

1 (2) Influence any person or unit of government that is involved in implementing
2 or enforcing State Government Article, Title 9, Subtitle 1A, Annotated Code
3 of Maryland; or
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5 (3) Interfere with the regular operation of:
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7 (a) The central monitor and control system;
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9 (b) A video lottery terminal; or
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11 (c) Associated equipment or software; or
12

13 C. Fail to:
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15 (1) Conform to the information contained in a license application;
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17 (2) Meet a licensing requirement;
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19 (3) Promptly submit to the Commission a change to the information contained in
20 a license application;
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22 (4) Comply with a directive of the Director or the Commission; or
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24 (5) Adequately remedy a deficiency of which the licensee has received notice
25 under Regulation .04 of this chapter.
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27 **.04 Corrective Action.**
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29 A. Deficiency. If the Director, or the Director's designee, determines that a licensee
30 has violated a provision of Regulation .03 of this chapter, the Director, or the
31 Director's designee, shall:
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33 (1) Assess the seriousness of the deficiency;
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35 (2) Require the licensee to develop a corrective action plan;
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37 (3) Determine whether it is necessary during the pendency of the corrective action
38 process to emergently suspend the license;
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40 (4) Evaluate, and if acceptable to the Agency, approve a corrective action plan;
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42 (5) Determine appropriate timelines for the completion of corrective action;
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44 (6) Conduct periodic monitoring of a licensee for which a corrective action plan
45 was required to assess the licensed retailer's progress toward remedying a
46 deficiency; and

- 1
2 (7) If a deficiency is not remedied through implementation of correction,
3 recommend that the Commission impose a penalty or sanction.
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- 5 B. Deficiency Notice. Upon determining that corrective action is required to remedy
6 a deficiency, the Director, or the Director's designee, shall give written notice to a
7 licensee that includes:
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- 9 (1) A description of the violation;
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11 (2) A description of the possible sanctions; and
12
13 (3) The requirement for the licensee to submit a corrective action plan to the
14 Director.
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- 16 C. Corrective Action Plan.
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- 18 (1) Within 10 days of receipt of a deficiency notice under § B of this regulation,
19 the licensee shall submit a corrective action plan to the Director, or the
20 Director's designee.
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- 22 (2) The Director, or the Director's designee, shall review the corrective action
23 plan and inform the licensee whether the corrective action plan is acceptable.
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- 25 (3) If the licensee fails to submit an acceptable corrective action plan within the
26 time described under § C(1) of this regulation, the Director may:
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- 28 (a) Provide the licensee with additional time within which to submit a revised
29 corrective action plan; or
30
- 31 (b) Recommend to the Commission that it impose a penalty or sanction on the
32 licensee.
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- 34 (4) If the Director, or the Director's designee, provided a licensee with a
35 deficiency notice under § B of this regulation and did not receive a timely
36 written response, the Commission may adopt as final the Director's
37 recommendation to impose a penalty or sanction.
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- 39 D. Corrective Action Outcomes.
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- 41 (1) After a licensee has adequately addressed the deficiency, the deficiency may
42 be:
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- 44 (a) The basis of a subsequent corrective action plan, penalty, or sanction if a
45 similar deficiency occurs; or
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(b) Raised during a Commission hearing as part of the Agency's enforcement record for the licensee.

(2) If at any time during the corrective action period the Director, or the Director's designee, determines that the licensee has failed to fulfill a requirement of the corrective action plan or has made insufficient progress toward remedying a deficiency, the Director may:

(a) For good cause, extend the time for completion of a corrective action plan; or

(b) Emergently suspend the license.

(3) If at the end of the corrective action period the licensee has failed to adequately remedy a deficiency, the Director shall recommend to the Commission that it impose a penalty or sanction.

.05 Notice of Violation.

A. Failure to take Corrective Action. Upon receipt of information that a licensee has failed to take corrective action required under Regulation .04 of this chapter, the Director shall:

(1) Evaluate the information; and

(2) Make a recommendation to the Commission as to the imposition of a penalty or sanction; and

(3) Schedule a Commission hearing on the violation and provide the licensee with written notice of the:

(a) Recommendation for imposition of the penalty or sanction;

(b) Basis for the recommendation for imposition of the penalty or sanction;

(c) Consequences of a decision by the Commission to impose a penalty or sanction; and

(d) Applicable hearing rights associated with the recommendation.

