

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In Re:	*	Chapter 11
	*	
	*	Case No. 23-10758 (KBO)
LUCKY BUCKS, LLC, et al. ¹ ,	*	
	*	Jointly Administered
Debtors.	*	

**GEORGIA LOTTERY CORPORATION’S LIMITED OBJECTION TO
JOINT CHAPTER 11 PLAN OF REORGANIZATION
AND OBJECTION TO CONSULTING AGREEMENT**

The Georgia Lottery Corporation (“GLC”) files this Limited Objection to the *Joint Chapter 11 Plan of Reorganization* (“Plan,” ECF No. 5) and its Objection to the proposed Consulting Agreement contained in the *Declaration of James Boyden in Support of Debtor’s Chapter 11 Petitions and First Day Relief* (“Declaration,” ECF No. 15) under Chapter 11 of the Bankruptcy Code. GLC and the Debtors have been in discussions to resolve the objections set forth herein, and will continue to do so in an effort to resolve the objections prior to the confirmation hearing. GLC files this objection out of the abundance of caution, and in support hereof, GLC respectfully shows the Court as follows:

1.

On June 9, 2023, Lucky Bucks, LLC (“Lucky Bucks”), Lucky Bucks HoldCo, LLC (“HoldCo”) and, together with Lucky Bucks, the “OpCo Debtors”, and Lucky Bucks Holdings LLC (“Holdings”) filed for Chapter 11 bankruptcy protection. The cases are being jointly administered under the lead bankruptcy case of Lucky Bucks, LLC, Case No. no. 23-10758.

¹ The Debtors in these chapter 11 cases (the “Chapter 11 Cases”), along with the last four digits of each Debtor’s federal identification number, include: (i) Lucky Bucks, LLC (“Lucky Bucks”) (4376); (ii) Lucky Bucks HoldCo, LLC (“HoldCo” and, together with Lucky Bucks, the “OpCo Debtors”) (0081); and (iii) Lucky Bucks Holdings LLC (“Holdings”) (3221).

2.

Lucky Bucks holds a Class B Coin Operated Amusement Machine (COAM) Maser License in Georgia. *See Disclosure Statement for the Joint Chapter 11 Plan for Lucky Bucks, LLC, Lucky Bucks HoldCo, LLC, and Lucky Bucks Holdings, LLC*, ECF No. 4, p. 90 (“Disclosure Statement”). GLC is the issuer of COAM master licenses and the regulator of the COAM industry in Georgia. *See O.C.G.A. §§ 50-27-70 through 50-27-104.*

3.

The Debtor’s Chapter 11 Plan calls for the Reorganized OpCo Debtors to enter into a Consulting Agreement on the Effective date of the OpCo Plan. (Plan, ECF No. 5, pp. 11 and 51). The Consulting Agreement is one of the “Definitive Documents” implementing the Plan (Plan, ECF No. 5, p. 12) and constitutes a “Plan Supplement” document (Plan, ECF No. 5, p. 22). In support of the Debtor’s Chapter 11 Petitions and First Day Relief, Debtor’s submitted the Declaration of James Boyden (Declaration, ECF No. 15). “Exhibit A” to the Declaration is a “Restructuring Support Agreement” which describes the proposed restructuring of the Debtors through the Chapter 11 cases. (Declaration, ECF No. 15, pp. 45-346). The Restructuring Agreement contains the draft of the proposed Consulting Agreement. (Declaration, ECF No. 15, pp. 114-127).

4.

The proposed Consulting Agreement is by and between one of the Reorganized OpCo Debtors and Consultants Anil Damani, Manu Sekhri, Ryan Bouskill, Hassan Ijaz, James Boyden, Stephanie Polito, and Shafik Kassam. (Plan, ECF No. 5, p. 11; Declaration, ECF No. 15, p. 115). The Consulting Agreement will commence on the Effective Date of the OpCo Plan and

will last for a period twelve (12) months. (Plan, ECF No. 5, p. 11; Declaration, ECF No. 15, p. 115). The Agreement calls for the Consultants to provide the OpCo Debtors with “consulting services related to sourcing, operating, managing, and servicing of any and all opportunities for coin-based amusement machines in the State of Georgia.” (Plan, ECF No. 5, p. 52; Declaration, ECF No. 15, p. 115). With the OpCo Debtors express prior written consent, the Consultants may enter into agreements on behalf or purport to bind the OpCo Debtors or represent to any person that Consultant has the power to create an obligation, express or implied, on behalf of Opco Debtors. (Declaration, ECF No. 15, p. 118). The aggregate Fee for the Consultants is 5,000.000.00, of which approximately 62% would be payable to Mr. Damani and approximately 33% payable to Mr. Sekhri. (Plan, ECF No. 5, p. 11; Declaration, ECF No. 15, pp. 126-127).

