

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

2
3 **Subtitle 08 SKILLS-BASED AMUSEMENT DEVICES**

4
5 **Chapter 03 Amusement Gaming License**

6
7 Authority: State Government Article § 9-1B-02, Annotated Code of Maryland

8 **.01 Definitions.**

9 A. In this subtitle, the following terms have the meanings indicated.

10 B. Terms defined.

11 “Family entertainment center” has the same definition as provided under State Government
12 Article, Title 9, Subtitle 1B, Annotated Code of Maryland.

13 **.02 Amusement Gaming License.**

14 A. A family entertainment center in Worcester County may apply for an amusement gaming
15 license with the Commission if the family entertainment center:

16
17 (1) Pays:

18
19 (a) State and local property tax;

20
21 (b) Sales and use tax; and

22
23 (c) Admissions and amusement tax;

24
25 (2) Has a location with a street address;

26
27 (3) Is located in a building that is owned, leased, or occupied by the family entertainment center
28 for the primary purpose of providing amusement devices to the public;

29
30 (4) Receives a majority of the gross receipts from amusement, merchandise, redemption or
31 skills-based devices;

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33 (5) Markets its business to families with children;

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35 (6) Offers attractions such as amusement devices, arcade games, crane games, video games,
36 interactive and sporting games, amusement rides, miniature golf, and bowling; and

1 (7) Has been in continuous operation in the same geographic location since 1975.

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3 B. A family entertainment center applying for an amusement gaming license shall provide in a
4 manner specified by the Commission:

5

6 (1) The owner's name and address;

7

8 (2) The family entertainment center address;

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10 (3) Documentation verifying, to the satisfaction of the Commission, conformity with the
11 requirements listed under § A of this regulation.

12

13 (4) A listing of the skills-based amusement devices that award merchandise or prizes with a
14 wholesale value of more than \$30 but less than \$600 including:

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16 (a) Whether the device is a:

17

18 (i) Redemption device;

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20 (ii) Merchandiser device; or

21

22 (iii) Another type of skills-based amusement device;

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24 (b) Maximum wholesale prize value offered;

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26 (c) Manufacturer;

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28 (d) Model name or number;

29

30 (e) Serial Number;

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32 (f) Theme; and

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34 (g) Any additional information required by the Commission.

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36 C. An amusement gaming license is valid for five years.

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38 D. An amusement gaming licensee shall register annually under COMAR 36.08.02 if the
39 licensee owns any skills-based amusement devices that award prizes other than the award of free
40 play.

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2 E. A family entertainment center that holds an amusement gaming license may operate up to 10
3 skills-based amusement devices that award noncash merchandise or prizes with a wholesale
4 value that is more than \$30 but less than \$600.

5 F. Upon review of the information provided under § B of this regulation, the Commission may:

6 (1) Require the manufacturer to submit a prototype of the device for testing under COMAR
7 36.08.04; and

8 (2) Determine that the applicant is:

9 (i) Qualified and grant the license; or

10 (ii) Conduct a hearing in accordance with Regulation .06 of this chapter to deny the license.

11

12 G. A family entertainment center that holds an amusement gaming license issued under this
13 regulation may not transfer the license to another geographic location.

14 **.03 Corrective Action.**

15

16 A. Deficiency.

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18 If the Director determines that an amusement gaming licensee under this chapter no longer meets
19 an amusement gaming license requirement of the subtitle, or that there is cause for imposing
20 sanctions under Regulation .04 of this chapter, the Director may:

21

22 (1) Assess the seriousness of the deficiency;

23

24 (2) Require the amusement gaming licensee to develop a corrective action plan;

25

26 (3) Conduct periodic monitoring of an amusement gaming licensee for which the Director
27 required a corrective action plan to assess the licensee's progress toward remedying the
28 deficiencies;

29

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

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

33

34 (6) Determine whether it is necessary during the pendency of the corrective action process to
35 emergently suspend the amusement gaming license; and

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37 (7) Recommend that the Commission impose a sanction under Regulation .04 of this chapter.

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B. Deficiency Notice.

Upon determining that corrective action is required to remedy a deficiency, the Director shall give written notice to an amusement gaming licensee that includes:

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

C. Corrective Action Plan.

- (1) Within 10 days of receipt of a deficiency notice under § B of this regulation, the amusement gaming licensee shall submit a corrective action plan to the Director for the Director’s approval.
- (2) The Director shall review the corrective action plan and inform the licensee whether the corrective action plan is acceptable.
- (3) If the licensee fails to submit an acceptable corrective action plan within the time described under § C(1) of this regulation, the Director may:
 - (a) Provide the licensee with additional time to submit a revised corrective action plan; or
 - (b) Impose a sanction on the licensee under Regulation .04 of this chapter.
- (4) If the Director provided a licensee notice under § B of this regulation and received no timely written response, the Commission may adopt as final the Director’s decision to impose a sanction under Regulation .04 of this chapter.

