

BEFORE THE MISSOURI GAMING COMMISSION

HEARING

AT HOLIDAY INN EXPRESS & SUITES

120 SHINN LANE

HANNIBAL, MISSOURI

DATE TAKEN: MARCH 30, 2022

HEARING TIME: 9:30 A.M.

APPEARANCES

COMMISSIONERS:

MIKE LEARA, Chairman

PAT CONWAY, Commissioner

DAVID W. HANE, Commissioner

JAN M. ZIMMERMAN, Commissioner

ANGIE FRANKS, Commission Assistant

EDWARD J. GREWACH, General Counsel

SERGEANT JEFF COULSON, Missouri State Highway Patrol

P R O C E E D I N G S

CHAIRMAN LEARA: I think everyone is here. Are we waiting on anyone? Has someone stepped out? We'll start early if there's no objection.

We'll call the meeting to order of the Missouri Gaming Commission. Angie, please all the roll.

ANGIE FRANKS: Chairman Leara?

CHAIRMAN LEARA: Present.

ANGIE FRANKS: Commissioner Conway?

COMMISSIONER CONWAY: Present.

ANGIE FRANKS: Commissioner Hane?

COMMISSIONER HANE: Present.

ANGIE FRANKS: Commissioner Zimmerman?

COMMISSIONER ZIMMERMAN: Present.

CHAIRMAN LEARA: Ok. I'll move for the adoption of the agenda, as printed. Any objections, comments? Seeing none, we need a second?

COMMISSIONER HANE: Second.

CHAIRMAN LEARA: Second Mr. Hane. No discussion. Angie, call the roll.

ANGIE FRANKS: Chairman Leara?

CHAIRMAN LEARA: Approved.

ANGIE FRANKS: Commissioner Conway?

COMMISSIONER CONWAY: Approved.

ANGIE FRANKS: Commissioner Hane?

COMMISSIONER HANE: Approved.

ANGIE FRANKS: Commissioner Zimmerman?

COMMISSIONER ZIMMERMAN: Approved.

ANGIE FRANKS: By your vote, you've adopted the agenda.

CHAIRMAN LEARA: Ok before we go onto the next item, I don't know if there's anyone here from local, Mayor, County Commissioners, anyone like that? We'd just want to recognize you if you are. Seeing none we'll move...

JOHN ROACH: John Roach, City Administrator with the City of LaGrange and then...

CAROL HENZE: Carol Henze, Councilmember, City of LaGrange.

CHAIRMAN LEARA: Alright, well thanks for coming. Excellent. I'm glad we did that. Ok, anyone else? Alright, seeing none, I will move for the adoption of the Minutes from February 23rd, 2022. Do we have a second?

COMMISSIONER ZIMMERMAN: Second.

CHAIRMAN LEARA: We have a second. Any discussion on the Minutes? Seeing none, Angie please call the roll.

ANGIE FRANKS: Chairman Leara?

CHAIRMAN LEARA: Approved.

ANGIE FRANKS: Commissioner Conway?

COMMISSIONER CONWAY: Approved.

ANGIE FRANKS: Commissioner Hane?

COMMISSIONER HANE: Approved.

ANGIE FRANKS: Commissioner Zimmerman?

COMMISSIONER ZIMMERMAN: Approved.

ANGIE FRANKS: By your vote, you've adopted the Minutes of the February 23rd, 2022 meeting.

CHAIRMAN LEARA: Next item on the Agenda, Consideration of Renewal of Key Business Entity. Sergeant Coulson, you have the floor. I'm sorry, I will note that it's for Affinity Gaming LLC. Sergeant Coulson...

SERGEANT JEFF COULSON: Mr. Chairman and Commissioners. Missouri State Highway Patrol Investigators and Missouri Gaming Commission Financial Investigators conducted a background investigation update on a Key Business Entity.

The investigation included a business credit profile, a financial review, a Missouri tax clearance, as well as a review of litigation and open source data.

The following renewal is being presented for your consideration: Affinity Gaming Owner, LLC.

The results of this investigation were provided to the Missouri Gaming Commission staff for their review, and I would be glad to answer any questions you might have. Thank you.

