

ORDER 2021-122
AN ORDER OF THE INDIANA GAMING COMMISSION WAIVING APPLICATION
FOR TRANSFER OF OWNERSHIP AND APPROVING PROPOSED TRANSFER OF
OWNERSHIP INTEREST IN CASINO OWNER'S LICENSE

Pursuant to Ind. Code § 4-33-4-21, a casino owner's licensee ("licensee") must apply for and receive the Indiana Gaming Commission's ("Commission") approval before an owner's license may be transferred, sold, or purchased. Additionally, under 68 IAC 5-2-2, licensees that are not publicly traded companies must comply with certain requirements before transferring an ownership interest, including the filing of a transfer of ownership application and undergoing a suitability investigation, in order to protect the Commission's interest in the suitability of its licensees.

In December 2019, Hard Rock Gary, LLC ("Hard Rock Gary") was approved by the Commission to acquire an indirect minority share in The Majestic Star Casino, LLC d/b/a Hard Rock Northern Indiana Casino ("Majestic Star") via Commission Order 2019-254. Following such acquisition by Hard Rock Gary, Hard Rock Gary and Spectacle Entertainment Group, LLC ("SEG"), via a subscription agreement, were the sole members of Spectacle Gary, LLC ("Spectacle Gary"), the parent company of Majestic Star, and each became a substantial owner of Spectacle Gary (and, therefore, Majestic Star).

On March 2, 2021, via Order 2021-1, a transfer of ownership interest was approved whereby SHRE/SHRI, LLC ("SHRE/SHRI") purchased certain of the issued and outstanding Spectacle Gary membership interests from SEG. SHRE/SHRI is a U.S. Virgin Island limited liability company that is a wholly-owned subsidiary of Seminole HR Holdings, LLC. SHRE/SHRI is the parent company of Seminole Hard Rock International, LLC which is the 100% owner of Hard Rock Gary. As part of that transaction, SEG used the purchase proceeds to redeem certain units held by certain of its former equity holders pursuant to a redemption and purchase agreement. Following such purchase by SHRE/SHRI, Hard Rock Gary, SHRE/SHRI and SEG became substantial owners of Spectacle Gary with SEG remaining as the majority member thereof.

Hard Rock Gary and SHRE/SHRI (collectively, "Hard Rock") and SEG propose to enter into a Membership Interest Purchase Agreement (the "Agreement") pursuant to which Hard Rock will purchase from SEG an additional interest in Spectacle Gary (the "Equity Purchase"). Simultaneously with the consummation of the Equity Purchase, SEG covenants to use a portion of the proceeds from the Equity Purchase to redeem certain Class A Units and Class B Units of membership interest in SEG from certain of SEG's members (the "SEG Minority Redemptions"), and a portion of the proceeds from the Equity Purchase to redeem Class A Units of the membership interest in SEG from certain other SEG members (the "SEG Majority Redemptions"). Following the consummation of the SEG Minority Redemptions, those members redeemed will no longer have any right, title, or interest in Spectacle Gary, its subsidiaries and/or SEG. Further, after the SEG Majority Redemptions, SEG's ownership interest in Spectacle Gary will be less than 15% overall. SEG has affirmed it will only conduct activities that are consistent with being an institutional investor pursuant to 68 IAC 5-2-3.2 and, as such, the Commission determines SEG constitutes an "institutional investor" under 68 IAC 1-

1-52(8). SEG shall file an Institutional Investor form with the Commission. As such and consistent with Commission practices, while SEG is determined to be an institutional investor it will no longer be a substantial owner of Spectacle Gary (or Majestic Star). Any failure of SEG to conduct its activities consistent with being an institutional investor could result in disciplinary action up to and including revocation of this determination.

On or about August 11, 2021, the Commission received a waiver request letter from Hard Rock Gary in association with the transfer of a percentage of ownership of Spectacle Gary from SEG to SHRE/SHRI pursuant to the Agreement. In support of the request to waive the transfer of ownership application, Hard Rock stated that the waiver was proper in this situation for the following reasons: (1) both entities to the transaction have previously filed complete applications with the Commission and their Key Persons are licensed, or will become licensed, by the Commission; (2) the nature of the transaction; and (3) the fact that it is in the best interest of the State of Indiana and the City of Gary that the transaction be approved as soon as possible.

