

State of New Jersey
Office of the Attorney General
Department of Law and Public Safety
Division of Gaming Enforcement
PRN: 0821601

Joint Petition of DGMB Casino LLC d/b/a Resorts Atlantic City, Resorts Digital Gaming, LLC, and Amaya NJ (IR) Services Limited, Amaya US Services Limited, Amaya Treasury Limited, Rational Social Projects Limited, Rational Intellectual Holdings Limited, and Amaya Software Services Limited for a Transactional Waiver To Conduct Internet Gaming Related Business Pursuant to *N.J.S.A. 5:12-92a(1)*

**ORDER RENEWING
TRANSACTIONAL WAIVER
WITH CONDITIONS**

A Joint Petition having been filed on March 22, 2016, and thereafter amended on March 30, 2016, by DGMB Casino LLC d/b/a Resorts Atlantic City (holder of Internet Gaming Permit No. 13-008) and Resorts Digital Gaming, LLC (collectively "Resorts"), and Amaya NJ (IR) Services Limited, Amaya US Services Limited, Amaya Treasury Limited,¹ Rational Social Projects Limited, Rational Intellectual Holdings Limited, and Amaya Software Services Limited (collectively "Amaya applicants") requesting that the Division of Gaming Enforcement ("Division") renew PRN 2761401, the September 30, 2015 Transactional Waiver With Conditions, to authorize the Amaya applicants to continue to conduct internet gaming related business pursuant to *N.J.S.A. 5:12-92a(1)* with Resorts, in which the Amaya applicants and Resorts (collectively "Petitioners") specifically seek

¹ On March 16, 2016, Rational Treasury Limited changed its name to Amaya Treasury Limited.

authorization to use PokerStars and FullTilt branded websites, and associated hardware, software, and databases to engage in online gaming in New Jersey; and

WHEREAS, the Amaya applicants, having certified, pursuant to *N.J.S.A. 5:12-92a(1)* and *N.J.A.C. 13:69J-1.2B* that (i) they have submitted a completed application for casino service industry enterprise ("CSIE") licensure, (ii) neither the entities nor any of their qualifiers are disqualified under any of the criteria set forth in *N.J.S.A. 5:12-86*, (iii) good cause exists for granting the petition, and (iv) the Amaya applicants agree, within thirty (30) days of transacting business, to supply to the Division, in writing, a detailed explanation of any business transacted with a casino licensee or applicant, as well as maintain and make available for inspection, upon demand by the Division, any records regarding the business transacted; and

WHEREAS, the Division, on September 30, 2015, issued PRN 2761401, setting forth ten conditions that the Amaya applicants were required to comply with as a condition of granting the transactional waiver, including the removal of certain individuals, a ban on communication with certain former owners and employees, and providing the Division with all Board of Director, Audit, and Compliance Committee minutes; and

WHEREAS, the Amaya applicants have certified their ongoing compliance with all ten of the conditions imposed in PRN 2761401 and provided evidence thereof to the Division; and

WHEREAS, the Division has confirmed that the Amaya applicants have met and continue to meet all of the conditions imposed upon them in PRN 2761401 and, other than the issues discussed below, the Amaya applicants have complied with every condition imposed by the Division in its previously issued transactional waiver; and

WHEREAS, on March 2, 2016, Amaya, through its subsidiary Amaya Services Limited, assigned all rights, titles, and interest in its April 29, 2014 Online Business Definitive Agreement with Resorts to its subsidiary, Amaya US Services Limited, an applicant previously investigated by the Division; and

WHEREAS, on January 31, 2016, the Amaya Inc. ("Amaya")² Board of Directors established a Special Committee of the Board of Directors ("Special Committee"), comprised of three of its independent directors,³ to review an indication of interest submitted by David Baazov, Amaya's Chief Executive Officer and Chairman,⁴ to purchase the company and take Amaya private, to review other alternatives available to Amaya that might enhance shareholder value and be in the best interests of Amaya, to oversee any negotiations or formal valuations related to such a transaction, and to make recommendations to the Board of Directors regarding any potential transactions; and

²Amaya is the ultimate parent company and 100% owner of the Amaya applicants.

³Amaya's fourth independent director is entitled to attend and participate in Special Committee meetings in a non-voting capacity but is not considered a member of the Special Committee.

⁴Mr. Baazov is also an 18.6% owner of Amaya.

