot machines of the Government of Puerto Rico Gaming Commission located in the gambling hall of said licensee, and the denominator shall be the total adjusted number, as provided in Section 5(F)(1)(iii), of all slot machines located in all the gambling halls.

(ii) The cost of the slot machines of the Government of Puerto Rico Gaming Commission attributable to the licensee shall be equal to the gross cost of the machines of the Government of Puerto Rico Gaming Commission located in his gambling hall, multiplied by a fraction whose numerator shall be the annual income distributed to Group A, as determined under Section 5(E) of this Act, and the denominator shall be the annual net income distributed to Group A, Group B, and the General Fund of the State's Treasury, and the General Fund of the University of Puerto Rico, and the Tourism Office of the Department of Economic Development and Commerce, in those fiscal years in which they shall receive direct allocations from these funds pursuant to this Act.

(5) If a slot machine is owned by the Government of Puerto Rico Gaming Commission for a portion of a fiscal year, and by the licensee for the rest of said fiscal year, the cost of said slot machine shall be computed for that portion of the fiscal year in which the slot machine was owned by the Government of

Puerto Rico Gaming Commission according to the rules provided in Section 5(G)(4) of this Act, and the cost of said slot machine shall be computed according to the rules provided in Section 5(G)(3) if this Act.

(6) ...

...

(H) (1) The proportion corresponding to each group and the General Fund of the State's Treasury shall be paid to these according to the provisions of this Section, based on an estimate of the annual net income calculated by the Government of Puerto Rico Gaming Commission. Every month, the Government of Puerto Rico Gaming Commission shall tentatively allocate to Group A, Group B, and the General Fund of the State's Treasury, and the General Fund of the University of Puerto Rico, and the Tourism Office of the Department of Economic Development and Commerce, one twelfth (1/12) of the amounts to be distributed among these, pursuant to Section 5(E) of this Act, in those fiscal years in which they are to receive direct allocations from these funds.

(2) Every monthly allocation may be modified by the Government of Puerto Rico Gaming Commission, at its discretion, to adjust any payments made in previous months that were in excess of or below the correct amount, to any group, including the General Fund of the State's Treasury, and the General Fund of the University of Puerto Rico, and the Tourism Office of the Department of Economic Development and Commerce, in those fiscal years in which they are to receive direct allocations from these funds pursuant to this Act. After adjusting the monthly allocations, the Government of Puerto Rico Gaming Commission shall proceed to make the monthly payments required in this Act. Every three (3) months, the Government of Puerto Rico Gaming Commission shall make the required payments to the General Fund of the State's Treasury, and the General Fund of the University of Puerto Rico, and the Tourism Office of the Department

of Economic Development and Commerce, in those fiscal years in which they are to receive direct allocations from these funds pursuant to this Act. At the close of every fiscal year, the Government of Puerto Rico Gaming Commission shall make those payments required under this Act. The payments made pursuant to the provisions of this subsection are estimates; therefore, the Government of Puerto Rico Gaming Commission may withhold, during the last three (3) months of the year, all or part of those payments that must be made monthly or quarterly, so as to ensure that the total amount of the payments made to each entity shows the final payment required by paragraph (5) of this subsection.

(3) Within ninety (90) days after June 30 of each year, the Government of Puerto Rico Gaming Commission shall conduct a final liquidation of the funds distributed to Group A, Group B, and the General Fund of the State's Treasury, and to the General Fund of the University of Puerto Rico, and the Tourism Office of the Department of Economic Development and Commerce, in those fiscal years in which they are to receive direct allocations from these funds pursuant to this Act. Should there be an excess in the funds collected during the fiscal year, the Government of Puerto Rico Gaming Commission shall transfer to each group and the General Fund of the State's Treasury, and the General Fund of the University of Puerto Rico, and the Tourism Office of the Department of Economic Development and Commerce, in those fiscal years in which they are to receive direct allocations from these funds pursuant to this Act, any corresponding amount from such excess. If during the fiscal year, amounts have been transferred that were in excess of those corresponding to any of the groups or the General Fund of the State's Treasury, or for Fiscal Year 2010-2011 and thereafter, to the General Fund of the University of Puerto Rico, pursuant to such final liquidation, the Government of Puerto Rico Gaming Commission shall withhold from such amounts to be transferred in the following fiscal year, the amounts necessary to

recover such excess, regardless of whether the payments in excess were made by the Government of Puerto Rico Gaming Commission.

(i) None of the members of Group A, Group B, or the General Fund of the State's Treasury, or for Fiscal Year 2010-2011 and thereafter, the General Fund of the University of Puerto Rico, may claim deficiencies or errors in the computation of the amounts that they have received during any specific fiscal year unless they file a claim with the Government of Puerto Rico Gaming Commission to that effect within one hundred eighty (180) days after the close of such fiscal year.

(I) None of the members of Group A, Group B, or the General Fund of the State's Treasury may claim deficiencies or errors in the computation of the amounts that they have received during any specific fiscal year unless they file a claim with the Government of Puerto Rico Gaming Commission to that effect within one hundred eighty (180) days after the close of such fiscal year.

(J) Likewise, the Commissioner of Financial Institutions is hereby empowered to conduct periodic investigations of the income derived from the operation of gambling halls and the operation of slot machines authorized by this Act as such income is generated. The Commissioner of Financial Institutions is hereby empowered to prescribe regulations as deemed necessary or convenient to comply with the provisions of this Section.

(K) Licensees under this Act and the Government of Puerto Rico Gaming Commission shall be required to allow for the oversight of their income as determined by the Commissioner of Financial Institutions.”

Section 5.7.- Section 7 of Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act,” is hereby amended to read as follows:

“Section 7.- Games of Chance in Licensed Gambling Halls, Authorized—
License Fees; Zones.

...

The Government of Puerto Rico Gaming Commission shall determine the gambling equipment that may be used in said facilities through the payment of such fees as well as the various types of games of chance authorized for each licensee. At the close of his tax year, each licensee must submit a copy of his certified financial statements to the Commissioner of Financial Institutions, enclosed with a special opinion of the certified public accountant who certified them, in which the total amount gambled during the year is certified.

...”

Section 5.8.- Section 7-A of Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act,” is hereby amended to read as follows:

“Section 7-A.- Supervision of Gambling Halls; Personnel Licensing.

(A) The Government of Puerto Rico Gaming Commission is hereby empowered and required to supervise and oversee the bets and operations of the games of chance in the casinos authorized to operate them, and to enforce the provisions of this Act and the regulations established thereunder.

(B) The Government of Puerto Rico Gaming Commission may:

(1) ...

...

(C) The Government of Puerto Rico Gaming Commission is hereby empowered to regulate the gambling halls operated under the provisions of this Act and the sale and leasing of the slot machines, their component parts, and the equipment and other devices used in a gambling hall in order to safeguard and protect their patrons; and to establish the rules which shall govern the various

games. Provided, that any licensee who wishes to acquire or lease any slot machine, prior to said acquisition or lease, shall obtain a license from the Government of Puerto Rico Gaming Commission for each slot machine pursuant to the regulations adopted for such purposes by the Government of Puerto Rico Gaming Commission.

(D) The Government of Puerto Rico Gaming Commission shall adopt regulations setting the requirements to be met by those persons engaged in any activity related to the operation of gambling halls and the requirements to be met by those persons who wish to obtain and do obtain a license to perform any work in gambling halls, among others, but without being limited to, licenses to act as managers, cashiers, croupiers, and slot machine service attendants and technicians. No person may perform any work whatsoever in a gambling hall without having first obtained a license to such effect from the Government of Puerto Rico Gaming Commission, which shall be issued pursuant to the said regulations.

(E) Any manufacturer, vendor, and distributor of slot machines and any games of chance-related equipment, shall obtain a license from the Government of Puerto Rico Gaming Commission to be able to sell or lease slot machines and/or their component parts and/or any games of chance-related equipment to be used in Puerto Rico.

(F) Any person employed by a licensee to assume any gambling-related responsibility shall be required to obtain a license from the Government of Puerto Rico Gaming Commission before beginning to discharge said functions.

(G) The Government of Puerto Rico Gaming Commission may charge any applicant a reasonable sum for any license required by this Act, except for an applicant for a gambling license, in order to defray the investigation costs incurred by the Government of Puerto Rico Gaming Commission.

(H) The regulations promulgated by the Government of Puerto Rico Gaming Commission to implement the provisions of this Act shall include, but not be limited to:

(1) ...

(2) ...

(3) establish the sum which the Government of Puerto Rico Gaming Commission shall charge any applicant for a manufacturer, vendor, or distributor license, or any other license to be granted by the Government of Puerto Rico Gaming Commission.”

Section 5.9.- Section 7-B of Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act,” is hereby amended to read as follows:

“Section 7-B.- License Requirements for Slot Machine Service Technicians and Attendants.

(A) The Government of Puerto Rico Gaming Commission shall not grant any license whatsoever to slot machine service technicians or attendants to work in a gambling hall until the applicant for said license proves to the satisfaction of the Government of Puerto Rico Gaming Commission, that the holder of the license of the gambling hall where he intends to work has made a job offer to all slot machine service technicians or attendants employed by the Government of Puerto Rico Gaming Commission.

(B) The Government of Puerto Rico Gaming Commission shall adopt regulations as are necessary and convenient to achieve the purposes of this Section.”

Section 5.10.- Section 8 of Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act,” is hereby amended to read as follows:

“Section 8.- Supervision of Gambling Halls; (Personnel Licensing)—
Promotion and Advertising; Prohibition to Admit Persons under 18 Years of Age.

(A) ...

...

(F) The Government of Puerto Rico Gaming Commission is hereby authorized to establish through regulations the requirements that gambling hall advertisements shall meet pursuant to the provisions of this section.”

Section 5.11.- Section 9 of Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act,” is hereby amended to read as follows:

“Section 9.- Supervision of Gambling Halls—Penalties, Franchise and/or License Cancellation.

(A) ...

(a) ...

...

(c) fails to meet the requirements set forth by the Government of Puerto Rico Gaming Commission pursuant to its powers under this Act; or due to a change of circumstances, in accordance with the requirements established in Section 4 of this Act for the granting of licenses, except when previous authorization from the Commissioner is obtained;

...

(h) restricts, hides, denies, or submits fraudulent or deceiving information to the Government of Puerto Rico Gaming Commission and/or the Office of the Commissioner of Financial Institutions, or both.

...

(B) No gambling device, including slot machines, shall be possessed, maintained, or exhibited by any person on the premises of a hotel and casino complex, except in the casino itself and in secured areas used to inspect, repair, or store such devices, and specifically designated for such purposes by the licensee with the approval of the Government of Puerto Rico Gaming Commission. No gambling device, including slot machines, shall be possessed, maintained, exhibited, brought into, or removed from an authorized gambling hall by any person, unless said device is necessary for the operation of an authorized gambling hall, and has an identification number or symbol authorized by the Government of Puerto Rico Gaming Commission permanently fixed, printed, or engraved upon it, and is under the exclusive control of the licensee or his authorized employees. The removal of any gambling device, including slot machines, must be previously approved by the Government of Puerto Rico Gaming Commission.

(C) ...

(D) The regulations drafted by the Government of Puerto Rico Gaming Commission to regulate all matters concerning the games of chance shall be approved pursuant to the procedure established in Section 14 of this Act. Any person violating any of the provisions of Section 2 of this Act or the regulations of the Government of Puerto Rico Gaming Commission, except as otherwise provided therein, shall be punished upon conviction with a fine of not less than one hundred dollars (\$100) nor more than ten thousand dollars (\$10,000), or with imprisonment for a term of not less than one (1) month nor more than six (6) months, or both penalties, at the discretion of the court.

