

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

IN THE MATTER OF: :
 :
 : Case No. 2012-0173
HORSESHOE CLEVELAND MANAGEMENT, LLC :
MANAGEMENT COMPANY LICENSEE'S :
USE OF UNAPPROVED CASINO MANAGEMENT :
SYSTEM SOFTWARE – HETCMS DLC v.2.1.1 :

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Horseshoe Cleveland Management, LLC, (“Horseshoe”) and the Ohio Casino Control Commission (“Commission”) for the purpose of resolving Commission Case No. 2012-0173 and the issues regarding Horseshoe’s use of unapproved casino management system (“CMS”) software—HETCMS DLC v.2.1.1. 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 Ohio Administrative Code rules adopted thereunder, which regulate the conduct of casino gaming in the State of Ohio;

WHEREAS, Horseshoe is a Management Company Licensee that manages the Cleveland casino facility on behalf of Casino Operator Licensee Rock Ohio Caesars Cleveland, LLC;

WHEREAS, on September 6, 2012, Horseshoe self-reported to the Commission, in significant detail, that before the Cleveland casino facility received regulatory approval to open to the general public until the present, Horseshoe installed (and subsequently maintained, used, and operated) unapproved CMS software—HETCMS DLC v.2.1.1;

WHEREAS, in light of this information, the Commission issued a Notice of Violation and Opportunity for Hearing (“Notice”), dated November 29, 2012, 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 of Explanation, dated December 21, 2012, to the Commission wherein Horseshoe stated that it did not wish to request a hearing on this matter, explained its non-compliance, and outlined its proposed remediation;

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. Horseshoe utilizes a Casino Management System that supports the HETCMS program, which is used for promotional downloadable credits that are issued to guests in the form of promotional slot machine play. The program's code is governed by GLI standards, which (except as specifically stated) are incorporated by the Commission in Ohio Adm. Code 3772-9-02 Appendix. As a result, the program meets the definition of electronic gaming equipment.

B. As of its May 10, 2012 controlled demonstration and/or May 14, 2012 general public opening, Horseshoe installed, maintained, used, and operated HETCMS DLC v2.1.1. This version had not been submitted for Ohio, at least prior to September 6, 2012, to a Commission certified independent testing laboratory for scientific testing and/or technical evaluation to determine compliance with R.C. Chapter 3772 and the rules adopted thereunder nor had it been approved by the Commission for use in this state or included in the Commission's database of approved items and technologies.

C. On September 6, 2012, Horseshoe contacted the Commission to self-report its installation, maintenance, operation, and use of unapproved CMS software. In so doing, Horseshoe disclosed its non-compliance in such an open and thorough manner that nothing remained for the Commission to investigate. Horseshoe also cooperated throughout the administrative process.

D. Based on Horseshoe's non-compliance disclosure, the Commission issued the Notice (attached as Exhibit A).

E. Horseshoe subsequently submitted a Letter of Explanation (attached as Exhibit B) wherein Horseshoe explained that it did not wish to request a hearing on this matter, described its non-compliance, and outlined its proposed remediation.

F. By installing, maintaining, using, and operating unapproved CMS software, Horseshoe violated Ohio Adm. Code rules 3772-9-02(A), B(3) and (5), and (C) and 3772-10-02.

2. Pursuant to this Agreement, Commission Case Number 2012-0173 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 of \$15,000.00.

6. Caesars Entertainment Operating Company, Inc.'s Director of Gaming Systems & Regulatory Affairs constitutes a position that requires a Key Employee License issued under R.C. Chapter 3772 and the rules adopted thereunder. Accordingly, the holder of this, or a similar or equivalent, position must apply for and, if eligible, be granted a plenary Key Employee License, which must be maintained in good standing until otherwise notified by the Commission. If the holder of this, or a similar or equivalent, position is not issued a plenary Key Employee License or fails to remain in good standing with the Commission, that person must cease all activity affecting casino gaming in this state, as determined by the Commission.

7. Horseshoe will implement the remedial internal controls regarding electronic gaming equipment installation, maintenance, use, and operation as outlined in Exhibit B, which are satisfactory to and approved by the Commission. Horseshoe's failure to comply with these remedial controls may be cause for future action by the Commission.

8. Upon the date of the last signature of all requisite parties and individuals, this Agreement is effective and binding upon the parties, 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 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.

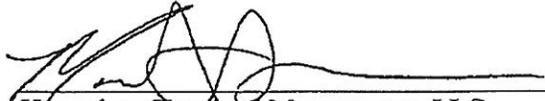
11. This Agreement (including all attached exhibits) contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, with respect to such matters. This Agreement may be modified only by a further writing 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 causes 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:

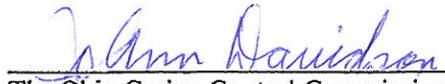
Accepted by:



Horseshoe Cleveland Management, LLC
By: Marcus Glover, General Manager

1/11/13

Date



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

1/16/13

Date