IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

SYLEBRA CAPITAL PARTNERS MASTER FUND, LIMITED and P SYLEBRA LTD.,	:	
Plaintiffs,	:	
v.	:	C.A. No. _____
RONALD O. PERELMAN, BARRY COTTLE, KEVIN M. SHEEHAN, M. GAVIN ISAACS, RICHARD M. HADDRILL, PETER A. COHEN, DAVID L. KENNEDY, PAUL M. MEISTER, MICHAEL J. REGAN, BARRY F. SCHWARTZ, FRANCES F. TOWNSEND, GERALD J. FORD, GABRIELLE K. MCDONALD, SCIENTIFIC GAMES CORPORATION and BALLY GAMING, INC.,	:	
Defendants.	:	

VERIFIED COMPLAINT FOR DECLARATORY RELIEF, INJUNCTIVE RELIEF AND DAMAGES

Plaintiffs Sylebra Capital Partners Master Fund, Limited ("Sylebra Capital Partners") and P Sylebra Ltd. ("P Sylebra," and together with Sylebra Capital Partners, the "Sylebra Plaintiffs"), by and through their attorneys, for their complaint against defendants Ronald O. Perelman, Barry Cottle, Kevin M. Sheehan, M. Gavin Isaacs, Richard M. Haddrill, Peter A. Cohen, David L. Kennedy, Paul M. Meister, Michael J. Regan, Barry F. Schwartz, Frances F. Townsend, Gerald J. Ford, Gabrielle K. McDonald (collectively, the "Individual Defendants"), Scientific

Games Corporation ("Scientific Games" or the "Company"), and Bally Gaming, Inc. ("Bally Gaming," and together with the Individual Defendants and Scientific Games, the "Defendants") hereby allege the following:

INTRODUCTION

1. The events detailed in this Complaint compel but one conclusion: Defendants, under the influence of Scientific Games' Chairman and largest investor, Ronald Perelman ("Perelman"), schemed to harm the Sylebra Plaintiffs' investment in Scientific Games for the purpose of protecting and further entrenching Perelman's control over the Company.

2. The Sylebra Plaintiffs are two advisory clients of Sylebra Capital Limited, a global equities investment advisor that provides advisory and management services to both Sylebra Capital Partners and P Sylebra. Sylebra Capital Limited, and its affiliated entities and advisory clients, are commonly referred to as "Sylebra."

3. Taken together, the Sylebra Plaintiffs and another Sylebra-advised entity were the second largest stockholder of Scientific Games behind Perelman, who together with the company he owns—MacAndrews & Forbes Incorporated ("MacAndrews & Forbes")—controls almost 40% of Scientific Games' outstanding shares.

4. Because Scientific Games, and its indirect wholly owned subsidiary, Bally Gaming, operate within the lottery and gaming industry, investors are subject to qualification requirements set by gaming authorities in the United States and abroad. When Sylebra-advised entities, including the Sylebra Plaintiffs, first invested in Scientific Games in 2015, Scientific Games never expressed any concern about Sylebra's suitability to be a gaming company investor. Scientific Games even helped Sylebra navigate the regulatory landscape with full knowledge of their investment objectives.

5. In April 2017, two months after Sylebra accumulated a 9.84% interest in the Company through its advisory clients, the tone toward Sylebra changed. This shift in attitude coincided with a significant increase in the value of Scientific Games' stock, which had nearly doubled since the Sylebra Plaintiffs' initial investment. Perelman viewed Sylebra's success as a threat to his dominion and control over the Company, but rather than purchase more than a 50% stake in Scientific Games at prevailing prices, Perelman and his inner circle sought to fortify Perelman's control by using the gaming industry's regulatory environment and provisions of the Company's Restated Certificate of Incorporation ("Charter") to harass Sylebra and seek to harm the Sylebra Plaintiffs' investment.

6. The plan was straightforward: raise concerns with gaming regulators about Sylebra's suitability and then use these fabricated concerns as a pretext to invoke a provision under the Company's Charter to disqualify all Sylebra-related entities, including the Sylebra Plaintiffs, as investors. Under the Charter, the Board could deem a stockholder a "Disqualified Holder" if a gaming authority found the stockholder to be an unsuitable investor. Scientific Games could then require the Disqualified Holder to sell its holdings back to the Company at a steep discount or loss. If successful, the plan would strip the Sylebra Plaintiffs of their gains and eliminate a perceived threat to Perelman's control without Perelman having to spend his own money.

7. To put the plan in place, Perelman and Scientific Games raised pretextual concerns with regulators about a Sylebra investment in another publicly traded company, Qiwi plc ("Qiwi"). Years earlier, Qiwi had been the subject of unsubstantiated derogatory claims in a newspaper article, which reported that a Russian-backed social media operation had exploited private payment systems, including Qiwi's private payment terminals as well as PayPal's online services, to provide funds to separatists in eastern Ukraine. Despite several other investors in Scientific Games also holding a position in Qiwi, Scientific Games flagged Sylebra's investment—and no one else's—to gaming authorities across the globe in hopes that a regulator would deem Sylebra an unsuitable gaming company investor.

8. The plan attracted some interest at first, as the Office of Enforcement Counsel ("OEC") of the Pennsylvania Gaming Control Board (the "Pennsylvania Regulator") restricted Sylebra's ability to sell the Sylebra Plaintiffs' Scientific Games shares pending review of the Qiwi investment. Sylebra cooperated with the Pennsylvania Regulator and ultimately dispelled any concern about its passive investment in Qiwi, but Defendants were not yet finished.

9. Laying bare Perelman and Scientific Games' ulterior motives, after the Pennsylvania Regulator, on June 21, 2017, rescinded the bar preventing a sale of the Sylebra Plaintiffs' stake in Scientific Games, Scientific Games persuaded the U.S. Virgin Islands Casino Control Commission (the "Virgin Islands Regulator") to impose the same restriction the very next day (June 22, 2017), which preserved Defendants' ability to invoke the punitive Charter provisions before the Sylebra Plaintiffs could divest their holdings.

10. The process that led to the Virgin Islands directive was, and continues to be, highly irregular and deeply concerning. The person responsible for the Virgin Island directive—Chair Violet Ann Golden—forced Sylebra to fork over $75,000 as part of a principal licensing suitability investigation that was completely unnecessary given that Sylebra had been granted institutional investor status by every other regulatory authority and should therefore have been granted an exemption from the principal licensing requirements. Sylebra now suspects that the money it provided

was stolen, as Chair Golden was indicted on federal charges of embezzlement, conspiracy, wire fraud, and obtaining money under false pretenses. Meanwhile, the Virgin Islands directive freezing the Sylebra Plaintiffs' investment remains in effect despite Sylebra's continuous efforts to have it rescinded.

11. Sylebra also learned that Scientific Games may have exploited Chair Golden's unscrupulous leanings by providing her with $40,000 to purportedly donate to the American Red Cross of the Virgin Islands. Scientific Games' donation coincided with Sylebra's attempts to be recognized as an institutional investor and have the trading restrictions lifted. Scientific Games opposed Sylebra's requests and urged Chair Golden to investigate Sylebra (and then gave her $40,000 as a purported charitable donation).

12. Making matters worse, when Scientific Games' regulatory campaign based on the Qiwi investment faltered, Perelman changed course and invented new concerns about Sylebra's investor base and industry-standard structure. In May 2017, Scientific Games began to demand that Sylebra provide it with highly confidential information under the pretense that it needed to conduct its own due diligence of a significant stockholder.

13. Scientific Games' newfound interest in obtaining information from Sylebra was disingenuous given that Scientific Games never sought to conduct its own due diligence or suitability analysis when the Sylebra Plaintiffs first invested

two years earlier. The information that it suddenly claimed to urgently need after two years of silence, including information about Sylebra's investors and its structure and holdings, was a ruse to exploit the industry standard nondisclosure agreements that prevented Sylebra from disclosing sensitive investor information. Indeed, no regulator has ever expressed concern about the identity of Sylebra's investors or the nature of Sylebra's structure.

14. In June 2017, after Sylebra rightly pushed back on disclosing its confidential investor information, which was totally unrelated to the previous concerns raised about the Qiwi investment, Perelman and the Company changed the Company's Amended and Restated Bylaws ("Bylaws"). The Bylaw amendments facilitated the Company's ability to conduct its own suitability analysis of a stockholder based solely on the fact that the stockholder's interest reached five percent. Days after the Board amended the Bylaws, Scientific Games employed them as a basis to further harass the Sylebra—and no other investor that met the five percent threshold—for information under threat of disqualification of the Sylebra Plaintiffs' investment.

15. Faced with actions directly targeting the Sylebra Plaintiffs' investment, in July 2017, Sylebra sought to open a dialogue with the Company to understand the basis for the sudden hostility. When Sylebra's Chief Investment Officer (Daniel Gibson) reached out to the Company, he was directed to Perelman and MacAndrews

& Forbes' General Counsel—not Scientific Games' Board, management, or general counsel. Rather than engage in constructive dialogue, Scientific Games continued the charade of providing an ever-evolving rationale for its actions, which started as a concern about an isolated investment from 2015 and escalated into fabricated issues about Sylebra's industry-standard investment fund structure and investors. As Sylebra would address an issue, the Company would invent a new one, forcing Sylebra into a game of whack-a-mole with the threat of the Sylebra Plaintiffs losing their entire investment hanging in the balance.

16. The next step in Perelman's plan was to have Scientific Games reincorporate in Nevada and effectuate governance changes that would retroactively sanction its targeting of a disfavored investor and provide the Board with sweeping power to engage in activities typically reserved for regulators. To this end, on or before September 18, 2017, the Board authorized the Company to enter into an Agreement and Plan of Merger (the "Reincorporation Merger").

17. But the Definitive Proxy Statement (the "Proxy") seeking stockholder approval for the Reincorporation Merger was misleading. It obscured the nature of the changes to the Bylaws and Charter, which gave the Company broad power to disqualify Company stockholders based on the unqualified whims of the Board. The Company even falsely assured investors that, "[e]xcept as described in this section [of the Proxy], the rights of stockholders under the New Charter and New Bylaws

are substantially the same as under the . . . Current Charter and Bylaws."

18. Capitalizing on the Reincorporation Merger, the Company filed a lawsuit on June 14, 2019 in Nevada state court, which seeks to misuse the Nevada courts in the Company's ongoing scheme.

19. The Company's unrelenting assault, led by Perelman and bolstered by actions of a complicit Board, has wasted Company resources for the exclusive benefit of Perelman and inflicted substantial harm to the Sylebra Plaintiffs' investment. The Company's actions froze the Sylebra Plaintiffs' investment while the stock tanked under Perelman's mismanagement, causing damages in excess of $290,000,000. Faced with such staggering harm caused by a compromised Board that failed to discharge its most basic fiduciary obligations, the Sylebra Plaintiffs are forced to seek judicial relief to remedy and stop, once and for all, this baseless harassment campaign.

PARTIES

20. Plaintiff Sylebra Capital Partners is a private investment fund organized and existing under the laws of the Cayman Islands.

21. Sylebra Capital Partners is a master fund in a typical "master-feeder" structure employed by numerous investment funds. Two other non-party companies are "feeder funds"—Sylebra Capital Partners (Onshore), Ltd., which is the investment vehicle for U.S. taxable investors; and Sylebra Capital Partners

(Offshore), Ltd., used for investments by U.S. tax-exempt and non-U.S. investors. Each of the two feeder funds invests in the "master fund"; *i.e.*, Sylebra Capital Partners. In exchange for advisory fees, Sylebra Capital Limited, which is a global equities investment advisor based in Hong Kong, provides advisory and management services to Sylebra Capital Management. Sylebra Capital Management is another Cayman Islands exempted company that manages the investments of the master and feeder funds.

22. Plaintiff P Sylebra is an entity organized and existing under the laws of the British Virgin Islands. P Sylebra's holdings in Scientific Games are managed by Sylebra Capital Limited.

23. As noted above, Sylebra Capital Limited and its affiliated entities like Sylebra Capital Management and the master-feeder funds, and its advisory clients like P Sylebra, constitute an investment fund commonly referred to as "Sylebra."

24. Sylebra's investment fund structure is industry standard for institutional investors as evidenced by the fact that at least three other institutional investors that beneficially own 5% or more of Scientific Games' outstanding shares employ a structure involving off-shore entities organized in the Cayman Islands and managed by investment advisors based elsewhere. One investor in particular, Nantahala Capital Management, LLC, which holds an 8.7% interest in the Company, is an advisor to a private fund in a similar master-feeder arrangement, in which the feeder

fund (Nantahala Capital Management Offshore Fund I, Ltd.) is organized in the Cayman Islands. Two other investors, Fine Capital Partners, L.P. (which holds a 9.7% interest) and Vanguard Group Inc. (which holds a 5.4% interest), are investment advisors to private funds organized in the Cayman Islands. In total, four of Scientific Games' top six investors advise private funds organized in the Cayman Islands, yet only Sylebra has been singled out for a suitability analysis based on its alleged "unusual" capital management structure.

25. Defendant Scientific Games is a publicly traded corporation organized and existing under the laws of the State of Nevada, with its principal executive offices located at 6601 Bermuda Road, Las Vegas, Nevada 89119. Scientific Games' stock is traded on the NASDAQ under the symbol "SGMS." Prior to January 10, 2018, Scientific Games was a corporation organized and existing under the laws of the State of Delaware.

26. Defendant Bally Gaming is an indirect wholly owned subsidiary of Scientific Games and is a corporation organized and existing under the laws of the State of Nevada.

27. At all times relevant herein, Defendant Perelman was the Chairman of the Board of Scientific Games and beneficially owned approximately 39% of Scientific Games' outstanding shares. As demonstrated herein, Perelman exercised effective control of the Company making him a controlling stockholder. Perelman

is also Chairman and Chief Executive Officer of MacAndrews & Forbes, which owns an array of subsidiary portfolio companies that are controlled by the MacAndrews & Forbes' management team.

28. Defendant Barry Cottle ("Cottle") is a Director of Scientific Games and was appointed Chief Executive Officer in June 2018. Since June 2018, Cottle has overseen the smear campaign directed at Sylebra and allowed Perelman and the compromised Board to use instrumentalities of the Company to perpetuate the scheme to forcibly redeem the Sylebra Plaintiffs' holdings for the benefit of Perelman. Specifically, Cottle was the Chief Executive Officer of the Company during the campaign to advance Perelman's interest in protecting his control of the Company by using the regulatory environment to harm the Sylebra Plaintiffs' investment. Defendant Cottle is not independent from Perelman.

29. Defendant Kevin M. Sheehan ("Sheehan") served as a Director and Chief Executive Officer of Scientific Games from August 2016 through and including June 2018, when he was replaced as Chief Executive Officer by Cottle. Sheehan remains with the Company as a senior advisor, and during his tenure as Director and Chief Executive Officer, oversaw and implemented the scheme to forcibly redeem the Sylebra Plaintiffs' holdings for the benefit of Perelman. Specifically, Sheehan was the Chief Executive Officer: (i) when the Company began to engage in the campaign to advance Perelman's interest in protecting his control

of the Company by using the regulatory environment to harm the Sylebra Plaintiffs' investment, (ii) when the Board amended the Company's organizing documents to further the scheme, and (iii) when the Board approved a false and misleading proxy statement to effectuate the Reincorporation Merger. Defendant Sheehan is not independent from Perelman.