(E) Regardless of the penalties prescribed in this Act, the Government of Puerto Rico Gaming Commission and the Commissioner of Financial Institutions are hereby empowered to impose civil penalties for all violations of their orders and regulations, namely the temporary suspension or revocation of the rights and

privileges enjoyed by the natural or juridical person guilty of a violation in the operation of the Games of Chance; provided, that the Government of Puerto Rico Gaming Commission may also impose civil fines for violations of their orders and regulations which shall not exceed ten thousand dollars (\$10,000).

(F) The Commissioner of Financial Institutions or the Government of Puerto Rico Gaming Commission may temporarily suspend or permanently cancel the franchises, licenses, rights, and privileges enjoyed by any natural or juridical person under this Act, or the ‘Games of Chance Act.’”

Section 5.12.- Section 9-A of Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act,” is hereby amended to read as follows:

“Section 9-A.- Sanctions.

(A) ...

(1) ...

...

(11) Uses illegal currency, other than United States currency, or uses a currency denomination different from the one used by the slot machine, except those approved by the casino, the Government of Puerto Rico Gaming Commission, and the Commissioner of Financial Institutions; or

(12) Possesses or uses, within the premises of the hotel and its casino, any fraudulent device, including, but not limited to tools, drills, coins or wire tied to a string, or wire, or electronic or magnetic devices to facilitate removal of money from a slot machine or from money boxes on tables, or their contents, except when an authorized casino employee or an employee of the Government of Puerto Rico Gaming Commission does so as part of his duties at the casino; or

...

(21) Possesses in a gambling hall with the intent to defraud or obtain a personal benefit, a device to calculate probabilities, project the game's result, keep tabs on cards played (to count cards), analyze probabilities that an event related to the game shall happen, or analyze the play or betting strategy to be used in the game, except those devices authorized by the Government of Puerto Rico Gaming Commission.

Any person who violates any of the provisions described in this Section shall be guilty of a fourth-degree felony.

...”

Section 5.13.- Section 9-B of Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act,” is hereby amended to read as follows:

“Section 9-B.- Violations.

In cases where a person violates any of the subsections of Section 9-A of this Act, once the violation has occurred, the games of chance inspector, or other officer authorized by the Government of Puerto Rico Gaming Commission, shall be immediately notified, so that he may notify the Puerto Rico Police for the pertinent action and, if necessary, the corresponding complaint shall be filed at the Puerto Rico Police. In turn, the inspector or any other authorized officer of the Government of Puerto Rico Gaming Commission shall report the incident to his supervisor who shall immediately notify the Government of Puerto Rico Gaming Commission. The Commission shall conduct an investigation and draft a report of the incident in order to take pertinent action upon the conclusion of the investigation.”

Section 5.14.- Section 11 of Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act,” is hereby amended to read as follows:

“Section 11.- Alcoholic Beverages, Business Hours; Prohibition Against Opening on Good Friday; Shows and Entertainment.

(A)

(1)

...

(3) During the effectiveness of any of the prohibitions or restrictions described in paragraph (2) of this subsection, no gambling hall shall serve, alcoholic beverages to any person who is not a guest of the hotel where said gambling hall is located subject to the restrictions provided in paragraph (1) of this subsection. The Government of Puerto Rico Gaming Commission shall determine through regulations the mechanisms to be implemented by the gambling halls to faithfully comply with the provisions of this paragraph.

(4) ...

(B)

(1) As of the effective date of this Act, any licensee of a gambling hall operated under a license issued in accordance with this Act, shall request the Government of Puerto Rico Gaming Commission’s approval of the business hours of his gambling hall before beginning operations.

(2) Any modification that a licensee may wish to make to the approved business hours shall also be approved by the Government of Puerto Rico Gaming Commission before its implementation. Provided, that the closing hour approved shall not be altered without having first posted a public notice thereof in a conspicuous place at every gambling table at the beginning of the gambling period. Once the notice has been posted, said hour shall not be altered.

(3) Any gambling hall operated under a license issued according to the terms of this Act, may operate twenty-four (24) hours a day, seven (7) days a week, subject to the above terms. Provided, that every gambling hall must cease

operations on Good Friday from 12:01 a.m. (midnight) on Friday until 12:01 p.m. (noon) on the following day (Saturday). Provided further, that any gambling hall which operates for twenty-four (24) hours a day shall have a counting room and any other facility required by the Government of Puerto Rico Gaming Commission for counting and safekeeping the money in cash, coins, and chips obtained in the operation of the games of chance.

(4) Every gambling hall authorized by the Government of Puerto Rico Gaming Commission to operate during the period between 4:00 a.m. and 12:00 p.m. (noon), may operate its slot machines without being required to have gambling tables available to the public.

(5) The Government of Puerto Rico Gaming Commission is hereby authorized to establish through regulations all the procedures and requirements it may deem necessary to comply with the provisions of this subsection.

(C) Every gambling hall operated under a license issued in accordance with this Act may present on its premises variety shows and entertainment as authorized by the Government of Puerto Rico Gaming Commission through regulations.”

Section 5.15.- Section 12 of Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act,” is hereby amended to read as follows:

“Section 12.- New Types of Games.

The following games of chance are hereby authorized:

(1) ...

...

(4) Pai-Gow

to be played in duly authorized gambling halls in Puerto Rico. These types of games which are hereby authorized are added to the other types of games of

chance which to the present have been duly approved by the Government of Puerto Rico Gaming Commission through regulations.”

Section 5.16.- Section 13 of Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act,” is hereby amended to read as follows:

“Section 13.- Maximum Betting Limits Allowed.

The maximum betting limits that the Government of Puerto Rico Gaming Commission may currently allow for each game, shall be the following:

(1) ...

...

(4) ...

The maximum betting limits that the Government of Puerto Rico Gaming Commission may allow at present for each game, shall be the following:

...”

Section 5.17.- Section 14 of Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act,” is hereby amended to read as follows:

“Section 14.- Regulations and Interpretation.

(a) The Commissioner of Financial Institutions and the Government of Puerto Rico Gaming Commission, in accordance with their powers and faculties under this Act, and within their respective areas of jurisdiction, shall adopt, amend, or revoke the regulations deemed necessary or convenient to achieve the purposes of this Act.

(b) The Government of Puerto Rico Gaming Commission and the Commissioner of Financial Institutions shall use the procedure established in Act No. 38-2017, as amended, or any similar successor law, and shall comply with their respective enabling acts.

(c) The regulations thus approved shall become effective once filed with the Department of State, in accordance with Act No. 38-2017, as amended, or any similar successor law.

(d) This Act shall be interpreted and applied in such a manner that the public interest prevails. None of the provisions of this Act shall be understood to limit the powers and faculties granted to the Commissioner of Financial Institutions under Act No. 4 of October 11, 1985, as amended, known as the ‘Financial Institutions Commissioner’s Office Act,’ and the powers of the Government of Puerto Rico Gaming Commission under its organic law or any other applicable laws.”

Section 5.18.- Section 3 of Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act,” is hereby amended to read as follows:

“Section 3.- Definitions.

For purposes of this Act, the following terms shall have the meaning stated below:

1. ...
- ...
4. Commission - means the Government of Puerto Rico Gaming Commission.
- ...
6. Executive Director - means the Executive Director of the Government of Puerto Rico Gaming Commission or his duly authorized representative who shall be in charge of any games of chance-related activity in Puerto Rico.
7. ...Distributor and Provider of Goods and Services for Gambling Devices -
- ...
8. Owner - ...

9. Wholesale Gambling Device Owner or Operator - ...
10. Business Owner - ...
11. Equipment - ...
12. Play - ...
13. Player - ...
14. Games of Chance - ...
15. License - ...
16. Manufacturer - ...
17. Adult Amusement Machines - ...
18. Gambling Devices or Slot Machines - ...
19. Vending Machine - ...
20. Decal - means the sticker attached to the top left corner of the gambling device's cabinet, assigned and affixed by the Commission once the device is approved for use as Gambling Device. It shall contain RFID technology.
21. Business - ...
22. Electronic Gaming Official - means the employee or person designated by the Commission whose duties are related to the provisions of this Act.
23. Person - ...
24. Program - ...
25. System - means the connectivity system that works as a centralized connection of all Gambling Devices throughout Puerto Rico to the Commission as the overseeing entity thereof. It shall provide the Government of Puerto Rico with full transparency regarding Gambling Device compliance with all the provisions of this Act.

26. Central Computer System - means the equipment, programs, and all components of the network or networks used in the operation of Gambling Devices that allow for the establishment of controls for accounting and operation security purposes. The Central Computer System shall maintain, among other aspects, an electronic record of the play transaction data, as well as any other audit requirement that the Commission may prescribe.

27. Applicant - ...

28. Application - means the formal request submitted to the Commission by an applicant in order to obtain and/or renew a license in accordance with the provisions of this Act.

29. Currency Validator - ...”

Section 5.19.- Section 4 of Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act,” is hereby amended to read as follows:

“Section 4.-

The introduction, distribution, acquisition, sale, lease, transportation, location, placement, functioning, maintenance, operation, use, custody, and possession of adult amusement machines in businesses or establishments operating in the jurisdiction of the Government of Puerto Rico is hereby authorized.

The Commission is hereby empowered to regulate and oversee all that pertains to the introduction, distribution, acquisition, sale, lease, transportation, location, placement, functioning, maintenance, operation, use, custody, and possession of adult amusement machines in businesses or establishments operating in the jurisdiction of the Government of Puerto Rico, as provided in this Act.

The Commission shall be required to enforce and ensure compliance with all the provisions of the laws in effect relating to adult amusement machines. The Commission shall likewise establish, through regulations, the necessary considerations to adequately oversee the management thereof. Moreover, it shall

determine the requirements and conditions for denying, suspending, or revoking a license.

For the purposes of implementing this Act and the regulations thereunder, the Commission shall abide by the following principles:

(a) ...

...

(f) Any business operating adult amusement machines on premises shall conspicuously post a sign on said machines stating the following: ‘Machines in this establishment are adult amusement machines and are not authorized to pay any prize whatsoever.’

(g) A maximum of eight (8) adult amusement machines shall be allowed to be placed and operated in a ‘business.’ For purposes of this Section, each screen shall be considered as one adult amusement machine regardless of whether a single machine has multiple screens. Inspectors and personnel authorized by the Commission, internal revenue agents, and the Puerto Rico Police may forfeit expeditiously any machines in excess of eight (8) machines allowed by this Section, regardless of whether the appropriate license fees have been paid.

(h) ...

(i) The Commission shall not allow the placement, operation, installation of, or issuance of a license for an adult amusement machine in establishments that fail to maintain a distance of one hundred (100) linear feet from the site where the placement of such machines was previously authorized. In the particular case of the downtown areas of the municipalities, such distance shall be fifty (50) feet. In the case of duplication or error in the issuance of a license, sticker, certificate, or other document as determined by the Commission for the operation of adult amusement machines, the date and time of the license issued by the Commission, or the Department of the Treasury for licenses issued before July 1, 2014, stating

the authorized location, shall be sufficient evidence of the person to whom the license was issued in the first place. The person whose license was cancelled for the reasons indicated in this subsection shall be entitled to be immediately refunded the total amount paid in the case of an erroneous determination and shall not be allowed to operate said machines in the location authorized as a result of said error.

