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REGISTRAR OF REGULATIONS

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11VAC 10-45

**ADVANCED  DEPOSIT ACCOUNT WAGERING
LICENSE APPLICATION**

Virginia Racing Commission

July 1, 2003

Please check one of the following:

Initial Application

Re-Application

Owner's affidavit.

The application must include an affidavit from the chief executive officer or a major financial participant that sets forth:

1. That application is made for a license to own and operate an account-wagering license.

2. That the affiant is the agent of the applicant, its owners, partners, members, directors, officers, and personnel and is duly authorized to make the representations in the application on their behalf.
(Documentation of the authority must be attached)

3. That the applicant seeks a grant of a privilege from the Commonwealth of Virginia, and the burden of proving the applicant's qualifications rests at all times with the applicant.

4. That the applicant consents to inquiries by the Commonwealth of Virginia, its employees, the commission members, staff and agents, into the financial, character, and other qualifications of the applicant by contacting individuals and organizations.

5. That the applicant, its owners, partners, members, directors, officers, and personnel accept any risk of adverse public notice, embarrassment, criticism, or other circumstances, including financial loss, which may result from action with respect to the application and expressly waive any claim which otherwise could be made against the Commonwealth of Virginia, its employees, the commission, staff, or agents.

6. That the affiant has read the application and knows the contents; the contents are true to affiant's own knowledge, except matters therein stated as information and belief; as to those matters, affiant believes them to be true.

7. That the applicant recognizes all representations in the application are binding on it, and false or misleading information in the application, omission of required information, or substantial deviation from representations in the application may result in denial,

revocation, suspension or conditioning of a license or imposition of a fine, or any or all of the foregoing.

8. That the applicant will comply with all applicable state and federal statutes and regulations, and all regulations of the commission.

9. The affiant's signature, name, organization, positions, address, and telephone number.

10. The date.

Disclosure of ownership and control.

An applicant must disclose:

1. The type of organizational structure of the applicant, whether individual, business corporation, nonprofit corporation, partnership, joint venture, trust, association, or other.

2. If the applicant is an individual, the applicant's legal name, whether the applicant is a United States citizen, any aliases and business or trade names currently or previously used by the applicant, and copies of all state and federal tax returns for the past five years.

3. If the applicant is a corporation:

a. The applicant's full corporate name and any trade names currently or previously used by the applicant;

b. The jurisdiction and date of incorporation;

c. The date the applicant intends on doing business in Virginia and a copy of the applicant's certificate of authority to do business in Virginia;

d. Copies of the applicant's articles of incorporation, bylaws, and all state and federal corporate tax returns for the past five years;

e. The general nature of the applicant's account-wagering business;

f. Whether the applicant is publicly held as defined by the rules and regulations of the Securities and Exchange Commission;

g. The classes of stock of the applicant. As to each class, the number of shares authorized, number of shares subscribed to, number issued, number outstanding, par value per share, issue price, current market price, number of shareholders, terms, position, rights, and privileges must be disclosed;

h. Whether the applicant has any other obligations or securities authorized or outstanding which bear voting rights either absolutely or upon any contingency, the nature thereof, face or par value, number of units authorized, number outstanding, and conditions under which they may be voted;

i. The names, in alphabetical order, and addresses of the directors and, in a separate list, officers of the applicant. The number of shares held of record directly or indirectly by each director and officer as of the application date of each class of stock, including stock options and subscriptions, and units held of record or beneficially of other obligations or securities which bear voting rights must be disclosed;

j. The names, in alphabetical order, and addresses of each record holder as of the date of application or beneficial owner of shares, including stock options and subscriptions, of the applicant or units of other obligations or securities that bear voting rights. As to each holder of shares or units, the number and class or type of shares or units must be disclosed;

k. Whether the requirements of the Securities Act of 1933 and Securities and Exchange Act of 1934, as amended, and Securities and Exchange Commission rules and regulations have been met in connection with issuance of applicant's securities, and copies of the most recent registration statement and annual report filed with the Securities and Exchange Commission;

l. Whether the securities registration and filing requirements of the applicant's jurisdiction or incorporation have been met, and a copy of the most recent

registration statement filed with the securities regulator in that jurisdiction; and

m. Whether the securities registration and filing requirements of the Commonwealth of Virginia have been met. If they have not, the applicant must disclose the reasons why. The applicant must provide copies of all securities filings with Virginia's State Corporation Commission during the past five years.

4. If the applicant is an organization other than a corporation:

a. The applicant's full name and any aliases, business or trade names currently or previously used by the applicant;

b. The jurisdiction of organization of the applicant;

c. The date the applicant intends to begin doing business in Virginia;

d. Copies of any agreements creating or governing the applicant's organization and all of the applicant's state and federal tax returns for the past five years;

e. The general nature of the applicant's business;

f. The names, in alphabetical order, and addresses of any partners and officers of the applicant and other persons who have or share policy-making authority. As to each, the applicant shall disclose the nature and extent of any ownership interest, direct or indirect, including options, or other voting interest, whether absolute or contingent, in the applicant; and

g. The names, in alphabetical order, and addresses of any individual or other entity holding a record or beneficial ownership interest, direct or indirect, including options, as of the date of the application, or other voting interest, whether absolute or contingent, in the applicant. As to each, the applicant must disclose the nature and extent of the interest.

