1350-02-.01 APPLICABILITY OF REGULATION.

This Chapter contains the mechanism by which Applicants who have submitted an application for a License or Registration to the Sports Wagering Advisory Council (the "Council") pursuant to the Tennessee Sports Gaming Act, T.C.A. §§ 4-49-101, et seq., as amended (the "Sports Gaming Act"), and the Rules promulgated thereunder (the "Rules"), may obtain a hearing on the denial of the Application or renewal. This Chapter also provides the procedure by which a License or Registration may be revoked, suspended, or not renewed, or upon which a fine or civil penalty may be imposed. The contested case provisions of the Uniform Administrative Procedures Act, T.C.A. §§ 4-5-301, et seq. apply to the extent that they do not conflict with the specific provisions of these Rules.

This Chapter also provides a process by which Players who are unable to find a satisfactory resolution to their dispute with a Sports Gaming Operator may present their claim before the Council.


1350-02-.02 DENIAL OF APPLICATION FOR LICENSE OR REGISTRATION.

(1) The Council, upon recommendation by the Executive Director or a committee of the Council, may deny a License or Registration if the Applicant has failed to meet the qualifications for a License or Registration in accordance with the Sports Gaming Act or the Rules.

(2) Any Applicant whose application has been denied by the Council, shall have a right to request reconsideration of the Council’s decision in accordance with this Chapter.

(3) If the Council issues a denial, the Executive Director will deliver, or cause to be delivered, to the Applicant a written Notice of Denial sent by certified U.S. mail or national delivery service to the Applicant’s address on file with the Council and by e-mail to the contact Person for the Applicant on file with the Council. At that time, the Applicant will also be provided with written notice of the process for requesting reconsideration of the Council’s decision.

(4) If the Applicant’s request for reconsideration is successful, a License or Registration will be approved by the Council, as applicable. If the request for reconsideration is unsuccessful, the Applicant may request judicial review of the Council’s decision to deny the License or
Registration. Such appeals must be filed with the Chancery Court of Davidson County, Tennessee.

(a) The Chancery Court shall hear appeals based on the record of the proceedings before the Council.

(b) The Chancery Court may reverse the decision of the Council only if the appellant proves the decision of the Council to be:

1. Clearly erroneous;
2. Arbitrary and capricious;
3. Procured by fraud;
4. A result of substantial misconduct by the Council; or
5. Contrary to the United States Constitution, the Constitution of Tennessee, or the Sports Gaming Act.

(c) The Chancery Court may remand an appeal to the Council to conduct further hearings.


### 1350-02-.03 REVOCATION, SUSPENSION, FINES, CIVIL PENALTIES, AND NONRENEWALS OF LICENSES OR REGISTRATIONS.

(1) Upon information and belief that a Licensee or Registrant has violated the Sports Gaming Act or the Rules, the Council, through its Executive Director and security personnel, may conduct investigations and recommend to the Council the revocation, suspension, or nonrenewal of a License or Registration or the imposition of a fine thereon for any of the reasons set forth in the Sports Gaming Act or the Rules. A recommendation may also be made that the Council impose a civil penalty for violations of the Sports Gaming Act. During an investigation, the Executive Director, on behalf of the Council, may issue subpoenas to compel the attendance of witnesses and the production of relevant books, accounts, records, and documents.

(2) If, in the discretion of the Council, revocation, suspension, or nonrenewal of any License or Registration or imposition of a fine or civil penalty thereon is in the best interests of the Council or the public policy or welfare of the State of Tennessee, the Council may revoke, suspend, or not renew such License or Registration or impose a fine or civil penalty, only after notice and a right to a hearing, in accordance with the provisions of the Sports Gaming Act and these Rules. Notwithstanding the foregoing, a License or Registration may be temporarily suspended at a virtual emergency meeting of the Council upon exigent circumstances in accordance with the Sports Gaming Act.

(a) Virtual emergency meetings may only be conducted if the Council:

1. Not less than twenty-four (24) hours prior to the meeting, provides on its website public notice of the meeting;
2. Provides adequate electronic or other notice to each Licensee or Registrant with an interest in the meeting;
3. Provides an audio or video feed of the meeting on its website which is accessible to the general public; and

4. Provides a mechanism by which any Licensee or Registrant subject to disciplinary action at the meeting has the opportunity to provide testimony and submit evidence to the Council members electronically.

