

OHIO CASINO CONTROL COMMISSION

RESOLUTION 2018-21

**CONSIDERATION OF KONAMI GAMING, INC.'S APPLICATION TO RENEW ITS GAMING-RELATED VENDOR LICENSE**

**WHEREAS**, Article XV, Section 6(C)(4) of the Ohio Constitution created the Ohio Casino Control Commission to ensure the integrity of casino gaming by, among other things, licensing and regulating all gaming authorized by Article XV, Section 6(C) of the Ohio Constitution;

**WHEREAS**, R.C. 3772.09(A) prohibits any gaming-related vendor and key employee from conducting or participating in conducting casino gaming without first being licensed by the Commission;

**WHEREAS**, R.C. 3772.10(B) requires gaming-related vendors seeking licensure under R.C. Chapter 3772 to establish their suitability by clear and convincing evidence;

**WHEREAS**, R.C. 3772.12(A) and Ohio Adm. Code 3772-6-02(A) require any gaming-related vendor seeking licensure to submit, under oath, a Gaming-Related Vendor License Application ("Vendor Application");

**WHEREAS**, R.C. 3772.121 and Ohio Adm. Code Chapter 3772-6 authorize the Commission to issue a gaming-related vendor license to an applicant, including renewal applicants, after the Commission determines that the applicant is eligible for licensure and the applicant has paid all applicable fees;

**WHEREAS**, a gaming-related vendor license applicant is eligible for renewal upon meeting the following criteria:

- (A) Submission of a true and complete Vendor Application, as required by R.C. 3772.10(C) and 3772.12(A) and Ohio Adm. Code 3772-6-02(A);
- (B) Payment of the nonrefundable renewal application fee of \$10,000, as required by R.C. 3772.17(D) and Ohio Adm. Code 3772-6-03(A), and all fees necessary to cover the costs of the background investigation in excess of the application fee set forth by Ohio Adm. Code 3772-6-03(A), if any, as permitted by Ohio Adm. Code 3772-6-03(B);
- (C) Submission, on a form provided by the Commission, of two sets of the applicant's fingerprints, as required by R.C. 3772.121(A)(3), if applicable;
- (D) Reimbursement of the costs for the criminal-records check, as required by R.C. 3772.07 and 3772.17(D), if applicable;

- (E) Not having been convicted of or pled guilty or no contest to a disqualifying offense, as defined by R.C. 3772.07 and required by R.C. 3772.07 and 3772.10(C); and
- (F) Otherwise is suitable for licensure, as required by R.C. 3772.10(B) and (C);

**WHEREAS**, R.C. 3772.03(D)(5) mandates that the Commission adopt rules prescribing the minimum amount of insurance that must be maintained by gaming-related vendors;

**WHEREAS**, Ohio Adm. Code 3772-7-01(A) requires gaming-related vendor licensees to obtain and maintain the following types of insurance in minimum amounts determined by the Commission:

- (A) Liability;
- (B) Casualty;
- (C) Property;
- (D) Crime;
- (E) Worker's compensation; and
- (F) Any other type of insurance the Commission deems necessary to ensure the licensee is adequately insured;

**WHEREAS**, on December 28, 2017, Konami Gaming, Inc. ("Konami") submitted a renewal Vendor Application in accordance with R.C. 3772.12(A) and Ohio Adm. Code 3772-6-02(A);

**WHEREAS**, Konami paid the nonrefundable renewal application fee, as required by R.C. 3772.17(D) and Ohio Adm. Code 3772-6-03(A);

**WHEREAS**, Konami submitted information and materials necessary to demonstrate that it has obtained and maintains all of the requisite types of insurance and the amounts of each type, as required by R.C. 3772.03(D)(5) and Ohio Adm. Code 3772-7-01(A) and as reflected in the Commission's adoption of Resolutions 2012-64 and 2015-10;

**WHEREAS**, Kuzuki Capital Corporation; Konami Holdings Corporation; Kozuki Foundation; Kozuki Holding B.V.; and Stichtingadministratiekantoor Kozuki Foundation (collectively, "Holding Companies") submitted information and documentation as the holding companies of Konami;

**WHEREAS**, R.C. 3772.03(D) and Ohio Adm. Code 3772-5-02(F) require any key employee seeking licensure to:

- (A) Be at least 21 years of age, as required by R.C. 3772.13(D);
- (B) Submit a true and complete Key Employee License Application (“Key Application”), as required by R.C. 3772.10(C) and 3772.13(E) and Ohio Adm. Code 3772-5-02(A);
- (C) Submission, on a form provided by the Commission, of two sets of the applicant’s fingerprints and a photograph, as required by R.C. 3772.13(F);
- (D) Payment of the nonrefundable application fee of \$2,000, as required by R.C. 3772.13(F) and 3772.17(E) and Ohio Adm. Code 3772-5-03(A), and all fees necessary to cover the cost of the background investigation in excess of the application fee set forth by Ohio Adm. Code 3772-5-03(A), if any, as permitted by Ohio Adm. Code 3772-5-03(B);
- (E) Reimbursement of the costs for the background check, including the criminal-records check, as required by R.C. 3772.07 and 3772.13(F);
- (F) Not having been convicted of or pled guilty or no contest to a disqualifying offense, as defined by R.C. 3772.07 and required by R.C. 3772.07 and 3772.10(C); and
- (G) Otherwise is suitable for licensure, as required by R.C. 3772.10(B) and (C);

