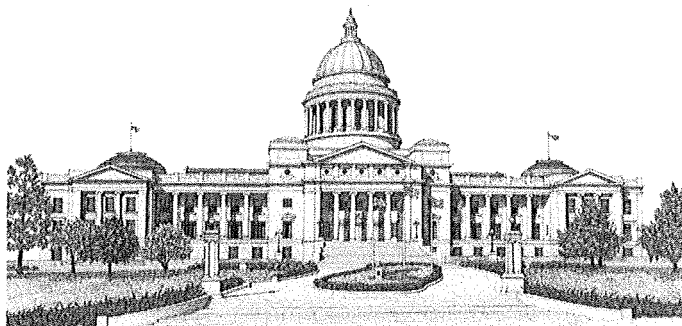


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Department Department of Finance and Administration

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Byron Freeland

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Contact Person

E-mail Address

Date

CERTIFICATION OF AUTHORIZED OFFICER

I Hereby Certify That The Attached Rules Were Adopted
In Compliance with the Arkansas Administrative Act. (ACA 25-15-201 et. seq.)

Byron Freeland
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Title

03-01-19

Date

RULE 13
CORPORATE LICENSEES

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13.1594-1 Powers of Commission. The Commission shall have full and absolute power and authority, to the extent permitted by law, to recommend the granting, denial, limitation, conditioning, restriction, revocation, or suspension of any license, registration, approval, or finding of suitability required or permitted under Rule 13, or any application therefor, or to recommend other disciplinary action, for any cause deemed reasonable by the Commission. The Commission shall have full and absolute power and authority, to the extent permitted by law, to grant, deny, limit, condition, restrict, revoke or suspend any license, registration, approval, or finding of suitability required or permitted under Rule 13, or any application therefor, or to take other disciplinary action for any cause deemed reasonable by the Commission.

13.1594-2 Certain investigations. The Commission may, in its discretion, make such investigations concerning an applicant under Rule 13, or a licensee, or a registered company, or any person involved with a licensee or a registered company as it may deem appropriate, either at the time of initial licensing or registration or at any time thereafter.

13.1594-3 Certain investigative fees. In addition to all other fees payable under the Act and regulations, the Commission may require payment of the costs of any investigation conducted subsequent to licensing or registration to the extent of any reasonable fees charged by expert consultants employed by the Commission and actual expenses incurred by the staff for investigations conducted outside the State of Arkansas.

13.1594-4 Burden of proof. The burden of proof with respect to the granting of any license, approval, registration, or finding of suitability required or permitted by Rule 13 shall at all times be upon the person applying for or holding such license, approval, registration, or finding of suitability. Each applicant shall satisfy the Commission that the granting of an application for action required or permitted by Rule 13 is consistent with the state policies concerning gaming.

13.1594-5 Disclosure of family agreements/information. With respect to any requirement in these Rules, or other provisions of Rules of the Commission, for filing or disclosure of any family shareholders agreement, family limited partnership agreement, family limited liability company operating agreement, or family trust; unless otherwise required by the Commission, such requirement may be satisfied by the stockholder(s), general partner(s), managing member(s) or trustee(s), as the case may be, providing reasonable access to a copy of the family shareholders agreement, family limited partnership agreement, family limited liability company operating agreement, or trust instrument, as the case may be, (including any and all amendments thereto), certified as true, correct and complete by said stockholder(s), general partner(s), managing member(s) or trustee(s), as the case may be, for review by any member of the Commission and the Commission attorney upon any request by the member of the Commission and/or the Commission attorney to review said document.

13.1594-6 Prohibition with respect to ownership of corporate licensees. No person shall acquire any equity security issued by a corporate licensee or a holding company, nor become a controlling affiliate of a corporate licensee or a holding company, nor become a holding

company of a corporate licensee or a holding company without first obtaining the prior approval of the Commission in accordance with these Rules.

13.1594-7 Prohibitions with respect to the distribution or transfer of securities. It shall be grounds for disciplinary action under the Amendment and Rules if any person shall, in connection with the purchase or sale of any security issued by a corporate licensee or a holding company, or in connection with any document required to be filed pursuant to these Rules or the Amendment:

- (a) Employ any device, scheme or artifice to defraud; or
- (b) Make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- (c) Engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person;
where such device, scheme, artifice, statement, act, practice or course of business relates to gaming or the revenues from gaming or gaming operations; or
- (d) Cause any document, correspondence, filing or statement containing materially untrue, incorrect or misleading information to be made or filed with the Commission, regardless of whether said information has been made or filed with another regulatory agency.

13.430 Institutional investor.

1. An institutional investor that intends to become subject to these Rules as a result of its ownership of an equity security issued by a corporate licensee or a holding company, or any security issued by a corporate licensee or a holding company which gives the holder voting rights in the corporation, may apply to the Commission for a waiver of the requirements of these Rules with respect to the ownership of the voting or equity securities if such institutional investor intends to and does hold the securities for investment purposes only. An institutional investor shall not be eligible to receive or hold a waiver if the institutional investor will own, directly or indirectly, more than 15 percent of the voting or equity securities of the corporate licensee or a holding company on a fully diluted basis where any such securities are to be acquired other than through a debt restructuring. Securities acquired before a debt restructuring and retained after a debt restructuring or as a result of an exchange, exercise or conversion, after a debt restructuring, of any securities issued to an institutional investor through a debt restructuring, shall be deemed to have been acquired through a debt restructuring. A waiver granted under this section shall be effective only as long as the institutional investor's direct or indirect ownership interest in such voting or equity securities meets the limitations set forth above.

