

Gaming Partners International CORP  
Form PRE 14A  
March 25, 2016

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, DC 20549**

**SCHEDULE 14A INFORMATION**

Proxy Statement Pursuant to Section 14(a)  
of the Securities Exchange Act of 1934

**PRELIMINARY COPY – SUBJECT TO COMPLETION**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

..Definitive Additional Materials

..Soliciting Material Pursuant to § 240.14a-12

**GAMING PARTNERS INTERNATIONAL CORPORATION**

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

..Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

Edgar Filing: Gaming Partners International CORP - Form PRE 14A

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To be Held on May 25, 2016**

To the Stockholders of Gaming Partners International Corporation:

You are cordially invited to attend our 2016 Annual Meeting of Stockholders. Regardless of whether you plan to attend, please take a moment to vote your proxy. The Annual Meeting will be held as follows:

- WHEN:** Wednesday, May 25, 2016  
9:00 a.m., Pacific Time
- WHERE:** The Westin Las Vegas Hotel Casino & Spa  
160 E. Flamingo Road, Mesquite 5  
Las Vegas, NV 89109
- ITEMS OF BUSINESS:**
- Elect seven directors for terms expiring in 2017
  
  - Ratify the appointment of Moss Adams LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016
  
  - Hold an advisory vote to approve named executive officer compensation
  
  - Approve an amendment to the 1994 Directors' Stock Option Plan to extend the term thereof until January 31, 2019

Edgar Filing: Gaming Partners International CORP - Form PRE 14A

- Ratify the grant of stock options under the 1994 Directors' Stock Option Plan between January 31, 2014 and November 10, 2015

- Transact any other business that may properly come before the Annual Meeting

**RECORD DATE:** March 31, 2016

**VOTING BY PROXY:** *Your vote is important.* You may vote by returning the proxy card in the envelope provided.

On the following pages, we provide answers to frequently asked questions about the Annual Meeting. A copy of the 2015 Annual Report on Form 10-K is enclosed.

By Order of the Board of Directors,

Gregory S. Gronau

*President and Chief Executive Officer*

***Important Notice Regarding the Availability of Proxy Materials for the 2016 Annual Stockholder Meeting***

***The Proxy Statement and Annual Report on Form 10-K are available at <http://gpic.investorroom.com>***

***and can be accessed on our website <http://www.gpigaming.com>***

**GAMING PARTNERS INTERNATIONAL CORPORATION**

**TABLE OF CONTENTS**

**Page**

<u>GAMING PARTNERS INTERNATIONAL CORPORATION</u>	2
<u>QUESTIONS AND ANSWERS ABOUT THE MEETING AND VOTING</u>	2
<u>PROPOSAL 1 — ELECTION OF DIRECTORS</u>	5
<u>Nominees for Election of Directors</u>	5
<u>Board Leadership Structure</u>	7
<u>Risk Oversight</u>	7
<u>Board of Directors and Committees of the Board</u>	8
<u>Communications with the Board of Directors</u>	11
<u>Director Compensation Table – 2015</u>	11
<u>Non-Employee Director Compensation</u>	12
<u>Recommendation of Our Board of Directors</u>	13
<u>OTHER INFORMATION</u>	13
<u>Executive Officers</u>	13
<u>Security Ownership of Management and Other Beneficial Owners</u>	13
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	14
<u>Indemnification of Directors and Officers</u>	14
<u>EXECUTIVE COMPENSATION</u>	14
<u>Employment Agreements</u>	15
<u>Potential Payments upon Termination or Change in Control</u>	16
<u>Description of Equity Incentive Plans</u>	16
<u>Equity Compensation Plan Information</u>	17
<u>PROPOSAL 2 – RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	18
<u>Audit Committee Report</u>	18
<u>Fees Paid to Independent Public Accounting Firm</u>	19
<u>Pre-Approval Policies and Procedures</u>	19
<u>Recommendation of Our Board of Directors</u>	19
<u>PROPOSAL 3 – ADVISORY VOTE TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION</u>	20
<u>Recommendation of Our Board of Directors</u>	20
<u>PROPOSAL 4 – APPROVAL OF AMENDMENT TO THE 1994 DIRECTORS’ STOCK OPTION PLAN</u>	21
<u>Proposed Amendments</u>	21
<u>New Plan Benefits</u>	22
<u>Recommendation of Our Board of Directors</u>	23
<u>PROPOSAL 5 - RATIFICATION OF STOCK OPTIONS</u>	24
<u>Recommendation of Our Board of Directors</u>	24
<u>STOCKHOLDER PROPOSALS FOR THE 2017 ANNUAL MEETING</u>	25
<u>OTHER MATTERS</u>	25
<u>APPENDIX A</u>	26



**GAMING PARTNERS INTERNATIONAL CORPORATION**

**3495 W. Cheyenne Avenue, Suite 208**

**North Las Vegas, Nevada 89032**

**(702) 384-2425**

**PROXY STATEMENT**

*This proxy statement is being furnished to our stockholders beginning on or about April 16, 2016, in connection with the solicitation of proxies by the Board of Directors of Gaming Partners International Corporation (the Company or GPIC), to be used at the Annual Meeting of Stockholders (the Annual Meeting) on May 25, 2016, at 9:00 o'clock in the morning, Pacific Time, to be held at The Westin Las Vegas Hotel Casino & Spa, 160 E. Flamingo Rd., Mesquite 5, Las Vegas, NV 89109, and at all adjournments or postponements of the Annual Meeting for the purposes listed in the preceding Notice of Annual Meeting of Stockholders.*

**QUESTIONS AND ANSWERS ABOUT THE MEETING AND VOTING**

***What am I being asked to vote on?***

The election of seven nominees to serve on our Board of Directors for terms expiring in 2017 (Proposal 1).

The ratification of the appointment of Moss Adams LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016 (Proposal 2).

An advisory vote to approve named executive officer compensation (Proposal 3).

The approval of an amendment to the Company's 1994 Directors' Stock Option Plan to extend the term thereof until January 31, 2019 (Proposal 4).

The ratification of the grant of stock options under the 1994 Directors' Stock Option Plan between January 31, 2014 and November 10, 2015 (Proposal 5).



*What are the Board's voting recommendations?*

Our Board of Directors recommends a vote **FOR** each of the seven director nominees.

Our Board of Directors recommends a vote **FOR** the ratification of the appointment of Moss Adams LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016.

Our Board of Directors recommends a vote **FOR** the proposal regarding an advisory vote to approve named executive officer compensation.

Our Board of Directors recommends a vote **FOR** the proposal of an amendment to extend the term of the 1994 Directors' Stock Option Plan to January 31, 2019.

Our Board of Directors recommends a vote **FOR** the proposal to ratify the grant of stock options under the 1994 Directors' Stock Option Plan between January 31, 2014 and November 10, 2015.

***What is the vote required for each proposal?***

Once a quorum has been established, the following votes are required for approval of the respective matters:

Directors are elected by a plurality of the votes cast by holders of shares entitled to vote at the Annual Meeting. This means that the seven individuals receiving the largest number of votes will be elected as directors.

The proposals (i) to ratify the appointment of Moss Adams LLP as our independent registered public accounting firm and (ii) to provide an advisory vote to approve named executive officer compensation, will be approved by the stockholders if the number of votes cast in favor of the proposal exceeds the number of votes cast in opposition of the proposal.

The proposals (i) to approve an amendment to extend the term of the 1994 Directors' Stock Option Plan, and (ii) ratify the grants of stock options made between January 31, 2014 and November 10, 2015, require the approval of a majority of the outstanding shares of our Common Stock.

***Who is entitled to vote?***

Common stockholders of record as of the close of business on the record date are entitled to vote. The record date for the Annual Meeting is March 31, 2016. Each outstanding share of our common stock is entitled to one vote upon the proposals presented.

***How do I vote?***

If you are the record holder of your shares, there are two ways to vote:

- By completing and mailing the enclosed proxy card.
  
- By written ballot at the Annual Meeting.

If your shares are held by a broker, bank or other nominee (that is, in street name), you will need to obtain a proxy form from the institution that holds your shares and follow the instructions included on that form regarding how to instruct your broker to vote your shares or obtain an authorization from your broker allowing you to vote your shares at the Annual Meeting in person or by proxy. If you do not give instructions to your broker, your broker can vote your shares with respect to "discretionary" items, but not with respect to "non-discretionary" items. Discretionary items are proposals considered routine under the rules of the NASDAQ Stock Market, Inc. (NASDAQ) on which your broker may vote shares held in street name in the absence of your voting instructions. On non-discretionary items for which you do not give your broker instructions, the shares will be treated as "broker non-votes."

The election of directors (Proposal 1), the advisory vote to approve named executive officer compensation (Proposal 3), the approval of the amendment to extend the term of the 1994 Directors' Stock Option Plan (Proposal 4), and the proposal to ratify the grant of stock options issued under the 1994 Directors' Stock Option Plan between January 31, 2014 and November 10, 2015 (Proposal 5) are matters considered non-routine. Accordingly, brokers do not have discretion to vote on these proposals without your instruction. Abstentions and broker non-votes will not be included in the totals for these proposals, and will have no effect on the outcome of the vote. The ratification of the appointment of Moss Adams LLP as the Company's independent registered public accounting firm for 2016 (Proposal 2) is considered routine and therefore may be voted upon by your broker if you do not give instructions to your broker.

***What does it mean if I get more than one proxy?***

It means your shares are held in more than one account. Please vote all proxies to ensure all your shares are voted.

***What constitutes a quorum?***

As of the record date, March 31, 2016, there were [7,928,594] shares of our common stock outstanding. To conduct the Annual Meeting, a majority of the outstanding shares entitled to vote must be represented in person or by proxy. This is known as a “quorum.” Abstentions and shares which are the subject of broker non-votes will count toward establishing a quorum.

***Can I change my vote?***

If you are the record holder of your shares, you can change your vote or revoke your proxy at any time prior to the closing of the polls, by:

- returning a later-dated proxy card; or
  
- attending the meeting and voting your shares in person; or
  
- notifying our President and Chief Executive Officer by written revocation letter.

Our President and Chief Executive Officer is Gregory S. Gronau. Any changed vote or revocation should be filed with him at our corporate headquarters at 3495 W. Cheyenne Avenue, Suite 208, North Las Vegas, Nevada 89032.

If your shares are held in street name and you previously instructed your broker, bank or other nominee on how to vote your shares, you will need to contact your broker, bank or other nominee in order to change your vote.

