

OHIO CASINO CONTROL COMMISSION

RESOLUTION 2019-34

**CONSIDERATION OF PENN NATIONAL GAMING, INC.'S APPLICATION  
FOR A HOLDING-COMPANY LICENSE**

**WHEREAS**, Article XV, Section 6(C)(4) of the Ohio Constitution created the Ohio Casino Control Commission (“Commission”) to ensure the integrity of casino gaming by, among other things, licensing and regulating all gaming authorized by Article XV, Section 6(C) of the Ohio Constitution;

**WHEREAS**, R.C. 3772.09(A) prohibits any casino operator, management company, holding company, or key employee from conducting or participating in conducting casino gaming without first being licensed by the Commission;

**WHEREAS**, R.C. 3772.10(A) mandates that the Commission consider all of the following, as applicable, when determining whether to grant the privilege of a holding-company license:

- (A) The reputation, experience, and financial integrity of the applicant, its holding company, and any other person that directly or indirectly controls the applicant;
- (B) The financial ability of the applicant to purchase and maintain adequate liability and casualty insurance and to provide an adequate surety bond;
- (C) The past and present compliance of the applicant and its affiliates or affiliated companies with casino-related licensing requirements in the state of Ohio or any other jurisdiction, including whether the applicant has a history of noncompliance with the casino-licensing requirements of any jurisdiction;
- (D) Whether the applicant has been indicted, convicted, pleaded guilty or no contest, or forfeited bail concerning any criminal offense under the laws of any jurisdiction, either felony or misdemeanor, not including traffic violations;
- (E) Whether the applicant has filed, or had filed against it, a proceeding for bankruptcy or has ever been involved in any formal process to adjust, defer, suspend, or otherwise work out the payment of any debt;
- (F) Whether the applicant has been served with a complaint or other notice filed with any public body regarding payment of any tax required under federal, state, or local law that has been delinquent for 1 or more years;

- (G) Whether the applicant is or has been a defendant in litigation involving its business practices;
- (H) Whether awarding a license would undermine the public's confidence in the casino-gaming industry in the state of Ohio; and
- (I) Whether the applicant meets other standards for the issuance of a license that the Commission adopts by rule, which is not arbitrary, capricious, or contradictory to the expressed provisions of R.C. Chapter 3772;

**WHEREAS**, R.C. 3772.10(B) requires any holding company seeking licensure under R.C. Chapter 3772 to establish its suitability by clear and convincing evidence;

**WHEREAS**, R.C. 3772.11(A) requires any holding company seeking licensure to submit, under oath, a Casino Operator and Management Company License Application and Holding Company Form ("Application");

**WHEREAS**, Article XV, Section 6(C)(4) of the Ohio Constitution, R.C. 3772.03, 3772.10, 3772.11, 3772.111, and 3772.17, and Ohio Adm.Code Chapter 3772-4 authorize the Commission to issue holding-company licenses to applicants that the Commission determines are eligible for licensure and have paid all applicable fees;

**WHEREAS**, a holding-company license applicant is eligible for licensure upon meeting the following criteria:

- (A) Submission of a true and complete Application, as required by R.C. 3772.10(C) and 3772.11(A) and Ohio Adm.Code 3772-4-01 through 3772-4-05;
- (B) Reimbursement of the costs for the criminal-records checks, as required by R.C. 3772.07;
- (C) Not having been convicted of or pled guilty or no contest to a disqualifying offense, as defined and required by R.C. 3772.07;
- (D) All holding companies and management companies, their directors, executive officers, members, managers, and any shareholder who holds more than 5% ownership of the holding companies and management companies, if any, submit the same information as the applicant, as required by R.C. 3772.11(B); and
- (E) Otherwise is suitable for licensure, as required by R.C. 3772.10(B) and (C);

**WHEREAS**, R.C. 3772.03(D)(5) mandates that the Commission adopt rules prescribing the minimum amount of insurance that must be maintained by holding companies;

**WHEREAS**, Ohio Adm.Code 3772-7-01(A) requires, among others, a holding-company licensee to obtain and maintain the following types of insurance in minimum amounts determined by the Commission:

- (A) Liability;
- (B) Casualty;
- (C) Property;
- (D) Crime;
- (E) Worker's compensation; and
- (F) Any other type of insurance the Commission deems necessary to ensure the licensee is adequately insured;

**WHEREAS**, on or about April 15, 2019, Penn National Gaming, Inc., ("Penn") submitted an Application in accordance with R.C. 3772.11(A) and Ohio Adm.Code 3772-4-01 through 3772-4-05;

