

MISSOURI GAMING COMMISSION

COMMISSION RESOLUTION NO. 22-019
REGARDING TEMPORARY KEY BUSINESS ENTITY LICENSURE OF
IB OCM VOTECO AND ITS MANAGING MEMBERS

April 27, 2022

WHEREAS, IB OCM VOTECO, ("Voteco"), which is associated with INTERBLOCK D.D. and INTERBLOCK USA L.C. ("Interblock"), Supplier license holders, has applied to the Commission for a Key Business Entity License under Sections 313.800 RSMo, et seq., as amended from time to time, and 11 CSR 45-1 et. seq., as amended from time to time (collectively, the "Riverboat Gambling Act and Regulations");

WHEREAS, Voteco has applied for a Key Business Entity License and Matthew Wilson, Jordon Kruse and David Quick have applied for Key Person Licensees, and have requested temporary licenses; and

NOW, THEREFORE, BE IT RESOLVED, that Voteco is hereby granted a Temporary Key Business Entity license and Voteco's three managing members, Matthew Wilson, Jordon Kruse and David Quick are hereby granted a Temporary Key Person license; and

RESOLVED, that the temporary license granted to Applicants as provided herein shall be subject to full and complete compliance with the Riverboat Gambling Act and Regulations, and subject to any and all conditions set forth or that may be set forth in the Riverboat Gambling Act and Regulations or by the Commission, from time to time; and

RESOLVED, that the temporary license granted to Applicant as provided herein shall be subject to any penalty or to suspension or revocation based on any subsequent investigative findings by the Commission with regard to the Applicant.

RESOLVED, that the Commission reserves the right to withdraw or revoke the temporary licenses granted herein in its sole discretion.

SO ORDERED.



Mike Leara
Chairman
Missouri Gaming Commission

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MISSOURI GAMING COMMISSION

IN THE MISSOURI GAMING COMMISSION
STATE OF MISSOURI

In re:)
)
 INTERBLOCK, D.D.)
 Gorenjska cesta 23)
 1234 Menges)
 Slovenia)
)
 INTERBLOCK USA L.C.)
 1106 Palms Airport Drive)
 Las Vegas, Nevada 89119)
)
 IB OCM VOTECO)
 1106 Palms Airport Drive)
 Las Vegas, Nevada 89119)

REQUEST FOR TEMPORARY LICENSURE

COME NOW INTERBLOCK, D.D., a Slovenia joint stock company (“Interblock”), INTERBLOCK USA L.C., a Nevada limited liability company and wholly owned subsidiary of Interblock (“Interblock USA”) and IB OCM VOTECO, a Cayman Islands Exempted Company (“Voteco”), by and through counsel and pursuant to 11 CSR 45-1.100, to petition the Missouri Gaming Commission (the “Commission”) for a variance to allow for a temporary Key Business Entity license and temporary Key Person licenses to be issued for the timely closing of that certain Equity Purchase Agreement dated as of December 16, 2020 by and among Interblock, OCM Luxembourg Baccarat Bidco S.A.R.L., a Luxembourg private limited company (“Bidco”), Elektroncek Group B.V., a private limited liability company organized under the laws of the Netherlands as representative for the Sellers (“Elektroncek”), the Sellers named therein (along with Elektroncek, herein referred to as the “Selling Parties”) and the Founder’s named therein (the “Purchase Agreement”). Concurrent with the consummation of the Purchase Agreement (the “Acquisition”), the equity of Interblock will be split into economic equity that provides no

control features to the holder and control equity which provides 100% of the control features to the holder. At closing, 100% of the voting equity of Interblock will be transferred to Voteco. Voteco is controlled by its three (3) members, Matthew Wilson, Jordon Kruse and David Quick. The economic equity will be ultimately held by Oaktree Special Situations Fund II (Cayman) Holdings, L.P. and Oaktree Fund GP 1A, Ltd. (collectively, "Oaktree").

In support of their petition for variance to allow for a temporary Key Business Entity license for Voteco and temporary Key Person licenses for Matthew Wilson, Jordon Kruse and David Quick (the "Temporary Licenses") to be issued, Petitioners state as follows:

1. Founded in 1989, Interblock is a duly organized Slovenia joint stock company in good standing that been granted and maintains a Suppliers License from the Commission.
2. Interblock USA, L.C. is a duly organized Delaware limited liability company in good standing that been granted and maintains a Suppliers License from the Commission.
3. Voteco is a Cayman Islands Exempted Company in good standing that was recently formed on March 15, 2021. Voteco is 100% managed and controlled by three individuals, Matthew Wilson, Jordon Kruse and David Quick who each hold one-third of the equity of Voteco (collectively referred to as the "Voteco Members"). The Voteco Members are each Managing Directors of Investments for Oaktree Capital Management, L.P., which is a global investment management firm formed in 1995 and registered with the U.S. Securities and Exchange Commission. Oaktree Capital Management, L.P. through the Voteco Members serves a variety of passive investors. The Interblock holding structure resulting from the Acquisition does not permit these passive investors to have any voting interest or other ability to influence any decisions or operations of Interblock. All such voting interest and control are held by the Voteco and therefore managed by the Voteco Members.

4. Voteco has filed a Key Business Entity License Application with the Commission and each of the Voteco Members has filed a Key Person License Application with the Commission. Voteco is a newly formed entity with no operations and exists solely to allow for the Voteco Members to coordinate their control of the voting equity.

