

**BEFORE THE CASINO CONTROL COMMISSION  
STATE OF OHIO**

**IN THE MATTER OF:** :  
 : **Case No. 2015-REG-001**  
**HOESHOE CINCINNATI MANAGEMENT, LLC** :  
**GENERAL OPERATIONS VIOLATIONS** :

**SETTLEMENT AGREEMENT**

This Settlement Agreement (“Agreement”) is made by and between Horseshoe Cincinnati Management, LLC, (“Horseshoe”) and the Ohio Casino Control Commission (“Commission”) for the purpose of resolving Commission Case No. 2015-REG-001. Together, Horseshoe and the Commission are referred to as “the parties.”

**WHEREAS**, the Commission is responsible for the administration and enforcement of R.C. Chapter 3772 and the rules adopted thereunder, which regulate the conduct of casino gaming in the State of Ohio;

**WHEREAS**, Horseshoe is a Management-Company Licensee that manages Horseshoe Casino Cincinnati, the casino facility located in Cincinnati, Ohio;

**WHEREAS**, the Commission, pursuant to its authority to regulate, investigate, and penalize casino operators and management companies, discovered violations of Ohio law and Horseshoe’s Commission-approved internal controls during routine compliance audits of Horseshoe’s operations;

**WHEREAS**, as a result of these audit findings, the Commission issued a Notice of Violation and Opportunity for Hearing (“Notice”), dated March 3, 2015, to Horseshoe, pursuant to and in accordance with R.C. Chapters 119 and 3772 and Ohio Adm. Code Chapters 3772-21 and 3772-22;

**WHEREAS**, in response to the Notice, Horseshoe submitted a letter, dated April 1, 2015, to the Commission wherein Horseshoe acknowledged receipt of the Notice and waived its right to a hearing pursuant to R.C. 119.07 and 3772.04;

**WHEREAS**, the Commission procedurally complied with R.C. Chapters 119 and 3772 and established jurisdiction over this matter; and

**WHEREAS**, the parties enter this Agreement in lieu of issuance of a final adjudicatory order by the Commission.

**NOW THEREFORE**, in consideration of the mutual promises expressed herein, and with intent to be legally bound, the parties **AGREE** as follows:

1. Horseshoe makes the following admissions:

- A. During routine compliance audits of Horseshoe's general-operation procedures, Commission staff discovered practices that violated Ohio law and Horseshoe's internal controls.
- B. As a result of these audit findings, the Commission issued the Notice (attached as Exhibit A), providing Horseshoe with an opportunity for a hearing to contest the allegations contained therein.
- C. Horseshoe subsequently submitted an electronic-mail response, dated April 1, 2015, (attached as Exhibit B) to the Commission wherein Horseshoe acknowledged receipt of the Notice and waived its right to a hearing.

**D. Surveillance Coverage Violations**

- i. Horseshoe's table-game and slot-machine cameras failed to provide the coverage required by Ohio law and Horseshoe's internal controls. Specifically, the coverage lacked adequate lighting, acceptable general picture quality, and did not allow for viewers to determine, as applicable, asset number, the patrons and dealers, the table-game bank, the configuration of wagers, card values, game outcomes, the progressive-jackpot meter, dice, or the roulette wheel, in violation of Ohio Adm. Code 3772-19-03(K), 3772-19-07(A), (B), (C), (D), (E), (F), (G), and (H), and 3772-19-08(A).
- ii. Horseshoe's table-game and slot-machine cameras were not programmed to an appropriate home location, meaning that the home location did not provide simultaneous coverage of all required items or that the home location did not provide an adequate view of patrons and dealers, in violation of Ohio Adm. Code 3772-19-07(A), (B), (C), and (D).
- iii. Horseshoe's surveillance system allows for recordings to be deleted by all users and for removal of aged recordings from readily available storage, in violation Ohio Adm. Code 3772-19-03(I).

**E. Credit Violations**

- i. Horseshoe has repeatedly failed to comply with Ohio Adm. Code 3772-10-17(E) and 3772-10-23, its Commission-approved internal controls, and the

Settlement Agreement for Commission Case No. 2013-REG-072 (“2013 Settlement Agreement”).

- ii. Credit files, including specific forms contained within, are incomplete and do not contain all of the information required by Ohio Adm. Code 3772-10-17(E), 3772-10-23, Horseshoe’s Commission-approved internal controls, and the 2013 Settlement Agreement.
- iii. Horseshoe violated its Commission-approved internal controls governing “This Trip Only” (“TTO”) casino-credit extensions.
- iv. Horseshoe failed to comply with its Commission-approved internal controls regarding TTO extensions, which require an off-property employee to give approval, in violation of Ohio Adm. Code 3772-10-17(E) and 3772-10-23.

