STATE OF NEW JERSEY
DEPARTMENT OF LAW AND PUBLIC SAFETY
DIVISION OF GAMING ENFORCEMENT

REPORT BY THE
DIVISION OF GAMING ENFORCEMENT
REGARDING THE
INVESTIGATION OF AMAYA, INC.’S
ACQUISITION OF THE ASSETS OF
OLDFORD GROUP LIMITED AND
PYR SOFTWARE LIMITED
D/B/A POKERSTARS AND FULLTILT

September 30, 2015
David Rebuck
Director
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I. **INTRODUCTION**

This Report sets forth the findings of the investigation conducted by the Division of Gaming Enforcement (“Division”) into the acquisition by Amaya, Inc. (“Amaya”) of the assets associated with two brands – PokerStars and FullTilt – that conducted significant Internet gaming in the United States after the federal government made such gaming illegal. The federal government took civil action against the companies and criminal action against the executives that controlled the brands during this time. The federal government also approved the sale of the FullTilt assets to PokerStars. In 2014, Amaya purchased Oldford Group Limited (“Oldford Group”), which had owned and operated the assets related to these brands, including the brands themselves, customer information, the programming, and related companies. For purposes of this Report, those entities and assets will be described as “PokerStars” or the “PokerStars Entities.”

While Amaya offers various other services in New Jersey, the Division has not authorized the company to use the PokerStars Entities to provide online gaming to New Jersey players. In a petition filed October 3, 2014, as amended on September 4 and September 10, 2015, Amaya petitioned the Division for precisely that authorization, seeking a Transactional Waiver Order that would allow certain subsidiary entities to engage in online gaming operations with New Jersey players using the PokerStars and FullTilt brands, websites, and related assets. This Report provides the results of the investigation that the Division undertook regarding Amaya, the PokerStars Entities, and the relevant executives to inform its decision on that petition.

In 2011, the USDOJ filed a civil forfeiture complaint against the PokerStars and FullTilt entities for operating an illegal gambling business and engaging in activities that constituted wire and bank fraud and money laundering. In addition, the federal government indicted several shareholders and/or executives of PokerStars and FullTilt for violations of the Unlawful Internet Gaming Enforcement Act of 2006 (“UIGEA”), a federal law that prohibited businesses from accepting and processing payments in connection with Internet gaming of United States residents. In August 2012, Oldford Group entered into a civil settlement in the forfeiture action with USDOJ that included a $731 million payment and the obligation to satisfy any claims made by patrons of FullTilt. Most, but not all, of the criminal indictments against the individuals, have since been resolved.

As a result of the civil sanctions against the PokerStars Entities and criminal sanctions against their former executives associated with the companies that formerly owned these assets, the licensure of any entity associated with these assets required careful regulatory scrutiny by the Division. Simply put, these assets were associated with unlawful and criminal activity; absent a compelling demonstration that the owners, management, and practices associated with that activity have been purged, licensure of companies presently associated with those assets would be inconsistent with the New Jersey licensure standards. Accordingly, given the unique facts and circumstances presented in this matter, the Division conducted a full plenary investigation of the key entities and individuals of Amaya and the recently acquired PokerStars Entities to determine the propriety of issuing transactional waivers.
That investigation leads the Division to conclude that Amaya has demonstrated its suitability for a Transactional Waiver Order. While the PokerStars entities operated in violation of the law between 2006 and 2011, a number of considerations – including the severe criminal and civil sanctions imposed by the federal government, the complete and irrevocable separation of the previous owners and almost all of the former executives, the acquisition of the assets by Amaya and their incorporation into a robust compliance and control environment, as well as significant changes in the Internet gaming market since 2011– lead to a finding of suitability.

This Report does not represent a final plenary licensing determination on Amaya’s pending casino service industry enterprise (“CSIE”) application. Rather, it evaluates whether the Division should allow Amaya temporary authorization to use the assets of the PokerStars Entities to offer Internet gaming activities to New Jersey players pending the completion of the plenary licensing investigation.

The results of the Division’s investigation and its findings and conclusions regarding Amaya’s acquisition and use of the assets of the PokerStars/FullTilt Entities in the New Jersey Internet gaming market are set forth herein.

II. STATUS OF REGULATORY APPLICATIONS AND FILINGS

A. Amaya’s Current Licensing Status in New Jersey

Amaya is a publicly traded Canadian corporation. It acts as a holding company for various subsidiaries that largely offer business-to-business gaming products and services including casino, poker, sports book, lotteries and slot machines. Amaya offers these products and services in North America, Latin America, Europe, and Asia through the company’s online, mobile, and land-based platforms. Amaya offers online gaming to the New Jersey market through relationships with Golden Nugget Hotel & Casino/Bally Technologies Inc., Borgata Hotel, Casino & Spa, Caesars Atlantic City, and GameAccount Global Ltd. Using the PokerStars and FullTilt brands, Amaya offers online poker directly to customers in many jurisdictions around the world.

Amaya was formed in January 2004 and commenced business operations in 2007. While it operated during the period of time from the passage of UIGEA (October 13, 2006) to Black Friday (April 15, 2011), it did not offer Internet gaming to customers in the United States and had no prior connection to Oldford Group or the PokerStars Entities.

Amaya was pursuing licensure in New Jersey before it acquired PokerStars Entities. In July 2013, Amaya, together with certain subsidiaries, filed an application seeking licensure as a CSIE. Thereafter, Amaya and certain related entities filed petitions for transactional waivers for their business-to-business Internet gaming platforms and gaming products. The Division, after engaging in a preliminary investigation that revealed no derogatory information related to the original Amaya entities, issued transactional waivers to five separate Amaya subsidiaries that authorized them to conduct business with Atlantic City casinos.
B. The Scope of the Division’s Transactional Waiver Investigation

The petition presently before the Division requests authorization to offer, through Resorts, Internet gaming to New Jersey patrons under the PokerStars and FullTilt brands using the assets acquired from the Oldford Group. Before Amaya acquired the PokerStars Entities, the Division advised Amaya that the Division would have to examine the transaction thoroughly before making a determination as to whether, and under what conditions, the assets of the PokerStars Entities could be used in New Jersey.

The Division’s investigation included a plenary investigation of Amaya, Amaya Group Holdings (IOM) Limited (“Amaya Holdings (IOM)”), and five additional former PokerStars Entities that were acquired by Amaya.

The Division undertook a comprehensive review, including a detailed examination of company documents related to corporate structure, capital formation, acquisitions, divestitures, equity/debt securities. As part of the investigation, the Division reviewed over 45,000 pages of documents relating to PokerStars’ business activities and operations, including those generated between the passage of UIGEA and the USDOJ indictment in April 2011. The Division conducted multiple interviews of Amaya corporate executives responsible for finance, audit, legal and regulatory compliance. In addition, Division investigators met with Amaya’s current Public Auditor, Deloitte LLC (“Deloitte”), to discuss, among other things, the company’s 2014 audited financial statements (“2014 Audited Statements”). The Division made several investigative trips to Montreal and Toronto, Canada, Dublin, Ireland, the Isle of Man (“IOM”), United Kingdom (“UK”), and Alderney, UK, as part of its investigation of the PokerStars Entities. Additionally, the Division met with gaming regulators from Canada, IOM, and Alderney to review Amaya/PokerStars compliance in other jurisdictions where they are licensed.

The Division also evaluated the suitability of Amaya’s qualifiers and employees. The Division conducted 71 sworn interviews of 63 former PokerStars, FullTilt, and Pyr employees who remain employed by Amaya, including all members of senior management, individuals involved in payment processing and marketing, and higher level employees that worked for the companies between the passage of UIGEA and the USDOJ indictments in April 2011. The Division conducted plenary investigations of Amaya’s four senior executives: David Baazov, Chief Executive Officer (“CEO”); Daniel Sebag, Chief Financial Officer (“CFO”); Marlon Goldstein, Executive Vice President/General Counsel; and Robert Mincoff, Director of Compliance. In addition, the Division conducted plenary investigations of four former PokerStars/FullTilt/Pyr employees who currently serve in senior executive positions at Amaya entities managing the PokerStars/FullTilt assets: Michael Hazel, Israel Rosenthal, Serge Bourenkov and Charles Fabian. Further, the Division conducted sworn interviews of all former

1 A qualifier is an individual required to file for licensure as part of a company’s CSIE licensure application pursuant to N.J.A.C. 13:68J-1.14(a)1.
PokerStars/Pyr/FullTilt employees who either previously held senior management positions with the predecessor company or have, since the acquisition, been promoted to a senior management position by Amaya.

III. **AMAYA’S ACQUISITION OF THE POKERSTARS ENTITIES AND PYR**

On August 1, 2014, Amaya acquired the assets of Oldford Group, the parent company of the PokerStars Entities, for $4.9 billion. Amaya purchased the Oldford Group primarily to acquire the “PokerStars” and “FullTilt” brands, their poker platforms/online gaming websites, and their customer database containing 85 million individuals. On September 1, 2014, Amaya acquired the assets of Pyr for $24 million. It purchased Pyr to continue the development and maintenance of the software and platform of the PokerStars brand. These separate but related transactions permanently and irrevocably severed all of the ownership interests of Mark and Isai Scheinberg, who had owned and operated PokerStars and Pyr, respectively, before Black Friday.² The details of those transactions are set forth below.

The transactions allowed Amaya to acquire entities that had much higher annual earnings and revenues than its own. For the year ending December 31, 2013, Oldford Group reported revenue of CAD$1.2 billion and net earnings of CAD$428 million. Amaya reported revenue of CAD$155.2 million and net earnings of CAD$15.2 million for the year ending December 31, 2013. Thus, the PokerStars Entities’ revenue was more than eight times the revenue base that Amaya reported in 2013. Similarly, the PokerStars Entities’ earnings were more than 28 times the earnings that Amaya reported in 2013.

**A. Amaya’s Acquisition of Oldford Group Limited**

1. **Letter of Intent and Pre-Acquisition Due Diligence**

On January 13, 2014, Amaya, Oldford Group, and Pyr executed a non-binding Letter of Intent (“LOI”). Under the LOI, Amaya proposed to purchase all of the issued and outstanding shares of capital stock of Oldford Group and Pyr. Upon execution of the LOI, Amaya undertook due diligence reviews and met with several gaming regulators, including an April 2, 2014 meeting with the Division. Additionally, Amaya senior management met with representatives of the TSX to discuss the exchange’s various listing rules and policies pertaining to the proposed transaction. Amaya engaged three law firms to draft and negotiate a definitive agreement, to handle various corporate, securities and tax issues, and to conduct legal and regulatory due diligence, particularly with respect to Oldford Group’s Internet gaming activities worldwide.

Amaya and its advisors held multiple meetings and exchanged multiple drafts of the proposed purchase agreement. During this time, the parties negotiated, among other things, payment terms, warranties, tax and regulatory matters, interim operating covenants, and the

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² April 15, 2011 – the date that the federal government unsealed the indictments against the corporate executives – is commonly referred to as “Black Friday.”
parties’ respective obligations. At the same time, Amaya, together with its financial advisors, was negotiating the terms of financing for the acquisition with various financial sources.

In early June 2014, the parties agreed that Amaya would acquire Oldford Group through a merger of a subsidiary of Amaya with Oldford Group, rather than through a share purchase. Subsequently, Amaya agreed that it would acquire Pyr through a separate share purchase. Amaya would finance its purchase of the Oldford Group through a combination of new debt, the private placement of subscription receipts, the private placement of common shares, the private placement of non-voting convertible preferred shares, and cash on hand.

On June 12, 2014, Amaya’s Board of Directors met and, after hearing presentations from legal counsel and Amaya’s financial advisors, voted unanimously to enter into the purchase agreement.

2. Terms of the Oldford Group Limited Transaction

On August 1, 2014, Amaya, through its indirect wholly owned Netherlands subsidiary Amaya Holdings B.V. (“Amaya BV”), acquired 100% of the issued and outstanding shares of the privately held Oldford Group, the parent company of the PokerStars Entities, for $4.9 billion.3

The PokerStars acquisition includes a deferred payment of $400 million, payable on February 1, 2017.4 Amaya’s credit agreement with lenders requires the company to deposit into a separate bank account an amount equal to 35% of the monthly excess cash flow, as defined under the agreement, to be used solely toward the deferred payments.

Amaya accounted for the acquisition of Oldford Group using the acquisition method and the results of operations were included in the consolidated statement of comprehensive income (loss) from the date of acquisition. With the transaction, Amaya reported acquiring assets including $3.1 billion in Canadian dollars (“CAD”) in goodwill and CAD$2.2 billion for intangibles.

3 Amaya BV is wholly owned by Amaya Holdings Cooperatieve UA (“Amaya Coop”), another entity wholly owned by Amaya. Amaya Coop and Amaya BV will act as holding companies to the group of companies which will operate the PokerStars, FullTilt, and related Internet offerings in New Jersey.

4 The amount of the deferred payment is subject to adjustment based upon the regulatory status of online poker in Russia within 30 month of the closing. Specifically, if PokerStars continues to operate in Russia as it currently does, then Amaya will owe $400 million from the acquisition escrow account payable to Oldford Group. If Russia formally regulates online poker and Amaya obtains a license in the newly regulated framework and there is evidence that the new tax rate would be “beneficial”, as defined in the merger agreement, then Amaya could owe Oldford Group up to $550 million. If Russia deems online poker illegal, Amaya’s payment to Oldford Group will only be $100 million.
3. Consideration and Equity Issuance

Amaya financed the transaction through a combination of debt and equity financing and existing cash on hand. The debt component consisted of term loans of an aggregate principal equivalent amount of $2.92 billion. For the cash portion, Amaya funded $213 million from cash on hand, including a $50 million deposit made on the date that the PokerStars acquisition was announced. In addition to debt and cash, equity financing consisted of the issuance, on a private placement basis, of the following equity securities:

- $1.05 billion of Convertible Preferred Shares (Preferred Share Financing)
- $640 million of subscription receipts (Subscription Receipts Offering)
- $55 million of Common Shares to GSO/BlackStone at a price of $20 per Common Share

Amaya also granted 11,000,000 Common Share purchase warrants to GSO/BlackStone ("GSO/BlackStone Warrants") and 1,750,000 Common Share purchase warrants to BlackRock ("BlackRock Warrants") as payment for a portion of those firms' fees and as consideration for their significant roles in the financing of the transaction.

Preferred Share Financing

In connection with the Preferred Share Financing, Amaya entered into agreements with Canaccord Genuity, GSO/BlackStone, and BlackRock pursuant to which they purchased, or agreed to purchase, Amaya shares as set forth below:

- GSO/BlackStone - $600 million of Convertible Preferred Shares
- BlackRock - $270.8 million of Convertible Preferred Shares
- Cannacord Genuity - $179.2 million of Convertible Preferred Shares

The Convertible Preferred Shares are not listed on any exchange but, subject to certain limitations, are freely transferable at the option of the holder. The Subscription Receipt Offering was completed on a bought-deal, fully underwritten, private-placement basis pursuant to an underwriting agreement entered into among Amaya and a syndicate of underwriters. Under the terms of the underwriting agreement, the underwriters purchased 32,000,000 Subscription Receipts for aggregate gross proceeds to Amaya of $640 million.

On August 1, 2014, Amaya completed the acquisition of Oldford Group for total consideration of $4.5 billion. A Scheme of Merger between Oldford Group and the MergerSub, dated August 1, 2014, was filed with the IOM Companies Registrar, whereby a portion of the $4.5 billion merger consideration funded an indemnity escrow account ($315 million), an expense fund account ($150 million), and $278 million in payments to Houlihan Lokey (Oldford Group's financial advisor). On that date, 83 participating equity holders representing 992,851,685 shares of Oldford Group received the balance of the merger consideration of approximately $4 billion. Of that amount, warranting seller Paicolex Trust Company (BVI) Limited, on behalf of
beneficiary Mark Scheinberg, received

B.  Amaya’s Acquisition of Pyr Software Limited

Pyr was a company owned by Isai Scheinberg whose sole and exclusive business since 2001 had been the provision of software development, maintenance, and support services to Oldford Group and its subsidiaries. On September 1, 2014, Amaya acquired through a wholly owned subsidiary 100% of the issued and outstanding shares of privately held Pyr for

On August 28, 2014, it paid a dividend payment of [REDACTED] from Pyr’s cash on hand to Robert Scheinberg, a son of Isai Scheinberg.

Side letters accompanying the Share Purchase Agreement and the Termination Agreement between Oldford Group and Pyr provide that Pyr received a [REDACTED] termination fee for the termination of their Software and Support Agreement with Oldford Group.

On September 1, 2014, at the time of closing, Isai Scheinberg resigned as an employee of Pyr.

C.  Amaya Corporate Structure After the PokerStars and Pyr Transactions

After Amaya acquired the PokerStars Entities in September 2014, Amaya established or renamed entities to assume the business operations of those entities while other former PokerStars Entities will continue to operate under their pre-acquisition corporate name. Amaya created Amaya Coop and Amaya BV to serve as holding companies. The table below provides those name changes:
<table>
<thead>
<tr>
<th>Oldford Group Name</th>
<th>Amaya Name</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oldford Group</td>
<td>Amaya Coop</td>
<td>Holding Company</td>
</tr>
<tr>
<td></td>
<td>Amaya B.V.</td>
<td>Holding Company</td>
</tr>
<tr>
<td>Oldford Group</td>
<td>Amaya Holdings (IOM)</td>
<td>Holding Company</td>
</tr>
<tr>
<td>Rational Group</td>
<td>Amaya Group Limited</td>
<td>Holding Company</td>
</tr>
<tr>
<td>Rational PS Holdings</td>
<td>Amaya PS Holdings Limited</td>
<td>Holding Company</td>
</tr>
<tr>
<td>Rational Services</td>
<td>Amaya Services</td>
<td>Employs personnel in the IOM, main services company of the PokerStars brand</td>
</tr>
<tr>
<td>Rational US Services, Inc.</td>
<td>Amaya US</td>
<td>Employs New Jersey personnel responsible for operating the New Jersey offering</td>
</tr>
<tr>
<td>Rational Treasury Limited</td>
<td>Rational Treasury Limited</td>
<td>Payment processing</td>
</tr>
<tr>
<td>Rational Intellectual Holdings Limited</td>
<td>Rational Intellectual Holdings Limited</td>
<td>Holding intellectual property rights</td>
</tr>
<tr>
<td>Pyr</td>
<td>Amaya Gaming Holdings, Inc.</td>
<td>Platform and software development</td>
</tr>
</tbody>
</table>
The chart below sets forth Amaya’s corporate structure post-acquisition.
1. **Major Security Holders as of June 30, 2015**

As of June 30, 2015, there were 133,001,513 shares of Amaya outstanding, with 207,736,451 shares outstanding on a fully diluted basis.  

<table>
<thead>
<tr>
<th>NAME</th>
<th>COMMON SHARES</th>
<th>COMMON SHARES FULLY DILUTED</th>
<th>COMMON SHARES %</th>
<th>FULLY DILUTED %</th>
</tr>
</thead>
<tbody>
<tr>
<td>David Baazov</td>
<td>24,463,599</td>
<td>24,913,599</td>
<td>18.39%</td>
<td>11.99%</td>
</tr>
<tr>
<td>GSO/BlackStone</td>
<td>2,984,025</td>
<td>41,925,372</td>
<td>2.24%</td>
<td>20.18%</td>
</tr>
<tr>
<td>BlackRock</td>
<td>7,397,511</td>
<td>20,007,918</td>
<td>5.56%</td>
<td>9.63%</td>
</tr>
<tr>
<td>PointState Capital, LP</td>
<td>11,668,251</td>
<td>11,668,251</td>
<td>8.77%</td>
<td>5.62%</td>
</tr>
</tbody>
</table>

**TOTAL # OF SHARES OUTSTANDING:** 133,001,513 207,736,451

2. **Amaya’s Share Price After Acquisition**

Amaya Common Shares currently trade on the TSX and NASDAQ exchanges under the trading symbol “AYA.” In addition to the Common Shares, certain warrants and debentures are also listed for trading on the TSX. On September 22, 2014, Amaya was added to the S&P/TSX Composite Index. Prior to that time, Amaya’s stock was traded on the Venture Exchange.

The following table sets out the month-end high and low prices of Amaya Common Shares as reported for calendar years 2014, 2013, 2012, 2011, and 2010, as well as through August 2015.

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5 Fully diluted basis takes into consideration the number of shares outstanding as if the common share purchase warrants and convertible preferred shares were converted into common shares.
### Table 1

<table>
<thead>
<tr>
<th>YEAR</th>
<th>HIGH</th>
<th>LOW</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>37.52</td>
<td>25.00</td>
</tr>
<tr>
<td>2014</td>
<td>38.94</td>
<td>5.61</td>
</tr>
<tr>
<td>2013</td>
<td>8.81</td>
<td>4.61</td>
</tr>
<tr>
<td>2012</td>
<td>5.35</td>
<td>2.69</td>
</tr>
<tr>
<td>2011</td>
<td>3.39</td>
<td>2.00</td>
</tr>
<tr>
<td>2010</td>
<td>3.55</td>
<td>1.00</td>
</tr>
</tbody>
</table>

On September 13, 2015, Amaya’s stock price was CAD$28.01 and its market capitalization was CAD$3.732 billion.

### IV. THE HISTORY OF POKERSTARS AND FULLTILT’S ACTIVITIES IN THE UNITED STATES

The Division examined how PokerStars and FullTilt operated their businesses in the United States between the passage of UIGEA and April 2011, when USDOJ seized control of the companies’ websites and assets. In addition, the Division reviewed the USDOJ criminal indictments and civil forfeiture complaint and the subsequent civil settlements reached with the USDOJ.

Oldford Group was formed in Costa Rica in 2001 to operate the PokerStars website and brand. Its majority owner was Mark Scheinberg. The PokerStars gaming platform and system was created by Isai Scheinberg’s software company, Pyr, which was formed in 2000 in Canada. Pyr served as the platform and software development contractor for PokerStars.

