

IN RE:

**DECLARATORY RULING
BY THE SOUTH DAKOTA
LOTTERY COMMISSION**

**RULING 90-3
ARSD 48:02:09:03
Sale of Operator Business**

RULING: The Lottery recognizes that the transfer of ownership interest in video lottery machines is integral to the sale of an operator business and to the continued operation of the going business concern. The sale of video lottery machines in this instance must be distinguished from the sale of machines in the ordinary course of business through licensed distributors. Therefore, an operator need not broker the sale of machines through a licensed distributor when selling his operator business or a portion thereof. The operator must, prior to transferring any ownership interest in its business, file with the Lottery notification of the impending sale that includes the following information:

1. The names of all principals of the operator business being sold;
2. The names of all principals acquiring the business; and
3. The names of the establishments and terminal identification numbers included in the business acquisition.

This document must be signed and notarized by both contracting parties. The business entity purchasing the existing operator business must also be licensed as an operator prior to the transfer of any ownership interest. Once these conditions are met, notification must be given to the Lottery of the date on which the ownership interest will be transferred. At such time, the Lottery records will be changed to reflect the ownership transfer for licensing purposes and all subsequent billings from that date. Notification of transfers of ownership in the sale of an operator business should be directed to the Director of Security.

Dated this 21st day of March, 1990

Jack Theeler, Chairman