

IN THE SUPREME COURT OF THE STATE OF NEVADA

WYNN RESORTS LIMITED,

Petitioners,

vs.

THE EIGHTH JUDICIAL DISTRICT
COURT OF THE STATE OF
NEVADA, IN AND FOR THE
COUNTY OF CLARK; AND THE
HONORABLE ELIZABETH
GONZALEZ, DISTRICT JUDGE,
DEPT. XI,

Respondent,

and

KAZUO OKADA, UNIVERSAL
ENTERTAINMENT CORP.
AND ARUZE USA, INC.,

Real Parties in Interest.

Case No. _____

Electronically Filed
Sep 12 2017 10:22 a.m.

Elizabeth A. Brown
Clerk of Supreme Court
**APPENDIX IN SUPPORT OF
WYNN RESORTS, LIMITED'S
PETITION FOR WRIT OF
PROHIBITION OR MANDAMUS**

VOLUME I OF V

DATED this 11th day of September, 2017.

PISANELLI BICE PLLC

By: /s/ Debra L. Spinelli

James J. Pisanelli, Esq., Bar No. 4027
Todd L. Bice, Esq., Bar No. 4534
Debra L. Spinelli, Esq., Bar No. 9695
400 South 7th Street, Suite 300
Las Vegas, Nevada 89101

Attorneys for Petitioner Wynn Resorts, Limited

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I am an employee of PISANELLI BICE PLLC, and that on this 11th day of September, 2017, I electronically filed and served by electronic mail true and correct copies of the above and foregoing **APPENDIX IN SUPPORT OF WYNN RESORTS, LIMITED'S PETITION FOR WRIT OF PROHIBITION OR MANDAMUS** to the following:

J. Stephen Peek, Esq.
Bryce K. Kunimoto, Esq.
Robert J. Cassity, Esq.
HOLLAND & HART LLP
9555 Hillwood Drive, Second Floor
Las Vegas, NV 89134

*Attorneys for Real Party in Interest
Kazuo Okada*

J. Randall Jones, Esq.
Mark M. Jones, Esq.
Ian P. McGinn, Esq.
KEMP, JONES &
COULTHARD, LLP
3800 Howard Hughes Parkway
17th Floor
Las Vegas, NV 89169

David S. Krakoff, Esq.
Benjamin B. Klubes, Esq.
Joseph J. Reilly, Esq.
BUCKLEY SANDLER LLP
1250 – 24th Street NW, Suite 700
Washington, DC 20037

*Attorneys for Real Parties in Interest
Universal Entertainment Corp.; Aruze
USA, Inc.*

Donald J. Campbell, Esq.
J. Colby Williams, Esq.
CAMPBELL & WILLIAMS
700 South 7th Street
Las Vegas, NV 89101

Attorneys for Stephen Wynn

William R. Urga, Esq.
JOLLEY URG A WOODBURY
HOLTHUS & ROSE
330 S. Rampart Blvd., Suite 380
Las Vegas, NV 89145

Mark E. Ferrario, Esq.
Tami D. Cowden, Esq.
GREENBERG TRAURIG, LLP
3773 Howard Hughes Parkway, #400
Las Vegas, NV 89169

James M. Cole, Esq.
SIDLEY AUSTIN LLP
1501 K. Street N.W.
Washington, D.C. 20005

Scott D. Stein, Esq.
SIDLEY AUSTIN, LLP
One South Dearborn St.
Chicago, IL 60603

Daniel F. Polsenberg, Esq.
Marla J. Hudgens, Esq.
Joel D. Henriod, Esq.
Abraham G. Smith, Esq.
LEWIS ROCA ROTHGERBER
CHRISTIE LLP
3993 Howard Hughes Pkwy, Ste. 600
Las Vegas, NV 89169

Attorneys for Elaine Wynn

Steve Morris, Esq.
Rosa Solis-Rainey, Esq.
MORRIS LAW GROUP
411 E. Bonneville Avenue, Suite 360
Las Vegas, NV 89101

Attorneys for Defendants

SERVED VIA HAND-DELIERY

The Honorable Elizabeth Gonzalez
Eighth Judicial District court, Dept. XI
Regional Justice Center
200 Lewis Avenue
Las Vegas, Nevada 89155

Respondent

/s/ Kimberly Peets
An employee of PISANELLI BICE PLLC

RECORDS HOLD NOTICE -- INVESTIGATION HAS COMMENCED

Date: November 17, 2011

Re: Possible litigation with Kazuo Okada, Universal Entertainment LLC and/or Aruze USA, Inc.

RECORDS HOLD NOTICE

You are hereby notified that Kazuo Okada, Universal Entertainment LLC and/or Aruze USA, Inc. are potential parties to litigation or a threatened dispute with Wynn Resorts, Limited.

As a result of the threatened dispute and potential litigation, certain records relevant to the threatened dispute and potential litigation must be preserved until further notice. **Failure to preserve these records could result in severe penalties to the Company.** Records subject to this Hold Notice include, but are not limited to those identified below.

Documents and electronic data (e.g. email, spreadsheets, etc.) contained in Wynn Resorts, Limited computer systems and files are likely to be an important source of discovery and evidence in this case. As such, we are required to take steps to ensure that all documents and electronic data that are potentially relevant to the threatened dispute and potential litigation be preserved. We require your assistance in continuing to preserve Wynn Resorts, Limited documents and electronic data as described in the following directive:

**DIRECTIVE FOR THE PRESERVATION
OF DOCUMENTS, ELECTRONIC DATA AND THINGS**

Attached hereto is a letter dated October 12, 2011 from Robert L. Shapiro to Robert D. Faiss who represents Kazuo Okada. This letter sets forth the threatened dispute and potential litigation. This hold notice includes all types of documents and records relating to the subject matter of Mr. Shapiro's October 12, 2011 letter.

Please preserve any records of the above-mentioned matters until further notice.

The term "record" includes all paper or electronic information, regardless of format or location, including, but not limited to correspondence, handwritten notes, e-mail, instant messaging, web-based data, voice mail, audio tapes, video tapes, computer files (e.g., word processing, spreadsheet, PowerPoint, database, etc.), including such records on company or personal computer hard drives, network drives, diskettes, USB (Universal Serial Bus) memory keys, Blackberries, PDAs, CD-ROMS, DVDs, or the like. Please note that the preservation requirement also includes electronically stored information that may not be visible to the user, such as embedded data or metadata, and it will therefore be necessary to preserve electronic files in their original form. Because, in some circumstances, the failure to preserve all such documents and files may result in civil or

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**PRIVILEGED & CONFIDENTIAL
ATTORNEY/CLIENT COMMUNICATION**

HIGHLY CONFIDENTIAL

MARKED FOR IDENTIFICATION
PROPOSED EXHIBIT (PLTF)
299.0001
Case No. A-12-656710-B

0001

RECORDS HOLD NOTICE -- INVESTIGATION HAS COMMENCED

criminal sanctions against either individuals or the Company, we ask that everyone be conscientious in this effort. **Any questions you may have as to the relevance of a particular document, file, email or other electronic data compilation should be resolved in favor of preservation and retention.**

For example, with respect to:

- (1) *Hard copy documents:* **Do not destroy, segregate or otherwise disturb relevant paper records.**
- (2) *Email:* **Do not delete, forward or copy potentially relevant email or email folders you have already created regarding the subject matter of the letter attached hereto, or any of the issues listed above.**
- (3) *Hard drive:* **Do not delete, forward, modify, open or copy potentially relevant files saved to your hard drive.**
- (4) *Portable media:* **Do not discard, open, copy or modify any relevant electronic files stored on cds, dvds or other portable media.**

At individual work stations, this notice requires you to preserve and retain all potentially relevant documents, electronic files stored in your hard drive and all potentially relevant email contained in your Inbox and Folders. Any email "janitorial" functions, such as automatic deletion of email after a certain number of days, must be disabled. At the appropriate time, Counsel will notify you regarding the collection of our files.