WHEREAS, the Board of Directors of Amaya has delegated to the Special Committee, in connection with Mr. Baazov's indication of interest, the requirement that the Special Committee must consent to all company activity outside of the ordinary course of business, which includes any material sale, acquisition, or financial transaction involving the company, including material changes to Amaya's equity or debt capital or agreements related thereto, material changes to any of Amaya's operating policies or plans and entry into asset or share acquisition or disposition transactions in excess of certain monetary thresholds; and

WHEREAS, in connection with his indication of interest, Mr. Baazov has entered into a "standstill" agreement with Amaya imposing certain restrictions on him, including preventing him from soliciting proxies or participating in a proxy group, restricting his ability to vote his shares on certain matters, precluding him from purchasing additional Amaya shares or otherwise seeking to control or influence, in any manner, the management, Board of Directors or policies of Amaya, other than in the conduct of his regular duties; and

WHEREAS, the Division is aware that on March 23, 2016, the Autorité des marchés financiers ("AMF"), the securities regulatory authority in the Province of Quebec, filed five charges against Mr. Baazov, alleging that Mr. Baazov has engaged in aiding with trades while in possession of privileged information, influencing or attempting to influence the market price of the securities of Amaya, and communicating privileged information in

violation of Quebec securities laws;⁵ and

WHEREAS, the AMF has not filed any charges against Amaya or any of the Amaya applicants or raised any allegations related to Amaya's general business operations, including its online gaming activities in New Jersey; and

WHEREAS, the individuals charged, including Mr. Baazov, have thirty (30) days from March 24, 2016, to file an answer to the charges, a copy of which will immediately be forwarded to the Division; and

WHEREAS, on March 28, 2016, the Amaya Board of Directors broadened the mandate of its Special Committee to assume exclusive responsibility for all issues relating to the AMF investigation and to independently investigate, review, and assess the AMF charges and their effect on Mr. Baazov's position with Amaya; and

WHEREAS, the Amaya Board of Directors and Compliance Committee have separately met numerous times to discuss the AMF matter, resulting in the Compliance Committee recommending to the Special Committee and Board of Directors that Mr. Baazov immediately be asked to relinquish his positions as Chief Executive Officer and Chairman of the Board; and

⁵The AMF has also filed charges against several other individuals and companies, including an additional Amaya employee, Benjamin Ahdoot, Vice President of Government Projects. Mr. Ahdoot, who is not a qualifier in New Jersey, is in the process of being separated from Amaya.

WHEREAS, the Special Committee has met fifteen (15) times since the AMF announced its charges and, based upon the recommendation of the Compliance Committee, its own due diligence, and discussions with Mr. Baazov, it was decided that it would be in the best interests of Amaya that Mr. Baazov immediately take a leave of absence as Chief Executive Officer and Chairman of the Board; and

WHEREAS, effective on March 28, 2016, Mr. Baazov voluntarily took an indefinite leave of absence from Amaya and stepped down from his positions as Chief Executive Officer and Chairman of the Board, and consequently, Mr. Baazov will not be involved in the day-to-day management of Amaya; and

WHEREAS, on March 28, 2016, Amaya's Board of Directors appointed Lead Independent Director and Chairman of the Special Committee Divyesh Gadhia to serve as Interim Chairman of the Board and Rafi Ashkenazi as Interim Chief Executive Officer, with Mr. Baazov remaining as a member of the Board of Directors; and

WHEREAS, the Special Committee determined, after considering the totality of the circumstances, that Mr. Baazov could remain on the Board of Directors, based, in part on the fact that (1) the Board of Directors is currently comprised of four independent directors out of six total directors such that Mr. Baazov cannot singularly affect the Board of Directors, (2) prior conditions related to his indication of interest in a going private transaction remain in place, restricting Mr. Baazov's ability to purchase shares of the

company, vote his shares, or otherwise control or influence, in any manner, the management, Board of Directors or policies of Amaya, (3) the Special Committee has exclusive authority to address all company matters and issues involving (i) the AMF investigation, (ii) Mr. Baazov's efforts to purchase the company, and (iii) any material sale, acquisition, or financial transaction involving the company, including material changes to Amaya's equity or debt capital or agreements related thereto, material changes to any of Amaya's operating policies or plans and entry into asset or share acquisition or disposition transactions in excess of certain monetary thresholds, and (4) the stated importance to Amaya of Mr. Baazov's historical knowledge of the company's operations; and

WHEREAS, the Division has had significant and continuous dialogue with the Special Committee, counsel to the Special Committee, counsel for Amaya, the Board of Directors, the Compliance Committee, and all other necessary Amaya-related parties, as needed, and has been provided all documentation in a timely manner. Additionally, Amaya has offered to make available to the Division all employees or other individuals under its control; and

