COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS SAIPAN, TINIAN, ROTA and NORTHERN ISLANDS



COMMONWEALTH REGISTER

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AUGUST 28, 2014

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TINIAN CASINO GAMING CONTROL COMMISSION

Municipality of Tinian and Aguiguan Commonwealth of the Northern Mariana Islands



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PUBLIC NOTICE OF EMERGENCY REGULATIONS PERTAINING^{LiniauGamingED@gmail com} TO THE ESTABLISHMENT OF TECHNICAL STANDARDS AND REQUIREMENTS APPLICABLE TO SLOT MACHINES, ELECTRONIC TABLE GAMES AND ASSOCIATED GAMING EQUIPMENT FOR USE IN LICENSED CASINOS ON THE ISLAND OF TINIAN

EMERGENCY ADOPTION AND IMMEDIATE EFFECT: The Tinian Casino Gaming Control Commission finds that:

(1) the attached rules and regulations regarding Technical Standards and requirements applicable to slot machines, electronic table games and associated gaming equipment for use in licensed casinos on the island of Tinian shall be adopted immediately on an emergency basis because the public interest so requires, for the reasons stated below (1 CMC § 9104(b), (c); 1 CMC § 9105(b)(2)); and

(2) the same rules and regulations shall be adopted, after a proper notice and comment period, as permanent regulations pursuant to the attached Notice of Proposed Rules and Regulations and the Administrative Procedure Act, I CMC § 9104(a).

AUTHORITY: The Tinian Casino Gaming Control Commission is empowered by Part II Section 5(8)(c) and Part XI, § 121(2)(f), of the Revised Casino Gaming Control Act of 1989 and the CNMI Administrative Procedures Act to establish technical standards and requirements applicable to slot machines, electronic table games and associated gaming equipment for use in licensed casinos on the Island of Tinian to ensure compliance with Revised Casino Gaming Control Act of 1989. The Administrative Procedure Act provides that an agency may adopt an emergency regulation upon fewer than 30 days' notice if it states its reasons in writing:

(b) If an agency finds that the public interest so requires, or that an imminent peril to the public health, safety, or welfare requires adoption of a regulation upon fewer than 30 days' notice, and states in writing its reasons for that finding, it may, with the concurrence of the Governor, proceed without prior notice or hearing or upon any abbreviated notice and hearing that it finds practicable, to adopt an emergency regulation. The regulation may be effective for a period of not longer than 120 days, but the adoption of an identical regulation under subsections (a)(1) and (a)(2) of this section is not precluded.

(c) No regulation adopted is valid unless adopted in substantial compliance with this section 1 CMC § 9104(b), (c).

Mathew C. Masga Chairman

Bernadita C. Palacios Vice Chairwoman

Ignacio K. Quichocho Member

Lydia F. Barcinas Member **THE TERMS AND SUBSTANCE**: These regulations are to establish technical standards and requirements applicable to slot machines, electronic table games and associated gaming equipment for use in licensed casinos on the Island of Tinian and are necessary to ensure compliance with Revised Casino Gaming Control Act of 1989.

THE SUBJECTS AND ISSUES INVOLVED: These regulations set forth the technical standards and requirements applicable to slot machines, electronic table games and associated gaming equipment for use in licensed casinos on the Island of Tinian.

ADOPTION OF EMERGENCY REGULATIONS FOR 120 DAYS: The Tinian Casino Gaming Control Commission has followed the procedures of 1 CMC § 9104(b) to adopt these Proposed Regulations on an emergency basis for 120 days.

REASONS FOR EMERGENCY ADOPTION: The Tinian Casino Gaming Control Commission finds that the public interest requires adoption of these regulations on an emergency basis, for the following reasons:

- 1. Although the Revised Tinian Casino Gaming Control Act of 1989 authorizes the use of slot machines and similar electronic gaming equipment and requires regulation of same in order to protect the public's interest in the integrity of gaming operations, regulations have not promulgated despite the use of slot machines on the casino floor.
- 2. Promulgation of these emergency rules and regulations are necessary to establish technical standards and requirements applicable to slot machines, electronic table games and associated gaming equipment for use in licensed casinos on the Island of Tinian and are necessary to ensure compliance with Revised Casino Gaming Control Act of 1989.
- 3. These regulations will provide the structure for regulation of the importation and use of the equipment on the casino floor.
- 4. Promulgation of these regulations in an expeditious manner is necessary in order to ensure that the present machines in use and those that have been shipped and are ready for installation are regulated to ensure the public interest in the integrity of the equipment and gaming operations.

DIRECTIONS FOR FILING AND PUBLICATION: These Proposed Rules and Regulations shall be published in the Commonwealth Register in the section/s on emergency and proposed regulations (*see* I CMC § 9102(a)(1)) and posted in convenient places at the Tinian Mayor's Office and in local government offices in each senatorial district. (I CMC § 9104(a)(1))

The Tinian Casino Gaming Control Commission shall take appropriate measures to make these Rules and Regulations known to the persons who may be affected by them (I CMC 9105(b)(2)) by using whatever means available, such as email, mailing, posting in the community and on the web.

IMMEDIATE EFFECT: These emergency rules and regulations become effective immediately upon filing with the Commonwealth Register and delivery to the Governor. (1 CMC § 9105(b)(2)) This is because the Tinian Casino Gaming Control Commission has found that this effective date is required by the public interest or is necessary because of imminent peril to the public health, safety, or welfare. (*Id.*)

TO PROVIDE COMMENTS: No comments are required for these emergency rules and regulations. However, the related Notice of Proposed Rules and Regulations will specify comment procedures.

These emergency regulations were approved by the Tinian Casino Gaming Control Commission on August 15, 2014.

Submitted by: Mathew C. Masga Chairman Tinian Casino Gaming Control Commission Esther S. Fleming Special Asst for Administration oncurred by: VS Governor Filed and 08.28.2014 Recorded by: ESTHER SN. NESBITT **Commonwealth Registrar**

Pursuant to 1 CMC § 2153(e) (AG approval of regulations to be promulgated as to form) and 1 CMC § 9104(a)(3) (obtain AG approval) the proposed regulations attached hereto have been reviewed and approved as to form and legal sufficiency by the CNMI Attorney General and shall be published (1 CMC § 2153(f) (publication of rules and regulations)).

Dated the 24 day of Hunst, 2014.

GILBERT BIRNBRICH Deputy Attorney General

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EMERGENCY REGULATIONS PERTAINING TO THE ESTABLISHMENT OF TECHNICAL STANDARDS AND REQUIREMENTS APPLICABLE TO SLOT MACHINES, ELECTRONIC TABLE GAMES AND ASSOCIATED GAMING EQUIPMENT FOR USE IN LICENSED CASINOS ON THE ISLAND OF TINIAN

Subchapter 170-30.7

to Slot Machines, Electronic Table Games and Associated Gaming Equipment

Part 001 General Provisions

§ 170-30.7 - 001 Definitions

As used in this Subchapter, the term

(a) "Associated Gaming Equipment" means equipment, a system, software or mechanical, electromechanical or electronic contrivance or component used in connection with the operation of a slot machine or table game or the reporting and calculation of slot machine or table game revenue including, but not limited to, a central computer system, slot machine monitoring system, cashiers' cage management system, progressive gaming device, on-line monitoring and control system, cashless wagering system, bonusing system, promotional system, redemption kiosk, electronic table game system, electronic card shuffler and dealing shoe, player tracking system, ticket redemption kiosk, automated jackpot payout machine, a progressive controller, replacement parts applicable thereto or any other equipment, system or software designated as associated gaming equipment by the Executive Director.

(b) "Cash Equivalent Value" means:

(1) For merchandise that is sold directly to the public in the normal course of the licensee's business, the full retail price normally charged for the item.

(2) For merchandise not offered for sale to the public in the normal course of the licensee's business, but which is provided directly to the patron by the licensee, the actual cost to the licensee of providing the item.

(3) For merchandise provided directly or indirectly to the patron on bchalf of a licensee by a third party, the actual cost to the licensee of having the third party provide the item.

(c) "Electronic Table Game" means any combination of server, player interface and other elements that function collectively for the purpose of electronically simulating a table game.

(d) "Minimum Theoretical Payout Percentage" means the total value of jackpots expected to be paid by a slot machine divided by the total value of slot machine wagers expected to be made on that slot machine during a game cycle.

(e) "Modification" means a change or alteration that:

(1) Affects the conduct of play or operation of a slot machine, electronic table game or associated gaming equipment including, but not limited to, a change or alteration to a:

- (i) Control program;
- (ii) Graphics program; or
- (iii) Payout percentage.

(2) Does not include the replacement of one approved component with an identical component.

(e) "Slot Machine" means, in accordance with the Revised Tinian Casino Gaming Control Act of 1989 ("Act"), Part 1, Section 4, any mechanical, electrical or other device, contrivance or machine which, upon insertion of a coin, token or similar object therein, or upon payment of any consideration whatsoever, is available to play or operate, the play or operation of which whether by reason of the skill of the operator or applica[nt]tion of the element of chance, or both, may deliver or entitle the person playing or operating the machine to receive cash or tokens to be exchanged for cash, or to receive merchandise or anything of value whatsoever, whether the payoff is made automatically from the machine or in any other manner whatsoever.

(1) No merchandise or thing of value shall be offered as part of a payoff of any slot machine unless such merchandise or thing of value has a cash equivalent value of at least \$5,000.00.

(2) The cash equivalent value of any merchandise or thing of value shall not be included in the total of all sums paid out as winnings to patrons for purposes of determining gross revenue as defined herein or be included in determining the payout percentage of any slot machine.

(3) The term slot machine shall include both reel and video devices including, but not limited to, video poker machines, video roulette machines, and any other similar machine or device authorized by the Commission for play by patrons whether in the form of a stand alone slot machine, server based game system or server supported game system.

(4) The term slot machine shall not include a device or system otherwise classified by the Commission as an electronic table game or associated equipment.

§ 170-30.7 - 005 Authority

In accordance with the Act, Part XI, § 121(2)(f), the Commission is authorized to prescribe by regulation the "... rules of authorized games, odds, and devices permitted, and the method of operation of such games and devices."

<u>Part 100 Rules Concerning Testing and Certification of Slot Machines,</u> Electronic Table Games and Associated Gaming Equipment

§ 170-30.7 - 101 Testing and Certification of Slot Machines, Electronic Table Games and Associated Gaming Equipment, Generally

(a) No slot machine, electronic table game or associated gaming equipment shall be sold, leased, distributed or operated on Tinian, CNMI ("Tinian") or otherwise purchased, leased, acquired or offered for play by a casino licensee unless it is identical in all electrical, mechanical and other respects to a prototype thereof that has been both:

(1) Tested and certified by an independent testing laboratory, recognized by the Commission under Section 101(f) of this Part, as complying in all respects with the requirements of the Act, this Subchapter, these technical standards and any applicable regulations adopted by the Commission.

(2) Approved in writing by the Executive Director.

(b) No modification of a version of a slot machine, electronic table game or associated gaming equipment approved by the Executive Director under this Subchapter shall be sold, leased, distributed or operated on Tinian or otherwise purchased, leased, acquired or ol'lered for play by a casino licensee unless the modified version is identical in all electrical, mechanical and other respects to a prototype of the modification that has been both:

(1) Tested and certified by an independent testing laboratory, recognized by the Commission under Section 101(f) of this Part, as complying in all respects with the requirements of the Act, this Subchapter, these technical standards and any applicable regulations adopted by the Commission.

(2) Approved in writing by the Executive Director.

(c) The Executive Director may, in connection with the examination and analysis of a prototype or modification, prescribe a standard product submission checklist, together with supplemental product specific submission checklists for completion by the licensed gaming related casino service industry manufacturing, leasing, distributing or otherwise delivering to the casino licensee the slot machine, electronic table game or associated gaming equipment. This documentation requirement shall be in addition to any submission information required by an independent testing laboratory.

(d) The Commission shall have no responsibility for the cost of any testing and certification services required to comply with this Subchapter.

(e) The Commission shall periodically inspection and/or test slot machines, electronic table games and associated gaming equipment in use by a casino licensee or housed within a hotel-casino complex and may utilize the services of independent testing laboratories, recognized by the Commission under Section 101(f) of this Part, to assist its staff in the performance of such inspection and testing. The casino licensee shall pay all costs associated with such inspection and testing including, but not limited to, the cost of any independent testing laboratory services utilized by the Commission.

(f) The Commission shall recognize and accept data, forensic and field inspection reports and certifications in accordance with this Subchapter from multiple independent testing laboratories provided each laboratory meets the following criteria:

(1) Holds a certificate in good standing for compliance with:

(i) International Organization for Standardization # 17025
 — General Requirements for the Competence of Testing and Calibration Laboratories as amended, amplified or substituted by that organization or a functional equivalent; and

(ii) International Organization for Standardization # 17020 — General Criteria for the Operation of Various Types of Bodies Performing Inspections as amended, amplified or substituted by that organization or a functional equivalent.

(2) Has performed testing and certification of slot machines, electronic table games and associated gaming equipment on behalf of a state or tribal jurisdiction within the United States for a period of 5 or more years.

(3) Has demonstrated to the satisfaction of the Commission, in accordance with such procedures as the Commission shall deem appropriate, that it complies with the requirements of this Subchapter.

Part 200 Slot Machine Technical Standards

§ 170-30.7 - 201 Payout Percentage

(a) No slot machine shall be sold, leased, distributed or operated on Tinian Island or otherwise purchased, leased, acquired or offered for play by a casino licensee unless it has been tested and certified by an independent testing laboratory as having a minimum theoretical payout percentage of \$3% and a maximum theoretical payout percentage of less than 100%.

(b) A casino licensee shall prominently post on its gaming floor such information regarding slot machine payout statistics, the odds of winning on slot machines, and such other disclosures to slot machine players as the Commission shall require.

§ 170-30.7 - 205 Slot Machine Compliance with GLI-11 and GLI - 21.

(a) Subject to the provisions of Section 210 of this Part, no slot machine shall be sold, leased, distributed or operated on Tinian or otherwise purchased, leased, acquired or offered for play by a casino licensee unless it complies with Gaming Laboratories International's ("GLI") technical standard GL1-11, *Gaming Devices in Casinos*, Version 2.1, released August 25, 2011 and, where applicable, GL1-21, *Client-Server Systems*, Version 2.2, released September 6, 2011.

(b) Subsequent amendment or revision by GL1 of GL1-11, Version 2.1 or GL1 - 21, Version 2.2 shall not operate in any way to affect an amendment or revision of this Part.

§ 170-30.7 - 210 Exceptions to Compliance with GLI-11 and GLI-21.

(a) For the purposes of evaluating a slot machine's compliance with Part 200 of this Subchapter, the following additional requirements and/or modifications to the provisions of GLI-11, Version 2.1 and GLI - 21, Version 2.2 are imposed.

(1) The Commission declines to adopt Chapter 1 of GL1 - 11, Chapter 1.1 through Chapter 1.4 of GLI - 21 and any revision history related to GL1-11 or GLI-21.

(2) Any reference to a "gaming device" or "game" in GL1 -11 or GL1 - 21 shall be construed for purposes herein as referencing a slot machine.

(3) Notwithstanding GL1-11, Section 2.14 .1(g), a slot machine's critical memory shall store, at a minimum, the last 100 significant events.

(4) Any certification report submitted to the Commission by an independent testing laboratory pursuant to the requirements enumerated in GL1-11, Section 2.17.3 shall be accompanied by a separate report documenting to the satisfaction of the Executive Director that the device utilized by the laboratory to authenticate a control program has itself been independently tested for integrity, accuracy and reliability prior to its use in the authentication process.

(5) Notwithstanding the annotation to GLI - 11, Section 2.28.2, a slot machine shall be configured to prevent issuance of a ticket exceeding \$10,000 USD in value and to prohibit the printing of multiple tickets to circumvent that \$10,000 limitation.

(6) Any ticket issued by a casino licensee shall evidence an expiration date at least one year from the date and time of the issuance of the ticket.

(7) A slot machine shall be configured to wager available noncashable credits prior to cashable credits.

(8) Notwithstanding GLI-11, Section 3.4.1's theoretical payout minimum of 75%, a slot machine shall have a theoretical payout minimum of 83% in compliance with Section 201 of this Part.

(9) A slot machine shall clearly display the disclaimer "malfunction voids all pays."

(10) Notwithstanding the provisions of GLI - 11, Section 3.3.7, for all game types, in all cases, the mathematical probability of a symbol appearing in a position for any game outcome shall be constant. Disclosure on a payglass shall not operate to negate this requirement.

(11) Notwithstanding GLI-11, Section 3.4.3's election to limit the regulation of odds to those applicable to the highest single advertised award only, the odds of achieving each and every award available on a slot machine shall be, statistically, at least once in 100,000,000 games.

(b) The Executive Director may, in the exercise of reasonable discretion, prescribe additional exceptions to GLI-11, Version 2.1 and GLI - 21, Version 2.2.

§ 170-30.7 - 215 Electronic Table Game Compliance with GLI-24 and GLI - 25.

(a) No electronic table game shall be sold, leased, distributed or operated on Tinian or otherwise purchased, leased, acquired or offered for play by a casino licensee unless it complies with Gaming Laboratories International's ("GLI") technical standard GL1 24, *Electronic Table Game Systems*. Version 1.3, released September 6, 2011 and, where applicable, GLI 25, *Dealer Controlled Electronic Table Game Systems*, Version 1.2, released September 6, 2011.

(b) Subsequent amendment or revision by GLI of GLI-24, Version 1.3 or GLI - 25, Version 1.2 shall not operate in any way to affect an amendment or revision of this Part.

(c) The Executive Director may, in the exercise of reasonable discretion, prescribe exceptions to GLI-24, Version 1.3 and GLI - 25, Version 1.2.

§ 170-30.7 – 220 Associated Gaming Equipment Compliance with the GLI Technical Standards .

(a) No associated gaming equipment shall be sold, leased, distributed or operated on Tinian and or otherwise purchased, leased, acquired or utilized for any purpose by a casino licensce unless it complies with the equipment's corresponding Gaming Laboratories International ("GLI") technical standard including but not limited to:

- (1) GLI 12, Version 2.1, Progressive Gaming Devices
- (2) GLI 13, Version 2.1, Online Monitoring and Control Systems
- (3) GLI 15, Version 1.3, Electronic Bingo and Keno Systems
- (3) GL116, Version 2.1, Cashless Systems in Casinos
- (4) GLI 17, Version 1.3, *Bonusing Systems in Casinos*
- (5) GL1 18, Version 2.1, Promotional Systems in Casinos

- (6) GL1 20, Version 1.5, *Redemption Kiosks*
- (7) GL1 21, Version 2.2, Client-Server Systems
- (8) GL126, Version 1.1, Wireless Gaming Systems
- (9) GL1 27, Version 1.1, Network Security Best Practices
- (10) GLI 28, Version 1.0, Player User Interface Systems
- (11) GL129, Version 1.1, Card Shufflers and Dealing Shoes

(b) Subsequent amendment or revision by GLI of any version of a technical standard enumerated in Subsection (a) shall not operate in any way to affect an amendment or revision of this Part resulting in the applicability of the revised standard without formal action by the Commission.

(c) The Executive Director may, in the exercise of reasonable discretion, prescribe exceptions to any of the enumerated GLI technical standards.

Part 300 Rules Concerning Remote Access

§ 170-30.7 - 301 Remote Access

(a) No person, for any reason emergent or otherwise, may perform from a remote location analysis of, or technical support with regard to, a stand-alone slot machine, server based game system, server supported game system, electronic table game or associated gaming equipment without:

(1) Submission to the Executive Director of a prior written request in accordance with the Commission approved remote access controls required by Subsection (c) of this Part, which request discloses the natural person accessing the stand alone slot machine, server based game system, server supported game system, electronic table game or associated gaming equipment, their employer, the location from which the access is effected and the license status of all parties under the Act.

(2) Receipt of written approval by the Executive Director.

(b) A casino licensee may not, for any reason emergent or otherwise, authorize or otherwise permit a person to remotely access a stand-alone slot machine, server based game system, server supported game system, electronic table game or associated gaming equipment prior to receipt of written approval by the Executive Director under this Part.

(c) A casino licensee shall submit to the Commission, and obtain the Commission's written approval on, remote access controls that require, at a minimum:

(1) A unique system account for each person required to analyze or perform technical support from a remote location.

(2) Use of a dedicated and secure communication facility.

(3) Prior written notice to the casino licensee and the Commission

of an intention to remotely access a stand alone slot machine, server based game system, server supported game system, electronic table game or associated gaming equipment in accordance with this Part.

(4) The casino licensee to take affirmative steps, on a per access basis, to activate access privileges.

(5) Imposition of restrictions on the ability of a person authorized under this regulation to deliberately or inadvertently interfere with the normal operation of a stand alone slot machine, server based game system, server supported game system, electronic table game or associated gaming equipment or its data.

(6) Maintenance of an access log by both the person accessing the stand alone slot machine, server based game system, server supported game system, electronic table game or associated gaming equipment and the casino licensee's information technology department or functional equivalent that is maintained in a book with bound numbered pages that cannot be readily removed or an electronic format equipped with software that prevents modification of an entry after it has been initially entered into the system. The log shall at all times be immediately available to the Commission and shall document:

(i) Manufacturer version number of the stand alone slot machine, server based game system, server supported game system, electronic table game or associated gaming equipment accessed;

(ii) Type of connection, for example leased line, dial in modem or private WAN;

(iii) Name, location and such identification data as the Commission shall require as to the natural person remotely accessing the stand alone slot machine, server based game system, server supported game system, electronic table game or associated gaming equipment and his employer including, but not limited to, the information enumerated in Subsection (a)(1);

(iv) Name, location and such identification data as the Commission shall require as to the person activating access to the stand alone slot machine, server based game system, server supported game system, electronic table game or associated gaming equipment on behalf of the casino licensee.

(v) Date and time of the connection.

(vi) Duration of the connection,

(vii) Reason for the remote access including a description of the symptoms or malfunction prompting the need for remote access; and

(viii) Any action taken or further action required.

(d) The Commission shall periodically test compliance with these requirements including inspection of the location from which a person remotely accesses a stand-alone slot machine, server based game system, server supported game system, electronic table game or associated gaming equipment. The Commission may utilize the services of independent testing

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laboratories, recognized by the Commission under Section 101(1) of this Part, to assist its staff in the performance of such inspections. The casino licensee shall pay all costs associated with such inspection and testing including, but not limited to, the cost of travel and any independent testing laboratory services utilized by the Commission.

(e) If a person is no longer employed or authorized to remotely access a stand alone slot machine, server based game system, server supported game system, electronic table game or associated gaming equipment pursuant to this Part, both the person and their employer shall be obligated to immediately notify the Commission and any casino licensee that has established a unique system account for that person in writing that the access privileges have been revoked.

Part 400 Rules Concerning Storage of Slot Machines Outside a Casino-Hotel Complex.

170-30.7 - 401 Storage of Slot Machines Outside a Casino-Hotel Complex.

No person may utilize a location other than the casino floor of a licensed casino hotel complex to store or repair slot machines, software or related parts unless the location has been inspected by the Commission and approved in writing by the Executive Director.

Part 500 Shipment of Slot Machines and Electronic Table Games into Tinian

170-30.7 - 501 Legal Shipment

(a) All shipments into Tinian of a gaming device, including a slot machine or electronic table game, the registering, recording, and labeling of which has been duly made by the manufacturer or dealer in accordance with sections 3 and 4 of an Act of Congress of the United States entitled "An Act to Prohibit Transportation of Gambling Devices in Interstate and Foreign Commerce," designated as 15 U.S.C. 27 §§ 171-1172, shall be deemed legal shipments into Tinian.

(b) Prior to the transportation or movement of any gaming device meeting the requirements of Subsection (a) including (1) the transportation or movement of a slot machine or electronic table game into Tinian from any location or jurisdiction, (2) the transportation or movement of a slot machine or electronic table game from one authorized location to another authorized location on Tinian (other than a shipment between approved storage locations within the same hotel casino complex) or (3) the transportation or movement of a slot machine or electronic table game out of Tinian, the person causing such slot machine or electronic table game to be transported or moved shall deliver prior notification to the Commission in writing providing, at a minimum, the following information:

(1) The full name and address of the person shipping or moving the slot machine or electronic table game.

(2) The full name and address of the person who is the owner of record of the slot machine or electronic table game, including the name of any new owner in the event ownership is being changed in conjunction with the shipment or movement.

(3) The method of shipment or movement and the name of the carrier or carriers.

(4) The full name and address of the person to whom the slot machine or electronic table game is being sent and the destination of said slot machine or electronic table game if different from such address.

(5) The quantity of slot machines or electronic table games being shipped or moved and the manufacturer's name and serial number of each slot machine or electronic table game.

(6) The expected date and time of delivery to, or removal from, any authorized location in Tinian.

(7) The reason for transporting the slot machine or electronic table game.

(c) The person shipping or moving any slot machine or electronic table game requiring notice under this Part shall provide to the shipper a document, at least one copy of which shall be kept with the slot machines or electronic table games at all times during the shipping process, providing, at a minimum, the following information:

(1) The manufacturer's serial number of each slot machine or electronic table game being transported.

(2) The full name and address of the person from whom each slot machine or electronic table game was obtained.

(3) The full name and address of the person to whom each slot machine or electronic table game machine is being sent.

(4) The dates of shipment.

(d) The notices to the Commission required by this Part may be transmitted electronically to the Executive Director.

Part 600 Grandfathered Slot Machines, Electronic Table Games and Associated Gaming Equipment

170-30.7 - 601

(a) The testing and certification requirements of this Part shall apply to any slot machine, electronic table game or associated gaming equipment sold, leased, distributed or operated on Tinian or otherwise purchased, leased, acquired or offered for play by a casino licensee on or after the effective date of this regulation.

(b) For a slot machine, electronic table game or associated gaming equipment sold, leased, or distributed on Tinian or otherwise purchased, leased or acquired by a casino licensee prior to the effective date of this regulation, but not installed or activated on the casino floor prior to its effective date, the Executive Director may as a condition precedent to installation require the submission of written assurance in the form of generic testing and certification letters from a recognized independent testing laboratory satisfactory to the Commission that the slot machine, electronic table game or associated equipment complies with the most current GL1 standards.

(c) A casino licensee may offer for play a slot machine or electronic table game, or continue the use of associated gaming equipment, that has not been tested and certified pursuant to this Part for a period of two years following the effective date of this regulation provided the slot machine, electronic table game or associated gaming equipment was actively operational on the casino floor or in its cashiers' cage on the effective date of this regulation. This period may be extended by the written authorization of the Commission.

(d) During the grandfathered two year period provided for in Section (c) routine repairs or parts replacement may be made to ensure the proper functioning, security or integrity of the slot machine, electronic table game or associated gaming equipment but no modification as defined in this Part to a slot machine or electronic table game shall be made without the prior written authorization of the Commission.

Part 700 Rules Concerning Waiver

170-30.7 - 701

The Commission may, upon an express finding of good cause shown, waive a requirement of these technical standards on submission of a written request by a casino licensee or upon its own initiative.



STANDARD SERIES

GLI-11:

Gaming Devices in Casinos

Version: 2.1

Release Date: August 25, 2011



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COMMONWEALTH REGISTER

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ABOUT THIS STANDARD

This Standard has been produced by Gaming Laboratories International, LLC for the purpose of providing independent certifications to suppliers under this Standard and complies with the requirements set forth herein.

A supplier should submit equipment with a request that it be certified in accordance with this Standard. Upon certification, Gaming Laboratories International, LLC will provide a certificate of compliance evidencing the certification to this Standard.

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CHAPTER 1 1.0 OVERVIEW - STANDARDS FOR GAMING DEVICES

1.1 Introduction

1.1.1 <u>General Statement</u>. Gaming Laboratories International, LLC (GLI) has been testing gaming devices since 1989. Over the years, we have developed numerous standards for jurisdictions all over the world. In recent years, many jurisdictions have opted to ask for the development of industry standards without creating their own standards documents. In addition, with technology changing almost monthly, new technology is not being incorporated quickly enough into existing standards due to the long process of administrative rulemaking. This document is the first of several that will put forth GLI's Standards for Gaming Equipment. This document, GLI Standard II, will set forth the technical Standards for Gaming Devices in Casinos. A "gaming device" does NOT include, for purposes of this Standard, electronic equipment used in the conduct of table games. For detailed standards applicable to electronic table games, please reference standards GLI-24 (Electronic Table Game Systems) and GLI-25 (Dealer Controlled Electronic Table Games).

1.1.2 <u>Document History</u>. This document is an essay from many standards documents from around the world Some GLI has written; some, such as the Australian and New Zealand National Standard, were written by Industry Regulators with input from test laboratories and gaming device manufacturers. We have taken each of the standards' documents, merged each of the unique rules together, eliminating some rules and updating others, in order to reflect both the change in technology and the p₁ pose of maintaining an objective, factual standard. We have listed below, and given credit to, agencies whose documents we reviewed prior to writing this Standard. It is the policy of **Gaming Laboratories International**, LLC to update this document as often as possible to reflect changes in technology, testing methods, or cheating methods. This document will be distributed without charge to all those who request it. It may be obtained by downloading it from our website at <u>www.gaminglabs.com</u> or by writing to us at:

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1.2 Acknowledgment of Other Standards Reviewed

1.2.1 <u>General Statement</u>. These Standards have been developed by reviewing and using portions of the documents from the organizations listed below. We acknowledge the regulators who have assembled these documents and thank them:

- a) The ACT Office of Financial Management,
- b) The New South Wales Department of Gaming and Racing,
- c) The New Zealand Casino Control Authority;
- d) The New Zealand Department of Internal Affairs, Gaming Racing & Censorship Division;
- e) The Northern Territory Racing and Gaming Authority;
- f) The Queensland Office of Gaming Regulation;
- g) The South Australian Office of the Liquor and Gaming Commissioner;
- h) The Tasmanian Department of Treasury and Finance, Revenue and Gaming Division;
- i) The Victorian Casino and Gaming Authority;
- j) The Western Australian Office of Racing Gaming and Liquor;
 - US Tribal Compacts from Tribal Governments and State Governments included:
 - Arizona;
 - Connecticut;
 - iii. Iowa Indian;
 - iv. Kansas;
 - v. Louisiana,
 - vi Michigan;
 - vii. Minnesota;

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X

- viii Mississippi;
- ix. North Carolina;
- x. North Dakota;
- xi. Oregon; and
- xii. Wisconsin.
- l) Colorado Division on Gaming Limited Gaming Regulations;
- m) Illinois Gaming Board Adopted Rules;
- n) Indiana Gaming Commission;
- o) Iowa Racing and Gaming Commission;
- p) Louisiana State Police Riverboat Gaming Division Gaming Device,
- q) Missouri Gaming Commission Department of Public Safety:
- r) Nevada Gaming Commission and State Gaming Control Board.
- s) New Jersey Regulations on Accounting and Internal Controls;
- t) South Dakota Commission on Gaming Rules and Regulations for Limited Gaming;
- u) NIST Special Publication 800-57 Recommendations for Key Management Part 2: Best Practices for Key Management Organization
- v) GSAG2S and S2S protocol standards.
- * Please note a comprehensive revision history of this document is available upon request.

1.3 Purpose of Technical Standards

- 1.3.1 <u>Purpose</u>. The purpose of this Technical Standard is as follows:
- a) To eliminate subjective criteria in analyzing and certifying gaming device operation.
- b) To only test those criteria that impact the credibility and integrity of a gaming device from both the Revenue Collection and Player's perspective.
- c) To create a standard that will insure that gaming devices in casinos are fair, secure. and able to be audited and operated correctly.
- d) To distinguish between local public policy and laboratory criteria. At GLI, we believe that it is up to each local jurisdiction to set public policy with respect to gaming.

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- e) To recognize that non-gaming testing (such as Electrical Testing) should not be incorporated into this standard but left to appropriate test laboratories that specialize in that type of testing. Except where specifically identified in the standard, testing is not directed at health or safety matters. These matters are the responsibility of the manufacturer, purchaser, and operator of the equipment.
- f) To construct a standard that can be easily changed or modified to allow for new technology.
- g) To construct a standard that does not specify any particular method or algorithm. The intent is to allow a wide range of methods to be used to conform to the standards, while at the same time, to encourage new methods to be developed.

1.3.2 <u>No Limitation of Technology</u>. One should be cautioned that this document should not be read in such a way that limits the use of future technology. The document should not be interpreted that if the technology is not mentioned, then it is not allowed. Quite to the contrary, as new technology is developed, we will review this standard, make changes and incorporate new minimum standards for the new technology.

1.4 Other Documents That May Apply

1.4.1 <u>Other Standards</u>. This standard covers the actual requirements for single player gaming devices in casinos. The following other standards may apply:

a) GLI-12 Progressive Gaming Devices in Casinos;

- b) GLI-13 On-Line Monitoring and Control Systems (MCS) and Validation Systems in Casinos:
- c) GUI-16 Cashless Systems in Casinos.
- d) GLI-17 Bonusing Systems in Casinos;
- e) GLI-18 Promotional Systems in Casinos;
- f) GL1-20 Kiosks; and
- g) GLI-21 Client-Server Systems

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1.5 Definition of a Gaming Device

1.5.1 <u>General Statement</u>. A gaming device at a minimum will utilize randomness in determination of prizes, contain some form of activation to initiate the selection process, and make use of a methodology for delivery of the determined outcome. The gaming device may be separated in parts, where some may be within or outside the gaming device (e.g., gaming devices that function with a system).

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CHAPTER 2 2.0 MACHINE REQUIREMENTS – HARDWARE

2.1 Physical Security

2.1.1 General Statement. A gaming device shall be robust enough to resist forced entry.

2.2 Machine and Player Safety

2.2.1 <u>General Statement</u>. Electrical and mechanical parts and design principals of the gaming device must not subject a player to any physical hazards. The gaming test laboratory shall not make any finding with regard to Safety and Electromagnetic Compatibility (EMC) testing, as that is the responsibility of the manufacturer of the devices or those that purchase the devices. Such Safety and EMC testing may be required under separate statute, regulation, law, or Act and should be researched accordingly, by those parties who manufacture or purchase said devices. The Gaming Test Laboratory shall not test for, be liable for, nor make a finding relating to these matters.

2.3 Environmental Effects on Game Integrity

2.3.1 <u>Game Integrity Standard</u>. The Laboratory will perform certain tests to determine whether or not outside influences affect game fairness to the player or create cheating opportunities. This certification applies exclusively to tests conducted using current and retrospective methodology developed by Gaming Laboratories International, LLC (GLI). During the course of testing, GLI inspects for marks or symbols indicating that a device has undergone product safety compliance testing. Gaming Laboratories International, LLC also performs, where possible, a cursory review of submissions and information contained therein related to Electromagnetic Interference (EMI), Radio Frequency Interference (RFI), Magnetic Interference, Liquid Spills, Power Fluctuations and Environmental conditions. Electrostatic Discharge Testing

Chapter Two: Machine Requirements - Hardware Copyright © 2011 Garning Laboratories International, LLC Page 12 All Rights Reserved is intended only to simulate techniques observed in the field being used to attempt to disrupt the integrity of electronic gaming devices. Compliance to any such regulations related to the aforementioned testing is the sole responsibility of the device manufacturer. GLI claims no liability and makes no representations with respect to such non-gaming testing.

A gaming device shall be able to withstand the following tests, resuming game play without operator intervention:

- <u>Random Number Generator</u>. The random number generator and random selection process shall be impervious to influences from outside the device, including, but not limited to, electro-magnetic interference, electro-static interference, and radio frequency interference;
- b) <u>Electro-Static Interference</u>. Protection against static discharges requires that the gaming device's conductive cabinets be earthed in such a way that static discharge energy shall not permanently damage, or permanently inhibit the normal operation of the electronics or other components within the gaming device. Gaming devices may exhibit temporary disruption when subjected to a significant electro-static discharge greater than human body discharge, but they shall exhibit a capacity to recover and complete any interrupted play without loss or corruption of any control or critical data information associated with the gaming device. The tests will be conducted with a severity level of a maximum of 27KV air discharge.

2.4 Hardware Requirements-Other

2.4.1 <u>General Statement</u> Each gaming device shall meet the following hardware requirements:

a) <u>Microprocessor Controlled</u>. Be controlled by one (1) or more microprocessors or the equivalent in such a manner that the game outcome is completely controlled by the microprocessor or a mechanical device, as approved in Section 3.3, 'Random Number Generators (RNG) Requirements'; and

Chapter Two: Machine Requirements – Hardware Copyright © 2011 Gaming Laboratories International, LLC Page 13 All Rights Reserved. b) <u>On/Off Switch</u>. An on/off switch that controls the electrical current shall be located in a place which is readily accessible within the interior of the gaming device so that power cannot be disconnected from outside of the gaming device using the on/off switch. The on/off positions of the switch shall be labeled

2.5 Gaming Device Wiring

2.5.1 <u>General Statement</u>. The gaming device shall be designed so that power and data cables into and out of the gaming device can be routed so that they are not accessible to the general public. This is for game integrity reasons only, not for health and safety. Security-related wires and cables that are routed into a logic area shall be securely fastened within the interior of the device.

NOTE. The Laboratory will make no determination as to whether the gaming device installation conforms to local electrical codes, standards and practices.

2.6 Machine Identification

2.6.1 <u>General Statement</u>. A gaming device shall have an identification badge affixed to the exterior of the cabinet by the manufacturer, that is not removable without leaving evidence of tampering and this badge shall include the following information:

- a) The manufacturer;
- b) A unique serial number,
- c) The gaming device model number; and
- d) The date of manufacture.

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2.7 Tower Light

2.7.1 <u>General Statement</u>. The gaming device shall have a light located conspicuously on its top that automatically illuminates when a player has won an amount or is collecting credits that the device cannot automatically pay, an error condition has occurred (including 'Door Open'), or a 'Call Attendant' condition has been initiated by the player. For devices such as the 'bar-top style', it is permissible for the tower light to be shared among other gaming devices or be substituted by an audible alarm.

NOTE: The Laboratory will make no determination as to tower light color or flash sequence. Furthermore, alternative means to alert appropriate personnel will be considered on a case-bycase basis.

2.8 Manipulation of Power Supply

2.8.1 <u>Surges</u>. The gaming device shall not be adversely affected, other than resets, by surges or dips of \pm 20% of the supply voltage

NOTE: It is acceptable for the equipment to reset provided no damage to the equipment or loss or corruption of data is experienced in the field. Upon reset, the game must return to its previous state. It is acceptable for the game to return to a game completion state provided the game history and all credit and accounting meters comprehend a completed game.

2.9 Diverter and Drop Box Requirements

2.9.1 <u>Diverter</u>. For games that accept coins or tokens, the software shall ensure that the diverter directs coins to the hopper, or to the drop box when the hopper is full. The hopper full detector shall be monitored to determine whether a change in diverter status is required. If the state of the detector changes, the diverter shall operate as soon as possible, or within ten (10) games, after the state change, without causing a disruption of coin flow, or creating a coin jam. Hopper-less gaming devices shall always divert coins to the drop box.

Chapter Two: Machine Requirements - Hardware Copyright @ 2011 Gaming Laboratories International, LLC Page 15 All Rights Reserved 2.9.2 <u>Drop Box</u>. If the gaming device is equipped to accept coins or tokens, then the following rules shall be met:

- Each gaming device equipped to accept coins or tokens shall contain a separate drop bucket or drop box to collect and retain all such coins or tokens that are diverted into the drop box;
- b) A drop bucket shall be housed in a locked compartment separate from any other compartment of the gaming device; and
- c) There must be a method to monitor the drop box area, even if manufactured by a different company. It is preferred that the monitoring method provide for notification to the online system.

2.10 Requirements for External Doors / External Compartments

2.10.1 General Requirements.

- a) Doors shall be manufactured of materials that are suitable for allowing only legitimate access to the inside of the cabinet (i.e., locks, doors, and their associated hinges shall be capable of withstanding determined and unauthorized efforts to gain access to the inside of the gaming device and shall leave evidence of tampering if such an entry is made);
- b) The seal between the cabinet and the door of a locked area shall be designed to resist the entry of objects;
- c) All external doors shall be locked and monitored by door access sensors, which when opened shall cease game play (with the exception of a drop box door), disable all acceptance, and enter an error condition, which at a minimum shall illuminate the tower light and send the error condition to the on-line system, when applicable;
- It shall not be possible to insert a device into the gaming device that will disable a door open sensor when the gaming device's door is shut without leaving evidence of tampering; and
- e) The sensor system shall register an external door as being open when the door is moved from its fully closed and locked position, provided power is supplied to the device.

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2.11 The Logic Door and Logic Area

2.11.1 <u>General Statement</u>. The logic area is a separately locked cabinet area (with its own locked door), which houses electronic components that have the potential to significantly influence the operation of the gaming device. There may be more than one (1) such logic area in a gaming device. The logic door shall be monitored.

2.11.2 <u>Electronic Components</u>. Electronic components that are required to be housed in one (1) or more logic areas are:

- a) A CPU and any program storage device that contains software that may affect the integrity of gaming including, but not limited to, the game accounting, system communication, and peripheral firmware devices involved in, or which significantly influence, the operation and calculation of game play, game display, game result determination, or game accounting, revenue, or security. Any exceptions will be evaluated on a case-by-case basis;
- b) Communication controller electronics and components housing the communication program storage device. Any exceptions will be evaluated on a case-by-case basis; and
- c) The NV memory back-up device, if applicable, shall be kept within a locked logic area.

2.12 Coin/Token and Currency Compartments

2.12.1 <u>General Statement</u>. The coin or token and currency compartments shall be locked separately from the main cabinet area. A separate coin/token compartment shall not be required for coins or tokens necessary to pay prizes in a gaming device that pays prizes through a hopper.

2.12.2 Access to Currency.

 Access to the currency storage area is to be secured via separate key locks and shall be fitted with sensors that indicate door open/close or stacker receptacle removed, provided power is supplied to the device.

Chapter Two: Machine Requirements – Hardware Copyright © 2011 Gaming Laboratories International, LLC Page 17 All Rights Reserved. b) Access to the currency storage area is to be through two (2) levels of locks (the relevant outer door plus one other door or lock) before the currency can be removed.

2.13 Program Memory, Non-Volatile Memory and Non-Volatile Devices Used to Store Program Memory

2.13.1 Non-Volatile (NV) Memory Requirements.

- The gaming device shall have the ability to retain data for all critical memory as defined herein and shall be capable of maintaining the accuracy of all information required for thirty (30) days after power is discontinued from the gaming device;
- b) For rechargeable battery types only, if the battery back-up is used as an 'off chip' battery source, it shall re-charge itself to its full potential in a maximum of twenty-four (24) hours. The shelf life shall be at least five (5) years;
- c) NV memory that uses an off-chip back-up power source to retain its contents when the main power is switched off shall have a detection system which will provide a method for software to interpret and act upon a low battery condition before the battery reaches a level where it is no longer capable of maintaining the memory in question; and
- Clearing non-volatile memory shall require access to the locked logic area or other secure method provided that the method can be controlled by the regulatory body.

2.13.2 <u>Function of NV Memory Reset</u>. Following the initiation of an NV memory reset procedure (utilizing a certified NV memory clear method), the game program shall execute a routine, which initializes all bits in critical NV memory to the default state. All memory locations intended to be cleared as per the NV memory clear process shall be fully reset in all cases. For games that allow for partial NV memory clears, the methodology in doing so must be accurate.

2.13.3 <u>Default Reel Position or Game Display</u>. The default reel position or game display immediately after an NV memory reset shall not be the advertised top award on any selectable line. The default game display, upon entering game play mode, shall also not be the advertised

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top award. This applies to the base game only and not to any secondary bonus features. This does not apply to games or paytables selected after the initial game play.

2.13.4 <u>Configuration Settings</u>. It shall not be possible to change a configuration setting that causes an obstruction to the electronic accounting meters without an NV memory clear. Notwithstanding, a change to the denomination must be performed by a secure means, which includes access to the locked logic area or other secure method provided that the method can be controlled by the regulator (e.g., Password or PIN-based controls).

2.14 Contents of Critical Memory

2.14.1 <u>General Statement</u>. Critical memory is used to store all data that is considered vital to the continued operation of the gaming device. This includes, but is not limited to:

- All electronic meters required in 'Electronic Metering within the gaming device,' Section
 3.9, including last bill data and power up and door open metering;
- b) Current credits;
- c) Gaming device/game configuration data;
- Information pertaining to the last ten (10) games with the game outcome (including the current game, if incomplete). Gaming devices offering games with a variable number of free games, per base game, may satisfy this requirement by providing the capability to display the last 50 free games in addition to each base game;
- Software state (the last normal state, last status or tilt status the gaming device software was in before interruption);
- f) Any paytable configuration information residing in memory; and
- g) It is a recommendation that, at minimum, a log of the last 100 significant events be kept in critical memory.

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2.15 Maintenance of Critical Memory

2.15.1 <u>General Statement</u>. Critical memory storage shall be maintained by a methodology that enables errors to be identified. This methodology may involve signatures, checksums, partial checksums, multiple copies, timestamps and/or effective use of validity codes.

NOTE: The "Maintenance of Critical Memory" section is not intended to preclude the use of alternate storage media types, such as hard disk drives, for the retention of critical data Such alternate storage media is still expected to maintain critical data integrity in a manner consistent with the requirements in this section, as applicable to the specific storage technology implemented.

2.15.2 <u>Comprehensive Checks</u>. Comprehensive checks of critical memory shall be made following game initiation, but prior to display of game outcome to the player. It is recommended that critical memory is continuously monitored for corruption. The methodology shall detect failures with an extremely high level of accuracy.

