

1 **Title 36 STATE LOTTERY AND**
2 **GAMING CONTROL AGENCY**

3
4 **Subtitle 03 GAMING PROVISIONS**

5
6 **Chapter .02 Investigation and Licensing**

7
8 **Authority: State Government Article, §§ 9-1A-04(d); 9-1A-07(d); 9-1A-12; 9-1A-**
9 **14(b), (c); 9-1A-15(c); 9-1A-16(b), (c); 9-1A-20(b) - (f) ; 9-1A-19(b); 9-1A-20,**
10 **Annotated Code of Maryland**

11 **.01 Process.**

12 A. General Provisions.

13 (1) Upon filing of an application for a license under this chapter other than an
14 operation license, the applicant shall pay a nonrefundable application fee
15 established by the Commission.

16 (2) If a license must be submitted to the Commission by a particular date, the
17 application documents shall be delivered to the Commission not later than 5 p.m.
18 on the last day of this period and an application submitted after the deadline may
19 not be accepted nor considered by the Commission.

20 (3) An applicant may not submit an application less than one year after the
21 Commission has:

22 (a) Taken final action on a license denial of a previous license application
23 involving the applicant; or

24 (b) Taken final action on a sanction that resulting in revocation of a
25 previous license application involving the applicant.

26 B. Applications.

27 (1) Documents submitted to the Commission or the Location Commission under
28 this chapter shall consist of an original and the number of copies required by the
29 relevant commission and shall be in the electronic format required by the relevant
30 commission.

31 (2) Documents and information submitted to the Commission or the Location
32 Commission in a license application shall be sworn before a notary public as to
33 their truth and validity by the applicant or, if the applicant is not an individual, by
34 the chief executive officer of the applicant.

1 (3) Upon receipt of an application by the Commission, the Commission staff shall
2 review the application to determine whether it contains all the information
3 required under this chapter.

4 (4) If the Commission determines that the required information has not been
5 submitted, the Commission staff shall notify the applicant in writing and state the
6 nature of the deficiency.

7 (5) An applicant notified in accordance with §B(4) of this regulation may submit
8 the documents necessary to complete the application not later than 15 days after
9 issuance of the notification.

10 (6) The Commission may not consider the application of an applicant who is
11 notified in accordance with §C(2) of this regulation and who fails to submit the
12 requested documents in a timely manner.

13 (7) The Commission shall consider a timely, complete application.

14 C. Changes in Application.

15 (1) If information submitted by an applicant as part of a license application
16 changes or becomes inaccurate before the Commission acts on the application, the
17 applicant shall immediately notify the Commission in writing of the change or
18 inaccuracy.

19 (2) After an application has been filed by an applicant, the applicant may not
20 amend the application except:

21 (a) To address a deficiency in accordance with a notice sent under §C(2)
22 of this regulation;

23 (b) As required by the Commission or the Commission staff for
24 clarification of information contained in the application; or

25 (c) To address a change in the circumstances surrounding the application
26 that was outside the control of the applicant and that affects the ability of
27 the applicant to comply with the law or the regulations of the Commission.

28 (3) To amend an application under §D(2)(c) of this regulation, an applicant shall
29 file with the Commission a written request to amend the application, stating:

30 (a) The change in the circumstances surrounding the application that
31 necessitates the amendment;

32 (b) The nature of the amendment; and

- 1 (c) The reason why the amendment is necessary to bring the application
2 into compliance with the law or the regulations of the Commission.
- 3 (4) The Commission or Commission staff shall grant or deny each request filed
4 under §D(3) of this regulation.
- 5 (5) A request shall be granted if the applicant demonstrates to the satisfaction of
6 the Commission that:
- 7 (a) The circumstances requiring the amendment were outside the control
8 of the applicant;
- 9 (b) Before the change in the circumstances surrounding the application,
10 the application complied with the pertinent provisions of the law or the
11 regulations of the Commission; and
- 12 (c) The amendment is necessary to bring the application into compliance
13 with the pertinent provisions of the law or the regulations of the
14 Commission.
- 15 (6) An application for a video lottery employee license may be withdrawn if the:
- 16 (a) Applicant submits a written request to the Commission to withdraw the
17 application; and
- 18 (b) Written request is submitted before the Commission has denied the
19 application.

20 D. Burden of Proof.

- 21 (1) The burden of proof shall be on the applicant to show by clear and convincing
22 evidence that the applicant complies with the regulations of the Commission
23 regarding eligibility and qualifications for the license.
- 24 (2) Subject to State Government Article, § 9-1A-14(c)(9), Annotated Code of
25 Maryland, the Commission may deny a video lottery employee license to an
26 applicant whose past or present conduct would bring the State into disrepute.
- 27 (3) The Commission may deny a license to an applicant whose gaming license
28 has been suspended or revoked in another jurisdiction.

29 E. Administrative Costs of Background Investigations.

- 30 (1) Promptly upon receipt of an invoice from the Commission, an applicant for a
31 license shall reimburse the Commission for:

1 (a) The administrative costs associated with performing background
2 investigations of the applicant and any individual required to provide
3 information under Regulation .04 of this chapter; and

4 (b) Any payments made by the Commission to a person approved by the
5 Commission to conduct the background investigations.

6 (2) Failure to reimburse the Commission shall be grounds for disqualification of
7 the applicant.

8 (3) The Commission may require an advance deposit from an applicant for the
9 Commission's estimate of the administrative costs of conducting the applicant's
10 background investigation.

11 (4) The Commission shall refund to an applicant any unused amount of the
12 advance deposit.

13 F. Payment and collection. Applicants shall pay the administrative costs and fees
14 required under this regulation by:

15 (1) Wire transfer;

16 (2) Money order;

17 (3) Certified check made payable to the "Maryland Lottery and Gaming Control
18 Commission;" or

19 (4) Any other manner designated by the Commission.