2. An institutional investor shall not be deemed to hold an equity security issued by a corporate licensee or a holding company, or any security issued by a corporate licensee or a holding company which give the holder voting rights in the corporation, for investment purposes only unless the voting or equity securities will be acquired and held in the ordinary course of business as an institutional investor and do not, directly or indirectly, allow the institutional investor to vote for the election of members of the Commission, cause any change in the corporate charter, bylaws, other organic document, management, policies or operations of the corporate licensee or the holding company, or cause any other action which the Commission finds to be inconsistent with investment purposes only. The following activities shall not be deemed to be inconsistent with holding voting or equity securities for investment purposes only:

(a) Serving as a member of any committee of creditors or security holders in connection with debt restructuring;

(b) Nominating any candidate for election or appointment to a Commission or the equivalent in connection with a debt restructuring;

(c) Making financial and other inquiries of management of the type normally made by securities analysts for informational purposes and not to cause a change in management, policies or operations; and

(d) Such other activities as the Commission may determine to be consistent with such investment intent.

3. An application for a waiver must include:

(a) A description of the institutional investor's business and a statement as to why the institutional investor is within the definition of "institutional investor" set forth in section 11 of this Rule.

(b) A certification made under oath and the penalty of perjury, that:

(1) The voting or equity securities will be acquired and held for investment purposes only as defined in subsection 2 and a statement by the signatory explaining the basis of the signatory's authority to sign the certification and to bind the institutional investor to its terms.

(2) The applicant agrees to be bound by and comply with the Amendment and the Rules adopted thereunder, to be subject to the jurisdiction of the courts of Arkansas, and to consent to Arkansas as the choice of forum in the event any dispute, question, or controversy arises regarding the application or any waiver granted under this section.

(3) The applicant agrees that it shall not grant an option to purchase, or sell, assign, transfer, pledge or make any other disposition of any voting or equity security issued by the corporate licensee or the holding company without the prior approval of the Commission.

(c) A description of all actions, if any, taken or expected to be taken by the institutional investor relating to the activities described in subsection 2.

(d) The name, address, telephone number and social security number of the officers and directors, or their equivalent, of the institutional investor as well as those persons that have direct control over the institutional investor's holdings of voting and equity securities of the corporate licensee or the holding company.

(e) The name, address, telephone number and social security or federal tax identification number of each person who has the power to direct or control the institutional investor's exercise of its rights as a holder of voting or equity securities of the corporate licensee or the holding company.

(f) The name of each person that beneficially owns more than 5 percent of the institutional investor's voting securities or other equivalent.

(g) A list of the institutional investor's affiliates.

(h) A list of all regulatory agencies with which the institutional investor or any affiliate that owns any voting or equity securities or any other interest in a company which is licensed or registered with the Arkansas Racing Commission files periodic reports, and the name, address, and telephone number of the person, if known, to contact at each agency regarding the institutional investor.

(i) A disclosure of all criminal or regulatory sanctions imposed during the preceding 10 years and of any administrative or court proceedings filed by any regulatory agency during the preceding 5 years against the institutional investor, its affiliates, and current officer or director, or any former officer or director whose tenure ended within the preceding 12 months. As to a former officer or

director, such information need be provided only to the extent that it relates to actions arising out of or during such person's tenure with the institutional investor or its affiliates.

(j) Any additional information the Commission may request.

4. The Commission shall consider all relevant information in determining whether to grant a waiver requested pursuant to subsection 1, including but not limited to:

(a) Whether the waiver is consistent with the policy set forth in these Rules; and

(b) Any views expressed to the Commission by the corporate licensee or any affiliate thereof.

5. Any waiver granted pursuant to this section may be limited or conditioned in any respect by the Commission, including, but not limited to, requiring a certification, made under oath and the penalty of perjury, which contains the following:

(a) A statement attesting that the institutional investor holds and/or has held the voting or equity securities of the corporate licensee or the holding company for (1) investment purposes only, and (2) in the ordinary course of business as an institutional investor and not for the purpose of (A) causing, directly or indirectly, the election of the members of the Commission, or (B) effecting any change in the corporate charter, bylaws, other organic document, management, policies or operations of the corporate licensee or any of its affiliates.

(b) A statement that the institutional investor has not engaged in any activities inconsistent with the holding of voting or equity securities for investment purposes only in accordance with the provisions of section 2 hereof.

(c) The name, title and telephone number of the persons having direct control over the institutional investor's holdings of voting or equity securities in the corporate licensee or the holding company.

(d) A statement of all complaints, arrest, indictments or convictions of any officer or director of the institutional investor regarding the rules and regulations of the Securities and Exchange Commission and any regulatory agency of any State where it conducts business, or any offense which would constitute a gross misdemeanor or felony if committed in the State of Arkansas. The name, position, charge, arresting agency, and a brief description of the event must also be included in the statement.

(e) A statement indicating any change to the structure and/or operation of the institutional investor which could affect its classification as an institutional investor as defined in these Rules.

