

TIP JAR REGULATIONS

OF THE

**OFFICE OF COMMUNITY GRANT
MANAGEMENT**

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Section 1-101. Purpose.

(a) These Regulations are adopted pursuant to Section 13-2419(a) of the Criminal Law Article of the Annotated Code of Maryland for the purpose of regulating gaming within Washington County, Maryland. The purpose of these provisions includes the protection of the public.

(b) These Regulations shall apply to all permitted tip jar gaming activities in Washington County, Maryland, except bingo.

(c) If any provision of these Regulations shall be held invalid, its invalidity shall not affect any of these Regulations that can be given effect without the invalid provision, and for this purpose, the provisions of these Regulations are declared to be severable.

Section 1-102. Definitions.

All terms used in these Regulations shall have their ordinary meaning unless otherwise specially defined herein.

In these Regulations, the following terms shall have the meaning indicated:

Board: Board of County Commissioners of Washington County, Maryland.

Bona fide: True, correct, and genuine; in referring to an organization that requires an actual and primary purpose of carrying out one (1) or more of the types of purposes, or activities, specified within these Regulations or under State law.

Charitable organization: An institution, association, society, corporation, or other organization that is organized and operated for a benevolent, educational, philanthropic, humane or patriotic purpose and solicits or obtains contributions for charitable purposes. It does not include a political party, political committee, political club, or an agency of the State government or of a political subdivision.

Civic organization: A charitable organization organized and operated exclusively for the promotion of social welfare. An organization is operated exclusively for the promotion of social welfare if it is primarily engaged in promoting in some way the common good and general welfare of the people of the community. A civic organization is operated primarily for the purpose of bringing about civic betterments and social improvements.

Commission: Washington County Gaming Commission.

County: Washington County, Maryland.

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County Agency: The Office of Community Grant Management, the entity designated by the Board of County Commissioners of Washington County to issue, approve, and review licenses. The Office of Community Grant Management shall administer these Regulations under the direction of the Board of County Commissioners of Washington County.

County Treasurer: Treasurer of Washington County, Maryland.

Flare: A written statement of the number of tickets and prizes contained in a tip jar packet and the winning numbers, colors and symbols.

Fraternal Organization:

- (1) Any organization that:
 - (i) Is conducted solely for the benefit of its members and its beneficiaries;
 - (ii) Is operated on a lodge system with a ritualistic activity; and
 - (iii) Has a representative form of government;
- (2) Includes a sororal organization; and
- (3) Does not include:
 - (i) Any college or high school fraternity or sorority; or
 - (ii) Any other fraternal or sororal organization, the membership of which is restricted wholly or largely to students or graduates of an educational institution or a professional school.

Fund: Washington County Gaming Fund.

Gaming: Participating in or conducting a game of chance for which prizes are awarded in cash or merchandise using a gaming device which is regulated by Criminal Law Article, Section 13-2419(a) of the Annotated Code of Maryland.

Gaming device: Includes, but is not limited to, a tip jar, punch board, or other device in which a series of numbers or other symbols is obtained for consideration by the selection of a sealed piece of paper that may entitle the purchaser of the number or numbers or symbol to a payoff in cash or other manner immediately upon receipt or as a result of a subsequent announcement of a winning number or numbers or other symbol or any other device commonly recognized as a tip jar. A gaming device does not include the game of bingo.

Gaming event: Any bazaar, carnival, or other event or activity where gaming takes place or occurs.

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Gaming sticker: A sticker issued by the County Agency and required to be affixed to a tip jar packet and the face of the seal card before the tip jar packet and seal card are sold.

Good moral character: Determinations of good moral character shall be made on an individual basis. However, an individual will not be considered to be of good moral character if that person has been found guilty, entered a guilty plea, or has a *nolo contendere* plea accepted for any crime which is a felony in the State of Maryland or a misdemeanor involving any gaming or gambling law, except a misdemeanor in Maryland in regard to the operation of a tip jar before October 1, 1995, regardless of the final disposition of the criminal case.

Gross profits: The total proceeds received from the operation of a tip jar less the total amount of prizes or money winnings distributed. The amount of prizes or money winnings distributed shall be determined by the manufacturer's description of the game. Gross profits of a tip jar are earned when the tip jar packet is purchased by the tip jar operator.

Immediate family member: Immediate family member shall mean father, mother, stepfather, stepmother, father-in-law, mother-in-law, son, son-in-law, daughter, daughter-in-law, brother, brother-in-law, sister, sister-in-law, stepson, stepdaughter, grandchild.

