

ORDER 2018-105

IN RE SETTLEMENT AGREEMENT

**CAESARS ENTERTAINMENT CORPORATION
18-CEC-01**

After having reviewed the attached Settlement Agreement, the Indiana Gaming Commission hereby:

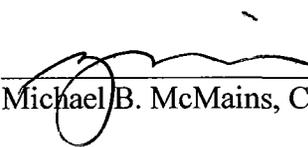
APPROVED

APPROVES OR DISAPPROVES

the proposed terms of the Settlement Agreement.

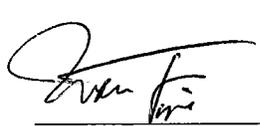
IT IS SO ORDERED THIS THE 28th DAY OF JUNE, 2018.

THE INDIANA GAMING COMMISSION:



Michael B. McMains, Chair

ATTEST:



Marc Fine, Vice Chair

**STATE OF INDIANA
INDIANA GAMING COMMISSION**

| | | |
|------------------------------|---|-------------------|
| IN RE THE MATTER OF: |) | |
| |) | SETTLEMENT |
| CAESARS ENTERTAINMENT |) | 18-CEC-01 |
| CORPORATION |) | |

SETTLEMENT AGREEMENT

The Indiana Gaming Commission (“Commission”) by and through its Executive Director Sara Gonso Tait and Caesars Entertainment Corporation (“Caesars”), (collectively, the “Parties”) desire to settle this matter prior to the initiation of a disciplinary proceeding pursuant to 68 IAC 13-1-18(a). The Parties stipulate and agree that the following facts are true:

FINDINGS OF FACT

1. IC 4-33-1-2 states that “[t]he public’s confidence and trust will be maintained only through ... the strict regulation of facilities, persons, associations, and gambling operations under this article.”
2. IC 4-33-4-1 vests in the Commission all powers and duties necessary to properly and fully execute IC 4-33 and to take appropriate administrative action against a licensee.
3. In November 2017, Caesars entered into an agreement to acquire Centaur Holdings, LLC (the “Transaction”). As a result of this Transaction, Caesars seeks to acquire Hoosier Park and Indiana Grand.
4. On or about December 8, 2017, Commission Executive Director, Sara Gonso Tait, contacted a Caesars representative regarding the applicability of IC 4-35-5-7(d) (the “Transfer Fee Statute”) as a result of the Transaction.
5. From December 2017 to early March 2018, Caesars outside counsel had frequent electronic and oral communications with the Commission’s Executive Director regarding the applicability of the Transfer Fee Statute (once including Caesars’ Deputy Chief Regulatory & Compliance Officer).
6. On February 21, 2018, Horseshoe Southern Indiana Casino (“HSI”) formally requested that a capital improvement project relating to moving the HSI casino on land (“HSI project”) be considered by the Commission at its regularly scheduled meeting to be held on March 8, 2018.

7. On March 2, 2018, two communications occurred, specifically a voicemail in the morning from Caesars' outside Indiana counsel and an email in the afternoon from Caesars' General Counsel regarding both the Transfer Fee Statute and the HSI project. The voice mail stated "frankly if we don't get a favorable resolution to this I don't think [Caesars] want to have the presentation on Thursday because they are going to have to reconsider the entire investment." The email said "Caesars is now facing some very difficult decisions with regard to its proposed . . . investment in southern Indiana. We would prefer not pulling it from next week's agenda, but at this point we may have no choice given the continued uncertainty surrounding the \$50 million transfer fee."
8. In addition, and specifically between March 3, 2018 and March 9, 2018, Caesars acknowledges its lobbyists engaged in communications with Indiana government officials regarding the Transfer Fee Statute and the HSI project. These, and the above-mentioned March 2, 2018 communications, are collectively referred to as the "Communications."
9. On March 6, 2018, Caesars informed the Commission's Executive Director that the HSI project should be removed from the March 8, 2018 Commission meeting agenda. Commission staff removed the HSI project from the agenda, per Caesars' request.
10. On March 15, 2018, Caesars asked the Executive Director whether a special meeting could be conducted to consider the HSI project proposal. On April 24, 2018, the Commission held a special meeting and unanimously approved the HSI project.
11. Caesars, its General Counsel, its lobbyist and its outside counsel each maintain that it was not their intention to act in a manner inconsistent with the high standards expected of Indiana casino licensees, but acknowledge that the Communications could be reasonably interpreted as such. Caesars regrets the Communications.
12. The Commission accepts that the Communications do not accurately represent the integrity with which Caesars endeavors to conduct its affairs as an Indiana casino licensee.
13. Caesars has addressed this matter, including the details of the Communications, with the Caesars' Compliance Committee and its Board of Directors, both of which stressed the importance of communicating with gaming regulators in such a manner so as to never call into question the integrity of Caesars or the gaming industry in Indiana. Caesars will expand its annual compliance training to address more specifically the standards expected of Caesars' employees when communicating with its gaming regulators and will implement enhanced protocols for monitoring and vetting the communications activities of its employees and representatives.

TERMS AND CONDITIONS

Notwithstanding the intent of the Communications, their overall impact could serve to undermine the public's confidence and trust in the integrity of the gaming industry in Indiana. This Agreement is intended to correct any public perception that such conduct will be tolerated in Indiana.

The Commission and Caesars hereby agree to a monetary settlement of the alleged violations described herein in lieu of the Commission pursuing formal disciplinary action against Caesars. Caesars shall pay to the Commission a total of \$1,000,000 in consideration for the Commission foregoing disciplinary action based on the facts specifically described in this Agreement.

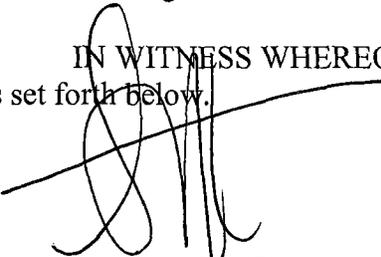
This Agreement extends only to known incidents specifically alleged in the findings above. If the Commission subsequently discovers facts that give rise to additional or separate potential violations, the Commission may pursue disciplinary action for such alleged violations even if the subsequent violations are similar or related to an incident described in the findings above.

Upon execution and approval of this Agreement, Commission staff shall submit this Agreement to the Commission for review and final action. Upon approval of the Agreement by the Commission, Caesars agrees to promptly remit payment in the amount of \$1,000,000 and shall waive all rights to further administrative or judicial review of this matter.

This Agreement constitutes the entire agreement between the Parties. No prior or subsequent understandings, agreements, or representations, oral or written, not specified or referenced within this document will be valid provisions of this Agreement. This Agreement may not be modified, supplemented, or amended, in any manner, except by written agreement signed by all Parties.

This Agreement shall be binding upon the Commission and Caesars.

IN WITNESS WHEREOF, the Parties have signed this Agreement on the date and year as set forth below.



Sara Gonso Tait, Executive Director
Indiana Gaming Commission

5/31/18
Date



Mark Frissora, CEO/President
Caesars Entertainment

5/25/18
Date