

ORDER 2021-1
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.

Pursuant to Resolution 2012-151, the Commission granted the Executive Director the authority to exercise the powers and duties of the Commission under Ind. Code § 4-33-4-1 or § 4-35-4-1 if the Executive Director finds that a situation requires, is a matter of urgent circumstances, and that failure to act would be impractical, burdensome, or not in the best interests of the public or the gaming industry. The Resolution further allows the Executive Director to exercise the powers and duties of the Commission not specifically prohibited from assignment by law or resolution. The Executive Director, however, must obtain consent from one Commissioner before exercising such authority under the Resolution. Further, the Executive Director must report the action taken under the Resolution to the Commission at the next business meeting for ratification or other action taken by the Commission.

Hard Rock Gary, LLC ("Hard Rock Gary") was approved by the Commission in December of 2019 to acquire an indirect minority share in The Majestic Star Casino, LLC ("Majestic Star") via Commission Order 2019-254. Hard Rock Gary is a substantial owner of Spectacle Gary. Spectacle Gary, LLC ("Spectacle Gary") is the parent of Majestic Star. Hard Rock Gary and Spectacle Entertainment Group, LLC ("SEG"), via a subscription agreement, are the sole members of Spectacle Gary.

Roderick J. Ratcliff ("Ratcliff") is a substantial indirect owner of Spectacle Gary and direct owner of SEG. Ratcliff, through the Roderick J. Ratcliff Revocable Trust dated August 27, 2016 (the "Ratcliff Trust"), owns certain Class A Units of SEG ("Class A Units"). On December 23, 2020, the Commission entered two Orders directed, in part, to Ratcliff in his capacity as a Level 1 occupational licensee, License No. MS-17515-L1: (1) Order 2020-MS-03 an emergency order suspending Ratcliff's Level 1 License, and (2) Order 2020-168 regarding Ratcliff's equity interest in Spectacle Gary, LLC (collectively the "Orders").

On February 24, 2021, a Membership Interest Purchase Agreement ("Agreement") was entered into between SEG and SHRE/SHRI, LLC ("SHRE/SHRI"). 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. By the Agreement, SHRE/SHRI will purchase certain of the issued and outstanding Spectacle Gary Membership Interests, the proceeds of such purchase are referred to herein as the "Purchase Proceeds." SHRE/SHRI will not undertake debt activity

as part of the purchase. Spectacle Gary's Operating Agreement will be amended to reflect the new ownership interests and to add SHRE/SHRI as a member.

Also on February 24, 2021, One Eyed Jack Ventures, LLC, ("One Eyed Jack") a substantial indirect owner of Spectacle Gary and direct owner of SEG, entered into a Class A Redemption and Purchase Agreement (the "Redemption and Purchase Agreement") with SEG and the Ratcliff Trust whereby SEG would redeem certain Class A Units from the Ratcliff Trust for a redemption price and One Eyed Jack would purchase additional Class A Units from the Ratcliff Trust. The amount of interest being purchased by One Eyed Jack does not meet the threshold to require Commission approval for such transfer.

In the Agreement, SEG covenanted to use the Purchase Proceeds immediately to redeem the Class A Units held by the Ratcliff Trust pursuant to the Redemption and Purchase Agreement, such that, upon consummation of the transactions contemplated by the Agreement and by the Redemption and Purchase Agreement, Ratcliff no longer shall be a member of SEG and neither Ratcliff nor the Ratcliff Trust have any direct or indirect interest (economic or otherwise) in SEG or Spectacle Gary.

On or about February 25, 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 Gary 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 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 new inland Hard Rock casino project be allowed to continue as soon as possible.

Prior to issuing Order 2019-254 approving the acquisition by Hard Rock Gary of a minority share of an indirect ownership interest in Majestic Star, and in accordance with Ind. Code § 4-33-4-2 and Title 68 of the Indiana Administrative Code, the Commission completed a background and financial investigation of Hard Rock Gary, including all Key Persons as deemed necessary by Commission staff. As SHRE/SHRI is in the direct line of ownership of Hard Rock Gary and its Key Persons have previously been found suitable and are licensed by the Commission, it has been determined that SHRE/SHRI has satisfied the requirements for a transfer of ownership under 68 IAC 5-2.

The following information and factors were considered when determining to exercise the authority in Resolution 2012-151 and approve the Settlement:

1. The Commission has determined that there is little to gain from requiring new applications pursuant to 68 IAC 5-2 for the present transaction since both parties to the transaction have recently been investigated and found suitable by the Commission, and all Key Persons are currently licensed in good standing;
2. The effect of this Order, and companion Order 2021-2 concerning the approval of the Settlement Agreement and Release with Ratcliff, will result in the immediate and

complete divestiture of Ratcliff from ownership in entities associated with casino owner's licensee Majestic Star;

3. The waiver and transfer of ownership as described above fulfills the Commission's goals with regard to compliance with the Orders;
4. Approving the waiver and the transfer allows a very important economic development project to move forward for the benefit of the State, City of Gary, and Majestic Star Casino employees and their families; and
5. Approving the waiver and the transfer is in the best interest of the public and the gaming industry and is within the authority granted via Resolution 2012-151.

The Executive Director has obtained the necessary consent from Chairman McMains.

Based on the authority granted in Resolution 2012-151, the Commission hereby **WAIVES** the requirements of 68 IAC 5-2 and **APPROVES** the Agreement and Redemption and Purchase Agreement and the transfer of ownership interest in the casino owner's licensee The Majestic Star Casino, LLC. Pursuant to Resolution 2012-151, this Order will be presented to the Commission at the next business meeting for ratification or other action taken by the Commission.

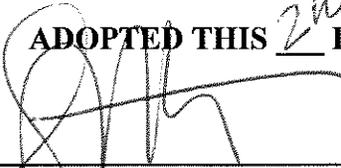
The Commission's approval is subject to and contingent upon satisfaction of the following continuing conditions:

1. Closing of the transactions described herein and approved hereby;
2. Hard Rock Gary, 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;
3. Hard Rock Gary, LLC, Spectacle Entertainment Group, LLC, and Spectacle Gary, LLC each immediately shall 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;
4. Full and complete execution of the terms of the Settlement Agreement and Release by and between the Commission and Ratcliff as approved pursuant to Order 2021-02;
5. 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 Spectacle Entertainment Group, LLC and Spectacle Gary, LLC, as the case may be, on or before March 12, 2021;
6. Spectacle Entertainment Group, LLC's continuing obligation and duty to report to the Commission any effort by Roderick J. Ratcliff to acquire, purchase, own, or possess, directly or indirectly, beneficially or of record, any equity or economic interests of the Spectacle Entertainment Group, LLC or its related entities; 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, Hard Rock Gary, LLC and its related entities, Spectacle Entertainment Group, LLC and its related entities, and Roderick J. Ratcliff 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.

ADOPTED THIS 2nd DAY OF March, 2021.



Sara Gonso Tait, Executive Director