Attendance at the Annual Meeting will not in itself constitute revocation of a proxy. All shares entitled to vote and represented by properly completed proxies timely received and not revoked will be voted as you directed. If no direction is given, the proxies will be voted as our Board of Directors recommends.

***Who conducts the proxy solicitation?***

Our Board of Directors is soliciting these proxies. We will bear the cost of the solicitation of proxies. Our regular employees may solicit proxies by mail, by telephone, personally or by other communications, without compensation apart from their normal salaries.

***Who will count the votes?***

Our Board of Directors has hired an independent firm to serve as an Inspector of Elections to tabulate the voted proxies.

## **PROPOSAL 1 — ELECTION OF DIRECTORS**

The current term of office of all of our directors expires at the 2016 Annual Meeting. Our Board of Directors has proposed the election of the following nominees for a one-year term expiring at the 2017 Annual Meeting and until their respective successors have been duly elected and qualified. Each of the nominees listed below has consented to being nominated and to serve if elected. If any director nominee becomes unable to serve for any reason, the persons named as proxyholders reserve full discretion to vote for any other person who may be nominated or for the balance of the nominees, leaving a vacancy unless our Board of Directors chooses to reduce the number of directors serving on our Board of Directors.

Our Board of Directors consists of a diverse group of leaders in the fields of gaming, business strategy, technology, and accounting. Many of the current directors have senior leadership experience at major domestic and international companies. In these positions, they have also gained significant and diverse management experience, including strategic and financial planning, public company financial reporting, compliance, risk management and leadership development. The biographies below describe the skills, qualities, attributes and experiences of each of the nominees that led the Board of Directors to determine that it is appropriate to nominate these directors.

The Nominating and Governance Committee and the Board of Directors believe the skills, qualities, attributes and experiences of its directors provide us with business acumen and a diverse range of perspectives to engage each other and management to effectively address our evolving needs and represent the best interests of our stockholders.

### **Nominees for Election of Directors**

*Martin A. Berkowitz*, 67, has been a director since 2007, and for a brief period in 2013 he served as our interim Chief Administrative Officer. Mr. Berkowitz is currently an independent consultant and corporate director and advisor. He also serves as the Chief Financial Officer of Netswitch, Inc., a provider of internet security services. This is a part-time position for which he receives no cash compensation. Until April 2014, Mr. Berkowitz served on the Board of Directors, and was Chairman of the Audit Committee, of Ready One Industries, a 501(c)(3) corporation. From 2008 to March 2011, Mr. Berkowitz served as the Chief Financial Officer of Virtual Coaching, LLC, a technology-enabled service company based in New York City. From 2007 to 2008, Mr. Berkowitz was Chief Financial Officer of ChildNet, Inc., a community-based non-profit corporation that administers foster care and adoptive services for Broward County, Florida. From 2006 to 2007, he was a consultant in the areas of financial management and business development. He was Chief Financial Officer for the Miami-Dade County Public Schools in 2005 and 2006. From 2002 to 2004, Mr. Berkowitz held the positions of Senior Vice President and Chief Financial Officer, then President and Chief Executive Officer of the National Veterans Business Development Corporation. He retired as Senior Vice President from Prudential Financial in 2000 following a twenty-five year career where he served as Comptroller of the individual insurance unit, Chief Financial Officer of the investment management business unit, and the Corporate

Comptroller. He played a major role in the conversion of Prudential from a mutual insurance company to a public shareholder-owned company. Mr. Berkowitz earned his Bachelor of Business Administration in Accounting from the University of Massachusetts, Amherst in 1970 and his Master of Business Administration from St. John's University in 1975. He has attended executive programs at the University of Michigan, Stanford University and Harvard University. Among other qualifications, Mr. Berkowitz brings to the Board of Directors a track record of success in financial and operating management in both the private and public sectors. His experience as a financial executive contributes particularly to the Board's oversight of the Company's financial matters.

*Eric P. Endy*, 60, has been a director since 1993. Mr. Endy was our Executive Vice President from September 2002 to March 2003, and served as a consultant to us from April 2003 to September 2007. He served as our Secretary from May 1984 to March 2003, Chairman of the Board and Chief Executive Officer from November 1998 to September 2002, President from January 1994 to September 2002 and Treasurer from July 2001 to September 2002. From May 1998 to July 1998, Mr. Endy was our Treasurer and from January 1994 to July 1995, Mr. Endy was our Chief Operating Officer. Mr. Endy was Chairman of the Board, President and Chief Executive Officer of the former Paul-Son Gaming Supplies, Inc. from November 1998 to September 2002, and Executive Vice President and General Manager of the former Paul-Son Gaming Supplies, Inc. from July 1990 to November 1998. Mr. Endy received a Master of Arts from California State University-Los Angeles in 1981 and a Master of Business Administration from the University of Nevada-Las Vegas in 2007. Among other qualifications, Mr. Endy's experience in the gaming industry and knowledge of our products assists the Board with strategic planning for the Company.

*Gregory S. Gronau*, 57, has been our President and Chief Executive Officer since September 2009. Since July 2014, Mr. Gronau has also served as Secretary and Treasurer of the Company. Mr. Gronau served as our Executive Vice President and Chief Operating Officer from October 2008 through September 2009. From 2006 to March 2008, Mr. Gronau served as President and Chief Executive Officer of Cadillac Jack, Inc. (Duluth, Georgia), a supplier of innovative games and systems to the gaming industry. From 2002 to 2006, he served as Vice President of Operations of Shuffle Master, Inc. (Las Vegas, Nevada), a supplier of automatic card shufflers and proprietary table games. At Shuffle Master, Mr. Gronau oversaw software and hardware research for two product lines and directed manufacturing operations for all products. Between 1996 and 2002, Mr. Gronau served as Director of Operations and Business Planning and then as Vice President of Distribution Services of WMS Industries, Inc. (Chicago, Illinois), a manufacturer of lottery terminals and slot machines. Shuffle Master, Inc. and WMS Industries, Inc. are now included in the Scientific Games, Inc. group of companies. Among other qualifications, Mr. Gronau is skilled in corporate opportunity management for domestic and international companies, managing start-up opportunities, turnaround challenges and high-growth large corporations' organizational improvements. His acquisition experience managing corporate-wide acquisition improvements is valuable to the Board and the Company as growth potential is analyzed and pursued.

*Charles R. Henry*, 78, has been a director since 2006. Mr. Henry is a retired two-star general, with 41 years of leadership experience, a distinguished military career and an advanced law degree. He is currently the President of CRH, Inc., a consulting firm specializing in defense acquisition issues. In March 2013, Mr. Henry accepted the position of Chairman of the Board of Jorge Scientific Corporation. Jorge specializes in providing mission-critical national security solutions to the U.S. armed forces, intelligence communities and federal civilian agencies. He has served on the board of directors of Molycorp, Inc., an American mining corporation, since August 2009. From 2005 to 2007, he was the Chief Operating Officer and, from 1994 to 2007, a board member of CEG Company in Rico, Arizona, a leading producer of wiring harnesses for military vehicles. Prior to that, he was a consultant in Washington, D.C. for various companies on defense issues. In 2001, he was also appointed Chief Executive Officer and President of the National Veterans Business Development Corporation. From 1997 to 2001, Mr. Henry served as President of LFR Levine Fricke, an environmental management and consulting firm, which is an affiliate of Holding Wilson, S.A., our principal stockholder. Mr. Henry holds an undergraduate degree in economics from Middle Tennessee State University; he is a graduate of the United States Army War College and the United States Army Command and General Staff College; he holds a J.D. and a L.L.M. degree from Woodrow Wilson Law School. Among other qualifications, Mr. Henry brings to the Board vast leadership experience within the Executive Branch of the Federal Government and as a senior executive working in the civilian industry. He has hands-on experience and demonstrated ability in program development and resource management. His background and insights are of great assistance to the Board in matters of successful management in an organization which is facing change and growth.

*Robert J. Kelly*, 60, has been a director since 2006. From August 1, 2014 to January 31, 2015, he served as a consultant to the Company in order to assist with the integration of Gemaco. Mr. Kelly received a Master in Business Administration from Harvard University in 1986 and an engineering degree from Princeton University in 1977. Since 2000, Mr. Kelly has been the founder, patent holder and primary stockholder of EarthSource Inc., Raynham, Massachusetts, a waste-water treatment plant. He is also a civil engineer and responsible for designing the EarthSource process and managing its operations. From 1994 to 2000, Mr. Kelly worked with LFR, Inc., an environmental engineering company and affiliate of Holding Wilson, S.A., our principal stockholder. Prior to 1994, Mr. Kelly worked as a Division Manager for OHM Corporation, a publicly-traded company that provides



technology-based, on-site hazardous waste remediation environmental services, and as a Field Service Manager at IT Corporation, a publicly-traded company in the environmental engineering business, providing environmental consulting, engineering and construction and remediation services. Among other qualifications, Mr. Kelly brings to the Board significant experience and leadership in business development and operational and financial analysis.

*Jean-Francois Lendais*, 52, has been a director since 2010. Mr. Lendais is currently the President and CEO of CJS-PLV, a French company which designs and manufactures displays for point of sale. From 2000 until December 2010, Mr. Lendais served as a Vice President of Capgemini Consulting France, also serving as a member of the Executive Committee from 2003 until December 2010, and as the head of its Operational Transformation practice during that period. From 1989 to 2000, Mr. Lendais worked in various capacities with Bossard Consultants and Gemini Consultants. He has served on the Supervisory Board of Holding Wilson, S.A. since 2004, our principal stockholder. Among other qualifications, Mr. Lendais has served as a business transformation consultant and has experience in major transformations involving several countries with different languages, cultures and management styles. As the Company continues to integrate operations in the U.S., France, Mexico and now Asia, Mr. Lendais' background and insights are of great value to the Board.

*Alain Thieffry*, 60, was appointed Chief Financial Officer of Gaming Partners International Corporation on January 31, 2015, and had been the Company's Interim Chief Financial Officer since July 2014. He has been a director since 2002 and Chairman of the Board since 2010. Mr. Thieffry has served as President of the Executive Board of Holding Wilson, S.A., our principal stockholder, since February 2002, and as an executive officer since 1984. Since 2003, Mr. Thieffry has also served as Chief Executive Officer of DeRoche, S.A., a distributor of food products. Mr. Thieffry holds Masters of Law and Business Administration and the equivalent of a CPA license in France. Among other qualifications, Mr. Thieffry brings to the Board significant experience in mergers and acquisitions, international business practices, and business structuring.

