



ADMINISTRATIVE RULES OF MONTANA



23.16.116 TRANSFER OF INTEREST AMONG LICENSEES

- (1) Except as provided in (9) and (10), an existing owner of a licensed gambling operation may transfer an ownership interest to another existing owner of that same licensed gambling operation without receiving prior Gambling Control Division approval. Upon the licensee's next license renewal application, the licensee must file with GCD the form(s), information, and records required by the applicable section of this rule.
- (2) Gambling activity may continue pending the outcome of a license investigation for a proposed transfer of ownership due to the death of a licensee under joint tenancy with right of survivorship as long as the person to whom the interest is transferred is already listed as an owner in the licensed operation and joint tenancy had been documented and approved in the original license application. The transfers must be reported on Form 37 along with the following documents:
 - (a) death certificate;
 - (b) will of the deceased, if any; and
 - (c) copy of the licensee's most recent financial statements or tax return.
- (3) Gambling activity may continue pending the outcome of a license investigation for the proposed transfer of ownership in a licensed operation resulting from divorce as long as the spouse to whom an interest is transferred has already been approved and listed as an owner of that license. These types of proposed transfers must be reported on Form 37 along with the following documents:
 - (a) court decree of dissolution of marriage;
 - (b) source of funding documents, if any, if the transfer requires a buyout, e.g., bank statements supporting cash payments, loan and security agreements, installment payment agreement, etc.;
 - (c) copy of the licensee's most recent financial statements or tax return;
 - (d) if the transferring spouse will no longer be a licensee, copies of letters or other documents from lenders, landlords, or other parties to whom the licensee is obligated, which release the spouse from primary responsibility for the obligation, although the transferring spouse may still guarantee the obligation;
 - (e) if the transferring spouse is no longer a licensee, an updated bank signature card; and
 - (f) if the licensed entity is a corporation, copies of the cancelled and newly issued stock certificates.

- (4) Gambling activity may continue pending the outcome of a license investigation for a proposed transfer of ownership in a licensed operation by gift among licensees. This type of proposed transfer must be reported on Form 37 along with the following documents:
 - (a) gifting statement which provides the names of the parties, the intent of the parties, and the percentage ownership to be transferred through the gift;
 - (b) copy of the licensee's most recent financial statements or tax return; and
 - (c) if the licensed entity is a corporation, copies of the cancelled and newly issued stock certificates.
- (5) Gambling activities may continue pending the outcome of a license investigation for a proposed transfer of ownership in a licensed operation from a sale and purchase among owners of that license. This type of transfer must be reported on a Form 37 along with the following documents:
 - (a) transfer documents that include all terms of sale/transfer;
 - (b) if the licensed entity is a corporation, copies of the cancelled and newly issued stock certificates;
 - (c) source of funding documents for the purchase, e.g., bank statements supporting cash payments, loan and security agreements, installment payment agreements, etc.;
 - (d) copy of licensee's most recent financial statements or tax return;
 - (e) if the seller/transferor will no longer be a licensee, copies of letters or other documents from lenders, landlords, or other parties to agreements with which the licensee is obligated, which release the seller from primary responsibility for the obligation, although the seller/transferor may still guarantee the obligation; and
 - (f) if the seller is no longer on the license, an updated bank signature card.
- (6) The department may conduct an investigation to determine whether the proposed transfer meets the licensure requirements in 23-5-176, MCA, and department rules. In any case of the transfer of an ownership interest among existing owners, before approving the transfer, the department must determine that the transferred ownership interest is independently exercised by the new owner and does not remain under the control of the transferor.
- (7) Within 60 days after receiving the completed amended application, the department shall approve the proposed transfer by issuing an amended gambling license or notify the parties involved of the denial of the license or other appropriate action.
- (8) The department may not charge any additional annual gambling license or machine permit fees.
- (9) The provisions of this rule do not apply to the:
 - (a) transfer of a security interest in a licensed gambling operation; or
 - (b) transfer that results in less than 5% ownership interest in a publicly traded corporation.
- (10) Transfers of an ownership interest that result in 5% or greater ownership in a publicly traded corporation shall be subject to the provisions of ARM 23.16.117. The department reserves the right to act under 23-5-136, MCA, in this situation if it determines that the transfer violates Montana gambling law or the rules in this chapter.

Authorizing statute(s): 23-5-112, 23-5-115, MCA

Implementing statute(s): 23-5-115, 23-5-118, 23-5-176, MCA

History: NEW, 1991 MAR p. 1942, Eff. 10/18/91; AMD, 1993 MAR p. 2786, Eff. 11/25/93; AMD, 1994 MAR p. 2834, Eff. 10/28/94; AMD, 1997 MAR p. 404, Eff. 2/25/97; AMD, 2009 MAR p. 2480, Eff. 12/25/09; AMD, 2010 MAR p. 1732, Eff. 7/30/10; AMD, 2017 MAR p. 87, Eff. 1/7/17; AMD, 2022 MAR p. 48, Eff. 1/15/22.