

**Minnesota Racing Commission**

**Adopted Expedited Permanent Rules Relating to Advance Deposit Wagering**

**7869.0100 DEFINITIONS.**

[For text of subps 1 to 6a, see M.R.]

Subp. 6b. ~~Amount~~ **Amounts** ~~wagered by a Minnesota resident~~ **residents**.

"~~Amount wagered by a Minnesota resident,~~" as used in Minnesota Statutes, section 240.01, ~~subdivision 20a,~~ "Amounts wagered by Minnesota residents," for purposes of determining source market fees required by Minnesota Statutes, section 240.131, subdivisions 3 and 6, and payments to the state required by Minnesota Statutes, section 240.131, subdivision 7, means all pari-mutuel wagers, pooled or community wagers, and contest entry fees.

[For text of subps 7 and 8, see M.R.]

Subp. 8a. **Beneficial owner.** "Beneficial owner" means persons or entities holding at least five percent ownership or voting interest in a vendor, racing or gaming-related vendor, applicant, or license holder.

[For text of subps 9 to 32a, see M.R.]

Subp. 32b. **Key employee.** "Key employee" means ~~officers~~ an officer, ~~directors~~ director, ~~partners~~ partner, sales ~~representatives~~ representative, sole ~~proprietors~~ proprietor, ~~and signatories~~ or signatory on ~~agreements~~ an agreement with a ~~licensed racetracks~~ racetrack.

[For text of subps 33 to 51a, see M.R.]

~~Subp. 51b. **Racing or gaming-related vendor.** "Racing or gaming-related vendor" means a person that manufactures, sells, provides, or distributes equipment or supplies used at a Class A facility, or provides services to a Class A facility or Class B license holder, that are directly related to simulcasting, pari-mutuel wagering, or card club operations. Racing or gaming-related vendor includes an advance deposit wagering provider.~~

2.1 [For text of subps 52 to 69, see M.R.]

2.2 **7877.0100 GENERAL REQUIREMENTS.**

2.3 Subpart 1. **Scope.** Except as otherwise provided by rule, an individual who serves on  
2.4 the association board of directors, an association officer, ~~a racing or gaming-related vendor~~  
2.5 an advance deposit wagering provider, and any person whose work, in whole or in part, is  
2.6 conducted at a licensed racetrack shall first obtain a Class C license from the commission.

2.7 [For text of subp 2, see M.R.]

2.8 **7877.0110 PROCEDURE FOR OBTAINING CLASS C LICENSE.**

2.9 [For text of subp 1, see M.R.]

2.10 Subp. 2. **Individual Application content.** An application ~~from an individual~~ for a  
2.11 Class C license must include the following information with respect to the applicant:

2.12 [For text of items A to G, see M.R.]

2.13 ~~Subp. 2a. **Racing or gaming-related vendor application content.** An application~~  
2.14 ~~for a Class C racing or gaming-related vendor license must be on a form prescribed by the~~  
2.15 ~~commission and must include, at minimum, the following:~~

2.16 ~~A. name and address of entity, including physical address and Web site or~~  
2.17 ~~e-mail address;~~

2.18 ~~B. name, title, and contact information of an individual authorized to~~  
2.19 ~~communicate with the commission on matters relating to the application and license;~~

2.20 ~~C. type of goods or services offered to a Class A or Class B license holder;~~

2.21 ~~D. executive summary of current business plan;~~

2.22 ~~E. a description of the applicant's anti-money-laundering policies and~~  
2.23 ~~procedures;~~

~~F. details of the applicant's corporate structure and copies of current corporate filings and certificate of good standing in jurisdiction where the entity is registered or incorporated;~~

~~G. tax identification number or Social Security number;~~

~~H. identity of all key employees and beneficial owners;~~

~~I. list of all criminal, civil, and regulatory actions where the applicant, any key employee or beneficial owner, or any business that had a key employee or beneficial owner in common with the applicant, was the subject of the action;~~

~~J. details of racing or gaming-related licenses that have been denied, suspended, or revoked by any racing or gaming jurisdiction, including licenses where any key employee or beneficial owner of the applicant was a key employee or beneficial owner of the entity whose license was denied, suspended, or revoked;~~