(b) Disciplinary action taken against a Licensee or Registrant at a virtual emergency meeting is temporary until the Council conducts a full investigative hearing on the matter in accordance with the Sports Gaming Act not later than five (5) business days after the conclusion of the virtual emergency meeting.

(3) Except as otherwise provided herein, each Licensee or Registrant whose License or Registration may be revoked, suspended, or not renewed, or upon which a fine or civil penalty may be imposed shall receive written notice thereof stating the reason(s) therefore, and, in the case of a proposed suspension, the term of the proposed suspension. Such notice shall be sent by certified mail, return receipt requested or by a national delivery service to the Licensee or Registrant’s address on file with the Council and by e-mail to the contact Person for the Licensee or Registrant on file with the Council. Any Licensee or Registrant is presumed to have received such notice on the fifth business day following the date such notice was placed in the mail, addressed to the last known mailing address of such Licensee or Registrant on file with the Council.

(4) Upon the appeal of the suspension of a License, the term of suspension may be stayed by the Council for good cause shown pending the final outcome of any appeal.

(5) After suspension, revocation, or nonrenewal of a License, the Licensee shall settle all outstanding amounts of privilege tax owed or anticipated to be owed by the Licensee to the Council in a form, manner and timeframe acceptable to the Council, on a date designated by the Executive Director or his/her designee.

(6) Immediately upon any suspension, revocation, or nonrenewal of a License, such Licensee shall cease and desist from taking any further Wagers and post on its website a statement explaining its status. The statement must receive prior approval by the Council. Any Licensee shall send notice to all Sports Gaming Account holders that the Licensee is prohibited from offering Interactive Sports Gaming in Tennessee for the designated period. The Licensee shall, within the next ten (10) days, refund all deposits and amounts of unsettled Wagers made to the Player’s Sports Gaming Account, give Players the method for withdrawal or distribution of funds in the Sports Wagering Account, and deactivate the Sports Wagering Accounts upon distribution of all funds. All Vendor Registrants must submit notice to any Licensee with which it does business of its suspended, revoked, or nonrenewed status.

Authority: T.C.A. §§ 4-49-105, 4-49-106, 4-49-115, 4-49-126, 4-49-127, 4-49-128, and 4-49-129.

1350-02-.04 REQUEST FOR HEARING FOLLOWING NOTICE OF PROPOSED REVOCATION, SUSPENSION, NONRENEWAL, FINE, OR CIVIL PENALTY.

(1) Any Licensee or Registrant may request a hearing regarding the proposed revocation, suspension, or nonrenewal of its License or Registration or the imposition of a fine or civil penalty. Any request for a hearing shall be in writing, addressed to the Council and be filed with the Council within five (5) business days of the date of receipt of written notice described in Rule 1350-02-.03(3). The Licensee or Registrant must provide a statement outlining the factual basis for the hearing and any additional relevant evidence to be considered by the Council along with its notice.
(2) All requests for hearings shall be sent by a national courier service, certified mail, or hand delivered, proof of delivery may be required, to the Executive Director at the Council's official address listed on the Council's website.

The request will be timely if it bears a United States Postal Service postmark showing mailing on or before the fifth (5th) business day prescribed above. A request delivered by hand or national overnight courier will be timely only if received by the Council at the above-stated address during its normal business hours on or before the fifth (5th) business day prescribed above.


1350-02-.05 HEARING PROCEDURES FOLLOWING NOTICE OF PROPOSED REVOCATION, SUSPENSION, NONRENEWAL, FINE, OR CIVIL PENALTY.

(1) All hearings conducted under this subsection shall be conducted by the Council. The Council may appoint an administrative judge or hearing officer to preside at the hearing, rule on questions of the admissibility of evidence, swear witnesses, advise the Council on the law of the case, and ensure that the proceedings are carried out in accordance with the law. The contested case provisions of the Uniform Administrative Procedures Act, T.C.A. §§ 4-5-301, et seq. apply to the extent that they do not conflict with the specific provisions of these Rules.

