

ORDER 2006-11

AN ORDER CONCERNING THE COMMISSION'S WAIVER OF 68 IAC 5-3-2 AND APPROVAL OF THE FINANCING PROPOSAL PRESENTED BY HARRAH'S ENTERTAINMENT, INC.

Pursuant to IC 4-33-4-21 and 68 IAC 5-3-2, the Commission reviews proposed debt transactions to analyze the financial health of riverboat licensees and to ensure that a riverboat owner's license is not leased or hypothecated, or that money is not borrowed or loaned against the riverboat owner's license.

In a letter dated February 20, 2006, Harrah's Entertainment, Inc. ("Harrah's") (the ultimate parent of Indiana riverboat licensees Caesars Riverboat Casino, LLC and Horseshoe Hammond, LLC) requested, through counsel, that the Commission approve a series of proposed debt transactions with a potential aggregate value of an amount enumerated in the letter. The letter also requested that the Commission make a final determination on Harrah's proposal at the Commission's March 9, 2006 business meeting, thereby requiring a waiver of the 68 IAC 5-3-2(b) two meeting rule.

According to the documents and information submitted by Harrah's to date, the anticipated debt transactions will take the form of SEC registered debt securities issued over the course of the next two years. The securities will be issued at an interest rate determined by the appropriate prevailing market rate and have a maturity date of up to ten years from the date of issuance.

Harrah's proposal has been analyzed by the Commission's outside financial analyst, Dr. Charlene Sullivan, who has recommended approval.

Pursuant to 68 IAC 5-3-6, the Commission may waive, alter or restrict any regulatory requirement or procedure set forth in the administrative rule regarding debt acquisition if the commission determines that the requirement or procedure is impractical or burdensome or if the waiver is in the best interest of the gaming industry.

After analyzing the proposal tendered by Harrah's and the recommendation of Dr. Sullivan, and in accordance with the waiver provisions of 68 IAC 5-3-6, the Commission hereby **APPROVES** Harrah's request and **WAIVES** the "two-meeting requirement" of 68 IAC 5-3-2(2) and (3).

The Commission's approval is conditioned upon the following:

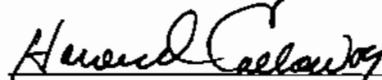
- (1) Each issuance of debt securities shall be finalized in accordance with applicable SEC laws and regulations.
- (2) Harrah's will provide notification to the Commission prior to each issuance of debt securities and will subsequently submit the final documents for review by Commission staff.

- (3) In accordance with 68 IAC 5-3, with each submission to the Commission of final documents relating to the issuance of the securities, Harrah's will provide a letter from legal counsel indicating the issuance does not violate IC 4-33-4-21(c).
- (4) If at any time prior to April 1, 2008 Harrah's plans to issue debt securities in excess of the aggregate amount identified in its February 20, 2006 letter, Harrah's must seek further approval from the Commission.

If at any time following Commission review of final documentation, the Executive Director determines that the issuance of any securities materially differs from the terms and conditions which Harrah's has presented for approval, the Executive Director may require Harrah's to obtain additional approval from the Commission and/or take other appropriate disciplinary action by seeking a fine against Harrah's for any failure to materially adhere to the stated parameters of this Order.

IT IS SO ORDERED THIS THE 9th DAY OF MARCH, 2006.

THE INDIANA GAMING COMMISSION


Harold Calloway, Chair

ATTEST:


Bryan Robinson, Vice Chair