Jackpot tip jar: A tip jar in which the seal card contains two seals, so that when the numbers contained beneath the seals do not match, a portion of the revenue goes into a fund or jackpot. If the numbers contained beneath the seals match, the person holding the winning number is entitled to the amount of money accumulated in the fund or jackpot.

Law enforcement officer: An individual who, in an official capacity, is authorized to make arrests and is a member of one of the law enforcement agencies set forth in Md. Code, Public Safety Article, §3-101(e)(1)(ii).

Office: A place of business within the County consisting of actual, active working space, staffed at least part-time; not merely a post office box and/or telephone number.

Operator: Individual or entity conducting or operating the gaming event.

Person: An individual, corporation, partnership, limited partnership, limited liability limited partnership, business trust, limited liability company, unincorporated association, or other legal entity.

Proceeds: Total receipts received from the operation of a tip jar.

Progressive Tip Jar: A tip jar in which the seal card contains two seals, so that when the numbers contained beneath the seals do not match, a portion of the revenue goes into a fund or jackpot. If the numbers contained beneath the seals match, the person holding the winning number is entitled to the amount of money accumulated in the fund or jackpot.

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Religious organization: An organization operated and organized to promote any church, religious society or congregation of any sect, order or denomination.

Seal card: The card or other paper that identifies the winning number or other symbol and that determines the prize payout of the tip jar game when the seal is opened or removed.

State: State of Maryland.

Statute: Section 13-2419(a) of the Criminal Law Article of the Annotated Code of Maryland, as amended from time to time.

Tip jar: A gaming device from which a number or series of numbers or other symbol is obtained for consideration by selection of a sealed piece of paper that may entitle the purchaser of the number or numbers or other symbol to a payoff in cash or other manner immediately upon receipt or as a result of a subsequent announcement of a winning number or numbers or other symbol or any other device commonly recognized as a tip jar, including but not limited to a punch board and a tip board.

Tip jar packet: A package containing tips to be sold by way of a tip jar sufficient for a single tip jar game.

Tip jar license: A license issued by the County Agency that permits a person to operate a tip jar at a specific location within the County.

Veterans' organization: An organization whose membership consists primarily of persons who have served in the armed forces of the United States and their spouses, widows, widowers, and relatives eligible for membership. The primary purpose of the organization must be one (1) or more of the following:

- (1) To provide service or assistance to veterans, members of the armed forces and their spouses and dependents;
- (2) To promote the social welfare of the community;
- (3) To perpetuate the memory of deceased veterans and members of the armed forces;
- (4) To conduct charitable, educational or patriotic services; or
- (5) To provide social and recreational activities for its members.

Volunteer fire company: Community entity providing volunteer services within the County for fire protection or any entity affiliated with such an organization.

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Volunteer rescue company: Community entity providing volunteer services within the County for rescue protection and/or ambulance services or any entity affiliated with such an organization.

Office of Community Grant Management: The Office of Community Grant Management and any employee of the office designated by the Director to perform any act in furtherance of these Regulations and/or the Statute.

Wholesaler: A person who sells or wholesales for profit tip jar packets within the County.

Wholesaler's license: A license issued by the County Agency which permits a person to sell or wholesale for profit tip jar packets in the County.

Section 1-103. License eligibility.

(a) A person is not eligible to hold an annual tip jar operator's license or a temporary tip jar operator's license if the person:

- (1) Has been convicted of a misdemeanor involving any gambling or gaming law of the State, or a felony;
- (2) Owes taxes to the State, County, or a municipal corporation in the County;
- (3) Unless allowed under the Statute, holds a wholesaler's license;
- (4) Has had a tip jar operator's license or wholesaler's license revoked; or
- (5) Owes any proceeds, fines, or fees to the County Agency.

(b) The following persons, if otherwise eligible, may be issued an annual tip jar operator's license:

- (1) A volunteer fire company;
- (2) A volunteer rescue company;
- (3) A religious, fraternal, civic, veterans, or bona fide charitable organization;
- (4) A sportsmen's association that is exempt from taxation under Section 501 of the Internal Revenue Code and approved by the Board;
- (5) A restaurant for which an alcoholic beverages license has been issued;
- (6) A tavern for which an alcoholic beverages license has been issued; or

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(7) A holder of a Class A beer, wine and liquor license.