30. Defendant M. Gavin Isaacs ("Issacs") served as President and Chief Executive Officer and Director of the Company from June 2014 to August 2016. From August 2016 to December 2018, Isaacs was a Vice Chairman of the Board of Directors. In his position as Vice Chairman, Isaacs participated in the scheme to forcibly redeem the Sylebra Plaintiffs' holdings for the benefit of Perelman. Specifically, Issacs was the Vice Chairman of the Board of Directors: (i) when the Company began to engage in the campaign to advance Perelman's interest in protecting his control of the Company by using the regulatory environment to harm the Sylebra Plaintiffs' investment, (ii) when the Board amended the Company's organizing documents to further the scheme, and (iii) when the Board approved a false and misleading proxy statement to effectuate the Reincorporation Merger. Defendant Isaacs is not independent from Perelman.

31. Defendant Peter A. Cohen ("Cohen") at all times relevant herein served as Vice Chairman of the Board of Directors. Cohen has also shared a board role with Perelman at MAFS Acquisition Corp., which operates as a blank check

company for MacAndrews & Forbes for the purpose of effecting mergers, capital stock exchanges, asset acquisitions, stock purchases, reorganizations or similar business combinations. In his position as Vice Chairman, Cohen participated in the scheme to forcibly redeem the Sylebra Plaintiffs' holdings for the benefit of Perelman. Specifically, Cohen was the Vice Chairman of the Board of Directors: (i) when the Company began to engage in the campaign to advance Perelman's interest in protecting his control of the Company by using the regulatory environment to harm the Sylebra Plaintiffs' investment, (ii) when the Board amended the Company's organizing documents to further the scheme, and (iii) when the Board approved a false and misleading proxy statement to effectuate the Reincorporation Merger. Defendant Cohen is not independent from Perelman.

32. Defendant David L. Kennedy ("Kennedy") served as a Director on the Board of Directors at all relevant times herein. Kennedy served as the Chief Executive Officer of Scientific Games from November 2013 to June 2014, when he was replaced by Isaacs. Prior to his involvement with Scientific Games, Kennedy served as Senior Executive Vice President of MacAndrews & Forbes as well as Vice Chairman and interim Chief Executive Officer of another one of MacAndrews & Forbes' portfolio companies, Revlon, Inc. In his position as Director, Kennedy participated in the scheme to forcibly redeem the Sylebra Plaintiffs' holdings for the benefit of Perelman. Specifically, Kennedy was a Director: (i) when the Company

began to engage in the campaign to advance Perelman's interest in protecting his control of the Company by using the regulatory environment to harm the Sylebra Plaintiffs' investment, (ii) when the Board amended the Company's organizing documents to further the scheme, and (iii) when the Board approved a false and misleading proxy statement to effectuate the Reincorporation Merger. Defendant Kennedy is not independent from Perelman.

33. Defendant Paul M. Meister ("Meister") served as a Director at all relevant times herein. Meister served as President of MacAndrews & Forbes Incorporated from 2014 to 2018. Meister was appointed Executive Vice Chairman of Revlon, Inc. and served as the principal executive officer on an interim basis through May 2018 following the resignation of the Chief Executive Officer of Revlon, Inc. in January 2018. He also served as a board member and former President of vTv Therapeutics Inc., which is owned by MacAndrews & Forbes and Perelman. In his position as Director, Meister participated in the scheme to forcibly redeem the Sylebra Plaintiffs' holdings for the benefit of Perelman. Specifically, Meister was a Director: (i) when the Company began to engage in the campaign to advance Perelman's interest in protecting his control of the Company by using the regulatory environment to harm the Sylebra Plaintiffs' investment, (ii) when the Board amended the Company's organizing documents to further the scheme, and (iii) when the Board approved a false and misleading proxy statement to effectuate

the Reincorporation Merger. Defendant Meister is not independent from Perelman.

34. Defendant Barry F. Schwartz ("Schwartz") served as a Director at all relevant times herein. Schwartz is currently an Emeritus Vice Chairman of MacAndrews & Forbes, and from October 2007 to January 2017 was its Executive Vice Chairman, also serving as its Chief Administrative Officer. He is listed as the Chief Executive Officer and President of MAFS Acquisition Corp. In his position as Director, Schwartz participated in the scheme to forcibly redeem the Sylebra Plaintiffs' holdings for the benefit of Perelman. Specifically, Schwartz was a Director: (i) when the Company began to engage in the campaign to advance Perelman's interest in protecting his control of the Company by using the regulatory environment to harm the Sylebra Plaintiffs' investment, (ii) when the Board amended the Company's organizing documents to further the scheme, and (iii) when the Board approved a false and misleading proxy statement to effectuate the Reincorporation Merger. Defendant Schwartz is not independent from Perelman.

35. Defendant Frances F. Townsend ("Townsend") served as a Director at all relevant times herein. Townsend is the Executive Vice President for Worldwide Government, Legal, and Business Affairs at MacAndrews & Forbes. In her position as Director, Townsend participated in the scheme to forcibly redeem the Sylebra Plaintiffs' holdings for the benefit of Perelman. Specifically, Townsend was a Director: (i) when the Company began to engage in the campaign to advance

Perelman's interest in protecting his control of the Company by using the regulatory environment to harm the Sylebra Plaintiffs' investment, (ii) when the Board amended the Company's organizing documents to further the scheme, and (iii) when the Board approved a false and misleading proxy statement to effectuate the Reincorporation Merger. Defendant Townsend is not independent from Perelman.

36. Defendant Michael J. Regan ("Regan") served as a Director at all relevant times herein. He has a longstanding relationship with Perelman. He is a former executive at the accounting firm KPMG and served as lead partner in charge of the relationship with Revlon, Inc. He also served as a director on the board of Allied Security Holdings LLC with Perelman. Allied Security Holdings LLC was established in 2004 as a result of the acquisition of SpectaGuard, a provider of contract security services, by MacAndrews & Forbes. In his position as Director, Regan participated in the scheme to forcibly redeem the Sylebra Plaintiffs' holdings for the benefit of Perelman. Specifically, Regan was a Director: (i) when the Company began to engage in the campaign to advance Perelman's interest in protecting his control of the Company by using the regulatory environment to harm the Sylebra Plaintiffs' investment, (ii) when the Board amended the Company's organizing documents to further the scheme, and (iii) when the Board approved a false and misleading proxy statement to effectuate the Reincorporation Merger. Defendant Regan is not independent from Perelman.

37. Defendant Gerald J. Ford ("Ford") served as a Director on the Board of Directors until June 14, 2019. Ford is also a longtime friend and business partner of Perelman, as detailed more fully *infra*. In his position as Director, Ford participated in the scheme to forcibly redeem the Sylebra Plaintiffs' holdings for the benefit of Perelman. Specifically, Ford was a Director: (i) when the Company began to engage in the campaign to advance Perelman's interest in protecting his control of the Company by using the regulatory environment to harm the Sylebra Plaintiffs' investment, (ii) when the Board amended the Company's organizing documents to further the scheme, and (iii) when the Board approved a false and misleading proxy statement to effectuate the Reincorporation Merger. Defendant Ford is not independent from Perelman.

38. Defendant Gabrielle K. McDonald ("McDonald") served as a Director on the Board of Director until June 14, 2019. McDonald served as a Director of Freeport-McMoRan Inc. when Ford also served on that company's board. McDonald has held other posts at Freeport-McMoRan Inc., including serving as its Special Counsel on Human Rights, and as a Commissioner of an international subsidiary. Additionally, McDonald served as a director of Golden State Bancorp Inc. from 1998 to 2002 when Perelman and Ford were shareholders and directors of the company. Perelman owned the largest share of Golden State Bancorp, and together with Ford, the pair owned nearly a third of the company when it was

acquired by Citigroup in 2002. In her position as Director, McDonald participated in the scheme to forcibly redeem the Sylebra Plaintiffs' holdings for the benefit of Perelman. Specifically, McDonald was a Director: (i) when the Company began to engage in the campaign to advance Perelman's interest in protecting his control of the Company by using the regulatory environment to harm the Sylebra Plaintiffs' investment, (ii) when the Board amended the Company's organizing documents to further the scheme, and (iii) when the Board approved a false and misleading proxy statement to effectuate the Reincorporation Merger. Defendant McDonald is not independent from Perelman.

FACTUAL ALLEGATIONS

A. PERELMAN AND MACANDREWS & FORBES' CONTROL OF SCIENTIFIC GAMES

39. MacAndrews & Forbes is wholly owned by Perelman. Through MacAndrews & Forbes, Perelman "owns and operates . . . [an] array of businesses," including Scientific Games. MacAndrews & Forbes purports to "tap[] into . . . its management team to support" the portfolio companies it seeks to "build, run, and grow."

40. Scientific Games is listed on MacAndrews & Forbes' website as a portfolio company and described in various media sources as a subsidiary of MacAndrews & Forbes. Perelman's investment in Scientific Games constitutes a substantial part of his net worth and is valued at over $700 million.

41. Scientific Games has not been shy about acknowledging the influence Perelman and MacAndrews & Forbes exercise over Company affairs. On May 2, 2018, when Kevin Sheehan was replaced by Barry Cottle as Scientific Games' Chief Executive Officer, Sheehan expressly thanked his "friends and colleagues at MacAndrews & Forbes . . . for their hard work and commitment" in the press release announcing his departure.

42. Recent events illustrate the level of managerial control Perelman, himself, exercises over Scientific Games. In a May 28, 2019 press release, the Company announced that former Aristocrat Leisure Limited Chief Executive Officer, Jamie Odell, joined Scientific Games as Special Advisor to Perelman and the current Chief Executive Officer, Cottle. Odell openly acknowledged that his appointment was at the behest of Perelman when he stated that it was "an absolute honor to be asked by Ronald [Perelman] to provide advice" to Scientific Games.

43. Perelman has also been credited with installing four different Chief Executive Officers—David Kennedy, Gavin Isaacs, Kevin Sheehan and Barry Cottle—since 2013, when he first ascended to Chairman of the Board. The rapid turnover in management shows that each of the Chief Executive Officer's tenure was dependent on remaining in Perelman's good graces.

44. Perelman's thorough dominion and control of Scientific Games was accomplished through, among other things, handpicked Directors that are beholden

to him based on financial ties and other beneficial connections. Critically, at least six of the eleven other Directors (besides Perelman) owed their financial well-being to Perelman based on their current or former employment at MacAndrews & Forbes or one of its portfolio companies.

45. Scientific Games' current Chief Executive Officer, and current Director, Defendant Cottle, held positions at companies owned by Perelman, including the position of Senior Vice President for Technology at MacAndrews & Forbes and Vice Chairman of Technology at Deluxe Entertainment Services Group Inc.

46. Current Director, Defendant Kennedy, prior to his involvement with Scientific Games, served as Senior Executive Vice President of MacAndrews & Forbes as well as Vice Chairman and interim Chief Executive Officer of one of MacAndrews & Forbes' portfolio companies, Revlon, Inc. Perelman is Chairman of the Board of Revlon, Inc. and Revlon Consumer Products Corporation.

47. Current Director, Defendant Meister, was President of MacAndrews & Forbes Incorporated from 2014 to 2018. He is also the former Executive Vice Chairman and Director of Revlon, Inc. as well as a board member of MacAndrews & Forbes. Meister served as a board member and former President of vTv Therapeutics Inc., which is also owned by MacAndrews & Forbes and Perelman.

48. Current Director, Defendant Schwartz, is an Emeritus Vice Chairman of MacAndrews & Forbes and was the former Executive Vice Chairman from October 2007 to January 2017 and served as MacAndrews & Forbes' Chief Administrative Officer. He is listed as the Chief Executive Officer and President of MAFS Acquisition Corp.

49. Current Director, Defendant Townsend, is the Executive Vice President for Worldwide Government, Legal, and Business Affairs at MacAndrews & Forbes.

50. Current Director, Defendant Haddrill, is the former Chief Executive Officer and Chairman of Bally Technologies, which was bought by Scientific Games in 2014. Upon completion of the acquisition, Haddrill joined the Board as Executive Vice Chairman and was awarded an employment agreement that included, among other things, an annual base salary of $1,500,000.

51. Former Director, Defendant Ford, is a close friend of Perelman. Their friendship dates back to the 1990s when the pair reaped handsome profits from the acquisition and sale of The First Gibraltar Bank and Golden State Bancorp. Ford has also served as a director, together with Perelman, at MAFS Acquisition Corp. Most revealing of the pair's relationship is that they co-owned a yacht that Perelman eventually sold to Ford outright. Perelman is quoted as saying that Ford "got the greatest bargain of all time from me" when Perelman sold his share of the yacht. Perelman has also been attributed with saying that he and Ford have "the perfect

relationship." Ford only recently departed the Board in June 2019.

52. Former Director, Defendant Issacs, is the former Chief Executive Officer of Scientific Games. Before joining Scientific Games in 2014, Isaacs served three years as the Chief Executive Officer of SHFL Entertainment. Isaacs engineered the $1.3 billion sale of SHFL Entertainment to Bally Gaming in 2013. Before Scientific Games merged with Bally Gaming in 2014, Perelman bought out the remaining months of Isaacs' non-compete clause with Bally Gaming and brought him to Scientific Games as a consultant. Three months later, he was named Chief Executive Officer; a month after that, Scientific Games acquired Bally Gaming for $5.1 billion. When Isaacs was replaced by Kevin Sheehan in August 2016, Isaacs remained Vice Chairman of the Board until the expiration of his non-compete period in December 2018.

53. Former Director, Defendant Sheehan, served as a Director and Chief Executive Officer of Scientific Games from August 2016 through and including June 2018, when he was replaced as Chief Executive Officer by Cottle. When Sheehan was removed as Chief Executive Officer on June 1, 2018, he entered into a separation agreement that entitles him to payments valued in excess of $11,000,000. Sheehan remains with the Company as a senior advisor in order to be eligible to vest in equity awards with an aggregate value of $4,572,041.

54. Directors that lack direct ties to Scientific Games, Perelman, MacAndrews & Forbes, or one of the MacAndrews & Forbes' portfolio companies suffer from conflicts that are also problematic and show a lack of independence. For example, current Director Cohen has shared a board role with Perelman at MAFS Acquisition Corp. since 2008. Similarly, current Director Regan was appointed to the Board of Allied Security Holdings LLC in March 2005 when it was owned by MacAndrews & Forbes and when Perelman served as a manager of the company. Regan was also the lead partner at KPMG in charge of Revlon, Inc.

55. Finally, Defendant McDonald has a lengthy relationship with both Perelman and his close ally, Ford. McDonald served as a director of Golden State Bancorp Inc. when Perelman and Ford were significant stockholders (Perelman being the largest) and directors of that company. McDonald has also served as a director of Freeport-McMoRan Inc. when Ford was a board member too. Both Ford and McDonald departed the Board in June 2019 at the same time.

56. During the relevant time period when the Board took actions to empower Perelman and the Company in their scheme to undermine the Sylebra Plaintiffs' investment and further solidify Perelman's control, it was comprised of twelve Directors, all of whom labored under some conflict based on direct or indirect ties to Perelman that rendered the Directors incapable of independently exercising their basic fiduciary duties.

57. The dominance of Perelman and his handpicked directors eliminated any semblance of independence and rendered the Board complicit in the implementation of oppressive measures designed to harm the Sylebra Plaintiffs' investment for the benefit of Perelman.

