



Lottery and Gaming Control Commission

1800 Washington Boulevard, Suite 330, Baltimore, MD 21230

PROPOSED MERGER AGREEMENT

between

**Gaming Partners International Corporation
(GPIC)**

and

GemGroup, Inc.

COMMISSION PRESENTATION

EXECUTIVE SUMMARY

Introduction

In March 2014, the Maryland Lottery and Gaming Control Agency (MLGCA) received official notification of the proposed Merger Agreement between Gaming Partners International Corporation (GPIC) and GemGroup, Inc. GPIC is a principal entity (owner) of licensed manufacturer Gaming Partners International USA, Inc. (GPI USA). GemGroup, Inc. is principal entity (owner) of licensed manufacturer Gemaco, Inc.

The Gaming Law (State Gov't (SG) § 9-1A-01, *et seq.*) requires the Maryland Lottery and Gaming Control Commission (Commission) to determine whether a transfer of a licensee's interests meets, and is consistent with, the requirements of the Gaming Law. SG § 9-1A-19.

Manufacturer Background Information

Gaming Partners International USA, Inc. (GPI USA)

GPI USA submitted a Manufacturer License Application – Request for Application of Alternative Licensing Standards (Form #1003) in January 2013 to be licensed by the Commission as a manufacturer of table games and related equipment.

GPI USA is a full-service supplier of gaming furniture and equipment for casinos worldwide. Featuring popular brands such as Paulson[®], B&G[®] and Bud Jones[®], GPI USA's table game products range from casino currency with proprietary design and security features, to innovative new ideas in gaming table manufacture, to products developed specifically for the cost-conscious casino.

The Commission granted GPI USA's Alternative Licensing Standards application request and GPI USA was licensed as a Manufacturer on March 1, 2013. In addition, on that date the Principal Entities and Principals listed below were found to be qualified and licensed by the Commission. Unless noted, all of those listed are currently licensed and in good standing.

Principal Entities

- Gaming Partners International Corporation (GPIC)
- Holding Wilson, S.A.

Principals

- Martin Berkowitz
- Elisabeth Carrette
- Gerard Charlier
- Laura Cox (*Resigned effective 12/25/2013*)
- Eric Endy
- Gregory Gronau
- Charles Henry
- Robert Kelly
- Gerald Koslow (*Resigned effective 9/30/2013*)
- Jean-Francois Lendais
- Alain Thieffry

Gemaco, Inc.

Gemaco submitted a Manufacturer License Application – Request for Application of Alternative Licensing Standards (Form #1003) in January 2013 to be licensed by the Commission as a manufacturer of table games and related equipment.

Gemaco is a privately-held manufacturer of playing cards, casino chips and table layouts. Gemaco manufactures both paper and plastic playing cards and distributes these items to the promotional products industry and retail markets.

Gemaco serves the casino industry in the United States and Canada through its own direct sales force based in Blue Springs, Missouri, Las Vegas, Nevada and Vancouver, British Columbia. Gemaco distributes its products and also those of its affiliates outside of North America through independent contractors and distributors through Gem Asia.

The Commission granted Gemaco, Inc.'s Alternative Licensing Standards application request and licensed Gemaco, Inc. as a Manufacturer on March 1, 2013. In addition, on that date the below listed Principal Entity and Principals were found to be qualified and licensed by the MLGCC. All of those listed are currently licensed and in good standing.

Principal Entities

- GemGroup, Inc.

Principals

- Diana Summers
- Danny Carpenter
- Jason Fitzhugh

Proposed Merger

GPIC and GemGroup, Inc. have entered into a Binding Letter of Intent dated March 13, 2014, for the purchase by GPIC of the assets of GemGroup's subsidiaries, including Gemaco, Inc. GPIC's subsidiary GPI USA and Gemaco, Inc. were licensed by the Commission on March 1, 2013. The sale to GPIC includes, but is not limited to, Gemaco Inc.'s plant facilities, equipment, inventory, receivables, rights to the brand name "Gemaco" and casino customer contracts.

After the completion of the transaction (currently scheduled for June 30, 2014), GPI USA will continue to manufacture and supply playing cards, table layouts and gaming chips under the "Gemaco" brand in the same locations without interruption; however, Gemaco, Inc. will not continue in business as an independent company.

As a result, all gaming business previously conducted by Gemaco, Inc. will continue under GPI USA's license in Maryland, and Gemaco, Inc. will no longer conduct business or require licensing as a manufacturer. At this time, it is the intent of GPIC that the directors, officers and partners of Gemaco, Inc. will continue to be licensed, but as employees of GPI USA.

Conclusion

Based on MLGCA Staff's investigation of this proposed merger, Staff has determined that the proposed merger, and its transfer of GemGroup, Inc. and Gemaco, Inc.'s interests, meets and is consistent with the Gaming Law. Therefore, Staff recommends Commission approval of the proposed merger.