

OHIO CASINO CONTROL COMMISSION
MEETING MINUTES
2:00 P.M. – April 18, 2012
RHODES TOWER, LOBBY HEARING ROOM
30 W. BROAD STREET
COLUMBUS, OHIO 43215

The regular meeting of the Ohio Casino Control Commission was called to order at 2:20 p.m. by Chair Jo Ann Davidson. Commissioners McKinley Brown, Martin Hoke, Ranjan Manoranjan, Peter Silverman, John Steinhauer, and June Taylor were also in attendance. The minutes of the April 4, 2012 meeting were approved following a motion by Commissioner Brown and seconded by Commissioner Silverman.

Executive Director Matt Schuler explained that his report would be presented through the investigation summaries and consideration of Internal Control Plans, on today's meeting agenda. Patrick Martin, OCCC staff, reported that game delivery has concluded at Cleveland and Toledo, testing continues, and the controlled opening will be the final review before the casino openings. Required internal control plans for responsible gaming, security and surveillance have all been submitted and will be considered by the Commission. Additional required plans will be presented and reviewed prior to opening. In response to a question from Commissioner Silverman, Mr. Martin assured Commission members that they are welcome to participate in the controlled openings at the casinos.

The Commission then considered the Gaming-Related Vendor application of Bally Gaming, Inc. , and the Key Employee license applications of their designated key employees. Mark Lerner, General Counsel for Bally, and Michael Zatezalo of Kegler Brown Hill & Ritter, appeared before the Commission and gave a brief overview of Bally and its ultimate parent company, Bally Technologies, Inc. (BTI.) Chris Storcella, OCCC staff, reviewed the investigative report and made a recommendation that the Commission approve the licenses for the listed Key Employees and find Bally suitable for licensure for three years, subject to four conditions enumerated in the Resolution.

Commissioner Silverman asked why the investigative report recommended that Bally have a Release Authorization filed for Alemany & Associates, a consulting company with whom they had an agreement. Mr. Storcella explained that this would allow continued exploration of the contract between Bally and this entity. Commissioner Hoke noted a change in the language of condition #4 between an earlier draft and the report being reviewed today. Chair Davidson explained that the broader language will require a notification of OCCC for any meeting of a compliance committee, and not just the specific situation that had been noted in the earlier draft. Mr. Lerner said compliance committee meetings are put in the corporate minutes and the minutes are available to the Commission.

Commissioner Manoranjan made a motion to adopt Commission Resolution 2012-21, granting a gaming-related vendor license to Bally Gaming and approving their Key Employee licenses, subject to the conditions previously noted. The motion was seconded by Commissioner Taylor and approved.

Chris Storcella, OCCC Staff, then presented the investigative report on the application of WMS Gaming for a gaming-related vendor license, and the Key Employee license applications of their designated key employees. WMS was represented by Lisa DeJesus-Condon, Executive Director of Compliance & Licensing, and Morris Hawk of Weston Hurd, Counsel to WMS. Chair Davidson asked Ms. DeJesus-Condon for additional financial data. Based on the investigative report, a recommendation was made to the Commission that a gaming-related vendor license be granted to WMS for three years subject to the conditions enumerated in the Resolution.

Commissioner Brown made a motion to adopt Commission Resolution 2012-22, granting a gaming-related vendor license to WMS Gaming subject to the conditions previously noted, and granting Key Employee licenses to their designated Key Employees. The motion was seconded by Commissioner Taylor and approved.

Chris Storcella, OCCC Staff, presented the names of 500 individuals who have filed an application and qualified for a casino gaming employee license. Commission Resolution 2012-23, granting the licenses for a period not to exceed three years, was moved by Commissioner Taylor. Commissioner Hoke seconded and the motion was approved.

