

MISSOURI GAMING COMMISSION

COMMISSION RESOLUTION NO. 14-012

REGARDING SETTLEMENT AGREEMENT AND FINAL ORDER

Bally Gaming, Inc., d/b/a Bally Technologies

March 26, 2014

WHEREAS, the Missouri Gaming Commission conducted an investigation of Bally in response to their request to renew their license in 2010; and

WHEREAS, Bally and the Commission have come to an agreement concerning the issues presented in the investigation, a copy of which is attached.

NOW, THEREFORE, BE IT RESOLVED, that the Commission hereby approves and adopts the Settlement Agreement and Final Order concerning Bally, DC-11-371.

BE IT FURTHER RESOLVED, that this shall be considered a final decision of the Missouri Gaming Commission.

IN THE MISSOURI GAMING COMMISSION

In Re: Bally Gaming,
Inc. d/b/a Bally
Technologies

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DC-11-371

SETTLEMENT AGREEMENT AND FINAL ORDER

This SETTLEMENT AGREEMENT ("Settlement Agreement") is made subject to approval of the Missouri Gaming Commission ("Commission") pursuant to 11 CSR 45-13.065, and is entered into between the Enforcement Division of the Commission ("Staff") and Bally Gaming, Inc., d/b/a Bally Technologies ("Bally") as authorized by 11 CSR 45-13.065 and will become a FINAL ORDER of the Commission effective upon approval by the Commission.

GENERAL MATTERS

WHEREAS, the Commission is a state commission created under Chapter 313, RSMo, with jurisdiction over gaming activities, including riverboat gambling activities and the licensing and disciplining of holders of Supplier's Licenses, in the State of Missouri; and

WHEREAS, the Staff is charged with the review and investigation of the activities of holders of Missouri Gaming Licenses ("Licensees") and the investigation of individuals and entities seeking to receive a Missouri Gaming License ("Applicants"); and

WHEREAS, Bally is a global gaming company specializing in the design, manufacture, and marketing of electronic gaming equipment and systems products and holds a Supplier's License issued by the Commission; and

WHEREAS, Bally, as the holder of a Supplier's License is subject to the provisions of Sections 313.800 to 313.850, RSMo (the "Gaming Law"), and the regulations promulgated thereunder by the Commission (the "Regulations"); and

NOW, THEREFORE, Bally and the Staff enter into the following Agreement:

FACTS

1. The Alabama Constitution may be amended so that said amendment is effective less than statewide.

2. The Alabama Constitution was amended to permit lawful charitable bingo in Houston County (1995), Lowndes County (2000) and Macon and Greene Counties (2004).

3. Bally (or its predecessor) supplied electronic terminals for use in charitable bingo operations (the "Terminals") within certain counties in Alabama beginning in 2004.

4. In jurisdictions where charitable bingo operations are lawful, regulatory enforcement of the charitable bingo operations is charged to a local governmental entity.

5. Due to his disagreement with then Alabama Attorney General Troy King, then Alabama Governor Bob Riley formed the Governor's Task Force on Illegal Gambling ("Task Force") to investigate the use of Terminals in the conduct of charitable bingo games.

6. Governor Riley sent Bally's then Chief Executive Officer Richard Haddrill three letters, dated January 28, 2009, November 17, 2009, and March 4, 2010 regarding an

investigation initiated by the Task Force. Bally did not notify the Commission of receipt of the Governor's letters within 15 days.

7. The Task Force conducted a search of Whitehall Entertainment Center ("Whitehall") on March 19, 2009 under authority of a search warrant, and in connection therewith filed a civil forfeiture action (*State of Alabama v. \$549,981.28 in US. Currency, et al.*) naming 40 Bally Terminals, pursuant to which the Task Force took legal possession of such Bally Terminals. Bally intervened in *State of Alabama v. \$549,981.28 in US. Currency, et al.* in October, 2010, thereby becoming a party to the lawsuit. Bally did not notify the Commission of such intervention within 30 days.