In consideration of Hard Rock's request, the Commission has considered the following factors:

1. Prior to issuing Order 2019-254, the Commission completed a background and financial investigation of Hard Rock, including all Key Persons as deemed necessary by Commission staff, excepting those persons identified above. As Hard Rock and its Key Persons have previously been found suitable and are licensed, or in the licensing process, by the Commission;
2. Hard Rock has submitted payment of \$50,000 required by Ind. Code § 4-33-6 and 68 IAC 2-1-2 to acquire an Indiana casino owner's license;
3. The Commission's Background and Financial Investigations Divisions have completed a comprehensive investigation of the proposed transaction, and Commission staff has presented a final report to the Commission for review;
4. The Commission's Financial Investigations Division has completed a comprehensive investigation of the proposed transaction and confirmed that there is no debt financing requiring Commission approval;
5. Representatives of Hard Rock have addressed the Commission at a public meeting to present information relevant to the proposed transfer of the casino owner's license; and
6. Hard Rock has presented evidence that it meets or possesses the standards, criteria, and qualifications necessary to be issued a casino owner's license pursuant to Ind. Code § 4-33-6 and 68 IAC 2-1-5(c).

The Commission hereby **WAIVES** the requirements of 68 IAC 5-2 and **APPROVES** the transfer of ownership interest in the casino owner's licensee The Majestic Star Casino, LLC.

The Commission's approval is subject to and contingent upon satisfaction of the following continuing conditions:

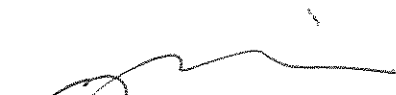
1. Closing of the transactions described herein and approved hereby, including but not limited to the Membership Interest Purchase Agreement, the SEG Majority Redemptions, and the SEG Minority Redemptions, which shall not materially differ from proposed versions of such agreements previously provided to the Commission;
2. Consummation of the SEG Minority Redemptions and the SEG Majority Redemptions, to occur contemporaneous with the closing of the Membership Interest Purchase Agreement;
3. Hard Rock Gary, LLC, SHRE/SHRI, LLC, Spectacle Entertainment Group, LLC, and Spectacle Gary, LLC each shall ensure that Key Persons, and relevant affiliates, persons and/or entities holding an economic, beneficial, or other interest in the entities remain in compliance with laws, regulations, and/or other directives that are applicable to a holder of a casino owner's license;
4. Hard Rock Gary, LLC, Spectacle Entertainment Group, LLC, and Spectacle Gary, LLC each shall immediately submit to the Commission any changes to any operating agreements, credit agreements, or any other agreements that result from or are related to the transactions described herein and approved hereby;
5. Spectacle Entertainment Group, LLC shall immediately submit to the Commission a completed Institutional Investor form;
6. Submission to the Commission of proof (acceptable to the Commission) of the closing of the transactions described herein and approved hereby and recordation of the transfer and ownership of units authorized hereby in the corporate records of Hard Rock Gary, LLC, SHRE/SHRI, LLC, Spectacle Entertainment Group, LLC, and Spectacle Gary, LLC, as the case may be, on or before September 10, 2021; and
7. Spectacle Entertainment Group, LLC's continuing obligation and duty to report to the Commission any transfer of the equity units of Spectacle Entertainment Group, LLC redeemed pursuant to the transactions described herein and approved hereby.

This Order shall be effective on the date set forth below at the request of the parties to facilitate the closing of the transaction. The parties have been informed that this request means that their respective appeal rights related to this Order as set forth in Ind. Code § 4-21.5-3-5 will be waived.


IT IS SO ORDERED THE 18th DAY OF AUGUST, 2021

THE INDIANA GAMING COMMISSION:

ATTEST:



Michael McMains, Chair



Jason Dudich, Secretary