

OHIO CASINO CONTROL COMMISSION

RESOLUTION 2017-10

CONSIDERATION OF THE APPLICATIONS OF AINSWORTH GAME TECHNOLOGY, INC. AND AINSWORTH GAME TECHNOLOGY LIMITED FOR GAMING-RELATED VENDOR LICENSES

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, per R.C. 3772.10(B) and Ohio Adm. Code 3772-6-02(B), a gaming-related vendor licensee expires every three years;

WHEREAS, R.C. 3772.15(B) and Ohio Adm. Code 3772-6-02 require that gaming-related vendor licensees undergo complete investigations at least once every three years to ensure continued eligibility for licensure;

WHEREAS, R.C. 3772.10(A) mandates that the Commission consider the following when determining whether to grant or renew the privilege of a gaming-related vendor license:

- (A) The reputation, experience, and financial integrity of the applicant, its holding companies, if applicable, and any other person that directly or indirectly controls the applicant;
- (B) The financial ability of the applicant to purchase and maintain adequate liability and casualty insurance;
- (C) The past and present compliance of the applicant and its affiliates or affiliated companies with casino-related licensing requirements in the State of Ohio or any other jurisdiction, including whether the applicant has a history of noncompliance with the requirements of any jurisdiction;
- (D) Whether the applicant has been indicted, convicted, pleaded guilty or no contest, or forfeited bail concerning any criminal offense under the laws of any jurisdiction, either felony or misdemeanor, not including traffic violations;
- (E) Whether the applicant has filed, or had filed against it a proceeding for bankruptcy or has ever been involved in any formal process to

adjust, defer, suspend, or otherwise work out the payment of any debt;

- (F) Whether the applicant has been served with a complaint or other notice filed with any public body regarding payment of any tax required under federal, state, or local law that has been delinquent for 1 or more years;
- (G) Whether the applicant is or has been a defendant in litigation involving its business practices;
- (H) Whether awarding a license would undermine the public's confidence in the casino-gaming industry in the State of Ohio; and
- (I) Whether the applicant meets other standards for the issuance of a license that the Commission adopts by rule, which is not arbitrary, capricious, or contradictory to the expressed provision of R.C. Chapter 3772;

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 gaming-related vendor licenses to applicants, including renewal 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 or 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 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) 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 December 12, 2012, the Commission approved Ainsworth Game Technology Limited's ("AGT Ltd.") initial Application, as reflected in Resolution 2012-91, which expired December 12, 2015;¹

WHEREAS, on May 22, 2014, the Commission approved Ainsworth Game Technology, Inc.'s ("AGT Inc.") initial Application, as reflected in Resolution 2014-09, which expired May 22, 2017;²

WHEREAS, on August 30, 2016, AGT Inc. and AGT Ltd. submitted Vendor Applications in accordance with R.C. 3772.12(A) and Ohio Adm. Code 3772-6-02(A);

¹ AGT Ltd. did not seek renewal of its initial license and thus has not supplied gaming-related equipment, goods, or services to Ohio's casinos since the expiration.

² By operation of law, AGT Inc. can continue operating under its initial license until the Commission acts on the renewal Application. See R.C. 119.06.

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

WHEREAS, each submitted information and materials necessary to demonstrate that they have obtained and maintain 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 2012-91 and 2014-09;

WHEREAS, the Commission's Division of Licensing and Investigations reviewed the Vendor Applications and other materials and information and conducted thorough suitability investigations of AGT Inc. and AGT Ltd.;

WHEREAS, the Division has filed a report, dated June 14, 2017, captioned *Investigative Report on the Applications of Ainsworth Game Technology, Inc. and Ainsworth Game Technology Limited for Gaming-Related Vendor Licenses* ("Report");

WHEREAS, the Report concludes that based upon the investigation, no material derogatory information that adversely impacts upon the suitability of AGT Inc. or AGT Ltd. was uncovered and that both are eligible for licensure;

WHEREAS, the Division recommends that the Commission renew AGT Inc.'s gaming-related vendor license and grant AGT Ltd.'s new gaming-related vendor license, subject to the following conditions:

- (A) AGT Inc. and AGT Ltd. shall report to the Commission any changes in their management, ownership, or stockholdings, in accordance with Ohio Adm. Code 3772-6-04;
- (B) AGT Inc. and AGT Ltd. shall report to the Commission any loans, debt incurred, or any other significant financial matters to the Commission, in accordance with Ohio Adm. Code 3772-6-04;
- (C) AGT Inc. and AGT Ltd. 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 \$15,000.00 per gaming-related vendor license, as required by R.C. 3772.121(A)(2) and 3772.17(D) and Ohio Adm. Code 3772-6-03(C);
- (D) AGT Ltd.'s Compliance Committee shall notify the Commission's Executive Director no later than 30 days from when the Compliance Committee conducts any due diligence efforts, takes any action, or

makes any recommendations concerning current or future business;
and

WHEREAS, the Commission has reviewed the Report and considered the matter at its public meeting on June 21, 2017.

NOW, THEREFORE, BE IT RESOLVED, by the Commission that AGT Inc.'s and AGT Ltd.'s Vendor Applications are **APPROVED** and AGT Inc.'s gaming-related vendor license is **RENEWED**, effective upon expiration of its previous license, and AGT Ltd.'s new gaming-related vendor license is **GRANTED** for periods not to exceed three years, subject to continued compliance with R.C. Chapter 3772 and the rules adopted thereunder and the following conditions:

- (A) AGT Inc. and AGT Ltd. shall report to the Commission any changes in their management, ownership, or stockholdings, in accordance with Ohio Adm. Code 3772-6-04;
- (B) AGT Inc. and AGT Ltd. shall report to the Commission any loans, debt incurred, or any other significant financial matters to the Commission, in accordance with Ohio Adm. Code 3772-6-04;
- (C) AGT Inc. and AGT Ltd. 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 \$15,000.00 per gaming-related vendor license, as required by R.C. 3772.121(A)(2) and 3772.17(D) and Ohio Adm. Code 3772-6-03(C);
- (D) AGT Ltd.'s Compliance Committee shall notify the Commission's Executive Director no later than 30 days from when 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 2017-10 does not in any way affect, negate, or otherwise absolve AGT Inc. or AGT Ltd. from their duties to update information in accordance with Ohio Adm. Code 3772-6-04.

BE IT FURTHER RESOLVED, that Resolution 2017-10 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 AGT Inc. or AGT Ltd. under R.C. Chapter 3772 and the rules adopted thereunder.

Adopted: June 21, 2017