(j) It is hereby provided that, the provisions of this Act notwithstanding, the Commission shall not issue new adult amusement machine licenses for the jurisdiction of Puerto Rico and shall be limited to renew adult amusement machine licenses that were in effect at any time before June 30, 2014, pursuant to the requirements of this Act. As of July 1, 2014, no new licenses shall be issued for the placement or operation of adult amusement machines in business establishments. No Operator shall hold more licenses than those issued as of July 1, 2014, subject to compliance with this Section. Additional licenses or decals for new adult amusement machines are hereby prohibited.

The Commission shall be further empowered to issue licenses for each amusement machine authorized to be used in the jurisdiction of the Government of Puerto Rico. Each license shall be effective for one (1) year and renewed thereafter in order to continue operating the machine. Any license issued shall cancel an Internal Revenue stamp in the amount provided in Section 3050.02 of Act No. 1-2011. Any owner of adult amusement machines to whom a license to operate said machines has been issued shall renew said license with the Commission in accordance with the provisions of this Act. Each machine to be authorized as an adult amusement machine shall be personally evaluated and certified as an adult amusement machine by the Commission's inspectors in the area of Games of Chance.

Each authorized machine shall display the license issued thereto at all times and in a conspicuous place while in operation. Furthermore, it shall have a tracking device, authorized by the Commission, which provides the exact location of the machine. Noncompliance with this provision shall be grounds for the Commission or any other agency and/or municipality that issues licenses for the operations conducted in such establishments to impose civil fines and any other remedy established by Regulations, including the revocation of all licenses authorized for said establishment, Operator, owner, or administrator.

The provisions of this Act shall not apply to devices regulated by Act No. 221 of May 15, 1948, as amended, Act No. 83 of July 2, 1987, as amended, and Act No. 10 of May 24, 1989, as amended.”

Section 5.20.- Section 5A of Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act,” is hereby amended to read as follows:

“Section 5A.-Violations–Fines and Penalties regarding Adult Amusement Machines.-

(a) Civil Fine.-

The Commission may impose a civil fine on the owner of not less than five thousand dollars (\$5,000) nor more than ten thousand dollars (\$10,000) for each violation of this Act.

(b) Penalties.-

(1) ...

(2) Any person who violates any of the provisions of this Act or the regulations promulgated by the Commission shall be punished upon conviction by a fixed five thousand dollar (\$5,000)-fine, or imprisonment for a term not to exceed six (6) months, or both penalties at the discretion of the court.

(3) Any person who prohibits or prevents the thorough inspection of a business, an establishment, or a place by the Commission’s inspectors or

authorized personnel, internal revenue agents or law enforcement officers for the purpose of conducting investigations related to this Act or the regulations promulgated by the Commission, or who admits, advises, promotes, assists, or induces a person under the age of eighteen (18) to operate and/or participate in the operation of adult amusement machines shall be punished by a fixed ten thousand dollar (\$10,000)-fine, and imprisonment for a term of not less than one (1) year.

Regardless of the penalties established in this Act, the Commission shall seize and dispose of any adult amusement machine that is operated without a license, with an expired license, a license issued for another machine, or in violation of this Act. The Commission is further empowered to impose a civil fine for violations to its orders and the regulations promulgated thereunder with a temporary suspension or permanent revocation of the rights and privileges enjoyed by the natural or juridical person guilty of the violation, including prompting the revocation of all internal revenue licenses issued and administered by the Secretary of the Department of the Treasury. The Commission, jointly with the Secretary of the Department of the Treasury shall enter into all types of agreements to implement the provisions of this Act, including the coordinated intervention of Commission inspectors and internal revenue agents from the Department of the Treasury in the inspections of and interventions with businesses that have adult amusement machines. The Commission is hereby empowered to enter into agreements with municipal governments in order to oversee and ensure compliance with this Act.

The income generated from the payment of fines shall be collected by the Commission as provided in the Regulations and, after deducting the operating expenses, such funds shall be distributed equally; that is, fifty percent (50%) for the Commission and fifty percent (50%) for the General Fund.”

Section 5.21.- Section 6 of Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act,” is hereby amended to read as follows:

“Section 6.- Gambling Devices - Authorization.-

The introduction, manufacture, ownership, use, functioning, installation, and operation of Gambling Devices in businesses operating in the jurisdiction of the Government of Puerto Rico is hereby authorized in a limited manner. The maximum number of Gambling Devices authorized in Puerto Rico during the first two (2) years after the effective date of this Act is twenty-five thousand (25,000). At the end of the first two (2) years after the effective date of this Act, the Commission may authorize ten thousand (10,000) additional devices per year up to a maximum of forty-five thousand (45,000) devices in total, if the Commission concludes, upon a prior study, that the Gambling Device market is not saturated. Such study shall consider the economic impact on hotel casinos, and shall be submitted to the Legislative Assembly thirty (30) days before increasing the number of devices.”

Section 5.22.- Section 8 of Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act,” is hereby amended to read as follows:

“Section 8.- Gambling Devices - General Prohibition.-

No Person shall operate Gambling Devices in Puerto Rico without a License and a Decal duly issued by the Commission and without being connected to the Central Computer System in accordance with the provisions of this Act.”

Section 5.23.- Section 9 of Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act,” is hereby amended to read as follows:

“Section 9.- Gambling Devices - Licenses.-

The Commission is hereby empowered to issue licenses to operate Gambling Devices, if it determines, based on all the information available, that the applicant meets the licensing criteria established by Regulations. The Business Owner

License, the Wholesale Gambling Device Owner License, the Gambling Device Manufacturer License, and the Distributor and Provider of Goods and Services for Gambling Devices License are authorized under this Act. Every issued license shall be personal and nontransferable in favor of the person to whom it is originally issued.”

Section 5.24.- Section 10 of Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act,” is hereby amended to read as follows:

“Section 10.- Gambling Devices- License Application.-

It is hereby established that, within a non-extendable period of sixty (60) days after the approval of this Act, the Commission shall adopt regulations establishing the procedure for the issuance of the licenses provided for in this Act. Said Regulations shall be evaluated by the Legislative Assembly within forty-five (45) days after notice, in order to ensure full and faithful compliance with this Act. Such term shall run parallel to the thirty (30)-day period prescribed in Section 2.2 of Act No. 38-2017, as amended. However, if the Legislative Assembly fails to act on the notified Regulations within the term provided herein, it shall be deemed to be tacitly ratified.

During the first three (3) months after the approval of the regulations, the Commission shall give priority to businesses or individuals holding a valid adult amusement machine license issued prior to the approval of Act No. 77-2014. Provided, however, that priority shall be given to the licenses of devices that qualify under the definition of Gambling Device, as defined in this Act. The Department of the Treasury shall certify the adult amusement machine licenses in effect for 2018 within a term of thirty (30) days after the approval of this Act. Any license that was not in effect in 2018 shall not have the established priority under this Section.

If, after the initial period for issuing licenses, the Commission has not issued a number of licenses equivalent to the twenty-five thousand (25,000) gambling devices authorized under this Act, then the Commission may accept new license applications until the maximum number authorized in this Act is reached. Provided, that, in any case, to obtain a wholesale gambling device owner license, it shall be required that total ownership derives from capital of Puerto Rico.

Before issuing a license, the Commission shall conduct an investigation of the Wholesale Gambling Device Owner, as well as of the Owner of the Business where the device shall be operated. The Commission shall establish regulations to govern the Applicants' investigation process, establishing the investigation parameters, including, but not limited to an evaluation of the Applicant's financial capacity, criminal record, and any outstanding debts with the State. If the Applicant has partners or investors, such partners and investors shall also undergo an investigation process. The Wholesale Gambling Device Owner shall submit an annual financial statement to the Games of Chance Division.

Upon concluding the investigation, if the Commission decides to issue the requested license, such license shall be personal and nontransferable in favor of the person to whom it was issued.”

Section 5.25.- Section 11 of Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act,” is hereby amended to read as follows:

“Section 11.- Gambling Devices- Wholesale Gambling Device Owner, Business Owner, Manufacturer, and Distributor and Provider of Goods and Services for Gambling Devices License Fees.-

The annual Wholesale Gambling Device Owner license or renewal fee for each gambling device shall be one thousand five hundred dollars (\$1,500). The license fee shall include the cost of the decal. License holders shall have a license limit of not less than one hundred (100) nor more than two hundred fifty (250)

gambling devices payable annually to the Department of the Treasury. The Department of the Treasury shall transfer three hundred dollars (\$300) per license to the Commission for the implementation of this Act. No individual, entity, or corporation may hold more than two hundred fifty (250) gambling devices per group of related entities, as defined in Section 1010.05 of Act No. 1-2011, as amended, known as the ‘Internal Revenue Code for a New Puerto Rico,’ and in the case of individuals, per all of its trade or business activities.

The processing fee of each wholesale gambling device owner license application shall be five hundred dollars (\$500) payable to the Department of the Treasury. The processing fee shall be credited to the applicant if the Commission approves the application.

Every Business Owner who intends to install or place gambling devices in his facilities shall apply for a Gambling Device Owner license with the Commission. The license shall be free of charge for each machine located in the Business. The Commission shall provide the Business Owner with a License to display in a conspicuous place at the Business, bearing the name of the Business, the street and mailing address, and the number of devices authorized to operate therein, among other information.

The Manufacturer and the Distributor and Provider of Goods and Services License fee or renewal fee shall be three thousand dollars (\$3,000) each, payable to the Department of the Treasury every two (2) years. The Department of the Treasury shall transfer the total amount of these fees to the Commission for the implementation of this Act.

No charge or fee whatsoever shall be authorized in addition to the charges and fees provided for in this Act.”

Section 5.26.- Section 12 of Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act,” is hereby amended to read as follows:

“Section 12.- Gambling Devices- Decal.-

Every Gambling Device authorized by the Commission shall be required to bear a radio-frequency identification (RFID) decal. Such Decal shall be affixed on the top left side of the Device’s screen. The Decal shall be issued once the Wholesale Gambling Device Owner license holder has received the certification of inspection of the Gambling Device, as provided in this Act.

The cost of the Decal shall be included in the Wholesale Gambling Device Owner license fee.”

Section 5.27.- Section 13 of Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act,” is hereby amended to read as follows:

“Section 13.- Gambling Devices- Validity of Licenses and Decals.

Every Wholesale Gambling Device Owner and Business Owner license, and Decal issued by the Commission shall be valid for one (1) year.”

Section 5.28.- Section 14 of Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act,” is hereby amended to read as follows:

“Section 14.- Gambling Devices- License Renewal Application.-

Any person who holds a License issued by the Commission shall renew such license with the Commission in accordance with the provisions of this Act. Every license renewal application shall be filed not later than ninety (90) days before the expiration date of said License.”

Section 5.29.- Section 15 of Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act,” is hereby amended to read as follows:

“Section 15.- Gambling Devices- Powers and [sic] of the Commission.

The Commission shall have, without it constituting a limitation, the following powers:

a. ...

...”

Section 5.30.- Section 16 of Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act,” is hereby amended to read as follows:

“Section 16.- Gambling Devices- Powers and Duties of the Executive Director.-

The Executive Director shall have, without it constituting a limitation, the following powers and duties:

a. ...

...”

Section 5.31.- Section 17 of Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act,” is hereby amended to read as follows:

“Section 17.- Approval of Gambling Devices.

The Commission shall address all that pertains to Gambling Devices in order to effectively oversee all Gambling Devices authorized to operate in establishments and businesses in general in Puerto Rico as provided in this Act.