2.15.3 <u>General Statement</u>. An unrecoverable corruption of critical memory shall result in an error. The memory error shall not be cleared automatically and shall result in a tilt condition, which facilitates the identification of the error and causes the gaming device to cease further function. The critical memory error shall also cause any communication external to the gaming device to immediately cease. An unrecoverable critical memory error shall require a full NV memory clear performed by an authorized person.

2.15.4 <u>NV Memory and Program Storage Device Space</u>. Non-volatile memory space that is not critical to gaming device security (e.g., video or sound) is not required to be validated.

2.16 Program Storage Device Requirements

2.16.1 <u>General Statement</u> The term *Program Storage Device* is defined to be the media or an electronic device that contains the critical control program components. Device types include

Chapter Two: Machine Requirements - Hardware Copyright @ 2011 Gaining Laboratories International, LLC Page 20 All Rights Reserved but are not limited to EPROMs, compact flash cards, optical disks, hard drives, solid state drives, USB drives, etc. This partial list may change as storage technology evolves. All program storage devices shall:

- a) Be housed within a fully enclosed and locked logic compartment;
- b) Be clearly marked with sufficient information to identify the software and revision level of the information stored in the device. In the case of media types on which multiple programs may reside it is acceptable to display this information via the attendant menu.
- c) Validate themselves during each processor reset;
- d) Validate themselves the first time they are used; and
- e) CD-ROM, DVD, and other optical disk-based Program Storage shall:
 - i. Not be a re-writeable disk; and
 - ii. The "Session" shall be closed to prevent any further writing.

2.17 Control Program Requirements

2.17.1 Control Program Verification.

- a) EPROM-based Program Storage:
 - i. Gaming devices which have control programs residing in one or more EPROMs must employ a mechanism to verify control programs and data. The mechanism must use, at a minimum, a checksum; however, it is recommended that a Cyclic Redundancy Check (CRC) be used (at least 16-bit).
- b) Non-EPROM Program Storage shall meet the following rules:
 - i. The software shall provide a mechanism for the detection of unauthorized and corrupt software elements, upon any access, and subsequently prevent the execution or usage of those elements by the gaming device. The mechanism must employ a hashing algorithm which produces a message digest output of at least 128 bits.
 - ii. In the event of a failed authentication, after the game has been powered up, the gaming device should immediately enter an error condition and display an

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Page 21 All Rights Reserved appropriate error. This error shall require operator intervention to clear and shall not clear until; the data authenticates properly, following the operator intervention, or the media is replaced or corrected, and the gaming device's memory is cleared.

NOTE: Control Program verification mechanisms will be evaluated on a case-by-case basis and approved by the regulator and the independent testing laboratory based on industry-standard security practices.

- c) Alterable Media shall meet the following rules in addition to the requirements outlined in 2.17.1(b):
 - Employ a mechamsm which tests unused or unallocated areas of the alterable media for unintended programs or data and tests the structure of the media for integrity. The mechanism must prevent further play of the gaming device if unexpected data or structural inconsistencies are found.
 - ii. Employ a mechanism for keeping a record any time a control program component is added, removed, or altered on any alterable media. The record shall contain a minimum of the last ten (10) modifications to the media and each record must contain that date and time of the action, identification of the component affected, the reason for the modification and any pertinent validation information.

NOTE: Alterable Program Storage does <u>not</u> include memory devices typically considered to be alterable which have been rendered "read-only" by either a hardware or software means.

2.17.2 <u>Program Identification</u>. Program storage devices which do not have the ability to be modified while installed in the gaming device during normal operation, shall be clearly marked with sufficient information to identify the software and revision level of the information stored in the devices. See also Section 2.16 for specific information.

2.17.3 <u>Independent Control Program Verification</u>. The device shall have the ability to allow for an independent integrity check of the device's software from an outside source and is required for all control programs that may affect the integrity of the game. This must be

Chapter Two: Machine Requirements - Hardware Copyright © 2011 Gaming Laboratories International, LLC Page 22 All Rights Reserved. accomplished by being authenticated by a third-party device, which may be embedded within the game software (see NOTE below), by having an interface port for a third-party device to authenticate the media, or by allowing for removal of the media such that it can be verified externally. This integrity check will provide a means for field verification of the software to identify and validate the program. The test laboratory, prior to device approval, shall evaluate the integrity check method.

NOTE: If the authentication program is contained within the game software, the manufacturer must receive written approval from the test laboratory prior to submission

2.18 Multi-Station Games

2.18.1 <u>General Statement</u>. A Multi-Station game is a gaming device unit that incorporates more than one (1) player terminal, and that only has one (1) random number generator, which is controlled by the master terminal. The master terminal, containing the game's Central Processing Unit (CPU) shall determine the outcome of the game and RNG results. The master terminal will house the game display which is shared among the player terminals. Each terminal shall meet the applicable technical standards outlined throughout this document including gaming device identification and metering. This rule does not apply to "Central Determined" type games nor does it apply to "Community Bonus" style games. There must be a method for each player to know when the next game will begin.

2.18.2 <u>Gaming Devices</u>. As applicable, the gaming devices must meet the hardware requirements and software requirements of this document.

2.18.3 <u>Master Terminal</u>. The master terminal, which contains the Random Number Generator, must meet the hardware requirements and software requirements of this document. Please note that the coin and bill validator requirements would not apply to the master terminal.

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2.19 Printed Circuit Board (PCB)

2.19.1 <u>PCB Identification Requirements</u>. The requirements for PCB identification shall include the following:

- Each printed circuit board (PCB) shall be identifiable by some sort of name (or number) and revision level. Where feasible, this identification should be readily viewed without removal of the PCB from the gaming device;
- b) The top assembly revision level of the PCB shall be identifiable;
- c) If track cuts and/or patch wires are added to the PCB, then a new revision number or level shall be assigned to the assembly;
- d) Manufacturers shall ensure that circuit board assemblies, used in their gaming devices, conform functionally to the documentation and the certified versions of those PCBs that were evaluated and certified by the test laboratory; and
- e) The manufacturer's name, logo, or abbreviated symbol is recommended.

2.20 Patch Wires

2.20.1 <u>Documentation of Patch Wires & Track Cuts</u>. All patch wires and track cuts shall be documented, in an appropriate manner, in the relevant service manual and/or service bulletin and shall be submitted to the test laboratory. This does not prohibit required repairs in the field.

2.21 Switches and Jumpers

2.21.1 <u>General Statement</u>. If the gaming device contains switches and/or jumpers, the following rules shall be met:

- All hardware switches or jumpers shall be fully documented for evaluation by the test laboratory; and
- b) Hardware switches and/or jumpers which may alter the jurisdictional specific configuration settings, paytables, game denomination, or payout percentages must meet

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applicable sections of this document and must be housed within a logic compartment of the gaming device. This includes top award changes (including progressives), selectable settings, or any other option that would affect the payout percentage.

2.22 Mechanical Devices Used for Displaying of Game Outcomes

2.22.1 <u>General Statement</u>. If the game has mechanical or electro-mechanical devices, which are used for displaying game outcomes, the following rules shall be observed:

- a) Electro-mechanically controlled display devices (e.g. reels or wheels) shall have a sufficiently closed loop of control so as to enable the software to detect a malfunction, and/or any attempt to interfere with the correct operation of that device. This requirement is designed to ensure that if a reel or wheel is not in the position it is supposed to be in, an error condition will be generated,
- b) Mechanical assemblies (e.g., reels or wheels) shall have some mechanism that ensures the correct mounting of the assembly's artwork, if applicable;
- c) Displays shall be constructed in such a way that winning symbol combinations match up with pay lines or other indicators; and
- d) A mechanical assembly shall be so designed that it is not obstructed by any other components.

2.23 Video Monitor/Touch Screens

- 2.23.1 General Statement. All video monitor touch screens shall meet the following rules:
- a) Touch screens shall be accurate and once calibrated, shall maintain that accuracy for at least the manufacturer's recommended maintenance period;
- b) A touch screen should be able to be re-calibrated without access to the gaming device cabinet other than opening the main door; and
- c) There shall be no hidden or undocumented buttons/touch points anywhere on the screen that affect game play and/or that impact the outcome of the game, except as provided for by the game rules.

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2.24 Coin or Token, Bill Validators & Other Methods of Inserting Financial Instruments into the Gaming Device

2.24.1 <u>Coin or Token Acceptors</u>. If the gaming device uses a coin/token acceptor, the acceptor shall accept or reject the coin/token on the basis of metal composition, mass, composite makeup, or an equivalent method to securely identify a valid coin/token. In addition, it shall meet the following rules:

- a) <u>Credit Meter Update on Coin/Token Insertion</u>. Each valid coin/token inserted shall register the actual monetary value or the appropriate number of credits received for the denomination being used on the player's credit meter for the current game or bet meter. If registered directly as credits, the conversion rate shall be clearly stated, or be easily ascertainable from the gaming device;
- b) <u>Coin/Token Acceptor Security Features/Error Conditions</u>. The coin acceptor shall be designed to prevent the use of cheating methods including; but not limited to, slugging (counterfeit coins), stringing (coin pullback), the insertion of foreign objects and any other manipulation that may be deemed as a cheating technique. Appropriate correlating error conditions shall be generated and the coin acceptor shall be disabled;
- c) <u>Rapidly Fed Coins</u>. The gaming device shall be capable of handling rapidly-fed coins/tokens or piggy backed coins/tokens so that occurrences of cheating are eliminated. Coins traveling too fast that do not register on the players credit meter shall be returned to the player;
- d) <u>Direction Detectors</u>. The gaming device shall have suitable detectors for determining the direction and the speed of coin/token travel in the receiver. If a coin/token traveling at too slow of a speed or improper direction is detected, the gaming device shall display a suitable error condition for at least thirty (30) seconds or be cleared by an attendant.
- <u>Invalid Coins/Tokens</u>. Coins/tokens deemed invalid by the acceptor shall be rejected to the coin tray and shall not be counted as credits;
- f) <u>Coin Acceptor Error Conditions</u>. Coin acceptors shall have a mechanism to allow software to interpret and act upon the following conditions:
 - i. Coin-in jam;
 - ii. Coin return jam;

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- iii. Reverse coin-in (coin traveling wrong direction through acceptor); and
- iv. Coin too slow.

NOTE: It is acceptable to report coin-in jam, reverse coin-in and coin too slow as a generic coin-in error.

2.24.2 <u>Bill Validators</u>. All paper currency acceptance devices shall be able to detect the entry of valid bills, coupons, ticket/vouchers, or other approved notes, as applicable, and provide a method to enable the gaming device software to interpret and act appropriately upon a valid or invalid input. The paper currency acceptance device(s) shall be electronically based and be configured to ensure that they only accept valid bills of legal tender, coupons, ticket/vouchers, or other approved notes, and must reject all other items. Rejected bills, ticket/vouchers, coupons or other approved notes should be returned to the player. Ticket/vouchers are paper slips that are treated as a unit of currency, which may be redeemed for cash or exchanged for credits on the gaming device. Coupons are paper slips primarily used for promotional purposes, which may be of a cashable or non-cashable value. The bill input system shall be constructed in a manner that protects against vandalism, abuse, or fraudulent activity. In addition, bill acceptance device(s) shall meet the following rules for all acceptable types of medium:

- Each valid bill, coupon, ticket/voucher or other approved note shall register the actual monetary value or the appropriate number of credits received for the denomination being used on the player's credit meter;
- b) Credit meter update upon bill insertion. Credits shall only be registered when:
 - The bill or other note has passed the point where it is accepted and stacked; and
 - ii. The acceptor has sent the "irrevocably stacked" message to the gaming device;
- c) <u>Bill validator security features.</u> Each bill validator shall be designed to prevent the use of cheating methods such as stringing, the insertion of foreign objects and any other manipulation that may be deemed as a cheating technique. A method for detection of counterf eit bills must be implemented;
- d) <u>Credit acceptance conditions.</u> Acceptance of any bills, ticket/vouchers, coupons or other approved notes for crediting to the credit meter shall only be possible when the gaming

Chapter Two: Machine Requirements - Hardwate Copyright © 2011 Gaming Laboratories International, LLC Page 27 All Rights Reserved device is enabled for play. Other states, such as error conditions, including door opens, audit mode and game play, shall cause the disabling of the bill validator system; with the exception of allowing credit acceptance during game play for devices that allow players to place bets on upcoming events (e.g. horse racing wagering);

- e) <u>Bill validator error conditions.</u> Each gaming device and/or bill validator shall have the capability of detecting and displaying the following error conditions (for bill validators, it is acceptable to disable or flash lights with respect to the bill validator itself):
 - Stacker full. It is recommended that an explicit "stacker full" error message not be utilized since this may promote a security issue. Rather, a message such as "Bill Validator Malfunction" or similar is suggested.;
 - ii. Bill jams;
 - Stacker door open. (The stacker door is the door immediately prior to accessing the cashbox/stacker assembly);
 - iv. Stacker removed; and
 - v. Bill validator malfunction not specified above.

2.24.3 <u>Communications</u>. All bill validators shall communicate to the gaming device using a bi-directional protocol.

2.24.4 <u>Factory Set Bill Validators</u>. If bill validators are designed to be factory set only, it shall not be possible to access or conduct maintenance or adjustments to those bill validators in the field, other than:

- a) The selection of desired acceptance for bills, coupons, ticket/vouchers, or other approved notes and their limits;
- b) Changing of certified control program media or downloading of certified software;
- c) Adjustment of the bill validator for the tolerance level for accepting bills or notes of varying quality should not be allowed externally to the gaming device. Adjustments of the tolerance level should only be allowed with adequate levels of security in place. This can be accomplished through lock and key, physical switch settings, or other accepted methods approved on a case-by-case basis;

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- d) Maintenance, adjustment, and repair per approved factory procedures; or
- e) Options that set the direction or orientation of acceptance.

2.24.5 <u>**Tokenization**</u>. For games that allow tokenization, the game shall receive monetary value from the bill or coin acceptor and post to the player's credit meter the entire amount inserted and display any fractional credits when applicable. It is acceptable for the device to store the fractional credits if one of the following conditions is met:

- a) The game displays the credit meter in dollars and cents; or
- b) The game informs the player that there are fractional credits stored on the device at an opportune time to avoid the possibility of the player walking away from the gaming device without such knowledge. For specifics on how residual credits should be handled and displayed, please refer to the Tokenization/Residual Credits Sections 3.10.

NOTE: See also GLI-16. Cashless Systems for Casinos, for detailed requirements related to cashless environments.

2.25 Machine Metering of Bill Validator Events

2.25.1 <u>General Statement</u>. A gaming device, which contains a bill validator device, shall maintain sufficient electronic metering to be able to display the following:

- a) Total monetary value of all items accepted;
- b) Total number of all items accepted; and
- c) A breakdown of the bills accepted:
 - For bills, the game shall report the number of bills accepted for each bill denomination; and
- d) For all other notes (ticket/vouchers and coupons), the game shall have a separate meter that reports the number of items accepted, not including bills.

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2.25.2 <u>Bill Validator Recall</u>. A gaming device that uses a bill validator shall retain in its memory and display the information required in 2.25.1 of the last five (5) items accepted by the bill validator (i.e. Currency, ticket/vouchers, coupons, etc.) The bill validator recall log may be combined or maintained separately by item type. If combined, the type of item accepted shall be recorded with the respective timestamp.

2.26 Acceptable Bill Validator Locations

2.26.1 <u>Bill Validator Location</u>. If a gaming device is equipped with a bill validator, it shall be located in a locked area of the gaming device (e.g., require opening of the main door to access), but not in the logic area. Only the bill, ticket/voucher insertion area will be accessible by the player.

2.27 Bill Validator Stacker Requirements

2.27.1 <u>General Statement</u>. Each bill validator shall have a secure stacker and all accepted items shall be deposited into the secure stacker. The secure stacker and its receptacle are to be attached to the gaming device in such a manner so that they cannot be easily removed by physical force and shall meet the following rules:

- a) The bill validator device shall have the ability to detect a stacker full condition; and
- b) There shall be a separate keyed lock to access the stacker area. This keyed lock shall be separate from the main door. In addition, a separate keyed lock shall be required to remove the bills from the stacker.

2.28 Credit Redemption

2.28.1 <u>Credit Redemption</u>. Available credits may be collected from the gaming device by the player pressing a collect or cash out button at any time other than during:

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- a) A game being played;
- b) Audit mode;
- c) Any door open;
- d) Test mode;
- e) A Credit meter or win meter increment, unless the entire amount is placed on the meters when the collect button is pressed; or
- f) An error condition, provided the error condition prevents a valid cashout which is not supported through some other means.

2.28.2 <u>Cashout Limit Exceeded</u>. If credits are collected, and the total credit value is greater than or equal to a specific limit (e.g., hopper limit for hopper games, printer limit for printer games, etc.), the game shall lock up until the credits have been paid, and the handpay is cleared by an attendant.

NOTE: In certain situations the printing of multiple independent tickets. each below the ticket limit, is an acceptable alternative, if approved by the regulatory body.

2.29 Coin Hoppers

2.29.1 <u>General Statement</u>. If coin hoppers are used, they are to be monitored, in all game states, by the gaming device control program. Coin hoppers must have the ability to identify hopper coin jams, hopper empty, and extra coin paid conditions. In addition, coin hoppers shall prohibit manipulation by the insertion of a light source or any foreign object and there shall not be an abnormal payout when exposed to higher levels of electro-static discharge or if power is lost at any time during a payout

NOTE: Activities that result in the payout of a single extra coin (e.g. the removal and reinsertion of the hopper) are not considered an abnormal payout as long as it is accounted for as an extra coin paid.

Chapter Two: Machine Requirements – Hardware Copyright © 2011 Gaming Laboratories International, LLC Page 31 All Rights Reserved 2.29.2 <u>Acceptable Hopper Locations</u>. If a gaming device is equipped with a hopper, it shall be located in a locked area of the gaming device, but not in the logic area or the drop box. Access to the hopper shall require at a minimum opening of a secure external door.

2.29.3 <u>Hopper Error Conditions</u>. A gaming device that is equipped with a hopper shall have mechanisms to allow control program software to interpret and act upon the following conditions:

- a) Hopper empty or timed out;
- b) Hopper jam; and
- c) Hopper runaway or extra coin paid out.

2.30 Printers

2.30.1 <u>Payment by Ticket/Voucher Printers</u>. If the gaming device has a printer that is used to make payments, the gaming device may pay the player by issuing a printed ticket/voucher. The printer shall print on a ticket/voucher as indicated in section 2.32 and the gaming device shall support the transmission of data to an on-line data system that records the following information regarding each payout ticket/voucher printed:

- a) Value of credits in local monetary units in numerical form;
- b) Time of day the ticket/voucher was printed in twenty-four (24) hour format showing hours and minutes;
- c) Date, in any recognized format, indicating the day, month, and year;
- d) Gaming device number or machine number;
- e) Unique validation number.

To further meet this requirement, the gaming device shall either keep a duplicate copy or print only one (1) copy to the player but have the ability to retain the last twenty-five (25) ticket/voucher-out information* to resolve player disputes. In addition, an approved system shall be used to validate the payout ticket/voucher, and the ticket/voucher information on the central

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system shall be retained at least as long as the ticket/voucher is valid at that location. If offline voucher issuance is supported, the gaming machine MUST mask all but the last 4 digits of the validation number as displayed in the twenty-five (25) ticket/voucher-out log.

* The ticket/voucher-out log may contain ticket/vouchers and receipts.

2.30.2 <u>Printer Location</u>. If a gaming device is equipped with a printer, it shall be located in a locked area of the gaming device (i.e., require opening of a locked external door), but not be housed within the logic area or the drop box.

2.30.3 <u>Printer Error Conditions</u>. A printer shall have mechanisms to allow control program software to interpret and act upon the following conditions:

- a) <u>Out of paper/paper low.</u> It is permissible for the gaming device to not lock up for these conditions; however, there should be a means for the attendant to be alerted;
- b) Printer jam/failure; and
- c) <u>Printer disconnected</u>. It is permissible for the gaming device to detect this error condition when the game tries to print.

2.31 Ticket/Voucher Validation

2.31.1 <u>Payment by Ticket/Voucher Printer</u>. Payment by ticket/voucher printer as a method of credit redemption is only permissible when:

a) The gaming device is linked to a computerized 'Ticket/Voucher Validation System', which allows validation of the printed ticket/voucher. Validation approval or information shall come from the Ticket/Voucher validation system in order to validate ticket/vouchers. Ticket/vouchers may be validated at any location, as long as it meets the standards in this section. Provisions must be made if communication is lost, and validation information cannot be sent to the validation system, thereby requiring the manufacturer to have an alternate method of payment. The validation system must be

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b)

By use of an approved alternative method that includes the ability to identify duplicate ticket/vouchers to prevent fraud by reprinting and redeeming a ticket/voucher that was previously issued by the gaming device.

2.32 Ticket/Voucher Information

2.32.1 <u>General Statement</u>. A ticket/voucher shall contain the following printed information at a minimum:

- Casino Name/Site Identifier (It is permissible for this information to be contained on the ticket stock itself);
- b) Machine Number (or cashier/change booth location number, if ticket/voucher creation outside of the gaming device is supported);
- c) Date and Time (24hr format which is understood by the local date/time format);
- d) Alpha and numeric dollar amount of the ticket/voucher;
- e) Ticket/voucher sequence number;
- f) Validation number (including a copy of the validation number on the leading edge of the ticket/voucher);
- g) Bar code or any machine readable code representing the validation number;
- h) Type of transaction or other method of differentiating ticket/voucher types (assuming multiple ticket/voucher types are available). Additionally, it is strongly recommended that whenever the ticket/voucher type is itself a non-cashable item and/or just a receipt, that the ticket explicitly express that it has "no cash value";
- Indication of an expiration period from date of issue, or date and time the ticket/voucher will expire (24hr format which is understood by the local date/time format). It is permissible for this information to be contained on the ticket stock itself. (e.g. "Expires in One Year"); and
- j) If offline voucher issuance is supported, an offline authentication identifier must, at a minimum, be printed on the immediate next line following the leading edge validation number that in no way overwrites, or otherwise compromises, the printing of the validation

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number on the ticket (not required for ticket/vouchers that are non-redeemable at a gaming machine). The offline authentication identifier must be derived by a hash, or other secure encryption method of at least 128 bits, that will uniquely identify the voucher, verify that the redeeming system was also the issuing system, and validate the amount of the voucher. For cases where a suitable authentication identifier is not printed on the voucher, the gaming device must print at most one wagering instrument after the gaming device to system communications have been lost.

NOTE: Some of the above-listed information may also be part of the validation number or barcode. Multiple barcodes are allowed and may represent more than just the validation number.

2.33 Ticket/Voucher Issuance and Redemption

2.33.1 <u>Ticket/Voucher Issuance</u>. A ticket/voucher can be generated at a gaming device through an internal printer. Ticket/vouchers that reflect partial credits may be issued automatically from a gaming device. Additionally, cashier/change booth issuance is permitted if supported by the validation system.

2.33.2 <u>Offline Ticket/Voucher Issuance</u>. The gaming device must meet the following minimum set of requirements to incorporate the ability to issue offline vouchers after a loss of communication has been identified by the gaming device.

- a) <u>Rules for Issuance</u>. The gaming device shall not issue more offline vouchers than has the ability to retain and display in the gaming device maintained ticket out log.
- b) <u>Request for Re-Seeding</u>. The gaming device shall not request validation numbers and seed, key, etc. values used in the issuance of vouchers until all outstanding offline voucher information has been fully communicated to the ticket/voucher validation system.
- c) <u>Rules for Re-Seeding</u>. The gaming device shall request a new set of validation numbers and seed, key, etc. values used in the issuance of online/offline voucher if the current list

Chapter Two: Machine Requirements - Hardware Copyright © 2011 Gammg Laboratories International, LLC Page 35 All Rights Reserved. of validation numbers and seed, key, etc. values have the possibility of being compromised which include but are not limited to the following cases:

- i. After power has been recycled, and/or
- ii. Upon exit of a main door open condition.
- d) The values for the seed, key, etc. must never be viewable through any display supported by the gaming device. Additionally, validation numbers must always be masked when viewable through any display supported by the gaming device such that only the last 4 digits of the validation number are visible.

2.33.3 <u>Online Ticket/Voucher Redemption</u>. Ticket/vouchers may be inserted in any gaming device participating in the validation system providing that no credits are issued to the gaming device prior to confirmation of ticket/voucher validity.

2.33.4 <u>Offline Ticket/Voucher Redemption</u>. The offline ticket/voucher redemption may be validated as an internal control process at the specific gaming device that issued the ticket/voucher. A manual handpay may be conducted for the offline ticket/voucher value.

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CHAPTER 3 3.0 SOFTWARE REQUIREMENTS

3.1 Introduction

3.1.1 <u>General Statement</u>. This section of the document shall set forth the technical requirements for the rules of play of the game and related player displays.

3.2 Rules of Play

3.2.1 Display.

- a) <u>Payglass/Video Display</u>. Payglass or video displays shall be clearly identified and shall accurately state the rules of the game and the award that will be paid to the player when the player obtains a specific win.
- b) The payglass or video displays shall clearly indicate whether awards are designated in credits, currency, or some other unit.
- c) The gaming device shall reflect any change in award value, which may occur in the course of play. This may be accomplished with a digital display in a conspicuous location of the gaming device, and the game must clearly indicate as such.
- d) All paytable information, rules of play, and help screen information should be able to be accessed by a player, prior to them committing to a bet. This includes unique game features, extended play, free spins, double-up, take-a-risk, auto play, countdown timers, symbol transformations, and community style bonus awards.
- e) Payglass or video displays shall not be certified if the information is inaccurate.
- f) Upcoming Wins. The game shall not advertise 'upcoming wins,' for example three (3) times pay coming soon. Notwithstanding the foregoing, a game may display such advertising if:
 - i. It is mathematically demonstrable that an award occurrence is upcoming; and

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- ii. If the player is shown a graphical representation in the form of a progress indicator it must accurately depict the current progress towards such an award.
- g) <u>Bonus Feature Information</u>. Each game which offers a feature such as free games or a fever mode must display the number of feature games that are remaining, during each game.
- h) <u>Multiple Decks of Cards.</u> Any games, which utilize multiple decks of cards, shall alert the player as to the number of card decks in play

3.2.2 Information to be Displayed. A gaming device shall display, or shall have displayed on the glass, the following information to the player at all times the gaming device is available for player input:

- a) The player's current credit balance;
- b) The current bet amount. This is only during the base game or if the player can add to the bet during the game;
- c) All possible winning outcomes, or be available as a menu item or on the help menu;
- Win amounts for each possible winning outcome, or be available as a menu or help screen item;
- e) The amount won for the last completed game (until the next game starts or betting options are modified);
- f) The player options selected (e.g., bet amount, lines played) for the last completed game (until the next game starts or a new selection is made);
- g) The denomination being played clearly displayed; and
- h) It is recommended that a disclaimer* regarding "Malfunction Voids all Pays" (or some equivalent verbiage) be clearly displayed.

* NOTE: Should the above disclaimer be used, it is required that this information be permanently affixed to the exterior of the machine and not removable.

3.2.3 <u>Multi-Line Games</u>. The following requirements shall apply to multi-line games:

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- a) Each individual line to be played shall be clearly indicated by the gaming device so that the player is in no doubt as to which lines are being bet on (displaying the number of lines bet shall be sufficient to meet (his requirement);
- b) The credits bet per line shall be shown (it is acceptable if the bet per line can be calculated from the number of lines bet and the total bet); and
- c) The winning payline(s) shall be clearly discernable to the player (e.g., on a video game it may be accomplished by drawing a line over the symbols on the payline(s) and/or the flashing of winning symbols and line selection box). Where there are wins on multiple lines, each winning payline may be indicated in turn. (This would not apply to electromechanical reel games unless technology is used which implements paylines similar to those used on video displays, e.g. backlit reels flashing for each winning payline).

3.2.4 <u>Game Cycle</u>. A game is considered complete when the final transfer to the player's credit meter takes place or when all credits wagered are lost. The following are all considered to be part of a single game:

- a) Games that trigger a free game feature and any subsequent free games;
- b) "Second screen" bonus feature(s);
- c) Games with player choice (e.g., Draw Poker or Black jack);
- Games where the rules permit wagering of additional credits (e.g., Blackjack insurance or the second part of a two-part Keno game); and
- e) Double-up/Gamble features.

3.3 Random Number Generator (RNG) Requirements

3.3.1 Game Selection Process.

 <u>All Combinations and Outcomes Shall Be Available</u>. Each possible permutation or combination of game elements that produces winning or losing game outcomes shall be available for random selection at the initiation of each play, unless otherwise denoted by the game;

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- b) <u>No Near Miss</u>. After selection of the game outcome, the gaming device shall not make a variable secondary decision, which affects the result shown to the player. For instance, the random number generator chooses an outcome that the game will be a loser. The game shall not substitute a particular type of loser to show to the player. This would eliminate the possibility of simulating a 'Near Miss' scenario where the odds of the top award symbol landing on the payline are limited but frequently appear above or below the payline;
- c) <u>No Corruption from Associated Equipment</u>. A gaming device shall use appropriate protocols to protect the random number generator and random selection process from influence by associated equipment, which may be communicating with the gaming device.

3.3.2 <u>Random Number Generator Requirements</u>. The use of an RNG results in the selection of game symbols or production of game outcomes. The selection shall:

- a) Be statistically independent;
- b) Conform to the desired random distribution;
- c) Pass various recognized statistical tests; and
- d) Be unpredictable.

3.3.3 <u>Applied Tests</u>. The test laboratory may employ the use of various recognized tests to determine whether or not the random values produced by the random number generator pass the desired confidence level of 99%. These tests may include, but are not limited to:

- a) Chi-square test;
- b) Equi-distribution (frequency) test;
- c) Gap test;
- d) Overlaps test;
- e) Poker test;
- f) Coupon collector's test;
- g) Perinutation test;

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- h) Kolmogorov-Smirnov test;
- i) Adjacency criterion tests;
- j) Order statistic test;
- k) Runs tests (patterns of occurrences should not be recurrent);
- Interplay correlation test;
- m) Serial correlation test potency and degree of serial correlation (outcomes should be independent of the previous game);
- n) Tests on subsequences; and
- o) Poisson distribution.

NOTE: The independent test lab will choose the appropriate tests on a case-by-case basis depending on the RNG under review.

3.3.4 <u>Background RNG Activity Requirement</u>. The RNG shall be cycled continuously in the background between games and during game play at a speed that cannot be timed by the player. The test laboratory recognizes that some time during the game, the RNG may not be cycled when interrupts may be suspended. The test laboratory recognizes this but shall find that this exception shall be kept to a minimum.

3.3.5 <u>RNG Seeding</u>. The first seed shall be randomly determined by an uncontrolled event After every game there shall be a random change in the RNG process (new seed, random timer, delay, etc.). This will verify the RNG doesn't start at the same value, every time. Alternatively, it is permissible not to use a random seed; however, the manufacturer must ensure that games will not synchronize.

3.3.6 <u>Live Game Correlation</u> Unless otherwise denoted on the payglass, where the gaming device plays a game that is recognizable to be a simulation of a live casino game such as Poker, Black jack, Roulette, etc., the same probabilities associated with the live game shall be evident in the simulated game. For example, the odds of getting any particular number in Roulette where there is a single zero (0) and a double zero (00) on the wheel, shall be 1 in 38: the odds of drawing a specific card or cards in Poker shall be the same as in the live game.

Chapter Three: Software Requirements Copyright © 2011 Gaming Laboratories International, LLC Page 41 All Rights Reserved 3.3.7 <u>Symbol Probability</u>. For game types (such as spinning reel games or video spinning reel games), unless otherwise denoted on the payglass, the mathematical probability of a symbol appearing in a position for any game outcome shall be constant.

3.3.8 <u>Card Games</u>. The requirements for games depicting cards being drawn from a deck are the following:

- At the start of each game/hand, the cards shall be drawn fairly from a randomly-shuffled deck; the replacement cards shall not be drawn until needed, and in accordance with game rules, to allow for multi-deck and depleting decks;
- b) Cards once removed from the deck shall not be returned to the deck except as provided by the rules of the game depicted; and
- c) As cards are removed from the deck they shall be immediately used as directed by the rules of the game (i.e., the cards are not to be discarded due to adaptive behavior by the gaming device).

NOTE. It is acceptable to draw random numbers for replacement cards at the time of the first hand random number draw, provided the replacement cards are sequentially used as needed

3.3.9 <u>Ball Drawing Games</u>. The requirements for games depicting balls being drawn from a pool (e.g., Keno) are as follows:

- At the start of each game, only balls applicable to the game are to be depicted. For games
 with bonus features and additional balls that are selected, they should be chosen from the
 original selection without duplicating an already chosen ball;
- b) The pool shall not be re-mixed except as provided by the rules of the game depicted; and
- c) As balls are drawn from the pool, they shall be immediately used as directed by the rules of the game (i.e., the balls are not to be discarded due to adaptive behavior by the gaming device).

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3.3.10 Scaling Algorithms.

- a) If a random number with a range shorter than that provided by the RNG is required for some purpose within the gaming device, the method of re-scaling, (i.e., converting the number to the lower range), is to be designed in such a way that all numbers within the lower range are equally probable.
- b) If a particular random number selected is outside the range of equal distribution of re-scaling values, it is permissible to discard that random number and select the next in sequence for the purpose of re-scaling.

3.3.11 <u>Mechanical Based RNG Games</u>. Mechanical-based RNG games are games that employ the laws of physics in any way to generate the outcome of the game. All mechanical-based RNG games must meet the requirements of this document with the exception of Sections 3.3.4, 3.3.5, and 3.3.10 that dictate the requirements for electronic random number generators. In addition, mechanical-based RNG games must meet the following rules:

- a) The test laboratory will test multiple iterations to gather enough data to verify the randomness. In addition, the manufacturer may supply live data to assist in this evaluation;
- b) The mechanical pieces must be constructed of materials to prevent decomposition of any component over time (e.g., a ball shall not disintegrate);
- c) The properties of physical items used to choose the selection shall not be altered; and
- d) The player shall not have the ability to physically interact or come into physical contact or manipulate the machine physically with the mechanical portion of the game.

NOTE. The laboratory reserves the right to require replacement parts after a pre-determined amount of time for the game to comply with Rule 3.3.11(b) above. In addition, the device(s) may require periodic inspections to ensure the integrity of the device. Each mechanical based RNG game shall be reviewed on a case-by-case basis.

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3.4 Payout Percentages, Odds and Non-Cash Awards

3.4.1 <u>Software Requirements for Percentage Payout</u>. Each game shall theoretically payout a minimum of seventy-five percent (75%) during the expected lifetime of the game (i.e., progressives, bonus systems, merchandise, etc. shall not be included in the percentage payout if they are external to the game).

NOTE. The laboratory will provide the minimum and maximum theoretical payout percentage for the game within the certification report, unless otherwise noted. Additional external awards added to a game will require a re-evaluation of the theoretical payout percentage, considering the value of the award and possibly other factors. The laboratory will re-evaluate a game's theoretical payout percentage if/when requested.

- a) <u>Optimum Play Used for Skill Games</u>. Gaming devices that may be affected by player skill shall meet the requirement of this section when using a method of play that will provide the greatest return to the player over a period of continuous play.
- b) <u>Minimum Percentage Requirement Met at All Times</u>. The minimum percentage requirement of 75% shall be met at all times. The minimum percentage requirement shall be met when playing at the lowest end of a non-linear paytable (i.e., if a game is continuously played at a minimum bet level for the cycle of the game and the theoretical RTP is lower than the minimum percentage, then the paytable is not permissible). This example also extends to games such as Keno, whereby the continuous playing of any spot combination results in a theoretical return to player lower than the minimum percentage.
- c) <u>Double-up or Gamble</u>. The double-up or gamble options shall have a theoretical return to the player of one hundred percent (100%)

3.4.2 <u>Multiple Percentages</u> For games that offer multiple percentages, please refer to the 'Configuration Settings' requirements in Section 3 13.4 of this document

3.4.3 <u>Odds</u> The highest single advertised payout on each gaming device shall occur, statistically, at least once in 50,000.000 games. This does not apply to multiple awards won together on the same game play where the aggregate prize is not advertised. This odds rule shall

not apply to games which make it possible for a player to win the highest win, multiple times through the use of free games. This rule does apply to each wager that wins the maximum award. If the highest advertised award can occur within a bonus or free game feature, the odds calculation shall include the odds of obtaining the bonus round including the odds to achieve the top award.

3.4.4 Merchandise Prizes in Lieu of Cash Awards.

 <u>Limitations</u> (annuities - lump sum or the payment plan) on the prize amount of merchandise shall be clearly explained to the player on the game that is offering such a prize.

3.5 Bonus Games

3.5.1 <u>Bonus Games</u>. Games that have awards calculated that occur from game play within the base game's cycle (e.g. bonus features, including free games) shall meet the following:

- The game shall display clearly to the player which game rules apply to the current game state. These rules shall be made available to the player prior to the start of the bonus game versus during the bonus game;
- b) The game shall clearly display to the player possible win amount ranges, multiplier ranges, etc. that can be obtained from bonus play;
- c) A game which offers a bonus game, other than those that occur randomly, shall display to the player sufficient information to indicate the current status towards the triggering of the next bonus game,
- If the game requires obtaining several events/symbols toward a feature, the number of events/symbols needed to trigger the bonus shall be indicated along with the number of events/symbols collected at any point;
- e) The game shall not adjust the likelihood of a bonus occurring, based on the history of prizes obtained in previous games (i.e., games shall not adapt their theoretical return to the player based on past payouts);

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- f) If a game's bonus is triggered after accruing a certain number of events/symbols or combination of events/symbols of a different kind over multiple games, the probability of obtaining like events/symbols shall not deteriorate as the game progresses (e.g., for identical events/symbols it is not permitted that the last few events/symbols needed are more difficult to obtain than the previous events/symbols of that kind),
- g) The game shall make it clear to the player that they are in this mode to avoid the possibility of the player walking away from the gaming device not knowing the game is in a bonus mode;
- h) Bonus game awards are part of the game cycle with predetermined award values. Bonus play award contributions to the program payout percentage are calculated consistent with awards of the regular game cycle. Specifically, if the cycle for bonus play awards is different from the base game cycle, then the bonus play awards, occurring within the base game's cycle, will be calculated as part of the game's payout; and
- i) The game shall display the rules of play for the bonus game awards, the rewards associated with each bonus play award, and the character combinations that will result in the specific payouts. For bonus play awards achieved by obtaining specific game results, the progress of the award shall be displayed.

3.5.2 <u>Player Selection or Interaction in Bonus Games</u>. All gaming devices which offer a bonus game or extended feature which requires player selection or interaction are prohibited from automatically making selections or initiating games or features unless the gaming device meets the requirements listed immediately below and explains the mechanism for auto-initiation or selection on the device glass or video display.

- a) The patron is presented with a choice and specifically acknowledges his intent to have the gaming device auto-initiate the bonus or extended play feature by means of a button press or other physical/machine interaction.
- b) The bonus or extended feature provides only one choice to the patron i.e., press button to spin wheel. In this case, the device may auto-initiate the bonus or extended feature after a time out period of at least two (2) minutes

Chapter Three: Software Requirements Copyright © 2011 Gaming Laboratories International, LLC Page 46 All Rights Reserved c) The bonus of extended feature is offered as part of community play that involves two or more patrons and where the delay of an offered selection or game initiation will directly impact the ability for other patrons to continue their bonus or extended feature. Prior to automatically making selections or initiating a community based bonus or feature the patron must be made aware of the time remaining in which they must make their selection or initiate play.

3.6 Extra Credits Wagered during Bonus Games

3.6.1 <u>General Statement</u>. If a bonus or feature game requires extra credits to be wagered during the bonus and the game accumulates all winnings (from the trigger and the feature) to a temporary "win" meter (rather than directly to the credit meter), the game shall:

- a) Provide a means where winnings on the temporary meter can be bet (via the credit meter) to allow for instances where the player has an insufficient credit meter balance to complete the feature;
- b) Transfer all credits on the temporary meter to the credit meter upon completion of the feature;
- c) Not exceed the max bet limit, if one is set; and
- d) Provide the player an opportunity <u>NOT</u> to participate.

3.7 Mystery Awards

3.7.1 <u>General Statement</u> It is acceptable for games to offer a "mystery award" (an award that is not tied to any specific symbol combination) however, the game must indicate the maximum amount the player could potentially win. If the minimum amount that could potentially be awarded is not displayed, it will be assumed to be '0'. In addition, both a minimum and maximum amount must be displayed for any mystery award if the method to receive the award involves strategy or skill. This would include methods where the value of the paytable is used in order to make decisions that could increase the return to the player (e.g., video poker).

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3.8 Multiple Games on the Gaming Device

3.8.1 <u>General Statement</u>. A multi-game is defined as a game which can simultaneously be configured for use with multiple themes and/or multiple pay tables

3.8.2 Selection of Game for Display.

- a) The methodology employed by a player to select a particular game for play on a multigame gaming device shall be clearly explained to the player on the gaming device, and be easily followed.
- b) The gaming device shall be able to clearly inform the player of all games, their rules and/or the paytables, before the player must commit to playing them
- c) The player shall at all times be made aware of which game theme has been selected for play and is being played, as applicable.
- d) When multiple game themes are offered for play, the player shall not be forced to play a game by just selecting a game title, unless the game screen clearly indicates the game selection is unchangeable. If not disclosed, the player shall be able to return to the main menu.
- e) It should not be possible to select or start a new game before the current play is completed and all relevant meters have been updated, including features, gamble and other options of the game, unless the action to start a new game terminates the current play in an orderly manner.
- f) The set of games or the paytable(s) offered to the player for selection can be changed only by a sccurc certified method which includes turning on and off games available for play. The rules outlined in 'Configuration Setting' of this document shall govern the NV memory clear control requirements for these types of selections. However, for games that keep the previous paytable's (the paytable just turned off) data in memory, an NV memory clear is not required.
- g) No changes to the set of games, or to the paytable(s) offered to the player for selection are permitted while there are credits on the player's credit meter or while a game is in progress, notwithstanding specific protocol features which allow such changes to be made in a controlled fashion.

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3.9 Electronic Metering within the Gaming Device

3.9.1 <u>Credit Meter Units and Display</u>. The credit meter shall be maintained in credits or cash value (i.e. applicable local currency) and shall at all times indicate all credits or cash available for the player to wager or cashout with the exception of when the player is viewing an informational screen such as a menu or help screen item. This should be displayed to the player unless a tilt condition or malfunction exists.

3.9.2 <u>Tokenization</u>. If the current local currency amount is not an even multiple of the tokenization factor for a game or the credit amount has a fractional value, the credits displayed for that game may be displayed and played as a truncated amount, (i.e., fractional part removed). However, the fractional credit amount shall be made available to the player when the truncated credit balance is zero. The fractional amount is also known as 'Residual Credit,' <u>see also</u>, 'Tokenization-Residual Credits,' Section 3.10.

3.9.3 <u>Credit Meter - Incrementing</u>. The value of every prize at the end of a game shall be added to the player's credit meter, except for handpays or merchandise, <u>see also</u> 'Merchandise Prizes In Lieu Of Cash Awards,' Section 3.4.4 The value of all prize(s) awarded shall be added to the player's credit meter, except for handpays or merchandise.

3.9.4 **Progressives**. Progressive awards may be added to the credit meter if either:

- a) The credit meter is maintained in the local currency amount format; or
- b) The progressive meter is incremented to whole credit amounts; or
- c) The progressive prize in local currency amount format is converted properly to credits upon transfer to the player's credit meter in a manner that does not mislead the player (i.e., make unqualified statement "wins meter amount" and then rounds down on conversion or cause accounting imbalances)

NOTE: See also, GLI-12 Progressive Gaming Devices in Casinos

Chapter Three: Software Requirements Copyright © 2011 Gaming Laboratories International, LLC Page 49 All Rights Reserved 3.9.5 <u>Collect Meter</u>. There shall be a collect meter, which will show the number of credits or cash, collected by the player upon a cashout. This should be displayed to the player unless a tilt condition or malfunction exists. The number of credits or cash collected shall be subtracted from the player's credit meter and added to the collect meter.

3.9.6 <u>Software Meter Information Access</u>. The software meter information shall only be accessible by an authorized person and must have the ability to be displayed on demand using a secure means.

3.9.7 <u>Electronic Accounting and Occurrence Meters</u>. Electronic accounting meters shall be at least ten (10) digits in length. These meters shall be maintained in credit units equal to the denomination, or in dollars and cents. If the meter is being used in dollars and cents format, eight (8) digits must be used for the dollar amount and two (2) digits used for the cents amount. Devices configured for multi-denomination play shall display the units in dollars and cents. The meter must roll over to zero upon the next occurrence, any time the meter exceeds ten (10) digits and after 9,999,999,999 has been reached or any other value that is logical. Occurrence meters shall be at least eight (8) digits in length however, are not required to automatically roll over. Meters shall be labeled so they can be clearly understood in accordance with their function. All gaming devices shall be equipped with a device, mechanism or method for retaining the value of all meter information specified in this Section (3.9) which must be preserved in the event of power loss to the gaming device. The required electronic meters are as follows (accounting meters are designated with an asterisk '*'):

- a) <u>Coin In*</u>. The gaming device must have a meter that accumulates the total value of all wagers, whether the wagered amount results from the insertion of coins, tokens, currency, deduction from a credit meter or any other means. This meter shall:
 - Not include subsequent wagers of intermediate winnings accumulated during game play sequence such as those acquired from "double up" games;
 - ii. For all games, provide the coin in information, on a per paytable basis, to calculate a weighted average theoretical payback percentage.; and

Chapter Three: Software Requirements Copyright © 2011 Gaming Laboratories International, LLC Page 50 All Rights Reserved iii. For paytables with a difference in theoretical payback percentage which exceeds 4 percent between wager categories, it is reccomended that the device maintain and display coin in meters and the associated theoretical payback percentage, for each wager category with a different theoretical payback percentage, and calculate a weighted average theoretical payback percentage for that paytable.

