

MISSOURI GAMING COMMISSION
COMMISSION RESOLUTION NO. 19-042
REGARDING SETTLEMENT AGREEMENT
GAMING AND LEISURE PROPERTIES, INC.
October 11, 2019

WHEREAS, on September 25, 2019, the Missouri Gaming Commission issued a Preliminary Order for Disciplinary Action against Gaming and Leisure Properties, Inc. (“GLPI”); and

WHEREAS, GLPI has proposed a Settlement Agreement to resolve the issues presented in the proposed discipline, (a copy of which is attached).

NOW, THEREFORE, BE IT RESOLVED, that the Commission hereby approves the Settlement Agreement concerning GLPI, DC-19-077.

BE IT FURTHER RESOLVED, that this shall be considered a final decision of the Missouri Gaming Commission.

IN THE MISSOURI GAMING COMMISSION

In Re:)
) DC 19-077
Gaming and Leisure Properties, Inc.)

SETTLEMENT AGREEMENT AND FINAL ORDER

This SETTLEMENT AGREEMENT ("Settlement Agreement") is made subject to approval of the Missouri Gaming Commission ("Commission") pursuant to 11 CSR 45-13.065, and is entered into between the Enforcement Division of the Commission ("Staff") and Gaming and Leisure Properties, Inc. ("GLPI" and, together with the Staff, "the Parties") as authorized by 11 CSR 45-13.065 and will become a FINAL ORDER of the Commission effective upon approval by the Commission.

GENERAL MATTERS

WHEREAS, the Commission is a state commission created under Chapter 313, RSMo, with jurisdiction over gaming activities, including riverboat gambling activities, in the State of Missouri; and

WHEREAS, the Staff is charged with the review and investigation of the activities of holders of Missouri Gaming Licenses ("Licensees");

WHEREAS, the Commission has, pursuant to § 313.004.4, RSMo, and 11 CSR 45 4.260(1), delegated and authorized the Executive Director to carry out its duties as set forth in Chapter 313, RSMo; and

¹ All statutory references are to RSMo 2016, unless otherwise specified.

WHEREAS, the Commission issued Eldorado Resorts, Inc. ("Eldorado") a Class A Riverboat Gaming License to develop and operate Class B gaming licenses in the State of Missouri; and

WHEREAS, as the holder of a Class A license, Eldorado is subject to the provisions of §§ 313.800 to 313.850, RSMo, and the regulations promulgated thereunder by the Commission; and

WHEREAS, the Commission issued GLPI a Key Business Entity license in the State of Missouri; and

WHEREAS, as the holder of a Key Business Entity license, GLPI is subject to the provisions of §§ 313.800 to 313.850, RSMo, and the regulations promulgated thereunder by the Commission; and

NOW, THEREFORE, the Parties enter into the following Agreement:

FACTS

1. On May 15, 2018, Eldorado and GLPI (the "Transaction Parties") filed a Petition for Change of Control with the Commission.
2. The Commission expressed concern that the transaction would result in the ownership by GLPI, as landlord, of all the casino properties in the St. Louis market. As stipulated by the Commission and the Transaction Parties in paragraph 6 of the Agreement to Restructure Transaction ("ART"), the Petition filed on May 15, 2018 and the resulting ownership of GLPI and all four casinos in the St. Louis, Missouri metropolitan area would not have been approved by the Commission.
3. Attached to the ART were a Promissory Note and Deed of Trust, and the ART prohibited any amendment or revision of those documents without the prior approval of the Commission.

4. The Deed of Trust contained a provision on page 25 in Article XX which provided for the Commission to hold a Deed of Release in escrow to be filed at the end of one (1) year if the Deed of Trust had not been released by the Transaction Parties.
5. Pursuant to 11 CSR 45-10.040(12) and 11 CSR 45-13.065, both the Petition for Change of Control and the ART required approval by the full Commission and was placed on the Commission agenda for its regularly scheduled September 26, 2018 meeting.
6. At that meeting, the Commission approved Resolution No. 18-049 which, among other things, approved both the ART and the Amended Petition for Change of Control.
7. The Resolution further ordered the Transaction Parties to comply with the terms of the ART and with all the terms Note, Deed of Trust and Loan Agreement (collectively the "Loan Documents") that relate to the ART, including, but not limited to, the Transaction Parties' obligation not to amend or revise any of the Loan Documents without the expressed written consent of the Commission.
8. The Commission ordered the Transaction Parties to deliver copies of all documents executed in connection with the transaction within three (3) days of their execution or recording.
9. The Commission made a specific finding that the directives set forth in the Resolution would be a valid order and ruling of the Commission pursuant to § 313.812.14(2) RSMo. In doing so and by operation of that statute, any failure to comply with the requirements stated in the Resolution would subject the Transaction Parties to discipline.
10. The Transaction Parties failed to deliver the executed documents to the Commission within three (3) days of their execution or recording.
11. GLPI delivered those executed documents on October 23, 2018.
12. The Loan Agreement had been revised and amended to add to the original two-year term an option for three (3) consecutive one-year extensions, subject to the satisfaction of certain conditions.
13. The Commission notified GLPI's regulatory counsel that the modification should have been approved by the Commission. Upon notification, the document was immediately reverted to its prior state and copies of those documents were provided to the Commission on or about October 24, 2018.
14. GLPI's interpretation of the Resolution and the ART differed from that of the Commission's, and accordingly, resulted in GLPI's failure to preview this modification to

