

**MARYLAND STATE LOTTERY COMMISSION
VIDEO LOTTERY LICENSES - CONSOLIDATED DEFINITIONS**

The following definitions apply to, and should be used for, all applications for video lottery licenses. In the event of a conflict between a Consolidated Definition and a definition within an application, the Consolidated Definition prevails.

“Affiliate, affiliate of or person affiliated with” means a person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with a specified person.

“Applicant” means “a person who applies for any license required by State Government Article (“SG”), § 9-1A-01, Annotated Code of Maryland.

“Civil Union” means “a formal and legally recognized domestic partnership.

“Commission” means the State Lottery Commission.

“Control” means the authority to direct the management and policies of an applicant or licensee.

“Controlling Interest” means possessing the authority to direct the management and policies of an applicant or licensee. For a publicly traded domestic or foreign corporation, a controlling interest is an interest in a legal entity, applicant or licensee if a person’s sole voting right under federal or State law or corporate article of incorporation or bylaws entitles the person to elect or appoint one or more of the members of the board of directors or other governing board or the ownership or beneficial holding of 5% or more of the securities of the publicly traded corporation, partnership, limited liability company or other form of publicly traded legal entity, unless the presumption of control or ability to elect is rebutted by clear and convincing evidence. For a privately held domestic or foreign corporation, partnership, limited liability or other form of privately held entity, a controlling interest is the holding of any security in the legal entity, unless this presumption of control is rebutted by clear and convincing evidence.

“Director” means director of a corporation, member of an audit committee or any person performing similar functions with respect to an entity, whether incorporated or unincorporated.

“Domestic Partner” means an individual with whom another individual has established a domestic partnership.

“Domestic Partnership” means a relationship between two individuals who:

- (1) Are at least 18 years old;
- (2) Are not related to each other by blood or marriage within four degrees of consanguinity under civil law rule;
- (3) Are not married or in a civil union or domestic partnership with another individual;
- (4) Agree to be in a relationship of mutual interdependence in which each individual contributes to the maintenance and support of the other individual and the relationship, even if both individuals are not required to contribute equally to the relationship; and
- (5) share a common residence where both domestic partners live, even if: (i) only one of the domestic partners has the right to legal possession of the common residence; or (ii) one of the domestic partners has an additional residence.

“Entity” means a person other than an individual

“Financial Backer” means an investor, mortgagee, bondholder, note holder, or other source of equity or capital provided to an applicant or licensed entity.

“Holding Company” means a person, other than an individual, who, directly or indirectly, owns, has the power to control or to vote 5% or more of the outstanding voting securities of a corporation or other form of business organization. A holding company indirectly has, holds or owns any such power, right or security if it does so through an interest in a subsidiary or successive subsidiaries.

“Indirect Ownership Interest” means an ownership interest in an entity that has a direct ownership interest in an applicant or licensee, or a direct ownership interest in an entity that has an ownership interest in an applicant or licensee through one or more intervening entities.

“Individual” means a natural person.

“Intermediary” means a corporation, association, firm, partnership, trust or any other form of business organization other than an individual, which: (a) is a holding company with respect to a corporation or other form of business organization, which holds or applies for a license under Subtitle 9-1A of the State Government Article; and (b) is a subsidiary with respect to any holding company.

“Institutional Investor” means:

- (1) a retirement fund administered by a public agency for the exclusive benefit of federal, state, or local public employees;
- (2) an investment company registered under the Investment Company Act of 1940;
- (3) a collective investment trust organized by banks under Part 9 of the rules of the Comptroller of the Currency;
- (4) a closed end investment trust;
- (5) a chartered or licensed life insurance company;
- (6) a property and casualty insurance company;
- (7) a banking or other chartered or licensed lending institution;

- (8) an investment advisor registered under the Investment Advisors Act of 1940; or
- (9) any other person registered in any foreign jurisdiction and regulated in accordance with a statute of any foreign jurisdiction that the Commission determines to be substantially similar to that regulated by the Investment Company Act of 1940 or the Investment Advisors Act of 1940.

“Key Employee” means an individual who is:

- (1) employed in a director or department head capacity and who is empowered to make discretionary decisions that regulate video lottery operations including the general manager and assistant manager of the licensed facility, director of video lottery operations, director of cage operations, director of surveillance, director of marketing, director of management information systems, director of security, director of human resources, comptroller and any employee who supervises the operations of these departments or to whom these department directors or department heads report;
- (2) employed by a video lottery machine licensee, manufacturer licensee or supplier licensee whose duties affect or require contact with video lottery machines, video lottery monitoring systems, casino management systems, player tracking systems and wide-area progressive systems for use or play in this state, whether or not the individual is assigned to gaming operations in this state;
- (3) a sales representative seeking to sell video lottery machines and associated equipment for use in this state on behalf of a licensed manufacturer, manufacturer designee or supplier; and
- (4) employed in other positions which the Commission will determine based on detailed analyses of the employee’s duties or the job descriptions.

