

7865.0210 COMPLIANCE REVIEW GROUP.

Subpart 1. **Establishment of compliance review groups.** The chair of the board must appoint at least one panel consisting of at least three board members to serve as a compliance review group. Compliance review groups will meet as necessary to exercise the powers and duties granted to them by subpart 2.

Subp. 2. **Powers and duties of compliance review groups.** Each compliance review group:

A. may meet as necessary to consider alleged violations of laws or rules related to lawful gambling by persons or entities licensed under Minnesota Statutes, chapter 349;

B. may direct the director to initiate investigations of persons or entities licensed under Minnesota Statutes, chapter 349, for the purpose of determining whether laws or rules related to lawful gambling have been violated;

C. may require any person or entity licensed under Minnesota Statutes, chapter 349, to appear before it to discuss alleged violations of laws or rules related to lawful gambling;

D. may conduct hearings according to this subpart and require any person or entity required to appear to participate in a prehearing conference prior to the appearance. The prehearing conference may occur at the board office, or by means of a telephone conference call or other electronic method;

E. may propose, negotiate, and enter into consent orders with licensees to resolve any violations of laws or rules related to lawful gambling;

F. may recommend to the board that it take disciplinary action against a person or entity licensed under Minnesota Statutes, chapter 349;

G. may recommend to the board that it summarily suspend a license under Minnesota Statutes, section 349.1641;

H. may initiate and recommend any other proceedings necessary to ensure that violations of the laws and rules related to lawful gambling are detected and addressed appropriately; and

I. must consider the following factors in negotiating the terms of a consent order, which may include the term and length of any suspension or revocation of a license or premises permit issued under Minnesota Statutes, chapter 349, the amount of a fine or civil penalty, reimbursement to the gambling account, and corrective action required to be taken by the licensee:

(1) the severity of the conduct as indicated by the potential harm to the integrity of lawful gambling;

- (2) the culpability of the violator;
- (3) the frequency of the violator's failure to comply with the laws or rules;
- (4) the actual harm caused to the integrity of lawful gambling;
- (5) the likelihood that the violation will occur again;
- (6) the degree of the violator's cooperation during the course of the investigation into the violator's activities, including self-reporting for noncompliance of laws or rules; and
- (7) any other factor related to the violation that is considered crucial to the determination of the terms of the consent order as long as the same factors are considered with regard to all violators.

This item also pertains to proposed fines issued by the director.

Subp. 3. **Definitions.** The following terms have the meanings given them in this chapter.

A. "Suspension" means that the licensee keeps its license or premises permit, even though its conduct of lawful gambling in Minnesota must stop during the time of suspension.

B. "Revocation" means that the license or premises permit is terminated on the effective date of revocation.

C. "Complete change of ownership" means that when a violation occurred a person who was the lessor or owner of a site, an immediate family member of a lessor or owner, a person residing in the same household as an owner or lessor, or who otherwise held a direct or indirect financial interest of five percent or more in the site is currently not:

- (1) a lessor or owner of the site;
- (2) an immediate family member of the new lessor or owner of the site;
- (3) a person residing in the same household as a lessor or owner of the site;

or

(4) a holder of a direct or indirect financial interest of five percent or more in the site.

An appropriately recorded contract for deed does not constitute a prohibited direct or indirect financial interest. The existence of a complete change of ownership is an affirmative defense of an organization that has, or is applying for, a premises permit for the site.

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*

History: *31 SR 1239; 35 SR 1276*

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