
MARYLAND LOTTERY and GAMING CONTROL COMMISSION

1800 Washington Blvd., Suite 330, Baltimore, Maryland 21230

COMMISSION REPORT



Bally Gaming, Inc.

MANUFACTURER LICENSE RENEWAL APPLICANT

Report Date: January 13, 2020

“Commission Presentation”

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BALLY GAMING, INC.

Name Change

Bally Gaming, Inc. officially changed its name to SG Gaming, Inc. on January 3, 2020. The manufacturers license renewal application was submitted and staff conducted the background investigation under the name Bally Gaming, Inc. This report was written before staff was notified of the name change. The manufacturers license will be issued to SG Gaming, Inc. if approved by the Maryland Lottery and Gaming Control Commission.

Introduction

We are conducting a hearing on the manufacturers license application submitted by Bally Gaming, Inc. The Maryland Lottery and Gaming Control Agency is required by “The Gaming Law” to conduct an investigation to determine if Bally Gaming, Inc. is qualified to be awarded a manufacturers license.

You (the commissioners) have been provided with the complete investigative report on Bally Gaming, Inc. You have also received a copy of the public report that was in your packets and made available to everyone on the agency website. I will summarize the reports that have been given to you.

Background

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BALLY GAMING, INC.

Bally Gaming, Inc. (dba Bally Technologies) was incorporated in September 1991 in the State of Nevada. Bally Gaming is a wholly-owned subsidiary of Bally Technologies, Inc., which in turn is a wholly-owned subsidiary of Scientific Games Corporation (SGC). Bally Gaming is a diversified global gaming supplier that designs, manufactures, operates and distributes electronic gaming machines, casino-management systems, table game products, and interactive applications. Bally Gaming's main offices are located in Las Vegas, Nevada. The Company is currently licensed by 35 state regulatory gaming authorities.

Ownership of Applicant

Scientific Games Corporation's common stock is publicly traded on the NASDAQ. As of March 29, 2019 there were approximately 92.7 million shares of Scientific Games common stock outstanding and the following individuals and entities beneficially owned 5% or more of the shares:

- Ronald O. Perelman – 36,138,768 shares (39.0%)
- Fine Capital Partners, L.P. – 8,951,929 shares (9.7%)
- Sylebra HK Company Limited – 8,619,044 shares (9.3%)
- Nantahala Capital Management, LLC – 8,090,485 shares (8.7%)

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- BlackRock, Inc. – 6,144,630 shares (6.6%)
- Vanguard Group, Inc. – 5,034,964 shares (5.4%)

Discussion of Financial Performance

Bally Gaming, Inc.'s results of operations and financial condition are consolidated with Scientific Games Corporation financial statements. The Corporation conducts business in four segments: Gaming, Lottery, SciPlay and Digital. Bally Gaming, Inc. operates in the Gaming segment which accounts for slightly over half of the Corporation's revenue. We performed a detailed analysis of Scientific Games Corporation's operating performance and financial condition for the period beginning January 1, 2014 and ending December 31, 2018.

Our financial and background investigation of Bally Gaming, Inc. found the following:

- 1) Bally Gaming, Inc. was found to have financial stability, integrity and responsibility
- 2) There were no material issues involving the known financial backers
- 3) Bally Gaming, Inc. possesses the requisite good character, honesty and integrity

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- 4) Bally Gaming, Inc. has sufficient business ability and experience
- 5) There were no potential disqualifying factors

CONCLUSIONS and OPINION

MLGCA's investigation has confirmed that the Applicant has sufficient financial resources and found no derogatory information regarding the Applicant's qualifications. Based on the criteria in SG §§ 9-1A-07(c)(7) and 9-1A-08(d), we conclude that the Applicant has established by clear and convincing evidence the qualifications required for the renewal of its manufacturer license.