“Lending Institution” means a person who has been issued a license to lend money by a state or federal agency or a person who satisfies the definition of ‘qualified institutional buyer’ pursuant to 17 C.F.R. § 230.144a.

“License” means a license issued under SG Subtitle 9-1A to:

- (1) An operator of a facility;
- (2) A person who contracts with an operator of a facility to provide any of the services related to operating a facility;
- (3) A manufacturer as defined in § 9-1A-01(p);
- (4) A video lottery employee as defined in § 9-1A-01(x); or
- (5) Any other person whom the Commission requires to be licensed.

“Manufacturer” means a person:

- (1) that is engaged in the business of designing, building, constructing, assembling, manufacturing, or distributing a central monitor and control system, video lottery terminals, associated equipment or software, or the cabinet in which a video lottery terminal is housed;
- (2) that produces a product that is intended for sale, lease, or other assignment to the Commission or a licensee; and

(3) that contracts with the Commission or a licensee for the sale, lease, or other assignment of a product described in paragraph (1) of this subsection.

“Officer” means a president, chief executive officer, chief operating officer, secretary, treasurer, principal legal officer, principal compliance officer, principal financial officer, comptroller, principal accounting officer, chief engineer or technical officer of a manufacturer, or principal video lottery operations officer of a video lottery licensee and any individual routinely performing corresponding functions with respect to an entity whether incorporated or unincorporated.

“Person” means “any individual, association, corporation, club, trust, estate, society, company, joint stock company, receiver, trustee, assignee, referee, or any other person acting in a fiduciary or representative capacity, whether appointed by a court or otherwise, and any combination of individuals. ‘Person’ also means and includes all departments, commissions, agencies, and instrumentalities of the State, including counties and municipalities and agencies and instrumentalities of them.

“Principal” means an officer; director; person who directly holds a beneficial interest in or ownership of the securities of an applicant or licensee; person who has a controlling interest in an applicant or licensee; or has the ability to elect a majority of the board of directors of a licensee or to otherwise control a licensee; lender or other licensed financial institution of an applicant or licensee, other than a bank or lending institution which makes a loan or holds a mortgage or other lien acquired in the ordinary course of business; underwriter of an applicant or licensee; or other person or employee of an applicant, video lottery licensee, manufacturer licensee or contractor licensee deemed to be a principal by the Commission.

“Principal Affiliate” means an intermediary or holding company of an applicant or licensee.

“Principal Employee”

(1) Means a video lottery employee or owner of a contractor who owns, controls, or manages a licensee, or otherwise exercises control over a video lottery function of a licensee;

(2) Includes an employee of a contractor who:

- (a) Manages or operates a video lottery facility;
- (b) Provides security for a video lottery facility;
- (c) Performs service, maintenance or repairs of a video lottery terminal, central operating system, associated equipment, or software;
- (d) Owns or controls a person described in (1) – (3); or
- (e) Provides any other service that is essential to operation of a video lottery facility; and

(3) Does not include a gaming employee.

“Principal Entity” means an entity that meets the definition of principal or is otherwise required to be licensed as a principal and is not an intermediary or holding company of an applicant or licensee.

“Private Investment Fund” means an entity that meets the definition of ‘investment company’ under section 3(a)(1) of the Investment Company Act of 1940 (15 U.S.C. §80a-3(a)(1)), but is otherwise exempt from the definition of ‘investment company’ under section 3(c)(7) of the Investment Company Act of 1940 (15 U.S.C. §80a-3(c)(7)).

“Publicly Traded Corporation” means a person, other than an individual, which:

- (1) has a class or series of securities registered under the Securities Exchange Act of 1934 (48 Stat. 881, 15 U.S.C. §78 et seq.);
- (2) is a registered management company under the Investment Company Act of 1940 (54 stat. 789, 15 U.S.C. §80a-1 et seq.);
- (3) is subject to the reporting obligations imposed by section 15(d) of the Securities Exchange Act of 1934 by reason of having filed a registration statement which has become effective under the Securities Act of 1933 (48 stat. 74, 15 U.S.C. §77a et seq.); or
- (4) is a company that files a registration statement with the Securities and Exchange Commission.

“Registered Investment Advisor” means an investment adviser that has registered with the SEC under the Investment Advisers Act of 1940.

“Registered Investment Company” means an investment company that has registered with the SEC under the Investment Company Act of 1940.

“Subsidiary” means a person other than an individual. The term includes: (a) a corporation, any significant part of whose outstanding equity securities are owned, subject to a power or right of control, or held with power to vote, by a holding company or an intermediary company; (b) a significant interest in a person, other than an individual, which is owned, subject to a power or right of control, or held with power to vote, by a holding company or an intermediary company; or (c) a person deemed to be a subsidiary by the Commission.

“Video Lottery Operation License” means a license awarded by the Video Lottery Facility Location Commission and issued by the State Lottery Commission to a person that allows players to operate video lottery terminals.

“Voting Security” means shares of capital stock of a corporation entitled to vote generally in the election of directors.