

. Title 36 STATE LOTTERY AND GAMING CONTROL AGENCY

Subtitle 06 ELECTRONIC GAMING DEVICES

Chapter 03 – Application and Licensing

Authority: State Government Article, § 9-110 and Criminal Law Article §§ 12-301 and 12-301.1, Annotated Code of Maryland

.01 Process.

A. Upon filing an application for a license under this subtitle, the applicant shall pay a nonrefundable application fee established by the Commission.

B. Applications.

Documents submitted to the Commission under this chapter shall consist of an original and shall be in the format required by Commission.

C. Application Review.

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

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

(3) An applicant notified in accordance with §C(2) of this regulation may submit the documents necessary to complete the application not later than 15 days after issuance of the notification.

(4) An applicant who is notified in accordance with §C(2) of this regulation and who fails to submit the requested documents in a timely manner need not be certified by the Commission, and the Commission need not consider the application.

D. Changes in Application.

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

- 1 (2) After an application has been filed by an applicant, the applicant may not
2 amend the application except:
- 3 (a) To address a deficiency in accordance with a notice sent under §C(2)
4 of this regulation;
- 5 (b) As required by the Commission or the Commission staff for
6 clarification of information contained in the application; or
- 7 (c) To address a change in the circumstances surrounding the application
8 that was outside the control of the applicant and that affects the ability of
9 the applicant to comply with the law or the regulations of the Commission.
- 10 (3) To amend an application under §D(2)(c) of this regulation, an applicant shall
11 file with the Commission a written request to amend the application, stating:
- 12 (a) The change in the circumstances surrounding the application that
13 necessitates the amendment;
- 14 (b) The nature of the amendment; and
- 15 (c) The reason why the amendment is necessary to bring the application
16 into compliance with the law or the regulations of the Commission.
- 17 (4) The Commission shall grant or deny each request filed under §D(3) of this
18 regulation.
- 19 (5) A request shall be granted if the applicant demonstrates to the satisfaction of
20 the Commission that:
- 21 (a) The circumstances requiring the amendment were outside the control
22 of the applicant;
- 23 (b) Before the change in the circumstances surrounding the application,
24 the application complied with the pertinent provisions of the law or the
25 regulations of the Commission; and
- 26 (c) The amendment is necessary to bring the application into compliance
27 with the pertinent provisions of the law or the regulations of the
28 Commission.
- 29 (6) An application for a license may be withdrawn if the:
- 30 (a) Applicant submits a written request to the Commission to withdraw the
31 application; and

1 (b) Written request is submitted before the Commission has denied the
2 application.

3 E. Payment and collection. Applicants shall pay the administrative costs and fees
4 required under this regulation by:

5 (1) Money order;

6 (2) Certified check made payable to the "State of Maryland"; or

7 (3) Any other manner designated by the Commission.

8 F. Continuing Obligations.

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

12 (2) Failure to conform to the information contained in a license application shall
13 be grounds for the Commission to invoke against the licensee the sanctions
14 described in Regulation .06 of this chapter.

15 **.02 Personal and Background Information.**

16 A. Except as otherwise provided by this regulation, the application documents submitted
17 under regulation .01 B of this Chapter shall include the information under §B of this
18 regulation, for an individual who is:

19 (1) The applicant; or

20 (2) Key management.

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

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

23 (2) Date of birth;

24 (3) Home and business addresses and telephone numbers;

25 (4) Email address;

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

27 (6) Social Security number.

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

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

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

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

6 E. Inadvertent, non-substantive errors that might be made in furnishing the information
7 required by this regulation may not be used as a reason by the Commission for
8 disqualifying the applicant.

9 **.03 Electronic Gaming Device Facility License**

10 A. General.

11 (1) Unless key management holds a valid electronic gaming device facility license
12 issued by the Commission, key management may not operate electronic gaming
13 devices.

14 (2) The following persons must meet the Commission's electronic gaming device
15 facility license requirements:

16 (a) A facility; and

17 (b) Key management.