FullTilt, founded in California as “TiltWare” by Ray Bitar and several professional poker players, including Howard Lederer and Chris Ferguson, launched in 2004. Both companies operated in the United States Internet poker market and competed directly for customers. They each became industry leaders and had dominant positions in the worldwide Internet poker industry.
A. Federal Law - The Unlawful Internet Gaming Enforcement Act of 2006

UIEGA, enacted on October 13, 2006, prohibited gambling businesses from “knowingly accepting payments in connection with the participation of another person in a bet or wager that involves the use of the Internet and that is unlawful under federal or state law.” Bet or wager is defined as “the staking or risking by any person of something of value upon the outcome of a contest of others, a sporting event, or a game subject to chance, upon an agreement or understanding that the person or another person will receive something of value in the event of a certain outcome.” UIGEA effectively outlawed Internet gaming in the United States, with certain enumerated exceptions, by making it illegal for businesses to process online transactions (e.g., credit card transactions) related to Internet gaming.

B. PokerStars’ Legal Argument For Its Post-UIGEA Conduct

The passage of UIGEA did not deter PokerStars or FullTilt. Both companies continued accepting wagers from players located in the United States until USDOJ’s enforcement actions in April and May 2011. In contrast, other online poker companies, several of which the Division has licensed, ceased accepting wagers from United States players due to their concerns about violating UIGEA.

Former PokerStars employees now employed by Amaya explained to the Division the rationale that the company’s founders, Mark and Isai Scheinberg, used to justify the company’s continued operation in the United States after the enactment of UIGEA. In part, PokerStars reasoned that, because United States Internet gaming was initiated from platforms and servers based on the IOM, the bets were deemed to have taken place from that location. As such, PokerStars considered any income derived from United States gamblers as IOM income.

To buttress that decision, the company obtained numerous legal opinions between October 25, 2006 and April 5, 2011 that provided a two-fold justification for continuing to operate in the United States:

First, the legal opinions concluded that UIGEA does not apply to online poker since the law restricts transactions involving the transmission of funds or proceeds related to unlawful Internet gambling. The opinions argued that poker is not a game of chance but rather a game of skill, mainly because a player’s decisions dramatically alter the odds of winning and remove the game from being wholly dependent on chance. The UIGEA implementing regulations clarified that chance has to be a significant factor in the game and the opinions offered statistical analysis to show that chance is not a significant factor.

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6 UIGEA defines “unlawful Internet gambling” as placing a bet or wager through the Internet “where such bet or wager is unlawful under any applicable Federal or State law.”
Second, the opinions asserted that, even if UIGEA did apply to online poker, the operators still were not violating federal law because UIGEA did not create any new categories of prohibited gaming activity. Instead, UIGEA relied on preexisting state and federal gambling laws as the basis for prosecuting individuals and companies involved in assisting or facilitating Internet gaming transactions. The opinions examined the six areas of state and federal law that might be implicated and argued that each of those areas did not apply to the Internet gaming activities of the PokerStars Entities.

The federal law most directly applicable to online gaming was The Wire Act, 18 U.S.C. 1084. The legal opinions concluded that the Wire Act applied only to sports betting, focusing on differing interpretations of whether the word “sporting” modifies “event” or both “event” and “contest.” To support the proposition that the word sporting modified both words, the opinions relied upon a federal district court opinion that concluded that the Wire Act only prohibits interstate sports wagering, not other forms of Internet gambling. In re MasterCard Internet Gambling Litigation, 132 F. Supp. 2d 468 (E.D. La. 2001) Many of the decisions, however, cautioned that the USDOJ took the view that all Internet gambling was illegal under the Wire Act, not just betting on sports.

These legal opinions also argued that five other federal laws did not apply, either because the laws did not cover online gaming or, alternatively, because the laws did not create a distinct substantive gambling violation under state law. In addressing the laws of various states, the opinions asserted that all state laws that seek to regulate global commerce such as Internet gaming may be unconstitutional under the United States Constitution. Specifically, the opinions stated that the dormant Commerce Clause prevents states from regulating national or international commerce because that is left to the Federal Government. According to the legal opinions, the application of the dormant Commerce Clause has not been considered with regard to Internet gaming but it has been used by federal courts to strike down other state law Internet commerce restrictions.

C. Prosecution of PokerStars and FullTilt by the United States Department of Justice

On April 15, 2011, USDOJ unsealed criminal indictments against several individuals, including individuals associated with PokerStars and FullTilt. USDOJ also filed a companion civil forfeiture complaint seeking forfeiture of assets held by the criminal defendants and the bank and player accounts of PokerStars and FullTilt, as well as the seizure of the websites.

In re MasterCard Internet Gambling Litigation, 132 F. Supp. 2d 468 (E.D. La. 2001)
In December 2011, the USDOJ concluded that the Wire Act did not apply to Internet poker and other forms of online betting that do not involve sports.
1. Federal Criminal Indictment in the Southern District of New York

On March 10, 2011, a federal grand jury in the Southern District of New York returned an indictment against eleven individuals that either operated Internet poker websites following the passage of UIGEA or processed payments on their behalf. The indictment was unsealed on “Black Friday,” April 15, 2011. The indictment targeted the senior management of “three leading Internet poker companies” following UIGEA’s enactment: PokerStars, FullTilt Poker, and Absolute Poker/Ultimate Bet.

The indictment named top officials of PokerStars and FullTilt: Isai Scheinberg (founder and then Chief Technology Officer of PokerStars); Paul Tate (then Director of Payments for PokerStars); Bitar (founder of FullTilt); and Nelson Burtnick (former Director of Payments for PokerStars and then Director of Payments for FullTilt).

The indictment alleged that Scheinberg and Bitar made a conscious business decision on behalf of their respective companies to remain in the Internet poker market following the passage of UIGEA, despite several other online poker websites withdrawing from the United States market. The indictment charged Tate and Burtnick for their roles in managing payment processing for the respective companies.

The indictment alleged that, post-UIGEA, the defendants deceived credit card issuers and banking institutions by devising methods to disguise poker account payments made by credit card so that the payments would be processed. The indictment alleged the defendants worked with intermediaries, known as payment processors, to facilitate the processing of online poker payments and to devise methods to allow them to continue online poker with United States players. Those methods included:

- applying incorrect transaction codes to the online poker transactions so that the credit card companies would process the transactions so they appeared unrelated to Internet poker;
- the using of pre-paid phone cards and/or pre-paid debit cards, that were pre-loaded with funds from a United States player’s account without using the gambling transaction code; the pre-loaded cards would then be used to transfer funds to the poker companies for play;
- the using of phony non-gambling websites set up by the poker companies (such as online flower shops and pet supply stores) to be used to initiate credit card charges for United States account holders; and
- e-check processing by the payment processors, where the individual defendant payment processors would open bank accounts to process e-checks under business names that would indicate to the United States banking institution that the accounts
were set up for Internet shopping site transactions; this also involved the use and creation of numerous phony websites.

Additionally, the indictment alleged that the defendants collectively sought small, financially-distressed banks willing to process Internet poker transactions in exchange for excessive processing fees. One such bank, SunFirst Bank in Utah, ultimately processed over $200 million in payments for PokerStars and FullTilt.

The indictment charged the PokerStars and FullTilt related defendants with nine counts of unlawful Internet gambling (or aiding and abetting) under UIGEA, operation of an illegal gambling business, conspiracy to commit bank and wire fraud, and conspiracy to commit money laundering.

Eight of the eleven individuals charged criminally have entered into plea deals with prosecutors. FullTilt founder Bitar pled guilty to one count of wire fraud and one count of violating UIGEA and was sentenced to time served due to a heart condition. He also forfeited approximately $40 million. Burtnick pled guilty to one count of conspiracy and one count of accepting funds in connection with unlawful Internet gaming and, on September 16, 2015, was sentenced to time served and one year of supervised release, and he forfeited approximately $300,000. Currently, the criminal indictments against Isai Scheinberg and Tate remain unresolved and neither of them has entered the United States to address the allegations. The other seven defendants charged in the indictment were not associated with PokerStars or FullTilt.

2. Federal Civil Forfeiture Complaint in the Southern District of New York

Along with the criminal indictments, on April 15, 2011, the USDOJ filed a companion civil forfeiture complaint (“Complaint”). The Complaint included counts for the forfeiture of assets belonging to the eleven individual defendants named in the criminal action as well as three Internet poker companies: PokerStars, FullTilt, and Absolute, and their holding companies, subsidiaries, and corporate affiliates. According to the Complaint, Bitar and other principals of FullTilt drew salaries against player funds rather than earmarking those funds to cover player winnings or other withdrawals. During this time, FullTilt reassured its players that their funds were safely on deposit. The Complaint alleged that this misappropriation totaled $390 million, and that a shortfall of $150 million was owed to United States players alone.

The Complaint also alleged that PokerStars, FullTilt, and Absolute operated Internet poker websites following the passage of UIGEA, which required them to launder money through phony companies created by e-check processors in exchange for exorbitant processing fees. The Complaint sought forfeiture of all of the assets of the three poker companies including the domain names they were using and their bank accounts. The Complaint listed illegal gambling, bank and wire fraud, and money laundering as predicate acts warranting asset forfeiture and also sought civil penalties for money laundering.
D. Regulatory Action by Gaming Authorities in Alderney

1. Revocation of FullTilt License in Alderney

In December 2007, the Alderney Gambling Control Commission (“AGCC”) licensed Filco Ltd. (“Filco”) to market an Internet poker room, namely FullTilt Poker, to the UK. In July 2009, the AGCC licensed Oxalic Limited (“Oxalic”) and Vantage Limited (“Vantage”). Oxalic was licensed to market FullTilt to players in German-speaking jurisdictions and Vantage to players in North America. In January 2011, the AGCC licensed Orinic Limited to market FullTilt to players in Switzerland. Bitar, owner and CEO of the above entities, was issued a key individual certificate by the AGCC.

FullTilt, at that time, also was licensed by the Kahnawake Gaming Commission, Quebec, Canada. The above entities had earlier transferred their poker room operations from the Kahnawake-base operation into the Alderney jurisdiction.

Five days after Black Friday, on April 20, 2011, the AGCC launched a special investigation into FullTilt to determine what regulatory action needed to be taken with regard to the accusations in the unsealed USDOJ criminal indictments and the forfeiture complaint. The AGCC investigation determined that FullTilt was in serious financial trouble due to several circumstances, including FullTilt executives utilizing player funds to pay their salaries, delays in clearing funds through the Automated Clearing House system and theft of funds by certain payment processors. As a result of the insolvency of FullTilt, many players lost access to their funds.

On June 29, 2011, FullTilt’s licenses were suspended by AGCC and thereafter revoked on September 29, 2011.

E. Regulatory Action by Gaming Authorities in Isle of Man

Gaming regulators from the IOM, where PokerStars was licensed and operated, took no regulatory action against the company following Black Friday, but did require PokerStars to terminate six high level executives from FullTilt, including Burtnick, as a condition for continued licensure after PokerStars acquired the assets of FullTilt in 2012.
F. PokerStars Settlement of Civil Action with USDOJ

On July 31, 2012, PokerStars entered a “Stipulation and Order of Settlement Regarding PokerStars” with the USDOJ (“Stipulation”). Pursuant to the Stipulation, PokerStars, while making no admissions of wrongdoing, agreed to resolve the forfeiture and civil money laundering claims against it in exchange for the payment of $731 million to USDOJ. Of that amount, PokerStars paid USDOJ $547 million as a penalty, plus an additional $184 million to fund withdrawals by non-United States FullTilt players. FullTilt players based in the United States could apply directly to the USDOJ for their money back while PokerStars repaid its own United States based customers.

As part of the Stipulation, PokerStars also obtained the assets of FullTilt from USDOJ, including all accounts receivable, gaming data and history, and tangible property, as well as documents relating to the products, services, marketing, advertising, promotional materials, intellectual property, personnel files for employees, accounting records, customer files, supplier lists, records, literature, correspondence, and agreements with third parties.

In addition to the financial penalty, USDOJ imposed several additional conditions on PokerStars:

- Isai Scheinberg was required to withdraw from and not serve in any management or director role at any PokerStars company.
- PokerStars was prohibited from employing Bitar, Lederer, Rafael Furst, Ferguson, and Burtnick; all former FullTilt owners and/or employees.
- PokerStars was required to provide the USDOJ with access to all acquired FullTilt assets to effectuate the payback process.
- PokerStars waived the right to bring claims against the United States Government as part of the seizure.

The Stipulation specifically permitted PokerStars and FullTilt to offer “real-money online poker to individuals within the United States (including under the PokerStars or the FullTilt Group’s brands) if and when it becomes permissible to do so under relevant law.” As noted earlier, pursuant to the Stipulation, PokerStars admitted no wrongdoing or guilt.

As of the date of the Division’s report, Oldford Group has satisfied all payment requirements and other conditions required by the USDOJ Stipulation. In this regard, the funds
for the last remaining payment under the USDOJ Stipulation are currently being held in a
dedicated escrow account which was a requirement of the lenders for the PokerStars acquisition.10

G. FullTilt Settlement of Civil Action with USDOJ

On July 31, 2012, FullTilt entered a “Stipulation and Order of Settlement Regarding
FullTilt Poker” with the USDOJ (“FullTilt Stipulation”). Pursuant to the FullTilt Stipulation,
FullTilt, while making no admission of wrongdoing, agreed to resolve the forfeiture and civil
money laundering claims against it in exchange for forfeiting its assets to PokerStars, with $184
million of PokerStars’ settlement earmarked for immediate cash withdrawal from the online poker
account balances of all non-United States players. The USDOJ assumed responsibility for the
repayment of United States players. The FullTilt Stipulation is silent as to the amount and source
of funds set aside by USDOJ for the repayment of FullTilt’s United States players.

The forfeited assets included 24 companies, accounts receivable, gaming data, gaming
history, and tangible property, as well as business documents relating to products, services,
marketing, advertising, promotional material, intellectual property, personnel files, accounting
records, customer files, supplier lists, records, literature and correspondence, agreements with
third parties, money in bank accounts, and intellectual property. Excluded assets included
documents protected by the attorney-client privilege, all emails and written correspondence
except with customers, all financial data other than player data, and certain intergroup agreements
such as a consulting agreement between FullTilt and Bitar.

Similar to the language contained in the PokerStars Stipulation, USDOJ specifically
permitted FullTilt to offer real-money gaming if it became legal to do so in the United States.

H. PokerStars’ Attempt to Purchase an Atlantic City Casino

Several months after resolving the civil forfeiture action with the USDOJ in July 2012,
PokerStars entered into negotiations to purchase a casino in Atlantic City with casino licensee
RIH Acquisitions NJ, LLC, doing business as The Atlantic Club Casino Hotel (“Atlantic Club”).

On December 21, 2012, PokerStars entered into a purchase agreement to acquire 100% of
Atlantic Club. The total purchase price was $15 million, with $11 million being paid to Atlantic

10In a preceding and separate action, in October 2009, the United States Attorney’s Office for the District of Maryland filed a
forfeiture complaint against PokerStars seeking forfeiture of funds contained in four accounts located at three different banks in
Switzerland. The Complaint alleged that online poker operators, including PokerStars, were using payment processors to assist
with receiving and distributing the proceeds of an illegal gambling operation and that the named defendants violated UIGEA and
engaged in money laundering. Following the resolution of the USDOJ forfeiture Complaint in New York, a settlement was
finalized in the Maryland case in October 2012 pursuant to which PokerStars agreed to forfeit $1.75 million to the United States
Department of Homeland Security account. Similar to the New York settlement, the Maryland settlement agreement contains no
admissions of wrongdoing and specifies that it is not intended to limit PokerStars or its affiliates from offering real-money online
poker to individuals within the United States if and when it becomes legal to do so.
Club for its equity in the property, and $4 million to be paid as “retention bonuses” to several executives to remain working at the property. In conjunction with the signing of the purchase agreement, PokerStars filed a petition for interim casino authorization (“ICA”) with the Division on December 24, 2012.

Pursuant to the purchase agreement, payments were made according to various established dates. However, once PokerStars executed a term sheet for this purchase, it also advanced funds to Atlantic Club to support its operations. The cap on advances pursuant to the purchase agreement was the $11 million net purchase price, and as of February 1, 2013, PokerStars had reached the cap.

The purchase agreement, however, allowed either party to terminate if the transaction had not closed by April 26, 2013. In the event of termination, PokerStars was responsible to pay $4 million to Atlantic Club within 2 business days of such termination, and Atlantic Club was entitled to retain all of the previously advanced funds. On April 27, 2013, Atlantic Club elected to terminate the agreement.11

1. **PokerStars and Resorts Agreement**

In June 2013, after the collapse of the deal to purchase Atlantic Club, Resorts entered into a binding term sheet with the PokerStars Entities pursuant to which Resorts would offer Internet gaming to New Jersey players under the PokerStars and FullTilt brands. On July 8, 2013, PokerStars submitted an application for a CSIE license with the Division seeking approval to offer its online poker product in New Jersey.

2. **Suspension of PokerStars CSIE Application**

On December 6, 2013, the Division notified PokerStars that it was placing the company’s CSIE application in “suspended status” for two years. The Division determined that, at that point in time, the PokerStars Entities would not be granted a transactional waiver and were barred from engaging in Internet or land-based gaming activity in New Jersey for two years. This decision was based primarily on the unresolved federal indictment against Isai Scheinberg and “the involvement of certain PokerStars executives in Internet gaming operations in the United States following the enactment of [UIGEA].”

The Division further stated that PokerStars could seek reactivation of its application in a shorter time period, and that the Division would consider “a request for relief to reactivate the application, if significantly changed circumstances are demonstrated at which time the Division’s investigation of PokerStars and its affiliated entities and associated individuals will be resumed to assess suitability.”

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11 Thereafter, PokerStars filed a lawsuit in New Jersey Superior Court to recover the $11 million it had already paid to Atlantic Club. The trial court issued an opinion finding that Atlantic Club could not have to return any monies paid by Oldford Group.
3. Resorts Agreement to Offer PokerStars Brand

On April 29, 2014, Resorts entered into a new agreement with the PokerStars subsidiary Rational Services ("Resorts Agreement"), which embodied all the terms of the previous term sheet with the exception that the agreement permitted Resorts to enter into an agreement with an alternative provider to act as the Internet gaming operator (for non-poker games) for the Resorts websites. On June 18, 2014, the parties amended the Resorts Agreement to allow SporTech-NYX Gaming Inc. ("SNG") to become the alternative Internet provider under the Resorts Agreement. 12

4. Amaya Assumes Terms of PokerStars' Resorts Agreement After Acquisition

Under the terms of the Resorts Agreement, Amaya Services, through Amaya NJ, is the exclusive Internet gaming operator for Resorts with the exception noted above with respect to SNG. The term of the agreement with PokerStars is for ten years. If licensed, Amaya will operate Internet gaming on the PokerStars and FullTilt websites. Resorts has the option to continue operating with the Alternative Provider at the same time as Amaya Services operates the PokerStars and FullTilt websites.

The Resorts Agreement provides Amaya Services with the same time frame as the term sheet within which to obtain either a transactional waiver or CSIE license by a date certain which could be extended by Rational Services through December 31, 2014, upon payment of certain extension fees.

On December 22, 2014, the parties amended the agreement to permit Amaya Services to extend the agreement in additional three month periods, through December 31, 2015, by way of payment of extension fees that shall be applied as a credit against Resorts’ revenue share in years 3-10 of the agreement. Amaya Services has extended the agreement through September 30, 2015.

In addition to payment of the extension fees referenced above, Amaya Services and Resorts are required to instruct the escrow agent to release funds held in escrow in the amount of $25,000,000 to Resorts. The amount of $25,000,000 are to be applied as a prepayment against Resorts’ revenue share in subsequent years. The Resorts Agreement also provides for a minimum guarantee of $3.5 million per year during years 3-10, unless Resorts continues to operate with the Alternative Provider beyond the 10th year, in which case the minimum guarantee will be reduced to $3 million per year.

Under the Resorts Agreement, Resorts has received a total of $13,000,000 from Amaya Services (and its predecessor Rational Group) between December 2009 and December 2010, reflecting various fees and escrow funds paid.

12 Amaya has an ownership interest in NYX Gaming Group ("NYX Gaming").
I. Current Status of PokerStars and FullTilt Accounts and Reimbursements

1. PokerStars Players and Financials

As part of its investigation into the PokerStars' business operations, the Division reviewed financial statements and player lists and interviewed former PokerStars employees currently employed by Amaya to determine the extent of PokerStars’ operation in New Jersey. The list of accounts totaled [redacted]. Of these, [redacted] accounts were registered real-money players.

After Black Friday, PokerStars advised all registered account holders on how to close their accounts and withdraw their funds. PokerStars installed a messaging system in their software so that any player with a United States account who attempted to log in was instructed how to close and cash out his or her account. A similar message was placed on the PokerStars website. In addition, PokerStars used social media forums to communicate that funds were available. Information on the process by which a player can close and cash out an account remains available to United States account holders.

As of September 1, 2014, [redacted] registered account holders have requested closure of their accounts in accordance with the USDOJ settlement and funds. A total of $5,017,656 has been returned. As of January 2015, there remain [redacted] open New Jersey PokerStars accounts with a positive remaining aggregate balance of $427,912.  

PokerStars generated revenue of $44.3 million in New Jersey from October 13, 2006, through April 15, 2011.

2. FullTilt Players

The Division also reviewed financial statements and player lists of FullTilt and interviewed former FullTilt employees currently employed by Amaya to determine the extent of FullTilt’s business operations in both New Jersey and the United States.

The Division analyzed a list of FullTilt accounts registered by New Jersey players for the period from the passage of UIGEA to Black Friday. Approximately 75,220 accounts were created by New Jersey customers.

Additional information concerning FullTilt accounts relating to its operations before acquisition by Oldford Group was not provided, or made available, to Oldford Group by USDOJ as part of the acquisition. Accordingly, the Division was not able to examine that information.

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[13] Most of these accounts have a balance of $10 or less.
In accordance with the USDOJ settlement, the PokerStars acquisition of FullTilt included a $184 million payment from Oldford Group to the USDOJ for the settlement of all non-United States FullTilt registered player accounts. Because the Federal Government handled the settlement of FullTilt’s United States customer accounts, PokerStars has had no responsibility with regard to the repayment of the FullTilt New Jersey-registered player accounts. On September 25, 2014, the Federal Government made an initial payment for reimbursement to players, with additional reimbursements to follow.

V. AMAYA, INC.

A. Introduction

The Division conducted a plenary investigation of Amaya, the parent company of the Amaya subsidiaries, including those acquired in the PokerStars transaction, in order to evaluate Amaya’s compliance and audit policies and those policies’ integration with the newly acquired interests, as well as to evaluate the company’s finances, including its initial capitalization, its past acquisitions, and the PokerStars acquisition.

