
MARYLAND LOTTERY and GAMING CONTROL COMMISSION

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

COMMISSION REPORT



KGM Gaming, LLC

MANUFACTURER LICENSE RENEWAL APPLICANT

Report Date: March 4, 2020

“Commission Presentation”

Manufacturer License Renewal Commission Report

KGM GAMING, LLC

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

You (the commissioners) have been provided with the complete investigative report on KGM Gaming, LLC. 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.

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

Background

KGM Gaming, LLC is a Pennsylvania company formed on November 5, 2003. The Company is engaged in the sale and distribution of gaming machines and software. KGM has no subsidiaries or affiliated companies. The company is currently licensed by 16 state regulatory gaming authorities.

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KGM GAMING, LLC

Ownership of Applicant

KGM Gaming is a privately held partnership owned by the following individuals:

- Mr. Howard Weiss – 75.5% ownership interest
- Mr. Jason Peters – 17.1% ownership interest
- Mr. Jason Cohen – 7.0% ownership interest
- Mr. Michael Frattone – 0.4% ownership interest

Messrs. Weiss, Peters, and Cohen hold various offices and positions within the Company, and each has filed a Principal Employee Renewal Application with the Maryland Lottery and Gaming Control Commission. Mr. Frattone is a silent partner and does not have any participation in KGM's daily business functions.

Discussion of Recent Financial Performance

We performed a detailed analysis of the Company's operating performance and financial condition for calendar years 2014 to 2018 and we offer the following comments and observations:

- 1) KGM Gaming, LLC was found to have financial stability, integrity and responsibility

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- 2) There were no material issues involving the known financial backers
- 3) KGM Gaming, LLC possesses the requisite good character, honesty and integrity
- 4) KGM Gaming, LLC 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.