18 B. Application Fees.

19 The application fee for an electronic gaming device facility license is \$50 for each
20 electronic gaming device that is in operation at the facility:

21 C. The electronic gaming device facility license issued by the Commission shall specify
22 the:

23
24 (1) Date and time at which operations may commence; and

25
26 (2) Maximum number of electronic gaming devices that may be operated by the
27 facility operator under the electronic gaming device facility license.

28
29 D. The Commission may issue an electronic gaming device facility license subject to
30 conditions.

31
32 E. The Commission may issue an electronic gaming device facility license after
33 determining that:

- 1 (1) The applicant has paid the application fee under § B of this regulation;
- 2 (2) The applicant has furnished the Commission with the information and
- 3 documentation required under this chapter;
- 4 (3) The facility complies with the regulations of this Title; and
- 5
- 6 (4) All electronic gaming devices and associated equipment to be used in the
- 7 facility have been tested and comply with any standards established by the
- 8 Commission.

9 F. An electronic gaming device facility licensee has a continuing duty to inform the
10 Commission of an act or omission that the licensee knows or should know constitutes a
11 violation of the Commission's regulations.

12 G. Term; Renewal; License Renewal Fee.

- 13 (1) The term of an electronic gaming device facility license is 1 year.
- 14 (2) The Commission may renew the license if, before the term of the license
- 15 expires, the licensee applies for renewal; and
- 16 (a) Continues to comply with all licensing requirements; and
- 17 (b) Pays a license application fee in the amount that is required under § B
- 18 of this regulation.

19 **.04 Electronic Gaming Device Manufacturer Licenses.**

20 A. General.

- 21 (1) Unless a manufacturer holds a valid electronic gaming device manufacturer
- 22 license issued by the Commission, the manufacturer may not offer electronic
- 23 gaming devices.
- 24 (2) The following persons must meet the Commission's electronic gaming device
- 25 manufacturer license requirements:
- 26 (a) A manufacturer; and
- 27 (b) Each person that owns, controls, or is a representative of a
- 28 manufacturer.

29 B. Application Fees.

1 The application fee for a manufacturer is \$150 for each electronic gaming device
2 provided by the manufacturer that is operation in the State.

3 C. The electronic gaming device manufacturer license issued by the Commission shall
4 specify:

5
6 (1) Date and time at which electronic gaming devices may be offered; and
7

8 (2) Maximum number of electronic gaming devices that may be offered by the
9 manufacturer under the electronic gaming device manufacturer license.
10

11 D. The Commission may issue an electronic gaming device manufacturer license subject
12 to conditions.

13
14 E. The Commission may issue an electronic gaming device manufacturer license after
15 determining that:

16 (1) The applicant has paid the application fee under § B of this regulation;

17 (2) The applicant has furnished the Commission with the information and
18 documentation required under this chapter;

19 (3) The applicant complies with the regulations of this Title; and
20

21 (4) All electronic gaming devices and associated equipment to be offered by the
22 manufacturer have been tested and comply with any standards established by the
23 Commission;

24 F. A licensee has a continuing duty to inform the Commission of an act or omission that
25 the licensee knows or should know constitutes a violation of the Commission's
26 regulations.

27 G. Term; Renewal; License Renewal Fee.

28 (1) The term of an electronic gaming device manufacturer license is 1 year.

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

31 (a) Continues to comply with all licensing requirements; and

32 (b) Pays a license application fee in the amount that is required under § B
33 of this regulation.