~~K. copies of all contracts with Minnesota licensed racetracks and an assurance that the commission will be notified of any other agreements or understandings between the licensed racetrack and the vendor, whether oral or written;~~

~~L. surety bond or other form of financial security as required by Minnesota statutes or rules;~~

~~M. consent to submit to the jurisdiction of Minnesota courts and agencies in any action relating to the subject matter of the license, application, or business with a Class A or Class B license holder; and~~

~~N. any other information the commission determines is necessary to evaluate the fitness of the applicant under applicable laws or rules.~~

Subp. 3. **Application submission.** An application shall not be considered filed until the application form has been filled out completely, and all information requested by the commission has been supplied, ~~and the license fee has been paid. Failure to file a~~

complete application, or knowingly filing an application that contains false or misleading information, shall be grounds for denial of the application.

[For text of subp 4, see M.R.]

#### **7877.0120 FEES.**

Subpart 1. **License fees.** Each application for a Class C license, or its renewal, shall be accompanied by the payment of an annual fee according to the following schedule:

[For text of items A to AA, see M.R.]

BB. owner/trainer/driver, \$100; and

CC. with the exception of owner/trainer/driver, all applicants to participate at a Class B or D licensed facility where the meet to be conducted is seven or fewer days, \$10; and

~~DD. advance deposit wagering provider, \$10,000 for the first year and \$2,500 for each year thereafter.~~

[For text of subps 2 to 4, see M.R.]

#### **7877.0125 CRITERIA FOR DETERMINING ELIGIBILITY.**

Subpart 1. **Age.** An individual applicant for a Class C license, except an individual owner's license, shall be at least 14 years of age unless an older age is required by statute or rule; however individual Class C licensees who work in proximity to horses shall be at least 16 years of age.

Subp. 2. **Burden of proof.** If an applicant for a Class C license, a key employee or beneficial owner of the applicant, or an entity with a key employee or beneficial owner in common with the applicant, has had a license denied, suspended or revoked or been excluded in Minnesota or another racing jurisdiction, or has engaged in conduct that the commission determines would adversely affect the public health, welfare, and safety or the

integrity of racing in Minnesota, the commission shall consider such fact as prima facie evidence that the applicant is unfit to be granted a Class C license, and the burden of proof shall rest upon the applicant to establish his or her fitness. In reviewing such applications, the commission shall consider the factors provided in part 7877.0100, subpart 2.

[For text of subp 3, see M.R.]

#### **7877.0160 DURATION AND EXTENT OF CLASS C LICENSES.**

Subpart 1. **Duration.** A Class C license shall expire at midnight on December 31 of the calendar year after its issuance. A license to conduct advance deposit wagering issued after October 15 of any calendar year shall expire on December 31 of the following calendar year.

[For text of subps 2 to 4, see M.R.]

### **CHAPTER 7880**

#### **ADVANCE DEPOSIT WAGERING**

##### **7880.0010 SCOPE.**

This chapter applies to advance deposit wagering providers licensed by the commission under Minnesota Statutes, section 240.131. Advance deposit wagering providers shall not accept wagers from Minnesota residents on races conducted in Minnesota. The activities of a licensed advance deposit wagering provider are deemed to be relevant to the integrity of horse racing activities in Minnesota for purposes of Minnesota Statutes, sections 240.03 and 240.08.

##### **7880.0020 LICENSING OF ADVANCE DEPOSIT WAGERING PROVIDERS.**

Subpart 1. **License required.** No person shall offer or accept advance deposit wagers from Minnesota residents after November 1, 2016, unless the person holds a license in good standing as an advance deposit wagering provider under chapter 7877 and complies with all requirements of this chapter and applicable laws ~~or~~ and rules.

