

ORDER 2011-256

**AN ORDER OF THE INDIANA GAMING COMMISSION CONCERNING:
(1) THE APPLICATION OF WAYZATA OPPORTUNITIES FUND II, L.P. TO ACQUIRE AN
OWNERSHIP INTEREST IN THE MAJESTIC STAR CASINO, LLC
AND THE MAJESTIC STAR CASINO II, INC.; AND
(2) THE DEBT TRANSACTION PROPOSED BY
THE MAJESTIC STAR CASINO, LLC AND THE MAJESTIC STAR CASINO II, INC.**

On November 23, 2009, riverboat licensees The Majestic Star Casino, LLC (“Majestic Star I”) and The Majestic Star II, Inc. (“Majestic Star II”, and with Majestic Star I, collectively “Majestic Star”), and certain of Majestic Star I’s affiliates (collectively, the “Company”) filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”). On January 12, 2011, the Company filed the Debtors’ Second Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code (as amended from time to time, “the Plan”). On March 10, 2011, the Bankruptcy Court entered Findings of Fact, Conclusions of Law, and an Order confirming the Plan. Two portions of the Plan require Commission action.

As part of the Plan, holders of the Company’s prepetition senior secured 9.5% notes due October 15, 2010 (the “Senior Secured Noteholders”) and its prepetition senior unsecured 9.75% notes due January 15, 2011 shall receive new membership interests in reorganized Majestic Holdco LLC (“Reorganized Majestic Holdco”), the ultimate parent of the Company. Among the holders of the new membership interests in Reorganized Majestic Holdco is Wayzata Opportunities Fund II, L.P. (“Wayzata”), which will acquire an approximately 48% ownership interest in Reorganized Majestic Holdco, and, indirectly, Majestic Star.

Also as part of the Plan, Majestic Star seeks Commission approval to issue new debt to the Company’s (i) prepetition first lien lenders under the Company’s prepetition senior secured credit facility (the “Senior Secured Credit Facility Lenders”), and (ii) Senior Secured Noteholders. Specifically, the Company (a) intends to enter into a new \$58.0 million senior secured first lien revolving credit agreement with the Senior Secured Credit Facility Lenders on account of their claims, and (b) issue \$101.6 million of new senior secured second lien notes to the Senior Secured Noteholders on account of their claims.

In addition to the foregoing, the Commission has considered the following factors:

1. Terms in this Order shall have the meanings ascribed to them in Indiana Code 4-35-2 and 68 IAC 1-1, as applicable.
2. Wayzata has submitted a complete transfer of ownership application and caused to be submitted complete personal disclosure forms and other appropriate applications for all key persons, as deemed necessary by Commission staff.
3. Wayzata has submitted the \$2 million dollar fee described in Indiana Code 4-33-4-21(d).
4. Majestic Star has indicated to the Commission’s satisfaction that the proposed exit financing package will provide adequate initial capital to support successful and continuing

operations of its affiliates and operations, including the Majestic Star I and Majestic Star II riverboat casinos in Gary.

5. The Commission has received and reviewed a financial analysis of the proposed financing transaction from the Commission's outside financial analyst, Dr. Charlene Sullivan, who recommends approval.
6. The Commission's Background and Financial Investigations Section has completed a comprehensive investigation of Wayzata and its key persons. Commission staff has presented the final investigative reports to the Commission for review.
7. Representatives of Majestic Star and Wayzata have addressed the Commission at a public meeting to present information and respond to questions relevant to the proposed transfer of ownership and financing.
8. Wayzata has presented evidence that it meets or possesses the standards, criteria, and qualifications necessary to acquire an ownership interest in Majestic Star.

COMMISSION ACTION

I. Acquisition of Ownership:

Based on the foregoing, the Commission hereby **APPROVES** the application of Wayzata to acquire an ownership interest in Majestic Star.

The Commission's approval of Wayzata's acquisition is contingent upon the following continuing conditions:

- (1) Majestic Star and/or an affiliate successfully closing the financing package approved in this Order;
- (2) Submission to Commission staff of all final documents material to the financing package approved in this Order;
- (3) Wayzata, Majestic Star, key persons of Wayzata and Majestic Star, and all relevant affiliates, persons, and/or entities holding any economic, beneficial or other interest in Wayzata and Majestic Star remaining in full compliance with all laws, regulations and/or other directives that are applicable to a riverboat licensee.
- (4) Wayzata, Majestic Star, and/or any affiliates not contesting payment of the fee described in Indiana Code 4-33-4-21(d) in any state or Federal administrative, bankruptcy, or civil tribunal or court.
- (5) Wayzata, Majestic Star, and/or any affiliates continue to make payments under the local development agreement and/or interim agreement with the City of Gary; and continue to negotiate with the City of Gary in good faith concerning outstanding issues related to the local development agreement and payment of funds.

The Commission reserves the right to take disciplinary action against Wayzata and/or Majestic Star based on information gathered from or ultimately derived as a result of the above conditions.

II. Financing:

Based on the information provided by Majestic Star, along with the above-mentioned recommendation from Dr. Sullivan, the Commission hereby **APPROVES** the exit financing package

proposed by Majestic Star. The Commission also **WAIVES** the so-called "two meeting requirement" of 68 IAC 5-3-2(b)(2) and (3).

The Commission's approval of Majestic Star's financing package is contingent upon: (1) the terms articulated in the final financing documentation not materially differing from the terms Majestic Star has presented to date; (2) the terms of the final financing documentation not violating IC 4-33-4-21; and (3) Majestic Star providing the Commission with a legal opinion demonstrating compliance with IC 4-33-4-21. Should Majestic Star or any affiliate thereof willfully fail to abide by the terms and conditions set forth in this Order, the Commission reserves the right to withdraw its financing approval; require Majestic Star or any affiliate thereof to obtain additional approval(s); and/or take other appropriate disciplinary action.

EFFECTIVE DATE

This Order shall be effective upon the occurrence of both:

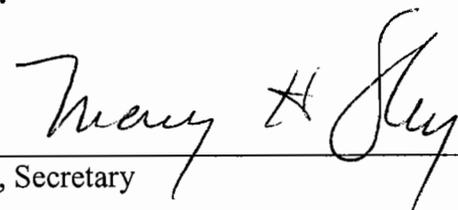
- (1) Effectiveness of the Confirmed Plan of Reorganization in the pending bankruptcy proceedings of the debtors; and
- (2) Successful closing of the exit financing package contemplated herein.

IT IS SO ORDERED THIS THE 10th DAY OF NOVEMBER, 2011.

THE INDIANA GAMING COMMISSION:


Timothy Murphy, Chair

ATTEST:


Mary Shy, Secretary