## **Board Leadership Structure**

We separate the roles of Chief Executive Officer and Chairman of the Board in recognition of the differences between the two roles. The Chief Executive Officer is responsible for setting our strategic direction and our day-to-day leadership and performance, while the Chairman of the Board provides guidance to the Chief Executive Officer and sets the agenda for and presides over meetings of the full Board of Directors. Mr. Gronau serves as our Chief Executive Officer and Mr. Thieffry serves as Chairman of the Board of Directors.

## **Risk Oversight**

The Board of Directors has the ultimate oversight responsibility for the risk management process and regularly reviews issues that present particular risks to us, including those involving competition, customer demands, economic conditions, planning, strategy, finance, sales and marketing, products, information technology, facilities and operations, supply chain, legal and environmental matters, and insurance. The Board of Directors further relies on its Audit Committee for oversight of certain areas of risk management. In particular, the Audit Committee focuses on financial and enterprise risk exposures, including internal controls, and discusses with management and the independent registered public accountants the Company's policies with respect to risk assessment and risk

management, including risks related to fraud, liquidity, credit operations and regulatory compliance. The Board believes that this approach, supported by the separation of our senior leadership, provides appropriate checks and balances against undue risk taking.

## **Board of Directors and Committees of the Board**

Our business affairs are conducted under the direction of our Board of Directors. The role of our Board of Directors is to effectively govern our affairs for the benefit of our stockholders and, to the extent appropriate under governing law, of other constituencies, which include our employees, customers, suppliers and creditors. Our Board of Directors strives to ensure the success and continuity of our business through the selection of a qualified management team. It is also responsible for ensuring that our activities are conducted in a responsible and ethical manner. During 2015, our Board of Directors held seven (7) meetings. Each director attended at least 75% of the board meetings and committee meetings during the period he served as a member. Our independent directors met informally on several occasions throughout the year to discuss various matters. We encourage our directors to attend our annual meetings of stockholders. All of our current directors attended our 2015 annual meeting of stockholders.

The framework for our corporate governance is provided by: (a) Nevada corporate law, (b) our articles of incorporation and our bylaws, (c) charters of our board committees, and (d) our codes of ethics and conduct. In addition, we are governed by all applicable laws, rules and regulations, including the gaming laws and rules of every jurisdiction in which we or our products are licensed, the federal securities laws and the rules of the Securities and Exchange Commission (SEC), and the listing requirements and rules of NASDAQ, where our common stock is listed.

As a result of Mrs. Elizabeth Carrette beneficially holding more than 50% of the voting power for the election of directors, our Board of Directors has determined that we are a “controlled company” and are therefore exempt from certain of the NASDAQ rules, including requirements for a majority independent board and independent compensation and nominating committees.

Under applicable SEC and NASDAQ rules, the existence of certain “related party” transactions above certain thresholds between a director and the company are required to be disclosed and preclude a finding by the Board of Directors that the director is independent. The Board of Directors has determined that the following directors meet the standards of independence under the applicable NASDAQ listing standards: Robert J. Kelly, Martin A. Berkowitz, Charles R. Henry and Eric P. Endy.

Our Board of Directors has four standing committees: the Audit Committee, the Compensation Committee, the Compliance Committee and the Nominating and Governance Committee. The charter for each committee other than the Compliance Committee, as well as our as well as our Code of Ethics and Code of Conduct, are available on our website at [www.gpigaming.com](http://www.gpigaming.com). These documents are also available in print, free of charge, to any stockholder upon request. We may revise these policies from time to time and will promptly post revisions on our website. No charter has been adopted for our Compliance Committee.

The **Audit Committee**, a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934 (the Exchange Act), assists our Board of Directors in overseeing the accounting and financial reporting processes of the Company and audits of our financial statements, including the integrity of our financial statements, compliance with legal and regulatory requirements, our independent public accountants' qualifications and independence, the performance of our internal audit function and independent public accountants, and such other duties as may be directed by our Board of Directors. The Audit Committee Charter requires that the Audit Committee consist of three or more board members who satisfy the "independence" requirements of the SEC and NASDAQ for audit committee members. The current members of the Audit Committee are Mr. Kelly, who is the committee chair, Mr. Henry and Mr. Berkowitz. From January 1, 2015 through January 31, 2015, Mr. Kelly was engaged as an independent consultant to the Company. During that period, Mr. Kelly did not serve on the Audit Committee, and Mr. Eric Endy served in his stead.

The Board of Directors has determined that each of the current members of the Audit Committee satisfies the above-referenced independence requirements. Our Board of Directors believes that each member of the Audit Committee is able to read and understand financial statements, and that at least one of the members has past employment experience or background which results in his financial sophistication. The Board of Directors believes that Mr. Berkowitz qualifies as an audit committee financial expert as defined in Item 407(d)(5)(ii) of SEC Regulation S-K. Our Audit Committee met five (5) times in 2015. The Audit Committee's charter is available on the Company's website at: <http://gpigaming.investorroom.com/index.php?s=115&item=1>.

The **Compensation Committee** discharges the responsibilities of our Board of Directors relating to compensation of the Company's executive officers and directors. The Compensation Committee's responsibilities include:

establishing and reviewing the overall corporate policies, goals and objectives for the compensation of the Company's chief executive officer and other executive officers, including a review of the relationship of executive compensation to corporate performance and relative stockholder return, compensation at comparable companies, past years compensation to executives, tax and accounting treatment and other relevant factors;

evaluating the performance of the Company's chief executive officer and other executive officers in light of the corporate goals and objectives and, based on that evaluation, determining the compensation of the chief executive officer and other executive officers, including the individual elements of salary, bonus, supplemental retirement, incentive and equity compensation, and determining the appropriate allocation among individual elements in light of the corporate goals and the performance evaluation; and

making recommendations to the Company's Board of Directors regarding the salaries, benefits and other compensation of the Company's non-employee directors, committee chairpersons, and committee members.

The Compensation Committee administers the 1994 Directors' Stock Option Plan, as amended, but it has no discretion to determine or vary any matters which are fixed under the terms of the plan. All actions and decisions of the Compensation Committee under the plan (other than grants of non-discretionary options) are subject to approval by our Board of Directors. The current members of the Compensation Committee are Mr. Thieffry, who is the committee chair, Mr. Kelly, Mr. Berkowitz and Mr. Lendais. No interlocking relationship exists, or in the past has existed, between any member of our Compensation Committee and any member of any other company's board of directors or compensation committee. The Company did not engage compensation consultants in 2015. Our Compensation Committee met three (3) times in 2015. Because we are a Controlled Company, we are not subject to certain of the restrictions imposed by Nasdaq rules on Compensation Committee composition.

The **Compliance Committee** is responsible for identifying and evaluating any situations involving us or our affiliates which may have a negative effect upon the objectives of gaming control. The Compliance Committee currently consists of Mr. Gronau, who is the committee chair, Mr. Kelly, Mr. Endy and Matthew C. Hagerty, our Corporate

Counsel. The Compliance Committee reports to our Board of Directors and advises our Board of Directors, after investigation, of activities that might be inappropriate. Among other things, Mr. Hagerty determines that all transactions involving gaming supplies and gaming equipment are with appropriately licensed casinos, distributors and vendors and reports to the committee regarding matters which may include, but are not limited to, material litigation, material loans or extensions of credit, transactions meeting certain thresholds, and material loans made by us or our affiliates other than for our or the affiliate's benefits. Additionally, the committee requires that appropriate background checks be conducted on several categories of persons, including, but not limited to, stockholders holding a 5% or more beneficial ownership interest, officers, directors, lenders, vendors, customers, partners, joint ventures and lobbyists. The committee reviews political contributions as to compliance with law, annually reviews the list of our stockholders, and may require review of foreign entities with which we do business. The Compliance Committee met four (4) times in 2015.

The **Nominating and Governance Committee**, which currently consists of Mr. Kelly, who is the committee chair, Mr. Henry and Mr. Berkowitz, is responsible for identifying qualified candidates to be presented to our Board of Directors for nomination as directors, selecting, or recommending that the Board of Directors select, director nominees for the next annual meeting, and assisting our Board of Directors in carrying out its responsibilities relating to our corporate governance practices. Each of the current members of the Nominating and Governance Committee qualifies as an “independent” director as defined in Rule 4200(a)(15) of the NASDAQ listing standards. Our Nominating and Governance Committee met one time in 2015. The Nominating and Governance Committee’s charter is available on the Company’s website: <http://gpigaming.investorroom.com/index.php?s=115&item=9>.

The Nominating and Governance Committee will consider nominees for our Board of Directors recommended by stockholders. Notice of proposed stockholder nominations for directors must be delivered not less than 90 days or more than 120 days prior to the first anniversary of the date of the prior year’s annual meeting of stockholders. Nominations shall set forth (i) the name and address of the stockholder and/or beneficial owner proposing the nomination, (ii) the number of shares of stock held of record and beneficially by such stockholder, (iii) a representation that the stockholder is a beneficial or record owner of our stock entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to propose such nomination, (iv) the written consent of the proposed nominee to be named as a nominee and to serve as a director if elected, (v) a brief description of the proposed nominee’s business experience for the previous five years and all other information regarding such proposed nominee that would be required to be set forth in a definitive proxy statement filed with the SEC pursuant to Section 14 of the Exchange Act, and (v) all other information that would be required to be filed with the SEC if the person proposing such nomination were a participant in a solicitation subject to Section 14 of the Exchange Act. Nominations should be delivered to the Nominating and Governance Committee at the following address:

Gaming Partners International Corporation

c/o Corporate Secretary

3495 W. Cheyenne Avenue, Suite 208

North Las Vegas, Nevada 89032

In considering possible candidates for election as a director, the Nominating and Governance Committee will consider such factors as overall business experience, experience in technology, finance, marketing, international business, financial reporting and other areas that are expected to contribute to an effective Board of Directors, as well as a candidate’s integrity, commitment, diligence, conflicts of interest and the ability to act in the interests of all stockholders. While the Committee seeks a diversity of experience, viewpoints and backgrounds on the Board, it has not established a formal policy regarding diversity in identifying director nominees.



The Nominating and Governance Committee will review the qualifications and backgrounds of directors and nominees, as well as the overall composition of the Board of Directors, and recommend the slate of directors to be nominated for election at the Annual Meeting. We do not currently employ or pay a fee to any third party to identify or evaluate, or assist in identifying or evaluating, potential director nominees.