5. If a non-individual record or beneficial holder of an ownership or other voting interest of 5.0% or more in

the applicant is identified pursuant to subdivision 3, i or j or subdivision 4, f and g, the applicant shall disclose the information required by those subdivisions as to record or beneficial holders of an ownership or other voting interest of 5.0% or more in that non-individual holder. The disclosure required by those subdivisions shall be repeated, in turn, until all other voting interests of 5.0% or more in the applicant or any non-individual holder are identified. When an applicant is unable to provide the information required, it shall explain fully and document its inability to do so;

6. Whether the applicant is directly or indirectly controlled to any extent or in any manner by another individual or entity. If so, the applicant must disclose the identity of the controlling entity and a description of the nature and extent of control;

7. Any agreements or understandings which the applicant or any individual or entity identified pursuant to this part has entered into regarding ownership or operation of applicant's account-wagering activity and copies of any such agreement in writing;

8. Any agreements or understandings which the applicant has entered into for the payment of fees, rents, salaries, or other compensation concerning the proposed account wagering by the applicant, and copies of any such agreements in writing; and

9. Whether the applicant, any partner, director, officer, other policymaker, or holder of a direct or indirect record or beneficial ownership interest or other voting interest or control of 5.0% or more has held or holds a license or permit issued by a governmental authority to own or operate an account-wagering license or other gaming activity. If so, the applicant must disclose the identity of the license or permit holder, nature of the license or permit, issuing authority, and dates of issuance and termination.

Disclosure of management.

An applicant for an account-wagering license must disclose with regard to the development, ownership and operation of its account-wagering operation:

1. A description of the applicant's management plan, with budget and identification of management personnel by function, job descriptions and qualifications for each management position and a copy of the organization chart;

2. Management personnel to the extent known and with respect to each:

a. Legal name, alias(es), and previous name(s);

b. Current residence and business addresses and telephone numbers;

c. Qualifications and experience in the following areas:

(1) General business;

(2) Marketing, promotion and advertising;

(3) Finance and accounting;

(4) Horse racing;

(5) Pari-mutuel wagering; and

(6) Security.

Disclosure of character information.

An applicant for an account-wagering license shall disclose and furnish particulars as follows whether the applicant or any individual or other entity identified pursuant to subsection C of 11 VAC 10-20-411 has:

1. Been charged in any criminal proceeding other than a traffic violation. If so, the applicant must disclose nature of the charge, the date, charged, court and disposition;

2. Had a horse racing, gambling, business, professional, or occupational license or permit revoked or suspended or renewal denied or been a party in a proceeding to do so. If so, the applicant must disclose the date of commencement, circumstances and disposition;

3. Been accused in an administrative or judicial proceeding of violating a statute or regulation relating to horse racing or gaming;

4. Been charged in an administrative or judicial proceeding of violating a statute or regulation relating to unfair labor practices or discrimination;

5. Begun an administrative or judicial action against a governmental regulator of horse racing or gaming. If so, the applicant must disclose the date of commencement, forum, circumstances, and disposition;

6. Been the subject of voluntary or involuntary bankruptcy proceedings. If so, the applicant must disclose the date of commencement, forum, circumstances, date of decision and disposition;

7. Failed to satisfy any judgment, decree of an administrative or judicial tribunal. If so, the applicant must disclose the date and circumstances; and

8. Been delinquent in filing a tax return required or remitting a tax imposed by any government. If so, the applicant must disclose the date and circumstances.

Authorization for release.

In an application for an account-wagering license, the applicant shall include the following with respect to each individual identified as an applicant, partner, director, officer, other policymaker, or holder of a direct or indirect record or beneficial ownership interest or other voting interest or control of 5.0% or more in the applicant and management personnel:

1. Full name, business and residence addresses and telephone numbers, residence addresses for past five years, date of birth, place of birth, Social Security number, if the individual is willing to provide it, and two references; and

2. An authorization for release of personal information, on a form prepared by the commission, signed by the individual and providing that he:

a. Authorizes a review by, and full disclosure to, an agent of the Virginia State Police, of all records concerning the individual;

b. Recognizes the information reviewed or disclosed may be used by the Commonwealth of Virginia, its employees, the commission, members, staff and agents to determine the signer's qualifications; and

c. Releases authorized providers and users of the information from any liability under state or federal data privacy statutes.

Disclosure of financial resources.

A. Financial resources. An applicant for an account-wagering license shall disclose with regard to its financial resources its most recent independently audited financial statement showing:

1. The applicant's current assets, including investment in affiliated entities, loans and accounts receivable;

2. Fixed assets;

3. Current liabilities, including loans and accounts payable;

4. Long-term debt and equity; and

5. Statement of income and expenses, and statement of cash flow.

B. Costs of operations. The applicant shall submit a budget including the cost of implementing an account-wagering license in the Commonwealth. The applicant shall submit a detailed plan for the Commonwealth. The plan shall include how the applicant would operate the license within the Commonwealth. The plan shall include, but not be limited to, accounting and other internal control procedures.

C. Necessary resources. The applicant shall submit a plan of financial resources so that it can conduct account-wagering within the Commonwealth.

Account wagering center.

An applicant for an account-wagering license shall submit to the commission the location or locations where management, servicing and operation of account wagering shall take place. The applicant shall explain the type of equipment used in transacting account wagering including the location of the "wagering hub," whether the "wagering hub" is located within a jurisdiction where "wagering hubs" have been legalized, and where the working personnel will be located.

Contractual obligations.

An applicant for an account-wagering license shall submit to the commission a copy of the contractual agreement with the unlimited licensee and the recognized horsemen's organizations representing the majority of the horsemen racing at the unlimited race meeting. Any contractual agreement between the account-wagering licensee, the unlimited licensee and the recognized horsemen's organizations shall be subject to the approval of the commission. (The applicant shall submit a copy of its contract with its application.)

Terms of agreement.

An applicant for an account-wagering license shall submit a copy of its terms of agreement between the licensee and account holders.