34 **05. Corrective Action.**
35

1 A. Deficiency.

2
3 If the Director determines that a licensee under this subtitle no longer meets a
4 license requirement of the subtitle, or that there is cause for imposing sanctions under
5 Regulation .06 of this chapter, the Director may:

- 6
7 (1) Assess the seriousness of the deficiency;
8
9 (2) Require the licensee to develop a corrective action plan;
10
11 (3) Determine whether it is necessary during the pendency of the corrective action
12 process to emergently suspend the license;
13
14 (4) Evaluate and, if acceptable to the Director, approve the corrective action plan;
15
16 (5) Determine appropriate timelines for the completion of corrective action;
17
18 (6) Conduct periodic monitoring of a licensee for which the Director required a
19 corrective action plan to assess the licensee's progress toward remedying the
20 deficiencies; and
21
22 (7) Recommend that the Commission impose a sanction under Regulation .06 of
23 this chapter.
24

25 B. Deficiency Notice.

26
27 Upon determining that corrective action is required to remedy a deficiency, the
28 Director shall give written notice to a licensee that includes:

- 29
30 (1) A description of the violation;
31
32 (2) A description of the possible sanctions; and
33
34 (3) The requirement for the licensee to submit a corrective action plan to the
35 Director within a time frame established by the Director.
36

37 C. Corrective Action Plan.

- 38
39 (1) Within 10 days of receipt of a deficiency notice under § B of this regulation,
40 the licensee shall submit a corrective action plan to the Director for the Director's
41 approval.
42
43 (2) The Director shall review the corrective action plan and inform the licensee
44 whether the corrective action plan is acceptable.
45

1 (3) If the licensee fails to submit an acceptable corrective action plan within the
2 time described under § C(1) of this regulation, the Director may:

3
4 (a) Provide the licensee with additional time to submit a revised corrective
5 action plan; or

6
7 (b) Impose a sanction on the licensee under Regulation .06 of this chapter.
8

9 (4) If the Director provided a licensee notice under § B(3) of this regulation and
10 received no timely written response, the Commission may adopt as final the
11 Director's decision to impose a sanction under Regulation .06 of this chapter.
12

13 D. Corrective Action Outcomes.

14
15 (1) If at any time during the corrective action plan period the Director determines
16 that the licensee has failed to fulfill a requirement of the corrective action plan or
17 has made insufficient progress toward remedying a deficiency, the Director may:

18
19 (a) For good cause, extend the time for completion of a corrective action plan;
20 or

21
22 (b) Emergently suspend the licensee's license.
23

24 (2) If at the end of the corrective action plan period the licensee has failed to
25 adequately remedy a deficiency, the Director may impose a sanction under
26 Regulation .06 of this chapter.
27

28 **.06 Sanctions.**

29 A. The Director may impose sanctions on a licensee for:

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31 (1) Violating or failing to fulfill the licensee's responsibilities or a condition of a
32 license under this subtitle;
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34
35 (2) Violating:

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37 (a) A provision of the law;

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39 (b) A regulation adopted under the law; or

40
41 (c) An order or directive of the Commission;
42

43 (3) Providing the Commission with false or misleading information;
44

45 (4) Failing to cooperate with the Commission;
46

- (5) Failing to remit, or failing to make timely remittance of, funds owed to the Commission;
- (6) Failing to prepare, submit, or implement an adequate corrective action plan under Regulation .05 C of this chapter;
- (7) Incurring criminal charges related to the conduct of illegal gaming;
- (8) Possessing materials or equipment indicating involvement by the licensee or the licensee's employees in the conduct of illegal gaming; or
- (9) Other activities or action deemed by the Director to require the imposition of a sanction.

B. Types of Sanctions.

Sanctions may include emergency suspension, suspension, revocation, and placement of conditions on the license.

C. Suspension, Revocation and Conditions.

- (1) Except as set forth in § D of this regulation, the Director shall give the licensee notice of the intended suspension, revocation, or imposition of a condition at least 15 days before the imposition of the intended sanction.
- (2) A licensee may appeal the Director's imposition of a sanction before the date the sanction is imposed by submitting a request for a hearing before the Commission.
- (3) The final action on a sanction is subject to judicial review as provided in State Government Article, Title 10, Subtitle 2, Annotated Code of Maryland.