It is important that this Hold Notice be distributed to anyone who may have knowledge of the subject matter of the threatened dispute and potential litigation or may have documents that relate to the subject matter of the threatened dispute and potential litigation. If you are aware of any other individuals at Wynn Resorts, Limited who may have knowledge of the subject matter of the investigation or documents within the scope of this Hold Notice, please respond to this email to notify us of those persons whom you have identified. Any doubt as to whether a person may have knowledge should be resolved in favor of including that person in your identification.

At the network and systems administration level, this notice requires you to preserve and retain all potentially relevant files currently stored on Wynn Resorts, Limited servers and to refrain from doing any administrative work that has any potential to destroy potentially relevant files. Any "janitorial" functions must be disabled. All existing back up tapes containing potentially relevant information must be inventoried, preserved and pulled from recycling rotation.

Any questions regarding this Hold Notice can addressed to **Louis J. Freeh, Counsel for the Compliance Committee of Wynn Resorts, Limited**. In the interim, please (i) acknowledge receipt of this hold notice (ii) distribute this notice to all appropriate

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ATTORNEY/CLIENT COMMUNICATION**

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RECORDS HOLD NOTICE -- INVESTIGATION HAS COMMENCED

personnel within Wynn Resorts, Limited who are directly or indirectly under your supervision and have not been listed, to ensure that all relevant records are maintained, and (iii) advise Louis J. Freeh of the individuals you distributed this notice to and include their contact information. Your compliance with these records preservation requirements is required and is critical to Wynn Resorts, Limited prosecution/defense in this matter.

Please execute this document in the space provide below and return to Kevin Tourek to certify that you have read the record retention memorandum and understand your document preservation obligations set forth herein, including the retention obligations related to any documents that come into your possession after the date hereof.

Thank you for your cooperation.

Louis J. Freeh
Counsel for the Compliance Committee
3711 Kennett Pike, Suite 130
Wilmington, DE 19807

Print Name: _____

Signature: _____

Glaser Weil Fink Jacobs Howard Avchen Shapiro

10250 Constellation Blvd.
19th Floor
Los Angeles, CA 90067
310.553.3000 TEL
310.556.2920 FAX

Robert L. Shapiro

October 12, 2011

Direct Dial
310.556.7886
Direct Fax
310.282.0888
Email
rs@glaserweil.com

VIA FACSIMILE AND E-MAIL

Robert D. Faiss
Lionel Sawyer & Collins
1700 Bank of America Plaza
300 South Fourth Street
Las Vegas, NV 89101

Dear Mr. Faiss:

This firm has been retained by Wynn Resorts, Limited ("Wynn Resorts") to review potential breaches of fiduciary duty by your client, Mr. Kazuo Okada, and possible activities that call into question the suitability of both Mr. Okada and Aruze USA, Inc. ("Aruze") to hold gaming licenses in the State of Nevada.

As you know, as a director of Wynn Resorts Mr. Okada owes the company a duty of loyalty. This duty of loyalty requires, among other things, that he refrain from using company information for his own benefit. The website of Universal Entertainment ("Universal"), of which Mr. Okada serves as Chairman of the Board of Directors and holds a significant ownership interest, states that Universal obtained its purported experience in operating top quality facilities and providing services to the high-end market through Mr. Okada's involvement with Wynn Resorts. The website also states that Universal will use the know how acquired by Mr. Okada from his relationship with Wynn Resorts to operate a casino in Manila Bay. The website admits that this Manila Bay casino will compete for gamblers with Wynn Macau, in which Wynn Resorts has a significant ownership interest. At best, these statements demonstrate a conflict of interest between Mr. Okada and Wynn Resorts. At worst, they show an improper use of Wynn Resorts' information for Mr. Okada's benefit to the detriment of Wynn Resorts. In addition, Universal's website misrepresents its relationship with Wynn Resorts. Universal has repeatedly stated that it is partners with Wynn Resorts. Mr. Okada knows this is not true. Also, we understand that Mr. Okada has misrepresented to foreign governmental officials that he could bring a Wynn Resorts project to their country. Mr. Okada knows this is not true.

In addition, Mr. Okada's conduct in connection with the Universal's Manila Bay project raises questions concerning possible violations of the Foreign Corrupt Practices Act and/or the laws of the Republic of Philippines. Among the facts that raise questions regarding illegal conduct are the follows:

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- Aruze's affiliate acquired fee title to land in Manila Bay without a Philippine partner, an apparent violation of Philippine law.
- The head of Pagcor, from which Aruze's affiliate obtained concessions for a gaming license, has been indicted four times for corruption during his time at Pagcor, including the relevant time during which the concession was obtained by Aruze's affiliate.
- Aruze's affiliate may have purchased the land at a price above fair market value. A preliminary investigation suggests that the seller of the land may have been a front for the head of Pagcor and/or the husband of the President of the Philippines, indicating that the transaction involved bribery or other incentive payments.
- The seller of the land was subsequently indicted for tax fraud.

If any of the foregoing amount to violations of United States or Philippine law, Wynn Resorts' gaming license could be jeopardized if Mr. Okada and Aruze were to remain affiliated with the company. The Second Amended and Restated Articles of Incorporation of Wynn Resorts provides for the redemption of the securities owned or controlled by a person found by the Nevada gaming authorities to be unsuitable, or determined by the Board of Directors to jeopardize the company's gaming licenses. Wynn Resorts would be well within its rights to redeem Aruze's shares before a determination by the gaming regulators that Aruze is unsuitable. If Wynn Resorts were to redeem Aruze's securities the company could pay the redemption price in cash or in the form of a promissory note, subordinated to other indebtedness to the extent necessary to avoid violation of agreement to which the company is a party, bearing interest at a rate of 2% per year and maturing after ten years.

Wynn Resorts takes potential breaches of fiduciary duty and potential illegal conduct seriously. The Compliance Committee of Wynn Resorts must fully investigate the foregoing acts and have retained Louis J Freeh, a former director of the Federal Bureau of Investigation and a former federal judge, to conduct an independent investigation of potential breaches of fiduciary duty by Mr. Okada and potential illegal activities. Mr. Okada's fiduciary duty as a director requires that he cooperate with this investigation. We expect that Mr. Okada will both make himself available to Mr. Freeh and provide him with any documents he may request.

744902.1

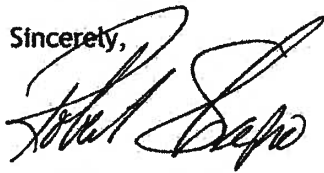
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Robert D. Faiss
October 12, 2011
Page 3

We understand that Mr. Wynn has discussed Mr. Okada's breaches of fiduciary duty and conflicts of interest with him and requested that he resign from the Board and that Mr. Okada refused to do so. We recommend he reconsider that decision.

This letter is written without waiver of or prejudice to any or all of our client's rights or remedies, all of which are expressly reserved.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert L. Shapiro", written over the word "Sincerely,".

ROBERT L. SHAPIRO
of GLASER WEIL FINK JACOBS HOWARD AVCHEN & SHAPIRO LLP

cc: Mr. Kazua Okada

744902.1

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Plaintiff Proposed Exhibit 299.0006

0006

RECORDS HOLD NOTICE -- INVESTIGATION HAS COMMENCED

personnel within Wynn Resorts, Limited who are directly or indirectly under your supervision and have not been listed, to ensure that all relevant records are maintained, and (iii) advise Louis J. Freeh of the individuals you distributed this notice to and include their contact information. Your compliance with these records preservation requirements is required and is critical to Wynn Resorts, Limited prosecution/defense in this matter.

Please execute this document in the space provide below and return to Kevin Tourek to certify that you have read the record retention memorandum and understand your document preservation obligations set forth herein, including the retention obligations related to any documents that come into your possession after the date hereof.

Thank you for your cooperation.

