

ORDER 2016-172
WAIVING THE APPLICATION OF 68 IAC 5-1 TO A TRANSFER OF OWNERSHIP IN
AINSWORTH GAME TECHNOLOGY, LTD. TO NOVOMATIC AG.

Under 68 IAC 5-1, supplier licensees that are publicly traded companies must comply with certain requirements before transferring an ownership interest, including a suitability investigation, in order to protect the Commission's interest in the suitability of its licensees. Under 68 IAC 5-1-8, the Commission may waive a requirement or procedure set forth in 68 IAC 5 if the Commission determines that it is impractical or burdensome and the waiver is in the best interests of the public and the gaming industry and is not outside the technical requirements necessary to serve the purpose of the requirement or procedure.

The proposed transfer of ownership involves the purchase by Novomatic AG ("Novomatic") of the majority of shares of Ainsworth Game Technology, Ltd. ("AGT"). Novomatic has agreed to purchase substantially all AGT shares owned by Leonard Ainsworth, AGT's founder and Executive Chairman. This would result in Novomatic owning approximately 53.3% of AGT shares which would give it control of the Company. Both Novomatic and AGT are licensed Suppliers in Indiana. Novomatic plans to finance the transaction 100% through a corporate bond issuance. It has already mandated three banks to be the lead arrangers for the bond issuance. Novomatic currently has no intention of changing the business strategy of AGT, changing employment arrangements, or transferring assets between the two companies. In addition, AGT will be keeping its Indiana Supplier license.

Compliance with the requirements of 68 IAC 5-1 is time consuming and costly for both the applicant and the Commission. The policy goal of 68 IAC 5-1 is to ensure that a party seeking an ownership interest is suitable under the Commission's licensing standards.

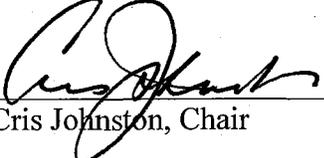
As the substantial owners of Indiana supplier licensees, both Novomatic and AGT have been, and continue to be, subject to the jurisdiction of the Commission. For this reason, the Commission has determined that there is little to gain from applying the requirements of 68 IAC 5-1 to the present transaction. The requirements of 68 IAC 5-1 are impractical and burdensome to this transfer, and waiver is in the best interest of the public and the gaming industry and is not outside the technical requirements necessary to serve the purpose of the transfer regulations.

Based on the foregoing, the Commission hereby WAIVES 68 IAC 5-1 as necessary to allow the proposed transfer of ownership interest in AGT to Novomatic.

IT IS SO ORDERED THIS 8th DAY OF SEPTEMBER, 2016.

THE INDIANA GAMING COMMISSION:

Attest:



Cris Johnston, Chair



Joseph Svetanoff, Secretary