

7863.0210 DISTRIBUTORS; DISTRIBUTOR SALESPERSONS LICENSES.

Subpart 1. **Distributor or distributor salesperson license required.** A person may not sell, offer for sale, or furnish gambling equipment for use in Minnesota to any organization that conducts lawful gambling unless the person has obtained a distributor's or distributor salesperson's license or license renewal issued by the board.

Subp. 2. **Distributor or distributor salesperson licensing qualifications.** A distributor or distributor salesperson is not eligible for a license unless they have met the requirements of Minnesota Statutes, sections 349.155, subdivision 3, and 349.161, subdivision 5. For purposes of compliance with Minnesota Statutes, section 349.155, subdivision 3, the following definitions apply.

A. "Director" means a member of the distributor's board of directors.

B. "Officer" means any person elected, appointed, or designated as an officer by the distributor's board of directors.

C. "Other person in a supervisory or management position" means any person employed to direct or control the personnel and activities of a distributor's department or division.

Subp. 3. **Distributor restrictions.** In addition to the prohibitions in Minnesota Statutes, section 349.161, subdivisions 1 and 5, the following restrictions apply when conducting business with organizations authorized to conduct lawful gambling in Minnesota. A distributor, distributor salesperson, or any representative, agent, affiliate, or employee of a distributor may not:

A. contribute more than \$250 in any calendar year to an organization or participate in a fund-raising event if the contribution or fund-raising event is related to the organization's conduct of lawful gambling;

B. lease premises to an organization for the conduct of lawful gambling;

C. be an officer, director, paid employee, gambling volunteer, or gambling manager of an organization involved in the conduct of lawful gambling;

D. participate directly in the determination and purchase of gambling equipment for an organization;

E. provide or permit an affiliate or person acting on behalf of the distributor to provide any compensation, gift, gratuity, premium, contribution, or thing of value to a board employee or board member;

F. enter into any agreement with any other distributor that restricts either of them in the sale of gambling equipment; or

G. enter into any agreement with any other distributor to establish the price at which any gambling equipment may be sold.

Subp. 4. **Contents of distributor license application.** The distributor license application must contain the following information:

A. distributor's legal name, any other names used, the legal nature of the business (corporation, partnership, limited liability company, or sole proprietorship), Minnesota tax identification number, and federal employer identification number;

B. principal business address and telephone number;

C. mailing address, if different than the business address;

D. names and titles of the owners, partners, officers, directors, managers, supervisors, sales employees, and persons or entities with a direct or indirect financial interest of five percent or more in the distributorship;

E. address and telephone number of all facilities where gambling equipment and supplies are unloaded in Minnesota prior to sale;

F. acknowledgment regarding the licensing qualifications and restrictions contained in subparts 2 and 3;

G. names, addresses, and account numbers of all business bank accounts;

H. an acknowledgment that if the license is terminated or suspended the distributor will file the certified physical inventory required in subpart 10 or 11;

I. date and signature, in ink, of the chief executive officer; and

J. additional information that may be required by the board to properly identify the distributor and ensure compliance with Minnesota Statutes, sections 349.11 to 349.23.

Subp. 5. **Attachments to distributor license application.** The distributor must attach a distributor personnel form to the application for persons identified in item A.

A. A distributor personnel form must be completed by each:

(1) owner;

(2) partner;

(3) member of the board of directors or board of governors;

(4) officer, including but not limited to president, vice-president, secretary, treasurer, controller, or general counsel;

(5) manager or supervisor of shipping, sales, personnel, governmental relations, and security;

(6) person or entity with a direct or indirect financial interest of five percent or more in the distributorship;

(7) consultant who provides advice for the sale or design of equipment for sale in Minnesota; and

(8) nonsales employee.

B. For persons identified in item A, subitems (1) to (7), the distributor personnel form must include:

(1) distributor's name and license number, if issued;

(2) name, home address, date of birth, Social Security number, and daytime telephone number of the person;

(3) person's position with the distributor;

(4) employment history and places of residence for the past ten years;

(5) criminal history statement, not including petty misdemeanors;

(6) name, address, license number, exempt permit number, or exclusion authorization of any organization conducting lawful gambling in Minnesota of which the person is a member;

(7) Minnesota tax identification number of businesses that the person has owned for the past ten years;

(8) for a person who will conduct sales:

(a) the person must submit a recent photograph measuring one inch by 1-1/4 inches; and

(b) acknowledge the licensing qualifications in subpart 2 and restrictions in subpart 3;

(9) date and signature, in ink, of the person; and

(10) additional information that may be required by the board to properly identify the person and ensure compliance with Minnesota Statutes, sections 349.11 to 349.23.

