

## **FREQUENTLY ASKED QUESTIONS REGARDING VIDEO GAMING LICENSE APPLICATIONS**

The following is a non-exhaustive list of questions related to the video gaming licensing process. This list may be supplemented or updated in the future.

**QUESTION:**

If an entity that has been doing business in Illinois for 48 months prior to July 13, 2009 forms a subsidiary to conduct its video gaming business in Illinois (and would therefore be the Applicant for licensure), would that subsidiary meet the residency requirement (i.e. would the subsidiary meet the requirement that it has been doing business in Illinois for 48 months)?

**ANSWER:**

If an entity who meets the residency requirement forms a 100% wholly owned subsidiary to conduct its video gaming business in Illinois, that 100% wholly owned subsidiary meets the residency requirement. Please note that this answer is limited to a 100% wholly owned subsidiary.

**QUESTION:**

Are multi-game VGTs permitted under the Video Gaming Act?

**ANSWER:**

Yes, provided that the games have been tested and approved.

**QUESTION:**

Will secondary approval be necessary for VGTs?

**ANSWER:**

Yes.

**QUESTION:**

Is compensating or paying a third party a percentage of revenue from a VGT(s) permitted?

**ANSWER:**

Compensating any third party based on a percentage of revenue from a VGT is not permitted. Financing the purchase of VGTs based on a percentage of revenue will also not be permitted.

**QUESTION:**

Can a distributor own a percentage of a terminal operator that does not require the distributor to be licensed?

**ANSWER:**

No.

**QUESTION:**

Does a company who provides ticket payout systems to terminal operators and locations need to be licensed?

**ANSWER:**

Yes. Major Components or Parts is defined in the applications as “[c]omponents or parts that comprise the inner workings and peripherals of a Video Gaming Terminal, including but not limited to the device’s hardware, software, human interface devices, interface ports, power supply, ticket payout system, bill validator, printer and any component which affects or could affect the result of a Game played on the device.” Buying, selling, leasing or distributing Major Components or Parts requires a license.

**QUESTION:**

Does a distributor who is distributing VGTs need a supplier’s license to supply replacement parts for the VGTs it distributes?

**ANSWER:**

No. A distributor is defined as “[a]n Individual, partnership, or corporation licensed under the Act to buy, sell, lease or distribute Video Gaming Terminals or major components or parts of Video Gaming Terminals to or from Terminal Operators” (emphasis added).

**QUESTION:**

Does every shareholder of a non-public applicant for a Manufacturer/Distributor/Supplier License need to file a Personal Disclosure Form?

**ANSWER:**

Yes.

**QUESTION:**

Do the directors and officers of the parent company of a licensee need to file Personal Disclosure Forms?

**ANSWER:**

If the director or officer of the parent company owns more than 5% of the licensee, then that director or officer will need to file a Personal Disclosure Form.

**QUESTION:**

Section 3(c) of the Manufacturer/Distributor/Supplier License Application requires 5% or greater shareholders of a publicly-traded parent company of an applicant to submit a Personal Disclosure Form or Business Entity Disclosure Form. How is this requirement being applied to institutional investors/investment advisors that hold the interest for investment purposes and certify in an SEC Schedule 13-G filing that the interest is not for the purpose of controlling the applicant?

**ANSWER:**

A form for Institutional Investors is being prepared and will be available online by April 6, 2010. The Application will be modified as well.

**QUESTION:**

Section 5(A) of the Manufacturer/Distributor/Supplier License Application and Section 4(A) of the Business Entity Disclosure Form require financial statements for a period ending 1 month prior to the date of application. Will the most recently filed SEC reports for a publicly traded company satisfy this requirement?

**ANSWER:**

Yes. If reference is made to a SEC report, it will be sufficient if the applicant identifies where those reports can be found on the internet. The Application will be modified as well.