(2) A hearing shall be conducted no later than sixty (60) days following receipt of a request for hearing given in accordance with the provisions of this Chapter. A notice setting forth the time, date, and location of the hearing and the right to be represented by counsel will be sent to the party or parties requesting such hearing at least thirty (30) days before the date set for such hearing. The notice shall also include a statement of the legal authority and jurisdiction under which the hearing is to be held, including reference to the particular sections of the statutes and Rules involved. The Council or ALJ may, upon good cause being shown or by agreement of the parties, continue the hearing to a later date.

(3) In connection with a hearing, the Council or administrative law judge may:

(a) Conduct the hearing in an informal manner without formal rules of evidence or procedure;

(b) Request that the Executive Director, or administrative law judge hold pre-hearing conferences to:
   1. Settle, simplify, or identify the issues involved in the hearing; or
   2. Consider other matters that may aid in the expeditious disposition of the hearing;

(c) Require each complaining party to state, either orally or in writing, its position concerning the various issues involved in the hearing;

(d) Require each complaining party to produce for examination those relevant witnesses and documents under its control;

(e) Rule on motions and other procedural items pending before the Council, including, without limitation, the methods, scope, and extent of discovery available to any party;

(f) Regulate the course of the hearing and conduct of the participants, including the imposition of reasonable time limits;
(Rule 1350-02-.05, continued)

(g) Establish time limits for submission of motions or memoranda;

(h) Take official notice of any material fact not appearing in evidence in the record, if the fact is among the traditional matters of judicial notice;

(i) Administer oaths or affirmations; and

(j) Issue subpoenas to compel the attendance of witnesses and production of relevant documents.

(4) Any party may request that the hearing be conducted before a court reporter. Such request must be in writing and include an agreement by the requesting party that it shall pay for, or that it shall procure at its own cost and on its own initiative, the court reporting services for such hearing. To be made part of the record, the original transcript of any such proceedings shall be submitted to the Council as soon as the transcript is available, but not later than twenty (20) business days after the hearing.

(5) The Council shall provide a written decision containing the Council’s ruling. If a License or Registration is revoked, suspended, or not renewed by the Council, the Council shall state the term of the imposed discipline, and may prescribe conditions for reinstatement of the License or Registration. Such decision must be made within the later to occur of (i) thirty (30) days after the conclusion of the hearing or (ii) thirty (30) days after receiving an original transcript of the hearing pursuant to the preceding paragraph. A copy of the decision must be sent by certified mail, return receipt requested, or delivered by a national courier service to the party who requested the hearing. The party is presumed to have received such decision from the Council on the fifth (5th) business day following the date such decision was sent to the last known address of such party.


1350-02-.06 REQUESTS FOR RECONSIDERATION.

(1) A request for reconsideration from a decision of the Council may be filed with the Council within fifteen (15) days of the date of receipt of such decision.

(2) A request for reconsideration must be sent by certified mail, return receipt requested, or national courier services or hand delivered (proof of service may be required) to the Executive Director at the Council’s official address listed on the Council’s website.

A request for reconsideration will be timely filed if it has an electronic stamp from a national courier or bears a United States Postal Service postmark showing mailing on or before the fifteenth (15th) day prescribed above. A request for reconsideration delivered by hand will be timely filed only if received by the Council at the above-stated address during its normal business hours on or before the fifteenth (15th) day prescribed above.

(3) A request for reconsideration must be in writing and shall contain the following:

(a) A copy of the Council decision;

(b) A copy of the transcript from the hearing, if one was provided; and

(c) The basis for the precise factual or legal error in the decision of the Council for which the request for reconsideration is made.
(4) The filing of a request for reconsideration shall not be a prerequisite for seeking judicial review.


1350-02-.07 RECONSIDERATION BEFORE THE COUNCIL.

(1) Upon receipt of the request for reconsideration, the Council may within thirty (30) days of receiving the request, enter a written order either denying the request, granting the request and setting the matter for further proceedings, or granting the request and issuing a new order.

(2) A copy of the Council’s written decision on the request for reconsideration will be sent to the requestor by certified mail, return receipt requested, or by national courier service or hand delivered. The written decision of the Council will be final, and no further appeal to the Council will be allowed.