B. Amaya-Corporate Formation

1. Certificate of Constitution

Amaya was constituted under Part IA of the Companies Act (Quebec) on January 30, 2004 under the name 9138-5666 Quebec Inc. by Craig Levett. In January 2006, Baazov acquired control of the shell company 9138-5666 Quebec Inc. from Levett and held the positions of Owner, President, Director, and Treasurer throughout 2006. The company did not have any operations in 2006, but Baazov testified that during this time it was his general business strategy that the company enter the technology and electronics industry. In May 14, 2007, the company changed its name to Gametronix and later that year changed its name again to “Amaya” (November 2007) as it commenced operations focusing on the design, development, manufacturing, sale, and service of technology-based gaming solutions for the gaming industry.

For the year ending December 31, 2007, Amaya reported only modest revenue of CAD$977,000 and reported a net loss of CAD$1.97 million.

a. Internal Product Development and Emerging Markets

In 2008, Amaya's business began to expand as the company provided products, services, and systems to land-based and online gaming operators, governments and the hospitality industry, primarily in emerging markets. During the 2008-2010 time period, Amaya was able to enter into agreements for its products, including its PokerMate gaming table, in Belgium, Netherlands, Romania, Dominican Republic, Trinidad, Kenya, and Uganda.
The table below reflects revenues and net earnings for years 2008 through 2010:

<table>
<thead>
<tr>
<th>YEAR</th>
<th>REVENUE (CAD$)</th>
<th>NET EARNINGS (CAD$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$4.2M</td>
<td>$674,000</td>
</tr>
<tr>
<td>2009</td>
<td>$5.9M</td>
<td>$648,000</td>
</tr>
<tr>
<td>2010</td>
<td>$6.1M</td>
<td>$83,000</td>
</tr>
</tbody>
</table>

Over this time period, Amaya expanded its revenue base through organic product development targeting emerging markets.

b. Strategic Acquisitions and US/European Markets

Amaya first went public on the Toronto Venture Exchange (“TSXV”) in July 2010. In the years leading up to the Initial Public Offering (“IPO”), Amaya generated revenues primarily through technology it had developed organically, most notably PokerMate, Mosino, and its short message service based lottery solution. In early 2011, Amaya announced that, in order to further strengthen its market position and facilitate its anticipated growth, the company intended to assess acquisition opportunities based on the target company’s jurisdictional status and the degree of synergy between the target company’s technologies and Amaya’s core technologies. Since 2011, Amaya has completed multiple strategic acquisitions that have significantly expanded its business-to-business operations by delivering expanded platform capabilities and expanded market reach. Below are the five acquisitions that Amaya completed in order to expand its product reach and its markets:

14On October 1, 2013, Amaya graduated to the Toronto Stock Exchange. On June 8, 2015, Amaya was listed on the NASDAQ Stock Market LLC (“NASDAQ”) Exchange.
<table>
<thead>
<tr>
<th>NAME</th>
<th>DATE ACQUIRED</th>
<th>BUSINESS LINE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chartwell Technology Inc.</td>
<td>July 2011</td>
<td>Gaming software/online game content</td>
</tr>
<tr>
<td>CryptoLogic Ltd.</td>
<td>April 2012</td>
<td>Internet content/virtual casino software</td>
</tr>
<tr>
<td>Ongame Network Ltd.</td>
<td>November 2012</td>
<td>B2B online poker network provider</td>
</tr>
<tr>
<td>Cadillac Jack, Inc.</td>
<td>November 2012</td>
<td>Gaming machines and Internet games</td>
</tr>
<tr>
<td>Diamond Game Enterprises</td>
<td>February 2014</td>
<td>Lottery and gaming machines</td>
</tr>
</tbody>
</table>

According to Amaya management, these acquisitions provided the increased scope and scale of the company’s gaming solutions to allow Amaya to shift its focus from emerging markets to significantly larger markets, notably the United States and Europe. In this regard, the acquired companies above had established operations and customer relationships in the United States and Europe.

Amaya’s acquisitions enabled the company to increase its revenue significantly by year-end 2013. For the years ending December 31, 2011, 2012 and 2013, Amaya reported revenue of CAD$18.4 million, CAD$76.4 million and CAD$155.5 million, respectively. Meanwhile, for 2011, 2012 and 2013, Amaya reported net earnings of CAD$-1.9 million, CAD$10.6 million and CAD$15.2 million, respectively.

As highlighted below, through internal game development focusing on the emerging market segment and strategic acquisitions focusing on more establish markets, Amaya expanded its revenue base from CAD$ 977,000 in 2007 to CAD$154.5 million by 2013. Similarly, Amaya went from a net loss of CAD$1.97 million in 2007 to net earnings of CAD$15.2 million in 2013.
C. Overview of Amaya’s Financial History

The Division reviewed Amaya’s initial financial position since it commenced operations in 2006 and leading up to its acquisition of the PokerStars Entities. This financial analysis included Amaya’s 2010 IPO, several private placement offerings, and a review of its credit facilities, debts, and loan agreements.

1. Initial Capital

As previously discussed, Amaya was originally constituted under the Companies Act (Quebec) on January 30, 2004. From the date of incorporation until the end of 2006, Amaya’s issued capital consisted of 100 Class A shares with a CAD$1 par value. At the end of 2006, the amount in the company’s equity capital account (“Capital Account”) was CAD$100. The table below details Amaya’s Capital Account from December 31, 2007 through December 31, 2013:

<table>
<thead>
<tr>
<th>AMAYA, INC.</th>
<th>Revenue and Net Earnings (Loss)</th>
<th>For the Year Ended December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007 vs. 2013</td>
<td>(CAD$ in millions)</td>
</tr>
<tr>
<td>Year:</td>
<td>2007</td>
<td>2013</td>
</tr>
<tr>
<td>Revenue:</td>
<td>.977</td>
<td>154.5</td>
</tr>
<tr>
<td>Net Earnings:</td>
<td>-1.97</td>
<td>15.2</td>
</tr>
</tbody>
</table>
### AMAYA

**Capital Account**  
**Year-end December 31, 2007 through 2013**  
*(Shares and Value in Thousands)*

<table>
<thead>
<tr>
<th>Common Shares (Class A)</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Account Value</td>
<td>2,369</td>
<td>3,494</td>
<td>3,508</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Number of Shares</td>
<td>14,485</td>
<td>14,762</td>
<td>14,768</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Common Shares (IPO)</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Account Value</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>18,744</td>
<td>42,921</td>
<td>154,772</td>
<td>220,683</td>
</tr>
<tr>
<td>Number of Shares</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>39,545</td>
<td>50,118</td>
<td>79,360</td>
<td>94,079</td>
</tr>
</tbody>
</table>

As detailed above, Amaya’s Capital Account ranged from CAD$2.4 million to CAD$3.5 million between December 31, 2007 and December 31, 2009. Amaya’s issued and outstanding shares (Class A) ranged from 14.5 to 14.8 million shares during this period.

As of May 2010, Amaya’s issued and outstanding capital consisted of approximately 14.8 million shares issued and outstanding. The company’s capital account amount at that time was approximately CAD$4.7 million. On May 4, 2010, at a special meeting of the company’s shareholders, the shareholders approved modifications to the Articles of Incorporation (“Articles”) of Amaya in order to move forward with an IPO.

2. **Initial Public Offering (IPO) and Secondary Offering**

On July 21, 2010, Amaya completed its IPO of 5,000,000 units at a price of CAD$1 per unit for gross proceeds of CAD$5,000,000, Amaya’s Common Shares commenced trading on the TSXV under the symbol “AYA”.

26
On December 7, 2010, Amaya completed a second offering of 3,400,000 Common Shares at a price of CAD$3 per common share for aggregate gross proceeds of CAD$10,200,000 (“Secondary Offering”).

Partially as a result of the IPO and Secondary Offering, Amaya had approximately 39.5 million Common Shares issued and outstanding as of December 31, 2010. At that date, Baazov owned roughly 24.5 million shares (62%) of the issued and outstanding Common Shares. The company’s capital account amount was CAD$18.7 million.

3. Private Placement Equity and Other Transactions/2010-2013

In addition to the IPO and the Secondary Offering, Amaya raised CAD$155.1 in capital from private placement equity transactions (“Private Placement”), CAD$28.8 million related to convertible debentures, and CAD$12.5 million from the exercise of warrants as detailed below:

<table>
<thead>
<tr>
<th>AMAYA</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Provided by Equity Transactions 2010-2013</td>
<td>(CAD$ in Thousands)</td>
</tr>
<tr>
<td>IPO and Secondary Offerings</td>
<td>NET CAPITAL</td>
</tr>
<tr>
<td></td>
<td>% OF TOTAL</td>
</tr>
<tr>
<td>IPO and Secondary Offerings</td>
<td>14,632</td>
</tr>
<tr>
<td>Private Placements-Equity</td>
<td>155,124</td>
</tr>
<tr>
<td>Convertible Debentures</td>
<td>28,750</td>
</tr>
<tr>
<td>Exercise of Warrants</td>
<td>12,450</td>
</tr>
<tr>
<td>TOTAL CAPITAL AMOUNT</td>
<td>210,956</td>
</tr>
</tbody>
</table>

As detailed above, Private Placements (Equity) represented 73.5% of Amaya’s Capital Account (Equity) transactions from 2010 through 2013, which was much more than the net proceeds from IPO and Secondary Offering. Meanwhile, equity capital related to convertible debentures and the exercise of warrants represented much smaller contributions of 13.6% and 5.9%, respectively. The following details Amaya’s capital account (Equity) transactions from 2010 until the PokerStars acquisition.
June 2011 Private Placement

On June 15, 2011, Amaya completed private placement of 3,300,000 Common Shares at a price of CAD$3.10 per common share for aggregate gross proceeds of CAD$10,230,000 (“June 2011 Offering”).

January 2012 Private Placement

In January and February 2012, Amaya raised aggregate gross proceeds of CAD$28.8 million through a private placement of special warrants (“2012 Special Warrants”) completed in two closings.

June 2012 Private Placement

On July 12, 2012, Amaya completed the final closing of a private placement of Common Shares at a price of CAD$4.05 per Common Share, first announced on May 29, 2012 and primarily conducted in June 2012 (“June 2012 Offering”). Gross proceeds raised in the June 2012 Offering, including proceeds raised under the first closing, were approximately CAD$107.4 million.

February 2013 Private Placement (Warrants)

In February 2013, Amaya closed a private placement of units (“February 2013 Units”), originally announced on January 17, 2013, at a price of CAD$1,000 per unit, for aggregate gross proceeds of CAD$30 million, including gross proceeds of CAD$10 million following the exercise in full by the underwriters of the offering of an over-allotment option (“February 2013 Offering”).

July 2013 Private Placement

In July 2013, Amaya closed a private placement of Common Shares, originally announced on June 19, 2013, at a price of CAD$6.25 per Common Share, for total gross proceeds of approximately CAD$40 million (“June 2013 Offering”).

2014 Warrants

In connection with a debt transaction related to Cadillac Jack in 2014, Amaya granted 4,000,000 Common Share purchase Warrants to the lenders under the debt facilities (“CJ Warrants”), entitling the holders thereof to acquire one Common Share per Warrant at a price per Common Share equal to $19.17 at any time up to a period ending ten years after the closing date.

4. Capital Structure Prior to PokerStars Acquisition

Including the various Private Placements of Common Shares and other equity-related transactions, Amaya had increased its number of shares outstanding from 14.8 million in July
2010 to 94.1 million of new Common Shares issued and outstanding as of December 31, 2013. At that date, the company’s Capital Account amount was CAD$220.7 million. From the time of Amaya’s IPO in May 2010, the company increased its Capital Account amount from CAD$4.7 million to CAD$220.7 million by the end of 2013.

D. Operational Review


In the three years leading up to its IPO in 2010, Amaya reported revenue of CAD$977,000, CAD$4.2 million, and CAD$5.9 million, respectively, for the calendar years 2007, 2008, and 2009. Since its IPO in July 2010, Amaya has significantly increased its revenue from approximately CAD$6 million in 2010 to CAD$145.9 million in 2013. The following table highlights Amaya’s revenue, cash flow as measured by EBITDA,15 and operating margin (“Margin”) for the calendar years 2013, 2012, 2011 and 2010.

<table>
<thead>
<tr>
<th>AMAYA</th>
</tr>
</thead>
<tbody>
<tr>
<td>(CAD$ in Thousands)</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>2013</td>
</tr>
<tr>
<td>Revenue</td>
</tr>
<tr>
<td>EBITDA</td>
</tr>
<tr>
<td>Margin</td>
</tr>
</tbody>
</table>

As highlighted above, Amaya’s revenue and EBITDA increased significantly during the four-year period preceding the PokerStars acquisition. In this regard, Amaya’s revenue increased over 24X while its EBITDA increased from virtually zero in 2010 to CAD$62.7 million in 2013. The improvements in revenue and EBITDA reflect the impact of Amaya’s acquisition strategy since 2011.

2. 2014 Operating Results

Since the PokerStars acquisition, Amaya has significantly increased its revenue from CAD$145.9 million for the year ending December 31, 2013 to CAD$688.2 million for the year

---

15 EBITDA is an approximate measure of a company’s cash flow calculated by looking at earnings before the deduction of interest expenses, taxes, depreciation, and amortization.
ending December 31, 2014. The following table details Amaya’s revenue, EBITDA, and Margin for 2014 compared to 2013.

<table>
<thead>
<tr>
<th>AMAYA, INC.</th>
<th>(CAD$ in Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
</tr>
<tr>
<td>Revenue</td>
<td>688,222</td>
</tr>
<tr>
<td>EBITDA</td>
<td>292,735</td>
</tr>
<tr>
<td>Margin</td>
<td>42.5%</td>
</tr>
</tbody>
</table>

As highlighted above, Amaya’s revenue and EBITDA increased significantly during 2014 due to the consolidation of the PokerStars business since August 2014. In this regard, both Amaya’s revenues and EBITDA increased over 4.7 times.

In August, Amaya completed the PokerStars acquisition and since that time Oldford Group’s revenues have been consolidated into Amaya’s financial statements. Consequently, figures for 2014 reflect the partial year’s inclusion of the PokerStars business.

E. Long-Term Debt

Amaya's long-term debt has risen from CAD$1.5 million in 2008 to CAD$195.2 million at December 31, 2013. With the PokerStars acquisition, Amaya's long-term debt increased to CAD$3.8 billion at December 31, 2014.

Long-Term Debt at Year-end 2014 and 2013

To finance the PokerStars acquisition and related transactions, Amaya incurred CAD$3.3 billion in new debt. The following table details Amaya's CAD$3.5 billion in long-term debt at December 31, 2014, including debt associated with the PokerStars acquisition:
<table>
<thead>
<tr>
<th>IN LOCAL DENOMINATED</th>
<th>2014 CAD$</th>
<th>2013 CAD$</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD First Lien Term Loan</td>
<td>1,745,625</td>
<td>1,956,220</td>
</tr>
<tr>
<td>USD Second Lien Term Loan</td>
<td>800,000</td>
<td>873,519</td>
</tr>
<tr>
<td>EUR First Lien Term Loan</td>
<td>199,500</td>
<td>271,388</td>
</tr>
<tr>
<td>Senior Facility (USD)</td>
<td>238,000</td>
<td>273,910</td>
</tr>
<tr>
<td>Mezzanine Facility (USD)</td>
<td>104,537</td>
<td>102,941</td>
</tr>
<tr>
<td>2013 Debentures (CAD)</td>
<td>30,000</td>
<td>28,020</td>
</tr>
<tr>
<td>Other Long-Term Debt</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL LONG-TERM DEBT</strong></td>
<td><strong>3,505,998</strong></td>
<td><strong>195,187</strong></td>
</tr>
</tbody>
</table>

In August 2014, Amaya, together with certain holding and intermediary holding companies (Amaya, Amaya BV and Amaya (US) Co-Borrower LLC), completed three new term loans, all of which directly contributed to financing the PokerStars acquisition. Combined, the new term loan facilities included both United States dollars and Euro denominated facilities (Senior Secured Credit Facilities) amounting to the aggregate principal equivalent amount in United States dollars of approximately $2.92 billion. In addition to the Senior Secured Credit Facilities, Amaya completed two refinancing transactions related to outstanding debt that contributed cash towards Amaya’s available working capital leading up to the acquisition of the PokerStars Entities in 2014.

**F. Amaya Acquisitions**

Since 2011, Amaya has pursued strategic acquisitions that have significantly expanded its diversified gaming business and expanded its market reach. In 2011, Amaya acquired Chartwell Technology Inc. (“Chartwell”) and in 2012, Amaya acquired CryptoLogic Limited

The Division reviewed each of these acquisitions, from both an operational and financial perspective, through a review of the transaction documents as well as interviews of Amaya senior executives. The table below provides an overview of Amaya’s acquisitions:

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>DATE ACQUIRED</th>
<th>PURCHASE PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chartwell</td>
<td>July 2011</td>
<td>CAD$22.8 Million</td>
</tr>
<tr>
<td>CryptoLogic</td>
<td>April 2012</td>
<td>CAD$35.1 Million</td>
</tr>
<tr>
<td>Cadillac Jack</td>
<td>November 2012</td>
<td>CAD$137 Million</td>
</tr>
<tr>
<td>Ongame</td>
<td>November 2012</td>
<td>Up to Euro 25 Million</td>
</tr>
<tr>
<td>Diamond Game</td>
<td>February 2014</td>
<td>CAD$28.5 Million</td>
</tr>
<tr>
<td>The Oldford Group</td>
<td>August 2014</td>
<td>$4.9 Billion</td>
</tr>
</tbody>
</table>

As highlighted above, Cadillac Jack was Amaya’s most significant acquisition based upon purchase price, prior to the PokerStars acquisition. Amaya’s other acquisitions, provided technologies that enabled Amaya to extend the reach of its Internet gaming platform and market position.

1. **Chartwell Technology Inc.**

On July 14, 2011, Amaya completed the acquisition of all of the outstanding shares of Chartwell, a provider of games, gaming systems, and gaming platform for the regulated online casino gaming industry, for total consideration of approximately CAD$22.77 million. Under the acquisition, Chartwell shareholders received CAD$14.5 million in cash and the remainder in equity.

The following table summarizes the estimated fair value of the identifiable assets and liabilities acquired at the date of acquisition, as reported in Amaya’s financial statements:

---

16 Amaya renamed Chartwell to Amaya (Alberta) Inc. (“Amaya Alberta”).
### CHARTWELL

*(CAD$ IN MILLIONS)*

<table>
<thead>
<tr>
<th>ASSETS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>0.8</td>
</tr>
<tr>
<td>Short-Term Investments</td>
<td>12.6</td>
</tr>
<tr>
<td>Property and Equipment</td>
<td>1.6</td>
</tr>
<tr>
<td>Goodwill</td>
<td>1.4</td>
</tr>
<tr>
<td>Intangibles</td>
<td>3.8</td>
</tr>
<tr>
<td>Other Assets</td>
<td>4.3</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS ACQUIRED</strong></td>
<td><strong>24.5</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>1.6</td>
</tr>
<tr>
<td>Capital Lease Obligations</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES ACQUIRED</strong></td>
<td><strong>1.7</strong></td>
</tr>
</tbody>
</table>

| **NET ASSETS ACQUIRED**       | **22.8** |

As detailed above, Amaya acquired CAD$24.5 million in assets and CAD$1.7 million in liabilities related to the Chartwell acquisition. The chart points out that, for a mere net cash outlay of CAD$1.1 million, Amaya acquired CAD$13.4 million in cash and short-term investments and CAD$1.4 million in goodwill. As noted below, Amaya paid CAD$14.5 million in cash and CAD$8.3 million in stock at the time of the acquisition.

Amaya funded the cash portion of the transaction from its working capital and from the proceeds of a private placement of equity on June 15, 2011.
2. CryptoLogic Limited

On April 2, 2012, Amaya acquired 80.79% of the issued share capital of CryptoLogic, a company that offered Internet-based gaming content for virtual casinos and provided software licensing for its Internet gaming software, e-cash systems, customer support, and marketing support. At the time, the shares of CryptoLogic were traded on the London Stock Exchange, NASDAQ and the TSX. On April 3, 2012, Amaya announced that the company took control of the board of CryptoLogic. On July 31, 2012, Amaya acquired the remaining 19.21% of the company.

The following table summarizes the estimated fair value of the identifiable assets and liabilities acquired at the date of acquisition as reported in Amaya’s financial statements:

<table>
<thead>
<tr>
<th>CRYPTOLOGIC</th>
<th>(CAD$ IN MILLIONS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>20.3</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>2.4</td>
</tr>
<tr>
<td>Property and Equipment</td>
<td>1.6</td>
</tr>
<tr>
<td>Goodwill</td>
<td>7.4</td>
</tr>
<tr>
<td>Intangibles</td>
<td>15.8</td>
</tr>
<tr>
<td>Other Assets</td>
<td>2.3</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS ACQUIRED</strong></td>
<td><strong>49.8</strong></td>
</tr>
<tr>
<td>LIABILITIES</td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>4.8</td>
</tr>
<tr>
<td>Provisions</td>
<td>2.8</td>
</tr>
<tr>
<td>Income Taxes Payable</td>
<td>1.4</td>
</tr>
<tr>
<td>Customer Deposits</td>
<td>2.5</td>
</tr>
<tr>
<td>Deferred Taxes</td>
<td>3.2</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES ACQUIRED</strong></td>
<td><strong>14.7</strong></td>
</tr>
<tr>
<td><strong>TOTAL CONSIDERATION</strong></td>
<td><strong>35.1</strong></td>
</tr>
</tbody>
</table>
As detailed above, Amaya acquired total assets of CAD$49.8 million, including CAD$20.3 million in cash, and assumed CAD$14.7 million in liabilities, including CAD$2.5 million in customer fund deposits. In addition to cash, Amaya reported CAD$7.4 million in goodwill and CAD$15.8 million in intangibles.

This acquisition resulted in total consideration of CAD$35.1 million for the CryptoLogic's net assets. Amaya consideration paid included CAD$32.7 million in cash consideration and CAD$2.4 million representing the fair value of equity already owned. Factoring in the CAD$20.3 million in cash acquired as part of the transaction, Amaya paid net cash consideration of $12.4 million on April 2, 2012.

The cash portion of the transaction was funded from Amaya working capital and from proceeds of a private placement of special warrant and convertible debentures offering on January 2012.