NOTE: Wager categories, as defined above, do not apply to Keno or Skill Games.

- b) <u>Coin Out*</u>. The gaming device must have a meter that accumulates the total value of all amounts directly paid by the device as a result of winning wagers, whether the payout is made from the hopper, to a credit meter or by any other means. This meter will not record amounts awarded as the result of an external bonusing system or a progressive payout;
- <u>Coin Drop*</u>. The gaming device must have a meter that accumulates the total value of coins or tokens diverted to the drop;
- d) <u>Attendant Paid Jackpots*</u>. The gaming device must have a meter that accumulates the total value of credits paid by an attendant resulting from a single game cycle, the amount of which is not capable of being paid by the gaming device itself. This does not include progressive amounts or amounts awarded as a result of an external bonusing system. This meter is only to include awards resulting from specifically identified amounts listed in the manufacturer's par sheet. Jackpots which are keyed to the credit meter shall NOT increment this meter;
- e) <u>Attendant Paid Cancelled Credits*</u>. The gaming device must have a meter that accumulates the total value paid by an attendant resulting from a player initiated cash-out that exceeds the physical or configured capability of the device to make the proper payout amount;
- Physical Coin In*. The gaming device must have a meter that accumulates the total value of coins or tokens inserted into the device;
- <u>Physical Coin Out</u>*. The gaming device must have a meter that accumulates the value of all coins or tokens physically paid by the device;

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- <u>Bill In*</u>. The gaming device must have a meter that accumulates the total value of currency accepted. Additionally, the gaming device must have a specific occurrence meter for each denomination of currency accepted that records the number of bills accepted of each denomination;
- i) <u>Ticket and/or Voucher In*</u>. The gaming device must have a meter that accumulates the total value of all gaming device vouchers accepted by the device; (A.K.A. Ticket-in);
- j) <u>Ticket and/or Voucher Out*</u>. The gaming device must have a meter that accumulates the total value of all gaming device vouchers and payout receipts issued by the device; (A.K.A Ticket-Out);
- k) <u>Electronic Funds Transfer In* (EFT In</u>). The machine must have a meter "EFT In" that accumulates the total value of cashable credits electronically transferred from a financial institution to the gaming device through a cashless wagering system;
- <u>Cashless Account Transfer In* (A.K.A. WAT In-Wagering Account Transfer In)</u>. The gaming device must have a meter that accumulates the total value of cashable credits electronically transferred to the gaming device from a wagering account by means of an external connection between the device and a cashless wagering system;
- m) <u>Cashless Account Transfer Out*</u>, (A.K.A. WAT Out-Wagering Account Transfer <u>Out</u>) The gaming device must have a meter that accumulates the total value of cashable credits electronically transferred from the gaming device to a wagering account by means of an external connection between the device and a cashless wagering system;
- <u>Non-Cashable Electronic Promotion In*</u>. The gaming device must have a meter that accumulates the total value of non-cashable credits electronically transferred to the gaming device from a promotional account by means of an external connection between the device and a cashless wagering system;
- <u>Cashable Electronic Promotion In*</u>. The gaming device must have a meter that accumulates the total value of cashable credits electronically transferred to the gaming device from a promotional account by means of an external connection between the device and a cashless wagering system;
- p) <u>Non-Cashable Electronic Promotion Out*</u>. The gaming device must have a meter that accumulates the total value of non-cashable credits electronically transferred from the

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Page 52 All Rights Reserved gaming device to a promotional account by means of an external connection between the device and a cashless wagering system;

- q) <u>Cashable Electronic Promotion Out*</u>. The gaming device must have a meter that accumulates the total value of cashable credits electronically transferred from the gaming device to a promotional account by means of an external connection between the device and a cashless wagering system;
- r) <u>Cashable Promotional Credit Wagered</u>. If supported by function, the gaming device must have a meter that accumulates the total value of promotional cashable credits which are wagered. This includes credits that are transferred to the machine electronically or through the acceptance of coupon or voucher;
- s) <u>Coupon Promotion In*</u>. The gaming device must have a meter that accumulates the total value of all gaming device promotional coupons accepted by the device;
- <u>Coupon Promotion Out*</u>. The gaming device must have a meter that accumulates the total value of all gaming device promotional coupons issued by the device;
- Machine Paid External Bonus Payout*. The gaming device must have a meter that accumulates the total value of additional amounts awarded as a result of an external bonusing system and paid by the device;
- v) <u>Attendant Paid External Bonus Payout*</u>. The gaming device must have a meter that accumulates the total value of amounts awarded as a result of an external bonusing system paid by an attendant. Bonus payouts which are keyed to the credit meter, shall not increment this meter;
- w) <u>Attendant Paid Progressive Payout*</u>. The gaming device must have a meter that accumulates the total value of credits paid by an attendant as a result of progressive awards that are not capable of being paid by the device itself. Progressive payouts which are keyed to the credit meter shall not increment this meter;
- Machine Paid Progressive Payout*. The gaming device must have a meter that accumulates the total value of credits paid as a result of progressive awards paid directly by the device. This meter does not include awards paid as a result of an external bonusing system;
- <u>Games Played</u>. The gaming device must have meters that accumulates the number of games played:

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- i. Since power reset;
- ii. Since external door close; and
- iii. Since game initialization (NV memory clear),
- z) <u>External Doors</u>. The machine must have meters that accumulates the number of times the any external cabinet door that allows access to the locked logic area or currency compartment which was opened since the last NV memory clear, provided power is supplied to the device.
- aa) <u>Stacker Door</u>. The gaming device must have a meter that accumulates the number of times the stacker door has been opened since the last NV memory clear provided power is supplied to the device; and
- bb) Progressive Occurrence. The gaming device must have a meter that accumulates the number of times each progressive meter is activated. See also *GLI-12 Progressive Gaming Devices in Casinos*. (The above rule shall be interpreted as requiring that the controller, whether that is the gaming device itself, or an external progressive controller, when configured for progressive functionality, shall provide for this occurrence meter for each progressive level offered.)

3.9.8 <u>Paytable Specific Meters</u>. In addition to the one set of master electronic accounting meters required above, each individual game available for play shall have the paytable meters "Credits Bet" (i.e., Coin In) and "Credits Won" (i.e., Coin Out) in either credits or dollars. Even if a double up or gamble game is lost, the initial win amount, and not credits bet amount, shall be recorded in the game-specific meters.

3.9.9 <u>Double Up or Gamble Meters.</u> For each type of double-up or gamble feature of fered, there shall be sufficient meters to determine the feature's actual return percentage, which shall increment accurately every time a double-up or gamble play concludes, including all amounts wagered and won during interim plays. These meters shall reflect amount wagered and amount won. If the gaming device does not supply accounting for the double-up or gamble information, the feature must provide for the ability to be disabled.

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3.10 Tokenization – Residual Credits

3.10.1 <u>General Statement</u>. If residual credits exist, the manufacturer may provide a residual credit removal feature or any allowable cashout method to remove the residual credits or return the gaming device to normal game play (i.e., leave the residual credits on the player's credit meter for betting). In addition:

- Residual credits bet on the residual credit removal play shall be added to the Coin-In meter Residual credits won as a result of the residual credit removal play shall be added to the Coin-Out meter;
- b) If the residual credit removal play is won, the value of the win shall either:
 - 1. Increment the player's credit meter; or
 - ii. Be automatically dispensed, and the value of the coin(s) added to the Coin-Out meter;
- c) All other appropriate gaming device meters shall be appropriately updated;
- d) If the residual credit removal play is lost, all residual credits are to be removed from the credit meter;
- e) If the residual credits are cashed out rather than wagered, the gaming device shall update the relevant meters (e.g., cancelled credit);
- f) The residual credit removal play feature shall return at least seventy-five percent (75%) to the player over the life of the game;
- g) The player's current options and/or choices shall be clearly indicated electronically or by video display. These options shall not be misleading;
- h) If the residual credit removal play offers the player a choice to complete the game (e.g., select a hidden card), the player shall be also given the option of exiting the residual credit removal mode and returning to the previous mode;
- It shall not be possible to confuse the residual credit removal play with any other game feature (e.g., double-up or gamble);
- j) If the residual credit removal play is offered on a multi-game gaming device, the play shall (for meter purposes of each individual game) either be considered to be a part of the game from which the play was invoked, or be treated as a separate game; and

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 k) The last game recall shall either display the residual credit removal play result or contain sufficient information (e.g., updated meters) to derive the result.

3.11 Communication Protocol

3.11.1 <u>General Statement</u>. For gaming devices that are required to communicate with an online system, the device must accurately function as indicated by the communication protocol that is implemented. In addition, please refer to the *GLI-13 Standards for On-line Monitoring and Control Systems (MCS) and Validation Systems in Casinos.*

3.11.2 <u>Protection of Sensitive Information</u>. The gaming machine must not allow any information contained in communication to or from the online monitoring system that is intended by the communication protocol to be protected, or which is of a sensitive nature, to be viewable through any display mechanism supported by the gaming device. This includes, but is not limited to, validation information, secure PINs, credentials, or secure seeds and keys.

3.12 Error Conditions

3.12.1 <u>General Statement</u>. Gaming devices shall be capable of detecting and displaying the following error conditions and illuminate the tower light for each or sound an audible alarm. Error conditions shall cause the gaming device to lock up and require attendant intervention except as noted within this section. Error conditions shall be cleared either by an attendant or upon initiation of a new play sequence after the error has cleared except for those denoted by an "*" which will require further evaluation since deemed as a critical error. Error conditions shall be communicated to an on-line monitoring and control system, where applicable:

3.12.2 Door Open Error Conditions.

- a) All external doors (e.g., main, belly, top box);
- b) Drop box door;
- c) Stacker door; and

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3.12.3 Other Error Conditions.

- a) NV memory error* (for any critical memory);
- b) Low NV memory battery for batteries external to the NV memory itself or low power source;
- c) **Program error or authentication mismatch***;
- Reel spin errors. The specific reel number shall be identified in the error code. This should be detected under the following conditions:
 - i. A mis-index condition for rotating reels, that affects the outcome of the game;
 - ii. In the final positioning of the reel, if the position error exceeds one-half of the width of the smallest symbol excluding blanks on the reel strip; and
 - iii. Microprocessor-controlled reels shall be monitored to detect malfunctions such as a reel which is jammed, or is not spinning freely, or any attempt to manipulate their final resting position.

3.12.4 <u>Error Codes</u>. For games that use error codes, a description of gaming device error codes and their meanings shall be affixed inside the gaming device. This does not apply to video-based games; however, video-based games shall display meaningful text as to the error conditions.

3.13 Program Interruption & Resumption

3.13.1 <u>Interruption</u>. After a program interruption (e.g., processor reset), the software shall be able to recover to the state it was in immediately prior to the interruption occurring. It is acceptable for the game to return to a game completion state provided the game history and all credit and accounting meters comprehend a completed game. If a power failure occurs during acceptance of a bill or other note, the bill validator shall give proper credits or return the note, notwithstanding that there may be a small window of time where power may fail and credit may not be given. In this case, the window shall be less than one (1) second.

Chapter Three: Software Requirements Copyright © 2011 Gaming Laboratories International, LLC Page 57 All Rights Reserved 3.13.2. <u>Restoring Power</u>. If a gaming device is powered down while in an error condition, then upon restoring power, the specific error message shall still be displayed and the gaming device shall remain locked-up. This is unless power down is used as part of the error reset procedure, or if on power up or door closure, the gaming device checks for the error condition and detects that the error is no longer in existence

3.13.3 <u>Simultaneous Inputs</u>. The program shall not be adversely affected by the simultaneous or sequential activation of the various inputs and outputs, such as 'play buttons', which might, whether intentionally or not, cause malfunctions or invalid results

3.13.4 <u>Resumption</u>. On program resumption, the following procedures shall be performed as a minimum requirement:

- a) Any communications to an external device shall not begin until the program resumption routine, including self-tests, is completed successfully; and
- b) The bill validator device shall perform a self-test at each power up. In the event of a self-test failure, the bill validator shall automatically disable itself (i.e., enter bill reject state) until the error state has been cleared.

3.13.5 <u>Microprocessor Controlled Reels</u> (e.g., stepper motor reels) shall re-spin automatically to the last valid play-mode result when the play mode is re-entered, and the reel positions have been altered (e.g., the main door is closed, power is restored, audit mode is exited, or an error condition cleared).

3.14 Door Open/Close

3.14.1 <u>Required Door Metering</u>. The software shall be able to detect access to the following doors or secure areas provided power is supplied to the device:

- a) All external doors (e.g., main, belly, top box);
- b) Drop box door;

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GLI Standard #11 - Standards for Gaming Devices in Casinos

c) Stacker door; and

d) Any other currency storage areas that have a door.

3.14.2 <u>Door Open Procedures</u>. When any one of the gaming device's external doors are opened, the game shall cease play, enter an error condition, display an appropriate error message, disable coin acceptance and bill acceptance, and either sound an alarm or illuminate the tower light or both.

3.14.3 <u>Door Close Procedures</u>. When all of the gaming device's external doors are closed, the game shall return to its original state and display an appropriate error message, until the next game has ended.

3.15 Taxation Reporting Limits

3.15.1 <u>General Statement</u>. The game shall be capable of entering a lock up condition if any awards from a single game cycle are in excess of a limit that is required by a taxing jurisdiction Notwithstanding the foregoing, it is permissible to provide a mechanism to accrue W2G eligible winnings to a separate meter. This meter must not provide for the ability to place wagers and when collected by the player must lockup as required by a taxing jurisdiction.

3.16 Test/Diagnostic Mode (Demo Mode)

3.16.1 <u>General Statement</u>. If the gaming device is in a test, diagnostic or demo mode, any test that incorporates credits entering or leaving the gaming device (e.g., a hopper test) shall be completed on resumption of normal operation. In addition, there shall not be any mode other than normal operation (ready for play) that increments any of the electronic meters. Any credits on the gaming device that were accrued during the test, diagnostic or demo mode shall be automatically cleared before the mode is exited. Specific meters are permissible for these types of modes provided the meters indicate as such.

Chapter Three: Software Requirements Copyright © 2011 Gaming Laboratories International, LLC Page 59 All Rights Reserved 3.16.2 <u>Entry to Test/Diagnostics Mode</u>. The opening of the main cabinet door of the gaming device may automatically place the gaming device in a service or test/diagnostic mode. Test/diagnostics mode may also be entered, via an appropriate instruction, from an attendant during an audit mode access. These modes should not be accessible to the player.

3.16.3 <u>Exiting From Test/Diagnostic Mode</u>. When exiting from test-diagnostic mode, the game shall return to the original state it was in when the test mode was entered.

3.16.4 <u>Test Games</u>. If the device is in a game test mode, the gaming device shall clearly indicate that it is in a test mode, not normal play.

3.17 Game History Recall

3.17.1 <u>Number Of Last Games Required</u>. Information on at least the last ten (10) games is to be always retrievable on the operation of a suitable external key-switch, or another secure method that is not available to the player.

3.17.2 Last Play Information Required. Last play information shall provide all information required to fully reconstruct the last ten (10) games. All values shall be displayed; including the initial credits or ending credits, credits bet, and credits won, payline symbol combinations and credits paid whether the outcome resulted in a win or loss. This information can be represented in graphical or text format. If a progressive was awarded, it is sufficient to indicate the progressive was awarded and not display the value. This information should include the final game outcome, including all player choices and bonus features. In addition, include the results of double-up or gamble (if applicable).

NOTE: For "Last Play Information" stated above, it is allowable to display values in currency in place of 'credits'.

3.17.3 <u>Bonus Rounds</u>. The ten (10) game recall shall reflect bonus rounds in their entirety. If a bonus round lasts 'x number of events,' each with separate outcomes, each of the 'x events' shall

Chapter Three: Software Requirements Copyright © 2011 Gaming Laboratories International, LLC Page 60 All Rights Reserved. be displayed with its corresponding outcome, regardless if the result is a win or loss. The recall shall also reflect position dependent events if the outcome results in an award. Gaming devices offering games with a variable number of free games, per base game, may satisfy this requirement by providing the capability to display the last 50 free games in addition to each base game.

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CHAPTER 4 4.0 TOURNAMENTS

4.1 **Tournament Description**

4.1.1 <u>General Statement</u>. A tournament is an organized event that permits a player to engage in competitive play against other players.

4.2 Tournament Program

4.2.1 <u>General Statement</u> Each gaming device may be equipped with a certified program, which allows for tournament mode play. The tournament option shall default to disabled. If tournament is an option, it shall be enabled by a regulator-approved and controlled method requiring manual intervention and/or total replacement of the logic board with a certified tournament board.

4.3 Tournament - Hardware

4.3.1 <u>General Statement</u>. The game shall comply with the requirements set forth in Chapter 3 of this document, if applicable.

4.4 Tournament - Software

4.4.1 <u>General Statement</u> No gaming device, while enabled for tournament play shall accept credits from any source, nor pay out credits in anyway, but shall utilize credit points only. Tournament credits shall have no cash value. These games shall not increment any mechanical or electro-mechanical meters unless they are meters designed exclusively for use with tournament software, and shall not communicate any tournament-related accounting information to the

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system. The percentage requirements as addressed in Section 3.4 are waived for tournament games.

4.4.2 <u>Gaming Device Settings</u>. All gaming devices used in a single tournament shall utilize the same electronics and machine settings as other gaming devices involved in the tournament, including reel speed settings.

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STANDARD SERIES

GLI-21:

Client-Server Systems

Version: 2.2

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ABOUT THIS STANDARD

This Standard has been produced by Gaming Laboratories International, LLC for the purpose of providing independent certifications to suppliers under this Standard and complies with the requirements set forth herein.

A supplier should submit equipment with a request that it be certified in accordance with this Standard. Upon certification, Gaming Laboratories International, LLC will provide a certificate of compliance evidencing the certification to this Standard.

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GLI Standard #21 - Standards for Client-Server Systems

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CHAPTER 1 1.0 OVERVIEW - STANDARDS FOR CLIENT-SERVER SYSTEMS (CCS)

1.1 Introduction

1.1.1 <u>General Statement</u>. Gaming Laboratories International, LLC (GLI) has been testing gaming equipment since 1989. Over the years, we have developed numerous standards for jurisdictions all over the world. In recent years, many jurisdictions have opted to ask for technical standards without creating their own standards. In addition, with technology changing almost monthly, new technology is not being incorporated quickly enough into existing standards due to the long process of administrative rulemaking. This document, *GLI Standard* 21, will set forth the technical Standards for Client-Server Systems CSS.

1.1.2 Document History. This document is an essay from many standards documents from around the world. Some GLI has written; some, such as the Australian and New Zealand National Standard and the Nevada Gaming and Control Board were written by Industry Regulators with input from Test Laboratories and machine manufacturers. We have taken each of the standards' documents. merged each of the unique rules together, eliminating some rules and updating others, in order to reflect both the change in technology and the purpose of maintaining an objective, factual standard. We have listed below, and give credit to, agencies whose documents we reviewed prior to writing this Standard. It is the policy of Gaming Laboratories International, LLC to update this document as often as possible to reflect changes in technology, testing methods, or cheating methods. This document will be distributed FREF. OF CHARGE to all those who request it. This standard and all others may be obtained by downloading it from our website at www.gaminglabs.com or by writing to us at:

Gaming Laboratories International, LLC 600 Airport Road Lakewood, NJ 08701 (732) 942-3999 Tel (732) 942-0043 Fax

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1.2 Acknowledgment of Other Standards Reviewed

1.2.1 <u>General Statement</u>. These Standards have been developed by reviewing and using portions of the documents from the organizations listed below. We acknowledge the regulators who have assembled these documents and thank them:

- a) The Queensland Office of Gaming Regulation;
- b) The Tasmanian Department of Treasury and Finance, Revenue and Gaming Division;
- c) The ACT Office of Financial Management;
- d) The New South Wales Department of Gaming and Racing;
- e) The New Zealand Casino Control Authority;
- f) The New Zealand Department of Internal Affairs, Gaming Racing & Censorship Division;
- g) The Northern Territory Racing and Gaming Authority;
- h) The South Australian Office of the Liquor and Gaming Commissioner;
- i) The Victorian Casino and Gaming Authority;
- j) The Western Australian Office of Racing Gaming and Liquor:
- k) The South African Bureau of Standards;
- I) The Nevada Gaming and Control Board;
- m) NIST Special Publication 800-57 Recommendations for Key Management Part 2: Best Practices for Key Management Organization;
- n) Nevada Regulatory 14 Technical Standards; and
- o) GSA G2S and S2S protocol standards.

1.3 Purpose of Technical Standards

- 1.3.1 <u>General Statement</u> The Purpose of this Technical Standard is as follows:
- a) To eliminate subjective criteria in analysing and certifying Client Terminal game operation,
- b) To only test those criteria that impact the credibility and integrity of Client Terminal

Chapter One: Overview – Stands for Client-Server Systems Copyright © 2011 Gaming Laboratories International, LLC Page 8 All Rights Reserved. gaming from both the Revenue Collection and Player's play point of view.

- c) To create a standard that will ensure that the server-based and server-supported games are fair, secure, and able to be audited and operated correctly.
- d) To distinguish between local public policy and laboratory criteria. At GLI, we believe that it is up to each local jurisdiction to set their own public policy with respect to gaming.
- e) To recognize that non-gaming testing (such as Electrical Testing) should not be incorporated into this standard but left to appropriate test laboratories that specialize in that type of testing. Except where specifically identified in the standard, testing is not directed at health or safety matters. These matters are the responsibility of the manufacturer, purchaser, and operator of the equipment.
- f) To construct a standard that can be easily changed or modified to allow for new technology.
- g) To construct a standard that does not specify any particular method or algorithm. The intent is to allow a wide range of methods to be used to conform to the standards, while at the same time, to encourage new methods to be developed.

1.3.2 <u>No Limitation of Technology</u>. One should be cautioned that this document should not be read in such a way that limits the use of future technology. The document should not be interpreted that if the technology is not mentioned, then it is not allowed. Quite to the contrary, as new technology is developed, we will review this standard, make changes and incorporate new minimum standards for the new technology.

1.4 Other Documents That May Apply

I.4.1 <u>General Statement</u> Please refer to our website at <u>www.gaminglabs.com</u> for a complete list of other GLI Standards available, which may also apply.

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1.5 Defining Client-Server Systems

1.5.1 <u>General Statement</u>. A Client-Server System (CSS) can be fragmentally defined as either a Server Based Game System (SBGS) or a Server Supported Game System (SSGS). Both of which can be defined as the combination of a Central Server, Client Terminals and all Interface Elements that function collectively for the purpose of linking the Client Terminal with the Central Server to perform a myriad of functions related to gaming, which may include, but are not limited to:

- a) Downloading of Game Logic to the Client Terminals;
- b) Central Server Random Number Generation;
- c) Thin Client Gaming Configurations.

NOTE: The communication network may be totally contained within a single venue (LAN) or over a wide area network (WAN) whereby a server in one location supports Client Terminals in multiple sites.

1.5.1.1 <u>Server Based Game System (SBGS) defined</u> The combination of a server and Client Terminals in which the entire or integral portion of game content resides on the server. This system works collectively in a fashion in which the Client Terminal will not be capable of functioning when disconnected from the system.

1.5.1.2 <u>Server Supported Game System (SSGS) Defined</u> The combination of a server and Client Terminal(s) which together allow the transfer of the entire control program and game content to the Client Terminal(s) for the purpose of downloading control programs and other software resources to the Client Terminal on an intermittent basis. The Client Terminals connected to the system are capable of operating independently from the system once the downloading process has been completed. This configuration encompasses cases where the system may take control of peripheral devices or associated equipment typically considered part of a conventional Client Terminal such as a bill validator or a printer. In a System Supported Game, game outcome is determined by the Client Terminals connected to the system and not by the system itself. The Client Terminal is capable of functioning if disconnected from the system

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1.6 Phases of Testing

1.6.1 <u>General Statement</u>. CSS submissions to the Test Laboratory will be performed in two phases:

- a) Within the laboratory setting; and
- b) On-site following the initial install of the system to ensure proper configuration of the security applications.

NOTE. In addition to the on-site testing of the system, the Test Laboratory shall provide training on this new technology to the local regulators, recommended field auditing procedures, and assistance with the compilation of Internal Controls, if requested.

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CHAPTER 2 2.0 COMMUNICATION REQUIREMENTS

2.1 Introduction

2.1.1 <u>General Statement</u>. This chapter refers to communications between the CSS Server(s), all Interface Elements and the Client Terminals used in the CSS environment.

2.1.2 <u>Communication Protocol</u>. Each component of a CSS must function as indicated by the communication protocol implemented. All protocols must use communication techniques that have proper error detection and/or recovery mechanisms, which are designed to prevent tampering. GLI strongly recommends encryption with secure seeds or algorithms. Any alternative measures will be reviewed on a case-by-case basis, with regulator approval.

2.1.3 <u>Loss of Communications</u>. For a Server Based Game System (SBGS), a client must be rendered unplayable if communications from the server or system portion of the Client Terminal is lost. If a game is in progress, a mechanism must be provided to recover to the point of the game when communications was lost. Alternatively, in a multi-player environment, a loss of communication can result in aborting the game and refunding player's wagers.

In the case of Client Terminals that have lost communications with the server, the CSS must provide a means, such as a hand pay, for patrons to cash out credits indicated on the Server Based Client Terminal at the time communication was lost.

2.2 System Security

2.2.1 <u>General Statement</u>. In the event the CSS Server is utilized in conjunction with another network, all communications. including Remote Access, must pass through at least one approved application-level firewall and must not have a facility that allows for an alternate network path. If

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an alternate network path exists for redundancy purposes, it too must pass through at least one application-level firewall.

NOTE: Each CSS as submitted to the Test Laboratory will be examined thoroughly to ensure that the proposed field configuration is secure. The Test Laboratory may provide additional security recommendations within the final certification and on-site training to the regulators, if requested.

2.2.2 <u>Firewall Audit Logs</u>. The firewall application must maintain an audit log of the following information and must disable all communications and generate an error event if the audit log becomes full:

- a) all changes to configuration of the firewall;
- b) all successful and unsuccessful connection attempts through the firewall; and
- c) the source and destination IP Addresses, Port Numbers and MAC Addresses.

NOTE: A configurable parameter 'unsuccessful connection attempts' may be utilized to deny further connection requests should the predefined threshold be exceeded. The system administrator must also be notified.

2.3 Remote Access

2.3.1 <u>General Statement</u>. Remote Access is defined as any access to the system outside of the 'Trusted' Network. Remote Access, where permitted, shall authenticate all computer systems based on the authorized settings of the CSS or firewall application that establishes a connection with the CSS. The security of Remote Access will be reviewed on a case-by-case basis, in conjunction with the current technology and approval from the local regulatory agency. The following are additional requirements:

a) No unauthorized remote user administration functionality (adding users, changing permissions, etc.);

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- b) No unauthorized access to any database other than information retrieval using existing functions; and
- c) No unauthorized access to the operating system

NOTE: GLI acknowledges that the system manufacturer may, as needed, remotely access the CSS and its associated components for the purpose of product and user support, if permitted.

2.3.2 <u>Remote Access Auditing</u>. The CSS Server must maintain an activity log either automatically or have the ability to manually enter the logs depicting all Remote Access information that includes the:

- a) Log on Name;
- b) Time and date the connection was made;
- c) Duration of connection; and
- d) Activity while logged in, including the specific areas accessed and changes that were made.

2.4 Wide Area Network Communications

2.4.1 <u>General Statement</u> Wide Area Network (WAN) communications within the CSS is permitted provided that:

- a) the Jurisdiction(s) within which the CSS is to operate do not specifically prohibit the linking of multiple sites;
- b) the communications over the WAN are secured from intrusion, interference and eavesdropping via techniques such as use of a Virtual Private Network (VPN), encryption, authentication etc; and
- c) only functions documented in the communications protocol are used over the WAN. The protocol shall be provided to the Testing Laboratory. The protocol documentation may be in multiple parts e.g. delivery mechanism and message formats, etc.

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CHAPTER 3 3.0 CSS SERVER REQUIREMENTS

3.1 Introduction

3.1.1 <u>General Statement</u>. This section covers the elements common to the "back of the house" operations of a CSS. The Game Server(s) may be located locally, within a single facility or may be remotely located outside of the facility such as over a Wide Area Network (WAN). In the case where a CSS Server also performs tasks as required by other systems, (i.e. On-Line Monitoring and Control System, Ticket Validation System, etc) those portions do not apply to the GLI-21 document and would have to be evaluated against the appropriate standard.

3.2 Multiple Servers

3.2.1 <u>General Statement</u>. A CSS may in fact be a collection of servers for load balancing, redundancy or functionality reasons. For example, there might be two or more game servers, a finance server, monitoring server, download server, etc. The system as a whole, which may be a collection of such servers, must meet the full requirements of this specification but not necessarily each server.

3.3 General Operation & Server Security

3.3.1 <u>General Statement</u>. For a Server Based Game System, the Game Server shall generate and transmit to the Client Terminals control, configuration and information data, depending upon the actual implementation, examples are:

- a) credit movement;
- b) random numbers;
- c) game result components, e.g. balls, cards or reel stop positions;

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d) actual game results; or

e) updates to the credit meter for winning games.

For a System Supported Game System, the Game Server will not participate in the game determination process i.e. the primary functions will be that of downloading control programs and other software resources, or providing command and control instruction that may change the configuration of the of the software already loaded on the Client Terminal, on an intermittent basis.

3.3.2 <u>Security</u>. The Servers shall be housed in a secure computer room or secure locked cabinet outside of the Player Terminals.

3.3.3 <u>Intrusion Protection</u>. All servers shall have sufficient physical / logical intrusion protection against unauthorized access. Ideally, the system should require Manufacturer and Regulatory Authority providing joint but not separate access.

3.3.4 <u>Configuration Access Requirements</u>. The CSS interface element setup/configuration menu(s) must not be available unless using an authorized access method that is secure.

3.3.5 <u>Server Programming</u>. There shall be no means available for an Operator to conduct programming on the server in any configuration e.g. the Operator should not be able to perform SQL statements to modify the database. However, it is acceptable for Network Administrators to perform authorized network infrastructure maintenance with the sufficient access rights, that would include the use of SQL statements that were already resident on the system.

3.3.6 <u>Virus Protection</u>. It is recommended all servers and client devices should have adequate virus protection, where applicable.

3.3.7 <u>Copy Protection</u>. Copy protection to prevent unauthorized proliferation or modification of software, for servers or clients, may be implemented provided that:

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- a) the method of copy protection is fully documented and provided to the Test Laboratory, who will verify that the protection works as described; and
- b) any device(s) involved in enforcing the copy protection can be individually verified by the methodology described in Section 3.7.2.

3.4 Wireless Ethernet Communication

3.4.1 <u>General Statement</u>. Should a wireless Ethernet communication solution be utilized, it must meet the applicable portions of the GLI-26 Standard 'Wireless Gaming Systems'

3.5 System Failure

3.5.1 <u>General Statement</u>. The CSS shall be designed to protect the integrity of pertinent data in the event of a failure. Audit logs, system databases, and any other pertinent data must be stored using reasonable protection methods. If hard disk drives are used as storage media, data integrity must be assured in the event of a disk failure. Acceptable methods include, but are not limited to, multiple hard drives in an acceptable RAID configuration, or mirroring data over two or more hard drives. The method used must also provide open support for backups and restoration. Backup scheme implementation must occur at least once every day, although all methods will be reviewed on a case-by-case basis by the testing laboratory.

3.5.2 <u>Recovery Requirements</u>. In the event of a catastrophic failure when the CSS cannot be restarted in any other way, it shall be possible to reload the database from the last viable backup point and fully recover the contents of that backup, recommended to consist of at least the following information, where applicable:

- a) Significant events.
- b) Auditing information.
- c) Specific site information such as game configuration, security accounts, etc.

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3.6 Self Monitoring

3.6.1 <u>General Statement</u> The CSS must implement self-monitoring of all critical Interface Elements (e.g. Central hosts, network devices, firewalls, links to third parties, etc.) and shall have the ability to effectively notify the system administrator of the condition, provided the condition is not catastrophic. The CSS shall be able to perform this operation with a frequency of at least once in every 24-hour period. The implementation of self-monitoring schemes will be reviewed on a case-by-case basis by the testing laboratory. Additionally, all critical interface elements will be reviewed on a case per case basis and may require further action by the system depending upon the severity of the failure.

3.7 CSS Software Verification

3.7.1 Controlled Server Components.

- a) <u>General Statement</u>. Each component of the CSS must have a method to be verified via a third-party verification procedure. The third-party verification process shall not include any process or security software provided by the operating system or manufacturer. A secondary check may use commercially available software by the system manufacturer as part of any secondary verification.
- b) <u>General Statement</u>. The CSS must be capable of verifying that all control programs contained on the server or system portion are authentic copies of approved components both automatically at least once every 24 hours and on demand. The method of validation must provide at least 128 bits of resolution or must be a bit-for-bit comparison and must prevent the execution of any control program component if the component is determined to be invalid. If an error(s) is detected, the system must provide a visual notification of the invalid program. A program component of the verification mechanism must reside on and securely load from non-alterable media. A report shall be available which details the outcome of each automated execution of the validation mechanism and shall identify any invalid program components.

Chapter Three: CSS Server Requirements Copyright © 201 I Gaming Laboratories International, LLC Page 18 All Rights Reserved. 3.7.2 <u>Verification of devices that cannot be interrogated</u>. Program devices that cannot be interrogated, such as Smart cards, may be used provided they are able to be verified by the following methodology:

- a) A challenge is sent by the peer device, such as a hashing seed, to which the device must respond with a checksum of its entire program space using the challenge value.
- b) The challenge mechanism and means of loading the software into the device is verified by the Testing Laboratory and approved by the regulator.

Such devices, where examination of the source code by the test lab shows that there can be no affect on approved game or monetary outcome, shall not be subject to these requirements.

3.7.3 Controlled Client Terminal Components.

- a) <u>General Statement</u>. This section will outline the requirements of the CSS when downloading software, games and other configuration data to Client Terminals.
- b) <u>Independent Integrity Checks.</u> The CSS shall provide the ability to conduct an independent integrity check of all applicable controlled components residing on the system.
 - i. The third-party verification process shall not include any process or security software provided by the operating system manufacturer, unless the purpose is to be used as a secondary verification method.

3.7.4 <u>Verification of Control Program</u>. The CSS shall provide the ability to authenticate all applicable controlled components for which a copy resides on the system on demand and once every 24 hours and:

a) The CSS shall authenticate all critical files including, but not limited to, executables, data, operating system files and other files, which may affect the game outcome or operation, and for which a copy resides on the system.

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- b) The CSS shall employ a third-party industry standard secure hashing algorithm (eg_MD-5 or SHA-I). If embedded, the manufacturer should be prepared to demonstrate the algorithm of choice to both the testing laboratory and the Commission.
- c) A report shall be available that details the verification results for each controlled component verification.
- d) In the event of failed authentication the CSS shall deactivate the controlled component in a manner in which the following functions; including, but not timited to, download, install, and configuration of the controlled component to a connected Client Terminal is not possible. The CSS shall also provide a mechanism to provide notification of the authentication failure to the Commission.

3.8 Server Recall Requirements

3.8.1 <u>General Statement</u>. The Server that supports a Server Based Game must be able to provide the following information display

- a) a complete play history for the most recent game played and at least nine (9) games prior to the most recent game for each client station connected to the Server Based game. The display must indicate the game outcome (or a representative equivalent), intermediate play steps (such as hold and draw sequence or a double-down sequence), credits available, bets placed, credits or coins paid, and credits cashed out. The capability to initiate game recall must be available at the client, for recall information specifically associated with the particular client station initiating the game recall. The capacity to initiate game recall for any and all clients that make up the Server Based Gaming System must be available from the system or server portion of the SBGS. The requirement to display game recall applies to all game programs currently installed on the server portion of the Server Based Game.
- a complete transaction history for transactions with a cashless wagering system to include the most recent and the previous thirty-four transactions prior to the most recent transaction for each client station that incremented any of the cashless in-or out meters. The capability to initiate transaction history must be available at the Client Terminal for

Chapter Three: CSS Server Requirements Copyright © 2011 Gaming Laboratories International, LLC Page 20 All Rights Reserved the transaction history specifically associated with the particular Client Terminal initiating the history information request.

3.9 Download Data Library

3.9.1 <u>General Statement</u>. The Download Data Library refers to the formal storage of all approved data files that may be downloaded to Client Terminals including control and game software, peripheral firmware, configuration data, etc.

3.9.2 <u>Update of Download Data Library</u>. Where applicable, the CSS Download Data Library shall only be written to, with secure access that is controlled by the regulator, in which case the manufacturer and/or operator will be able to access the Download Data Library, provided that this access does not permit adding new Download Data Files; or the Download Data Library shall only be written to using a method that is acceptable by the Test Laboratory and the Regulator.

3.9.3 <u>Download Data Library Audit Log</u>. Any changes that are made to the Download Data Library, including the addition, changing or deletion of Game Programs, must be stored in an unalterable audit log, which shall include:

- a) Time and Date of the access and/or event;
- b) Log In Name; and
- c) Download Data Files added, changed, or deleted.

3.9.4 <u>Download Activity Audit Log</u>. Any record of activity between the Server and the Client that involves the downloading of program logic, the adjustment of client settings/configurations, or the activation of previously downloaded program logic, must be stored in an unalterable audit log, which shall include:

a) The Client Terminal(s) which the Game Program was downloaded to and, if applicable, the program it replaced; and

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- b) The Client Terminal(s) which the Game Program was activated on and the program it replaced; and
- c) Changes to the Client Terminal configuration settings/configurations and what the changes were.

3.10 Download of Client Terminal Data Files and Control Programs

3.10.1 <u>General Statement</u>. This chapter will outline the requirements of the CSS when downloading software, games and other configuration data to Client Terminals, if the Server provides the functionality of downloading control programs and other software resources, whether for a Server Based Game System or a System Supported Game System

<u>3.10.2 Control Program</u>. This section will detail the minimum technical standards that shall be met, where applicable, when downloading/activating control programs from the SSGS Server to the Client Terminal:

- a) The Client Terminal and/or the SSGS Server must have a method to monitor and report to the Slot Monitoring System all external door access during a foreground program download and/or activation process. If the SSGS does not have the ability to monitor the door access during the foreground program download and/or activation process, the Test Laboratory's report shall indicate as such so that Internal Controls can be developed to ensure the security of the Client Terminal's security, primarily with regard to the cash compartments, where applicable.
- b) Prior to execution of updated software, the Client Terminal must be in an Idle State for four minutes and the software successfully authenticated, as defined within the Verification of control program section of the applicable game regulations.
- c) Prior to any software being added or removed from a gaming device or client station comprising a part of a system supported game, that would result in the loss or change of mandatory accounting meter information; a complete set of meter information must be successfully communicated to a slot accounting system.

Chapter Three: CSS Server Requirements Copyright © 2011 Gaming Laboratories International, LLC Page 22 All Rights Reserved d) It must be possible to perform a forensic analysis of the game which may include viewing the game data at the CSS Server and/or being able to place the game data back onto another client terminal for examination purposes.

3.11 Control of Client Terminal Configurations

3.11.1 <u>General Statement</u>. Client Terminals used in a CSS environment that have alterable configurations that require Regulatory Control, as outlined within GLI-11 Section 1.5, may be waived provided that the rules within this section are met.

3.11.2 <u>Paytable/Denomination Configuration Changes</u>. Client Terminal Control Programs that offer multiple paytables and/or denominations that can be configured via the CSS Server will not require Regulatory Control to change the paytable selected, provided:

- a) All paytables that are available meet the local theoretical payback percentage and odds requirements, where applicable;
- b) The Client Terminal and/or CSS Server maintains the Amounts Bet and Amounts Won meters within Critical Memory for each of the paytables that are available;
- c) The Client Terminal maintains the Master Accounting meters in dollars and cents or the lowest denomination available for the local currency;
- d) The game is in an Idle State when the update occurs; and
- e) The change will not cause inaccurate crediting or payment (i.e., games using coin hoppers and coin acceptors with a fixed denomination.)

3.11.3 <u>Client Terminal Critical Memory Clear</u>. The process of clearing memory on the Client Terminals via the CSS must utilize a secure method that would require Regulatory Control. For systems that do not comply with this rule, the regulator must approve the method used.

NOTE: Clearing of non-RAM critical memory, or other memory, should meet the same requirement as those outlined herein for RAM.

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3.12 Download of Random Values

3.12.1 <u>General Statement</u>. This Chapter governs elements of a CSS that may be utilized for the generation of Random Values, which are subsequently communicated to the Client Terminal's Control Program that is required for the determination of game outcomes. The CSS Server generation of Random Values does not include the generation of game outcomes. NOTE: Systems utilizing finite pools of game outcomes (i.e. Electronic Pull-Tab Systems) shall conform to GLI-14 Finite Scratch Ticket and Pull-Tab Systems, in addition to the standards set forth herein, where applicable.

3.12.2 <u>Random Number Generator</u>. In the event the CSS has the ability to download Random Values to the Client Terminal, the Random Number Generator shall function in accordance with the 99% confidence levels, as outlined within the RNG Requirements of GLI-11 Section 3.3.

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CHAPTER 4 4.0 CSS CLIENT TERMINAL REQUIREMENTS

4.1 Introduction

4.1.1 <u>General Statement</u>. This terminal is used by the player to place wagers, play the game(s) on offer and win prizes (when applicable). The Player Terminal may receive game play information from the Game Server, in the case of System Based Game System (SBGS) or make its own determination in the case of a System Supported Game System (SSGS), and then displays the information to the player. Game play and other functionality may be separated in parts, where some components may be generated within or outside the Player Terminal (e.g., Player Terminals that function with a system). Where applicable, all client terminals must conform to all requirements for Gaming Devices established by the requested jurisdictional authority.

Chapter Four: CSS Client Terminal Requirements Copyright © 2011 Gaming Laboratories International, LLC Page 25 All Rights Reserved

Glossary

Reference	Definition	
CSS Server	The 'host' computer that is the primary source of the system controls and information.	
Control Program	The control program is the software that operates the Client Terminals functions, including the paytable(s) for the game. The Control Program can run independently of the CSS or may require information generated by the system to perform the Client Terminal functions.	
Critical Memory	Critical memory is used to store all data that is considered vital to the continued operation of the Client Terminal.	
Firewall	Network security barrier. A firewall is a device that guards the entrance to a private network and keeps out unauthorized or unwanted traffic.	
Game Contents	The downloading of any data, with the exception of the Game Program or Random Values.	
Game Data	The data stored within non-volatile memory that reflects the accounting and security events that is specific to the individual Client Terminal, which includes:	
	1) Enter Logs.	
	2) Ali Drop Meters.	
	3) Last Game Recall (this should be maintained within the game history in the event there is a player dispute where the suggested problem took place earlier and was not reported until after the update of the new game, text depiction is an acceptable alternative).	
	4) Bill Recall	
	5) Cashless Transaction Logs	
	6) Audit Logs for the Client Terminal Game Program transactions.	
Game Program	The control program that resides at the CSS server and/or the Client Terminal	
Download Data Library	A Regulator controlled library that resides at the CSS server that contains the complete game program and/or the server side critical components of a game program.	
Idle State	The Client Terminal is in an Idle State, including while the game is disabled, when there is no activity on the device, no credits, and no Error Conditions.	
Interface Elements	Every point in communication within the CSS which includes, at a minimum, the CSS Server, Client Terminal and any other equipment that is used for the purpose of transmitting data.	
Client Terminal	An element within a CSS that is a Client Terminal. The Client Terminal in a Server-Supported configuration may function independently of the CSS Server upon a successful Control Program update or, requires Game Content, which is produced by the CSS Server, to function as in a Server-Based configuration.	
Random Values	Where a Random Number Generator is stored on the CSS Server, and communicates random numbers to the Client Terminal(s) that are required for the Client Terminal to function, where the Client Terminal's Control Program is not independent of the CSS Server.	
Regulatory Control	A method used by and is only accessible to the regulator to ensure the security of the CSS.	
Server Based Game System (SI3GS)	The combination of a server and Client Terminals in which the entire or integral portion of game content resides on the server. This system works collectively in a fashion in which the Client Terminal will not be capable of functioning when disconnected from the system.	
Server Supported Game System (SSGS)	The combination of a server and Client Terminal(s) which together allow the transfer of the entire control program and game content to the Client Terminal(s) for the purpose of downloading control programs and other software resources to the conventional Client Terminal or Client Terminal on an intermittent basis. The Client Terminals connected to the system are capable of operating independently from the system once the downloading process has been completed. This configuration encompasses cases where the system may take control of peripheral devices or associated equipment typically considered part of a conventional Client Terminal such as a bill validator or a printer. In a System Supported Game, game outcome is determined by the Client Terminal is capable of functioning if disconnected from the system.	