6.1 Subp. 2. **Information required at time of application.** ~~In addition to~~ lieu of the  
6.2 information required in part 7877.0110, an applicant for a Class C license to provide  
6.3 advance deposit wagering shall provide the following information to the commission at  
6.4 the time of application:

6.5 A. ~~the names, addresses, and dates of birth of all key employees and beneficial~~  
6.6 ~~owners~~ name and address of applicant, including physical address and Web site or e-mail  
6.7 address;

6.8 B. ~~if an owner is a corporation, the date and place of its incorporation and an~~  
6.9 ~~organization chart showing all related business entities~~ name, title, and contact information  
6.10 of an individual authorized to communicate with the commission on matters relating to the  
6.11 application and license;

6.12 C. ~~evidence of approval to conduct advance deposit wagering from the~~  
6.13 ~~appropriate regulatory authority in the state where the principal office of the advance~~  
6.14 ~~deposit wagering provider is located~~ if an owner is a corporation, partnership, or other  
6.15 business organization, the date and place of its incorporation or organizational filing and  
6.16 an organization chart showing all related business entities;

6.17 D. ~~fingerprints of any key employee or beneficial owner if required by the~~  
6.18 ~~commission~~ executive summary of current business plan;

6.19 E. ~~written agreements between the applicant and Class A or Class B license~~  
6.20 ~~holders that meet the requirements of Minnesota Statutes, section 240.131, subdivision 3,~~  
6.21 ~~including written documentation of approval by the applicable horsepersons' groups~~ details  
6.22 of the applicant's corporate structure and copies of current business organizational filings  
6.23 and certificate of good standing in jurisdiction where the entity is registered or incorporated;

6.24 F. ~~a description of the processes and procedures implemented to identify and~~  
6.25 ~~report possible odds manipulation~~ evidence of approval to conduct advance deposit

7.1 wagering from the appropriate regulatory authority in the state where the principal office  
7.2 of the advance deposit wagering provider is located;

7.3 G. ~~a description of the security measures used to protect account holder~~  
7.4 ~~information and the integrity of the wagering process~~ the names, addresses, and dates of  
7.5 birth, and fingerprints if required by the commission, of all key employees and beneficial  
7.6 owners;

7.7 H. a complete list of licenses held by the applicant with other racing jurisdictions;

7.8 I. ~~total wagers accepted from Minnesota residents during the two years~~  
7.9 ~~preceeding the application, broken down by zip code if possible~~ list of all criminal, civil,  
7.10 and regulatory actions where the applicant, any key employee or beneficial owner, or any  
7.11 business that had a key employee or beneficial owner in common with the applicant,  
7.12 was the subject of the action; and

7.13 J. ~~any other information the commission determines is necessary to establish~~  
7.14 ~~the applicant's suitability for licensure and to fulfill its duties under Minnesota Statutes,~~  
7.15 ~~chapter 240.~~ details of racing or gaming-related licenses that have been denied, suspended,  
7.16 or revoked by any racing or gaming jurisdiction, including licenses where any key  
7.17 employee or beneficial owner of the applicant was a key employee or beneficial owner of  
7.18 the entity whose license was denied, suspended, or revoked;

7.19 K. written agreements between the applicant and Minnesota licensed racetracks  
7.20 that meet the requirements of Minnesota Statutes, section 240.131, subdivision 3,  
7.21 including written documentation of approval by the applicable horsepersons' groups;

7.22 L. copies or summaries of all contracts with Minnesota licensed racetracks that  
7.23 are not related to advance deposit wagering, and an assurance that the commission will  
7.24 be notified of any other agreements or understandings between the licensed racetrack  
7.25 and the applicant, whether oral or written;

8.1 M. surety bond or other form of financial security as required by Minnesota  
8.2 statutes or rules;

8.3 N. a description of the security measures used to protect account holder  
8.4 information and the integrity of the wagering process;

8.5 O. total wagers accepted from Minnesota residents during the two years  
8.6 preceding the application, broken down by zip code if possible;

8.7 P. consent to submit to the jurisdiction of Minnesota courts and agencies in any  
8.8 action relating to the subject matter of the license, application, or business with a Class A  
8.9 or Class B license holder;

8.10 Q. tax identification number or Social Security number;

8.11 R. a description of the applicant's anti-money-laundering policies and  
8.12 procedures; and

8.13 S. any other information the commission determines is reasonably necessary  
8.14 to establish the applicant's suitability in compliance with applicable laws or rules for  
8.15 licensure and advance deposit wagering, and to fulfill the commission's duties under  
8.16 Minnesota Statutes, chapter 240.