the Loan Agreement and/or its legal position with the Staff.

15. The recorded Deed of Trust, which was included in the closing documents provided to the Commission by the Transaction Parties, failed to include Article XX relating to the Deed of Release being held in escrow by the Commission.
16. It was subsequently discovered that an incorrect version of the Deed of Trust was inadvertently provided to the title company involved in the transaction for recordation.
17. Upon being notified of the issue by the Staff, a corrected version of the Deed of Trust was subsequently recorded and provided to the Commission.

LAW

18. Section 313.805, RSMo, states, in pertinent part, as follows:

The commission shall have full jurisdiction over and shall supervise all gambling operations governed by sections 313.800 to 313.850. The commission shall have the following powers and shall promulgate rules and regulations to implement sections 313.800 to 313.850:

* * *

- (5) To investigate alleged violations of sections 313.800 to 313.850 or the commission rules, orders, or final decisions; and
- (6) To assess any appropriate administrative penalty against a licensee, including but not limited to, suspension, revocation or penalties of an amount determined by the commission up to three times the highest daily amount of gross receipts derived from wagering on the gambling games, whether unauthorized or authorized, conducted during the previous twelve months as well as confiscation and forfeiture of all gambling game equipment used in the conduct of unauthorized gambling games.

(19) To take any other action as may be reasonable or appropriate to enforce sections 313.800 to 313.850 and the commission rules.

19. Section 313.812.14, RSMo, states, in pertinent part, as follows:

A holder of any license shall be subject to imposition of penalties, suspension or revocation of such license, or if the person is an applicant for licensure, the denial of the application, for any act or failure to act by himself or his agents or employees, that is injurious to the public health, safety, morals, good order and general welfare of the people of the state of Missouri, or that would discredit or tend to discredit the Missouri gaming industry or the state of Missouri unless the licensee proves by clear and convincing evidence that it is not guilty of such action. The commission shall take appropriate action against any licensee who violates the law or the rules and regulations of the commission. Without limiting other provisions of this subsection, the following acts or omissions may be grounds for such discipline.

- (1) Failing to comply with or make provision for compliance with sections 313.800 to 313.850, the rules and regulations of the commission or any federal, state or local law or regulation;
- (2) Failing to comply with any rule, order or ruling of the commission or its agents pertaining to gaming;

20. Title 11 CSR 45-10.030(1) states as follows:

- (1) Licensees shall promptly report to the commission any facts which the licensee has reasonable grounds to believe indicate a violation of law (other than minor traffic violations), minimum internal control standard requirements or commission rule committed by licensees, their employees or others, including, without limitation, the performance of licensed activities different from those permitted under their license.

21. Title 11 CSR 45-10.040(12) states as follows:

(12) Upon any voluntary material change in ownership or control, the license held by the gaming licensee that is the subject of the material change in ownership or control or that is a direct or indirect subsidiary of the holding company that is the subject of the material change in ownership or control, shall automatically become null and void and of no legal effect, unless the commission has approved such material change in ownership or control by vote of the commissioners prior to its consummation. The commission may grant a petition to approve a material change in ownership or control if the petitioner proves by clear and convincing evidence that:

(A) The transfer is in the best interest of the state of Missouri;

(B) The transfer is not injurious to the public health, safety, morals, good order, or general welfare of the people of the state of Missouri, and that it would not discredit or tend to discredit the gaming industry or the state of Missouri;

(C) It would have no material negative competitive impact;

(D) It would have no potential to affect the licensee's suitability to hold a gaming license; and

(E) It would not potentially result in any significant negative changes in the financial condition of the licensee.

22. Title 11 CSR 45-13.065 states, in pertinent part, as follows:

(1) The parties may initiate settlement negotiations at any stage of the proceedings, including prior to the initiation of the proceedings before the Administrative Hearing Commission in the case of a bingo or fantasy sports contest hearing, or prior to the entry of a final order of the commission.