6. An institutional investor that has been granted a waiver of licensing, registration or finding of suitability as required by these Rules and that subsequently intends not to hold its voting or equity securities of the corporate licensee or the holding company for investment purposes only, or that intends to take any action inconsistent with its prior intent shall, within 2 business days after its decision, deliver notice to the Commission in writing of the change in its investment intent. The Commission may then take such action under these Rules or any other provision of the Amendment or Rules of the Commission as the Commission deems appropriate.

7. A waiver that has been granted pursuant to this section shall subject the institutional investor to the requirements of these Rules, as applicable, in that any purported sale, assignment, transfer, pledge or other disposition of any voting or equity security issued by the corporate licensee or the holding company, or the granting of an option to purchase such a voting or equity security, shall be void unless approved in advance by the Commission.

8. The institutional investor shall be entitled to whatever economic advantage, including, but not limited to, dividends, that may flow from ownership of the voting or equity securities as though it has been licensed, registered or found suitable.

9. If the Commission finds that as institutional investor has failed to comply with the provisions of this section, or should be subject to licensing, registration, finding of suitability or any approval to protect the public interest, the Commission may, in accordance with these Rules or any other provision of the Amendment or Rules of the Commission the Commission deems appropriate, require the institutional investor to apply for licensing, registration or a finding of suitability. The institutional investor affected by the action taken by the Commission may request a hearing on the merits of such action. The hearing shall be included on the agenda of the next regularly scheduled Commission meeting occurring more than 10 working days after the request for hearing. Upon good cause shown by the institutional investor, the Commission may waive the 10-day requirement and place such hearing on an earlier Commission agenda. The Commission, for any cause deemed reasonable, may by a majority vote, sustain, modify or reverse the decision of the Commission, or remand the matter to the Commission for such further investigation and reconsideration as the Commission may order. While the application for licensure, registration or a finding of suitability review of the Commission's action requiring the filing of such application is pending, the institutional investor shall not directly or indirectly, cause or attempt to cause any management, policy, or operating changes in the corporate licensee or holding company.

10. The corporate licensee or the holding company shall immediately notify the Commission of any information about, fact concerning or actions of, an institutional investor holding any of its voting or equity securities, that may materially affect the institutional investor's eligibility to hold a waiver under this section.

11. For purposes of this Rule "institutional investors" shall have the meaning set forth in these Rules, and "debt restructuring" shall have the meaning set forth in these Rules.

13.482-1 Definitions; general. All terms defined in the Amendment shall have the same meaning in these Rules as in the Amendment.

13.482-2 "Associate" defined. The term "associate" when used to indicate a relationship with any person, means: (1) any corporation or organization of which such person is an officer or partner or is, directly or indirectly, the beneficial owner of any share of any class of equity securities; (2) any trust or other estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity; and (3) any relative or spouse of such person, or any relative of such spouse, who has the same home as such person or who is a director or officer of such corporation or any of its parents or subsidiaries.

13.482-3 "Affiliate" defined. An "affiliate" of, or a person "affiliated" with, a specified person is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.

13.482-4 "Control" defined. The term "control" (including the terms "controlling," "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

13.482-5 “Controlled affiliate” and “controlling affiliate” defined.

(a) A “controlled affiliate” of a specified person is another person which, directly or indirectly, is controlled by the person specified.

(b) A “controlling affiliate” of a specified person is another person which, directly or indirectly, controls the person specified.

13.482-6 “Own,” “hold” and “have” defined. A person shall be deemed to own, hold or have a security of, or interest in, a corporation or other form of business organization if such person or any associate of such person has a record or beneficial interest therein.

13.482-7 “Sale” and “sell” defined. “Sale” or “sell” includes every contract of sale of, contract to sell, or disposition of, a security or interest in a security whether or not for value. “Sale” or “sell” includes any exchange of securities and any material change in the rights, preferences, privileges or restrictions of or on outstanding securities.

13.482-8 “Security” defined. The term “security” means any stock; membership in an incorporated association; bond; debenture or other evidence of indebtedness; investment contract; voting trust certificate; certificate of deposit for a security; or, in general, any interest or instrument commonly known as a “security”; or any certificate of interest or participation in, temporary or interim certificate for, receipt for, or warrant or right to subscribe to or purchase, any of the foregoing. All of the foregoing are securities whether or not evidenced by a written document, provided that any evidence of indebtedness reported under these Rules is not a security.

13.485-1 “Holding company” defined. Included, without limitation, within the meaning of the term “holding company” shall be any person, other than an individual, of which a corporation holding or applying for a state Casino license is a controlled affiliate.

13.488-1 “Subsidiary” defined. Included, without limitation, within the meaning of the term “subsidiary” shall be any person, other than an individual, which is a controlled affiliate of another person, other than an individual.

13.489.2-1 Waiver of requirements of Rules. The Commission may waive one or more requirements of these Rules if it makes a written finding that such waiver is consistent with state policy.

13.500.3-1 Public offerings by corporate licensees, holding companies and stockholders. No corporate licensee, no stockholder of a corporate licensee, no holding company, and no stockholder of a holding company shall make a public offering of securities of a corporate licensee or of a holding company except as is permitted by, and in accordance with, these Rules.