3. **Cadillac Jack, Inc.**

On November 5, 2012, Amaya announced that it had completed the purchase of Cadillac Jack, an acquisition previously announced on September 25, 2012, for total consideration of CAD$137 million. Cadillac Jack designs and manufactures video reel slots, wide area and multi-level progressives and Latin-style bingo games. It develops content and technologies specific to the needs of each of the markets it serves, including the Tribal, commercial and charitable gaming markets in the United States and the Mexican gaming market.
### CADILLAC JACK

*(CAD$ in Millions)*

<table>
<thead>
<tr>
<th>ASSETS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>4.7</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>14.2</td>
</tr>
<tr>
<td>Property and Equipment</td>
<td>22.0</td>
</tr>
<tr>
<td>Goodwill</td>
<td>66.3</td>
</tr>
<tr>
<td>Intangibles</td>
<td>48.2</td>
</tr>
<tr>
<td>Other Assets</td>
<td>30.5</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS ACQUIRED</strong></td>
<td><strong>185.9</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>14.3</td>
</tr>
<tr>
<td>Provisions</td>
<td>2.3</td>
</tr>
<tr>
<td>Income Taxes Payable</td>
<td>0.2</td>
</tr>
<tr>
<td>Long-Term Debt</td>
<td>20.0</td>
</tr>
<tr>
<td>Deferred Taxes</td>
<td>12.1</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES ACQUIRED</strong></td>
<td><strong>48.9</strong></td>
</tr>
<tr>
<td><strong>TOTAL CONSIDERATION</strong></td>
<td><strong>137.0</strong></td>
</tr>
</tbody>
</table>

As detailed above, Amaya acquired total assets of CAD$185.9 million, including CAD$4.7 million in cash, and assumed CAD$48.9 million in liabilities, including CAD$20 million in long-term debt. As a result, this acquisition resulted in total consideration of CAD$137 million for Cadillac Jack's net assets.

The acquisition was funded through a combination of cash on hand and a $110 million Term Loan secured by Cadillac Jack’s assets.

### 4. Ongame Network

On November 1, 2012, Amaya announced that it had completed the purchase of Ongame, a business-to-business online poker network operating multiple poker brands in Europe, from
bwin.party digital entertainment plc. ("bwin") for 25 million Euros on a cash-free and debt-free basis, which included a contingent consideration of up to 10 million Euros to become payable by Amaya if there is regulated online gaming in the United States within five years of completion of the acquisition. The exact amount of the contingent consideration depends upon the extent of United States regulation of online gaming, including the number of states that regulate it and the total population living in those regulated states.

The following table summarizes the estimated fair value of the identifiable assets and liabilities acquired, at the date of acquisition as reported in Amaya’s financial statements:

<table>
<thead>
<tr>
<th>ONGAME NETWORK (CAD$ IN MILLIONS)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
</tr>
<tr>
<td>Cash</td>
</tr>
<tr>
<td>Accounts Receivable</td>
</tr>
<tr>
<td>Property and Equipment</td>
</tr>
<tr>
<td>Goodwill</td>
</tr>
<tr>
<td>Intangibles</td>
</tr>
<tr>
<td>Other Assets</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS ACQUIRED</strong></td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
</tr>
<tr>
<td>Accounts Payable</td>
</tr>
<tr>
<td>Provisions</td>
</tr>
<tr>
<td>Income Taxes Payable</td>
</tr>
<tr>
<td>Customer Deposits</td>
</tr>
<tr>
<td>Deferred Taxes</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES ACQUIRED</strong></td>
</tr>
<tr>
<td><strong>TOTAL CONSIDERATION</strong></td>
</tr>
</tbody>
</table>

With the Ongame acquisition, Amaya acquired total assets of CAD$47.3 million, including CAD$4.9 million in cash, and assumed CAD$31.5 million in liabilities, including
CAD$15.7 million in customer fund deposits. As a result, this acquisition resulted in total consideration of CAD$15.8 million for the Ongame net assets.

Amaya funded the acquisition of Ongame by cash reserves. Amaya’s consideration included CAD$10.6 million in cash consideration. In addition, the transaction included CAD$5.2 million related to a contingent consideration based on expanded online gaming in the United States. Taking account of the impact of the CAD$4.9 million in cash acquired as part of the transaction, Amaya paid net cash consideration of CAD$5.7 million on November 1, 2012.

5. Diamond Game Enterprises

On February 14, 2014, Amaya announced that it had acquired 100% of the issued and outstanding securities of Diamond Game, a private company that designed and manufactured gaming related products for the global casino gaming and lottery industries. It has two primary business units: its Casino Products division develops products for the video lottery terminal, Class II, Class III, commercial casino and racetrack markets; and its Lottery Products division creates products for the public gaming and charity markets, including instant ticket vending machines. The purchase price was CAD$28.5 million, subject to customary post-closing purchase price adjustments.

The following table summarizes the estimated fair value of the identifiable assets and liabilities acquired at the date of acquisition as reported in Amaya’s financial statements:
<table>
<thead>
<tr>
<th>ASSETS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>0.4</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>1.7</td>
</tr>
<tr>
<td>Property and Equipment</td>
<td>6.4</td>
</tr>
<tr>
<td>Goodwill</td>
<td>18.2</td>
</tr>
<tr>
<td>Intangibles</td>
<td>11.9</td>
</tr>
<tr>
<td>Other Assets</td>
<td>0.9</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS ACQUIRED</strong></td>
<td><strong>39.5</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>3.6</td>
</tr>
<tr>
<td>Provisions</td>
<td>2.3</td>
</tr>
<tr>
<td>Income Taxes Payable</td>
<td>0.2</td>
</tr>
<tr>
<td>Customer Deposits</td>
<td>2.1</td>
</tr>
<tr>
<td>Deferred Taxes</td>
<td>2.8</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES ACQUIRED</strong></td>
<td><strong>11</strong></td>
</tr>
</tbody>
</table>

| **TOTAL CONSIDERATION**        | **28.5** |

With the Diamond Game acquisition, Amaya acquired total assets of CAD$39.5 million, including CAD$0.4 million in cash, and assumed CAD$11.0 million in liabilities. As a result, this acquisition resulted in total consideration of CAD$28.5 million for Diamond Game's net assets.

Amaya funded the cash consideration for the transaction through its cash reserves.

**G. Divestitures**

Since 2011, Amaya has completed six acquisitions, including most recently the PokerStars/Pyr acquisition in September 2014. While Amaya's first five acquisitions were in the business-to-business segment, the PokerStars acquisition represents the company’s entrance into the business-to-consumer segment.
After it acquired PokerStars, Amaya management indicated that the company has been exploring certain strategic transactions to divest its business-to-business operations and to use the proceeds to repay outstanding indebtedness and/or repurchase the company’s stock. According to the company, its fundamental objective was to expedite Amaya’s transition into the business-to-consumer segment while maximizing shareholder value. Consistent with its divestiture plan, Amaya completed the sale of Ongame in November 2014, and the 2015 spinoff of Diamond Game and agreement to sell Cadillac Jack. The 2014 and 2015 divestitures are detailed below:

1. **CryptoLogic and Amaya (Alberta) Inc. f/k/a Chartwell Technology Inc.**

   After the November 2014 sale of Ongame, Amaya entered into an agreement with NYX Gaming that granted NYX Gaming a right of first offer to purchase the business-to-business online casino operations of CryptoLogic and Amaya Alberta (formerly Chartwell).

   On April 9, 2015, Amaya entered into a share purchase agreement with NYX Gaming ("NYX Transaction"), whereby NYX Gaming agreed to purchase from Amaya all of the issued and outstanding shares of Amaya’s subsidiaries, Amaya Alberta and Cryptologic, on a cash-free and debt-free basis. The total consideration for the NYX Transaction is CAD$150 million, subject to working capital adjustments. The NYX Transaction closed on July 31, 2015.

2. **WagerLogic Malta Holdings Ltd.**

   In February 2014, Amaya sold its subsidiary, WagerLogic Malta Holdings Ltd. ("WagerLogic"), Cryptologic’s business-to-consumer facing subsidiary, to Goldstar Acquisitionco Inc. ("Goldstar") for approximately $70 million ("Purchase Price"), less certain closing adjustments. The Purchase Price was satisfied through a cash consideration of $52.5 million and a promissory note of $10 million. WagerLogic operates an online casino through its "Inter" brand, which primarily includes InterCasino, InterPoker and InterBingo ("InterCasino Business"). Amaya acquired the InterCasino Business through its acquisition of CryptoLogic in July 2012.

   As of December 31, 2014, Amaya continued to license online casino games to WagerLogic for the InterCasino Business. In addition, Amaya owned certain securities related to the InterCasino Business as of December 31, 2014.

3. **Sale of Cadillac Jack, Inc.**

   On March 30, 2015, Amaya announced that it entered into a definitive agreement to sell all of the issued and outstanding shares of Amaya Americas, the indirect parent company of Cadillac Jack, to AGS for approximately CAD$476 million. AGS is an affiliate of funds managed by Apollo Global Management, LLC ("Apollo"). Amaya closed the sale on May 29, 2015. Amaya used the net proceeds from the sale primarily for the repayment of Cadillac Jack’s debt and for the working capital purposes of Amaya.
4. **Ongame Network**

In November 2014, pursuant to a sale and transfer agreement, Amaya sold Ongame to NYX Gaming (Gibraltar) Limited, a wholly owned subsidiary of NYX Gaming, for a purchase price based on a multiple of Ongame’s EBITDA for the year ended December 31, 2015, less any required working capital adjustments. The purchase price is payable in 2016.

In connection with this divestiture, Amaya and NYX Gaming entered into a strategic investment transaction pursuant to which NYX Gaming issued, and Amaya purchased a CAD$10 million unsecured convertible debenture on November 17, 2014.

5. **Spinoff of Diamond Game Enterprises**

On March 26, 2015, Amaya announced that its newly-formed wholly owned subsidiary, Innova Gaming Group, Inc. (“Innova”), had filed a preliminary prospectus in respect of Innova’s proposed IPO of common shares with the securities regulatory authorities in all of the provinces and territories in Canada (“Offering”). Innova was formed by Amaya as a mechanism to spin off Diamond Game, a subsidiary of Amaya, for a consideration paid in Innova Shares (“Shares”).

On May 5, 2015, Amaya completed the Offering, and the stock commenced trading on the TSX under the symbol “IGG”. As of closing, Amaya owned 8,180,000 Shares, representing approximately 40% of the issued and outstanding Shares. If the over-allotment option is exercised in full, Amaya’s retained interest will be reduced to 6,339,500 Shares, representing approximately 31% of the issued and outstanding Shares.

H. **Audited Financial Statements**

The Quebec public accounting firm Richter LLP (“Richter”) audited Amaya’s consolidated annual financial statements (“Audited Statements”) and related notes for the five-year period ending December 31, 2013. For the calendar years ending December 31, 2010 through 2013, inclusive, Richter expressed an unmodified opinion that Amaya’s financial statements presented fairly, in all material aspects, the financial position of Amaya and its subsidiaries for each respective year in accordance with IFRS.


On March 31, 2015, Deloitte expressed an unmodified opinion that Amaya’s 2014 Audited Statements presented fairly, in all material aspects, the financial position of Amaya and its subsidiaries for the year ending December 31, 2014, in accordance with International Financial
Reporting Standards. Further, on that date, Deloitte issued an opinion stating that certain restructuring charges related to the 2013 financial statements were properly stated.

The Division’s review of the above audited statements, including a detail review of Amaya’s accounting and related reporting, did not reveal any adverse items that required further investigation.

I. Taxation

During the investigation, the Division reviewed Amaya’s tax return information for the 2008-2014 calendar years. For these years, Amaya filed a consolidated corporate income tax return and related schedules as well as in the various Canadian provinces, localities and foreign jurisdictions where its subsidiaries operate. Before 2013, Amaya generated operating losses on a tax return basis resulting in Amaya reporting a net deferred income tax asset that provides deductible non-capital losses to be available to offset taxable income in future periods. Amaya reported current income tax of CAD$8 million in 2014 and CAD$8.5 million in 2013. Primarily due to deductions for foreign non-capital losses, Amaya paid CAD$1.1 million in income taxes in 2014 and CAD$3.2 million in income taxes in 2013.

Further, Amaya’s deferred taxes have been significantly impacted by its acquisition of assets since 2011 that, prior to Amaya’s ownership, generated tax basis operating losses.

The table below provides a brief summary of Amaya’s most recent consolidated income tax provision (benefit) attributable to income (loss) before income taxes for Amaya’s domestic and foreign operations for the year ending December 31, 2014 through December 31, 2008.
<table>
<thead>
<tr>
<th>AMAYA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic and Foreign Operation</td>
</tr>
<tr>
<td>For the Year-Ended December 31, 2014 through December 31, 2008</td>
</tr>
<tr>
<td><em>(CAD$ in Thousands)</em></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory Income Tax</td>
<td>17,543</td>
<td>5,623</td>
<td>(2,756)</td>
<td>(1,221)</td>
<td>(53)</td>
<td>200</td>
<td>208</td>
</tr>
<tr>
<td>Income Tax</td>
<td>8,028</td>
<td>8,566</td>
<td>(2,969)</td>
<td>(1,960)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Deferred Income Tax (Asset)</td>
<td>54,788</td>
<td>13,330</td>
<td>14,249</td>
<td>3,427</td>
<td>1,180</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Deductible Non-Capital Losses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td>43,368</td>
<td>25,879</td>
<td>28,329</td>
<td>19,385</td>
<td>3,764</td>
<td>472</td>
<td>348</td>
</tr>
<tr>
<td>Provincial</td>
<td>47,121</td>
<td>19,549</td>
<td>21,998</td>
<td>8,847</td>
<td>3,600</td>
<td>1,156</td>
<td>1,230</td>
</tr>
</tbody>
</table>

The Division’s review of Amaya’s income tax returns from 2008 through 2014 revealed no items that required further investigation or action.

J. NASDAQ Listing

On May 27, 2015, Amaya announced that the NASDAQ approved the listing of its common shares on the NASDAQ Global Select Market. Trading commenced on June 8, 2015, under the symbol “AYA.” Amaya's common shares will also continue trading on the TSX exchange in Toronto.

K. Corporate Organization

Separate and apart from its review of Amaya’s financial records, the Division evaluated the company’s corporate organization and governance.

1. Amaya Board of Directors

The Board of Directors’ (“Board’s”) activities are guided by the Charter of the Board of Directors (“Board Charter”) that was adopted by the Board on June 30, 2014. The Board Charter establishes that Amaya’s Board consists of six (6) members, with two (2) members being in management and four (4) being independent members of the Board. The Board is required to meet at least four times a year. Baazov serves as Chairman of the Board and has been a director.
since January 1, 2006. He is also a member of management and is a major shareholder, owning approximately 18.4% of the company on a non-diluted basis as of March 30, 2015. Sebag is the other management member on the Board. He has been a member of the Board since May 11, 2010.

The four independent members of Amaya’s Board are as follows:

- Gen. Wesley Clark, Sr. (Director since May 11, 2010)
- Harlan Goodson (Director since May 11, 2010)
- Divyesh Gadhia (Director since May 11, 2010)
- Dr. Aubrey Zidenberg (Director since July 30, 2014)

2. Amaya Management Team

The following individuals, with their respective titles, are Amaya’s corporate senior executives. They are responsible for the management of Amaya’s subsidiaries.

- David Baazov (Chairman, President & CEO)
- Daniel Sebag (Chief Financial Officer and Director)
- Marlon Goldstein (EVP, Corporate Development and General Counsel)

3. Control Environment and Compliance

Amaya’s primary corporate governance, regulatory compliance, and audit controls (“Control Environment”) have historically been the responsibility of its Audit Committee and Corporate Governance Committee, which consists of independent members of its Board and members of its executive management. Additionally, Amaya’s Control Environment has been supplemented by the annual audit of its financial statements by Deloitte, as well as internal compliance functions performed by its operating subsidiaries. Further, in early 2013, in order to improve the Control Environment, Amaya established an independent Compliance Committee.

a. Audit Committee

Amaya’s Audit Committee is appointed by the Board to assist in the monitoring of:

- Financial Reporting and Risk Management
- Internal Controls and the Audit Function
- Audit Process-Appointment of External Auditor
- Compliance with Policies and Procedures
- Preparation of Audit Committee Reviews

The Audit Committee’s activities are guided by the Charter of the Audit Committee (“Audit Charter”) that was adopted by the Board on June 30, 2014. The Audit Charter stipulates that the Audit Committee must be comprised of at least three (3) independent directors appointed
by the Board and must meet at least four times a year. Overall, the Audit Committee’s role is one of oversight, with Amaya’s management ultimately responsible for preparing the financial statements and the operations of the company. One member of the Audit Committee must be considered a financial expert in the financial profession.

As of December 31, 2014, Amaya’s Audit Committee was comprised of the following individuals:

- Harlan Goodson (Chairman)
- Divyesh Gadhia, a Chartered Accountant who serves as the Audit Committee’s required financial expert; and,
- Gen. Wesley Clark Sr.

b. Corporate Governance Committee

The Board appoints Amaya’s Corporate Governance Committee to assist in monitoring of the following:

- Developing policies regarding corporate governance for Amaya
- Reviewing regulatory issues with the senior management of Amaya
- Identifying the skill sets, in conjunction with management, which would be optimum on the Board for purposes of long term shareholder value creation
- Identifying candidates for director positions and recommending that the Board select qualified director candidates for election at each annual meeting of shareholders
- Reviewing issues regarding the appointment, training, compensation and succession of the directors and members of Amaya’s senior management

The Corporate Governance Committee is also responsible for administering Amaya’s Disclosure, Confidentiality and Trading Policy (“the policy”). The policy establishes blackout periods regarding transactions in the securities of Amaya by its directors, senior management and consultants. The policy considers information as material if it would reasonably be expected to result in a significant change in the market price or value of any of Amaya’s securities or if the information would be considered important by investors making decisions to buy or sell securities of Amaya.

The Corporate Governance Committee also reviews proposals presented to the Board by the shareholders. The Committee can either make recommendations concerning the proposal or refers such proposals to Amaya’s chief executive officer for the latter to make recommendations. This committee also makes recommendations for enhancing compliance with relevant regulatory requirements and best practices regarding corporate governance. The committee also has oversight for the company’s comprehensive Code of Conduct, which requires all officers, directors and employees to observe high standards of business and personal ethics as they carry
out their duties and responsibilities. Further, this committee oversees Board-approved policies including the Anti-Bribery/Anti-Corruption Policy and Whistle Blower Policy.

The Corporate Governance Committee activities are guided by the Charter of the Corporate Governance Committee (“Governance Charter”). The Board adopted the Governance Charter on June 30, 2014 as amended. The Governance Charter indicates that the Corporate Governance Committee must be comprised of at least three (3) independent directors appointed by the Board of Directors. Overall, the Corporate Governance Committee’s role is one of oversight and Amaya’s management is responsible for compliance with its governance policies. As of December 31, 2014, Amaya’s Corporate Governance Committee was comprised of the following individuals:

- Harlan Goodson\(^{17}\)
- Divyesh Gadhia
- Gen. Wesley Clark, Sr.

**c. Compliance Committee**

On March 5, 2013, Amaya’s Board approved the formation of the Compliance Committee to provide corporate governance practices in the interest of shareholders and contribute to prudent and effective decision-making. The Compliance Committee is charged with the responsibility to enhance Amaya’s corporate governance and ethical business conduct by monitoring the company’s best practices, transparency, and accountability. The Compliance Committee’s activities are guided by the Corporate Compliance Plan (“Compliance Plan”), which the Board adopted on June 30, 2014.

As of December 31, 2014, Amaya’s Compliance Committee was comprised of the following five (5) individuals, including two (2) members of Amaya’s executive management, one (1) director of the Board, and two (2) independent members.

- Tom Auriemma, Chair\(^{18}\)
- Ben Soave\(^{19}\)
- Harlan Goodson\(^{20}\)
- Marlon Goldstein, EVP, Corporate Development and General Counsel
- Daniel Sebag, Chief Financial Officer

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\(^{17}\)Former California Superior Court Judge and former Director of the California Division of Gambling Control.

\(^{18}\)Former Director of the New Jersey Division of Gaming Enforcement.

\(^{19}\)Former Chief Superintendent of the Royal Canadian Mounted Police.

\(^{20}\)Former Director of California’s Division of Gambling Control; Served as Judge Pro Tempore for the Superior Court.
Amaya’s Compliance Plan further contemplates hiring additional employees to enhance Amaya’s management team dedicated to compliance and regulatory issues. It includes hiring a Compliance Officer and a legal counsel dedicated to managing compliance and regulatory issues related to Amaya’s expanded operations. Goldstein and Mincoff are Amaya’s principal employees responsible for compliance and regulatory issues.

L. Regulation of Business Activities

Amaya’s business-to-consumer subsidiaries, specifically those entities associated with the PokerStars and FullTilt brands and platforms, operate pursuant to licenses granted by gaming authorities in the IOM, Malta, and other European countries. Each of these licenses authorizes the company’s subsidiaries to offer and operate online real-money games including poker, casino games, and betting, including sports betting, in certain permissible jurisdictions. Licenses granted to Amaya’s business-to-consumer subsidiaries by gaming regulators in the IOM and Malta generally permit Amaya to operate and accept customers in various jurisdictions around the world except those jurisdictions that have an independent regulatory and licensing framework that expressly requires licensure. Amaya subsidiaries that hold Malta licenses use these licenses to offer services to residents in other European Union countries in compliance with established European Union principles of free movement of services within the European Union. Amaya management expects its subsidiaries to seek additional licenses and approvals to operate in other jurisdictions that enact laws permitting online gaming.

The Division’s review of Amaya’s corporate annual filings and related disclosures did not reveal any noteworthy or adverse items related to the above jurisdictions that required further investigation, with the exception of Italy.

Amaya’s business-to-business subsidiaries operate pursuant to licenses granted by gaming authorities in several jurisdictions throughout the world, the most significant of which include the United States, Canada, Mexico, Malta and Gibraltar.

Amaya’s Withdrawal of Internet Gaming Operations in Certain Jurisdictions Subsequent to Its Acquisition of PokerStars

After Amaya acquired PokerStars, it withdrew the PokerStars brand from 34 “grey markets” that do not specifically authorize or prohibit gaming.

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21 A list of licenses held by Amaya and its subsidiaries in the business-to-consumer business is set forth in the Division’s review of Amaya Holdings (IOM) in Section VI of this Report.