Every machine authorized to operate as a Gambling Device shall be personally evaluated and certified by the Commission’s electronic gaming officials. The operation of any Gambling Devices other than those previously inspected and approved by the Commission and that have the decal required by this Act affixed thereto is hereby prohibited.

In addition, the Commission shall supervise the operation of Gambling Devices for the purpose of guaranteeing the purity and transparency of the fiscal procedures both electronically and physically, seeking to ascertain compliance with this Act.”

Section 5.32.- Section 18 of Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act,” is hereby amended to read as follows:

“Section 18.- Gambling Devices- Device Identification.

Every authorized Gambling Device shall meet the following identification requirements:

- i. To have the license certificate issued by the Commission; and
- ii. To display and have affixed visibly to the top left corner of the screen of the device’s cabinet a permanently printed Decal with RFID technology, which shall be assigned and affixed by the Commission to every approved Gambling Device.”

Section 5.33.- Section 19 of Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act,” is hereby amended to read as follows:

“Section 19.- Gambling Device Operation.

Every Gambling Device shall be operated as originally authorized by the Commission. Making changes to or altering a Gambling Device is hereby prohibited, unless the approval of the Commission is obtained prior to making the change.

Every Gambling Device shall be operated and played, at all times, in accordance with the representations made to the Commission and the public.”

Section 5.34.- Section 24 of Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act,” is hereby amended to read as follows:

“Section 24.- Gambling Devices- Technology.

This Section sets forth the fundamental rules that the Government of Puerto Rico shall follow when establishing the technology, controls, and internal procedures in order to guarantee the adequate use of Gambling Devices and the most suitable manner to achieve efficiency, efficacy, and integrity in the operations thereof.

In order to guarantee the use of innovative and state of the art technology to interconnect, administer, and audit Gambling Devices, the Commission shall be empowered and responsible for the selection, choice, evaluation, and recommendation of technological platforms to manage and administer the communication and exchange of data between Gambling Devices and the Commission. Within a term not to exceed one hundred twenty (120) calendar days, the Commission shall adopt regulations and/or the necessary procedures to regulate the proposal and connection application process. The cost of the necessary equipment or system for each gambling device or business shall be defrayed by the Wholesale Gambling Device Owner or Operator.”

Section 5.35.- Section 25 of Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act,” is hereby amended to read as follows:

“Section 25.- Gambling Device Technology Requirements.-

In implementing this Act, the Commission shall ensure that Gambling Devices have the following technology:

...”

Section 5.36.- Section 26 of Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act,” is hereby amended to read as follows:

“Section 26.- Technology Requirements for the Gambling Devices Connectivity System.-

The connectivity system installed in Gambling Devices shall meet the following technology requirements:

- a. ...
- b. ...
- c. The system shall allow the Commission direct access to all information.
- d. ...

e. The System shall provide the Commission with full transparency, so as to allow the latter to carry out its oversight duties.

...

j. The System shall be created specifically for the needs of local Gambling Devices and customizable to the needs of the Commission, which shall oversee the process.

...

l. The System shall be capable of sending daily location reports through a global positioning system, or GPS, which alerts of any movement or relocation of the device to a place not authorized under this Act and assists the Electronic Gaming Official authorized by the Commission to conduct inspections.”

Section 5.37.- Section 30 of Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act,” is hereby amended to read as follows:

“Section 30.- Collection and Distribution of Gambling Device Revenues.-

...

Revenues shall be remitted bimonthly to the Commission, which, upon validating the amount against the information gathered through the systems and/or audits, shall remit such revenues on a monthly basis as follows:

a. ...

...

c. Five percent (5%) of said revenues shall be allocated to the Commission to defray any and all costs related to the maintenance and operation of the system.

...

The Commission shall verify that the entire gambling device revenue collection and distribution process is carried out in accordance with the provisions of this Act. Wholesale gambling device owners shall furnish the deposit certifications to the Commission as determined by the Commission.”

Section 5.38.- Section 32 of Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act,” is hereby amended to read as follows:

“Section 32.- Gambling Devices- Fines and Penalties.-

1. Civil Fines.

The Commission may impose civil fines in an amount of not less than five thousand dollars (\$5,000) nor more than ten thousand dollars (\$10,000) for each violation of this Act.

2. Penalties.

(a) ...

...

(b) Any person who violates any of the provisions of this Act or the regulations promulgated by the Commission shall be, upon conviction, punished by a fixed fine of five thousand dollars (\$5,000) or imprisonment for a maximum term of six (6) months, or both penalties at the discretion of the Court.

(c) Any person who prohibits or prevents the Commission’s inspectors or authorized personnel, internal revenue agents, or law enforcement officers from freely inspecting businesses, establishments, or sites for the purpose of conducting investigations related to this Act or the regulations promulgated by the Commission, or who admits, advises, encourages, aids, or abets a minor under the age of eighteen (18) to participate in and/or operate gambling devices shall be punished by a fixed penalty of ten thousand dollars (\$10,000) and by imprisonment for a term of not less than one (1) year.

(d) Any business that violates any of the provisions of this Act or the regulations promulgated by the Commission may have its license to sell alcoholic beverages revoked by the Government and its wholesale gambling device owner license cancelled permanently.

(e) Furthermore, the Commission is hereby empowered to impose civil penalties for violations of its orders and the regulations promulgated thereunder, including the temporary suspension or permanent revocation of the rights and privileges enjoyed by the natural or juridical person guilty of the violation, and the revocation of all licenses issued and administered by the Commission. The revenues generated from the fines thus imposed shall be collected by the Commission as provided by Regulations, and shall be set aside for the Commission's operations."

Section 5.39.- Section 33 of Act No. 11 of August 22, 1933, as amended, known as the "Games of Chance Act," is hereby amended to read as follows:

"Section 33.- Seizure of Gambling Devices.-

The penalties prescribed by this Act notwithstanding, the Commission, the Internal Revenue agents, and the Puerto Rico Police shall be empowered to seize and dispose of any vending machine or gambling device operated without license, with an expired license, with a license issued to another device, or in contravention of this Act. The Commission shall adopt regulations that shall govern the process to seize and dispose of devices. Act No. 119-2011, as amended, known as the 'Uniform Seizure Act of 2011,' shall not apply to the gambling devices seizure process prompted for violations of this Act."

CHAPTER VI. AMENDMENTS TO THE HORSE RACING SPORT ACT

Section 6.1.- Section 2 of Act No. 83 of July 2, 1987, as amended, known as the "Puerto Rico Horse Racing Industry and Sport Act," is hereby amended to read as follows:

“Section 2.- Horse Racing Industry and Sport Administration.

The Puerto Rico Horse Racing Industry and Sport Administration and everything connected therewith shall be under the jurisdiction of the Government of Puerto Rico Gaming Commission in accordance with the ‘Government of Puerto Rico Gaming Commission Act.’

Section 6.2.- Section 3 of Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act,” is hereby amended to read as follows:

“Section 3.- Definitions.

For purposes of this Act, the terms listed below shall have the following meaning:

(1) Off-track Betting Teller: Means the independent contractor, whether a natural or a juridical person, designated by the Operator under contract and authorized by the Government of Puerto Rico Gaming Commission, through a license to operate one or more Off-track Betting Locations, to receive and pay bets as authorized under this Act and the regulations, orders, and resolutions adopted by the Government of Puerto Rico Gaming Commission.

(2) ...

(3) ...

(4) Agent: Means the authorized representative of the horse owner, stud farm owner, or breeder, duly authorized through a notarized document, who holds a license issued by the Commission to carry out duties as the owner or breeder’s agent.

(5) Bets: Means those bets authorized by this Act, the Horse Racing Regulations, or the Government of Puerto Rico Gaming Commission, by order or resolution.

(6) **Restricted Areas:** Means those areas within any entity under the jurisdiction of the Government of Puerto Rico Gaming Commission whose access is limited to persons that meet the specific requirements set forth in this Act, the Horse Racing Regulations, and any other regulations prescribed by the Government of Puerto Rico Gaming Commission.

(7) **Parimutuel:** Means the place or places officially designated and approved by the Government of Puerto Rico Gaming Commission to place bets, collect and pay bets authorized within each licensed racetrack or approved location, and the betting system known by that name.

(8) **Race:** Means a competition between horses for a prize, conducted in the presence of the officials of the Government of Puerto Rico Gaming Commission, pursuant to the applicable law and regulations in effect.

(9) ...

(10) ...

(11) ...

(12) **Commission:** Means the Government of Puerto Rico Gaming Commission.

(13) ...

(14) **Breeder:** Any natural or juridical person holding a license issued by the Commission to engage in the breeding of thoroughbred horses.

(15) ...

(16) ...

(17) ...

(18) **Trainer:** A natural person holding a license issued by the Commission to engage in the training of racehorses.

(19) ...

(20) ...

(21) ...

(22) Executive Director: Means the Executive Director of the Government of Puerto Rico Gaming Commission.

...

(24) Owner: Means any natural or juridical person holding a license issued by the Commission to be the *bona fide* owner of one or more racehorses. Likewise, a natural or juridical person may be the owner of a share of a racehorse; provided, that all of the owners of the racehorse hold a validly issued owner license. In the case of juridical persons, the chairman or at least one of the stockholders of the corporation shall hold a validly issued owner license and all of the owners of the racehorse must be shareholders.

...

(29) Public Trainer: Means a person holding a license to train racehorses for one or more racehorse owners and who administers and operates a public stable as owner and who must meet all the applicable requirements of the Horse Racing Regulations, orders, and resolutions of the Commission.

(30) ...

(31) Entry: Means two (2) or more horses running in the same race that are owned by the same owner or owners and shall be considered for betting purposes, as prescribed by the Government of Puerto Rico Gaming Commission through regulations, order, resolution, or the Racing Plan.

...

(34) Horse Racing Nuisance: Means a person declared as such by the Government of Puerto Rico Gaming Commission according to the law, because his behavior alters or obstructs the normal development of the Horse Racing Sport.

...

(39) Off-track Betting Teller Uncollectible Accounts' Collection Fund: Means the Fund to which Off-track Betting Tellers who chose not to post a bond to secure payment of bets, shall make the contributions as prescribed by the Commission through order, in lieu of the bond to secure payment of money bet in off-track betting locations and not paid to an Operator.

(40) Electronic Gaming System Off-track Betting Teller Uncollectible Account's Collection Fund: Means the Fund to which Off-track Betting Tellers holding an Electronic Gaming System station Operator license who chose not to post a bond to secure payment of bets made in the machines operated by them, shall make the contributions as prescribed by the Government of Puerto Rico Gaming Commission through order, in lieu of the bond. Operators shall be responsible for collecting teller's contributions, which shall be held in a bank account solely for such purposes. An Off-track betting teller's failure to pay the Fund contributions to an Operator on a daily basis shall be grounds for suspension or cancellation of the Off-track Betting Teller 's license.

(41) Racetrack: Means the place authorized through a license issued by the Government of Puerto Rico Gaming Commission for holding horse races in the jurisdiction of Puerto Rico and placing bets.

(42) ...

(43) Head of Laboratory: Means the Chemist who meets the same professional requirements established for the Official Chemist, who may or may not be an official of the Government of Puerto Rico Gaming Commission, and who shall be directly in charge of the laboratory where tests of samples of any nature taken from racehorses are conducted by or under the direct supervision of the Official Veterinarian. In the case of laboratories from any jurisdiction of the United States outside of Puerto Rico, the head of laboratory must hold all authorizations

and licenses required by law for the lawful exercise of its degree and profession in its jurisdiction.