Louis J. Freeh
Counsel for the Compliance Committee
3711 Kennett Pike, Suite 130
Wilmington, DE 19807

Print Name: _____

Signature: _____

CIVIL COVER SHEET

Clark County, Nevada

Case No. _____
(Assigned by Clerk's Office)

XI

I. Party Information

Petitioner(s) (name/address/phone): KAZUO OKADA, an individual

Attorney (name/address/phone): Charles H. McCrea, Jr. (SBN 104), LIONEL SAWYER & COLLINS, 300 S. 4th St., Ste. 1700, Las Vegas, NV 89101; 702-383-8888

Respondent(s) (name/address/phone): WYNN RESORTS, LIMITED, a Nevada corporation

Attorney (name/address/phone):

II. Nature of Controversy (Please check applicable bold category and applicable subcategory, if appropriate)☐ **Arbitration Requested****Civil Cases**

Real Property	Torts	
<input type="checkbox"/> Landlord/Tenant <input type="checkbox"/> Unlawful Detainer <input type="checkbox"/> Title to Property <input type="checkbox"/> Foreclosure <input type="checkbox"/> Liens <input type="checkbox"/> Quiet Title <input type="checkbox"/> Specific Performance <input type="checkbox"/> Condemnation/Eminent Domain <input type="checkbox"/> Other Real Property <input type="checkbox"/> Partition <input type="checkbox"/> Planning/Zoning	<input type="checkbox"/> Negligence <input type="checkbox"/> Negligence – Auto <input type="checkbox"/> Negligence – Medical/Dental <input type="checkbox"/> Negligence – Premises Liability (Slip/Fall) <input type="checkbox"/> Negligence – Other	<input type="checkbox"/> Product Liability <input type="checkbox"/> Product Liability/Motor Vehicle <input type="checkbox"/> Other Torts/Product Liability <input type="checkbox"/> Intentional Misconduct <input type="checkbox"/> Torts/Defamation (Libel/Slander) <input type="checkbox"/> Interfere with Contract Rights <input type="checkbox"/> Employment Torts (Wrongful termination) <input type="checkbox"/> Other Torts <input type="checkbox"/> Anti-trust <input type="checkbox"/> Fraud/Misrepresentation <input type="checkbox"/> Insurance <input type="checkbox"/> Legal Tort <input type="checkbox"/> Unfair Competition
Probate	Other Civil Filing Types	
Estimated Estate Value: _____ <input type="checkbox"/> Summary Administration <input type="checkbox"/> General Administration <input type="checkbox"/> Special Administration <input type="checkbox"/> Set Aside Estates <input type="checkbox"/> Trust/Conservatorships <input type="checkbox"/> Individual Trustee <input type="checkbox"/> Corporate Trustee <input type="checkbox"/> Other Probate	<input type="checkbox"/> Construction Defect <input type="checkbox"/> Chapter 40 <input type="checkbox"/> General <input type="checkbox"/> Breach of Contract <input type="checkbox"/> Building & Construction <input type="checkbox"/> Insurance Carrier <input type="checkbox"/> Commercial Instrument <input type="checkbox"/> Other Contracts/Acct/Judgment <input type="checkbox"/> Collection of Actions <input type="checkbox"/> Employment Contract <input type="checkbox"/> Guarantee <input type="checkbox"/> Sale Contract <input type="checkbox"/> Uniform Commercial Code <input type="checkbox"/> Civil Petition for Judicial Review <input type="checkbox"/> Foreclosure Mediation <input type="checkbox"/> Other Administrative Law <input type="checkbox"/> Department of Motor Vehicles <input type="checkbox"/> Worker's Compensation Appeal	<input type="checkbox"/> Appeal from Lower Court (also check applicable civil case box) <input type="checkbox"/> Transfer from Justice Court <input type="checkbox"/> Justice Court Civil Appeal <input type="checkbox"/> Civil Writ <input type="checkbox"/> Other Special Proceeding <input type="checkbox"/> Other Civil Filing <input type="checkbox"/> Compromise of Minor's Claim <input type="checkbox"/> Conversion of Property <input type="checkbox"/> Damage to Property <input type="checkbox"/> Employment Security <input type="checkbox"/> Enforcement of Judgment <input type="checkbox"/> Foreign Judgment – Civil <input type="checkbox"/> Other Personal Property <input type="checkbox"/> Recovery of Property <input type="checkbox"/> Stockholder Suit <input checked="" type="checkbox"/> Other Civil Matters

III. Business Court Requested (Please check applicable category; for Clark or Washoe Counties only.)

- | | | |
|--|--|---|
| <input checked="" type="checkbox"/> NRS Chapters 78-88 | <input type="checkbox"/> Investments (NRS 104 Art. 8) | <input type="checkbox"/> Enhanced Case Mgmt/Business |
| <input type="checkbox"/> Commodities (NRS 90) | <input type="checkbox"/> Deceptive Trade Practices (NRS 598) | <input type="checkbox"/> Other Business Court Matters |
| <input type="checkbox"/> Securities (NRS 90) | <input type="checkbox"/> Trademarks (NRS 600A) | |

January 11, 2012
Date

Charles H. McCrea, Jr.
Signature of initiating party or representative

See other side for family-related case filings.

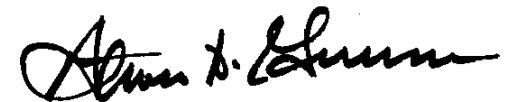
1 **0016**

2 Paul R. Hejmanowski (SBN #94)
3 Charles H. McCrea, Jr. (SBN #104)
4 LIONEL SAWYER & COLLINS
5 1700 Bank of America Plaza
6 300 South Fourth Street
7 Las Vegas, Nevada 89101
8 Telephone: (702) 383-8888
9 Facsimile: (702) 383-8845

6 Gidon M. Caine (*Pro Hac Vice Pending*)
7 ALSTON & BIRD LLP
8 275 Middlefield Road, Suite 150
9 Menlo Park, California 94025
10 Telephone: 650-838-2000
11 Facsimile: 650-838-2001

10 *Attorneys for Petitioner*
11 *KAZUO OKADA*

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01/11/2012 02:33:08 PM



CLERK OF THE COURT

12 **DISTRICT COURT**
13 **CLARK COUNTY, NEVADA**

14 KAZUO OKADA, an individual,

15 Petitioner,

16 -against-

17 WYNN RESORTS, LIMITED, a Nevada
18 corporation,

19 Respondent.

CASE NO. **A- 12- 654522- B**

DEPT. NO. **XI**

**PETITION FOR A WRIT
OF MANDAMUS**

**[ARBITRATION EXEMPTION
CLAIMED: PETITION SEEKS
INJUNCTIVE RELIEF]**

**[BUSINESS COURT REQUESTED: NRS
CHAPTER 78]**

22 COMES NOW Petitioner KAZUO OKADA ("Mr. Okada"), by and through his counsel
23 LIONEL SAWYER & COLLINS and ALSTON & BIRD LLP, against Respondent Wynn
24 Resorts, Limited ("Wynn Resorts" or the "Company"), and pursuant to Nev. Rev. Stat. § 34.150
25 *et seq.* respectfully petitions the Court for a writ of mandamus compelling Respondent to
26 produce certain books and records. This verified Petition is made and based on the facts set forth
27 below and the Affidavit of Charles H. McCrea, Jr. and Memorandum of Law filed herewith:
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1 of the \$30 million and the subsequent \$90 million invested by Aruze USA. Nevertheless, the
2 Company still denied access to any records showing how the funds were used. Thus, on
3 November 29, 2011, Mr. Okada sought inspection with regard to the full \$120 million invested
4 by Aruze USA in April 2002 (which was ostensibly to be used in relation to the Macau resort).
5 In response, Wynn Resorts has continued to deny Mr. Okada's requests to inspect its books and
6 records and there has been no explanation for how the \$120 million was actually spent.

7 6. This action seeks an order that Mr. Okada and his attorneys be permitted to
8 inspect the Company's books and records.

9 **PARTIES, JURISDICTION AND VENUE**

10 7. Petitioner Kazuo Okada is a resident of Hong Kong and citizen of Japan. In 1969,
11 Mr. Okada founded Universal Lease Co. Ltd., which is now known as Universal Entertainment
12 Corporation ("Universal"), and is its majority owner and Chairman. Mr. Okada is a Director,
13 President, Secretary, and Treasurer of Aruze USA, Inc., a wholly-owned subsidiary of Universal.
14 Aruze USA owns 24,549,222 shares of Wynn Resorts, or 19.66 percent of the outstanding shares
15 of the Company. Mr. Okada has been found suitable by the Nevada Gaming Commission as a
16 stockholder and as a controlling stockholder of Universal Entertainment Corporation.