We have a **Code of Ethics**, which applies to our Chief Executive Officer, Chief Financial Officer and Controller, and a **Code of Conduct**, which applies to all of our directors and employees, to the fullest extent permitted under the applicable laws of the country where such employees are domiciled. If we make any amendments to the Code of Conduct and Ethics or grant any waiver, including any implicit waiver, from a provision of the code to our directors or executive officers, we will disclose the nature of such amendment or waiver on our website at [www.gpigaming.com](http://www.gpigaming.com).

We have no related party transactions as defined by Item 404 of Regulation S-K.

## Communications with the Board of Directors

You can contact our Board of Directors or any of our directors by writing to them at the same mailing address provided above for delivery of director nominations. At each Audit Committee meeting, the Secretary will present a summary of stockholder communications received since the last meeting, and will make the communications available to the applicable director or committee upon request. Employees and others who wish to contact the Board of Directors or any member of the Audit Committee anonymously to report complaints or concerns with respect to accounting, internal accounting controls or auditing matters, may do so using the same mailing address listed above. All communications are confidential.

## Director Compensation Table – 2015

The following table presents information regarding the compensation paid during 2015 to members of our Board of Directors who are not also employees. The compensation paid to Gregory S. Gronau, our President and Chief Executive Officer, is presented in the Summary Compensation Table and related explanatory tables below under the heading “Executive Compensation”. Mr. Gronau was not entitled to receive additional compensation for his services as a director. Alain Theiffry receives compensation for his services as a director as shown below, but does not receive compensation for his services as our Chief Financial Officer.

Name	Fees Earned	Stock Awards	Option Awards <sup>(1)</sup>	Change in Pension Value			Total
				Non-Equity Incentive Plan Compensation Deferred	and Nonqualified Compensation	All Other Compensation	
							Earnings
Martin A. Berkowitz	\$41,133	-	\$17,277	(2)-	-	-	\$ 58,410
Eric P. Endy	\$27,433	-	\$10,196	(3)-	-	-	\$ 37,629
Charles R. Henry	\$40,800	-	\$11,056	(4)-	-	-	\$ 51,856
Robert J. Kelly	\$44,633	-	\$14,974	(5)-	-	\$8,400 <sup>(5)</sup>	\$ 68,007
Jean-Francois Lendais	\$24,600	-	\$11,513	(6)-	-	-	\$ 36,113
Alain Thieffry	\$26,000	-	\$11,500	(7)-	-	-	\$ 37,500

Edgar Filing: Gaming Partners International CORP - Form PRE 14A

(1) The amounts reported in this column reflect the aggregate grant date fair value of 2015 option awards. All 2015 option grants were non-discretionary. The amounts do not correspond to the actual value that may be received by the directors. Additionally, amounts do not include stock option compensation expense recorded in 2015 for grants made in prior years that vested in 2015.

(2) Based upon options to purchase 5,000 shares granted on August 8, 2015. At December 31, 2015, Mr. Berkowitz had, in the aggregate, outstanding options to purchase 52,000 shares.

(3) Based upon options to purchase 3,500 shares granted on December 22, 2015, subject to approval of Proposal 4. At December 31, 2015, Mr. Endy had, in the aggregate, outstanding options to purchase 27,000 shares, including those options subject to approval of Proposal 4.

(4) Based upon options to purchase 3,500 shares granted on June 30, 2015. At December 31, 2015, Mr. Henry had, in the aggregate, outstanding options to purchase 48,500 shares.

(5) Based upon options to purchase 6,500 shares granted on February 15, 2015. At December 31, 2015, Mr. Kelly had, in the aggregate, outstanding options to purchase 81,250 shares. Between January 1, 2015 and January 31, 2015, Mr. Kelly was paid \$8,400 for his service as a consultant to the Company.

(6) Based upon options to purchase 3,500 shares granted on May 5, 2015. At December 31, 2015, Mr. Lendais had, in the aggregate, outstanding options to purchase 18,000 shares.

(7) Based upon options to purchase 3,500 shares granted on September 12, 2015. At December 31, 2015, Mr. Thieffry had, in the aggregate, outstanding options to purchase 35,000 shares.

### **Non-Employee Director Compensation**

In 2015, each non-employee director received a quarterly fee of \$4,500. In addition, each non-employee director received \$1,400 for attending a Board of Directors meeting in person and \$500 for participating by telephone. Each non-employee director was also paid \$500 for attending (either in person or by telephone) any non-regular or special Board of Directors meeting. Non-employee directors who were members of the Audit Committee received \$2,500 per quarter and \$500 for attending (either in person or by telephone) each other non-regular or special committee meeting. Lastly, the Audit Committee chairman received an additional \$1,000 per quarter. Each director may be reimbursed for certain expenses incurred in connection with attendance at Board of Directors and committee meetings. Each non-employee director also receives non-qualified stock options under the 1994 Directors' Stock Option Plan.

The plan provides for the grant of discretionary and non-discretionary stock option grants to non-employee directors. The aggregate number of shares issuable under the plan is 450,000, of which up to 100,000 shares may be subject to discretionary stock options. Eligible non-employee directors initially receive a one-time stock option to purchase 6,000 shares of common stock following such director's election to the Board of Directors. Thereafter, each such director receives a non-discretionary stock option to purchase 2,000 shares of common stock each year at the beginning of such directors' fourth year of service. In addition, on the anniversary of each such director's election or appointment to the Board of Directors such director also receives non-discretionary stock options to purchase 1,500 shares of common stock for serving on the Audit Committee, the Compliance Committee or the Compensation Committee for at least six months during the twelve months prior to the date of grant. The Board of Directors may also grant discretionary options from time to time to non-employee directors, subject to and consistent with the provisions of the plan. The initial non-discretionary stock option vests in equal installments over a three-year period. Annual non-discretionary stock options and discretionary stock options are fully-vested on the date of grant, but are not exercisable for six months and a day after the date of grant. Unless special circumstances exist, each stock option expires on the earlier of the tenth anniversary of the date of its grant or nine months after the non-employee director ceases to be a director for any reason, other than death, or two years after the non-employee director ceases to be a director due to his or her death. The stock option exercise price is the closing price of the Company's common stock on the date such stock option is granted.

Our non-employee directors who are currently eligible to participate in the plan are Martin A. Berkowitz, Eric P. Endy, Charles R. Henry, Robert J. Kelly, Jean-Francois Lendais and Alain Thieffry. Directors who are also employed as regular salaried officers or employees do not receive any fees or additional remuneration to serve on our Board of Directors or its committees.

The directors realize value from their stock options only when exercised, and only to the extent that the price of our common stock on the exercise date exceeds the price of our common stock on the grant date.



## Recommendation of Our Board of Directors

Directors will be elected by a plurality of the votes cast by the shares entitled to vote, as long as a quorum is present. “Plurality” means that the individuals who receive the largest number of votes are elected as directors up to the maximum number of directors to be chosen. Therefore, shares not voted, whether by withheld authority or otherwise, and broker non-votes have no effect in the election of directors.

Our Board of Directors recommends that you vote **“FOR”** all the director nominees.

## OTHER INFORMATION

### Executive Officers

Currently, all of our executive officers also serve on our Board of Directors. Mr. Gronau serves as our President, Chief Executive Officer, Secretary and Treasurer and Mr. Thieffry serves as our Chief Financial Officer.

### Security Ownership of Management and Other Beneficial Owners

The following table sets forth information as of March 22, 2016 (except where another date is indicated), with respect to the beneficial ownership of our common stock by each of our named executive officers and directors, all of our named executive officers and directors as a group, and beneficial owners known to us to hold more than 5% of our common stock. As of March 22, 2016, other than as listed below, we were not aware of any person beneficially owning more than 5% of our outstanding common stock. We have no other class of equity securities outstanding. There are no family relationships between any of our directors or executive officers.

Name of Beneficial Owner	Ownership	Options Exercisable Within 60 Days	Beneficial Ownership <sup>(1)</sup>	Percent of Class <sup>(2)</sup>
Executive Officers, Directors and Director Nominee: Eric P. Endy	168,707	14,500	183,207	(3) 2.31 %

Edgar Filing: Gaming Partners International CORP - Form PRE 14A

Gregory S. Gronau	1,200	150,000	151,200	1.91	%
Robert J. Kelly	-	74,750	74,750	*	
Charles R. Henry	-	48,500	48,500	*	
Alain Thieffry	9,000	35,000	44,000	(4)	*
Martin A. Berkowitz	-	52,000	52,000	*	
Jean-Francois Lendais	1	18,000	18,001	(5)	*
All executive officers, current directors and director nominee as a group (7 persons)	178,908	392,750	571,658	7.21	%
5% Stockholders:					
Elisabeth Carrette <sup>(6)</sup>	4,068,226	[6,000]	[4,074,226	] <sup>(6)</sup>	[51.39 %]
Gerard P. Charlier <sup>(7)</sup>	665,999	-	665,999	(7)	8.40 %
VN Capital Management, LLC <sup>(8)</sup>	715,999	-	715,999	(8)	9.03 %
James T. Vanasek <sup>(8)</sup>					
Patrick Donnell Noone <sup>(8)</sup>					

\* Less than 1% of the outstanding shares of our common stock.

(1) Represents sum of shares owned and shares which may be purchased upon exercise of options exercisable within 60 days of March [22], 2016.

Any securities not outstanding which are subject to options exercisable within 60 days of March [22], 2016, are deemed outstanding for the purpose of computing the percentage of outstanding securities of the class owned by (2) any person holding such securities but are not deemed outstanding for the purpose of computing the percentage of the class owned by any other person. Unless otherwise noted, the persons identified in this table have sole voting and investment power with regard to the shares beneficially owned.

(3) Includes 18,000 shares held by trusts established for the benefit of Mr. Endy's family.

Does not include 4,048,124 shares held by Holding Wilson, S.A., of which Mr. Thieffry is the President of the (4) Executive Board. Mr. Thieffry disclaims beneficial ownership of all shares held by Holding Wilson, S.A. Includes options to purchase 35,000 shares.

Includes one share held by Mr. Lendais' spouse. Does not include 4,048,124 shares held by Holding Wilson, S.A., (5) of which Mr. Lendais is a member of the Supervisory Board. Mr. Lendais disclaims beneficial ownership of all shares held by Holding Wilson, S.A.

