
MARYLAND LOTTERY and GAMING CONTROL COMMISSION

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

COMMISSION REPORT



Diamond Game Enterprises

MANUFACTURER LICENSE RENEWAL APPLICANT

Report Date: March 5, 2020

“Commission Presentation”

Manufacturer License Renewal Commission Report

DIAMOND GAME ENTERPRISES

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

You (the commissioners) have been provided with the complete investigative report on Diamond Game Enterprises. 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.

Diamond Game Enterprises was last approved for a manufacturer license by the Commission on April 23, 2015. Diamond Game Enterprises has maintained its manufacturer license in good standing and has not been subject to any disciplinary sanctions by the Commission.

Background

Diamond Game Enterprises was incorporated in California on January 1, 1994 and is a wholly owned subsidiary of Pollard Holdings, Inc., which in turn is wholly owned by Pollard Banknote Limited (“Pollard”). Pollard and its subsidiaries provide a variety of products and services to the gaming industry,

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specializing in a comprehensive line of instant tickets, vending machines, game systems marketed under the Diamond Game and Oasis trade names, and lottery management systems. The Company is currently licensed by 27 state regulatory gaming authorities.

Ownership of Applicant

As previously noted, Diamond Game Enterprises is an indirect wholly owned subsidiary of Pollard Banknote Limited, a publicly traded entity listed on the Toronto Stock Exchange under the symbol “PBL.” The issued and outstanding shares of common stock of Pollard Banknote as of May 24, 2019 totaled 25,635,658 of which Pollard Equities Limited owned 17,305,158 shares, representing a 67.5% ownership interest. Pollard Equities Limited is a wholly owned subsidiary of PBL Holdings Limited, a privately held company with 450,000 voting common shares and 1,000,000 Class A voting shares issued and outstanding. All shares of PBL Holdings Limited are owned by the following entities:

- Gordon O. Pollard Family Trust – 150,000 voting common shares (33.3%)
- John S. Pollard Family Trust – 150,000 voting common shares (33.3%)

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- Douglas E. Pollard Family Trust – 150,000 voting common shares (33.3%)
- Saults & Pollard Limited – 1,000,000 Class A voting shares (100.0%)

Saults & Pollard Limited is a private holding company with 9,999.99 shares of voting common shares and 2,120,000 non-voting preferred shares issued and outstanding. The voting common shares are held one-third each by Gordon O. Pollard, John S. Pollard and Douglas E. Pollard. Buffalo Holdings Limited holds all preferred shares. Buffalo Holdings Limited is a private holding company with one Class 1 voting common share, 1,000 non-voting Class A preference shares, 1,000 non-voting Class B preference shares, and 2,700,000 voting Class C preference shares issued and outstanding. The Pollard Family Trust owns 880 non-voting Class A preference shares. All other shares of Buffalo Holdings Limited are held in a Spousal Trust for the benefit of Mrs. Frances Pollard, subject to the provisions of the will of her late spouse, Mr. Lawrence O. Pollard. The Spousal Trust Trustees are Mr. Gordon O. Pollard and Mrs. Frances Pollard.

Pollard Holdings, Inc., Pollard Banknote Limited, Pollard Equities Limited, PBL Holdings Limited, the John S. Pollard Family Trust, the Gordon

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O. Pollard Family Trust, the Douglas E. Pollard Family Trust, Sauls & Pollard Limited, and the Pollard Family Trust have all filed Principal Entity Disclosure Forms with the Maryland Lottery and Gaming Control Commission. Gordon O. Pollard, John S. Pollard, and Douglas E. Pollard are each currently licensed as a Principal Employee by the Commission.

No derogatory information was disclosed during the course of our review relating to Principal Entity applicants Pollard Holdings, Inc., Pollard Banknote Limited, Pollard Equities Limited, PBL Holdings Limited, the John S. Pollard Family Trust, the Gordon O. Pollard Family Trust, the Douglas E. Pollard Family Trust, Sauls & Pollard Limited, and the Pollard Family Trust.

Discussion of Financial Performance

The operating results and financial condition of Diamond Game Enterprises are consolidated with all of Pollard Banknote Limited's subsidiaries for financial reporting purposes. Consequently, we performed a detailed analysis of the Company's operating results and financial condition for the years ended December 31, 2014 to 2018. We offer the following comments:

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

CONCLUSIONS 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.