

OHIO CASINO CONTROL COMMISSION

RESOLUTION 2013-25

**CONSIDERATION OF THE APPLICATION OF WMS 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, R.C. 3772.13(B) and Ohio Adm. Code 3772-5-02(A) require any gaming-related vendor key employee seeking licensure to submit a Key Employee License Application;

WHEREAS, R.C. 3772.13 and Ohio Adm. Code Chapter 3772-5 authorize the Commission to issue provisional and plenary key employee licenses to applicants after the Commission determines that the applicants are eligible for licensure and have paid all applicable fees;

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

- (A) Being at least 21 years of age, as required by R.C. 3772.13(C);
- (B) Submission of a true and complete Key Employee License Application, as required by R.C. 3772.03(D)(15), 3772.10(C), and 3772.131(D) and Ohio Adm. Code 3772-5-02(F);
- (C) Being compliant under an instant background check, as required by R.C. 3772.03(D)(15);

- (D) Payment of the nonrefundable application fee of \$2,000.00, as required by R.C. 3772.03(D)(15), 3772.13(E), and 3772.17(D) 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), as required by R.C. 3772.17(D) and Ohio Adm. Code 3772-5-03(B), if any;
- (E) Demonstration of the existence of exigent circumstances, as required by R.C. 3772.03(D)(15) and Ohio Adm. Code 3772-5-02(F); and
- (F) Not having been convicted of or pled guilty or no contest to a disqualifying offense, as defined and required by R.C. 3772.07;

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

- (A) Being at least 21 years of age, as required by R.C. 3772.13(C);
- (B) Submission of a true and complete Key Employee License Application, as required by R.C. 3772.10(C) and 3772.131(D) and Ohio Adm. Code 3772-6-02(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(E);
- (D) Payment of the nonrefundable application fee of \$2,000.00, as required by R.C. 3772.13(E) and 3772.17(D) 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;
- (E) Reimbursement of the costs for the background check, including the criminal records check, as required by R.C. 3772.07 and 3772.13(E);
- (F) 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
- (G) Otherwise is suitable for licensure, as required by R.C. 3772.10(B) and (C);

WHEREAS, on April 18, 2012, the Commission approved WMS Gaming, Inc.'s ("WMS Gaming") initial license application, as reflected by Resolution 2012-22;

WHEREAS, on January 31, 2013, WMS Gaming submitted to the Commission written notification detailing a proposed acquisition of WMS Gaming by Scientific Games Corporation ("Scientific Games");

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 WMS Gaming to seek and obtain a new gaming-related vendor license;

WHEREAS, WMS Gaming sought a new gaming-related vendor license through its January 31 notification;

WHEREAS, on or about February 28, 2013, WMS 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, WMS Gaming paid the nonrefundable application fee, as required by R.C. 3772.17(C) and Ohio Adm. Code 3772-6-03(A);

WHEREAS, WMS Gaming submitted to the Commission information and materials necessary to demonstrate that WMS 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, WMS Industries Inc. ("WMS Industries"), Scientific Games, SMGS Acquisition Corporation ("SMGS"), and MacAndrews & Forbes Holdings, Inc. ("MacAndrews and Forbes") submitted to the Commission information and documentation as holding companies of WMS Gaming, as required by R.C. 3772.11(B);

WHEREAS, the owners, officer, directors, and key employees of Scientific Games, SMGS, and MacAndrews & Forbes, who appear on Exhibit A, ("Key Employees") submitted their applications for licensure as key employees to the Commission;

WHEREAS, with respect to the Key Employees, the nonrefundable application fees have been paid, as required by R.C. 3772.13(E) and 3772.17(D) and Ohio Adm. Code 3772-5-03(A), and the Commission has been reimbursed for the costs of the criminal records checks, in accordance with and as required by R.C. 3772.07 and 3772.13(E);

WHEREAS, on October 2, 2013, William Huntley of Scientific Games submitted his application for licensure as a key employee to the Commission, in accordance with R.C. 3772.03(D)(15) and 3772.13(B) and Ohio Adm. Code 3772-5-02(F), and complied with the requisite background check;

WHEREAS, the Commission's Division of Licensing and Investigations reviewed the submitted gaming-related vendor application, materials and information, and conducted thorough suitability investigations of WMS Gaming, WMS Industries, Scientific Games, SMGS, MacAndrews & Forbes, and the Key Employees;

WHEREAS, Commission staff has filed reports, dated October 4, 2013, captioned *Investigative Report on the Application of WMS Gaming for a Gaming-Related Vendor License* and *Investigative Report on the Applications of Scientific Games Corporation, SMGS Acquisition Corporation, and MacAndrews & Forbes Holdings, Inc. as Holding Companies of a Gaming-Related Vendor* (“Reports”);

