

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

Rancho’s Club Casino, Inc. d/b/a Magnolia)
House Casino, on behalf of itself and all)
others similarly situated,)

Plaintiff,)

vs.)

Scientific Games Corporation, a Nevada)
corporation, formerly a Delaware)
corporation;)

Bally Technologies, Inc., d/b/a SHFL)
Entertainment or Shuffle Master,)
a Nevada corporation;)

and)

Bally Gaming, Inc., d/b/a Bally)
Technologies, f/k/a Bally Gaming and)
Systems, f/k/a SHFL Entertainment, Inc.,)
f/k/a Shuffle Master, Inc., a Nevada)
corporation,)

Defendants.)

Case No.

Judge:

Magistrate Judge:

JURY TRIAL DEMANDED

COMPLAINT

Plaintiff Rancho’s Club Casino, Inc. d/b/a Magnolia House Casino (“Plaintiff”), by and through its undersigned attorneys, brings this proposed class action and alleges as follows.

INTRODUCTION

1. This action arises out of the alleged monopolization of the market for automatic card shufflers used at casinos through Defendants’ abuse of the patent system and judicial process to exclude and drive out competitors from the market. Specifically, Plaintiff alleges that

Defendants Scientific Games Corporation (“SGC”), Bally Technologies, Inc. (“BTI”) and Bally Gaming, Inc. (“BGI”) (collectively “Bally”), which manufacture and sell fully automated card shufflers under the Shuffle Master, DeckMate, and Bally names, procured patents by fraud and then asserted those patents in sham lawsuits against competitors, which effectively excluded competitors from the market and caused Plaintiff and others similarly situated to pay more for automated card shufflers than they otherwise would have in a competitive market.¹ Defendants’ alleged misconduct constitutes a violation of Sections 2 and 3 of the Sherman Act (15 U.S.C. §§ 2, 3).

2. Several of Defendants’ would-be competitors—other manufacturers and distributors of automated card shufflers—have sued Defendants alleging similar facts about Defendants’ effects to monopolize the market using fraudulently procured patents and sham litigation. In fact, in December of 2018, a Chicago jury rendered a verdict against Defendants for violations of Section 2 of the Sherman Act and awarded the competitor-plaintiffs \$105 million in damages, which was then trebled for a total of \$315 million. *See Shuffle Tech, et al. v. Scientific Games Corp.*, No. 15-cv-3702 (N.D. Ill.) (“*Shuffle Tech*”). In another competitor suit alleging violations of Section 2, the United States District Court for the Northern District of Illinois recently denied Defendants’ motion to dismiss. *See TCS Inc., et al. v. Scientific Games Corp.*, No. 19-cv-1846, 2020 WL 1678258 (N.D. Ill. March 20, 2020). This lawsuit will be referred to herein as the “TCS Litigation”.

3. As described further below, the market for automated card shufflers and related services is valued at approximately \$100 million per year, and Defendants now control virtually 100% of that market as a result of their misconduct.

¹ SGC and Bally will be collectively referred to herein as “Defendants.”

4. Automated card shufflers play an important role in casinos and at card clubs. These machines are designed to produce reliably random shuffles to ensure fairness and increase game speed, profitability, and security. In many jurisdictions, shuffling by hand is illegal as well, making these machines a necessity. But the market is no longer competitive for these machines, allowing Defendants to set prices without fear of competitors undercutting them or stealing market share.

5. Plaintiff, a direct purchaser of automated card shufflers, and others like it have suffered as a result of Defendants' monopolization and exclusion of competitors, forcing their direct customers—purchasers and lessees (collectively “direct purchasers”)—to pay supracompetitive prices for automated card shufflers while Defendants collect monopoly rents.

JURISDICTION

6. This action arises under the antitrust laws of the United States, specifically Sections 4 and 16 of the Clayton Act (15 U.S.C. §§ 15, 26) for violation of Sections 2 and 3 of the Sherman Act (15 U.S.C. §§ 2, 3). This Court has jurisdiction over the subject matter of this action pursuant to 15 U.S.C. §§ 4, 15 and 26; and 28 U.S.C. §§ 1331 and 1337.