CHAIRMAN LEARA: So Affinity, just coincidentally owns LaGrange and St. Jo, but we didn't plan on anything with that. It was just time to come to LaGrange and see your casino...a number of new commissioners. So, they have two casinos in the state. Any questions for the Sergeant?

Seeing none, thank you. Any other discussion on the renewal? Seeing none, I will move for the approval of Resolution 22-017, yes 017, renewal of Key Business Entity Affinity Gaming Owners, LLC, and is there a second?

COMMISSIONER CONWAY: Do we want to give them the opportunity to say anything?

CHAIRMAN LEARA: We do. Does Affinity, would they like to speak or have anything to add to, before we vote?

ERIN BARNETT: No Commissioner, thank you.

CHAIRMAN LEARA: Thank you. Thank you Mr. Conway. Any other discussion? Is there a second on the motion?

COMMISSIONER CONWAY: Second.

CHAIRMAN LEARA: Second Mr. Conway. No further discussion. Angie call the roll.

ANGIE FRANKS: Chairman Leara?

CHAIRMAN LEARA: Approved.

ANGIE FRANKS: Commissioner Conway?

COMMISSIONER CONWAY: Approved.

ANGIE FRANKS: Commissioner Hane?

COMMISSIONER HANE: Approved.

ANGIE FRANKS: Commissioner Zimmerman?

COMMISSIONER ZIMMERMAN: Approved.

ANGIE FRANKS: By your vote, you've adopted Resolution 22-017.

CHAIRMAN LEARA: Thank you. Congratulations. Ok.

Next item on the agenda Consideration of Relicensure of Key Persons, Resolution No. 22-018. Sergeant Coulson.

SERGEANT COULSON: Mr. Chairman and Commissioners. Missouri State Highway Patrol Investigators conducted background investigation updates on Key Person License Renewals.

The investigations included an application review as well civil, criminal and general character inquiries made in the jurisdictions where the applicants currently reside.

The following renewals are being presented for your consideration: Christie Annette Hill, Chief Legal Officer, Aristocrat Technologies, Inc.; Brian Edward Marsh, Senior Vice President & General Manager, Caesars Entertainment, Inc.; Carol Ruth Lynton, Director, Gaming and Leisure Properties, Inc.; Harper Hwei-Fin Ko, Executive Vice President, Chief Legal Officer & Secretary, Penn National Gaming, Inc.

There are no pending requests for these investigations. Investigative findings were provided to the Missouri Gaming Commission staff for their review, and I would be glad to answer any questions you might have. Thank you.

CHAIRMAN LEARA: Any questions for Sergeant Coulson? None. Thank you Sergeant.

SERGEANT COULSON: Yes sir.

CHAIRMAN LEARA: I saw one of the applicants here. Is there any one else here on the list? Sometimes it's just nice to put a face with a name.

COMMISSIONER HANE: Who?

ED GREWACH: Brian Marsh.

CHAIRMAN LEARA: Brian Marsh, from Caesars.

So, with that in mind, I move for the approval of Resolution No. 22-018 and ask for a second.

COMMISSIONER ZIMMERMAN: Second.

CHAIRMAN LEARA: We have a second, Madam Zimmerman. Any discussion? Seeing none, Angie please call the roll.

ANGIE FRANKS: Chairman Leara?

CHAIRMAN LEARA: Approved.

ANGIE FRANKS: Commissioner Conway?

COMMISSIONER CONWAY: Approved.

ANGIE FRANKS: Commissioner Hane?

COMMISSIONER HANE: Approved.

ANGIE FRANKS: Commissioner Zimmerman?

COMMISSIONER ZIMMERMAN: Approved.

ANGIE FRANKS: By your vote, you've adopted Resolution 22-018.

CHAIRMAN LEARA: Thank you. Next item on the agenda is Consideration of Disciplinary Actions. Mr. Grewach you have the floor.

ED GREWACH: Thank you Mr. Chairman, Commissioners. Under Tab D we have a preliminary order of discipline directed to the Argosy Riverside Casino. On August 27, 2021, Argosy self-reported that five revenue audit functions that are required under our rules were not being performed. One was the drop variances which are the difference between what the casino system indicated was dropped and what the actual count was. These variances were being documented but were not being communicated to the slot department so that the slot department could investigate the cause of the variance.