20 G. Continuing Obligations.

21 (1) Applicants who are awarded a license shall, during the term of their licensures
22 shall conform to all of the information contained in their license applications.

23 (2) If information submitted by an applicant who is issued a license changes
24 during the term of the license, the licensee shall immediately submit written
25 notification of the change to the Commission.

26 (3) In addition to the requirements of this regulation, a holder of an operation
27 license must also comply with the requirements of COMAR 36.03.03.

28 (4) Failure to comply with the obligations of § G(1), (2) or (3) of this regulation
29 shall be grounds for the Commission taking enforcement action against the
30 licensee under COMAR 36.03.04.

31 **.02 Personal and Background Information.**

1 A. Except as otherwise provided by this regulation, the application documents shall
2 include the information under §B of this regulation, for an individual who is:

3 (1) The applicant;

4 (2) A director, officer, or key management individual with the applicant;

5 (3) A partner of the applicant;

6 (4) An owner of an interest of 5 percent or more in the applicant; or

7 (5) A principal.

8 B. An individual listed under §A of this regulation shall furnish the following:

9 (1) Full name and any previous names or aliases;

10 (2) Date of birth;

11 (3) Physical description;

12 (4) Home and business addresses and telephone numbers;

13 (5) Driver's license number and state of issuance;

14 (6) Social Security number; and

15 (7) Passport or identification photo.

16 C. If the applicant is a corporation, the application documents shall state the:

17 (1) State in which the applicant is incorporated; and

18 (2) Name and address of the applicant's agent for service of process in Maryland.

19 D. If an applicant is a nonprofit corporation, only an individual who is a director or
20 officer of the applicant shall provide the information required under § B of this
21 regulation.

22 E. The Commission may require an applicant to furnish the information listed in § B of
23 this regulation with regard to the applicant's family and associates.

24 F. Inadvertent, nonsubstantive errors that might be made in furnishing the information
25 required by this regulation may not be used as a reason by the Commission for
26 disqualifying the applicant.

1 **.03 Information for Background Investigation.**

2 A. An individual required to provide information under Regulation .04 of this chapter
3 shall also submit three complete legible sets of the individual's fingerprints and complete
4 a background form supplied by the Commission which includes a statement disclosing
5 whether the individual has ever been:

6 (1) Arrested;

7 (2) Convicted of, pled nolo contendere to, or received probation before judgment
8 for, a felony or misdemeanor, other than a misdemeanor traffic offense;

9 (3) Sanctioned by a government agency related to gaming;

10 (4) Found liable in connection with a civil action related to gaming;

11 (5) A debtor in a bankruptcy proceeding; or

12 (6) Denied a bond.

13 B. The forms submitted in compliance with this regulation shall be accompanied by the:

14 (1) Fee authorized under Criminal Procedure Article, §10-221(b)(7), Annotated
15 Code of Maryland, for access to Maryland criminal history records;

16 (2) Mandatory processing fee required by the Federal Bureau of Investigation for
17 a national criminal history records check; and

18 (3) Mandatory processing fee required by Interpol for an international criminal
19 history records check.

20 C. If an applicant for any license under Subtitle 9-1A is a citizen of any country other
21 than the United States, the background investigation required under State Government
22 Article, § 9-1A-07(d), Annotated Code of Maryland, shall include an international
23 criminal history records check.

24 **.04 Consent for Investigation.**

25 A. An individual who is required to provide personal and background information under
26 Regulation .04 of this chapter shall provide a statement that irrevocably gives consent to
27 the Commission, the Location Commission, the Maryland State Police, and persons
28 authorized by the Commission to:

29 (1) Verify all information provided in the application documents; and

30 (2) Conduct a background investigation of the individual.

1 B. An applicant shall authorize the Commission and, if appropriate, the Location
2 Commission to have access to any and all information the applicant has provided to any
3 other jurisdiction while seeking a similar license in that other jurisdiction, as well as the
4 information obtained by that other jurisdiction during the course of any investigation it
5 may have conducted regarding the applicant.

6 **.05 Organizational Documents.**

7 A. If the applicant is a corporation, the application documents shall include a:

- 8 (1) Statement of when the corporation was organized;
- 9 (2) Copy of the articles of incorporation and bylaws of the corporation;
- 10 (3) Statement and documentation of whether the corporation has been reorganized
11 or reincorporated during the 5-year period preceding the date on which the
12 application documents are submitted to the Commission; and
- 13 (4) Statement and documentation of whether the corporation has filed restated
14 articles of incorporation.

15 B. If the applicant is an unincorporated business association, the application documents
16 shall include a:

- 17 (1) Copy of each organizational document of the applicant, including any
18 partnership agreement; and
- 19 (2) Description of any oral agreements involving the organization of the applicant.

20 **.06 Owners.**

21 A. If the applicant is an unincorporated business association, the application documents
22 shall identify:

- 23 (1) Each person who exercises voting rights in the applicant; and
- 24 (2) Each person who directly or indirectly owns 5 percent or more of the business
25 association.

26 B. If the applicant is authorized to issue capital stock, the applicant shall state, for each
27 class of stock authorized, the:

- 28 (1) Total number of shares;
- 29 (2) Par value, if any;

1 (3) Voting rights;

2 (4) Current rate of dividend; and

3 (5) Number of shares outstanding and the market value of each share.

4 C. If the applicant is a corporation, the application documents shall identify each person
5 who:

6 (1) Exercises voting rights in the corporation; and

7 (2) Directly or indirectly owns 5 percent or more of the corporation.

8 D. The application documents shall include a certified copy of each voting trust or voting
9 agreement in which capital stock of the applicant is held and shall state the:

10 (1) Name and address of each stockholder participating in the trust or agreement;

11 (2) Class of stock involved; and

12 (3) Total number of shares held by the trust or agreement.