Includes: (i) 4,048,124 shares held by Holding Wilson, S.A., of which Mrs. Carrette is the principal beneficial owner; and (ii) 19,750 shares held by the Estate of Francois Carrette, and (iii) options to purchase 6,000 shares. (6) Information based on Form 4 filed January 28, 2010. Mrs. Carrette's business address is 3495 W. Cheyenne Avenue, Suite 208, North Las Vegas, Nevada 89032.

Includes 703 shares held by Mr. Charlier's spouse. Mr. Charlier's reported business address was: C/O Holding (7) Wilson 3 75116 Paris 16ème, France (based on Form 13D/A filed April 27, 2010).

Based on information disclosed in Schedule 13G/A, as filed by VN Capital Management, LLC, James T. Vanasek (8) and Patrick Donnell Noone (the "Reporting Persons") with the SEC on December 10, 2014. The principal business address of the Reporting Persons is 1133 Broadway, Suite 1609 New York City, New York 10010. The Reporting Persons reported that they share voting and dispositive power with respect to 719,155 shares.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers, and persons who own more than ten percent of a registered class of our equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and our other equity securities. Officers, directors, and stockholders holding more than ten percent of the class of stock are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file.

To our knowledge, based solely on a review of the copies of such reports furnished to us and written representations that no other reports were required, during the year ended December 31, 2015, all reports required under Section 16(a) filing requirements were filed as required.

During 2016, a report filed on January 7, 2016 for Eric P. Endy was inadvertently filed as a new report. The report was intended to amend the timely filed report dated December 22, 2015 for Eric P. Endy. In addition, the report filed on February 26, 2016 for Robert J. Kelly was filed late for a transaction that occurred on February 15, 2016.

### **Indemnification of Directors and Officers**



We have provided for indemnification to the fullest extent permitted by the provisions of Nevada law in our Articles of Incorporation and Bylaws. In addition, we have contractually agreed to indemnify each present and former director as of the closing date of the combination with Etablissements Bourgogne et Grasset S.A. against any claim arising out of or pertaining to any matter existing or occurring at or prior to the closing date of the combination, whether asserted or claimed prior to, at or after such closing date, to the fullest extent permitted under Nevada law and our Articles of Incorporation or Bylaws then in effect. We also maintain a directors' and officers' liability insurance policy.

## **EXECUTIVE COMPENSATION**

### **Summary Compensation Table**

The following table presents information concerning compensation earned for services rendered to the Company by our Chief Executive Officer. Alain Thieffry, who has served as our Interim Chief Financial Officer and now serves as Chief Financial Officer, did not receive compensation from the Company for service in these capacities. The Company's next two most highly compensated executive officers are not included in the table below because their respective total compensation in 2015 did not exceed \$100,000.

Name and Principal Position	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
Gregory S. Gronau Chief Executive Officer,	2015	<sup>(3)</sup> \$350,000	\$90,000	-	-	-	-	\$20,464	<sup>(1)</sup> \$460,464
President, Treasurer and Secretary	2014	\$300,000	\$0	-	-	-	-	\$19,825	<sup>(2)</sup> \$319,825

<sup>(1)</sup> This amount reflects \$7,477 in automobile expense allowance, \$12,987 of medical insurance (health, dental, vision and life).

<sup>(2)</sup> This amount reflects \$7,200 in automobile expense allowance, and \$11,443 of medical insurance (health, dental, vision and life) and \$1,182 of 401(k) match.

<sup>(3)</sup> In May 2015, Mr. Gronau was granted a raise by the Board from \$300,000 to \$350,000. Mr. Gronau was proactively paid for that raise for the first portion of 2015 and paid pursuant thereto for the rest of 2015.

### Employment Agreements

*Gregory S. Gronau.* On October 28, 2008, we entered into an employment agreement with Gregory S. Gronau for his appointment as our Executive Vice President and Chief Operating Officer. The employment agreement provides for a three-year term of employment expiring on October 28, 2011, with automatic renewals for additional one-year periods unless either party provides written notice that the agreement will not be extended. Therefore, the employment agreement was automatically renewed until October 28, 2016. On September 12, 2009, as contemplated in his employment agreement, Mr. Gronau was appointed as our President and Chief Executive Officer. Under the terms of his employment agreement, in connection with his appointment as President and Chief Executive Officer, and as amended since that time by the Board, Mr. Gronau is entitled to:

an annual salary of \$350,000 (per a Resolution by the Board in May 2015 increasing Mr. Gronau's salary from \$300,000 to \$350,000);

commencing in 2010, a bonus up to 50% of his annual salary as determined by the Board of Directors in its sole discretion based on Mr. Gronau's achieving annual objectives specified by the Board of Directors after consultation with Mr. Gronau;

a stock option to purchase 150,000 shares of our common stock at an exercise price equal to the last sale price of our common stock on the NASDAQ Stock Market on the date of grant, which stock option was granted on May 6, 2009. The stock option vests over a five-year period;

an automobile allowance of \$600 per month; and

participation in all medical, retirement, pension or other benefit plans made available to our employees.

See "*Potential Payments Upon Termination or Change in Control*" below for a discussion of the benefits and payments Mr. Gronau may receive upon his retirement or termination of employment, as applicable.

The Board may consider additional factors, including the financial performance of the Company, when determining annual bonus payments to officers and employees. Based on such factors, the Board may, in its discretion, grant additional bonus payments in excess of the levels set forth in any employment agreements or compensation arrangements.

## **Potential Payments upon Termination or Change in Control**

The following section describes the benefits that may become payable to our named-executive officers in connection with a termination of their employment with the Company or a change in control of the Company.

### **Gregory S. Gronau**

*Cash Severance.* Under the terms of Mr. Gronau's employment agreement described above, if we terminate Mr. Gronau's employment with the Company other than for Cause or Incapacity (each as defined in the employment agreement), we have agreed to continue to pay his annual salary in effect on the date of termination for a period of twelve months.

*Restrictive Covenants.* Pursuant to Mr. Gronau's employment agreement, he has agreed not to disclose any confidential information of the Company or its affiliates, licensors, suppliers and customers at any time during or after the term of his employment agreement. Mr. Gronau has also agreed that during and for a one-year period following a termination of his employment with the Company, he will not compete with the Company anywhere in the United States. In addition, Mr. Gronau has agreed that during and for a period of two years following a termination of his employment with the Company, he will not (i) solicit for employment any employee or agent of the Company, or (ii) solicit or entice any customer and/or vendor of the Company to cease doing business with the Company.

## **Description of Equity Incentive Plans**

For a description of the 1994 Directors' Stock Option Plan, see Proposal 1 "Election of Directors" – "Non-Employee Director Compensation," and Proposal 4 "Approval of Amendment to 1994 Directors Stock Option Plan."

On May 6, 2009, the Company executed a stock option agreement with Gregory S. Gronau (the "Gronau Option Agreement") pursuant to which Mr. Gronau was granted a stock option to purchase 150,000 shares of common stock at an exercise price of \$6.20 per share. The stock option has a ten-year term and vests over a five-year period as follows: 20,000 shares on the first anniversary of the date of grant, 30,000 shares on each of the second, third and fourth anniversaries of the date of grant, and 40,000 shares on the fifth anniversary of the date of grant. If Mr. Gronau's employment with the Company terminates for any reason other than Cause (as defined in the Gronau Option Agreement), the portion of the option that is vested on the Date of Termination (as defined in the Gronau Option Agreement) will remain exercisable until the date 90 days after the termination date (one year in the case of

termination by reason of Incapacity (as defined in the Gronau Option Agreement), on which date it shall expire. Any unvested portion of the stock option will expire on the Date of Termination. In the event of termination of Mr. Gronau's employment for Cause, the stock option shall expire on the Date of Termination. In no event shall the stock option be exercisable after the expiration of its ten year term.

**Equity Compensation Plan Information**

The following table sets forth certain information as of December 31, 2015, about our equity compensation plans under which our equity securities are authorized for issuance. See Proposal 4 for a description of the 1994 Directors' Stock Option Plan and the proposed amendment thereto.

<b>Plan Category</b>	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
Equity compensation plans approved by security holders	[377,250 ] <sup>(1)</sup>	\$ 7.56	[88,250 ] <sup>(2)</sup>
Equity compensation plans not approved by security holders	None	None	None
Total	[377,250 ]	\$ 7.56	[88,250 ]

Reflects outstanding stock options to purchase 227,250 shares of common stock granted under our 1994 Directors' (1) Stock Option Plan, and stock options to purchase 150,000 shares of common stock granted to Gregory S. Gronau pursuant to the Stock Option Agreement dated May 6, 2009.

(2) These shares were available for future issuance under our 1994 Directors' Stock Option Plan.

**PROPOSAL 2 – RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Moss Adams LLP (Moss Adams) was our independent registered public accounting firm for the year ended December 31, 2015, and has reported on our consolidated financial statements in the annual report that accompanies this proxy statement. Our independent registered public accounting firm is appointed by our Audit Committee. The Audit Committee intends to reappoint Moss Adams as our independent registered public accounting firm for the year ending December 31, 2016. A representative of Moss Adams will be present at the Annual Meeting, will have an opportunity to make a statement and will be available to respond to appropriate questions. In the event that the stockholders do not approve Moss Adams as our independent registered public accounting firm, the selection of our independent registered public accounting firm will be reconsidered by the Audit Committee.

**THE FOLLOWING REPORT OF THE AUDIT COMMITTEE SHALL NOT BE DEEMED TO BE SOLICITING MATERIAL OR TO BE FILED WITH THE SEC UNDER THE SECURITIES ACT OF 1933 OR THE SECURITIES EXCHANGE ACT OF 1934 OR INCORPORATED BY REFERENCE IN ANY SAID DOCUMENT SO FILED.**

**Audit Committee Report**

The following is the report of the Audit Committee with respect to Gaming Partners International Corporation's audited consolidated financial statements for the fiscal year ended December 31, 2015.

The Audit Committee has reviewed and discussed the Company's audited consolidated financial statements with management. The Audit Committee has discussed with Moss Adams LLP (Moss Adams), the Company's independent registered public accounting firm, the matters required to be discussed by Statement of Auditing Standards No. 61, Communication with Audit Committees, which includes, among other items, matters related to the conduct of the audit of the Company's consolidated financial statements. The Audit Committee has also received written disclosures and the letter from Moss Adams required by the applicable requirements of the Public Company Accounting Oversight Board, which relates to the auditor's independence from the Company and its related entities, and has discussed with Moss Adams their independence from the Company.