(44) Jockey: Means a person holding a license issued by the Commission to ride racehorses.

(45) ...

(46) ...

(47) ...

(48) Racetrack License: Means the authorization or permit issued by the Government of Puerto Rico Gaming Commission to a natural or juridical person to operate a racetrack in Puerto Rico.

(49) Temporary Racetrack License: Means the temporary authorization or permit issued by the Government of Puerto Rico Gaming Commission to a natural or juridical person to begin the operations of a racetrack prior to meeting all the necessary license requirements.

(50) ...

(51) ...

(52) ...

(53) ...

(54) Racing Plan: Means the group of rules or standards prepared and approved by the Government of Puerto Rico Gaming Commission that shall govern the planning, scheduling, and organization of all official races.

(55) ...

(56) Pick Three (3): Means a bet in which the bettor must select one or more racehorses to officially arrive at the first position in each of the three races designated for this type of bet. The payout of this race is made or distributed as authorized by the Government of Puerto Rico Gaming Commission.

(57) Pick Four (4): Means a bet in which the bettor must select one or more racehorses to officially arrive at the first position in each of the four races designated for this type of bet. The payout of this race is made or distributed, as authorized by the Government of Puerto Rico Gaming Commission.

(58) Carryover Pool (Poolpote): Means the money accumulated from a formula-based deduction that, the Government of Puerto Rico Gaming Commission orders to be made from the daily Pick Six-wagers, which may be won by the ticket that hits, on a race day, the most winners in the races valid for the pool in a single ticket.

(59) ...

(60) ...

(61) Official Race Card: Means the program issued under the official seal of the Government of Puerto Rico Gaming Commission which contains all the day's races and any other information required by the Racing Secretary. It constitutes a commitment between the Government of Puerto Rico Gaming Commission and the betting public.

(62) Official Chemist: A person holding a valid license issued by the Board of Examiners of Chemists, who is an active member of the Puerto Rico College of Chemists and a holder of the authorizations and licenses required by law to lawfully practice his degree and profession in Puerto Rico. The Official Chemist shall be an employee of the Government of Puerto Rico Gaming Commission and shall be appointed by the Executive Director to perform the assigned duties, including serving as expert when required. The duties of the Official Chemist and the Head of Laboratory may be performed by the same person if the Government of Puerto Rico Gaming Commission has its own laboratory.

(63) ...

(64) ...

(65) ...

(66) Stud Book: Means the registry book of thoroughbred horses stating the genealogy, filiation, ownership, and any other element essential to its legal protection. It is known as Stud Book and may be maintained by the Jockey Club (American Stud Book), the Administration (Puerto Rico Stud Book), or both, at the discretion of the Government of Puerto Rico Gaming Commission as provided by the latter through resolution or order.

(67) Regulations: Means the Racing Regulations and any other set of regulations approved by the Government of Puerto Rico Gaming Commission, as provided in this Act.

(68) ...

(69) Racing Secretary: Means the official appointed by the Executive Director who shall be in charge of the entire registration process of racehorses participating in official races and of the preparation of a brochure indicating the racing conditions according to the Racing Plan devised by the Government of Puerto Rico Gaming Commission. The Racing Secretary is also responsible for preparing and presenting for each race day an Official Program, which must be approved and authorized by a representative of the Commission, before it is distributed.

(70) ...

(71) Account Deposit Wagering (ADW): Means the system through which wagers are debited and/or winning payoffs are credited to an advance deposit account held by an Operator or a third party on behalf of a person, under the conditions established by the Government of Puerto Rico Gaming Commission.

(72) Electronic Gaming System (EGS): Means the electronic gaming platforms located in Off-track Betting Locations, approved by the Commission in conjunction with the Department of the Treasury.

(73) ...

(74) ...

(75) ...

(76) ...

(77) ...

(78) ...

(79) Authorized Veterinarian: Means a veterinarian holding a valid license to practice veterinary medicine in Puerto Rico who is an active member of the College of Veterinarians of Puerto Rico, and is also officially authorized by the Commission to render professional veterinary services at entities and areas subject to the control and restrictions of the Government of Puerto Rico Gaming Commission.”

Section 6.3.- Sections 4, 5, 7, 8, 9, 10, and 11 of Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act,” are hereby repealed.

Section 6.4.- Section 6 renumbered as Section 4 of Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act,” is hereby amended to read as follows:

“Section 4.- Powers of the Government of Puerto Rico Gaming Commission.

(a) The Commission is hereby empowered to regulate all matters concerning the Horse Racing Industry and Sport. The Commission, after holding a public hearing, shall adopt such Horse Racing Sport regulations it deems necessary, which, once approved by the Commission and filed with the

Department of State pursuant to the provisions of Act No. 38-2017, the ‘Government of Puerto Rico Uniform Administrative Procedure Act,’ shall have force of law and the violation thereof shall constitute an offense as provided in this Act.

(b) Among other things, the Commission shall have the authority to:

(1) ...

(a) ...

...

(3) Prescribe the rules to govern the holding of horse races upon the approval of an annual plan to be known as the ‘Racing Plan,’ which shall serve as guideline and guidance for the Racing Secretary to establish the overall conditions for the monthly programming of races. It shall adopt a horse racing plan seeking to strike a balance between native and imported horses, and to increase the number of native horse races, and establish a scale of weight that fixes a minimum weight of not less than one hundred sixteen (116) pounds for all First Category A jockeys, regardless of the age of the race horse. Provided, that the applicable weight chart set forth in Section 38 of Chapter VI of the Caribbean Racing Confederation Regulations, shall be established for every International Classic, and be filed with the Commission prior to the holding thereof. This racing plan may be revised.

...

(5) Prescribe through regulations the requirements to be met by natural and juridical persons engaged in any horse racing activity; provided, that in the interest of the public safety and the order, purity, and integrity of the Horse Racing Sport, a program to detect the presence or use of controlled substances shall be implemented, under which reliable tests shall be randomly administered to Commission officials and employees as well as to all personnel holding a license

or permit issued by said Commission to perform duties directly related to the horse racing activity. The preventive nature of this program is aimed at addressing, reducing, and solving the use and abuse of illegal drugs as well as at counseling, treating, and rehabilitating the persons concerned. Said program shall be coordinated with the competent entity or entities of the public and private sectors that have the necessary and reliable resources to administer said tests. The funds to defray the cost of said tests shall proceed from the monies allocated to the Commission for these purposes under this Section. The Commission shall prescribe by regulations the process to be followed to render the operations of this program feasible and efficient. Nothing shall preclude horse owners, stud farm owners, or breeders from being shareholders of racetrack Operators in Puerto Rico.

(6) Authorize and regulate the use of electronic, mechanical, and photographic devices for the purpose of determining the start and the order in which the horses arrive at the finish line, to photograph and oversee the development of the races, among others.

(7) At the request of the Executive Director, of any natural or juridical person authorized to operate a racetrack in Puerto Rico, or on its own motion, declare as a horse racing nuisance any natural or juridical person who, in its judgment, attempts, threatens, or otherwise shows an intent to hinder the ordinary course of the Horse Racing Sport. Provided, that in order to make such determination, the Commission shall allow the defendant to appear and be heard at a public hearing, pro se or by counsel. Any person declared a horse racing nuisance by the Commission that attempts to enter or enters any racetrack or entity thereof, shall be guilty of a felony and upon conviction shall be punished by imprisonment for a term of not less than five (5) years nor more than ten (10) years, or by a fine of not less than one thousand dollars (\$1,000) nor more than five thousand dollars (\$5,000), or both penalties at the discretion of the court.

Any person that has been declared a horse racing nuisance by the Commission may not request to be reinstated to participate in horse racing activities until at least five (5) years have elapsed from said designation. The Commission shall prescribe through regulations the conditions and requirements whereby the person may be reinstated. If after being reinstated, the person once again engages in an unwelcome practice for which he should be declared a horse racing nuisance, the declaration shall extend throughout his lifetime. Any person declared a horse racing nuisance shall defray the cost of the proceedings. The statute of limitations to prosecute a person as a horse racing nuisance shall be one (1) year from the time said person is found guilty of violating the Horse Racing Regulations or the Controlled Medications Regulations, as well as any other regulations with restrictive provisions approved by the Commission to regulate the Horse Racing Sport.

(8) Prescribe, through regulations, the fines, civil penalties, and suspensions as well as the civil fines to be imposed for violations of this Act or of the rules, regulations, and orders approved or prescribed by the Commission or by the Stewards, which may be imposed by the Commission, the Stewards, or any other authorized official.

(9) Issue orders, rules, and resolutions and take the necessary measures leading to the physical safety, and the financial and social security of natural or juridical persons related to the horse racing industry and sport, including issuing cease and desist orders, should the Commission believe that a person is violating this Act or the rules, regulations, orders, or licensing requirements promulgated thereunder. When the Commission issues a cease and desist order, it shall notify the affected party of its right to an administrative hearing pursuant to the provisions of Act No. 38-2017, the ‘Government of Puerto Rico Uniform Administrative Procedure Act.’

If the party affected by the order fails to request a hearing and the Commission does not order it, said cease and desist order shall continue in effect until it is modified or rendered ineffective by the Commission. If a hearing is requested or ordered, the Commission may modify, render ineffective, or extend said order, upon notice to such effect and affording every interested party the opportunity to be heard, until the final disposition of the matter.

The Commission may render ineffective or modify an order if it determines that the conditions leading to the issuance of said order have changed or that, otherwise, it is in the public interest. It may also resort to the Court of First Instance to request enforcement of any cease and desist order issued by the Commission without the need to post a bond.

The Commission may file any other legal action or institute proceedings as are necessary or convenient to attain the purposes of this Act or of any other Act or Regulations, whose enforcement or oversight has been entrusted thereto.

(10) Consider and resolve petitions for review of the decisions issued by the Executive Director, the Stewards, or any other official in the exercise of the duties and powers conferred by the Horse Racing Act, the Horse Racing Regulations, or applicable orders or resolutions. Provided, that the Commission may, for good cause, suspend any punishment, sanction, or fine imposed by the Executive Director, the Stewards, or any authorized person not without first affording the parties in question the opportunity to be heard at a probable cause hearing. The decisions based on the Horse Racing Stewards' appreciation shall not be reviewed.

(11) Hold hearings, conduct on-site inspections, summon witnesses, administer oaths and take testimonies, and subpoena witnesses, require the production of documents, and any other additional evidence of any nature deemed

essential for learning the totality of the circumstances of a matter before its consideration. The Commission is also empowered to issue orders or summons and take depositions from persons in any investigation. In the event of nonappearance, the Commission shall resort to the Court of First Instance to compel appearance under penalty of contempt.

If there are reasonable grounds and/or belief that a person, within or without Puerto Rico, has violated or is violating any of the provisions of this Act or any order or regulation promulgated thereunder, the Commission may conduct investigations as are necessary within and without Puerto Rico.

If the Commission determines that any provision of this Act or any order or regulation promulgated thereunder has been or is being violated, the Commission shall refer the matter to the Executive Director who shall act in accordance with the powers vested in him under Section 12 of this Act and under Act No. 38-2017, the ‘Government of Puerto Rico Uniform Administrative Procedure Act.’

...

(15) Determine and establish by regulations, certain unwelcomed practices in addition to those listed in Section 11 of this Act which constitute an impairment to horse racing activities.”

