

***SOUTH DAKOTA VIDEO LOTTERY  
MANUFACTURER LICENSING REQUIREMENTS***

***PREAMBLE***

The South Dakota Lottery would like to preface this application with a policy statement concerning the cost of conducting the background investigations on manufacturers applying for a video lottery license. The South Dakota Lottery will require that, prior to the commencement of any background investigation, the manufacturer provide a check or money order in the amount of \$500 for anticipated actual costs of conducting the investigation. It may also be necessary, depending on the ability to obtain the required information to complete the investigation, to request that the manufacturer provide additional funds to cover additional actual costs of the investigation.

***SECTION I.  
IDENTIFYING INFORMATION***

- A. The manufacturer must provide the following information:
1. The name of the manufacturer requesting license.
  2. The principal address and telephone number of the manufacturer.
  3. The type of business entity (i.e. corporation, partnership, sole proprietorship, association or trust.)
  4. If the manufacturer chooses to become a distributor.
  5. If a corporation, submit certified copies of articles of incorporation and certificate of authority to do business in the State of South Dakota.
  6. The states in which the manufacturer is qualified to do business and the nature of the business conducted in those states.
  7. The name, address and telephone number of the representative to contact regarding all matters.
  8. The name, address and telephone number of all attorneys, and law firms representing the manufacturer in the state of South Dakota, if any.
  9. The name, address and telephone number of the manufacturer's accountants.
  10. The name, address and telephone number of all persons, consultants, sales agents, distributors, or other entities involved in aiding the manufacturer's efforts for this license and the supplying of video lottery machines and associated equipment in the state of South Dakota.

B. The manufacturer must identify the following:

1. If the manufacturer is a partnership, identify the general and limited partner(s).
2. If the manufacturer is a trust, identify the trustee(s) and all persons entitled to receive income or benefit from the trust.
3. If the manufacturer is an association, identify the members, officers and directors.
4. If the manufacturer is a corporation, identify the officers, directors, and stockholders. In the case of stockholders of publicly-held securities of a publicly-traded corporation, only stockholders of five (5) percent or more of such publicly-held securities need be identified.
5. If the manufacturer is a subsidiary or intermediary company, identify the officers, directors, and stockholders of all other intermediary companies, the company or holding company. In the case of stockholders of publicly-held securities of a publicly-traded corporation, only stockholders of five (5) percent or more of such publicly-held securities need be identified.
6. The manufacturer must state whether any of the following events have occurred during the last five (5) years;
  - a. A petition under the Bankruptcy Act or any state insolvency law has been filed by or against the manufacturer or a receiver, fiscal agent or similar officer has been appointed by a court for the business or property of the manufacturer including:
  - b. The manufacturer, subsidiary or intermediary company, parent company or holding company has been indicted, accused or convicted of a crime or was the subject of a grand jury or criminal investigation.
  - c. The manufacturer, subsidiary or intermediary company, parent company or holding company has been the subject of any order, judgment or decree of any court of competent jurisdiction permanently or temporarily enjoining it from, or otherwise limiting its participation in any type of business practice or activity.
  - d. The manufacturer, subsidiary or intermediary company, parent company or holding company has been the subject of any order, judgment or decree of any federal or state authority barring, suspending or otherwise limiting the right of the manufacturer to engage in any business practice or activity.

*SECTION II.*  
*SUBMISSION OF INVESTIGATION AUTHORIZATIONS*  
*AND INDIVIDUAL HISTORY STATEMENTS*

Any manufacturer, as well as any part parent or subsidiary corporation of the manufacturer, providing video lottery machines and associated equipment under the laws and rules of the South Dakota Lottery is required to undergo a thorough background investigation conducted by the South Dakota Attorney General, Division of Criminal Investigation. Any information available during the investigation may be used by the Lottery to determine the suitability of the manufacturer to be licensed in the state of South Dakota.

All manufacturers submitting applications for a manufacturer's license must also complete "Authorization to Release Information" forms and "Individual History" forms for all "control persons" of the manufacturer. "Control persons" are those individuals that must also state for each control person whether any of the following events have occurred during the last five (5) years:

1. A petition under the Bankruptcy Act of any state insolvency law has been filed by or against the person or a receiver, fiscal agent or similar officer has been appointed by a court for the business or property of such control person including: any partnership in which the person was a general partner at or with two (2) years before the time of such filing, or any corporation or business association of which the person was an officer or director at or within two (2) years before the time of such filing;
2. The control person has been indicted, accused or convicted of a crime or was the subject of a grand jury or criminal investigation (excluding traffic violations and other minor offenses);
3. The control person has been the subject of any order, judgment or decree of any court of competent jurisdiction permanently or temporarily enjoining such control person from engaging in any type of professional or business practice or activity; and,
4. The control person has been the subject of any order, judgment or decree of any federal or state authority barring, suspending or otherwise limiting the right of such control person to engage in any professional or business practice or activity.

*SECTION III.*  
*KEY PERSONNEL OF MANUFACTURER*

The manufacturer must provide the name, address, telephone number and functions of all key personnel. The key personnel includes any executive, employee or agent having the power to exercise a significant influence over decisions concerning any part of the applicant's business operation. The manufacturer must also provide an organizational chart showing the staff relationship and lines of authority. The manufacturer will be required to submit "Authorization to Release Information" forms (see Form Lot/4) and "Individual History" forms for all above mentioned personnel.

***SECTION IV.***  
***SUBCONTRACTORS OF MANUFACTURER***

If any part of the manufacturer's assembly of video lottery machines or associated equipment is to be performed by subcontractors, partners, associated companies, or consultants, the manufacturer must provide their name, address, telephone number and describe the contractual arrangements with such parties and their functions.

***SECTION V.***  
***MANUFACTURER EXPERIENCE***

State the experience of the manufacturer and/or key personnel in the manufacturing and supplying of video gaming equipment. List all other states in which the manufacturer has conducted business in video gaming. Submit notarized copies of licenses granted from all state and foreign gaming jurisdictions.

***SECTION VI.***  
***FINANCIAL STATEMENTS***

The manufacturer must submit financial statements for the past three (3) years that include:

- Balance sheet
- Income statement
- Statement of changes in financial position

Audited financial statements are preferred, but at a minimum, the statements must have been compiled or reviewed by a licensed accounting firm. Any letter prepared by the accounting firm referencing the statements should also be included.

***SECTION VII.***  
***VIDEO LOTTERY MACHINE TRAINING***

Submit the training curriculum that the manufacturer will use in training lottery personnel and operators in the service and maintenance of video lottery machines and associated equipment. Lottery staff and licensed operators shall be trained prior to the time video lottery machine placement is authorized. The manufacturer must provide equipment, training manuals and personnel.

***SECTION VIII.***  
***FALSE INFORMATION STATEMENT***

All information submitted must be true and accurate. Any person required to provide information who has knowingly made a false statement of material fact to the South Dakota Lottery shall place the manufacturer in a position of possible denial for issuance of a manufacturer's license pursuant to SDCL 42-7A-14 and 43. The person submitting the application must sign and attach the Certification Form.