Glossary

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STANDARD SERIES

GLI-24:

Electronic Table Game Systems

Version: 1.3

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ABOUT THIS STANDARD

This Standard has been produced by Gaming Laboratories International, LLC for the purpose of providing independent certifications to suppliers under this Standard and complies with the requirements set forth herein.

A supplier should submit equipment with a request that it be certified in accordance with this Standard. Upon certification, Gaming Laboratories International, LLC will provide a certificate of compliance evidencing the certification to this Standard.

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GLI Standard #24 - Standards for Electronic Table Game Systems

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CHAPTER 1 1.0 STANDARD OVERVIEW

1.1 Introduction

1.1.1 <u>General Statement</u>. Gaming Laboratories International, LUC (GLI) has been testing gaming equipment since 1989. Over the years, we have developed numerous standards for jurisdictions all over the world. In recent years, many jurisdictions have opted to ask for the development of industry standards without creating their own standards documents. In addition, with technology changing almost monthly, new technology is not being incorporated quickly enough into existing standards due to the long process of administrative rulemaking. This document, *GLI Standard 24*, will set forth the technical Standards for Electronic Table Game Systems (ETGS).

1.1.2 <u>Document History</u>. This document is an essay from many standards documents from around the world. Some GLI has written; some, such as the Australian and New Zealand National Standard, were written by Industry Regulators with input from test laboratories and electronic table game manufacturers. We have taken each of the standards' documents, merged each of the unique rules together, eliminating some rules and updating others, in order to reflect both the change in technology and the purpose of maintaining an objective, factual standard. We have listed below, and given credit to, agencies whose documents we reviewed prior to writing this Standard. It is the policy of Gaming Laboratories International, LLC to update this document as often as possible to reflect changes in technology, testing methods, or cheating methods. This document will be distributed without charge to all those who request it. It may be obtained by downloading it from our website at www.gaminglabs.com or by writing to us at:

> Gaming Laboratories International, LLC 600 Airport Road Lakewood, NJ 08701 (732) 942-3999 Tel (732) 942-0043 Fax

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1.2 Purpose of Technical Standards

- 1.2.1 <u>General Statement</u>. The Purpose of this Technical Standard is as follows:
- To eliminate subjective criteria in analyzing and certifying Electronic Table Game Systems operation.
- b) To only test those criteria that impact the credibility and integrity of Electronic Table Game Systems from both the Revenue Collection and Player's perspective.
- c) To create a standard that will ensure that the Electronic Table Game Systems are fair, secure, and able to be audited and operated correctly.
- d) To distinguish between local public policy and laboratory criteria. At GLI, we believe that it is up to each local jurisdiction to set public policy with respect to gaming.
- e) To recognize that non-gaming testing (such as Electrical Testing) should not be incorporated into this standard but left to appropriate test laboratories that specialize in that type of testing. Except where specifically identified in the standard, testing is not directed at health or safety matters. These matters are the responsibility of the manufacturer, purchaser, and operator of the equipment.
- f) To construct a standard that can be easily changed or modified to allow for new technology.
- g) To construct a standard that does not specify any particular method or algorithm. The intent is to allow a wide range of methods to be used to conform to the standards, while at the same time, to encourage new methods to be developed.

1.2.2 <u>No Limitation of Technology</u>. One should be cautioned that this document should not be read in such a way that limits the use of future technology. The document should not be interpreted that if the technology is not mentioned, then it is not allowed. Quite to the contrary, as new technology is developed, we will review this standard, make changes and incorporate new minimum standards for the new technology.

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1.3 Other Documents That May Apply

1.3.1 <u>General Statement</u>. The following other GLI standards may apply, depending on the features of the electronic table game system and references throughout this document. All GLI standards are available on our website at www.gaminglabs.com:.

- a) GUI-11 Gaming Devices in Casinos;
- b) GLI-12 Progressive Gaming Devices in Casinos;
- GUI-13 On-Line Monitoring and Control Systems (MCS) and Validation Systems in Casinos;
- d) GLI-16 Cashless Systems in Casinos;
- e) GLI-17 Bonusing Systems in Casinos; and
- f) GLI-18 Promotional Systems in Casinos.

NOTE⁻ This standard covers the Technical Specifications of the operation of Electronic Table Game Systems, as defined within section 1.4.1 below, where the table games are operated electronically without a live dealer Please refer to GLI-25 for Electronic Table Game Systems that utilize a live dealer

1.4 Defining Electronic Table Game Systems

1.4.1 <u>General Statement</u>. An Electronic Table Game System (ETGS) is the combination of a Central Server, Player Interface and all Interface Elements that function collectively for the purpose of electronically simulating table game operations. <u>This standard is to be used when</u> there is no live dealer and the game plays without significant human interaction including the initiation of game play, responsible for all monetary transactions including credit acceptance, collecting wagers, distributing winnings, and ensuring all wagers are registered properly. <u>This standard will not make assumptions as to the classification of a device in a particular iurisdiction as being a table game or a gaming device, as defined within the GLI-11 Gaming Devices in Casinos standard. Nor does GLI offer an opinion as to how many 'devices' the equipment encompasses.</u>

NOTE: For table game systems that utilize a live dealer please refer to the GLI Standard 25.

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1.5 Phases of Testing

1.5.1 <u>General Statement</u>. Electronic Table Game submissions to the Test Laboratory will be performed in two phases:

- a) Within the laboratory setting; and
- b) On-site following the initial install of the system to ensure proper configuration of the security applications.

NOTE: In addition to the on-site testing of the system. the Test Laboratory shall provide training on this new technology to the local regulators, recommended field auditing procedures, and assistance with the compilation of Internal Controls, if requested.

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CHAPTER 2 2.0 ELECTRONIC TABLE GAME SYSTEM REQUIREMENTS

2.1 Introduction

2.1.1 <u>General Statement</u>. This chapter would apply to the overall system operations to ensure the security, accountability and integrity of the equipment.

2.2 Table Game System Requirements

2.2.1 <u>System Clock</u>. The system must maintain an internal clock that reflects the current time (24hr format - which is understood by the local date/time format) and date that shall be used to provide for the following:

- a) Time stamping of significant events;
- b) Reference clock for reporting; and
- c) Time stamping of configuration changes.

2.2.2 <u>Synchronization Feature</u>. If multiple clocks are supported, the system shall have a facility whereby it is able to synchronize those clocks in each system component, whereby conflicting information could not occur.

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2.3 System Security

2.3.1 <u>General Statement</u>. All communications, including Remote Access, must pass through at least one approved application-level firewall and must not have a facility that allows for an alternate network path

2.3.2 <u>Firewall Audit Logs</u>. The firewall application must maintain an audit log of the following information and must disable all communications and generate an error event if the audit log becomes full:

- a) All changes to configuration of the firewall;
- b) All successful and unsuccessful connection attempts through the firewall; and
- c) The source and destination IP Addresses, Port Numbers and MAC Addresses.

2.3.3 <u>Surveillance/Security Functionality</u>. The system shall provide for interrogation that enables on-line comprehensive searching of the significant event log.

2.3.4 <u>Access Control</u>. The system must support either a hierarchical role structure whereby user name and password define program access or individual menu item access or logon program /device security based strictly on user name and password or P1N. The system shall not permit the alteration of any significant log information without supervised access control. There shall be a provision for system administrator notification and user lockout or audit trail entry after a set number of unsuccessful login attempts. The system shall record: Date and Time of the Login attempt, username supplied, and success or failure. The use of generic user accounts on servers is not permitted.

2.3.5 <u>Data Alteration</u>. The system shall not permit the alteration of any accounting or significant event log information without supervised access controls. In the event financial data is changed, an audit log must be capable of being produced to document:

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- a) Data element altered;
- b) Data element value prior to alteration;
- c) Data element value after alteration;
- d) Time and Date of alteration; and
- e) Personnel that performed alteration (user login).

2.4 Remote Access

2.4.1 <u>Remote Access defined</u>. Remote Access defines any access made by a component outside the 'trusted' network.

2.4.2 <u>General Statement</u>. Remote access where permitted, shall authenticate all computer systems based on the authorized settings of the electronic table game and firewall application that establishes a connection with the electronic table game as long as the following requirements are met:

- Remote Access User Activity log is maintained by both the property and the manufacturer, depicting: authorized by, purpose, logon name, time/date, duration, and activity while logged in;
- b) No unauthorized remote user administration functionality (adding users, changing permissions, etc.);
- c) No unauthorized access to database;
- d) No unauthorized access to operating system; and
- e) If remote access is to be on a continuous basis then a network filter (firewall) must be installed to protect access (Dependent upon jurisdictional approval).

2.4.3 <u>Self Monitoring</u>. The system must implement self monitoring of all critical Interface Elements (e.g. Central hosts, network devices, firewalls, links to third parties, etc.) and shall have the ability to effectively notify the system administrator of any error condition, provided the

Chapter Two: Electronic Table game Requirements Copyright © 2011 Gaming Laboratories International, LLC Page 11 All Rights Reserved. condition is not catastrophic. The system shall be able to perform this operation with a frequency of at least once in every 24-hour period and during each power-up and power reset.

2.5 Backups and Recovery

2.5.1 <u>System Redundancy, Backup & Recovery</u>. The system shall have sufficient redundancy and modularity so that if any single component or part of a component fails, gaming can continue. There shall be redundant copies of each log file or system database or both on the system with open support for backups and restoration.

2.5.2 <u>Backup & Recovery</u>. In the event of a catastrophic failure when the system cannot be restarted in any other way, it shall be possible to reload the system from the last viable backup point and fully recover the contents of that backup, recommended to consist of at least the following information:

- a) Significant events;
- b) Accounting information;
- c) Auditing information; and
- d) Specific site information such as Device file, employee file, game profiles, etc

2.6 Communication Protocol

2.6.1 <u>General Statement</u> Each component of an electronic table game system must function as indicated by the communication protocol implemented. All protocols must use communication techniques that have proper error detection and/or recovery mechanisms which are designed to prevent unauthorized access or tampering, employing Data Encryption Standards (DES) or equivalent encryption with secure seeds or algorithms. Any alternative measures will be reviewed on a case-by-case basis, with regulator approval.

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2.7 System Integrity

2.7.1 General Statement. The Laboratory will perform certain tests to determine whether or not outside influences affect game fairness to the player or create cheating opportunities. This certification applies exclusively to tests conducted using current and retrospective methodology developed by Gaming Laboratories International, LLC (GLI). During the course of testing, GLI inspects for marks or symbols indicating that a device has undergone product safety compliance testing. Gaming Laboratories International, LLC also performs, where possible, a cursory review of submissions and information contained therein related to Electromagnetic Interference (EMI), Radio Frequency Interference (RFI). Magnetic Interference, Liquid Spills, Power Fluctuations and Environmental conditions. Electrostatic Discharge Testing is intended only to simulate techniques observed in the field being used to attempt to disrupt the integrity of electronic table game systems. Compliance to any such regulations related to the aforementioned testing is the sole responsibility of the device manufacturer. GLI claims no liability and makes no representations with respect to such non-gaming testing. An electronic table game system shall be able to withstand the following tests, resuming game play without operator intervention:

- <u>Random Number Generator</u> If implemented, the random number generator and random selection process shall be impervious to influences from outside the device, including, but not limited to, electro-magnetic interference, electro-static interference, and radio frequency interference;
- b) <u>Electro-Static Interference</u>. Protection against static discharges requires that the table game's conductive cabinets be earthed in such a way that static discharge energy shall not permanently damage or permanently inhibit the normal operation of the electronics or other components within the electronic table game. The electronic table game may exhibit temporary disruption when subjected to a significant electro-static discharge greater than human body discharge, but they shall exhibit a capacity to recover and complete any interrupted play without loss or corruption of any control or critical data information associated with the electronic table game. The tests will be conducted with a severity level of a maximum of 27KV air discharge;

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2.7.2 <u>Physical Security</u>. The server or system component(s) must reside in a secure area where access is limited to authorized personnel. It is recommended that logical access to the game be logged on the system or on a computer or other logging device that resides outside the secure area and is not accessible to the individual(s) accessing the secure area. The logged data should include the time, date, and the identity of the individual accessing the secure area. The resulting logs should be kept for a minimum of 90 days.

2.8 Random Number Generator

2.8.1 <u>General Statement</u>. The Random Number Generator (RNG) is the selection of game symbols or production of game outcomes. The regulations within this section are only applicable to electronic table games that utilize an RNG, which shall:

- a) Be statistically independent;
- b) Conform to the desired random distribution;
- c) Pass various recognized statistical tests; and
- d) Be unpredictable.

2.8.2 Game Selection Process.

- a) <u>All Combinations and Outcomes Shall Be Available</u>. Each possible permutation or combination of game elements that produces winning or losing game outcomes shall be available for random selection at the initiation of each play, unless otherwise denoted by the game.
- b) <u>No Near Miss</u>. After selection of the game outcome, the electronic table game shall not make a variable secondary decision, which affects the result shown to the player. For instance, the random number generator chooses an outcome that the game will be a loser.
- c) <u>No Corruption from Associated Equipment</u>. An electronic table game shall use appropriate protocols that effectively protect the random number generator and random

Chapter Two: Electronic Table game Requirements Copyright © 2011 Gaming Laboratories International, LLC Page 14 All Rights Reserved. selection process from influence by associated equipment, which may be communicating with the electronic table game.

2.8.3 <u>Applied Tests</u>. The test laboratory may employ the use of various recognized tests to determine whether or not the random values produced by the random number generator pass the desired confidence level of 99%. These tests may include, but are not limited to:

- a) Chi-square test;
- b) Equi-distribution (frequency) test;
- c) Gap test;
- d) Overlaps test;
- e) Poker test;
- f) Coupon collector's test;
- g) Permutation test;
- h) Kolmogorov-Smirnov test;
- i) Adjacency criterion tests;
- j) Order statistic test;
- k) Runs tests (patterns of occurrences should not be recurrent);
- !) Interplay correlation test;
- m) Serial correlation test potency and degree of serial correlation (outcomes should be independent of the previous game);
- n) Tests on subsequences; and
- o) Poisson distribution.

2.8.4 <u>Background RNG Activity</u>. The RNG shall be cycled continuously in the background between games and during game play at a speed that cannot be timed by the player. The test laboratory recognizes that some time during the game, the RNG may not be cycled when interrupts may be suspended. The test laboratory recognizes this but shall find that this exception shall be kept to a minimum.

 Page 15 All Rights Reserved. 2.8.5 <u>RNG Seeding</u>. The first seed shall be randomly determined by an uncontrolled event. After every game there shall be a random change in the RNG process (new seed, random timer, delay, etc.). This will verify the RNG doesn't start at the same value every time. It is permissible not to use a random seed; however, the manufacturer must ensure that games will not synchronize.

2.8.6 <u>Live Game Correlation</u>. Unless otherwise denoted on the pay glass/display, where the electronic table game plays a game that is recognizable such as Poker, Blackjack, Roulette, etc., the same probabilities associated with the live game shall be evident in the simulated game. For example, the odds of getting any particular number in Roulette where there is a single zero (0) and a double zero (00) on the wheel, shall be I in 38; the odds of drawing a specific card or cards in Poker shall be the same as in the live game.

2.8.7 <u>Card Games</u>. The requirements for games depicting cards being drawn from a deck are the following:

- At the start of each game/hand, the cards shall be drawn fairly from a randomly-shuffled deck; the replacement cards shall not be drawn until needed, and in accordance with game rules, to allow for multi-deck and depleting decks;
- b) Cards once removed from the deck shall not be returned to the deck except as provided by the rules of the game depicted;
- c) As cards are removed from the deck they shall be immediately used as directed by the Rules of the Game (i.e., the cards are not to be discarded due to adaptive behavior by the electronic table game system)

NOTE: It is acceptable to draw random numbers for replacement cards at the time of the first hand random number draw. Provided the replacement cards are sequentially used as needed.

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2.9 Maintenance of Critical Memory

2.9.1 <u>General Statement</u>. Critical memory storage may be maintained by the player terminal or the system, where applicable. Critical memory shall be maintained by a methodology that enables errors to be identified. This methodology may involve signatures, checksums, partial checksums, multiple copies, timestamps and/or effective use of validity codes.

NOTE: The "Maintenance of Critical Memory" section is not intended to preclude the use of alternate storage media types, such as hard disk drives, for the retention of critical data. Such alternate storage media is still expected to maintain critical data integrity in a manner consistent with the requirements in this section, as applicable to the specific storage technology implemented.

2.9.2 <u>Comprehensive Checks</u>. Comprehensive checks of critical memory shall be made following game initiation but prior to display of game outcome to the player. It is recommended that critical memory is continuously monitored for corruption. Test methodology shall detect failures with an extremely high level of accuracy.

2.9.3 <u>Unrecoverable Critical Memory</u>. An unrecoverable corruption of critical memory shall result in an error. The memory error shall not be cleared automatically and shall result in a tilt condition, which facilitates the identification of the error and causes the electronic table game to cease further function. The critical memory error shall also cause any communication external to the electronic table game to immediately cease. An unrecoverable critical memory error shall require a full non-volatile memory clear performed by an authorized person.

2.9.4 <u>Non-volatile Memory and Program Storage Device Space</u>. Non-volatile memory space that is not critical to the electronic table game operations are not required to be validated.

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2.10 Program Storage Device Requirements

2.10.1 <u>General Statement</u>. The term *Program Storage Device* is defined to be the media or an electronic device that contains the critical control program components. Device types include but are not limited to EPROMs, compact flash cards, optical disks, hard drives, solid state drives, USB drives, etc. This partial list may change as storage technology evolves. All program storage devices shall:

- a) Be housed within a fully enclosed and locked logic compartment;
- b) Be clearly marked with sufficient information to identify the software and revision level of the information stored in the device. In the case of media types on which multiple programs may reside it is acceptable to display this information via the attendant menu.
- c) Validate themselves during each processor reset; and
- d) Validate themselves the first time they are used; and
- e) CD-ROM, DVD, and other optical disk-based Program Storage shall:
 - i. Not be a re-writeable disk; and
 - ii. The "Session" shall be closed to prevent any further writing.

2.11 Control Program Requirements

2.11.1 Control Program Verification.

- a) EPROM-based Program Storage:
 - i. Electronic table games which have control programs residing in one or more EPROMs must employ a mechanism to verify control programs and data. The mechanism must use at a minimum a checksum; however, it is recommended that a Cyclic Redundancy Check (CRC) be used (at least 16-bit).
- b) Non-EPROM Program Storage shall meet the following rules:
 - i. The software shall provide a mechanism for the detection of unauthorized and corrupt software elements, upon any access, and subsequently prevent the

Chapter Two: Electronic Table game Requirements Copyright © 2011 Gaming Laboratories International, LLC Page 18 All Rights Reserved. execution or usage of those elements by the electronic table game. The mechanism must employ a hashing algorithm which produces a message digest output of at least 128 bits.

ii. In the event of a failed authentication, after the game has been powered up, the electronic table game should immediately enter an error condition and display an appropriate error. This error shall require operator intervention to clear and shall not clear until; the data authenticates properly, following the operator intervention, or the media is replaced or corrected, and the electronic table game's memory is cleared.

NOTE: Control Program Verification Mechanisms may be evaluated on a case-by-case basis and approved by the regulator and the independent testing laboratory based on industry standard security practices

- c) Alterable Media shall meet the following rules in addition to the requirements outlined in
 2.1 I.1(b):
 - i. Employ a mechanism which tests unused or unallocated areas of the alterable media for unintended programs or data and tests the structure of the media for integrity. The mechanism must prevent further play of the electronic table game if unexpected data or structural inconsistencies are found.
 - ii. Employ a mechanism for keeping a record anytime a control program component is added, removed, or altered on any alterable media. The record shall contain a minimum of the last ten (10) modifications to the media and each record must contain that date and time of the action., identification of the component affected, the reason for the modification and any pertinent validation information.

NOTE: Alterable Program Storage does <u>not</u> include memory devices typically considered to be alterable which have been rendered "read-only" by either a hardware or software means

2.11.2 <u>Program Identification</u>. Program storage devices, which do not have the ability to be modified while installed in the electronic table game during normal operation, shall be clearly

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marked with sufficient information to identify the software and revision level of the information stored in the devices.

2.11.3 <u>Independent Control Program Verification</u>. The system server(s) and each component of the electronic table game that would have an effect on the integrity of the electronic table game shall have the ability to allow for an independent integrity check of the device's software from an outside source and is required for all control programs that may affect the integrity of the game. This must be accomplished by being authenticated by a third-party device, which may be embedded within the game software (see NOTE below), by having an interface port for a third-party device to authenticate the media, or by allowing for removal of the media such that it can be verified externally. This integrity check will provide a means for field verification of the software to identify and validate the program. The test laboratory, prior to device approval, shall evaluate the integrity check method.

NOTE: If the authentication program is contained within the game software, the manufacturer must receive written approval from the test laboratory prior to submission.

2.12 Player Interface Terminal Requirements

2.12.1 <u>General Statement</u>. Player interface terminals may either be a display mechanism where the system performs all operations of the game (Thin Client), or contain its own logic function in conjunction with the electronic table game system (Thick Client). In either case, the player interface terminal(s) must meet the hardware and software requirements outlined within each jurisdiction's applicable requirements for gaming devices, to ensure security and player safety. In the absence of these jurisdictional specific requirements, the GLI-11 requirements should be used.

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2.13 Rules of Play

2.13.1 Display.

- a) A placard or video display used to convey game play information shall be clearly identified and shall accurately state the house rules of the game, game profile and rake (collection) schedule, and the award that will be paid to the player when the player obtains a specific win.
- b) The placard or video display shall clearly indicate whether awards are designated in denominational units, currency, or some other unit.
- c) The table game shall reflect any change in award value, which may occur in the course of play. This may be accomplished with a digital display in a conspicuous location to the table game, and the table game must clearly indicate such.
- d) All paytable information should be available to the player, prior to them committing to a bet. This includes unique game features, extended play, free spins, double-up, take-arisk, auto play, countdown timers, symbol transformations, and community style bonus awards.
- e) Placard or video displays shall not be certified if the information is inaccurate.
- f) Any table game which utilizes multiple decks of cards should alert the player to the number of card decks in play.

2.13.2 Multi-Wager Games.

- a) Each individual wager to be played shall be clearly indicated on the player interface so that the player is in no doubt as to which wagers have been made; and
- b) The winning outcome(s) shall be clearly discernable to the player. (e.g., on an Electronic terminal it may be accomplished by highlighting the symbol(s) or wagers and/or the flashing of winning symbol(s) or wagers. Where there are wins on multiple wagers, each winning wager may be indicated in turn.)

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2.14 Software Requirements for Percentage Payout

2.14.1 <u>General Statement</u>. Each Electronic Table Game System shall theoretically payout a minimum of seventy-five percent (75%) during the expected lifetime of the game (i.e., progressives, bonus systems, merchandise, etc. shall not be included in the percentage payout if they are external to the game).

NOTE: The laboratory will provide the minimum and maximum theoretical payout percentage for the game within the certification report, unless otherwise noted. Additional external awards added to a game will require a re-evaluation of the theoretical payout percentage, considering the value of the award and possibly other factors. The laboratory will re-evaluate a game's theoretical payout percentage when requested.

- a) <u>Optimum Play Used for Skill Games.</u> Electronic Table Game Systems that may be affected by player skill shall be calculated using a method of play that will provide the greatest return to the player over a period of continuous play.
- b) <u>Minimum Percentage Requirement Met at All Times.</u> The minimum percentage requirement shall be met at all times. The minimum percentage requirement shall be met when playing at the lowest end of a non-linear paytable (i.e., if a game is continuously played at a minimum bet level for its total game cycle and the theoretical RTP is lower than the minimum percentage, then the game is unacceptable). This example also extends to games such as Keno, whereby the continuous playing of any spot combination results in a theoretical return to player lower than the minimum percentage.
- c) <u>Double-up or Gamble.</u> The Double-up or Gamble options shall have a theoretical return to the player of one hundred percent (100%).
- d) <u>Additional or Optional Wagers.</u> If these wagers can only be made by participating in the base game, the minimum and maximum payback percentage will be included with calculations of the base game.

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**Please be advised, the above rules regarding payback percentage are not applicable for nonhouse banked Electronic Table Game Systems **

2.15 Player Interface Error Conditions

2.15.1 <u>General Statement</u> The Player Interface, where applicable, shall be capable of detecting and displaying the following error conditions and illuminating a light system for each, or sound an audible alarm. Error conditions should cause the electronic table game to lock up and require attendant intervention except as noted within this section. Error conditions shall be cleared either by an attendant or upon initiation of a new play sequence after the error has cleared except for those denoted by an "*" which will require further evaluation since deemed as a critical error. Error conditions shall be communicated to an on-line monitoring and control system, where applicable:

2.15.2 Door Open Error Conditions.

- a) All external doors on the electronic table game;
- b) Drop box door;
- c) Stacker door; and
- d) Any other currency storage areas that have a door.

2.15.3 Other Error Conditions.

- a) NV memory error (for any critical memory)*;
- b) Low NV memory battery for batteries external to the NV memory itself or low power source;
- c) Program error or authentication mismatch*;

Chapter Two: Electronic Table game Requirements Copyright © 2011 Gaming Laboratories International, LLC Page 23 All Rights Reserved. 2.15.4 <u>Error Codes</u>. For games that use error codes, a description of electronic table game error codes and their meanings shall be affixed inside the device. This does not apply to video-based games; however, video based games shall display meaningful text as to the error conditions

2.16 Door Open/Close

2.16.1 <u>Required Door Metering</u>. The system or components of the system shall be able to detect and meter access to the following secure areas provided power is supplied to the device:

- a) All external doors on the electronic table game;
- b) Drop box door;
- c) Stacker door; and
- d) Any other currency storage areas that have a door.

2.17 Taxation Reporting Limits

2.17.1 <u>General Statement</u>. The game shall be capable of entering a lock up condition if any awards from a single game cycle are in excess of a limit that is required by a taxing jurisdiction. Notwithstanding the foregoing, it is permissible to provide a mechanism to accrue W2G eligible winnings to a separate meter. This meter must not provide for the ability to place wagers and when collected by the player must lockup as required by a taxing jurisdiction.

2.18 Play History

2.18.1 <u>Number Of Last Games Required</u>. For the purpose of settling disputes between players or players versus the house, the electronic table game system shall maintain the historical data for the play history. Information on at least the last ten (10) games/hands played is to be always retrievable on the operation of a suitable external key-switch, or another secure method that is not available to the player.

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2.18.2 Last Play Information Required. Last play information shall provide all information required to fully reconstruct the last ten (10) games/hands played. All values shall be displayed, including the initial credits or ending credits, credits bet, credits won, and credits paid whether the outcome resulted in a win or loss. This information can be represented in graphical or text format. If a progressive was awarded, it is sufficient to indicate the progressive was awarded and not display the value. This information should include the final game outcome, including all player choices and bonus features. In addition, include the results of double-up or gamble (if applicable). For games that do not re-shuffle the cards at the beginning of each game, there must be secure procedures to permit a forced 're-shuffle' following access to the play history. These procedures are to be included in the system submission to the Test Laboratory.

NOTE: For "Last Play Information" stated above. it is allowable to display values in currency in place of 'credits'.

2.18.3 <u>Bonus Rounds</u>. The last play information shall reflect bonus rounds in their entirety. If a bonus round lasts 'x number of events,' each with separate outcomes, each of the 'x events' shall be displayed with its corresponding outcome, regardless if the result is a win or loss. Electronic table games offering games with a variable number of free games, per base game, may satisfy this requirement by providing the capability to display the last 50 free games in addition to each base game.

2.19 Significant Logs and Events

2.19.1 <u>General Statement</u>. Significant events are generated at the electronic table game and sent directly to the backend utilizing an approved Communication Protocol, as described in the earlier part of this document. All Significant Events that take place at each table will be monitored and recorded in an Event History. The Event History may be divided into sections (e.g. accounting, security, finance, errors, etc.); these events will be logged by date, time and event, and should be filterable. Each event must be stored in a database(s) which includes the following:

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- a) Date and time which the event occurred;
- b) Identity of the electronic table game system component that generated the event;
- c) A unique number/code that defines the event; or
- d) A brief text that describes the event in the local language.

2.19.2 <u>Significant Events Defined</u>. The following events must be conveyed to the backend where a mechanism must exist for timely notification:

- a) Power resets of any device;
- b) Loss of communication with any device;
- c) Error Conditions on any critical interface element;
- d) Critical memory/control program corruption of any critical component.
- e) Cashless account transactions,
- f) Jackpots (W2G Reportable Events or Large Win Events)
- g) Game start
- h) Game stop
- i) Software signature check and result (if supported)
- j) Connection by authorized devices
- k) Attempted connection by unauthorized devices

2.20 Accounting Information

2.20.1 <u>General Statement</u>. There shall be a method to accurately maintain the accounting information that is needed for proper revenue reporting and auditing. For electronic table game systems that do not maintain this information electronically, operational procedures are to be included with the system submission. Electronic table game systems that do maintain electronic accounting information shall effectively collect and store the information in a secure manner.

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2.20.3 <u>Backup Requirements</u>. Data recorded by electronic meters shall be preserved after a power loss to an interface component and shall be maintained for a period of at least thirty (30) days.

2.21 Reports

2.21.1 <u>General Statement</u>. For electronic table game systems that maintain Significant Event and Accounting Information reports shall subsequently be available on demand. The reports must be generated accurately and provide effective information for the purpose of security and accounting auditing. For electronic table game systems that have the ability to communicate the Significant Event and Accounting Information to a separate Monitoring Control System it must be via a secure communication protocol.

2.21.2 <u>Cashless Transactions</u>. The following reports are required for electronic table game systems that provide for cashless transactions unless properly communicated to a separate Monitoring Control System

- <u>Patron Account Summary and Detail Reports</u>. These reports shall include beginning and ending account balance, transaction information depicting machine number, amount, date/time and are to be immediately available to a patron upon request.
- b) <u>Liability Report</u>. This report is to include previous day's starting value of outstanding Cashless Liability, aggregate Cashless-In and out totals (Including rake, jackpot and amount in play), and ending Cashless liability, if applicable.
- <u>Cashless Meter Reconciliation Summary and Detail Reports</u>, These reports will reconcile each participating device's cashless Meter(s) against the Electronic Table Game System's cashless activity. (including Cashless in and Cashless out)

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- <u>Cashier Summary and Detail Reports</u>. To include patron account, Deposits and cash-out, amount of transaction, date and time of transaction, and cashier starting and ending balances, session start and end date/time (etc.) by cashier.
- e) <u>Device Transaction Summary and Detail Reports</u>. Wagering, issuance, voids by device, date/time, account number, and transaction number.
- f) <u>Cashless Wagering System Activity Report</u>. Deposits, transfers to and from electronic table game system, withdrawals, adjustments and balances, by wagering account.
- g) <u>Electronic Table Game System Performance Report</u>. Hands per hour, total hands played, number of hours of operation, dollars played, dollars contributed and average number of players.
- h) <u>Cashless Wagering Account Adjustment Report.</u> For each individual adjustment made to a cashless wagering account or a promotional account, a summary of the adjustment to include:
 - i. Patron name and account number, or specific promotion, as applicable;
 - ii. Amount of, and explanation for, the adjustment; and
 - iii. Identification of the user completing and/or authorizing the adjustment.

2.22 Electronic Table Game Identification

2.22.1 <u>General Statement</u>. A electronic table game shall have an identification badge affixed to the exterior of the table by the manufacturer, that is not removable without leaving evidence of tampering and this badge shall include the following information:

- a) The manufacturer;
- b) A unique serial number;
- c) The electronic table game model number; and
- d) The date of manufacture.

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STANDARD SERIES

GLI-25:

Dealer Controlled Electronic Table Games

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ABOUT THIS STANDARD

This Standard has been produced by Gaming Laboratories International, LLC for the purpose of providing independent certifications to suppliers under this Standard and complies with the requirements set forth herein.

A supplier should submit equipment with a request that it be certified in accordance with this Standard. Upon certification, Gaming Laboratories International, LLC will provide a certificate of compliance evidencing the certification to this Standard.

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CHAPTER 1 1.0 STANDARD OVERVIEW

Introduction 1.1

1.1.1 General Statement. Gaming Laboratories International, LLC (GLI) has been testing gaming equipment since 1989. Over the years, we have developed numerous standards for jurisdictions all over the world. In recent years, many jurisdictions have opted to ask for the development of industry standards without creating their own standards documents. In addition, with technology changing almost monthly, new technology is not being incorporated quickly enough into existing standards due to the long process of administrative rulemaking. This document, GLI Standard 25, will set forth the technical Standards for Dealer Controlled Electronic Table Games (ETG).

Document History. This document is an essay from many standards documents from 1.1.2 around the world. Some GLI has written; some, such as the Australian and New Zealand National Standard, were written by Industry Regulators with input from test laboratories and electronic table game manufacturers. We have taken each of the standards' documents, merged each of the unique rules together, eliminating some rules and updating others, in order to reflect both the change in technology and the purpose of maintaining an objective, factual standard. We have listed below, and given credit to, agencies whose documents we reviewed prior to writing this Standard. It is the policy of Gaming Laboratories International, LLC to update this document as often as possible to reflect changes in technology, testing methods, or cheating methods. This document will be distributed without charge to all those who request it. It may be obtained by downloading it from our website at www.gaminglabs.com or by writing to us at:

> Gaming Laboratories International, LLC 600 Airport Road Lakewood, NJ 08701 (732) 942-3999 Tel (732) 942-0043 Fax

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1.2 Purpose of Technical Standards

- 1.2.1 General Statement. The Purpose of this Technical Standard is as follows:
- To eliminate subjective criteria in analyzing and certifying Dealer Controlled Electronic Table Games.
- b) To only test those criteria that impact the credibility and integrity of Dealer Controlled Electronic Table Games from both the Revenue Collection and Player's perspective.
- c) To create a standard that will ensure that the Dealer Controlled Electronic Table Games are fair, secure, and able to be audited and operated correctly.
- d) To distinguish between local public policy and laboratory criteria. At GLI, we believe that it is up to each local jurisdiction to set public policy with respect to gaming.
- e) To recognize that non-gaming testing (such as Electrical Testing) should not be incorporated into this standard but left to appropriate test laboratories that specialize in that type of testing. Except where specifically identified in the standard, testing is not directed at health or safety matters. These matters are the responsibility of the manufacturer, purchaser, and operator of the equipment.
- f) To construct a standard that can be easily changed or modified to allow for new technology.
- g) To construct a standard that does not specify any particular method or algorithm. The intent is to allow a wide range of methods to be used to conform to the standards, while at the same time, to encourage new methods to be developed.

1.2.2 <u>No Limitation of Technology</u>. One should be cautioned that this document should not be read in such a way that limits the use of future technology. The document should not be interpreted that if the technology is not mentioned, then it is not allowed. Quite to the contrary, as new technology is developed, we will review this standard, make changes and incorporate new minimum standards for the new technology.

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1.3 Other Documents That May Apply

1.3.1 <u>General Statement</u>. The following other GLI standards may apply, depending on the features of the electronic table game and references throughout this document. All GLI standards are available on our website at www.gaminglabs.com:

- a) GLI-11 Gaming Devices in Casinos;
- b) GL1-12 Progressive Gaming Devices in Casinos;
- GLI-13 On-Line Monitoring and Control Systems (MCS) and Validation Systems in Casinos;
- d) GLI-16 Cashless Systems in Casinos;
- e) GLI-17 Bonusing Systems in Casinos; and
- f) GLI-18 Promotional Systems in Casinos.

NOTE: This standard covers the Technical Specifications of the operation of Dealer Controlled Electronic Table Games, as defined within section 1.4.1 below, where the table games are operated electronically, that require interaction from a live dealer. Please refer to GLI-24 for Electronic Table Game Systems that do not utilize a live dealer.

1.4 Defining Dealer Controlled Electronic Table Games

1.4.1 <u>General Statement</u>. Dealer Controlled Electronic Table Games (ETG) is the operation of a table game(s) that require a live dealer that utilizes electronics as part of the game's operation (i.e., game generation, electronically collecting, storing, communicating accounting and significant event data, etc.) <u>This standard is only to be used when the electronic table game requires a live dealer. This standard will not make assumptions as to the classification of a device in a particular jurisdiction as being a table game or a gaming device, as defined within the GLI-11 Gaming Devices in Casinos standard. Nor does GLI offer an opinion as to how many 'devices' the equipment encompasses.</u>

NOTE. For table game systems that do not utilize a live dealer please refer to the GLI Standard 24.

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1.5 Phases of Testing

1.5.1 <u>General Statement</u>. Electronic table game submissions to the Test Laboratory may be performed in two phases:

- a) Within the laboratory setting; and
- b) On-site following the initial install of the system to ensure proper configuration of the security applications.

NOTE. In addition to the on-site testing of the system, the Test Laboratory shall provide training on this new technology to the local regulators, recommended field auditing procedures, and assistance with the compilation of Internal Controls, if requested.

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CHAPTER 2 2.0 ELECTRONIC TABLE GAME SYSTEM REQUIREMENTS

2.1 Introduction

This chapter addresses electronic table game's that may or may not function as a component within a table game system. The regulations of each subchapter only apply when the electronic table game(s) operate as part of a 'table game system' that is independent of any external gaming system. Electronic table game's that operate in conjunction with external systems shall meet the game level and communication requirements established within the appropriate GLI Standard.

2.2 Table Game System Requirements

2.2.1 <u>System Clock</u>. The system must maintain an internal clock that reflects the current time (24hr format - which is understood by the local date/time format) and date that shall be used to provide for the following:

- a) Time stamping of significant events;
- b) Reference clock for reporting; and
- c) Time stamping of configuration changes.

2.2.2 <u>Synchronization Feature</u>. If multiple clocks are supported the system shall have a facility whereby it is able to synchronize those clocks in each system component, whereby conflicting information could not occur.

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2.3 System Security

2.3.1 <u>General Statement</u>. All communications, including Remote Access, must pass through at least one approved application-level firewall and must not have a facility that allows for an alternate network path.

2.3.2 <u>Firewall Audit Logs</u>. The firewall application must maintain an audit log of the following information and must disable all communications and generate an error event if the audit log becomes full:

- a) All changes to configuration of the firewall;
- b) All successful and unsuccessful connection attempts through the firewall; and
- c) The source and destination IP Addresses, Port Numbers and MAC Addresses.

2.3.3 <u>Surveillance/Security Functionality</u>. The system shall provide for interrogation that enables on-line comprehensive searching of the significant event log.

2.3.4 <u>Access Control</u>. The system must support either a hierarchical role structure whereby user name and password define program access or individual menu item access or logon program /device security based strictly on user name and password or PIN. The system shall not permit the alteration of any significant log information without supervised access control. There shall be a provision for system administrator notification and user lockout or audit trail entry, after a set number of unsuccessful login attempts. The system shall record: Date and Time of the Login attempt, usemame supplied, and success or failure. The use of generic user accounts on servers is not permitted.

2.3.5 <u>Data Alteration</u>. The system shall not permit the alteration of any accounting or significant event log information without supervised access controls. In the event financial data is changed, an audit log must be capable of being produced to document:

a) Data element altered;

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- b) Data element value prior to alteration;
- c) Data element value after alteration;
- d) Time and Date of alteration; and
- e) Personnel that performed alteration (user login).

2.4 Remote Access

2.4.1 <u>Remote Access defined</u>. Remote access defines any access made by a component outside the 'trusted' network.

2.4.2 <u>General Statement</u>. Remote access where permitted, shall authenticate all computer systems based on the authorized settings of the electronic table game and firewall application that establishes a connection with the electronic table game as long as the following requirements are met:

- Remote Access User Activity log is maintained by both the property and the manufacturer, depicting: authorized by, purpose, logon name, time/date, duration, and activity while logged in;
- b) No unauthorized remote user administration functionality (adding users, changing permissions, etc.);
- c) No unauthorized access to database;
- d) No unauthorized access to operating system; and
- e) If remote access is to be on a continuous basis then a network filter (firewall) must be installed to protect access (Dependent upon jurisdictional approval).

2.4.3 <u>Self Monitoring</u>. The system must implement self monitoring of all critical Interface Elements (e.g. central hosts, network devices, firewalls, links to third parties, etc.) and shall have the ability to effectively notify the system administrator of any error condition, provided the condition is not catastrophic. The system shall be able to perform this operation with a frequency of at least once in every 24-hour period and during each power-up and power reset.

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2.5 Backups and Recovery

2.5.1 <u>System Redundancy, Backup & Recovery</u>. The system shall have sufficient redundancy and modularity so that if any single component or part of a component fails, gaming can continue. There shall be redundant copies of each log file or system database or both on the system with open support for backups and restoration.

2.5.2 <u>Backup & Recovery</u>. In the event of a catastrophic failure when the system cannot be restarted in any other way, it shall be possible to reload the system from the last viable backup point and fully recover the contents of that backup, recommended to consist of at least the following information:

- a) Significant events;
- b) Accounting information;
- c) Auditing information; and
- d) Specific site information such as Device file, Employee file, game profiles, etc.

2.6 Communication Protocol

2.6.1 <u>General Statement</u>. Each component of an electronic table game system must function as indicated by the communication protocol implemented. All protocols must use communication techniques that have proper error detection and/or recovery mechanisms which are designed to prevent unauthorized access or tampering, employing Data Encryption Standards (DES) or equivalent encryption with secure seeds or algorithms. Any alternative measures will be reviewed on a case-by-case basis, with regulator approval.

2.7 System Integrity

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2.7.1 General Statement. The Laboratory will perform certain tests to determine whether or not outside influences affect game fairness to the player or create cheating opportunities. This certification applies exclusively to tests conducted using current and retrospective methodology developed by Gaming Laboratories International, LLC (GLI). During the course of testing, GLI inspects for marks or symbols indicating that a device has undergone product safety compliance testing. Gaming Laboratories International, LLC also performs, where possible, a cursory review of submissions and information contained therein related to Electromagnetic Interference (EMI), Radio Frequency Interference (RFI), Magnetic Interference, Liquid Spills, Power Fluctuations and Environmental conditions. Electrostatic Discharge Testing is intended only to simulate techniques observed in the field being used to attempt to disrupt the integrity of electronic table game systems. Compliance to any such regulations related to the aforementioned testing is the sole responsibility of the device manufacturer. GLI claims no liability and makes no representations with respect to such non-gaming testing. An electronic table game system shall be able to withstand the following tests, resuming game play without operator intervention:

- <u>Random Number Generator</u>. If implemented, the random number generator and random selection process shall be impervious to influences from outside the device, including, but not limited to, electro-magnetic interference, electro-static interference, and radio frequency interference;
- b) <u>Electro-Static Interference</u>. Protection against static discharges requires that the table game's conductive cabinets be earthed in such a way that static discharge energy shall not permanently damage, or permanently inhibit the normal operation of the electronics or other components within the electronic table game. The electronic table game may exhibit temporary disruption when subjected to a significant electro-static discharge greater than human body discharge, but they shall exhibit a capacity to recover and complete any interrupted play without loss or corruption of any control or critical data information associated with the electronic table game. The tests will be conducted with a severity level of a maximum of 27KV air discharge;

Chapter Two: Electronic Table Game System Requirements Copyright@2011 Gaming Laboratories International, LLC Page 13 All Rights Reserved. 2.7.2 <u>Physical Security</u>. The server or system component(s) must reside in a secure area where access is limited to authorized personnel. It is recommended that logical access to the game be logged on the system or on a computer or other logging device that resides outside the secure area and is not accessible to the individual(s) accessing the secure area. The logged data should include the time, date, and the identity of the individual accessing the secure area. The resulting logs should be kept for a minimum of 90 days.

2.8 Random Number Generator

2.8.1 <u>General Statement</u>. The Random Number Generator (RNG) is the selection of game symbols or production of game outcomes. The regulations within this section are only applicable to electronic table games that utilize an RNG, which shall

- a) Be statistically independent;
- b) Conform to the desired random distribution;
- c) Pass various recognized statistical tests; and
- d) Be unpredictable.

2.8.2 Game Selection Process.

- a) <u>All Combinations and Outcomes Shall Be Available</u>. Each possible permutation or combination of game elements that produces winning or losing game outcomes shall be available for random selection at the initiation of each play, unless otherwise denoted by the game.
- b) <u>No Near Miss</u>. After selection of the game outcome, the electronic table game shall not make a variable secondary decision, which affects the result shown to the player. For instance, the random number generator chooses an outcome that the game will be a loser.
- c) <u>No Corruption from Associated Equipment</u>. An electronic table game shall use appropriate protocols that effectively protect the random number generator and random

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selection process from influence by associated equipment, which may be communicating with the electronic table game.

2.8.3 <u>Applied Tests</u>. The test laboratory may employ the use of various recognized tests to determine whether or not the random values produced by the random number generator pass the desired confidence level of 99%. These tests may include, but are not limited to:

- a) Chi-square test;
- b) Equi-distribution (frequency) test;
- c) Gap test;
- d) Overlaps test;
- e) Poker test;
- f) Coupon collector's test;
- g) Permutation test;
- h) Kolmogorov-Smirnov test;
- i) Adjacency criterion tests;
- j) Order statistic test;
- k) Runs tests (patterns of occurrences should not be recurrent);
- Interplay correlation test;
- m) Serial correlation test potency and degree of serial correlation (outcomes should be independent of the previous game);
- n) Tests on subsequences; and
- o) Poisson distribution.

2.8.4 <u>Background RNG Activity</u>. The RNG shall be cycled continuously in the background between games and during game play at a speed that cannot be timed by the player. The test laboratory recognizes that some time during the game, the RNG may not be cycled when interrupts may be suspended. The test laboratory recognizes this but shall find that this exception shall be kept to a minimum.

