

OHIO CASINO CONTROL COMMISSION
MEETING MINUTES
10:00 A.M. – February 13, 2013
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 10:25 a.m. by Chair Jo Ann Davidson. Commissioners McKinley Brown, Martin Hoke, John Steinhauer, and June Taylor were also in attendance. Commissioners Ranjan Manoranjan and Peter Silverman had excused absences. The minutes of the January 16, 2013 meeting were approved following a motion by Commissioner Steinhauer, seconded by Commissioner Brown.

Dan Reinhard, Rock Ohio Caesars, began a progress report on the Horseshoe Casino Cincinnati by introducing Matthew Cullen, President of Rock Ohio Caesars, and Kevin Kline, General Manager of Horseshoe Casino Cincinnati. Mr. Cullen presented a general overview of ROC involvement in the Cincinnati project. Mr. Cullen told the Commission that ROC does not expect significant capital calls and that they have the financial and contractual capacity to remove Caesars from a management role if that would become necessary. Kevin Kline provided statistics about the hiring and final construction progress of the casino as they prepare for a projected March 4th opening.

The Executive Director's report was moved to the end of the meeting agenda.

Proposed Internal Controls for Rock Ohio Caesars Cincinnati, LLC, d/b/a Horseshoe Casino Cincinnati, were presented to the Commission by Patrick Martin, OCCC Director of Regulatory Compliance. Mr. Martin explained that the Internal Controls are guidelines for everything that will be occurring at the casino internally and are required to be approved by the Commission prior to the granting of an operator's license. A waiver on the handling of replacement card decks that had been previously granted for other Ohio casinos is included in these proposed controls.

A separate section of the Internal Control Plan covers Surveillance and Security and was reviewed by Karen Huey, OCCC Director of Enforcement. Ms. Huey brought two issues to the attention of the Commission that are unique to the Cincinnati facility: 1). While persons under 21 years of age are not allowed to participate in gaming, they will be allowed to enter into the casino, to get to non-gaming areas such as restaurants and event centers; 2). The on-site detention facility is configured differently than similar facilities at the other Ohio casinos.

Another section of the required Internal Control Plan concerns the Problem Gambling program of the Horseshoe Cincinnati casino. Laura Clemens, OCCC Problem Gambling Program Director said the plans meet all requirements and noted that Cincinnati casino management is working closely with several universities in the area on a problem gambling prevention program.

Mr. Martin reported that the proposed Internal Controls have been reviewed by OCCC staff and their approval is recommended. Commissioner Steinhauer made a motion to grant the requested waiver regarding replacement card decks. The motion was seconded by Commissioner Hoke and approved. Commissioner Steinhauer made a motion to adopt Commission Resolution 2013-05, approving the Internal Controls for Horseshoe Casino Cincinnati. The motion was seconded by Commissioner Brown and approved.

The next item for consideration by the Commission was an investigative report on Rock Ohio Caesars Cincinnati LLC d/b/a/ Horseshoe Casino Cincinnati; Horseshoe Cincinnati Management LLC; and Caesars Entertainment Corporation. The report was prepared by Spectrum Gaming Group as part of the review of the entities' application for casino operating and management licenses, and was presented to the Commission by Steven Ingis and Sandy Greenberg of Spectrum. The primary focus of the report was an updated review of Caesars' financial suitability based on the most recent reports. Serious concern remains because of the high debt level of Caesars Entertainment Corporation. Mr. Ingis reviewed and updated the issues that were of dominant concern in the previous Caesars licensing investigation, completed in May, 2012. With regard to these entities' current application for operator and management licenses from the OCCC, the Spectrum report concludes that they are suitable for licensing subject to the following conditions:

1. Caesars shall be required to demonstrate its financial stability on an annual basis until further notice of the Commission;
2. Caesars shall report on a timely basis regarding the status of all pending litigation, and promptly notify the Commission of any litigation commenced subsequent to the issuance of the license renewal, with timely updates regarding the status of any new litigation;
3. Caesars shall promptly report any changes relating to the corporate officers and directors; any new directors or officers are required to submit a personal history disclosure form to the Commission; and any new directors or officers must be found suitable by the Commission;
4. Caesars shall promptly report any loans or additional debt incurred by the Company or any subsidiary;
5. Caesars shall promptly inform the Commission of any event of default or any failure to meet any payment of interest or principal when due under any of its existing or future debt obligations;
6. Caesars shall notify the Commission of any plans to refinance its existing debt or incur any additional capital debt obligations; and
7. Caesars shall submit annual audited financial statements to the Commission.

Executive Director Schuler then listed other items required to have been submitted as conditions of licensing:

1. A \$1 million surety bond;
2. Proof of adequate insurance;

3. Attestation that the initial investment requirements have been met;
4. Proof of payment of the \$1.5 million license application fee and \$50 million license fee.

Mr. Schuler reported to the Commission that all of the conditions have been met, the application and all investigations are complete, and approval of the licenses is recommended subject to the conditions listed in the investigative report. Commissioner Brown made a motion to adopt Commission Resolution 2013-06, granting a casino operator license to Rock Ohio Caesars Cincinnati LLC. The motion was seconded by Commissioner Hoke. A roll call vote was taken and the Resolution adopted, 5-0. Commissioner Brown then moved for the adoption of Commission Resolution 2013-07, granting a management company license to Horseshoe Cincinnati Management LLC. The motion was seconded by Commissioner Taylor. A roll call vote was taken and the Resolution adopted, 5-0.