**F. General Operations Violations**

- i. Horseshoe failed to comply with several requirements pertaining to the security of sensitive keys, the drop count, the opening and closing of table games and poker tables, and counting and verifying the chip count at tables that have been closed for seven days, in violation of Ohio Adm. Code 3772-10-04(A), 3772-10-19(D), 3772-10-26(G), 3772-11-26(F), 3772-11-42(G) and (F), and its Commission-approved internal controls.
- ii. Only one count-team member participated in the test of the count machine, in violation of Ohio Adm. Code 3772-10-04(A), 3772-10-19(D), and Horseshoe’s Commission-approved internal controls.
- iii. Horseshoe table-games and poker supervisors failed to properly verify the count of poker tables at closing and to count and verify the chip inventory at table games and poker tables that had not been opened for seven days, in violation of Ohio Adm. Code 3772-10(A), 3772-11-26(F), 3772-11-42(G) and (F), and its Commission-approved internal controls.
- iv. Horseshoe’s count-room employees failed to maintain custody of sensitive keys they had signed out, in violation of Ohio Adm. Code 3772-10-26(G) and its Commission-approved internal controls.
- v. Horseshoe violated Ohio Adm. Code 3772-10-03(A) and (B), 3772-10-22(B), 3772-11-41(A), and its Commission-approved internal controls with respect to its staff-organizational charts and the separation of departments and incompatible job duties, functions, and responsibilities, and acceptance of tips.

- vi. Horseshoe created a position to oversee both the slot-machine and table-game departments, in violation of Ohio Adm. Code 3772-10-03(A) and (B).
- vii. Horseshoe permitted poker supervisors to serve as poker dealers and to accept tips, in violation of Ohio Adm. Code 3772-10-03(A), 3772-10-22(B), 3772-11-41(A), and its Commission-approved internal controls.
- viii. When Horseshoe implemented a reduced poker rake, it violated Ohio Adm. Code 3772-11-40(B) and its Commission-approved internal controls.

G. Horseshoe's actions, as described above, demonstrate the inadequacy of its training of the surveillance, poker, table-game, count-team, and casino-credit personnel, in violation of Ohio Adm. Code 3772-10-03(C).

- 2. Pursuant to this Agreement, Commission Case No. 2015-REG-001 is **ADMINISTRATIVELY CLOSED**. Accordingly, the Commission makes no specific findings regarding the allegations described in the Notice.
- 3. The admissions contained in Paragraph 1 of this Agreement by themselves will not be a basis for future action against Horseshoe, except as set forth in Paragraph 4 of this Agreement. The Commission makes no further statements or representations with respect to the admissions referenced herein or Horseshoe's compliance with Ohio law.
- 4. Nothing in this Agreement precludes the Commission from investigating and prosecuting Horseshoe for violations of or non-compliance with this Agreement or for separate violations of or non-compliance with R.C. Chapter 3772 or the rules adopted thereunder, or limits the Commission's exercise of authority and discretion with respect to imposing additional conditions upon or taking further action against Horseshoe under R.C. Chapter 3772 and the rules adopted thereunder for matters not contemplated herein.
- 5. Horseshoe will pay a monetary fine in the amount of \$125,000.00.
- 6. Horseshoe will submit to the Commission, in writing, all remedial measures that it has already taken, and its plan for future remedial measures, to address surveillance coverage, as described in Paragraph D. All outstanding issues shall be resolved within 60 days of the date of the last signature of all requisite parties and individuals. Only the Commission and/or Commission staff may determine that each of these issues has been resolved.
- 7. Horseshoe will implement, after authorization by the Executive Director or his designee, a training plan to ensure that its table games and poker supervisors

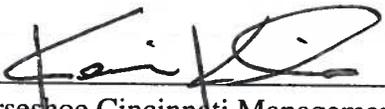
understand and will comply with the duty to count and verify the chip inventory at table games and poker tables that have not been opened for seven days, as required by 3772-11-26(F), 3772-11-42(F) and (G), and its Commission-approved internal controls.

8. Horseshoe will develop special remedial training of all laws, policies, procedures, and Commission-approved internal controls relevant to each employee's individual function, as it relates to the operations of the surveillance, poker and table-game departments, the count team, and the issuance of casino credit, as described and required by Ohio Adm. Code 3772-10-03(C).
9. Upon the date of the last signature of all requisite parties and individuals, this Agreement is effective and binding upon the parties and any and all successors, assigns, subsidiaries, agents, employees, or representatives of the parties or any other affiliates.
10. The parties have read and understand this Agreement and have entered into the same knowingly, voluntarily, and with the opportunity to gain advice of counsel.
11. This Agreement is entered into by both parties and may be executed in counterparts or facsimiles, each of which shall be deemed an original and all of which shall constitute the same instrument.
12. This Agreement (including all attached exhibits) contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements and understanding, oral or written, with respect to such matters. This Agreement may be modified only by a further writing that is duly executed by both parties.
13. If any provision in this Agreement is found or held to be invalid, or unenforceable, the meaning of said provision will be construed to the extent feasible, so as to render the provision enforceable, and if no feasible interpretation shall save such provision, it will severed from the remainder of this Agreement. The remainder of this Agreement shall remain in full force and effect unless the severed provision is essential and material to the rights or benefits received by either of the parties.
14. This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio and the exclusive venue for any cause of action arising herefrom shall be a court of competent jurisdiction in the State of Ohio, County of Franklin.

*[Remainder of page intentionally left blank.]*

**IN WITNESS WHEREOF**, the parties to this **SETTLEMENT AGREEMENT** have either executed it or caused it to be executed by their duly authorized representatives:

**Accepted by:**

  
\_\_\_\_\_  
Horseshoe Cincinnati Management, LLC  
By: Kevin Kline, General Manager

4/29/15  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Ohio Casino Control Commission  
By: Jo Ann Davidson, Chair

5/20/15  
\_\_\_\_\_  
Date