Based on the review and discussions referred to above, the Audit Committee recommended to the Company's Board of Directors that the Company's audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

AUDIT COMMITTEE

Robert J. Kelly

Martin A. Berkowitz

Charles R. Henry

18



### Fees Paid to Independent Public Accounting Firm

The following table shows the fees for professional audit services provided by Moss Adams for the fiscal years ended December 31, 2015 and 2014, for the audit of our annual consolidated financial statements and the fees billed for other services rendered during those periods.

	December 31, 2015	December 31, 2014
Audit Fees <sup>(1)</sup>	\$411,963.12	\$355,000
Audit-Related Fees <sup>(2)</sup>	—	—
Tax Fees <sup>(3)</sup>	\$48,680	\$44,470
All Other Fees	—	—
Total Fees	\$460,643.12	\$399,470

Fees for the professional services rendered for the audit of GPIC's annual consolidated financial statements, review (1) of consolidated financial statements included in our 10-Q filings, and services normally provided in connection with statutory and regulatory filings or engagements.

(2) Fees for assurance and related services that are reasonably related to the performance of the audit or review of GPIC's financial statements. There were no audit-related fees for either 2015 or 2014.

(3) Fees for professional services rendered with respect to tax compliance, tax advice and tax planning. This includes preparation of tax returns, claims for refunds, payment planning and tax law interpretation.

### Pre-Approval Policies and Procedures

The Audit Committee is responsible for reviewing and approving, in advance, all audit and non-audit services of the independent registered public accounting firm. The Audit Committee approved the engagement of Moss Adams to audit the consolidated financial statements of the Company and its subsidiaries for the fiscal year 2015 and to provide certain non-audit services to the Company and its subsidiaries. None of the engagements pre-approved by the Audit Committee during 2015 made use of the de minimus exception to pre-approval contained in the applicable rules of the SEC.

### Recommendation of Our Board of Directors

The ratification of the appointment of Moss Adams as our independent registered public accounting firm will be approved if the number of votes cast in favor of this proposal exceeds the number of votes cast in opposition to this proposal.

Our Board of Directors recommends that you vote **“FOR”** the ratification of Moss Adams as our independent registered public accounting firm for the fiscal year ending December 31, 2016.

**PROPOSAL 3 – ADVISORY VOTE TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION**

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, which enacted Section 14A of the Securities Exchange Act of 1934, requires that our stockholders have the opportunity to cast a non-binding advisory vote regarding the approval of the compensation of our named executive officers as disclosed in this proxy statement in accordance with the SEC's rules.

Our executive compensation is described above under the heading "Executive Compensation." Our executive compensation programs are designed to attract, motivate, and retain our executive officers, who are critical to our success. Please read the section of this proxy statement titled "Executive Compensation" for additional details about our executive compensation programs, including information about the fiscal 2015 compensation of our named executive officers.

As described in Proposal 1 - Election of Directors, our Compensation Committee establishes and reviews our overall corporate policies, goals and objectives for the compensation of our named executive officers, including a review of the relationship of executive compensation to corporate performance and relative stockholder return, compensation at comparable companies, past years compensation to executives, tax and accounting treatment and other relevant factors. Our Compensation Committee also determines the compensation of the named executive officers, including individual elements of salary, bonus, supplemental retirement, incentive and equity compensation, and determines the appropriate allocation among individual elements in light of our corporate goals and the performance evaluation of these officers in light of the corporate goals and objectives.

We are asking our stockholders to indicate their support for our named executive officer compensation as described in this proxy statement. This proposal, commonly known as a "say-on-pay" proposal, gives our stockholders the opportunity to express their views on our named executive officers' compensation by voting for or against the following resolution (or by abstaining with respect to the resolution):

RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed in this proxy statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Summary Compensation Table, other executive compensation tables and related narrative disclosures is hereby APPROVED.

The say-on-pay vote is advisory, and therefore not binding on the Company, the Compensation Committee or our Board of Directors. However, the Compensation Committee, which is responsible for designing and administering our

executive compensation program, values the opinions expressed by stockholders in their vote on this proposal and will consider the outcome of the vote when making future compensation decisions for named executive officers.

### **Recommendation of Our Board of Directors**

The approval of this proposal requires the number of votes cast in favor of this proposal to exceed the number of votes cast in opposition to this proposal.

Our Board of Directors recommends that you vote **“FOR”** the resolution approving the compensation of our named executive officers as disclosed in the section titled “Executive Compensation” of this proxy statement.

## **PROPOSAL 4 – APPROVAL OF AMENDMENT TO THE 1994 DIRECTORS’ STOCK OPTION PLAN**

We are asking Stockholders to approve the following amendments to the Company’s 1994 Directors’ Stock Option Plan, which the Board of Directors adopted on November 10, 2015, subject to stockholder approval.

### **Proposed Amendments**

The 1994 Directors’ Stock Option Plan expired by its terms on January 31, 2014. The proposed amendment would extend the term of the plan to January 31, 2019.

### **Summary of the 1994 Directors’ Stock Option Plan, as amended**

The terms of the 1994 Directors’ Stock Option Plan, including the proposed amendment, are summarized below. The following summary is qualified in its entirety by the full text of the plan, as amended, which is attached as Appendix A to this proxy statement

#### *Purpose of the 1994 Directors’ Stock Option Plan*

The 1994 Directors’ Stock Option Plan is intended to promote the interests of the Company and its subsidiaries by offering members of the Board of Directors who are not employed as regular salaried officers or employees of the Company or any of its subsidiaries the opportunity to participate in a stock option plan in order to encourage the non-employee directors to take a long-term view of the affairs of the Company; to attract and retain highly qualified non-employee directors; and to aid in rewarding non-employee directors for their services to the Company.

#### *Administration*

The Compensation Committee or the Board of Directors administers the 1994 Directors’ Stock Option Plan; however, any actions or decisions by the Compensation Committee (other than grants of non-discretionary options) will be subject to the approval of the Board of Directors. Neither the Compensation Committee nor the Board of Directors

will have any discretion to determine or vary any matters that are fixed under the plan. Fixed matters include, but are not limited to, the non-employee directors who will receive non-discretionary option grants, the number of shares of common stock subject to each such grant, the term of any option, and the means of acceptable payment for exercise of the option.

*Terms of the Grants under the 1994 Directors' Stock Option Plan*

Eligible non-employee directors initially receive a one-time non-discretionary option to purchase 6,000 shares of common stock following such director's election to the Board of Directors. In addition, on the anniversary of each such director's election or appointment to the Board of Directors such director also receives non-discretionary options to purchase 1,500 shares of common stock for serving on the Audit Committee, the Compliance Committee or the Compensation Committee for at least six months during the twelve months prior to the date of grant. Thereafter, each such non-employee director will receive a non-discretionary option to purchase 2,000 shares of common stock each year at the beginning of such directors' fourth year of service, in addition to the annual non-discretionary option in connection with service on a committee.

The Board of Directors may grant discretionary options from time to time to non-employee directors, subject to and consistent with the provisions of the plan. However, no non-employee director shall have any right or claim to be granted a discretionary option. The Board of Directors will have the discretion to: (i) select the non-employee directors, if any, to whom discretionary options may be granted, and (ii) determine the number of shares of common stock which are subject to a discretionary option.

Without limiting the authority and discretion of the Board of Directors, the Compensation Committee will have the authority to make recommendations from time to time to the Board of Directors for the grant of discretionary options. The total number of shares of common stock which may be subject to discretionary options shall not exceed 100,000; provided, however, that (i) if a discretionary option expires, or is otherwise terminated prior to its exercise, the shares of common stock covered by such discretionary option immediately prior to such expiration or other termination shall continue to be available for grant as a discretionary option; and (ii) any shares of common stock not subject to discretionary options shall be available for grants as non-discretionary options.

Under the terms of the plan, the initial non-discretionary option grant is exercisable to the extent of vesting. The initial option vests over a three-year period, with one-third of the initial option vesting upon each anniversary of such non-employee director's election to the Board of Directors. Annual non-discretionary option grants and the proposed discretionary option grants are fully vested upon grant, but are only exercisable six months and one day from the date of grant. Unless special circumstances exist, each option expires on the earlier of the tenth anniversary of the date of its grant or nine months after the non-employee director ceases to be a director for any reason other than death or two years after the non-employee director ceases to be a director due to his death. The option exercise price is the closing price of the Company's common stock on the date such option is granted.

#### *Number of Shares Subject to the 1994 Directors' Stock Option Plan*

The plan provides for the issuance of options covering a total of 450,000 shares of common stock, of which [\_\_\_\_\_] options for shares of common stock have been exercised. As of March [22], 2016, options for a total of [227,250] shares of common stock were issued and outstanding under the plan and options covering [88,250] shares of common stock were available for future grants under the plan. The proposed amendment has no effect on the number of shares subject to the plan.

#### *Federal Income Tax Consequences*

The federal income tax consequences of the 1994 Directors' Stock Option Plan under current federal law, which is subject to change, are summarized in the following discussion. This summary is not intended to be exhaustive and, among other considerations, does not describe state, local or international tax consequences or tax consequences for non-U.S. persons.

The options granted under the plan are "non-qualified stock options" and do not qualify as incentive stock options for U.S. federal income tax purposes. In general, non-employee directors will not realize taxable income upon the grant of a non-qualified stock option, and the Company will generally not be entitled to a deduction. Upon exercise of a

non-qualified stock option, the excess of the fair market value of the shares on the date of exercise over the exercise price will be taxable to the non-employee director as ordinary income. The amount included in the gross income of the non-employee director will also be deductible by the Company. The tax basis of shares acquired by the participant will be equal to the exercise price plus the amount includable in the gross income of the participant as ordinary income.

### **New Plan Benefits**

Only non-employee directors are eligible to receive option grants under the 1994 Directors' Stock Option Plan. There are currently six non-employee directors who participate in the plan. The closing price of the Company's common stock on March 22, 2016, was \$9.71. No employees of the Company are eligible to participate in the plan; therefore, no benefit will accrue to such persons. Although the plan allows the Board of Directors to grant discretionary options under the plan to certain non-employee directors, no discretionary grants were made to non-employee directors under the plan in 2015, and none are expected to be made in 2016. The following table sets forth the amount of all non-discretionary options previously received, and the non-discretionary options expected to be received in 2016, under the plan by the current non-employee directors. Other than current and former non-employee directors of the Company, no other employee, executive officer, director, associate, person or group has received non-discretionary options at any time under the plan.



