

OHIO CASINO CONTROL COMMISSION

RESOLUTION 2018-16

CONSIDERATION OF JACK ENTERTAINMENT LLC'S APPLICATION TO RENEW ITS MANAGEMENT-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 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 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 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, a Casino Operator and Management Company License Application and Holding Company Form ("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, including renewal applicants, that the Commission determines are eligible for licensure and have paid all applicable fees;

WHEREAS, a management-company license applicant is eligible for renewal 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 renewal application fee of \$500,000, 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 2, 2017, JACK Entertainment LLC submitted a Management Application in accordance with R.C. 3772.11 and Ohio Adm. Code 3772-4-01 through 3772-4-05;

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

WHEREAS, JACK Entertainment's holding company, which appears on the attached Exhibit A, ("Holding Company") submitted the information and documentation required of holding companies under R.C. 3772.11(B) and as 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, including renewal, to submit a Key Employee License Application ("Key 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 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, 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 natural person listed on the attached Exhibit A (“Key Employee”) submitted the Key Application 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 (“Division”) reviewed the submitted Management and Key Applications and other materials and information and conducted thorough suitability investigations of JACK Entertainment, its Holding Company, and the Key Employee;

WHEREAS, the Division prepared a report to the members of the Commission, dated April 11, 2018, captioned *Investigative Report on the Renewal Applications of JACK Cleveland Casino LLC for a Casino-Operator License & of JACK Entertainment LLC for a Management-Company License* (“Report”);

WHEREAS, the Report concludes that based upon the investigations, no material derogatory or other negative information that adversely impacts the suitability of JACK Entertainment, its Holding Company, or the Key Employee was uncovered and that JACK Entertainment and the Key Employee are eligible, qualified, and suitable to be approved for renewal licenses;

WHEREAS, the Division recommends that the Commission renew JACK Entertainment’s management-company license, subject to the following conditions:

- (A) JACK Entertainment and its Holding Company 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 renewal of JACK Entertainment’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;

- (B) JACK Entertainment and its Holding Company shall submit, as applicable, all information required to be provided to the Commission under R.C. 3772.18;
- (C) JACK Entertainment and its Holding Company shall comply with all applicable and effective internal controls, standard operating procedures, governance documents, and agreements, whether or not approved by the Commission;
- (D) JACK Entertainment'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 (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) JACK Entertainment's Regulatory Compliance and Governance Committee and Audit Committee 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,

and that the Commission renew the Key Employee's license; and

WHEREAS, the Commission has reviewed the Report and considered the matter at its public meeting held on April 18, 2018.

NOW, THEREFORE, BE IT RESOLVED, by the Commission that JACK Entertainment's Management Application is **APPROVED** and JACK Entertainment is hereby **RENEWED** as a management company 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) JACK Entertainment and its Holding Company 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 renewal of JACK Entertainment'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;
- (B) JACK Entertainment and its Holding Company shall submit, as applicable, all information required to be provided to the Commission under R.C. 3772.18;
 - (C) JACK Entertainment and its Holding Company shall comply with all applicable and effective internal controls, standard operating procedures, governance documents, and agreements, whether or not approved by the Commission;
 - (D) JACK Entertainment'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 (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) JACK Entertainment's Regulatory Compliance and Governance Committee and Audit Committee 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 the Key Application is **APPROVED** and the key-employee 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, 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 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 2018-16 does not in any way affect, negate, or otherwise absolve JACK Entertainment, its Holding Company, or the Key Employee 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 2018-16 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 JACK Entertainment, its Holding Company, or the Key Employee under R.C. Chapter 3772 and the rules adopted thereunder.

Adopted: April 18, 2018

Exhibit A
Resolution 2018-16

Holding Company

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

Key Employee

Daniel Reinhard