B. SYLEBRA AND ITS INVESTMENT IN SCIENTIFIC GAMES

58. Sylebra provides investment solutions to leading institutional investors, such as public, corporate, and multi-employer pension funds, foundations, endowments, insurance companies, private banks, family offices, and high net worth individuals. Sylebra invests globally with a focus on technology, media, and telecom companies in the small to mid-cap space.

59. As an investment company, Sylebra is subject to confidentiality agreements which prohibit it from disclosing its investor information to third parties other than regulators. These agreements are not unique to Sylebra and are common to investment funds.

60. Sylebra began acquiring an interest in Scientific Games on behalf of the Sylebra Plaintiffs in early 2015. By late 2015, Sylebra, on behalf of the Sylebra Plaintiffs and another advisory client, had accumulated 8,250,000 shares of the Company's Class A Common Stock, comprising a 9.58% ownership stake. By February 2017, Sylebra advisory clients owned 8,619,044 shares of Scientific

Games, which at the time, amounted to a 9.84% interest.[1]

C. SCIENTIFIC GAMES, AT PERELMAN'S DIRECTION, GINS UP CONTROVERSY TO HARM THE SYLEBRA PLAINTIFFS' INVESTMENT

61. As gaming companies, Scientific Games and its wholly owned subsidiary, Bally Gaming, are subject to licensure and regulation across multiple jurisdictions.

62. Following the Sylebra Plaintiffs' initial investment, Sylebra worked closely with Scientific Games to ensure compliance with any necessary gaming requirements that applied to investors in a gaming company. Sylebra was new to the gaming space but wanted to ensure that it complied with all relevant requirements, and at first, Scientific Games was willing to help. Scientific Games walked Sylebra through the investment requirements in a gaming company, explained the regulatory landscape in the various domestic and foreign jurisdictions, and detailed the investment criteria and registration requirements associated with specific ownership percentages in the Company. While Scientific Games assisted Sylebra as it built its position in the Company, it never expressed concern about Sylebra's suitability as an investor in a gaming company or otherwise indicated that

[1] Of the 8,614,044 shares of Scientific Games, the master fund—Sylebra Capital Partners—owns 7,285,757 on its own behalf. P Sylebra is the beneficial owner of 610,136 shares, and the remaining 723,151 are beneficially owned by another advisory client and managed by Sylebra.

it would need to conduct its own due diligence prior to the Sylebra Plaintiffs' investment (or at any time after that). To the contrary, Scientific Games assured Sylebra that maintaining less than a 9.9% passive interest on behalf of its associated entities and advisory clients would allow Sylebra to obtain waivers from principal licensure requirements set by gaming authorities.

63. Scientific Games' tone toward Sylebra changed abruptly in April 2017, once Perelman felt threatened and realized that he could manipulate the regulatory process to his benefit. A sharp increase in Scientific Games' stock price following the Sylebra Plaintiffs' initial investment made it unpalatable for Perelman to deploy his own capital to acquire a majority of Scientific Games' outstanding stock, which would have solidified his control over the Company. Instead, Perelman used Scientific Games' resources to gin up controversy within the gaming industry regulatory environment to thwart what he perceived as a threat to his total command over Scientific Games. In doing so, Perelman wasted corporate resources for his own personal benefit and fostered a bogus regulatory conflict that continues to entangle both Scientific Games and Sylebra.

64. Perelman and his cohorts within the Company commenced the scheme to harm the Sylebra Plaintiffs' investment by causing Scientific Games to raise purported "concern[s]" with Sylebra's investment in a company called Qiwi that is affiliated with Visa and trades, like Scientific Games, on the NASDAQ.

65. This pretextual concern apparently stemmed from unsubstantiated claims detailed in a June 11, 2015 article in the *New York Times*, which reported that organizations aligned with the Russian government were raising money online to fund the war in eastern Ukraine. The article goes on to state that these pro-Russian groups have relied on social media to direct donations through a private system of payment terminals owned by Qiwi. The article also notes, but Scientific Games omitted to mention to regulators, that other more well-known financial institutions such as Citibank, JPMorgan, Deutsche Bank, PayPal, and Visa were also implicated in facilitating payments to organizations aligned with Russian-backed separatists in eastern Ukraine. As far as the Sylebra Plaintiffs are aware, no regulator or authority in the United States has taken action against Qiwi in connection with the allegations reported in the *New York Times* article, and Qiwi has not disclosed any relevant inquiry in its public filings. Qiwi continues to be traded on the NASDAQ.

66. Sylebra began acquiring shares of Qiwi in July 2013 and held Qiwi shares when it started investing in Scientific Games in 2015 on behalf of its advisory clients. Qiwi was one of approximately one hundred investments that Sylebra held at any given time, and Sylebra's Qiwi holdings were insignificant in the context of its portfolio. Critically, Sylebra was one of several other institutional investors in Scientific Games that also held an investment in Qiwi. Others included BlackRock, Inc.; William Blair & Company; D.E. Shaw & Co.; Deutsche Bank AG; HAP

Trading, LLC; Morgan Stanley; Parallax Volatility Advisers, L.P.; Renaissance Technologies LLC; State Street Corporation; Susquehanna International Group, LLP; and Wells Fargo & Company.

67. Yet Scientific Games seized upon the *New York Times* article, which had been published two years earlier, to single out Sylebra and ask regulators to question its suitability as an investment fund that holds Scientific Games stock. Scientific Games never bothered to raise its concerns with Sylebra before spinning Sylebra's investment in Qiwi to regulators as cause for concern. Nor did Scientific Games bother to request any of the information it would later demand and portray as necessary to conduct due diligence of a significant investor.

68. Had Scientific Games engaged in a constructive dialogue about Sylebra's Qiwi investment with Sylebra without entangling gaming regulators, it would have blunted its ability to invoke "Article Tenth" of the then-existing Charter. Article Tenth was added to the Charter in June 2007 for the stated purpose of enabling Scientific Games "to secure and maintain in good standing all licenses, contracts, franchises and other regulatory approvals related to the operation of gaming and related businesses . . . engaged in by [Scientific Games]."

69. To that end, Article Tenth provided, in relevant part, that

> [A]ll Securities of the [Company] shall be held subject to the suitability standards, qualifications and requirements of the [g]aming [a]uthorities . . . that regulate the operation and conduct of the businesses of the [Company] . . . in accordance with the

requirements of all applicable [g]aming [l]aws . . . ."

70. To ensure stockholder compliance with the suitability standards of gaming authorities, Article Tenth provided a mechanism to deem a stockholder a "Disqualified Holder," which was defined as:

> any holder of the [Company's] Securities: (i) who is requested or required pursuant to any [g]aming [l]aw to appear before, or submit to the jurisdiction of, or provide information to, any [g]aming [a]uthority and either refuses to do so or otherwise fails to comply with such request or requirement within a reasonable period of time, (ii) who is determined or shall have been determined by any [g]aming [a]uthority not to be suitable or qualified with respect to holding Securities of the [Company], or (iii) whose holding of Securities may result, in the judgment of the Board of Directors, in the failure of the [Company] or any Affiliate to obtain, maintain, renew or qualify for a license, contract, franchise or other regulatory approval with respect to the operation or conduct of the business of the [Company] or any of its Affiliates from a [g]aming [a]uthority which conditions approval upon holders of the [Company's] Securities possessing prescribed qualifications.

71. Article Tenth made clear that the "Board of Directors," not the Company's management or the Board Chairman, had the "power to determine, on the basis of information known to the Board after reasonable inquiry, all questions arising under this ARTICLE TENTH, including . . . whether a person is a Disqualified Holder."

72. Accordingly, if the Board, and only the Board, determined that any holder of the Company's securities is deemed to be unsuitable, *i.e.*, a "Disqualified Holder," then Scientific Games could provide written notice to the stockholder and

invoke one of two options to purge the offending stockholder.

73. First, Scientific Games could require that the Disqualified Holder divest its interest within 60 days (or an earlier time if required by any gaming law or authority).

74. Second, and most critically, Scientific Games could require the Disqualified Holder to sell its holdings to the Company at a specified "Redemption Price," which is defined as:

> a price equal to the lesser of (1) the average closing sale price of such Securities as reported for composite transactions in securities listed on the principal trading market on which such Securities are then listed or admitted for trading during the 30 trading days preceding the Notice Date or, if such Securities are not so listed or traded, at the fair value of the Securities determined in good faith by the Board of Directors and (2) the holder's original Purchase Price

75. While Article Tenth was meant to protect Scientific Games' gaming licenses, Perelman realized that he could use it as a weapon to ward off any potential investors who dared to accumulate holdings that presented a challenge to his control without spending his own money.

76. To generate enough pretext to invoke Article Tenth, on or about April 27, 2017, Scientific Games, unprompted by any regulatory inquiry or investigation, wrote to numerous regulatory authorities to inform them that Sylebra held Qiwi shares.

77. Scientific Games cast a wide net in its effort to lure a regulator into its scheme to rob the Sylebra Plaintiffs of their investment. In addition to the Pennsylvania and Virgin Islands Regulators, on information and belief, Scientific Games, via its counsel and at the direction of Perelman, also delivered letters about Sylebra's years-old investment in Qiwi to the Alcohol and Gaming Commission of Ontario (the "Ontario Regulator"), the Indiana Gaming Commission (the "Indiana Regulator"), the New Jersey Division of Gaming Enforcement (the "New Jersey Regulator"), the Alberta Gaming & Liquor Commission, the Maryland Lottery and Gaming Control Agency, the Mississippi Gaming Commission (the "Mississippi Regulator"), the Louisiana State Police and Louisiana Gaming Control Board, the Connecticut Lottery Corporation and Connecticut Department of Consumer Protection, the Puerto Rico Tourism Company, the Washington State Gambling Commission, the California Bureau of Gambling Control, Vendor Licensing Unit, the Oregon State Police, Gaming Enforcement-Lottery, the Nova Scotia Provincial Lotteries and Casino Corporation and the Alcohol, Gaming, Fuel, and Tobacco Division of Service Nova Scotia, the Alderney Gambling Control Commission, the Ohio Casino Control Commission (the "Ohio Regulator"), the West Virginia Lottery Commission, the Michigan Gaming Control Board (the "Michigan Regulator"), the UK Gambling Commission, the Seneca Gaming Authority, the Massachusetts Gaming Commission, the Illinois Gaming Board, the Colorado Division of Gaming

and Colorado Department of Revenue, Enforcement Division-Gaming and the Malta Gaming Commission (the "Malta Regulator").

D. SCIENTIFIC GAMES WARPS THE REGULATORY PROCESS, INVENTS NEW CLAIMS TO FURTHER HARASS SYLEBRA, AND REBUFFS SYLEBRA'S OUTREACH

78. Scientific Games' letter writing campaign caught the attention of a few of the regulators, including the Indiana Regulator, Malta Regulator, Michigan Regulator, Mississippi Regulator, New Jersey Regulator, Ohio Regulator, Ontario Regulator, Pennsylvania Regulator, and Virgin Islands Regulator, all of which have contacted Sylebra.

79. In every instance, Sylebra has sought to address any inquiries to the satisfaction of the regulators. Sylebra has every incentive to ensure that it complies with gaming regulations and protects the Sylebra Plaintiffs' substantial investment in Scientific Games. Scientific Games, however, has repeatedly tried to undermine Sylebra's response to regulators in order to obtain an adverse ruling. This course of action shows that Scientific Games' true motivation is not to ensure compliance with regulatory requirements. Indeed, if that were the case, other Scientific Games' stockholders who owned shares of Qiwi, of which there are believed to be eleven, would have been reported to regulators and subjected to similar scrutiny. However, on information and belief, those stockholders were spared from Scientific Games' bullying campaign.

80. Scientific Games' conduct before one particular domestic gaming authority—the Pennsylvania Regulator—illustrates the lengths to which Perelman, with the help of complicit management and a compromised Board, is willing to go to exploit the gaming industry regulatory environment as a defensive measure to protect his control from any perceived threats.

81. On April 27, 2017, which is believed to be around the time that Scientific Games' letter writing campaign to rouse controversy with gaming regulators began, the Pennsylvania Regulator informed Scientific Games that, "[b]ased on Sylebra's financial interests in Qiwi," and the derogatory information provided to it by Scientific Games, it "determined that Sylebra . . . need[ed] to file a Principal Entity license . . . in order that a determination [could] be made as to Sylebra's suitability to maintain its association with Slot Machine Manufacturer Licensee Bally Gaming, Inc. and its affiliate Scientific Games."

82. Prior to Scientific Games' agitation of gaming regulators, the Pennsylvania Regulator had granted Sylebra institutional investor status, which obviated the need to seek a "Principal Entity" license. During the initial process of obtaining an institutional investor waiver from the principal entity licensing requirements, Scientific Games said nothing about Qiwi or Sylebra's suitability even though the information that Scientific Games would later circulate to regulators in 2017 was available in 2015.

83. The Pennsylvania Regulator also restricted the alienability of the Sylebra Plaintiffs' shares by instructing Sylebra not to "divest . . . shares of . . . Scientific Games stock, Bally stock, or any other associated or affiliated gaming stock while the Principal Entity license application investigation is ongoing unless [Sylebra] first seeks and obtains authority to do so."

84. The next day, Scientific Games seized upon the Pennsylvania Regulator's instructions that Sylebra not divest the Sylebra Plaintiffs' holdings by instructing Goldman Sachs & Co. that it "should not, on or after the date hereof, allow, assist, aid or abet Sylebra in any manner, whether directly or indirectly, to dispose of or transfer any securities of the [Company]." Scientific Games was under no obligation to take unilateral action to freeze the Sylebra Plaintiffs' investment, yet it took the extraordinary step of contacting Goldman Sachs & Co. because it had "reason to believe" that the bank "h[eld] securities of [Scientific Games] that [were] directly or indirectly owned (beneficially or otherwise) by Sylebra." In effect, Scientific Games had frozen the Sylebra Plaintiffs' investment, which meant that the Sylebra Plaintiffs could not sell their Scientific Games shares under any circumstance, including that which came to pass: to avoid objectionable corporate governance changes and steep declines in the price of Scientific Games' stock occasioned by Perelman's mismanagement.

85. But Scientific Games was not finished. It also confronted Sylebra in a May 1, 2017 letter. That letter used the Pennsylvania Regulator's actions to demand, among other things, that Sylebra file the application for a principal license, not divest the Sylebra Plaintiffs' holdings without authority from the Pennsylvania Regulator, and identify all record holders of shares under Sylebra's management to allow Scientific Games to further disseminate information related to the restraint on divesting the Company's shares. Scientific Games also demanded that Sylebra countersign the letter within three days to confirm that:

> all brokers or other financial institutions that hold securities of the Corporation on behalf of Sylebra have received and will comply with your instructions not to divest any securities of the Corporation while the Principal Entity license application investigation is ongoing and until Sylebra has obtained authority to divest the securities of the Corporation from the [Pennsylvania Regulator].

86. Scientific Games' obsession with ensuring Sylebra could not divest its advisory clients' holdings in the Company stands in stark contrast to Scientific Games' stated concern about Sylebra's suitability to be an investor in a gaming company. If Scientific Games genuinely believed that Sylebra's investment in Qiwi placed Scientific Games' gaming licenses at risk, it would not want to impede Sylebra's ability to liquidate its position in the Company. Scientific Games' irrational behavior casts doubt on the sincerity of its public stance towards Sylebra and indicates that it had ulterior motives for seeking to freeze the Sylebra Plaintiffs'

investment.