The second involved the progressive meter incrementation reconciliation and the files had been completed but the majority of the variances were not being reviewed and also were not being communicated to the slot department since sometime in July, the 20th.

The third was the daily upload of the non-cashable electronic promotion variances. They were to be uploaded to the Missouri Gaming Commission website. That had not occurred since sometime in July because the only casino employee who had access to that system left employment of the casino.

The fourth involved the weekly upload of the drop variances to the MGC website. That had not occurred since the same date in July when that employee had left.

The fifth is the audit exception reports. They were being completed but they were not being communicated back to whatever department is involved. If you want to know what an audit exception report is they review and identify a problem maybe with an EGD or a table games process or a document not signed by some individual or department. They document that but then they're supposed to go ahead and relay that back to the appropriate personnel to address it and fix that.

We followed up with these issues on September 13, 2021. We found that the casino had started correcting these issues and, as a matter of fact, as to the drop variance communication in 7.a. of your preliminary order, that was rectified on October 21st, 2021. The progressive variance communication in item 7.b. of your preliminary order was corrected on November 21st, 2021. The upload of the drop variance in progressive variances to the MGC website were both corrected on October 21, 2021 and the AFR system communications were corrected on January 22nd, 2022.

The DRB recommended a \$5,000 fine and the casino's response to the 14-day letter, they did not contest either the violation or the fine. So staff's recommendation continues to be a \$5,000 fine.

CHAIRMAN LEARA: And Argosy Riverside is a Kansas City casino with a parent company being Penn, is that correct?

ED GREWACH: That's correct.

CHAIRMAN LEARA: Ok good.

COMMISSIONER HANE: And this was self-reported?

ED GREWACH: Self-reported, yes.

CHAIRMAN LEARA: Ok. Any discussion or questions for Mr. Grewach?

COMMISSIONER ZIMMERMAN: Mr. Chairman? I do have a question for Mr. Grewach.

CHAIRMAN LEARA: Madam Zimmerman.

COMMISSIONER ZIMMERMAN: Is this their first violation of this type of audit issue?

ED GREWACH: Their first of this type. It really arose out of a personnel issue. People left, or didn't return after the COVID reopening and new personnel not familiar. Now they have had other audits findings for other things but for as this specific revenue audit not...they were actually doing what they were supposed to be doing as far as audit, they just were not communicating it down to the areas where it would be recognized.

COMMISSIONER ZIMMERMAN: Thank you.

CHAIRMAN LEARA: Mr. Conway?

COMMISSIONER CONWAY: Ed, what was the period of time when they failed to report again? How long was that period before it was corrected?

ED GREWACH: It was reported to us August 27, 2021 and it took some time to correct these issues, especially the audit exception report. You have to go through every finding, figure out who communicated to who to do it but the earliest was October 21 for three of the issues that were resolved in that timeframe. Between the time of August 27th and October 21, they were still out of compliance but they were working on it. Then the last one was the audit exception report and that was January 22nd, 2022. That entire time they were working to correct these two-month, month or two-month approximate period where they had not been fulfilling their audit...

COMMISSIONER CONWAY: But prior to August 27th when they self-reported, how much time has elapsed prior to that?

ED GREWACH: There was, I think the earliest date that we had was August, I'm sorry, was July the 20th. Yes, July 20th. There are various times. One was August 9th for one issue but the earliest one and that was the progressive meter incrementation reconciliation, hadn't been conducted since July 20th.

COMMISSIONER CONWAY: But up until July they'd been reporting on a regular basis?

ED GREWACH: They had been, yes doing what the rule requires.

COMMISSIONER CONWAY: Thank you.

CHAIRMAN LEARA: Any more questions for Mr. Grewach? Any other questions in general on the issue? Ok, seeing none, I move

for the approval of disciplinary action #22-015. Is there a second?

COMMISSIONER CONWAY: I'll second.

CHAIRMAN LEARA: We'll take Mr. Conway's second. Any other discussion? Seeing none, Angie call the roll.

ANGIE FRANKS: Chairman Leara?

CHAIRMAN LEARA: Approved.

ANGIE FRANKS: Commissioner Conway?