A presentation of the investigative report for operator applicant Rock Ohio Caesars Cleveland, LLC, was made to the Commission by Fred Gushin of Spectrum Gaming Group. Separate reports were completed for Rock Ohio Ventures, owner of Rock Ohio Caesars Cleveland, and for Caesars Entertainment, a stakeholder and contract manager for Horseshoe Casino Cleveland. Ted Grote, Spectrum Gaming, reviewed the suitability of Rock Ohio Ventures and eighteen individuals identified as natural person qualifiers associated with the applicant and its parent companies. Spectrum told the Commission that their primary objective was to evaluate the applicant and the qualifiers based on Ohio's requirements. The conclusions of the report were summarized by Mr. Grote who said they are satisfied that the standards for financial stability and accountability have been met and that they found nothing that would bring into question their financial ability. Concern was expressed for Lakes Entertainment, a Rock Ohio Ventures holding company, and their diminishing business interests. With regard to the character of the natural person qualifiers, two issues of interest were mentioned regarding Mr. Dan Gilbert, CEO of Rock Ohio Caesars. The first, an unsecured loan to Mr. Kwame Kilpatrick, and second, Mr. Gilbert's public acknowledgment of incidents of sports betting while in college. Both incidents were fully investigated by Spectrum and were not determined to be an impediment to the ability to be licensed. A recommendation was made that the Commission conduct a licensing hearing on the natural person qualifier application of Mr. Roger Dillard, prior to taking final action, due to issues uncovered during the investigation.

Spectrum then provided a summary of its review of Caesars Entertainment in their role as an investor and manager for Horseshoe Casino Cleveland. Caesars, its subsidiaries, holding companies and twenty-seven natural person qualifiers were included in the probity investigation. The report expressed concern over the financial suitability of Caesars because of their significant debt and large debt service. The report concludes that Caesars be judged suitable by the Commission for licensure, but that an annual financial review and six other standard and typical conditions be applied to the license. Commissioner Hoke asked about the relationship of Caesars and Rock Ohio Gaming. Mr. Gushin explained that Caesars is a 20% partner in the Horseshoe Cleveland Casino, and will be the day-to-day operator of the facility.

Executive Director Schuler prefaced the review of additional Minimum Internal Control Standards by noting that administrative rules require that these plans be submitted for numerous areas of operation with some requiring approval by the Commission. Chair Davidson said the Commission has the authority to ask that these standards be amended at any time. The Security and Surveillance Plans for Hollywood Casino Toledo were reviewed by Karen Huey, OCCC Staff. Daryl Morrison, Compliance Manager for Hollywood Casino Toledo, reviewed safety procedures for their facility and told the Commission that the casino will not be open for adults to bring minors unless they have a dinner reservation, for which an escort would be provided through the facility.

Commission Resolution 2012-29, to approve the security and training plans for Hollywood Casino Toledo, was brought before the Commission in a motion by Commissioner Hoke. Commissioner Steinhauer seconded the motion and it was approved. Commission Resolution 2012-30, approving the surveillance system plan for Hollywood Casino Toledo, was brought before the Commission in a motion by Commissioner Brown, seconded by Commission Steinhauer and approved.

Security and Surveillance plans for Horseshoe Casino Cleveland were then reviewed by Karen Huey, OCCC Staff. The plans meet the requirements for minimum internal controls as established. Commission Resolution 2012-27, to approve the security and training plans for Rock Ohio Caesars Cleveland, LLC, d/b/a/ Horseshoe Casino Cleveland, was put before the Commission in a motion by Commissioner Steinhauer, seconded by Commission Manoranjan. The motion was approved. Commission Resolution 2012-28, to approve the surveillance system plan for Rock Ohio Caesars Cleveland, LLC, d/b/a/ Horseshoe Casino Cleveland, was brought before the Commission in a motion by Commissioner Steinhauer and seconded by Commissioner Brown. The motion was approved.

Laura Clemens, OCCC Staff, reviewed the Responsible Gaming Plan submitted by Horseshoe Casino Cleveland reporting that it meets the responsible gaming and voluntary exclusion program requirements that were set by OCCC. Jennifer Shatley, Director of Responsible Gaming for Caesars Entertainment, explained that they do not cash payroll or public assistance checks at any of their facilities. Chair Davidson noted that patrons can self-restrict from cashing checks or getting credit at a casino, and from receiving direct marketing.

Commission Resolution 2012-25, approving the Voluntary Exclusion Program and Problem Gambling plan for Rock Ohio Caesars Cleveland, LLC, d/b/a/Horseshoe Casino Cleveland was brought before the Commission in a motion by Commissioner Steinhauer, seconded by Commissioner Silverman.

The meeting was recessed, to be reconvened at 9:00 a.m., Thursday, April 19, 2012.

The meeting of the Ohio Casino Control Commission reconvened at the aforementioned time.