Section 6.5.- Section 12 renumbered as Section 5 of Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act,” is hereby amended to read as follows:

“Section 5.- Authorities of the Executive Director.

(a) The Executive Director shall be the executive officer and administrative director of all horse racing activities in Puerto Rico, and shall have authority, without being limited thereto, to:

(1) Enforce compliance with the horse racing laws and regulations and the orders and resolutions of the Commission. Impose civil fines for violations of the laws administered by him or the rules, regulations, and orders approved or issued by him, the Commission or the Stewards, as provided in the Horse Racing Regulations. The Executive Director may file any action or suit, or institute proceedings deemed necessary or convenient to exercise his power under this Act or any other law or regulations, whose enforcement or oversight has been entrusted to him, including issuing cease and desist orders. The Executive Director may resort to the Court of First Instance to enforce compliance therewith without the need to post a bond, whether represented by his attorneys or the Secretary of Justice, upon petition to such effect.

(2) Grant, suspend temporarily, or permanently cancel horse owner, jockey, trainer, groomer, and off-track betting teller licenses, or any other license or permit in connection with horse racing activities, except for racetrack licenses. Provided, that to cancel any of said licenses temporarily or permanently, the Executive Director shall notify the affected person of the charges, and afford him the opportunity to appear and be heard, pro se or by counsel. Provided, that the administrative procedure to suspend or cancel a license is carried out pursuant to Act No. 38-2017, the 'Government of Puerto Rico Uniform Administrative Procedure Act.' If the Executive Director, upon investigation conducted by him, believes that a person, other than the Operator, has violated this Act or any rule or order issued thereunder, he may, upon previous notice and hearing to such effect, issue a cease and desist order, suspend the person's license for a period not to exceed one year, and take any other action allowed by law, as necessary to protect the public interest. In the event that the Operator is found guilty of violating this Act, a rule, an order, or a resolution issued thereunder, the Executive Director, upon previous notice and hearing, may impose a fine as provided by regulations.

The required notice shall include the legal or regulatory provisions that the Executive Director deems to have been violated, and the right to a hearing. The notification and hearing requirement notwithstanding, the Executive Director may issue a cease and desist order under the immediate action procedure as allowed under Act No. 38-2017. Substantial evidence shall be the quantum of evidence required in the cases heard before the Executive Director. The final resolutions of the Executive Director shall be notified by certified mail return receipt requested at the defendant's official address, by personal delivery duly accredited, or through his counsel, if so represented during the proceeding.

The Executive Director may prepare and amend from time to time any such forms as are necessary to carry out his duties, provided, that such forms are compatible with this Act, the Horse Racing Regulations, and the orders of the Commission.

(A) ...

...

(3) The Executive Director shall not issue or renew licenses or allow licenses to remain in effect, if the applicant and/or license holder investigation shows that the applicant and/or license holder has breached or failed to meet its financial obligations to any other component of the Horse Racing Industry in Puerto Rico, and in those states or countries with which there is reciprocity in horse racing activities. The Commissioner shall establish through Regulations the necessary documents to apply for the horse owner and public trainer licenses.

(4) No type of license shall be issued or renewed, nor shall it be rendered valid if the applicant and/or the license holder has had his license suspended or cancelled in any other country with which Puerto Rico has reciprocity in the Horse Racing Sport. The Executive Director may recognize horse

owner licenses duly accredited by the horse racing authorities of any state of the United States of America or any other country with which it has reciprocity, if the requirements of such state or country are similar to those prescribed by law or regulations in Puerto Rico; thus, the Executive Director may request the owner any documentation he deems pertinent.

(5) No license or permit of any kind shall be issued to an applicant who refuses to submit to the drug testing required by the Executive Director, or tests positive on said screening test upon agreeing to submit thereto; nor should any license or permit be renewed or remain valid after the license or permit holder has been referred to rehabilitation treatment for having been identified and verified as a controlled substance user and tested positive on a subsequent test. Provided, that the Commission prescribes by regulations the process to be followed.

(6) The Executive Director shall suspend the license and authorization to operate an Off-track Betting Location that is operating adult amusement machines or any other machine or game in contravention of Act No. 11 of August 22, 1933, as amended; Act No. 221 of May 15, 1948, as amended; Act No. 77 of July 1, 2014, as amended; and any other legislation enacted for similar purposes, in the facilities where the Off-track Betting Location is located or in nearby facilities.

(7) The Commission shall regulate and oversee all that pertains to the close of wagering.

(8) Suspend the races in any racetrack when, in his judgment, said racetrack does not offer the necessary security, safety, and comforts to the public in attendance, nor to the jockeys, trainers, and other stable personnel, horse owners, and officials who directly or indirectly intervene in the event, or when the bettor's interests or rights may be adversely affected.

(9) Hold hearings, summon witnesses, administer oaths, and subpoena the production of books and documents he deems are necessary to consider any matter before him. In the event of noncompliance with a summons or an order issued by the Executive Director, the latter may resort to the Court to request compliance with said summons or order under penalty of contempt.

The Executive Director may conduct such investigations, within and without Puerto Rico, deemed necessary or entrusted to him by the Commission to determine whether a person has violated any provision of this Act or any regulation or orders promulgated thereunder.

(10) Delegate, when deemed convenient, to a hearing examiner, who shall be an attorney admitted to the Bar, to receive any evidence in connection with a matter or complaint filed with the Executive Director. The examiner thus designated may take the testimony of the witnesses appearing before him and submit a report of his findings of fact and conclusions of law to the Executive Director. The adversely affected party may challenge said report before the Executive Director within fifteen (15) calendar days of the notice thereof. The procedure before the Executive Director shall comply with the provisions of Act No. 38-2017, the ‘Government of Puerto Rico Uniform Administrative Procedure Act.’ By virtue of Section 3.3 of Act No. 38-2017, the ‘Government of Puerto Rico Uniform Administrative Procedure Act,’ in addition to hearing examiners, the designation of administrative judges shall be allowed. The head of the agency may delegate his adjudicatory authority to administrative judges, who shall be officials or employees of the agency.

(11) Appoint personnel as necessary for the operation of the Commission.

(12) Contract the services of the personnel required for holding horse races, including, but not limited to Stewards, the start and finish judges, the paddock, registration, track, weighing or mounting officials, veterinarians, betting inspectors, or any other personnel deemed necessary. The place where these persons perform their duties shall be deemed to be part of the Commission, and their powers, duties, and functions shall be provided in the Horse Racing Regulations.

...

(15) Establish and supervise a Horse Racing Vocational School, appoint personnel as necessary for its operations, and promulgate rules and standards for the operations thereof with the approval of the Commission. The School's operating expenses shall be defrayed from the special fund created by Section 3060.11 of the 'Puerto Rico Internal Revenue Code of 2011,' through the corresponding appropriation annually earmarked in the General Expense Budget of the Commission.

Provided, further, that the Commission shall issue licenses to ride and participate in horse races to any person older than seventeen (17) years of age who graduated from the Horse Racing Vocational School.

The Commission shall award the Mateo Matos Scholarship, in the amount of one thousand dollars (\$1,000) annually, to an outstanding jockey student who demonstrates financial need, as provided by the Commission. Likewise, the Commission shall award the Pablo Suárez Vélez Scholarship, in the amount of one thousand dollars (\$1,000) annually, to an outstanding trainer student who demonstrates financial need, as provided by the Commission. The two scholarships provided for herein shall be funded from the Breeding and Development Fund.

(16) Mediate, in conjunction with the Secretary of Labor and Human Resources, if possible, in any labor-management, labor-union, or other dispute related to any group participating in horse racing activities or the industry that could jeopardize the holding of races. Any of the parties involved may request the Commission's intervention, and none of the parties may call a strike until the Commission has intervened for a period not to exceed fifteen (15) days in an attempt to find a satisfactory solution to the dispute and has failed to reach an agreement. This provision does not invalidate the constitutional guarantees concerning the right to strike or to picket, if an agreement is not reached.

(17) The personnel appointed by the Executive Director for the development and supervision of the races shall be appointed for a fixed term under contract, which may be rescinded or cancelled any time at the discretion of the Executive Director to safeguard the integrity of the sport and maintain the people's trust therein. The personnel of the Executive Director's Office shall be appointed pursuant to the provisions of Act No. 8-2017, as amended, the 'Government of Puerto Rico Human Resources Administration and Transformation Act,' or its succeeding law. Provided, that the Executive Director shall determine the number of employees and shall fix the salaries of those holding positions of trust according to the pay scale promulgated by the Training and Labor Affairs Advisory and Human Resources Administration Office.

...

(20) Maintain a stud book of race horses similar to the American Stud Book maintained and published by the Jockey Club, which shall be known as the Puerto Rico Stud Book, to keep a record of the thoroughbred horses in Puerto Rico that have been registered in the American Stud Book; provided, that for a thoroughbred horse to participate in races in Puerto Rico the licensed owner shall submit to the Executive Director the application form furnished by the latter to

register the horse in question along with proof of the horse's registration in the American Stud Book, which shall be returned duly sealed and shall constitute evidence of the horse's registration locally. Likewise, horse breeders and owners in Puerto Rico shall submit for the records of the Commission the same information or proof submitted to or required by the Jockey Club; provided, that the Executive Director may take official notice of the Jockey Club's records and the current circumstances of horse racing in Puerto Rico and/or of the records of any entity or administrative agency of Puerto Rico, a U.S. jurisdiction or any other country, and based on such records, direct the correction of any record of the Commission, including the cancellation of any unlawful or incorrect registration, for which the adversely affected party shall be afforded the opportunity to be heard."

Section 6.6.- Section 13 of Act No. 83 of July 2, 1987, as amended, known as the "Puerto Rico Horse Racing Industry and Sport Act," is hereby renumbered as Section 6 and amended to read as follows:

"Section 6.- Stewards.

There shall be three (3) Horse Racing Stewards, a Chairperson, and two (2) associate members, who shall be appointed by the Executive Director and shall serve according to the criteria established by the Commission

The Stewards shall have the power to administer oaths and take testimony relating to the holding of the races, as well as to issue orders to the Operator and all other persons holding a license issued by the Government of Puerto Rico Gaming Commission leading to the adoption of reasonable measures as are necessary during race days for the protection and physical safety of the components of the racing industry and the public in general. Likewise, Stewards shall be empowered to impose administrative penalties for violations of the Act or the Regulations while said events are being held. Said penalties shall conform to the provisions of this Act and the Regulations adopted by the Commission. The duly constituted

Horse Racing Stewards shall be the supreme authority while the races are being held. Act No. 38-2017, as amended, known as the ‘Government of Puerto Rico Uniform Administrative Procedure Act,’ shall not apply to the procedures held before the Stewards; provided, that the Stewards shall guarantee due process of law.”

Section 6.7.- Section 14 of Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act,” is hereby renumbered as Section 7 and amended to read as follows:

“Section 7.- Review by the Commission.

Any person adversely affected by the orders, decisions, suspensions, or fines imposed by the Stewards, or any other authorized official, may appear in person or by counsel to request a review before the Commission. The Commission may review, based on the record, the decisions issued by the Stewards or any other official in the exercise of the duties and powers conferred by the Horse Racing Act, the Horse Racing Regulations, or other applicable orders or resolutions. The Commission may hold argumentative hearings concerning any review proceedings.