13.510.1-1 Beneficial ownership, granting of proxies and assignments of other interests.

(a) The terms “sale, assignment, transfer, pledge or other disposition” extend to dispositions of any type of ownership referred to in these Rules.

(b) Included within the meaning of the term “disposition” as used in the Rules are, without limitation, the following

(1) The granting of a proxy in respect of a security (other than a proxy granted to a person who is licensed or found suitable to own securities of the same corporation or securities of an affiliate of that corporation), in which case the person to whom the proxy is granted is to be regarded as the transferee.

(2) Any transfer or disposition, whether or not for value, of any interest in the profits or proceeds (including, without limitation, interest payments, dividends and other distributions by the issuer of a security) realized from the holding or disposition of a security.

13.510.1-2 Issuer dispositions. Application for approval of any sale, assignment, transfer, pledge or other disposition of a security to be made by the issuer thereof shall be made pursuant to the Rules.

13.510.1-3 Procedures for obtaining approvals for transfers of outstanding securities. The provisions of these Rules shall govern all transfers for which approval is required.

13.510.2-1 Persons who may be determined to be unsuitable. The following persons may be determined to be unsuitable within the meaning of this section:

(a) Any person who, having been notified by the corporation or by the Commission of the requirement that such person be licensed fails, refuses or neglects to apply for such licensing within 30 days after being requested to do so by the Commission.

(b) Any record holder of a security issued by a corporate licensee or a holding company who shall have failed, refused or neglected, upon request of the Commission, to furnish to the Commission within 30 days after such request, full, complete, and accurate information as to the beneficial ownership of such security.

(c) Any record owner of a security which is beneficially owned, in whole or in part, by a person determined to be unsuitable by the Commission.

13.510.2-2 Escrow of securities. The Commission may, from time to time and at any time, require that securities issued by a corporate licensee be placed in escrow on specified terms and conditions.

13.510.3-1 Proscribed corporate activities in respect of persons found “unsuitable”. Beginning upon the date when the Commission serves notice of a determination of unsuitability upon the corporation, it shall be grounds for disciplinary action for such corporation:

(a) To pay any person found to be unsuitable any dividend or interest upon any security held, as defined in these Rules, by such person;

(b) To recognize the exercise by any such unsuitable owner, directly or through any trustee or nominee, of any voting right conferred by such security;

(c) To pay to any such unsuitable owner any remuneration in any form for services rendered or otherwise; or

(d) To make any other payment or distribution, of any kind whatsoever, in respect of any such security, by way of or pursuant to payment of principal, redemption, conversion, exchange or liquidation or any other transaction.

13.510.4-1 Statement required. Every security issued by a corporation, other than a publicly traded corporation, which holds a state gaming license must bear a statement, on both sides of the certificate evidencing the security, of the restrictions imposed by this section. The statement required shall be substantially as follows:

“The sale, assignment, transfer, pledge or other disposition of this security is ineffective unless approved in advance by the Arkansas Racing Commission. If at any time such commission finds that an owner of this security is unsuitable to continue to have an involvement in gaming in such state, such owner must dispose of such security as provided by the laws of the State of Arkansas and the Rules of the Arkansas Racing Commission thereunder. Such laws and Rules restrict the right under certain circumstances: (a) to pay or receive any dividend or interest upon any such security; (b) to exercise, directly or through any trustee or nominee, any voting right conferred by such security; or (c) to receive any remuneration in any form from the corporation, for services rendered or otherwise.”

13.530-1 Individual Licensing of stockholders of corporate licensee.

1. Except as provided in subsection 2, each person must be licensed before they may:

- (a) Own more than 5 percent of the equity security issued by a corporate licensee, or
- (b) Hold more than 5 percent of the securities issued by a corporate licensee which give the holders voting rights in the corporation.

2. An individual who has a beneficial interest in an employee trust formed as a part of a stock bonus plan meeting the requirements of section 401(a) of the Internal Revenue Code of 1954 as amended and holding legal title to any equity security issued by a corporate licensee need not be licensed individually as to such beneficial interest provided the plan or the trust formed thereunder requires that either:

(a) Any stock received by a transferee shall be transferred back to the trust within 24 hours; or

(b) The transferee shall apply immediately for licensing as a stockholder of the licensee. Until such time as the Commission acts upon the application for transfer, the transferee shall not exercise any voting rights nor receive any dividends, and if the transferee is not approved by the Commission, the stock shall be immediately transferred back to the trust and any cash or stock dividends accumulated thereon shall remain in the trust. If the transferee is approved by the Commission, any accumulated dividends may be passed to the transferee.

3. All stockholders owning or holding 5 percent or less of the equity and voting securities of a corporate licensee, other than a publicly traded corporation, must register in that capacity with the Commission and affirmatively state in writing that they submit to the Commission’s jurisdiction. Such registration must be made on forms prescribed by the Commission. A stockholder who is required to be registered by this section shall apply for registration before the stockholder obtains an ownership interest of 5 percent or less in a corporate licensee.