22 This issue is addressed in Section VI of this Report.
M. Record Checks

In 2013, the Division conducted record checks on Amaya and its qualifiers, with respect to criminal activity, liens, judgments, civil suits, and bankruptcy filings. The Division’s review revealed an investigation by Canadian securities regulators as detailed in Section N below, which the Division determined was not currently derogatory. Thus, the Division’s review of the record checks did not reveal any material derogatory information.

N. Investigation by Canadian Securities Regulators Relating to the PokerStars Acquisition

On December 10, 2014, the Autorité des marchés financiers (“AMF”), the securities regulatory authority in the Province of Quebec, executed a search warrant at Amaya’s Montreal offices as part of an investigation into trading activities in Amaya’s stock surrounding the company’s PokerStars acquisition (“AMF Investigation”). On the same day, the AMF also executed search warrants at the offices of two investment bank firms that work with Amaya. Baazov and Sebag have confirmed that the AMF warrant names them, along with a third Amaya employee.

According to Amaya, the AMF Investigation and inquiry by FINRA do not involve any allegations of wrongdoing by Amaya or its employees. Amaya has stated that it has and will continue to cooperate, if and as requested, consistent with its practice to always cooperate with regulatory authorities.

Amaya conducted an internal review of the AMF allegations, supervised by its independent Board members with the assistance of outside counsel, which included a thorough review of the internal activities surrounding the PokerStars acquisition. Outside counsel provided the Board with a verbal opinion that, after extensive document review, interviews with Baazov, Sebag, and others, it did not find any evidence that implicated any Amaya employees in activities that could be characterized as a violation of Canadian securities law, including tipping and insider trading.

According to Amaya, its Compliance Committee and independent Board members have thoroughly reviewed the relevant internal activities around the acquisition of Oldford Group and has found no evidence of any violation of Canadian securities laws or regulations including tipping or insider trading by Baazov, Sebag, or any other identified Amaya employee. Additionally, Amaya stated that the AMF has not provided the company with any evidence that any executives, directors, or employees violated any securities laws or regulations.

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23 Public reports also disclosed that, on July 8, 2014, and December 9, 2014, Amaya received written inquiries from the United States Financial Industry Regulatory Authority (“FINRA”) seeking information from Amaya and a number of its financial advisors regarding communications with certain investors relating to the PokerStars acquisition. FINRA is not a government agency. Rather, it is a private self-regulatory body established by the United States financial industry.
Both Baazov and Sebag certified that they did not sell any shares of Amaya prior to the acquisition of PokerStars and that they did not provide any confidential information related to the acquisition.

As of July 1, 2015, the AMF Investigation has not resulted in any proceedings and no charges have been filed. Amaya management has issued several public statements stating that the company is confident that at the end of the investigation the AMF will come to the same conclusion as Amaya: that if there were violations of Canadian securities laws, they were not committed by Amaya, its officers or directors.

The Division will continue to monitor the AMF investigation.

VI. INVESTIGATION OF AMAYA GROUP HOLDINGS (IOM) LIMITED

The Division conducted a full plenary investigation of Amaya Holdings (IOM), the parent company for all aspects of the PokerStars and FullTilt businesses. The investigation allowed the Division to better understand Oldford Group’s pre-acquisition business operations, determine what senior executives were involved in management decisions, and how the company will be organized and managed after the Amaya acquisition.

Before it was purchased by Amaya, Oldford Group was organized as the ultimate holding company of Rational Group and the PokerStars and FullTilt group of companies. Further, Oldford Group also subcontracted with Pyr for the development and maintenance of the online gaming software and platform of the PokerStars brand and licensed PokerStars related software to Rational Entertainment Enterprises Limited (“Rational Entertainment”), a Rational Group subsidiary. Rational Entertainment currently holds pokerstars.com and related revenues and employs certain IOM employees (i.e., finance, legal, and IT). Subsequent to the acquisition, Amaya Holdings (IOM) replaced Oldford Group and assumed control of these subsidiary entities.

Amaya Holdings (IOM) is a holding company of Amaya NJ. It will also serve as the holding company of other New Jersey applicants, including Rational Treasury (payment processing), Amaya US (New Jersey office), and Rational Social Projects Limited (“Rational Social”) (social and mobile gaming).

A. Nature of Business

Amaya Holdings (IOM), through its wholly owned subsidiary, Amaya Group, has two primary brands: PokerStars and FullTilt. Since the PokerStars acquisition in August 2014, Amaya Holdings (IOM), through Amaya Group Limited, has maintained PokerStars and FullTilt as two distinct brands with separate online and mobile gaming platforms (although not sharing player liquidity). As part of this dual brand strategy, Amaya Holdings (IOM) has kept the PokerStars and FullTilt development teams separate, allowing both to continue creating distinct user experiences while permitting its customers to link accounts between the sites, thereby simplifying
the transfer of funds and game play. The company also is involved in other gaming services, including social gaming.

In addition to expected growth in online and mobile poker in existing and new markets, Amaya Holdings (IOM) seeks to be involved in online and mobile casino, sports book and fantasy sports and is expanding upon its current social gaming offering.

Sports Book

Amaya expects to launch sports betting in authorized jurisdictions, initially for sporting events and later for horse and dog races, under the PokerStars brand beginning in the first half of 2015, first within select jurisdictions on the PokerStars global network and later in additional markets and through mobile platforms.

Fantasy Sports

On July 31, 2015, Amaya finalized a joint venture with Victiv, LLC, a daily fantasy sports (“DFS”) site controlled by Ruckus Gaming, LLC (“Victiv”), to operate a DFS website. Pursuant to the terms of the joint venture, Victiv contributed the assets of its website in exchange for an equity interest of the joint venture. Amaya, in exchange for an equity interest of the joint venture, agreed to provide, branding and marketing, including to its database. There was no cash consideration as part of the deal. Following the transaction, on September 8, 2015, Amaya rebranded Victiv as “StarsDraft” and launched DFS ahead of the start of the 2015 NFL season.

Live Poker Tours and Poker Events

Amaya Holdings (IOM) also produces some of the world’s largest live poker tours and televised poker events at casinos in major cities around the world.

B. The Division’s Investigation of Amaya Holdings (IOM)

The Division’s investigation of Amaya Holdings (IOM) covers the seven year period from January 1, 2008 through December 31, 2014, and included a full field investigation with a complete review of the organizational documents, charts of accounts, and gaming licenses of Amaya Holdings (IOM) and related companies in the various gaming venues around the world.

The Division interviewed Amaya Holdings (IOM) senior executives, including Hazel (CFO, Interim CEO), Rosenthal (COO), Fredrik Ekdahl (Director of Corporate Affairs) and Guy Templer (Group Director-Business Development and Strategy). Additionally, the Division interviewed various personnel familiar with the operations of various gaming subsidiaries to gain insight into their Internet gaming operations, their organizational structure, and the licensing standards of the gaming jurisdictions in which the company is presently conducting business. Those interviewed include Gregory Petts (Director of Internal Audit), Ian Feather (Director of Business Development), Donna Crellin (Director of Treasury), Andrew Smyth (Director of Tax),
and Steven Winter (Director of Game Integrity). The Division also reviewed presentation slides from certain management officials, including Matthew Robins (Director of Compliance), Morten Tonnesen (Director of Group Marketing), Vadim Soloveitchik (Director of PokerStars Marketing), and Dominic Mansour (Managing Director, FullTilt).

The Division also met with Amaya’s current Public Auditor, Deloitte, to discuss, among other things, the 2014 audited financial statements (“2014 Audited Statements”). For the year ended December 31, 2014, Amaya Holdings (IOM) results were consolidated with Amaya’s 2014 Audited Statements. Amaya completed the PokerStars acquisition in August 2014, and, as a result, the operating results of Amaya Holdings (IOM) have been consolidated into Amaya’s financial statements from August 1, 2014 to the present.

C. Corporate Formation

A Memorandum of Association and Articles of Association were filed for Oldford Group by the registered agent on October 10, 2001, with the Territory of the British Virgin Islands (“BVI”) as a limited share company under the BVI Business Companies Act 2004. On November 20, 2013, a Certificate of Continuation for Oldford Group was filed by the registered agent with the Department of Economic Development, Registrar of Companies, in the IOM. On November 26, 2013, the company discontinued as a BVI company. Oldford Group was registered in the IOM as a limited share company with its Memorandum and Articles of Association (“Corporate Articles”) under the IOM Companies Act of 2006.

On August 1, 2014, the company filed a Certificate of Registration of Scheme of Merger under the IOM Companies Act of 2006 between Oldford Group and Titan IOM Mergerco Ltd. (“MergerCo”), with the surviving company being Oldford Group. On October 2, 2014, the company further amended its Corporate Articles to effectuate a company name change to “Amaya Group Holdings (IOM) Limited” with its principal office in Quebec, Canada.

Under its Corporate Articles, Amaya Holdings (IOM) is a limited share company with a maximum 1,000,000,000 authorized ordinary shares at $.001 par value. As of May 30, 2015, Amaya Holdings (IOM) had 10,000,100 ordinary shares issued and outstanding that are issued to Amaya BV. As stipulated in the Corporate Articles, each share grants the right to one vote at a meeting of members of the company, the right to an equal share in any dividend paid by the company, and the right to an equal share in the distribution of surplus assets of the company.

D. Corporate Organization

1. Board of Directors

a. Oldford Group Board

Before Amaya acquired it, Oldford Group’s Board of Directors (“Board”) consisted of two members: Mark Scheinberg (a director since July 18, 2012) and Pinhas Schapira, Chairman (a
director since October 12, 2001). Effective August 1, 2014, both these Board members resigned their director positions with the company.

b. Acquisition Transitional Board

At the time of the acquisition on August 1, 2014, Amaya Holdings (IOM)’s Board consisted of seven (7) members, with three (3) members being management of Amaya and four (4) being independent members of the Board. Baazov was appointed chairman of the Board on August 1, 2014. In addition to Baazov, the other Amaya management members on the Board were Sebag and Goldstein. The four independent members of the Board at that time were as follows:

<table>
<thead>
<tr>
<th>NAME</th>
<th>DIRECTOR SINCE</th>
<th>OCCUPATION</th>
<th>NATIONALITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andrew Baker</td>
<td>August 1, 2014</td>
<td>Lawyer</td>
<td>British</td>
</tr>
<tr>
<td>Richard Vanderplank</td>
<td>August 1, 2014</td>
<td>Advocate</td>
<td>British</td>
</tr>
<tr>
<td>Oliver Webster</td>
<td>August 1, 2014</td>
<td>Corporate Mgr.</td>
<td>British</td>
</tr>
<tr>
<td>Derek Myers</td>
<td>August 1, 2014</td>
<td>Corporate Mgr.</td>
<td>British</td>
</tr>
</tbody>
</table>

On March 4, 2015, by written resolutions of the Board, Baazov, Andrew Baker, Richard Vanderplank, Oliver Webster, and Derek Myers resigned as Directors of Amaya Holdings (IOM).

c. Current Board of Directors

Amaya Holdings (IOM)’s Board currently consists of five (5) members with three (3) members being management of the company at the time of their appointment and (2) members being management of Amaya, as follows:

<table>
<thead>
<tr>
<th>NAME</th>
<th>DIRECTOR SINCE</th>
<th>COMPANY</th>
<th>NATIONALITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marlon Goldstein</td>
<td>August 1, 2014</td>
<td>Amaya, Inc.</td>
<td>Canadian</td>
</tr>
<tr>
<td>Daniel Sebag</td>
<td>August 1, 2014</td>
<td>Amaya, Inc.</td>
<td>Canadian</td>
</tr>
<tr>
<td>Michael Hazel</td>
<td>March 4, 2015</td>
<td>Amaya Holdings (IOM)</td>
<td>Irish</td>
</tr>
<tr>
<td>Israel Rosenthal</td>
<td>March 4, 2015</td>
<td>Amaya Holdings (IOM)</td>
<td>Israeli</td>
</tr>
</tbody>
</table>
### Executive Officers

#### a. Management Reorganization

Amaya’s acquisition resulted in the resignation and replacement of almost all of the PokerStars entities executive officers. Historically, the PokerStars entities were managed by a management team in the IOM. Prior to the PokerStars acquisition, Oldford Group’s primary executive officers were Mark Scheinberg, who had been acting CEO of Oldford Group since February 1, 2012; Pinhas Schapira, who had held the position of Treasurer since October 12, 2001; Hazel, who held the position of Finance Director since July 1, 2009; and Paul Andrew Telford, who held the position of General Counsel since March 11, 2009. In addition, prior to his September 12, 2012 resignation, Isai Scheinberg held the position of Chief Technology Officer and Head of Poker.  

Scheinberg, Schapira, and Telford all resigned upon Amaya’s acquisition of the PokerStars Entities.

#### b. Corporate Oversight and New Management Team

Amaya Holdings (IOM) has implemented a more centralized approach for managing many functions of the PokerStars entities than it has historically taken with respect to its other companies that largely offered business-to-business gaming products. Baazov, Sebag and Goldstein served as transitional principal executives with oversight for the management of Amaya IOM holding operations.

Baazov oversees the management reorganization of Amaya Holdings (IOM) as well as the strategy to expand the PokerStars online platform to other casino games and other vertical business lines. Sebag monitors the cash flow and financial control of Amaya Holdings (IOM). Goldstein is responsible for the company’s legal, regulatory compliance, and corporate development functions.

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24Isai Scheinberg’s resignation was required by the USDOJ settlement.
Subsequent to the acquisition, Amaya’s executive team has placed the following employees at a senior executive level to run the day-to-day operations of Amaya Holdings (IOM):

<table>
<thead>
<tr>
<th>NAME</th>
<th>POSITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michael Hazel</td>
<td>CFO, Interim CEO</td>
</tr>
<tr>
<td>Israel Rosenthal</td>
<td>Director of Operations/Interim COO</td>
</tr>
<tr>
<td>Fredrik Ekdahl</td>
<td>Director Corporate Affairs</td>
</tr>
<tr>
<td>Steve Kraut</td>
<td>Director Corporate Affairs</td>
</tr>
<tr>
<td>Guy Templer</td>
<td>Director Business Development and Strategy</td>
</tr>
<tr>
<td>Donna Crellin</td>
<td>Director of Treasury</td>
</tr>
<tr>
<td>Gregory Petts</td>
<td>Director of Internal Audit</td>
</tr>
<tr>
<td>Ian Feather</td>
<td>Director of Business Development</td>
</tr>
<tr>
<td>Matthew Robins</td>
<td>Director of Compliance</td>
</tr>
<tr>
<td>Ronen Ben-Chetrit</td>
<td>Chief Technology Officer</td>
</tr>
<tr>
<td>Meron Shani</td>
<td>Corporate Controller</td>
</tr>
</tbody>
</table>

E. Control Environment and Compliance

Before the PokerStars acquisition, Amaya Holdings (IOM) was a private company with no regulatory requirement to have independent members on the Board or the Audit Committee. Because Amaya Holdings (IOM) now is central to the management and oversight of the PokerStars entities, Amaya has extended its corporate governance, regulatory compliance, and financial controls (“Control Environment”) to Amaya Holdings (IOM). This includes Amaya’s Compliance Plan and its independent Compliance Committee (“Independent Compliance Committee”).

1. Board Audit Committee

Amaya’s Holdings (IOM)’s primary corporate governance, regulatory compliance, and audit controls have historically been the responsibility of the Board Audit Committee (“Board Audit Committee”), which consisted of members of its Board and certain members of its executive management.

The Board Audit Committee’s role is one of oversight; the company’s management is ultimately responsible for preparing the financial statements and the operations of the company.
In the years prior to the PokerStars acquisition, the Committee consisted of Telford (General Counsel), Hazel (CFO), Schapira (Director), and was attended by Petts (Director of Internal Audit). Telford and Schapira have resigned their positions on the Committee.

The Board Audit Committee is currently comprised of two members of the Board (Hazel and Rosenthal) and two management participants (Director of Internal Audit, Petts and the Director of Corporate Affairs, Ekdahl). Petts, while not a member of the Board Audit Committee, attends each meeting and provides an update to the Committee on any material issues.

The Board Audit Committee is appointed to assist the Board in monitoring the compliance matters as listed below:

- Financial Reporting and Risk Management
- Internal Controls and the Audit Function
- Jurisdictional Compliance
- Corporate Policies and Procedures, including Code of Conduct, Anti-bribery Policies
- Operational Compliance, including data privacy, player liability, game integrity, problem gambling support

2. **Review of Board Audit Committee Minutes**

The company’s Audit Committee meets four times a year. The Division reviewed its meeting minutes from 2009 through 2015 and found no items of an adverse nature.

3. **Integrated Compliance Program**

The company has taken the following actions to integrate Amaya Holdings (IOM) into Amaya’s compliance functions:

- Appointed Amaya Senior Management to Amaya Holdings (IOM)’s Board (Goldstein/Sebag)
- Appointed Amaya Holdings (IOM)’s Senior Legal Executive (Ekdahl) to Report to Amaya Senior Manager
- Created a New Integrated Amaya Compliance Organizational Structure
- Established an Executive Level Group Compliance Officer Position (Open)
- Established a Group Compliance Manager Position (Open)
- Established an Operational Compliance Department which reports to a Group Compliance Officer
- Created a Group Compliance Officer who Reports to Goldstein, Executive Vice President, Corporate Development and General Counsel

According to Amaya, these initiatives will provide corporate governance, regulatory and compliance oversight of the operations of Amaya Holdings (IOM) and its subsidiaries operating
the PokerStars and FullTilt business. These corporate level initiatives are in addition to Amaya Holdings (IOM) operational compliance activities.

4. Integrated Compliance Structure

The Division has reviewed the company’s New Integrated Compliance Organizational Structure. Under this structure, Goldstein will have fourteen (14) Amaya and Amaya Holdings (IOM)’s employees reporting to him regarding governance, legal compliance, as well as regulatory and operational compliance matters. The following are certain key positions in this new structure:

<table>
<thead>
<tr>
<th>NAME</th>
<th>POSITION</th>
<th>RESPONSIBILITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fredrik Ekdahl*</td>
<td>Legal (IOM)</td>
<td>IOM Legal Matters, IP, Regulatory Issues, IOM Corporate Affairs</td>
</tr>
<tr>
<td>Compliance Officer*</td>
<td>Open</td>
<td>Group Head for all Corporate and Operational Compliance Matters</td>
</tr>
<tr>
<td>Rob Mincoff*</td>
<td>Legal (Canada)</td>
<td>Canadian Corporate Compliance Matters for Amaya</td>
</tr>
<tr>
<td>Eric Newcomer*</td>
<td>Legal</td>
<td>Transactional Compliance Matters for Amaya</td>
</tr>
<tr>
<td>Matthew Robins</td>
<td>Compliance (IOM)</td>
<td>Operational and Technical Compliance Head for PokerStars and FullTilt</td>
</tr>
</tbody>
</table>

*Individuals report directly to Goldstein.*

F. Security Interests and Subsidiaries

1. Direct Subsidiary Security Interests Held

As of June 15, 2015, Amaya Holdings (IOM) offers Internet gaming through multiple subsidiaries using the PokerStars and FullTilt brands and gaming platforms. In this regard, Amaya Holdings (IOM)’s only New Jersey related primary direct wholly owned subsidiary is Amaya Group Limited, an entity formerly known as Rational Group.

In addition to Amaya Group Limited, Amaya Holdings (IOM) has other direct wholly owned subsidiaries that are inactive.
In addition to the indirect subsidiary interests in Rational Treasury, Rational Intellectual, and Amaya PS Holdings (three qualifying entities of the New Jersey applicants), Amaya Holdings (IOM) has a 100% indirect interest in several other supporting subsidiaries that are actively involved in operating Amaya Group’s PokerStars and FullTilt gaming business.

G. Operational Review

For the five years ended December 31, 2014, Amaya Holdings (IOM)’s revenues increased from $863.6 million in 2010 to $1.1 billion in 2014 as detailed below:

<table>
<thead>
<tr>
<th>AMAYA HOLDINGS (IOM)</th>
<th>(US$ in Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
</tr>
<tr>
<td>Revenue</td>
<td>1,135,135</td>
</tr>
<tr>
<td>Profit (Loss)</td>
<td>416,216</td>
</tr>
<tr>
<td>Margin</td>
<td>36.7%</td>
</tr>
</tbody>
</table>

Similarly, for the five years ended December 31, 2014, Amaya Holdings (IOM) saw its profit increase by $227.8 million from $188.9 million in 2010 to $416.2 million in 2014. In 2011, Amaya Holdings (IOM) reported a $423.9 million loss, primarily related to the USDOJ Settlement which was recognized in that period for accounting purposes.

H. Long-Term Debt, Debt Service, Deferred Payment and Cash Flow

Amaya Holdings (IOM) has historically operated with zero long-term debt on its balance sheet. While the company continued to have zero long-term debt on its balance sheet for the year ending December 31, 2014, going forward Amaya Holdings (IOM)’s cash flows funded by Internet gaming operations will service the approximately $3 billion debt issued by its parent company, Amaya, to acquire the PokerStars Entities.

The Division reviewed Amaya’s operating cash flows, forecasted funding of debt service, and forecasted deferred payment reserve to examine Amaya Holdings (IOM) mechanism for meeting debt requirements related to the PokerStars acquisition. Based on information provided by Amaya Holdings (IOM), the following is condensed operational cash flow for the company on a quarterly basis for the year ended December 31, 2015.
AMAYA HOLDINGS (IOM)
Operational Cash Flow Forecast
For the Year-Ended December 31, 2015
(US$ in thousands)

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>OPENING CASH</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outflows</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred Payment-Escrow (35%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt Service</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends/Share Buy Back</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess Cash Sweep (50%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inflows</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Cash Inflows</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ENDING CASH</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

For the year ending December 31, 2015, Amaya Holdings (IOM) is forecasting to upstream a total of _______ million to Amaya to fund debt service requirements related to the acquisition. In addition, the company forecasts to reserve _______ million in funds during the year ending December 31, 2015, related to the deferred payment if Russia legalizes online gaming.

I. Financial Institutions

The Division reviewed Amaya Holdings (IOM)’s bank accounts and obtained an updated financial institution listing for the company’s subsidiary bank accounts around the world (“Financial Institution List”). Amaya Holdings (IOM) and subsidiaries maintain accounts with over 20 institutions, many group companies, and own over 500 separate accounts.