The petitions for review shall not stay the effect of the orders, decisions, suspensions, and fines while they are being resolved by the Commission. Provided, that the Commission, in order to determine good cause, shall hear both parties before staying the effects of any order, decision, suspension, or fine imposed by the Stewards or any other authorized official. In the case of fines, the person sanctioned may not register, train, care for, or ride horses unless said person deposits with the Office of the Commission the amount of the fine, which shall be refunded if the Commission resolves in his favor. The Operator shall also deposit the amount of the fine imposed thereon in order to resort to the Commission or the court. Any noncompliance with or delay in meeting this requirement or paying the fine shall entail the payment of interest on the unpaid amount.

Every petition for review shall be filed with the Commission within the jurisdictional term of twenty (20) days from the notice of the determination to be reviewed.

The Commission shall consider the petition for review within thirty (30) days from the filing thereof with the Office of the Secretary and shall issue a resolution within sixty (60) days after the hearing. The Commission shall issue a resolution denying, upholding, modifying, or revoking the revised order, resolution, or decision. The Commission shall be required to make findings of fact and conclusions of law in all cases in which it issues a resolution, as well as state the facts according to the evidence presented. Substantial evidence shall be the quantum of evidence required in the cases heard before the Commission.

The adversely affected party may request reconsideration of the order or resolution of the Commission by filing a petition to such effect with the Commission within the jurisdictional term of twenty (20) days as of the date of notice of the order or resolution.

The Commission shall establish, through regulations, the manner in which the procedures before it shall be conducted.

The filing of the petition for reconsideration provided herein shall not stay the effectiveness of a decision, order, resolution, or action sought to be reconsidered by the Commission.

No injunction, cease and desist order, or any other restraining order preventing the execution of the appealed orders or resolutions shall be issued without notice to or hearing before the Commission, the Stewards, or any other official, as the case may be.”

Section 6.8.- Section 15 of Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act,” is hereby renumbered as Section 8, and subsections (a) and (d) are hereby amended to read as follows:

“Section 8.- Judicial Review.

(a) The final decisions, orders, or resolutions of the Commission may be reviewed by the Court of Appeals upon filing an appeal.

(b) ...

(c) ...

(d) No injunction or any other temporary restraining order preventing the execution of the appealed orders or resolutions shall be issued without notice to, or hearing before the Commission, the Stewards, or any other official, as the case may be. Every judicial proceeding before the courts of justice shall take into account the legislative intent of granting the Horse Racing Sport the highest degree of autonomy compatible with law and equity.”

Section 6.9.- Section 16 of Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act,” is hereby renumbered as Section 9, and amended to read as follows:

“Section 10.[sic]- Special Considerations when Issuing Licenses.

(a) No license to engage in horse racing activities shall be issued or renewed to any person who has been convicted of violating any of the provisions of the Controlled Substances Act of Puerto Rico, or who has been convicted of a felony or a misdemeanor involving moral turpitude, until a minimum of five years have elapsed from the occurrence of the criminal act and the person has met all other conditions provided by the Commission through regulations.

(b) No license issued under this Act shall be valid for more than four (4) years. License fees corresponding to the approved years of validity shall be fully paid at the time of issue. Racetrack licenses may be issued for a term of up to fifteen (15) years and the fees corresponding to each approved year of validity shall be paid annually by the applicant on the anniversary date of the license. Temporary racetrack licenses shall not be valid for more than one year; however,

temporary licenses may be renewed by the Commission if the requirements set forth herein are met and upon payment of the corresponding fees.

(c) All licenses shall be renewed according to the date of birth of the applicant, except for the racetrack license which shall be renewed on the anniversary date of said license. Provided, that the necessary documents and the payment of the corresponding fees shall be submitted each year as provided in this Act and in the Horse Racing Regulations. Juridical persons' licenses shall be renewed one year after the issue date thereof. The Executive Director shall establish the licensing process through an administrative order.

(d) The racetrack or racetracks may request the Commission's authorization for simulcasting and/or electronically reproducing in Puerto Rico races held in other racetracks in order to broaden their local race program, accept wagers on, and obtain receipts from imported races. The deductions provided in Section 20 of this Act shall apply to wagers placed in Puerto Rico on simulcast and/or otherwise electronically reproduced races. Likewise, racetracks may request the Commission's authorization to simulcast and/or electronically reproduce live races held therein in order to allow other racetracks or authorized interstate off-track betting locations to place wagers on such races. Racetrack operators are hereby authorized to enter into agreements with other racetracks and/or authorized interstate or international off-track betting locations, and to enter into agreements for simulcasting and/or electronically reproducing races. Any request for exporting the signal of live races held for placing interstate or international wagers shall be submitted to, and approved by the Commission and have the consent of the group representing a majority of horse owners participating in the applicant racetrack or the direct consent of the owners absent an owners' association representing a majority of owners. The Commission shall prescribe by regulations reasonable

requirements for approving the simulcasting on a case by case basis, which shall operate independently from the local races.”

Section 6.10.- Section 17 of Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act,” is hereby renumbered as Section 10, and subsections (a) and (d) are hereby amended to read as follows:

“Section 10.- Prohibition on Officials and Employees.

(a) No official or employee of the Commission nor the Executive Director of the Government of Puerto Rico Gaming Commission shall have any proprietary interest in the racetracks, nor in those horses that participate in the races, nor can they make wagers on horse races in Puerto Rico. Any violation of this Section shall be sufficient cause for dismissing such official or employee.

(b) No official of the Government of Puerto Rico Gaming Commission appointed by the Governor may work for a racetrack Operator until at least one (1) year has elapsed since said official ceased holding office.

(c) No racetrack official or employee directly involved in any type of authorized wagering may have an interest in or own a share of the horses participating in the horse races. Race track operators, whether a natural or a juridical person, shall be notified of any violation of this Section and the employee or official who committed such violation shall cease to hold such position, or the racetrack license shall be suspended while the person responsible remains an employee of the racetrack; provided, that before the dismissal of the employee is directed by the Executive Director or the racetrack license is suspended by the Commission, the concerned persons shall be afforded the opportunity to appear pro se or by counsel and be heard, and resort to the Court of First Instance to request review.”

Section 6.11.- Section 18 of Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act,” is hereby renumbered as Section 11, and subsections (c), (e), and (f) are hereby amended to read as follows:

“Section 11.- Unwelcome Practices.

(a) ...

(b) ...

(1) ...

(2) ...

(3) ...

(4) ...

(5) ...

(c) ...

(1) ...

(2) That any person maintains, exploits, operates, or manages any location where said games are held in contravention or violation of this Act, or the regulations, orders, or resolutions of the Commission.

(3) ...

(4) ...

(d) ...

(1) ...

(2) ...

(3) ...

(4) ...

(e) ...

(1) That any natural or juridical person by any means attempts to register or registers an imported horse in the registers of the Commission, making it pass off as a native horse.

(2) ...

(f) Penalties.- Any person who engages in any of the aforementioned practice shall be guilty of a felony and, upon conviction, shall be punished by imprisonment for not less than five (5) years or by a fine of five thousand dollars (\$5,000); or by imprisonment for a term not to exceed ten (10) years, or by a fine of ten thousand dollars (\$10,000), or both penalties at the discretion of the court. The Commission may impose on any person who violates any provision of this Act or of any Regulation or Order promulgated thereunder, a civil fine of not less than five hundred dollars (\$500) nor more than five thousand dollars (\$5,000) for each violation. Vehicles, equipment, and monies used to engage in these unwelcomed practices shall be seized. The Commission may refer any evidence available concerning the violations of this Act, or any Regulation or Order promulgated thereunder, to the Secretary of Justice or to any other competent body so as to request the corresponding investigation.

The Commission may take the measures deemed necessary to prevent the occurrence of any unwelcome practices herein listed or may initiate any proceeding against a party in order for the latter to answer for his engaging in any of said unwelcome practice. The costs, expenses, and reasonable attorney's fees pertaining to said proceeding shall also be imposed on the defendant. Said funds shall be deposited in the special fund of the agency.

The Operator's noncompliance with its obligation to deposit the government's deductions or the imposed fines within the established term, shall empower the Secretary of the Treasury, at the request of the Commission, to execute any bond posted by the operator."

Section 6.12.- Section 19 of Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act,” is hereby renumbered as Section 12, and subsections A., B., and C. are hereby amended to read as follows:

“Section 12.- Collection of Fees.

A.- The Gaming Commission, through the Executive Director, shall collect the following fees:

1. ...

...

39. Entry of each change, if made voluntarily at the owner’s request, except when said entry is made by order of the Commission, or in case the name of the racehorse is hard to pronounce. \$100.00

40. ...

...

B.- The Executive Director may also collect the fees authorized by the Commission, through order or regulations, for courses, examinations, and the filing of miscellaneous documents or applications for which no specific fee whatsoever has been established in this Act. The fees collected shall be included in the operating budget of the Government of Puerto Rico Gaming Commission.

C.- The Executive Director may establish and authorize an application procedure for licenses and all other permits, requests, or matters by electronic means, providing for the payment mechanism for each one of them.”

Section 6.13.- Section 20 of Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act,” is hereby renumbered as Section 13, and subsections (7) and (8) are hereby amended to read as follows:

“Section 13.- Deductions on Bets.

...

(1) ...

...

(7) Winners shall not be paid the first four (4) cents or fraction thereof of the winnings, which shall be withheld by the racetrack Operators, whether natural or juridical persons, and deposited each race day in a special interest-bearing account held in a local banking institution, to be used by the juridical person that is the Operator of the racetrack where the wagers were generated to fund the acquisition of thoroughbred horses. Said funds shall be used as provided by the Commission through an order to such effect, pursuant to the regulations and under the supervision and oversight of the Executive Director. The foregoing notwithstanding, prior to depositing said funds in the special account, Operators may use such funds to make up deficiencies in the betting pools, known as minus pools; once the deficiency is covered, the surplus shall be deposited in the special account.

(8) Bettors' right to collect winnings from horse wagers or receive a refund after a bet has been declared void shall expire three (3) months after the day on which they are won or voided. Unclaimed money shall be remitted immediately by the corporation owning the racetrack to the Secretary of the Treasury, who shall distribute it as follows:

(a) One hundred percent (100%) of the amount shall be deposited in the Breeding and Development Fund, in a special account in favor of the Government of Puerto Rico Gaming Commission for the development of the Horse Racing Sport in general, as determined by the Commission by order or resolution. The monies deposited in this Fund may be used by the Commission to defray the costs of drug testing provided for in this Act.

(9) ...”

Section 6.14.- Section 21 of Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act,” is hereby renumbered as Section 14.

Section 6.15.- Section 22 of Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act,” is hereby renumbered as Section 15, and amended to read as follows:

“Section 15.- Transfer of Personnel, Funds, and Property.

The regular personnel, records, assets, and any available appropriation balance of the former Horse Racing Administration are hereby transferred to the Government of Puerto Rico Gaming Commission.

The personnel thus transferred shall keep the same position they held at the time of the transfer as well as all the rights, privileges, and obligations with respect to any pension, retirement, savings, and loan funds system to which they were affiliated prior to the approval of this Act.”

Section 6.16.- Section 23 of Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act,” is hereby repealed and Section 24 is hereby renumbered as Section 16.

Section 6.17.- Section 25 of Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act,” is hereby renumbered as Section 17, and amended to read as follows:

“Section 17.- Racehorse Inventory.

The racetrack Operator shall maintain an inventory of the thoroughbred racehorses available for participating in races. The Executive Director shall establish, through an administrative order, the dates on which said inventory shall be made. Provided, that said inventory shall be submitted to the office of the Executive Director not later than thirty (30) days after its completion.”