COMMISSIONER CONWAY: Approved.

ANGIE FRANKS: Commissioner Hane?

COMMISSIONER HANE: Approved.

ANGIE FRANKS: Commissioner Zimmerman?

COMMISSIONER ZIMMERMAN: Approved.

ANGIE FRANKS: By your vote, you've adopted DC-22-015.

CHAIRMAN LEARA: Alright, next item on the agenda is a request so Mr. Grewach you have the floor.

ED GREWACH: Ok, the items that you see in Tabs E-H were petitions that were filed by Rob Cantwell, an attorney, on behalf of Interblock d.d. and Interblock USA who are both licensed suppliers, and certain Oaktree entities. Commission staff has no position on these requests. What I'm going to present to you is just the background of how we got to the point where we're at from the MGC side and then I'm going to turn that over to Mr. Cantwell who has the responsibility to make his request and answer any future questions that might come up.

On December 16, 2020, the owners of Interblock entered into an agreement to sell 100% of their ownership interest to the Oaktree entities. The transaction was structured so that the ownership of Interblock was split into two different classes of ownership. One, a non-voting equity holder and the other a voting equity holder.

The Oaktree entities will receive 100% of the non-voting equity interests and a new company that was formed, IB OCM Voteco would hold 100% of the voting equity. Voteco would be owned by three individuals: David Quick, Matthew Wilson and

Jordan Kruse, who will have the control or voting rights over any activity of Voteco.

The issue here is that our regulations define a key business entity and makes no distinction between voting and non-voting entities. So any company that owns more than 5% of a licensed supplier has to either apply for licensure or request an institutional investor waiver.

The applications came in for Voteco, key business entity application, came into our office on November 22nd, 2021. The three individuals that I mentioned earlier, their applications actually arrived by May 27, 2021, they were incomplete, there were several numerous emails back and forth and we finally received all three within a time-frame from October 14th, 2021 to February the 10th, 2022.

On February 15th, 2022, we received a Petition for Change of Control along with communication asking for that Petition to be placed on the March Commission meeting agenda. The reason for the official change of control is anytime a sale like this takes place our rules state that if you don't get prior approval of the Commission before closing then sale is void.

CHAIRMAN LEARA: And is there a time-frame set in that request that we are allowed to consider?

ED GREWACH: Well, in their request, they indicated that the contract has a provision that states that if it's not closed by May 16th...

CHAIRMAN LEARA: I understand that but do our rules and regulations require that request 60 days, 180 days out or anything?

ED GREWACH: Yeah they do.

CHAIRMAN LEARA: Ok.

ED GREWACH: Staff's response was that, you know, having just received the Voteco application that there was simply not enough time to do a background investigation by the March meeting and we have received nothing from the Oaktree entities. Mr. Cantwell indicated that he believed that the Oaktree entities fit the definition of an institutional investor. The issue with that is that our rule caps the ownership of an institutional investor at 20% and that anything over 20% would need to apply for a full licensure.

Now, the Commission has the authority, these are all regulations, the Commission has the authority to waive any and all of those requests that they're presenting. As we talked about, they do have that provision in their contract that the contract would be voided if not closed by May 16th.

CHAIRMAN LEARA: So we have three levels of laws, rules and regulations...statutes and/or constitutional issues.

ED GREWACH: Right.

CHAIRMAN LEARA: Then we have CSRs...

ED GREWACH: Right.

CHAIRMAN LEARA: ...which are in stone and then we have our, or at the state level. Then we have our, then we have within us we have our rules, regulations, guidelines of which the institutional ownership cap falls under. Is that understood correctly?

ED GREWACH: That is correct. So, that's really all I have. Unless you have any more questions about that background or how we got here, and then I will turn it over to Rob Cantwell.

CHAIRMAN LEARA: Oh, there's Rob. Rob, stand by a moment.

COMMISSIONER HANE: We have done some of these in the past but to my recollection, they've never exceeded 20%. Is that right?

CHAIRMAN LEARA: Well we haven't in my time here. Let's go back to Ed. I think, have we ever exceeded the 20% ownership in a waiver like this?