13 E. The application documents shall describe the terms of any proxy by which any capital
14 stock may be voted and shall state the:

15 (1) Name and address of the person holding the proxy;

16 (2) Name and address of the stockholder who granted the proxy;

17 (3) Class of stock for which the proxy may vote; and

18 (4) Total number of shares voted by the proxy.

19 F. The application documents shall state any provisions, and the procedures by which
20 these provisions may be modified, for the redemption, repurchase, retirement,
21 conversion, or exchange of an ownership interest.

22 G. The application documents shall state whether the applicant's stock may be traded
23 through options and whether the corporation or a stockholder has executed an agreement
24 or contract to convey any of the corporation's or the stockholder's stock at a future date.

25 H. The application documents shall include a copy or a description of each agreement or
26 contract disclosed under §G of this regulation.

27 I. The application documents shall include a copy of each prospectus, pro forma, or other
28 promotional material given to potential investors about the video lottery facility.

1 J. The application documents shall provide full disclosure for any stock options that may
2 exist or have been granted.

3 K. The application documents shall disclose all principal entities of the applicant.

4 **.07 Directors, Officers, and Partners.**

5 A. If the applicant is not an individual, the application documents shall include a list of
6 the individuals who are serving, or who are designated to serve, during the first year after
7 the date the application documents are submitted to the Commission or the Location
8 Commission, as a director, officer, partner, an individual having key management
9 responsibility, or any other principal.

10 B. For each individual listed under §A of this regulation, the applicant shall provide:

11 (1) The individual's name and address;

12 (2) Each position or office of the applicant held by the individual;

13 (3) The individual's principal occupation during the 5-year period preceding the
14 date on which the application documents are submitted to the Commission; and

15 (4) The nature and extent of any ownership interest that the individual has in the
16 applicant.

17 **.08 Controlling Entity.**

18 The application documents shall:

19 A. State whether another entity has a beneficial ownership in the applicant, as defined in
20 Business Regulation Article, §11-301, Annotated Code of Maryland;

21 B. Describe the:

22 (1) Nature of the beneficial ownership; and

23 (2) Extent of control exercised by the beneficial owner; and

24 C. Include information and documents required under Regulations .04—.09 of this
25 chapter as to each beneficial owner and principal entity.

26 **.09 Outside Interests.**

27 A. The application documents shall state whether the applicant, a director, officer, or
28 partner of the applicant, or an owner of 5 percent or more of an interest in the applicant:

- 1 (1) Has ever held an ownership interest in a licensee of the Commission; or
2 (2) Is currently engaged in the business of gaming in another state, and the nature
3 and extent of that involvement.

4 B. The applicant shall describe the nature of participation stated under §A of this
5 regulation.

6 **.10 Alternative Licensing Standards.**

7 A. General.

8 (1) The Commission may establish an abbreviated process for licensing an
9 applicant who holds a valid license in another state if the Commission determines
10 that the licensing standards of the other state:

11 (a) Are comprehensive;

12 (b) Are thorough; and

13 (c) Provide similar adequate safeguards to those in State Government
14 Article, Title 9, Subtitle 1A, Annotated Code of Maryland.

15 (2) Except for an operation or manufacturer license applicant, the Commission
16 may:

17 (a) Waive some or all of the requirements in State Government Article,
18 Title 9, Subtitle 1A, Annotated Code of Maryland; and

19 (b) Issue a license to a person having a similar license in another state.

20 (3) The Commission may delegate its authority to decide whether to apply an
21 alternative license standard to staff.

22 B. Process.

23
24 (1) An applicant or licensee requesting the application of alternative licensing
25 requirements shall submit a written request in a format specified by the Commission.

26
27 (2) A written waiver request shall contain at least the following:

28
29 (a) The state in which the applicant holds a valid license;

30
31 (b) An explanation of the unique circumstances justifying the request; and

32
33 (c) Any other information requested by staff or the Commission.

(3) Upon receipt of a request that fails to comply with § B(1) and (2) of this regulation, staff shall notify the requestor:

(1) Of any deficiency;

(2) That the waiver request will not be presented to the Commission unless the identified deficiency is corrected.

C. Decision.

(1) Upon receipt of a waiver request that complies with § B of this regulation, staff shall:

(a) Present the waiver request to the Commission as soon as practicable; or

(b) If the Commission has delegated to staff the authority to decide the waiver request, staff shall decide the waiver request as soon as practicable.

(2) After the Commission or staff decides whether to grant the waiver request, staff shall notify the requestor.

.11 Exemption or Waiver of License Requirement

A. General.

(1) The Commission may:

(a) Grant an exemption to a licensing requirement;

(b) Waive a licensing requirement; or

(c) Waive grounds for denial of a license.

(2) Except for an operation or manufacturer license applicant, the Commission may grant an exemption or waive a requirement under this regulation only after the Commission determines that the requirement or grounds for denial of a license as applied to the applicant are not necessary in order to protect the public interest or accomplish the policies established by State Government Article, Title 9, Subtitle 1A, Annotated Code of Maryland.

(3) The Commission may delegate its authority to decide a waiver request to staff.

B. Process.

- 1 (1) An applicant or licensee requesting an exemption or waiver of a licensing
2 requirement shall submit a written waiver request in a format specified by the
3 Commission.
4
- 5 (2) A written waiver request shall contain at least the following:
6
 - 7 (a) The COMAR section for the standard for which the waiver is sought;
 - 8
 - 9 (b) Detailed facts in support of the waiver request;
 - 10
 - 11 (c) An explanation of the unique circumstances justifying the request; and
 - 12
 - 13 (d) Any other information requested by staff or the Commission.
 - 14
- 15 (3) Upon receipt of a waiver request that fails to comply with § B(1) or (2) of this
16 regulation, staff shall notify the requestor:
17
 - 18 (a) Of any deficiency;
 - 19
 - 20 (b) That the waiver request will not be presented to the Commission unless the
21 identified deficiency is corrected.
22

23 C. Decision.

- 24
- 25 (1) Upon receipt of a waiver request that complies with § A and B of this
26 regulation, staff shall:
27
 - 28 (a) Present the waiver request to the Commission as soon as practicable;
 - 29 or
 - 30
 - 31 (b) If the Commission has delegated to staff the authority to decide the
32 waiver request, staff shall decide the waiver request as soon as
33 practicable.
34
- 35 (2) At any time before or after a waiver or exemption has been granted, the
36 Commission may:
37
 - 38 (a) Limit or place restrictions on the exemption or waiver as the Commission
39 considers necessary in the public interest; and
 - 40
 - 41 (b) Require the licensee who is granted the exemption or waiver to cooperate
42 with the Commission and to provide the Commission with any additional
information required by the Commission as a condition of the waiver or
exemption.