17 8. Mr. Okada has served as a member of Wynn Resorts' Board of Directors since
18 October 2002. Mr. Okada also serves as a member of the Board of Directors of Wynn Macau,
19 Limited, a majority owned subsidiary of the Company.

20 9. Respondent Wynn Resorts, Limited is a publicly traded corporation organized and
21 existing under the laws of the State of Nevada with its principal place of business in Las Vegas,
22 Nevada. Wynn Resorts trades on NASDAQ under the ticker symbol "WYNN." Wynn Resorts,
23 together with its subsidiaries, develops, owns, and operates destination casinos and resorts. The
24 Company owns the Wynn Las Vegas casino resort in Las Vegas, Nevada, and the Wynn Macau
25 casino resort located in the Macau Special Administrative Region of the People's Republic of
26 China.

27 10. This Court has jurisdiction over this action pursuant to Nevada Constitution,
28 Article 6, § 6.

1 11. Venue is proper in this Court pursuant to Nev. Rev. Stat. § 13.040.

2 **GENERAL ALLEGATIONS**

3 12. Petitioner reasserts and realleges Paragraphs 1 through 11 above.

4 **A. Mr. Okada and Mr. Wynn Create Wynn Resorts**

5 13. Mr. Wynn had a track record of planning and opening casino and resort projects
6 such as the Golden Nugget, the Mirage, Treasure Island, and Bellagio. He lost control of these
7 ventures, however, to MGM. In 2000, Mr. Wynn purchased the former Desert Inn in Las Vegas
8 and tried to develop it. He was having trouble finding investors, until he met Mr. Okada.

9 14. Mr. Okada first came to know about Mr. Wynn through Universal. At the time,
10 Universal was a distributor of electronic gaming machines in Nevada, and Mr. Wynn was a
11 customer. Universal had developed the first computerized slot machine.

12 15. In October 2000, Aruze USA invested \$260 million for a 50 percent membership
13 interest in Valvino Lamore, LLC ("Valvino Lamore"), Mr. Wynn's venture to develop the Desert
14 Inn property. In connection with that investment, the parties entered into the Amended and
15 Restated Operating Agreement of Valvino Lamore, LLC (the "Valvino Lamore Operating
16 Agreement").

17 16. In 2002, in connection with the development of the Wynn Macau project, Mr.
18 Wynn first asked Mr. Okada for \$30 million, supposedly to finance "due diligence," and then an
19 additional \$90 million to fund other elements of the enterprise, for a total of \$120 million. Mr.
20 Okada provided this funding through Aruze USA. The document memorializing this investment
21 is the Third Amended and Restated Operating Agreement of Valvino Lamore, LLC (the "Third
22 Amended and Restated Operating Agreement of Valvino Lamore,") executed by Mr. Wynn,
23 Aruze USA, and Baron Asset Fund. Mr. Okada has never seen an accounting for how any of this
24 money was spent. The Third Amended and Restated Operating Agreement of Valvino Lamore
25 also provided that Mr. Wynn would receive a reimbursement for expenses incurred to develop a
26 property in Macau.

27 17. In light of recent developments, Mr. Okada has become concerned regarding how
28 Mr. Wynn caused these funds to be used. Mr. Okada's recent requests to inspect the books and

1 records in order to determine how these monies were used, and for substantiation of the
2 reimbursement to Mr. Wynn, have been repeatedly and summarily denied by the Company.

3 18. In September 2002, less than two years after Mr. Okada and Mr. Wynn joined
4 forces, the members of Valvino Lamore contributed 100% of their membership interests to
5 Wynn Resorts in exchange for common stock in Wynn Resorts. Valvino Lamore is now a
6 wholly-owned subsidiary of Wynn Resorts. Wynn Resorts now controls the books and records
7 of Valvino Lamore.

8 19. In conjunction with the transition of Valvino Lamore to Wynn Resorts, Aruze
9 USA, Mr. Wynn, and Baron Asset Fund entered into a stockholders agreement ("2002
10 Stockholders Agreement").

11 20. On October 25, 2002, Wynn Resorts went public on the NASDAQ at \$13 per
12 share. After the initial public offering, and other subsequent dilution, Mr. Okada and Mr. Wynn
13 each owned approximately twenty percent of the common stock.

14 **B. Mr. Wynn Loses A Significant Portion Of His Stake in Wynn Resorts**

15 21. In March 2009, Mr. Wynn and his wife filed for divorce in Las Vegas. In a
16 January 6, 2010 filing with the Securities and Exchange Commission, they reported that
17 11,076,708 shares previously held as community property were transferred to Ms. Wynn, leaving
18 Mr. Wynn with an equal number of shares. Meanwhile, Aruze USA held 24,549,222 shares, or
19 more than double what Mr. Wynn had.

20 22. As a result of this transfer to his ex-wife, Mr. Wynn owned approximately nine
21 percent of Wynn Resorts' outstanding common stock, compared to the almost twenty percent
22 owned by Aruze USA.

23 23. As Mr. Wynn was losing a significant portion of his shares to his ex-spouse, he
24 procured an amendment to the stockholders agreement ("2010 Amendment"), which, among
25 other things, purports to impose restrictions on the shares of Wynn Resorts owned by Azure
26 USA and Ms. Wynn and confirm the ability to Mr. Wynn to exercise certain rights in respect of
27 such shares.
28

1 **C. Mr. Okada Objects to HK\$1 Billion Donation to the University of Macau**

2 24. In May 2011, Wynn Macau pledged to donate HK\$1 billion (about \$135 million)
3 to the University of Macau Development Foundation. This contribution consists of a \$25 million
4 contribution made in May 2011, and a commitment for additional donations of \$10 million each
5 year for the calendar years 2012 through 2022 inclusive, for a total of \$135 million. Wynn
6 Macau's gaming concession expires in June 2022. Mr. Okada objected to this donation, which
7 appears to be unprecedented in the annals of that University. Mr. Okada noted in this regard that
8 the University sits on land owned by the government, and there was no discussion regarding
9 whether such a large gift, over such a long period, is an appropriate use of corporate funds.

10 25. Mr. Okada's recent requests to inspect the Company's books and records
11 regarding this donation have been denied by the Company.

12 **D. Wynn Rebuffs Mr. Okada's Efforts To Review The Company's Books and**
13 **Records**

14 26. On November 2, 2011, Mr. Okada formally requested to inspect Wynn Resorts'
15 books and records for the purpose of determining the manner in which the \$30 million obtained
16 from Aruze USA, on or about April 22, 2002, was spent.

17 27. Mr. Okada also sought to inspect the books and records of Wynn Resorts for the
18 purpose of determining the details of the HK\$1 billion pledge (and partial donation) by Wynn
19 Resorts or its affiliates to the University of Macau, which was made over Mr. Okada's objection.
20 In this regard, he seeks all electronic and hard copy records referring or relating to the
21 University.

22 28. Mr. Okada further sought to inspect the books and records of Wynn Resorts for
23 all evidence regarding the negotiation, drafting, and execution of the 2010 Amendment.

24 29. On November 3, 2011, the Company summarily rejected Mr. Okada's requests for
25 access to the Company's books and records.

26 30. On November 9, the Company sent a letter indicating that it could not locate the
27 \$30 million transferred to it by Aruze USA in April 2002. As a result, on November 17, 2011,
28 Mr. Okada wrote to Wynn Resorts, enclosing a bank statement showing the \$30 million

1 withdrawal, and again seeking inspection. On November 28, 2011, Wynn Resorts indicated that
2 they had indeed located the money, and the other \$90 million invested in April 2002 by Aruze
3 USA, but refused to provide any accounting or records for how it was spent.

4 31. On November 29, 2011, Mr. Okada formally asked for inspection regarding how
5 the full \$120 million was spent, as well as all books and records regarding the Macau
6 Reimbursement Amount, as that term is used in the Third Amended and Restated Operating
7 Agreement of Valvino Lamore.

8 32. On December 12, 2011, Mr. Okada formally requested inspection of books and
9 records of Wynn Resorts and its predecessor entities for the years 2000-2002. On December 15,
10 2011, Wynn Resorts rejected the requested inspection.