ED GREWACH: There was one transaction in 2010 which was structured similar to this when Apollo and TPG and Hamlet Holdings acquired Caesars. They set it up into a voting and non-voting Voteco structure. The difference there was that the non-voting interest, no one held 100%. There were several companies that owned certain percentages, a couple of which were over the 20%. So we have had something similar in 2010 which I'm sure Mr. Cantwell will present but it was...

CHAIRMAN LEARA: Are they still operating under that umbrella?

ED GREWACH: No. After Caesars filed bankruptcy and were out of bankruptcy there was a complete new ownership structure.

CHAIRMAN LEARA: Ok. Do you have anything further?

COMMISSIONER HANE: No.

CHAIRMAN LEARA: Rob you have the floor.

ROB CANTWELL: I'll pass these decks out so they will help focus everyone's attention. I guess, is it ok if I just speak from over here?

CHAIRMAN LEARA: Yeah, sure. Wherever you'd like.

ROB CANTWELL: Well Chairman Leara, Commissioners, Executive Director Judge Richardson, and staff, good morning. My name is Rob Cantwell. I appreciate the opportunity to be here to present on behalf of Oaktree Funds and Interblock d.d. with respect to a number of petitions we filed with the Commission.

Ed did a good job of summarizing a lot of elements that I put in my deck so I'll try not to retread things if possible but I genuinely do appreciate the opportunity to be on the agenda today and to hopefully give you guys some additional information as you consider our request. I think there's some complexity here. My goal is to try not to confuse anybody in the process, including myself, because while I'm a corporate attorney in my training, funds are a unique aspect of corporate law and frankly, Chairman Leara probably has a better, much better understanding than I do being at Stiffel and having worked with MOSERS funds and other things. But they are complicated structures but from a regulatory perspective we can boil some of it down. Some of it can be considered, I believe, irrelevant to the processes that the Missouri Gaming Commission is focused on.

If we turn to the first slide, I thought I would kind of start at the end just to get everybody on the same page about some entities involved and where they fit once all of this would be completed with the proposed acquisition of Oaktree of Interblock d.d.

I had some nice animation here that would have shown up on a video here but I'll just walk through it. First, I just want to reflect again in the post-transaction structure if this was to be approved and Oaktree ended up as the owner of Interblock, this is how the structure would look. Interblock d.d. Slovenia

and Interblock USA LC which are on the lower part of the chart, those are the two current Missouri supplier licensees. They've been supplier licensees in Missouri for some time. So they're long standing, in good standing, licensees for Missouri.

If you go up, the technical purchaser in the actual transaction documentation is this obnoxiously long entity OCM Luxembourg Baccarat Bidco S.a.r.l., Luxembourg, which is a Luxembourg entity similar to the United States LLC that we see. And then there's a long chain of entities all exist for basically international tax and international accounting purposes. But then you get up to the Special Situations Fund II which is the fund that truly is the control structure on that side of this chart.

On the other side of the chart there's the economics in green, that shows that everything on the left side and above Interblock d.d., they hold economic equity. Everybody on the right side, as Ed mentioned, is part of the Voteco structure. That's the control equity and I'll go through that again as we walk through this but I just wanted to start there so as I walk through some of the narrative hopefully it makes a little bit more sense.

So just to backtrack, and Ed did mention some of this stuff so I'll go through it quickly, our initial equity purchase agreement was signed on December 16, 2020 and again the technical purchaser is this entity OCM Luxembourg Baccarat Bidco S.a.r.l. That purchaser is a new co. There's six new co's above it. The real entity that initiated all that process was a Special Situations Fund II, that being an entity that is controlled by David Quick.

The Situations Fund II, that's what we'll call it, it was formed by Oaktree and Oaktree generally takes different opportunities to form funds and those funds generally once they're formed by Oaktree, which is a publically traded SEC company, they sort of run on their own and do their own activity, investment activity, controlled by the people placed at that fund and in this case, Special Situations Fund II.

So, as Ed mentioned as well, in Missouri we had, back in 2006, our first exposure to the Voteco structure and then in 2010 we did some adjustments as to how we were dealing with the Caesars go private transaction. In the gaming industry in general, the Voteco structure was created a little bit prior to

that, not a long time. But probably four or five years prior to that, was the first Voteco structure that was used and it was used to allow funds to participate in gaming because funds like the Special Situations Fund II is simply incapable of going through a licensing process or any licensing process in any of these jurisdictions. So this structure was designed to minimize the licensing burden of the gaming investigators and regulatory authorities and allow the opportunity to have the highly regulated dollars from the fund industry to come into gaming and be utilized, which they do have some advantages in that context.