1. Summary of Financial Institutions List

Amaya Holdings (IOM) and subsidiaries currently maintain financial accounts with 27 financial institutions in 15 different countries around the world. Most of its accounts are standard current accounts with different regional financial institutions. In addition to standard operating
accounts, Amaya Holdings (IOM) and subsidiaries maintain investments accounts. The Division reviewed several of those accounts on a sample basis and found no exceptions or irregularities. As of March 30, 2015, these accounts maintained a combined CAD$611 million in players’ funds.

2. Bank Account Review

The Division reviewed certain active bank account statements of certain Amaya Holdings (IOM) wholly owned subsidiaries that perform treasury and corporate management activities including accounts related to the following IOM subsidiaries: (1) NARIS Ltd (“Naris”), the main treasury entity of the company and holds the group’s cash; (2) Cayden Limited (“Cayden”), an entity that contracts with payment processors; and (3) Worldwide Independent Trust Limited (“Worldwide Trust”), a subsidiary that holds player funds for pokerstars.com and certain other websites. The Division reviewed selected accounts for Naris, Cayden, and Worldwide Trust and found no exceptions or irregularities.

J. Treasury Operations and Players Funds

With regard to cash flow management, Amaya Holdings (IOM) addresses all liquidity requirements of the PokerStars and FullTilt operations through its centralized cash management system. Funds are deposited by players and collected by payment processors and paid to Amaya Holdings (IOM)’s or one of its subsidiaries’ operational bank accounts. All players’ funds are held in segregated bank accounts on behalf of players. Currently, the company holds player funds in multiple currencies with various banks and through different subsidiary companies. The following details Amaya Holdings (IOM)’s player liability for the year ended December 31, 2010, through 2014:

<table>
<thead>
<tr>
<th>YEAR</th>
<th>PLAYER LIABILITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>415,731</td>
</tr>
<tr>
<td>2011</td>
<td>415,731</td>
</tr>
<tr>
<td>2012</td>
<td>626,141</td>
</tr>
<tr>
<td>2013</td>
<td>657,369</td>
</tr>
<tr>
<td>2014</td>
<td>600,966</td>
</tr>
</tbody>
</table>

The decline reflects a currency impact (£ vs. $) and the company ceasing operations in 34 jurisdictions.
Once segregated bank accounts exceed the player liability, the funds remaining in the operational accounts are used for the companies' expenses, debt service, and other corporate requirements. The status of bank funds is always monitored to diversify risk and over 30 daily reconciliations are carried out each day to ensure adequate funds are in the respective segregated bank accounts. The IOM Gambling Supervision Commission does an annual review that includes verifying that player funds are properly segregated and reconciled to the player liability. Based on the Division's review of the audited financial statements for the five years ended December 31, 2014, and a review of the daily reconciliations provided by management, the Division verified that Amaya Holdings (IOM)'s segregated cash balance was sufficient to satisfy the player liability amount on December 31, 2014.

With regard to security, the objective of Amaya Holdings (IOM) is to provide a secure and fraud free environment to customers and to prevent and detect any usage of group platforms for illegitimate financial activities. The company has 203 staff in five major time zones whose responsibility is to reduce financial risk and losses and reduce brand reputation risk by performing verifications of customer information to prevent multi-account abusers; obtain, verify, and accurately file know-your-customer documents; and monitor age verification of customers. These activities are also supported by the company's resources utilized for investigation and tracing fraudulent deposits. The Division's investigation revealed that the chargeback ratio on all credit card deposits for the year ended December 31, 2014, was [redacted] in terms of dollar value and [redacted] in terms of returned transactions.

K. Audited Financial Statements

The London public accounting firm Haines Watts London LLP ("Haines Watts") has audited the financial activities and financial results of Amaya Holdings (IOM) and its subsidiaries on an annual basis. In connection with the PokerStars investigation, management provided consolidated annual financial statements and related notes for the seven years ended December 31, 2007 through December 31, 2013.

For the years ending December 31, 2009, 2010, 2011, 2012, and 2013, Haines Watts expressed an unmodified opinion that Amaya Holdings (IOM)'s financial statements presented fairly, in all material aspects, the financial position of the company and its subsidiaries for each respective year in accordance with IFRS Standards. For 2007 and 2008, Haines Watts expressed an unmodified opinion that Amaya Holdings (IOM)'s financial statements presented fairly, in all material aspects, the financial position of the company and its subsidiaries in accordance with accounting standards required at that time.

Since the PokerStars acquisition, Amaya Holdings (IOM)'s financial statements have been consolidated into the audited financial statements of Amaya. At that time, the Amaya Board appointed Deloitte, as successor auditor in the place of its previous auditor.

The Division's review of the above audits did not reveal any exceptions or irregularities.
L. Responsible Gaming Controls

With regard to responsible gaming controls, Amaya Holdings (IOM) management stated that its objective is to assist and protect those who should not be playing poker at all, or who wish to limit the amount that they play. The company currently offers several options for customers to better control their gaming, including the ability of players to restrict their deposit limits, as well as the amounts that they can wager. Customers have the ability to exclude from all games for varying amounts of time from 12 hours to 180 days as well as create daily spending limits. Further, self-exclusions are irreversible for the selected time period. For underage gaming, the company’s customer verification process and “know your customer” procedures and documentation provide preventive measures to address this problem. With regard to customer support for problem gaming, if the company receives contact from a customer stating that they may have a gambling problem and wish to stop, the company will permanently close the player’s account, offer the player counseling referrals, and assist family members in seeking professional help.

M. Taxation

The Division reviewed Amaya Holdings (IOM)’s annual tax returns for the years ended December 31, 2008-2013.26 For 2008-2013, Amaya Holdings (IOM) filed a consolidated corporate income tax return as required by the IOM tax authorities. In addition, Amaya Holdings (IOM) has subsidiaries that are required to file tax returns in the various local and foreign jurisdictions where they operate.

The Division’s investigation included a review of Amaya Holdings (IOM)’s Holdings corporate income tax returns and certain returns related to its operating subsidiaries. Amaya Holdings (IOM)’s operations have historically generated significant operating profits and have benefitted from the low corporate tax environment of the IOM. The company’s effective tax rate was 1.1% in 2012 and 1.3% in 2013.

1. Isle of Man Tax Returns & Gaming Duty

With regard to the IOM Tax Returns, since 2005 the IOM has had a zero rate of income tax on six business sectors including Internet gaming. As a result, IOM Company Tax Returns submitted by Amaya Holdings (IOM) are of informational value only. The IOM Gambling Supervision Commission does collect a gaming duty, based on gross gaming revenue, at a variable rate starting at 1.5% declining to 0.1%.

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26 The company’s year-end 2014 annual income tax return is not due until December 31, 2015.
2. United States Tax Returns

Neither Oldford Group nor any of the PokerStars Entities filed United States Federal or New Jersey State income tax returns for the period January 2005 to December 2011 because the company considered any income derived from United States customers as IOM income. PokerStars and related entities generated revenue of $44.3 million in New Jersey from October 13, 2006 through April 15, 2011.

3. Worldwide Tax Returns and Related Tax Matters

Amaya Holdings (IOM) subsidiaries filed tax returns in those jurisdictions that require companies operating within them to file, including: Australia, Malta, the UK, Ireland, Austria, Costa Rica, France, Italy, Macau, and Russia. The Division’s review of the jurisdictional returns that have been provided for this investigation did not reveal any items that required further investigation. The Division more extensively examined a tax dispute matter in Italy as described below.

4. Italy Tax Dispute

As part of its investigation of Amaya’s acquisition of PokerStars, the Division became aware of a tax issue that predated the PokerStars acquisition involving a PokerStars subsidiary and the Italian government. Amaya was aware of the dispute prior to closing the transaction.

The dispute involved an indirect subsidiary of the Rational Group, Halfords Media Italia S.r.l. ("Halfords Italy"), which offered Internet poker operations to Italian players through its Malta license.\(^{27}\) Italian tax authorities audited the company for the years 2009-2014, adjusted upwards the company’s income from its online poker business to account for its Italian online poker business, and concluded that the company owed $ million additional taxes. The November 26, 2014 audit report concluded that Italy, not Malta, deserved a higher share of the company’s taxed.

Amaya advised the Division that the $ million is not an assessment, that no final order has been entered, and that discussions are ongoing with the Italian Tax Authorities on the matter.

If any additional tax is determined to be owed to the Italian Tax Authorities, Amaya has advised that it will seek to pass on such cost to the previous shareholders, under the terms of the tax indemnity provisions contained in the agreement for the sale of the group that was finalized as part of the PokerStars acquisition.

\(^{27}\) During the time period of the audit, Schapira was the only director of Halfords Italy. He resigned his directorship when Amaya acquired the PokerStars Entities.
N. Gaming Licenses & Jurisdictional Markets

1. Summary of Licenses Held

Amaya Holdings (IOM)’s subsidiaries operate pursuant to licenses granted by gaming authorities in the IOM, Malta, Italy, France, Spain, Greece, Denmark, Germany, UK, Belgium, Bulgaria and Estonia. Each of these licenses grants the company the authority to operate websites and authorizes the company to offer and operate certain online real-money games including, most notably, poker, casino games and betting, including sports betting, in certain permissible jurisdictions. As other jurisdictions enact gaming laws and regulations permitting Internet gaming, the company expects its subsidiaries to seek additional licenses and approvals to operate in those jurisdictions.

2. Operations Related to the Isle of Man

Amaya Holdings (IOM) and its subsidiaries operate under the IOM license in jurisdictions in which there is no in-country regulatory regime, where the in-country regulatory regime does not apply to Internet gaming, or where the applicable law concerning Internet gaming is unclear. These jurisdictions include Russia, Canada, Brazil, Australia, Switzerland and Norway. According to Amaya management, in jurisdictions that do not have in-country legislation or regulation, the company works with local decision makers to encourage the development of a fully regulated environment.

3. Operations Related to Malta

Amaya Holdings (IOM)’s PokerStars and FullTilt brands collectively operate online gaming in most European Union jurisdictions either by in-country regulatory licenses or pursuant to its Malta licenses. Similar to the IOM, Amaya Holdings (IOM) and subsidiaries use their Malta licenses to operate and accept customers in various European Union jurisdictions, excluding jurisdictions that have an independent regulatory and licensing scheme that specifically requires licensure in that country.

4. Top Revenue Jurisdictions

As highlighted below, Amaya Holdings (IOM)’s subsidiaries generate revenue from a broad and geographically diverse revenue base. Nearly 33% of gross gaming revenues in the year prior to the PokerStars acquisition (2013) came from countries individually generating less than 2% of total gross gaming revenue.

O. License Compliance, Internal Security and Anti-Money Laundering

Amaya Holdings (IOM)’s Compliance License Assurance Management Program (“CLAMP”) program is an electronic database program operated by the compliance department that assists business units with compliance testing on systems and processes for pre-launch of its
online products. The CLAMP program also assists the company with compliance monitoring related to verification and account opening procedures, responsible gaming matters including deposit limits, self-exclusion, segregation of players’ funds and supports compliance with global anti-money laundering (“AML”), suspicious transaction reporting, and due diligence (i.e., World Check and third party screening). In this regard, the database interfaces with USDOJ and FBI watch lists and FINCEN.

P. Internal Audit and External Audits

1. Internal Audit Function

Amaya is integrating Amaya Holdings (IOM)’s internal audit function with Amaya’s compliance and oversight functions. Since the PokerStars acquisition, Amaya’s Audit Committee monitors and reviews the internal audit work conducted at Amaya Holdings (IOM).

2. External Audit Function

With regard to external audit functions, Amaya Holdings (IOM) has a financial audit and various regulatory audits performed on an annual basis.

The external audits occur once a year, split into the following parts:

- Interim audit in November: controls and significant transactions reviewed
- Gaming systems audit: tournament and ring games transactions are extracted on a quarterly basis and audited to agree with the financial statements
- Main external auditor field work is completed in the first quarter of the following year
- Financial statements are prepared and signed in accordance with international accounting standards

In addition to financial audits, various regulators, most notably the IOM regulators, audit Amaya Holdings (IOM) annually for compliance with regulations. These audits include periodic reviews that the company is holding player funds in segregated accounts and that amounts are reconciled to the database on a daily basis. The Division reviewed certain of these regulator audit reports and identified no exceptions or irregularities.

Q. Record Checks

The Division conducted record checks with domestic and numerous international regulatory agencies regarding certain Amaya Holding (IOM) entities and personnel, including those in the UK, Estonia, Belgium, Bulgaria, IOM, Germany, Italy, France, Alderney, Denmark and Malta.
VII. INVESTIGATION OF AMAYA ENTITIES SEEKING TRANSACTIONAL WAIVERS

The Division conducted a plenary investigation of the six Amaya subsidiaries that are seeking transactional waivers and would be directly involved in the daily operation of Internet gaming activities to New Jersey players.

The relevant subsidiaries seeking transactional waivers are:

- Amaya NJ (IR) Services Limited
- Rational Treasury Limited
- Amaya Software Services Limited
- Amaya US Services Limited
- Rational Social Projects Limited
- Rational Intellectual Holdings Limited

Rational Treasury and Rational Social are both former PokerStars Entities and will operate under the same names post-acquisition. Amaya Software Services, is the successor-in-interest of Pyr.

A. Amaya NJ (IR) Services Limited

Amaya NJ was formed on June 11, 2014, in Ireland. Its principal office is in Dublin, Ireland and it was organized to provide Internet gaming services offered by Amaya to casinos located in Atlantic City. These services will include the offering of the PokerStars and FullTilt brands through its partnership with Resorts. Amaya NJ owns copyrights and related design, database and computer software rights, as well as business, company and trade names.

Amaya NJ does not hold any investment in subsidiary companies and was not in existence during the period of time from the passage of UIGEA on October 13, 2006, to the indictments issued by the USDOJ on April 15, 2011. The company is not public and is 100% owned by Amaya Services.

The Division identified Baazov, Sebag, Goldstein, Mincoff, Paul Dever and Aaron Bar-Yoseph as individual qualifiers of Amaya NJ.

B. Rational Treasury Limited

Rational Treasury was formed on January 17, 2011, in the IOM under the name Bald Eagle Trust Limited. It became a subsidiary of Oldford Group in July 2012 and was renamed Rational Treasury on September 5, 2013. It is now wholly owned by Amaya Group Limited. Its principal office is in Onchan, IOM. Rational Treasury is a single purpose services company, with no day-to-day business operations and no employees. Rational Treasury is currently a dormant company. It will be activated if the company receives approval to offer online gaming in New
Jersey and its sole function will be to contract with payment processors for Internet gaming operations in New Jersey on behalf of the operators of the PokerStars online poker brand.

Mark Scheinberg and Schapira resigned as Directors on August 1, 2014. Current Directors are Hazel and Rosenthal. The Division identified Hazel and Rosenthal as individual qualifiers of Rational Treasury.

The Division conducted a review of Rational Treasury’s financial records for the period January 2012 through March 31, 2015. This review included the book of accounts (automated), financial institutions, stock register, corporate minutes, correspondence files, financial statements, tax returns and other related data.

**C. Amaya Software Services Limited**

Pyr, now known as Amaya Software, was established on August 25, 2000, by Isai Scheinberg and organized in Ontario, Canada. The business was started to develop the platform and software, for the Internet poker sites operated by Oldford Group. Pyr worked exclusively on developing the Rational Services’ PokerStars poker site and had no other customers. Oldford Group provided Pyr specifications for each software development project.

On September 8, 2014, Amaya Gaming Holdings, a wholly owned subsidiary of Amaya, acquired Pyr and changed the name to Amaya Software.

Amaya Holdings (IOM) retains title and ownership of the developed software. Amaya Software also provides operations and support services including daily back-ups, troubleshooting/problem resolution, 24/7 technical support, software updates, and hardware maintenance.

Beginning on August 25, 2000, in addition to being Pyr’s sole shareholder, Isai Scheinberg was a co-director and corporate officer with his spouse, Dora Scheinberg. Dora Scheinberg stepped down from her directorship on January 1, 2002, but remained the company’s Secretary until September 28, 2010. Isai Scheinberg was required to resign his directorship as a part of the 2012 settlement of the USDOJ forfeiture complaint.\(^\text{28}\) Prior to the Share Purchase Agreement with Amaya, on August 1, 2014, Isai Scheinberg resigned as a Pyr Director, Officer (President and Secretary), and Signing Officer, although he remained Pyr’s sole shareholder. Bourenkov replaced Isai Scheinberg as Pyr’s Director, President, and Secretary. Michael Roger Chaplin, CPA, became the Pyr Signing Officer on June 10, 2014. Upon execution of the Share Purchase Agreement, Isai Scheinberg resigned as an employee of Pyr and Bourenkov resigned as its Director on September 1, 2014. Baazov was appointed as Pyr CEO, Sebag was appointed as

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\(^{28}\) The Division’s investigation disclosed that Scheinberg’s resignation was late and not in compliance with the USDOJ settlement, which stipulated a retirement date of 45 days from July 31, 2012, or 45 days from the close of the FullTilt acquisition by PokerStars.
Pyr CFO, and Mincoff was appointed Pyr Secretary. Sebag and Sam Pai, Vice President of Finance of Amaya acted as signing officer.

Baazov, Sebag, Mincoff and Bourenkov were identified as qualifiers of Pyr.

The Division reviewed Pyr’s financial records for the period 2011 through 2014 as part of its investigation of Amaya software. This review included the bank accounts (automated), financial institutions, stock register, corporate minutes, correspondence files, financial statements, tax returns and other related data.

D. Amaya US Services Limited

Amaya US was formed on October 26, 2012, in the State of Delaware, is an indirect wholly owned subsidiary of Amaya, and does not hold any investment in subsidiary companies. Its principal office is in Onchan, IOM. Amaya US is the successor-in-interest of Rational US. On October 3, 2014, a Certificate of Amendment was filed with the State of Delaware to change the name of Rational US Services, Inc., to Amaya US.

Amaya US was formed to employ individuals in support of PokerStars branded Internet gaming services to be offered by Amaya to casinos located in Atlantic City, including a New Jersey call center, customer service center, and fraud detection services. To date, it has only been used by Amaya to purchase the technical equipment (hardware, software etc.) required to launch Internet gaming in New Jersey and it has entered into contracts with some technical service providers. It will also be used to contract with payroll providers for New Jersey based employees; no contracts have been entered into to date.

On August 1, 2014, Schapira resigned as President, Secretary and Treasurer of Amaya US and was replaced by Hazel.

Baazov, Goldstein and Hazel were identified as qualifiers of the applicant.

The Division reviewed Amaya US’ financial affairs for the period since inception through March 31, 2015. This review included the book of accounts (automated), financial institutions, stock register, corporate minutes, correspondence files, financial statements, tax returns, leases, contracts and other related data.

E. Rational Social Projects Limited

Rational Social, which was incorporated in the IOM on June 13, 2012, is the Amaya company that publishes mobile poker applications to mobile provider stores (e.g., Apple iTunes) and will do so for Amaya’s New Jersey mobile applications. The “play money”/“play for free” games offered to players on the pokerstars.com site are offered through Rational Social and players are able to purchase tokens to be used with the “play money”/“play for free” games.
Rational Social, which is wholly owned by Rational Poker School Limited ("Rational Poker"), operates the pokerstars.net and pokerstar.de (Germany) play money websites and is an indirect wholly owned subsidiary of Amaya.

Hazel and Rosenthal were identified as individual qualifiers of Rational Social.

The Division reviewed Rational Social’s financial affairs for the period 2012 through 2013. This review included the book of accounts (automated), stock register, financial statements, and other related data.

F. Rational Intellectual Holdings Limited

Rational Intellectual is a purpose-specific company, with no day-to-day business operations and no employees. The company holds all Intellectual Property ("IP") formerly owned by Oldford Group and provides a service through the licensing of the IP (trademarks, logos) to other group companies and third parties. Rational Intellectual was in existence during the period of time from UIGEA to Black Friday.

Rational Intellectual is now a wholly owned direct subsidiary of Amaya Group Limited and thus, a wholly owned subsidiary of Amaya. It has no subsidiaries.

At the completion of the PokerStars acquisition, Hazel and Ashkenazi replaced the existing directors.

The Division identified Hazel and Rosenthal as individual qualifiers of Rational Intellectual.

The Division reviewed Rational Intellectual’s financial records for the period January 1, 2012 through March 31, 2015. This review included the book of accounts (automated), financial institutions, stock register, corporate minutes, correspondence files, financial statements, tax returns and other related data.

VIII. INVESTIGATION OF AMAYA’S QUALIFYING ENTITIES

The Division also identified the ten entities listed below as “qualifying entities” of the six applicants for CSIE licensure who are seeking transactional waivers.

- Amaya, Inc. (Montreal, Quebec)
- Amaya Holdings Cooperatieve UA (Netherlands)
- Amaya Holdings, BV (Netherlands)
- Amaya Group Holdings (IOM) Ltd. f/k/a Oldford Group Ltd. (IOM)
- Amaya Group Ltd. f/k/a Rational Group Ltd. (Montreal, Quebec/IOM)
- Amaya PS Holdings f/k/a Rational PS Holdings (IOM)
- Amaya Services Ltd. f/k/a Rational Services Ltd. (IOM)
Rational Resources Ltd. (IOM)
Rational Poker School Ltd. (IOM)
Amaya Holdings Canada Ltd. (Montreal, Quebec)

The Division conducted a plenary investigation of the PokerStars Entities involved in Internet gaming prior to Black Friday in order to fully understand the business activities and operations of the PokerStars Entities before the Amaya acquisition.

A. PokerStars Related Entities

1. Amaya Group Holdings (IOM) Limited

The results of the Division’s review of Amaya Holdings (IOM), the successor-in-interest of Oldford Group, are addressed earlier in this report.

2. Amaya Group Limited

Amaya Group Limited, the successor-in-interest to Rational Group, was formed on November 2, 2012, in the IOM. Its principal office is in the IOM. Amaya Group Limited is a wholly owned direct subsidiary of Amaya Holdings (IOM) and is ultimately a wholly owned subsidiary of Amaya.

Rational Group was originally organized as a holding company for the PokerStars and FullTilt branded entities. The company changed its name to Amaya Group Limited after its acquisition by Amaya. With regard to the New Jersey online gaming structure, Amaya Group Limited has three principal subsidiaries that will be active in New Jersey: Rational Treasury (NJ player funds); Rational Intellectual (intellectual property); and Amaya PS Holdings (PokerStars). Additionally, Amaya Group Limited owns 100% of the issued and outstanding shares of Rational FT Holdings Limited (“Rational FT Holdings”), a limited share company that is the holding company for subsidiaries that operate the FullTilt brand and website. Through Amaya PS Holdings and Rational FT Holdings, Amaya Group Limited and its parent, Amaya Holdings (IOM), operate the group’s real money gaming sites in all jurisdictions.