WHEREAS, the Reports conclude that based upon the investigation, no derogatory information that adversely impacts upon the suitability of WMS Gaming and the Key Employees was uncovered and that WMS 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 WMS Gaming subject to the following conditions:

- (A) As a condition precedent to licensure, but no later than November 19, 2013, Scientific Games 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) WMS Gaming, WMS Industries, Scientific Games, SMGS, and MacAndrews & Forbes shall report to the Commission any changes in their management, ownership, or stockholdings, in accordance with Ohio Adm. Code 3772-6-04;
- (C) WMS Gaming, WMS Industries, Scientific Games, SMGS, MacAndrews & Forbes 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) WMS 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) Scientific Games’s Compliance Committee shall notify the Executive Director of the Commission 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;

WHEREAS, the Commission has considered the matter at its public meeting on October 16, 2013.

NOW, THEREFORE, BE IT RESOLVED, by the Commission that WMS Gaming's application for licensure is **APPROVED** and WMS Gaming is hereby **LICENSED** for a period not to exceed 3 years, effective today, 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, but no later than November 19, 2013, Scientific Games 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) WMS Gaming, WMS Industries, Scientific Games, SMGS, and MacAndrews & Forbes shall report to the Commission any changes in their management, ownership, or stockholdings, in accordance with Ohio Adm. Code 3772-6-04;
- (C) WMS Gaming, WMS Industries, Scientific Games, SMGS, MacAndrews & Forbes 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) WMS 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) Scientific Games's Compliance Committee shall notify the Executive Director of the Commission 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 the Key Employee License Applications of the natural persons contained on Exhibit A are **APPROVED** and those persons are

hereby **LICENSED** for a period not to exceed 3 years, effective today, as key employees, subject to continued compliance with R.C. Chapter 3772 and the rules adopted thereunder and the payment of all fees required by the Commission, including the following:

- (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. 3772.17(D) and Ohio Adm. Code 3772-5-03(B), if applicable; and
- (B) A nonrefundable license fee of \$500.00 per key employee license, as required by R.C. 3772.17(D) and Ohio Adm. Code 3772-5-03(C).

BE IT FURTHER RESOLVED, that the Key Employee License Application of William Huntley is **PROVISIONALLY APPROVED** and he is hereby **PROVISIONALLY LICENSED** for a period not to exceed 3 months, effective today, as a key employee, subject to continued compliance with R.C. Chapter 3772 and the rules adopted thereunder and the payment of all fees required by the Commission, including the following:

- (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. 3772.17(D) and Ohio Adm. Code 3772-5-03(B), if applicable; and
- (B) A nonrefundable license fee of \$500.00 per key employee license, as required by R.C. 3772.17(D) and Ohio Adm. Code 3772-5-03(C).

BE IT FURTHER RESOLVED, that, in accordance with R.C. 3772.03(D)(15), William Huntley's provisional license may be renewed one time for a period not to exceed 3 months.

BE IT FURTHER RESOLVED, that Resolution 2013-25 does not in any way guarantee that William Huntley will be granted plenary licensure as a key employee or that the right to operate in a key employee capacity will extend beyond the time permitted herein or under R.C. Chapter 3772 and the rules adopted thereunder.

BE IT FURTHER RESOLVED, that Resolution 2013-25 does not in any way affect, negate, or otherwise absolve WMS Gaming, WMS Industries, Scientific Games, SMGS, MacAndrews & Forbes, 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 2013-25 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 WMS Gaming, WMS

Industries, Scientific Games, SMGS, MacAndrews & Forbes, or the Key Employees under R.C. Chapter 3772 and the rules adopted thereunder.

Adopted: October 16, 2013

Exhibit A
Resolution 2013-25

1. Steven Beason- Enterprise Chief Technology Officer, Scientific Games Corporation
2. Peter Cohen- Vice Chairman/Lead Independent Director, Scientific Games Corporation
3. Gerald Ford- Director, Scientific Games Corporation
4. David Kennedy- Vice Chairman, Scientific Games Corporation
5. Jeffrey Lipkin- SVP/CFO, Scientific Games Corporation
6. Paul Meister- Director, Scientific Games Corporation
7. Ronald Perelman- Director, Scientific Games Corporation;
Chairman/CEO/sole stockholder, MacAndrews & Forbes Holdings, Inc.
8. Larry Potts- VP/Chief Compliance Officer/Director of Security, Scientific Games Corporation
9. Michael Regan- Director, Scientific Games Corporation
10. Steve Saferin- President, Properties Group & Chief Creative Officer,
Scientific Games Corporation
11. John Sarno- VP/Deputy General Counsel/Asst. Secretary, Scientific Games Corporation
12. Barry Schwartz- Director, Scientific Games Corporation
13. Frances Townsend- Director, Scientific Games Corporation
14. A. Lorne Weil- Chairman/CEO, Scientific Games Corporation