4. If the Commission finds a stockholder unsuitable, denies an application of the stockholder, or revokes an approval of the stockholder, the stockholder shall immediately offer the security to the issuing corporation for purchase. The corporation shall purchase the security so offered, for cash at fair market value, within 10 days after the date of the offer. Beginning upon the date when the Commission serves notice of a determination of unsuitability upon the corporation, it is unlawful for the unsuitable stockholder:

- (a) To receive any dividend or interest upon any such security;
- (b) To exercise, directly or through any trustee or nominee, any voting right conferred by such security; or

- (c) To receive any remuneration in any form from the corporation, for services rendered or otherwise.

5. An application for registration with the Commission shall:

- (a) Include a completed application for registration form as prescribed by the Commission;
 - (b) Include fully executed waivers and authorizations as determined necessary by the Commission to investigate the registrant;
 - (c) Include an affirmative statement that the registrant submits to the jurisdiction of the Commission;
 - (d) Include an affirmative statement that the registrant has no intent to exercise control over the licensee other than to vote the registrant's shares in the ordinary course;
 - (e) Include the fingerprints of the registrant for purposes of investigating the registrant's criminal history. Such fingerprints shall be provided in a form and manner acceptable to the Commission. The Commission, in the Commission's sole and absolute discretion, may waive this requirement upon a written request which specifically sets out the reasons for the request for waiver;
 - (f) Be accompanied by a fee to cover registration investigation costs as follows:
 - (1) For registrations related to 2 or fewer restricted licenses, an investigative fee in the amount of [\$550.00] and
 - (2) For all other registrations, an investigative fee in the amount of [\$2,500.00].
- ☐ This fee does not include the application fee or investigation costs should the Commission require the registrant to apply for licensure; and
- (g) Include such other information as the Commission may require.

6. The Commission may require a stockholder who is required to be registered by this section to apply for licensure at any time in the Commission's discretion by sending notice through the United States Postal Service to the registrant at the address on the registrant's registration on file with the Commission and to the corporate licensee at the address on file with the Commission. A stockholder shall apply for licensure as required by the Commission within 40 days of the stockholder's receipt of notice. The notice shall be deemed to have been received by the stockholder 5 days after such notice is deposited with the United States Postal Service with the postage thereon prepaid.

7. Upon receipt of a completed application for registration with the Commission, the application shall be placed on an agenda for consideration by the Commission not later than the first regular monthly Commission agenda following the expiration of 120 days after the Commission receives the completed application for registration with the Commission.

(a) At the meeting in which the Commission considers the application, it shall register the person with the Commission, decline to register the person with the Commission, or refer the application back to staff. At the meeting in which the Commission considers the application, it may also recommend the Commission require the person required to be registered by this section to apply for licensure. If the Commission declines to register a person pursuant to this subsection, such action in so declining to register a person with the Commission shall not be considered a denial under the act.

(b) A person who has the person's application for registration with the Commission declined or referred back to staff may file an application for licensure even if not required to do so by the Commission.

8. If a stockholder of a corporate licensee is a holding company and is required to register with the Commission under this section, the stockholder is not also required to register as a subsidiary unless the Commission requires the stockholder to apply for licensure.

9. In enacting this Rule, the Commission finds that waiver is appropriate to the extent required by this section. In making this waiver, the Commission finds such waiver is consistent with state policy because such waiver is for purposes including but not limited to fostering the growth of the gaming industry which is vitally important to the economy of the State and the general welfare of its inhabitants and broadening the opportunity for investment in gaming. The Commission further finds such waiver does not diminish the Commission's roles in strictly regulating gaming and effectively controlling the conduct of gaming by business organizations because the Commission still require, at a minimum, registration with the Commission of all persons involved with gaming and may call such persons subject to registration with the Commission forward for licensure, registration with the Commission, or findings of suitability.

10. Upon the Commission requiring a stockholder who is required to be registered by this section to apply for licensure, the stockholder does not have any right to the granting of the application. Any license hereunder is a revocable privilege, and no holder acquires any vested right therein or thereunder.

13.530-2 Licensing of certain payees. Any person who receives payments computed on the basis of the earnings profits or receipts from gaming of a corporate licensee, other than as the owner of an equity security issued by the corporate licensee, may be required to be licensed or approved.

13.530-3 Corporate non-compliance. Whenever it is the judgment of the Commission that the public interest will be served by requiring any or all of the corporation's, lenders, holders of evidences of indebtedness, underwriters, key executives and agents, employees or other persons dealing with the corporation and having the power to exercise a significant influence over decisions made by the corporation to be licensed, the Commission shall serve a notice of such determination upon the corporation, and if the person, persons or other entity or entities which are the subject of such determination shall not have, within 30 days following the service of such notice, applied for a license, the corporation may be deemed to have failed to comply.

13.540.1-1 Beneficial ownership. The terms "issue or transfer" extend to transactions involving any type of ownership referred to in these Rules.

13.540.1-2 Procedures for obtaining approvals for issuance of securities.

After licensing a corporation, other than a publicly traded corporation:

- A. Before it may issue or transfer any security to any person, shall file a report of its proposed action with the Commission. The Commission shall have 90 days within which to approve or deny the request. If the Commission denies the request, the corporation shall not issue or transfer any such security.
- B. Shall file a report of each change of the corporate officers and the members of its board of directors with the Commission within 30 days after the change becomes effective. The Commission has 90 days within which to approve or disapprove the change. During the 90-day period and thereafter if the Commission does not disapprove the change, the officer or

member of the board of directors is entitled to exercise all powers of the office to which the officer or member was so elected or appointed.