Chapter Two: Electronic Table Game System Requirements Copyright ©2011 Gaming Laboratories International, LLC Page 15 All Rights Reserved 2.8.5 <u>RNG Seeding</u>. The first seed shall be randomly determined by an uncontrolled event. After every game there shall be a random change in the RNG process (new seed, random timer, delay, etc.). This will verify the RNG doesn't start at the same value, every time. It is permissible not to use a random seed; however, the manufacturer must ensure that games will not synchronize.

2.8.6 <u>Live Game Correlation</u>. Unless otherwise denoted on the pay glass/display, where the electronic table game plays a game that is recognizable such as Poker, Black jack, Roulette, etc., the same probabilities associated with the live game shall be evident in the simulated game. For example, the odds of getting any particular number in Roulette where there is a single zero (0) and a double zero (00) on the wheel, shall be 1 in 38; the odds of drawing a specific card or cards in Poker shall be the same as in the live game.

2.8.7 <u>Card Games</u>. The requirements for games depicting cards being drawn from a deck are the following:

- At the start of each game/hand, the cards shall be drawn fairly from a randomly-shuffled deck; the replacement cards shall not be drawn until needed, and in accordance with game rules, to allow for multi-deck and depleting decks;
- b) Cards once removed from the deck shall not be returned to the deck except as provided by the rules of the game depicted;
- c) As cards are removed from the deck they shall be immediately used as directed by the rules of the game (i.e., the cards are not to be discarded due to adaptive behavior by the electronic table game system)

NOTE. It is acceptable to draw rundom numbers for replacement cards at the time of the first hand random number draw. Provided the replacement cards are sequentially used as needed.

2.9 Maintenance of Critical Memory

Chapter Two: Electronic Table Game System Requirements Copyright © 2011 Gaming Laboratories International, LLC Page 16 All Rights Reserved. **2.9.1** <u>General Statement</u>. Critical memory storage may be maintained by the player terminal or the system, where applicable. Critical memory shall be maintained by a methodology that enables errors to be identified. This methodology may involve signatures, checksums, partial checksums, multiple copies, timestamps and/or effective use of validity codes.

Note: The "Maintenance of Critical Memory" section is not intended to preclude the use of alternate storage media types, such as hard disk drives, for the retention of critical data. Such alternate storage media is still expected to maintain critical data integrity in a manner consistent with the requirements in this section, as applicable to the specific storage technology implemented.

2.9.2 <u>Comprehensive Checks</u>. Comprehensive checks of critical memory shall be made following game initiation but prior to display of game outcome to the player. It is recommended that critical memory is continuously monitored for corruption. Test methodology shall detect failures with an extremely high level of accuracy.

2.9.3 <u>Unrecoverable Critical Memory</u>. An unrecoverable corruption of critical memory shalt result in an error. The memory error shall not be cleared automatically and shall result in a tilt condition, which facilitates the identification of the error and causes the electronic table game to cease further function. The critical memory error shall also cause any communication external to the electronic table game to immediately cease. An unrecoverable critical memory error shall require a full non-volatile memory clear performed by an authorized person.

2.9.4 <u>Non-volatile Memory and Program Storage Device Space</u>. Non-volatile memory space that is not critical to the electronic table game operations are not required to be validated.

2.10 Program Storage Device Requirements

2.10.1 <u>General Statement</u>. The term *Program Storage Device* is defined to be the media or an electronic device that contains the critical control program components. Device types include

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- a) Be housed within a fully enclosed and locked logic compartment;
- b) Be clearly marked with sufficient information to identify the software and revision level of the information stored in the device. In the case of media types on which multiple programs may reside it is acceptable to display this information via the attendant menu.
- c) Validate themselves during each processor reset;
- d) Validate themselves the first time they are used; and
- e) CD-ROM, DVD, and other optical disk-based Program Storage shall:
 - i. Not be a re-writeable disk; and
 - ii. The "Session" shall be closed to prevent any further writing.

2.11 Control Program Requirements

2.11.1 Control Program Verificatiom.

- a) EPROM-based Program Storage:
 - i. Electronic table games which have control programs residing in one or more EPROMs must employ a mechanism to verify control programs and data. The mechanism must use at a minimum a checksum; however, it is recommended that a Cyclic Redundancy Check (CRC) be used (at least 16-bit).
- b) Non-EPROM Program Storage shall meet the following rules:
 - i. The software shall provide a mechanism for the detection of unauthorized and corrupt software elements, upon any access, and subsequently prevent the execution or usage of those elements by the electronic table game. The mechanism must employ a hashing algorithm which produces a message digest output of at least 128 bits.

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ii. In the event of a failed authentication, after the game has been powered up, the electronic table game should immediately enter an error condition and display an appropriate error. This error shall require operator intervention to clear and shall not clear until; the data authenticates properly, following the operator intervention, or the media is replaced or corrected, and the electronic table game's memory is cleared.

NOTE: Control Program Verification Mechanisms may be evaluated on a case-by-case basis and approved by the regulator and the independent testing laboratory based on industry standard security practices

- c) Alterable Media shall meet the following rules in addition to the requirements outlined in 2.11.1(b):
 - Employ a mechanism which tests unused or unallocated areas of the alterable media for unintended programs or data and tests the structure of the media for integrity. The mechanism must prevent further play of the electronic table game if unexpected data or structural inconsistencies are found.
 - ii. Employ a mechanism for keeping a record anytime a control program component is added, removed, or altered on any alterable media. The record shall contain a minimum of the last ten (10) modifications to the media and each record must contain that date and time of the action., identification of the component affected, the reason for the modification and any pertinent validation information.

NOTE: Alterable Program Storage does <u>not</u> include memory devices typically considered to be alterable which have been rendered "read-only" by either a hardware or software means.

2.11.2 <u>Program Identification</u>. Program storage devices which do not have the ability to be modified while installed in the electronic table game during normal operation, shall be clearly marked with sufficient information to identify the software and revision level of the information stored in the devices.

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2.11.3 <u>Independent Control Program Verification</u>. The system server(s) and each component of the electronic table game that would have an effect on the integrity of the electronic table game shall have the ability to allow for an independent integrity check of the device's software from an outside source and is required for all control programs that may affect the integrity of the game. This must be accomplished by being authenticated by a third-party device, which may be embedded within the game software (see NOTE below), by having an interface port for a third-party device to authenticate the media, or by allowing for removal of the media such that it can be verified externally. This integrity check will provide a means for field verification of the software to identify and validate the program. The test laboratory, prior to device approval, shall evaluate the integrity check method.

NOTE: If the authentication program is contained within the game software, the manufacturer must receive written approval from the test laboratory prior to submission.

2.12 Player Interface Terminal Requirements

2.12.1 <u>General Statement</u>. Player interface terminals may either be a display mechanism where the system performs all operations of the game (Thin Client), or contain its own logic function in conjunction with the electronic table game system (Thick Client). In either case, the player interface terminal(s) must meet the hardware and software requirements outlined within each jurisdiction's applicable requirements for gaming devices, to ensure security and player safety. In the absence of these jurisdictional specific requirements, the GLI-11 requirements should be used.

NOTE: Requirements that cannot be met as a result of manual intervention performed by the live dealer must be addressed in operational procedures and submitted to the Test Laboratory.

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COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

Eloy S. Inos Governor Jude U. Hofschneider Licutenant Governor

NOTICE OF CERTIFICATION AND ADOPTION OF RULE

ADOPTION OF RULES: "JUDGMENT SETTLEMENT ACT" RULES

Action to Adopt Rules: The Office of the Governor, through the Governor of the Commonwealth of the Northern Mariana Islands, HEREBY ADOPTS AS RULES, the attached "Judgment Settlement Act Rules" and "Judgment Settlement Act of 2013 Implementation Plan," pursuant to the procedures of the Administrative Procedure Act (APA), I CMC §§ 9102, 9105 and applicable regulations.

Authority: Under authority of the Commonwealth Constitution, Acting Governor Jude U. Hofschneider adopts the following rules pursuant to the procedures established in the Commonwealth Administrative Procedure Act (APA). NMI Const. art. III; 1 CMC §§ 9101(m) (definition of the term rule), (n) (rule making process), 9102 (publication of rules and orders), 9103 (compilation of rules), 9105 (filing and effective dates of rules).

Purpose and Objective of Rule: The purpose of these rules is to provide an administrative structure for implementation of the "Judgment Settlement Act of 2013" ("Act"). As of the date of the adoption of the Act, the Commonwealth had outstanding judgments that exceeded \$27 million with some dating back nine years. Currently, Commonwealth law prohibits settlement of any judgments unless a specific appropriation is made for this settlement funding. The Act provides authorization to the Governor to provide tax credits and offsets in order to settle these judgments and remain consistent with the requirements of current law. P.L. § 18-37 § 3.

Directions for Filing and Publication: These Rules shall be published in the Commonwealth Register in the section on newly adopted rules and regulations $(1 \text{ CMC } \S 9102(a))$. The Governor will take appropriate measures to ensure these Rules are known to the persons who may be affected by them.

Effective Date: Pursuant to the APA, 1 CMC § 9105(b) and applicable regulations, these adopted Rules are effective 10 days after compliance with 1 CMC §§ 9102, 9105 and publication in the Commonwealth Register.

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I, Acting Governor Jude U. Hofschneider, hereby approve the attached Rules, and further certify that the attached Rules are a rue copy.

Submitted by: JUDE U. HOFSCHNEIDER Acting Governor

Filed and Recorded by:

Esther Nesbitt

Commonwealth Register

Received by: Esther S. Fleming Special Assistant for Administration

08.28.2014 Date

128/12 Date

Pursuant to I CMC § 2153(e) and I CMC § 9102(c), the rules attached hereto have been reviewed and approved as to form and legal sufficiency by the Attorney General and shall be published, I CMC § 2153(f) (publication of rules and regulations).

Gilbert Bimbrich Acting Attorney General

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Office of the Governor Judgment Settlement Act Rules

- 1. Judgment Settlement Act of 2013 The purpose of adoption of these rules ("Rules") is to provide a structure for implementation of the "Judgment Settlement Act of 2013" ("Act").
- Office of the Governor These rules are adopted under authority of the Office of the Governor as provided under his executive authority and shall be effective as of date of adoption. Commonwealth Constitution, art. III, I CMC §§ 9101(m) (definition of the term rule), (n) (rule making process), 9102 (publication of rules and orders), 9103 (compilation of rules), 9105 (filing and effective dates of rules).
- Judgment Plaintiffs/Judgment Claims. Under the structure of these Rules an administrative structure for implementation of the terms of the Act is provided to address claims of plaintiffs ("Judgment Plaintiffs") against the Commonwealth of the Northern Mariana Islands ("Commonwealth") which have been reduced to judgment by a court of competent jurisdiction ("Judgment Claims")
- 4. Application for Participation. Under these Rules, Plaintiffs may file an application ("Applicant") on forms established by the Commonwealth and supplying the required information ("Complete Application"). Applications which are incomplete shall be rejected and shall not be considered until meeting the requirement for a Complete Application. Complete Applications shall be considered for participation in the program in the order received.
- 5. Tax Credits. The consideration provided by the Commonwealth for satisfaction of the Judgment Claims is limited to Tax Credits and no cash or any other consideration is provided.
- 6. Limitation on Use of Tax Credits. The use of Tax Credits is limited to amount of Commonwealth tax liability owed by the taxpayer and cannot be used to produce a tax liability overpayment. Additionally, Tax Credits cannot be used to satisfy any liability of the taxpayer for taxes that he has collected from another party and which he is holding in trust for the Commonwealth (e.g., Wage and Salary Tax Withholding, Hotel Tax).
- Judgment Settlement Alternatives. Under these Rules, Plaintiffs may request settlement of their Judgment Claim through one of three judgment settlement alternatives ("Settlement Alternatives"): (a) Existing Delinquent Tax Liabilities Settlement Alternative; (b) Annual Allocation Settlement Alternative; and (c) Reduced Judgment Settlement Alternative (collectively "Judgment Settlement Alternatives"). These Judgment Settlement Alternatives are briefly discussed in the sections that follow.
 - a. Existing Delinquent Settlement Alternative. Under this program, Judgment Plaintiffs who have existing delinquent Commonwealth tax liabilities ("Delinquent Taxes") can use the value of the Judgment Claim to satisfy these liabilities. Any amount of the Judgment Claim that is in excess of the Delinquent Taxes shall be provided annual tax credits under the second alternative judgment settlement alternative, "Annual Allocation Judgment Settlement Alternative Program" as discussed below.

- b. Annual Allocation Judgment Settlement Alternative. Under this program, Judgment Plaintiffs shall receive an annual allocation of tax credits that can be used for settlement of Commonwealth tax liabilities. Under this structure the Commonwealth will set aside an annual amount of tax liability credits of not less than two million dollars that will then be divided among all participants in this Settlement Alternative. Thus, if 100 Judgment Plaintiffs participate and the annual allocation is \$2,000,000 each participant would be allocated \$20,000 in tax credits ("Tax Credits") or until their Judgment Claim is satisfied. The Tax Credits in this Settlement Alternative received may be transferred to another as a gift or sold for cash by the Judgment Plaintiff.
- c. Reduced Judgment Settlement Alternative. The third Settlement Alternative is the Reduced Judgment Settlement Alternative which provides an accelerated satisfaction of the Judgment Claim using Tax Credits in return for reduction in the value of the Judgment Claim. Under this structure, the Judgment Plaintiff must agree to reduction in the value of the Judgment Claim of at least one-third and in return will be provided Tax Credits for the remaining reduced value in the succeeding tax year. Like the Annual Allocation Judgment Settlement Alternative, the Tax Credits received may be transferred to another as a gift or sold by the Judgment Plaintiff.
- 8. Full Settlement of Claim. Participation in the Settlement Act Program requires complete extinguishment of the Plaintiff's Judgment Clam. Thus, you cannot ask for ½ of your Judgment Claim to be addressed with Tax Credits.
- No Tax Credits for Interest or Penalty Claims. Tax credits are not provided for interest or penalties and any value associated with penalties and interest in the Judgment Claim will be considered as extinguished and settled in return for the Tax Credits provided.
- Transfer of Judgment Plaintiff's Interest. If the Judgment Plaintiff has transferred his interest to another, this transfer must comply with the Commonwealth Statute of Frauds (i.e., written transfer of the identified Judgment Claim signed by the Judgment Plaintiff) (preferably notarized).
- 11. Deceased Judgment Plaintiff. If Judgment Plaintiff is deceased, an applicant must establish pre-death transfer that complies with the Statute of Fraud (preferably notarized) requirements or transfer of claim authorized by Probate Proceedings.
- 12. Tax Credits Must Be Reported as Income. Tax Credits received by a Judgment Plaintiff are considered as revenue and must be reported on appropriate tax forms unless the Judgment is for a personal injury claim.
- 13. Limits on Transfer of Tax Credits. Once an applicant has been awarded Tax Credits, they may only be transferred once. Thus, anyone who receives Tax Credits from someone who has been awarded them may not transfer to another except as part of a non-compensated decedent estate transfer.
- 14. Unauthorized Transfers. Any unauthorized transfer will result in denial of the use of the Tax Credit by the attempted transferee and cancellation of the value of the attempted transferor Tax Credits without further consideration.

- 15. Tax Credits May Be Sold or Given as Gifts The party to whom Tax Credits are awarded, may transfer them only once to another either as a gift or sale. Under this structure, a party who originally received the Tax Credits (and only this original party) may convert Tax Credits into cash. The amount of the cash received for the Tax Credits is strictly between the seller and buyer. No other sale or transfer other than from the Plaintiff Judgment is allowed other than through Probate Proceedings. The fair market value of any consideration received for transfer of these Tax Credits must be reported by the recipient as income. If the recipient transfers the Tax Credits for less than the face value of the Judgment, then he can claim a loss. No loss can be claimed if the transfer was a gift.
- 16. Transfer Must Comply with Requirements. <u>All transfers of Tax Credits must apply</u> for transfer authorization and receive approval of the Commonwealth prior to the transfer being effective.
- 17. Compliance with Department of Finance Requirements. All Tax Credits awarded under this program must comply with reporting requirements and procedures established by the Department of Finance and Division of Revenue & Taxation
- 18. Further Modification of Rules. The Office of the Governor reserves the right to modify these Rules from time to time as required.
- 19. These Rules are further explained and interpreted by the attached "Judgment Settlement Act of 2013 Implementation Plan."

Judgment Settlement Act of 2013

Implementation Plan

Governor Eloy S. Inos August 28, 2014

Commonwealth of the Northern Mariana Islands Judgment Settlement Act of 2013 Implementation Plan

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Commonwealth of the Northern Mariana Islands Judgment Settlement Act of 2013 Implementation Plan

I. Judgment Settlement Act of 2013

P.L. 18-37 ("Judgment Settlement Act of 2013") provides authority to the Governor to negotiate settlement of the outstanding \$27 million in judgments that are pending against the Commonwealth. P.L. 18-37 § 2. The settlement of judgments is a direct expense of the government and generally must be included in annual budget allocations which would require deferment of other expenditures. Since the total Commonwealth budget for the upcoming year is \$137 million inclusion of \$27 for payment of judgments would require a 19.7% reduction of proposed services. This amount of reduction would affect all essential services of the Commonwealth and thus is unacceptable. To avoid such an impact, an alternative approach to resolution of these claims is required.

In the development of an alternative approach, four factors had to be considered:

- 1. Participation in the program must be strictly voluntary and plaintiffs with existing judgments ("Judgment Plaintiffs") may retain their current claim status or chose to participate in a settlement alternative;
- 2. The proposed judgment settlement structure must minimize impact on current and future budget revenues in order to avoid layoffs and service reductions;
- 3. Scttlement programs using revenues from current and future budgets must include legislative budget authorization; and
- 4. The program should provide the Governor with flexible authority to negotiate individual settlements.

II. Judgment Settlement Alternatives

Using the four criteria identified, a program has been developed that focuses on the use of tax credits. Under this program, Judgment Plaintiffs may apply for Commonwealth tax credits which can be either used to satisfy their own Commonwealth tax liabilities or sold to third parties for use by such third parties to offset their Commonwealth tax liabilities. In order to accommodate the varying needs of Judgment Plaintiffs, three alternative voluntary settlement structures ("Voluntary Settlement Alternatives") are provided:

A. Delinquent Commonwealth Tax Liability Judgment Settlement Alternative

The first Voluntary Settlement Alternative is for Judgment Plaintiffs that have existing delinquent tax liabilities to the Commonwealth. Under this program, a dollar for dollar tax credit is provided for the full principal amount of the existing Commonwealth Judgment (not to include any portion of such judgment associated with interest or penalties). The amount of the Judgment Claim is reduced by the amount of the Tax Credit required to satisfy existing liabilities owed to the Commonwealth. If there is a balance in the amount of the Judgment after deduction for the

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existing tax liabilities, this can be satisfied by using the Annual Allocation Judgment Settlement Alternative discussed below.

Illustrative of this alternative, if a Judgment Plaintiff has a judgment claim against the Commonwealth of \$100,000, and has existing tax obligations to the Commonwealth of \$60,000, he/she could apply to use \$60,000 of the judgment value to satisfy existing liabilities and have the \$40,000 satisfied by either the Annual Allocation Settlement Alternative or Reduced Judgment Settlement Alternative discussed below. Restricting the use of this program to Judgment Plaintiffs with existing delinquent liabilities to Commonwealth would minimize the impact on current budget revenues as these arc delinquent accounts from prior fiscal periods and not projected at full value collection in the current fiscal year.

B. Annual Allocation Judgment Settlement Alternative

The second Voluntary Judgment Settlement Alternative is to provide an annual budget allocation that would be divided proportionally among all participating Judgment Plaintiffs. Under this program the Governor would include an annual appropriation in future budgets that would provide tax credits to all participants ("Annual Tax Credit Allocation"). These Annual Tax Credit Allocations could be used by each of the Judgment Plaintiffs or transferred to a third party.

The provision of this ability to transfer the Annual Tax Credit Allocations allows Judgment Plaintiffs the option to sell the credits for cash or other consideration. Due to the complexity associated with transfer of tax credits, all transfers will have to be reported to the Commonwealth Division of Revenue & Taxation and only one transfer is permitted--that from the Judgment Plaintiff to a third party.

As an illustration of this structure, if a budget allocation of \$3 million is provided and there are Judgment Plaintiffs who chose to participate who in total have \$15 million in Plaintiff Judgment Claims (non-inclusive of any claims for interest or penalties) each Judgment Plaintiff would receive a Tax Credit allocation equal to twenty percent (20%) of their outstanding Plaintiff Judgment Claim and have the total value of participating Plaintiff Judgment Claims reduced to \$12 million. In subsequent budget years this process would be repeated until all Plaintiff Judgment Claims are satisfied.

C. Reduced Judgment Settlement Alternative

The third Voluntary Judgment Settlement Program provides a structure for quick resolution of claims based on a negotiated reduction of the value of the Judgment. Under this structure, the Governor has authority to negotiate settlements of Plaintiff Judgments and include the payment in the succeeding budget using Tax Liability Credits. Like other Judgment Settlement structures, the Tax Liability Credits can be transferred once to a third party for cash. Because this Settlement Alternative will have a significant impact on the succeeding year's budget, and allow immediate conversion to cash value, applicants are required to agree to a reduction of at least 33% in the dollar value of the Plaintiff's Judgment and the foregoing of any accumulated or future interest and penalties.

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Illustrative of this program, an individual with a one million dollar claim who agreed to a 33% reduction would receive Tax Liability Credits of \$670,000.00 which could then be converted to cash through sale to a third party in the succeeding budget year.

III. General Principles

All Settlement Alternatives require that the full value of the Plaintiff's Judgment be included so as to provide satisfaction of the full claim. Because of the complexity associated with the provision of Tax Liability Credits, all parties seeking to participate in this program will be required to comply with applicable rules established by the Office of the Attorney General in coordination with the Department of Finance. These rules establish requirements associated with: (1) limits on use; (2) tax reporting requirements; (3) transfer restrictions; and (4) documentation. These requirements are briefly discussed below.

A. Tax Credit Use Restrictions

As one of the general objectives of this Implementation Plan is to reduce the impact on the Commonwealth's annual budget, use of tax credits in this program are limited to actual tax liabilities due. Thus the Tax Credits can never be used to overpay tax liability that would result in a tax refund. An additional limit on the use of Tax Credits is that they cannot be used for payments of tax liability in which the party is collecting taxes from another that are being held in trust for the Commonwealth such as the Hotel Tax, and the Wage and Salary Tax withholding requirements. 4 CMC § 1804 (Wage and Salary Tax withholding by employer). Finally, as has been previously stated, Tax Credits cannot be used for tax liabilities to the United States or any agency other than the Commonwealth of the Northern Mariana Islands.

B. Tax Reporting

The receipt of consideration through a judgment is generally considered income (unless for personal injury). Because of this, any consideration received by the Judgment Plaintiffs through the Judgment Settlement Alternatives must be included in income of the recipient. If the consideration provided is tax credits, the face value of these credits is required to be reported. If the tax credits are subsequently sold for an amount less than their face value, this would be considered a loss for tax purposes.

C. Transferability of Judgment Claims

The concept of transferability impacts this program in three situations: (1) Transfer of a judgment interest during lifetime of the original plaintiff; (2) transfers after death of the original plaintiff; and (3) transfers made after entering into a settlement agreement with the Commonwealth. These three scenarios are briefly discussed below.

1. Transfer of Judgment Claims During Lifetime

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A Judgment Claim is considered personal property of the plaintiff owner. A Judgment Claim like almost any property interest can be readily transferred from the original plaintiff to another. A writing is not always required for transfer of this property right, although it is unlikely that a liable defendant would recognize an oral transfer of this claim against him. Additionally, the defendant in any judgment would want assurances from the original plaintiff that any payment of

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this judgment would be applied against the claim of the original plaintiff. Additionally, if the Judgment Claim is not settled within one year of award, the Commonwealth Statute of Frauds would require a writing, signed by the original plaintiff, specifically indicating in some manner that his interest in the Judgment Claim at issue is being transferred to another. Therefore, for the Commonwealth to recognize the transfer of a Judgment Claim from the original plaintiff to another requires the provision of written documentation indicating a transfer of this property interest to the person claiming this interest and signed by the original plaintiff. This claim of transfer would be enhanced if the signature of the original plaintiff on the transfer document is notarized.

2. Transfers of Judgment Claims After Death

A Judgment Claim belonging to a decedent is difficult to transfer because of probate requirements. Once a party dies consideration must be provided of all of the debts of the decedent plus Commonwealth laws controlling division of estates before actual property rights may be transferred. This process of evaluation of claims, statutory requirements and wishes of the decedent is provided by the Commonwealth Superior Court in probate proceedings. Under Commonwealth law, clear title to property owned by a decedent at the time of death cannot be established without the usc of probate proceedings. Because of this, the Commonwealth requires applicants who received their interest from a decedent to show that the estate has been probated in order to consider these Judgment Claims for inclusion in Settlement Act programs.

3. Transfers of Tax Credits Received through the Settlement Act

The third area of Judgment Claim transfer concerns tax credits received through participation in the Settlement Act. The Commonwealth is required to maintain detailed records on the tax liability of each individual and associated payment history. The establishment of transferable tax credits creates challenges to the government as these credits must be properly monitored to prevent their misuse and ownership. This tracking requirement is further complicated by the fact that the credits may be used over several years.

In order to provide a structure that limits the associated complexities of this program, the Commonwealth hereby limits the transfer of any awarded Judgment Settlement Act tax credits to a single transfer from the party to whom the Commonwealth awards the tax credits to a third party. Any further transfer will not be recognized by the Commonwealth. Any proposed transfer must first submit a transfer application for approval to the Department of Revenue & Taxation (attached). Any transfers consummated without the prior approval of the Department of Revenue & Taxation are null and void.

D. Documentation

In order to properly track all tax credits, participating Plaintiffs will be provided with annual document indicating the amount of credits currently available for use and the remaining value of existing tax credits. A copy of this proposed form is attached.

E. Judgment Settlement Alternative Forms

The application and forms applicable to the three Judgment Settlement Alternatives are attached and are available from the Department of Finance and the Department of Revenue & Taxation in Dandan and on their website at: <u>http://www.cnmidof.net/</u>

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Commonwealth of the Northern Mariana Islands Judgment Settlement Act of 2013 Implementation Plan

IV. Judgment Settlement Act Attachments

A. Judgment Settlement Alternative Application Form

B. Delinquent Tax Liability Judgment Settlement Alternative Contract Form

C. Annual Allocation Judgment Settlement Alternative Contract Template Form

D. Reduced Judgment Settlement Alternative Contract Template Form

E. Transfer of Tax Liability Credit Application Form

F. Tax Liability Credit Annual Report

Commo	nent Alternative Applicatio nwealth of the Norther Division of Revenue & 7 tent Settlement Alternative	n Mariana Islands Taxation
Date:		
CaseNumber:		(attach copy of judgment)
Value of Judgment (Excludin	ng any interest and penalties)	\$
Plaintiff Applicant(s):		
Print name	Taxpayer id. #	e-mail
Print name	Taxpayer id. #	e-mail
Print name	Taxpayer id. #	e-mail
Contact Person:		
Telephone Number:		
e-mail:		
Judgment Settlement Alter obtain information on progra		act-sheet on Settlement Alternatives to
Delinquent Tax Liab	ility Judgment Settlement Al	ternative
Annual Allocation Ju	dgment Settlement Alternati	ve
Reduced Judgment S	ettlement Alternative	

B. Delinquent Tax Liability Judgment Settlement Alternative Contract Template Form

Agreement Between the Commonwealth of the Northern Mariana Islands and ______ to Resolve an Existing Judgment Claim

This document entered into this ______ day of the month of ______ 20____ is an agreement ("Agreement") between the Commonwealth of the Northern Mariana Islands, a duly established government whose address is Caller Box 10007 Saipan, MP 96950 ("Commonwealth") and _______ a (individual, corporation, partnership) whose address is _______ ("Plaintiff(s)") in order to provide a structure for settlement of

an existing judgment of the Plaintiff(s) against the Commonwealth using tax credits.

I. Recitals

Whereas, the Commonwealth as a duly established government has sovereign immunity from lawsuits unless specifically authorized; and

Whereas, Commonwealth law (1 CMC § 7207) provides that no court may order the disbursement of funds from the Commonwealth Treasury or order the reprograming of funds in order to provide for such disbursement; and

Whereas, Commonwealth law (1 CMC § 7207) provides that any final judgment of a court ("Judgment") shall be paid only pursuant to an item of appropriation for settlements and awards ("Budget Appropriation"); and

Whereas, the Commonwealth has current existing Judgments that exceed \$27 million which have been established for many years and not received Budget Appropriation; and

Whereas, P.L. 18-37 provides discretionary authority to the Governor to negotiate settlements of Judgments using credits that can be used to satisfy Commonwealth tax obligations ("Tax Liability Credits"); and

Whereas, Plaintiff(s) have an existing Judgment against the Commonwealth associated with case no. _______ in the amount of \$______, which excludes any associated interest or penalties ("Plaintiff's Judgment" or "Judgment"); and

Whereas, the Plaintiff has existing tax liabilities owed to the Commonwealth central government ("Plaintiff Tax Liabilities"); and

Whereas, the Parties seek to enter into an agreement where the Commonwealth provides credits to the Plaintiff in order to satisfy his or her existing Commonwealth tax liabilities ("Tax Liability Credits") in return for satisfaction of all claims arising or associated with the Plaintiff's Judgment.

II. Settlement Agreement

Now therefore in consideration of the recitals stated above, the mutual covenants contained herein and other good and valuable consideration the adequacy of which is hereby acknowledged, the Parties agree to the following terms:

 Commonwealth agrees to provide Plaintiff(s) with \$______ in Tax Liability Credits to the Plaintiff which shall be comprised of two elements: (1) Delinquent Tax Liability Judgment Settlement Alternative for existing Commonwealth tax liabilities equal to \$______; and (2) Annual Allocation Judgment Settlement Alternative or Reduced Judgment Settlement Alternative for the balance of the value of Judgment in the amount of \$______ (collectively "Settlement Alternatives"). The use of these Settlement Alternatives as applied to the Plaintiff's Judgment is shown in the table below:

Judgment Value	\$
Tax Credits provided by Delinquent Tax Liability	
Judgment Settlement Alternative Program	(5)
Tax Credits provided by Annual Allocation	
Judgment Settlement Alternative Program or Reduced Judgment Settlement Tax	
Liability Credits	(S)
Remaining Unsatisfied Value of Plaintifi(s) Judgment	\$

2. The Delinquent Tax Liability Credits provided under this Agreement shall only be used for current tax liabilities ("Current Tax Liabilities") of the Plaintiffs as of date of the Agreement which are identified in the table below:

Taxpayer	Taxpayer Identification	Tax	Tax Period	Amount

- 3. Upon signature of the Parties to this Agreement, the Commonwealth shall immediately apply the Delinquent Tax Liability Credits provided herein to the Current Tax Liabilities as identified and provide the Plaintiffs with a receipt showing satisfaction of these liabilities and full use of the Tax Liability Credits.
- 4. Use of Annual Allocation Judgment Settlement Credits or Reduced Judgment Settlement Tax Liability Credits received in this Agreement are subject to program rules applicable to these credits (attached).
- 5. Amount of Tax Liability Credits provided and any associated Transfer must comply with tax reporting requirements.

- 6. This agreement is controlled by law of the Commonwealth of the Northern Mariana Islands and the Parties consent to the exclusive jurisdiction to the Superior Court of the Commonwealth of the Northern Mariana Islands on the Island of Saipan.
- 7. In consideration for the provision of Tax Liability Credits provided under this agreement as indicated herein, the sufficiency of which is acknowledged, Plaintiff(s) agree to fully release, acquit and forever discharge the Commonwealth and all of their various respective agencies, instrumentalities, contractors, subcontractors, consultants, affiliates, employees, officers, successors, heirs, assigns, attorneys and any and all other persons, firms, corporations, entities in actual or claimed or potential privity or joint and several liability therewith from any and all claims, actions, causes of actions, liability, demands, or damages known or unknown, suspected foreseeable or unforeseeable arising directly or indirectly out of or in any manner connected to, any fact, circumstances, act or omission existing or occurring at any time prior to the day of this Agreement and in any manner involving concerning or relating to Civil Action ______.
- 8. If any element of this Agreement is found to be unenforceable by a court of competent jurisdiction it shall not affect the remaining sections which shall remain in force.
- 9. This Agreement, together with any referenced documents or exhibits represents the entire agreement and understanding of the Parties hereto with respect to the subject matter hereof and supersedes and all prior oral or written agreements and understandings and shall not be modified except in a writing signed by both parties.
- 10. This Agreement may be executed in separate counterparts, each counterpart when so executed to be deemed an original, and all counterparts when taken together shall constitute one and the same Agreement. To promote timely compliance with this Agreement, electronic transmission of executed documents shall be deemed sufficient to warrant commensurate performance. Confirmation shall nevertheless be made by delivery of the executed original to the other party as soon as possible.
- 11. The terms and conditions of this of this Agreement are confidential and the Parties agree that they shall not divulge the terms and conditions thereof unless ordered to do so by a court of competent jurisdiction although limited disclosure to tax professionals is allowed for purposes of associated tax filings.
- 12. The Public Auditor of the Commonwealth of the Northern Mariana Islands shall pursuant to I CMC § 7845, have the right to examine and copy any records, data, or papers relevant to this Agreement for a period of three (3) years after final payment under this Agreement.
- 13. Parties warrant and represent that they are the sole and exclusive owners of all claims and defenses which are the subject of this Agreement and that they have not assigned or transferred or purported to assign or transfer voluntarily or involuntarily, or by operation of law or equity any claim herein released or any portion thereof.

14. The person signing this agreement on behalf of the Parties warrant that they have the authority to sign this Agreement in the capacity in which they are signing and to lawfully bind the Parties, respectively to the Agreement

IN WITNESS WHEREOF, the Parties hereto or their lawful representatives have duly executed this Agreement as of the date set first set forth above.

For Commonwealth

ELOY S. INOS, Governor Commonwealth of the Northern Mariana Islands

For Plaintiff(s)

Signature

Print Name

Signature

Print Name

Signature

Print Name

Notary Stamp (as to validity of Plaintiff(s) Signatures)

C. Annual Allocation Judgment Settlement Alternative Contract Template Form

Agreement Between the Commonwealth of the Northern Mariana Islands and ______ to Resolve an Existing Judgment Claim

This document entered into this ______ day of the month of ______20____ is an agreement ("Agreement") between the Commonwealth of the Northern Mariana Islands, a duly established government whose address is Caller Box 10007 Saipan, MP 96950 ("Commonwealth") and _______a (individual, corporation, partnership) whose address is _______a ("Plaintiff(s)") in order to provide a structure for settlement of an existing judgment of the Plaintiff(s) against the Commonwealth using tax credits.

I. Recitals

Whereas, the Commonwealth as a duly established government has sovereign immunity from lawsuits unless specifically authorized; and

Whereas, Commonwealth law (1 CMC § 7207) provides that no court may order the disbursement of funds from the Commonwealth Treasury or order the reprograming of funds in order to provide for such disbursement; and

Whereas, Commonwealth law (1 CMC § 7207) provides that any final judgment of a court ("Judgment") shall be paid only pursuant to an item of appropriation for settlements and awards ("Budget Appropriation"); and

Whereas, the Commonwealth has current existing Judgments that exceed \$27 million which have been established for many years and not received Budget Appropriation; and

Whereas, P.L. 18-37 provides discretionary authority to the Governor to negotiate settlements of judgments using credits that can be used to satisfy Commonwealth tax obligations ("Tax Liability Credits"); and

Whereas, Plaintiff(s) have an existing Judgment against the Commonwealth associated with case no. ______ in the amount of \$______, which excludes any associated interest or penalties ("Plaintiff's Judgment" or "Judgment"); and

Whereas, the use of Tax Liability Credit directly reduces the amount of revenue received by the Commonwealth in a fiscal period, and thus their use must be carefully structured.

Whereas, the Parties seek to enter into an agreement where the Commonwealth provides annual Tax Liability Credits to the Plaintiff in order to provide a structure for settlement of the Judgment and extinguish all associated claims against the Commonwealth of any nature.

II. Settlement Agreement

Now therefore in consideration of the recitals stated above, the mutual covenants contained herein and other good and valuable consideration the adequacy of which is hereby acknowledged, the Parties agree to the following terms:

- 1. The Commonwealth agrees to provide Plaintiff(s) with a proportionate share of Tax Liability Credits ("Proportionate Share of Tax Liability Credits") that are provided in the Commonwealth of the Northern Marianas Islands authorized budget ("Budget").
- 2. The Proportionate Share of Tax Liability Credits that shall be provided to the Plaintiff shall be determined by dividing the annual Judgment Settlement amount authorized in the Budget ("Settlement Budget Authorization") by the total value of all Judgment Claims which are participating in the Annual Allocation Settlement Alternative program.
- 3. Commonwealth will provide Plaintiff or Transferee with annual statement indicating the amount of Annual Tax Liability Allocation and remaining unsatisfied Judgment Amount.
- 4. Should the Settlement Budget Authorization for any fiscal year be less than \$2 million dollars, any shortfall up to \$2 million shall be provided directly by the Commonwealth through deferral of other authorized expenditures ("Deferral of Expenditures").
- 5. Plaintiff may transfer, gift, sell, assign (collectively "Transfer") his or her interest in the Annual Allocation Settlement Alternative in whole or in part one time to a third party upon compliance with applicable Commonwealth requirements and written authorization which shall not be unreasonably withheld, however no further Transfer of any nature whatsoever is allowed.
- 6. Annual Tax Liability Credit Allocations are not authorized, nor can they be used, until funded by approved Settlement Budget Authorization or specific Deferral of Expenditures established by the Governor.
- 7. Use of Annual Allocation Judgment Settlement Credits received in this Agreement are subject to program rules applicable to these credits (attached).
- 8. The Amount of Tax Liability Credits provided and any associated Transfer must comply with tax reporting requirements.
- 9. This agreement is controlled by law of the Commonwealth of the Northern Mariana Islands and the exclusive jurisdiction of the courts therein.
- 10. In consideration for the specific annual allocation of Tax Liability Credits provided to the Plaintiff(s) as a specific Settlement Budget Authorization or Deferral of Expenditures established by the Governor an equal amount of the Plaintiff's Judgment shall be considered satisfied and Plaintiff(s) agree to an equal proportionate release, acquit and forever discharge the Commonwealth and all of their various respective agencies,

instrumentalities, contractors, subcontractors, consultants, affiliates, employees, officers, successors, heirs, assigns, attorneys and any and all other persons, firms, corporations, entities in actual or claimed or potential privity or joint and several liability therewith from any and all claims, actions, causes of actions, liability, demands, or damages known or unknown, suspected foreseeable or unforeseeable arising directly or indirectly out of or in any manner connected to, any fact, circumstances, act or omission existing or occurring at any time prior to the day of this Agreement and in any manner involving concerning or relating to Civil Action _____ and the Plaintiff's Judgment.

- 11. This Agreement shall be interpreted and controlled by laws of the Commonwealth of the Northern Mariana Islands and the exclusive jurisdiction of the Superior Court of the Commonwealth of the Northern Mariana Islands.
- 12. If any element of this Agreement is found to be unenforceable by a court of competent jurisdiction it shall not affect the remaining sections which shall remain in force.
- 13. This Agreement, together with any referenced documents or exhibits represents the entire agreement and understanding of the Parties hereto with respect to the subject matter hereof and supersedes and all prior oral or written agreements and understandings and shall not be modified except in a writing signed by both parties.
- 14. This Agreement may be executed in separate counterparts, each counterpart when so executed to be deemed an original, and all counterparts when taken together shall constitute one and the same Agreement. To promote timely compliance with this Agreement, electronic transmission of executed documents shall be deemed sufficient to warrant commensurate performance. Confirmation shall nevertheless be made by delivery of the executed original to the other party as soon as possible.
- 15. The terms and conditions of this of this Agreement are confidential and the Parties agree that they shall not divulge the terms and conditions thereof unless ordered to do so by a court of competent jurisdiction although limited disclosure to tax professionals is allowed for purposes of associated tax filings.
- 16. The Public Auditor of the Commonwealth of the Northern Mariana Islands shall pursuant to I CMC § 7845, have the right to examine and copy any records, data, or papers relevant to this Agreement for a period of three (3) years after final payment under this Agreement.
- 17. Parties warrant and represent that they are the sole and exclusive owners of all claims and defenses which are the subject of this Agreement and that they have not assigned or transferred or purported to assign or transfer voluntarily or involuntarily, or by operation of law or equity any claim herein released or any portion thereof.
- 18. The person signing this agreement on behalf of the Parties warrant that they have the authority to sign this Agreement in the capacity in which they are signing and to lawfully bind the Parties, respectively to the Agreement.

IN WITNESS WHEREOF, the Parties hereto or their lawful representatives have duly executed this Agreement as of the date set first set forth above.

For Commonwealth

ELOY S. INOS, Governor Commonwealth of the Northern Mariana Islands

For	Plain	tiff(s)	

Signature

Print Name

Signature

Print Name

Signature

Print Name

Notary Stamp (as to validity of Plaintiff Signatures)

D. Reduced Judgment Settlement Alternative Contract Template Form

Agreement Between the Commonwealth of the Northern Mariana Islands and ______ to Resolve an Existing Judgment Claim

This document entered into this ______ day of the month of ______20____ is an agreement ("Agreement") between the Commonwealth of the Northern Mariana Islands, a duly established government whose address is Caller Box 10007 Saipan, MP 96950 ("Commonwealth") and a (individual, corporation, partnership) whose address is

("Plaintiff(s)") in order to provide a structure for settlement of an existing judgment of the Plaintiff(s) against the Commonwealth using tax credits.

I. Recitals

Whereas, the Commonwealth as a duly established government has sovereign immunity from lawsuits unless specifically authorized; and

Whereas, Commonwealth law (1 CMC § 7207) provides that no court may order the disbursement of funds from the Commonwealth Treasury or order the reprograming of funds in order to provide for such disbursement; and

Whereas, Commonwealth law (1 CMC § 7207) provides that any final judgment of a court ("Judgment") shall be paid only pursuant to an item of appropriation for settlements and awards ("Budget Appropriation"); and

Whereas, the Commonwealth has current existing Judgments that exceed \$27 million which have been established for many years and not received Budget Appropriation; and

Whereas, P.L. 18-37 provides discretionary authority to the Governor to negotiate settlements of judgments using credits that can be used to satisfy Commonwealth tax obligations ("Tax Liability Credits"); and

Whereas, Plaintiff(s) have an existing Judgment against the Commonwealth associated with case no. _______ in the amount of \$______, which excludes any associated interest or penalties ("Plaintiff's Judgment" or "Judgment"); and

Whereas, the use of Tax Liability Credit directly reduces the amount of revenue received by the Commonwealth in a fiscal period, and thus their use must be carefully structured.

Whereas, the Parties seek to enter into an agreement where the Commonwealth provides Tax Liability Credits to the Plaintiff in order to provide a structure for settlement of the Judgment and the extinguishment of all claims of the Plaintiffs of any nature against the Commonwealth associated with the Judgment.

II. Settlement Agreement

Now therefore in consideration of the recitals stated above, the mutual covenants contained herein and other good and valuable consideration the adequacy of which is hereby acknowledged, the Parties agree to the following terms:

- 2. If the full amount of the Reduced Judgment Settlement Tax Liability Credits are not utilized in the year of issuance, then the Commonwealth will provide Plaintiff or Transferee with an annual statement indicating the amount of Reduced Judgment Settlement Tax Liability Credits taken and remaining unused amounts of Reduced Judgment Settlement Tax Liability Credits.
- 3. Plaintiff may transfer, gift, sell, assign (collectively "Transfer") his, her or its Reduced Judgment Settlement Tax Liability Credits in whole or in part, one time, to a third party or third parties upon compliance with applicable requirements and receipt of written Commonwealth authorization, which shall not be unreasonably withheld, however no further Transfer of the Reduced Judgment Settlement Tax Liability Credits of any nature whatsoever shall be allowed or recognized.
- 4. Reduced Judgment Settlement Tax Liability Credit Allocations need not be funded by Legislative Budget Authorization or specific Deferral of Expenditures established by the Governor.
- 5. Use of Reduced Judgment Settlement Tax Liability Credits received through participation in the Reduced Judgment Settlement Alternative that are received in this Agreement are subject to program rules applicable to these credits (attached).
- 6. The Amount of Reduced Judgment Settlement Tax Liability Credits provided and any associated Transfer must comply with tax reporting requirements.
- 7. This agreement is controlled by law of the Commonwealth of the Northern Mariana Islands and the exclusive jurisdiction of Superior Court of the Commonwealth of the Northern Mariana Islands on the Island of Saipan.
- 8. In consideration for the specific allocation of Reduced Judgment Settlement Tax Liability Credits provided to the Plaintiff(s), Plaintiff(s) hereby agree to, and hereby do, acquit and forever discharge the Commonwealth and all of their various respective agencies, instrumentalities, contractors, subcontractors, consultants, affiliates, employees, officers, successors, heirs, assigns, attorneys and any and all other persons, firms, corporations, entities in actual or claimed or potential privity or joint and several liability therewith from any and all claims, actions, causes of actions, liability, demands, or damages known

or unknown, suspected foreseeable or unforeseeable arising directly or indirectly out of or in any manner connected to, any fact, circumstances, act or omission existing or occurring at any time prior to the day of this Agreement and in any manner involving concerning or relating to Civil Action ______ and the Plaintiff's Judgment.

