



NEWS RELEASE

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Delaware North subsidiary sues Miomni Gaming and its CEO for fraud and breach of sports wagering joint-venture contract

Lawsuit alleges Miomni falsely represented that it owned a key part of sports-wagering platform

BUFFALO, N.Y. (April 19, 2019) – A subsidiary of Delaware North, a global hospitality company with a portfolio of regional casinos, has filed a lawsuit alleging that Miomni Gaming and its chief executive officer fraudulently misrepresented its ownership of a key part of the BetLucky sports-wagering platform and breached the companies' joint-venture contract.

The lawsuit, filed late Thursday in the Court of Chancery for the State of Delaware, is attributed to Miomni's and CEO Michael P. Venner's "fraudulent inducement" into a joint-venture relationship with Delaware North iGaming Inc. (DNG), the Delaware North subsidiary, and Miomni's "willful breach" of the parties' contract.

As a result of this, DNG has been unable to operate its West Virginia sportsbooks and its BetLucky.com mobile app, causing financial losses and inconveniencing West Virginia customers. DNG is continuing to honor and redeem all resulted bets and providing customers with detailed information about how they can access their accounts and withdraw their funds.

DNG had partnered with Miomni to develop and manage a company called BetLucky Interactive LLC for its sports wagering and iGaming platform, with the joint-venture agreement being finalized in December. BetLucky was intended to serve as the sportsbook technology platform for DNG's gaming properties in states where sports wagering is legal.

With Miomni as its management services provider for West Virginia, DNG on Dec. 27 launched sports wagering operations at its two casinos in the state – Wheeling Island Hotel-Casino-Racetrack and Mardi Gras Casino & Resort – and via the statewide BetLucky.com mobile app.

The sports wagering platform's service interruption began on March 6, leaving the mobile app and the casino sportsbooks, which relied on the platform, unable to accept new sports wagers. The interruption was attributed to Miomni's contract dispute with third-party technology supplier Enterg Software Solutions Limited, a Cyprus-based company known as Entergaming.

After DNG further investigated the dispute, it notified the West Virginia Lottery Commission on March 29 that it was taking steps to terminate its partnership with Miomni.

"During negotiations for the joint venture, Miomni and Venner repeatedly represented to DNG that Miomni owned the intellectual property rights in the platform, including the source code underlying the 'front-end interface' and the 'back-end' of the platform," the lawsuit says. "DNG relied on those representations when it decided to contract with Miomni. In the (joint-venture agreement), Miomni represented that it owned and controlled the platform and that Miomni's performance would not be impaired by any third-party contracts."

After March 6, DNG learned through communications with Entergaming that Miomni's and Venner's representations were "false" and "fraudulent" and that Miomni never owned the source code for part of the "back-end" of the platform – it only licensed it from Entergaming. In addition, Miomni had not paid Entergaming a fee as required in their agreement, which Miomni concealed from DNG. Instead, Venner had alleged to DNG that the platform interruption was part of an Entergaming scheme to extort Miomni and that Entergaming had illegally hacked the platform.

"When Miomni could not resolve its licensing dispute with Entergaming – a dispute that Miomni intentionally concealed from DNG – Entergaming disabled the platform, leaving DNG, its affiliates and BetLucky with a sudden loss of business operations," the lawsuit says. In fact, Entergaming sent Miomni a Feb. 25 letter terminating the agreement and the back-end services.

"With these discoveries in March, it became clear that Miomni and Venner had engaged in an ongoing pattern of misrepresentation and bad faith." Among other things, Miomni and Venner:

- Falsely claimed during contract negotiations and in the (joint-venture) agreement that Miomni owned all rights to the platform.
- Failed to disclose in a July 2018 professional services agreement and later in the BetLucky license that Entergaming owned and controlled the "back-end" of the platform and continued to provide services for it.
- Intentionally concealed from DNG, from DNG's affiliates, and from BetLucky the existence of its contract dispute with Entergaming.
- Intentionally concealed from DNG, from DNG's affiliates and from BetLucky Entergaming's Feb. 25 letter and Entergaming's termination of services under their agreement.
- Intentionally concealed from DNG, from DNG's affiliates, and from BetLucky the true cause of the platform's outages.

DNG is seeking monetary damages and other relief, including an orderly transfer of Miomni's membership interest in BetLucky in accordance with the joint-venture agreement.

As it announced March 29, Delaware North is continuing to evaluate all of its options to once again provide sports wagering services and believes that identifying and implementing a solution could take several months or longer.

About Delaware North

Delaware North is one of the largest privately held hospitality companies in the world. Founded in 1915 and owned by the Jacobs family for more than 100 years, Delaware North has global operations at high-profile places such as sports and entertainment venues, national and state parks, destination resorts and restaurants, airports, and regional casinos. Our 55,000 employee associates are dedicated to creating special experiences one guest at a time in serving more than a half-billion guests annually. Delaware North operates in the sports, travel hospitality, restaurant and catering, parks, resorts, gaming, and specialty retail industries and has annual revenue of more than \$3 billion. Learn more about Delaware North, a global leader in hospitality, at www.DelawareNorth.com.