(c) A temporary tip jar operator's license may be issued to a nonprofit organization, which is otherwise eligible, which desires to raise money for an exclusively charitable, athletic, or educational purpose which meets the requirements for a charitable contribution under Section 170(c) of the Internal Revenue Code. The purpose may not be to benefit any of the following organizations:

- (1) A law enforcement agency or law enforcement fraternal organization;
- (2) A political club, committee, or party; or
- (3) An agency of the State government or of a political subdivision of the State, except:
 - (i) an ambulance, fire fighting, or rescue squad; or
 - (ii) a primary school, secondary school, or college.

(d) An off-premises tip jar operator's permit may be issued to the holder of an annual tip jar operator's license for the operation of a tip jar at a special event at a location other than the licensee's business premises.

(e) To be eligible for a wholesaler's license, a person must satisfy the following requirements:

- (1) Have had an established place of business in the County for at least three (3) years preceding the date of the application as evidenced by the filing of personal property tax returns; except that a volunteer fire company or a volunteer rescue company must have been established in the County for at least one (1) year preceding the date of the application;
- (2) Not have been convicted of a misdemeanor involving any gambling or gaming law of the State or any felony;
- (3) Be of good moral character;
- (4) Except for a volunteer fire company or a volunteer rescue company, must not hold a tip jar operator's license, own a controlling interest in a legal entity that holds a tip jar operator's license, or be an immediate family member of a person holding a tip jar operator's license or owning a controlling interest in an legal entity holding a tip jar operator's license;

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- (5) Not owe taxes to the State, County or a municipal corporation in the County;
- (6) Not have had a tip jar operator's license or wholesaler's license revoked; and
- (7) Not be a legal entity, 50% or more of whose stockholders, members, principals or persons with interests in the entity are holders of tip jar licenses.

Section 1-104. Licensing procedure.

(a) To obtain a wholesaler's license, annual tip jar operator's license, or a temporary tip jar operator's license, a person must:

- (1) Submit to the County Agency a license application on a form prescribed by the County Agency and pay to the County Treasurer the appropriate license issuance fee.
- (2) Demonstrate satisfaction of license eligibility requirements by providing copies of an Internal Revenue Service determination letter; alcoholic beverages license; Class A beer, wine and liquor license; personal property tax returns; certificates of good standing; corporate or other charters; and/or such other documents as the County Agency may reasonably require;
- (3) Execute an affidavit to establish the absence of a disqualifying criminal record;
- (4) In the case of an application for wholesaler's license only, submit a surety bond as required by Section 1-107; and
- (5) In the case of an individual applicant, submit to fingerprinting; in the case of a partnership applicant, cause the general partners to be fingerprinted; in the case of all other applicants, cause the officers of the applicant to be fingerprinted; and in addition, cause such other individuals as the County Agency may require who are involved in the operation of a tip jar to be fingerprinted. (All fingerprinting shall be at the direction or under the supervision of the County Agency).

(b) The County Agency shall review the application and grant or deny the applicable license.

- (1) In reviewing the application and supporting documents, the County Agency shall determine if the applicant meets the requirements of the

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Statute and these Regulations and may obtain a criminal records check from the Criminal Justice Information System Central Repository of the State Department of Public Safety and Correction Services, as well as refer the application to the Sheriff of Washington County for a criminal background investigation.

- (2) The application, its supporting documents, and the documents produced and received by the County Agency in processing the application are matters of public record.
- (c) Licenses are not transferable.
- (d) Applications for renewal of annual tip jar operator's licenses and wholesaler's licenses must be submitted to the County Agency no later than May 31 immediately following the effective date of the outstanding license.
- (e) A temporary tip jar operator's license and an off-premises tip jar operator's permit may be issued for a period not to exceed nine (9) days. No more than four (4) licenses or permits, as the case may be, may be issued to an applicant during the twelve-month period from July 1 through June 30, except upon a showing by the applicant of special circumstances which shall be determined by the County Agency.
- (f) The fee for an annual tip jar operator's license shall be:
 - (1) Two hundred fifty dollars (\$250.00) if the license is issued between July 1 and December 31.
 - (2) One hundred twenty-five dollars (\$125.00) if the license is issued on or after January 1.
- (g) The annual fee for a wholesaler's license shall be five hundred dollars (\$500.00), except for a volunteer fire company license and a volunteer rescue company licensee, for which the fee is waived.
- (h) The fee for a temporary tip jar operator's license shall be thirty dollars (\$30.00) per license.
- (i) License fees are not refundable after a license has been issued.
- (j) There shall be no fee for an off-premises tip jar operator's permit.

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Section 1-105. Tip jar operations.

(a) No person may operate a tip jar in the County unless that person holds a current tip jar operator's license (either annual or temporary) issued to that person by the County Agency.