8.17 Subp. 3. **Granting of license.** If an applicant for a Class C license to conduct  
8.18 advance deposit wagering submits a complete application that meets all criteria in  
8.19 applicable laws and rules, the commission ~~may grant a license~~ shall undertake a review of  
8.20 the application and render a written determination on the application consistent with all  
8.21 applicable requirements. ~~Licensure is a privilege and the commission shall not be required~~  
8.22 ~~to grant any license to conduct advance deposit wagering.~~

8.23 Subp. 4. **Changes.** The commission may require changes or additions to the  
8.24 application, or changes to the proposed plan of operation, as a condition of granting a  
8.25 license if reasonably necessary to ~~carry out its~~ ensure compliance with applicable laws or



9.1 rules and to assist the commission in fulfilling its duties under Minnesota Statutes, chapter  
9.2 240, or to ensure compliance with applicable laws or rules.

9.3 Subp. 5. **Notification.** After a license is granted, the ~~commission must be notified~~  
9.4 licensee must notify the commission in writing of any material changes to the information  
9.5 provided during the application process.

9.6 Subp. 6. **Denial of license.** The commission may deny a license to conduct advance  
9.7 deposit wagering if any of the following conditions exist:

9.8 A. the applicant does not submit a complete application or supply all additional  
9.9 information requested by the commission;

9.10 B. the commission determines the applicant has intentionally withheld relevant  
9.11 information or provided false or misleading information in connection with the application;

9.12 C. the commission determines the bond or other evidence of financial  
9.13 responsibility provided by the applicant is inadequate to ensure the protection of  
9.14 Minnesota account holders and racetracks;

9.15 D. the applicant, or any entity with a key employee or owner in common with  
9.16 the applicant, has had a license revoked or denied in Minnesota or another jurisdiction;

9.17 E. the key employees or owners cannot sign the affidavit required in Minnesota  
9.18 Statutes, section 240.08, subdivision 2; or

9.19 F. the commission determines that licensure would not be in the public interest  
9.20 or would negatively impact the integrity of racing in Minnesota.

9.21 Subp. 7. **License not transferable.** A license to conduct advance deposit wagering  
9.22 shall not be transferable. An advance deposit wagering provider shall inform the  
9.23 commission any time there is a change in its controlling interest or when any key  
9.24 employee or beneficial owner listed on its original application is no longer a key employee  
9.25 or beneficial owner.

10.1 **7880.0030 PLAN OF OPERATION.**

10.2 Subpart 1. **Submission of plan.** An advance deposit wagering provider shall have a  
10.3 plan of operation approved by the commission which addresses the following issues in  
10.4 addition to those listed in Minnesota Statutes, section 240.131, subdivision 5:

10.5 A. types of wagering and contests offered and the manner in which wagering  
10.6 and contests will be conducted;

10.7 B. methods to be used for pooling wagers;

10.8 C. a complete description of the totalizator, transmission, and data processing  
10.9 programs and equipment to be used;

10.10 D. processes and procedures implemented to identify and report possible odds  
10.11 manipulation;

10.12 ~~D~~ E. methods for detecting and deterring the use of accounts for illegal activity;

10.13 ~~E~~ F. methods for accurately verifying an account holder's identity, age, and  
10.14 residence prior to establishing an account;

10.15 ~~F~~ G. processes for account holders to make deposits to, and withdrawals from,  
10.16 their accounts;

10.17 ~~G~~ H. a plan for reporting dormant accounts and unclaimed funds that complies  
10.18 with Minnesota Statutes, section 345.39 and 345.41; and

10.19 ~~H~~ I. any other issues ~~as required~~ determined to be necessary by the commission  
10.20 to carry out its duties under Minnesota Statutes, chapter 240.

10.21 Subp. 2. Implementing and amending the plan of operation. After the plan of  
10.22 operation has been approved by the commission, the licensee ~~may amend~~ must implement  
10.23 and follow the plan of operation and may amend it only with the commission's approval.  
10.24 The commission may withdraw its approval of a plan of operation; if the license holder

11.1 fails to follow the plan or makes material changes that do not meet the requirements of  
11.2 applicable laws or rules. ~~A violation of an approved plan of operation is deemed to be a~~  
11.3 ~~violation of Minnesota Statutes, section 240.22.~~

11.4 **7880.0040 ESTABLISHMENT OF ACCOUNTS.**

11.5 Subpart 1. **Requirement.** An individual customer of an advance deposit wagering  
11.6 provider must establish an account prior to placing an advance deposit wager. An account  
11.7 may only be established with a licensed advance deposit wagering provider.