* * *

(3) All settlement agreements shall be in writing, signed by the parties, and accurately reflect all the terms of the settlement, including the facts agreed to by the parties constituting the grounds for the action proposed in the settlement

agreement.

- (4) Once signed by the parties, the settlement agreement shall be presented to the commission for its approval or disapproval. If the commission approves the settlement offer it will become a final commission order. If the commission disapproves the settlement offer the parties shall be notified and the settlement agreement and any documents solely relating to the offer shall not constitute part of the record.

SETTLEMENT

23. Nothing contained in this Settlement Agreement and Final Order ("Settlement Agreement") shall be deemed to be or construed as an admission of liability or guilt by GLPI with respect to any of the claims in the Preliminary Order for Disciplinary Action DC 19-077. Rather, this Settlement Agreement is made by GLPI, the Staff and the Commission in order to reasonably and conclusively resolve the disputed claims without incurring the uncertainty, burden, and expense of continued contested proceedings in this matter.

24. Without admitting liability or guilt with respect to any claim contained within the Preliminary Order filed against it, GLPI agrees that the facts set forth above constitute the grounds for the Preliminary Order for Disciplinary Action that is the subject matter of this Settlement Agreement and agrees to pay a fine of one hundred thousand dollars (\$100,000.00). In consideration of said payment being received by the date set forth in Paragraph 25 below, the Commission will withdraw the Preliminary Order for Disciplinary Action DC 19-077 and will not file or refile any further preliminary orders relating to the facts set forth in DC 19-077 [or GIR 2019073003] except as provided in Paragraphs 25 and 26 below.

25. GLPI agrees to pay said fine within ten (10) days of the entry of the Commission's Resolution approving and adopting this Settlement Agreement.

26. GLPI agrees that if said fine is not paid within ten (10) days of the Commission's Resolution in this matter, GLPI agrees and acknowledges that the Commission may pursue its legal remedies, as necessary and without limitation, as authorized by Chapter 313, RSMo, and Title 11, Chapter 45 of the Code of State Regulations, including, but not limited to, filing or refiling any further preliminary orders, including refiling the Preliminary Order in DC 19-077, if it deems appropriate.

27. Said fine as set forth above is paid in full satisfaction of all pending and potential disciplinary actions relating to any and all alleged activities, actions, statements and/or inactions described in the Commission's Preliminary Order of Disciplinary Action 19-077, the Commission's investigation report and/or any and all ancillary documents and/or correspondence.

28. The Commission agrees not to initiate any further disciplinary actions with respect to the alleged activities, actions, statements and/or inactions described in or related to the Preliminary Order and/or the Commission's investigation report and/or any ancillary documents and/or correspondence.

29. Each signatory to this Settlement Agreement certifies by signing that he or she is fully authorized, in his or her own capacity, or by the named party he or she represents, to accept the terms and provisions of this Settlement Agreement in their entirety, and agrees, in his or her personal or representational capacity, to be bound by the terms of this Settlement Agreement; the Executive Director's signature is subject to the approval of the Commission.

30. In consideration of the foregoing, the Parties agree to the termination of any further proceedings related to this matter.

31. The terms in this Settlement Agreement are an appropriate disposition of this matter and entry into this Settlement Agreement is in the public interest.

32. This Agreement shall be effective and binding as of the date it is approved by majority vote of the Commission, as a body, as is evidenced by the certification of approval contained at the end of this document.

33. Should the Commission for any reason fail to approve this Agreement by majority vote GLPI shall have the right to pursue filing a Request for Hearing and continue with its appeal of Preliminary Order for Discipline 19-077, and the Commission shall have the right to re-file the Preliminary Order of Discipline in DC 19-077, if it deems appropriate.

NOW, THEREFORE, the undersigned submit this Settlement Agreement and Final Order to the Commission for its approval.

BY:



David Grothaus,
Executive Director
Missouri Gaming Commission

BY:

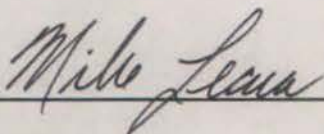


Brandon J. Moore,
SVP, General Counsel & Secretary
Gaming and Leisure Properties, Inc.

FINAL ORDER

NOW, THEREFORE, pursuant to the authority granted by §§ 313.805 and 313.812 RSMo, and 11 CSR 45-13.065 the above Settlement Agreement becomes a FINAL ORDER of the Commission.

THEREFORE, the Commission fines GLPI the amount of \$100,000.00 for the violations set forth in the Settlement Agreement and Final Order.

A handwritten signature in cursive script that reads "Mike Leara". The signature is written in dark ink and is positioned above a solid horizontal line.

Mike Leara
Chairman
Missouri Gaming Commission