

1 . Title 36 STATE LOTTERY AND GAMING CONTROL AGENCY

2  
3 Subtitle 06 ELECTRONIC GAMING DEVICES

4  
5 Chapter 03 – Application ~~and~~, Licensing and Registration

6  
7 Authority: State Government Article, § 9-110 and Criminal Law Article §§ 12-301 and  
8 12-301.1, Annotated Code of Maryland

9  
10 .01 Process.

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

13 B. Applications.

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

16 C. Application Review.

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

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

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

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

29 D. Changes in Application.

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

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

- 1 (a) To address a deficiency in accordance with a notice sent under §C(2) of this  
2 regulation;
- 3 | (b) As required by the Commission or ~~the~~ Commission staff for clarification of  
4 information contained in the application; or
- 5 (c) To address a change in the circumstances surrounding the application that was outside  
6 the control of the applicant and that affects the ability of the applicant to comply with the  
7 law or the regulations of the Commission.

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

10 (a) The change in the circumstances surrounding the application that necessitates the  
11 amendment;

12 (b) The nature of the amendment; and

13 (c) The reason why the amendment is necessary to bring the application into compliance  
14 with the law or the regulations of the Commission.

15 (4) The Commission shall grant or deny each request filed under §D(3) of this regulation.

16 (5) A request shall be granted if the applicant demonstrates to the satisfaction of the  
17 Commission that:

18 (a) The circumstances requiring the amendment were outside the control of the applicant;

19 (b) Before the change in the circumstances surrounding the application, the application  
20 complied with the pertinent provisions of the law or the regulations of the Commission;  
21 and

22 (c) The amendment is necessary to bring the application into compliance with the  
23 pertinent provisions of the law or the regulations of the Commission.

24 (6) An application for a license may be withdrawn if the:

25 (a) Applicant submits a written request to the Commission to withdraw the application;  
26 and

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

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

30 (1) Money order;

- 1 (2) Certified check made payable to the “State of Maryland”; or  
2 (3) Any other manner designated by the Commission.

3 F. Continuing Obligations.

- 4 (1) Applicants who are awarded a license shall, during the term of their licensures,  
5 conform to all of the information contained in their license applications.  
6 (2) Failure to conform to the information contained in a license application shall be  
7 grounds for the Commission to invoke against the licensee the sanctions described in  
8 Regulation .06 of this chapter.

9 **.02 Personal and Background Information.**

10 A. Except as otherwise provided by this regulation, the application documents submitted  
11 under regulation .01 B of this ~~Chapter~~ ~~chapter~~ shall include the information under §B of  
12 this regulation, for an individual who is:

- 13 (1) The applicant; or  
14 (2) Key management.

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

- 16 (1) Full name and any previous names or aliases;  
17 (2) Date of birth;  
18 (3) Home and business addresses and telephone numbers;  
19 (4) Email address;  
20 (5) Driver's license number and state of issuance; and  
21 (6) Social Security number.

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

- 23 (1) State in which the applicant is incorporated; and  
24 (2) Name and address of the applicant's agent for service of process in Maryland.

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

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

#### 4 **.03 Electronic Gaming Device Facility License**

##### 5 A. General.

6 (1) Unless ~~key management~~ a facility holds a valid electronic gaming device facility  
7 license issued by the Commission, a facility and key management may not operate  
8 electronic gaming devices.

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

11 (a) A facility; and

12 (b) Key management.

##### 13 B. Application Fees.

14 Beginning July 1, 2016, tThe application fee for an electronic gaming device facility  
15 license is \$50 for each electronic gaming device that is in operation at the facility, subject  
16 to annual adjustments by the Commission.

17 ÷

18 C. The electronic gaming device facility license issued by the Commission shall specify  
19 the:

20  
21 ~~(1) Date and time at which operations may commence; and~~

22  
23 ~~(2) M~~maximum number of electronic gaming devices that may be operated by the facility  
24 ~~operator~~ under the electronic gaming device facility license.

25  
26 D. The Commission may issue an electronic gaming device facility license subject to  
27 conditions.

28  
29 E. The Commission may issue an electronic gaming device facility license after  
30 determining that:

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

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

1 (3) The facility complies with the regulations of this Title; and

2

3 (4) All electronic gaming devices and associated equipment to be used in the facility have  
4 been tested and comply with any standards established by the Commission.

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

8 G. Term; Renewal; License Renewal Fee.

9 (1) The term of an electronic gaming device facility license is 1 year.

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

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

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

15 **.04 Electronic Gaming Device Manufacturer/Distributor Licenses.**

16 A. General.

17 (1) Unless a manufacturer or distributor holds a valid electronic gaming device  
18 manufacturer/distributor license issued by the Commission, the manufacturer or  
19 distributor may not offer electronic gaming devices.

20 (2) The following persons must meet the Commission's electronic gaming device  
21 manufacturer/distributor license requirements:

22 (a) A manufacturer or distributor; and

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

25 B. Application Fees.

26 Beginning July 1, 2016, tThe application fee for a manufacturer or distributor is \$150 for  
27 each electronic gaming device provided by the manufacturer or distributor that is  
28 operation in the State, subject to annual adjustments by the Commission.