Name and Position	All Non-Discretionary Options Previously Received		Non-Discretionary Options to be Received in 2016	Total
Martin A. Berkowitz, Director Nominee	[52,000	]	5,000	[57,000 ]
Eric P. Endy, Director Nominee	[_____	]	3,500	[3,500 ]
Charles R. Henry, Director Nominee	[48,500	]	3,500	[52,000 ]
Robert J. Kelly, Director Nominee	[81,250	]	6,500	[87,750 ]
Jean-Francois Lendais Director Nominee	[18,000	]	3,500	[21,500 ]
Alain Thieffy Director Nominee	[35,000	]	3,500	[38,500 ]
Current Non-Employee Director Group (6 persons)	[234,750	]	25,500	[260,250]

### Recommendation of Our Board of Directors

The approval of this proposal requires the approval of the majority of the outstanding shares of our Common Stock to vote in favor of this proposal.

Our Board of Directors recommends that you vote “**FOR**” the amendment of the 1994 Directors’ Stock Option Plan to extend the termination date of the 1994 Directors’ Stock Option Plan to January 31, 2019.

**PROPOSAL 5 - RATIFICATION OF STOCK OPTIONS**

Stockholders are being asked to ratify the issuance of certain stock options to purchase shares of Common Stock granted to certain members of the Board of Directors for their service on the Board and various committees thereof.

As noted in Proposal 4, the 1994 Directors' Stock Option Plan expired on January 31, 2014. Our Compensation Committee, which administers the plan, granted additional options following January 31, 2014, and our Compensation Committee recommended to our Board of Directors that the term of the plan be extended to January 31, 2019. On November 10, 2015, our Board of Directors accepted this recommendation, ratified the grants made between January 31, 2014 and November 10, 2015, and directed that the amendment of the plan be submitted to our stockholders. We also determined that the ratification of the options should be submitted to our stockholders.

The principal provisions of the plan, including the proposed amendment and a discussion of federal tax consequences to the Company and the grantees, are summarized in Proposal 4 — Approval of Amendment to 1994 Directors' Stock Option Plan. In addition to the summary, the full text of the plan, as amended, is attached as Appendix A to this proxy statement.

Listed in the table below are non-discretionary options that were granted to our directors between January 31, 2014 and November 10, 2015, including the date of the grant, the number of options, the exercise price and the market value of the underlying Common Stock on the date of the grant. Pursuant to the terms of the plan, these options were fully vested on the date of the grant, but were not exercisable until six months and one day after the date of the grant. None of the options listed below have been exercised, and none will be exercisable unless this ratification is approved.

**Non-Discretionary Options Granted between January 31, 2014 and November 10, 2015**

Director Name	Date of Grant	No. of Options	Exercise Price	Market Value of the Common Stock on the Date of the Grant
Martin A. Berkowitz,	08/08/2014	5,000.00	\$ 8.66	\$43,300.00
Director Nominee	08/08/2015	5,000.00	\$ 10.40	\$52,000.00

Edgar Filing: Gaming Partners International CORP - Form PRE 14A

Eric P. Endy <sup>(1)</sup> Director Nominee	12/22/2014	3,500.00	\$ 8.26	\$28,910.00
Charles R. Henry, Director Nominee	06/30/2014 06/30/2015	3,500.00 3,500.00	\$ 8.16 \$ 10.11	\$28,560.00 \$35,385.00
Robert J. Kelly, Director Nominee	02/15/2014 02/15/2015	6,500.00 5,750.00	\$ 8.83 \$ 8.47	\$57,395.00 \$48,702.50
Jean-Francois Lendais, Director Nominee	05/05/2014 05/05/2015	3,500.00 3,500.00	\$ 8.11 \$ 10.51	\$28,385.00 \$36,785.00
Alain Thieffry, <sup>(2)</sup> Director Nominee	09/12/2014 09/12/2015	3,500.00 3,500.00	\$ 8.32 \$ 9.77	\$29,120.00 \$34,195.00
All Directors		46,750.00		\$422,737.50

(1) Mr. Endy's grant of 3,500 shares on December 22, 2015 is pending approval of Proposal 4.

Our Board of Directors has determined that, because Mr. Thieffry receives no compensation for services other than (2) as a director of the Company, he is a "Non-Employee Director" for purposes of eligibility to participate in the 1994 Directors' Stock Option Plan.

### Recommendation of Our Board of Directors

The approval of this proposal requires the approval of the majority of the outstanding shares of our Common Stock to vote in favor of this proposal.

Our Board of Directors recommends that you vote "**FOR**" the ratification of all non-discretionary options granted between January 31, 2014 and November 10, 2015.

## **STOCKHOLDER PROPOSALS FOR THE 2017 ANNUAL MEETING**

The next annual meeting of stockholders is expected to be held on or about May 25, 2017. Stockholders desiring to present proper proposals at that meeting and to have their proposals included in the Company's proxy statement and form of proxy for that meeting must meet the eligibility and other criteria under the Company's Bylaws and Rule 14a-8 of the Securities Exchange Act of 1934 and must submit the proposal to the Company. Such proposal must be received no later than February 24, 2017, but not before January 25, 2017. However, in the event that the 2017 Annual Meeting of Stockholders is advanced by more than 30 days or delayed by more than 70 days from May 25, 2017, the proposal must be received no earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the latter of (1) the 90th day prior to such annual meeting, or (2) the 10th day following the day the notice of such annual meeting was first given. For stockholder proposals which are submitted pursuant to Rule 14a-8 of the Securities Exchange Act of 1934, as amended, to be considered by the Company for inclusion in the Company's proxy materials for the 2017 Annual Meeting of Stockholders, they must be received by the Secretary of the Company at the Company's executive offices no later than the close of business on December 16, 2016.

## **OTHER MATTERS**

Our 2015 Annual Report on Form 10-K, containing audited consolidated financial statements but without exhibits, accompanies this proxy statement. The Form 10-K as filed with the SEC including exhibits is available by accessing our website at [www.gpigaming.com](http://www.gpigaming.com) and clicking on "For Investors" and then "SEC Filings." Stockholders may also obtain a copy of the Form 10-K, without charge, upon written request to:

Gaming Partners International Corporation

Attn: Corporate Secretary

3495 W. Cheyenne Avenue, Suite 208

North Las Vegas, Nevada 89032

Fax: (702) 598-2494

As of the date of this proxy statement, our Board of Directors knows of no business that will be presented for consideration at the Annual Meeting other than the matters stated in the accompanying Notice of Annual Meeting of Stockholders and described in this proxy statement. If, however, any matter incident to the conduct of the Annual Meeting or other business properly comes before the meeting, the persons acting under the proxies intend to vote with

respect to those matters or other business in accordance with their best judgment, and the proxy includes discretionary authority to do so.

By Order of the Board of Directors

Gregory S. Gronau

*President and Chief Executive Officer*  
Las Vegas, Nevada

April 16, 2016

**APPENDIX A**

**GAMING PARTNERS INTERNATIONAL CORPORATION  
1994 DIRECTORS' STOCK OPTION PLAN**

**Adopted by the Board of Directors November 10, 2015  
Amendment Subject to Approval by the Stockholders May 25, 2016**

*1. Purpose*

The Gaming Partners International Corporation 1994 Directors' Stock Option Plan (the "Plan") is intended to promote the interests of Gaming Partners International Corporation (the "Corporation") and its subsidiaries by offering members of the Board of Directors of the Corporation who are not employed as regular salaried officers or employees of the Corporation or any of its subsidiaries (hereinafter referred to as "Non-Employee Directors" or "Optionees") the opportunity to participate in a stock option plan in order to encourage Non-Employee Directors to take a long term view of the affairs of the Corporation; to attract and retain highly qualified Non-Employee Directors; and to aid in rewarding Non-Employee Directors for their services to the Corporation.

*2. Administration*

The Plan shall be administered by the Compensation Committee (the "Committee"), selected by and serving at the pleasure of the Corporation's Board of Directors (the "Board"), or by the Board. The Committee or the Board shall not have any discretion to determine or vary any matters which are fixed under the terms of the Plan including, without limitation, which individuals shall receive option awards, how many shares of the Corporation's stock shall be subject to each such option award, what the exercise price of stock covered by an option shall be, and what means of payment shall be acceptable; provided, however, that notwithstanding the foregoing or any other provision of the Plan, the Board shall have the authority to make the grants and other related determinations pursuant to Section 5.2 of the Plan.

The Committee or the Board shall have the authority to otherwise interpret the Plan and make all determinations necessary or advisable for its administration.

Any actions or decisions by the Committee under the Plan (other than grants of Non-Discretionary Options pursuant to Section 5.1 below) shall be subject to the approval of the Board.

### *3. Eligibility*

Only Non-Employee Directors, who are not participants in the Corporation's 1994 Long Term Incentive Plan, will be eligible to be granted awards.

### *4. Stock Subject to the Plan*

The stock from which awards may be granted shall be the Corporation's \$.01 par value Common Stock ("Common Stock"). When options are exercised, the Corporation may either issue authorized but unissued shares of Common Stock or transfer issued shares of Common Stock held in its treasury. The total number of shares of Common Stock which may be granted as stock options shall not exceed 450,000. If an option expires, or is otherwise terminated prior to its exercise, the Common Stock covered by such an option immediately prior to such expiration or other termination shall continue to be available for grant under the Plan.

## 5. Grant and Amount of Options

### 5.1 Non-Discretionary Options

The date of grant of the initial option (“Initial Option”) for a Non-Employee Director commencing his or her term shall be the date that he or she becomes a member of the Board of Directors (“Commencement Date”). The Initial Option grant shall be to purchase 6,000 shares of Common Stock (subject to vesting per Section 6.2 and to adjustment per Section 7).

Annual awards of options (“Annual Options” or individually an “Annual Option”) shall be granted beginning on the anniversary of the Commencement Date, and continuing each year thereafter. An Annual Option will be to purchase: (i) prior to the third anniversary of the Commencement date, 1,500 shares of Common Stock for each of the following Board committees on which the Non-Employee Director served for a period of at least six months during the twelve months prior to the date of grant: (A) Audit Committee; (B) Compliance Committee; and (C) Compensation Committee; and (ii) on the third anniversary of the Commencement Date, and each year thereafter, an additional 2,000 shares of Common Stock (all grant amounts subject to adjustment per section 7). The Initial Option and the Annual Options are collectively referred to herein as “Non-Discretionary Options.”