The report shall consist of an application signed by the president, or a vice president, and the secretary, or assistant secretary, of the applicant on an official form and, to the extent not inconsistent with the requirements of such form, setting forth the following information:

1. The name, address and telephone number of the applicant.
2. Whether or not the applicant is a licensee, holding company or intermediary company. If the applicant is not a licensee, but has applied for a license, the application shall set forth the date of such application and a statement of its current status.
3. If the applicant is the holder of or has pending an application for a state Casino license, the application shall set forth all of the information required to be set forth in a registration statement by such applicant. Such information may be incorporated by reference to the registration statement of the applicant; provided, however, that such information shall be as of a date not later than 30 days preceding the date of such application.
4. If the applicant is a holding company or intermediary company, the application shall set forth all of the information required to be set forth in a registration statement or furnished to the Commission. Such information may be incorporated by reference to the registration statement of, or information previously filed by such person; provided, however, that such information shall be as of a date not later than 30 days prior to the date of such application.
5. The identity and address of each proposed purchaser or transferee of the securities covered by such application.

The application will not be approved unless and until the proposed transferee complies with these Rules.

13.550.1 Licensing. After licensing pursuant to these Rules, the corporation shall:

- (a) Report to the Commission in writing any change in corporate personnel who have been designated by the Commission as key executives.
- (b) Furnish the Commission an annual profit and loss statement and an annual balance sheet.

2. The Commission may require that any such corporation furnish the Commission with a copy of its federal income tax return within 30 days after such return is filed with the Federal Government.

13.585.3-1 Persons who may be deemed unsuitable. The several nonexclusive criteria of unsuitability set forth in these Rules are also nonexclusive criteria of unsuitability under this subsection.

13.585.3-2 Escrow of securities. The Commission shall have the same power with respect to securities issued by holding companies as it has under these Rules with respect to securities issued by corporate licensees.

13.585.4-1 Proscribed corporate activities in respect of “unsuitable” persons. The Commission may determine a holding company to be unsuitable, or take other disciplinary

action, if after the Commission serves notice that a person is unsuitable to have a relationship to or involvement with such holding company, the holding company, or an intermediary company:

(a) Pays to any person found to be unsuitable any dividend or interest upon any securities referred to in said section, or any payment or distribution of any kind whatsoever;

(b) Recognizes the exercise by any such unsuitable person, directly or indirectly, or through any proxy, trustee or nominee, of any voting right conferred by any securities or interest in any securities;

(c) Pays to any such unsuitable person any remuneration in any form, for services rendered or otherwise, or permits the corporate Casino licensee to make any such payment; or

(d) Makes any other payment or distribution, of any kind whatsoever, in respect of any such security or interest by way of, or pursuant to payment of principal, redemption, conversion, exchange or liquidation or any other transaction.

13.585.5-1 Statement required. Any part of the outstanding equity securities of a corporation holding a gaming license or the interests in a partnership, limited partnership, limited-liability company or other business organization holding a gaming license shall bear a statement, on both sides of the certificate evidencing such security, of the restrictions imposed by these Rules. The statement required shall be substantially the same as the statement required by these Rules.

13.585.6-1 Public offerings by holding companies. 13.585.7-1 Approval by Commission required for all issues or transfers by a holding company or intermediary company of its securities.

No holding company shall, and it shall be grounds for disciplinary action if a holding company shall, issue or transfer any security of which it is the issuer without the prior approval of the Commission. As used herein, the terms “issue or transfer” extend to transactions involving any type of ownership referred to in these Rules. Every approval required by this Rule shall be sought by the filing of an application complying with these Rules..

13.585.7-2 Commission approval required for dispositions of outstanding securities issued by holding companies or intermediary companies.

No person other than the issuer shall sell, assign, transfer, pledge or make any other disposition of any security issued by any holding company without the prior approval of the Commission. As used herein, the terms “sale, assignment, transfer, pledge or other disposition” extend to dispositions of any type of ownership referred to in these Rules. Included within the meaning of the term “disposition” as used in this Rule are the granting of a proxy or a transfer or disposition of a type described in these Rules.

Every approval required by this Rule shall be sought by the filing of an application complying with the procedures set forth in these Rules.

13.585.7-4 Stockholders of holding companies.

1. Each stockholder of a holding company must be found suitable to be a stockholder or, in the discretion of the Commission, be licensed if the stockholder owns more than 5 percent of any licensee owned by the holding company.

2. All stockholders of a holding company which own 5 percent or less of any licensee owned by the holding company must register in that capacity with the Commission and affirmatively state in writing that they submit to the Commission's jurisdiction. Such registration must be made on forms prescribed by the Commission. A stockholder who is required to be registered by this section shall apply for registration before the stockholder obtains an ownership interest in the holding company.

