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Counsel for Plaintiff

**UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA**

_____, Individually and On Behalf of All
Others Similarly Situated,

Plaintiff,

v.

SCIPLAY CORPORATION, JOSHUA J.
WILSON, MICHAEL D. CODY, MICHAEL F.
WINTERSCHIEDT, BARRY L. COTTLE,
GERALD D. COHEN, JAY PENSKE, M.
MENDEL PINSON, WILLIAM C.
THOMPSON, JR., FRANCES F. TOWNSEND,
MERRILL LYNCH, PIERCE, FENNER &
SMITH INCORPORATED, J.P. MORGAN
SECURITIES LLC, DEUTSCHE BANK
SECURITIES INC., GOLDMAN SACHS &
CO. LLC, MORGAN STANLEY & CO. LLC,
MACQUARIE CAPITAL (USA) INC., RBC
CAPITAL MARKETS, LLC, STIFEL,
NICOLAUS & COMPANY,
INCORPORATED, WEDBUSH SECURITIES
INC., and SCIENTIFIC GAMES
CORPORATION,

Defendants.

Case No:

**CLASS ACTION COMPLAINT FOR
VIOLATIONS OF THE FEDERAL
SECURITIES LAWS**

JURY TRIAL DEMANDED

Plaintiff _____ (“Plaintiff”), individually and on behalf of all other persons similarly situated, by Plaintiff’s undersigned attorneys, alleges the following based upon personal knowledge as to Plaintiff and Plaintiff’s own acts, and upon information and belief as to all other matters based on the investigation conducted by and through Plaintiff’s attorneys, which included, among other things, a review of U.S. Securities and Exchange Commission (“SEC”) filings by SciPlay Corporation (“SciPlay” or the “Company”), as well as media and analyst reports about the Company and Company press releases. Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein.

NATURE OF THE ACTION

1. Plaintiff brings this securities class action on behalf of persons who purchased or otherwise acquired SciPlay securities pursuant and/or traceable to SciPlay’s Registration Statement (defined below) issued in connection with SciPlay’s May 2019 initial public stock offering (the “IPO” or “Offering”), seeking to recover compensable damages caused by Defendants’ violations of the Securities Act of 1933 (the “Securities Act”).

2. In May 2019, Defendants held the IPO, issuing approximately 22.72 million shares of Class A common stock to the investing public at \$16 per share, pursuant to the Registration Statement.

3. By the commencement of this action, SciPlay’s shares trade significantly below its IPO price. As a result, investors were damaged.

JURISDICTION AND VENUE

4. The claims alleged herein arise under and pursuant to Sections 11, 12(a)(2) and 15 of the Securities Act, 15 U.S.C. §§77k, 771(a)(2) and 77o.

5. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §1331 and Section 22 of the Securities Act (15 U.S.C. §77v).

6. Venue is proper in this District pursuant to 28 U.S.C. § 1391(b) and §22(a) of the Securities Act (15 U.S.C. §77v(a)) as a significant portion of the Defendants' actions, and the subsequent damages took place within this District.

7. In connection with the acts, conduct and other wrongs alleged in this complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mails, interstate telephone communications and the facilities of a national securities exchange. Defendants disseminated the statements alleged to be false and misleading herein into this District, and Defendants solicited purchasers of SciPlay securities in this District.

PARTIES

8. Plaintiff, as set forth in the accompanying certification incorporated by reference herein, purchased SciPlay shares pursuant and/or traceable to the IPO and was damaged thereby.

9. Prior to the IPO, the social digital gaming marketer and operator SciPlay Parent Company LLC ("SciPlay Parent"), was an indirectly wholly-owned subsidiary of Defendant Scientific Games Corporation ("Scientific Games").

10. On November 30, 2018, Defendant SciPlay was incorporated as a Nevada corporation and a subsidiary of Defendant Scientific Games to: (a) serve as the issuer of the Common Stock offered in connection with the IPO; (b) become a holding company with minority economic interest in SciPlay Parent's business and operations; and (c) become SciPlay Parent's sole manager.