3. Amaya PS Holdings Limited

Amaya PS Holdings, the successor-in-interest of Rational PS Holdings, was formed on November 2, 2012, in the IOM. Its principal office is in the IOM. Amaya PS Holdings is a wholly owned direct subsidiary of Amaya Group Limited and is ultimately a wholly owned subsidiary of Amaya.

Amaya PS Holdings was originally formed as a holding company for PokerStars related subsidiaries under the name Rational PS. The company changed its name to Amaya PS Holdings following its acquisition by Amaya. Amaya PS Holdings serves as the direct holding company for
Amaya Services, Rational Resources, and Rational Poker, all three of which are qualifying entities of the Amaya applicants.

4. Amaya Services Limited

Rational Services was originally formed on January 24, 2006, to operate as the main services company for the group of companies that operate the PokerStars and FullTilt Internet poker brands. Following the acquisition by Amaya, the company was renamed Amaya Services. The company is responsible for relationships with most third-party service providers, employs all IOM employees who work for group companies, other than those employed by group company, Rational Entertainment, and engages with consultants worldwide. Additionally, it is party to the agreement with Resorts to jointly and exclusively pursue the operation, management, marketing and licensing of a New Jersey Internet gaming business. The details of this contract are set forth in Section IV. Amaya Services is the parent company of an applicant, Amaya NJ, the group company that will provide the platform offering the PokerStars and FullTilt Internet poker brands in New Jersey. Amaya Services is wholly owned by Amaya PS.

On August 1, 2014, at the completion of the acquisition by Amaya, the existing directors of Rational Services resigned and were replaced by Hazel and Ashkenazi. On September 11, 2014, the name of Rational Services was changed to Amaya Services. On April 30, 2015, Ashkenazi resigned as a Director and Rosenthal was appointed Director.

Hazel and Rosenthal were identified as individual qualifiers of Amaya Services.

The Division reviewed Amaya Services’ financial records for the period January 2012 through March 31, 2105. This review included the books of accounts, financial institutions, stock register, corporate minutes, correspondence files, financial statements, tax returns, bank statements, accounts receivable contracts, accounts payable and other related data. As a result of this financial investigation, nothing of a derogatory nature was discovered.

5. Rational Resources Limited

Rational Resources was formed in Malta on October 25, 2011. Its principal office is in Ta' Xbiex, Malta. Rational Resources is a holding company that holds interest in entities that operate online gaming in the European Union. Rational Resources offers the PokerStars and FullTilt brands to customers in the European Union and is also the direct holding company of Amaya US, the applicant company which will operate Amaya's New Jersey support office.

6. Rational Poker School Limited

Rational Poker was formed on January 6, 2011, in the IOM. Its principal office is in Onchan, IOM. The company is a wholly owned direct subsidiary of Amaya PS Holdings and thus is ultimately a wholly owned subsidiary of Amaya. Rational Poker, which operates the
PokerStars.net and PokerStars.de (Germany) play money websites, is the holding company of the applicant company Rational Social, which was organized for the publishing of mobile poker social game applications intended to be provided to New Jersey users. Although Rational Poker was in existence during the period of time from UIGEA to Black Friday, it was created only four months prior to Black Friday and has never offered real money gaming in any jurisdiction, including the United States.

B. Non-PokerStars Related Entities

1. Amaya, Inc.

The Division’s full plenary review of Amaya, Inc. is detailed in Section IV of this Report.

2. Amaya Holdings Coöperatieve UA

Amaya Coop was formed on May 26, 2014, in Amsterdam, Netherlands. The company was organized as a cooperative under Dutch law for its favorable tax structure. The company is a wholly owned subsidiary of Amaya and is domiciled in the Netherlands with its principal office there. Amaya Coop currently has five managing directors: Sebag and Goldstein (both employees of Amaya), Panama BV (a Dutch Trust Company), Dennis Kramer and Gerben van den Berg (both of whom are Dutch nationals residing in the Netherlands).29

Amaya Coop serves as a holding company to the group of companies that will operate PokerStars and FullTilt branded Internet offerings in New Jersey.

3. Amaya Holdings BV

Amaya BV was formed on May 26, 2014, in Amsterdam, Netherlands. Amaya BV is domiciled in the Netherlands with its principal office also located there.

Amaya BV is wholly owned by Amaya Coop, a qualifying entity. Amaya has structured Amaya BV and Amaya Coop to provide a favorable tax benefit under Dutch tax law. Amaya BV serves as a holding company to the group of companies that will operate PokerStars and FullTilt branded Internet offerings in New Jersey.

4. Amaya Holdings Canada, Inc.

Amaya originally established Amaya Gaming Holdings in September 2012 to act as a holding subsidiary company for the Cadillac Jack acquisition. Amaya management ultimately decided to use a different entity for that transaction and the company remained dormant until

29 Amaya has requested, in a letter petition, that Panama BV, Dennis Kramer, and Gerben van den Berg be waived from qualification since they are outside directors. That petition is pending.
Amaya utilized Amaya Gaming Holdings as a holding company to acquire Pyr in connection with Amaya’s acquisition of Oldford Group.

IX. INDIVIDUAL QUALIFIERS

The Division identified those individuals who are deemed qualifiers of Amaya and those related subsidiaries that are seeking licensure. For each qualifier, the Division conducted a preliminary investigation.

The Division also investigated an additional 59 former PokerStars/FullTilt/Pyr employees currently working at Amaya related entities to determine whether their past employment with the PokerStars Entities raises issues that could negatively affect their suitability. This comprehensive review was conducted to assess each individual’s personal suitability.

A. Individuals Subject to Investigation as Qualifiers

The Division identified 32 individuals as natural person qualifiers who are required to individually establish their “good character, honesty and integrity” as part of Amaya’s CSIE application. Those individual qualifiers subject to Division investigation are:

<table>
<thead>
<tr>
<th>NAME</th>
<th>COMPANY</th>
<th>POSITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bar-Yoseph, Aaron</td>
<td>Amaya</td>
<td>Senior Vice President, Cadillac Jack</td>
</tr>
<tr>
<td>Jaques, Donald</td>
<td>Amaya</td>
<td>Senior Vice President of Online, Amaya</td>
</tr>
<tr>
<td>Mincoff, Robert</td>
<td>Amaya</td>
<td>Director of Compliance</td>
</tr>
<tr>
<td>Baazov, David</td>
<td>Amaya</td>
<td>Chief Executive Officer</td>
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<tr>
<td>Sebag, Daniel</td>
<td>Amaya</td>
<td>Chief Financial Officer</td>
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<tr>
<td>Goldstein, Marlon</td>
<td>Amaya</td>
<td>Executive V.P. and General Counsel</td>
</tr>
<tr>
<td>Hazel, Michael*</td>
<td>Amaya Holdings (IOM)</td>
<td>Interim CEO, CFO</td>
</tr>
<tr>
<td>Rosenthal, Israel*</td>
<td>Amaya Holdings (IOM)</td>
<td>Chief Operating Officer</td>
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<tr>
<td>Bourenkov, Serge***</td>
<td>Amaya Holdings (IOM)</td>
<td>General Manager, Pyr</td>
</tr>
<tr>
<td>Clark, Sr., Gen. Wesley</td>
<td>Amaya</td>
<td>Board of Directors, Amaya</td>
</tr>
<tr>
<td>NAME</td>
<td>COMPANY</td>
<td>POSITION</td>
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<tr>
<td>Gadhia, Divyesh</td>
<td>Amaya</td>
<td>Board of Directors, Amaya; Audit Committee</td>
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<tr>
<td>Dever, Paul</td>
<td>Amaya</td>
<td>V.P. of Interactive, Cryptologic, Amaya</td>
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<tr>
<td>Goodson, Harlan</td>
<td>Amaya</td>
<td>Board of Directors, Amaya; Audit Committee</td>
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<tr>
<td>Templer, Guy*</td>
<td>Amaya Holdings (IOM)</td>
<td>Group Business Development &amp; Strategy Director</td>
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<tr>
<td>Ashkenazi, Rafael*</td>
<td>Amaya</td>
<td>Senior Vice President, Strategy</td>
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<tr>
<td>Petts, Gregory*</td>
<td>Amaya Holdings (IOM)</td>
<td>Director of Internal Audit</td>
</tr>
<tr>
<td>Robins, Matthew*</td>
<td>Amaya Holdings (IOM)</td>
<td>Director of Compliance</td>
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<tr>
<td>Benchetrit, Ronen*</td>
<td>Amaya Holdings (IOM)</td>
<td>Chief Technology Officer, PokerStars</td>
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<tr>
<td>Blonder, Sigal*</td>
<td>Amaya Holdings (IOM)</td>
<td>Director, New Country Technical Programs</td>
</tr>
<tr>
<td>Feather, Ian*</td>
<td>Amaya Holdings (IOM)</td>
<td>Director of Business Development</td>
</tr>
<tr>
<td>Day, Stephen*</td>
<td>Amaya Holdings (IOM)</td>
<td>Director of Poker Room Operations</td>
</tr>
<tr>
<td>Mansour, Dominic**</td>
<td>Amaya Holdings (IOM)</td>
<td>Managing Director, FullTilt</td>
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<tr>
<td>Kovach, Stefan*</td>
<td>Amaya Holdings (IOM)</td>
<td>Marketing Consultant</td>
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<tr>
<td>Hobcraft, Samuel*</td>
<td>Amaya Holdings (IOM)</td>
<td>Director of Casino</td>
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<tr>
<td>Markus, Shyan**</td>
<td>Amaya Holdings (IOM)</td>
<td>Poker Room Manager</td>
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<tr>
<td>NAME</td>
<td>COMPANY</td>
<td>POSITION</td>
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<tr>
<td>Tonnesen, Morten*</td>
<td>Amaya Holdings (IOM)</td>
<td>Director of Group Marketing</td>
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<tr>
<td>Soloveychik, Vadim*</td>
<td>Amaya Holdings (IOM)</td>
<td>Director of Marketing</td>
</tr>
<tr>
<td>Byron, Scott*</td>
<td>Amaya Holdings (IOM)</td>
<td>Senior Poker &amp; Responsible Gaming Advisor</td>
</tr>
<tr>
<td>Shani, Meron*</td>
<td>Amaya Holdings (IOM)</td>
<td>Corporate Finance Controller</td>
</tr>
<tr>
<td>Fabian, Charles**</td>
<td>Amaya Holdings (IOM)</td>
<td>Chief Technology Officer, FullTilt</td>
</tr>
<tr>
<td>Bourenkov, Serge***</td>
<td>Amaya Holdings (IOM)</td>
<td>General Manager, Pyr</td>
</tr>
</tbody>
</table>

*Former employee of Oldford Group/PokerStars  
**Former employee of FullTilt  
***Former employee of Pyr

Of these qualifiers, the Division conducted full plenary investigations of four senior executives of Amaya and four former PokerStars or FullTilt senior executives who are currently employed by Amaya in senior executive positions.

**B. Plenary Investigation of Senior Executives of Amaya, Inc.**

The Division conducted plenary licensing investigations of Baazov, Sebag, Goldstein and Mincoff to ensure that Amaya’s senior management team possesses the requisite “good character, honesty, and integrity” mandated by the Act. Additionally, the investigation allowed the Division to more fully understand all aspects of Amaya’s finances and business operations and how the company seeks to oversee the daily business activities of the recently acquired PokerStars Entities.

Baazov is the CEO, President, and Chairman of Amaya. He founded the company (then, Gametronix Systems) in January 2006. He also serves in senior executive management positions for numerous Amaya subsidiaries. Excluding the significant stock options (both vested and non-vested) that he receives as part of his compensation package, Baazov owns 18.77% of Amaya’s outstanding shares.
Sebag is the Chief Financial Officer and a Director of Amaya. Sebag has worked at Amaya as its CFO since being hired in 2007. He also serves in senior executive management positions for numerous Amaya subsidiaries. Sebag owns less than 1% of Amaya’s outstanding shares.

Goldstein is the Executive Vice President and General Counsel for Amaya. He joined the company in January 2014 after having previously represented Amaya in several legal matters. As of September 30, 2014, Goldstein did not have any ownership interest in Amaya; however, he received 600,000 non-vested stock options when he began employment with Amaya (225,000 of those options had vested by September 30, 2014). Goldstein has not exercised any of these options.

Mincoff is the Director of Compliance for Amaya. Mincoff has served as the Director of Compliance and the Assistant Secretary for the Board of Directors since joining Amaya in August 2006. He also serves in senior executive management positions for numerous Amaya subsidiaries. In 2010, Mincoff also received stock options in Amaya.

C. Plenary Investigation of Former PokerStars, FullTilt, and Pyr Senior Executives

The Division conducted plenary licensing investigations of former senior executives of PokerStars, Pyr, and FullTilt who are presently employed by Amaya to ensure that these individuals satisfy the Act’s suitability standard. The investigators also provided insight into the historical business activities and operations of PokerStars, Pyr, and FullTilt and into how Amaya will manage the business operations of the former PokerStars Entities going forward.

The four former PokerStars/Pyr executives subject to plenary investigation by the Division were:

1. Hazel is the Chief Financial Officer and Interim CEO of Amaya Holdings (IOM), a wholly owned subsidiary of Amaya. Hazel also holds 225,000 stock options in Amaya.

   Hazel previously served as the Chief Financial Officer of PokerStars, including during part of the time the company operated after the enactment of UIGEA. Since the PokerStars acquisition, Hazel has had contact with Isai and Mark Scheinberg. He testified that these contacts were social and no company business was discussed.

2. Rosenthal is the Chief Operating Officer of Amaya Holdings (IOM). Additionally, Rosenthal serves on the boards of numerous Amaya entities. Rosenthal also holds

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Amaya is in the process of hiring a Compliance Officer specific to the United States, at which time Mincoff’s role will be limited to being Director of Compliance for Canada.
225,000 Amaya stock options. He is a long-time friend of the Scheinberg family and inherited ownership of shares which gave him ownership of Oldford Group. Rosenthal was Director of Operations of the Rational Group, which owned and operated the PokerStars group of companies, during the companies’ operation after the enactment of UIGEA. At the closing of Amaya’s acquisition of PokerStars, Israel Rosenthal received approximately Rosenthal is scheduled to receive another in accordance with the deferred payment agreement between Amaya and Oldford Group.

3. Charles Fabian is the Chief Technology Officer of Amaya NJ. He does not hold any other positions or directorships with Amaya or any other corporate entity. Since 2004, Fabian had worked for FullTilt related entities. He began as a software developer and was promoted to Head of Game Systems Development for Pocket Kings Consulting Ltd., when the company relocated to Ireland in 2006. He worked for FullTilt, and its related companies, during the company’s operation after the enactment of UIGEA.

4. Serge Bourenkov is the General Manager of Amaya Software, doing business as Pyr. He reports directly to Bziaov. Bourenkov did not begin working at Pyr until after Black Friday. Bourenkov was previously employed by Globus Solutions, a company he founded to develop an online trading platform for the United States securities market. He has been licensed by the IOM Gambling Supervision Commission since 2003.

X. THE DIVISION’S DECEMBER 6, 2013 SUSPENSION OF THE POKERSTARS’ LICENSE APPLICATION

According to the terms of the Division’s December 6, 2013 letter, the PokerStars Entities application remains suspended until December 6, 2015, unless Amaya establishes a sufficient showing of significantly changed circumstances. In its petition, Amaya argues that its acquisition of all of the assets of the PokerStars Entities satisfies that burden by (a) removing the individuals responsible for the alleged misconduct of the companies; (b) irrevocably and totally extinguishing the ownership interests of Iai and Mark Scheinberg; and (c) ensuring that the Scheinbergs and other senior executives will have no further involvement in the operation or management of their former companies.

The Division agrees that Amaya’s acquisition of the PokerStars Entities constitutes significantly changed circumstances. Accordingly, the Division vacates the two-year suspension imposed by the Division of its consideration of the CSIE license application of the PokerStars Entities.
XI. THE NEW JERSEY CASINO CONTROL ACT AND THE TRANSACTIONAL WAIVER PROCESS

Pursuant to N.J.S.A. 5:12-92(a)(1), a CSIE "shall require licensure as a casino service industry enterprise in accordance with the provisions of [the Casino Control Act] prior to conducting any business whatsoever with a casino applicant or license, its employees or agents; provided, however, that upon a showing of good cause by a casino applicant or licensee, the director may permit an applicant for a [CSIE] license to conduct business transactions with such casino applicant or licensee prior to the licensure of that [CSIE] . . . for such periods as the Division may establish by regulation." By regulation, the Division can permit an applicant for a CSIE license to transact business prior to licensure upon the joint petition of the CSIE applicant and a casino licensee or applicant where: the CSIE applicant has submitted a completed application; the CSIE applicant certifies that neither it nor any of its qualifiers are disqualified under N.J.S.A. 5:12-86 ("Section 86"); the petitioner shows good cause for granting the petition; and the CSIE applicant agrees that it will detail any business transacted with the casino licensee or applicant within 30 days and make available for inspection any records regarding the transaction.

In all cases, the Division conducts a preliminary investigation on each company and qualifier of the CSIE applicant to determine whether the applicant has preliminarily established its good character, honesty, and integrity. During this initial investigation, the Division also conducts initial criminal checks and searches for any negative financial information, such as bankruptcies, tax liens, and judgments against the entities or qualifiers. Provided that no initial derogatory information is discovered, this, coupled with the certification that the entity and qualifiers have no Section 86 disqualifiers, creates the basis for a showing of "good cause" by the CSIE applicant such that the Director may allow it to begin conducting business with Atlantic City casinos and other CSIEs, pending the results of a plenary investigation.

Transactional waivers, when granted by the Director, are issued for an initial period of up to six months. An additional showing of good cause is required to extend the waiver, which is routinely granted unless issues arise during the investigation. Finally, the Director may reconsider the granting of any transactional waiver at any time.

XII. THE DIVISION’S INVESTIGATIVE FINDINGS FROM ITS PLENARY REVIEW OF AMAYA AND AMAYA GROUP HOLDINGS (IOM) LIMITED AND EACH ENTITY’S INDIVIDUAL QUALIFIERS

A. Entities

To assess the good character, honesty, and integrity of Amaya and Amaya Holdings (IOM), the Division engaged in a comprehensive financial review, examined the companies’ compliance efforts to remedy PokerStars’ prior illegal activity, and conducted voluminous records checks. The investigative steps and results of the inquiries are detailed in Sections V and VI and are not repeated here.
The Division’s review of Amaya and Amaya Holdings (IOM)’s financial information did not reveal any material derogatory information. Likewise, the Division reviewed Amaya’s integrated compliance program, which the company designed to create stronger corporate governance, regulatory, and compliance oversight, ensure the company’s compliance with all applicable New Jersey and federal laws and prevent any future illegal online gaming. As detailed in Section VI, the integrated compliance plan has resulted in Amaya’s decision to cease the business activities of the PokerStars Entities in 34 grey markets where online gaming is not authorized.

The Division also conducted numerous records checks with domestic and international agencies and departments with respect to criminal activity, liens, judgments, civil suits and bankruptcy filings. The Division also conducted records checks in gaming jurisdictions where the companies operated. The Division’s review of the record checks did not reveal any material derogatory information.

Based upon the lack of material derogatory information revealed during the Division’s investigation and the strength of the integrated compliance plan, the Division concludes that Amaya and Amaya Holdings (IOM) have established the requisite good character, honesty, and integrity required for qualification as a qualifier of a CSIE.

1. Review of Amaya, Inc.’s Acquisitions and Divestitures Prior to PokerStars Acquisition

The Division also engaged in a comprehensive investigation of Amaya’s financial history and source of funds utilized to purchase the PokerStars Entities. The Division’s financial examination revealed that through a series of positive outcome acquisitions and divestitures, which served to increase confidence in Amaya’s business standing in the private and institutional equity and lending markets, the company positioned itself to secure $4.9 billion in financing to fund the acquisition of the PokerStars Entities.

Specifically, since 2011, Amaya completed five strategic acquisitions that have significantly expanded its business by delivering expanded platform capability and market reach. In addition, these strategic acquisitions, some of which required relatively little out of pocket cash or new debt, enabled Amaya to demonstrate to the financial market and its institutional investors a successful track record as an acquiring company. Certain key factors enabled Amaya, a company with approximately $150 million in revenue for the year ended December 31, 2013, to position itself to purchase PokerStars, a company with over $1 billion in revenue for the year ended December 31, 2013. These factors include the following:

- Strategic acquisitions which required relatively little out of pocket cash or new debt, which enabled Amaya to demonstrate to investors a successful track record in acquiring companies;
Significant private placement capital raised from 2011-2013 which enabled Amaya to build a deep pool of loyal private investors;

Enhanced confidence by private placement capital stakeholders that Amaya's acquisition strategy increased revenues and profits as well as the company’s stock price; this confidence assisted Amaya in raising significant private placement equity as part of the PokerStars acquisition; and

Enhanced confidence by lenders in Amaya as an acquiring company where the company reported increased revenues and profits, thus providing Amaya with the financial flexibility to raise additional working capital by leveraging certain acquisition assets (i.e., Cadillac Jack assets).

Amaya has demonstrated its ability to grow and diversify its product portfolio through purchases that relied on little upfront cash and ready access to debt financing. Amaya acquired numerous companies and their substantial assets – Chartwell, a gaming software and online game content provider; Cryptologic, an Internet content provider; and Ongame, an Internet games company – for relatively little out of pocket cash. Likewise, Amaya’s previous acquisitions have also demonstrated its ability to access the financial markets and acquire assets with debt financing. For instance, the company funded its November 2012 purchase of Cadillac Jack with a $110 million secured term loan as well as the cash on hand. Through acquisitions like its purchase of Diamond Game, a lottery and gaming machines company, the company has expanded its product portfolio.

These transactions allowed Amaya to attract significant capital from 2011-2013, which, in turn, enabled Amaya to build a deep pool of private investors who benefitted as Amaya’s stock price increased over the years. In this regard, Amaya raised CAD$183.9 in capital from 2011 through 2013 including CAD$155.1 million in private placement equity transactions and CAD$28.8 million in private placement convertible debentures. This is in addition to the CAD$14.6 million raised in 2010 in the public markets prior to its strategic acquisitions.