So the Voteco structure really is just designed to allow for targeted focus on a group of controlling individuals which minimizes the regulatory process. So the Voteco structure was created, in closing and I think I did a good job at this so I'll breeze through it, with these large transactions, they're step transactions. So, there's various steps that have to occur but basically the way it's looked at in the corporate law prospective is they all happen at the same metaphysical moment and time.

So at the closing, Interblock d.d., our current supplier licensee, would convert to Slovenia limited liability company with two classes of equity: one would be strictly economics and the other would be strictly voting control. Those would be split between the technical purchaser that is controlled by the Special Situations Fund II that would hold only economic rights and then all voting control would go IB OCM Voteco which is a Cayman Islands company, newly formed, that would be controlled by three members: Matthew Wilson, Jordan Kruse and David Quick. So all three of those individuals have filed for key person licensing. In addition, IB OCM Voteco Cayman Islands has filed for a key business entity license.

And then what is somewhat unique about this transaction I think helps with our issues a little bit is that there is very few changes or really no changes operationally, with this transaction. So, the board of directors does change but we see that in many contexts. We have three new board members come into Interblock d.d. and those are the same individuals that have filed for key business licensure.

Ed mentioned kind of our stressors with the transaction at this time and he's correct with respect to us taking extra time to get our applications fully complete but to some degree we just are where we are. And so the equity agreement does have a

drop dead date of May 16th. This is not a situation, again as a corporate attorney, it takes a lot of time when you're doing a deal people say we have to get this done by X date and it's not, we don't really have to get it done by then. In this case, we really need to get it done by May 16th.

The other jurisdictions are in line to be approved in April so the current business people are focused on trying to get the transaction completed in April, albeit the very end of April, but that's when they want to close.

So again this transaction is strictly financial in nature. I've not seen one this strictly financial. There's no changes at the operational level. John Conley who has been the CEO for a number of years remains the CEO. In addition, there's no plan to replace him as CEO. There's no integration process. This is not a strategic acquisition. It's not a combination. It's simply financial. So, it's fund dollars wanting to participate in this aspect of gaming.

So in addition to John Conley remaining in place there's no changes in officers nor is there anticipated to be an integration process to which new officers are in place. So, there's a continuity and a seamlessness from Missouri's perspective of who are the supplier licensee really is and I agree and understand there are technical changes that we have to respect by virtue of regulations but from a practical standpoint this company is not going to look any different.

So when the Chairman mentioned that there's a number of requests that have been made and each of them relate to a portion of the regulations that should be addressed in a Voteco context like this. I think in the past when we initially did the Apollo/TPG/Caesars go private, we didn't look at the transaction the way in which Ed Grewach did. The one thing that I failed to mention and I wanted to, when we were looking at a structure chart is, you know, I very much appreciate your staff and their ability to get through some of this complex material. It is truly remarkable. Not just Ed who is an attorney but also your investigative staff Sgt. Masters, you know all the Sergeants seem to really train themselves in this complex corporate law so they keep up with it, their questions are articulate so it's impressive working with them on these more complicated transactions.

But in any event the way Ed has looked at this I think is accurate. We obviously need a petition for change of control because we've got more than 25% of the company being transferred. So that is normal and we deal with those petitions often. In this case though we do have the situation where we've got entities that are holding over 20% but would not be licensed. So the structure that Ed has devised for that holding which I think makes sense is #1 a request from Commissioners that you waive that provision relative to just these individual entities and wholly relative to this transaction not creating some precedent that it's relevant for other transactions because this transaction is extremely unique. So the, in connection with that, Ed had me file for each entity and I guess you can flip two pages real quickly but each entity on the left side that's circled on the post-transaction structure chart, two pages, each of those entities filed a waiver, an institutional investor waiver. In that waiver they're covenant, they're representing that they're not interested in exerting any control over the operation and they also covenanting that they will not, and they're covenanting directly to the Commission. So that means that they could be held accountable in the event that they would violate that covenant.

