

OHIO CASINO CONTROL COMMISSION

RESOLUTION 2015-06

**CONSIDERATION OF ROCK OHIO CAESARS CLEVELAND LLC'S APPLICATION
TO RENEW ITS CASINO-OPERATOR 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, 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 licensed casino operators;

WHEREAS, R.C. 3772.09(A) prohibits, among others, 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. 3772.15(B) and Ohio Adm. Code 3772-4-05(D) and 3772-8-02(D) require that casino-operator and key-employee licensees undergo complete investigations at least once every three years to ensure continued eligibility for licensure;

WHEREAS, R.C. 3772.10(A) mandates that the Commission consider all of the following when determining whether to grant or maintain the privileges of, among others, casino-operator and key-employee 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, casino operators and key employees seeking licensure under R.C. Chapter 3772 to establish their suitability by clear and convincing evidence;

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

WHEREAS, R.C. 3772.111 mandates that the Commission also consider the following when determining whether to grant a casino-operator license:

- (A) The facilities or proposed facilities for the conduct of casino gaming;
- (B) The prospective total revenue to be collected by the State of Ohio from the conduct of casino gaming; and
- (C) The extent to which the applicant exceeds or meets other standards adopted by the Commission;

WHEREAS, Article XV, Section 6(C)(4) of the Ohio Constitution, R.C. 3772.03, 3772.10, 3772.11, 3772.111, 3772.15, and 3772.17, and Ohio Adm. Code Chapter 3772-4 authorize the Commission to issue casino-operator licenses to applicants, including renewal applicants, that the Commission determines are eligible for licensure and have paid all applicable fees;

WHEREAS, a casino-operator license applicant is eligible for renewal upon meeting, among others, the following criteria:

- (A) Submission of a true and complete Casino 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) Payment of the nonrefundable renewal application fee of \$500,000.00, as required by R.C. 3772.15(A) and Ohio Adm. Code 3772-4-06(B), 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(B), if any, as permitted 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 holding companies and management companies, if any, submit the same information as the applicant, 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, R.C. 3772.112 requires a casino operator, before being licensed by the Commission, to post, and thereafter maintain, a surety bond in the amount of \$1,000,000.00 payable to the State of Ohio, conditioned on the operator complying with Article XV, Section 6(C) of the Ohio Constitution and R.C. Chapter 3772 and the rules adopted thereunder;

WHEREAS, R.C. 3772.112 further provides that:

- (A) The surety bond be issued by a surety that is licensed to do business in this state;
- (B) The surety bond be approved by the Commission;
- (C) The total aggregate liability of the surety is limited to the amount specified in the surety bond;
- (D) The surety not cancel the surety bond unless the surety has given the Commission, in the event of nonpayment of premium, ten days' notice of the intention to cancel, and in the event of any other cause, thirty days' notice of the intention to cancel; and

- (E) If the surety bond is to be canceled, and if the casino operator fails to post and maintain a new surety bond in the specified amount on or before the day of cancellation, the operator's license is void;

WHEREAS, R.C. 3772.03(D)(5) mandates that the Commission adopt rules prescribing the minimum amount of insurance that must be maintained by, among others, casino operators;

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

- (A) Liability;
- (B) Casualty;
- (C) Fire;
- (D) Theft;
- (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 November 4, 2014, Rock Ohio Caesars Cleveland LLC (d/b/a Horseshoe Casino Cleveland) submitted a Casino Application in accordance with R.C. 3772.11(A) and Ohio Adm. Code 3772-4-01 through 3772-4-05;

WHEREAS, Rock Ohio Caesars Cleveland paid the nonrefundable renewal application fee, as required by R.C. 3772.15(A) and Ohio Adm. Code 3772-4-06(B);

WHEREAS, Rock Ohio Caesars Cleveland reimbursed the Commission for the costs of the criminal records checks, as required by R.C. 3772.07;

WHEREAS, Rock Ohio Caesars Cleveland submitted information and materials necessary to demonstrate that the operator has posted, and thereafter will maintain, a surety bond in the amount of \$1,000,000.00, in accordance with and as required by R.C. 3772.112, as evidenced by the Commission's adoption of Resolution 2012-14 on March 21, 2012;