11. Following the IPO, SciPlay's sole material asset became its 17.4% economic interest in SciPlay Parent. Defendant SciPlay is incorporated in Nevada and maintains its

principal executive offices in Las Vegas, Nevada. SciPlay purports to develop and publish digital games on mobile and Web platforms. The Company offers seven games, which include social casino games, such as Jackpot Party Casino, Gold Fish Casino, Hot Shot Casino, and Quick Hit Slots, as well as casual games comprising MONOPOLY Slots, Bingo Showdown, and 88 Fortunes Slots. SciPlay's shares are listed on NASDAQ under the ticker symbol "SCPL." The transfer agent and registrar for SciPlay's Class A common stock in the U.S. is American Stock Transfer & Trust Company, LLC. at its principal office in Brooklyn, New York.

12. Defendant Joshua J. Wilson ("Wilson") served as the Company's Chief Operating Officer and Senior Vice President from April 2016 to April 2019 when he was appointed Chief Executive Officer ("CEO") and elected as a Director in connection with the IPO. Defendant Wilson reviewed, edited, contributed to and signed the Registration Statement pursuant to the requirements of the Securities Act of 1933.

13. Defendant Michael D. Cody ("Cody") served as the Chief Financial Officer ("CFO") for the Company's business from September 2015 to April 2019, when he was appointed CFO of SciPlay in connection with the IPO. Defendant Cody reviewed, edited, contributed to and signed the Registration Statement pursuant to the requirements of the Securities Act of 1933.

14. Defendant Michael F. Winterscheidt ("Winterscheidt") served, among other positions, as the Chief Accounting Officer ("CAO") of Defendant Scientific Games from February 2017 to April 2019, when he was appointed CAO and Secretary of SciPlay in connection with the IPO. Defendant Winterscheidt reviewed, edited, contributed to and signed the Registration Statement pursuant to the requirements of the Securities Act of 1933.

15. Defendant Barry L. Cottle (“Cottle”) has served as the CEO of Defendant Scientific Games since June 2018 and was appointed Executive Chairman of SciPlay in April 2019 in connection with the IPO. Defendant Cottle reviewed, edited, contributed to and signed the Registration Statement pursuant to the requirements of the Securities Act of 1933.

16. Defendant Gerald D. Cohen (“Cohen”) was appointed as a Director of SciPlay in April 2019 in connection with the IPO. Defendant Cohen reviewed, edited, contributed to and signed the Registration Statement pursuant to the requirements of the Securities Act of 1933.

17. Defendant Jay Penske (“Penske”) was appointed as a Director of SciPlay in April 2019 in connection with the IPO. Defendant Penske reviewed, edited, contributed to and signed the Registration Statement pursuant to the requirements of the Securities Act of 1933.

18. Defendant M. Mendel Pinson (“Pinson”) was appointed as a Director of SciPlay in April 2019 in connection with the IPO. Defendant Pinson reviewed, edited, contributed to and signed the Registration Statement pursuant to the requirements of the Securities Act of 1933.

19. Defendant William C. Thompson, Jr. (“Thompson”) was appointed as a Director of SciPlay in April 2019 in connection with the IPO. Defendant Thompson reviewed, edited, contributed to and signed the Registration Statement pursuant to the requirements of the Securities Act of 1933.

20. Defendant Frances F. Townsend (“Townsend”) was appointed as a Director of SciPlay in April 2019 in connection with the IPO. Defendant Townsend reviewed, edited, contributed to and signed the Registration Statement pursuant to the requirements of the Securities Act of 1933.

21. The Defendants named in ¶¶12-20 are referred to herein as the “Individual Defendants.” The Individual Defendants each signed the Registration Statement, solicited the

investing public to purchase securities issued pursuant thereto, hired and assisted the underwriters, planned and contributed to the IPO and Registration Statement, and attended road shows and other promotions to meet with and present favorable information to potential SciPlay investors, all motivated by their own and the Company's financial interests.

22. Scientific Games is a publicly traded Nevada Corporation with its principal executive offices also located at 6601 Bermuda Road, Las Vegas, Nevada 89119. Immediately following the IPO, Scientific Games indirectly owned the remaining 82.6% economic interest in SciPlay Parent and owned 97.9% voting power in Defendant SciPlay through ownership of its Class B common stock

23. Defendant Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") was a representative of the IPO underwriters and assisted in the preparation and dissemination of the materially untrue and misleading Registration Statement.

24. Defendant J.P. Morgan Securities LLC ("J.P. Morgan") was a representative of the IPO underwriters and assisted in the preparation and dissemination of the materially untrue and misleading Registration Statement.

25. Defendant Deutsche Bank Securities Inc. ("Deutsche Bank") was a representative of the IPO underwriters and assisted in the preparation and dissemination of the materially untrue and misleading Registration Statement.

