

Location Managers

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The Legislature relies on agencies to write rules to give structure and detail to statutes. In spite of how it may feel at times, administrative rules are meant to simplify regulations by providing direction and predictability to both regulators and industry. Over the course of the last year or two, the Liquor Control Division and the Gambling Control Division (Divisions) have been working together to create consistency and clarity in our rules regarding managers.

With new rules recently adopted by both agencies, we would like to share the results of those efforts, specifically important changes to how location managers are identified, and their role in both the business and regulatory worlds.

The first change is the creation of a new term. While we contemplated terms such as key employee and others, we settled on the name “*Location Managers*” to distinguish the special role they have in the gambling and alcoholic beverage worlds versus all other business settings and the on-site presence (which will be discussed further below). That being said, the title given to an employee is much less important than the duties assigned or responsibilities they are given. Under the previous rule, managers were defined as supervisors of staff and business functions - similar to how the term manager is used in other businesses. Under the new rules, a Location Manager is still a person who offers “general oversight” of the business, but is also responsible for ensuring compliance with gambling and alcoholic beverage laws and regulations under the authority and general guidance of the owner that we are looking to be disclosed. An employee with “manager” in their title such as Deli Manager or Catering Manager does not automatically have to be reported. The reverse is true as well however – just because an employee is not called a manager, if they are performing general oversight of the business and are responsible for ensuring compliance with gambling and alcoholic beverage laws and regulations, they will need to be reported.

Other points to note regarding Location Managers:

- Every gambling operator and alcoholic beverage licensee must designate at least one Location Manager. An operator/licensee may have more than one Location Manager, but there must always be at least one, and every employee performing location manager duties must be reported.
 - An owner/licensee may choose to be his or her own manager and not hire a separate location manager. In this situation, the owner/licensee must then identify him or herself as the designated location manager, and personally perform the onsite management of the premises.
 - Some owners will choose not to provide onsite management themselves. Those owners must select and disclose a person to serve as the location manager.
 - Still other owners will contract with a management company for their licensed business. That, too, is permissible, but even in that case one named individual must be designated as the location manager.
- Some may ask what is meant by “onsite management.” While that term is not defined in rule, the divisions will consider whether a manager has a regular

onsite presence in a location. An approved location manager does not have to be onsite at all times, but generally onsite management is working at the licensed location at least a couple times per week. The Divisions believe regular onsite management (either by an owner or location manager) is necessary to ensure compliance with alcoholic beverage and gambling laws and regulations.

- Just as before, location managers are subject to the same suitability standards as licensees themselves.
- Under the old regulations, owners/licensees had to retain control of their licensed business. That duty continues in the new regulations and owners/licensees remain responsible to ensure the business is fully compliant with all laws.
- Even though location managers provide an essential service to the licensee, their compensation still cannot be based on a percentage of income. The Division view sharing profits as an indication of an ownership interest, which is not allowed.
- Though the name has been changed, licensee's obligation to report hiring a location manager remains. The new regulations continue the requirement to notify the division(s) within 30 days of a location manager's hire. In addition, subsection (4) of the new rule provides special provisions for reporting changes in owner managers.

A new form (Form 30A) has been created to simplify the reporting process for location managers. In addition to Form 30A, a new location manager must complete the personal/criminal history statement (Form 10) that's been in use for some time. Both forms may be found on the divisions' website, <https://dojmt.gov/gaming/forms> and <http://revenue.mt.gov/home/liquor/forms>. Please note, management agreements are no longer required.

This year the gambling and alcoholic beverage license renewals will contain a specific area relating to the new location manager rule in an effort to bring all operators and licensees into compliance with the new requirements.

In summary, please become familiar with the new Location Manager rules (ARMs 23.16.510 for gambling and 42.12.132 for alcoholic beverage licensees), and pay special attention to that portion of renewals to ensure our records are complete and up-to-date. If you have any questions, please call the Gambling Control division at (406) 444-1971 or email gcd@mt.gov or contact the Liquor Control Division at_1 (866) 859-2254.