

Stockton Files Proof of Claim Against Showboat Atlantic City, Propco, LLC and Caesars Entertainment Operating Company

For Immediate Release

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Galloway, NJ - Stockton University filed proofs of claim in the Chapter 11 bankruptcy cases of Caesars Entertainment Operating Company ("CEOC") and Showboat Atlantic City Propco, LLC, collectively referred to herein as "Caesars." The filing concerns the December 2014 purchase and sale transaction of the former Showboat Hotel and Casino.

These Chapter 11 cases are currently pending in the U.S. Bankruptcy Court for the Northern District of Illinois. Filing a proof of claim is a requirement to preserve a claimant's rights against a debtor during the bankruptcy process. In this instance, Stockton is the claimant.

In the proofs of claim, which were filed just before the May 26, 2015 deadline established in these Chapter 11 cases, Stockton is asserting claims for damages that arose under the December 12, 2014 Purchase and Sale agreement with Caesars and are a result of Caesars' failure to resolve the 1988 covenant restricting the use of the Showboat property as a hotel and casino. In addition, it seeks to enforce Caesars' indemnification and guarantee obligations requiring Caesars to defend and hold Stockton harmless from all costs and expenses relating to the resolution of the 1988 covenant.

"These filings will protect and preserve Stockton's rights," said Acting Stockton President Harvey Kesselman. "It puts the entities that have filed for Chapter 11 bankruptcy, along with the creditors and other parties of interest in the bankruptcy cases, and the U.S. Bankruptcy Court, on notice that we intend to protect the University and exercise our contractual and equitable rights. Keeping Stockton financially sound and ensuring that our students are not harmed in any way are our foremost goals."

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Stockton's claims against Caesars include:

- breach of contract;
- breach of express representations, warranties and covenants;
- fraud in the inducement and/or execution;
- fraud in the performance;
- intentional or negligent misrepresentations;
- fraudulent, intentional and negligent concealment of material facts, and
- unjust enrichment and unclean hands.

In addition to monetary damages, Stockton seeks declaratory relief with respect to the enforceability of the 2014 restriction Caesars imposed on the Showboat property that further limits the property's use and clouds its title.

Stockton made the decision to complete the purchase after learning of the existence of a 1988 restrictive covenant on the Showboat property based on explicit representations and assurances by Caesars that the 1988 covenant was going to be resolved and/or Caesars would indemnify and hold Stockton harmless from all liabilities associated with the resolution of the covenant.

In addition, in violation of their duty to disclose material information affecting the terms of the sale, neither CEOC nor Showboat Atlantic City Propco LLC informed Stockton of their imminent plan to file for Chapter 11 bankruptcy protection or their troubled financial state. Also equally injurious was Caesars' failure to provide Stockton any information regarding several significant lawsuits in which CEOC and certain of its affiliates were involved.

At least one of these lawsuits sought the appointment of a receiver to manage CEOC's property and operations, including the Showboat property. This lawsuit was initiated a few weeks prior to the sale of the Showboat property by Caesars to Stockton. Caesars did not disclose any of these lawsuits prior to the sale.

Stockton's claims include liquidated and unliquidated monetary damage claims totaling as much as \$22 million and equitable relief. Stockton has reserved its rights to amend the claim.

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