26. Defendant Goldman Sachs & Co. LLC ("Goldman Sachs") acted as an underwriter in the IPO and assisted in the preparation and dissemination of the materially untrue and misleading Registration Statement.

27. Defendant Morgan Stanley & Co. LLC (“Morgan Stanley”) acted as an underwriter in the IPO and assisted in the preparation and dissemination of the materially untrue and misleading Registration Statement.

28. Defendant Macquarie Capital (USA) Inc. (“Macquarie”) acted as an underwriter in the IPO and assisted in the preparation and dissemination of the materially untrue and misleading Registration Statement.

29. Defendant RBC Capital Markets, LLC (“RBC Capital”) acted as an underwriter in the IPO and assisted in the preparation and dissemination of the materially untrue and misleading Registration Statement.

30. Defendant Stifel, Nicolaus & Company, Incorporated (“Stifel”) acted as an underwriter in the IPO and assisted in the preparation and dissemination of the materially untrue and misleading Registration Statement.

31. Defendant Wedbush Securities Inc. (“Wedbush”) acted as an underwriter in the IPO and assisted in the preparation and dissemination of the materially untrue and misleading Registration Statement

32. Defendants Merrill Lynch, J.P. Morgan, Deutsche Bank, Goldman Sachs, Morgan Stanley, Macquarie, RBC Capital, Stifel, and Wedbush are referred to herein as the “Underwriter Defendants.”

33. Pursuant to the Securities Act, the Underwriter Defendants are liable for the false and misleading statements in the Registration Statement as follows:

- (a) The Underwriter Defendants are investment banking houses that specialize in, among other things, underwriting public offerings of securities. They served as the underwriters of the IPO and shared millions of dollars in fees collectively. The

Underwriter Defendants arranged a multi-city roadshow prior to the IPO during which they, and representatives from SciPlay, met with potential investors and presented highly favorable information about the Company, its operations and its financial prospects.

(b) The Underwriter Defendants also demanded and obtained an agreement from SciPlay and the Individual Defendants that SciPlay would indemnify and hold the Underwriter Defendants harmless from any liability under the federal securities laws. They also made certain that SciPlay had purchased millions of dollars in directors' and officers' liability insurance.

(c) Representatives of the Underwriter Defendants also assisted SciPlay and the Individual Defendants in planning the IPO, and purportedly conducted an adequate and reasonable investigation into the business and operations of SciPlay, an undertaking known as a "due diligence" investigation. The due diligence investigation was required of the Underwriter Defendants in order to engage in the IPO. During the course of their "due diligence," the Underwriter Defendants had continual access to internal, confidential, current corporate information concerning SciPlay's most up-to-date operational and financial results and prospects.

(d) In addition to availing themselves of virtually unlimited access to internal corporate documents, agents of the Underwriter Defendants met with SciPlay's lawyers, management and top executives and engaged in "drafting sessions." During these sessions, understandings were reached as to: (i) the strategy to best accomplish the IPO; (ii) the terms of the IPO, including the price at which SciPlay securities would be sold; (iii) the language to be used in the Registration Statement; what disclosures about SciPlay would be made in the Registration Statement; and (v) what responses would be

made to the SEC in connection with its review of the Registration Statement. As a result of those constant contacts and communications between the Underwriter Defendants' representatives and SciPlay's management and top executives, the Underwriter Defendants knew of, or in the exercise of reasonable care should have known of, SciPlay's existing problems as detailed herein.

(e) The Underwriter Defendants caused the Registration Statement to be filed with the SEC and declared effective in connection with the offers and sales of securities registered thereby, including those to Plaintiff and the other members of the Class.

34. SciPlay and the Underwriter Defendants entered into an underwriting agreement, with respect to the shares being offered in the IPO. Subject to the terms and conditions of the underwriting agreement, each of the Underwriter Defendants severally agreed to purchase from SciPlay the number of shares set forth opposite its name below at a price of US\$16.00 per share payable in cash on the closing date of the IPO:

<u>Underwriter</u>	<u>Number of Shares</u>
Merrill Lynch, Pierce, Fenner & Smith Incorporated	4,400,000
J.P. Morgan Securities LLC	4,400,000
Deutsche Bank Securities Inc.	4,400,000
Goldman Sachs & Co. LLC	2,200,000
Morgan Stanley & Co. LLC	2,200,000
Macquarie Capital (USA) Inc.	1,980,000
RBC Capital Markets, LLC	1,320,000
Stifel, Nicolaus & Company, Incorporated	550,000
Wedbush Securities Inc.	550,000
Total	22,000,000

