

OHIO CASINO CONTROL COMMISSION

RESOLUTION 2013-07

**CONSIDERATION OF HORSESHOE CINCINNATI MANAGEMENT LLC'S
APPLICATION FOR LICENSURE AS A MANAGEMENT COMPANY**

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, Article XV, Section 6(C)(1) and (C)(6) of the Ohio Constitution and R.C. 3772.08(A) permit casino gaming to be conducted only by licensed casino operators of the 4 constitutionally defined casino facilities or by licensed management companies retained by the licensed casino operators;

WHEREAS, R.C. 3772.09(A) prohibits, among others, any management company 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 when determining whether to grant the privileges of management company licenses:

- (A) The reputation, experience, and financial integrity of the applicant, its holding company, if applicable, 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 provision of R.C. Chapter 3772;

WHEREAS, R.C. 3772.10(B) requires, among others, management companies seeking licensure under R.C. Chapter 3772 to establish their suitability by clear and convincing evidence;

WHEREAS, R.C. 3772.11(A) requires any management company seeking licensure to submit, under oath, an Application for a Casino Operator, Management Company, or Holding Company License;

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

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

- (A) Submission of a true and complete Application for a Casino Operator, Management Company, or Holding Company License, as required by R.C. 3772.10(C), 3772.11(A) and Ohio Adm. Code 3772-4-01 through 3772-4-05;
- (B) Payment of the nonrefundable application fee of \$1,500,000.00, as required by R.C. 3772.17(B) and Ohio Adm. Code 3772-4-06(A), and all fees necessary to cover the costs of the background investigation in excess of the application fee set forth by Ohio Adm. Code 3772-4-06(A), if any, as required by Ohio Adm. Code 3772-4-06(C);
- (C) Reimbursement of the costs for the criminal records checks, as required by R.C. 3772.07;
- (D) Not having been convicted of or pled guilty or no contest to a disqualifying offense, as defined and required by R.C. 3772.07;

- (E) All holding companies and management companies, their directors, executive officers, members, managers, and any shareholder who holds more than 5% ownership of the operator, if any, submitted the same information as the operator, as required by R.C. 3772.11(B); and
- (F) Otherwise is suitable for licensure, as required by R.C. 3772.10(B) and (C);

WHEREAS, on or about July 31, 2012, Horseshoe Cincinnati Management LLC submitted an Application for a Casino Operator, Management Company, or Holding Company License to the Commission in accordance with R.C. 3772.11 and Ohio Adm. Code 3772-4-01 through 3772-4-05;

WHEREAS, Horseshoe Cincinnati Management LLC reimbursed the Commission for the costs of the criminal records checks, as required by R.C. 3772.07;

WHEREAS, as identified in and found by the Commission through adoption of Resolution 2012-42 on May 2, 2012, with respect to Horseshoe Cleveland Management LLC—a wholly owned subsidiary of Caesars Entertainment Operating Company, Inc., and an Ohio affiliate of Horseshoe Cincinnati Management LLC—the Holding Companies of Horseshoe Cincinnati Management LLC submitted to the Commission the information and documentation required of holding companies under R.C. 3772.11(B) and requested by the Commission;

WHEREAS, Spectrum Gaming Group (“Spectrum”) has been appointed by the Commission to assist the Commission in the conduct of suitability investigations;

WHEREAS, Spectrum, as an agent of the Commission, reviewed Horseshoe Cincinnati Management LLC’s Application for a Casino Operator, Management Company, or Holding Company License, the information and documentation provided by its Holding Companies, and additional materials and information requested by Spectrum as well as conducted thorough suitability investigations of affiliate Horseshoe Cleveland Management LLC;

WHEREAS, Spectrum filed Investigative Reports for the Ohio Casino Control Commission regarding Rock Ohio Caesars Cleveland LLC and its natural person qualifiers, dated April 11, 2012, and Caesars Entertainment Corporation, Apollo Global Management LLC, and TPG Capital LP and their natural person qualifiers, dated April 16, 2012, and for the Ohio Casino Control Commission regarding Rock Ohio Caesars Cincinnati LLC (d/b/a Horseshoe Casino Cincinnati), Horseshoe Cincinnati Management LLC, Caesars Entertainment Corporation, and their natural person qualifiers, dated February 8, 2013, (collectively “Investigative Reports”);