7. This Court has personal jurisdiction over Defendants in this state and district under 15 U.S.C. § 22; 28 U.S.C. §§ 1391(b), (c), and (d); Fed. R. Civ. P. 4(k)(1); the long-arm statutes of the State of Illinois; and the Due Process Clause of the United States Constitution, because the Defendants regularly conduct and transact business in this state and district, have a regular and established business in this district, are “found” in this district, “reside” in this jurisdiction, have agents in this state and district, and have well more than “minimum contacts” with this state and district, all as further specified in the following paragraphs. Defendants have also committed acts violating the United States patent and antitrust laws in this state and district and have reaped the benefits of their unlawful activities in this district and the impact of those

violations will be a substantial lessening of competition in the relevant market for card shufflers in this district. Moreover, Defendants' acts, both within and without of this district, have resulted in injury to Plaintiff's business and property.

8. Venue is proper in this judicial district under 15 U.S.C. §§ 15, 22, and 26, and 28 U.S.C. § 1391(b)(1) and (2), (c)(2), and (d) because, *inter alia*, Defendants reside in this district, inhabit this district, are found in this district, have an agent in this district and transact business in this district and are subject to personal jurisdiction in this state and district, and a substantial part of the events giving rise to the claims asserted herein arose in this state and district, as further detailed in the following paragraphs. In addition, key witnesses, such as Messrs. Kimball Anderson ("Anderson") and Richard Schultz ("Schultz"), who reside in this district, would not be subject to the subpoena power of courts outside this district. Chicago is also more convenient for other key witnesses in the East and Midwest than other potential venues. Furthermore, key documents compiled and readily available in this district and subject to the subpoena power of this court may not be as easily obtained in other jurisdictions. Additionally, as a result of prior litigation in this court, the court is already familiar with many of the issues presented by this case. Defendants conduct business in this state and judicial district by, *inter alia*, distributing and/or selling card shufflers which are the subject of this action to casinos located in Joliet, Aurora, Elgin, and Des Plaines.

9. Defendant SGC also has a Chicago campus at 350 North Orleans St., Chicago IL 60654 and has had a 483,000 square foot technology campus and administrative office in this judicial district at 2718 Roscoe St., Chicago, IL 60018. SGC has employed over 700 employees in Chicago and has had over 1,000 employees in Northern Illinois. Additionally, SGC has had a long-term contract with the Illinois Gaming Board to design, implement, and administer a

Central Communications System (“CCS”) for Illinois that provides real-time communication and control between every licensed video gaming terminal in Illinois, as well as day-to-day management of the operation and servicing of the CCS throughout Illinois.

10. On information and belief, Defendant BTI, under the direction of SGC, has sold card shufflers which have been manufactured by Defendant Bally Gaming, Inc. under the direction of SGC which are based on the patents at issue in this case (owned by BGI) to various casinos which are within the Northern District of Illinois and/or within the subpoena power of this court, *i.e.*, Hollywood Casino (Joliet); Harrah's Joliet Casino & Hotel (Joliet); Hollywood Casino (Aurora); Grand Victoria Casino (Elgin); and Rivers Casino (Des Plaines). Defendants also conduct business with the Ameristar Casino in East Chicago and the Horseshoe Casino in Hammond.

PARTIES

11. Plaintiff Rancho’s Club Casino, Inc. d/b/a Magnolia House Casino is a California corporation with its principal place of business located at 1275 Folsom Blvd., Rancho Cordova, CA 95670. During the class period, Magnolia House Casino purchased and/or leased substantial quantities of card shufflers directly from one or more of the Defendants at supra-competitive prices and suffered injury to its business or property as a direct or proximate result of Defendants’ wrongful conduct. Plaintiff is aware of its obligation to diligently represent the best interests of the class and is committed to doing so throughout the pendency of this litigation.

12. Defendant SGC is a corporation of the state of Nevada, formerly a corporation of Delaware, with a corporate office in Las Vegas, Nevada and an administrative and technology campus at 350 North Orleans St., Chicago IL, and was previously located at 2718 Roscoe St., Chicago, IL. SGC is a leading developer of technology-based products and services and

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