

**MARYLAND STATE LOTTERY & GAMING CONTROL AGENCY**  
**LICENSING AGREEMENT**

***Skee-Ball®***  
**January 2019**

**#2019-03**

This Licensing Agreement (“**AGREEMENT**”) is made this \_\_\_\_\_ day of \_\_\_\_\_, 2019, between the Maryland State Lottery and Gaming Control Agency (“**LOTTERY**”), with offices at 1800 Washington Blvd - Suite 330, Baltimore, MD 21230 and Alchemy3, LLC (“**ALCHEMY**”), with offices at 860 Warsaw Road, Suite 200, Roswell, GA 30075.

**1. PROPERTY:**

As used herein, the term “**PROPERTY**” shall collectively refer to the related titles, names, marks, logos, trademarks, copyrights, patents, artwork, graphics, images, and photographs associated with Skee-Ball® as well as the Skee-ball game playstyle. The **PROPERTY** is exclusive licensed to **ALCHEMY** from Bay Tek Games, Inc. (“**LICENSOR**”).

During the term of this **AGREEMENT**, **ALCHEMY** hereby grants the **LOTTERY** the right to reproduce, use and make copies of the **PROPERTY** in association with (a) the manufacture, creation, development, distribution, and sale of a scratch-off instant-win lottery game to be conducted by the **LOTTERY** within the State of Maryland which is identified as game #429 **SKEE-BALL**, and other games or promotions sold or offered by **LOTTERY** and/or (b) the associated marketing and promotional items related to such games or offered independently, including but not limited to second chance games, hereinafter jointly the “**GAME**”.

**2. UTILIZATION OF PROPERTY:**

- a) **ALCHEMY** authorizes **LOTTERY** to reproduce and use graphic and other creative elements for the **PROPERTY** in ticket art designs and related advertising, including second chance promotions, including the following:
  - i. the approved designs, graphics, images, marks, names, logos, symbols, emblems, characters, artwork, depictions, music, illustrations, labels, insignia, indicia, trade dress and visual representations associated with the **PROPERTY** as well as the Skee-ball game playstyle; and
  - ii. The name Skee-Ball®
- b) Pre-approved creative elements of the **PROPERTY** are available from **ALCHEMY** for the **LOTTERY**’s use with the **GAME**, upon written request, and this **AGREEMENT** shall be deemed to include that request.
- c) The **LOTTERY** shall submit all artwork for ticket designs, point-of-sale, advertising, marketing and promotional materials (collectively the “**ARTWORK**”) for the **GAME** to **ALCHEMY** for approval. The **LOTTERY** shall not disseminate any tickets, advertisement or promotion until it has procured **ALCHEMY**’s written approval. **ALCHEMY** shall have ten (10) business days to approve each piece of **ARTWORK** or return same to the **LOTTERY** for revision. The **LOTTERY** shall submit all such revised

expiration of the Term or that the complete Prize will not be provided, then ALCHEMY shall return to LOTTERY all fees, including any license fee, and any other amounts paid under the AGREEMENT and pay LOTTERY all amounts required for LOTTERY to offer another game with equivalent prizes. This Paragraph supersedes all other conflicting sections in this AGREEMENT relating to termination by LICENSOR or ALCHEMY. Other available remedies may also apply and are not waived.

### **3. TRADEMARK AND OTHER REQUIREMENTS:**

- a) The LOTTERY agrees to place the appropriate corresponding marks as indicated by ALCHEMY, which may include a superscripted TM (“™”), a copyright symbol (“©”) and/or a registered trademark symbol (“®”) after the first and most prominent use of the PROPERTY on the ARTWORK, or as may otherwise be required by ALCHEMY and as authorized by the United States Patent and Trademark Office. In addition, any required PROPERTY legal legend and/or licensed product logo as required by ALCHEMY shall be included in the ARTWORK designs. These guidelines and requirements will be provided by ALCHEMY in advance of all ARTWORK creation. Additionally, the following notice shall be placed on the ARTWORK or on the back of a Ticket or on the back of the Artwork, unless otherwise directed by the LICENSOR:

SKEE-BALL® is a registered trademark of Bay Tek Games, Inc. Used under license. All rights reserved.

- b) The LOTTERY shall not claim adversely to any right or interest of LICENSOR in and to: (i) the licensed marks; or (ii) any trademarks, service marks, trade dress or trade names confusingly similar to the marks of the LICENSOR. LOTTERY agrees not to attempt to register or to use or to aid any third party in attempting to register or use any trademarks, service mark, or trade name, or apply for any copyright or design right which may be confusingly similar to the marks in any territory.
- c) LOTTERY may not sublicense PROPERTY to any party; however, ALCHEMY hereby authorizes each of LOTTERY’s retailers, instant ticket contractors, and advertising agency contractors to use the PROPERTY in relation to the GAME and all promotion of the GAME, including second chance promotions.
- d) Unless otherwise indicated by ALCHEMY, in all press releases issued by the LOTTERY for this GAME the LOTTERY shall indicate that the licensing rights for the PROPERTY have been obtained from ALCHEMY.
- e) The LOTTERY shall provide ALCHEMY with the following samples for the GAME, as appropriate:
- One (1) book of voided lottery tickets.

### **4. WARRANTIES AND INDEMNIFICATION**

- a) ALCHEMY and the LOTTERY represent that they will comply with all applicable intellectual property laws, rules and regulations in connection with the use of the PROPERTY and activities related thereto, pursuant to this AGREEMENT.
- b) ALCHEMY represents and warrants that it is duly organized under applicable law; that it has the right and authority to enter into and perform this AGREEMENT and to grant the

minus one hundred fifty thousand (+50,000/-150,000).