5.

Mr. Damani is the Founder of Lucky Bucks and served as one of its officers through May 2020. (Disclosure Statement, ECF No. 4, p. 75). Mr. Damani still holds a 25% equity interest in Lucky Bucks through one of his business ventures. (Disclosure Statement, ECF No. 4, p. 75). Mr. Sekhri is on the Board of Managers for HoldCo, the sole member of Lucky Bucks. (*Debtors Application for Entry of An Order Authorizing and Approving the Employment and Retention of Milbank LLP As Counsel for the Debtors and Debtors In Possession Nunc Pro Tunc to the Petition Date* (“Application”), ECF No. 134-3, p. 14). Mr. Boyden is also on the Board of Managers for HoldCo (Application, ECF No. 134-3, p. 14) and he is the Director and Executive Vice President of Business Development of Lucky Bucks (Declaration, ECF No. 15, p. 1). Shafik Kassam (a.k.a. Tony Kassam) is on the Board of Managers of HoldCo (Application, ECF No. 134-3, p. 14) and is the Chief Operating Officer of Lucky Bucks. Mr. Ijaz and Mr. Bouskill are employees of the Debtors. (Application, ECF No. 134-3, p. 14).

6.

GLC objects to the proposed Consulting Agreement because it violates the terms of the Executive Order issued by GLC Administrative Hearing Officer Robert E. Wilson on June 2, 2020. A true and accurate copy of the Executive Order is attached hereto as “**Exhibit A.**” The Executive Order approved a settlement between GLC and Lucky Bucks which required Mr. Damani to resign as an officer of HoldCo, the sole member of Lucky Bucks. With these resignations, Mr. Damani relinquished all operational control of Lucky Bucks (Executive Order, p. 1) and could no longer sign contracts or documents that would bind Lucky Bucks (Executive Order, p. 2). Despite the clear directive of the Executive Order, Mr. Damani and Lucky Bucks are now proposing a “Consulting Agreement” by which Mr. Damani would provide “consulting services” to Lucky Bucks related to the “operating” and “managing” of COAMs. (Plan, ECF No. 5, p. 52; Declaration, ECF No. 15, p. 115). The Consulting Agreement also allows Mr. Damani to enter into agreements on behalf of Lucky Bucks if Lucky Bucks provides its prior express written consent. (Declaration, ECF No. 15, p. 118). The terms of the Consulting Agreement violate the Executive order. The Consulting Agreement appears to be an attempt by Mr. Damani to circumvent the Executive Order and regain operational control of Lucky Bucks.

7.

GLC further objects to the proposed Consulting Agreement because it violates Georgia State law requiring that individuals operating a COAM business have a lawful presence in the United States and the corresponding COAM Rules implementing the same. *See* O.C.G.A. 50-36-1 and COAM Ru 13.1.3 (1) and 13.1.4(1)(e). The Consulting Agreement would give Mr. Sekhri and Mr. Ijaz operational and management control over Lucky Bucks, despite the fact that in the past they have been unable to provide GLC with proof that they satisfy the requirements

for lawful presence in the United States. The Consulting Agreement thus appears to be a means to evade the federal and state law and the COAM Rules and employ these individuals despite them lacking work authorization.

8.

GLC further objects to the Consulting Agreement because the remaining Consultants, with the exception of Stephanie Polito, are officers, directors, or employees of the Debtors and cannot serve as “Independent Contractors” at the same time, as that term is defined in the proposed Consulting Agreement (Declaration, ECF No. 15, p. 117).

9.

GLC reserves the right to supplement this Objection.

WHEREFORE, GLC respectfully requests that this Court deny confirmation of the Plan of Liquidation for Lucky Bucks, LLC, et al., that GLC be allowed to supplement this Objection at a later date, and for such other and further relief as the Court deems just and proper.

This 17th day of July, 2023.

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EXHIBIT A

Executive Order issued by GLC Administrative Hearing Officer Robert E. Wilson
on June 2, 2020

**BEFORE THE GEORGIA LOTTERY CORPORATION
STATE OF GEORGIA**

IN THE MATTER OF	:	MATTER OR CITATION NUMBER:
Lucky Bucks, LLC	:	
5675 Jimmy Carter Blvd,	:	<u>License Determination</u>
Suite 725,	:	
Norcross, Georgia 30071	:	
(COAM Lic. 000015326,	:	
000015021, 000015080,	:	
000015123, 000015164, and	:	
000015328),	:	

Respondent.