- 9. If any element of this Agreement is found to be unenforceable by a court of competent jurisdiction it shall not affect the remaining sections which shall remain in force.
- 10. This Agreement, together with any referenced documents or exhibits represents the entire agreement and understanding of the Parties hereto with respect to the subject matter hereof and supersedes and all prior oral or written agreements and understandings and shall not be modified except in a writing signed by both parties.
- 11. This Agreement may be executed in separate counterparts, each counterpart when so executed to be deemed an original, and all counterparts when taken together shall constitute one and the same Agreement. To promote timely compliance with this Agreement, electronic transmission of executed documents shall be deemed sufficient to warrant commensurate performance. Confirmation shall nevertheless be made by delivery of the executed original to the other party as soon as possible.
- 12. The terms and conditions of this of this Agreement are confidential and the Parties agree that they shall not divulge the terms and conditions thereof unless ordered to do so by a court of competent jurisdiction although limited disclose to tax professionals is allowed for purposes of associated tax filings.
- 13. The Public Auditor of the Commonwealth of the Northern Mariana Islands shall pursuant to 1 CMC § 7845, have the right to examine and copy any records, data, or papers relevant to this Agreement for a period of three (3) years after final payment under this Agreement.
- 14. Parties warrant and represent that they are the sole and exclusive owners of all claims and defenses which are the subject of this Agreement and that they have not assigned or transferred or purported to assign or transfer voluntarily or involuntarily, or by operation of law or equity any claim herein released or any portion thereof.
- 15. The person signing this agreement on behalf of the Parties warrant that they have the authority to sign this Agreement in the capacity in which they are signing and to lawfully bind the Parties, respectively to the Agreement.

IN WITNESS WHEREOF, the Parties hereto or their lawful representatives have duly executed this Agreement as of the date set first set forth above.

For Commonwealth

ELOY S. INOS, Governor Commonwealth of the Northern Mariana Islands

For Plaintiff(s)

Signature

Print Name

Print Name

Signature

Signature

Print Name

Notary Stamp (as to validity of Plaintiff Signatures)

E. Tax Liability Credit Transfer Application Fe	orm
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Commonwealth of the Northern Mariana Islands Division of Revenue & Taxation

Judgment Settlement Alternative Tax Liability Credit Transfer Application

Print name	Taxpayer id. #	e-mail
Print name	Taxpayer id. #	e-mail
Print name	Taxpayer id. #	e-mail
2. Contact Person:		
3. Telephone Number:		
 Telephone Number: e-mail: 		
4. e-mail: 5. Case Number:		(attach copy of judgment
 e-mail: Case Number: Date of Judgment Settlem 		(attach copy of judgment ach copy)
 e-mail: Case Number: Date of Judgment Settlem 	nent Alternative Agreement (atta	(attach copy of judgment ach copy)
 e-mail: Case Number: Date of Judgment Settlem 	nent Alternative Agreement (atta	(attach copy of judgment ach copy)
 e-mail: Case Number: Date of Judgment Settlem 	nent Alternative Agreement (atta	(attach copy of judgment ach copy)
 4. e-mail: 5. Case Number: 6. Date of Judgment Settlem 7. Proposed Transfer (in the 	nent Alternative Agreement (atta	(attach copy of judgment ach copy) ne proposed transfer structure)
 4. e-mail: 5. Case Number: 6. Date of Judgment Settlem 7. Proposed Transfer (in the 8. Tax Liability Credits that 	nent Alternative Agreement (atta	(attach copy of judgment ach copy) ne proposed transfer structure) in this transaction S

10. Identification	of pro	posed	transferee:
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Proposed Transferee

Taxpayer Identification Number

Commonwealth Use Only Below this line

1. Type of Judgment Settlement Alternative Agreement

Delinquent Tax Liability Judgment Settlement Alternative

Annual Allocation Judgment Settlement Alternative

Reduced Judgment Settlement Alternative

2. Original value of Tax Liability Credits

3. Current balance of Tax Liability Credits \$_____

Approval of Commonwealth Revenue & Tax Division Date

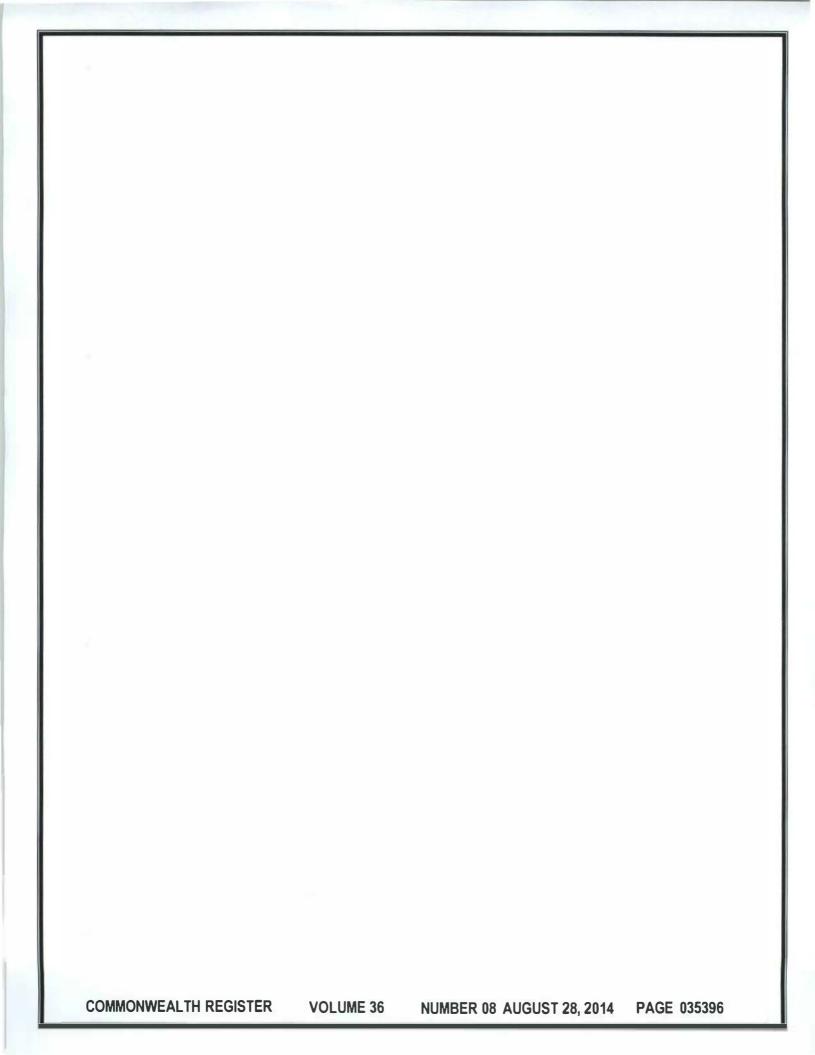
Print Name

Title

COMMONWEALTH REGISTER VOLUME 36 NUMBER 08 AUGUST 28, 2014 PAGE 035394

F. Tax	Liability Credit Annual Report	
	Commonwealth of the Northern Mariana Islands Division of Revenue & Taxation	5
	Tax Liability Credit Annual Statement	
Date of Notice		
Taxpayer		_
Address:		_
		_
Taxpayer ID n	umber	
	bility Settlement Agreement Number	
Type of Tax L	iability Settlement Alternative:	
Date of Tax L	iability Settlement Alternative Agreement:	
	Liability Credit Value: \$	
	eriod to which this notice applies:	
Current Tax P		
	x Liability Credit available to be used in Current Tax Period:	\$

This notice is provided by the Commonwealth Division of Revenue & Taxation as required under the Judgment Settlement Act Alternative Program. If you have questions in regards to this program or information provided herein you may consult with staff at the Dandan Office or visit the website provided at: <u>http://www.cnmidof.net/</u>



Commonwealth of the Northern Mariana Islands Department of Public Works Martin C. Sablan, Secretary Division of Building and Safety Code, 2nd Floor Joeten Oleai Bldg, Beach Code

Tel. No. 234-2726 (BSCO); fax no. 235-2732 Martinsablan2006@yahoo.com

NOTICE OF IMPLEMENTATION OF 2014 REVISED CNMI TROPICAL ENERGY CODE

The Department of Public Works hereby provides notice to the public that it shall implement and adopt the 2014 revised CNMI Tropical Energy Code. The current CNMI Tropical Energy Code, dated January 7, 2009, was adopted as an amendment to, and portion of, the International Building Code of 2009. NMIAC §155–10.1-605(a). Under NMIAC §155–10.1-605(c), the Building Safety Official is authorized to implement subsequent versions of the Tropical Energy Code. The Department of Public Works shall implement and adopt the 2014 revised Tropical Energy Code pursuant to this provision.

Implementation of the 2014 revised CNMI Tropical Energy Code is necessary to bring the CNMI Tropical Energy Code into compliance with the American Society of Heating, Refrigerating, and Air-Conditioning Engineers standards 90.1–2007 and 90.1–2010, as well as the 2009 and 2012 editions of the International Energy Conservation Code.

By signature below, I hereby certify that this Notice is true, correct, and complete. I further require and direct that this Notice be published in the Commonwealth Register.

Submitted by:

Martin C. Sablan Sccrctary of Public Works

8/04/14

Received by:

Esther S. Fleming Special Assistant for Administration

COMMONWEALTH REGISTER

VOLUME 36

NUMBER 08 AUGUST 28, 2014 PAGE 035397

Filed and Recorded by:

Esther SN. Nesbitt Commonwcalth Register

08.08.2014 Date

Pursuant to 1 CMC § 2153(e) and 1 CMC § 9104(a)(3), the rules and regulations attached hereto have been reviewed and approved as to form and legal sufficiency by the Attorney General and shall be published. (1 CMC § 2153(1)).

Gilbert J. Bimbrich Acting Attorney General



Commonwealth of the Northern Mariana Islands COMMONWEALTH ELECTION COMMISSION

Frances M. Sablan, Chairperson Commonwealth Election Commission, P.O. Box 500470 Susupe, Saipan MP 96950 Tel: (670) 664-8683; fax:(670) 664-8689

NOTICE AND CERTIFICATION OF ADOPTION OF THE **RULES AND REGULATIONS** FOR THE THE COMMONWEALTH ELECTION COMMISSION

I, Frances M. Sablan, Chairperson of the Commonwealth Election Commission, which is promulgating the rules and regulations for the published in the Commonwealth Register Volume 36, Number 06, Pages 035083 to 035134, on June 28, 2014, by my signature below hereby certify that as published, the rules and regulation are true, complete and a correct copy of the regulation previously published by the Commonwealth Election Commission.

I further request and direct that this Notice and Certification of Adoption be published in the Commonwealth Register and that these rules and regulations become effective upon its publication.

Submitted by:

do to charides

Frances M. Sablan, Chairperson **Commonwealth Election Commission**

08/13/14

Filed and Recorded by:

Esther SN. Nesbitt **Commonwealth Register**

08.14.14 Date



Commonwealth of the Northern Mariana Islands OFFICE OF THE GOVERNOR Bureau of Environmental and Coastal Quality DEQ: P.O. Box 501304, DCRM: P.O. Box 10007, Saipan, MP 96950-1304 DEQ Tel.: (670) 664-8500/01; Fax: (670) 664-8540 DCRM Tel.: (670) 664-8300; Fax: (670) 664-8315

www.deq.gov.mp and www.crm.gov.mp



Eloy S. Inos Governor

Jude U.Hofschneider Lt. Gøvernor Frank M. Rabaul'iman

David B. Rosario Director, DEQ

Frances A. Castro Director, DCRM

PUBLIC NOTICE OF CERTIFICATION AND ADOPTION OF AMENDMENTS TO REGULATIONS OF The Bureau of Environmental and Coastal Quality

PRIOR PUBLICATION IN THE COMMONWEALTH REGISTER AS PROPOSED AMENDMENTS TO REGULATIONS Volume 36, Number 07, pp 035171-035179 of July 28, 2014

Regulations of the Bureau of Environmental and Coastal Quality: Chapter 65-130, Water Quality Standards

ACTION TO ADOPT PROPOSED AMENDMENTS TO REGULATIONS: The Commonwealth of the Northern Mariana Islands, Bureau of Environmental and Coastal Quality (BECQ) HEREBY ADOPTS AS PERMANENT amendments to the Proposed Regulations which were published in the Commonwealth Register at the above-referenced pages, pursuant to the procedures of the Administrative Procedure Act,1 CMC § 9104(a). The BECQ announced that it intended to adopt them as permanent, and now does so. (Id.). I also certify by signature below that:

as published, such adopted regulations are a true, complete and correct copy of the referenced Proposed Regulations, and that they are being adopted without modification or amendment.

PRIOR PUBLICATION: The prior publication was as stated above. The BECQ Administrator adopted the regulations as final on September 4th, 2014.

MODIFICATIONS FROM PROPOSED REGULATIONS, IF ANY: None. I further request and direct that this Notice of Adoption be published in the Commonwealth Register.

AUTHORITY: The BECQ is required by the Legislature to adopt rules and regulations regarding those matters over which the BECQ has jurisdiction, including its regulation of Water Quality Standards. Commonwealth Environmental Protection Act, 2 CMC §§ 3121 and 3122.

EFFECTIVE DATE: Pursuant to the APA, 1 CMC sec. 9105(b), these adopted regulations are effective 10 days after compliance with the APA, 1 CMC §§ 9102 and 9104(a) or (b), which, in this instance, is 10 days after this publication in the Commonwealth Register.

COMMENTS AND AGENCY CONCISE STATEMENT: Pursuant to the APA, 1 CMC sec. 9104(a)(2), the agency Received no comments on the proposed regulations. Upon this adoption of the regulations, the agency, if requested to do so by an interested person within 30 days of adoption, will issue a concise statement of the principal reasons for and against its adoption.

ATTORNEY GENERAL APPROVAL for non-modified regulations or regulations with NON-material modification: The adopted regulations were approved for promulgation by the Attorney General in the above-cited pages of the Commonwealth Register, pursuant to 1 CMC sec. 2153(e) (To review and approve, as to form and legal sufficiency, all rules and regulations to be promulgated by any department,

agency or instrumentality of the Commonwealth government, including public corporations, except as otherwise provided by law).

I DECLARE under penalty of perjury that the foregoing is true and correct and that this declaration was executed on the <u>21</u>⁺ day of August, 2014, at Saipan, Commonwealth of the Northern Mariana Islands.

Certif ed and ordered by:

FRÄNK M. RABAULIMAN

Administrator, Bureau of Environmental and Coastal Quality

8/27/14 Date

Filed and Recorded by:

ESTHER SN. NESBITT **Commonwealth Register**

08.08.2014

Date



Eloy S. Inos

Governor

lude U. Hofschneider

i.t. Governor

Commonwealth of the Northern Mariana Islands OFFICE OF THE GOVERNOR Bureau of Environmental and Coastal Quality DEQ: P.O. Box 501304, DCRM: P.O. Box 10007, Saipan, MP 96950-1304 DEQ Tel.: (670) 664-8500/01, Fax: (670) 664-8540 DCRM Tel.: (670) 664-8300; Fax: (670) 664-8315



Frank M. Rabauliman Administrator

> David B. Rosario Director, DEQ

Frances A. Castro Director, DCRM

NOTICE OF CERTIFICATION AND ADOPTION OF RULE

ADOPTION OF RULE: ADOPTION OF "EROSION CONTROL SPECIALIST APPLICATION FEE SCHEDULE"

ACTION TO ADOPT RULE: The Commonwealth of the Northern Mariana Islands, Bureau of Environmental and Coastal Quality (CNMI BECQ), HEREBY ADOPTS AS A RULE, the attached "Erosion Control Specialist Application Fee Schedule", pursuant to the procedures of the Administrative Procedure Act (APA), 1 CMC §§ 9102, 9105 and applicable regulations.

AUTHORITY: The attached rule is being promulgated by the CNMI BECQ, Division of Environmental Quality in accordance with the Commonwealth Environmental Protection Act, 2 CMC §§ 3101 to 3134 (Public Law 3-23, as amended), of the Commonwealth of the Northern Mariana Islands. These rules, regulations, technical provisions, and specifications shall have the force and effect of law and shall be binding on all persons and other legal entities subject to the jurisdiction of the Commonwealth of the Northern Mariana Islands Division of Environmental Quality.

PURPOSE AND OBJECTIVE OF RULE: To improve compliance and effectiveness of erosion control practices in the CNMI, the Bureau of Environmental and Coastal Quality, Division of Environmental Quality has adopted a requirement that every commercial earthmoving project designate an Erosion Control Specialist, as set forth in the Earthmoving and Erosion Control Regulations, NMIAC § 65-50-345. The fees are set forth as attached, in accordance with NMIAC § 65-345(d).

DIRECTIONS FOR FILING AND PUBLICATION: These Proposed Regulations shall be published in the Commonwealth Register in the section on newly adopted rules and regulations (1 CMC § 9102(a)).

The Administrator will take appropriate measures to make this Rule is known to the persons who may be affected by them.

EFFECTIVE DATE: Pursuant to the APA, 1 CMC § 9105(b) and applicable regulations, this adopted Rule is effective 10 days after compliance with 1 CMC §§ 9102, 9105 and publication in the Commonwealth Register.

I, Frank M. Rabauliman, Administrator of the Bureau of Environmental and Coastal Quality, hereby approve the attached Rule.

Date

Submitted by:

Frank M. Rabauliman Administrator Bureau of Environmental and Coastal Quality

aner

Recorded by:

Filed and

Esther SN. Nesbitt

Commonwealth Register

Received by: Esther S. Fleming

Special Assistant for Administration

8.22.2014

Date

IL

Date

COMMONWEALTH REGISTER

Pursuant to 1 CMC § 2153(e) and 1 CMC § 9102(c), the rule attached hereto has been reviewed and approved as to form and legal sufficiency by the Attorney General and shall be published, 1 CMC § 2153(f) (publication of rules and regulations).

B Alen

Gilbert J. Birnbrich Acting Attorney General

Date



Commonwealth of the Northern Mariana Islands

OFFICE OF THE GOVERNOR Division of Environmental Quality



P.O. Box 501304 CK, Saipan, MP 96950-1304 Tel: (670) 664-8500/1 Fax: (670) 664-8540

WASTEWATER, EARTHMOVING, AND EROSION CONTROL INTEROFFICE MEMORANDUM

TO: All Members of the Public Front Desk

FROM: DEQ Director

DATE: 7-21-2014

SUBJECT: Erosion Control Specialist Application Fees

To improve compliance and effectiveness of erosion control practices in the CNMI, the Bureau of Environmental and Coastal Quality, Division of Environmental Quality has adopted a requirement that every commercial earthmoving project designate an Erosion Control Specialist, as set forth in the Earthmoving and Erosion Control Regulations, NMIAC § 65-50-345. The fees are set forth below, in accordance with NMIAC § 65-345(d).

Erosion Control Specialist Application Fee Schedule	Fee
Erosion Control Specialist Initial Application and Examination	\$50
Erosion Control Specialist Re-Examination	\$15
Erosion Control Specialist Renewal	\$50

Pursuant to the APA, 1 CMC § 9105(b) and applicable regulations, this adopted Rule is effective 10 days after compliance with 1 CMC §§ 9102, 9105 and publication in the Commonwealth Register.

David B. Rosario



Commonwealth of the Northern Mariana Islands BOARD OF PROFESSIONAL LICENSING P.O. Box 502078, #1242 Pohnpei Court Capitol Hill, Saipan, MP 96950 Tel No: (670)664-4809 Fax: (670)664-4814 Email: bpl@pticom.com

PUBLIC NOTICE AND CERTIFICATION OF ADOPTION OF THE AMENDMENTS TO THE BOARD OF PROFESSIONAL LICENSING'S RULES OF PROFESSIONAL CONDUCT FOR ENGINEERS, ARCHITECTS, LAND SURVEYORS AND LAND SCAPE ARCHITECTS

> PRIOR PUBLICATION IN THE COMMONWEALTH REGISTER AS PROPOSED AMENDMENTS TO RULES VOLUME 36, NUMBER 05, PP 035038-035046 OF MAY 28, 2014

Rules of Professional Conduct for Engineers, Architects, Land Surveyors and Landscape Architects: NMIAC Title 125-20.2 of Chapter 125-20

ADOPTION OF THE AMENDMENTS TO THE RULES OF PROFESSIONAL CONDUCT FOR ENGINEERS, ARCHITECTS, LAND SURVEYORS AND LANDSCAPE ARCHITECTS: The Board of Professional Licensing (BPL) intends to adopt as permanent rules the attached Proposed Rules, pursuant to the procedures of the Administrative Procedure Act, 1 CMC § 9104(a). The regulations would become effective 10 days after compliance with 1 CMC §§ 9102 and 9104(a) or (b) (1 CMC §9105(b)).

PRIOR PUBLICATION: The prior publication was as stated above. The Board of Professional Licensing adopted the attached rules as final as of the date of signing below.

MODIFICATIONS FROM PRIOR PUBLISHED PROPOSED REGULATIONS, IF ANY: None.

AUTHORITY: The Board of Professional Licensing has statutory power to promulgate and effect rules and regulations pursuant P.L. 14-95, as amended. See also Executive Order 94-3 (effective August 23, 1994, reorganizing the Executive branch).

EFFECTIVE DATE: Pursuant to the APA, 1 CMC § 9105(b), these adopted amendments to the Rules of Professional Conduct for Engineers, Architects, Land Surveyors and Landscape Architects are effective 10 days after compliance with the APA, 1 CMC §§ 9102 and 9104(a), which in this instance is 10 days after this publication in the Commonwealth Register.

COMMENTS AND AGENCY CONCISE STATEMENT. Pursuant to the APA, 1 CMC § 9104(a)(2), the BPL has reviewed the comments on the proposed amendments to these rules it received during the thirty-day period. Upon this adoption of the amendments, the agency, if requested to do so by any interested person, within 30 days of adoption, will issue a concise statement of the principal reasons for and against its adoption.

ATTORNEY GENERAL APPROVAL: The adopted Rules of Professional Conduct for Engineers, Architects, Land Surveyors and Landscape Architects were approved for promulgation by the CNMI Attorney General in the above cited pages of the Commonwealth Register, pursuant to 1 CMC §2153(e) (to review and approve as to form and legal sufficiency all rules and regulations to be promulgated by any

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department or agency or instrumentality of the Commonwealth government, including public corporations, except as otherwise provided by law).

I declare under penalty of perjury that the foregoing is true and correct copy and that this declaration was executed on the _____ day of _____, at Saipan, Commonwealth of the Northern Mariana Islands.

Certified and Ordered by:

Roman S. Demapan,

BPL Chairman

Filed and Recorded by:

Esther SN. Nesbitt Commonwealth Register

8.25.14 Date

08.26.2014

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BOARD OF PROFESSIONAL LICENSING

Rules of Professional Conduct

for

Engineers, Architects, Land Surveyors and Landscape Architects

PREAMBLE

To comply with the purpose of 4 CMC, § 3108 which is to safeguard life, health, and property, to promote the public welfare, and to maintain a high standard of integrity and practice, the Board of Professional Licensing has adopted the following "Rules of Professional Conduct." These rules shall be binding on every person or firm holding a license or a certificate of authorization to offer or perform engineering, architecture, land surveying, or landscape architecture services in the Commonwealth of the Northerm Mariana Islands. All persons or firm licensed pursuant to 4 CMC, §§ 3101 are required to be familiar with the statute, the regulations and these rules. The "Rules of Professional conduct" delineates specific obligations the licensee or firm must reach. In addition, each licensee or firm is charged with the responsibility of adhering to standards of highest ethical and moral conduct in all aspects of the practice of professional engineering, architecture, land surveying, or landscape architecture.

The practice of professional engineering, architecture, land surveying, and landscape architecture is a privilege, as opposed to a right. All licensees or firm shall exercise their privilege of practicing by performing services only in the areas of their competence according to current standards of technical competence.

Licensees or firm shall recognize their responsibility to the public and shall represent themselves before the public only in an objective and truthful manner.

They shall avoid conflicts of interest and faithfully serve the legitimate interests of their employers, clients, and customers within the limits defined by these rules. Their professional reputation shall be built on the merit of their services and they shall not compete unfairly with others.

The "Rules of Professional Conduct" as promulgated herein are enforced under the power vested by the Board of Professional Licensing.

I. Licensees/Firms Obligation to the Public

a. Licensees or firms, in the performance of their services for clients, employers, and customers, shall be cognizant that their first and foremost responsibility is to the public welfare.

b. Licensees or firms shall approve and seal only those documents and surveys that conform to accepted engineering, architecture, land surveying, or landscape architecture standards and safeguard the life, property, and welfare of the public is endangered.

c. Licensees or firms shall notify their employer or client and such other authority as may be appropriate when their professional judgment is overruled under circumstances where life, health, property, or welfare of the public is endangered.

d. Licensees or firms shall be objective and truthful in professional reports, statements, or testimony. They shall include all relevant and pertinent information in such reports, statements, or testimony.

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e. Licensees or firms shall express a professional opinion publicly only when it is founded upon on adequate knowledge of the facts and a competent evaluation of the subject matter.

f. Licensees or firms shall issue no statements, criticisms. or arguments on technical matters which are inspired or paid for by interested parties, unless they explicitly identify the interested parties on whose behalf they are speaking, and reveal any interest they have in the matters.

g. Licensees or firm shall not permit the use of their name or firm name by, nor associate in the business ventures with, any person or firm who is engaging in fraudulent or dishonest business or professional practices.

h. Licensccs or firm having knowledge of possible violations of any of these "Rules of Professional Conduct" shall provide the Board information and assistance necessary to the final determination of such violation.

II. Licensees/Firms Obligation to Employer and Clients

a. Licensees or firm shall undertake assignments only when qualified by education or experience in the specific technical fields of architecture, engineering, land surveying or landscape architecture involved.

b. Licensees or firm shall not affix their signatures or seals to any plans or documents dealing with subject matter in which they lack competence, nor to any such plan or document not prepared under their direct control and personal supervision.

c. Licensees or firm may accept assignments for coordination of an entire project, provided that each design segment is signed and sealed by the licensee responsible for preparation of that design segment.

d. Licensees or firm shall not reveal facts, data, or information obtained in a professional capacity without the prior consent of the client or employer as authorized or required by law.

e. Licensees or firm shall not solicit or accept financial or other valuable consideration, directly or indirectly from contractor, their agents, or other parties in connection with work for employers and clients.

f. Licensees or firm shall make full prior disclosures to their employers or clients of potential conflicts of interest or other circumstances which could influence or appear to influence their judgment or the quality of their services.

g. Licensees or firm shall not accept compensation, financial or otherwise, from more than one party for services pertaining to the same project, unless the circumstances are fully disclosed and agreed to by all interested parties.

h. Licensees or firm shall not solicit or accept a professional contract from a government body on which a principal or officer of their organization serves as a member. Conversely, licensees serving as members, advisors, or employees of a government body or department, who are the principals or employees of a private concern, shall not participate

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in decisions with respect to professional services offered or provided by said concern to the government body which they serve.

III. LICENSEES/FIRM OBLIGATION TO OTHER LICENSEES/FIRM

a. Licensees shall not falsify or permit misrepresentation of their or their associates' academic or professional qualification. They shall not misrepresent or exaggerate neither their degree of responsibility in prior assignments nor the complexity of said assignments. Presentations incident to the solicitation of employment or business shall not misrepresent pertinent facts concerning employers, employees, associates, joint ventures or past accomplishments.

b. Licensees or firm shall not offer, give, solicit, or receive, either directly or indirectly, any commission or gift, or other valuable consideration in order to secure work, and shall not make any political contribution with the intent to influence the award of a contract by public authority.

c. Licensees or firm shall not attempt to injure, maliciously or falsely, directly or indirectly, the professional reputation, prospects, practice or employment of other licensees or firm, nor indiscriminately criticize other licensees or firm's work.

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COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS Jose M. Sablan Building, Civic Center Susupe P. O. Box 500791 Saipan, MP 96950 Telephone: (670) 664-9001 (24 Hours) Facsimile: (670) 664-9019



PUBLIC NOTICE OF PROPOSED REGULATIONS WHICH ARE AMENDMENTS TO THE RULES AND REGULATIONS OF THE DEPARTMENT OF PUBLIC SAFETY

INTENDED ACTION: The Commonwealth of the Northern Mariana Islands, Department of Public Safety, Fire Prevention and Arson Investigation Unit, intends to adopt as permanent regulations the attached Proposed Regulations, pursuant to the procedures of the Administrative Procedure Act, I CMC § 9104(a). The Regulations will become effective 10 days after adoption and publication in the Commonwealth Register.

AUTHORITY: The Department of Public Safety is empowered by the Legislature to adopt regulations for the administration and enforcement of the Fire Code Safety Act of 1998. 1 CMC \S 2507(a); 2 CMC §§ 7339(f), 7340(a).

TERMS AND SUBSTANCE: The proposed regulations provide for changes to the fire code fee schedule and clarification of existing rules.

REGULATIONS BEING AMENDED: NMIAC §§ 150-40.1, et seq.

DIRECTIONS FOR FILING AND PUBLICATION: These Proposed Regulations shall be published in the Commonwealth Register and posted in convenient places in the civic center and in local government offices in each senatorial district, both in English and in the principal vernacular.

SEND OR DELIVER COMMENTS TO:

Thomas Manglona Department of Public Safety Fire Division Attn: Proposed Fire Code Regulations PO Box 500791 Saipan, MP 96950

Comments, data, views, or arguments for or against the proposed regulations are due within 30 days of the date of publication of this notice.

Submitted by:

8/5/14

Thomas Manglona Acting Director Fire Division



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The proposed regulations attached hereto have been reviewed and approved as to form and legal sufficiency by the Office of the Attorney General.

Concurred by:

James C. Deleon Guerrero **DPS** Commissioner

Date

Received by:

Esther S. Fleming Special Assistant to the Administration

Filed and Recorded by:

Esther SN. Nesbitt **Commonwealth Register**

·22.244

Pursuant I CMC § 2153(e) (AG approval of regulations to be promulgated as to form) and I CMC § 9104(a)(3) (obtain approval) the proposed regulations attached hereto have been reviewed and approved as to form and legal sufficiency by the CNMI Attorney General and shall be published, 1 CMC § 2153(f) (publication of rules and regulations).

Dated the 222 day of , 2014.

Approved by:

Gilbert Birnbrich

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Acting Attorney General



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NUTISIAN PUPBLIKU GI MANMAPROPONI NA REGULASION SIHA NI MANMA'AMENDA GI AREKLAMENTU YAN REGULASION SIHA GI DIPATTAMENTUN SINÅFU' PUPBLIKU

I AKSION NI MA'INTENSIONA: I Commonwealth gi Sangkattan na Islas Marianas Siha, i Dipattamentun Sinåfu' Pupbliku, Fire Prevention yan Arson Investigation Unit, ha intensiona para u adåpta kumu petmanienti na regulasion siha ni mañechettun gi Manmaproponi na Regulasion Siha, sigun gi manera siha gi Åktun 1 CMC § 9104(a) gi Administrative Procedure. I Regulasion siha para u ifektibu gi halum dies(10) dihas dispues di adåptasion yan pupblikasion gi halum i Rehistran Commonwealth.

ÅTURIDÅT: I Dipattamentun Sinåfu' Pupbliku nina'i fuetsa ni Lehislatura para u adåpta i regulasion siha para i atministrasion yan enforcement gi Kodigun Fire Safety gi Åktun 1998. 1 CMC § 2507(a), 2 CMC §§ 7339(f), yan i 7340(a).

TEMA YAN SUSTÅNSIA SIHA: I manmaproponi na regulasion siha ha pribeniyi tinilaika gi siniñålan åpas siha yan klarifikasion gi prisenti na areklamentu siha gi kodigun kumason.

I MANMA'AMENDA NA REGULASION SIHA: NMIAC §§ 150-40.1, et seq.

DIREKSION PARA U MAPEGA YAN PUPBLIKASION SIHA: Esti i Manmaproponi na Regulasion siha debi na u mapupblika gi halum Rehistran Commonwealth yan u mapega gi halum i mangkumbinienti na lugåt siha gi halum i civic center yan gi ufisinan gubietnamentu siha gi halum kada distritun senadot, parehu gi Englis yan gi dos na lingguåhin natibu.

NA'HÅNÅO PAT INTREGA I UPIÑON GUATU GI AS:

Thomas Manglona Dipattamentun Sinåfu' Pupbliku Dibision Fire Attn: Manmaproponi na Regulasion Siha gi Kodigun Kumason POBox 500791 Saipan, MP 96950

Upiñon, imfotmasion, inatan, pat testimoniun kinentra para pat kontra i manmaproponi na regulasion siha debi na u fanhålum trenta(30) dihas ginin i fetchan pupblikasion esti na nutisia.

Nina'hålum as:

- CORT

Thomas Manglona

Acting Director Dibision Fire

Fetcha

"I Dipattamentun Sinåfu' Pupbliku guiya i equal opportunity provider van employer"

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I manmaproponi na regulasion siha mañechettun guini ni manmaribisa yan manma'prueba kumu fotma yan sufiseinti ligåt ginin i Ufisinan Abugådu Heneråt.

Kinunfotma as :

James C. Deleon Guerrero **Kumisinan DPS**

Rinisibi as:

Esther S. Fleming

Espisiåt Na Ayudånti Para I Atministrasion

August

Pine'lu yan Ninota as:

Rehistran Commonwealth

106/2014

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08.22.2014 Fetcha

Sigun gi 1 CMC § 2153(e) (Inaprueba ni Abugådu Heneråt i regulasion siha ni macho'gui kumu fotma) yan i 1 CMC § 9104(a)(3) (hinentan inaprueba) i manmaproponi na regulasion siha ni mañechettun guini ni manmaribisa yan manma'aprueba kumu fotma yan sufisienti ligat ginin i CNMI Abugadu Henerat yan debi na u mapupblika gi, 1 CMC § 2153(f) (pupblikasion i areklamentu yan regulasion siha).

, 2014.

Mafetcha gi diha _____ di ___

Inaprueba as:

Gilbert Birnbrich Acting Attorney General

"I Dipattamentun Sinåfu' Pupbliku guiya i equal opportunity provider yan employer"



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ARONGORONG REL POMMOL MWÓGHUTÚGHÚT IKKA E LO BWE LIWELL NGÁLI ALLÉGH ME MWÓGHUTÚGHÚTÚL SÁNGI BWULASIYOL ALILLISIL TOULAP

MÁNGEMÁNGIL POMMOL MWÓGHUTÚGHÚT:

S ngi Commonwealth wól téél falúw kka ef ang lól Marianas, Bwulasiyol Alillisil Toulap, Fire Prevention me Arson Investigation Unit, re m ngemárngil re bwe adapt áli bwe e bwe llégh ló bwe mwóghutúghútúl mille e appaasch bwe Pommol mwóghutúghút, arongowoowul mwóghutúghútúl Administrative Procedure Act, I CMC § 9104(a). Mwóghutúghútúl nge e bwe bwunguló lól 10 rál mwiril yaar adaptá li me arongowoowul me rel Commonwealth Register.

BWÁNGIL: Eyoor bw ngil Bwulasiyol Alillisil Toulap sángi Legislature bwe re bwe adapt áli mwóghutúghút ng li administration me enforcement rel Fire Code Safety Act of 1998.1 CMC § 2507(a); 2CMC §§ 7339(f), 7340(a).

KKAPASAL ME OUTOL: Rel Pommol mwóghutúghút nge e bwe ayoora liwell rel Fire Code Fee Schedule me e bwe ffat ló allégh kka re fasúl lo.

LIWELL REL MWÓGHUTÚGHÚT: NMIAC §§ 150-40.1, et seq.

AFAL REEL AMWELIL ME ARONGOWOWUL: Pommol Mwóghutúghút kkaal nge e bwe akkatééwow me rel Commonwealth Register nge re bwe appaasch tá lól bwuleey kka lól civic center me bwulasiyol gobetnameento lól senatorial district, rel English me lól mwaliyaasch.

AFANGA LÓ ME ATTOTOOLONG MWALIILI REL:

Thomas Manglona Department of Public Safety Fire Division Attn: Proposed Fire Code Regulations PO Box 500791 Saipan, MP 96950

Mwaliili, data, views me angiingi, rel yóómw m ngem ng rel pommol mwóghutúghút nge e bwe attotoolong lól 30 rál, sángi rálil akkatééwowul arongoroong yel.

Isáliiyalong:

Thomas Manglona Acting Director Fire Division

8-5/14



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Pommol mwóghutúghút, iye e appaschlong bwe ra amweeri me a bwunguló bwe e bwe fféér me legal sufficiency sángi bwulasiyol Soulemil Allégh Lapalap. Concurred

E Alúghúlúgh Sángi:

James C. Deleon Guerrero

Mwiir Sángi:

Esther S. Reming Special Assistant for Administration

Ráll

Ammwel Sángi:

Esther SN. Nesbitt

Commonwealth Register

08.22.2014 Ráll

Sángi 1 CMC § 2153(e) (Allégh kkaal a lléghló sángi AG bwe e fil reel fféérúúl) me 1 CMC § 9104 (a) (3) (mwiir sángi AG) (a ngúúngú ló) Pomwol mwóghutúghút kkal a appaschlong a takkal amweeri fischiiy, me a ngúúngú ló fféérúl me legal sufficiency sángi CNMI Soulemil Allégh Lapalap me e bwele arongoowow, 1 CMC § 2153 (f) (Arongowowul allégh me mwóghutúghút).

Gilbert Bimbrich Soulemil Allégh Lapalap

8/22/19 Rát

"Bwulasiyol Alillisil Toulap, Ii mille equal opportunity provider yan employer"

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PROPOSED AMENDMENTS TO REGULATIONS

SECTION I

NMIAC § 150-40.1-001 is hereby amended to read as follows as follows: § 150-40.1-001 Authority

The Department of Public Safety, Fire Division, Fire Prevention and Arson Investigation Unit, is empowered by the Legislature to adopt regulations for the administration and enforcement of the Fire Code Safety Act of 1998. See 1 CMC § 2507(a); 2 CMC §§ 7339(f), 7340(a). Fire Division, Fire Prevention Section shall have the legal authority to enforce laws and regulations promulgated pursuant to the authority of Public Law 11-56, "Commonwealth Fire Safety Code" [2 CMC §§ 7301-7340] and all other adopted codes and standards.

SECTION 2

NMIAC § 150-40.1-005 is hereby repealed and reenacted to read as follows as follows: § 150-40.1-005 Purpose and Title

- (a) <u>Purpose</u>. The purpose of the rules and the <u>Fire Code Regulations</u> in this subchapter is to govern the administration <u>and enforcement of the Fire</u> <u>Code Safety Act of 1998</u>. <u>See</u> 2 CMC §§ 7301 - 7340. implementation of the governing Public Law 11-56, "Commonwealth Fire Safety Code"</u>
- (b) <u>Title. The regulations contained in this subchapter may be cited as the "Fire</u> <u>Code Regulations."</u>

SECTION 3

NMIAC § 150-40.1-010 is hereby repealed and reenacted to read as follows as follows: § 150-40.1-010: Cooperation with Government Agencies

- (a) The Fire Prevention and Arson Investigation Unit will actively cooperate with any government agency that permits any building, structure, or activity that is governed by the Fire Code.
- (b) Any government agency may contact the Fire Prevention and Arson Investigation Unit to streamline the permit process and ensure that the applicant or permittee is or will be in full compliance with the Fire Code.
- (a) Other government agencies involved in reviewing plans for a new building and/or renovation of an existing building, or construction of underground and above ground storage tanks for flammable liquid and combustible liquid shall inform the applicant/business owner to obtain clearance from Fire Prevention Section in writing of such plans which pertain to fire safety in nature.



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(b) Officials of other government agencies involved in permitting and/or licensing of the following activities mentioned in part 400, shall ensure clearance from the Fire Prevention Section is obtained prior to issuing permits and/or licenses.

SECTION 4

NMIAC § 150-40.1-101 is hereby amended to read as follows as follows:

- (b) If the Fire Prevention and Arson Investigation Unit is informed that a building, structure, or activity is in violation of Fire Code Regulations, then the Fire Prevention and Arson Investigation Unit will ask the owner, occupant, or responsible person for permission to inspect the premises.
- (b) At any time a complaint is received by the Fire Division, Fire Prevention Section regarding a building having hazardous or unsafe conditions, the Fire Director or his designee may request to the owner to inspect the premises.

SECTION 5

NMIAC § 150-40.1-110 is hereby amended to read as follows as follows

- § 150-40.1-110 Certificate of Fire Report
 - (a) Any person whose house, property, or business establishment is damaged by fire may request a certificate of fire report from the Fire Prevention and Arson Investigation Unit. A certificate of fire report is an acknowledgement from the Fire Prevention and Arson Investigation Unit that a fire occurred. The certificate may include information about the cause of the fire and the extent of the damage caused by the fire. Generally, a certificate of fire report will be completed within ten business days of the fire responsible for the damage. will not be completed until ten business days after the fire. will be given 3 working days prior to picking up certificate of fire report from the Fire Prevention Office. This document will be sufficient for justification in requesting assistance from any organization.
 - (b) The office of Fire Prevention and Arson Investigation Unit will not issue an investigation report without written <u>authorization from the Director or the Commissioner of the Department of Public Safety</u>. <u>permission from the Commissioner of Public Safety and/or Director of Fire. It will be the responsibility of the client to obtain approval from the Commissioner of Public Safety and/or Director of Fire before any report, other than certificate of fire report, to be released.</u>
 - (c) The Fire Prevention and Arson Investigation Unit may withhold information regarding a fire if the information is part of a criminal investigation or its release would otherwise endanger the community.

SECTION 6

NMIAC § 150-40.1-201 is hereby repealed and reenacted as follows: § 150-40.1-201 Inspection and Reinspection



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- (a) <u>The procedure prescribed by this subsection applies to all inspections and</u> reinspections of buildings, structures, or activities.
- (b) <u>The designated official will conduct an inspection or reinspection. The purpose of the inspection or reinspection is to ascertain compliance with Fire Code Regulations and the Fire Code Safety Act of 1998.</u>
- (c) If the designated official determines that the building, structure, or activity is in compliance with the Fire Code Regulations and the Fire Code Safety Act of 1998, then the official will process the application for a permit or take other action as necessary.
- (d) If the building, structure, or activity is not in compliance with the Fire Code Regulations or the Fire Code Safety Act of 1998, then the official will issue a written report identifying specific violations of the Fire Code Regulations or the Fire Code Safety Act of 1998.
- (e) If the building, structure, or activity is not in compliance with the Fire Code Regulations or the Fire Code Safety Act of 1998, then the official will schedule a reinspection. The date and time of the reinspection will be within the discretion of the Fire Prevention and Arson Investigation Unit. However, the designated official will attempt to schedule a time and date convenient to the responsible person. The following will be considered when scheduling a reinspection:
 - 1) <u>The specific violations of the Fire Code Regulations or the Fire Code</u> <u>Safety Act of 1998</u>;
 - 2) The risk to life, property, and the environment created by the violations identified in the written report;
 - <u>The difficulty and time required to redress the violations identified in the</u> written report;
 - 4) The number of previous inspections.
- (f) <u>A copy of the written report identifying specific violations will be given to the</u> owner, occupant, or responsible person.



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- (g) The designated official may issue an order of closure if the hazards created by the violations pose a substantial risk to life, property, or the environment. The designated official must issue an order of closure if the building, structure, or activity has been reinspected three times and has not come into compliance with the Fire Code Regulations and the Fire Code Safety Act of 1998.
- (a) The inspector shall conduct the inspection. If code compliance has been obtained, the permit will be processed. There is no charge for this first inspection; it is included in the permit fee which payment must be received by the Commonwealth of the Northern Marianas Island (CNMI) Treasury before permit is issued (see issuance of permit schedule).
- (b) If code compliance has not been obtained, the inspector shall identify, for the person responsible for the premises, specific violation of the applicable code, and, providing adequate time between inspections, dependent on the hazard and danger created by the violations and the complexity of the work to be done, but generally, within 15 to 30 days or as felt adequate by the business owner, a schedule for "first reinspection" date and time, to verify code compliance. Note: first reinspection fee shall be payable to the CNMI Treasury, when code compliance is obtained and before permit is issued (see inspection fee schedule).
- (c) In all cases, inspection report(s) shall be filled out by the inspector, signed by all parties indicated on the report form(s); and a copy given to the person responsible for the premises.

SECTION 7

NMIAC § 150-40.1-205 is hereby repealed

- (a) If code compliance has been obtained, the process proceeds with the issuance of permit. Payment of permit and first reinspection fees shall be payable to the CNMI Treasury, before the permit is issued (see inspection fee and fees for issuance of permits schedules).
- (b) If code compliance has not been obtained by the second inspection or the first reinspection, the inspector shall, providing adequate time for compliance between inspections, dependent on the hazard and danger created by the violation and the complexity of work to be done, but generally, within 15-30 days or as felt appropriate by the business owner, schedule a second reinspection date and time, to verify code compliance. Note second reinspection fee shall be payable to the CNMI Treasury, when code compliance is obtained and before permit is issued (see inspection fee schedule).



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(c) In all case, inspection report(s) shall be filled out by the inspector, signed by all parties indicated on the report form(s); and a copy given to the person responsible for the premises.