Rock Ohio Caesars Cleveland, LLC, made a presentation to the Commission regarding their application for an operator license. Appearing before the Commission were: Daniel Gilbert, CEO, Rock Ohio Caesars; Matthew Cullen, President; Nathan Forbes, Secretary; Daniel Reinhard, General Counsel; John Payne, representing Caesars Ohio investments; Eric Hession, Sr. Vice President of Finance and Treasurer of Caesars Entertainment Corp.; Susan Carletta, Vice President of Compliance; and Marcus Glover, General Manager of Horseshoe Cleveland Casino. Mr. Gilbert began with an overview of the creation of ROC Gaming and the company's general philosophy, and their decision to partner with Caesars Entertainment Corp. Mr. Hession then reviewed the debt situation and finances of Caesars. In answer to a question from Commissioner Hoke, Mr. Hession said that the company debt will be primarily addressed through growth of the company. He also explained that the management agreement with Caesars and ROC Gaming sets fees based on the percentage of gross gaming revenue. Details of that agreement are to be provided to the Commission. Commissioner Steinhauer expressed concern about the Ohio properties, when dealing with a highly leveraged corporation.

Commissioner Taylor asked about the original and ongoing diversity goals for contractors at the casino. Early goals were exceeded and programs are in place to continue outreach to minority, women and small business enterprises. In response to an additional question about economic development plans going forward, Mr. Gilbert said he viewed the statewide vote on the casino gaming issues as a "contract with the voters" and plans to continue his company's focus on the urban environments.

Commissioner Silverman asked Mr. Gilbert to explain his loan to former Detroit Mayor Kilpatrick. Mr. Gilbert said that it was a loan made to allow Mr. Kilpatrick to resign and keep a bad situation from getting worse. He noted that the loan was "not good judgment looking back". Commissioner Silverman also requested Mr. Gilbert's views on problem gambling. He responded that his partnership with Caesars was partially based on their track record in that area. An additional question from Commissioner Silverman about investments made by Caesars into property on Macau, was directed to Susan Carletta, Vice President of Compliance. She explained that they (Caesars) had relied upon their third-party investigation into this project prior to the investment and did not have the same material that Spectrum was able to find. Ms. Carletta said that with the compliance committee now in place, a different decision on that investment may have been made.

Commissioner Taylor directed a question to Marcus Glover about parking and safety issues at the Horseshoe Cleveland Casino. Mr. Glover said there will be five to seven off-duty city police officers at all the entrances to the Casino and patrons can request an escort to their parking place. Additional parking areas are being considered.

Chair Davidson told the Commission that additional documents that have been requested will be made available by the next meeting and several internal control documents still need to be completed and reviewed. An investment review for Rock Ohio Caesars will be complete by the next meeting and the Commission will consider granting the operator's license.

After a brief recess, Laura Clemens, OCCC Staff, reviewed the Responsible Gaming Plan for Hollywood Casino Toledo. Daryl Morrison, representing the casino, told Commissioner Silverman in response to a question that the current billboards in the Toledo area were created prior to the adoption of advertising rules and will soon be replaced. Commissioner Silverman requested photographs of the new billboards once they are in place. Chair Davidson asked for additional discussion about how information on gaming odds is presented to the public.

Commission Resolution 2012-26, approving the Voluntary Exclusion Program and Compulsive and Problem Gambling Plan for Toledo Gaming Ventures LLC, d/b/a/Hollywood Casino Toledo, was brought up on a motion by Commissioner Hoke. Without objection, the Resolution was amended to change the date it was offered from April 18, 2012 to April 19, 2012. The motion to approve the Resolution was seconded by Commissioner Manoranjan and approved.

Executive Director Schuler outlined possible agenda items for the next regular meeting of the Commission, scheduled for Wednesday, May 2, 2012. At that meeting, at least two vendor investigative reports will be presented as well as the investigatory report on Penn National Gaming. Penn will make a presentation to the Commission at that meeting. In addition, Auditing and Accounting standards for the operators will be presented for consideration, as will operator key employee licenses and gaming employee licenses. Possible meeting dates of Wednesday, May 9, 2012 and Wednesday, May 16, 2012, have been set.

There being no further business to come before the Commission, the meeting was adjourned at 12:04 p.m.

Signed,

Katherine L. Kelly
Commission Clerk