**EXECUTIVE ORDER APPROVING SETTLEMENT AGREEMENT BETWEEN THE
GEORGIA LOTTERY CORPORATION AND RESPONDENT**

By letter dated May 8, 2020, the Georgia Lottery Corporation ("GLC") informed Respondent of the revocation by GLC of its Class B COAM master licenses. In the letter, GLC specifically described the reason for the revocation as follows:

- (1) While holding Class B COAM master licenses, Respondent, through one of its owners, Anil Damani, violated O.C.G.A. § 50-27-87.1(4) and O.C.G.A. § 50-27-87 (a) (4) by Anil Damani leasing a residence to a location licensee who had previously operated COAMs belonging to Respondent. This action gave Respondent an interest in the location owner or operator, and provided something of value to a location owner to place and operate COAMs in violation of Georgia law and the GLC rules and regulations.

A hearing was scheduled to be held in the above referenced matter at the Georgia Lottery Corporation (GLC) Headquarters before the undersigned Hearing Officer. The purpose of the hearing was to provide the Respondent an opportunity to challenge GLC's revocation of its Class B COAM master licenses. Prior to any such hearing, however, the Respondent and GLC entered into settlement negotiations which ultimately produced an agreement between the parties. The agreement, which the parties now ask the undersigned Hearing Officer to approve and make its Executive Order (this "Order"), is as follows:

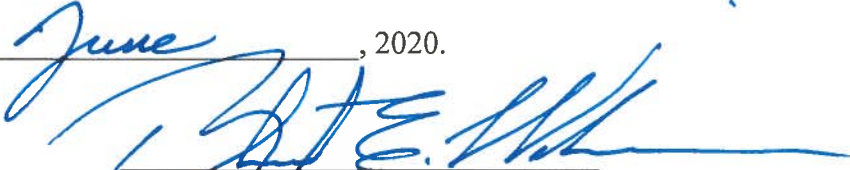
- (1) Contemporaneously with the entry of this Order, Anil Damani will resign as an officer of Respondent and will resign as a manager of Lucky Bucks HoldCo, LLC ("Lucky Bucks HoldCo"), the sole member of Respondent. With these resignations, Mr. Damani will relinquish all operational control over the business and operations of Respondent. Mr. Damani will no longer be (i) listed as a licensee on any license applications submitted by Respondent to the GLC, (ii) authorized to sign contracts or documents on behalf of Respondent or Lucky Bucks HoldCo, (iii) able to sign checks or draw on bank accounts on behalf of Respondent or Lucky Bucks HoldCo, or (iv) authorized to communicate with the GLC on behalf of Respondent.

- (2) Respondent will take the necessary steps to convert Mr. Damani's equity interest in Lucky Bucks HoldCo from a voting interest to a non-voting interest. As such, the continuing equity interests Mr. Damani will have in Respondent and Lucky Bucks HoldCo will not permit Mr. Damani to cause Respondent or Lucky Bucks HoldCo to perform any sort of corporate action. Respondent will accomplish this conversion within sixty (60) days of the entry of this Order, and will provide to GLC a written statement confirming such action has been taken upon its completion.
- (3) As a result of these measures, Mr. Damani will cease to have any managerial functions or operational control of either Respondent or Lucky Bucks HoldCo.
- (4) Respondent shall voluntarily pay a penalty fee in the amount of \$500,000.00 to GLC upon the entry of this Order.

Having reviewed the allegations made by GLC, and based on the facts stipulated to by the parties, I find the Respondent, through Mr. Anil Damani, violated O.C.G.A. §§ 50-27-87.1 and 50-27-87(a)(4). I also note that there is no evidence that the other principals of Respondent, who is a publicly traded company, had any knowledge of the arrangement between Mr. Damani and the location owner/tenant. Based upon the foregoing, I find that the settlement agreement negotiated by Respondent and GLC to be an appropriate resolution to this matter.

The agreement as provided above is approved and shall be the ORDER of this Hearing Officer.

SO ORDERED, this 2nd day of June, 2020.


Robert E. Wilson
Administrative Hearing Officer

CERTIFICATE OF SERVICE

I, _____, an authorized agent of the Georgia Lottery Corporation, do certify that I have served

_____ with a correct and true copy of the above Executive Order on this _____ day of _____ via certified mail.

Georgia Lottery Corporation Agent

CERTIFICATE OF SERVICE

I certify that I am over the age of 18 and that on the date written below a copy of the foregoing ***Georgia Lottery Corporation's Limited Objection to Joint Chapter 11 Plan of Reorganization and Objection to Consulting Agreement*** was served was served electronically via CM/ECF to the following registered users:

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A copy of the foregoing was served on the following parties to this proceeding via U.S. Mail,
properly addressed and first class postage pre-paid:

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PO Box 183853
Arlington, TX 76096

This 17th day of July, 2023.

/s/ Bernadett Rosszer Figueroa
BERNADETT ROSSZER FIGUEROA
Senior Assistant Attorney General

#1482424