WHEREAS, Spectrum’s Investigative Reports conclude that based upon its investigation, no derogatory information that adversely impacts upon the suitability of Horseshoe Cincinnati Management LLC, its Holding Companies, or Ohio affiliate Horseshoe Cleveland Management LLC was uncovered and that Horseshoe Cincinnati is suitable for licensure as a management company subject to certain conditions;

WHEREAS, the Commission's Division of Investigations has reviewed the Spectrum Investigative Reports and recommends that the Commission grant a management company license to Horseshoe Cincinnati Management LLC subject to the following conditions:

- (A) Horseshoe Cincinnati Management LLC and its Holding Companies shall notify the Commission, in accordance with Ohio Adm. Code 3772-4-09, regarding the status of all pending litigation and any litigation commenced subsequent to the issuance of Horseshoe Cincinnati Management LLC's management company license;
- (B) Horseshoe Cincinnati Management LLC and its Holding Companies shall notify the Commission, in accordance with Ohio Adm. Code 3772-4-09, regarding 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;
- (C) Horseshoe Cincinnati Management LLC and its Holding Companies shall notify the Commission, in accordance with Ohio Adm. Code 3772-4-09, regarding any loans or additional debt incurred by them;
- (D) Horseshoe Cincinnati Management LLC and its Holding Companies shall notify the Commission, in accordance with Ohio Adm. Code 3772-4-09, about any event of default or any failure to meet any payment of interest or principal when due under any of its existing or future debt obligations; and
- (E) Horseshoe Cincinnati Management LLC and its Holding Companies shall submit, as applicable, all information required to be provided to the Commission under R.C. 3772.18; and

WHEREAS, the Commission has considered the materials and information submitted by Horseshoe Cincinnati Management LLC and its Holding Companies, Spectrum's Investigative Reports and the Commission's Division of Investigation's addendum thereto, and heard from representatives of the Commission, Spectrum, and Horseshoe Cincinnati Management LLC and its Holding Companies at its public meetings on April 18 and 19 and May 2, 2012, and February 13, 2012.

NOW, THEREFORE, BE IT RESOLVED, by the Commission that Horseshoe Cleveland Management LLC's Application for a Casino Operator, Management Company, or Holding Company License is **APPROVED** and Horseshoe Cleveland Management LLC is hereby **LICENSED** as a management company for a period not to exceed three years, effective today, subject to continued compliance with R.C. Chapter 3772 and the rules adopted thereunder and the following conditions:

- (A) Horseshoe Cincinnati Management LLC and its Holding Companies shall notify the Commission, in accordance with Ohio Adm. Code 3772-4-09, regarding the status of all pending litigation and any litigation commenced subsequent to the issuance of Horseshoe Cincinnati Management LLC's management company license;
- (B) Horseshoe Cincinnati Management LLC and its Holding Companies shall notify the Commission, in accordance with Ohio Adm. Code 3772-4-09, regarding 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;
- (C) Horseshoe Cincinnati Management LLC and its Holding Companies shall notify the Commission, in accordance with Ohio Adm. Code 3772-4-09, regarding any loans or additional debt incurred by them;
- (D) Horseshoe Cincinnati Management LLC and its Holding Companies shall notify the Commission, in accordance with Ohio Adm. Code 3772-4-09, about any event of default or any failure to meet any payment of interest or principal when due under any of its existing or future debt obligations; and
- (E) Horseshoe Cincinnati Management LLC and its Holding Companies shall submit, as applicable, all information required to be provided to the Commission under R.C. 3772.18.

BE IT FURTHER RESOLVED, that Resolution 2013-07 does not in any way affect, negate, or otherwise absolve Horseshoe Cincinnati Management LLC, its Holding Companies, or their key employees from their duties to update information in accordance with Ohio Adm. Code 3772-4-09 and 3772-5-04.

BE IT FURTHER RESOLVED, that Resolution 2013-07 does not restrict or limit the Commission's future exercise of authority and discretion with respect to imposing additional conditions or taking further action upon Horseshoe Cincinnati Management LLC, its Holding Companies, affiliated corporate entities, or their key employees under R.C. Chapter 3772 and the rules adopted thereunder.

Adopted:

February 13, 2013