

# VIDEO LOTTERY OPERATION LICENSES (#2009-0101)

## RESPONSES TO WRITTEN QUESTIONS January 26, 2009

This list of questions and responses #4 (Q&A#4) is being issued to clarify certain information contained in the above named request for proposal (RFP). The statements and interpretations of License requirements, which are stated in the following questions are not binding on the State, unless the State expressly amends the RFP. Nothing in the State's responses to these questions is to be construed as agreement to or acceptance by the State of any statement or interpretation on the part of the entity asking the question as to what the License does or does not require. Some questions have been edited for brevity and clarity, and duplicate questions may have been combined or eliminated.

The following are questions submitted pursuant to the RFP and the Location Commission's responses to those questions:

**83. QUESTION:** It is our understanding that the Principal Entity Application is only for entities that are investors, partners, trustees, partners and in some other way owners of the applicant. If an applicant receives a loan or some other debt obligation from a financial institution and it is strictly "debt" of the applicant, does the lender need to fill out the Principal Entity Application? If so, does it need to be submitted by February 2<sup>nd</sup>?

**ANSWER:** As stated in the Video Lottery Operation License Application, the definition of "Principal" is:

**Principal - defined as "an officer; director; person who directly holds a beneficial interest in or ownership of the securities of an applicant or licensee; person who has a controlling interest in an applicant or licensee, or has the ability to elect a majority of the board of directors of a licensee or to otherwise control a licensee; lender or other licensed financial institution of an applicant or licensee, *other than a bank or lending institution which makes a loan or holds a mortgage or other lien acquired in the ordinary course of business;* underwriter of an applicant or licensee; or other person or employee of an applicant, video lottery machine licensee, manufacturer licensee or supplier licensee deemed to be a principal by the Commission."**

As indicated by the portion of the definition shown in italic (added), the situation addressed in the question would not fall within the definition of Principal and therefore would not require the Principal Entity Application to be submitted.

**84. QUESTION:** Please clarify the Location Commission's response to Question #39 set forth in Q&A#1 dated, January 16, 2009. Specifically:

A) Is it correct that all natural person(s) having any direct ownership interest in the Applicant for a Video Lottery Operation License (VLOL Applicant) are required to file: (1) the Multi-jurisdictional Personal History Disclosure Form (MJPHD); and, (2) a Principal Employee Form – Maryland Supplement to the Multi-jurisdictional Personal History Disclosure Form (Maryland Supplement); even where the person's individual, direct ownership interest in the VLOL Applicant does not exceed 2%?

B) Do all natural person(s) having an indirect ownership interest of any percentage in the VLOL Applicant; i.e., persons having a direct or indirect ownership interest of any percentage in a Principal Entity—defined as an entity that has a direct or indirect ownership interest in the VLOL Applicant—have to file the MJPHD and Maryland Supplement even where the person's individual, indirect ownership interest in the VLOL Applicant does not exceed 2%?

C) Is there any situation in which a person having a direct or indirect ownership interest in a Principal Entity would not be required to file an MJPHD and Maryland Supplement?

D) Where a Principal Entity is a publicly-traded corporation, is it required that officers and directors file an MJPHD and Maryland Supplement?

E) If the answer to Question "D" above is in the affirmative, where a Principal Entity is a publicly-traded corporation, and some or all of its officers and/or directors are not engaged in the day-to-day management of the VLOL Applicant, are those officers and/or directors who are not engaged in the day-to-day management of the VLOL Applicant required that officers and directors file an MJPHD and Maryland Supplement?

**ANSWER:** A) Yes.

B) Yes.

C) No.

D) Yes.

E) Yes.

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