Amaya’s successful private placement offerings indicate that private placement capital stakeholders had confidence in Amaya’s acquisition strategy to increase revenues, profits and its stock price. In addition to these private placement capital transactions, Amaya’s purchase of Cadillac Jack and its operating turnaround at the company provided confidence to its lenders on the $110 million term loan; providing Amaya with the financial flexibility to leverage Cadillac Jack assets to $160 million in December 2013 and to $240 million in May 2014. By Amaya increasing the debt level on the Cadillac Jack assets from $110 million to $240 million from December 2013 to May 2014, Amaya obtained access to significant cash resources leading up to the PokerStars acquisition.
B. Individuals

The Division’s investigation revealed no material derogatory information for Baazov, Sebag, Goldstein and Mincoff. Accordingly, the Division concludes that each individual possesses the requisite good character, honesty, and integrity required for qualification as a qualifier of a CSIE. Since Hazel, Rosenthal, Bourenkov, and Fabian were employed by the PokerStars Entities prior to the acquisition, their investigations and the Division’s determination as to their individual qualifications are addressed in Section XV of this Report.

XIII. THE DIVISION’S INVESTIGATIVE FINDINGS FROM ITS PLENARY REVIEW OF THE APPLICANT ENTITIES SEEKING TRANSACTIONAL WAIVER ORDERS

Because the Division’s investigation revealed no material derogatory information concerning Amaya NJ, Rational Treasury, Amaya Software, Amaya US, Rational Social, and Rational Intellectual, the Division is satisfied that each applicant entities presents the requisite good character, honesty, and integrity required for qualification as CSIEs.

XIV. THE DIVISION’S INVESTIGATIVE FINDINGS OF ITS REVIEW OF THE ADDITIONAL QUALIFYING ENTITIES

In addition to Amaya and Amaya Holdings (IOM), the Division identified eight additional entity qualifiers of the six CSIE applicants seeking transactional waivers.

A. Amaya, Inc. Entities

Amaya Coop, Amaya BV, and Amaya Gaming Holdings were historically Amaya entities and were never associated with the PokerStars Entities, and were created after Black Friday. The Division’s investigation did not disclose any material derogatory information concerning these three entities and is therefore satisfied that they have established preliminarily that each has the requisite good character, honesty, and integrity required for preliminary qualification as CSIEs.

B. Amaya, Inc. Entities Formerly Associated with PokerStars

In addition to Amaya Holdings (IOM), five qualifying entities had a prior connection to the original PokerStars Entities. Amaya Services was the only one of the five companies that was operational before Black Friday and was thus subject to the Division’s plenary review of the company’s financial background and record check. The inquiry revealed no material derogatory information.

The more limited inquiry concerning the entities that did not operate before or were incorporated after Black Friday - Amaya Group Limited, Amaya PS Holdings, Rational Resources, and Rational Poker School Limited – revealed no material derogatory information.
Accordingly, the Division is satisfied that Amaya Services, Amaya Group Limited, Amaya PS Holdings, Rational Resources and Rational Poker School Limited presents the requisite good character, honesty, and integrity required for qualification as a qualifying entity of a CSIE applicants.

XV. THE DIVISION’S SUITABILITY REVIEW OF SENIOR EXECUTIVES PREVIOUSLY EMPLOYED BY POKERSTARS, FULLTILT AND PYR

The Division conducted a background investigation of all former PokerStars, FullTilt and Pyr employees currently employed at Amaya who either previously held senior management positions with their predecessor company or have, since the acquisition, been promoted to a senior management position by Amaya to evaluate whether these employees’ responsibilities and actions at the predecessor companies disqualify them from continuing their current employment relationship at Amaya or its subsidiaries.

A. The Application of the New Jersey Casino Control Act to Unsuitable Individuals Employed by Companies Who Violated UIGEA

The Division and Commission have, since their inception, routinely denied licensure to significant owners and key management executives who fail to establish their “good character, honesty and integrity.” Reasons for such denials have included organized crime associations, criminal convictions, serious financial issues or improprieties, and other conduct that would call into question an individual’s suitability to hold a New Jersey license. Some have referred to those who engaged in prior conduct deemed unsuitable as “bad actors” and the process of denying licensure as the “bad actor analysis.” Notwithstanding how the regulatory analysis and final action is characterized, at its core, the analysis involves the application of the “good character, honesty and integrity” standard in assessing past conduct to determine current suitability for licensure. See N.J.S.A. 5:12-92b. An individual who was involved in managing, operating or controlling a company involved in business activities that violate federal or state law, regardless of whether the applicant or the corporate entity was prosecuted, would have a substantial burden in establishing the requisite suitability for licensure under the Act. This burden would be further heightened if the illegal or improper conduct or activity was related to gaming.

B. Standard for Qualification of Individuals with Post-UIGEA Suitability Issues

Before online gaming became legal in New Jersey, the Division recognized that a significant number of entities based outside of the United States would seek to enter the New Jersey market. The Division additionally was aware that a number of entities chose to ignore the clear message of UIGEA and instead continued to market to, and process wagers from, players based in the United States, and that individuals employed by or providing services to these entities would be seeking licensure by the Division. The Division was required to assess certain facts and circumstances to address the suitability for licensure of those individuals who were associated with business activities that violated UIGEA.
The suitability assessment used by the Division was premised on the principle that the passage of UIGEA removed any ambiguity regarding whether online gaming was illegal in the United States. As a result, individuals who held certain senior level positions with companies that operated in violation of UIGEA would not be able to establish to the Division the requisite “good character, honesty and integrity” required by N.J.S.A. 5:12-92b for licensure. In assessing the suitability of principal owners or senior executives (including consultants), the Division examines whether the individual was involved in the management or control of companies who were receiving, accepting or processing online wagers from United States players after the passage of UIGEA. This suitability review to assess good character, honesty and integrity, also involves individuals who reported to principal owners and senior executives and those who had some decision making authority or control over marketing or game play to United States players or were involved in compliance, audit, payments or operations.

The Division has uniformly applied this suitability review and required the separation of, or disallowed the hiring of, at least 10 senior executives when applying the above standard to all applicants for a licensure or registration since New Jersey authorized online gaming.\footnote{One of those individuals required to be separated from the company was employed by Amaya and predated its negotiations to acquire PokerStars.} Thus, the application of this standard of review to former employees of PokerStars, FullTilt, and Pyr who are now employed by Amaya is consistent with the Division’s historic review of applicants for licensure or registration.

C. Separation of Senior Executives of PokerStars as a Result of the Amaya Acquisition

In assessing the suitability of those former PokerStars, FullTilt and Pyr employees who remain with Amaya post-acquisition, the Division’s investigation disclosed that Amaya employs very few of the PokerStars Entities’ former senior executives and none of its significant owners. Several senior management executives of PokerStars, FullTilt, and Pyr left their positions immediately before the transaction with Amaya closed, either as a result of the transaction or as a condition of the Division beginning its preliminary investigation. A list of those individuals who left the PokerStars Entities is set forth below:

- Isai Scheinberg (Controlling Owner-Pyr, CEO-Pyr)
- Mark Scheinberg (Controlling Owner-Oldford Group, CEO)
- Pinhas Schapira (Owner, Director, Former Treasurer)
- Paul Telford (General Counsel)
- Sven Stiel (Regional Director, Northern Europe)
- John Caldwell (Director, Pro and Celebrity Marketing)
- Alex Payne (Chief Marketing Officer)
- Mark Buser (Director, Social Gaming)
- Paul Tate (Director of Payments)
Thus, the two most significant owners and corporate officers (the Scheinbergs), along with the General Counsel (Telford) and an additional owner and Director/Treasurer (Schapira), have all been separated from the PokerStars Entities.

D. Separation of Senior Executives of FullTilt as a Result of its Acquisition by PokerStars

The July 2012 settlement between Oldford Group and USDOJ required that certain owners and/or officers of FullTilt – specifically Bitar, Lederer, Furst, Ferguson, and Burtnick – separate from the company. Further, the IOM Gambling Supervision Commission required that certain additional individuals be removed from the company as a condition of PokerStars’ continued licensure in IOM. In accordance with that directive, Oldford Group terminated:

- Nelson Burtnick (Director of Payments)
- Mark Risley (Financial Controller)
- Dene Jones (Vice President of Online Marketing)
- John Holland (Financial Planning and Analysis Manager)
- Deidre O’Shaughnessy (Director of Business Services)
- Ephraim Lindquist (Competitive Intelligence Analysts)

Thus, as part of the USDOJ settlement and a regulatory directive issued by IOM regulators, FullTilt’s principal owners and senior management were separated from the company long before Amaya’s acquisition of PokerStars.

E. Investigative Review of Current Amaya Executives Formerly Employed by PokerStars

The Division engaged in a comprehensive investigation of those few former PokerStars, FullTilt, and Pyr employees who are currently employed by Amaya and either previously served, or currently serve, in a senior management position and had involvement in the companies’ United States operations between the enactment of UIGEA and Black Friday. This investigation included a comprehensive on-site review of all of the PokerStars Entities’ corporate and financial documents, as well as sworn interviews that addressed each individual’s employment history prior to the Amaya acquisition. The following is a complete list of all sworn interviews conducted by the Division:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anshul Agarwal *</td>
<td>Senior Payments Product Manager</td>
</tr>
<tr>
<td>Rafi Ashkenazi *</td>
<td>Vice President of Strategy, Amaya</td>
</tr>
<tr>
<td>Daniel Aufgang</td>
<td>Director, Project Management, Pyr</td>
</tr>
</tbody>
</table>

32 All but Burtnick were founders and/or owners of FullTilt. Burtnick was the Director of Payments.

33 Names denoted with an * were former Oldford Group/PokerStars employees.
<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
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</thead>
<tbody>
<tr>
<td>Claudia Aviles *</td>
<td>Director Payment Services and LAD</td>
</tr>
<tr>
<td>David Baazov</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>Ronen Ben-Chetrit*</td>
<td>Chief Technology Officer</td>
</tr>
<tr>
<td>Sigal Blonder*</td>
<td>Director, Business Development Product Delivery</td>
</tr>
<tr>
<td>Serge Bourenkov</td>
<td>General Manager, Pyr</td>
</tr>
<tr>
<td>Scott Byron *</td>
<td>Senior Poker &amp; Responsible Gaming Adviser</td>
</tr>
<tr>
<td>Dipayan Chakraborty*</td>
<td>Payment Product Manager</td>
</tr>
<tr>
<td>John Coppell *</td>
<td>Senior Manager Accounts Receivable</td>
</tr>
<tr>
<td>Donna Crellin *</td>
<td>Accounts Analyst</td>
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<tr>
<td>Steve Day *</td>
<td>Director of Poker Room Operations</td>
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<tr>
<td>Cyril Dunnion</td>
<td>Director of Product Management, FullTilt</td>
</tr>
<tr>
<td>Fredrik Ekdahl *</td>
<td>Director of Corporate Affairs</td>
</tr>
<tr>
<td>Chuck Fabian</td>
<td>Chief Technology Officer, FullTilt</td>
</tr>
<tr>
<td>Geoff Fardy *</td>
<td>Country Manager – Canada</td>
</tr>
<tr>
<td>Ian Feather *</td>
<td>Director of Business Development</td>
</tr>
<tr>
<td>Stephen Fisk *</td>
<td>Director of Sports Book</td>
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<tr>
<td>Hodan Fourie *</td>
<td>Director of Security Services</td>
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<tr>
<td>Graham Gibney *</td>
<td>Tournament Manager</td>
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<tr>
<td>Michael Hazel *</td>
<td>Interim Chief Executive Officer and Chief Financial Officer</td>
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<tr>
<td>Sam Hobcraft *</td>
<td>Director of Casino</td>
</tr>
<tr>
<td>Sarah Hollingsworth</td>
<td>HR Specialist</td>
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<tr>
<td>Eric Hollreiser *</td>
<td>Head of Corporate Communications</td>
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<tr>
<td>Lee Jones *</td>
<td>Director of Poker Communications</td>
</tr>
<tr>
<td>Mak Jukic</td>
<td>Director of Mobile Development, FullTilt</td>
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<tr>
<td>Rich Korbik *</td>
<td>Marketing Director</td>
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<tr>
<td>Stefan Kovach *</td>
<td>Marketing Consultant</td>
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<tr>
<td>Steve Kraut *</td>
<td>Director of Corporate Affairs</td>
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<tr>
<td>Lori Lazzaro *</td>
<td>Head of Product Development</td>
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<tr>
<td>Sarne Lightman *</td>
<td>Regional Director, UK, Canada, and ANZ</td>
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<tr>
<td>Tommy Lindberg</td>
<td>Head of Information Security, FullTilt</td>
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<tr>
<td>Roger Lu *</td>
<td>Senior Manager of Strategic Planning &amp; Development</td>
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<tr>
<td>David Lyons *</td>
<td>Senior Manager, LAD Services</td>
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<tr>
<td>Dominic Mansour</td>
<td>Managing Director, FullTilt</td>
</tr>
<tr>
<td>Stefan Markov *</td>
<td>Senior Manager Product Management Team</td>
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<tr>
<td>Shayam Markus</td>
<td>Poker Room Manager, FullTilt</td>
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<tr>
<td>Jensen Mclean *</td>
<td>Global Affiliate Manager</td>
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<tr>
<td>Lynne Mcmenemy*</td>
<td>Director of People Relations</td>
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<tr>
<td>Nina Methe *</td>
<td>Head of Marketing Communications- Germanics</td>
</tr>
<tr>
<td>Name</td>
<td>Title</td>
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<tr>
<td>Prasanna Muralidharan</td>
<td>Head of Internal Product Management</td>
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<tr>
<td>Kieron Nolan</td>
<td>Senior Finance Manager – FullTilt</td>
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<tr>
<td>David O’Donoghue</td>
<td>Head of Software Development</td>
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<tr>
<td>Diarmuid O’Neill</td>
<td>Game System Development Manager</td>
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<tr>
<td>David Ottosen</td>
<td>Senior Manager - Poker Projects</td>
</tr>
<tr>
<td>Greg Petts</td>
<td>Director of Internal Audit</td>
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<tr>
<td>David Piehl</td>
<td>Senior Corporate Development Manager</td>
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<tr>
<td>Matthew Robins</td>
<td>Director of Compliance</td>
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<tr>
<td>Anton Rogov</td>
<td>Director, Poker Development, Pyr</td>
</tr>
<tr>
<td>Israel Rosenthal</td>
<td>Chief Operating Officer</td>
</tr>
<tr>
<td>Mary Ryan</td>
<td>Senior HR Business Partner</td>
</tr>
<tr>
<td>Carly Sawers</td>
<td>Head of Media and Marketing Services</td>
</tr>
<tr>
<td>Daniel Sebag</td>
<td>Chief Financial Officer, Amaya</td>
</tr>
<tr>
<td>Meron Shani</td>
<td>Director, Corporate Controller</td>
</tr>
<tr>
<td>Andrew Smyth</td>
<td>Director of Tax</td>
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<tr>
<td>Vadim Soloveychik</td>
<td>Director of Marketing</td>
</tr>
<tr>
<td>Benjamin Sorge</td>
<td>Head of Marketing Services</td>
</tr>
<tr>
<td>Chris Straghalis</td>
<td>Senior Manager Poker Innovation &amp; Projects</td>
</tr>
<tr>
<td>Guy Templer</td>
<td>Group Business Development &amp; Strategy Director</td>
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<tr>
<td>Nigel Thompson</td>
<td>Accounts Receivable Manager</td>
</tr>
<tr>
<td>Simon Tilbury</td>
<td>Head of Brand, Advertising &amp; Campaign Marketing</td>
</tr>
<tr>
<td>Morten Tonnesen</td>
<td>Director of Group Marketing</td>
</tr>
<tr>
<td>Alex Zaichenko</td>
<td>Manager IT Infrastructure, Security and Compliance, Pyr</td>
</tr>
</tbody>
</table>

After careful review of all the evidence and the application of those facts to the post-UIGEA suitability standard discussed above, the Division determined that four senior executives who remain with an Amaya subsidiary after the acquisition are not able to establish their good character, honesty and integrity as required by the Act because they were involved in the management or control of companies that violated UIGEA, or had responsibilities related to payment processing, providing legal advice, marketing, compliance, audit or operations at those companies. Consequently, each of those individuals must be separated from any employment relationship with Amaya and its subsidiaries if transactional waivers are to be issued.

**XVI. CONCLUSION**

Based upon the information developed in the Division’s investigation and summarized in this Report, the Division has concluded that Amaya’s petition for a Transactional Waiver Order for its six subsidiaries that will be involved in offering Internet gaming products to New Jersey players under the PokerStars and FullTilt brands should be granted, thereby authorizing those
applicant entities to conduct Internet gaming related transactions in partnership with Resorts, subject to certain conditions.

The Division based its decision on the following facts and conclusions:

1. The USDOJ’s decision to allow the PokerStars Entities to continue their Internet gaming operations going forward if it was legal to do so, without limitation on the use of its assets or those of FullTilt;

2. The complete and irrevocable separation of the Scheinbergs’ ownership in, and control over, the PokerStars Entities;

3. The removal of all other significant owners and senior executives of the PokerStars Entities who were involved in managing, controlling or having responsibilities for the illegal business activities of the PokerStars Entities prior to the USDOJ indictment;

4. The Division’s requirement that four individuals currently employed by Amaya or its subsidiaries due to their involvement in the business activities of the PokerStars Entities between the passage of UIGEA and Black Friday.

5. The Division’s finding that its investigation of the six applicant entities seeking a Transactional Waiver Order revealed no material derogatory information thereby supporting a finding that each has established the requisite good character, honesty and integrity under the Act to be qualified.

6. The Division’s finding that its investigation of the parent company, Amaya, and the primary holding company of the newly acquired PokerStars Entities, Amaya Group Holdings (IOM) Limited, and their senior executives, not otherwise disqualified, revealed no material derogatory information thereby supporting a finding that each has established the requisite good character, honesty, and integrity under the Act to be qualified;

7. The Division’s finding that its investigation of the five additional entities that had a business association with the PokerStars Entities prior to the Amaya acquisition revealed no material derogatory information, thereby supporting a finding that each has established the requisite good character, honesty and integrity under the Act to be qualified;

8. The Division’s finding that its investigation of the remaining qualifying entities revealed no material derogatory information, thereby supporting a finding that each has preliminarily established the requisite good character, honesty and integrity required by the Act;
9. The Division’s conclusion that its approval of the use, without restriction, of the assets acquired by Amaya in its acquisition of the PokerStars Entities for Internet gaming operations in New Jersey does not provide Amaya with an unfair competitive or economic advantage is supported by several factors including the absence of the PokerStars Entities in Internet gaming operations with United States players since April 2011, the 22 month lead time provided to currently licensed New Jersey Internet providers and significant changes in the regulated Internet gaming competitive landscape which has created large companies with powerful brand names that are well positioned to challenge the reentry of the PokerStars and FullTilt brands to the Internet gaming market.

Secondarily, the following actions further support the Division’s decision to issue a Transactional Waiver Order to the Amaya entities:

1. Amaya withdrew from 34 “grey markets” where the PokerStars Entities previously operated Internet gaming where it was not expressly authorized;
2. Amaya implemented an Integrated Compliance Plan that was designed to create stronger corporate governance, regulatory and compliance oversight;
3. Amaya Holdings (IOM)’s periodic audit by regulators, most notably the IOM regulators, to ensure that the company is holding player funds in segregated accounts and that amounts are reconciled to player accounts on a daily basis;
4. Amaya’s agreement to escheat to the State of New Jersey all funds remaining in any PokerStars’ accounts for New Jersey players received prior to April 15, 2011, before commencing Internet gaming operations in New Jersey.
5. The separation of all senior management of PokerStars, FullTilt, and Pyr who controlled, directed, or managed the companies between 2006 and 2011.

After a careful review of all of the facts, the Division will impose the following conditions on Amaya as requirements prior to the issuance of a Transactional Waiver Order:

1. Amaya shall escheat to the State of New Jersey all funds remaining in any PokerStars' accounts for New Jersey players received prior to April 15, 2011 before commencing Internet gaming operations in New Jersey;
2. Amaya shall separate from employment on or before January 30, 2016, four individuals identified by the Division as having failed to establish the requisite good character, honesty and integrity required by the Act due to their involvement in the business activities of the PokerStars Entities between the enactment of UIGEA and Black Friday;
3. Amaya and any of its subsidiaries and affiliated entities shall not permit Isai Scheinberg, Mark Scheinberg, Pinhas Schapira, Yehuda Nir, Paul Telford, Paul Tate, Nelson Burtnick, Ray Bitar, Rafael Furst, or Chris Ferguson to serve or act as an owner, director, officer, shareholder, security holder, financial source, lender, employee, consultant, lobbyist, intermediary, independent contractor, advisor, agent, or representative of Amaya or its subsidiaries and affiliated entities, in any capacity, whether directly or indirectly, whether by formal contract or by informal arrangement, without prior written approval of the Division. Amaya and its subsidiaries and affiliated entities shall immediately notify the Division, in writing, of any actions by Isai Scheinberg, Mark Scheinberg, Pinhas Schapira, Yehuda Nir, Paul Telford, Paul Tate, Nelson Burtnick, Ray Bitar, Rafael Furst, or Chris Ferguson to influence, suggest or communicate with any employee of Amaya or its subsidiaries or affiliated entities, with respect to the management or daily business activities or operations or with regard to any action or decision of it, its subsidiaries, and their officers, directors, or employees;

4. The 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;

5. Amaya shall report to its Compliance Committee any efforts undertaken in connection with the development of gaming activities in any new jurisdiction, including the individuals and business entities associated with those efforts, and the Amaya Compliance Committee shall consider such information and fully report its consideration of such efforts in its minutes;

6. Amaya shall notify and provide copies to the Division of the filing of any complaints, warnings and notices brought against Amaya, any of its subsidiaries or affiliated entities or any of its directors, officers, senior executives and employees in any gaming jurisdiction;

7. Amaya shall adopt a written resolution of its Board of Directors recognizing the requirements of all of the foregoing conditions, agreeing to the terms of each of the conditions, and representing that it, and its subsidiaries and affiliated entities, through each of its directors, officers, senior executives, and employees will comply with and enforce each of the conditions;
8. This report shall be a public document, subject only to redactions for confidentiality, as approved by the Division.

Respectfully submitted,

[Signature]

DAVID REBUCK
DIRECTOR

Date: September 30, 2015