



ADMINISTRATIVE RULES OF MONTANA

8.22.3805 ADVANCE DEPOSIT ACCOUNT WAGERING HUB OPERATOR APPLICATION AND LICENSE REQUIREMENTS

- (1) Prior to accepting applications from Montana residents for advance deposit wagering accounts, the advance deposit wagering hub operator must possess:
 - (a) a written hub contract or license agreement with the board; and
 - (b) a license from the board to conduct advance deposit wagering.
- (2) An application to operate as an advance deposit wagering hub operator must be filed on a form provided by the board and must include:
 - (a) a proposed plan of operation;
 - (b) a proposed hub contract;
 - (c) a bond or irrevocable letter of credit; and
 - (d) the correct application fee.
- (3) The advance deposit wagering hub operator applicant must provide the following information as part of the application:
 - (a) if the hub operator is an individual, his/her legal name, and the legal name of his/her spouse, and dates of birth and address;
 - (b) if the hub operator is a corporation;
 - (i) the date and place of incorporation;
 - (ii) the names and addresses of its shareholders, and the names, addresses, and dates of birth of directors and officers who are natural persons;
 - (iii) if a shareholder is a corporation then the date and place of its incorporation, and the names, and addresses, and dates of birth of those corporations' directors and officers; and
 - (iv) if the hub operator is a corporation ultimately owned by a not-for-profit entity without any shareholders, or is a publicly traded corporation, the information required in this subsection shall be required from the directors of the not-for-profit entity, or the directors and officers of the publicly traded corporation, in lieu of the shareholders;
 - (c) if the hub operator is a general or limited partnership, the names, addresses, and dates of birth of the partners; if a partner is a corporation, the date of incorporation, the place of

incorporation, and the names, and addresses, and dates of birth of its directors and officers must be provided;

- (d) fingerprints, if required by the board;
 - (e) information from the hub operator that demonstrates whether the hub operator has the financial resources to operate as an advance deposit wagering hub operator;
 - (f) written approval to conduct advance deposit wagering from the appropriate regulatory authority in the state where the advance deposit wagering hub operator is located;
 - (g) a description of how the state where the hub operator is located regulates and monitors the advance deposit wagering facility for compliance with applicable law and protection of the public; and
 - (h) any other information required by the board.
- (4) A proposed written hub contract or license agreement between the advance deposit wagering hub operator and the board must be submitted with the application and must contain substantially the following terms:
- (a) a description of the source market fee (percentage of each wager placed in Montana) to be paid to the board;
 - (b) an agreement to pay the source market fee monthly to the board; and
 - (c) a provision requiring the facility to agree it shall not accept any wager that violates Montana law or rule.
- (5) The board may negotiate changes to the proposed hub contract as a condition of granting a license. No subsequent material changes in the hub contract may occur unless ordered by the board or until written approval is obtained from the board.
- (6) A proposed detailed plan of operations in a format and containing such information as required by the board must be submitted with the application and must address the following issues:
- (a) the manner in which the proposed simulcasting and wagering system will operate;
 - (b) the process for handling wagers when wagering pools cannot be merged with the wagering pools of the race track where the race is being run live;
 - (c) a plan for verification of an account holder applicant's identity, age, and residence when establishing an account;
 - (d) establishment of a dispute resolution process for account holders who file a claim against the licensed hub operator;
 - (e) the process for an account holder to make withdrawals from the account holder's account;
 - (f) a licensed hub operator located in Montana must include in its operating plan information on how the hub operator will implement the requirements for accounts established and operated for persons whose principal residence is outside of the state of Montana; and
 - (g) any other issues as required by the board.

- (7) The board may require changes to a hub operator applicant's proposed plan of operation as a condition of granting a license. No subsequent material changes in the plan of operations may occur unless ordered by the board or until written approval is obtained from the board.
- (8) The advance deposit wagering hub operator applicant must provide a bond or irrevocable letter of credit to the board with the application, as per ARM 32.28.2002.
- (9) The board may conduct investigations or inspections, or request additional information from the applicant for a license under this section as it deems appropriate in determining whether to approve the license application.
- (10) The hub operator applicant must include the correct nonrefundable application fee with the application.
- (11) An advance deposit wagering hub operator license shall be in effect from January 1 to December 31 of each year and shall be renewed annually unless otherwise rescinded by the board.

Authorizing statute(s): 23-4-202, MCA

Implementing statute(s): 23-4-101, 23-4-301, 23-4-302, MCA

History: NEW, 2008 MAR p. 494, Eff. 3/14/08; TRANS, from 32.28.2005, 2015 MAR p. 2252, Eff. 12/25/15.