1 (3) After the Commission or staff decides whether to grant the waiver request,
2 staff shall notify the requestor.

3 **.12 Video Lottery Employee Licenses.**

4 A. General. Unless an individual holds a valid video lottery employee license issued by
5 the Commission, the individual may not be employed by a licensed facility operator,
6 manufacturer or contractor as a video lottery employee.

7 B. License categories. The Commission may issue a video lottery employee license that
8 is a:

9 (1) Principal employee license;

10 (2) Gaming employee license;

11 (3) Non-gaming employee license;

12 (4) Sponsored principal employee license; or

13 (5) Sponsored gaming employee license.

14 C. Requirements. The Commission may issue a video lottery employee license to an
15 individual who has:

16 (1) Paid all required application and license fees;

17 (2) Submitted a completed license application to the Commission;

18 (3) Furnished the personal and background information required under Regulation
19 .02 of this chapter;

20 (4) Provided the documentation required under Regulation .03 of this chapter;

21 (5) Executed the consent for investigation required under Regulation .04 of this
22 chapter;

23 (6) Unless exempt, obtained a bond required under Regulation .15 of this chapter;

24 (7) Received at least a conditional offer of employment as a video lottery
25 employee from a licensed facility operator, manufacturer, or contractor;

26 (8) Demonstrated that within the 365 days before the application is submitted, the
27 applicant has not served as a Commission member or been employed by the
28 Agency; and

1 (9) Provided the Commission with sufficient information, documentation and
2 assurances to establish, by clear and convincing evidence, that the individual:

3 (a) Has not been disqualified under State Government Article, §9-1A-
4 14(c), Annotated Code of Maryland;

5 (b) Has met the applicable requirements of State Government Article, §9-
6 1A-07(c); and

7 (c) Is otherwise qualified for a video lottery employee license.

8 D. Application and license fees.

9 (1) For a principal employee, the:

10 (a) Application fee is \$2,500;

11 (b) License fee is \$750;

12 (c) Refundable advance deposit authorized under Regulation .01E(3) for
13 the administrative costs of conducting the applicant's background
14 investigation is \$2,000; and

15 (d) Fees required under Regulation .03B of this chapter for conducting a
16 criminal history records check.

17 (2) For a gaming employee, the:

18 (a) Application fee is \$250;

19 (b) License fee is \$150; and

20 (c) Fees required under Regulation .03B of this chapter for conducting a
21 criminal history records check.

22 (3) For a non-gaming employee, the:

23 (a) Application fee is \$50;

24 (b) License fee is \$100; and

25 (c) Fees required under Regulation .03B of this chapter for conducting a
26 criminal history records check.

27 E. A video lottery employee license authorizes the licensee to be employed as a principal,
28 gaming or non-gaming employee in the State.

1 F. A licensed video lottery employee may not play a video lottery terminal or table game
2 at, or receive a jackpot from, a facility:

3 (1) Where the individual is employed; or

4 (2) That is operated by the individual's employer.

5 G. A licensee has a continuing duty to inform the Commission of an act or omission that
6 the licensee knows or should know constitutes a violation of Title 9, Subtitle 1A,
7 Annotated Code of Maryland, or the Commission's regulations.

8 H. Term; Renewal.

9 (1) The term of a video lottery employee license is 3 years.

10 (2) Except for a sponsored principal or sponsored gaming employee, the
11 Commission may renew the license if, before the term of the license expires, the
12 licensee:

13 (a) Applies for renewal;

14 (b) Continues to comply with all licensing requirements;

15 (c) Maintains employment as a video lottery employee;

16 (d) Submits to a background investigation under Regulation .03 of this
17 chapter; and

18 (e) Pays a nonrefundable application fee of:

19 (i) \$750 for a principal employee;

20 (ii) \$150 for a gaming employee; or

21 (iii) \$100 for a non-gaming employee;

22 (f) Pays the fees required under Regulation .03B of this chapter for
23 conducting a criminal history records check; and

24 (g) For a principal employee, pays a refundable advance deposit of \$2,000
25 authorized under Regulation .01E(3) of this chapter for the
26 administrative costs of conducting the applicant's background
27 investigation.
28
29
30

31 I. Sponsored License.

1 (1) The Commission may issue to a video lottery employee license applicant a
2 sponsored license to permit the individual to work legally as a video lottery
3 employee before the Commission's licensing process is complete.

4 (2) A licensed facility operator, manufacturer, or contractor may submit an
5 application for a sponsored license on behalf of an individual who is seeking a
6 principal, gaming or non-gaming employee license.

7 (3) An application for a sponsored license shall be in a format designated by the
8 Commission and shall include:

9 (a) A completed application for a principal, gaming or non-gaming
10 employee license;

11 (b) Payment of the application fees required under § D of this regulation;

12 (c) Documentation to verify that the sponsor has:

13 (i) Offered the individual at least conditional employment;

14 (ii) Obtained bond as required under Regulation .15 of this chapter;
15 and

16 (iii) Performed, at a minimum, a Social Security database check,
17 criminal check, employment verification, and national database
18 search.