WHEREAS, Amaya had previously initiated an internal review, supervised by its independent directors and conducted by outside counsel into allegations by the AMF related to the acquisition of The Oldford Group, which resulted in a report being submitted to the Board of Directors, finding no evidence of any violation of Canadian securities laws or regulations. The independent members of the Board of Directors reviewed that report

and concluded that no further action should be taken at that time; and

WHEREAS, on March 28, 2016, the Special Committee instructed its independent counsel to expand the scope of its initial internal investigation to encompass the additional allegations set forth in the AMF charges; and

WHEREAS, the Division has been in communication with foreign regulatory agencies, including the Alcohol and Gaming Commission of Ontario, Canada, in order to share information and monitor the pending charges; and

WHEREAS, the Division, at this time, is satisfied that (1) sufficient safeguards are in place to prevent Mr. Baazov from affecting the affairs of the company while these charges are pending, (2) none of the AMF charges accuse Amaya or the Amaya applicants of any wrongdoing, (3) the Special Committee and Compliance Committee are actively monitoring and investigating the charges, and (4) the Special Committee (i) is comprised exclusively of independent directors, (ii) has exclusive authority over the material actions of the company, the investigation of the AMF charges, and Mr. Baazov's indication of interest in a going private transaction, and (iii) has been fully transparent and cooperative with the Division; and

WHEREAS, the Division is currently gathering all available information regarding the AMF's charges against Mr. Baazov, Mr. Baazov's response to those charges, and Amaya's independent investigation and review of all charges in order to determine whether the charges affect his suitability for licensure or that of Amaya and the Amaya applicants, and what effect this matter, while pending, may have on the Amaya applicants' continued ability to be issued transactional waivers; and

WHEREAS, the Division has not yet completed its review of the AMF's allegations;
and

WHEREAS, the Director, having considered the matter based upon the totality of the circumstances as they are currently known;

I hereby **ORDER**, pursuant to *N.J.S.A. 5:12-92a(1)* and *N.J.A.C. 13:69J-1.2B*, and for good cause shown, Amaya NJ (IR) Services Limited, Amaya US Services Limited, Amaya Treasury Limited, Rational Social Projects Limited, Rational Intellectual Holdings Limited, and Amaya Software Services Limited be **GRANTED** a Transactional Waiver Order to continue to conduct internet gaming related business pursuant to *N.J.S.A. 5:12-92a(1)* with Resorts subject to the following conditions:

1. Internet gaming related business transactions between the Petitioners are deemed approved for a term to expire on September 30, 2016, subject to final approval of the Regulated Gaming System by the Division's Technical Services Bureau as authorized by the issuance of an approval letter and subject further to the representation contained within the joint petition. This approval is further subject to each game submission's approval as required by the Division's Technical Services Bureau.

2. The Division may reconsider the granting of this approval at any time, and may immediately revoke this transactional waiver or impose additional conditions if new information becomes available;

3. Any new business transacted pursuant to this approval shall be reported to the Division within the time frames set forth in *N.J.A.C. 13:69J-1.2B(a)1iv*. Any changes to the current agreement between Amaya and Resorts must be reported to the Division within five (5) business days;

4. Petitioners must maintain and make available for inspection, upon demand by the Division, any records regarding the business transacted;

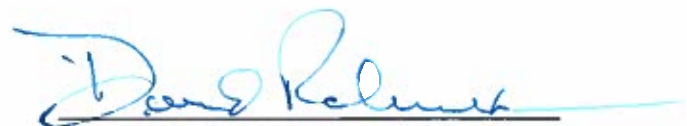
5. The conditions imposed in PRN 2761401 remain in full effect, including that minutes of the Amaya Board of Directors meetings, Compliance Committee meetings, and Audit Committee meetings, with all relevant

supporting documentation, shall be forwarded to the Division within fifteen (15) days of each such meeting. This condition is further expanded to include the minutes of the Special Committee;

6. Amaya shall provide the Division with prior notice if (1) the Board of Directors or Special Committee receive any application or seek in any way to reinstate Mr. Baazov as Chief Executive Officer or Chairman of the Board, (2) Mr. Baazov's attempt to purchase the company is recommended by the Board of Directors or Special Committee, or (3) there is any restriction or expansion of the authority of the Special Committee over the affairs of Amaya;

7. Amaya shall continue to provide the Division with copies of any and all documents, investigative reports, and communications regarding the investigation of the AMF matter.

Date: *March 30, 2016*


DAVID REBUCK
DIRECTOR