SECTION 8

NMIAC § 150-40.1-210 is hereby repealed:

- (a) If code compliance has been obtained, the process proceeds with the issuance of permit. Payment of permit, first and second reinspection fees must be payable to the CNMI Treasury, before permit is issued (see inspection fee and fees for issuance of permits schedules).
- (b) If code compliance has not been obtained on the third inspection or the second reinspection, the inspector shall, providing adequate time for compliance between inspections, dependent on the hazard and danger created by the violation and the complexity of the work to done, but generally, within 1-15 days or as felt appropriate by the business owner, schedule a third reinspection date and time, to verify code compliance. Note: Third reinspection will be at a fee double the second reinspection fee and payable to the CNMI Treasury, when code compliance is obtained and before permit is issued. Reinspections thereafter will likewise be double the preceding reinspection fee (see inspection fee schedule).
- (c) In all cases, inspection report(s) shall be filled out by the inspector; signed by all parties indicated on the report form(s); and a copy given to the person responsible for the premises.

SECTION 9

- NMIAC § 150-40.1-215 is hereby repealed:
 - (a) If code compliance has been obtained, the process proceeds with the issuance of permit. Payment of permit, first, second, and third-reinspection fees shall be payable to the CNMI Treasury before permit is issued (see inspection fee and fees for issuance of permit schedules). Note: Third reinspection shall be at a fee double the second reinspection fee. Reinspections thereafter will likewise be double the preceding reinspection fee (see inspection fee schedule).
 - (b) If code compliance has not been obtained by the fourth inspection or third reinspection, the reinspection will continue in the fashion as previous inspection until compliance with the fire code has been obtained.
 - (c) In all cases, inspection report(s) shall be filled out by the inspector; signed by all parties indicated on the report form(s); and a copy given to the person responsible for the premises.

SECTION 10

NMIAC § 150-40.1-301 is hereby amended to read as follows: § 150-40.1-301 Introduction Unannounced Inspections



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Unannounced inspections of permit holders and non-permit holders may be conducted by any designated official designated by the of the Department of Public Safety, Fire Division, Fire Prevention Section Fire Prevention and Arson Investigation Unit on any building, and premises, business, activity, engagement, or function regulated by the applicable code. The Fire Prevention and Arson Investigation Unit will not charge a fee for an unannounced inspection. at all reasonable times. The Fire Division's intention is to protect the integrity of its fire prevention program; to take reasonable measures to ensure that fire code compliance is continually maintained and not just occasionally on or about permit renewal date or on notice of inspection possibility; and to address citizen concerns or complaints.

SECTION 11

NMIAC § 150-40.1-305 is hereby repealed:

§ 150-40.1-305 First Inspection

- (a) The inspector shall conduct the inspection. If code compliance is being maintained or if code compliance is obtained during this inspection, the inspector shall fill out an inspection report(s) indicating business owner and premises are in compliance with the applicable code; issue a citation, fines depending on the violations found if necessary; obtain all signatures indicated on the report form(s); and issue a copy of the report(s) to the person responsible for the premises and fines. No inspection fee shall be imposed in this case.
- (b) If code compliance is not being maintained and cannot be obtained during this inspection, the inspector shall impose a first inspection fee; and identify for the person responsible for the premises, specific violations of the applicable code and, dependent of the hazard and danger created by the violations and the complexity of the work to be done, but generally, it shall be the discretion of the inspector to impose the time frame for next inspection.
- (c) Citations normally will not be issued on the first inspection. When routine violations of the applicable fire code are encountered, citations will generally be issued upon the second inspection or first-reinspection if violations are encountered.
- (d) Payments of fines must be paid to the CNMI Treasury 30 days of the first reinspection.* If permit renewal date should fall within the 30 days, fines and the regular permit fee shall all be due upon request for permit renewal.

SECTION 12

NMIAC § 150-40.1-310 is hereby repealed:

§ 150-40.1-310 Second Inspection or First Reinspection

(a) If code compliance has been obtained, the inspector shall fill out an inspection report indicating business owner(s) and premises are in compliance with the applicable fire code; issue a citation, fines depending on the violations found; impose first reinspection

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fee; and inform the person responsible for the premises that repeat violations encountered in the future inspection may result in fines.

- (b) If code compliance has not been obtained by the second inspection or the first reinspection, the inspector shall issue a citation, fines depending on the violation(s) of the applicable code; impose a first reinspection fee; and providing adequate time for compliance between inspections, dependent on the hazard and danger created by the violation and the complexity of the work to be done, but generally to be determined by the inspector, schedule a second reinspection date and time to verify compliance.
- (c) Payment of fines, first inspection and first reinspection fees must be paid to the CNMI Treasury within 30 days of first reinspection. If permit renewal date should fall within the 30 days, fines, first inspection and first reinspection fees and the regular permit fee shall all be due upon request for permit renewal.
- (d) In all cases, an inspection report shall be filled out by the inspector; signed by all parties indicated on the report form(s); and a copy given to the person responsible for the premises.

SECTION 13

NMIAC § 150-40.1-315 is hereby repealed:

§ 150-40.1-315 Third Inspection or Second Reinspection

- (a) If code compliance has been obtained, the inspector shall fill out an inspection report indicating business owner and premises are in compliance with the applicable fire code; impose a second reinspection fee; inform the person responsible for the premises that repeat violations encountered in future inspections may result in further fines.
- (b) If code compliance has not been obtained by the third inspection or the second reinspection, the inspector shall impose a second fee; providing adequate time for compliance between inspections, dependent on the hazard and danger created by the violation and the complexity of the work to be done to be determined by the inspector, schedule a third reinspection date and time to verify compliance; and issue a citation and a fine based on the fine fee schedule.
- (c) The inspector should mention the possibility of the permit being revoked and cessation of business operations. The fines issued at this point will be added to those already issued.
- (d) Payment of fines, first inspection, first and second reinspection fees must be paid to the CNMI Treasury within 30 days of second reinspection. If permit renewal date should fall within the 30 days, fines, first inspection, first and second reinspection fees and the regular permit fee shall all be due upon request for permit renewal.



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(e) In all cases, inspection report(s) shall be filled out by the inspector; signed by all parties indicated on the report form(s); and a copy given to the person responsible for the premises.

SECTION 14

NMIAC § 150-40.1-320 is hereby repealed:

- § 150-40.1-320 Fourth Inspection or Third Reinspection
- (a) If code compliance has been obtained, the inspector shall fill out an inspection report indicating business owner and premises are in compliance with the applicable fire code; impose a third reinspection fee; inform the person responsible for the premises that repeated violations encountered in future inspections may result in further fines, permit being revoked and cessation of business operations.
- (b) Payment of fines, first inspection, first, second and third reinspection fees must be paid to the CNMI Treasury within 30 days of third reinspection. If permit renewal date should fall within the 30 days, fines, first inspection, first, second and third reinspection fees and the regular permit fee shall all be due upon request for permit renewal.
- (e) If code compliance has not been obtained by the fourth inspection or third reinspection, the inspector shall issue the person responsible for the premises a "NOTICE OF CLOSURE"; and order him/her to cease business operations due to a revoked permit; and place a sign at the entry points of the establishments stating, in effect, closure by order of the Department of Public Safety, Fire Division, Fire Prevention Section, and the reason(s) for closure.
- (d) The business owner shall not resume business operations until hazards have been abated; a fourth reinspection is conducted and applicable code compliance has been obtained. It shall be the business owner's responsibility to call the Fire Prevention Section to coordinate the date and time of fourth reinspection; all fines, first inspection, first, second, third and fourth reinspection fees are paid, submitting receipts of payment as proof of payment; and an authority from the Fire Prevention Section has removed all posted signs and tags from the establishment.
- (e) In all cases, inspection report(s) shall be filled out by the inspector; signed by all parties indicated on the form(s); and a copy given to the person responsible for the premises. Inspector should inform the business owner or person responsible for the premises that repeat violations encountered in future inspections may result in fines.

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SECTION 15

NMIAC § 150-40.1-401 is hereby repealed: § 150-40.1-401 Introduction

Unannounced inspections may be conducted by any designated official of the Department of Public Safety, Fire Division, Fire Prevention Section on any building and premises, business, activity, engagement, or function regulated by the applicable code at all reasonable times. The DPS Fire Division, Fire Prevention Section's intention is to protect the integrity of its Fire Prevention Program; to take reasonable measures to ensure that all fire code compliance is continually maintained and not just occasionally on or about business license clearance date or on notice of inspection possibility; and to address concerns or complaints.

SECTION 16

NMIAC § 150-40.1-405 is hereby repealed:

- § 150-40.1-405 First Inspection
- (a) The inspector shall conduct the inspection. If code compliance is being maintained or code compliance is obtained during this inspection, the inspector shall fill out an inspection report(s) indicating the owner, operator, occupant, and premises or other person responsible for that which is regulated by the applicable code, are in compliance with code. No inspection fee will be required.
- (b) If code compliance is not being maintained and cannot be obtained during this inspection, the inspector shall impose a first reinspection fee; and identify for the owner, operator, occupant or person responsible for the premises or other person responsible for that which is regulated by the applicable code, specific violation of the code and, dependent on the hazard and danger created by the violations and complexity of the work to be done, but generally within 15-30 days, schedule a first inspection date and time to verify code compliance. Note: First reinspection will be at a fee in accordance with part 700 under "first reinspection."
- (c) Citations normally will not be issued on the first inspection. When routine violations of the applicable fire code are encountered, citations will generally be issued after the second reinspection or depending on the violation involved.
- (d) In all cases, proof of fee payment or receipt shall be presented to the Fire Prevention Office before the second inspection or first reinspection is conducted; inspection report(s) shall be filled out by the inspector; signed by all parties indicated on the report form(s); and a copy given to the person responsible for that premises which is regulated by the code.



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SECTION 17 NMIAC § 150-40.1-410 is hereby repealed:

- § 150-40.1-410 Second Inspection or First Reinspection
- (a) If code compliance has been obtained, the inspector shall fill out an inspection report indicating owner, operator, occupant, and premises or other person responsible for that which is regulated by the applicable code, are in compliance with the code. Fee in accordance with part 700 under "first reinspection" shall be imposed.
- (b) Payment of fines and first reinspection fees must be received by the CNMI Treasury, within 30 days after the first reinspection was conducted. *If involved is a business, and business license clearance date should fall within the 30 days, fines and first reinspection fees shall all be due upon request for business license clearance.
- (c) If code compliance has not been obtained on the second inspection or the first reinspection, the inspector shall issue a "warning of violation," depending on violation of the applicable code; impose a second reinspection or third inspection fee and, providing adequate time for compliance between inspections, dependent on the hazard and danger created by the violation and complexity of the work to be done, but generally, within 10-15 days, schedule a third reinspection date and time to verify code compliance.
- (d) In all cases, inspection report(s) shall be filled out by the inspector; signed by all parties indicated on the report form(s); and a copy given to the person responsible for that premises which is regulated by the code.

SECTION 18

NMIAC § 150-40.1-415 is hereby repealed:

- § 150-40.1-415 Third Inspection or Second Reinspection
- (a) If code compliance has been obtained, the inspector shall fill out an inspection report indicating owner, operator, occupant, or person responsible for the premises or other person responsible for that which is regulated by the applicable code is in compliance with the applicable fire code.
- (b) If code compliance has not been obtained by the third inspection or the second reinspection, the inspector shall impose a second reinspection fee; schedule a third reinspection date and time to verify compliance, providing adequate time for compliance between inspections, dependent on the hazard and danger created by



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the violation and the complexity of the work to be done, but generally, within 15-30 days; and issue a citation and a fine based on the fine fee schedule.

(c) *If involved is a business, the inspector should mention the possibility of business license being revoked and cessation of business operation. (See part 700 for fines for each violations of the applicable code).

SECTION 19

NMIAC § 150-40.1-420 is hereby repealed:

- § 150-40.1-420 Fourth Inspection or Third Reinspection
- (a) If code compliance has been obtained, the inspector shall fill out an inspection report indicating owner, operator, occupant or person responsible for the premises or other person responsible for that which is regulated by the applicable code, is/are in compliance with the code.
- (b) *If involved is a business, and code compliance has not been obtained by the fourth inspection or the third reinspection, the inspector shall issue the person responsible for the premises a "NOTICE OF CLOSURE"; and order him/her to cease business-operation due to hazards; and place a sign on the establishment stating, in effect, closure by order of the DPS Fire Division Fire Prevention Section and the reason(s) for closure.
- (c) The business owner shall not receive business license clearance from the DPS Fire Division Fire Prevention Section nor resume business operation until hazards have been abated; a fourth reinspection is conducted and applicable code compliance has been obtained (business owners are responsible for contacting DPS Fire Division Fire Prevention Section to coordinate the date and time); all fines payable to CNMI Treasury have been received, and an authorized DPS Fire Division Fire Prevention Section official has removed all posted signs and tags from the establishment.
- (d) In all cases, proof of payment or receipts must be presented to the Fire Prevention Section before any inspection could be conducted;* inspection report(s) shall be filled out by the inspector; signed by all parties indicated on the report form(s); and a copy given to the person responsible for that which is regulated by the code. Inspector should inform the business owner or person responsible for the premises that repeat violations encountered in future inspections may result in fines.

SECTION 20

NMIAC § 150-40.1-501 is hereby repealed:

§ 150-40.1-501 First Inspection



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- (a) The inspector shall conduct the inspection. If applicable code compliance is being maintained or if code compliance is obtained during this inspection, the inspector shall fill out an inspection report(s) indicating business owner and premises are in compliance with the applicable code; issue a citation, fines depending on the violation if necessary; obtain all signatures indicated on the report form(s); and issue a copy of report(s) to the person responsible for the premises and, if applicable, inform the same that repeat violations encountered in future inspection may result in fines. There is no charge for this first inspection; it is included in the permit fee which must be received, along with fines, by the Commonwealth Northern Mariana Island (CNMI) Treasury, before permit is renewed (see issuance of permit schedule).
- (b) If code compliance is not being maintained and cannot be obtained during this inspection, the inspector shall identify for the person responsible for the premises, specific violation of the applicable code; issue a citation, fines depending on violation if necessary; and, providing adequate time between inspections, dependent on the hazard and danger created by the violation and the complexity of the work to be done, but generally, within 15-30 days, schedule a first reinspection date and time to verify code compliance. First reinspection fee and fines shall be payable to the CNMI Treasury when code compliance is obtained and before permit is issued (see inspection fee schedule).
- (c) Citations normally will not be issued on the first inspection. When routine violations of the applicable fire code are encountered, citations will generally be issued upon the second inspection or first reinspection, if violations are encountered. Exception: Citations will be issued for violations which present imminent life hazards such as trespassing in a closed area, smoking in closed or restricted areas, failure to obey the lawful orders of a fire inspector, faulty equipment or procedures, repeated violations of a similar nature will not require prior notice.
- (d) In all cases, inspection report(s) shall be filled out by the inspector; signed by all parties indicated on the report form(s); and a copy given to the person responsible for the premises.

SECTION 21

NMIAC § 150-40.1-505 is hereby repealed:

§ 150-40.1-505 Second Inspection or First Reinspection

(a) If code as pliance has been obtained, the inspector shall fill out an inspection report indicating business owner and premises are in compliance with the applicable fire code; issue a citation, fines depending on violations if necessary;

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impose a first reinspection fee; inform the person responsible for the premises that repeat violations encountered in future inspection may result in fines.

- (b) Payment of fines, first reinspection fee and regular permit fee must be payable to the CNMI Treasury before permit is renewed (see inspection fee and fees for the issuance of permit schedule).
- (c) If code compliance has not been obtained by the second inspection or the first reinspection, the inspector shall issue a citation, a fine depending on the violation of the applicable code; impose a first reinspection fee; and providing adequate time for compliance between inspections, dependent on the hazard and danger created by the violation and the complexity of work to be done, but generally, within 1-15 days, schedule second reinspection date and time to verify compliance. Note second reinspection fees will double first reinspection fee (see inspection fee schedule). Continued violations encountered upon second reinspection may result in citation, fines based on violation(s).
- (d) In all cases, inspection report shall be filled out by the inspector, signed by all parties indicated on the report form(s); and a copy given to the person responsible for the premises.

SECTION 22

NMIAC § 150-40.1-510 is hereby repealed:

§ 150-40.1-510 Third Inspection or Second Reinspection

- (a) If code compliance has been obtained, the inspector shall fill out an inspection report indicating business owner and premises are in compliance with the applicable fire code; impose a second reinspection fee; inform the person responsible for the premises that repeat violations encountered in the future inspection may result in fines.
- (b) Payment of fines, first reinspection and second reinspection fees, and regular permit fee must be received by the CNMI Treasury, before permit is renewed (see inspection fee schedule and fine schedule).
- (c) If code compliance has not been obtained by the third inspection or the second reinspection, the inspector shall impose a second reinspection fee; providing adequate time for compliance between inspections dependent on the hazard and danger created by the violation, but generally, *within days, schedule a third reinspection date and time to verify compliance; and issue a citation and a fine based on the violation.
- (d) The inspector-should mention the possibility of permit being revoked and cessation of business operation. The fines(s) issued at this point will be added to those already issued. Note third reinspection fee shall be double the second reinspection fee (see inspection fee schedule).



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(e) In all cases, the inspection report(s) shall be filled out by the inspector, signed by all parties indicated on the report form(s); and a copy given to the person responsible for the premises.

SECTION 23

NMIAC § 150-40.1-515 is hereby repealed:

§ 150-40.1-515 Fourth Inspection or Third Reinspection

- (a) If code compliance has been obtained, the inspector shall fill out an inspection report indicating business owner and premises are in compliance with the applicable fire code; impose a third reinspection fee; inform the person responsible for the premises that repeat violations encountered in future inspections may result in further fines, permit being revoked, and/or cessation of business operations.
- (b) Payment of fines, first, second and third reinspection fees, and regular permit fee must be received by the CNMI Treasury before permit is renewed.

SECTION 24

Part 600 of NMIAC § 150-40.1 is hereby renamed "Permits and Fines." **SECTION 25**

NMIAC § 150-40.1-601 is hereby repealed and reenacted as follows:

- (a) It shall be unlawful to manufacture, store, handle, use, sell or transport a hazardous material or combustible material, or to conduct an operation or to maintain a facility for which a permit is required pursuant to the provisions of the Fire Code Regulations without such permit. Permits required by this code shall be obtained from the Director of the Fire Prevention and Arson Investigation Unit. Permit and other applicable fees shall be paid prior to issuance of the permit. Issued permits shall be kept on the premises designated therein at all times and shall be readily available for inspection by any representative of the unit. The Fire Prevention and Arson Investigation unit will conduct an inspection before issuing a permit.
- (b) Any permit which purports to sanction a violation of the Fire Code Regulations or the Fire Code Safety Act of 1998 will be voidable.
- (c) Inspection fees are as follows:



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GROUP/OCCUPANCY	INSPECTION			
	lst	2nd	3rd	4th
 A-1: Fixed seating for production and viewing of performing arts and motion picture. Motion picture theaters Symphony and concert halls Television and radio studios admitting an audience Theaters 	\$150.00 per 3,000 ft ²	\$50.00	\$75.00	\$100.00
 A-2: Areas intended for food and/or drink consumption. Banquet halls Casinos (gaming areas) Night clubs Restaurants, cafeterias and similar dining facilities (including associated commercial kitchens) Taverns and bars 	\$150.00 per3,000 ft ²	\$50.00	\$75.00	\$100.00
 A-3: Areas intended for worship, recreation or amusement and other assembly uses. Amusement arcades Art galleries Bowling alleys Community halls Courtrooms Dance halls (not including food or drink consumption) Exhibition halls Funeral parlors Gymnasiums (without spectator seating) Indoor swimming pools (without spectator seating) Indoor tennis courts (without spectator seating) Lecture halls Libraries Museums Places of religious worship Pool and billiard parlors 	\$150.()0 per 3,000 ft ²	\$50.00	\$75.00	\$100.00



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Waiting areas in transportation terminals				
A-4: Areas intended for viewing of indoor sporting				
events and activities with spectator seating.				
Arenas	\$150.00	\$50.00	\$75.00	\$100.00
Skating rinks	per 3,000 ft2	\$30.00	\$75.00	\$100.00
Swimming pools				
Tennis courts				
A-5: Areas intended for participation in or viewing				
outdoor activities.				
 Amusement park structures 	\$150.00	\$50.00	\$75.00	\$100.00
Bleachers	pcr 3,000 ft2	\$50.00	\$75.00	\$100.00
Grandstands				
Stadiums				
B : Use of a building or structure, or a portion thereof,				
for office, professional or service type transactions,				
including storage of records and accounts.				
 Airport traffic control towers 				
Ambulatory care facilities				
 Animal hospitals, kennels and pounds 				
Banks				
 Barber and beauty shops 				
Car wash				
Civic administration				
Clinic-outpatient				
• Dry cleaning and laundries: pick-up and		1		
delivery stations and self-service	\$150.00	660.00	675.00	6100.00
 Educational occupancies for students above the 12th grade 	per 3,000 ft ²	\$50.00	\$75.00	\$100.00
Electronic data processing				
Laboratories: testing and research				
Motor vehicle showrooms				
Post offices				
Print shops				
• Professional services (architects, attorneys,				
dentists, physicians, engineers, etc.)				
Radio and television stations				
Telephone exchanges				
 Training and skill development not within a school or academic program 				



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E: The use of a building or structure, or a portion thereof, by six or more persons at any one time for educational purposes thru the 12 th grade.	\$150.00 per 3,000 ft ²	\$50.00	\$75.00	\$ 100.00
E-Day Care Facilities:				
This group includes				
buildings and structures or portions thereof occupied	\$150.00	\$50.00	\$75.00	\$100.00
by more than five children older than 2 1/2 years of	41 50.00	\$50.00	\$75.00	9100.00
age who receive educational, supervision or personal				
care services for less than 24 hours per day.				
F: Includes among others, the use of a building or				
structure, or a portion thereof, for assembling,				
disassembling, fabricating, finishing, manufacturing,	\$150.00 per 3,000 ft ²	\$50.00	\$75.00	\$100.00
packaging, repair or processing operations that are not classified as Group H-High hazard or Group S-	per 5,000 Re			
Storage occupancy.				
H-High Hazard: Includes among others, the use of a	<u> </u>			· · · · · · · · · · · · · · · · · · ·
structure of building, or a portion thereof, that				
involves the processing, manufacturing, generation or	\$250.00	\$100.00	\$150.00	\$200.00
storage of materials that constitute a physical or	per 3,000 ft ²			
HEALTH HAZARD.				
I-I Occupancy includes among other things, the use				
of a building or structure, or a portion thereof, in				
which care or supervision is provided to persons who	\$150.00			
are or are not capable of self- preservation without	per 3,000 fl ²	\$50.00	\$75.00	\$100.00
physical assistance or in which persons are detained				
for penal or correctional purposes or in which the				
liberty of the occupant is restricted. I-2: Buildings and structures used for medical care on				
a 24-hour basis for more than five persons who are				
not capable of self- preservation.				
Foster care facilities	\$150.00			
Detoxification facilities	per 3,000 ft ²	\$50.00	\$50.00	\$100.00
Hospitals	1. ,			
Nursing homes				
 Psychiatric hospitals 				
I-3: This occupancy shall include buildings and				-
structures which are inhabited by more than 5 persons				
who are under restraint or security.	\$150.00 per 3.000 fl ²	\$50.00	\$75.00	\$100.00
Correctional centers	pci 5.000 II.			
Detention centers				



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• Jails				
Prerelease centers				
Prisons				
Reformatories				
-4 Day Care Facilities:				
This group shall include buildings and structures				
occupied by more than five persons of any age who				
receive custodial care for less than 24 hours by	\$150.00	\$50.00	\$75.00	\$100.00
persons other than parents or guardians, relatives by				
blood, marriage, or adoption, and in a place other				
han the home of the person cared for.				
M: This occupancy includes among other things,	\$150.00	\$50.00		
building or structure or a portion thereof, for the	per 3,000 ft ²			
display and sale of merchandise, and involves stocks	*these facilities			
of goods, wares or merchandise incidental to such	maybe			
ourposes and accessible to the public.	associated with			
Department stores	Group H or		\$75.00	\$100.00
Drug stores	Group S- Moderate Hazard			
Markets	Storage and			
 Motor fuel-dispensing facilities* 	applicable fees			
Retail or wholesale stores	may be applied			
Sales rooms				
R-1: Residential occupancies containing sleeping				
units where the occupants are primarily transient in				
nature.	\$150.00			
• Boarding houses (transient) with more than 10	per 3.000 ft ² up to 3-stories			
occupants	and \$150.00	\$50.00	\$75.00	\$100.00
• Congregate living facilities (transient) with	per 3,000 fl2 for			
more than 10 occupants	every 3-stories			
• Hotels (transient)	thereafter			
Motels (transient)				
R-2 : Residential occupancies containing sleeping				
units or more than two dwelling units where the				
occupants are primarily permanent in nature.	\$150.00			
Apartment houses	per 3,000 ft² up			
 Boarding houses (non-transient) with more 	10 3-stories and \$1 50.00	\$50.00	\$75.00	\$100.00
than 16 occupants	per 3,000 ft² for	420,00	975,00	\$100.00
• Congregate living facilities (non-transient)	every 3-stories			
with more than 16 occupants	thcreafter			



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• Donnitories		1		
Fraternities and sororities				
• Hotels (non-transient)				
Live/work units				
Monasteries				
• Motels (non-transient)				
Vacation timeshare properties				
R-3: Residential occupancies where the occupants are primarily permanent in nature.	\$150.00 per 3,000 ft ²	\$5 0.00	\$75.00	\$100.0 0
R-4: This occupancy shall include buildings or portions thereof for more than five persons but not more than 16 persons, excluding staff, who reside on a 24-hour basis in a supervised residential environment and receive custodial care. The people receiving care are capable of self- preservation.	\$150.00 per 3,000 ft ²	\$50.00	\$75.00	\$100.00
S-1: Moderate hazard storage	\$250.00	\$100.00	\$150.00	\$200.00
S-2: Low hazard storage	\$150.00	\$50.00	\$75.00	\$100.00
U: Miscellaneous buildings and structures of an accessory character and miscellaneous structures not classified in any specific occupancy shall be constructed, equipped and maintained to conform to the requirements of this code commensurate with the fire and life hazard incidental to their occupancy.	\$7 5.00	\$25.00	\$50.00	\$75.00
Other Permits:		N/A	N/A	N/A
 Open-Burning Class "B" Fireworks display (requires approval from the Governor) Class "C" Fireworks (wholesale /storage) Class "C" (display) Class "C" (retail) 	L. \$10 2. \$1000 3. \$750 4. \$500 5. \$250			

(c) The following acts are prohibited and are punishable by the following fines:

IFC	GENERAL OFFENSES	FINE
100.1	Noncompliance to Permits, Orders, or Notices	\$500.00
100.2	Failure to comply with nationally recognized standards.	\$500.00
100.3	Removal and Destruction of Tags and Signs	\$500.00



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(d) In addition to any other fines provided for by statute or by regulation, the failure to obta n a permit required by law or comply with the following sections of the International Fire Code is punishable by the following fines:

IFC	SPECIFIC OFFENSES	FINE
303	Asphalt Kettles	\$500.00
304	Combustible Waste Material	\$1,000.00
305	Ignition Sources	\$1,000.00
306	Motion Picture Projection Room and Film	\$1,000.00
307	Open Burning, Recreational Fires and Portable Outdoor Fireplaces	\$500.00
308	Open Flames	\$500.00
309	Powered Industrial Trucks and Equipment	\$1,000.00
310	Smoking	\$250.00
311	Vacant Premises	\$250.00
312	Vehicle Impact Protection	\$250.00
313	Fueled Equipment	\$1.000.00
314	Indoor Displays	\$1,000.00
315	General Storage	\$1,000.00
316	Hazards to Fire Fighters	\$5,000.00
317	Rooftop Gardens and Landscaped Roofs	\$500.00
318	Laundry Carts	\$250,00
401	Emergency Planning and Preparedness	\$500,00
403	Public Assemblages and Events	\$250.00
404	Fire Safety and Evacuation Plans	\$250.00
405	Emergency Evacuation Drills	\$1,000.00
406	Employee Training and Response Procedures	\$1,000.00
407	Hazard Conununication	\$500.00
408	Use and Occupancy Related Requirements	\$250.00
501	File Service Features	\$150,00
503	Fire Apparatus Access Roads	\$500.00
504	Access to Building Openings and Roofs	\$1,000.00
505	Premises Identification	\$50.00
506	Key Boxes	\$100.00
507	Fue Protection Water Supplies	\$2,000.00
508	Fire Command Center	\$1,000.00



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509	Fire Protection and Utility Equipment Identification and Access	\$1.000.00
510	Emergency Responder Radio Coverage	\$250.00
603	Fuel - Fired Appliances	\$1,000.00
604	Emergency and Standby Powers	\$1,000.00
605	Electrical Equipment, Wiring and Hazards	\$1,000.00
606	Mechanical Refrigeration	\$1,000.00
607	Elevator Operations, Maintenance and Fire Service Keys	\$1,000.00
608	Stationary Storage Battery Systems	\$5,000.00
609	Commercial Kitchen Hoods	\$5,000.00
610	Commercial Kitchen Cooking Oil Storage	\$3,000.00
703	Fire Resistance Rated Construction	\$10,000.00
704	Floor Openings and Shafts	\$2,000.00
803	Interior Wall and Ceiling Finish and Trim in Existing Buildings	\$10.000.00
804	Interior Wall and Ceiling Finish and Trim in New and Existing Buildings	\$10,000.00
805	Upholstered Furtiture and Mattresses in New and Existing Buildings	\$10,000,00
806	Decorative Vegetation in New and Existing Buildings	\$5,000.00
807	Decorative Materials other than Decorative Vegetation in New and Existing Buildings.	\$5,000.00
808	Furnishings other than Upholstered Furniture and Mattresses or Decorative Materials in New and Existing Buildings	\$5,000.00
901	Fire Protection Systems	\$1,000.00
903	Automatic Sprinkler Systems	\$10,000.00
904	Alternative Automatic Fire-Extinguishing Systems	\$5,000.00
905	Standpipe Systems	\$5,000.00
906	Portable Fire Extinguishers	\$500.00
907	Fire Alarm and Detection Systems	\$10,000.00
908	Emergency Aların Systems	\$10,000.00
909	Smoke Control Systems	\$5,000.00
910	Smoke and Heat Removal	\$5,000.00
911	Explosion Control	\$20,000.00
912	Fire Department Connections	\$5,000.00
913	Fire Pumps	\$5,000.00
914	Fire Protection Based on Special Detailed Requirements of Use and Occupancy	\$10,000.00
1003	General Means of Egress	\$1,000.00
1004	Occupant Load	\$1,000.00
1005	Means of Egress Sizing	\$1,000.00



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1006	Means of Egress Illumination	\$1,000.00
1007	Accessible Means of Egress	\$1,000.00
1008	Doors Gates and Turnstiles	\$1,000.00
1009	Stairways	\$1,000.00
1010	Ramps	\$1,000.00
1011	Exit Signs	\$1,000.00
1012	Handrails	\$1,000.00
1013	Guards	\$1,000.00
1014	Exit Access	\$1,000.00
1015	Exit and Exit Access Doorways	\$1,000.00
1016	Exit Access Travel Distance	\$1,000.00
1017	Aisles	\$1,000.00
1018	Corridors	\$1,000.00
1019	Egress Balconies	\$1,000.00
1020	Exits	\$1,000.00
1021	Number of Exits and Exit	\$1,000.00
1022	Interior Exit Stairway	\$1,000.00
1023	Exit Passageways	\$1,000.00
1024	Luminous Egress Path Markings	\$1,000.00
1025	Horizontal Exits	\$1,000.00
1026	Exterior Exit Stairways and Ramps	\$1,000.00
1027	Exit Discharge	\$1,000.00
1028	Assembly	\$1,000.00
1029	Emergency Escape and Rescue	\$1,000.00
1030	Maintenance of the Means of Egress	\$1,000.00
1101	Construction Requirements for Existing Buildings	\$500.00
1103	Fire Safety Requirements for Existing Buildings	\$1.000.00
1104	Means of Egress for Existing Buildings	\$1,000.00
1 105	Requirements for Outdoor Operations	\$1,000.00
2001	Aviation Facilities	\$2.000.00
2003	General Precautions for Aviation Facilities	\$1,000.00
2004	Aircraft Maintenance	\$2,000.00
2005	Portable Fire Extinguishers for Aviation Facilities	\$1,000.00
2006	Aircraft Fueling	\$1,000.00
2007	Helistops and Heliports	\$2,000.00



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2101	Dry Cleaning	\$1,000.00
2103	Dry Cleaning Solvent Classification	\$1,000.00
2104	Dry Cleaning General Requirements	\$1,000.00
2105	Operational Requirements	\$1,000.00
2106	Spotting and Pretreating	\$1,000.00
2107	Dry Cleaning Systems	\$1,000.00
2108	Dry Cleaning Fire rotection	\$10,000.00
2201	Combustible Dust-Producing Operations	\$1,000.00
2203	Combustible Dust-Producing Operations recautions	\$1,000.00
2204	Combustible Dust-Producing Operations Explosions	\$10,000.00
2301	Motor Fuel-Dispensing Facilities and Repair Garages	\$1,000.00
2303	Location of Dispensing Devices	\$2,000.00
2304	Dispensing Operations	\$2,000.00
2305	Operational Requirements	\$5,000.00
2306	Flammable and Combustible Liquid Motor Fuel-Dispensing Facilities	\$10,000.00
2307	Liquified Petroleum Gas Motor Fuel-Dispensing Facilities	\$10,000.00
2308	Compressed Natural Gas Motor Fuel-Dispensing Facilities	\$10,000.00
2309	Hydrogen Motor Fuel-Dispensing and Generation Facilities	\$10,000.00
2310	Marine Motor Fuel Dispensing Facilities	\$10,000.00
2311	Repair Garages	\$10,000.00
2401	Flammable Finishes	\$5,000.00
2403	Protection of Operations	\$10,000.00
2404	Spray Finishing	\$5,000.00
2405	Dipping Operations	\$10,000.00
2406	Powder Coating	\$10,000.01
2407	Electrostatic Apparatus	\$2,000.00
2408	Organic Peroxide and Dual-Component Coatings	\$10,000.00
2409	Indoor Manufacturing of Reinforced Plastics	\$10,000.00
2410	Floor Surfacing and Finishing Operations	\$500.00
2501	Fruit and Crop Ripening	\$500.00
2503	Fruit and Crop Ripening Ethylene Gas	\$1,000.00
2504	Fruit and Crop Ripening Sources of Ignition	\$1,000.00
2505	Fruit and Crop Ripening Combustible Waste	\$1,000.00
2506	Fruit and Crop Ripening Ethylene Generators	\$1,000.00
2507	Fruit and Crop Ripening Warning Signs	\$1.000.00



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2601	Fumigation and Insecticidal Fogging	\$1.000.00
2603	Fumigation and Insecticidal Fogging Fire Safety Requirements	\$1,000.00
2701	Semiconductor Fabrication Facilities	\$1,000.00
2703	Semiconductor Fabrication Facilities General Safety Provisions	\$1,000.00
2704	Semiconductor Fabrication Facilities Storage	\$1,000.00
2705	Semiconductor Fabrication Facilities Use and Handling	\$1,000.00
2801	Lumber Yards and Wood Working Facilities	\$1,000.00
2803	Lumber Yards and Wood Working Facilities General Requirements	\$1,000.00
2804	Lumber Yards and Wood Working Facilities Fire Protection	\$1,000.00
2805	Lumber Yards and Wood Working Facilities Plywood, Veneer and Composite Board Mills	\$1,000.00
2806	Lumber Yards and Wood Working Facilities Log Storage Areas	\$1,000.00
2807	Lumber Yards and Wood Working Facilities Storage of Wood Chups and Hogged Material Associated with Timber and Lumber Production Facilities	\$1,000.00
2808	Lumber Yards and Wood Working Facilities Storage and Processing of Wood Chips, Hogged Material, Fines, Compost and Raw Product Associated with Yard Waste and Recycling Facilities	\$1,000.00
2809	Lumber Yards and Wood Working Facilities Exterior Storage of Finished Lumber Products.	\$1,000.00
2901	Manufacture of Organic Coatings	\$1,000.00
2903	Manufacture of Organic Coatings General Precautions	\$1,000.00
2904	Manufacture of Organic Coatings Electrical Equipment and Protection	\$1,000.00
2905	Manufacture of Organic Coatings Process Structures	\$1,000.00
2906	Manufacture of Organic Coatings Process Mills and Kettles	\$1,000.00
2907	Manufacture of Organic Coatings Process Piping	\$1,000.00
2908	Manufacture of Organic Coatings Raw Materials in Process Areas	\$1,000.00
2909	Manufacture of Organic Coatings Raw Materials and Finished Products	\$1,000.00
3001	Industrial Ovens	\$1,000.00
3003	Industrial Ovens Location	\$1,000.00
3004	Industrial Ovens Fuel Piping	\$1,000.00
3005	Industrial Ovens Interlocks	\$1,000.00
3()06	Industrial Ovens Fire Protection	\$1,000.00
3007	Industrial Ovens Operation and Maintenance	\$1,000.00
3101	Tents and Other Membrane Structures	\$1,000,00
3103	Tents and Other Membrane Structures Temporary	\$1,000.00
3104	Tents and Other Membrane Structures Temporary and Permanent	\$1,000.00
3201	High-Piled Combustible Storage	\$2,000.00



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3203	High-Piled Combustible Storage Commodity Classification	\$500.00
3204	High-Piled Combustible Storage Designation of High-Piled Storage Areas	\$2,000.00
3205	High-Piled Combustible Storage Housekeeping and Maintenance	\$2,000.00
3206	High-Piled Combustible Storage General Fire Protection and Life Safety features	\$2,000.00
3207	High-Piled Combustible Storage Solid-Piled and Shelf Storage	\$2,000,00
3208	High-Piled Combustible Storage Rack Storage	\$2,000.00
3209	High-Piled Combustible Storage Automated Storage	\$2,000.00
3210	High-Piled Combustible Storage Specialty Storage	\$2,000.00
3303	Fire Safely During Construction and Demolition Temporary Heating Equipment	\$2,000.00
3304	Fire Safety During Construction and Demolition Precautions and Fire	\$2,000.00
3305	Fire Safety During Construction and Demolition Flammable and Combustible Liquids.	\$2,000.00
3306	Fire Safety During Construction and Demolition Flammable Gases	\$2,000.00
3307	Fire Safety During Construction and Demolition Explosive Materials	\$10,000.00
3308	Fire Safely During Construction and Demolition Owner's Responsibility for fire Protection.	\$2,000.00
3309	Fire Safety During Construction and Demolition Fire Reporting	\$2,000.00
3310	Fire Safety During Construction and Demolition Access for Fire Fighting	\$2,000.00
3311	Fire Safety During Construction and Oemolition Means of Egress	\$2,000.00
3312	Fire Safety During Construction and Demolition Water Supply for Fire Protection	\$2,000.00
3313	Fire Safety During Construction and Demolition Standpipes	\$2.000.00
3314	Fire Safety During Construction and Demolition Automatic Sprinkler System	\$2,000.00
3315	Fire Safety During Construction and Demolition Portable Fire Extinguishers	\$2,000.00
3316	Fire Safety During Construction and Demolition Motorized Construction Equipment	\$2,000.00
3317	Fire Safety During Construction and Demolition Safeguarding Roofing Operation	\$2,000.00
3401	Tire Rebuilding and Tire Storage	\$2,000.00
3403	Tirc Rebuilding	\$2,000,00
3404	Tire Rebuilding and Tire Storage Precautions Against Fire	\$2,000.00
3405	Tire Rebuilding and Tire Storage Outdoor Storage	\$2.000.00
3406	Tire Rebuilding and Tire Storage Fire Department Access	\$2,000,00
3407	Tire Rebuilding and Tire Storage Fencing	\$2,000.00
3408	Tire Rebuilding and Tire Storage Fire Protection	\$2,000.00
3409	Tire Rebuilding and Tire Storage Indoor Storage Arrangement	\$2,000.00
3501	Welding and Other Hot Work	\$5,000.00
3503	Welding and Other Hot Work General Requirements	\$2,000.00
3504	Welding and Other Hot Work Fire Safety Requirements	\$5,000.00



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3505	Welding and Other Hot Work Gas Welding and Cutting	\$5,000.00
3506	Welding and Other Hot Work Electric Arc Hot Work	\$5,000,00
3507	Welding and Other Hot Work Calcium Carbide Systems	\$5,000.00
3508	Welding and Other Hot Work Acetylene Generators	\$5,000.00
3509	Welding and Other Hot Work Piping Manifolds and Hose Systems for Fuel Gases and Systems	\$5,000.00
3601	Marinas	\$2,000.00
3603	Marinas General Precautions	\$2,000.00
3604	Marinas Fire Protection Equipment	\$2,000.00
3605	Marinas Marine Motor Fuel-Dispensing Facilities	\$5,000.00
5001	Hazardous Materials General-Provisions	\$5,000.00
5003	Hazardous Materials General-Provisions General Requirements	\$5,000.00
5004	Haz ardous Materials General-Provisions Storage	\$5,000.00
5005	Hazardous Materials General-Provisions Use, Dispensing and Handling	\$5,000.00
5101	Acrosols	\$5,000.00
5103	Acrosols Classification of Acrosol Products	\$5,000.00
5104	Acrosols Inside Storage of Acrosol Products	\$5,000.00
5105	Acrosols Outside Storage	\$5,000.00
5106	Acrosols Retail Display	\$5,000.00
5107	Acrosols Manufacturing Facilities	\$5,000.00
5201	Combustible Fibers	\$3,000.00
5203	Combustible Fibers General Precautions	\$3,000.00
5204	Combustible Fibers Loose Fiber Storage	\$3,000.00
5205	Combustible Fibers Baled Storage	\$3,000.00
5301	Compressed Gases	\$5,000.00
5303	Compressed Gases General Requirements	\$5,000.00
5304	Compressed Gases Storage of Compressed Gases	\$5,000.00
5305	Compressed Gases Use and Handling	\$5,000.00
5306	Compressed Gases, Medical Gas Systems	\$5,000.00
5307	Compressed Gases not Otherwise Regulated	\$5,000.00
5401	Corrosive Materials	\$2,000.00
5403	Corrosive Materials General Requirements	\$2,000.00
5404	Corrosive Materials Storage	\$2,000.00
5405	Corrosive Materials Usc	\$2,000.00
5501	Cryogenic Fluids	\$2,000.00



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5503	Cryogenic Fluids General Requirements	\$2,000.00
5504	Cryogenic Fluids	\$2,000.00
5505	Cryogenic Fluids Use and Handling	\$2,000.00
5601	Explosives and Fireworks	\$5,000.00
5603	Explosives and Fireworks Record Keeping	\$1,000.00
5604	Explosives and Fireworks Explosive Material Storage and Handling	\$10,000.00
5605	Explosives and Fireworks Manufacture, Assembly and Testing of Explosive Materials and Fire Works	\$10,000.00
5606	Explosives and Fireworks Small Arms Ammunition and Small Arms Ammunition Components	\$5,000.00
5607	Explosives and Fireworks Blasting	\$10,000,00
5608	Explosives and Fireworks Fireworks Display	\$5,000.00
5609	Explosives and Fireworks Temporary Storage of Consumer Fireworks	\$2,000.00
5701	Flammable and Combustible Liquids	\$5,000.00
5703	Flammable and Combustible Liquids General Requirements	\$5,000.00
5704	Flammable and Combustible Liquids Storage	\$5,000.00
5705	Flammable and Combustible Liquids Dispensing, Use, Mixing and Handling	\$5,000.00
5706	Flanunable and Combustible Liquids Special Operations	\$5,000.00
5801	Flammable Gases and Flammable Cryogenic	\$5,000.00
5803	Flammable Gases and Flammable Cryogenic General Requirements	\$5,000.00
5804	Flammable Gases and Flammable Cryogenic Storage	\$5,000.00
5805	Flammable Gases and Flammable Cryogenic Use	\$5,000.00
5806	Flammable Gases and Flammable Cryogenic Flammable Cryogenic Fluids	\$5,000.00
5807	Flanunable Gases and Flammable Cryogenic Metal Hydride Storage Systems	\$5,000.00
5901	Flammable Solids	\$5,000.00
5903	Flanunable Solids General Requirements	\$5,000.00
5904	Flanunable Solids Storage	\$5,000.00
5905	Flammable Solids Use	\$5,000.00
5906	Flanmable Solids Magnesium	\$5,000.00
6001	Highly Toxic and Toxic Materials	\$10,000,00
6003	Highly Toxic and Toxic Materials Highly Toxic and Toxic Solids and Liquids	\$10,000.00
6004	Highly Toxic and Toxic Materials Highly Toxic and Toxic Compressed Gases	\$10,000.00
6005	Highly Toxic and Toxic Materials Ozone Gas Generators	\$10,000.00
6101	Liquefied Petroleum Gases	\$1,000.00
6103	Liquefied Petroleum Gases Installation of Equipment	\$5,000.00



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6105	Liquefied Petroleum Gases Prohibited Use of LP Gas	\$5,000.00
6106	Liquefied Petroleum Gases Dispensing and Overfilling	\$5,000.00
6107	Liquefied Petroleum Gases Safety Precautions and Devices	\$5,000.00
6108	Liquefied Petroleum Gases Fire Protection	\$5,000.00
6109	Liquefied Petroleum Gases Storage of LP Gas Containers Awaiting Use or Resale	\$5,000.00
6110	Liquefied Petrolcum Gases LP Gas Containers not in Service	\$5,000.00
6111	Liquefied Petroleum Gases Parking and Garaging of LP-Gas Tank Vehicles	\$5,000.00
6201	Organic Peroxides	\$5,000.00
6203	Organic Peroxides General Requirements	\$2,000.00
6204	Organic Peroxides Storage	\$2,000.00
6205	Organic Pcroxides Use	\$2,000.00
6301	Oxidizers, Oxidizing Gases and Oxidizing Cryogenic Fluids	\$2,000.00
6303	Oxidizers. Oxidizing Gases and Oxidizing Cryogenic Fluids General Requirements	\$2,000.00
6304	Oxidizers, Oxidizing Gases and Oxidizing Cryogenic Fluids Storage	\$2,000.00
6305	Oxidizers, Oxidizing Gases and Oxidizing Cryogenic Fluids Use	\$2.000.00
6306	Oxidizers, Oxidizing Gases and Oxidizing Cryogenic Fluids Liquid Oxygcn in Home Health	\$2,000.00
6401	Pyrophoric Materials	\$2,000.00
6403	Pyrophoric Materials General Requirements	\$2,000.00
6404	Pyrophoric Materials Storage	\$2,000.00
6405	Pyrophoric Materials Use	\$2,000.00
6501	Pyroxylin (Cellulose Nitrate) Plastics	\$2,000.00
6503	Pyroxylin (Cellulose Nitrate) Plastics General Requirements	\$2,000.00
6504	Pyroxylin (Cellulose Nitrate) Plastics Storage and Handling	\$2,000.00
6601	Unstable (Reactive) Material	\$2,000.00
6603	Unstable (Reactive) Material General Requirements	\$2,000.00
6604	Unstable (Reactive) Material Storage	\$2,000.00
6605	Unstable (Reactive) Material Usc	\$2,000.00
6701	Water-Reactive Solids and Liquids	\$2,000.00
6703	Water-Reactive Solids and Liquids General Requirements	\$2,000.00
6704	Water-Reactive Solids and Liquids Storage	\$2,000.00
6705	Water-Reactive Solids and Liquids Use	\$2,000.00

SECTION 26

Part 700 of NMIAC § 150-40.1 is repealed in its entirety.