19 (4) The Commission may grant a sponsored license after:

20 (a) Receiving all items required under §I(3) of this regulation; and

21 (b) Performing on the individual a:

22 (i) Criminal background investigation under Regulation .05 of this
23 chapter; and

24 (ii) Credit check.

25 (5) A sponsored license

26 (a) Is valid for one non-renewable 3-year term;

27 (b) A sponsored license is not transferable to employment with a different
28 facility operator, manufacturer, or contractor unless the new employer
29 submits to the Commission a Certificate of Sponsorship for the sponsored

licensee before the sponsored licensee commences employment with the new employer; and

(c) Automatically converts to a principal, gaming or non-gaming employee license when the Commission notifies the sponsor that the individual meets the license qualification requirements under §C of this regulation.

.13 Manufacturer Licenses.

A. General.

(1) Unless a manufacturer holds a valid manufacturer's license issued by the Commission before conducting business with a licensee or the State, the manufacturer may not offer any video lottery terminal, table game device, central monitor and control system, associated equipment or software, or goods or services that directly relate to the operation of video lottery terminals or table games under State Government Article, Title 9, Subtitle 1A, Annotated Code of Maryland.

(2) The following persons must meet the Commission's manufacturer license requirements:

(a) A manufacturer; and

(b) Each person that owns, controls, or is a representative of a manufacturer.

B. Qualification Requirements. After conducting a hearing that complies with the requirements of COMAR 36.01.02.06, the Commission may issue a manufacturer license to a manufacturer that has:

(1) Paid the application and license fee under § C of this regulation;

(2) Unless exempt, obtained a bond required under Regulation .15 of this chapter;

(3) Furnished the Commission with the information and documentation required under this chapter;

(4) Established by clear and convincing evidence that each person identified in § A(2) of this Regulation has:

(a) Qualified under State Government Article, § 9-1A-07(c); and

(b) Not been disqualified under State Government Article, § 9-1A-08;

1 (5) Provided the Commission with sufficient information to establish that the
2 manufacturer has otherwise qualified for a manufacturer license; and

3 (6) Established that its system, associated equipment or software, or goods or
4 services meet the specifications and procedures in COMAR 36.03.12.

5 C. Application and License Fees.

6 (1) The application fee for a person is:

7 (a) \$10,000 for a manufacturer of a video lottery terminal or table game
8 device;

9 (b) \$10,000 for a manufacturer of a central monitor and control system;

10 (c) \$10,000 for a manufacturer of associated equipment and software; and

11 (d) \$10,000 for a distributor or reseller of a video lottery terminal, table
12 game device, central monitor and control system, or associated equipment
13 and software.

14 (2) The license fee for a person is:

15 (a) \$5,000 for a manufacturer of a video lottery terminal or table game
16 device;

17 (b) \$25,000 for a manufacturer of a central monitor and control system;

18 (c) \$5,000 for a manufacturer of associated equipment and software; and

19 (d) \$1,000 for a distributor or reseller of a video lottery terminal, table
20 game device, central monitor and control system, or associated equipment
21 and software.

22 D. The manufacturer license authorizes the licensee to manufacture or distribute a video
23 lottery terminal, table game device, central monitor and control system, and associated
24 equipment and software to the Commission or a video lottery destination location in the
25 State.

26 E. A licensee has a continuing duty to inform the Commission of an act or omission that
27 the licensee knows or should know constitutes a violation of Subtitle 9-1A or the
28 Commission's regulations.

29 F. Term; Renewal; License Renewal Fee.

30 (1) The term of a manufacturer license is 3 years.

1 (2) The Commission may renew the license if, before the term of the license
2 expires, the licensee applies for renewal; and;

3 (a) Continues to comply with all licensing requirements;

4 (b) Submits to a background investigation under Regulation .05 of this
5 chapter; and

6 (c) Pays a license renewal fee in the amount of the license fee that is
7 required under § C(2) of this regulation.

8 **.14 Contractor Licenses.**

9 A. General. If a video lottery operation licensee engages a contractor to provide services
10 described in COMAR 36.03.01.02B(1), the contractor shall qualify under the standards
11 and provisions set forth in State Government Article, §§9-1A-07 and 9-1A-08, Annotated
12 Code of Maryland.

13 B. Qualification Requirements. The Commission may find a contractor qualified if it has
14 provided the Commission with sufficient information to establish by clear and convincing
15 evidence that it has:

16 (1) Qualified under State Government Article, §9-1A-07(c), Annotated Code of
17 Maryland; and

18 (2) Not been disqualified under State Government Article, §9-1A-08, Annotated
19 Code of Maryland.

20 C. The Commission may charge a contractor for the administrative costs associated with
21 performing a background investigation.

22 **D. Application and License Fees.**

23 (1) The application fee for the Commission's qualification of a contractor is
24 \$1,500; and

25 (2) The license fee for a contractor is \$2,500.

26 **E. Term; Renewal; Fees.**

27 (1) The term of qualification is 3 years.

28 (2) The Commission may renew the qualification if, before the expiration of three
29 years, the contractor:

30 (a) Applies to renew qualification;

- 1 (b) Continues to comply with all qualification requirements;
- 2 (c) Submits to a background investigation under Regulation .05 of this
- 3 chapter; and
- 4 (d) Pays a renewal fee of \$2,500.
- 5 F. A contractor is exempt from:
 - 6 (1) Bond requirements under Regulation .15 of this chapter; and
 - 7 (2) Labor peace agreement requirements under State Government Article, § 9-1A-
 - 8 07(c)(7)(v), Annotated Code of Maryland, unless the contractor is engaged:
 - 9 (a) As a lessee;
 - 10 (b) As a tenant; or
 - 11 (c) Under a management agreement.

12 **.15 Bonds.**

13 A. The Commission may require an applicant or licensee to obtain a bond before the
14 Commission issues or reissues a license.