11.8 Subp. 2. **Natural persons.** Accounts shall only be established by natural persons  
11.9 and shall not be transferable between persons.

11.10 Subp. 3. **Procedure.** To establish an account, an application must be electronically  
11.11 signed or otherwise expressly authorized ~~in a manner acceptable to the commission by~~  
11.12 the applicant and must contain the following information:

11.13 A. the applicant's full legal name;

11.14 B. the applicant's primary residence address;

11.15 C. the applicant's telephone number;

11.16 D. proper identification or certification demonstrating that the applicant is  
11.17 at least 18 years old; and

11.18 E. any other information the commission determines is necessary to carry out  
11.19 its duties under applicable laws and rules.

11.20 Subp. 4. **Applicant and account holder information.** An advance deposit wagering  
11.21 provider may not sell or share an applicant or account holder's information ~~unless required~~  
11.22 ~~by law, or court order. An advance deposit wagering provider may not use an applicant or~~  
11.23 account holder's information for any purpose not related to authorized advance deposit  
11.24 wagering, except as authorized by the applicant or account holder.

12.1 Subp. 5. **Verification of information.** Each application for an account shall be  
12.2 verified with respect to name, primary residence address, and date of birth either by an  
12.3 independent service provider or another means adequate to ensure the accuracy of the  
12.4 information. If the applicant's information cannot be reliably verified, the account shall  
12.5 not be established.

12.6 Subp. 6. **Notice to applicants.** An advance deposit wagering provider must provide  
12.7 the following information to each applicant when an account is established:

12.8 A. the process for funding accounts and making withdrawals from accounts;

12.9 B. wagering rules and procedures, methods, and timing of crediting and debiting  
12.10 accounts, and other information that is pertinent to the operation of the account;

12.11 C. notice that the account holder may place wagers only on races authorized for  
12.12 pari-mutuel wagering under Minnesota Statutes, chapter 240;

12.13 D. a unique account number;

12.14 E. notice that an account holder must be at least 18 years old and that individuals  
12.15 under the age of 18 shall not have access to the account;

12.16 F. information on responsible wagering and how to obtain assistance with  
12.17 problem gambling, including the contact information for at least one problem gambling  
12.18 assistance program; and

12.19 G. procedures for resolving disputes between the account holder and the  
12.20 advance deposit wagering provider.

12.21 Subp. 7. **Personal identification code.** An account holder shall be required to  
12.22 supply a secure unique personal identification code when establishing an account. The  
12.23 account holder must be required to supply the code when making deposits or withdrawals  
12.24 from the account and when placing a wager. The account holder has the right to change  
12.25 the code at any time.

13.1 Subp. 8. **Denial of accounts.** Nothing in this chapter prohibits an advance deposit  
13.2 wagering provider may refuse from refusing to open an account for what it deems good  
13.3 and sufficient reason reasonable business reasons.

13.4 **7880.0050 OPERATION OF ACCOUNTS.**

13.5 Subpart 1. **Deposits.** An account holder may make deposits to the account in the  
13.6 following forms:

13.7 A. cash, which may be deposited at financial or retail outlets designated by  
13.8 the advance deposit wagering provider;

13.9 B. check, money order, or negotiable order of withdrawal sent to an advance  
13.10 deposit wagering provider;

13.11 C. charges made to an account holder's credit or debit card upon authorization  
13.12 of the account holder; ~~and~~

13.13 D. electronic funds transfer from an account owned by the account holder, in  
13.14 which case the account holder shall be responsible for any fees imposed by the remitting  
13.15 entity; and

13.16 E. any other method approved by the commission.

13.17 Subp. 2. **Credits.** The following credits shall be posted to an account by the advance  
13.18 deposit wagering provider as soon as practicable after the race is declared official:

13.19 A. credit for winnings from wagers; and

13.20 B. credit for all refunded wagers ~~for entries that were declared nonstarters as~~  
13.21 required by the laws and rules applicable to the host track.