3. If the Commission finds a stockholder unsuitable, denies an application of the stockholder, or revokes an approval of the stockholder, the stockholder and the corporate holding company shall comply with the following:

- A. If at any time the Commission finds that any person owning, controlling or holding with power to vote any part of any class of security of, or any interest in, any holding company or intermediary company is unsuitable to be connected with a licensed gaming enterprise, it shall so notify the unsuitable person, the holding company or intermediary company, or both. The unsuitable person shall immediately offer the security to the issuing corporation, or the interest to the firm, partnership, trust or other business organization, for purchase. The corporation shall purchase the security so offered, or the firm, partnership, trust or other business organization shall purchase the interest so offered, for cash at fair market value within 10 days after the date of the offer.
- B. Beginning upon the date when the Commission serves notice of a determination of unsuitability pursuant to subsection 3, it is unlawful for the unsuitable person:
 - (a) To receive any dividend or interest upon any such securities, or any dividend, payment or distribution of any kind from any holding company or intermediary company;
 - (b) To exercise, directly or indirectly or through any proxy, trustee or nominee, any voting right conferred by such securities or interest; or
 - (c) To receive any remuneration in any form from the corporation, partnership, limited partnership, limited-liability company or other business organization holding a license or from any holding company or intermediary company with respect thereto, for services rendered or otherwise.

4. An application for registration with the Commission shall:

- (a) Include a completed application for registration form as prescribed by the Commission;
- (b) Include fully executed waivers and authorizations as determined necessary by the Commission to investigate the registrant;
- (c) Include an affirmative statement that the registrant submits to the jurisdiction of the Commission;
- (d) Include an affirmative statement that the registrant has no intent to exercise control over the licensee other than to vote the registrant's shares in the ordinary course;
- (e) Include the fingerprints of the registrant for purposes of investigating the registrant's criminal history. Such fingerprints shall be provided in a form and manner acceptable to the Commission. The Commission, in the Commission's sole and absolute discretion, may waive this requirement upon a written request which specifically sets out the reasons for the request for waiver;
- (f) Be accompanied by a fee to cover registration investigation costs as follows:
 - (1) For registrations related to 2 or fewer restricted licenses, an investigative fee in the amount of \$550.00 and

(2) For all other registrations, an investigative fee in the amount of \$2,500.00.

☐ This fee does not include the application fee or investigation costs should the Commission require the registrant to apply for licensure; and

(g) Include such other information as the Commission may require.

5. The Commission may require a stockholder who is required to be registered by this section to apply for a finding of suitability at any time in the Commission's discretion by sending notice through the United States Postal Service to the registrant at the address on the registrant's registration on file with the Commission and to the holding company at the address on file with the Commission. A stockholder shall apply for a finding of suitability as required by the Commission within 40 days of the stockholder's receipt of notice. The notice shall be deemed to have been received by the stockholder 5 days after such notice is deposited with the United States Postal Service with the postage thereon prepaid.

6. Upon receipt of a completed application for registration with the Commission, the application shall be placed on an agenda for consideration by the Commission not later than the first regular monthly Commission agenda following the expiration of 120 days after the Commission receives the completed application for registration with the Commission.

(a) At the meeting in which the Commission considers the application, it shall register the person with the Commission, decline to register the person with the Commission, or refer the application back to staff. At the meeting in which the Commission considers the application, it may also recommend the Commission require the person required to be registered by this section to apply for licensure. If the Commission declines to register a person pursuant to this subsection, such action in so declining to register a person with the Commission shall not be considered a denial under the act.

(b) A person who has the person's application for registration with the Commission declined or referred back to staff may file an application for licensure even if not required to do so by the Commission.

7. If a stockholder of a holding company is also a holding company and is required to register with the Commission under this section, the stockholder is not required to register as a subsidiary unless the Commission requires the stockholder to apply for a finding of suitability.

8. In enacting this Rule, the Commission finds that waiver is appropriate to the extent required by this section. In making these waivers, the Commission finds such waivers are consistent with state policy because such waivers are for purposes including but not limited to fostering the growth of the gaming industry which is vitally important to the economy of the State and the general welfare of its inhabitants and broadening the opportunity for investment in gaming. The Commission further finds such waivers do not diminish the Commission's roles in strictly regulating gaming and effectively controlling the conduct of gaming by business organizations because the Commission still requires, at a minimum, registration with the Commission of all persons involved with gaming and may call such persons subject to registration with the Commission forward for licensure, registration with the Commission, or findings of suitability.

9. Upon the Commission requiring a stockholder who is required to be registered by this section to apply for licensure, the stockholder does not have any right to the granting of the application. Any license hereunder is a revocable privilege, and no holder acquires any vested

right therein or thereunder.

13.585.7-5 Officers and directors of holding companies.

1. Except as otherwise specified in this section, any person who has a relationship to a holding company of a type described in these Rules with respect to publicly traded corporations shall file an application for finding of suitability and may be required to be licensed.

2. An officer or director of a holding company

(a) who would otherwise be required to be found suitable pursuant to subsection 1;

(b) who does not serve on any committee to which is delegated the authority of the Commission to act in any matter involving the activities of a corporate Casino licensee; and

(c) who does not have a relationship to a holding company of a type described in these Rules with respect to publicly traded corporations

☐ is not required to be found suitable or licensed and must register in that capacity with the Commission if the holding company is not, directly or indirectly, a general partner or manager of any licensee and does not control any licensee. A person who is required to be registered by this section shall apply for registration within 30 days after the person assumes office.