WHEREAS, Rock Ohio Caesars Cleveland submitted information and materials necessary to demonstrate that the casino-operator licensee has obtained and maintains all of the requisite types of insurance and the amounts of each type, as evidenced by the Commission's adoption of Resolution 2012-41 on May 2, 2012;

WHEREAS, Rock Ohio Caesars Cleveland's holding companies, a list of which appears on the attached Exhibit A, ("Holding Companies") submitted the information

and documentation required of holding companies under R.C. 3772.11(B) and requested by the Commission;

WHEREAS, R.C. 3772.13(C) and (E) and Ohio Adm. Code 3772-5-02(A) require any key employee seeking licensure to submit a Key Employee License Application (“Key Employee Application”);

WHEREAS, R.C. 3772.13 and Ohio Adm. Code Chapter 3772-5 authorize the Commission to issue key-employee licenses to applicants, including renewal applicants, after the Commission determines that the applicants are eligible for licensure and have paid all applicable fees;

WHEREAS, a key-employee license applicant is eligible for renewal upon meeting the following criteria:

- (A) Being at least 21 years of age, as required by R.C. 3772.13(D);
- (B) Submission of a true and complete Key Employee Application, as required by R.C. 3772.10(C) and 3772.13(E) and Ohio Adm. Code 3772-5-02(A);
- (C) Submission, on a form provided by the Commission, of two sets of the applicant’s fingerprints and a photograph, as required by R.C. 3772.13(F);
- (D) Payment of the nonrefundable renewal application fee of \$2,000.00, as required by R.C. 3772.13(F) and 3772.17(E) and Ohio Adm. Code 3772-5-03(A), and all fees necessary to cover the cost of the background investigation in excess of the application fee set forth by Ohio Adm. Code 3772-5-03(A), if any, as permitted by Ohio Adm. Code 3772-5-03(B);
- (E) Reimbursement of the costs for the background check, including the criminal records check, as required by R.C. 3772.07 and 3772.13(F);
- (F) Not having been convicted of or pled guilty or no contest to a disqualifying offense, as defined by R.C. 3772.07 and prohibited by R.C. 3772.07 and 3772.10(C)(1); and
- (G) Otherwise is suitable for licensure, as required by R.C. 3772.10(B) and (C);

WHEREAS, the key-employee renewal applicants listed on the attached Exhibit A (“Key Employees”) submitted their Key Employee Applications to the Commission in accordance with R.C. 3772.13(C) and (E) and Ohio Adm. Code 3772-5-02(A);

WHEREAS, the Commission’s Division of Licensing and Investigations reviewed the submitted Casino and Key Employee Applications and other materials and information and conducted thorough suitability investigations of Rock Ohio Caesars Cleveland, the Holding Companies, and the Key Employees;

WHEREAS, the Commission’s Division of Licensing and Investigations has prepared a report to the members of the Commission, dated April 6, 2015, captioned *Investigative Report on the Applications of Rock Ohio Caesars Cleveland LLC for a Casino-Operator License & of Rock Gaming LLC for a Management-Company License* (“Licensing Report”);

WHEREAS, the Licensing Report concludes that based upon the investigations, no derogatory or other negative information that adversely impacts the suitability of Rock Ohio Caesars Cleveland, the Holding Companies, or their Key Employees was uncovered and the Rock Ohio Caesars Cleveland and the Key Employees are eligible, qualified, and suitable to be approved for renewal licenses;

WHEREAS, the Commission’s Division of Licensing and Investigations recommends that the Commission renew Rock Ohio Caesars Cleveland’s casino-operator license, subject to the following conditions:

- (A) Rock Ohio Caesars Cleveland and the Holding Companies 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 issuance of Rock Ohio Caesars Cleveland’s casino-operator 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 by them; and
 - (4) Any event of default or any failure to meet any payment of interest or principal when due under any of their existing or future debt obligations;
- (B) Rock Ohio Caesars Cleveland and the Holding Companies shall submit, as applicable, all information required to be provided to the Commission under R.C. 3772.18;
- (C) Rock Ohio Caesars Cleveland and the Holding Companies shall comply with all applicable and effective internal controls, standard operating procedures, governance documents, and agreements, whether or not approved by the Commission;