Section 6.18.- Section 26 of Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act,” is hereby renumbered as Section 18, and amended to read as follows:

“Section 18.- Excise Taxes on Horse Owners.

a) For all legal purposes, including the ‘Internal Revenue Code for a New Puerto Rico,’ as amended, and any law or statute succeeding it, the total revenues of all regular and supplemental prizes as well as any other income derived and received from the horse races and the Electronic Gaming System by the owners of race horses registered in the Commission, shall be exempt from any taxation, excise, or levy imposed under the aforementioned Code, as amended; provided, that the holding of horse races in a racetrack authorized in Puerto Rico continues active and operational.

This provision repeals all other provisions contained in any other law, including the ‘Internal Revenue Code’ and the ‘Excise Tax Law.’”

Section 6.19.- Section 27 of Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act,” is hereby renumbered as Section 19, and amended to read as follows:

“Section 19.- Special Account.

The amount corresponding to the Breeding and Development Fund from unclaimed prizes and voided tickets shall be deposited in a special account of the Government of Puerto Rico Gaming Commission.”

Section 6.20.- Section 28 of Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act,” is hereby renumbered as Section 20, and amended to read as follows:

“Section 20.- Electronic Gaming System Authorization; Regulations; Implementation.

An Electronic Gaming System is hereby authorized and established solely and exclusively in off-track betting locations, that is, those locations operated by Off-track Betting Tellers, whereby a person may participate in the various modalities of said games. Likewise, the use of an interactive computer system is hereby authorized to allow for the recording of Wagers at the time they are made. The Electronic Gaming System shall have a maximum of five thousand (5,000) terminals throughout the jurisdiction of the Government of Puerto Rico and under no circumstances within a racetrack.

The Commission shall be responsible for adopting and promulgating regulations as are necessary for the implementation of the Electronic Gaming System pursuant to the provisions of this Act and Act No. 38-2017, as amended, known as the ‘Government of Puerto Rico Uniform Administrative Procedure Act.’ The provisions of said regulations shall be implemented by the Executive Director; and shall include, but not be limited to, the following provisions:

a) ...

...

e) Beginning February 1, 2006, and thereafter, the Executive Director shall submit an annual report on the implementation of the Electronic Gaming System to the Legislative Assembly of Puerto Rico.

Furthermore, the Regulations shall contain or establish, without it being construed as a limitation, the following:

a) ...

...

For purposes of this Section and Section 19 of this Act, the terms below shall have the following meaning:

a) **Race Prizes Account:** Means the account maintained by a racetrack to pay the monies received by the owner of a racehorse for the performance of said horse in an official race according to the regulations of the Government of Puerto Rico Gaming Commission. It includes regular, supplementary or retroactive prizes, donations, rewards, gifts, or any monies received by an owner as direct or indirect result of the participation of his horse in an official race.

b) **Off-track Betting Tellers Commission Fund:** Means the fund referred to in Section 19 of this Act.

c) ...
...”

Section 6.21.- Section 29 of Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act,” is hereby renumbered as Section 21, and amended to read as follows:

“Section 21.- Distribution of the Net Receipts from the Electronic Gaming System Operations.

The net receipts from the Electronic Gaming System operations shall be deposited in a special account created by the Operator. The amount to be distributed to the player on account of winnings shall not be less than eighty-three percent (83%) of the total value of the plays. This ratio shall be measured on the basis of the parameters to be established through regulations.

The Operator shall distribute the operations’ net receipts in the following order and manner:

(a) ...
(b) ...

Any balance of the net receipts from the Electronic Gaming System operations, after the items stated in subsections (a) and (b) are covered, shall be paid and deposited in the General Fund of Puerto Rico.”

Section 6.22.- Section 30 of Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act,” is hereby renumbered as Section 22 and amended to read as follows:

“Section 22.- Creation of the Off-track Betting Teller Uncollectible Accounts Fund.

(1) Said Fund, as defined in Section 3 of this Act, shall consist of the contributions made by off-track betting tellers who choose not to post a bond to secure the payment of wagers, in lieu of said bond, to secure the recovery of the money waged in off-track betting locations and not paid to an Operator. Said contributions shall be established by the Executive Director through an order.

(2) Operators, as defined in Section 3 of this Act, shall be in charge of collecting the tellers’ contributions, which shall be kept in a bank account exclusively held for such purposes.

(3) ...”

Section 6.23.- Section 31 of Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act,” is hereby renumbered as Section 22, and amended to read as follows:

“Section 23.- Creation of the Breeding and Development Fund.

(1) Said fund, as defined in Section 3 of this Act, is created for purposes of promoting the breeding and acquisition of thoroughbred horses and developing the horse racing industry.

(2) ...

(3) The Commission shall have the right to deduct from the payments corresponding to the recipients of said programs, an administration or service fee that shall not exceed five percent (5%) of said funds and proof thereof shall be submitted and kept.

(4) The Funds obtained for the Breeding and Development Fund, as provided in this Act, shall be tax-exempt for the beneficiaries thereof. Said funds shall be distributed by the Commission, upon receipt thereof, as prescribed through regulations, order, or resolution. The interest generated by these accounts shall be used for the same purposes that led to the creation of this Fund.

(5) The Executive Director may appoint a Fund Administrator if, in his best judgment, said procedure is beneficial to the disposition and management thereof.

(6) The Commission shall prescribe through regulations the award of two (2) scholarships in the amount of one thousand dollars (\$1,000) each. These scholarships shall be known as the Mateo Matos Scholarship and the Pablo Suárez-Vélez Scholarship, as provided in the ‘Government of Puerto Rico Gaming Commission Act.’ These amounts may be adjusted by the Commission, according to the time value of money. Scholarships shall be funded by this Breeding and Development Fund.”

CHAPTER VII. TRANSITORY PROVISIONS

Section 7.1.- Transition Process.

The Commission is hereby authorized to adopt transition measures as needed in order to implement the provisions of this Act without interrupting public services and other administrative processes of the entities that shall be part of the Commission and its components.

Any actions that are necessary, appropriate, and convenient to attain the purposes of this Act, including, but not limited to, the revision of regulations, the establishment of their internal, programmatic, and budgetary structure, as well as the accounts structure required to carry out their fund accounting, and the relocation of offices, shall begin within a term that shall not exceed thirty (30) calendar days after the approval of this Act.

In the transition process, the administrative structures and functions may be carried out by current officials and existing structures until the completion of the transition. The regulations and processes in effect shall continue in effect until the Commission modifies them in accordance with the Act, and such regulations and processes may be applied, notwithstanding any reference made to the preceding administrative structure repealed under this Act.

Section 7.2.- Employee Provisions.

The provisions of this Act shall not be used as grounds for dismissal of any employee holding a regular position. The personnel of the entities and offices that shall become part of the Commission shall be designated in accordance with the statutes, regulations, and administrative rules applicable thereto. Likewise, all regulations and personnel transactions shall comply with the provisions of Act No. 8-2017, as amended, known as the ‘Government of Puerto Rico Human Resources Administration and Transformation Act.’

Employees transferred to other areas or entities shall keep their vested rights pursuant to the laws, rules, collective bargaining agreements, and regulations applicable thereto, as well as their privileges, obligations, and status with respect to any existing pension, retirement, or savings and loan fund system established by law, in which they were participating prior to the approval of this Act and that are compatible with the provisions of Act No. 26-2017, as amended, known as the ‘Fiscal Plan Compliance Act.’

Section 7.3.- Rulemaking Authority.

All regulations, orders, resolutions, circular letters, and all other administrative documents that govern the operations of the bodies, programs, services and functions transferred under this Act to the Commission and which are in effect as of the effective date of approval of this Act, provided, that they are consistent therewith, shall continue in effect until they are expressly altered, modified, amended, repealed, or substituted by the Secretary.

It is hereby provided that any law, executive order, administrative order, regulations, resolution, circular letter, or similar document making reference to any of the consolidated entities or divisions is hereby amended and henceforth any reference to the Tourism Company or the Horse Racing Board shall be deemed to refer to the Government of Puerto Rico Gaming Commission; and any reference to the Horse Racing Administrator and Horse Racing Administration shall be deemed to refer to the Executive Director.

The Regulations on the functions herein transferred to the Commission shall continue in effect until they are expressly altered, modified, amended, repealed, or substituted by the Commission.

Section 7.4.- Initial Budget of the Commission.

As of the approval of this Act, the funds, assets, and resources previously allocated to the consolidated entities and divisions pursuant to the budget in effect and the applicable law are hereby transferred to the Commission, which is authorized to use and administer them. The Office of Management and Budget shall appropriate for the current fiscal year the items needed for establishing the structure of the new Commission in view of the new types of wagering authorized in this Act.

Section 7.5.- Conflicting Provisions Superseded.

If the provisions of this Act were in conflict with the provisions of any other law, the provisions of this Act shall prevail unless the provisions of such other law specifically amend or repeal any or all of the provisions of this Act.

Section 7.6.- Severability.

If any clause, paragraph, subparagraph, sentence, word, letter, article, provision, section, subsection, title, chapter, subchapter, heading, or part of this Act were held to be null or unconstitutional, the ruling, holding, or judgment to such effect shall not affect, impair, or invalidate the remainder of this Act. The effect of said holding shall be limited to the clause, paragraph, subparagraph, sentence, word, letter, article, provision, section, subsection, title, chapter, subchapter, heading, or part of this Act thus held to be null or unconstitutional. If the application to a person or a circumstance of any clause, paragraph, subparagraph, sentence, word, letter, article, provision, section, subsection, title, chapter, subchapter, heading, or part of this Act were held to be null or unconstitutional, the ruling, holding, or judgment to such effect shall not affect or invalidate the application of the remainder of this Act to such persons or circumstances where it may be validly applied. It is the express and unequivocal will of this Legislative Assembly that the courts enforce the provisions and application thereof to the greatest extent possible, even if it renders ineffective, nullifies, invalidates, impairs, or holds to be unconstitutional any part thereof, or even if it renders ineffective, invalidates, or holds to be unconstitutional the application thereof to any person or circumstance. This Legislative Assembly would have approved this Act regardless of any determination of severability that the Court may make.

Section 6.7.- Effectiveness Clause.

This Act shall take effect immediately after its approval. The amendments of this Act, contained in Chapter V, to Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act,” shall become effective on the effective date of this Act. The effectiveness of this Act shall not be affected by the effectiveness clause of Section 17.3 of Act No. 141-2018, as amended, known as the “Department of Economic Development and Commerce Reorganization Plan Enforcement Act of 2018.” All amendments contained in Act No. 141-2018 to the provisions of Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act,” that are not inconsistent with this Act shall become effective on the effective date thereof.

CERTIFICATION

I hereby certify to the Secretary of State that the following **Act No. 81-2019 (H. B. 2038) (Conference)** of the **5th Regular Session** of the **18th Legislative Assembly of Puerto Rico**:

AN ACT to establish the “Government of Puerto Rico Gaming Commission Act” for the purpose of establishing the public policy of the Government of Puerto Rico on Sport Events, eSports, and Fantasy Contests; authorize bets on these events in Puerto Rico, both online and at physical locations; provide for betting locations; provide safeguards to prevent gambling addiction, money laundering, and underage betting; create the Government of Puerto Rico Gaming Commission, which shall handle all matters related to sports betting, games of chance, and the horse racing industry; [...]

has been translated from Spanish to English and that the English version is correct.

In San Juan, Puerto Rico, on this 11th day of October, 2019.

Orlando Pagán-Ramírez
Director