

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

**IN THE MATTER OF:**

**HORSESHOE CINCINNATI MANAGEMENT, LLC  
THIRD-PARTY VENDOR CERTIFICATION AND  
TIPS AND GRATUITIES VIOLATIONS**

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Case Nos. 2014-REG-003  
2014-REG-004  
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**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 Nos. 2014-REG-003 and 2014-REG-004. 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 compliance audits of Horseshoe’s operations;

**WHEREAS**, as a result of these audit findings, the Commission issued Notices of Violation and Opportunity for Hearing (“Notices”), dated August 29, 2014, 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 Notices, Horseshoe submitted a letter, dated September 22, 2014, to the Commission wherein Horseshoe acknowledged receipt of both Notices and waived its right to a hearing pursuant to R.C. 119.07 and 3772.04 in both matters;

**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 the procedures by which Horseshoe attains third-party vendor certifications and by which Horseshoe's employees accept tips and gratuities, 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 Notices (attached as Exhibit A-1 and Exhibit A-2), providing Horseshoe with an opportunity for a hearing in each matter to contest the allegations contained therein.
- C. Horseshoe subsequently submitted a written response, dated September 22, 2014, (attached as Exhibit B), to the Commission wherein Horseshoe acknowledged receipt of the Notices and waived its right to a hearing on both matters.

**D. Third Party Vendor Certification Violation**

By entering into contracts with 16 third-party vendors that provided more than \$100,000.00 worth of goods and/or services within a 12-month rolling period without first obtaining the requisite certifications, Horseshoe violated Ohio Adm. Code 3772-4-10(B) and its Commission-approved internal controls.

**E. Tips and Gratuities Violations**

- i. Horseshoe repeatedly permitted employees licensed under R.C. Chapter 3772 to accept tips and gratuities, without authorization to do so, in violation of Ohio Adm. Code 3772-10-22 and Horseshoe's Commission-approved internal controls.
  - ii. Horseshoe Security personnel participated in counting tips received by Slot Attendants, without authorization to do so, and in violation of the Commission-approved internal controls.
  - iii. Horseshoe's actions demonstrate the inadequacy of the training it provided regarding tips and gratuities, in violation of Ohio Adm. Code 3772-10-3(C).
2. Pursuant to this Agreement, Commission Case Nos. 2014-REG-003 and 2014-REG-004 are **ADMINISTRATIVELY CLOSED**. Accordingly, the Commission makes no specific findings regarding the allegations described in the Notices.

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 \$ 40,000.00.

**6. Third-Party Vendor Certifications**

Horseshoe will implement an effective process for obtaining third-party vendor certifications and for responding to Commission requests to review the certifications in a complete and timely manner.

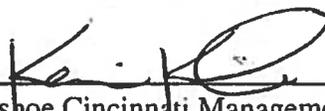
**7. Tips and Gratuities**

- A. Horseshoe will immediately notify the Commission of, and cease, any policies or procedures that permit employees licensed under R.C. Chapter 3772 to accept tips or gratuities, unless those positions are specifically authorized to do so by the Commission-approved internal controls.
  - B. Horseshoe will develop and implement remedial training to ensure that all employees, including senior management, are aware of and properly trained in all laws, policies, procedures, and Commission-approved internal controls related to the acceptance of tips and gratuities, as required by Ohio Adm. Code 3772-10-03(C).
8. 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.
  9. 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.
  10. 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.

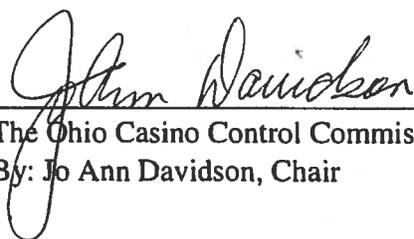
11. This Agreement (including all attached exhibits) contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements and understanding, oral or written, with respect to such matters. This Agreement may be modified only by a further writing that is duly executed by both parties.
12. 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 be 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.
13. 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 brought to a court of competent jurisdiction in the State of Ohio, County of Franklin.

**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:

  
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Horseshoe Cincinnati Management, LLC  
By Kevin Kline, General Manager

11/5/14  
Date

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

11/12/14  
Date