8. On December 18, 2009, the Colorado Division of Gaming sent Bally a "warning letter" with respect to the seizure of Bally Terminals referenced in Paragraph 7 above. Bally did not notify the Commission of receipt of the letter within 15 days.

9. In connection with Bally's relicensing investigation, on September 29, 2010, Bally was asked to submit the following:

"Provide any and all internal emails, memos, directives, orders, minutes, or notices generated by any Bally division, sub-division, committee or board which are related to the illegal gambling issue in Alabama."

Bally failed to deliver certain email correspondence within seven days of request.

10. As of the date of this Settlement Agreement, no regulatory authority in Alabama has assessed any fines or imposed any criminal sanctions as a result of Bally's business activities in Alabama.

11. As of the date of this Settlement Agreement, there has been no final judicial determination as to the legality of such Bally Terminals.

LAW

12. Under 11 CSR 45-10.010(1), "all licensees shall provide all information requested by the commission. Access to this information shall be immediate and copies of the information shall be delivered within seven (7) days or less if the commission so orders."

13. Under 11 CSR 45-10.020(1), "all licensees and applicants for Class A , Class B, supplier, key person/key person business entity or Level I occupational licenses issued by the commission shall have a continuing duty to disclose in writing, within ten (10) calendar days for an applicant and thirty (30) calendar days for a licensee, any material change in the information provided in the application forms and requested materials submitted to the commission. Any change in information that is not material must be disclosed to the commission during the licensee's next subsequent application for license renewal."

14. Under 11 CSR 45-10.100(1), "supplier license applicants or licensees and Class A license applicants and licensees shall notify the commission within fifteen (15) days after receiving notification that any of the following persons has received a subpoena; or is the target of, has been disciplined by, or has been charged in connection with an investigation by a regulatory, administrative or prosecutorial agency of a violation of a rule, regulation or statute relating to licensed gambling, Securities and Exchange Commission (SEC) regulations or criminal offenses."

SETTLEMENT

15. Nothing contained in this Settlement Agreement shall be deemed to be or construed as an admission of liability or guilt by Bally with respect to any of the claims in the Preliminary Order for Disciplinary Action No. DC 11-371 ("Preliminary Order"). Rather, this Settlement Agreement is made by the parties in order to reasonably and conclusively resolve the disputed claims without incurring the uncertainty, burden, and expense of continued contested proceedings in this matter.

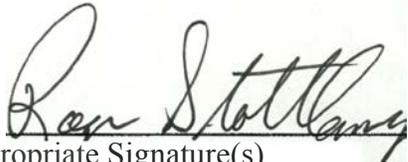
16. Without admitting liability or guilt with respect to any claim in the Preliminary Order, Bally agrees that the facts set forth above constitute the grounds for the Preliminary Order that is the subject matter of this Settlement, and to pay a fine of \$375,000 to the Commission.

17. Said fine as set forth above is paid in full satisfaction of all disciplinary actions relating to Bally's activities and actions in the State of Alabama to date and Missouri's investigation of said activities and actions, including without limitation, the Preliminary Order, and Bally agrees not to request a hearing or otherwise appeal the Preliminary Order, and the Commission agrees not to initiate further disciplinary actions with respect to the same.

NOW, THEREFORE, the undersigned submit this Settlement Agreement to the Commission for its approval.



Ramesh Srinivasan
Chief Executive Officer
Bally Technologies, Inc.



Appropriate Signature(s)
Missouri Gaming Commission
Executive Director

FINAL ORDER

NOW, THEREFORE, pursuant to the authority granted by Sections 313.805 and 313.812 RSMo and 11 CSR 45-13.065 the above Settlement Agreement becomes a FINAL ORDER of the Commission.

THEREFORE, the Commission fines Bally the amount of \$375,000 for the violations set forth in the Settlement Agreement.

Barrett Hatches
Chairman
Missouri Gaming Commission

CERTIFICATE OF SERVICE

The undersigned hereby certifies that he caused a true and correct copy of the foregoing to be mailed, postage prepaid, this _____ day of _____ 2014, to:

Marc Comella
Director of Compliance
Bally Technologies

Barrett Hatches
Chairman
Missouri Gaming Commission