

OHIO CASINO CONTROL COMMISSION

RESOLUTION 2014-18

CONSIDERATION OF THE APPLICATION OF BALLY GAMING, INC., FOR A GAMING-RELATED VENDOR LICENSE

WHEREAS, Article XV, Section 6(C)(4) of the Ohio Constitution created the Ohio Casino Control Commission ("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, among others, any gaming-related vendor or key employee thereof from conducting or participating in conducting casino gaming without first being licensed by the Commission;

WHEREAS, R.C. 3772.10(B) requires, among others, gaming-related vendors and key employees thereof 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;

WHEREAS, R.C. 3772.121 and Ohio Adm. Code Chapter 3772-6 authorize the Commission to issue gaming-related vendor licenses to applicants after the Commission determines that the applicants are eligible for licensure and have paid all applicable fees;

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

- (A) Submission of a true and complete Gaming-Related Vendor License 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 application fee of \$10,000.00, as required by R.C. 3772.17(C) 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;
- (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 3772.121(A)(2), if applicable;

- (E) Not having been convicted of or pled guilty or no contest to a disqualifying offense, as defined and required by R.C. 3772.07; 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, among others, gaming-related vendors;

WHEREAS, Ohio Adm. Code 3772-7-01(A) requires, among others, 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) Fire;
- (D) Theft;
- (E) Worker's compensation; and
- (F) Any other type of insurance the Commission deems necessary to ensure the licensee is adequately insured;

WHEREAS, on April 18, 2012, the Commission approved Bally Gaming, Inc.'s ("Bally Gaming") initial license application, as reflected by Resolution 2012-21;

WHEREAS, on August 1, 2014, the Commission received written notification detailing a proposed acquisition of Bally Gaming by Scientific Games Corporation ("SGC");

WHEREAS, on October 18, 2013, the Commission found SGC suitable as a holding company in connection with the gaming-related vendor application of WMS Gaming, Inc., as reflected by Resolution 2013-25;

WHEREAS, because the proposed changes to the ownership and control structures would, upon closing of the merger, constitute new majority ownership interest or control of the licensee, R.C. 3772.091(A) requires Bally Gaming to seek and obtain a new gaming-related vendor license;

WHEREAS, Bally Gaming sought a new gaming-related vendor license through its August 1 notification;

WHEREAS, on or about August 25, 2014, Bally Gaming submitted an application for licensure as a gaming-related vendor to the Commission in accordance with R.C. 3772.12(A) and Ohio Adm. Code 3772-6-02(A);

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

WHEREAS, Bally Gaming submitted to the Commission information and materials necessary to demonstrate that Bally Gaming 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), as reflected in the Commission's adoption of Resolution 2012-64;

WHEREAS, the Commission's Division of Licensing and Investigations reviewed the submitted gaming-related vendor application, materials and information, and conducted thorough a suitability investigation of Bally Gaming and its holding companies;

WHEREAS, Commission staff has filed a report, dated September 29, 2014, captioned *Investigative Report on the Application of Bally Gaming, Inc. for a Gaming-Related Vendor License* ("Report");

WHEREAS, the Report concludes that based upon the investigation, no derogatory information that adversely impacts upon the suitability of Bally Gaming or its holding companies was uncovered and that Bally Gaming is qualified to be approved as a gaming-related vendor subject to certain conditions;

WHEREAS, the Commission's Division of Licensing and Investigations recommends that the Commission grant a gaming-related vendor license to Bally Gaming subject to the following conditions:

- (A) As a condition precedent to licensure, SGC shall close all transactions related to the proposed acquisition without any material changes and provide the Commission with executed copies of all related documents within 10 days of their execution;
- (B) Bally Gaming shall report to the Commission any changes in their management, ownership, or stockholdings, in accordance with Ohio Adm. Code 3772-6-04;
- (C) Bally Gaming shall report to the Commission any loans, debt incurred, or any other significant financial matters, in accordance with Ohio Adm. Code 3772-6-04;
- (D) Bally Gaming 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(C) and Ohio Adm. Code 3772-6-03(B), if applicable; and
 - (2) A nonrefundable license fee of \$15,000.00, as required by R.C. 3772.121(A)(2) and 3772.17(C) and Ohio Adm. Code 3772-6-03(C); and
- (E) SGC's Compliance Committee shall notify the Commission's Executive Director no later than 30 days after the Compliance Committee conducts any due diligence efforts, takes any action, or makes any recommendations concerning current or future business;

WHEREAS, the Commission has considered the matter at its public meeting on October 15, 2014.

NOW, THEREFORE, BE IT RESOLVED, by the Commission that Bally Gaming's application for licensure is **APPROVED** and Bally Gaming is hereby **LICENSED** for a period not to exceed 3 years, effective on the date in which all transactions related to SGC's proposed acquisition of Bally Gaming are closed, as a gaming-related vendor subject to continued compliance with R.C. Chapter 3772 and the rules adopted thereunder and the following conditions:

- (A) As a condition precedent to licensure, SGC shall close all transactions related to the proposed acquisition without any material changes and provide the Commission with executed copies of all related documents within 10 days of their execution;
- (B) Bally Gaming shall report to the Commission any changes in their management, ownership, or stockholdings, in accordance with Ohio Adm. Code 3772-6-04;
- (C) Bally Gaming shall report to the Commission any loans, debt incurred, or any other significant financial matters, in accordance with Ohio Adm. Code 3772-6-04;
- (D) Bally Gaming 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(C) and Ohio Adm. Code 3772-6-03(B), if applicable; and
 - (2) A nonrefundable license fee of \$15,000.00, as required by R.C. 3772.121(A)(2) and 3772.17(C) and Ohio Adm. Code 3772-6-03(C); and

- (E) SGC's Compliance Committee shall notify the Commission's Executive Director no later than 30 days after the Compliance Committee conducts any due diligence efforts, takes any action, or makes any recommendations concerning current or future business.

BE IT FURTHER RESOLVED, that Resolution 2014-18 does not in any way affect, negate, or otherwise absolve Bally Gaming or its holding companies from their duty to update information in accordance with Ohio Adm. Code 3772-6-04.

BE IT FURTHER RESOLVED, that Resolution 2014-18 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 Bally Gaming or its holding companies under R.C. Chapter 3772 and the rules adopted thereunder.

Adopted: *October 15, 2014*