35. SciPlay, the Individual Defendants, and the Underwriter Defendants are referred to collectively as “Defendants.”

SUBSTANTIVE ALLEGATIONS

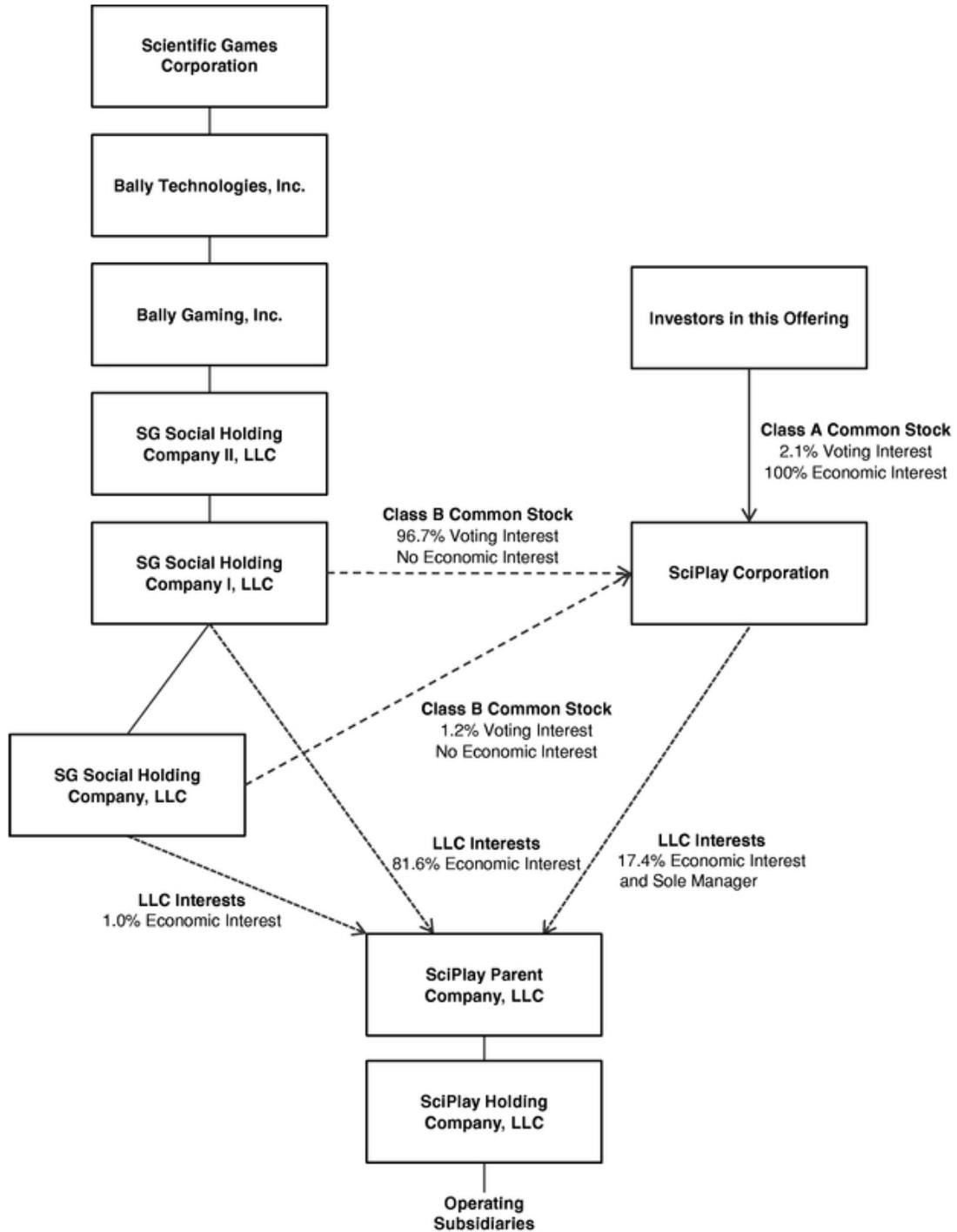
Background

36. While preparing, reviewing, editing and signing its IPO materials and embarking on the IPO roadshow, SciPlay experienced technical issues impacting its games and users and requiring substantial deployment of capital and resources to fix.