11 33. Mr. Okada's right as a Director to inspect the books and records of the Company
12 is unqualified. Nevertheless, the Company has steadfastly refused to allow Mr. Okada to review
13 any documents or other records on the matters he has raised, even though he is a Director of the
14 Company, and the indirect owner of 19.66 percent of its shares.

15 **FIRST CLAIM FOR RELIEF**

16 **Inspection of the Wynn Resorts Books and Records**

17 **(Against Wynn Resorts)**

18 34. Petitioner reasserts and realleges Paragraphs 1 through 33 above as if set forth in
19 full below.

20 35. Mr. Okada is a Director of Wynn Resorts, and has been so continuously since
21 October 2002.

22 36. By letters dated November 2, November 17, November 29, and December 12,
23 2011, Mr. Okada requested inspection of specific categories of the books and records of Wynn
24 Resorts, and other matters which are not the subject of this Petition. The records requested for
25 inspection include:

26 a. All books and records related to how the manner in which the \$120 million
27 invested by Aruze USA in April 2002 was spent;

28 b. All books and records related to a HK\$1 billion pledge (and partial donation)

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- by the Company or its affiliates to the University of Macau;
- c. All books and records regarding the Macau Reimbursement Amount, as that term is used in the Third Amended and Restated Operating Agreement of Valvino Lamore;
- d. Books and records of Wynn Resorts and its predecessor entities for the years 2000 through 2002; and
- e. All evidence regarding negotiation, drafting, and execution of the Amended and Restated Stockholders Agreement dated January 6, 2010 between Mr. Wynn, Ms. Wynn, and Aruze USA, Inc.

37. The November 2, 2011 requests have been summarily denied. The November 17 and November 29, 2011 requests have been met by silence. The December 12, 2011 request has been summarily denied.

WHEREFORE, Petitioner prays for judgment as follows:

- A. A writ of mandamus requiring Wynn Resorts to permit Mr. Okada and his counsel to inspect and make copies of the books and records of the Company;
- B. That Petitioner be awarded his costs and expenses, including reasonable attorneys' fees incurred herein; and
- C. Any and all such other and further relief as this Court deems just and proper.

Dated: January 11th, 2012

LIONEL SAWYER & COLLINS
By: 
Paul R. Hejmanowski (SBN #94)
Charles H. McCrea, Jr. (SBN #104)
1700 Bank of America Plaza
300 South Fourth Street
Las Vegas, Nevada 89101
Telephone: 702-383-8888
Fax: 702-383-8845

1 **ALSTON & BIRD, LLP**
2 Gidon M. Caine (Pro Hac Vice Pending)
3 275 Middlefield Road
4 Suite 150
5 Menlo Park, California 94025
6 Telephone: 650-838-2000
7 Facsimile: 650-838-2001

8 *Attorneys for Petitioner*
9 **KAZUO OKADA**

10 **VERIFICATION**

11 I, Kazuo Okada, being duly sworn, deposes and says:

12 I am the Petitioner in the foregoing Petition for a Writ of Mandamus (the "Petition"). I
13 have read a certified Japanese translation of the Petition and know its contents. The Petition is
14 true to my knowledge. The basis of my knowledge is my personal involvement in the matters
15 described, review of documents, discussions with employees of Universal Entertainment Corp.
16 and Aruze USA, and the investigation of my counsel.

17 /s/Kazuo Okada*
18 **KAZUO OKADA**

19 Sworn to me this ____
20 day of January, 2012

21 /s/*
22 Notary Public

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27 * Mr. Okada is not fluent in English. Accordingly, this Petition, including the Verification, was
28 translated into Japanese. A certified copy of the translation, including the signed and notarized
Verification, is attached hereto.

チャールズH. マックリア Jr. (Charles H. McCrea, Jr.) (SBN 104)
 ライオネル、ソイヤー、コリンズ法律事務所 (LIONEL SAWYER & COLLINS)
 1700 バンクオブアメリカプラザ
 300 南 4 番街
 ラスベガス、ネバダ州
 (1700 Bank of America Plaza, 300 South Fourth Street, Las Vegas, Nevada 89101)
 電話: (702) 383-8888
 Fax: (702) 383-8845

ギドン M. ケイン (Gidon M. Caine (PHV 係属中))
 オールストン&バード法律事務所 (ALSTON & BIRD LLP)
 275 ミドルフィールドロードスイート 150
 メンロパーク、カリフォルニア州
 (275 Middlefield Road, Suite 150, Menlo Park, California 94025)
 電話: 650-838-2000
 Fax: 650-838-2001

下記申立人代理人弁護士
 岡田和夫 (KAZUO OKADA)

ネバダ州クラーク郡地方裁判所

<p>申立人:</p> <p>個人岡田和夫(KAZUO OKADA)</p> <p>-対-</p> <p>相手方:</p> <p>ネバダ州法人ウィンリゾート社(WYNN RESORTS, LIMITED)</p>	<p>訴訟番号</p> <p>部局番号</p> <p>職務執行令状を求める申立て</p> <p>[仲裁適用除外の主張:強制命令の請求]</p> <p>[商事裁判所による判断を求める: NRS 第 78 章]</p>
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ここに、申立人岡田和夫（「岡田氏」）は、その訴訟代理人であるライオネル・ソイヤー&コリンズおよびオールストン&バード法律事務所を通じて、ウィンリゾート社（「ウィンリゾート社」または「同社」）を相手方として、NRS 第 34 章に従い、裁判所に対し、特定の帳簿および記録の提出を相手方に命じる職務執行令状の申立てを致します。本申立ては、以下に記載した事実および添付の法律意見書に基づいて行うものです。

申立書, 1 /

本申立ての性質

1. 本申立ては、ウィンリゾート社が、岡田氏による同社の帳簿および記録の閲覧を拒否したことに起因します。ウィンリゾート社の取締役として（事実、同社の株式の19.66パーセントを間接的に保有する者として）、岡田氏は、同社の帳簿および記録を調査する権利を明らかに有しています。しかし、数回にわたって書面で要求したにも関わらず、ウィンリゾート社は、同社の帳簿および記録を同社の取締役に調査させないよう頑なに隠匿し続けています。本申立ては、岡田氏およびその弁護士に同社の帳簿および記録の閲覧を許可せよ、との命令を求めるものです。

2. 2000年10月、岡田氏は、同氏が間接的に支配するネバダ州の会社であるアルゼUSA社（「アルゼUSA」）をして、ネバダ州ラスベガスにあったウィンリゾート社の前身である会社に\$260,000,000を投資させました。

3. 2002年4月、アルゼUSAは、ウィンリゾート社の会長兼CEOのステイブ・A・ウィン（「ウィン氏」）の要請を受けて、さらに\$120,000,000をウィンリゾート社の前身である会社に投資しました。この投資には、中華人民共和国のマカオ特別行政区におけるカジノ企画の開発を進展させるためにウィンリゾート社に対する援助が必要であるとウィン氏が言ったために投資した\$30,000,000も含まれていました。

4. ウィンリゾート社の取締役として、同社の全株主の利益に沿うべく同社の適切な経営を確保するため、岡田氏には同社の事業について知る権利と義務があります。2011年7月に同社が行ったマカオ開発基金大学への10億香港ドル（135,000,000米ドル）の寄付（この寄付に対し岡田氏は正式に反対を表明しました）を含む、近時に起きたいくつかの出来事は、岡田氏をして、同社の帳簿および記録を調査する取締役としての権利を行使するよう促すものでした。特に、11月2日、岡田氏は、(a) 同社が行った10億香港ドル（135,000,000米ドル）のマカオ大学に対する寄付、(b) 2002年4月にアルゼUSAがウィンリゾート社に投資した\$30,000,000の使途、(c) 岡田氏、ウィン氏およびイレイン・ウィン（ウィン氏の前妻）間で締結された株主間契約に関する2010年の修正合意に関する情報を求めました。

5. 岡田氏の要求は拒否されました。要求は即座に拒否されただけでなく、驚くべきことに、ウィンリゾート社は、\$30,000,000の送金が行われたことについてさえ証拠を提出す