87. Despite Scientific Games' unprovoked hostility, Sylebra responded in an attempt to assuage any concerns that its years-old Qiwi investment may have raised. To that end, Sylebra promptly responded to Scientific Games' threatening letter on May 4, 2017 stating:

> Sylebra certainly does not wish to cause Scientific Games . . . any difficulties with any regulatory authorities, including the [Pennsylvania Regulator]. Therefore, following receipt of your letter, Sylebra reached out to the [Pennsylvania Regulator] to facilitate a dialogue and to provide them with whatever information they require in order to ensure that they are comfortable with Sylebra's investment in Scientific Games. Sylebra is continuing to provide information requested by the [Pennsylvania Regulator], and is committed to continuing to provide whatever information is required in the future by the [Pennsylvania Regulator]. *During the course of this dialogue, Sylebra cleared up a misunderstanding regarding another passive investment of Sylebra in the stock of Qiwi plc ("Qiwi"), traded on the NASDAQ stock exchange. Thus, while the [Pennsylvania Regulator's] April 27 letter stated that Sylebra owed 6.71% of the stock issued by Qiwi as of December 31, 2015, in fact Sylebra currently owns less than 0.9 percent of the stock of Qiwi, and Sylebra has offered to divest itself of even this small holding if the Gaming Control Board wishes it to do so*.
>
> Until this regulatory issue with the Gaming Control Board is cleared up, Sylebra has placed the stock of Qiwi and Scientific Games on its restricted list, and does not intend to trade in such stock.

88. As a result of Sylebra's cooperation with the Pennsylvania Regulator and outreach to provide an explanation for its investment in Qiwi, on May 15, 2017, the Pennsylvania Regulator wrote that, "with the cooperation of Sylebra," it was

"able to independently confirm that Sylebra ha[d] divested itself of all but 531,229 shares of Qiwi," which "represent[ed] 0.88% of Qiwi's outstanding shares." The Pennsylvania Regulator also stated:

> Based on this information regarding the Sylebra's shares of Qiwi stock, its representation that it will divest itself of its remaining 531,229 shares of Qiwi stock, and Sylebra's confirmations regarding its structure, [the Pennsylvania Regulator] has not yet made a final determination as to whether it will be necessary for Sylebra to file a Principal Entity license application at this time and, as a result, this subject matter remains under review.

89. Frustrated by the Pennsylvania Regulator's measured response, Scientific Games decided to take matters into its own hands and invent another controversy. By letter dated May 15, 2017 (the same day the Pennsylvania Regulator questioned whether it was necessary for Sylebra to file for a principal entity license), Scientific Games "request[ed] information from Sylebra consistent with the information/submissions Sylebra is being required to provide to [the Pennsylvania Regulator]." Scientific Games employed this excuse, without any independent basis, to request:

> 1. A list of Sylebra's limited partner investors, the identification of Sylebra's general partner and, to the extent the general partner is another business entity, the identification of the direct and indirect individual owners of the business entity and any additional intermediary companies involved in the ownership structure of the general partner;
>
> 2. A list of companies with which Sylebra is affiliated;

3. A list of jurisdictions in which Sylebra is regulated; and

4. A list of companies in which Sylebra is an investor.

90. Scientific Games provided no reason for why it would need to usurp the role of regulators in addressing the suitability of gaming company investors. Nor did it explain the shift in focus away from the Qiwi investment to Sylebra's investors, which to this point, had never been an issue. Instead, Scientific Games flatly stated that "obtaining necessary due diligence with respect to an entity that has acquired a 9.7% ownership interest in the company is both prudent and reasonable, particularly in a situation such as this where the same or similar information is being provided to regulators who license Scientific Games." This statement belies Scientific Games' previous two years of silence, during which Sylebra maintained the same ownership stake.

91. In reality, Scientific Games' requests were designed to burden Sylebra rather than fulfill any purported due diligence obligation. Scientific Games knew that Sylebra, as a global equities advisor conducting asset management activities for large, high-quality investors, was bound by strict confidentiality agreements prohibiting the disclosure of information about investors. Scientific Games sought to manipulate this common restriction on investment advisors by raising specious claims about the structure of Sylebra's business and interposing additional demanding requests for information about Sylebra's investors and Sylebra's

structure. The Company even invented a new, never-before-articulated, rationale for its escalating demands—the purported need to "ensure compliance with the Bank Secrecy Act and anti-money laundering requirements within the gaming industry." None of these concerns, however, had been raised by any regulators (gaming or otherwise). Scientific Games' shifting concerns, first regarding Qiwi, then regarding Sylebra's underlying investors, interspersed with feigned skepticism about Sylebra's industry-standard structure, show that its campaign was always pretextual.

92. Notwithstanding that Scientific Games had no basis to question the suitability of Sylebra after it satisfied the Pennsylvania Regulator's inquiry regarding the Qiwi investment, Sylebra tried to work with Scientific Games, in the spirit of cooperation, to provide as much information as contractually permissible.

93. In correspondence with Scientific Games dated May 30, 2017, Sylebra explained that:

> [Sylebra] and/or the funds it advises, are regulated in Hong Kong, the United States, the European Union (including the United Kingdom) and the Cayman Islands, in varying capacities, and Sylebra is ultimately responsible for ensuring compliance is maintained in all jurisdictions. Some regulators make information publicly available such as the 13F Holdings report, which lists in scope US long holdings held by the funds' advised by Sylebra. That report was filed by Sylebra on May 15, 2017, and published by the Securities and Exchange Commission on the same day to their website.

94. Sylebra "confirm[ed] that it has a high-quality investor base of predominantly US and European institutions, endowments and family offices" and

that "[a]ll of Sylebra's investors go through a rigorous KYC [Know Your Customer] and US AML [Anti-Money Laundering] process." Sylebra also disclosed in a subsequent letter dated June 16, 2017, in excruciating detail, how Sylebra's fund administrator, which was a reputable administrator of global investment fund assets, applied industry standard KYC and AML processes. Sylebra included a breakdown of its high-quality investment base, which consisted of U.S. and European institutions, endowments, and family offices. In terms of numbers, Sylebra disclosed that 67% of its investors were from the U.S., 25% were from Europe, 5% were from Asia, and 4% were from the rest of the world.

95. Sylebra even proposed a workaround to address the confidentiality restrictions that prevented disclosure of Sylebra's investor information to Scientific Games but allowed, under certain circumstances, disclosure to governmental regulatory agencies. In a June 21, 2017 letter, Sylebra proposed to provide the investor information Scientific Games was seeking to the OEC of the Pennsylvania Regulator. Scientific Games agreed that, if the OEC did not raise any objections to Sylebra's investors, it would satisfy Scientific Games' professed concerns. However, when the OEC did not object to Sylebra's investors, Scientific Games reneged on the agreement, dispelling any notion that Scientific Games was motivated by any regulatory concern and demonstrating once again that satisfying Scientific Games' demands only meant new ones would emerge.

96. Rather than continue the futile task of meeting Scientific Games' illusory demands, Sylebra tried to initiate a dialogue with the Board to obtain an understanding for the deterioration of the once cooperative relationship. In an attempt to jumpstart discussions with the Board, Sylebra's Chief Investment Officer (Daniel Gibson) traveled to New York in July 2017 and met with Perelman and MacAndrews & Forbes' General Counsel. The meeting took place at MacAndrews & Forbes' offices. The fact that Perelman, and his cronies at MacAndrews & Forbes served as gatekeepers to the Company and the face of investor relations, shows just how entrenched MacAndrews & Forbes was in the Company's affairs. In fact, it was MacAndrews & Forbes' General Counsel, not any representative of Scientific Games, who demanded Sylebra submit to a suitability analysis to end hostilities, even though no regulator had made a determination that such a process was necessary for Scientific Games to retain its licensure or for the Sylebra Plaintiffs to maintain their stake in the Company.

97. Perelman and MacAndrews & Forbes' General Counsel stonewalled Mr. Gibson and declined to explain the basis for the Company's precipitous hostility toward Sylebra.

E. SCIENTIFIC GAMES' BOARD AMENDS BYLAWS TO THE SYLEBRA PLAINTIFFS' DETRIMENT

98. In a blatant attempt to shroud its harassment campaign with a fig leaf of legitimacy, the Board, under Perelman's control, moved to memorialize the

Company's authority to investigate stockholders under the pretense of conducting an undefined "suitability analysis."

99. Despite Scientific Games creating a flurry of regulatory activity related to Sylebra's investment in Qiwi, and needlessly diverting Scientific Games' resources toward Perelman's folly to shore up his control, no gaming regulator (foreign or domestic) has determined Sylebra to be an unsuitable investor, nor has any gaming regulator accused Sylebra of refusing to cooperate with inquiries.

100. Facing the reality that Sylebra was an appropriate institutional investor in a gaming company (a conclusion the Company appeared to agree with for over two years), Perelman and the Company decided on June 9, 2017—in the midst of the Company's escalating demands for information from Sylebra—to enlist the Board's help. To do this, the Board created two additional Bylaws that the Company could deploy in its unsolicited attack on Sylebra.

101. The first addition was Section 8.05 of the Bylaws. This section was added to invalidate the shares of a stockholder that receives a redemption notice that deems it a Disqualified Holder. By doing so, the stockholder, whether or not it has been appropriately deemed a Disqualified Holder, could no longer sell its shares in the market and must sell its shares back to the Company at the redemption price set by the Company. Because the redemption price is the lesser of the 30-day average closing sale price or the original purchase price, the Company armed itself with the

ability to wipe out a Disqualified Holder's gains or impose on a Disqualified Holder a significant loss if the 30-day average closing price was lower than the original purchase price. In other words, a Disqualified Holder would have no ability to realize any gains from its investment, faced the risk of significant loss, and would be subject to the unqualified whims of the Board.

102. To ensure that the Company had the power to coerce a redemption of any stockholder it unilaterally deemed unfit, Section 8.05 invalidated any transfer of the shares held by a targeted stockholder that was served with a redemption notice. As a result, Section 8.05 exceeded the authority provided in Article Tenth of the Charter, which said nothing about the Company's ability to render securities held by a Disqualified Holder invalid such that it could void any transfer made by a stockholder that receives a redemption notice.

103. The Board never sought stockholder approval in enacting Section 8.05, even though it eliminated a key stockholder protection against the potential punitive application of Article Tenth.

104. Section 8.05 gave the Company a potent weapon to prevent the Sylebra Plaintiffs from divesting on their own terms in the event the gaming regulators lifted the divestiture bar that Scientific Games had procured, as it could send a "Redemption Notice" to obstruct the Sylebra Plaintiffs from freely exercising their rights as a stockholder, particularly their right to sell their shares.

105. The second addition to the Bylaws was Section 8.06. This section gave the Company authority to conduct its own suitability analysis, outside the context of any regulatory inquiry, into any stockholder, who together with all affiliates or associates of such stockholder, beneficially owns, directly or indirectly, five percent or more of any class of capital stock of the Company. The trigger that permits the Company to investigate a "Significant Stockholder" under Section 8.06 is not tied to any regulatory inquiry; rather, the mere fact that the stockholder reaches a five percent ownership threshold is enough to warrant an investigation.

106. The ability for the Company to conduct a suitability analysis based on ownership percentage alone conflicts with the express language and purpose of Article Tenth, which delegates to the Board the power to determine whether a shareholder is unsuitable and therefore a "Disqualified Holder" based on the prescribed qualifications of gaming authorities. Nothing in the language of Article Tenth sanctioned the investigation of stockholders who otherwise satisfied the prescribed regulations of gaming authorities but happened to accumulate sufficient holdings to reach the "five percent" threshold.

107. Given the punitive nature of Article Tenth and its potential for abuse, linking the Company's ability to make a "reasonable inquiry" into stockholders to gaming authority regulations was a key investor protection to prevent the exact scenario that has arisen here—the selective targeting of investors based on the

unqualified whims of management or other influential stockholders. Indeed, the five percent threshold entrenches Perelman's control because he could deploy Company assets to investigate any stockholder who accumulated sufficient holdings to trigger scrutiny.

108. Sylebra reasonably understood, at the time of the Sylebra Plaintiffs' investment in Scientific Games, that compliance with regulatory qualifications would prevent the application of Article Tenth. This understanding is reinforced by Scientific Games' initial assistance in helping Sylebra understand the regulatory environment and the levels of ownership in a gaming company that would trigger the principal licensure requirements. Scientific Games provided a road map of how Sylebra could build its position in the Company and, at the same time, satisfy the prescribed regulations of gaming regulators. Not once during this onboarding and investment structuring process did Scientific Games indicate that surpassing a five percent ownership threshold could trigger an independent suitability investigation.

109. In contrast to Scientific Games' previous position, Section 8.06 of the Bylaws now allowed the Board to instigate an investigation without regard for the qualification requirements established by predictable regulators. Absent a basis for an investigation that was tied to prescribed regulations, a "Significant Stockholder" subject to an investigation has the impossible task of satisfying the arbitrary, and ever changing, whims of a Board dominated by the controlling shareholder.

110. To further arm the Board with oppressive tools to target any shareholder perceived as a threat to Perelman's control that passes the five percent threshold, Section 8.06 purports to grant the Company sweeping power to collect "all relevant information pertaining to suitability and/or qualification" without any safeguards typically associated with a regulatory review such as confidentiality protections. The addition of Section 8.06 is a brazen attempt to usurp the role of regulators in evaluating the suitability of stockholders and provides a mechanism for the Board, under Perelman's control, to target any stockholder, and in particular the Sylebra Plaintiffs, even though the targeted stockholder never ran afoul of any "prescribed regulations."

111. These new Bylaws are even more onerous as applied to the Sylebra Plaintiffs. Scientific Games knew that Sylebra could not disclose the confidential information it demanded, and so they constructed a trap: breach your confidentiality obligations, or risk being deemed disqualified by the Company and lose the Sylebra Plaintiffs' investment. This is the core of subjective bad faith under Delaware law.

112. Scientific Games wasted no time invoking the broad power provided by the Board under its newly-minted Bylaws. In a letter dated June 17, 2017, Scientific Games cited Section 8.05 of the Bylaws for the first time to justify "[its] continuing qualification and suitability analysis with respect to Sylebra" to demand (1) "a list of Sylebra's investors"; (2) "an ownership organizational chart for Sylebra

Capital Partners Fund Ltd and any other advisory client of Sylebra for whom the Company's shares are held"; and (3) "a list of affiliates of Sylebra (as such term is defined by SEC regulations)."

113. The updated requests confirmed that they were separate and distinct from any regulatory purpose or concern because the June 17 letter admitted that the Company "assume[d] that" no "regulatory agency ha[d] received any sort of disclosure regarding Sylebra's investors or otherwise conducted an investigation or regulatory review related to the Sylebra investors." The timing of the Bylaw changes and subsequent use for the first time to justify the escalating requests for information confirm that the purpose of the new Bylaws was to provide Scientific Games with Board-sanctioned power to harm the Sylebra Plaintiffs—or any minority stockholder—who fell out of favor with the Board's Chairman (Perelman).

114. The changes to the Bylaws reveal how complicit the Board is in the scheme to divest the Sylebra Plaintiffs of their holdings in the Company. Not getting the results they wanted from the regulatory smear campaign, Perelman and management recruited the Board, which had deep ties to Perelman, to implement more drastic measures to further the ongoing scheme.