So we did not use that structure previously. I think it's what makes sense in this context. So you're getting extra protection for our regulatory agency that this side of the holding structure, the economic side, is truly restricted from even practically being volatile (?). Legally they're clearly ___ by virtue of the equity holder but practically speaking there's no motivation to do that.

The other petition that we needed to file or request was a variance to allow for temporary licensing in this case. We need that because of our transaction time and the analogies are in our history where we have had changes in board of directors where the board of directors file and that in due course we get them licensed. The huge advantage here that supports the temporary licensing is that these individuals and this entity and the ultimate supplier, we can always make adjustments. We can disaffiliate if we find a problem in the suitability process but in addition, and this is totally different from the Caesars transaction or any Class A or Class B change in control, is Missouri can remove suppliers. That can happen within a short time-frame. If we make, if the Commissioners make that decision then the supplier can be removed. When you do this relative to

an actual Class A or Class B operation, it's very hard to remove an actual casino from your state but equipment can be taken out. So that gives us sort of a pressure release valve if there should be something found in the more elaborate final suitability process.

And again with the structure that we've put in place the suitability process really focused on three individual new board members. The entity itself, the Voteco exists purely as a vehicle in which they can collect their opinions and place them on the company so that Voteco really has very little substance to it.

The next slide is the current structure of Interblock d.d. I don't think we necessarily need to go through this but you have it there for reference but it is sort of changing from that structure to, on the next slide, the Voteco structure where it's split out, Interblock d.d. is converted and we've split out all the control on the right side IB OCM Voteco and then the left side again is purely economics.

So if we go through to the page that sort of circles IB OCM Voteco, I think between Ed and I, we kind of discussed like how this functions and how this process currently in place. All the entities and individuals in that circle filed for licensure.

And again, just to note that while all this complex transactional activity happens above our supplier licensees, Interblock d.d. and Interblock US LLC, that the actual operations at those entities stay intact. No changes in officers. No changes in prospects.

The slide that comes next is simply a reflection of what the ultimate, sorry I have to page back and forth, I'd be doing this for you if it was on the board but if you look at the very top of the post, proposed post transaction organizational structure you see Oaktree Capital Management L.P. It's not represented there perfectly. It wasn't on the chart that the transaction team put together initially because it has arrows that aren't truly reflected. That entity is the ultimate publically traded, SEC registered, master fund. It has no ownership in Oaktree Special Situations Fund II. What it does, it has a management services agreement where that entity provides services and that's why we reflected on the chart. Ed thought it made sense and I have to suggest once again it was a good suggestion and we did it, to note there's a difference

between that ultimate Oaktree Capital SEC traded fund which is a public fund and that structure which you can see online in the SEC filings is different than our structure in a significant way and that is our structure is a private equity fund so it's a totally different structure. It's separate and apart and runs on its own.

CHAIRMAN LEARA: They're all limited partnership shares?

ROB CANTWELL: Correct, correct.

CHAIRMAN LEARA: Who's the general partner?

ROB CANTWELL: So the general partners is, there's various, but the general partner is Oaktree Fund GP 1A Ltd. which again has filed an institutional investor exemption to covenant that it will not go outside of its passive lane.

In addition, if you turn to the next page, there's an additional step taken and I had suggested this actually early on to the deal team, but prior to that Nevada reached out to require this as well, so the Oaktree, the actual ultimate Oaktree Capital Management L.P. notwithstanding its lack of ownership in Situations Fund II have covenanted as well to the Nevada Gaming Commission. We can get a similar letter or this one or get Nevada's language but this letter reflects clearly that Oaktree Capital Management again is on the hook if there's any reflection whether it be an email, a text that says, hey we'd really like you to change out the CEO at Interblock. There's an obvious risk there. And again with these funds they're used to these type of risks. They tend to run very, very compliant-oriented operations because if they don't the consequences are massive because everything they do has massive dollars attached to it. So they're used to having compliance and they're used to taking the high road.

So that's just a description of what we have before us. I'm happy to take any questions either now or in closed session. And I appreciate once again your guys time and certainly the staff's ability to go through all these annoying documents.