37. On April 5, 2019, SciPlay filed the Registration Statement on Form S-1 with the SEC. The Registration Statement was subsequently amended, with the final amended registration statement on Form S-1/A filed on April 29, 2019. The Registration Statement was declared effected by the SEC on May 2, 2019. SciPlay filed the Prospectus with the SEC on May 6, 2019.

38. On May 7, 2019, SciPlay completed its IPO. Defendants offered and sold 22,000,000 shares of SciPlay Class A common stock, after the underwriter’s partial exercise of over-allotment option, at a price to the public of \$16.00 per share. The Company received net proceeds of approximately \$330.9 million before offering expenses.

39. SciPlay immediately used the proceeds to acquire its economic interest in SciPlay Parent from its controlling stockholder, Defendant Scientific Games. The following diagram from the Registration Statement represents the organization structure immediately following the IPO:



**Materially False and Misleading
Statements Issued During the Class Period**

40. The Registration Statement, which was signed by each of the Individual

Defendants, was negligently prepared and omitted material information regarding the Company's business prospects and financial health.

41. Specifically, the Registration Statement describes SciPlay's "*scalable and reusable technology platform*" as one of its "*core strengths*" because it enables the Company to "*operate our games effectively at a global level and run thousands of promotions, marketing campaigns and tournaments concurrently.*"

42. Regarding growth opportunities, the Registration Statement touts SciPlay's ability to both continue to grow from existing games and develop new games. In relevant part:

Our Growth Opportunities

Continued growth from existing games

We continue to invest in and grow our current games by adapting and developing our monetization and marketing engines to improve player engagement, increase paying player conversion and drive per-player monetization. As we continue to develop our games, we believe we will be able to further monetize our existing user base and attract new players.

Develop new social casino games

We intend to continue to capitalize on our ability to build successful social casino games by introducing new titles that appeal to specific player segments and offer differentiated experiences.

Continue international growth and expansion

We intend to further expand our global presence by incorporating our vast library of recognizable and regionalized brands and content in our game design, customization and marketing for regional audiences. As the global mobile gaming market expands, we believe there is an opportunity to continue to improve our reach across the rest of the world by offering more targeted content than we currently offer and a better game play experience than is currently available to international players.

43. To further assure investors of its capacity to grow, the Registration Statement describes SciPlay's historical growth. In relevant part:

We have powered our growth by repeatedly adding new slot content and other types of engaging content to our games. We intend to use our core social casino games to fuel our growth while expanding our presence in the rest of the casual games market. Our oldest social casino game, Jackpot Party Casino, continues to exhibit strong monetization and engagement more than six years after launch. For example, for the third quarter of 2018, revenue from the year 1 cohort of Jackpot Party Casino was greater than the revenue generated from that cohort in the third quarter of 2012. We define "cohort" on a per game basis as all players who downloaded and played the relevant game during a given period of time.

* * *

Our data-driven processes and decision-making have led to growth of our core games in DAU from 1.7 million in the first quarter of 2015 to 2.7 million in the fourth quarter of 2018, or an increase of 53%, while ARPDAU has grown from \$0.21 in 2015 to \$0.43 in 2018, or an increase of 105%. Our core games include Jackpot Party Casino, Gold Fish Casino, Hot Shot Casino, 88 Fortunes Slots, Quick Hits Slots, MONOPOLY Slots and Bingo Showdown. DAU for our core games grew from 2.2 million in the fourth quarter of 2017 to 2.6 million in the fourth quarter of 2018. We believe this indicates significant growth potential.

44. Additionally, throughout the Registration Statement, SciPlay emphasizes its *“unparalleled relationship”* with Scientific Games, its controlling stockholder, notably because *“to access and successfully incorporate [Scientific Games’] highly recognizable brands within our games reduces our user acquisition costs and helps us target prospective players.”*

45. The Registration Statement also purports to warn investors of *“risk factors”* that, *“if”* they were to materialize, *“could”* or *“may”* adversely affect the Company, while failing to disclose that these very *“risks”* had already begun to materialize before the IPO. Notably, the Registration Statement warns investors about its ability to attract and retain players through marketing spends and resolve issues related to its games. In pertinent part:

Our success depends upon our ability to adapt to, and offer games that keep pace with, changing technology and evolving industry standards.