13.22 Subp. 3. **Debit.** Upon receipt of a wager, the advance deposit wagering provider may  
13.23 debit the account in the amount of the wager.

14.1 Subp. 4. **Suspension or refusal.** Nothing in this chapter prohibits an advance deposit  
14.2 wagering provider may suspend from suspending or refuse refusing deposits to an account  
14.3 for what it deems good and sufficient reason reasonable business reasons.

14.4 Subp. 5. **Disputes.** Disputes between an account holder and an advance deposit  
14.5 wagering provider shall be administered under the dispute resolution procedures contained  
14.6 in the plan of operation approved by the commission. If the advance deposit wagering  
14.7 provider fails to resolve the dispute, the commission may take appropriate action under  
14.8 chapter 7897, or may make claims against the bond or other form of financial security if  
14.9 the commission determines funds are owed to an account holder.

14.10 **7880.0060 CONDUCT OF WAGERING.**

14.11 Subpart 1. **Acceptance of wagers.** An advance deposit wagering provider may  
14.12 accept wagers via any wired or wireless communications device, subject to applicable  
14.13 laws or rules and the approved plan of operation.

14.14 Subp. 2. **No extension of credit.** An advance deposit wagering provider shall not  
14.15 accept wagers from an account holder in excess of the account balance. No credit shall be  
14.16 extended by an advance deposit wagering provider to an account holder.

14.17 Subp. 3. **Refusal.** Nothing in this chapter prohibits an advance deposit wagering  
14.18 provider may at any time refuse to accept a wager for what it deems to be good and sufficient  
14.19 reason from suspending or refusing deposits to an account for reasonable business reasons.

14.20 Subp. 4. **Information of account holders.** No employee of an advance deposit  
14.21 wagering provider shall use or divulge any information related to the placing of any  
14.22 wager or the operation of any account, ~~except to the account holder or as authorized by~~  
14.23 ~~law. No employee may use any such information for personal benefit~~ except as reasonably  
14.24 necessary in the course and scope of the employee's employment with the advance deposit  
14.25 wagering provider or as authorized by the account holder.

15.1 **7880.0070 CLOSING OF ACCOUNTS.**

15.2 Subpart 1. **Account holders.** An account holder has the right to close an account at  
15.3 any time for any reason.

15.4 Subp. 2. **Providers.** Nothing in this chapter prohibits an advance deposit wagering  
15.5 provider ~~may close from at any time closing~~ an account for ~~what it deems good and~~  
15.6 ~~sufficient reason~~ reasonable business reasons.

15.7 Subp. 3. **Inactivity.** An advance deposit wagering provider may close an account on  
15.8 which there has been no activity for at least six months.

15.9 Subp. 4. **Requirement to close account.** An advance deposit wagering provider  
15.10 shall close an account if it determines:

15.11 A. the information used to open the account was false;

15.12 B. the account has been used in furtherance of any illegal activity; or

15.13 C. the account has been used in violation of any state or federal law or rule.

15.14 An advance deposit wagering provider shall provide a written report to the  
15.15 commission within 30 days whenever an account is closed pursuant to this subpart.

15.16 Subp. 5. **Procedures.** Except as provided in subpart 6, whenever an account is  
15.17 closed, an advance deposit wagering provider shall, within seven calendar days:

15.18 A. ensure that all required debits and credits have been made; and

15.19 B. return to the account holder all money then on deposit by sending a check to  
15.20 the primary residence address of the account holder.

15.21 Subp. 6. **Account holder deceased.** In the event an account holder is deceased,  
15.22 unclaimed cash balances in the account shall be released to the decedent's legal  
15.23 representative upon receipt of a copy of a valid death certificate, after which the account  
15.24 shall be closed.

16.1 **7880.0080 RECORD KEEPING AND REPORTING.**

16.2 Subpart 1. **Maintenance of records.** An advance deposit wagering provider shall  
16.3 maintain the following information on each account for a minimum of two years:

16.4 A. a record of all deposits, credits, and debits; and

16.5 B. a record of all wagers made.

16.6 Subp. 2. **Providing of records.** Upon request of the account holder, an advance  
16.7 deposit wagering provider shall provide any records it maintains on the account holder's  
16.8 account under subpart 1. Records may be provided in paper or electronic format.