申立書, 2/

るよう求めたのです。アルゼ USA は直ちにその証拠を提供し、これを受けて同社は \$30,000,000 およびこれに引き続いてアルゼ USA が投資した \$90,000,000 を受領したことを認めました。にもかかわらず、同社は、上記資金の用途を示すあらゆる記録の閲覧を依然として拒否しました。こうして、11 月 29 日、岡田氏は、アルゼ USA が 2002 年 4 月に投資した合計 \$120,000,000（これは、表向きはマカオリゾートに関して使われることになっていました）に関する記録の閲覧を求めました。これに対して、ウィンリゾート社は、同社の帳簿および記録の閲覧を求める岡田氏の要求を拒否し続けており、\$120,000,000 の実際の用途についてはこれまで何らの説明もされていません。

6. 本申立ては、岡田氏およびその弁護士に同社の帳簿および記録の閲覧を許可せよ、との命令を求めるものです。

当事者、管轄、裁判地

7. 申立人岡田和夫は香港に居住する日本人です。1969 年、岡田氏はユニバーサル・リース株式会社を設立し、同社は現在はユニバーサル・エンターテイメント社（「ユニバーサル」）として知られており、岡田氏はその過半数株主兼会長です。岡田氏は、ユニバーサルの完全子会社であるアルゼ USA の取締役、社長、参事、財務役員です。アルゼ USA はウィンリゾート社の 24,549,222 株を保有し、同社の発行済株式の 19.66 パーセントを保有しています。岡田氏はネバダ州賭博委員会によりユニバーサル・エンターテイメント社の株主および支配株主として適格と認められてきました。

8. 岡田氏は、2002 年 10 月以来、ウィンリゾート社取締役会のメンバーを務めています。また、岡田氏は、同社が株式の過半数を保有する子会社ウィンマカオの取締役会のメンバーも務めています。

9. 相手方ウィンリゾート社は上場企業で、ネバダ州法に基づいて組織されて存在し、事業本拠地はネバダ州ラスベガスです。ウィンリゾート社は NASDAQ で株式銘柄コード「WYNN」で取引されています。ウィンリゾート社はその子会社と共に、観光地のカジノやリゾートの開発、所有、運営をしています。同社はネバダ州ラスベガスのウィンラスベガス・カジノリゾートと中華人民共和国マカオ特別行政区にあるウィンマカオ・カジノリゾートを所有

しています。

10. 当裁判所はネバダ州憲法第六條 6 節に従い本申立てに対して管轄権を持ちます。
11. ネバダ州改訂法令 13.040.に従い、当裁判所は適切な裁判地です。

一般的な主張

12. 申立人は前記 1 項から 11 項までを改めて主張します。

A. 岡田氏とウィン氏によるウィンリゾート社の設立

13. ウィン氏はゴールデンサゲット、ミラージ、トレジャーアイランド、ベラージオなどのカジノやリゾート事業の企画や運営の実績がありました。しかし、ウィン氏はこれらのベンチャー事業の支配権を MGM に失いました。2000 年、ウィン氏はラスベガスで前デザートインを購入しその開発を試みました。ウィン氏は、投資家を見つけるのに苦労している時に岡田氏と出会いました。

14. 岡田氏は当初、岡田氏の会社であるユニバーサルを通じてウィン氏を知りました。当時、ユニバーサルはネバダ州にある電子賭博機械の販売業者で、ウィン氏は顧客でした。ユニバーサルは最初のコンピュータスロットマシンを開発しました。

15. 2000 年 10 月、アルゼ USA は、デザートインの土地を開発するウィン氏のベンチャー事業であるバルビノ・ラモレ有限会社（「バルビノ・ラモレ」）に対し、50 パーセントの持分を得るのと引き換えに、\$260,000,000 を投資しました。この投資に関連して、両当事者はバルビノ・ラモレ有限会社の修正運営契約（「バルビノ・ラモレ運営契約」）を締結しました。

16. 2002 年、ウィン・マカオ企画開発に関連して、ウィン氏は岡田氏に、デューデリジェンスの資金として \$30,000,000、その後更に事業の他の部分へ資金を供給するために \$90,000,000、合計 \$120,000,000 を要求しました。岡田氏はこの資金をアルゼ USA を通じて提供しました。この投資を記録化した文書が、ウィン氏、アルゼ USA およびバロンアセットファンドによって締結されたバルビノ・ラモレ有限会社の第三次修正運営契約（「バルビノ・ラモレ第三次修正運営契約」）です。岡田氏はこの資金がどの様に使われたのか、その会計を一度も見ることがありません。また、バルビノ・ラモレ第三次修正運営契約には、マカオの土地開発に

要した費用についてウィン氏は償還を受けることが定められていました。

17. 最近の開発を踏まえると、岡田氏は、ウィン氏がこれらの資金をどのように使ったのかについて懸念を抱くようになりました。これらの資金がどのように使われたのかについて明らかにするために同社の帳簿および記録の閲覧を、またウィン氏へ償還された費用の裏付け資料を求める岡田氏の近時の要求は、繰り返しかつ即座に、同社によって拒否されてきました。

18. 岡田氏とウィン氏が協働するようになってから2年足らずの2002年9月、バルビノ・ラモレのメンバーがウィンリゾート社の普通株式と引き換えに彼らの持分を100パーセントウィンリゾート社に提供しました。現在、バルビノ・ラモレはウィンリゾート社の完全子会社です。現在、ウィンリゾート社はバルビノ・ラモレの帳簿および記録を管理しています。

19. バルビノ・ラモレのウィンリゾート社への遷移と同時に、アルゼ USA、ウィン氏およびバロンアセットファンドは株主間契約を締結しました（「2002年株主間契約」）。

20. 2002年10月25日、ウィンリゾート社がNASDAQに1株13ドルで上場しました。初回株式公開とその後の希釈化の後に、岡田氏とウィン氏はそれぞれ普通株式を約20パーセントずつ保有しました。

B. ウィン氏がウィンリゾート社に対する相当部分の利権を失ったこと

21. 2009年3月、ウィン氏と彼の妻はラスベガスで離婚しました。2010年1月6日の証券取引委員会への提出書類において、二人は、共有財産として持っていた11,076,708株がウィン夫人に移転し、ウィン氏の手元に同数の株式が残ったと報告しました。一方、アルゼ USA は24,549,222株を保有し、ウィン氏の二倍以上の株式を保有していました。

22. ウィン氏の前妻への株式の移転の結果、アルゼ USA がほぼ20パーセントを保有しているのに対して、ウィン氏はウィンリゾート社の発行済普通株式の約9パーセントを保有することになりました。

23. ウィン氏がその持株の大部分を前妻に対する譲渡により失う過程において、彼は株主間契約の修正（「2010年修正合意」）を取り付けました。この修正は、その他の内容とともに、アルゼ USA およびウィン夫人が保有するウィンリゾート社の株式に対して制限を課し、

これらの株式に関してウィン氏がある種の権利を行使する権限を認めるものです。

C. マカオ大学に対する 10 億香港ドルの寄付に対する岡田氏の反対

24. 2011 年 5 月に、ウィン・マカオが、マカオ大学開発基金に 10 億香港ドル（約 135,000,000 米ドル）の寄付を約束しました。この寄付は、2011 年 5 月になされた 25,000,000 米ドルと 2012 年から 2022 年までの毎年 10,000,000 米ドルの追加寄付とで、合計で 135,000,000 米ドルを渡すというものでした。ウィン・マカオの賭博特権は 2022 年 6 月に失効します。当該大学の歴史において前例のないこの寄付に、岡田氏は反対しました。このことに関して、岡田氏は、同大学が政府所有の敷地にあること、またこのような巨額かつ長期間に及ぶ贈与が会社資金の適切な使用といえるのかについて何らの議論もなされていないことを指摘しました。

25. この寄付に関してウィンリゾート社の帳簿および記録の閲覧を求める岡田氏の最近の要求は、同社によって拒否されました。

D. ウィンリゾート社の帳簿および記録を調査しようとする岡田氏の努力をウィン氏が妨害したこと

26. 2011 年 11 月 2 日、岡田氏は、2002 年 4 月 22 日またはその前後にアルゼ USA から得た \$30,000,000 の使途を明らかにするために、ウィンリゾート社の帳簿および記録の閲覧を正式に要求しました。