**WHEREAS**, Penn met the application-fee exception provided by R.C. 3772.17(C) and thus is not required to pay a nonrefundable application fee;

**WHEREAS**, Penn submitted information and materials (summaries of which are attached as Exhibit A) necessary to demonstrate that it has obtained and maintains all of the requisite types of insurance and the amounts of each type, required by R.C. 3772.03(D)(5) and Ohio Adm.Code 3772-7-01(A);

**WHEREAS**, the Commission's Division of Licensing and Investigations ("Division") reviewed the Application and other materials and information and conducted a thorough suitability investigation of Penn;

**WHEREAS**, the Division prepared a comprehensive report to the members of the Commission, dated October 9, 2019, captioned *Investigative Report on the Applications of Penn National Gaming, Inc. for a Holding-Company License & Toledo Gaming Ventures, LLC for a Casino-Operator License* ("Report");

**WHEREAS**, the Report concludes that based upon the investigation, no material derogatory or other negative information that adversely impacts the suitability of Penn was uncovered and that Penn is eligible to be approved for a holding-company license;

**WHEREAS**, the Division recommends that the Commission grant Penn's holding-company license, subject to customary licensure conditions;

**WHEREAS**, the Commission has reviewed the Report and considered the matter at its public meeting held on October 16, 2019.

**NOW, THEREFORE, BE IT RESOLVED** by the Commission that Penn is **SUITABLE** and **ELIGIBLE** for licensure.

**BE IT FURTHER RESOLVED** that the Application is **APPROVED** and Penn is **LICENSED** as a holding company for a period not to exceed 3 years, subject to continued compliance with R.C. Chapter 3772 and the rules adopted thereunder and the following conditions:

- (A) Penn shall notify the Commission, in accordance with Ohio Adm.Code 3772-4-09, regarding:
  - (1) The status of all pending litigation and any litigation commenced subsequent to the approval of its holding-company license;
  - (2) Any changes to the owners, officers, directors, and key employees; any new owners, officers, directors, and key employees are required to submit key-employee license applications, as required under R.C. 3772.13 and Ohio Adm.Code Chapter 3772-5; and any new owners, officers, directors, and key employees must establish their suitability for licensure by clear and convincing evidence and be found eligible and otherwise suitable by the Commission, as required under R.C. 3772.10 and 3772.13;
  - (3) Any loans or additional debt incurred; and
  - (4) Any event of default or any failure to meet any payment of interest or principal when due under any existing or future debt obligations;
- (B) Penn shall submit, as applicable, all information required to be provided to the Commission under R.C. 3772.18;
- (C) Penn shall comply with all applicable and effective internal controls, standard operating procedures, governance documents, and agreements, whether or not approved by the Commission;
- (D) Penn's Management Board and Compliance and Audit Committees shall keep and retain complete and accurate minutes of all their formal and informal meetings (including any discussion, issues, or reports of fraud, noncompliance, or concerns raised internally, externally, or otherwise), whether the meetings take place in person, telephonically, or by some other means of communication, in accordance with Ohio Adm.Code 3772-1-07 and any applicable internal controls, standard operating procedures, governance

documents, and agreements, whether or not approved by the Commission; and

- (E) Penn's Compliance and Audit Committees shall notify the Commission's Executive Director no later than 30 days from when either conducts any due diligence efforts, takes any action, or makes any recommendations concerning current or future business.

**BE IT FURTHER RESOLVED** that Resolution 2019-34 does not in any way affect, negate, or otherwise absolve Penn from its duties to update information in accordance with Ohio Adm.Code 3772-4-09.

**BE IT FURTHER RESOLVED** that Resolution 2019-34 does not restrict or limit the Commission's future exercise of authority and discretion with respect to requesting additional information from or imposing additional conditions or taking further action upon Penn or affiliated corporate entities under R.C. Chapter 3772 and the rules adopted thereunder.

Adopted: October 16, 2019

**Exhibit A**  
**Resolution 2019-34**

**Penn National Gaming, Inc.**  
**(including all subsidiaries licensed by the Commission)**

Types of Insurance Policies

Commercial General Liability	\$2,000,000
Automobile Liability	\$1,000,000
Umbrella Liability	\$25,000,000
Workers Compensation and Employers' Liability	\$1,000,000
• Subsidiaries operating in Ohio are self-insured and are not required to participate in the Ohio State Insurance Fund	
Excess Layer Liability	\$25,000,000
Crime	\$10,000,000
Property	\$50,000,000