F. SCIENTIFIC GAMES INVITES THE PENNSYLVANIA REGULATOR TO QUESTION WHETHER SYLEBRA SHOULD HAVE BEEN GRANTED INSTITUTIONAL INVESTOR STATUS

115. Having failed to provoke the Pennsylvania Regulator based on accusations about Sylebra's Qiwi investment, Scientific Games changed course and questioned whether Sylebra should have been granted institutional investor status, which had entitled Sylebra to a waiver from the principal licensure requirement.

116. Scientific Games' latest volley was designed to further burden Sylebra and force it to file a petition to confirm its status as an institutional investor, which Sylebra did on July 10, 2017. The basis for Sylebra's petition was that the regulatory regime in Hong Kong was substantially similar to the regulatory environment in the United States. This was not a controversial position given that it was the basis for the Pennsylvania Regulator's determination in December 2015 that Sylebra was an institutional investor.

117. However, Scientific Games enlisted its subsidiary, Bally Gaming, which interjected to undermine Sylebra and filed a petition to intervene on August 14, 2017. Scientific Games, through Bally Gaming, then took the remarkable step of opposing Sylebra's petition despite tacitly agreeing with the Pennsylvania Regulator's determination for almost two years.

118. Scientific Games' belated intervention made little sense since it should not matter to the Company on what basis an investor satisfied a gaming authority's

prescribed qualifications. Nor was it necessary to intervene given that Sylebra had a significant monetary incentive, based on its sizeable position in the Company, to make sure it did not run afoul of any gaming regulations.

119. The clear intent for intervening was to prolong the Pennsylvania Regulator's inquiry. This true intention was confirmed in December 2018 when Scientific Games refused to consent to the concept of a settlement that would have resolved any outstanding matters between Sylebra and the Pennsylvania Regulator. Scientific Games' settlement position is difficult to explain given that a settlement would have satisfied the Pennsylvania Regulator and put an end to the regulatory process that was diverting the Company's resources. Scientific Games' position, which conflicts with its best interests, is tantamount to an outright concession that the regulatory process it instigated was intended to embarrass and harass Sylebra, not address any actual concerns.

120. Because Scientific Games would not consent to settlement of the regulatory inquiry, Sylebra decided to withdraw the institutional investor petition and elected to submit a principal application.

121. Contemporaneously, in order to prevent further harassment from Scientific Games, Sylebra submitted, on March 1, 2019, a Uniform Application for Investments Advisors and Report by Exempt Advisors to the SEC so that Sylebra could register with the SEC as an investment advisor. Scientific Games had

previously claimed that this process was a precondition to ceasing the hostile campaign.

122. On April 6, 2019, Sylebra was issued an order from the SEC granting it registration as an investment advisor pursuant to Section 203(c) and the rules thereunder of the Investment Advisor Act of 1940.

123. Sylebra's registration with the SEC fulfilled the Pennsylvania Regulator's standard requirements for waiver of the principal licensure process. This obviated the need for Sylebra to continue to pursue the principal application pending before the Pennsylvania Regulator. Accordingly, on May 9, 2019, Sylebra filed a petition to withdraw the principal application.

124. The withdrawal of the principal application was an inconsequential event, and the OEC of the Pennsylvania Regulator—the regulatory body that had full view of Sylebra's investors—appeared to agree. In response to Sylebra's petition, the OEC acknowledged that Sylebra had submitted sufficient documentation to the Pennsylvania Regulator to demonstrate clear and convincing evidence that Sylebra meets the Pennsylvania requirements for institutional investor status.

125. Scientific Games, however, was undeterred and sought to resuscitate the regulatory scrutiny and invest further resources in a regulatory proceeding that could, and should, have been resolved years ago. At the direction of Scientific

Games, Bally Gaming again intervened, objecting to the OEC's findings and rehashing the same debunked claims regarding Sylebra's structure and legacy investment in Qiwi. While Sylebra's application is still pending based on Bally Gaming's needless intervention, the latest twist in the saga before the Pennsylvania Regulator reveals just how far Scientific Games, with Perelman at the helm, will go to use the gaming regulatory environment as a tool of shareholder oppression.

G. PERELMAN DEVELOPS A BACKUP PLAN TO PREVENT THE SYLEBRA PLAINTIFFS FROM DIVESTING AND REALIZING PROFITS FROM THEIR INVESTMENT

126. As a result of Sylebra's cooperation, the Pennsylvania Regulator lifted the restrictions on the Sylebra Plaintiffs' ability to divest their Scientific Games stock on June 21, 2017. Sylebra was able to resolve the "sole focus" of the Pennsylvania Regulator's inquiry by providing evidence that it no longer held an ownership interest in Qiwi.

127. As Perelman and Scientific Games' efforts to freeze the Sylebra Plaintiffs' investment began to unravel, they turned to the Virgin Islands Regulator. Based on Scientific Games' actions, which were taken in furtherance of Perelman's scheme and while under the supervision of a complicit Board, the Virgin Islands Regulator issued a directive on June 22, 2017 that purports to restrict Sylebra's ability to divest the Sylebra Plaintiffs' shares in Scientific Games pending the outcome of a suitability investigation that was prompted by the same debunked

claims regarding Sylebra's investment in Qiwi.

128. Unlike the Pennsylvania Regulator, the Virgin Islands Regulator failed to respond to efforts seeking to rescind the restriction on Sylebra's ability to sell the Sylebra Plaintiffs' holdings, even though Sylebra had voluntarily divested its stake in Qiwi before the restriction was put in place.

129. Suspicious circumstances pervade the proceedings in the Virgin Islands. The directive was issued, without prior notice or a hearing, by a single individual—Violet Anne Golden, the Chairman and CEO of the Virgin Islands Casino Control Commission ("Chair Golden"). Chair Golden failed to cite a single provision under the Virgin Islands Casino and Resort Control Act that warranted imposing the trading restriction—and for good reason, no provision under the applicable gaming regulations authorized Chair Golden to restrict an investor's ability to divest itself of shares in a licensed gaming entity.

130. Instead, the directive purported to rely on the Pennsylvania Regulator's request for information, which related solely to concerns about Sylebra's investment in Qiwi that had been resolved months earlier, as the basis for imposing a restriction on the Sylebra Plaintiffs' holdings. Chair Golden's letter informing Sylebra of the trading restrictions also referenced correspondence from Scientific Games dated June 2, 2017, but did not divulge the contents of that letter. Nor did she explain why she waited more than twenty days before acting on Scientific Games' letter, which

coincidentally occurred the day after the Pennsylvania Regulator lifted its trading restriction. Tellingly, even after Sylebra informed Chair Golden that the Pennsylvania Regulator swiftly rejected the false claims that Scientific Games was peddling, Chair Golden failed to rescind the directive.

131. Scientific Games' preoccupation with restricting Sylebra's ability to divest confirms that something other than a regulatory concern motivated its actions. Common sense dictates that any gaming company seriously concerned about an investor would not want to prevent that investor from walking away. Scientific Games took steps to do the opposite and ensured that the Sylebra Plaintiffs' remained an investor. This counterintuitive behavior shows that freezing the Sylebra Plaintiffs' investment was a critical step in the scheme to harass Sylebra and hold the Sylebra Plaintiffs' shares hostage until the Company created sufficient pretext to invoke the punitive Charter provisions.

132. Other anomalies abound. For example, rather than rescind the directive, Chair Golden required Sylebra to tender $75,000 to the Virgin Islands Regulator as a supposed "down payment" for a company called Spectrum Gaming Group to conduct a suitability investigation; a request no other regulator had made, and a cost no other regulator had ever required from Sylebra in connection with such an investigation.

133. In response, Sylebra objected to the payment and filed a petition with the Virgin Islands Regulator seeking a determination that Sylebra was an institutional investor and not subject to the licensure requirements. This petition has been pending since August 23, 2017, despite repeated requests that the petition be addressed and the restriction on Sylebra's ability to divest the Sylebra Plaintiffs' holdings of Scientific Games be rescinded.

134. Despite the submission of a petition that would obviate the need for a suitability investigation, which was only necessary in the event Sylebra was not exempt from the licensure requirements, Chair Golden mandated that Sylebra tender the $75,000 payment.

135. Sylebra was forced to comply with the directive, and has since learned that the $75,000 payment, which was portrayed as an initial down payment to cover the costs of an unwarranted investigation, may have been misappropriated. Sylebra was informed that substantially less than the $75,000 it tendered in response to Chair Golden's directive was provided to Spectrum Gaming Group and the remaining amount cannot be accounted for. Making matters worse, news coverage in the Virgin Islands reported that a grand jury indicted Chair Golden on federal charges of embezzlement, conspiracy, wire fraud, and obtaining money under false

pretenses.[2]

136. Public reports also reveal that the Company may have leveraged Chair Golden's unscrupulous leanings. While Sylebra's application for recognition as an institutional investor was pending, Scientific Games partnered with Chair Golden to make a $40,000 donation to the American Red Cross of the Virgin Islands for Hurricane Irma and Maria relief. In public statements, Chair Golden characterized the donation as being made on behalf of both Scientific Games and the Virgin Islands Regulator, which raises questions about the nature of the relationship between Scientific Games and the regulator.

137. As it did with the Pennsylvania Regulator, Sylebra has informed the Virgin Islands Regulator that its status as an investment advisor was confirmed on April 6, 2019 with approval from the SEC. But Scientific Games, acting as Bally Gaming, again intervened. In response to a letter Sylebra submitted to the Virgin Islands Regulator, Scientific Games—without any rational reason for wanting to undermine Sylebra's attempts to remedy Chair Golden's unlawful and arbitrary directive—argued that the SEC's decision was not determinative and should be ignored in order to force Sylebra to submit to an unnecessary licensing process.

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[2] Judi Shimel, *Federal Grand Jury Charges Violet Ann Golden with Embezzlement*, THE ST. JOHN SOURCE, July 18, 2019, https://stjohnsource.com/2019/07/18/federal-grand-jury-charges-violet-anne-golden-with-embezzlement/.

While unstated, the obvious motivation for Scientific Games' intervention was to take advantage of the financially compromised regulator in order to deem Sylebra an unsuitable investor.

H. PERELMAN AND THE BOARD REINCORPORATE IN NEVADA AND AMEND THE CERTIFICATE OF INCORPORATION THROUGH A MATERIALLY FALSE AND MISLEADING PROXY STATEMENT

138. To cover their tracks—and further the harassment of Sylebra—Perelman and the Company decided to reincorporate Scientific Games in Nevada. Reincorporating in Nevada had two principle objectives. First, it would provide Scientific Games with a friendly forum in which to defend its unprovoked targeting of Sylebra. Second, it provided a way to bolster the Company's campaign against the Sylebra Plaintiffs' investment by further weaponizing Article Tenth of the Charter.

139. To consummate the plan to reincorporate in Nevada, Perelman once again leaned on his loyalists that constituted a majority of the Board to effectuate the Reincorporation Merger. On September 18, 2017, Scientific Games announced that it had entered into an Agreement and Plan of Merger "for the sole purpose of changing the Company's state of incorporation from Delaware to Nevada."

140. The Reincorporation Merger was subject to approval by a majority of stockholders through a vote at a special meeting. To ensure the scheme to reincorporate in Nevada was successful, the Board and the Company had to resort

to soliciting approval of the Reincorporation Merger by disseminating a false and misleading Proxy on or about October 20, 2017.

141. For starters, the Proxy's stated "Reasons for the Merger" contained glaring omissions. The Proxy stated:

> Primarily, the reincorporation merger will allow us to better align our legal domicile with our global corporate headquarters and our primary U.S. manufacturing operations. Following the reincorporation merger, we will benefit from having our operational center, legal domicile and corporate office in Nevada, the gaming capital of the world, where we have strong roots and an extensive and growing employee base. The reincorporation merger will also allow us to stay closely connected to our base of gaming, lottery and interactive customers, many of whom are located in Nevada.

142. This was mere window dressing intended to provide an innocuous rationale to mask the true purpose of the Reincorporation Merger—to further Perelman's campaign to harm the Sylebra Plaintiffs' investment and consolidate his power without having to up his ownership stake in the Company.

143. Surely stockholders had a right, and would want, to know that the Company and Perelman were in the midst of depriving stockholders of their holdings. But, of course, such a disclosure would ensure that the Reincorporation Merger would fail.

144. The Proxy further notes that the Bylaws will be changed to "provide that the Eighth Judicial District Court of Clark County, Nevada, shall be the sole and exclusive forum for certain categories of actions brought by stockholders as

specified in the new bylaws."

145. The Nevada forum-selection clause provided another resource the Company could—and eventually would—use in furtherance of its ploy to harm the Sylebra Plaintiffs' investment. Yet, the Proxy made no mention of the Company's ability to use the forum-selection Bylaw to wrangle current stockholders before Nevada state courts. Instead, the Proxy coyly asserted that the forum-selection clause applies to "actions brought by stockholders," not by the Company. And the text of the Bylaw itself provided a caveat that applied to "[a]ny person or entity purchasing or otherwise acquiring any interest in shares of capital Stock of the [Company]," which suggested that it did not apply to legacy stockholders who did not acquire shares after the enactment of the Bylaw.

146. The Proxy also obfuscated the nature of the changes to the Charter and Bylaws. While the Proxy assured stockholders that "the rights of stockholders under the New Charter and New Bylaws are substantially the same as under the Company's Current Charter and Bylaws," the Proxy only provided a summary of the select changes and said nothing about the Board's unilateral move in June 2017 to amend the Bylaws to completely gut a stockholder's ability to divest its holdings to any party besides the Company should it receive a "Redemption Notice."

147. The summary of the changes is itself patently misleading. For example, the Proxy stated that the new Charter changed the definition of a "Disqualified

Holder" to include:

> any person who has withdrawn or requested the withdrawal of a pending application for any gaming license from any gaming authority in anticipation of such person being denied such gaming license or receiving such gaming license subject to materially burdensome or unacceptable terms or conditions shall also be a Disqualified Holder.

148. The Proxy omits that this change was part of the Company's campaign, which was underway in the Virgin Islands and Pennsylvania, to corrupt the regulatory process and obtain an adverse ruling against Sylebra. By adding this provision to the definition of a Disqualified Holder, there was another basis to revoke the Sylebra Plaintiffs' shares should the Company succeed in tainting the regulatory process with unreasonable and unnecessary demands.

149. The Proxy also masked the fact that the definition of a Disqualified Holder was changed in other ways, including an expansion of the Board's ability to disqualify a stockholder were it to decide that a stockholder's "ownership or control" of Scientific Games' shares would "cause or otherwise result in the imposition of any materially burdensome or unacceptable terms or conditions on any Gaming License."

150. The previous Charter limited the Board's ability to disqualify a stockholder to circumstances where the stockholder would place at risk Scientific Games' ability "to obtain, maintain, renew or qualify for a license, contract, franchise or other regulatory approval . . . from a [g]aming [a]uthority, which

conditions approval upon holders . . . possessing *prescribed qualifications*." (emphasis added).

151. Now the Board has the unrestricted power to deem any regulatory requirement too burdensome and therefore elect to disqualify a stockholder rather than seek to satisfy gaming authorities' "prescribed qualifications." By untethering the Board's judgment from gaming authority requirements, the Board obtained broad, unchecked power to disqualify holders. This unchecked power far exceeds the power normally held by Boards of similarly situated companies. Gaming companies, whose stockholders are subject to prescribed qualifications, typically couple the right to remove problematic shareholders that jeopardize their ability to retain necessary gaming licenses with reasonable safeguards, such as process requirements and documented findings supported by reasoned legal opinions, to mitigate against potential abuses.