29

1 C. The electronic gaming device manufacturer/distributor license issued by the  
2 Commission shall specify:

3  
4 ~~(1) Date and time at which electronic gaming devices may be offered; and~~

5  
6 ~~(2) M~~the maximum number of electronic gaming devices that may be offered by the  
7 manufacturer or distributor under the electronic gaming device manufacturer/distributor  
8 license.

9  
10 D. The Commission may issue an electronic gaming device manufacturer/distributor  
11 license subject to conditions.

12  
13 E. The Commission may issue an electronic gaming device manufacturer/distributor  
14 license after determining that:

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

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

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

19  
20 (4) All electronic gaming devices and associated equipment to be offered by the  
21 manufacturer or distributor have been tested and comply with any standards established  
22 by the Commission.

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

26 G. Term; Renewal; License Renewal Fee.

27 (1) The term of an electronic gaming device manufacturer/distributor license is 1 year.

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

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

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

33 **05. Corrective Action.**

34  
35 A. Deficiency.

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

4  
5 | (1) Assess the seriousness of the deficiency;

6  
7 | (2) Require the licensee to develop a corrective action plan;

8  
9 (3) Determine whether it is necessary during the pendency of the corrective action  
10 process to emergently suspend the license;

11  
12 (4) Evaluate and, if acceptable to the Director, approve the corrective action plan;

13  
14 (5) Determine appropriate timelines for the completion of corrective action;

15  
16 (6) Conduct periodic monitoring of a licensee for which the Director required a corrective  
17 action plan to assess the licensee's progress toward remedying the deficiencies; and

18  
19 (7) Recommend that the Commission impose a sanction under Regulation .06 of this  
20 chapter.

21  
22 | B. Deficiency Notice.

23  
24 Upon determining that corrective action is required to remedy a deficiency, the Director  
25 shall give written notice to a licensee that includes:

26  
27 | (1) A description of the violation;

28  
29 | (2) A description of the possible sanctions; and

30  
31 (3) The requirement for the licensee to submit a corrective action plan to the Director  
32 within a time frame established by the Director.

33  
34 | C. Corrective Action Plan.

35  
36 (1) Within 10 days of receipt of a deficiency notice under § B of this regulation, the  
37 licensee shall submit a corrective action plan to the Director for the Director's approval.

38  
39 (2) The Director shall review the corrective action plan and inform the licensee whether  
40 the corrective action plan is acceptable.

41  
42 (3) If the licensee fails to submit an acceptable corrective action plan within the time  
43 described under § C(1) of this regulation, the Director may:

44  
45 | (a) Provide the licensee with additional time to submit a revised corrective action plan; or

46 | (b) Impose a sanction on the licensee under Regulation .06 of this chapter.

1  
2 (4) If the Director provided a licensee notice under § B(3) of this regulation and received  
3 no timely written response, the Commission may adopt as final the Director's decision to  
4 impose a sanction under Regulation .06 of this chapter.

5  
6 | D. Corrective Action Outcomes.

7  
8 (1) If at any time during the corrective action plan period the Director determines that the  
9 licensee has failed to fulfill a requirement of the corrective action plan or has made  
10 insufficient progress toward remedying a deficiency, the Director may:

- 11  
12 (a) For good cause, extend the time for completion of a corrective action plan; or  
13  
14 (b) Emergently suspend the licensee's license.

15  
16 (2) If at the end of the corrective action plan period the licensee has failed to adequately  
17 remedy a deficiency, the Director may impose a sanction under Regulation .06 of this  
18 chapter.

19  
20 **.06 Sanctions.**

21  
22 | A. The Director may impose sanctions on a licensee for:

23  
24 | (1) Violating or failing to fulfill the licensee's responsibilities or a condition of a license  
25 under this subtitle;

26  
27 | (2) Violating:

- 28  
29 (a) A provision of the law;  
30  
31 (b) A regulation adopted under the law; or  
32  
33 (c) An order or directive of the Commission;

34  
35 | (1) Providing the Commission with false or misleading information;

36  
37 | (2) Failing to cooperate with the Commission;

38  
39 | (3) Failing to remit, or failing to make timely remittance of, funds owed to the  
40 Commission;

41  
42 | (46) Failing to prepare, submit, or implement an adequate corrective action plan under  
43 Regulation .05 C of this chapter;

44  
45 | (57) Incurring criminal charges related to the conduct of illegal gaming;

1 | (68) Possessing materials or equipment indicating involvement by the licensee or the  
2 | licensee's employees in the conduct of illegal gaming; or

3 |  
4 | (79) Other activities or action deemed by the Director to require the imposition of a  
5 | sanction.

6 |  
7 | B. Types of Sanctions.

8 |  
9 | Sanctions may include emergency suspension, suspension, revocation, and placement of  
10 | conditions on the license.

11 |  
12 | C. Suspension, Revocation and Conditions.