5. The Purchase Agreement executed on December 16, 2020 contemplates the acquisition of 100% of the equity of Interblock from the Selling Parties, following the satisfaction of specified conditions to closing, including receipt of all regulatory approvals, in exchange for an aggregate purchase price of approximately Three Hundred Thirty Six Million Dollars (\$336,000,000.00), as further described therein (the "Purchase Price"). Petitioners have previously provided a fully executed copy of the Purchase Agreement to the Commission.

6. At the time of the Acquisition, the Purchase Price will be distributed among the Selling Parties and Interblock will convert to a Slovenian limited liability company which will allow for all voting and control rights to be granted to Voteco. Following the consummation of the Acquisition, the Selling Parties will no longer possess any ownership interest in Interblock or have any control over its operations with the entirety of such control and ownership being vested solely in Voteco. It is not anticipated that the operations of Interblock in Missouri will be altered or impacted by the Acquisition.

7. Attached is a post-consummation structure chart that reflects the manner in which the equity of Interblock would be held with all voting control held by Voteco.

8. The Purchase Agreement includes a critical timing provision that allows for the Purchase Agreement to be terminated if the parties cannot close by May 16, 2022 due to the failure to obtain all required regulatory approvals, or otherwise. The parties to the Purchase Agreement are currently planning on consummating the Acquisition in April. It is further

anticipated that, if all regulatory approvals are not obtained by May 16, 2022 to allow for the Acquisition, the Purchase Agreement will be terminated by the Sellers resulting in substantial costs to Oaktree.

9. Waiver of the licensing requirement in this instance is supported by (i) a lack of significant impact that the proposed corporate transaction will have on the operations of the Missouri Supplier Licensees Interblock and Interblock USA, (ii) the structure features for this transaction and (iii) the nature of the Key Entity and Key Person applicants in this instance and (iv) the benefits to the integrity of the regulated gaming industry. First, as a large equity fund acquisition, this is a financial transaction and not a competitive strategic acquisition. Consequently, there is not anticipated to be any significant impact to the ongoing operations of Interblock as a result of the Acquisition. John Connelly will remain the CEO and Manager of Interblock and Interblock USA with the management team remaining intact as well. This transaction is more analogous to the addition of directors to an existing licensee which the Commission has historically allowed to occur through the issuance of temporary licenses.

10. Second, the voteco structure has been used and accepted throughout the gaming regulatory agencies in the United States, including Missouri, to allow for large funds to participate in gaming without licensure. The gaming regulatory authorities have recognized entities such as Voteco as strictly formed for the sole purpose of allowing the individuals that are members of the voteco to collectively exercise the voting control. As is the case with Voteco, these entities have no operations or structure beyond their formation documentation. Formed solely for corporate convenience, the individual members comprise the entire substance of the entity.

11. Third, Voteco is newly formed entity and has no significant structure to investigate beyond its formation documentation. The Key Business Entity on file with the Commission includes all corporate and financial documentation that the entity will likely ever have, other than minutes of meetings of the members. The Voteco Members are regulated investment professionals who have each been vetted by multiple regulatory agencies and been found suitable and/or licensed by multiple gaming jurisdictions. While a comprehensive suitability investigation remains warranted, the Voteco Members are suitable for a temporary license and the likelihood of encountering any suitability issues is diminished significantly.

12. Fourth, it is in the best interest of Missouri to allow the acquisition. Allowing large funds such as Oaktree to utilize their highly regulated structures to support the gaming industry enhances the integrity of the gaming industry as such funds serve large institutional investors, including retirement funds and state pensions, under a set of strict federal regulations and scrutiny. These funds are managed by teams, such as the members of Voteco, that have significant expertise in accessing expansion and maintenance capital and are accustomed to long term investment horizons and state of the art business practices.

13. Finally, Voteco and Petitioners are committed to a long-term, compliance focused relationship with the Commission. Should any issues arise in connection with the complete investigation of the Voteco Members, Voteco and Interblock would take whatever steps were necessary to satisfy the Commission of the continuing suitability of the Acquisition structure, including disaffiliation from any party the Commission deems unsuitable. Moreover, in this instance, unlike the Caesars Entertainment Corporation voteco structure, the underlying licensee is a Supplier Licensee not a Class A or Class B Licensee. In the instance of a Supplier Licensee, it is much easier and causes minimal regulatory issues for a supplier to exit the State of Missouri

if the Commission chooses to reject the ability of Voteco or the Voteco Members to be part of the control structure for Interblock. This would not be the case with a Class B or Class A operation that cannot easily be removed. A supplier, such as Interblock, has equipment that may be removed from the State of Missouri quickly and with very limited impact on the industry. Consequently, the risk that the Commission would limit its future options by granting the Temporary Licenses is not present in this specific instance.

14. The closing of the Acquisition is subject to the satisfaction of specified conditions, including receipt of all necessary regulatory approvals and the approval of this Commission. It is anticipated that the Acquisition will be completed immediately after the receipt of the necessary regulatory approvals in April.

15. Section 11 CSR 45-1.100 provides that “[t]he commission may waive or grant a variance from the provisions of Title 11, Division 45, Chapters 1- 40 of the Code of State Regulations upon a licensee's or a Fantasy Sports Contest Operator applicant's written request, if the commission determines that the waiver or variance is in the best interests of the public.” Subject to the Commissions discretion, Petitioners respectfully request a waiver of any requirement that the Voteco and Voteco Members be fully licensed and grant the Temporary Licenses so the Acquisition may be consummated prior to termination of the Purchase Agreement.

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WHEREFORE, the Petitioners respectfully request that this Request for Temporary Licensure be approved by the Commission.

Respectfully submitted,

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