15 B. A video lottery employee may be exempted if the employee is not directly involved in
16 video lottery operations and is employed:

- 17 (1) As a non-gaming employee; or
- 18 (2) In any other category of video lottery employee for whom the Commission
- 19 determines the bond is not necessary to protect the public interest.

20 C. A bond shall be for the benefit of the State for the faithful performance of the
21 requirements imposed by State Government Article, Title 9, Subtitle 1A, Annotated Code
22 of Maryland, and any regulations issued under that subtitle.

23 D. For an operator of a facility, or an entity that contracts with the operator of a facility
24 to provide any of the services related to operating the facility, the amount of the bond
25 shall not exceed three times the initial licensing fee under State Government Article, Title
26 9, Subtitle 1A, Section 36(j), Annotated Code of Maryland.

27 E. For a manufacturer, the amount of the bond shall be specified in the Commission's
28 contract with manufacturers of video lottery terminals.

1 F. For a gaming employee, who is not covered by a bond under § D of this regulation,
2 the amount of the bond:

3 (1) Shall be determined by the Commission based on the employee's level of
4 responsibility and the State's risk of exposure to liability for the employee's
5 performance; and

6 (2) Not exceed three times the gaming employee's initial licensing fee.

7 G. For any other licensee, the amount of the bond shall be determined by the
8 Commission.

9 H. The Commission may not issue or reissue a license unless it has received satisfactory
10 proof of a bond.

11 I. The Commission may apply a bond to the payment of an unpaid liability of the
12 applicant or licensee.

13 **.16 Denial of a License.**

14 A. Denial of a video lottery employee or contractor license. In addition to the hearing
15 requirements in § B of this regulation, the following process shall precede a hearing on
16 the denial of a video lottery employee or contractor license.

17
18 (1) After reviewing an application submitted for a video lottery employee or
19 contractor license, the Director may recommend that the Commission deny
20 the applicant of an applicant who:

21
22 (a) Has not established by clear and convincing evidence that the applicant
23 meets applicable qualifications; or

24
25 (b) Has violated:

26
27 (i) A provision of Title 9, Subtitle 1A of the State Government
28 Article, Annotated Code of Maryland;

29
30 (ii) A Regulation adopted under Title 9, Subtitle 1A of the State
31 Government Article, Annotated Code of Maryland; or

32
33 (iii) A condition set by the Commission.

34
35 (2) If the Director recommends that the Commission deny a video lottery
36 employee or contractor license, the Director, or the Director's designee, shall
37 promptly provide the applicant with written notice of the:

38
39 (a) Recommendation for denial;

- 1
2 (b) Basis for the recommendation; and
3
4 (h) Applicant's right to request a reconsideration meeting with the
5 Director or the Director's designee.
6
7 (3) An applicant may submit to the Commission a written request for a
8 reconsideration meeting within 15 days of the date of the notice described in §
9 B(1) of this regulation.
10
11 (4) If an applicant fails to timely submit a request under § B(3) of this regulation,
12 the Commission may adopt as final the recommendation of the Director or
13 the Director's designee.
14
15 (5) During a reconsideration meeting, an applicant may:
16
17 (a) Be represented by counsel; and
18
19 (b) Present evidence as to why the license should be granted;
20
21 (6) If after the reconsideration meeting the applicant is dissatisfied with the
22 recommendation of the Director or the Director's designee, the applicant may
23 submit to the Commission, in writing:
24
25 (a) A request for hearing before the Commission on the recommendation
26 of the Director or the Director's designee; and
27
28 (b) The applicant's legal and factual bases for disagreeing with the
29 recommendation of the Director or the Director's designee.
30
31 (7) An applicant may submit a hearing request to the Commission within 15 days
32 of the date of the recommendation of the Director or the Director's designee
33 after the reconsideration meeting.
34
35 (8) If an applicant fails to timely submit a written hearing request under § B(7) of
36 this regulation, the Commission may adopt as final the recommendation of the
37 Director or the Director's designee.
38
39 (9) Upon receipt of a timely written hearing request, the Director shall provide the
40 applicant a hearing notice for a hearing before the Commission.
41
42 (10) The Director's hearing notice, and the Commission hearing at which the
43 recommended denial will be considered, shall comply with the requirements of
44 COMAR 36.01.02.06.
45
46 (11) The Commission shall:

1
2 (a) Grant the license after determining that the applicant is qualified; or

3
4 (b) Deny the license after determining that the applicant:

5
6 (i) Is not qualified or disqualified; or

7
8 (ii) Has violated a provision described in § A(1)(b) of this
9 regulation.

10
11 (12) Following a hearing, the Commission shall:

12
13 (a) Prepare an order denying the license with a statement of the reasons
14 and specific findings of fact; and

15
16 (b) Provide the applicant with written notification of its final action.

17
18 B. The Commission's final action on a license denial is subject to judicial review as
19 provided in State Government Article, Title 10, Subtitle 2, Annotated Code of Maryland.

20 **.17 Vendor Registration and Certification.**

21 A. Term Defined. "Vendor" means a person who provides goods or services to a video
22 lottery operation applicant or licensee and who is not required to be licensed as a
23 manufacturer or contractor under State Government Article, Subtitle 9-1A, Annotated
24 Code of Maryland or this subtitle, and includes:

25 (1) Suppliers of alcoholic beverages;

26 (2) Suppliers of food and nonalcoholic beverages;

27 (3) Refuse handlers;

28 (4) Vending machine providers and service personnel;

29 (5) Janitorial and maintenance companies;

30 (6) Tenant businesses or franchises located within facilities if such goods and
31 services are not gaming related;

32 (7) Providers of transportation services if such services are not gaming related;

33 (8) Persons involved in the construction of a facility;

34 (9) Lessors of real property or goods;