D. Corrective Action Outcomes.

- (1) If at any time during the corrective action plan period the Director determines that the amusement gaming licensee has failed to fulfill a requirement of the corrective action plan or has made insufficient progress toward remedying a deficiency, the Director may:
 - (a) For good cause, extend the time for completion of a corrective action plan; or

- 1 (b) Emergently suspend the licensee’s license.
2
3 (2) If at the end of the corrective action plan period the licensee has failed to adequately remedy
4 a deficiency, the Director may impose a sanction under Regulation .04 of this chapter.
5

6 **.04 Sanctions.**
7

8 A. The Director may impose sanctions on an amusement gaming licensee for:
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- 10 (1) Violating or failing to fulfill the licensee’s responsibilities or a condition of a license under
11 this subtitle;
12
13 (2) Violating:
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15 (a) A provision of law;
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17 (b) A regulation adopted under law; or
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19 (c) An order or directive of the Commission;
20
21 (3) Providing the Commission with false or misleading information;
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23 (4) Failing to cooperate with the Commission;
24
25 (5) Failing to prepare, submit, or implement an adequate corrective action plan under Regulation
26 .03 C of this chapter; or
27
28 (6) Other activities or action deemed by the Director to require the imposition of a sanction.
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30 B. Types of Sanctions.
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32 Sanctions may include emergency suspension, suspension, revocation, and placement of
33 conditions on the amusement gaming license.
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35 C. Suspension, Revocation and Conditions.
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- 37 (1) Except as set forth in § D of this regulation, the Director shall give the amusement gaming
38 licensee notice of the intended suspension, revocation, or imposition of a condition at least 15
39 days before the imposition of the intended sanction.
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1 (2) A licensee may appeal the Director's imposition of a sanction before the date the sanction is
2 imposed by submitting a request for a hearing before the Commission.

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

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7 **D. Emergency Suspension.**

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9 (1) Notwithstanding any other requirement of this chapter, if the Director determines that
10 immediate action is necessary to protect against an imminent, serious threat by an amusement
11 gaming licensee to the security, financial stability, reputation or integrity of the State, the
12 Director may suspend a license without prior notice.

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14 (2) If the Director emergently suspends a license, the Director shall provide the licensee with
15 written notice that includes:

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17 (a) A statement of the authority upon which the suspension is based;

18
19 (b) The nature of the violation;

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21 (c) The duration of suspension;

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23 (d) Information about the licensee's obligation to submit to the Agency a corrective action plan;
24 and

25
26 (e) A statement of the licensee's right to request a Commission hearing.

27
28 (3) If after a license is emergently suspended, the licensee does not submit a timely written
29 request for a Commission hearing, the Director may move to revoke the license by giving the
30 licensee notice under § C(1) of this regulation.

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32 **.05 Settlement.**

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34 A. The Commission may provide an amusement gaming licensee with the opportunity to discuss
35 with staff a means of entering into a settlement agreement between the licensee and the
36 Commission by which the violation is settled without a penalty or sanction.

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38 B. A settlement agreement:

1 (1) Shall be signed by an authorized representative of the amusement gaming licensee and the
2 Director or the Director's designee; and

3
4 (2) May not be considered final and binding until approved by the Commission.
5

6 C. If an amusement gaming licensee violates a term of a settlement agreement, nothing in this
7 regulation shall be construed to prevent the Commission from imposing a penalty or sanction
8 against the licensee for that, or the underlying, violation.
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10 **.06 Hearings.**

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

13 (1) Deny an amusement gaming license;

14 (2) Suspend an amusement gaming license; or

15 (3) Revoke an amusement gaming license.

16 B. Denial of an amusement gaming license.

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18 (1) After reviewing an application submitted under this chapter, the Director may recommend
19 that the Commission deny an amusement gaming license.

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

23
24 (a) Recommendation for denial;

25
26 (b) Basis for the recommendation; and

27
28 (c) Applicant's right to request a reconsideration meeting with the Director or the Director's
29 designee.

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

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

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37 (5) During a reconsideration meeting, an applicant may:
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- 1 (a) Be represented by counsel; and
2
3 (b) Present evidence as to why the amusement gaming license should be granted;
4
5 (6) If after the reconsideration meeting the applicant is dissatisfied with the recommendation of
6 the Director or the Director's designee, the applicant may submit to the Commission, in writing:
7
8 (a) A request for hearing before the Commission on the recommendation of the Director or the
9 Director's designee; and
10
11 (b) The applicant's legal and factual bases for disagreeing with the recommendation of the
12 Director or the Director's designee.
13
14 (7) An applicant may submit a hearing request to the Commission within 15 days of the date of
15 the recommendation of the Director or the Director's designee after the reconsideration meeting.
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17 (8) If an applicant fails to timely submit a hearing request under § B(6), the Commission may
18 adopt as final the recommendation of the Director or the Director's designee.
19
20 (9) A hearing request that complies with § B (6) of this regulation shall be the subject of a
21 hearing before the Commission, after which the Commission shall:
22
23 (a) Determine that the applicant is qualified and grant the an amusement gaming license; or
24
25 (b) Determine that the applicant is not qualified or disqualified; and
26
27 (i) Deny the amusement gaming license; and
28
29 (ii) Prepare an order denying the amusement gaming license with a statement of the reasons and
30 specific findings of fact.
31
32 (10) The Commission's decision is final.
33
34 C. A Commission hearing shall be conducted in the manner specified in:
35
36 (1) State Government Article, Title 10, Subtitle 2, Annotated Code of Maryland; and
37
38 (2) COMAR 36.01.02.06.