(3) If no action has been taken by the Council on the request within thirty (30) days, the request shall be deemed to have been denied.


1350-02-.08 JUDICIAL REVIEW.

(1) Any party aggrieved by a final decision of the Council may appeal the decision pursuant to T.C.A. § 4-49-128 in the Chancery Court of Davidson County, Tennessee. A petition for judicial review must be filed within thirty (30) days after receipt of the Council’s final written decision and any decision on reconsideration, if reconsideration is sought.

(2) The Chancery Court shall hear appeals based on the record of the proceedings before the Council. Within forty-five (45) days of service of the petition for judicial review, or within further time as allowed by the Chancery Court, the Council shall transmit to the reviewing court the entire copy of the record of the proceeding under review.

(a) The Chancery Court may reverse the decision of the Council only if the appellant proves the decision to be:

1. Clearly erroneous;
2. Arbitrary and capricious;
3. Procured by fraud;
4. A result of substantial misconduct by the Council; or
5. Contrary to the United States Constitution, the Constitution of Tennessee, or the Sports Gaming Act.

(b) The Chancery Court may remand an appeal to the Council to conduct further hearings.

1350-02-.09 PLAYER DISPUTES.

Player disputes may involve the amount of a Wager, promotions, application of House Rules, technology functions, any part of or transaction within the Interactive Sports Gaming process, or any matter important to the Player, or the public in general. Complaints that arise to the level of alleging violations of the Sports Gaming Act or the Rules will be handled by the Executive Director or his/her designee for investigation, and upon the recommendation of the Executive Director may be handled by the Council in accordance with this Rule. Alleged criminal violations will be referred to the TBI or appropriate law enforcement agency for investigation.

(1) In order to register a dispute, Players will be required to first file a formal grievance with the Sports Gaming Operator. The dispute must be filed within thirty (30) days of the occurrence of the incident or matter in dispute. In order to initiate the process, the Player will be required to provide to the Sports Gaming Operator, at a minimum, the following information:

(a) Personal contact information (name, address, phone number, e-mail address, etc.);
(b) Sports Gaming Operator Licensee and website, app, or other Interactive Sports Gaming platform;
(c) The Player’s name on and information relating to the Sports Gaming Account;
(d) Approximate date and time of the incident, the amount and type of Wager in dispute, the Sporting Event and outcome, and any other relevant details regarding the incident, as applicable;
(e) A summary of the incident including any statements or communications made to or by the Sports Gaming Operator or witnesses and their contact information (name, address, phone number, e-mail address, etc.); and
(f) Any other information or documentation pertinent to the dispute.

(2) If the monetary value of the dispute is $1,000 or more, the Sports Gaming Operator must notify the Council upon receipt of an initial notice of a formal grievance. Both the Player and the Sports Gaming Operator have an ongoing obligation to preserve any documents, information, or materials submitted as part of the formal grievance or relevant to the dispute.

(3) If the Player is not satisfied with the solution proposed by the Sports Gaming Operator, the Player can then present their grievance to the Executive Director within thirty (30) days of the decision by the Sports Gaming Operator. Upon receipt of the grievance, the Executive Director or his or her staff will investigate the matter and determine an appropriate resolution. The Executive Director will then issue a decision on the matter.

(4) If the Player or the Sports Gaming Operator is dissatisfied with the decision of the Executive Director, either party may file an appeal with the Council within thirty (30) days of receipt of the Executive Director’s decision. Upon filing an appeal with the Council, the appealing party must file the record, consisting of the documents submitted to the Executive Director and the Executive Director’s written decision.

1350-02-.10 APPEALS OF PLAYER DISPUTES BEFORE THE COUNCIL.

(1) The Council will review the record on appeal and issue a written decision on behalf of the Council. The Council may decide the case on the existing record without a hearing, or the Council may convene a hearing in order to conduct a further investigation, and then issue a written decision following the hearing.

(2) If a hearing is held, either party may request that the hearing be conducted before a court reporter. Such request must be in writing and include an agreement by the requesting party that it shall pay for, or that it shall procure at its own cost and on its own initiative, the court reporting services for such hearing. To be made part of the record, the original transcript of any such proceedings shall be submitted to the Council as soon as the transcript is available, but not later than twenty (20) business days after the hearing.