- 1 (10) Payroll services and other employer related services;
- 2 (11) Employee recruiting services; or
- 3 (12) Persons whose services the Commission reviews and determines must be
4 registered or certified under this regulation.
- 5 B. A vendor that conducts business with a video lottery operation applicant or licensee
6 shall be registered or certified by the Commission if the vendor is not exempt, and:
- 7 (1) The vendor is providing non-gaming related goods and services to a video
8 lottery operation applicant or licensee for a value described in § D or E of this
9 regulation; or
- 10 (2) The Commission:
- 11 (a) Reviews a vendor's services and determines that registration or
12 certification is required to protect the public interest of the State or
13 accomplish the policies in State Government Article, Subtitle 9-1A,
14 Annotated Code of Maryland and this subtitle; and
- 15 (b) Notifies the vendor that registration or certification is required.
- 16 C. The following persons that provide any of the enumerated services to a video lottery
17 operation applicant or licensee are exempt from vendor registration and certification
18 requirements:
- 19 (1) Public utilities that provide:
- 20 (a) Water;
- 21 (b) Sewerage;
- 22 (c) Electricity; or
- 23 (d) Natural gas;
- 24 (2) Insurance companies that provide insurance to a video lottery applicant or
25 licensee or its employees;
- 26 (3) Employee benefit and retirement plans, including 401(k) plans and employee
27 stock purchase programs;
- 28 (4) Professional associations that receive funds from the video lottery applicant or
29 licensee for the cost of enrollment, activities and membership;

- 1 (5) Units of federal, State, county, or municipal government;
- 2 (6) Manufacturers of alcoholic beverages;
- 3 (7) State- or federally-chartered banks or savings and loan associations;
- 4 (8) Providers of professional services, including accountants, attorneys, engineers
- 5 or architects, and others identified by Commission staff to be providers of
- 6 professional services;
- 7 (9) Telecommunication, satellite, or internet services;
- 8 (10) Shipping services;
- 9 (11) Persons that engage in efforts to influence legislative or administrative action
- 10 on behalf of a video lottery operation applicant or licensee for economic
- 11 consideration;
- 12 (12) Educational or training opportunities for facility employees;
- 13 (13) Professional entertainers, sports figures or other celebrities engaged by a
- 14 video lottery operation licensee to appear at a licensee-sponsored entertainment or
- 15 promotional event; or
- 16 (14) Representatives of a media outlet or provider of a simulcast service, ~~or~~
- 17 (15) A vendor that provides, or anticipates providing, a combined total value of
- 18 non-gaming related goods and services to State video lottery operation applicants
- 19 or licensees within a calendar year of less than \$2,500;
- 20 (16) A vendor for whom the Commission determines registration or certification
- 21 is not necessary in order to protect the public interest.

22 D. Vendor registration.

- 23 (1) A vendor that provides, or anticipates providing, non-gaming related goods
- 24 and services to a video lottery applicant or licensee in a calendar year that are
- 25 valued from \$2,500 to \$99,999 shall be registered with the Commission.
- 26 (2) The video lottery applicant or licensee to which a vendor provides, or
- 27 anticipates providing, the non-gaming related goods and services shall submit to
- 28 the Commission a completed registration form in a format designated by the
- 29 Commission that includes:
 - 30 (a) Vendor name;

- 1 (b) Vendor business address;
- 2 (c) Type of service provided;
- 3 (d) Total value of goods or services provided to video lottery applicants or
- 4 licensees in the State within a calendar year;
- 5 (e) Verification that the vendor's business is in good standing with the
- 6 Maryland Department of Assessment and Taxation; and
- 7 (f) Any other information the Commission requires.

8 (3) Upon receipt of a completed registration form, the Commission shall provide
9 the applicant or licensee with written notification of whether it has registered the
10 vendor.

11 E. Vendor certification.

12 (1) A vendor that provides, or anticipates providing, non-gaming related goods
13 and services to a video lottery applicant or licensee in a calendar year that are
14 valued at or above \$100,000 shall be certified by the Commission.

15 (2) A vendor that provides, or anticipates providing, the non-gaming related
16 goods and services shall submit to the Commission a:

17 (a) Completed certification form in a format designated by the
18 Commission that includes:

19 (i) Vendor name;

20 (ii) Vendor business address;

21 (iii) Each video lottery operation applicant or licensee in the State
22 with which it does or expects to do business;

23 (iv) Type of service provided;

24 (v) Total value of goods or services provided to video lottery
25 applicants or licensees in the State within a calendar year;

26 (vi) Any other jurisdiction where it conducts business related to a
27 video lottery operation;

28 (vii) Verification that the vendor's business is in good standing
29 with the Maryland Department of Assessment and Taxation; and

- 1 (viii) Any other information the Commission requires; and
- 2 (b) A certification fee of \$500.
- 3 (3) Upon receipt of a certification fee and completed certification form, the
4 Commission shall verify the information provided by the vendor and:
- 5 (a) If the Commission determines that the vendor's conduct of business
6 with a video lottery operation applicant or licensee is consistent with the
7 public interest of the State and the policies in State Government Article,
8 Subtitle 9-1A, Annotated Code of Maryland and this subtitle, grant the
9 vendor's application for certification; or
- 10 (b) If the Commission determines that the vendor's conduct of business
11 with a video lottery operation applicant or licensee is contrary to the
12 public interest of the State or the policies in State Government Article,
13 Subtitle 9-1A, Annotated Code of Maryland or this subtitle, deny the
14 vendor's request for certification; and
- 15 (c) Provide the vendor with written notification of its decision.
- 16 F. Except as provided in § G of this regulation, a non-exempt vendor may not conduct
17 business that relates to facility operations with a video lottery operation applicant or
18 licensee until it is registered or certified by the Commission.
- 19 G. Emergency notification. An applicant or licensee may accept goods or services from a
20 vendor that is not registered or certified by the Commission if:
- 21 (1) The applicant or licensee encounters an emergent threat to public health,
22 safety or welfare that is outside its control and requires immediate provision of
23 goods or services by a vendor; and
- 24 (2) Unless the vendor is exempt under § C of this regulation:
- 25 (a) No later than the next State business day after the vendor's emergency
26 provision of goods or services, the applicant or licensee shall submit to the
27 Commission a vendor emergency notification form that includes an
28 explanation of the need for its emergency use of a vendor that is not
29 registered or certified by the Commission; and
- 30 (b) Within 20 business days of submitting the vendor emergency
31 notification form:
- 32 (i) The applicant or licensee shall submit to the Commission a
33 vendor registration form; or

1 (ii) The vendor shall submit to the Commission a vendor
2 certification form and the \$500 certification fee.