B. Emergency Suspension. The Director may emergently suspend a license if the Director determines that suspension is necessary in order to protect the State's video lottery terminal program against a serious and imminent risk of harm to its integrity, security, or profitability.

1 C. Emergency Suspension – Process. If the Director emergently suspends a license, the
2 Director shall promptly schedule a Commission hearing on the emergency suspension
3 and provide the licensee with the written notice required under § A(3) of this regulation,
4 along with notice directing the licensee that:

5
6 (1) The licensee shall immediately cease performing under the license; and
7

8 (2) Failure to comply with the Director’s directive to cease performing under the
9 license constitutes a separate violation of Regulation .03 of this chapter for which
10 an additional penalty or sanction may be imposed.
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12 **.06 Imposition of Penalties and Sanctions.**
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14 A. Consequences. For a violation of Regulation .04 of this chapter, the Commission
15 may impose a:
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17 (1) Penalty not exceeding \$5,000 for each day and each violation;
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19 (2) Sanction, including:
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21 (a) Revocation of a license;
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23 (b) Suspension of a license for a period of time;
24

25 (c) Reprimand;
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27 (d) Condition that must be met within a specified time as to:
28

29 (a) Training;
30

31 (b) Staffing;
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33 (c) Supervision;
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35 (d) Compliance with internal controls;
36

37 (e) Probationary periods; or
38

39 (f) Any other directive to address the violation;
40

41 B. Penalty – Required Considerations. To determine the amount of a penalty to impose
42 on a licensee, the Commission shall consider:
43

44 (1) The seriousness of the violation;
45

46 (2) The harm caused by the violation; and

- 1
2 (3) Whether the person who committed the violation acted in good faith; and
3
4 C. Sanction – Considerations. To determine the appropriate sanction to impose on a
5 licensee, the Commission may consider the factors in § B of this regulation, and:
6
7 (1) Whether a violation was willful;
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9 (2) Whether the licensee had, or should have had, control of the situation;
10
11 (3) Whether the violation may have occurred in connection with unclear or
12 insufficient:
13
14 (a) Information;
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16 (b) Training;
17
18 (c) Communication; or
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20 (d) Requirements;
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22 (4) Any extraordinary circumstances;
23
24 (5) Prior disciplinary history with the Commission;
25
26 (6) Profit that resulted, or may have resulted, from the violation;
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28 (7) Harm that resulted, or may have resulted, from the violation;
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30 (8) How the violation was detected;
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32 (9) Tailoring the discipline to address the violation;
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34 (10) Action taken by the licensee to prevent recurrence of the violation;
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36 (11) Action taken by the Commission to address similar violations; and
37
38 (12) Any other information that the Commission finds relevant.
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40 D. Ignorance No Defense. Because a licensee is presumed to be familiar with
41 applicable statutes and regulations governing the State's video lottery terminal
42 program, a claim of ignorance of the law may not be used as a defense to a
43 finding of a violation or to the imposition of a penalty or sanction.
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45 E. Imposition of penalty and sanction. A penalty and a sanction may be imposed for
46 each violation.

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2 **.07 Commission Action.**
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4 A. Hearing required. A hearing under § .05A and C of this chapter shall be conducted as
5 specified in COMAR 36.01.02.04, during which the Commission shall;
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7 (1) Make a finding whether the licensee violated a provision of Regulation .04 of
8 this chapter; and
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10 (2) If the licensee violated a provision of Regulation .03 of this chapter, decide
11 whether, and to what extent, to impose a penalty or sanction.
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13 B. A licensee may seek judicial review of the Commission's decision.
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15 C. A licensee against whom the Commission ordered the imposition of suspension or
16 revocation of a license shall immediately comply with the Commission's order.
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18 D. A licensee against whom the Commission imposed a penalty shall remit to the
19 Commission payment in full of the penalty within 30 calendar days.
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