**6. PRICE POINT:**

Three dollars (\$3.00)

**7. SALES PERIOD:**

Public sales begin on or about:

June 24, 2019

**8. POTENTIAL SALES:**

Approximately nine million three hundred sixty dollars (\$9,360,000); actual potential sales will be calculated based on final ticket quantity delivered to LOTTERY.

**9. PROGRAM FEE:**

The fee for the use of each PROPERTY and related services in connection with the GAME ("Program Fee") shall be equivalent to a maximum of the rate of one point five percent (1.5%) of Potential Ticket Sales of GAME, approximately \$93,600, as defined in Section 8 (Ticket quantity multiplied by the Price Point), and shall not exceed \$95,100. The LOTTERY shall pay no amount higher than \$95,100.

**10. GOODS AND SERVICES SPECIFICATIONS:**

Intentionally Left Blank.

**11. PAYMENT:**

- a) The Program Fee as set forth in section 9 of this AGREEMENT shall be invoiced to the LOTTERY within thirty (30) days after delivery of the GAME from the LOTTERY's instant ticket contractor.
- b) All payments due to ALCHEMY shall be made by the LOTTERY within thirty (30) days after a proper invoice from ALCHEMY is received by the LOTTERY after this AGREEMENT is signed and LOTTERY has received the instant lottery tickets for the GAME from LOTTERY'S instant ticket contractor .

**12. FULFILLMENT SERVICES:**

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**13. MARKETING SUPPORT:**

At no additional cost, ALCHEMY shall provide the following marketing support services to the LOTTERY for this GAME:

- a) ALCHEMY shall provide the LOTTERY with assistance in designing the Artwork, the GAME ticket and related materials.

## 18. AUTHORIZATION LETTER

ALCHEMY shall provide to LOTTERY by January 31, 2019:

- a. copies of the written documentation of:
  - i. LICENSOR'S relevant rights in each portion of the PROPERTY ("Registration"); and
  - ii. ALCHEMY's authorization, as a sole source, to license or sub-license to lotteries any specified PROPERTY ("Original Licensing Contract") or a letter evidencing ALCHEMY's authorization as a sole source, to license or sub-license to lotteries the PROPERTY ("Authorization Letter"). The Authorization Letter shall be a notarized letter from LICENSOR evidencing and warranting:
    - 1) the term of each such Registration and license;
    - 2) the description and registration numbers of any trademarks/copyrights/patents licensed under the AGREEMENT, and any other relevant information regarding the PROPERTY;
    - 3) the rights granted to ALCHEMY and its sublicensees;
    - 4) a warranty that LICENSOR owns all rights to the intellectual property being granted and has the right to allow those rights to be sublicensed/assigned, including all rights in and to the PROPERTY;
    - 5) a warranty that ALCHEMY has the exclusive right to sublicense or assign the subject licenses to state lotteries;
    - 6) a statement of the length of time, as provided in the Original Licensing Contract, that LICENSOR requires ALCHEMY to provide for review of Artwork; and
    - 7) any other information ALCHEMY or the LICENSOR deems important for the PROPERTY;
    - 8) the LOTTERY's right to use all marks and all Property through the term of the AGREEMENT after the expiration or termination of the Original Licensing Contract; and
    - 9) if necessary for clarity, how the rights were given to the LICENSOR.
- b. a detailed list of when:
  - i. Any trademark registrations for the marks expire, and
  - ii. Any of Contractor's rights to license the Mark(s) or Properties expire.

## 19. TERMINATION FOR CAUSE

The LOTTERY may immediately terminate the AGREEMENT and receive a full refund of all funds paid for any of the following reasons:

- A. If Alchemy furnished any statement or representation in connection with this AGREEMENT which is materially false, incorrect or incomplete;
- B. If Alchemy fails to perform any material requirement of the AGREEMENT or is in violation of any provision; or

**IN WITNESS WHEREOF**, the parties hereto have executed this AGREEMENT in two duplicate original counterparts to be effective on the date designated in Paragraph 15 above, Term. The persons executing this AGREEMENT expressly represent that they are authorized to execute this AGREEMENT on behalf of and to bind the respective parties.

ALCHEMY<sub>3</sub>, LLC  
860 Warsaw Road, Suite 200  
Roswell, GA 30075

BY:   
Paul Guziel  
ITS: CEO

MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY  
1800 Washington Blvd - Suite 330  
Baltimore, MD 21230

BY: \_\_\_\_\_  
Gordon Medenica  
ITS: Director

**APPROVAL OF MARYLAND STATE LOTTERY AND GAMING CONTROL COMMISSION**

I hereby affirm that on the \_\_\_\_ day of \_\_\_\_\_, 2019, at its stated monthly meeting for \_\_\_\_\_, 2019, the Maryland State Lottery and Gaming Control Commission gave its approval to the Maryland State Lottery and Gaming Control Agency Licensing Agreement Skee-Ball® #2019-03 pursuant to State Government Article 9-111(a)(5), subject to approval by the Department of Budget and Management.

\_\_\_\_\_  
E. Randolph Marriner Date \_\_\_\_\_  
Chair  
Maryland State Lottery and Gaming Control Commission

Approved as to form and legal sufficiency this \_\_\_\_ day of \_\_\_\_\_, 2019:

\_\_\_\_\_  
Laura F. Davies Tilley, Assistant Attorney General

Approved Maryland Department of Budget and Management: Date: \_\_\_\_\_; Item # \_\_\_\_\_.