16.9 Subp. 2 3. **Other information to be available.** An advance deposit wagering  
16.10 provider shall make available to each an account holder the information listed in subpart  
16.11 4 as well as holder's current account balance's balance available to the account holder at  
16.12 all times.

16.13 ~~Subp. 3. **Records.** Upon request of the account holder, an advance deposit wagering~~  
16.14 ~~provider shall provide any records it maintains on the account or the account holder.~~  
16.15 ~~Records may be provided in paper or electronic format.~~

16.16 Subp. 4. **Audit.** An advance deposit wagering provider shall allow the commission  
16.17 and its designees to review and audit all records related in any way to its licensure,  
16.18 financial solvency, accounts, and the conduct of wagering by Minnesota residents. ~~This~~  
16.19 Information relevant to the review and audit shall be made available to the commission or  
16.20 its designees quarterly or upon request and in a format required by the commission.

16.21 Subp. 5. **Annual financial statement.** A licensed advance deposit wagering provider  
16.22 shall provide an annual audited financial statement to the commission.

16.23 Subp. 6. **Report.** A licensed advance deposit wagering provider shall report to  
16.24 the commission quarterly all source market fees and other payments made to licensed  
16.25 racetracks, the pari-mutuel activity on which the source market fees were paid, and the



17.1 number of accounts held by Minnesota residents ~~that were opened and closed during~~ at  
17.2 the end of the reporting period.

17.3 **7880.0090 PAYMENTS TO THE STATE.**

17.4 Subpart 1. **Agreement.** A licensed racetrack must negotiate a separate agreement,  
17.5 with the horsepersons organization representing a majority of horsepersons racing at the  
17.6 licensed racetrack, for the apportionment of source market fees set aside for purse accounts  
17.7 and the breeders' fund pursuant to Minnesota Statutes, section 240.131, subdivision 6,  
17.8 paragraph (d). The agreement must be approved by the commission.

17.9 Subp. 2. **Payment to state.** A licensed racetrack shall remit source market fees set  
17.10 aside for the breeders' fund pursuant to Minnesota Statutes, section 240.131, subdivision  
17.11 6, paragraph (d), to the state no later than seven days after the end of the month in which it  
17.12 receives the fees from the advance deposit wagering provider.

17.13 **~~7880.0100 VARIANCES.~~**

17.14 ~~The commission, its executive director, or its director of pari-mutuels may grant~~  
17.15 ~~a variance to any part of this chapter if it determines there are equivalent alternative~~  
17.16 ~~measures in place to ensure the integrity of wagering and the protection of accounts held~~  
17.17 ~~by Minnesota residents.~~

17.18 **7880.0110 PENALTIES.**

17.19 Subpart 1. **Suspension or revocation.** The commission may suspend or revoke a  
17.20 license to provide advance deposit wagering, issue a fine, or deny or withdraw approval of  
17.21 a contract between a licensed racetrack and an advance deposit wagering provider if:

17.22 A. the licensee violates applicable laws or rules;

17.23 B. the bond or other form of financial security is canceled or expired and not  
17.24 replaced by another form of financial security approved by the commission;

18.1 C. the licensee has knowingly provided false or misleading information to the  
18.2 commission or withheld information required to be provided;

18.3 D. the licensee has had a license denied, suspended, or revoked in another state;

18.4 E. the licensee fails to comply with any conditions on the license imposed by  
18.5 the commission; or

18.6 F. the licensee poses a threat to the public interest or the integrity of racing or  
18.7 wagering in Minnesota.

18.8 Subp. 2. **Contested case hearing.** If the commission suspends or revokes a Class C  
18.9 ~~racing and gaming-related~~ license to provide advance deposit wagering, the license holder  
18.10 shall have the right to request a contested case hearing under Minnesota Statutes, chapter  
18.11 14, to be held as set forth in parts 1400.8505 to 1400.8612. The request must be made  
18.12 in writing to the commission by certified mail or personal service. A request sent by  
18.13 certified mail must be postmarked within ten days after the license holder receives the  
18.14 suspension or revocation order from the commission. An appeal sent by personal service  
18.15 must be received by the commission within ten days after the license holder receives  
18.16 the order from the commission.