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# MARYLAND LOTTERY and GAMING CONTROL COMMISSION

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1800 Washington Blvd., Suite 330, Baltimore, Maryland 21230

## COMMISSION REPORT



**Everi Games, Inc.**

**MANUFACTURER LICENSE RENEWAL APPLICANT**

**Report Date: April 12, 2019**

**“COMMISION PRESENTATION”**

## **Manufacturer License Renewal – Commission Report**

### **EVERI GAMES, INC.**

We are conducting a hearing on the manufacturers renewal license application submitted by Everi Games, Inc. The Maryland Lottery and Gaming Control Agency is required by “The Gaming Law” to conduct an investigation to determine if Everi Games, Inc. is qualified to be awarded a manufacturers license.

You (the commissioners) have been provided with the complete investigative report on Everi Games, Inc. You have also received a copy of the public report that was in your packets and made available to everyone on the agency website. I will summarize the reports that have been given to you.

### **Background**

Everi Holdings, Inc. is a Delaware corporation. Everi Holdings, Inc. (the “Company”) is the parent company of 25 subsidiaries and conducts business in two segments (“Games” and “Financial Technology Solutions”) through its two main subsidiaries, Everi Games, Inc. and Everi Payments, Inc. The Company operates throughout North America, Europe and Asia, and provides casino operators with a variety of products including gaming machines, casino operational and management systems, payment solutions, critical intelligence offerings, and gaming operations efficiency technologies.

## **Manufacturer License Renewal – Commission Report**

### **EVERI GAMES, INC.**

The Company has its principal executive offices in Las Vegas, Nevada. Everi Games, Inc. is currently licensed by 22 state regulatory gaming authorities, approximately 120 tribal gaming commissions and agencies, and gaming authorities in two countries worldwide. Everi Games, Inc. submitted a Gaming Manufacturer License Renewal Application to the Maryland Lottery and Gaming Control Commission, and Everi Games Holding, Inc. submitted a Principal Entity Disclosure Form to the Commission as the direct parent company of Everi Games, Inc. Everi Holdings, Inc., the ultimate parent company, is currently licensed as a Principal Entity by the Commission.

### **Ownership of Applicant**

Everi Games, Inc. is a wholly-owned, indirect subsidiary of Everi Holdings, Inc. which is publically traded on the New York Stock Exchange under the symbol “EVRI.” In its Proxy Statement (Schedule 14A) filed with the U.S. Securities and Exchange Commission on April 20, 2018, Everi Holdings disclosed that as of March 16, 2018, it had 68,843,267 shares of common stock issued and outstanding. The following entities held beneficial ownership of more than 5% of Everi Holdings’ common stock as of March 16, 2018:

## **Manufacturer License Renewal – Commission Report**

### **EVERI GAMES, INC.**

- BlackRock, Inc. – 5,325,434 shares owned (7.7%)
- Eagle Asset Management, Inc. – 4,237,512 shares owned (6.2%)
- The Vanguard Group – 3,646,026 shares owned (5.3%)

All three of these entities have submitted an Institutional Investor Waiver Application Form to the Maryland Lottery and Gaming Control Commission.

Our financial and background investigation of Cummins of Everi Games, Inc. found the following:

- 1) Everi Games, Inc. was found to have financial stability, integrity and responsibility
- 2) There were no material issues involving the known financial backers
- 3) Everi Games, Inc. possesses the requisite good character, honesty and integrity
- 4) Everi Games, Inc. has sufficient business ability and experience
- 5) There were no potential disqualifying factors

## **Manufacturer License Renewal – Commission Report**

**EVERI GAMES, INC.**

### **Conclusion and Opinion**

MLGCA’s investigation has confirmed that the Applicant has sufficient financial resources and found no derogatory information regarding the Applicant’s qualifications. Based on the criteria in SG §§ 9-1A-07(c)(7) and 9-1A-08(d), we conclude that the Applicant has established by clear and convincing evidence the qualifications required for the renewal of its manufacturer license.

We also found the principal entity Everi Games Holding, Inc. satisfies the applicable qualification criteria in the “Gaming Law” and is not disqualified.