27. また、岡田氏は、岡田氏が異議を述べたにもかかわらず行われたウィンリゾート社またはその関連会社によるマカオ大学に対する 10 億香港ドルの寄付の約束（およびその一部の寄付）の詳細を明らかにすることを目的として、ウィンリゾート社の帳簿および記録の閲覧を求めました。この点に関して、岡田氏は、同大学に言及したまたは同大学に関連したすべての電子的記録およびハードコピーによる記録の提供を求めています。

28. 岡田氏はさらに、2010 年修正合意の交渉、草案および締結に関するすべての証拠について、ウィンリゾート社の帳簿および記録の閲覧を求めました。

29. 2011 年 11 月 3 日、ウィンリゾート社は岡田氏による同社の帳簿および記録の閲覧要求を即座に拒否しました。

30. 11月9日、ウィンリゾート社は、2002年4月にアルゼ USA から同社に送金された\$30,000,000を確認することができない旨を述べた書状を送付しました。その結果、2011年11月17日、岡田氏はウィンリゾート社に書状を送り、\$30,000,000が引き出されたことを示す銀行の明細書を同封し、再度閲覧を求めました。2011年11月28日、ウィンリゾート社は、上記資金、さらに2002年4月にアルゼ USA から出資を受けた別の\$90,000,000について、これらを確認したことを明らかにしていますが、それらの使途に関する説明および記録の提出は拒否しました。

31. 2011年11月29日、岡田氏は、上記\$120,000,000の使途に関する調査ならびに第三次修正ヴァルヴィーノ・ラモーレ運営契約において定義されている用語である「マカオ償還額」に関連するすべての帳簿および記録の閲覧を正式に求めました。

32. 2011年12月12日、岡田氏は、2000年から2002年までのウィンリゾート社およびその前身である法人の帳簿および記録の閲覧を正式に要求しました。2011年12月15日、ウィンリゾート社はこの閲覧要求を拒否しました。

33. ウィンリゾート社の帳簿および記録を閲覧する取締役としての岡田氏の権利は無条件のものです。にもかかわらず、同社は、岡田氏が同社の取締役でありかつ19.66パーセントの株式の間接的な保有者であるにもかかわらず、岡田氏が指摘した事項について同氏がいかなる文書および記録を調査することも断固として拒否し続けています。

救済に関する請求
ウィンリゾート社の帳簿および記録の閲覧
(ウィンリゾート社に対して)

34. 申立人は、上記1項から33項について、その全文が以下に記載されたかのごとく、改めてこれらを主張します。

35. 岡田氏はウィンリゾート社の取締役であり、2002年10月から継続的に取締役を務めていました。

36. 2011年11月2日、11月17日、11月29日および12月12日付の書状により、岡田氏は、ウィンリゾート社の特定の帳簿および記録の閲覧ならびに本申立てに含まれないその他の事項について要求を行ってきました。閲覧を求めた記録には以下のものが含まれます。

申立書, 71

- a. 2002年4月にアルゼ USA が投資した\$120,000,000の使途に関するすべての帳簿および記録。
- b. ウィンリゾート社またはその関連会社がマカオ大学に対して行った10億香港ドルの寄付の約束（およびその一部の寄付）に関する全ての帳簿および記録。
- c. バルビノ・ラモレ第三次修正運営契約で用いられている用語である「マカオ償還額」に関するすべての帳簿および記録。
- d. 2000年から2002年までのウィンリゾート社およびその前身の法人の帳簿および記録。
- e. ウィン氏、ウィン夫人およびアルゼ USA の間で締結された株主間契約の2010年1月6日付修正合意の交渉、草案および締結に関するすべての証拠。

37. 2011年11月2日の要求は即座に拒否されました。2011年11月17日および11月29日の要求については返答がありませんでした。2011年12月12日の要求は即座に拒否されました。

よって、申立人は次のとおりの判決を求めます。

- A. 岡田氏およびその弁護士がウィンリゾート社の帳簿および記録を閲覧および謄写することを許すよう、ウィンリゾート社に命じる職務執行令状。
- B. 申立人は、本件において生じた合理的な弁護士費用を含む費用および支出について賠償が認められること。
- C. 本裁判所が正当かつ適切であると考え他のあらゆる追加の救済。

日付: 2012年1月 日

ライオネル・ソイヤー&コリンズ

サイン: _____
Charles H. McCrea, Jr. (SBN #104)
1700 Bank of America Plaza
300 South Fourth Street
Las Vegas, Nevada 89101
Telephone: 702-383-8888
Fax: 702-383-8845

オールストン&バード LLP
Gidon M. Caine (Pro Hac Vice Pending)
275 Middlefield Road

申立書, 8/

秘匿特権対象文書・部外秘: オールストーン&バード: 2012年1月2日

Suite 150
Menlo Park, California 94025
Telephone: 650-838-2000
Facsimile: 650-838-2001

下記申立人代理人弁護士

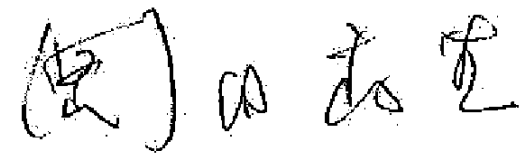
カズオ・オカダ

証 明

私、岡田和夫は、正式に宣誓を行った上で、次のとおり証言し、申し述べます。

私は、前記の職務執行令状を求める申立て（「本件申立て」）の申立人です。私は本件申立の正式な翻訳を読んで、その内容を承知しています。本件申立てには、私の認識に照らして真実が記載されています。私の認識は、記載されている事柄に対する私自身の直接の関与、文書の調査、ユニバーサルエンターテインメント社及びアルゼ USA 社の従業員との協議並びに私の弁護士による調査に基づいています。

岡 田 和 夫



2012 年 1 月 日、私に対して宣誓が行われました。

公 証 人



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CERTIFICATION OF TRANSLATION

I, Ann Marie Hovey, hereby certify that the attached English to Japanese translation has been verified to be an accurate and complete rendering of the content of the original document, to the best of our ability by a qualified translator competent in both languages.

The following document is included in this certification:

Kazuo Okada v. Wynn Resorts, Limited, Petition for a Writ of Mandamus.

Signature

Sworn to before me this

January 9, 2012

Signature, Notary Public

SARAH E MULLEN
Notary Public - State of New York
No. 01MU6245919
Qualified in New York County
Commission Expires Aug. 08, 2015

Stamp, Notary Public

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I. Introduction

Wynn Resorts, Limited (“Wynn Resorts”), a publicly traded company incorporated in the State of Nevada, on behalf of its Compliance Committee, retained Freeh Sporkin & Sullivan, LLP (“FSS”) on November 2, 2011 to conduct an independent investigation. That independent investigation has been conducted under the sole direction of the Compliance Committee. The purpose of the investigation was to determine whether there is evidence that Mr. Kazuo Okada, a member of the Wynn Resorts Board of Directors, may have: (i) breached his fiduciary duties to Wynn Resorts; (ii) engaged in conduct that potentially could jeopardize the gaming licenses of Wynn Resorts; and/or, (iii) violated the Wynn Resorts compliance policy. Specifically, FSS has been asked to examine Mr. Okada’s efforts in connection with the creation of a gaming establishment in the Republic of the Philippines.

This is the Report to the Compliance Committee Chairman on the results of FSS’ investigation. As set forth with greater detail in the attached appendix, FSS has performed its investigation by interviewing dozens of individuals and by reviewing thousands of documents, electronic emails, corporate and public records.