D. Emergency Suspension.

- (1) Notwithstanding any other requirement of this chapter, if the Director determines that immediate action is necessary to protect against an imminent, serious threat by a licensee to the security, financial stability, reputation or integrity of the State, the Director may suspend a license without prior notice.
- (2) If the Director emergently suspends a license, the Director shall provide the licensee with written notice that includes:
 - (a) A statement of the authority upon which the suspension is based;
 - (b) The nature of the violation;

1 (c) The duration of suspension;

2
3 (d) Information about the licensee's obligation to submit to the Agency a
4 corrective action plan; and

5
6 (e) A statement of the licensee's right to request a Commission hearing.

7
8 (3) If after a license is emergently suspended, the licensee does not submit a
9 timely written request for a Commission hearing, the Director may move to
10 revoke the license by giving the licensee notice under § C(1) of this regulation.

11
12 **.07 Settlement.**

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14 A. The Commission may provide a licensee with the opportunity to discuss with staff a
15 means of entering into a settlement agreement between the licensee and the Commission
16 by which the violation is settled without a penalty or sanction.

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18 B. A settlement agreement:

19
20 (1) Shall be signed by an authorized representative of the licensee and the
21 Director or the Director's designee; and

22
23 (2) May not be considered final and binding until approved by the Commission.

24
25 C. If a licensee violates a term of a settlement agreement, nothing in this regulation shall
26 be construed to prevent the Commission from imposing a penalty or sanction against the
27 licensee for that, or the underlying, violation.

28 **.08 Hearings.**

29 A. The Commission shall conduct a hearing in order to:

30 (1) Deny a license;

31 (2) Suspend a license; or

32 (3) Revoke a license.

33 B. Denial of a License.

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35 (1) After reviewing an application submitted under this chapter, the Director may
36 recommend that the Commission deny a license.

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38 (2) If the Director recommends that the Commission deny a license, the Director,
39 or the Director's designee, shall promptly provide the applicant with written
40 notice of the:

1
2 (a) Recommendation for denial;
3

4 (b) Basis for the recommendation; and
5

6 (c) Applicant's right to request a reconsideration meeting with the Director
7 or the Director's designee.
8

9 (3) An applicant may submit to the Commission a written request for a
10 reconsideration meeting within 15 days of the date of the notice described in §
11 B(2) of this regulation.
12

13 (4) If an applicant fails to timely submit a request under § B(3) of this regulation,
14 the Commission may adopt as final the recommendation of the Director or the
15 Director's designee.
16

17 (5) During a reconsideration meeting, an applicant may:
18

19 (a) Be represented by counsel; and
20

21 (b) Present evidence as to why the license should be granted;
22

23 (6) If after the reconsideration meeting the applicant is dissatisfied with the
24 recommendation of the Director or the Director's designee, the applicant may
25 submit to the Commission, in writing:
26

27 (a) A request for hearing before the Commission on the recommendation
28 of the Director or the Director's designee; and
29

30 (b) The applicant's legal and factual bases for disagreeing with the
31 recommendation of the Director or the Director's designee.
32

33 (7) An applicant may submit a hearing request to the Commission within 15 days
34 of the date of the recommendation of the Director or the Director's designee after
35 the reconsideration meeting.
36

37 (8) If an applicant fails to timely submit a hearing request under § B(6), the
38 Commission may adopt as final the recommendation of the Director or the
39 Director's designee.
40

41 (9) A hearing request that complies with § B (6) of this regulation shall be the
42 subject of a hearing before the Commission, after which the Commission shall:
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44 (a) Determine that the applicant is qualified and grant the license; or
45

46 (b) Determine that the applicant is not qualified or disqualified; and

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(i) Deny the license; and

(ii) Prepare an order denying the license with a statement of the reasons and specific findings of fact.

(10) The Commission’s decision is final.

C. A Commission hearing shall be conducted in the manner specified in:

(1) State Government Article, Title 10, Subtitle 2, Annotated Code of Maryland;
and

(2) COMAR 36.01.02.06.