152. The Board's ability to deem regulatory requirements unacceptable or burdensome without any formal process or supporting legal basis provided another device for the Board, which had acquiesced in the initial Bylaw amendments that strengthened Perelman's ability to force the Sylebra Plaintiffs out based on the regulatory frenzy the Company had encouraged (and emboldened).

153. Other changes to the Charter, which were omitted from the Proxy, reinforce the true intent behind the Reincorporation Merger and raise serious

questions about the Company's motives. For instance, the Proxy omits that prior Article Tenth, which became Article VIII in the new Charter, was expanded to "[a]ny person . . . owning *or controlling*" Scientific Games shares, meaning that the Company has the power to look beyond the record holder in evaluating the suitability of a stockholder. The ability to look beyond a record holder to the beneficial owners of the securities was critical to the Company's ability to disqualify the Sylebra Plaintiffs' investment. The Proxy also did not disclose that the Board could employ Article VIII in conjunction with Sections 8.05 and 8.06 of the Bylaws to entrench Perelman's control and dissuade would-be investors from accumulating more than five percent of the Company's outstanding stock.

154. Another example of the misleading nature of the Proxy is the inclusion of language that permits the Board "to take such other action, to the extent not prohibited by law, as it deems necessary or advisable to protect [the Company] from the denial or loss or threatened denial of loss of any Gaming license." This addition, while facially innocuous, can only be understood as an attempt to retroactively grant the Board the authority to ratify the actions Scientific Games took before the Virgin Islands and Pennsylvania Regulators where there was no basis (or logical rationale) for it to intervene to undermine Sylebra.

155. And, tellingly, the new Charter added a curious provision that would not require Scientific Games to redeem or repurchase any shares "owned or

controlled by a Disqualified Holder." Should Scientific Games decide not to redeem a stockholder it deemed unsuitable, it would effectively freeze the stockholder's investment without recourse.

156. The Board concealed these changes in the Proxy and, instead, disclosed that it had unanimously approved the Reincorporation Merger and "determined that the . . . reincorporation merger [was] advisable, fair to and in the best interests of [the] stockholders." With its seal of approval, the Board recommended that stockholders vote for the proposed Reincorporation Merger. It is clear, however, that the changes to the Company's governance structure that the Proxy obscured, or outright omitted, vastly expanded the Company's powers and bolstered its—and Perelman's—ability to strip a stockholder of its holdings. Such an outcome is difficult to square with the Board's statement in the Proxy that the Reincorporation Merger was in the best interests of stockholders.

157. On November 27, 2017, Scientific Games held a special meeting of stockholders. At that special meeting, 51,525,106 shares voted in favor of the Reincorporation Merger, and 25,585,046 voting against it. This means that, besides the shares controlled by Mr. Perelman, only 16,873,209 shares that were potentially untainted by Perelman's influence voted in favor of the Reincorporation Merger.

158. The Reincorporation Merger was consummated on January 10, 2018.

I. AFTER UNINFORMED STOCKHOLDER APPROVAL OF REINCORPORATION, PERELMAN CAUSES SCIENTIFIC GAMES TO FILE SUIT AGAINST SYLEBRA

159. After the Reincorporation Merger was completed on January 10, 2018, Scientific Games focused in earnest on the pending regulatory processes it had instigated before the Pennsylvania and Virgin Islands Regulators, but once 17 months passed and the prospect that the Pennsylvania Regulator would provide a basis to deem the Sylebra Plaintiffs "Disqualified Holders" began to fade, Scientific Games renewed its requests for documents from Sylebra.

160. This time, Scientific Games used Sylebra's filings with the SEC in April 2019 as an excuse to resume hostilities. While changes to Sylebra's structure or ownership of Scientific Games' shares did not raise any concerns with regulators, Scientific Games used the unremarkable April filings to claim that "changes with respect to Sylebra . . . may be relevant to investments in Scientific Games." The timing of Scientific Games' renewed interest in its own suitability analysis is no coincidence as the regulatory turmoil that Scientific Games had created and fostered was drawing to a close after Sylebra's registration with the SEC as an investment advisor.

161. Still hellbent on unjustifiably harassing Sylebra, Scientific Games interposed yet another set of burdensome and unjustified document requests on Sylebra, this time covering a three-year retroactive period. By letter dated May 13,

2019, Scientific Games demanded documents dating back to 2016, including:

1. A list of all persons, companies, trusts and/or other individuals and entities who are shareholders, stockholders, limited partners or similar owners of interests in each or any of the Sylebra Funds (collectively, the "Sylebra Investors" and each individually a "Sylebra Investor");

2. A list of Sylebra Investors who have redeemed, sold, transferred or otherwise disposed of their interest in any Sylebra Fund during the Time Period;

3. A list of Sylebra's advisory clients that hold, or have held, Scientific Games' shares;

4. A copy of any correspondence, decision, order or ruling from any Gaming Authority, as defined in Article VIII of Scientific Games' Articles of Incorporation, concerning whether Sylebra is suitable, qualified, permitted or entitled to have an ownership or controlling position, directly or indirectly, in any regulated gaming company, including, but not limited to, Scientific Games;

5. Confirmation that Sylebra has complied with all decisions, orders and/or requests of any Gaming Authority, including, but not limited to, appearing before, submitting to the jurisdiction of, filing an application with, or providing information to the Gaming Authority;

6. Confirmation that Sylebra has not withdrawn or requested the withdrawal of a pending application for any Gaming License, as defined by Article VIII of Scientific Games' Articles of Incorporation in anticipation of denial of such Gaming License or receiving such Gaming License subject to materially burdensome or unacceptable terms or conditions; and

7. For each Sylebra Investor, particularly any Sylebra Investor not a U.S. person for U.S. federal income tax

> purposes, documents sufficient to show that Sylebra has undertaken a KYC process and background check of such person or entity sufficient to ensure compliance with all U.S. anti-money laundering rules and regulations, including FATCA, as well as the FCPA and OFAC regulations.

162. Scientific Games' letter again lacked any explanation of how its renewed demands related to any regulatory inquiry or any prescribed regulations of a single gaming authority. And, Scientific Games did not explain how the information it was requesting related to the suitability of Sylebra, or any other investment advisor that owns shares in the Company.

163. Sylebra responded to Scientific Games' latest barrage of unjustified requests by writing to the members of the Audit Committee of the Board. In a letter dated May 27, 2019, Sylebra's Chief Investment Officer (Daniel Gibson) requested "an explanation as to the reason for the Company's campaign of harassment . . . and the tonal change from friendly to hostile two years ago without any precipitating action by Sylebra." Mr. Gibson emphasized that such an explanation was welcomed "now that Sylebra has become a registered investment advisor, similar to every other significant institutional investor in the Company."

164. Sylebra continued to maintain an accommodating posture and requested "review of the circumstances and a dialogue to reach an amicable resolution." Mr. Gibson also confirmed that Sylebra was willing to work with Scientific Games "to provide information to the Company . . . in a reasonable

manner," but reiterated that "certain proprietary and private information is confidential[] and cannot be supplied without violating covenants that [Sylebra] ha[s] made to [its] investors." Mr. Gibson further stated that, "[t]o the extent the Company has legitimate concerns regarding Sylebra's status as an institutional investor, [Sylebra] remain[s] committed to entertain any such conversations."

165. The Board did not even bother to dignify Sylebra's letter with a response. Instead, Scientific Games' Chief Legal Officer wrote in a June 4, 2019 letter: "We are making this request one last time. Please confirm with specificity, and by no later than June 10, 2019, which categories of information requested in paragraphs 1-7 of our May 13, 2019 letter Sylebra will provide."

166. After years of courting regulatory scrutiny that amounted to nothing, the Company was now responding to Sylebra's attempts to engage in constructive dialogue with vague ultimatums. In a June 13, 2019 letter, Sylebra responded that it "is in the same position as every investor that holds 5% or more of [the Company]," and "challenge[d]" Scientific Games "to provide information that any other institutional investor has been required to produce confidential background information about its investor base" under Section 8.06 of the amended Bylaws. Sylebra reiterated what had become abundantly clear: "Such confidential and proprietary information is not 'relevant' to suitability in Section 8.06 when not one single gaming regulator has indicated that Sylebra is not suitable, or does not meet

their standard for institutional investor status."

167. The following day, June 14, 2019, Scientific Games and Bally Gaming filed suit against Sylebra in Nevada state court. The lawsuit pushes the same falsehoods that have been rejected by regulators and sought to portray Sylebra as uncooperative.

168. The facts set forth herein conclusively refute any suggestion that Sylebra engaged in conduct intended to undermine the regulatory process. To the contrary, Sylebra has tried to accommodate Scientific Games at every turn, only to be met with unreasonable threats and demands. The lawsuit filed in Nevada is just the latest broadside in Scientific Games' scheme to harass Sylebra and deprive the Sylebra Plaintiffs of their investment.

169. Scientific Games' orchestrated scheme to target Sylebra for the benefit of Perelman has inflicted significant harm to the Sylebra Plaintiffs' investment. The Sylebra Plaintiffs' have incurred legal fees and other costs in connection with the gaming regulator inquiries that Scientific Games instigated without justification or provocation. But, more importantly, as a direct result of Scientific Games' actions, which were approved by a Board deeply derelict in its duties, the Sylebra Plaintiffs have been prevented from exercising one of the most indefeasible rights of a stockholder—selling shares in the face of wholesale mismanagement and unwanted (and malicious) corporate action. Indeed, during the time that the Sylebra Plaintiffs'

holdings have been subject to regulatory directives that were procured and encouraged by Scientific Games, the market value of the Sylebra Plaintiffs' investment has declined by more than $290,000,000. Because the Company's conduct, which was accomplished as a result of breaches of the most basic fiduciary duties, wrongfully deprived the Sylebra Plaintiffs of their ability to sell their holdings, the Sylebra Plaintiffs are entitled to be compensated for the full amount of their losses.

170. Scientific Games' sham persecution of Sylebra to prop up Perelman's control must end now, and the Sylebra Plaintiffs should be made whole for the losses inflicted by Scientific Games and its compromised Board that failed to honor foundational fiduciary obligations.

COUNT I:
BREACH OF FIDUCIARY DUTY OF LOYALTY
AGAINST ALL INDIVIDUAL DEFENDANTS

171. The Sylebra Plaintiffs repeat and reallege the allegations of the above paragraphs as if fully set forth herein.

172. The Individual Defendants owe fiduciary duties of loyalty, care, and good faith to the Sylebra Plaintiffs.

173. The Individual Defendants breached their fiduciary duties by, among other things, knowingly participating in a scheme to deprive the Sylebra Plaintiffs of their investment in the Company and advancing Perelman's interests at their expense.

174. Among other things, the Individual Defendants breached their fiduciary duties by:

a. approving the use of the Company's resources to court needless controversy relating to Sylebra with gaming regulators;

b. procuring directives from regulators which prevented the Sylebra Plaintiffs from divesting their shares in Scientific Games;

c. instituting an improvident suitability analysis of Sylebra (and no other similarly situated institutional investors);

d. amending the Company's Bylaws to target Sylebra, and the Sylebra Plaintiffs' investment, in violation of Delaware law;

e. approving a new Charter in connection with the Reincorporation Merger with incremental changes designed to harm the Sylebra Plaintiffs' investment;

f. amending the Company's Bylaws to include a forum-selection clause that is invalid as applied to the Sylebra Plaintiffs; and

g. disseminating a false and misleading Proxy statement to further the scheme and reincorporate the Company in Nevada.

175. The Individual Defendants' actions were taken in bad faith and with an intent to harm the Sylebra Plaintiffs' investment and benefit Perelman.

176. The Sylebra Plaintiffs have been harmed as a result of these breaches of fiduciary duty. Specifically, the market value of the Sylebra Plaintiffs' investment declined by over $290,000,000, which losses were a direct result of the Board's actions, taken in breach of its fiduciary obligations, that froze the Sylebra Plaintiffs' investment. The Sylebra Plaintiffs have also been forced to incur various costs and legal fees as a result of the Individual Defendants' breaches.

COUNT II:
BREACH OF FIDUCIARY DUTY OF DISCLOSURE
AGAINST ALL INDIVIDUAL DEFENDANTS EXCEPT COTTLE

177. The Sylebra Plaintiffs repeat and reallege the allegations of the above paragraphs as if fully set forth herein.

178. Individual Defendants named herein breached their fiduciary duty of

disclosure in connection with the approval and dissemination of the false and misleading Proxy as outlined above.

179. The Proxy and solicitation of stockholder votes in connection with the Reincorporation Merger was materially defective, as alleged herein because, among other things, the stockholder vote was not procured with full and fair disclosure of the reasons for the Reincorporation Merger.

180. The Proxy statement was issued on October 20, 2017 and was received by Sylebra thereafter. Among other material facts described therein, the Proxy:

a. failed to disclose that the purpose of the Reincorporation Merger was to further Perelman's campaign to oust the Sylebra Plaintiffs as stockholders and consolidate his power without having to up his ownership stake in the Company;

b. failed to disclose the true nature of the changes to the Bylaws and Charter, which gave the Company broad, unchecked power to investigate and disqualify Company stockholders;

c. falsely assured investors that, besides the select changes highlighted in the Proxy, the new Bylaws and new Charter were substantially the same;

d. failed to disclose that the Company was in the middle of a suitability investigation of Sylebra and that the changes to the

Bylaws and Charter were designed to strengthen the Board's ability to disqualify the Sylebra Plaintiffs as stockholders without any threat to the Company's gaming licenses;

e. failed to disclose that the amendments to the Charter lacked the typical prophylactic measures, such as process requirements and legal oversight, that would check the Board's unqualified power to disqualify a stockholder;

f. failed to disclose that the new Charter retroactively sanctioned Scientific Games' interference in the regulatory inquiries it had sparked at the direction of the Board and Perelman; and

g. falsely stated that the addition of a forum-selection provision in the new Bylaws was intended to provide that the "Eighth Judicial District Court of Clark County, Nevada, shall be the sole and exclusive forum for certain categories of actions brought by stockholders" when the Company intended to invoke the new Bylaw against stockholders.

181. The Sylebra Plaintiffs were harmed and continue to be harmed as a result of the above-named Individual Defendants' misconduct.

COUNT III:
AIDING AND ABETTING BREACH OF FIDUCIARY DUTY OF LOYALTY AGAINST BALLY GAMING

182. The Sylebra Plaintiffs repeat and reallege the allegations of the above paragraphs as if fully set forth herein.

183. Defendant Bally Gaming has acted and is acting with knowledge of the fact that the Individual Defendants are in breach of their fiduciary duties to the Sylebra Plaintiffs and has participated in such breaches of their fiduciary duties.

184. Bally Gaming has knowingly aided and abetted Scientific Games' and the Individual Defendants' wrongdoing alleged herein. In so doing, Bally Gaming rendered substantial assistance in order to effectuate the scheme, for the benefit of Perelman, to divest the Sylebra Plaintiffs' holdings.

COUNT IV:
UNJUST ENRICHMENT AGAINST SCIENTIFIC GAMES

185. The Sylebra Plaintiffs repeat and reallege the allegations of the above paragraphs as if fully set forth herein.

186. As detailed above, Scientific Games has been and will continue to be unjustly enriched at the expense of the Sylebra Plaintiffs. Despite its misconduct in obtaining an impermissible restraint on the alienation of the Sylebra Plaintiffs' shares, Scientific Games has been and continues to be rewarded by the retention of the Sylebra Plaintiffs' capital. In contrast, as a result of these impermissible restraints, the Sylebra Plaintiffs continue to lose the value of their investment in the

Company by being restricted from selling except to the extent they may have to sell their shares back to Scientific Games at a redemption price—a price the Company can select to effectively wipe out any of the Sylebra Plaintiffs' gains, or worse, sell their shares at a loss.

