

205 CMR 258.00: SPORTS WAGERING OPERATOR CESSATION

Section

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258.01: Notification

(1) A Sports Wagering Operator that intends to cease Sports Wagering Operations in the Commonwealth shall immediately, and in no event fewer than 90 days before such cessation of operations is anticipated to become effective, notify the Commission in writing of its anticipated cessation, as well the circumstances leading to the anticipated cessation.

(2) The notice required pursuant to 205 CMR 258.01(1) shall be given regardless of whether the anticipated cessation of Sports Wagering Operations is permanent or indefinite, and whether the cessation is through voluntary or involuntary dissolution, liquidation, or bankruptcy of the Sports Wagering Operator.

258.02: Commission Action Upon Receipt of Notice of Cessation

Upon receiving written notification of a Sports Wagering Operator's anticipated cessation, the Commission may:

- (1) Order the Sports Wagering Operator to cease offering or accepting new Sports Wagers within five business days or such longer period as determined by the Commission;
- (2) Appoint a conservator or receiver to manage and operate the business of the Sports Wagering Operator in the Commonwealth through and after the intended date of cessation. The appointment, duties and obligations of the conservator or receiver shall be subject to the same procedures and requirements as those described in 205 CMR 130.00: *Conservators*, which shall be construed relative to Sports Wagering for the purposes of 205 CMR 258.02; or
- (3) Take any other action it deems necessary in its discretion to protect the integrity of Sports Wagering in the Commonwealth, or otherwise protect the interests of the Commonwealth.

258.03: Cessation Plan

(1) Within five business days of providing notice of its intended cessation of activities pursuant to 205 CMR 258.01, the Sports Wagering Operation shall submit a plan to the Commission that addresses:

- (a) The distribution of winnings to patrons holding unredeemed Wagers;
- (b) The refund of pending Wagers that will not be paid out before the cessation of operation;
- (c) The distribution of funds in a patron's Sports Wagering Account maintained by a Sports Wagering Operator to that patron;
- (d) The closure of Sports Wagering Accounts maintained by the Sports Wagering Operator;
- (e) The closure of the Sports Wagering Operator's Sports Wagering Area, Sports Wagering Facility, or Sports Wagering Platform;
- (f) The Sports Wagering Operator's plan to satisfy outstanding debts and obligations, including excises taxes due to the Commission pursuant to M.G.L. c. 23N, § 14 and 205 CMR 240.00: *Adjusted Gross Sports Wagering and Adjusted Gross Fantasy Wagering Receipts Tax Remittance and Reporting*;
- (g) The Sports Wagering Operator's plan to communicate the cessation plan to the public, patrons, and vendors, including applicable timelines for cessation; and

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(h) A description of the status and current balance of the letter of credit or other financial assurance mechanism held by the Sports Wagering Operator pursuant to 205 CMR 238.12(6) and any information necessary to permit the Commission or its appointed conservator or receiver to access and use such letter of credit or other financial assurance mechanism to satisfy the obligations in 205 CMR 258.03(1)(a) through (f) to the extent feasible.

(2) The Commission or its designee shall review the cessation plan required pursuant to 205 CMR 258.03(1) and issue a determination approving or denying the plan, or requiring reasonable modifications or conditions to the plan.

(3) Upon approval of the plan specified in 205 CMR 258.03(1), the Sports Wagering Operator shall publish notice of cessation in a form to be approved the Commission that shall include instructions on how patrons may:

- (a) Collect winnings on unredeemed Wagers; and
- (b) Collect remaining funds in their Sports Wagering Account.

(4) The notice specified in 205 CMR 258.03(3) shall, within five business days be published in:

- (a) A conspicuous location in the Sports Wagering Area, Sports Wagering Facility, or on the Sports Wagering Platform;
- (b) On the Sports Wagering Operator's website and social media platforms; and
- (c) A daily newspaper of general distribution in the Commonwealth, including on that newspaper's website.

258.04: Reporting

(1) The Sports Wagering Operator shall provide the Commission written reports on its implementation of the cessation plan at least every ten days after providing notice pursuant to 205 CMR 258.01. Such reports shall state whether the Sports Wagering Operator is on track to complete cessation by its approved effective cessation date or whether the Sports Wagering Operator requires a delay of its effective cessation date, and whether the Sports Wagering Operator seeks to amend or deviate from its approved cessation plan.