3. If the Commission finds a person who has a relationship to a holding company of a type described in these Rules with respect to publicly traded corporations unsuitable, denies an application of the person, or revokes an approval of the person, the person and the holding company shall comply with the following :

A. If any officer, employee, director, partner, principal, manager, member, trustee or direct or beneficial owner required to be found suitable fails to apply for a finding of suitability or a gaming license within 30 days after being requested so to do by the Commission, is not found suitable or is denied a license by the Commission, or if his or her license or the finding of his or her suitability is revoked after appropriate findings by the Commission, the holding company or intermediary company, or both, shall immediately remove that person from any position in the administration or supervision of, or any other significant involvement with, the activities of a licensee. If the Commission suspends the suitability or license of any officer, employee, director, partner, principal, manager, member, trustee or owner, the holding company or intermediary company, or both, shall, immediately and for the duration of the suspension, suspend the person from performing any duties in administration or supervision of the activities of the licensee and from any other significant involvement therewith.

4. An application for registration with the Commission shall:

(a) Include a completed application for registration form as prescribed by the Commission;

(b) Include fully executed waivers and authorizations as determined necessary by the Commission to investigate the registrant;

(c) Include an affirmative statement that the registrant submits to the jurisdiction of the Commission;

(d) Include an affirmative statement that the registrant has no intent to exercise control over the licensee;

(e) Include the fingerprints of the registrant for purposes of investigating the registrant's criminal history. Such fingerprints shall be provided in a form and manner acceptable to the Commission. The Commission, in the Commission's sole and absolute discretion, may waive this

requirement upon a written request which specifically sets out the reasons for the request for waiver;

(f) Be accompanied by a fee to cover registration investigation costs as follows:

(1) For registrations related to 2 or fewer restricted licenses, an investigative fee in the amount of \$550.00 and

(2) For all other registrations, an investigative fee in the amount of \$2,500.00.

☐ This fee does not include the application fee or investigation costs should the Commission require the registrant to apply for licensure; and

(g) Include such other information as the Commission may require.

5. The Commission may require a person who is required to be registered by this section to apply for a finding of suitability or licensure at any time in the Commission's discretion by sending notice through the United States Postal Service to the registrant at the address on the registrant's registration on file with the Commission and to the holding company at the address on file with the Commission. Such person shall apply for a finding of suitability or licensure as required by the Commission within 40 days of the individual's receipt of notice. The notice shall be deemed to have been received by such person 5 days after such notice is deposited with the United States Postal Service with the postage thereon prepaid.

6. Upon receipt of a completed application for registration with the Commission, the application shall be placed on an agenda for consideration by the Commission not later than the first regular monthly Commission agenda following the expiration of 120 days after the Commission receives the completed application for registration with the Commission.

(a) At the meeting in which the Commission considers the application, it shall register the person with the Commission, decline to register the person with the Commission, or refer the application back to staff. At the meeting in which the Commission considers the application, it may also recommend the Commission require the person required to be registered by this section to apply for licensure. If the Commission declines to register a person pursuant to this subsection, such action in so declining to register a person with the Commission shall not be considered a denial under the act.

(b) A person who has the person's application for registration with the Commission declined or referred back to staff may file an application for licensure even if not required to do so by the Commission.

7. In enacting this Rule, the Commission finds that waiver is appropriate to the extent required by this section. In making this waiver, the Commission finds such waiver is consistent with state policy because such waiver is for purposes including but not limited to fostering the growth of the gaming industry which is vitally important to the economy of the State and the general welfare of its inhabitants and broadening the opportunity for investment in gaming. The Commission further finds such waiver does not diminish the Commission's roles in strictly regulating gaming and effectively controlling the conduct of gaming by business organizations because the Commission still requires, at a minimum, registration with the Commission of all persons involved with gaming and may call such persons subject to registration with the Commission forward for licensure, registration with the Commission, or findings of suitability.

8. Upon the Commission requiring a person who has a relationship to a holding company of a type described in Rules 17.410 and 17.415 with respect to publicly traded corporations who is required to be registered by this section to apply for licensure, the person does not have any right

to the granting of the application. Any license hereunder is a revocable privilege, and no holder acquires any vested right therein or thereunder.

13.585.7-6 Certain payees. Any person who receives payments from a holding company computed on the basis of the earnings or profits of the holding company, or on the basis of the receipts from gaming of a subsidiary corporate licensee of such holding company, may be required to be found suitable or licensed or approved.

13.585.7-7 Reporting requirements for certain holding companies. Each holding company which is a firm, partnership, trust or other form of business organization not a natural person or a corporation, must furnish the Commission with information analogous to the following:

If a corporation, partnership, limited partnership, limited-liability company or other business organization applying for or holding a license is or becomes a subsidiary, each holding company and each intermediary company with respect thereto must:

(a) Qualify to do business in the State of Arkansas.

(b) If it is a corporation, register with the Commission and furnish:

(1) A complete list of all stockholders when it first registers, and annually thereafter, within 30 days after the annual meeting of the stockholders of the corporation, showing the number of shares held by each.

(2) The names of all corporate officers within 30 days of their appointment.

(3) The names of all members of the Board of Directors within 30 days of their election.

13.625.1 Exclusion of publicly traded corporations. Rule 13 shall not apply to the securities of, nor other interest in, any holding company that is publicly traded, nor to its stockholders, directors, officers, agents, employees, underwriters, lenders, and other holders of evidence of indebtedness, as such.

End – Rule 13