

ORDER 2016-235
WAIVING THE APPLICATION OF 68 IAC 5-1 TO A TRANSFER OF OWNERSHIP IN
BALLY – DEQ BY SCIENTIFIC GAMES

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 Scientific Games Corporation (Scientific Games) of the shares of DEQ Systems Corporation (DEQ). Scientific Games, the parent company of Bally Gaming, Inc., has agreed to purchase all of the outstanding shares of DEQ, and DEQ will become a wholly owned subsidiary of Bally Gaming, Inc. Bally Gaming, Inc. and DEQ are licensed Suppliers in Indiana. Scientific Games is funding the merger with cash on hand plus available capacity under the company's current debt facilities.

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.

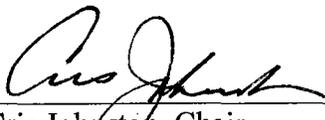
As active Indiana supplier licensees, both DEQ and Bally have been, and continue to be, subject to the jurisdiction of the Commission. While Scientific Games is not a licensed supplier in Indiana, it has been investigated by Commission staff due to its ownership in Bally. For this reason, the Commission 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 DEQ to Scientific Games.

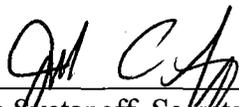
IT IS SO ORDERED THIS 17th DAY OF NOVEMBER, 2016.

THE INDIANA GAMING COMMISSION:

Attest:



Cris Johnston, Chair



Joseph Svetanoff, Secretary