CHAIRMAN LEARA: Ok so, I think the line of questions that we have qualify for closed session under attorney/client privilege or where are we at with that?

ED GREWACH: Actually they would under Section 313.847 as Investigatory, Proprietary and Application Records.

CHAIRMAN LEARA: So I have some definite investigatory questions. I don't want...I think we'll need to go into closed.

ED GREWACH: I would agree and go to closed to discuss it but you would have to go back into open if you're going to vote on...

CHAIRMAN LEARA: I understand that. Yeah. So let's do this, I'll make a motion to go into closed. I think Mr. Cantwell will be our first victim.

ED GREWACH: The motion should probably read just as in Roman numeral VIII on the agenda is.

CHAIRMAN LEARA: I will.

ED GREWACH: Yep.

CHAIRMAN LEARA: Ok, let me think here for a second. We'll go to closed, we'll clear the room. Judge, Angie, our counsel, and Mr. Cantwell will stay. Is that correct?

ED GREWACH: Yes.

CHAIRMAN LEARA: But we may call on some of our investigators too.

COMMISSIONER CONWAY: We have nothing left in open session after this?

CHAIRMAN LEARA: No, other than a potential vote on this. Is that ok with you?

COMMISSIONER CONWAY: I was thinking of having Rob start over from the beginning. (Laughing)

CHAIRMAN LEARA: We can put him through that. I wouldn't mind.

COMMISSIONER HANE: Same old time for that.

CHAIRMAN LEARA: Ok, that's fine.

I make a motion for closed meeting under Sections 313.847, RSMo. Investigatory, Proprietary and Application Records and I think we may get into everything in that closed session so we'll go and Section 610.021(1), RSMo., Legal Actions and Matters Subject to Attorney Client Privilege and Legal Work Product, (3) & (13) Personnel, (12) Contracts and (14) Records Protected from Disclosure by Law. Is there a second?

COMMISSIONER ZIMMERMAN: Second.

CHAIRMAN LEARA: Second Madam Zimmerman. Any other discussion? Seeing non Angie call the roll.

ANGIE FRANKS: Chairman Leara?

CHAIRMAN LEARA: Approved.

ANGIE FRANKS: Commissioner Conway?

COMMISSIONER CONWAY: Approved.

ANGIE FRANKS: Commissioner Hane?

COMMISSIONER HANE: Approved.

ANGIE FRANKS: Commissioner Zimmerman?

COMMISSIONER ZIMMERMAN: Approved.

CHAIRMAN LEARA: Approved. We are in closed. Thank you all. If you want to hang around for the end of that you're welcome to outside.

****Closed Session****

CHAIRMAN LEARA: Alright, we are back in open session. We are on Agenda item VII and at this time I would move to continue all of the items E-H in Agenda Item VII relating to Interblock and Voteco transaction to the April meeting. Is there a second?

COMMISSIONER ZIMMERMAN: Second.

CHAIRMAN LEARA: Second Madam Zimmerman. Any discussion? Seeing none, Angie call the roll.

ANGIE FRANKS: Chairman Leara?

CHAIRMAN LEARA: Approved.

ANGIE FRANKS: Commissioner Conway?

COMMISSIONER CONWAY: Approved.

ANGIE FRANKS: Commissioner Hane?

COMMISSIONER HANE: Approved.

ANGIE FRANKS: Commissioner Zimmerman?

COMMISSIONER ZIMMERMAN: Approved.

ANGIE FRANKS: By your vote, you've continued items E-H until the April meeting.

CHAIRMAN LEARA: Any other discussion before we adjourn? I move to adjourn the meeting. Is there a second?

COMMISSIONER HANE: Second.

CHAIRMAN LEARA: Second. No other discussion. Angie call the roll.

ANGIE FRANKS: Chairman Leara?

CHAIRMAN LEARA: Approved.

ANGIE FRANKS: Commissioner Conway?

COMMISSIONER CONWAY: Approved.

ANGIE FRANKS: Commissioner Hane?

COMMISSIONER HANE: Approved.

ANGIE FRANKS: Commissioner Zimmerman?

COMMISSIONER ZIMMERMAN: Approved.

CHAIRMAN LEARA: We stand adjourned. Thank you all.