

OHIO CASINO CONTROL COMMISSION

RESOLUTION 2018-05

CONSIDERATION OF AGS, LLC'S APPLICATION FOR AN INITIAL 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 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 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 licensure 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 application fee of \$10,000.00, 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 October 12, 2017, AGS, LLC, ("AGS") submitted a Vendor Application in accordance with R.C. 3772.12(A) and Ohio Adm. Code 3772-6-02(A);

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

WHEREAS, AGS submitted to the Commission information and materials (summaries of which are attached as Exhibit A) necessary to demonstrate that it has obtained and maintains the applicable 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);

WHEREAS, AGS Capital, LLC; PlayAGS, Inc.; AP Gaming Voteco, LLC; Apollo Gaming Holdings, L.P.; and Apollo Fund VIII Funds (collectively, "Holding Companies") submitted information and documentation as holding companies of AGS;

WHEREAS, a key-employee license applicant is eligible for licensure upon meeting the following criteria:

- (A) Being at least 21 years of age, as required by R.C. 3772.13(D);

- (B) Submission of 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 \$2,000.00, 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 AGS and the Holding Companies who appear on the attached list marked Exhibit B (“Key Employees”) submitted Key Applications—3 initial and 5 new—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 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 reviewed the Vendor and Key Applications and other materials and information and conducted thorough suitability investigations of AGS, the Holding Companies, and the Key Employees;

WHEREAS, the Division has filed a report, dated February 14, 2018, captioned *Investigative Report on the Application of AGS, LLC, for a Gaming-Related Vendor License* (“Report”);

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

WHEREAS, the Division recommends that the Commission grant AGS' initial gaming-related vendor license, subject to the following conditions:

- (A) AGS and the Holding Companies shall report to the Commission any changes in its management, ownership, or stockholdings, in accordance with Ohio Adm. Code 3772-6-04;
- (B) AGS and the 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) AGS 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) PlayAGS' Compliance Committee shall notify the Executive Director of the Commission no later than 30 days from the date in which the Compliance Committee conducts any due diligence efforts, takes any action, or makes any recommendations concerning current or future business,

and that the Commission grant the Key Employees' initial and new key-employee licenses; and

WHEREAS, the Commission has reviewed the Report and considered the matter at its public meeting on February 21, 2018.

NOW, THEREFORE, BE IT RESOLVED, by the Commission that AGS' Vendor Application is **APPROVED** and its initial gaming-related vendor license is **GRANTED** for a period not to exceed three years, subject to continued compliance with R.C. Chapter 3772 and the rules adopted thereunder and the following conditions:

- (A) AGS and the Holding Companies shall report to the Commission any changes in its management, ownership, stockholdings, or voting or proxy agreement, in accordance with Ohio Adm. Code 3772-6-04;
- (B) AGS and the 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) AGS 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) PlayAGS' Compliance Committee shall notify the Executive Director of the Commission no later than 30 days from the date in which the Compliance Committee conducts any due diligence efforts, takes any action, or makes any recommendations concerning current or future business.

BE IT FURTHER RESOLVED, by the Commission that the Key Employees' Applications are **APPROVED** and their initial or new key-employee licenses are **GRANTED** for a period not to exceed 3 years, 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 \$500.00 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 2018-05 does not in any way affect, negate, or otherwise absolve AGS, the 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 2018-05 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 AGS, the Holding Companies, or the Key Employees under R.C. Chapter 3772 and the rules adopted thereunder.

Adopted: February 21, 2018

Exhibit A
Resolution 2018-05

AGS, LLC

Types of Insurance Policies

Commercial General Liability	\$2,000,000
Umbrella Liability	\$20,000,000
Crime	\$2,000,000
Workers Compensation and Employers' Liability	\$1,000,000
Commercial Property	\$31,105,000

Exhibit B
Resolution 2018-05

Nicholas Akiona

Leon Black

Daniel Cohen

Victor Gallo

Joshua Harris

David Lopez

Mark Rowan

David Sambur