### 5.2 Discretionary Options

Notwithstanding any provision of the Plan to the contrary, in addition to the Non-Discretionary Options, the Board shall have the authority to grant options from time to time in its sole and absolute discretion (“Discretionary Options”) to Non-Employee Directors pursuant to this Section 5.2. No Non-Employee Director shall have any right or claim to be granted a Discretionary Option. Subject to and consistent with the provisions of the Plan, the Board is authorized in its sole and absolute discretion to:

- (i) Select the Non-Employee Directors, if any, to whom Discretionary Options may be granted; and
- (ii) Determine the number of shares of Common Stock which are subject to a Discretionary Option.

Without in any manner limiting the authority and discretion of the Board as provided herein, the Committee shall have the authority to make recommendations from time to time to the Board for the grant of Discretionary Options. The total number of shares of Common Stock which may be subject to Discretionary Options shall not exceed 100,000;



provided, however, that (i) if a Discretionary Option expires, or is otherwise terminated prior to its exercise, the shares of Common Stock covered by such Discretionary Option immediately prior to such expiration or other termination shall continue to be available for grant under this Section 5.2 as a Discretionary Option; and (ii) any shares of Common Stock not subject to Discretionary Options shall be available for grants as Non-Discretionary Options. The Non-Discretionary Options and the Discretionary Options are collectively referred to herein as “options.”

#### *6. Terms and Conditions of Options*

Options shall be designated non-statutory options or not qualified as Incentive Stock Options under Section 422(a) of the Internal Revenue Code of 1986, as amended (the “Code”), and shall be evidenced by written instruments approved by the Committee or the Board. Such instruments shall conform to the following terms and conditions:

##### 6.1 Option price

The option price shall be the fair market value of the shares of Common Stock under option on the date such option is granted. The fair market value per share shall be the last reported sale price of the stock on such date on the Nasdaq National Market, or on such other stock exchange that the Common Stock may be listed from time to time. The option price shall be paid (i) in cash or (ii) in shares of Common Stock, including Common Stock underlying the option being exercised, having a fair market value equal to such option price or (iii) in a combination of cash and shares of Common Stock, including Common Stock underlying the option being exercised. The fair market value of shares of Common Stock delivered to the Corporation pursuant to the immediately preceding sentence shall be determined on the basis of the last reported sale price of the Common Stock on the Nasdaq National Market on the day of exercise or, if there was no such sale price on the day of exercise, on the day next preceding the day of exercise on which there was such a sale.

## 6.2 Vesting, exercise and term of options

The Initial Option shall be exercisable to the extent of vesting. The Initial Option shall vest over a three year period, with one-third of the Initial Option (2,000 shares) vesting upon each anniversary of the Commencement Date. Annual Options and Discretionary Options shall be fully vested upon grant, but shall only be exercisable six months and one day from the date of grant.

Except in special circumstances, each option shall expire upon the tenth anniversary of the date of its grant or such earlier date as provided in Section 6.3 below.

After becoming exercisable, each option shall remain exercisable until the expiration or termination of the option. After becoming exercisable an option may be exercised by the Optionee from time to time, in whole or part, up to the total number of shares with respect to which it is then exercisable. The Committee or the Board may provide that payment of the option exercise price may be made following delivery of the certificate for the exercised shares.

Upon the exercise of an option, the purchase price will be payable in full in cash or Common Stock as provided in Paragraph 6.1. Any shares of Common Stock so assigned and delivered to the Corporation in payment or partial payment of the purchase price will be valued at Fair Market Value on the exercise date. Upon the exercise of a non-qualified stock option, the Corporation shall withhold from the shares of Common Stock to be issued to the eligible Optionee the number of shares necessary to satisfy the Corporation's obligation to withhold Federal taxes, such determination to be based on the shares' Fair Market Value on the date of exercise.

## 6.3 Termination of Directorship

If an Optionee ceases for any reason including death or resignation to be a director: (A) all options granted to such Optionee and vested on the date of termination of Directorship shall expire on the earliest of (i) the tenth anniversary after the date of grant, (ii) nine months after the day such Optionee ceases to be a director for any reason other than death, or (iii) two years after the day such Optionee ceases to be a director due to his death; and (B) all options granted to such Optionee which are unvested shall expire.

## 6.4 Exercise upon death of optionee

If an Optionee dies, the option may be exercised, to the extent provided in Section 6.3, by the Optionee's estate, personal representative or beneficiary who acquires the option by will or by the laws of descent and distribution. The Committee or the Board may approve all cash payments to the estate of an Optionee if circumstances warrant such a decision.

#### 6.5 Assignability

No option shall be assignable or transferable by the Optionee except by will or by the laws of descent and distribution and during the lifetime of the Optionee the option shall be exercisable only by such Optionee.

### *7. Capital Adjustments*

The number and price of shares of Common Stock covered by each award of options and the total number of shares that may be granted under the Plan shall be proportionally adjusted to reflect, subject to any required action by the stockholders, any stock dividend or split, recapitalization, merger, consolidation, spin-off, reorganization, combination or exchange of shares or other similar corporate change.

### *8. Change of Control*

Notwithstanding the provisions of Section 7, in the event of a change of control, all vesting on all unexercised stock options will accelerate to the change of control date. For purposes of this Plan, a “Change of Control” of the Corporation shall be deemed to have occurred at such time as (a) any “person” (as the term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934 (“Exchange Act”)), not including Paul S. Endy, or his heirs or assigns, or the Paul S. Endy, Jr. Living Trust, or its beneficiaries, becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Corporation representing 25.0% or more of the combined voting power of the Corporation’s outstanding securities ordinarily having the right to vote at the election of directors; or (b) individuals who constitute the Board of Directors on the date hereof (the “Incumbent Board”) cease for any reason to constitute at least a majority thereof, provided that any person becoming a director subsequent to the date hereof whose election was approved by at least a majority of the directors comprising the Incumbent Board, or whose nomination for election was approved by a majority of the Board of Directors of the Corporation serving under an Incumbent Board, shall be, for purposes of this clause (b), considered as if he or she were a member of the Incumbent Board; or (c) merger, consolidation or sale of all or substantially all the assets of the Corporation occurs, unless such merger or consolidation shall have been affirmatively recommended to the Corporation’s stockholders by a majority of the Incumbent Board; or (d) a proxy statement soliciting proxies from stockholders of the Corporation by someone other than the current management of the Corporation seeking stockholder approval of a plan or reorganization, merger or consolidation of the Corporation with one or more corporations as a result of which the outstanding shares of the Corporation’s securities are actually exchanged for or converted into cash or property or securities not issued by the Corporation unless the reorganization, merger or consolidation shall have been affirmatively recommended to the Corporation’s stockholders by a majority of the Incumbent Board.

### *9. Approvals*

The issuance of shares pursuant to this Plan is expressly conditioned upon obtaining all necessary approvals from all regulatory agencies from which approval is required, including gaming regulatory agencies, and upon obtaining stockholder ratification of the Plan.

*10. Effective Date of Plan*

The effective date of the Plan is January 31, 1994.

*11. Term: Amendment of Plan*

This Plan shall expire on January 31, 2019 (except to options outstanding on that date). The Board may terminate the Plan at any time. The Board may amend the Plan at any time, provided however, the provisions of Section 5 pertaining to the amount of options to be granted and the timing of such option grants and the provisions of Paragraph 6.1 pertaining to the option price of the Common Stock under option shall not be amended more than once every six months, other than to comport with changes in the Internal Revenue Code or the rules thereunder. Further provided however, that, without the approval of the holders of a majority of the outstanding shares of Common Stock; the total number of shares that may be sold, issued or transferred under the Plan may not be increased (except by adjustment pursuant to Section 7); the provisions of Section 3 regarding eligibility may not be modified; the purchase price at which shares may be offered pursuant to options may not be reduced (except by adjustment pursuant to Section 7); and the expiration date of the Plan may not be extended and no change may be made which would cause the Plan not to comply with Rule 16b-3 of the Exchange Act, as amended from time to time. No action of the Board or stockholders, however, may, without the consent of an Optionee, alter or impair such Optionee's rights under any option previously granted.

*12. Withholding Taxes*

The Corporation shall have the right to deduct withholding taxes from any payments made pursuant to the Plan or to make such other provisions as it deems necessary or appropriate to satisfy its obligations to withhold federal, state or local income or other taxes incurred by reason of payments or the issuance of shares of Common Stock under the Plan. Whenever under the Plan, shares of Common Stock are to be delivered upon exercise of an option, the Committee or the Board shall be entitled to require as a condition of delivery that the grantee remit an amount sufficient to satisfy all federal, state and other government withholding tax requirements related thereto.

*13. Plan Not a Trust*

Nothing contained in the Plan and no action taken pursuant to the Plan shall create or be construed to create a trust of any kind, or a fiduciary relationship, between the Corporation and any Optionee, the executor, administrator or other personal representative, or designated beneficiary of such Optionee, or any other persons. If and to the extent that any Optionee or such Optionee's executor, administrator or other personal representative, as the case may be, acquires a right to receive any payment from the Corporation pursuant to the Plan, such right shall be no greater than the right of an unsecured general creditor of the Corporation.

*14. Notices*

Each Optionee shall be responsible for furnishing the Committee with the current and proper address for the mailing of notices and delivery of agreements, Common Stock and cash pursuant to the Plan. Any notices required or permitted to be given shall be deemed given if directed to the person to whom addressed at such address and mailed by regular United States mail, first-class and prepaid. If any item mailed to such address is returned as undeliverable to the addressee, mailing will be suspended until the Optionee furnishes the proper address. This provision shall not be construed as requiring the mailing of any notice or notification if such notice is not required under the terms of the Plan or any applicable law.

*15. Severability of Provisions*

If any provision of this Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and this Plan shall be construed and enforced as if such provisions had not been included.

*16. Payment to Minors, etc.*

Any benefit payable to or for the benefit of a minor, an incompetent person or other person incapable of receipting therefor shall be deemed paid when paid to such person's guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge the Committee, the Board, the Corporation and other parties with respect thereto.

*17. Headings and Captions*

The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan.

*18. Controlling Law*

This Plan shall be construed and enforced according to the laws of the State of Nevada to the extent not preempted by federal law, which shall otherwise control.