**WHEREAS**, the owners, officers, directors, and key employees of Konami and its Holding Companies who appear on the attached list marked Exhibit A (“Key Employees”) submitted renewal Key Applications to the Commission in accordance with R.C. 3772.13(E) and Ohio Adm. Code 3772-5-02(A);

**WHEREAS**, each Key Employee’s nonrefundable renewal application fee has been paid, as required by R.C. 3772.13(F) and 3772.17(E) and Ohio Adm. Code 3772-5-03(A);

**WHEREAS**, the Commission’s Division of Licensing and Investigations (“Division”) reviewed the Vendor and Key Applications and other materials and information and conducted thorough suitability investigations of Konami, the Holding Companies, and the Key Employees;

**WHEREAS**, the Division has filed a report, dated May 9, 2018, captioned *Investigative Report on the Renewal Application of Konami Gaming, Inc. for a Gaming-Related Vendor License* (“Report”);

**WHEREAS**, the Report concludes that based upon the investigation, no material derogatory information that adversely impacts the suitability of Konami, its Holding Companies, or the Key Employees was uncovered and that Konami and the Key Employees are eligible to be approved for renewal licenses;

**WHEREAS**, the Division recommends that the Commission renew Konami's gaming-related vendor license, subject to the following conditions:

- (A) Konami and its Holding Companies shall report to the Commission any changes in management, ownership, stockholdings, or to a voting or proxy agreement, as applicable, in accordance with Ohio Adm. Code 3772-6-04;
- (B) Konami and its Holding Companies shall report to the Commission any loans, debt incurred, or any other significant financial matters, in accordance with Ohio Adm. Code 3772-6-04;
- (C) Konami shall pay all fees required by the Commission, including the following:
  - (1) The cost of the background investigation that exceeded the application fee set forth by Ohio Adm. Code 3772-6-03(A), as required by R.C. 3772.17(D) and permitted by Ohio Adm. Code 3772-6-03(B), if any; and
  - (2) A nonrefundable license fee of \$15,000, as required by R.C. 3772.121(A)(2) and 3772.17(D) and Ohio Adm. Code 3772-6-03(C); and
- (D) Konami's Compliance Committee shall notify the Commission's Executive Director no later than 30 days from the date in which the Committee conducts any due diligence efforts, takes any action, or makes any recommendations concerning current or future business,

and that the Commission renew the Key Employees' licenses; and

**WHEREAS**, the Commission has reviewed the Report and considered the matter at its public meeting on May 16, 2018.

**NOW, THEREFORE, BE IT RESOLVED**, by the Commission that Konami and the Key Employees are **SUITABLE** and **ELIGIBLE** for licensure.

**BE IT FURTHER RESOLVED**, that Konami's Vendor Application is **APPROVED** and its gaming-related vendor license is **RENEWED** for a period not to exceed 3 years, effective upon expiration of the previous license, subject to continued compliance with R.C. Chapter 3772 and the rules adopted thereunder and the following conditions:

- (A) Konami and its Holding Companies shall report to the Commission any changes in management, ownership, stockholdings, or to a voting or proxy agreement, as applicable, in accordance with Ohio Adm. Code 3772-6-04;

- (B) Konami and its Holding Companies shall report to the Commission any loans, debt incurred, or any other significant financial matters, in accordance with Ohio Adm. Code 3772-6-04;
- (C) Konami shall pay all fees required by the Commission, including the following:
  - (1) The cost of the background investigation that exceeded the application fee set forth by Ohio Adm. Code 3772-6-03(A), as required by R.C. 3772.17(D) and permitted by Ohio Adm. Code 3772-6-03(B), if any; and
  - (2) A nonrefundable license fee of \$15,000, as required by R.C. 3772.121(A)(2) and 3772.17(D) and Ohio Adm. Code 3772-6-03(C); and
- (D) Konami's Compliance Committee shall notify the Commission's Executive Director no later than 30 days from the date in which the Committee conducts any due diligence efforts, takes any action, or makes any recommendations concerning current or future business.

**BE IT FURTHER RESOLVED**, that the Key Employees' renewal Key Applications are **APPROVED** and their key-employee licenses are **RENEWED**, for a period not to exceed 3 years, effective upon expiration of their previous licenses, subject to continued compliance with R.C. Chapter 3772 and the rules adopted thereunder, including payment of the following fees:

- (A) The cost of any key-employee background investigation that exceeded the application fee set forth by Ohio Adm. Code 3772-5-03(A), as required by R.C. 3772.15(A) and 3772.17(E) and permitted by Ohio Adm. Code 3772-5-03(B); and
- (B) A nonrefundable license fee of \$500 per key-employee license, as required by R.C. 3772.17(E) and Ohio Adm. Code 3772-5-03(C).

**BE IT FURTHER RESOLVED**, that Resolution 2018-21 does not in any way affect, negate, or otherwise absolve Konami, its Holding Companies, or the Key Employees from their duties to update information in accordance with Ohio Adm. Code 3772-6-04 and 3772-5-04, as applicable.

**BE IT FURTHER RESOLVED**, that Resolution 2018-21 does not restrict or limit the Commission's future exercise of authority and discretion with respect to imposing additional conditions or taking further action upon Konami, its Holding Companies, or the Key Employees under R.C. Chapter 3772 and the rules adopted thereunder.

Adopted: May 16, 2018

**Exhibit A**

**Resolution 2018-21**

Akira Gemma

Kimihiko Higashio

Kagemasa Kozuki

Takuya Kozuki

Satoshi Sakamoto

Stephen Sutherland