

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

**IN THE MATTER OF:**

**HORSESHOE CLEVELAND MANAGEMENT, LLC  
MANAGEMENT COMPANY LICENSEE'S  
GENERAL OPERATIONS AND  
GAMING OPERATIONS VIOLATIONS**

:  
:  
Case Nos.     2013-008  
:  
                  2013-009  
:  
:  
:

**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 Nos. 2013-008 and 2013-009 and the issues that arose regarding Horseshoe’s general and gaming operations. Together, Horseshoe and the Commission are referred to as “the parties.”

**WHEREAS**, the Commission is responsible for the administration and enforcement of Ohio Revised Code 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**, the Commission, pursuant to its authority to regulate, investigate, and penalize casino operators and management companies, discovered several violations of Ohio law and Horseshoe’s internal controls during its auditing procedures of Horseshoe’s general and gaming operations;

**WHEREAS**, in light of that investigation, the Commission issued two Notices of Violation and Opportunity for Hearing (“Notice(s)”), each dated February 7, 2013, to Horseshoe, pursuant to and in accordance with O.R.C. Chapters 119 and 3772 and O.A.C. Chapters 3772-21 and 3772-22;

**WHEREAS**, in response to the Notice, Horseshoe submitted a letter, dated March 4, 2013, to the Commission wherein Horseshoe stated that it did not wish to request a hearing on these matters, outlined its plan for compliance with Ohio law and its internal controls, and stated that it proactively notified the Commission of all of the issues contained within the Notices.

**WHEREAS**, in response to the letter from Horseshoe, the Commission submitted a letter, dated March 19, 2013, in order to clarify the record in that Horseshoe did not proactively notify the Commission of all of the issues contained within the Notices.

**WHEREAS**, the Commission procedurally complied with O.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 used unapproved dice in its Fortune Pai Gow Poker Game, in violation of O.A.C. 3772-11-03(A), (D), and 3772-11-20(B).
  - B. Horseshoe encouraged its unlicensed cocktail servers and beverage ambassadors, non-gaming employees, to enter the table game pit areas, which are designated by Horseshoe, in accordance with Ohio law, as restricted "sensitive areas," in violation of O.A.C. 3772-10-03(C), 3772-11-35(A), 3772-20-01(C)(2), (6), (8), (10), and 3772-20-03(A) and (D)(8).
  - C. Without notification to or permission from the Commission, Horseshoe removed its Commission-approved primary \$2.50 chips from active play and replaced them with quarters, in violation of O.A.C. 3772-10-03(C), 3772-11-03(D), (F), and (H), 3772-11-05, 3772-11-11, 3772-11-12(A), and 3772-11-13(E).
  - D. Horseshoe removed, stored, and then shipped three slot machines together with the accompanying software, in violation of O.A.C. 3772-9-05(H) and 3772-10-03(C).
  - E. Horseshoe did not properly ensure the safety and security of sensitive keys, in violation of O.A.C. 3772-10-03(C), 3772-10-26(A), (B), and (G).
  - F. Horseshoe did not immediately change all of the locks that fit a set of sensitive keys that were taken from the casino, in violation of O.A.C. 3772-10-26(C).
  - G. Horseshoe moved its Keywatcher box twice without notice to or approval from the Commission, in violation of its internal controls. Horseshoe did not seek and did not obtain approval from the Commission to amend its internal controls when it moved the box on two separate occasions, in violation of O.A.C. 3772-10-26(D)(1) and 3772-10-28(A).
  - H. Horseshoe displayed advertisements that did not contain the problem gambling hotline number, in violation of O.A.C. 3772-13-02(B).
  - I. Horseshoe did not submit advertisements to the Commission within five days of public dissemination, in violation of O.A.C. 3772-13-02(D).

- J. Horseshoe did not ensure that its staff was properly trained in all policies, procedures, and internal controls relevant to each employee's individual function regarding compliance with sensitive area security plans, identification of the casino's table game chips, slot machine storage and transportation, and sensitive key security, in violation of O.A.C. 3772-10-03(C).
- K. Horseshoe failed to comply with its own internal controls concerning sensitive area security plans, identification of the casino's table game chips, slot machine storage and transportation, and sensitive key security, and acted outside the scope of operation authorized by the Commission, pursuant to O.A.C. 3772-10-02.
- L. Based on the Commission's discoveries during its audit procedures of Horseshoe's general and gaming operations, the Commission issued the Notices (attached as Exhibit A).
- M. Horseshoe subsequently submitted a letter (attached as Exhibit B) wherein Horseshoe explained that it did not wish to request a hearing on this matter, outlined its plan for compliance with Ohio law and its internal controls, and stated that it proactively notified the Commission of all of the issues contained within the Notices.
- N. Horseshoe did not proactively notify the Commission of all of the issues contained within the Notices.
- O. In response to the letter from Horseshoe, the Commission submitted a letter (attached as Exhibit C), dated March 19, 2013, in order to clarify the record in that Horseshoe did not proactively notify the Commission of the issues contained within the Notices.

2. Pursuant to this Agreement, Commission Case Nos. 2013-008 and 2013-009 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 O.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 O.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 \$80,000.00 for Case No. 2013-008 and \$100,000.00 for Case No. 2013-009, for a total of \$180,000.00.

6. Horseshoe will ensure that its personnel are trained in all policies, procedures, and internal controls that are relevant to each employee's individual function, including but not limited to, compliance with sensitive area plans, identification of the casino's table game chips, slot machine storage and transportation, and sensitive key security, as required by O.A.C. 3772-10-03(C).

7. Horseshoe will immediately submit to the Commission any materials that are advertisements, as defined by O.A.C. 3772-13-01, in the manner prescribed in O.A.C. 3772-13-02(A) that are in use but have not yet been submitted for approval.

8. Horseshoe will ensure that all advertisements, including existing advertisements, clearly and conspicuously include the problem gambling hotline phone number if they do not do so already.

9. Horseshoe will submit to the Commission all future advertisements, promotions, or other communications to the public before public dissemination so that the Commission may determine whether the item must clearly and conspicuously include the problem gambling hotline phone number, regardless of whether the item is intended for use inside or outside the casino.

10. 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.

11. The parties have read and understand this Agreement and have entered into same knowingly, voluntarily, and with the opportunity to gain advice of counsel.

12. 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.

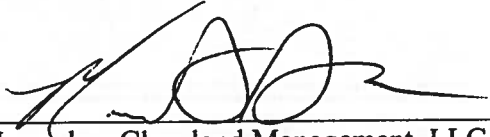
13. This Agreement (including all attached exhibits) contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, with respect to such matters. This Agreement may be modified only by a further writing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

14. 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.

15. 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.

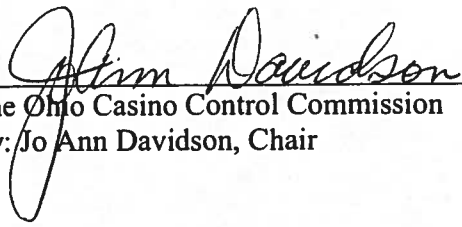
**IN WITNESS WHEREOF**, the parties to this **SETTLEMENT AGREEMENT** have either executed it or caused it to be executed by their duly authorized representatives:

Accepted by:



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

4/2/13  
\_\_\_\_\_  
Date



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

4/9/13  
\_\_\_\_\_  
Date