Our success depends upon our ability to attract and retain players, which is largely driven by maintaining and increasing the quantity and quality of social games. To satisfy players, we need to continue to improve their experience and innovate and introduce games that players find useful and that cause them to return to our suite of games more frequently. This includes continuing to improve our technology to optimize search results for our games, tailoring our game

offerings to additional geographic and market segments, and improving the user-friendliness of our games and our ability to provide high-quality support. Our ability to anticipate or respond to changing technology and evolving industry standards and to develop and introduce new and enhanced games on a timely basis or at all is a significant factor affecting our ability to remain competitive and expand and attract new players. We cannot assure that we will achieve the necessary technological advances or have the financial resources needed to introduce new games on a timely basis or at all. Our players depend on our support organization to resolve any issues relating to our games. Our ability to provide effective support is largely dependent on our ability to attract, resource, and retain employees who are not only qualified to support players of our games, but are also well versed in our games. Any failure to maintain high-quality support, or a market perception that we do not maintain high-quality support, could harm our reputation, adversely affect our ability to sell virtual currency within our games to existing and prospective players, and could adversely impact our results of operations, cash flows and financial condition.

46. To the detriment of Plaintiff and all those that bought shares in or traceable to the IPO, the negligently prepared Registration Statement omitted material information regarding the Company's business prospects and financial health. As such, the Registration Statement contained untrue statements of material facts or omitted to state the facts necessary to make the statements made therein not misleading, thus violating the rules and regulations governing its preparation. More specifically, the statements identified above in paragraphs ¶41-45 were materially incomplete, untrue, and/or inaccurate and false because they failed to disclose that SciPlay was experiencing technical issues in the months immediately preceding the IPO and that as a result:

- a. SciPlay's monthly active users were decreasing compared to the previous year's comparable quarter;
- b. SciPlay was unable to increase marketing spends and ultimately attract new players; and
- c. SciPlay's quarterly financial results for the second fiscal quarter of 2019 would be impacted;

47. The Registration Statement were also materially untrue and misleading because they failed to meet the requirements of Item 303 of Regulation S-K, 17 C.F.R. §229.303(a)(3)(ii). Item 303 requires the disclosure of known trends that have had or are reasonably expected to have a material impact on a company's business. As set forth in detail above, all of these trends were reasonably likely to (and ultimately did) have a materially negative impact on SciPlay's financial condition, and thus were required to be disclosed under Item 303.

48. Similarly, Item 105 of SEC Regulation S-K, 17 C.F.R. §229.105, requires, in the "Risk Factors" section of registration statements and prospectuses, "a discussion of the most significant factors that make an investment in ... the offering speculative or risky" and requires each risk factor to "adequately describe[] the risk." The Registration Statement's failure to disclose the facts identified above violated Item 105 of Regulation S-K, 17 C.F.R. §229.105, because these specific risks were not adequately disclosed, or disclosed at all, even though they were some of the most significant factors that made an investment in SciPlay common stock speculative or risky.

Post-IPO Disclosures

49. On August 1, 2019, SciPlay issued a press release, also attached as exhibit 99.1 to the Form 8-K filed with the SEC announcing the Company's financial and operating results for the second fiscal quarter beginning April 1, 2019 and ended June 30, 2019 ("Q2 2019 Press Release"). Therein, SciPlay reported adjusted earnings before interest, tax, depreciation and amortization ("Adjusted EBITDA") of \$33.2 million compared to a \$23.1 million in the previous year's comparable quarter. Additionally, SciPlay disclosed a decrease in monthly active users compared to the previous year's comparable quarter.

50. During a conference call to discuss the Company’s financial and operating results (“Q2 2019 Conf. Call”), SciPlay’s CEO Wilson disclosed that prior to its IPO, SciPlay had in fact experienced a “*defective software issue*” impacting its Daily Active Users (“DAU”) and Adjusted EBITDA.

51. Defendant Cody then iterated the news, emphasizing how it happened in the first half of the quarter started April 1, 2019, while the IPO was completed in May 2019. In relevant part:

And as Josh mentioned, revenue accelerated in the back half of the quarter *as we experienced a technical issue early in the quarter*. Each game was impacted differently, and we managed through this challenge with our efficient response capabilities as we deploy our capital and resources throughout the portfolio not on a game basis, which is how we manage the business day-to-day.