187. Under Delaware law, when a Delaware entity is merged into a foreign entity, the constituent corporations shall cease and become a new corporation "and all debts, liabilities and duties of the respective constituent corporations shall thenceforth attach to said surviving or resulting corporation, and may be enforced against it to the same extent as if said debts, liabilities and duties had been incurred or contracted by it." 8 *Del. C.* § 259(a).

188. When Scientific Games executed and filed its certificate of merger with the Delaware Secretary of State on January 10, 2018, the resulting Nevada entity, assumed and absorbed the Delaware entity's duties to its stockholders such that any impermissible action by the Delaware entity's Board which directly and negatively impacted its stockholders became answerable by Scientific Games under its new corporate form.

189. The Sylebra Plaintiffs were harmed and continue to be harmed as a result of Scientific Games' conduct.

COUNT V
ANTICIPATORY BREACH OF SYLEBRA'S VESTED RIGHTS UNDER THE PRIOR CHARTER AGAINST SCIENTIFIC GAMES AND THE INDIVIDUAL DEFENDANTS

190. The Sylebra Plaintiffs repeat and reallege the allegations of the above paragraphs as if fully set forth herein.

191. The prior Charter constituted a valid, binding, and enforceable agreement between the Defendants named herein and the Sylebra Plaintiffs.

192. The Sylebra Plaintiffs have fully performed their obligations under Article Tenth of the prior Charter to satisfy regulatory obligations to prevent them from being determined a "Disqualified Holder" thereunder, and remain ready, willing, and able to continue performing those obligations.

193. By attracting attention from regulators, Defendants named herein have caused the Sylebra Plaintiffs to be subjected to unwarranted investigations by those regulators.

194. Defendants named herein have engaged in a pattern of conduct in order to create pretext to eventually deem the Sylebra Plaintiffs "Disqualified Holder[s]," which, if achieved, would constitute a breach of the prior Charter.

195. Under Delaware law, when a Delaware entity is merged into a foreign entity, the constituent corporations shall cease and become a new corporation "and all debts, liabilities and duties of the respective constituent corporations shall thenceforth attach to said surviving or resulting corporation, and may be enforced

against it to the same extent as if said debts, liabilities and duties had been incurred or contracted by it." 8 *Del. C.* § 259(a).

196. When Scientific Games executed and filed its certificate of merger with the Delaware Secretary of State on January 10, 2018, the resulting Nevada entity, assumed and absorbed the Delaware entity's duties to its stockholders such that any impermissible action by the Delaware entity's Board which directly and negatively impacted its stockholders became answerable by Scientific Games under its new corporate form.

197. As a result of Scientific Games' impermissible conduct by intervening in the regulatory process to thwart Sylebra's good faith attempts to comply with prescribed qualifications, Defendants named herein manifested their intent to deem the Sylebra Plaintiffs "Disqualified Holder[s]" through any means necessary.

198. Should Defendants named herein achieve their intended result of disqualifying the Sylebra Plaintiffs, such anticipated action will violate the former Charter by divesting the Sylebra Plaintiffs of the value of their shares in the Company, effectively denying the Sylebra Plaintiffs the benefit of their bargain.

199. The Sylebra Plaintiffs have been damaged during the pendency of regulatory reviews that have restricted their ability to divest their holdings on favorable terms and will be further harmed if Scientific Games prevails in its

anticipated disqualification of the Sylebra Plaintiffs under Article Tenth of the Charter and Sections 8.05 and 8.06 of the Bylaws.

COUNT VI
BREACH OF THE PRIOR CHARTER AGAINST
SCIENTIFIC GAMES AND THE INDIVIDUAL DEFENDANTS

200. The Sylebra Plaintiffs repeat and reallege the allegations of the above paragraphs as if fully set forth herein.

201. Article Tenth of the prior Charter provided, in relevant part:

> [A]ll Securities of the Corporation shall be held subject to the suitability standards, qualifications and requirements of the Gaming Authorities . . . that regulate the operation and conduct of the businesses of the Corporation . . . in accordance with the requirements of all applicable Gaming Laws . . . .

202. A "Disqualified Holder" pursuant to Article Tenth of the prior Charter was defined as:

> [A]ny holder of the Corporation's Securities: (i) who is requested or required pursuant to any Gaming Law to appear before, or submit to the jurisdiction of, or provide information to, any Gaming Authority and either refuses to do so or otherwise fails to comply with such request or requirement within a reasonable period of time, (ii) who is determined or shall have been determined by any Gaming Authority not to be suitable or qualified with respect to holding Securities of the Corporation, or (iii) whose holding of Securities may result, in the judgment of the Board of Directors, in the failure of the Corporation or any Affiliate to obtain, maintain, renew or qualify for a license, contract, franchise or other regulatory approval with respect to the operation or conduct of the business of the Corporation or any of its Affiliates from a Gaming

> Authority which conditions approval upon holders of the Corporation's Securities possessing prescribed qualifications.

203. As described above, Defendants named herein manufactured regulatory investigations into Sylebra's suitability or qualification as a stockholder and then unilaterally implemented Sections 8.05 and 8.06 of the Bylaws to initiate a separate suitability analysis of Sylebra after those investigations failed to result in any unsuitability or disqualification determination by a regulator.

204. Under Delaware law, when a Delaware entity is merged into a foreign entity, the constituent corporations shall cease and become a new corporation "and all debts, liabilities and duties of the respective constituent corporations shall thenceforth attach to said surviving or resulting corporation, and may be enforced against it to the same extent as if said debts, liabilities and duties had been incurred or contracted by it." 8 *Del. C.* § 259(a).

205. When Scientific Games executed and filed its certificate of merger with the Delaware Secretary of State on January 10, 2018, the resulting Nevada entity, assumed and absorbed the Delaware entity's duties to its stockholders such that any impermissible action by the Delaware entity's Board which directly and negatively impacted its stockholders became answerable by Scientific Games under its new corporate form.

206. Accordingly, Defendants named herein breached Article Tenth of the prior Charter by improperly causing a restraint to be imposed on the Sylebra Plaintiffs' shares and enacting Bylaws permitting Scientific Games to take actions that conflict with the authority delegated to the Board under the Charter and statutory law.

COUNT VII
VIOLATION OF 8 *DEL. C.* § 242 AGAINST SCIENTIFIC GAMES AND THE INDIVIDUAL DEFENDANTS EXCEPT COTTLE

207. The Sylebra Plaintiffs repeat and reallege the allegations of the above paragraphs as if fully set forth herein.

208. Under Delaware statutory law there are certain prerequisites a corporation seeking to amend its charter must perform, including that its "board of directors shall adopt a resolution setting forth the amendment proposed, declaring its advisability, and either calling a special meeting of the stockholders . . . or directing that the amendment proposed be considered at the next annual meeting of the stockholders." 8 *Del. C.* § 242(b)(1).

209. On or about June 9, 2017, Defendants named herein used the provisions of Article Tenth of the Charter to enact Section 8.05 and 8.06 of the Bylaws.

210. These new Bylaws effectively changed the qualifications, limitations or restrictions of the Company's shares.

211. Section 8.05 did so by invalidating the shares of a stockholder that receives a redemption notice deeming it a "Disqualified Holder," thereby invalidating the Disqualified Holder's shares, voiding any transfer of the Disqualified Holder's shares, and requiring the Disqualified Holder to sell its shares back to the Company at the redemption price.

212. Section 8.06 entitled the Company to conduct a suitability analysis and thus disqualify any "Significant Stockholder" outside the context of any regulatory inquiry or concern and without regard the any gaming authority's prescribed regulations.

213. These Bylaws impermissibly altered the rights of the Sylebra Plaintiffs without providing a notice or opportunity for the Sylebra Plaintiffs to vote in violation of § 242(b)(1).

214. Under Delaware law, when a Delaware entity is merged into a foreign entity, the constituent corporations shall cease and become a new corporation "and all debts, liabilities and duties of the respective constituent corporations shall thenceforth attach to said surviving or resulting corporation, and may be enforced against it to the same extent as if said debts, liabilities and duties had been incurred or contracted by it." 8 *Del. C.* § 259(a).

215. When Scientific Games executed and filed its certificate of merger with the Delaware Secretary of State on January 10, 2018, the resulting Nevada entity,

assumed and absorbed the Delaware entity's duties to its stockholders such that any impermissible action by the Delaware entity's Board which directly and negatively impacted its stockholders became answerable by Scientific Games under its new corporate form.

216. As result of the unlawful actions of the Defendants named herein, the Sylebra Plaintiffs have suffered and will continue to suffer damages and a loss of the value of their investment in the Company.

COUNT VIII
VIOLATION OF 8 *DEL. C.* § 202(b) AGAINST SCIENTIFIC GAMES AND THE INDIVIDUAL DEFENDANTS EXCEPT COTTLE

217. The Sylebra Plaintiffs repeat and reallege the allegations of the above paragraphs as if fully set forth herein.

218. Under Delaware law, restrictions on the transfer of a security of a corporation are permissible in certain circumstances, including where such restrictions are imposed by the certificate of incorporation or bylaws; however, "[n]o restrictions so imposed shall be binding with respect to securities issued *prior to the adoption of the restriction* unless the holders of the securities are parties to an agreement or voted in favor of the restriction." 8 *Del C.* § 202(b).

219. As alleged above, Defendants named herein imposed additional restrictions on the Company's securities by adding Sections 8.05 and 8.06 to the Company's Bylaws in June 2017 without notice to or a vote of the stockholders.

These Bylaws changes allowed the Company to disqualify a stockholder, invalidate its holdings, void any subsequent transfers, and restrict a stockholder to redemption of their shares without regard to any gaming authority's prescribed regulations and outside the context of any regulatory inquiry or concern.

220. The Sylebra Plaintiffs acquired their shares in Scientific Games prior to enactment of Section 8.05 and 8.06 of the Company's Bylaws.

221. The Sylebra Plaintiffs did not enter into any agreement with the Company in which they agreed to change Article Tenth by imposing the additional restrictions on the shares they held.

222. Neither the Sylebra Plaintiffs, nor any other stockholder, were provided an opportunity to vote on these additional restrictions in the Bylaws as they were enacted through unilateral Board action.

223. The additional restrictions imposed by Sections 8.05 and 8.06 of the Bylaws are unenforceable against the Sylebra Plaintiffs as a matter of Delaware law.

224. Under Delaware law, when a Delaware entity is merged into a foreign entity, the constituent corporations shall cease and become a new corporation "and all debts, liabilities and duties of the respective constituent corporations shall thenceforth attach to said surviving or resulting corporation, and may be enforced against it to the same extent as if said debts, liabilities and duties had been incurred or contracted by it." 8 *Del. C.* § 259(a).

225. When Scientific Games executed and filed its certificate of merger with the Delaware Secretary of State on January 10, 2018, the resulting Nevada entity, assumed and absorbed the Delaware entity's duties to its stockholders such that any impermissible action by the Delaware entity's Board which directly and negatively impacted its stockholders became answerable by Scientific Games under its new corporate form.

226. As a result of the additional restrictions imposed by Sections 8.05 and 8.06 of the Bylaws, the Sylebra Plaintiffs have sustained damages and a loss in the value of their investment in the Company.

COUNT IX
VIOLATION OF 8 *DEL. C.* § 151(b)(2) AGAINST SCIENTIFIC GAMES AND THE INDIVIDUAL DEFENDANTS EXCEPT COTTLE

227. The Sylebra Plaintiffs repeat and reallege the allegations of the above paragraphs as if fully set forth herein.

228. Under Delaware statutory law, "[a]ny stock of a corporation which holds (directly or indirectly) a license or franchise from a governmental agency to conduct its business or is a member of a national securities exchange, which license, franchise or membership is *conditioned upon* some or all of the holders of its stock possessing *prescribed qualifications*, may be made subject to redemption by the corporation to the extent necessary *to prevent the loss of such license, franchise or membership or to reinstate it*." 8 *Del. C.* § 151(b)(2) (emphasis added).

229. Sections 8.05 and 8.06 of the new Bylaws added by Defendants named herein conflict with Delaware statutory law because they permit the investigation of a "Significant Stockholder" under threat of redemption without regard to whether the stockholder presents a risk to Scientific Games' gaming licenses.

230. Under Delaware law, when a Delaware entity is merged into a foreign entity, the constituent corporations shall cease and become a new corporation "and all debts, liabilities and duties of the respective constituent corporations shall thenceforth attach to said surviving or resulting corporation, and may be enforced against it to the same extent as if said debts, liabilities and duties had been incurred or contracted by it." 8 *Del. C.* § 259(a).

231. When Scientific Games executed and filed its certificate of merger with the Delaware Secretary of State on January 10, 2018, the resulting Nevada entity, assumed and absorbed the Delaware entity's duties to its stockholders such that any impermissible action by the Delaware entity's Board which directly and negatively impacted its stockholders became answerable by Scientific Games under its new corporate form.

232. As a result of the new Bylaws, the Sylebra Plaintiffs have sustained and will continue to sustain damages and a loss in the value of their investment in the Company.

COUNT X
VIOLATION OF 8 *DEL. C.* § 109(b) AGAINST SCIENTIFIC GAMES AND THE INDIVIDUAL DEFENDANTS EXCEPT COTTLE

233. The Sylebra Plaintiffs repeat and reallege the allegations of the above paragraphs as if fully set forth herein.

234. Under Delaware statutory law, "bylaws may contain any provision, not inconsistent with law or with the certification of incorporation, relating to the business of the corporation, the conduct of its affairs, and its rights or powers or the rights or powers of its stockholders, directors, officers or employees." 8 *Del. C.* § 109(b).

235. As alleged above, Article Tenth of the Company's Charter provides for the disqualification of Company stockholders which is inextricably tied to a determination of unsuitability or disqualification, or a threat to Scientific Games' licensure, by a gaming authority that regulates the business of the Company—a determination that the Board cannot make wholly independent of such adverse regulatory action or legitimate threat thereof.

236. Sections 8.05 and 8.06 of the new Bylaws added by Defendants named herein directly conflicts with the provisions of Article Tenth by extending to the Board the power to investigate "Significant Stockholders" outside the context of any regulatory inquiry and for no other reason than accumulation of five percent or more of the Company's outstanding stock.

237. Section 8.05 of the new Bylaws also conflicts with the provisions of Article Tenth to the extent it permits Scientific Games to invalidate, and void any transfer of, shares held by a stockholder that receives a Redemption Notice.

238. Under Delaware law, when a Delaware entity is merged into a foreign entity, the constituent corporations shall cease and become a new corporation "and all debts, liabilities and duties of the respective constituent corporations shall thenceforth attach to said surviving or resulting corporation, and may be enforced against it to the same extent as if said debts, liabilities and duties had been incurred or contracted by it." 8 *Del. C.* § 259(a).

239. When Scientific Games executed and filed its certificate of merger with the Delaware Secretary of State on January 10, 2018, the resulting Nevada entity, assumed and absorbed the Delaware entity's duties to its stockholders such that any impermissible action by the Delaware entity's Board which directly and negatively impacted its stockholders became answerable by Scientific Games under its new corporate form.

