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Sec. 12-584-1. Disclosure of financial information

(a) **Filing requirements.** On or before April fifteenth of each year, each association, association affiliate, totalisator, concessionaire, vendor, and totalisator/concessionaire/vendor affiliate licensee shall file with the division:

(1) Certified financial statements for the prior calendar year or fiscal year, prepared in accordance with generally accepted accounting principles.

(2) The names and addresses of every shareholder, person, or business organization having a financial, property, leasehold, ownership or beneficial interest in such licensee (except that, in the case of owners or holders of publicly held securities of a publicly traded corporation, only the names and addresses of those owning or holding five percent or more of such publicly held securities need be disclosed).

(3) The names and addresses of every person or business organization which provides contractual services, equipment, or property related to any of the activities authorized under Chapter 226 of the Connecticut General Statutes, and the nature of such services rendered and equipment or property provided.

(4) Copies of all state and federal tax returns filed by such licensee for the next preceding calendar year or taxable year, except that if any state or federal tax return has not been filed with the state or federal government on or before said April fifteenth, such licensee may file such return with the division at the same time he or it files such return with the state or federal government.

(b) **Disclosure by shareholders and interested persons and business organizations.** With the advice and consent of the board the executive director may require any shareholder, person, or business organization disclosed under subdivision (2) of subsection (a) above to file with the division on or before April fifteenth of each year:

(1) A statement of financial position to be submitted under oath on forms provided by the division;

(2) A statement of interest in any other gambling activity within or without the state of Connecticut; and

(3) Copies of state and federal tax returns filed by such shareholder, person, or business organization for the next preceding calendar year or taxable year, except that if any state or federal tax return has not been filed with the state or federal government on or before said April fifteenth, such shareholder, person, or business organization may file such return with the division at the same time he or it files such return with the state or federal government.

(c) **Filing frequency.** The executive director shall not require such filings as above more than once a year except that the executive director may require additional filings or additional information to ensure the integrity of legalized gambling, pursuant to a vote of at least four members of the board in favor of such requirement.

(d) **Failure to comply.**

(1) Failure by any licensee to comply with the requirements of this section shall constitute grounds for the licensing authority:

(A) To suspend or revoke such license;

(B) If the executive director, to impose a fine of not more than two thousand five hundred dollars;

(C) If the board, to impose a fine of not more than seventy-five thousand dollars;

(D) To rescind the applicable contract if licensee is a vendor;

(E) To impose any combination of these penalties.

(2) Failure of any shareholder, person, or business organization identified in subsection (b) of this section to comply with the requirements of this section shall constitute grounds for the authority which issued the license to the allied licensee:

(A) To suspend or revoke such licensee;

(B) If the executive director, to impose a fine of not more than two thousand five hundred dollars on such licensee;

(C) If the board, to impose a fine of not more than seventy-five thousand dollars on such licensee; and

(D) To impose any combination of these penalties.

In the case of a shareholder who fails to comply with the requirements of this section, the division shall notify the shareholder and the licensee which issued the shares of such failure. Upon receipt of such notice, the shareholder shall immediately offer such shares to the licensee for purchase and the licensee shall purchase the shares not later than sixty days after they are so offered. Each corporate licensee shall adopt appropriate amendments or additions to any existing corporate bylaws or other organizational instruments to permit compliance with this section.

(e) **Right of appeal.** Any licensee aggrieved by an action of the executive director under this section shall have the right to appeal such action to the board, and such appeal must be taken within fifteen days of mailing or hand delivery by division personnel of official notice of action by the executive director. Any licensee aggrieved by a decision of the board under this section shall have the right to appeal such decision pursuant to Section 4-183 of the General Statutes.

(Effective January 26, 1995)