52. During the Q&A session of the call, an analyst from Deutsche Bank asked SciPlay’s executives to quantify the impact, which Defendant Wilson described as “*a couple of million-dollar impact on revenue and EBITDA.*” In pertinent part:

Analyst

Hi. Good afternoon. I want to ask you two things. First, just wondering if you can elaborate on – I think you mentioned a third-party issue that you encountered in the quarter that you recovered quickly from. *Can you just talk about what that was? And can you quantify the revenue and EBITDA impact from that?*

* * *

Joshua Wilson

So this is Josh. *So we began seeing a decrease in DAU mainly around our Android platform. This was caused by the third-party software, which caused the device itself to become sluggish during game play.* Once we were able to identify that that piece of software was causing it, we were able to remove the software from our applications. And our engagement KPIs and ANRs from Android went back to normal state, and we've begun to grow the way we were anticipating, which is where our June results came from.

* * *

Analyst

And on the – just a follow-up on the software issue, I mean is it safe to assume that, that had probably a couple of million-dollar impact on revenue and EBITDA in the quarter? Is that a fair range to assume?

Joshua Wilson

Yes. That's a very fair range looking at how we did in June and then working backwards.

(Emphasis added.)

53. Later during the call, an analyst from Bank of America Merrill Lynch inquired about the decrease in MAUs and the correlation with marketing spend. Defendant Wilson responded that the decrease in MAU was justified with the impact of the technical issue because said issue, in fact, had prevented SciPlay to acquire new users. In relevant part:

Analyst

Yes. Hi, guys. [...] Thanks for taking the question. So the first one, on MAUs, looks like those were down year-over-year, but payers and payer spend were actually up nicely. So can you just reconcile those two for us? Is this a function of changes you guys are making in-game to really get more out of the players? Or is it just a result of losing some of the lower-spending MAUs? That's the first question.

* * *

Joshua Wilson

So the drop in MAU that you are seeing is actually a result of us pulling back our marketing spend in the second quarter once we identified that we were having the issues, because marketing spend has a lot to do with driving the DAU, it also drives the MAU. We were able to maintain a good chunk of our existing players during that. And so since we were able to maintain our current players, but weren't able to bring in the newer, that is why you saw MAU go down, but paying percentage as a whole go up.

(Emphasis added.)

54. Similarly, on August 2, 2019, during a conference call to discuss Defendant Scientific Games' financial and operating results for its second fiscal quarter of 2019 (the "Scientific Games Conf. Call"), its CEO, Defendant Cottle, disclosed that the "*defective software issue*" had also "*negatively impacted ... [its] first two months of the quarter*".

55. Following the news, various analysts from sell-side firms cut their price target and downgraded the stock.

56. On November 7, 2019, SciPlay issued a press release, also attached as exhibit 99.1 to the Form 8-K filed with the SEC announcing the Company's financial and operating results for the third fiscal quarter ended September 30, 2019 ("Q3 2019 Press Release"). Therein, the Company reported continuous decrease in MAUs compared to the previous year's comparable quarter.

57. As a result of these post-IPO disclosures and less than 6 months after its IPO, SciPlay's Class A common stock has closed as low as \$8.55 per share, *a decline of \$7.45 per share or 46.56% from the \$16 IPO public price.*

PLAINTIFF'S CLASS ACTION ALLEGATIONS

58. Plaintiff brings this action as a class action on behalf of all those who purchased SciPlay securities pursuant and/or traceable to the Registration Statement (the "Class"). Excluded from the Class are Defendants and their families, the officers and directors and affiliates of Defendants, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

59. The members of the Class are so numerous that joinder of all members is impracticable. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are at least thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by SciPlay or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

60. Plaintiff's claims are typical of the claims of the members of the Class, as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

61. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

62. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- a. whether Defendants violated the Securities Act;
- b. whether the Registration Statement contained false or misleading statements of material fact and omitted material information required to be stated therein; and
- c. to what extent the members of the Class have sustained damages and the proper measure of damages.

63. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

COUNT I

Violations of Section 11 of the Securities Act Against SciPlay, the Underwriter Defendants and the Individual Defendants

64. Plaintiff incorporates all the foregoing by reference.

65. This Count is brought pursuant to §11 of the Securities Act, 15 U.S.C. §77k, on behalf of the Class, against all Defendants.

66. The Registration Statement contained untrue statements of material facts, omitted to state other facts necessary to make the statements made not misleading, and omitted to state material facts required to be stated therein.

