

**§ 18C-152. Investigation of lottery potential contractors.**

(a) Lottery potential contractors shall cooperate with the Director in completing any investigation required under G.S. 18C-151(c), including any appropriate investigation authorizations needed to facilitate these investigations.

(b) The Commission shall adopt rules that provide for disclosures of information required to be disclosed under subsection (c) of this section by lottery potential contractors to ensure that the potential contractors provide all the information necessary to allow for a full and complete evaluation by the Director and Commission of the competence, integrity, background, and character of the lottery potential contractors. Information shall be disclosed for the following:

- (1) If the potential contractor is a corporation, the officers, directors, and each stockholder in that corporation; however, in the case of owners of equity securities of a publicly traded corporation, only the names and addresses of those known to the corporation to own beneficially five percent (5%) or more of the securities need be disclosed.
- (2) If the potential contractor is a trust, the trustee and all persons entitled to receive income or benefits from the trust.
- (3) If the potential contractor is an association, the members, officers, and directors.
- (4) If the potential contractor is a partnership or joint venture, all of the general partners, limited partners, or joint venturers.
- (5) For any potential contractor, any person who can exercise control or authority, or both, on behalf of the potential contractor. For any potential contractor, any person who can exercise control or authority, or both, on behalf of the potential contractor.

(c) For purposes of this subsection, the term "potential contractor" shall include the potential contractor and each of the persons applicable under subsection (b) of this section. At a minimum, the potential contractor required to disclose information for a thorough background investigation under G.S. 18C-151 shall do all of the following:

- (1) Disclose the potential contractor's name, phone number, and address.
- (2) Disclose all the states and jurisdictions in which the potential contractor does business and the nature of the business for each state or jurisdiction.
- (3) Disclose all the states and jurisdictions in which the potential contractor has contracts to supply gaming goods or services, including lottery goods and services, and the nature of the goods or services involved for each state or jurisdiction.
- (4) Disclose all the states and jurisdictions in which the potential contractor has applied for, has sought renewal of, has received, has been denied, has pending, or has had revoked a lottery or gaming license or permit of any kind or had fines or penalties assessed on a license, permit, contract, or operation and the disposition of such in each such state or jurisdiction. If any lottery or gaming license, permit, or contract has been revoked or has not been renewed or any lottery or gaming license, permit, or application has been either denied or is pending and has remained pending for more than six months, all of the facts and circumstances underlying the failure to receive that license shall be disclosed.
- (5) Disclose the details of any finding or plea, conviction, or adjudication of guilt in a state or federal court of the potential contractor for any felony or any other criminal offense other than a minor traffic violation.

- (6) Disclose the details of any bankruptcy, insolvency, reorganization, or corporate or individual purchase or takeover of another corporation, including bonded indebtedness, or any pending litigation of the potential contractor.
  - (7) If at least twenty-five percent (25%) of the cost of a potential contractor's contract is subcontracted, the potential contractor shall disclose all of the information required by this section for the subcontractor as if the subcontractor were itself a potential contractor.
  - (8) Make any additional disclosures and information the Commission determines to be appropriate for the contract involved.
- (d) All documents compiled by the Director in conducting the investigation of the lottery potential contractors shall be held as confidential information under Chapter 132 of the General Statutes. (2005-344, s. 1; 2005-276, s. 31.1(q); 2009-357, s. 4.)