(b) A holder of an annual tip jar operator's license may only operate a tip jar if the operation is on the premises of the holder during normal business hours, unless the holder has been issued an off-premises permit in which event the holder may also operate a tip jar at the location and during the times specified in the permit.

(c) No person, business, or organization licensed to sell tip jars in Washington County may own or possess a tip jar, tip jar packet, or a seal card to which a gaming sticker has not been affixed.

(d) No person may purchase a tip jar or tip jar packet which does not have a gaming sticker affixed to it.

(e) No person may purchase a tip jar or a tip jar packet except from a holder of a current wholesaler's license issued by the County Agency.

(f) The holder of an annual tip jar operator's license or a temporary tip jar operator's license may award prizes in cash or merchandise.

(1) The total amount of cash prizes shall be equal to the amount of the payout stated or prescribed for the tip jar by its manufacturer.

(2) The total value of merchandise (non-cash) prizes awarded shall not be less than 80% of the amount of the payout stated or prescribed for the tip jar by its manufacturer.

(g) A restaurant, tavern, or holder of a Class A beer, wine or liquor license which holds an annual tip jar operator's license may retain fifty percent (50%) of the gross profits from each tip jar game and shall pay the balance of the gross profits to the wholesaler at the time of purchasing the tip jar packet for deposit by the wholesaler to the credit of the Fund. '

(h) A fraternal, civic, veterans, or bona fide charitable organization or sportsmen's association which holds an annual tip jar operator's license shall pay 15% of the gross profits earned from each tip jar game to the wholesaler at the time of purchasing the tip jar packet for deposit by the wholesaler to the credit of the Fund.

(i) For all purposes under these Regulations, including calculation of gross profits, the value of merchandise awarded as a prize shall be the cost of the merchandise to the tip jar licensee.

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(j) An organization that has operated a tip jar under a temporary tip jar operator's license and then disbands shall transfer any remaining proceeds from the operation of a tip jar to the Fund.

(k) No person, organization, or tip jar operator (temporary or annual) may sell, or offer for sale, a tip jar packet, tip jar ticket, or any other gaming device on property owned by the Board of Education of Washington County, Maryland.

Section 1-106. Wholesalers' operations.

(a) No person may sell or wholesale for profit a tip jar packet in the County unless that person holds a current wholesaler's license issued to that person by the County Agency.

(b) No person to whom a wholesaler's license has been issued, except a volunteer fire company or a volunteer rescue company, may hold a tip jar operator's license (annual or temporary).

(c) A holder of a wholesaler's license may not sell or distribute a tip jar or a tip jar packet to any person who does not hold a current tip jar operator's license (annual or temporary).

(d) Before selling a tip jar packet, a holder of a wholesaler's license shall obtain a two-part gaming sticker from the County Agency and affix the gaming sticker to the tip jar packet and corresponding seal card. The gaming sticker is a two-part bar-coded label; Part B must be affixed to the tip jar packet, and Part A must be affixed to the corresponding seal card for that packet. The seal card shall also be imprinted with the manufacturer's serial number for the corresponding tip jar packet before the tip jar packet is sold by the holder of a wholesaler's license.

(e) Before distributing a replacement seal card for use with a tip jar packet original seal card for which has become defective, the holder of a wholesaler's license shall obtain a single replacement gaming sticker from the County Agency and affix the gaming sticker to the replacement seal card.

(f) The holder of a wholesaler's license shall pay to the County Agency a fee for each gaming sticker as follows:

- (1) Two dollars (\$2.00) per two-part gaming sticker (Bar Code Gaming Label "A" and Bar Code Gaming Label "B").
- (2) Fifty cents (\$0.50) per single replacement gaming sticker (Gaming Label "C").

(g) The following applies when a licensed wholesaler sells or distributes a tip jar packet that is played in a manner defined in this Ordinance as "progressive" or "jackpot." The tip

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jar packet must be packaged and shipped to the operator so that no person is aware of, or may detect which tip jar packet contains the matching seal card. The matching seal cards must be placed at random and without a pattern by the wholesaler.

Section 1-107. Bonding requirement for wholesaler licensees.

(a) As a condition for obtaining a wholesaler's license, an applicant shall be required to post a bond on a form prescribed by the County Agency to assure the faithful performance by the holder of a wholesaler's license of all financial obligations of the holder to the Board.

(b) The principal amount of the bond shall be determined by the County Agency but shall not be less than thirty thousand dollars (\$30,000) and shall not be greater than twice the amount of the highest monthly deposit owed to the Fund by the holder of the wholesaler's license for gross profits collected on sales of tip jar packets. The principal amount of the bond may be adjusted quarterly by the County Agency.