Executive Director Schuler presented a letter from Horseshoe Casino Cincinnati seeking approval for four charities that are to be the recipients of the net win from the controlled demonstration on February 27, 2013. Commissioner Taylor made a motion to adopt Commission Resolution 2013-04 approving the requested charities and the percentage of the net win they would receive. The motion was seconded by Commissioner Hoke and approved.

Tony Forchione, OCCC Director of Investigation, presented eight Key Employee applications to the Commission for consideration:

1. Susan Carletta – Caesars Entertainment Corporation
2. Leslie Cook – Rock Ohio Caesars Cleveland
3. Rick Galloway – Toledo Gaming Ventures
4. Paul Gracey Jr. – IGT
5. Gregory Margaris – Caesars Entertainment Corporation
6. Christopher Riley – Central Ohio Gaming Ventures
7. Darrell Rodriguez – IGT
8. Donald Westcott – Caesars Entertainment Corporation

Commissioner Taylor made a motion to adopt Commission Resolution 2013-08, approving the applications. The motion was seconded by Commissioner Brown and approved.

Hannah Smith, OCCC Assistant General Counsel, presented administrative rules that have completed the required CSI and JCARR reviews and are ready for final filing.

- 3772-1-04 Waivers and variances
- 3772-3-01 Institutional investors
- 3772-3-02 Institutional investor suitability or qualification
- 3772-3-03 Duty to update information
- 3772-4-09 Duty to update information

Commissioner Hoke made a motion to adopt Commission Resolution 2013-09, approving the rules. The motion was seconded by Commissioner Brown and approved.

John Barron, OCCC Deputy Executive Director and General Counsel, reviewed the final orders for gaming employee license applicants before the Commission. The adjudicatory hearings are complete and a Report and Recommendation for each license applicant has been issued by the Hearing Examiner. OCCC staff has also provided a recommendation. The license applications of eight individuals were considered:

In re: Timothy Bradley, (Case # 2012-0066), Chair Davidson made a motion to approve and adopt the recommendation of the Hearing Examiner, to grant the license application. The motion was seconded by Commissioner Steinhauer and approved.

In re: Gregory Bean-Deflumer, (Case # 2012-0132), Chair Davidson made a motion to approve and adopt the recommendation of the Hearing Examiner, to deny the license application. The motion was seconded by Commissioner Taylor and approved.

In re: Warren Morofsky (Case # 2012-0137), Chair Davidson made a motion to approve and adopt, with modification, the recommendation of the Hearing Examiner to deny the license application. The motion was seconded by Commissioner Taylor and approved.

In re: Dennis Bradshaw, Sr. (Case # 2012-0142), Chair Davidson made a motion to approve and adopt the recommendation of the Hearing Examiner, to deny the license application. The motion was seconded by Commissioner Taylor and approved.

In re: Sharon Boyer, (Case # 2012-0144), Chair Davidson made a motion to approve and adopt the recommendation of the Hearing Examiner to deny the license application. The motion was seconded by Commissioner Taylor and approved.

In re: Sandra Langendorfer, (Case # 2012-0145), Chair Davidson made a motion to approve and adopt the recommendation of the Hearing Examiner, to deny the license application. The motion was seconded by Commissioner Taylor and approved.

In re: Timothy Shrewsbury, (Case # 2012-0147), Chair Davidson made a motion to approve and adopt, with modification, the recommendation of the Hearing Examiner to deny the license application. The motion was seconded by Commissioner Taylor and approved.

In re: Tommy Iannaggi, (Case # 2012-0151), Chair Davidson made a motion to approve and adopt the recommendation of the Hearing Examiner, to deny the license application. The motion was seconded by Commissioner Taylor and approved.

Executive Director Matt Schuler presented his report to the Commission, introducing OCCC staff to provide updates. David Acosta, Director of Licensing reported 4,676 gaming employee licenses issued to date. Staff is continuing to work on-site in Cincinnati to gather information from license applicants.

Patrick Martin, Director of Regulatory Compliance noted that much of the auditing staff is at work in Cincinnati completing pre-opening verification. He introduced Carrie Flora and Teresa Dempsey, Financial Auditors in the OCCC Cincinnati Office.

Karen Huey, Director of Enforcement reported that the newly hired Cincinnati gaming agents are continuing with their training, and she introduced Stuart Koeppel, Cincinnati Gaming Agent Supervisor.

Laura Clemens, Director of Government Affairs and Problem Gambling Program Coordinator, presented a problem gambling brochure which has been completed and will be available at the casinos and at local treatment centers. The Voluntary Exclusion Program now has 252 enrollees.

Rick Anthony, Director of Operations reviewed the current revenue and expenditures for the Commission, and introduced, in absentia, Deanna Simpson as the new Cincinnati office manager.

Executive Director Schuler completed his report with introductions of new OCCC staff, Jenny Acosta, Licensure Customer Service Assistant, and Anna Marin Russell, Financial & Tax Investigation Counsel.

Chair Davidson noted that the meeting marked the second anniversary of the OCCC and thanked those who have assisted the Commission during that time.

There being no further business before the Commission, the meeting was adjourned at 1:05 p.m.

Signed,

Katherine L. Kelly

Commission Clerk

Approved March 20, 2013