(3) A copy of the Council’s written decision on the appeal will be sent to the parties by certified mail, return receipt requested, or hand delivered. The written decision of the Council will be final, and no further petition for rehearing or reconsideration to the Council will be allowed.

(4) Either party may seek judicial review of the final decision of the Council in accordance with the Sports Gaming Act and the Rules.


1350-02-.11 SCHEDULE OF ADMINISTRATIVE FINES.

For any violation of the Sports Gaming Act or the Rules, the Council may impose an administrative fine not to exceed $25,000 per violation, after following the notice and hearing requirements of this Chapter. Except as provided in T.C.A. § 4-49-127, the Council may impose fines in accordance with this section.

(1) Violation Classes.

(a) Class A includes those violations involving responsible gaming, fraud, criminal conduct, non-cooperation with Council investigations or audits, failure to report illegal or suspicious conduct, and failure to meet the minimum hold.

(b) Class B includes those violations involving unapproved amateur events or Wagers, financial violations, failure to provide Council staff access to wagering systems, or failure to follow Player payment Rules.

(c) Class C includes those violations involving offering unapproved professional events or Wagers, failure to abide by House Rules or internal controls, or failure to timely respond to Player complaints.

(d) Class D includes those violations involving marketing (not involving responsible gaming) and geolocation.

(2) The Council has assigned the following ranges of fines available depending on the seriousness of the violation.

(a) Level 1 - Letter of warning.

1. Class A and Class B violations are not eligible for Level 1.

2. Class C and Class D violations falling under Level 1 will receive a letter of warning.
(Rule 1350-02-.11, continued)

(b) Level 2 - $1,000 - $10,000.

c) Level 3 - $10,000 - $20,000.

d) Level 4 - $20,000 - $25,000.

(3) Factors for consideration. The Council may consider, but shall not be limited to, the following factors in making a determination on what level to assign to a violation and the amount of the fine to be imposed within the selected level:

(a) For fines in the Level 1 range, the Council may consider whether the violation was the Licensee’s first offense, whether the violation was unintentional, whether the violation was self-reported, or other mitigating factors.

(b) For fines in the Level 2 range, the Council may consider whether the violation was unintentional, whether the violation was self-reported, or other mitigating factors.

c) For fines in the Level 3 range, the Council may consider whether there have been multiple violations by a Licensee, and whether or not the violation was intentional or unintentional.

d) For fines in the Level 4 range, the Council may consider whether there have been multiple violations, whether the violation was not self-reported, whether the Licensee intentionally circumvented or disregarded regulatory guidance, whether the violation was in clear violation of the public interest, whether the violation targets vulnerable Persons, and other aggravating factors.

(4) For purposes of this Chapter, a “violation” is any act, failure to act, or omission by a Licensee or Registrant that is prohibited by the Sports Gaming Act or the Rules.

(5) A single act of a Licensee or Registrant that results in the violation of more than one provision of the Sports Gaming Act or the Rules may result in a fine being imposed for each provision of the Sports Gaming Act or the Rules that is violated.

(6) Unless separated by significant time or notice of a violation from the Council, a single act or omission that results in multiple violations of the same provision of the Sports Gaming Act or the Rules will be subject to a single fine for the multiple violations that result from the single act or omission.

(7) Repeated violations of the same provision of the Sports Gaming Act or of the Rules by a Licensee or Registrant may result in a separate fine for each violation.

(8) Payment of a fine shall not excuse the failure to correct the violation, nor shall it bar further action in accordance with the Rules.

(9) Failure to timely remit a fine may be cause for the Council to suspend a License or Registration until the Licensee or Registrant pays the fine.

(10) Fines against Licensees that accept Wagers from Minors or other Persons ineligible to place Wagers in Tennessee or against Persons unlawfully accepting Wagers from another Person without a License or at a location in violation of the Sports Gaming Act will be imposed in accordance with the administrative fines set forth in T.C.A. § 4-49-127. The Council may also suspend, revoke or refuse to renew a Licensee in violation of this Rule.