



## Why Amaya Inc. Shares Are Surging

### Description

**Amaya Inc.** ([TSX:AYA](#))(NASDAQ:AYA) shareholders have been on a wild ride in recent months. First came word that CEO David Baazov intended to lead an effort to take the company private for \$21 per share. Then we learned that Quebec's Autorité des marchés financiers (AMF) slapped Mr. Baazov with five insider trading charges. And now Mr. Baazov has agreed to a leave of absence. Amaya shares have reacted positively to the latest news and are up by more than 11% as of this writing.

### Why this is a positive

When Mr. Baazov was charged, Amaya emphasized in its press release that the company itself was not implicated, but the charges still cast a dark cloud over the company. Remember, Amaya is still trying to secure more gambling licenses, especially in the United States. But the company has many political opponents, and the charges would simply give these opponents more ammunition.

And although Mr. Baazov has denied all wrongdoing, these are some very serious charges. According to documents from the AMF, Mr. Baazov's insider trading activities date all the way back to 2010, well before Amaya's big acquisition. They also involve telephone conversations with his older brother, adding a family twist to the story.

Clearly, this is not something Amaya itself wants to be associated with. The company is better off with Mr. Baazov out of the picture.

### Will the bid still happen?

It's natural to think that Mr. Baazov can no longer bid for Amaya. But he is still determined to do so, and his leave of absence allows him to focus on these efforts.

And even if Mr. Baazov were completely out of the picture, it doesn't mean a bid won't happen. He has spent months lining up financial backing, and other parties may still wish to bid. Amaya has also asked its financial advisor to test the waters to see if there are any other potential suitors.

Interestingly, *The Business News Network* has reported that one prominent Amaya shareholder (who

chose to remain anonymous) said there is no way a deal will get done at \$21 per share, because it doesn't fully reflect the company's fair value. If there is indeed merit to this story, it suggests that any bid for Amaya could be a lot higher.

### **What does the future hold?**

The charges against Mr. Baazov still have the potential to hurt Amaya's reputation, and although it's unlikely the company will lose any licenses over this issue, expansion may become a little harder.

Otherwise, it's now business as usual for the company. Perhaps this will all blow over. Perhaps we'll see a bid. Either way, there are a lot of things that can go right. We'll have to see how this all plays out.

### **CATEGORY**

1. Investing
2. Tech Stocks

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