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# MARYLAND LOTTERY and GAMING CONTROL COMMISSION

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

## COMMISSION REPORT



**Lightning Gaming, Inc.**

**MANUFACTURER LICENSE APPLICANT**

**Report Date: September 4, 2019**

**“Commission Presentation”**

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LIGHTNING GAMING, INC.**

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

You (the commissioners) have been provided with the complete investigative report on Lightning Gaming, 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**

Lightning Gaming, Inc. (the “Company”) was incorporated on March 1, 2007. The Company currently is engaged exclusively in the manufacture and marketing of slot machines to casinos, card rooms, cruise ships, and other gaming and lottery venues. Previously, Lightning Gaming, Inc. also manufactured electronic poker tables but discontinued production of the tables in 2010.

The Company’s executive offices are located at 23 Creek Circle, Boothwyn, Pennsylvania. Lightning Gaming, Inc. is currently licensed by 12

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state regulatory gaming authorities and approximately 30 tribal gaming commissions and agencies.

**Ownership of Applicant**

Lightning Gaming, Inc. is a private company that reports annual financial statements to the U.S. Securities and Exchange Commission (SEC). In its 10-K filed with the SEC on March 28, 2019, the Company disclosed that as of March 28, 2019, it had 4,649,383 shares of voting common stock and 33,300,000 shares of non-voting common stock issued and outstanding. The following individuals held beneficial ownership of more than 5% of Lightning Gaming, Inc.'s voting common stock issued and outstanding as of March 28, 2019:

- Donald Caldwell – 1,021,000 shares owned (22.0%)
- Brian Haveson – 738,409 shares owned (15.9%)
- Fredrick C. Tecce – 611,000 shares owned (13.1%)

Donald Caldwell, Brian Haveson and Fredrick C. Tecce have all filed Principal Employee Applications with the Commission. Lightning Gaming, Inc.'s non-voting common stock is owned entirely by Co-Investment Fund II L.P., which also holds 181,000 shares (3.9%) of the Company's voting

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common stock. Co-Investment Fund II L.P. is a fund of Cross Atlantic Capital Partners, Inc., an investment advisory firm owned by Donald Caldwell, with Fredrick C. Tecce serving as its managing director and counsel. Consequently, the shares held by the Co-Investment Fund II L.P. are deemed to be beneficially owned jointly by Donald Caldwell and Fredrick C. Tecce.

Our financial and background investigation of Lightning Gaming, Inc. found the following:

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

**APPLICANT and PRINCIPAL ENTITIES**

The Applicant satisfies the applicable qualification criteria under SG § 9-1A-07(c)(7), and is not disqualified under SG § 9-1A-08(d).

**PRINCIPAL QUALIFIERS**

We identified the following natural person qualifiers (“principals”) who are associated with the Applicant. We conducted an extensive due diligence investigation on each qualifier, as described in our full report. We found that these principals have satisfied the applicable qualification criteria under SG § 9-1A-07(c)(7), and that none are disqualified under SG § 9-1A-08(d).

1. Donald R. Caldwell – Board of Directors
2. Brian D. Haveson – CEO / CFO / Chairman
3. Frederick C. Tecce – Board of Directors
4. Christopher G. Strano – President