(c) A volunteer fire company or volunteer rescue company holding a wholesaler's license which certifies in writing that it will not sell tip jar packets to restaurants or taverns for which an alcoholic beverage license has been issued or to holders of a Class A beer, wine and liquor license shall not be required to post a bond.

Section 1-108. Gaming procedures.

(a) A tip jar packet with an illegible serial number or other defect shall be returned to the wholesaler licensee and accounted for on the wholesaler licensee's reports. Tips from such a tip jar packet shall not be sold.

(b) Before a tip jar is offered for sale to customers, the tip jar operator shall record the gaming sticker number, the serial number of the tip jar packet, and the gross profits of the tip jar.

(c) A tip jar shall be operated in accordance with the instructions or directions appearing on the manufacturer's flare or insert. All winning tickets, both "holders" and "paybacks" as indicated by the insert or flare, shall be valid for redemption by the operator for a period of at least 30 days after the closing date of the tip jar packet.

(d) The seal card shall not be tampered with or altered in any way.

(e) The seal card shall be displayed prominently with its corresponding tip jar during the sale of the tip jar. The seal card shall be imprinted with the manufacturer prescribed payout for the tip jar and shall show the serial number of the tip jar packet. After the complete sale of each tip jar, the seal card shall be retained pursuant to these Regulations and the Statute.

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(f) All miscellaneous games must be entered on the tip jar licensee's log showing the serial number, sticker number, gross receipts, and the value of any merchandise (non-cash) prizes.

(g) The operation of tip jars which include "dummy" or "loser" tickets" is prohibited with the exception of games that include 1,520 plus 80 "dummy" or "loser" tickets" sealed four to a pack. *(These games may be referred to as "club" or "cookie" jars.)*

(h) Only merchandise (non-cash) prizes may be awarded for punchboards and tip boards (tear strips) having a gross profit of fifty dollars (\$50.00) or less. Invoices or sales receipts for merchandise (non-cash) prizes shall be retained by the tip jar license operator and shall be determinative of the value of such prizes.

(i) All tip jar packets and related material located on the premises of the holder of a tip jar operator's license or otherwise in the possession of a tip jar licensee shall be made available for inspection by the County Agency or its agent (including a law enforcement officer) upon request.

Section 1-109. Wholesaler reporting and deposit requirements.

(a) Each holder of a wholesaler's license shall submit to the County Agency no later than the 15th day of each month on a computer disk format prescribed by the County Agency the following information for each tip jar packet sold to a holder of a tip jar operator's license during the preceding month:

- (1) Wholesaler licensee's name;
- (2) Tip jar licensee's name;
- (3) Gaming sticker number;
- (4) Serial number of the tip jar packet;
- (5) Name of manufacturer of the tip jar packet; and
- (6) Gross profits of the tip jar.

(b) At the time of sale of each tip jar packet, a wholesaler shall collect from the tip jar operator and deposit with the County Agency to the credit of the Fund the portion of gross profits prescribed in subsections (g) and (h) of Section 1-105.

(c) Tip jar deposits shall be made as follows:

- (1) Each holder of a wholesaler's license shall deposit with the County Agency on the fifteenth day of each month the total collections received

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from tip jar licensees under subsection (b) of this Section during the period commencing on the first day of the month and ending on the fourteenth day of the month.

- (2) Each holder of a wholesaler's license shall deposit with the County Agency on the first day of each month the total collections received from tip jar licensees under subsection (b) of this Section during the period commencing on the fifteenth day of the preceding month and ending on the last day of the preceding month.
- (3) If the date on which a deposit is required to be made with the County Agency under subsections (c)(1) and (c)(2) is a Saturday, Sunday, or a holiday observed by the closing of the County Agency's office, then the deposit shall be made on the next business day when the County Agency's office is open.
- (4) Late deposit of collections with the County Agency is grounds for suspension or revocation of the wholesaler's license.

(d) All reports required by these Regulations to be submitted to the County Agency by a holder of a wholesaler's license shall be made on a computer disk format in a DBF dBase format, WK1 Lotus format, XLS Excel format, fixed length text format or delimited text format. Each disk shall be labeled with the name of the holder of the wholesaler's license, the wholesaler's license number, the month for which the report is being made, and the disk format.