C. For nonsales employees as identified in item A, subitem (8), the distributor personnel form must include:

(1) distributor's name and license number, if issued;

(2) name, home address, date of birth, and daytime telephone number of the person;

(3) person's position with the distributor;

(4) name, address, license number, exempt permit number, or exclusion authorization of any organization conducting lawful gambling in Minnesota of which the person is a member;

(5) an acknowledgment regarding the restrictions in subpart 3;

(6) date and signature, in ink, of the person; and

(7) additional information that may be required by the board to properly identify the person and ensure compliance with Minnesota Statutes, sections 349.11 to 349.23.

Subp. 6. **Contents of distributor salesperson license application.** For a person who will be employed by a distributor to conduct sales, as identified in subpart 5, item A, subitems (3) to (6), a distributor salesperson license application must contain the following:

A. information required in subpart 5, item B;

B. recent photograph of the person measuring one inch by 1-1/4 inches; and

C. acknowledgment regarding the licensing qualifications in subpart 2 and restrictions in subpart 3.

A person who is an independent contractor is not eligible for a license. A distributor salesperson license is not required for the owner or partner of a distributorship licensed by the board.

Subp. 7. **Changes in distributor or distributor salesperson license application information.** If any information submitted in the application changes during the license term, the distributor or distributor salesperson must notify the board within ten days of the change.

Subp. 8. **Issuing or denying a new or renewal distributor or distributor salesperson license.** This subpart governs a new or renewal distributor or distributor salesperson license issued or denied by the board.

A. Before issuing a new or renewal distributor license, the board must conduct or request the director of alcohol and gambling enforcement to conduct a background investigation, which may include a review of the distributor's sources of financing, ownership, and organizational structure. Actual costs in addition to the new or renewal application fee must be paid by the distributor.

B. The board must issue a license to a distributor or distributor salesperson who:

(1) submits the information required in the application and attachments and for a renewal application submits a complete application at least 75 days before the expiration of the existing license;

(2) pays the fee required by Minnesota Statutes, section 349.161, subdivision 4; and

(3) is eligible to receive a license under item A and subparts 2 and 3.

C. The board must deny a new or renewal application if a distributor or distributor salesperson:

(1) is ineligible under item A and subparts 2 and 3; and

(2) has failed to submit all information required by subparts 5 and 6.

When the board determines that an application must be denied, the board must promptly give a written notice to the distributor or distributor salesperson. The notice must contain the grounds for the action and reasonable notice of the rights of the distributor or distributor salesperson to request an appeal under part 7865.0260, subpart 2 or 4, whichever is applicable.

D. All fees submitted with a new or renewal license application are considered earned and are not refundable.

Subp. 9. **Distributor license effective date.** A distributor license issued by the board is effective on the first day of the month after board approval or as otherwise determined by the board.

Subp. 10. **Distributor license termination.** Before terminating its license, the distributor must submit to the board and commissioner of revenue a certified physical inventory in a format prescribed by the board. Termination of a license may occur due to revocation or denial of the license by the board, or the distributor voluntarily quitting its business. The certified physical inventory must include the following information:

A. an inventory of all gambling equipment when the form is prepared, including name, form number, bar code information, and quantity of all gambling equipment in the distributor's inventory; and

B. plans for disposal of all gambling equipment by the date of termination. After the date on which a license is terminated, it is illegal for a distributor to have gambling equipment in its possession.

The distributor or designated agent must keep all invoices and other required documentation related to the sale of gambling equipment for 3-1/2 years after the license has been terminated.

Subp. 11. **License suspension.** When a distributor's license is suspended under part 7865.0220, the licensee must provide to the commissioner of revenue a certified physical inventory of gambling equipment in inventory on the day the suspension begins. The certified physical inventory must include the name, form number, bar code information,

and quantity of all gambling equipment in the distributor's inventory on the day the suspension begins.

Statutory Authority: *MS s 14.055; 349.12; 349.151; 349.154; 349.155; 349.16; 349.162; 349.163; 349.1635; 349.165; 349.166; 349.167; 349.169; 349.17; 349.1711; 349.1721; 349.173; 349.19; 349.191; 349.211*

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