13 |  
14 | (1) Except as set forth in § D of this regulation, the Director shall give the licensee notice  
15 | of the intended suspension, revocation, or imposition of a condition at least 15 days  
16 | before the imposition of the intended sanction.

17 |  
18 | (2) A licensee may appeal the Director's imposition of a sanction before the date the  
19 | sanction is imposed by submitting a request for a hearing before the Commission.

20 |  
21 | (3) The final action on a sanction is subject to judicial review as provided in State  
22 | Government Article, Title 10, Subtitle 2, Annotated Code of Maryland.

23 |  
24 | D. Emergency Suspension.

25 |  
26 | (1) Notwithstanding any other requirement of this chapter, if the Director determines that  
27 | immediate action is necessary to protect against an imminent, serious threat by a licensee  
28 | to the security, financial stability, reputation or integrity of the State, the Director may  
29 | suspend a license without prior notice.

30 |  
31 | (2) If the Director emergently suspends a license, the Director shall provide the licensee  
32 | with written notice that includes:

33 |  
34 | (a) A statement of the authority upon which the suspension is based;

35 |  
36 | (b) The nature of the violation;

37 |  
38 | (c) The duration of suspension;

39 |  
40 | (d) Information about the licensee's obligation to submit to the Agency a corrective  
41 | action plan; and

42 |  
43 | (e) A statement of the licensee's right to request a Commission hearing.

1 (3) If after a license is emergently suspended, the licensee does not submit a timely  
2 written request for a Commission hearing, the Director may move to revoke the license  
3 by giving the licensee notice under § C(1) of this regulation.  
4

5 **.07 Settlement.**  
6

7 A. The Commission may provide a licensee with the opportunity to discuss with staff a  
8 means of entering into a settlement agreement between the licensee and the Commission  
9 by which the violation is settled without a penalty or sanction.  
10

11 B. A settlement agreement:  
12

13 (1) Shall be signed by an authorized representative of the licensee and the Director or the  
14 Director's designee; and  
15

16 (2) May not be considered final and binding until approved by the Commission.  
17

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

21 **.08 Hearings.**

22 A. The Commission shall conduct a hearing in order to:  
23

24 (1) Deny a license;

25 (2) Suspend a license; or

26 (3) Revoke a license.

27 B. Denial of a License.

28 | (1) After reviewing an application submitted under this chapter, the Director may  
29 recommend that the Commission deny a license.  
30

31 (2) If the Director recommends that the Commission deny a license, the Director, or the  
32 Director's designee, shall promptly provide the applicant with written notice of the:  
33

34 (a) Recommendation for denial;

35 (b) Basis for the recommendation; and  
36

37 (c) Applicant's right to request a reconsideration meeting with the Director or the  
38 Director's designee.  
39  
40

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

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

7  
8 (5) During a reconsideration meeting, an applicant may:

9  
10 (a) Be represented by counsel; and

11  
12 (b) Present evidence as to why the license should be granted;

13  
14 (6) If after the reconsideration meeting the applicant is dissatisfied with the  
15 recommendation of the Director or the Director's designee, the applicant may submit to  
16 the Commission, in writing:

17  
18 (a) A request for hearing before the Commission on the recommendation of the Director  
19 or the Director's designee; and

20  
21 (b) The applicant's legal and factual bases for disagreeing with the recommendation of  
22 the Director or the Director's designee.

23  
24 (7) An applicant may submit a hearing request to the Commission within 15 days of the  
25 date of the recommendation of the Director or the Director's designee after the  
26 reconsideration meeting.

27  
28 (8) If an applicant fails to timely submit a hearing request under § B(6), the Commission  
29 may adopt as final the recommendation of the Director or the Director's designee.

30  
31 (9) A hearing request that complies with § B (6) of this regulation shall be the subject of a  
32 hearing before the Commission, after which the Commission shall:

33  
34 (a) Determine that the applicant is qualified and grant the license; or

35  
36 (b) Determine that the applicant is not qualified or disqualified; and

37  
38 (i) Deny the license; and

39  
40 (ii) Prepare an order denying the license with a statement of the reasons and specific  
41 findings of fact.

42  
43 (10) The Commission's decision is final.

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

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

2 (2) COMAR 36.01.02.06.

3 **.09 Registration.**

4 A. An individual or entity who operates a skills-based amusement device shall register  
5 with the Commission if the device:

6 (1) Awards only freeplay;

7 (2) Is a redemption device; or

8 (3) A merchandiser device that dispenses noncash merchandise or prizes having a  
9 wholesale value of not more than \$30.

10 B. An individual or entity required to register shall provide in a manner specified by the  
11 Commission:

12 (1) Name of individual or entity operating the device;

13 (2) Address of the location where the device is operated;

14 (3) A description of each device with an indication whether the device:

15 (a) Awards only free play;

16 (b) Is a redemption device; or

17 (c) A merchandiser device that dispenses noncash merchandise or prizes having a  
18 wholesale value of not more than \$30; and

19 (5) Any additional information as required by the Commission.

20 C. An individual or entity required to register shall affix a Commission registration tag  
21 provided under Chapter 04 of this Subtitle to each device described under §B(3) of this  
22 Regulation.