(e) The tip jar packet shall not be sold or distributed unless it has been approved in writing by the County Agency. Before selling or distributing a tip jar packet in the County, a holder of a wholesaler's license shall submit to the County Agency for approval:

- (1) A copy of the flare or insert relating to the tip jar packet which has been prepared by the manufacturer of the tip jar packet, or
- (2) Where no flare or insert has been prepared by the manufacturer of the tip jar packet, a written statement prepared by the wholesaler containing the following information about the tip jar packet:
 - (i) description of game;
 - (ii) number of cards and cost of each card;
 - (iii) pay out scale;
 - (iv) gross profit; and
 - (v) suggested bonus award where applicable.

(f) The use of electric or electronic tip jar dispensing machines may be permitted for use, placement, possession, and sale, by a licensed tip jar wholesaler, in or on the premises of a licensed tip jar operator, under the following conditions:

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- (1) The dispensing device is approved in writing by the County Agency prior to the use, placement, possession or operation of the device.
- (2) The tip jar tickets dispensed by the device are preprinted by the tip jar manufacturer prior to being placed or loaded within the device.
- (3) The device is not capable of printing upon or altering a tip jar ticket after the tip jar tickets are placed or loaded into the device.
- (4) The device does not utilize a random number generator, random number shuffler, or similar method to display, print, or dispense a tip jar ticket.
- (5) The device does not deceive the player, by its appearance, that the device is, or operates in the same or similar manner as a slot machine as defined by Title 12 of the Criminal Law Article of the Annotate Code of Maryland.
- (6) The device is designed, manufactured, and operated in a manner, which allows the County Agency to inspect and audit the device to confirm compliance with State Statute and County Regulations.
- (7) The device is not controlled, or capable of being manipulated, reset, or adjusted by a remote computer server or any similar method.

(g) The use of electric or electronic tip jar dispensing devices will not be permitted in conjunction with an off-premise license issued by the County Agency. A device, which has been approved for use, can only be operated on or within the premise for which a tip jar operator's license has been issued. Temporary tip jar license holders are not permitted to operate or utilize electric or electronic tip jar dispensing devices in conjunction with any licensed gaming event.

(h) All financial and other records of each holder of a wholesaler's license shall be retained by the licensee for five (5) years.

(i) Each holder of a wholesaler's license shall make available upon request by the County Agency for inspection and/or audit by the County Agency or its agent (including a law enforcement officer) or auditor all of the licensee's financial and other records relating to the sale or wholesale for profit of tip jar packets in the County.

Section 1-110. Tip jar operator reporting requirements.

(a) Each holder of an annual tip jar operator's license shall submit to the County Agency no later than thirty (30) days after March 31, June 30, September 30, and December 31 of each year on forms or a computer disk format prescribed by the County Agency the following

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information for each tip jar operated by the holder of the annual tip jar operator's license during the three (3) months ending on March 31, June 30, September 30, and December 31, as the case may be ("Quarterly Report"):

- (1) Serial number of the gaming stickers affixed to the tip jar packet;
- (2) Serial number of the tip jar packet;
- (3) Description of the tip jar game;
- (4) Gross profits from the operation of the tip jar;
- (5) Date on which the tip jar game began;
- (6) Date on which the tip jar game ended; and
- (7) Tip jar winning number.

(b) Each holder of a temporary tip jar operator's license shall submit to the County Agency no later than ten (10) business days after the date of expiration of each license on forms or a computer disk format prescribed by the County Agency the following information, applicable, for each tip jar operated by the holder of the temporary tip jar operator's license during the period of the license and for each tip jar packet in the possession of the license holder at the expiration of license which had not been operated or from which tips had not been offered for sale ("Temporary License Report"):

- (1) Serial number of the gaming stickers affixed to the tip jar packet;
- (2) Serial number of the tip jar packet;
- (3) Description of the tip jar game;
- (4) Gross profits from the operation of the tip jar;
- (5) Date on which the tip jar game began;
- (6) Date on which the tip jar game ended; and
- (7) Tip jar winning numbers.

In addition, the original temporary license shall be returned to the County Agency with the Temporary License Report.

(c) In addition to the information required to be reported under subsections (a) and (b) above, if a merchandise prize is awarded for a tip jar game, the merchandise prize shall be

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identified by description and value of the merchandise prize in the miscellaneous or comment column of the reporting form. (The value of merchandise prizes shall be the cost of the merchandise prize(s) to the tip jar operator licensee.)

(d) Quarterly Reports and Temporary License Reports may be submitted on computer disk format; however, the disk shall be in a DBF d-Base format, WK1 Lotus format, XLS Excel format, fixed length text format or a delimited text format. Each disk shall be labeled with the name of the holder of the annual tip jar operator's license, tip jar license number, Quarterly Report dates or Temporary License Report dates, and disk format.