- (D) Rock Ohio Caesars' Management Board shall keep and retain complete and accurate minutes of all of its formal and informal meetings, whether the meetings take place in person, telephonically, or by some other means of communication, in accordance with Ohio Adm. Code 3772-3-05 and any applicable internal controls, standard operating procedures, governance documents, and agreements; and
- (E) Rock Ohio Caesars Cleveland, as a licensed casino operator, shall pay all fees required by the Commission, including a nonrefundable renewal license fee of \$1,500,000.00, as required by R.C. 3772.17(B) and Ohio Adm. Code 3772-4-07(C),

and that the Commission renew the Key Employees' key-employee licenses; and

WHEREAS, the Commission has reviewed the Licensing Report and considered the matter at its public meeting held on April 15, 2015.

NOW, THEREFORE, BE IT RESOLVED, by the Commission that Rock Ohio Caesars Cleveland's Casino Application is **APPROVED** and Rock Ohio Caesars Cleveland's casino-operator license is **RENEWED** for a period not to exceed 3 years, effective upon expiration of the previous license, subject to continued compliance with R.C. Chapter 3772 and the rules adopted thereunder and the following conditions:

- (A) Rock Ohio Caesars Cleveland and the Holding Companies 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 issuance of Rock Ohio Caesars Cleveland's casino-operator 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 by them; and
 - (4) Any event of default or any failure to meet any payment of interest or principal when due under any of their existing or future debt obligations;
- (B) Rock Ohio Caesars Cleveland and the Holding Companies shall submit, as applicable, all information required to be provided to the Commission under R.C. 3772.18;

- (C) Rock Ohio Caesars Cleveland and the Holding Companies shall comply with all applicable and effective internal controls, standard operating procedures, governance documents, and agreements, whether or not approved by the Commission;
- (D) Rock Ohio Caesars' Management Board shall keep and retain complete and accurate minutes of all of its formal and informal meetings, whether the meetings take place in person, telephonically, or by some other means of communication, in accordance with Ohio Adm. Code 3772-3-05 and any applicable internal controls, standard operating procedures, governance documents, and agreements; and
- (E) Rock Ohio Caesars Cleveland, as a licensed casino operator, shall pay all fees required by the Commission, including a nonrefundable renewal license fee of \$1,500,000.00, as required by R.C. 3772.17(B) and Ohio Adm. Code 3772-4-07(C).

BE IT FURTHER RESOLVED, that the Key Employees' Applications are **APPROVED** and their key-employee licenses are **RENEWED** for a period not to exceed three years, effective upon expiration of their previous licenses, subject to continued compliance with R.C. Chapter 3772 and the rules adopted thereunder, including payment of the following fees:

- (A) The cost of any key-employee background investigation that exceeded the application fee set forth by Ohio Adm. Code 3772-5-03(A), as permitted by R.C. 3772.17(E) and Ohio Adm. Code 3772-5-03(B); and
- (B) A nonrefundable license fee of \$500.00 per key-employee license, as required by R.C. 3772.17(E) and Ohio Adm. Code 3772-5-03(C).

BE IT FURTHER RESOLVED, that Resolution 2015-06 does not in any way affect, negate, or otherwise absolve Rock Ohio Caesars Cleveland, the Holding Companies, or the Key Employees from their duties to update information in accordance with Ohio Adm. Code 3772-4-09 and 3772-5-04, as applicable.

BE IT FURTHER RESOLVED, that Resolution 2015-06 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 Rock Ohio Caesars Cleveland, the Holding Companies, affiliated corporate entities, or the Key Employees under R.C. Chapter 3772 and the rules adopted thereunder.

Adopted: April 15, 2015

Exhibit A
Resolution 2015-06

Holding Companies

1. ROC Finance LLC
2. Rock Parent LLC
3. Rock Ohio Caesars LLC
4. Rock Ohio Ventures LLC
5. Rock Ohio Ventures I LLC
6. Rock Ohio Ventures II LLC
7. Rock Ohio Ventures IIA LLC
8. Daniel B. Gilbert Property Trust u/a/d October 31, 2011
9. Nathan M. Forbes Property Trust u/a/d October 31, 2011

Key Employees

1. Jeffrey Cohen
2. Matthew P. Cullen
3. Nathan M. Forbes
4. Daniel B. Gilbert
5. Brian M. Hermelin
6. Steven T. Rosenthal