3 H. A vendor's registration or certification:

4 (1) Remains in effect for 3 years from the date the Commission approves
5 registration or certification;

6 (2) May be renewed by the Commission if:

7 (a) The applicable form, and any required fee, are submitted as required
8 under §D or E of this regulation at least 90 days before the expiration of 3
9 years from the date of written notification under § D(3) or E(3)(c) of this
10 regulation;

11 (3) Shall automatically expire if a vendor does not comply with renewal
12 requirements under this regulation; and

13 (4) Is subject to cancellation by the Commission if the Commission determines
14 that the vendor's continued conduct of business with a video lottery operation
15 applicant or licensee is contrary to the public interest of the State or the policies in
16 State Government Article, Subtitle 9-1A, Annotated Code of Maryland or this
17 subtitle.

18 I. The Commission's decision to deny or cancel a vendor registration or certification does
19 not give rise to an appeal right under the contested case provisions of the Maryland
20 Administrative Procedure Act.

21 J. The Commission may maintain and make publicly available a list of:

22 (a) Registered and certified vendors; and

23 (b) Vendors that are prohibited from doing business with a video lottery operation
24 applicant or licensee because the Commission has denied or cancelled their
25 registration or certification.

26 K. A video lottery operation applicant or licensee shall:

27 (1) Submit to the Commission a monthly vendor payments report in a format
28 prescribed by the Commission; and

29 (2) Ensure that a vendor appearing on its monthly vendor payments report is:

30 (a) Registered;

31 (b) Certified; or

1 (c) Exempt.

2 **.18 Identification Cards for Video Lottery Employees.**

3 A. The Commission shall issue an identification card to an individual who is licensed as
4 a video lottery employee.

5 B. Identification Card.

6 (1) An identification card shall display a photograph of the licensee, and at a
7 minimum, indicate:

8 (a) The individual's name;

9 (b) By color, pattern, or symbol, the licensing category; and

10 (c) The license expiration date.

11 (2) An identification card is evidence that the licensee is authorized to be
12 employed in the designated licensing category by a licensed facility operator,
13 manufacturer or contractor.

14 (3) An identification card is the property of the Commission.

15 C. Licensee obligations. A licensee shall:

16 (1) Shall wear or otherwise prominently display his or her identification card at all
17 times while working;

18 (2) Shall immediately report a loss or theft of the card to the licensee's employer
19 and the Commission;

20 (3) May not allow another individual to possess the card; and

21 (4) Shall comply with an order of the Commission to surrender the card.

22 D. Replacement Identification Card.

23 (1) If an identification card issued under this Regulation is lost or stolen:

24 (a) The licensee shall immediately:

25 (i) Report the loss or theft to his or her employer; and

1 (ii) In a form or format designated by the Commission, submit to
2 the Commission a written description of the circumstances of the
3 loss or theft; and

4 (b) After verifying the licensee's identity, the Commission may issue a
5 new identification card to the licensee;

6 (2) If an identification card issued under this Regulation is temporarily
7 unavailable to the licensee:

8 (a) The licensee shall immediately:

9 (i) Report the temporary unavailability of the card to his or her
10 employer; and

11 (ii) In a form or format designated by the Commission, submit to
12 the Commission a written description as to why the card is
13 temporarily unavailable;

14 (b) After verifying the licensee's identity, the Commission may issue an
15 emergency credential to the licensee that is valid for one work day; and

16 (c) The licensee shall surrender the emergency credential to the
17 Commission at the end of the work day on which he or she received the
18 card.

19 (3) If the Commission issues a replacement or temporary identification card to a
20 licensee, the licensee's employer shall pay the Commission:

21 (a) \$40 for the cost of a replacement identification card; and

22 (b) \$20 for the cost of a temporary identification card.

23 E. Surrender and Reissuance of Identification Card.

24
25 (1) The employer of the video lottery employee who was issued an identification
26 card under this Regulation shall ensure that the licensee surrenders his or her
27 identification card to the Commission if the:

28
29 (a) Commission suspends or revokes the license;

30
31 (b) License is not renewed;

32
33 (c) Licensee separates from employment with his or her employee; or

34
35 (d) Licensee is otherwise ordered to surrender the identification card.

1
2 (2) If an identification card is not surrendered as required under § D(2)(c) or §
3 E(1) of this regulation, the licensee's employer may be subject to enforcement
4 action under COMAR 36.03.04.
5

6 (3) If an identification card was surrendered when the licensee separated
7 employment from his or her employer, the Commission may issue the licensee
8 another identification card if the:
9

10 (a) Licensee obtains employment with a licensed facility operator,
11 manufacturer or contractor;
12

13 (b) Term of the license has not expired; and
14

15 (c) Commission verifies:
16

17 (i) The licensee's identity;
18

19 (ii) That the license was in good standing when the card was
20 surrendered; and
21

22 (iii) That the license has not expired and remains in good standing.
23

24 (4) There is no fee for an identification card issued under § E(3) of this
25 regulation.
26

27 (5) Nothing in this regulation shall preclude the Commission from taking
28 enforcement action against a licensee based on the circumstances related to the
29 licensee's separation from employment.
30
31
32