240. As a result of the new Bylaws, the Sylebra Plaintiffs have sustained and will continue to sustain damages and a loss in the value of their investment in the Company.

COUNT XI
TORTIOUS INTERFERENCE WITH CONTRACT
AGAINST BALLY GAMING

241. The Sylebra Plaintiffs repeat and reallege the allegations of the above paragraphs as if fully set forth herein.

242. The prior Charter is a valid and binding agreement between Scientific Games and the Sylebra Plaintiffs.

243. Bally Gaming was aware of Scientific Games' Charter, which governs Scientific Games' relationship with its stockholders, including the Sylebra Plaintiffs.

244. Bally Gaming intentionally interfered with the Sylebra Plaintiffs' contractual rights under the Charter by, among other things, knowingly participating in a scheme to deprive the Sylebra Plaintiffs of their investment in the Company and advancing Perelman's interests at the expense of the Sylebra Plaintiffs.

245. Bally Gaming knowingly participated in the scheme to court controversy with gaming regulators and then intervened in regulatory proceedings to prolong the process and intentionally thwart Sylebra's ability to resolve the regulatory inquiries.

246. Bally Gaming's actions rendered the Sylebra Plaintiffs' performance under the Charter more burdensome and expensive and thereby deprived the Sylebra Plaintiffs of their indefeasible rights as Scientific Games stockholders.

247. As a result of Bally Gaming conducts alleged herein, the Sylebra Plaintiffs have sustained and will continue to sustain damages, including the loss in the value of their investment in the Company.

PRAYER FOR RELIEF

WHEREFORE, the Sylebra Plaintiffs respectfully request that this Court enter an Order:

(a) Enjoining Defendants, their agents, counsel, employees and all persons acting in concert with them from depriving the Sylebra Plaintiffs of their rightful holdings in the Company;

(b) Declaring pursuant to 10 *Del. C.* §§ 6501-13 that:

i. Section 8.05 of the Bylaws is invalid and unenforceable as applied to the Sylebra Plaintiffs;

ii. Section 8.06 of the Bylaws is invalid and unenforceable as applied to the Sylebra Plaintiffs;

iii. Section 10.01 of the Bylaws is invalid and unenforceable as applied to the Sylebra Plaintiffs;

iv. The amendments to Article VIII of the new Charter are invalid and unenforceable as applied to the Sylebra Plaintiffs.

(c) Awarding damages in favor of the Sylebra Plaintiffs against all Defendants, jointly and severally, together with prejudgment and post-judgment interests thereon, including without limitation any unrealized gains associated with the Sylebra Plaintiffs' investment in the Company;

(d) Awarding the Sylebra Plaintiffs damages for the costs and disbursements of responding to the regulatory inquiries from gaming authorities instigated by Defendants in breach of their fiduciary duties, or in concert with others who knowingly participated in such breaches, including reasonable attorneys' and experts' fees;

(e) Awarding fees, expenses and costs to the Sylebra Plaintiffs and their counsel incurred in this action; and

(f) Awarding the Sylebra Plaintiffs such further relief as this Court deems just and appropriate.

HEYMAN ENERIO
GATTUSO & HIRZEL LLP

/s/ Samuel T. Hirzel, II
Samuel T. Hirzel II (# 4415)
Gillian L. Andrews (# 5719)
300 Delaware Avenue, Suite 200
Wilmington, DE 19801
(302) 472-7300
Attorneys for Plaintiffs Sylebra Capital Partners Master Fund, Limited and P Sylebra Ltd.

OF COUNSEL:

SMITH VILLAZOR LLP
Patrick J. Smith
Andrew J. Rodgers
Nicholas J. Karasimas
250 West 55th Street, 30th Floor
New York, New York 10019
(212) 582-4400

Dated: October 23, 2019

VERIFICATION PURSUANT TO 10 *DEL. C.* § 3927

Pursuant to 10 *Del. C.* § 3927, I, Trinda Blackmore, declare that:

1. I am a director and duly authorized representative of the Plaintiff in this action, P Sylebra Ltd.

2. I have reviewed the foregoing Verified Complaint in this action (the "Complaint").

3. The factual statements in the Complaint insofar as they relate to the acts and deeds of Plaintiff are true, and insofar as they relate to the acts and deeds of any other person are believed by me to be true.

I declare under penalty of perjury under the laws of the State of Delaware that the foregoing is true and correct.

Executed on the 23 day of October, 2019.

Trinda Blackmore (Printed Name)

 (Signature)

VERIFICATION PURSUANT TO 10 *DEL. C.* § 3927

Pursuant to 10 *Del. C.* § 3927, I, Matthew Whitehead , declare that:

1. I am a partner and duly authorized representative of the Plaintiff in this action, Sylebra Capital Partners Master Fund, Limited.

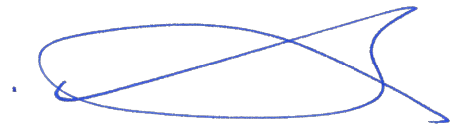
2. I have reviewed the foregoing Verified Complaint in this action (the "Complaint").

3. The factual statements in the Complaint insofar as they relate to the acts and deeds of Plaintiff are true, and insofar as they relate to the acts and deeds of any other person are believed by me to be true.

I declare under penalty of perjury under the laws of the State of Delaware that the foregoing is true and correct.

Executed on the 23 day of October, 2019.

Matthew Whitehead (Printed Name)



(Signature)

SUPPLEMENTAL INFORMATION PURSUANT TO RULE 3(A)
OF THE RULES OF THE COURT OF CHANCERY

The information contained herein is for the use by the Court for statistical and administrative purposes only. Nothing stated herein shall be deemed an admission by or binding upon any party.

1. Caption of case: *Sylebra Capital Partners Master Fund, Limited and P Sylebra Ltd. v. Ronald Perleman, Barry Cottle, Kevin M. Sheehan, M. Gavin Isaacs, Richard Haddrill, Peter A. Cohen, David L. Kennedy, Paul M. Meister, Michael J. Regan, Barry F. Schwartz, Frances F. Townsend, Gerald Ford, Gabrielle K. McDonald, Scientific Games Corporation, and Bally Gaming, Inc.*

2. Date filed: October 23, 2019

3. Name and address of counsel for plaintiff(s):

Samuel T. Hirzel (# 4115)
Gillian L. Andrews (# 5719)
Heyman Enerio Gattuso & Hirzel LLP
300 Delaware Avenue, Suite 200
Wilmington, DE 19801
(302) 472-7300

4. Short statement and nature of claim asserted: Direct stockholder action for breach of corporate charter, breach of fiduciary duties, unjust enrichment and statutory causes of action stemming from defendant Scientific Games' amendment to the charter of certain stockholder eligibility criteria and the merger and reorganization of Scientific Games into a Nevada entity.

5. Substantive field of law involved (check one):

____Administrative law	____Labor law	____Trusts, Wills and Estates
____Commercial law	____Real Property	____Consent trust petitions
____Constitutional law	____348 Deed Restriction	____Partition
__X__Corporation law	____Zoning	____Rapid Arbitration (Rules 96,97)
____Trade secrets/trade mark/or other intellectual property		____Other

6. Related cases, including any Register of Wills matters (this requires copies of all documents in this matter to be filed with the Register of Wills): None.

7. Basis of court's jurisdiction (including the citation of any statute(s) conferring jurisdiction): 10 *Del. C.* § 341.

8. If the complaint seeks preliminary equitable relief, state the specific preliminary relief sought.

9. If the complaint seeks a TRO, summary proceedings, a preliminary injunction, or Expedited Proceedings, check here ____. (If #9 is checked, a Motion to Expedite must accompany the transaction.)

10. If the complaint is one that in the opinion of counsel should not be assigned to a Master in the first instance, check here and attach a statement of good cause. _____

/s/ Samuel T. Hirzel, II (# 4115)
Signature of Attorney of Record & Bar ID

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

SYLEBRA CAPITAL PARTNERS MASTER FUND, LIMITED and P SYLEBRA LTD.,	:	
Plaintiffs,	:	
v.	:	C.A. No. _____
RONALD PERELMAN, BARRY COTTLE, KEVIN M. SHEEHAN, M. GAVIN ISAACS, RICHARD HADDRILL, PETER A. COHEN, DAVID L. KENNEDY, PAUL M. MEISTER, MICHAEL J. REGAN, BARRY F. SCHWARTZ, FRANCES F. TOWNSEND, GERALD FORD, GABRIELLE K. MCDONALD, SCIENTIFIC GAMES CORPORATION and BALLY GAMING, INC.,	:	
Defendants.	:	

STATEMENT PURSUANT TO COURT OF CHANCERY RULE 4(dc)

Plaintiff hereby makes the following statement pursuant to Court of Chancery Rule 4(dc):

1. The name and principal business address of the corporation upon whose board the non-resident director defendants sit is:

Scientific Games Corporation
6001 Bermuda Road
Las Vegas, NV 89119

2. As a former Delaware entity that was merged or consolidated into a foreign entity, Scientific Games Corporation may be served via the Delaware Secretary of State pursuant to 8 *Del. C.* § 252(d), at the following address:

Delaware Secretary of State
c/o Division of Corporations
401 Federal Street, Suite 4
Dover, DE 19901

3. The names and addresses of the non-resident director defendants of the above-listed corporation, who are being served pursuant to 10 *Del. C.* § 3114 are:

Ronald Perelman
c/o Scientific Games Corporation
c/o Delaware Secretary of State
401 Federal Street, Suite 4
Dover, DE 19901

Barry Cottle
c/o Scientific Games Corporation
c/o Delaware Secretary of State
401 Federal Street, Suite 4
Dover, DE 19901

Kevin M. Sheehan
c/o Scientific Games Corporation
c/o Delaware Secretary of State
401 Federal Street, Suite 4
Dover, DE 19901

M. Gavin Isaacs
c/o Scientific Games Corporation
c/o Delaware Secretary of State
401 Federal Street, Suite 4
Dover, DE 19901

Richard Haddrill
c/o Scientific Games Corporation
c/o Delaware Secretary of State
401 Federal Street, Suite 4
Dover, DE 19901

Peter A. Cohen
c/o Scientific Games Corporation
c/o Delaware Secretary of State
401 Federal Street, Suite 4
Dover, DE 19901

David L. Kennedy
c/o Scientific Games Corporation
c/o Delaware Secretary of State
401 Federal Street, Suite 4
Dover, DE 19901

Paul M. Meister
c/o Scientific Games Corporation
c/o Delaware Secretary of State
401 Federal Street, Suite 4
Dover, DE 19901

Michael J. Regan
c/o Scientific Games Corporation
c/o Delaware Secretary of State
401 Federal Street, Suite 4
Dover, DE 19901

Barry F. Schwartz
c/o Scientific Games Corporation
c/o Delaware Secretary of State
401 Federal Street, Suite 4
Dover, DE 19901

Frances F. Townsend
c/o Scientific Games Corporation
c/o Delaware Secretary of State
401 Federal Street, Suite 4
Dover, DE 19901

Gerald Ford
c/o Scientific Games Corporation
c/o Delaware Secretary of State
401 Federal Street, Suite 4
Dover, DE 19901

Gabrielle K. McDonald
c/o Scientific Games Corporation
c/o Delaware Secretary of State
401 Federal Street, Suite 4
Dover, DE 19901

4. The last known residential addresses of the non-resident director defendants listed above are unknown to Plaintiff, who has made diligent efforts to ascertain such information.

HEYMAN ENERIO
GATTUSO & HIRZEL LLP

/s Samuel T. Hirzel, II
Samuel T. Hirzel, II (# 4115)
Gillian L. Andrews (# 5719)
300 Delaware Avenue, Suite 200
Wilmington, DE 19801
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Attorneys for Plaintiff

OF COUNSEL:

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Nicholas Karasimas, Esquire
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250 West 55th Street, 30th Floor
New York, NY 10019
(212) 582-4400

Dated: October 23, 2019

HEYMAN ENERIO
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PRACTICING THE ART OF LAW

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Email: gandrews@hegh.law

October 23, 2019

VIA E-FILING

Register in Chancery
Delaware Court of Chancery
New Castle County Courthouse
500 North King Street - Suite 11400
Wilmington, DE 19801

RE: *Sylebra Capital Partners Master Fund, Limited et al. v. Ronald Perleman, et al.*
C.A. No.:

Dear Register in Chancery:

Plaintiff filed a Verified Complaint for Declaratory Relief, Injunctive Relief and Damages (the "Complaint") against Defendants. In connection therewith, Plaintiff will serve Defendants as follows:

Service upon Directors pursuant to 10 *Del. C.* § 3114

Defendants Ronald Perleman, Barry Cottle, Kevin M. Sheehan, M. Gavin Isaacs, Richard Haddrill, Peter A. Cohen, David L. Kennedy, Paul M. Meister, Michael J. Regan, Barry F. Schwartz, Frances F. Townsend, Gerald Ford, and Gabrielle K. McDonald (the "Director Defendants") are current or former directors

of Defendant Scientific Games Corporation. Accordingly, Plaintiff will serve the Director Defendants by serving the Delaware Secretary of State pursuant to 8 *Del. C.* § 252(d). Plaintiff will use Parcels, Inc. as Special Process Servers to serve the Director Defendants. Please prepare the appropriate summonses, addressed as follows:

Ronald Perelman
c/o Scientific Games Corporation
c/o Delaware Secretary of State
401 Federal Street, Suite 4
Dover, DE 19901

Barry Cottle
c/o Scientific Games Corporation
c/o Delaware Secretary of State
401 Federal Street, Suite 4
Dover, DE 19901

Kevin M. Sheehan
c/o Scientific Games Corporation
c/o Delaware Secretary of State
401 Federal Street, Suite 4
Dover, DE 19901

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401 Federal Street, Suite 4
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c/o Scientific Games Corporation
c/o Delaware Secretary of State
401 Federal Street, Suite 4
Dover, DE 19901

Gerald Ford
c/o Scientific Games Corporation
c/o Delaware Secretary of State
401 Federal Street, Suite 4
Dover, DE 19901

Gabrielle K. McDonald
c/o Scientific Games Corporation
c/o Delaware Secretary of State
401 Federal Street, Suite 4
Dover, DE 19901

Service upon former Delaware Corporation pursuant to 8 *Del. C.* § 252(d)

Plaintiff will serve defendant Scientific Games Corporation ("Scientific Games"), by serving the Delaware Secretary of State pursuant to 8 *Del. C.* § 252(d). Plaintiff will use Parcels, Inc. as Special Process Servers to serve Defendant Scientific Games. Please prepare the appropriate summonses, addressed as follows:

Scientific Games Corporation
c/o Delaware Secretary of State
401 Federal Street, Suite 4
Dover, DE 19901

Service upon Qualified Foreign Corporation pursuant to 8 *Del. C.* § 376

Plaintiff will serve defendant Bally Gaming, Inc. ("Bally Gaming"), a qualified foreign corporation, by serving Defendant Bally Gaming's registered agent in this State pursuant to 8 *Del. C.* § 376. Plaintiff will use Parcels, Inc. as Special Process Servers to serve Defendant Bally Gaming. Please prepare the appropriate summonses, addressed as follows:

Bally Gaming, Inc.
c/o Corporation Service Company
251 Little Falls Drive
Wilmington, DE 19808

Please let me know when the summonses are ready. If you have any questions, please do not hesitate to contact me.

Respectfully submitted,

/s/ Gillian L. Andrews

Gillian L. Andrews (# 5719)
Words: 549

GLA/cmw
Ancillary