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SECTION 27 NMIAC § 150-40.1-801 is hereby repealed. § 150-40.1-801 Scope

- (a) The following regulations in this part were done to prevent creating conflicting regulations with the U.F.C and at the same time, present for public awareness, review, and use, a document that is useful in explaining pertinent Department rules, regulations, and procedures relative to inspections and citations.
- (b) The U.F.C., Uniform Building Code and other codes adopted under Public Law 11-56 [2 CMC §§ 7301 - 7340] were developed, and shall continually be updated, with concern for consistency amongst these codes. The Fire Prevention Section intends to continue this practice, and thus has developed these editions, and consequently, in conjunction with the editions of other codes, the Department will make amendments to this document as new editions of the U.F.C. are automatically adopted; or, whenever amendments are necessary to address departmental administrative and operational needs, consistent with the U.F.C. 1997 and supplemental editions, and as determined by the chief.
- (c) This code prescribes regulations consistent with nationally recognized good practice for the safeguarding to a reasonable degree of life and property from the hazard of fire and explosion arising from the storage, handling and use of hazardous substances, materials and devices, and from conditions hazardous to life or property in the use or occupancy of buildings or premises.
- (d) The provisions of this regulation shall supplement any and all laws relating to fire safety and shall apply to all persons without restriction unless specifically exempted. (U.F.C. section 101.2 Scope.)

SECTION 28

NMIAC § 150-40.1-805 is hereby repealed. § 150-40.1-805 Purpose

- (a) To gain compliance with federal and local codes and regulations, when all reasonable efforts have been unsuccessful.
- (b) A course of action to be taken when a condition exists that causes a threat to life or property from fire and explosion.
- (c) It is the intent of the Department to achieve compliance by traditional means of inspection, notification, granting of reasonable time to comply and reinspection. A citation shall be used only after all reasonable means to gain compliance have failed or, with proper justification, at the discretion of the Fire Chief. Only those



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members of the Fire Division specifically designated by the Fire Chief may issue citation.

SECTION 29

NMIAC § 150-40.1-810 is hereby repealed. § 150-40.1-810 Administration and Enforcement

- (a) The Chief is authorized to administer and enforce this code. Under the Chief's direction, the fire department is authorized to enforce all ordinances of the jurisdiction pertaining to:
- (1) The prevention of fires;
- (2) The suppression or extinguishment of dangerous or hazardous fires;
- (3) The storage, use and handling of hazardous materials;
- (4) The installation and maintenance of automatic, manual, and other private fore* alarm systems and fire-extinguishing equipment;
- (5) The maintenance and regulation of fire escapes;
- (6) The maintenance of fire protection and the elimination of fire hazards on land and in buildings, structures, and other property, including those under construction;
- (7) The maintenance of exits; and
- (8) The investigation of the cause, origin, and circumstances of fire and unauthorized releases of hazardous materials.
- (b) For authority related to control and investigation of emergency scenes, see section 104. (U.F.C. section 103.2.1.1 General.)

SECTION 30

NMIAC § 150-40.1-815 is hereby repealed. § 150-40.1-815 Corrective Orders and Notices

When the Chief finds in any building or any premises combustibles, hazardous or explosive materials or dangerous accumulations of rubbish; or finds unnecessary accumulations of wastepaper, boxes, shaving, or any highly flammable materials which are so situated as to endanger life or property; or finds obstruction to or on fire escapes, stairs, passageways, doors, or windows that reasonably tend to interfere with the operations of the fire department or the egress of the occupants of such building or premises; finds that the effectiveness of any exit door, attic separation, or any fire separation wall is reduced; or finds that the code in this subchapter is being violated, the Chief is authorized to issue orders as necessary for the enforcement of the fire prevention laws and ordinances governing the same and for the safeguarding of life and property from fire. (U.F.C section 103.4.1 Authorization to issue corrective orders and notices. U.F.C. section 103.4.1.1 General.)



COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS Jose M. Sablan Building, Civic Center Susupe P. O. Box 500791 Saipan, MP 96950 Telephone: (670) 664-9001 (24 Hours) Facsimile: (670) 664-9019



SECTION 31

NMIAC § 150-40.1-820 is hereby repealed. § 150-40.1-820 Unsafe Heating or Electrical Equipment and Structural Hazards

- (a) When the Chief deems any chimney, smokestack, stove, oven, incinerator, furnace or other heating device, electric fixture or any appurtenance thereto, or anything regulated under a nationally recognized standard in or upon any building, structure, or premises not specifically mentioned in the code in this subchapter, to be defective or unsafe so as to create a hazard, the Chief is authorized to serve upon the owner or the person having control of the property a written notice to repair or alter as necessary and shall notify any other authority enforcing codes regulating such equipment. The Chief is authorized to affix a condemnation tag prohibiting the use thereof until such repairs or alterations are made. When affixed, such tag shall only be removed by the order of the Chief when the hazard to which the order pertains has been eliminated in an approved manner. Until removed, that item or device which has caused the hazard shall not be used or be permitted to be used.
- (b) When an apparent structural hazard is caused by the faulty installation, operation, or malfunction of any of the items or devices listed in this subsection, the Chief shall immediately notify the building official to investigate such hazard and cause such hazard to be abated as required by the Building Code. (U.F.C. section 103.4.1.2 Unsafe heating or electrical equipment and structural hazards.)

SECTION 32

NMIAC § 150-40.1-825 is hereby amended to read as follows:

- § 150-40.1-825 Compliance with Orders and Notices
 - (a) Orders and notices issued or served as provided by the <u>Fire Code Regulations</u> code in this subchapter shall be complied with by the owner, operator, occupant, or any other person responsible for the condition or violation to which the order or notice pertains. In cases of extreme danger to persons or property, immediate compliance is required.
 - (b) If the building or other premises is not owner occupied, under lease or otherwise, and the order or notice requires additions or changes in <u>to</u> the building or premises which would immediately become real estate and be the property of the owner of the building premises, such orders or notices shall be complied with by the owner. (U.F.C. section 103.4.3.1 Compliance with orders and notices.)
 - (c) Exception: When the owner and the occupant have agreed otherwise between themselves, in which event the occupant shall comply.



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SECTION 33

NMIAC § 150-40.1-830 is hereby amended to read as follows:

§ 150-40.1-830 Compliance with Tags

- (a) A building, premises, or any establishment shall not be used when a tag or notice of closure has been affixed to it in accordance with the Fire Code Regulations. in violation of the code in this subchapter as noted on a tag affixed in accordance with section 103.4.1. (U.F.C. section 103.4.3.2. Compliance with tags.)
- (b) Permit applicants and the applicants' agents and employees shall carry out the proposed activity in compliance with this code and other laws or regulations applicable thereto, whether specified or not, and in complete accordance with approved plans and specifications. Permits which purport to sanction a violation of this code or any applicable law or regulation shall be void and approvals of plans and specifications in the issuance of such permits shall likewise be void. (U.F.C. section 105.2.3. Compliance.)

SECTION 34

NMIAC § 150-40.1-840 is hereby amended to read as follows:

§ 150-40.1-840 Authority to inspect

The Fire Prevention and Arson Investigation Unit shall inspect, as often as necessary, buildings and premises, including such other hazards or appliances designated by the <u>Director of Fire Chief</u> for the purpose of ascertaining and causing to be corrected any conditions which would reasonably tend to cause fire or contribute to its spread, or any violation of the purpose or provisions of the <u>Fire Code Regulations or the Fire Code Safety Act of 1998</u>. code in this subchapter and of any other law or standard affecting fire safety. (U.F.C. section 103.3.1.1. Authority to inspect.)

SECTION 35

NMIAC § 150-40.1-840 is hereby amended to read as follows:

- § 150-40.1-845 Right of Entry
- (a) Whenever necessary to make an inspection to enforce any of the provisions of the <u>Fire Code Regulations or the Fire Code Safety Act of 1998 code in this</u> <u>subchapter</u>, or whenever <u>the Director of Fire Chief</u> has reasonable cause to believe that there exists in any building or upon any premises any condition which makes such building or premises unsafe, the Director or designated official is authorized to enter such building or premises at all reasonable times to inspect the same or to perform any duty authorized by this code, provided that if such building or premises is occupied, the Director or designated official shall first present proper credentials and demand entry; and if such building or premises is unoccupied, the Director or designated official shall first



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to locate the owner or other persons having charge or control of the building or premises and demand entry. If such entry is refused, the Director or designated official shall have recourse to every remedy provided by law to secure entry.

- (b) If the owner or occupant denies entry, the Director or designated official is authorized to obtain a proper inspection warrant or other remedy provided by law to secure entry. Owners, occupants, or any other persons having charge, care, or control of any building or premises shall, after proper request is made as herein provided, promptly permit entry therein by the Director or designated official for the purpose of inspection and examination pursuant to the code in this subchapter.
- (c) For the purpose of section 103.3.1.2. (Right of Entry), the term "Chief" shall include the chief officer of the fire department serving the jurisdiction and the officers named in sections 103.2.1.2. and 103.2.2.22. (U.F.C. section 103.3.1.2 Right of entry.)

SECTION 36

NMIAC § 150-40.1-840 is hereby amended to read as follows:

- § 150-40.1-850 Service of Orders and Notices
- (a) Orders and notices authorized or required by the code in this subchapter shall be given or served upon the owner, operator, occupant, or other person responsible for the condition or violation either by verbal notification, personal service, or delivering the same to and leaving it with a person of suitable age and discretion upon the premises: or, if no such person is found on the premises, by affixing a copy thereof in a conspicuous place on the door to the entrance of said premises and by mailing a copy thereof to such person by registered or certified mail to the person's last known address.
- (b) Orders or notices that are given verbally shall be confirmed by service in writing as herein provided. (U.F.C. section 103.4.2 Service of orders and notices.)

SECTION 37

Subject to codification by the Law Revision Commission, a new section is hereby added to NMIAC § 150-40.1 that reads as follows:

The most up to date version of the International Fire Code, subject to the amendments provided in this section and the Fire Code Safety Act of 1998, is adopted and made a part of the Fire Code Regulations.

SECTION 38

All references to the Chief in NMIAC § 150-40.1 shall be replaced with the word "Director."



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SECTION 39

All references to the Fire Division in NMIAC § 150-40.1 shall be replaced with "Fire Prevention and Arson Investigation Unit."

SECTION 40

Subject to codification by the Law Revision Commission, a new section is hereby added to NMIAC § 150-40.1 that reads as follows:

- Order of Closure

- (a) Whenever the Fire Prevention and Arson Investigation Unit finds any work, structure, or activity regulated by this code or by the Fire Code Safety Act of 1998 in a manner contrary to the provisions of such code or the law, any design and installation document approved by the Director, or any condition of a permit, or otherwise being performed in an unsafe manner, the Director or a designated official may issue an order of closure.
- (b) An order of closure shall be in writing and shall be issued to the owner or other person occupying, using, authorizing, supervising, or engaging in work that is contrary to this code or the law. Upon issuance of an order of closure, the cited activity, work, building, structure, or premises, shall be closed to the public and will not be used for habitation. The order of closure shall state the reason for the order, and the conditions under which the order may be lifted.
- (c) Where an emergency exists, the official issuing an order of closure shall not be required to give written notice prior to issuing an order of closure.

SECTION 41

Subject to codification by the Law Revision Commission, a new section is hereby added to NMIAC § 150-40.1 that reads as follows:

- Scope.

This code governs:

- (a) The manufacturing, storage, handling, use, sale and transportation of hazardous materials, combustible materials, and devices that create fire hazards.
- (b) The design, installation, operation and maintenance of devices, equipment and systems designed to prevent, mitigate, control and extinguish fire, explosions or other life safety hazards.



DEPARTMENT OF PUBLIC SAFETY COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS Jose M. Sablan Building, Civic Center Susupe P. O. Box 500791 Saipan, MP 96950 Telephone: (670) 664-9001 (24 Hours) Facsimile: (670) 664-9019



- (c) Emergency preparedness and planning, including the orderly evacuation of occupants of buildings, structures or premises in the event of fire, explosion, biological, chemical or hazardous material incident or release, natural disaster or other emergency, or the threat thereof.
- (d) The prevention, mitigation, and control of fire hazards.
- (e) The prevention, mitigation, and control of hazards to firefighters and emergency responders during emergency operations.
- (e) The operation and maintenance of any manual, automatic or other fire alarm or fire extinguishing device, equipment or system.



COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

Eloy S. Inos Governor

Jude U. Hofschneider Lieutenant Governor

EXECUTIVE ORDER NO. 2014-07

SUBJECT: DECLARATION OF A STATE OF SIGNIFICANT EMERGENCY

AUTHORITY: I. ELOY S. INOS, pursuant to the authority vested in me as Governor of the Commonwealth of the Northern Mariana Islands by Article III, § 10 of the Commonwealth Constitution and PL 18-4, § 104 of the Homeland Security and Emergency Management Act of 2013. do hereby declare a State of Significant Emergency for the Commonwealth of the Northern Mariana Islands due to the imminent threat of the inability of the Commonwealth Utilities Corporation ("CUC") to provide critical power generation, water, and wastewater services to the CNMI and considering the harm such condition would pose to the community, environment, and critical infrastructure of the Commonwealth of the Northern Mariana Islands.

WHEREAS, CUC IS THE SOLE ELECTRICITY SUPPLIER to the Government of the CNMI, including all public safety activities, the schools, and the only hospital. CUC also supplies electricity to most of the CNMI's businesses and homes. While some businesses and agencies own backup generators, they are not generally organized to use the backups as pernanent power sources and the diesel oil purchased to run these generators is substantially more expensive than that used for CUC power.

WHEREAS, WITHOUT CUC ELECTRICITY:

- (1) Most CNMI economic activity would come to a halt, much refrigeration and air conditioning would end, and the airports and ports would be forced to rely on emergency generation on the limited, expensive oil supply for it:
- (2) The CNMI's health and safety would immediately be at risk because traffic signals and street lighting would cease to function: emergency, fire, police facilities and their communications systems, and the hospital and island clinics would have to rely on limited fuel supplies for emergency generation and then cease functioning: and much refrigeration of food and medicines would end, as would air conditioning for the elderly and sick;
- (3) The public schools and the Northern Marianas College would close. Other educational institutions would close as their backup fuel supplies for emergency generators were exhausted; and

(4) Water and sewage treatment would soon end. One of CUC's largest electric customers is the combined CUC Water and Wastewater Divisions. CUC is the sole supplier of electricity for these systems. CUC's water system relies on electricity to maintain the system pressure needed to prevent the backflow of pathogens, to chlorinate, and to pump, store, and distribute water supplies. CUC's wastewater system requires electricity to collect, pump, process, treat, and discharge sewage. The lack of electricity could result in sewage overflows, contaminating land and water.

WHEREAS, THERE EXISTS A FINANCIAL CRISIS:

- CUC is owed approximately \$20 million by the public school system ("PSS") and the Commonwealth Healthcarc Corporation ("CIIC") and is owed over millions more by residential users;
- (2) Although the commonwealth economy has recently improved, the improvement is only marginal and the economy and the government's finances are still fragile. This government strains to meet its obligations.
- (3) CUC often only has days' worth of purchased diesel fuel to power its system because it lacks the funds to buy oil from its sole, cash-only supplier. CUC has no credit or other means to buy fuel than the revenue it collects from its customers;

WHEREAS, THERE EXISTS A TECHNICAL WORKER CRISIS:

- (1) CUC faces a manpower crisis. Skilled workers and a responsive support system are key to the success of the operation, particularly for preventative maintenance. At present, CNMI law at 3 CMC §§ 4531 and 4532 prohibits CUC from hiring any more non-U.S. technical workers;
- (2) CUC bears a substantial obligation to deliver highly technical work on time to the satisfaction of the U.S. District Court and the U.S. Environmental Protection Agency ("EPA"), pursuant to two sets of consent, or "Stipulated Orders." Failure to meet the requirements of the federal court orders could subject CUC and the CNM1 to substantial tines and charges and, in the extreme, to a federal takeover of their finances:
- (3) CUC requires employees with specialized training. There are many non-U.S. citizens whom CUC needs to retain on technical and professional contracts. Without these positions filled. CUC operations would be severely compromised;
- (4) The legislature, through P.L. 17-1 (Mar. 22, 2010), has limited CUC's ability to hire technical staff, eliminating prior statutory permission to hire up to nineteen foreign workers and reinstituting a moratorium on the government's hiring of foreign nationals, even if needed for highly technical positions for which no local or mainland citizens are available. The CUC Act, as

subsequently reenacted by P.L. 16-17 (Oct. 1, 2008), provides that CUC shall hire such persons as are necessary for operations, *except as otherwise limited* by other law. 4 CMC § 8123(h):

- (5) There are not enough U.S. citizen or U.S. resident technical specialists at CUC to perform the power generation work, particularly specialists with experience in the type of engines that CUC uses. U.S. citizens with the necessary skills are not readily available in the CNMI and it is costly to recruit from the United States. CUC believes that the vast majority of skill sets, considering its cash restrictions, must come from non-U.S. personnel. CUC has tried to hire diesel mechanics in the CNMI, but has been unsuccessful in finding enough qualified candidates;
- (6) The impact of an inadequate workforce is substantial. First, there would be a direct deterioration of service to existing customers. There would be brownouts or area blackouts with the above-mentioned loss of service. Second, the power plants would again degrade, producing more of these outages. Third, if CUC fails to meet federal court deadlines for the Stipulated Orders, the Court could appoint a federal receiver and its consulting team, with all expenses charged to CUC customers.
- (7) CUC's renewal of contracts and hiring of foreign expert workers is necessary to sustain the integrity of CUC's systems. Thus, continued relief from the legislative prohibition on hiring foreign national workers is necessary to ensure the delivery of uninterrupted power services to the people of the Commonwealth. The legislature is urged to address this matter by way of amending local law to allow CUC to continue employing the services of foreign workers for such technical positions difficult to fill and to provide for a reasonable transition period.

WHEREAS, BY THIS DECLARATION OF A STATE OF SIGNIFICANT EMERGENCY, I intend to enable CUC to continue to provide necessary services to the people of the Commonwealth. This Declaration is necessary to protect the health and safety of our children, our senior citizens, businesses, and all other CNMI residents and visitors.

NOW, THEREFORE, 1 hereby invoke my authority under Article III. § 10 of the Commonwealth Constitution and PL 18-4 § 104(c), to take all necessary measures to address the threats facing the Commonwealth of the Northern Mariana Islands including, but not limited to, the authority to:

- 1. Suspend all statutory or regulatory provisions as required: and
- 2. Utilize all available resources of the Commonwealth government and its political subdivisions as reasonably necessary to respond to the emergency.

It is hereby **ORDERED** that:

This Declaration of a State of Significant Emergency shall take effect immediately and all memoranda, directives, and other measures taken in accordance with this Declaration shall remain in effect for thirty (30) days from the date of this Executive Order unless 1, prior to the end of the thirty (30)-day period, terminate the declaration of a state of significant emergency. PL 18-4, § 104(g)

Under authority of this Declaration and with the goal of mitigating or ameliorating the above described crises. I immediately direct the following:

DIRECTIVE: Section 4531 of Title 3 of the Commonwealth Code is hereby suspended as to CUC as follows:

The following strike-out formatted language of the quoted provisions of the following statute regulating government employment is, as indicated, suspended immediately:

3 CMC §4531. Restrictions on Government Employment Employment by departments, agencies, and all other instrumentalities of the Commonwealth government is limited to citizens and permanent residents; provided that the government may enter into contracts with

foreign nationals for services performed outside of the Commonwealth.

As a result of my suspension of 3 CMC § 4531, CUC shall have the full power and authority to retain staff which may include employees other than citizens and permanent residents of the United States.

The above described Directives are in no way meant as the limits of my actions or authority under this Declaration. Accordingly, I reserve the right under this Declaration to issue any and all directives necessary to prevent, mitigate or ameliorate the adverse effects of the emergency.

SIGNED AND PROMULGATED on this 16th day of May 2014.

Eloy S. Inos Governor Commonwealth of the Northern Mariana Islands



COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

Eloy S. Inos Governor Jude U. Hofschneider Licutenant Governor

EXECUTIVE ORDER NO. 2014-08

SUBJECT: DECLARATION OF A STATE OF SIGNIFICANT EMERGENCY

AUTHORITY: I. ELOY S. INOS, pursuant to the authority vested in me as Governor of the Commonwealth of the Northern Mariana Islands by Article III. § 10 of the Commonwealth Constitution and PL 18-4. § 104 of the Homeland Security and Emergency Management Act of 2013, do hereby declare a State of Significant Emergency for the Commonwealth of the Northern Mariana Islands due to the imminent threat of the inability of the Commonwealth Utilities Corporation ("CUC") to provide critical power generation, water, and wastewater services to the CNMI and considering the harm such condition would pose to the community, environment, and critical infrastructure of the Commonwealth of the Northern Mariana Islands.

WHEREAS, CUC IS THE SOLE ELECTRICITY SUPPLIER to the Government of the CNMI, including all public safety activities, the schools, and the only hospital. CUC also supplies electricity to most of the CNMI's businesses and homes. While some businesses and agencies own backup generators, they are not generally organized to use the backups as permanent power sources and the diesel oil purchased to run these generators is substantially more expensive than that used for CUC power.

WHEREAS, WITHOUT CUC ELECTRICITY:

- (1) Most CNMI economic activity would come to a halt, much refrigeration and air conditioning would end, and the airports and ports would be forced to rely on emergency generation on the limited, expensive oil supply for it;
- (2) The CNMI's health and safety would immediately be at risk because traffic signals and street lighting would cease to function: emergency, fire, police facilities and their communications systems, and the hospital and island elinics would have to rely on limited fuel supplies for emergency generation and then cease functioning; and much refrigeration of food and medicines would end, as would air conditioning for the elderly and sick:
- (3) The public schools and the Northern Marianas College would close. Other educational institutions would close as their backup fuel supplies for emergency generators were exhausted; and

(4) Water and sewage treatment would soon end. One of CUC's largest electric customers is the combined CUC Water and Wastewater Divisions. CUC is the sole supplier of electricity for these systems. CUC's water system relies on electricity to maintain the system pressure needed to prevent the backflow of pathogens, to chlorinate, and to pump, store, and distribute water supplies. CUC's wastewater system requires electricity to collect, pump, process, treat, and discharge sewage. The lack of electricity could result in sewage overflows, contaminating land and water.

WHEREAS, THERE EXISTS A FINANCIAL CRISIS:

- CUC is owed approximately S20 million by the public school system ("PSS") and the Commonwealth Healthcare Corporation ("CHC") and is owed over millions more by residential users:
- (2) Although the commonwealth economy has recently improved, the improvement is only marginal and the economy and the government's finances are still fragile. This government strains to meet its obligations.
- (3) CUC often only has days' worth of purchased diesel fuel to power its system because it lacks the funds to buy oil from its sole, cash-only supplier. CUC has no credit or other means to buy fuel than the revenue it collects from its customers;

WHEREAS, THERE EXISTS A TECHNICAL WORKER CRISIS:

- CUC faces a manpower crisis. Skilled workers and a responsive support system are key to the success of the operation. particularly for preventative maintenance. At present. CNMI law at 3 CMC §§ 4531 and 4532 prohibits CUC from hiring any more non-U.S. technical workers;
- (2) CUC bears a substamial obligation to deliver highly technical work on time to the satisfaction of the U.S. District Court and the U.S. Environmental Protection Agency ("EPA"), pursuant to two sets of consent, or "Stipulated Orders." Failure to meet the requirements of the federal court orders could subject CUC and the CNMI to substantial fines and charges and, in the extreme, to a federal takeover of their finances;
- (3) CUC requires employees with specialized training. There are many non-U.S. citizens whom CUC needs to retain on technical and professional contracts. Without these positions tilled, CUC operations would be severely compromised;
- (4) The legislature, through P.L. 17-1 (Mar. 22, 2010), has limited CUC's ability to hire technical staff. eliminating prior statutory permission to hire up to nineteen foreign workers and reinstituting a moratorium on the government's hiring of foreign nationals, even if needed for highly technical positions for which no local or mainland citizens are available. The CUC Act, as

subsequently reenacted by P.L. 16-17 (Oct. 1, 2008), provides that CUC shall hire such persons as are necessary for operations, *except as otherwise limited by other law.* 4 CMC § 8123(h):

- (5) There are not enough U.S. citizen or U.S. resident technical specialists at CUC to perform the power generation work, particularly specialists with experience in the type of engines that CUC uses. U.S. citizens with the necessar skills are not readily available in the CNMI and it is costly to recruit from the United States. CUC believes that the vast majority of skill sets, considering its cash restrictions, must come from non-U.S. personnel. CUC has tried to hire diesel mechanics in the CNMI, but has been unsuccessful in finding enough qualified candidates;
- (6) The impact of an inadequate workforce is substantial. First, there would be a direct deterioration of service to existing eustomers. There would be brownouts or area blackouts with the above-mentioned loss of service. Second, the power plants would again degrade, producing more of these outages. Third, if CUC fails to meet federal court deadlines for the Stipulated Orders, the Court could appoint a federal receiver and its consulting team, with all expenses charged to CUC customers.
- (7) CUC's renewal of contracts and hiring of foreign expert workers is necessary to sustain the integrity of CUC's systems. Thus, continued relief from the legislative prohibition on hiring foreign national workers is necessary to ensure the delivery of uninterrupted power services to the people of the Commonwealth. The legislature is urged to address this matter by way of amending local law to allow CUC to continue employing the services of foreign workers for such technical positions difficult to fill and to provide for a reasonable transition period.

WHEREAS, BY THIS DECLARATION OF A STATE OF SIGNIFICANT EMERGENCY, I intend to enable CUC to continue to provide necessary services to the people of the Commonwealth. This Declaration is necessary to protect the health and safety of our children, our senior citizens, businesses, and all other CNMI residents and visitors.

NOW, THEREFORE, 1 hereby invoke my authority under Article III. § 10 of the Commonwealth Constitution and PL 18-4 § 104(c), to take all necessary measures to address the threats facing the Commonwealth of the Northern Mariana Islands including, but not limited to, the authority to:

- 1. Suspend all statutor or regulatory provisions as required; and
- 2. Utilize all available resources of the Commonwealth government and its political subdivisions as reasonably necessary to respond to the emergency.

It is hereby **ORDERED** that:

This Declaration of a State of Significant Emergency shall take effect immediately and all memoranda, directives, and other measures taken in accordance with this Declaration shall remain in effect for thirty (30) days from the date of this Executive Order unless I, prior to the end of the thirty (30)-day period, terminate the declaration of a state of significant emergency. PL 18-4, § 104(g)

Under authority of this Declaration and with the goal of mitigating or ameliorating the above described crises. I immediately direct the following:

DIRECTIVE: Section 4531 of Title 3 of the Commonwealth Code is hereby suspended as to CUC as follows:

The following strike-out formatted language of the quoted provisions of the following statute regulating government employment is, as indicated, suspended immediately:

3 CMC §4531. Restrictions on Government Employment

Employment by departments, agencies, and all other instrumentalities of the Commonwealth government is limited to citizens and permanent residents; provided that the government may enter into contracts with foreign nationals for services performed outside of the Commonwealth.

As a result of my suspension of 3 CMC § 4531, CUC shall have the full power and authority to retain stal' which may include employees other than citizens and permanent residents of the United States.

The above described Directives are in no way meant as the limits of my actions or authority under this Declaration. Accordingly, I reserve the right under this Declaration to issue any and all directives necessary to prevent, mitigate or ameliorate the adverse effects of the emergency.

SIGNED AND PROMULGATED on this 16th day of June, 2014.

ELOY S. INOS Governor Commonwealth of the Northern Mariana Islands



COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

Eloy S. Inos Governor Jude U. Hofschneider Lieutenant Governor

EXECUTIVE ORDER NO. 2014-09

SUBJECT: DECLARATION OF A STATE OF SIGNIFICANT EMERGENCY

AUTHORITY: I, ELOY S. INOS, pursuant to the authority vested in me as Governor of the Commonwealth of the Northern Mariana Islands by Article III, § 10 of the Commonwealth Constitution and PL 18-4, § 104 of the Homeland Security and Emergency Management Act of 2013. do hereby declare a State of Significant Emergency for the Commonwealth of the Northern Mariana Islands due to the imminent threat of the inability of the Commonwealth Utilities Corporation ("CUC") to provide critical power generation, water, and wastewater services to the CNMI and considering the harm such condition would pose to the community, environment, and critical infrastructure of the Commonwealth of the Northern Mariana Islands.

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WHEREAS, WITHOUT CUC ELECTRICITY:

- (1) Most CNMI economic activity would come to a halt, much refrigeration and air conditioning would end, and the airports and ports would be forced to rely on emergency generation on the limited, expensive oil supply for it;
- (2) The CNMI's health and safety would immediately be at risk because traffic signals and street lighting would cease to function; emergency, fire, police facilities and their communications systems, and the hospital and island clinics would have to rely on limited fuel supplies for emergency generation and then cease functioning; and much refrigeration of food and medicines would end, as would air conditioning for the elderly and sick;
- (3) The public schools and the Northern Marianas College would close. Other educational institutions would close as their backup fuel supplies for emergency generators were exhausted: and

(4) Water and sewage treatment would soon end. One of CUC's largest electric customers is the combined CUC Water and Wastewater Divisions. CUC is the sole supplier of electricity for these systems. CUC's water system relies on electricity to maintain the system pressure needed to prevent the backflow of pathogens, to chlorinate, and to pump, store, and distribute water supplies. CUC's wastewater system requires electricity to collect, pump, process, treat, and discharge sewage. The lack of electricity could result in sewage overflows, contaminating land and water.

WHEREAS, THERE EXISTS A FINANCIAL CRISIS:

- (1) CUC is owed approximately \$20 million by the public school system ("PSS") and the Commonwealth Healthcare Corporation ("CHC") and is owed over millions more by residential users:
- (2) Although the commonwealth economy has recently improved, the improvement is only marginal and the economy and the government's finances are still fragile. This government strains to meet its obligations.
- (3) CUC often only has days' worth of purchased diesel fuel to power its system because it lacks the funds to buy oil from its sole, cash-only supplier. CUC has no credit or other means to buy fuel than the revenue it collects from its customers;

WHEREAS, THERE EXISTS A TECHNICAL WORKER CRISIS:

- (1) CUC faces a manpower crisis. Skilled workers and a responsive support system are key to the success of the operation, particularly for preventative maintenance. At present, CNMI law at 3 CMC §§ 4531 and 4532 prohibits CUC from hiring any more non-U.S. technical workers;
- (2) CUC bears a substantial obligation to deliver highly technical work on time to the satisfaction of the U.S. District Court and the U.S. Environmental Protection Agency ("EPA"), pursuant to two sets of consent, or "Stipulated Orders." Failure to meet the requirements of the federal court orders could subject CUC and the CNMI to substantial fines and charges and, in the extreme, to a federal takeover of their finances;
- (3) CUC requires employees with specialized training. There are many non-U.S. citizens whom CUC needs to retain on technical and professional contracts. Without these positions filled, CUC operations would be severely compromised;
- (4) The legislature, through P.L. 17-1 (Mar. 22, 2010), has limited CUC's ability to hire technical staff, eliminating prior statutory permission to hire up to nineteen foreign workers and reinstituting a moratorium on the government's hiring of foreign nationals, even if needed for highly technical positions for which no local or mainland citizens are available. The CUC Act, as

subsequently reenacted by P.L. 16-17 (Oct. 1, 2008), provides that CUC shall hire such persons as are necessary for operations. *except as otherwise limited by other law.* 4 CMC § 8123(h):

- (5) There are not enough U.S. citizen or U.S. resident technical specialists at CUC to perform the power generation work, particularly specialists with experience in the type of engines that CUC uses. U.S. citizens with the necessary skills are not readily available in the CNMI and it is costly to recruit from the United States. CUC believes that the vast majority of skill sets. considering its cash restrictions, must come from non-U.S. personnel. CUC has tried to hire diesel mechanics in the CNMI, but has been unsuccessful in finding enough qualified candidates;
- (6) The impact of an inadequate workforce is substantial. First, there would be a direct deterioration of service to existing customers. There would be brownouts or area blackouts with the above-mentioned loss of service. Second, the power plants would again degrade, producing more of these outages. Third, if CUC fails to meet federal court deadlines for the Stipulated Orders, the Court could appoint a federal receiver and its consulting team, with all expenses charged to CUC customers.
- (7) CUC's renewal of contracts and hiring of foreign expert workers is necessary to sustain the integrity of CUC's systems. Thus, continued relief from the legislative prohibition on hiring foreign national workers is necessary to ensure the delivery of uninterrupted power services to the people of the Commonwealth. The legislature is urged to address this matter by way of amending local law to allow CUC to continue employing the services of foreign workers for such technical positions difficult to fill and to provide for a reasonable transition period.

WHEREAS, BY THIS DECLARATION OF A STATE OF SIGNIFICANT EMERGENCY. I intend to enable CUC to continue to provide necessary services to the people of the Commonwealth. This Declaration is necessary to protect the health and safety of our children, our senior citizens, businesses, and all other CNMI residents and visitors.

NOW, THEREFORE, I hereby invoke my authority under Article III. § 10 of the Commonwealth Constitution and PL 18-4 § 104(c), to take all necessary measures to address the threats facing the Commonwealth of the Northern Mariana Islands including, but not limited to, the authority to:

- 1. Suspend all statutory or regulatory provisions as required; and
- 2. Utilize all available resources of the Commonwealth government and its political subdivisions as reasonably necessary to respond to the emergency.

It is hereby ORDERED that:

This Declaration of a State of Significant Emergency shall take effect immediately and all memoranda, directives, and other measures taken in accordance with this Declaration shall remain in effect for thirty (30) days from the date of this Executive Order unless I, prior to the end of the thirty (30)-day period, terminate the declaration of a state of significant emergency. PL 18-4, § 104(g)

Under authority of this Declaration and with the goal of mitigating or ameliorating the above described crises, I immediately direct the following:

DIRECTIVE: Section 4531 of Title 3 of the Commonwealth Code is hereby suspended as to CUC as follows:

The following strike-out formatted language of the quoted provisions of the following statute regulating government employment is, as indicated, suspended immediately:

3 CMC §4531. Restrictions on Government Employment Employment by departments, agencies, and all other instrument with of the Commonwealth government is limited to citizens and permanent residents; provided that the government may enter into contracts with foreign nationals for services performed outside of the Commonwealth.

As a result of my suspension of 3 CMC § 4531, CUC shall have the full power and authority to retain staff which may include employees other than citizens and permanent residents of the United States.

The above described Directives are in no way meant as the limits of my actions or authority under this Declaration. Accordingly, I reserve the right under this Declaration to issue any and all directives necessary to prevent, mitigate or ameliorate the adverse effects of the emergency.

SIGNED AND PROMULGATED on this 16th day of July 2014.

Eloy S. Inos Governor Commonwealth of the Northern Mariana Islands



COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

Eloy S. Inos Governor Jude U. Hofschneider Lieutenant Governor

EXECUTIVE ORDER NO. 2014-10

SUBJECT: DECLARATION OF STATE OF SIGNIFICANT EMERGENCY

I, ELOY S. INOS, pursuant to the authority vested in me as Governor of the Commonwealth of the Northern Mariana Islands by Article III, § 10 of the Commonwealth Constitution, hereby declare a State of Significant Emergency for the Commonwealth of the Northern Mariana Islands and order the activation of the State Emergency Operations Plan throughout the Commonwealth.

This emergency declaration is necessary for the Commonwealth Government to identify and mobilize available resources in response to the anticipated impact and potential damage as a result of Typhoon Halong.

Duly executed this 30TH day of July. 2014.

Caller Box 10007 Saipan, MP 96950 Telephone: (670) 237-2200 /2300 Facsimile: (670) 664-221 1/2311



COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

Eloy S. Inos Governor Jude U. Hofschneider Lieutenant Governor

EXECUTIVE ORDER NO. 2014-11

SUBJECT: DECLARATION OF A STATE OF SIGNIFICANT EMERGENCY

AUTHORITY: I, ELOY S. INOS, pursuant to the authority vested in me as Governor of the Commonwealth of the Northern Mariana Islands by Article III, § 10 of the Commonwealth Constitution and PL 18-4, § 104 of the Homeland Security and Emergency Management Act of 2013, do hereby declare a State of Significant Emergency for the Commonwealth of the Northern Mariana Islands due to the imminent threat of the inability of the Commonwealth Utilities Corporation ("CUC") to provide critical power generation, water, and wastewater services to the CNMI and considering the harm such condition would pose to the community, environment, and critical infrastructure of the Commonwealth of the Northern Mariana Islands.

WHEREAS, CUC IS THE SOLE ELECTRICITY SUPPLIER to the Government of the CNMI, including all public safety activities, the schools, and the only hospital. CUC also supplies electricity to most of the CNMI's businesses and homes. While some businesses and agencies own backup generators, they are not generally organized to use the backups as permanent power sources and the diesel oil purchased to run these generators is substantially more expensive than that used for CUC power.

WHEREAS, WITHOUT CUC ELECTRICITY:

- (1) Most CNMI economic activity would come to a halt, much refrigeration and air conditioning would end, and the airports and ports would be forced to rely on emergency generation on the limited, expensive oil supply for it;
- (2) The CNMI's health and safety would immediately be at risk because traffic signals and street lighting would cease to function: emergency, fire, police facilities and their communications systems, and the hospital and island clinics would have to rely on limited fuel supplies for emergency generation and then cease functioning; and much refrigeration of food and medicines would end, as would air conditioning for the elderly and sick;
- (3) The public schools and the Northern Marianas College would close. Other educational institutions would close as their backup fuel supplies for emergency generators were exhausted; and

(4) Water and sewage treatment would soon end. One of CUC's largest electric customers is the combined CUC Water and Wastewater Divisions. CUC is the sole supplier of electricity for these systems. CUC's water system relies on electricity to maintain the system pressure needed to prevent the backflow of pathogens, to chlorinate, and to pump, store, and distribute water supplies. CUC's wastewater system requires electricity to collect, pump, process, treat, and discharge sewage. The lack of electricity could result in sewage overflows, contaminating land and water.

WHEREAS, THERE EXISTS A FINANCIAL CRISIS:

- (1) CUC is owed over \$20 million by the public school system ("PSS") and the Commonwealth Healthcare Corporation ("CHC") and is owed over millions more by residential users:
- (2) Although the commonwealth economy has recently improved, the improvement is only marginal and the economy and the government's finances are still fragile. This government strains to meet its obligations.
- (3) CUC often only has days' worth of purchased diesel fuel to power its system because it lacks the funds to buy oil from its sole. cash-only supplier. CUC has no credit or other means to buy fuel than the revenue it collects from its customers;

WHEREAS, THERE EXISTS A TECHNICAL WORKER CRISIS:

- CUC faces a manpower crisis. Skilled workers and a responsive support system are key to the success of the operation, particularly for preventative maintenance. At present. CNMI law at 3 CMC §§ 4531 and 4532 prohibits CUC from hiring any more non-U.S. technical workers;
- (2) CUC bears a substantial obligation to deliver highly technical work on time to the satisfaction of the U.S. District Court and the U.S. Environmental Protection Agency ("EPA"), pursuant to two sets of consent, or "Stipulated Orders." Failure to meet the requirements of the federal court orders could subject CUC and the CNMI to substantial fines and charges and, in the extreme, to a federal takeover of their finances;
- (3) CUC requires employees with specialized training. There are many non-U.S. citizens whom CUC needs to retain on technical and professional contracts. Without these positions filled, CUC operations would be severely compromised;
- (4) The legislature, through P.L. 17-1 (Mar. 22, 2010), has limited CUC's ability to hire technical staff. eliminating prior statutory permission to hire up to nineteen foreign workers and reinstituting a moratorium on the government's hiring of foreign nationals, even if needed for highly technical positions for which no local or mainland citizens are available. The CUC Act, as

subsequently reenacted by P.L. 16-17 (Oct. I, 2008), provides that CUC shall hire such persons as are necessary for operations, *except as otherwise limited by other law.* 4 CMC § 8123(h);

- (5) There are not enough U.S. citizen or U.S. resident technical specialists at CUC to perform the power generation work, particularly specialists with experience in the type of engines that CUC uses. U.S. citizens with the necessary skills are not readily available in the CNMI and it is costly to recruit from the United States. CUC believes that the vast majority of skill sets, considering its cash restrictions, must come from non-U.S. personnel. CUC has tried to hire diesel mechanics in the CNMI, but has been unsuccessful in finding enough qualified candidates;
- (6) The impact of an inadequate workforce is substantial. First, there would be a direct deterioration of service to existing customers. There would be brownouts or arca blackouts with the above-mentioned loss of service. Second, the power plants would again degrade, producing more of these outages. Third, if CUC fails to meet federal court deadlines for the Stipulated Orders, the Court could appoint a federal receiver and its consulting team, with all expenses charged to CUC customers.
- (7) CUC's renewal of contracts and hiring of foreign expert workers is necessary to sustain the integrity of CUC's systems. Thus, continued relief from the legislative prohibition on hiring foreign national workers is necessary to ensure the delivery of uninterrupted power services to the people of the Commonwealth. The legislature is urged to address this matter by way of amending local law to allow CUC to continue employing the services of foreign workers for such technical positions difficult to fill and to provide for a reasonable transition period.

WHEREAS, BY THIS DECLARATION OF A STATE OF SIGNIFICANT EMERGENCY. I intend to enable CUC to continue to provide necessary services to the people of the Commonwealth. This Declaration is necessary to protect the health and safety of our children, our senior citizens. businesses, and all other CNMI residents and visitors.

NOW, THEREFORE, I hereby invoke my authority under Article III, § 10 of the Commonwealth Constitution and PL 18-4 § 104(c), to take all necessary measures to address the threats facing the Commonwealth of the Northern Mariana Islands including, but not limited to, the authority to:

- I. Suspend all statutory or regulatory provisions as required; and
- 2. Utilize all available resources of the Commonwealth government and its political subdivisions as reasonably necessary to respond to the emergency.

It is hereby **ORDERED** that:

This Declaration of a State of Significant Emergency shall take effect immediately and all memoranda, directives, and other measures taken in accordance with this Declaration shall remain in effect for thirty (30) days from the date of this Executive Order unless I, prior to the end of the thirty (30)-day period, terminate the declaration of a state of significant emergency. PL 18-4, § 104(g)

Under authority of this Declaration and with the goal of mitigating or ameliorating the above described crises. I immediately direct the following:

DIRECTIVE: Section 4531 of Title 3 of the Commonwealth Code is hereby suspended as to CUC as follows:

The following strike-out formatted language of the quoted provisions of the following statute regulating government employment is, as indicated, suspended immediately:

3 CMC §4531. Restrictions on Government Employment Employment by departments, agencies, and all other instrumentations of the Commonwealth government is limited to citizens and permanent residents; provided that the government may enter into contracts with foreign nationals for services performed outside of the Commonwealth.

As a result of my suspension of 3 CMC § 4531. CUC shall have the full power and authority to retain staff which may include employees other than citizens and permanent residents of the United States.

The above described Directives are in no way meant as the limits of my actions or authority under this Declaration. Accordingly, I reserve the right under this Declaration to issue any and all directives necessary to prevent, mitigate or ameliorate the adverse effects of the emergency.

SIGNED AND PROMULGATED on this 15th day of August 2014.

Eloy S. Inos Governor Commonwealth of the Northern Mariana Islands