(e) Any punchboards, tip boards or tear strips with a gross profit of fifty dollars (\$50.00) or less must be reported within the gross profit column of the reporting form.

(g) Each holder of a tip jar operator's license (annual or temporary) shall make available upon request by the County Agency for inspection and/or audit by the County Agency or its agent (including a law enforcement officer) or auditor all of the licensee's financial and other records relating to the operation of tip jars by the licensee.

(h) All financial and other records of each holder of a tip jar operator's license (annual or temporary), except seal cards, shall be retained by the licensee for five (5) years. Every seal card shall be retained by the licensee until the expiration of six (6) months following the last day of the month in which the tip jar operator submits the Quarterly Report (see Section 1-110 (a)) or the Temporary License Report (see Section 1-110 (b)) in which the tip jar to which the seal card relates is reported as having been operated.

(i) The County Agency shall send an agent (including a law enforcement officer) to inspect periodically the premises of holders of tip jar operator's licenses (annual or temporary) to ensure compliance with the Statute and these Regulations.

(j) All reports submitted under this section shall include a written statement signed by the individual making the report in which the individual solemnly affirms under the penalties of the Statute and these Regulations and under the penalty of perjury that the contents of the report are true to the best of the individual's knowledge, information, and belief.

Section 1-111. Washington County Gaming Fund.

(a) A Washington County Gaming Fund is established.

(b) Deposits that are made by holders of wholesaler's licenses pursuant to Section 1-109 shall be made to the credit of the Fund.

(c) The Commission may use money in the Fund to reimburse the Board for the costs to the County for administering the Statute and these Regulations in accordance with a written agreement between the Board and the Commission.

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(d) The Commission shall distribute, after reimbursement, if any, to the Board of the costs incurred by the Board in administering the Statute and these Regulations:

- (1) Once each year, in August, and any other time deemed necessary by the Commission, fifty percent (50%) of the monies deposited in the Fund to bona fide charitable organizations in the County subject to the restrictions of these Regulations; and
- (2) Twice each year, in July and January, and any other time deemed necessary by the Commission, fifty percent (50%) of the monies deposited in the Fund to the Washington County Volunteer Fire and Rescue Association.

(e) Bona fide charitable organizations in the County requesting contributions from the Fund may submit applications to the Commission on forms prescribed by the Commission in May of each year and at any other time deemed necessary by the Commission. The Commission, thereafter, shall hold an open meeting to discuss each application.

(f) The following charitable organizations are eligible to receive distributions from the Fund:

- (1) Those organizations approved by the Board as organizations to which the Board may contribute bi-annually in accordance with Section 1-108 of the Public Local Laws of Washington County, Maryland; and
- (2) Bona fide charitable organizations in the County approved by the Commission in accordance with the following criteria:
 - (i) The organization is a bona fide charitable entity and is recognized as such under existing tax codes;
 - (ii) The organization is located in Washington County;
 - (iii) With the exception of the United Way, the organization is not an umbrella organization made up of two or more member agencies;
 - (iv) The organization demonstrates that it is properly organized and well managed;
 - (v) The organization's goals and objectives are directed toward improving the quality of life in Washington County; and
 - (vi) The organization does not practice discrimination by age, race, creed, sex, color, national origin, or disability.

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Section 1-112. Enforcement and Penalties.

(a) Licensing.

- (1) If the County Agency makes a preliminary determination that an applicant for a license will not be granted a license, the applicant shall first be given an opportunity for a hearing in accordance with Title 10, Subtitle 2 of the State Government Article of the Annotated Code of Maryland before any proposed adverse action becomes final. The County Agency shall notify the applicant in writing of the proposed denial and of the applicant's right to a hearing.
- (2) If the applicant does not submit to the County Agency a written request for a hearing within fifteen (15) days after receipt of notice of the preliminary determination, the application for license shall be denied and no license shall be issued.
- (3) If a hearing is requested by an applicant, the hearing shall be conducted by the Office of Administrative Hearings in accordance with COMAR Title 28, Subtitle 02, except as provided otherwise in these Regulations.
- (4) An applicant for a license shall have the burden of proving by clear and convincing evidence that the applicant is eligible for and entitled to a license.
- (5) If an applicant is denied a license by the County Agency and no hearing on the denial is held, fifty percent (50%) of the license fee which was paid at the time of the filing of the application shall be refunded to the applicant. If a hearing is held on the denial of a license, no part of the license fee shall be refunded.

