

ORDER 2014-83
WAIVING THE APPLICATION OF 68 IAC 5-1 TO A TRANSFER
OF OWNERSHIP IN POKERTEK, INC. TO MULTIMEDIA GAMES, INC.

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.

Multimedia Games, Inc. ("Multimedia") is an Indiana supplier licensee. Pursuant to an Agreement and Plan to Merger ("Agreement"), dated April 29, 2014, between Multimedia, 23 Acquisition Company, and PokerTek, Inc. ("PokerTek"), Multimedia plans to acquire ownership of PokerTek, another Indiana supplier licensee. The acquisition will occur through a reverse triangular merger, which will be accomplished using the 23 Acquisition Company ("Merger Sub"), a new entity formed by Multimedia for the purpose of this transaction. According to the Agreement, PokerTek will merge with and into the Merger Sub, at which time the Merger Sub will cease to exist, leaving PokerTek as the surviving corporation and wholly owned subsidiary of Multimedia.

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.

The Commission previously investigated Multimedia and its key persons. Multimedia's license is in good standing and it remains under an ongoing duty to remain suitable for licensure. 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 PokerTek to Multimedia.

IT IS SO ORDERED ON THIS THE 26TH DAY OF JUNE, 2014.

THE INDIANA GAMING COMMISSION:



Matt Bell, Chair

ATTEST:



Marc Fine, Vice Chair