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# MARYLAND LOTTERY and GAMING CONTROL COMMISSION

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

## COMMISSION REPORT



**ARROW INTERNATIONAL, Inc.**  
**MANUFACTURER LICENSE RENEWAL APPLICANT**

**Report Date: February 11, 2022**

**“Commission Presentation”**

## **Manufacturer License Renewal Commission Presentation**

### **Arrow International, Inc.**

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

You (the Commissioners) have been provided with the complete investigative report on Arrow International, 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.

Arrow International, Inc. was last approved for a manufacturer license by the Commission on April 20, 2017. Arrow International, Inc. has maintained its manufacturer license in good standing and has not been subject to any disciplinary sanctions by the Commission.

### **Background**

Arrow International, Inc. (the “Company”) was incorporated in Ohio on October 23, 1967, and has its headquarters and executive offices located at 9900 Clinton Road, Brooklyn, Ohio. Arrow International, Inc. manufactures and distributes pull-tab tickets, bingo paper and supplies, electronic pull-tab devices, ink daubers and related charitable gaming products. The Company

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### **Arrow International, Inc.**

distributes its products through a network of subsidiaries and by selling products directly to other licensed charitable gaming suppliers, primarily in the United States, Canada and the United Kingdom. Arrow International, Inc. is registered to do business in 23 states, three Canadian provinces and the United Kingdom.

### **Ownership of Applicant**

On December 21, 2020, Arrow International, Inc., Activity Advisors, Inc., and AHQ, LLC, became wholly-owned subsidiaries of Cavalier Acquisition Corporation through an agreement and plan of merger. Cavalier Acquisition Corporation is wholly owned by Cavalier Intermediate Holding Corporation which in turn is wholly owned by Cavalier Holding Corporation. Cavalier Holding Corporation is a privately-owned company with one share of Class A and 1,430 shares of Class B common stock issued and outstanding. The Class A share holds all of the voting rights of Cavalier Holding Corporation with generally no financial interests prior to liquidation or dissolution of the company. The Class B shares are non-voting shares with financial interests. As of January 5, 2022, the following entities owned 5% or more of Cavalier Holding Corporation:

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### **Arrow International, Inc.**

- Cavalier Voting Corporation – 1 Class A share owned (100%)
- Platinum Equity Small Cap Fund, L.P. – 1,102.5 Class B shares owned (77.1%)
- Gallagher Family Trusts – 155 Class B shares owned (10.83%)
- Platinum Cavalier Principals, LLC – 122.5 Class B shares owned (8.57%)

Cavalier Acquisition Corporation, Cavalier Intermediate Holding Corporation, Cavalier Holding Corporation, and Cavalier Voting Corporation have all filed a Principal Entity Disclosure Form with the Maryland Lottery and Gaming Control Commission. Cavalier Voting Corporation is solely owned by Ms. Mary Ann Sigler who has filed a Principal Employee Application with the Commission. Platinum Equity Small Cap Fund, L.P. and Platinum Cavalier Principals, LLC are entities of Platinum Equity Advisors, LLC, which has filed an Institutional Investor Waiver Application with the Commission.

The Gallagher Family Trusts consist of three Dennis P. Gallagher Irrevocable Trusts, three JSC Mayo Trusts, three Gallagher Irrevocable Trusts, and shares held directly by Mr. Dennis P. Gallagher. Each individual Trust and Mr. Dennis P. Gallagher hold less than 5% of Cavalier Holding Corporation's Class B shares.

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**Arrow International, Inc.**

### **DISCUSSION OF RECENT FINANCIAL PERFORMANCE OF**

### **ARROW INTERNATIONAL, INC.**

We reviewed the consolidated audited financial statements of Arrow International, Inc. and its affiliates for the period of January 1, 2016 through December 31, 2019, and the Company's unaudited consolidated financial statements for the partial year ended December 21, 2020. All references to calendar year 2020 are for the period January 1 to December 21, 2020. We offer the following comments:

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

### **CONCLUSIONS and OPINION**

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### **Arrow International, Inc.**

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.