(2) If a Sports Wagering Operator seeks to amend or deviate from its approved cessation plan, the Sports Wagering Operator's request shall be accompanied by a statement of reasons explaining why its original approved cessation plan will no longer enable it to accomplish cessation, and why such amendment or deviation is necessary to accomplish cessation. The Commission or its designee shall review the request and issue a determination approving or denying the request and may require reasonable modifications or impose conditions to its approval of the request. The Sports Wagering Operator shall not implement the amendment or deviation until it receives approval from the Commission or its designee.

(3) In addition to 205 CMR 258.04(2), the Commission or its designee, may, upon review of a report due under 205 CMR 258.04(1), require reasonable modification or impose conditions on a Sports Wagering Operator's cessation plan without request of the Sports Wagering Operator.

258.05: Cessation Effective

(1) When the Sports Wagering Operator has completed all actions called for in its cessation plan or on the approved effective cessation date, whichever is earlier, the Sports Wagering Operator shall submit a written report to the Commission notifying the Commission that it has completed all actions necessary for cessation and requesting that cessation become effective. The Commission or its designee shall review the report and issue a written decision approving or denying the cessation request. If the Commission or its designee denies the cessation request, the Commission or its designee may require reasonable modification or impose conditions on the Sports Wagering Operator necessary for effective cessation.

(2) Cessation shall not be effective until the Commission issues a written decision approving the Sports Wagering Operator's cessation request.

258.06: Surrender of License

- (1) Upon cessation, a Sports Wagering Operator shall surrender its Sports Wagering License to the Commission, at which time the Sports Wagering License shall be deemed to have expired, except to the extent any obligations of the Sports Wagering Operator to the Commonwealth, the Commission, vendors, or patrons thereunder are deemed to survive.
- (2) Within ten days of a Sports Wagering Operator's surrender of its Sports Wagering Operator License, all persons and entities possessing an Occupational License, Sports Wagering Vendor License, Tethered Category 3 License, or other license in connection with the affected Sports Wagering License only, and no other Sports Wagering License, shall surrender their license to the Commission, at which time the license shall be deemed to have lapsed.
- (3) A Sports Wagering Operator shall maintain records sufficient to enable the Commission to conduct audits for a period of seven years following the effective date of cessation.

258.07: Bankruptcy

(a) Notwithstanding 205 CMR 258.01(1), if cessation is caused in part, or in whole, by the filing of a petition in bankruptcy court or the appointment of a receiver or conservator, the Sports Wagering Operator shall as soon as practicable notify the Commission in writing of the petition or the appointment of a receiver or conservator. The Sports Wagering Operator's notification shall include a copy of the petition filed in bankruptcy court, the order appointing a receiver or conservator, or any other applicable filing or order.

In the event that a court of competent jurisdiction appoints a receiver or conservator, the receiver or conservator shall immediately apply for the necessary qualifications and licenses, including without limitation qualification pursuant to 205 CMR 215.00: *Applicant and Qualifier Suitability Determination, Standards, and Procedures* and licensure pursuant to 205 CMR 235.00: *Sports Wagering Occupational Licenses*, to operate the Sports Wagering Operator's Sports Wagering Area, Sports Wagering Facility, or Sports Wagering Platform. The receiver or conservator shall not commence operating the Sports Wagering Operator's Sports Wagering Area, Sports Wagering Facility, or Sports Wagering Platform until the Commission has issued a license authorizing the same. The Commission may revoke the receiver's or conservator's license at any time at its discretion without the necessity of revocation or suspension hearing.

(b) The appointment of a receiver or conservator by a court of competent jurisdiction and subsequent authorization of the same receiver or conservator pursuant to 205 CMR 258.08(2) shall not bar the Commission from appointing an additional receiver or conservator pursuant to 205 CMR 258.02.

(c) A Sports Wagering Operator subject to cessation based on the filing of a petition in bankruptcy court or the appointment of a receiver or conservator shall not be required to meet the requirements of 205 CMR 258.03 through 258.07 to the extent such requirements are inconsistent with the orders of the court.

(d) Upon notification of cessation based in part, or in whole, by the filing of a petition in bankruptcy court or the appointment of a receiver or conservator, the Sports Wagering Operator shall provide the Commission or the conservator or receiver appointed pursuant to 205 CMR 258.02(1) adequate means to access and use the letter of credit or other financial assurance issued pursuant to 205 CMR 238.12(6).

REGULATORY AUTHORITY

205 CMR 258.00: M.G.L. c. 23N §§ 4, 14