67. Defendants are strictly liable to Plaintiff and the Class for the misstatements and omissions.

68. None of the Defendants named herein made a reasonable investigation or possessed reasonable grounds for the belief that the statements contained in the Registration Statement were true and without omissions of any material facts and were not misleading.

69. By reason of the conduct herein alleged, each Defendant violated or controlled a person who violated §11 of the Securities Act.

70. Plaintiff acquired SciPlay securities pursuant to the Registration Statement.

71. At the time of their purchases of SciPlay securities, Plaintiff and other members of the Class were without knowledge of the facts concerning the wrongful conduct alleged herein and could not have reasonably discovered those facts prior to the disclosures herein.

72. This claim is brought within one year after discovery of the untrue statements and/or omissions in the Offering that should have been made and/or corrected through the exercise of reasonable diligence, and within three years of the effective date of the Offering. It is therefore timely.

COUNT II

Violations of Section 12(a)(2) of the Securities Act Against SciPlay, the Underwriter Defendants and the Individual Defendants

73. Plaintiff incorporates all the foregoing by reference.

74. By means of the defective Prospectus, Defendants promoted, solicited, and sold SciPlay securities to Plaintiff and other members of the Class.

75. The Prospectus for the IPO contained untrue statements of material fact, and concealed and failed to disclose material facts, as detailed above. Defendants owed Plaintiff and the other members of the Class who purchased SciPlay securities pursuant to the Prospectus the duty to make a reasonable and diligent investigation of the statements contained in the Prospectus to ensure that such statements were true and that there was no omission to state a material fact required to be stated in order to make the statements contained therein not misleading. Defendants, in the exercise of reasonable care, should have known of the misstatements and omissions contained in the Prospectus as set forth above.

76. Plaintiff did not know, nor in the exercise of reasonable diligence could Plaintiff have known, of the untruths and omissions contained in the Prospectus at the time Plaintiff acquired SciPlay securities.

77. By reason of the conduct alleged herein, Defendants violated §12(a)(2) of the Securities Act, 15 U.S.C. §771(a)(2). As a direct and proximate result of such violations, Plaintiff and the other members of the Class who purchased SciPlay securities pursuant to the Prospectus sustained substantial damages in connection with their purchases of the shares. Accordingly, Plaintiff and the other members of the Class who hold the securities issued pursuant to the Prospectus have the right to rescind and recover the consideration paid for their shares, and hereby tender their securities to Defendants sued herein. Class members who have sold their securities seek damages to the extent permitted by law.

78. This claim is brought within one year after discovery of the untrue statements and/or omissions in the Offering that should have been made and/or corrected through the

exercise of reasonable diligence, and within three years of the effective date of the Offering. It is therefore timely.

COUNT III

Violations of Section 15 of the Securities Act Against the Individual Defendants and Defendant Scientific Games

79. Plaintiff incorporates all the foregoing by reference.

80. This cause of action is brought pursuant to §15 of the Securities Act, 15 U.S.C. §77o against all Defendants except the Underwriter Defendants.

81. The Individual Defendants were controlling persons of SciPlay by virtue of their positions as directors or senior officers of SciPlay. The Individual Defendants each had a series of direct and indirect business and personal relationships with other directors and officers and major shareholders of SciPlay. The Company controlled the Individual Defendants and all of SciPlay's employees.

82. SciPlay and the Individual Defendants were culpable participants in the violations of §§11 and 12(a)(2) of the Securities Act as alleged above, based on their having signed or authorized the signing of the Registration Statement and having otherwise participated in the process which allowed the IPO to be successfully completed.

83. This claim is brought within one year after discovery of the untrue statements and/or omissions in the Offering that should have been made and/or corrected through the exercise of reasonable diligence, and within three years of the effective date of the Offering. It is therefore timely.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff, on behalf of herself and the Class, prays for judgment and relief as follows:

A. declaring this action to be a proper class action, designating Plaintiff as Lead Plaintiff and certifying plaintiff as a class representative under Rule 23 of the Federal Rules of Civil Procedure and designating plaintiff's counsel as Lead Counsel;

B. awarding damages in favor of Plaintiff and the other Class members against all defendants, jointly and severally, together with interest thereon;

C. awarding Plaintiff and the Class reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

D. awarding Plaintiff and other members of the Class such other and further relief as the Court may deem just and proper.

DEMAND FOR TRIAL BY JURY

Plaintiff hereby demands a trial by jury.