

OHIO CASINO CONTROL COMMISSION

RESOLUTION 2015-07 (AMENDED)

CONSIDERATION OF ROCK GAMING 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 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 when determining whether to grant or maintain the privileges of management-company 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, management companies 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 management company seeking licensure to submit, under oath, an Application for a Casino Operator, Management Company, or Holding Company License ("Management Application");

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 Management Application, 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, if required by R.C. 3772.17(C) and Ohio Adm. Code 3772-4-06(A);
- (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, and 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 casino-operator license 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, on or about November 4, 2014, Rock Gaming LLC submitted a Management Application in accordance with R.C. 3772.11 and Ohio Adm. Code 3772-4-01 through 3772-4-05;

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

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

WHEREAS, Rock Gaming'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 applicant listed on the attached Exhibit A (“Key Employees”) submitted the Key Employee Application 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 Management and Key Employee Applications and other materials and information and conducted thorough suitability investigations of Rock Gaming, the Holding Companies, and the Key Employee;

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 Gaming, the Holding Companies, or the Key Employee was uncovered and that Rock Gaming is eligible, qualified, and suitable to be approved for a management-company license and the Key Employee is eligible, qualified, and suitable to be approved for a renewal license;

WHEREAS, the Commission’s Division of Licensing and Investigations recommends that the Commission grant a management-company license to Rock Gaming, subject to the following conditions:

- (A) As a condition precedent to licensure, but no later than May 31, 2015, the Daniel B. Gilbert Trust u/a/d December 23, 1996, as Amended and Restated, shall complete the assignment of its entire membership in Rock Gaming to the Daniel B. Gilbert Property Trust u/a/d October 31, 2011 without any material changes and provide to the Commission executed copies of all related documents within 10 days of their execution;
- (B) Rock Gaming 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 Gaming’s management-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 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;
- (C) Rock Gaming and the Holding Companies shall submit, as applicable, all information required to be provided to the Commission under R.C. 3772.18, including annual audited financial statements;
 - (D) Rock Gaming 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;
 - (E) Rock Gaming's Management Board, Regulatory Compliance and Governance Committee, and Audit Committee shall keep and retain complete and accurate minutes of all of their 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
 - (F) Rock Gaming's Regulatory Compliance and Governance Committee and Audit Committee shall notify the Commission's Executive Director no later than 30 days from when either committee conducts any due diligence efforts, takes any action, or makes any recommendations concerning current or future business,

and that the Commission renew the Key Employee's key-employee license; 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 Gaming's Management Application is **APPROVED** and Rock Gaming is hereby **LICENSED** as a management company for a period not to exceed three years, subject to continued compliance with R.C. Chapter 3772 and the rules adopted thereunder and the following conditions:

- (A) As a condition precedent to licensure, but no later than June 30, 2015, the Daniel B. Gilbert Trust u/a/d December 23, 1996, as Amended and Restated, shall complete the assignment of its entire membership in Rock Gaming to the Daniel B. Gilbert Property Trust u/a/d October 31, 2011 without any material changes and provide to the Commission executed copies of all related documents within 10 days of their execution;
- (B) Rock Gaming 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 Gaming's management-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 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;
- (C) Rock Gaming and the Holding Companies shall submit, as applicable, all information required to be provided to the Commission under R.C. 3772.18, including annual audited financial statements;
- (D) Rock Gaming 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;
- (E) Rock Gaming's Management Board, Regulatory Compliance and Governance Committee, and Audit Committee shall keep and retain complete and accurate minutes of all of their 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

- (F) Rock Gaming's Regulatory Compliance and Governance Committee and Audit Committee shall notify the Commission's Executive Director no later than 30 days from when either committee conducts any due diligence efforts, takes any action, or makes any recommendations concerning current or future business.

BE IT FURTHER RESOLVED, that the Key Employee's Application is **APPROVED** and the key-employee license is **RENEWED** for a period not to exceed three years, effective upon expiration of the previous license, 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 2015-07 does not in any way affect, negate, or otherwise absolve Rock Gaming, the Holding Companies, or the Key Employee 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 2015-07 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 Rock Gaming, the Holding Companies, or the Key Employee under R.C. Chapter 3772 and the rules adopted thereunder.

Adopted: April 15, 2015

Amended: May 20, 2015

Exhibit A
Resolution 2015-07

Current Holding Company

Daniel B. Gilbert Trust u/a/d December 23, 1996, as Amended and Restated

Proposed Holding Company

Daniel B. Gilbert Property Trust u/a/d October 31, 2011

Key Employee

Daniel A. Reinhard