(b) Violations.

- (1) The County Agency, or its authorized agent (including a law enforcement officer), is authorized to cite all civil violations of the Statute and these Regulations in accordance with Title 10, Subtitle 2 of the State Government Article of the Annotated Code of Maryland and seize any and all illegal gaming devices.
- (2) A licensee who has been cited by the County Agency for violation of the Statute and/or these Regulations shall have an opportunity for a hearing in accordance with Title 10, Subtitle 2 of the State Government Article of the

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Annotated Code of Maryland before an administrative law judge of the Maryland Office of Administrative Hearings.

- (3) The County Agency shall give a licensee written notice of the alleged violation(s), of the proposed penalties, and of the licensee's right to a hearing if requested within fifteen (15) days.
- (4) If the licensee does not submit to the County Agency a written request for a hearing to contest the alleged gaming law violations and/or the proposed penalty within fifteen (15) days of receipt of the County Agency's notice, the citation shall be sustained and the finding of violation(s) and the proposed administrative penalties shall become final.
- (5) If a timely written request for a hearing is made by the licensee, a hearing shall be held within sixty (60) days after receipt of the licensee's request before an administrative law judge of the Office of Administrative Hearings, who shall state on the record findings of fact and conclusions of law.
- (6) All hearings before an administrative law judge shall be conducted in accordance with the rules of procedure contained in COMAR Title 28, subtitle 02. The County Agency shall be represented by the County Attorney or designee.
- (7) The County Agency shall have the burden of proving violations by a preponderance of the evidence.
- (8) The determination of the administrative law judge is a final decision for the purpose of judicial review of a final decision in a contested case under Section 10-222 of the State Government Article of the Annotated Code of Maryland. Judicial review of disputed issues of the fact shall be confined to the record for judicial review, unless the fines exceed \$5,000.00 in which case judicial review shall be de novo.
 - (i) There shall be no pretrial discovery under Chapter 400 of Title 2 of the Maryland Rules in de novo judicial review, and the court shall conduct the de novo proceeding without a jury.
 - (ii) The court shall conduct the *de novo* proceeding in an informal manner in accordance with the rules of procedure applicable to the hearing before the administrative law judge.
- (9) The following penalties may be imposed for violations of the Statute and/or the Regulations:

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- (i) For a first offense, denial or suspension of the person's tip jar license or wholesaler's license and a civil fine not to exceed one thousand five hundred dollars (\$1,500.00); and
 - (ii) For a subsequent offense:
 - (a) A civil fine not exceeding five thousand dollars (\$5,000.00); and
 - (b) Revocation of the person's tip jar operator's license or wholesaler's license.
 - (c) A license may be denied, suspended, or revoked if an applicant makes a materially false statement on or fraudulently completes or submits a license application or any other document submitted to the County relating to tip jar operations.
- (10) Action by County Agency.
- (i) In addition to the penalties set forth above for a subsequent offense, if the licensee also has a liquor license, the County Agency may recommend to the Board of License Commissioners that the licensee's liquor license be suspended for not less than fifteen (15) days.
 - (ii) If applicable, the County Agency shall notify the Board of License Commissioners of the County of a violation of the Statute or of these Regulations for the Board of License Commissioners' consideration under Article 2B, Section 56(b)(9) of the Annotated Code of Maryland.
- (11) Fines collected under this subsection shall be credited to the general fund of the County.
- (12) A person whose tip jar operator's license or wholesaler's license is revoked may not be issued another tip jar operator's license or wholesaler's license in the County.
- (13) The penalties imposed in this section are in addition to all others imposed by law.
- (14) Nothing in this section precludes charging applicants for licenses or licensees with criminal violations of the Annotated Code of Maryland.

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Section 1-113. Rewards.

A reward in an amount not to exceed one thousand dollars (\$1,000.00) may be given anonymously by the Board to individuals who provide information leading to the arrest of individuals for violations of the Statute and/or these Regulations, whenever in the Board's judgment the nature and character of the offense warrants a reward.

A reward in an amount not to exceed 10% of the fines assessed, may be given anonymously by the Board to individuals who provide information leading to the imposition of civil penalties under the Statute and/or these Regulations, whenever in the Board's judgment the nature and character of the offense warrants a reward.

Section 1-114. Appeals.

An administrative law judge's final decision involving an applicant for a license or a licensee may be appealed in accordance with Title 7, Chapter 200 of the Maryland Rules of Procedure.

Section 1-115. Effective dates.

The effective date of these Regulations relating to Gaming is July 5, 1995.

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