II. Summary

The investigation has produced substantial evidence that:

1. Despite being advised by the Wynn Resorts Board of Directors and Wynn Resorts attorneys on the strict US anti-bribery laws which govern Wynn Resorts and its board, Mr. Okada strongly believes and asserts that when doing business in Asia, he should be able to provide gifts and things of value to foreign government officials, whether directly or by the use of third party intermediaries or consultants.
2. Mr. Okada, his associates and companies have arranged and designed his corporate gaming business and operations in the Philippines in a manner which appears to contravene Philippine Constitutional provisions and statutes that require 60% ownership by Philippine nationals, as well as a Philippine criminal statute.
3. Mr. Okada, his associates and companies appear to have engaged in a longstanding practice of making payments and gifts to his two (2) chief gaming regulators at the Philippines Amusement and Gaming Corporation (“PAGCOR”), who directly oversee and regulate Mr. Okada’s Provisional Licensing Agreement to operate in that country. Since 2008, Mr. Okada and his associates have made multiple payments to and on behalf of these chief regulators, former PAGCOR Chairman Efraim Genuino and Chairman Cristino Naguiat (his current chief regulator), their families and PAGCOR associates, in an amount exceeding US 110,000. At times, Mr. Okada, his

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associates and companies have consciously taken active measures to conceal both the nature and amount of these payments, which appear to be prima facie violations of the United States Foreign Corrupt Practices Act ("FCPA"). In one such instance in September 2010, Mr. Okada, his associates and companies, paid the expenses for a luxury stay at Wynn Macau by Chairman Naguiat, Chairman Naguiat's wife, their three children and nanny, along with other senior PAGCOR officials, one of whom also brought his family. Mr. Okada and his staff intentionally attempted to disguise this particular visit by Chairman Naguiat by keeping his identity "Incognito" and attempting to get Wynn Resorts to pay for the excessive costs of the chief regulator's stay, fearing an investigation. Wynn Resorts rejected the request by Mr. Okada and his associates to disguise and to conceal the actual expenditures made on behalf of Chairman Naguiat.

4. Additionally, Mr. Okada, his associates and companies appear to have engaged in a pattern of such prima facie violations of the FCPA. For example, in 2010 it also is possible that Mr. Okada, his associates and companies made similar payments to a Korean government official who oversees Mr. Okada's initial gaming investment in that country. Additional investigation is needed to develop and confirm these possible FCPA violations.
5. The prima facie FCPA violations by Mr. Okada, his associates and companies constitute a substantial, ongoing risk to Wynn Resorts and to its Board of Directors, creating regulatory risk, conflicts of interest and potential violations of his fiduciary duty to Wynn Resorts. Finally, Mr. Okada's documented refusal to receive Wynn Resorts requisite FCPA training provided to other Directors, as well as his failure to sign an acknowledgment of understanding of Wynn Resorts Code of Conduct, increase this risk going forward.
6. Mr. Okada insisted in his interview that all of his gaming efforts in the Philippines prior to the change of the presidential administration in the summer of 2010 were undertaken on behalf of and for the benefit of Steve Wynn and Wynn Resorts. This assertion is contradicted by press releases dating back to 2007 on his website, which announce an independent effort by Universal; his real estate investments; and the ownership of his corporations in the Philippines.
7. (7) Mr. Okada has stated that Universal paid expenses related to then-PAGCOR Chairman Genuino's trip to Beijing during the 2008 Olympics.

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III. Kazuo Okada's Relevant Corporate Affiliations

A. Wynn Resorts

After an initial public offering which closed in October 2002, Aruze USA, Inc., controlled by Mr. Okada, became a 24.5% shareholder of Wynn Resorts. Mr. Okada's current ownership of Wynn Resorts through his control of Aruze USA, Inc. is 19.66%.

Mr. Okada became a member of the Wynn Resorts Board of Directors on October 21, 2002, and remains on the Board of Directors as of the date of this Report. In the past, Mr. Okada has used the title of Vice Chairman of Wynn Resorts. In October 2011, the Wynn Resorts Board of Directors eliminated the position of Vice Chairman.

As a Director of Wynn Resorts, Mr. Okada is entitled to receive the courtesy of what is called a "City Ledger Account." Such accounts were originally instituted as a result of Sarbanes Oxley's prohibition of extensions of credit, in the form of a personal loan from an issuer to an officer or director. The accounts were funded by deposits from the director or his company. Such an account exists for billing conveniences related to charges incurred at various Wynn Resorts locales. Mr. Okada has availed himself of this courtesy and established such a City Ledger Account.¹ Within Wynn Resorts, this Okada City Ledger Account is referred to either as the "Universal City Ledger Account" or as the "Aruze City Ledger Account." Accordingly, the phrases Universal City Ledger Account and Aruze City Ledger Account will be referred to interchangeably within this report despite the fact that Aruze Corp.'s name was changed to Universal Entertainment Corporation in November of 2009.

Mr. Okada has been found to be suitable by the Nevada Gaming Commission.²

B. Universal Entertainment Corporation of Japan

Mr. Okada currently serves as Director and Chairman of the Board of Universal Entertainment Corporation ("Universal Entertainment"), registered in Tokyo, Japan. Universal Entertainment Corporation is the current trade name of a company which was incorporated in 1969 as Universal Lease Co. Ltd. and which became Aruze Corp. in 1998. Aruze changed its

¹ The initial wire to establish the Aruze Corp. City Ledger Account was dated February 15, 2008.

² Mr. Okada was originally found to be suitable as a shareholder of Aruze Corp. as part of *An Order of Registration* issued jointly by the State Gaming Control Board and the Nevada Gaming Commission on June 4, 2004. On June 5, 2005, in a similar order, the Nevada Commission and the State Gaming Control Board found Aruze Corp. to be (1) suitable as a controlling shareholder of Wynn Resorts, Limited, (2) suitable as the sole shareholder of Aruze USA, Inc., (3) that Aruze USA, Inc. is registered as an intermediary company and is found suitable as a shareholder of Wynn Resorts, Limited, and (4) that Mr. Okada is suitable as a shareholder and controlling shareholder of Aruze Corp. [See Appendix]

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name to Universal Entertainment Corporation in November 2009. Universal is listed on the JASDAQ stock exchange and is engaged in the manufacture and sale of pachinko and gaming machines and related business activities. As of September 2011, Okada Holdings Godokaisha was Universal Entertainment's major shareholder, with 67.90% of the issued shares.

The Nevada Gaming Commission has approved Universal Entertainment's suitability as the 100% shareholder for a subsidiary, Aruze USA, Inc.

C. Aruze USA, Inc.

Aruze USA, Inc. ("Aruze USA") is a wholly owned subsidiary of Universal Entertainment. Aruze USA is a US company and was incorporated in the State of Nevada on June 9, 1999. Mr. Okada is a Director of Aruze USA and serves as its President, Secretary, and Treasurer.

Aruze USA has been found suitable by the Nevada Gaming Commission as a major shareholder of Wynn Resorts.

D. Aruze Gaming America, Inc.

Aruze Gaming America, Inc. is a private company that is 100% personally owned by Mr. Okada. He currently serves as a Director, Secretary, and Treasurer of the company. Aruze Gaming America, Inc. is a US company and was incorporated on February 7, 1983. The company changed its name from Universal Distributing of Nevada, Inc. to Aruze Gaming America, Inc. on January 6, 2006. Aruze Gaming America, Inc. shares a common business address with Aruze USA, Inc. in Las Vegas, Nevada.

E. Business Interests in the Republic of the Philippines

Since 2008, Mr. Okada has been involved with a variety of corporate entities and with various business associates in the creation of a gaming establishment in an area of the Philippines known as Entertainment City Manila.³ In furtherance of this endeavor, Mr. Okada and his associates have procured land and a provisional gaming license in the Philippines. A more detailed review of Mr. Okada's corporate entities and business associates in the Philippines is set forth in Section V(2)(A) below.

F. Business Interests in the Republic of Korea

Mr. Okada has recently pursued development of a casino resort complex in the Incheon Free Economic Zone in the Republic of Korea. A more detailed review of Mr. Okada's activities in Korea is set forth in Section V(4) below.

³ On the Universal Entertainment website (viewed January 30, 2012) this project is referenced as "Manila Bay Resorts." [See Appendix]

IV. Relevant Legal and Policy Standards

A. FCPA

The United States Foreign Corrupt Practices Act (“FCPA”) contains two primary categories of violations: (i) a books and records provision, and (ii) a bribery provision. Based upon available information, it seems clear that Aruze USA fits the definition of domestic concern⁴ and United States person⁵ provided in the FCPA, and that the FCPA applies both to Aruze USA and to Mr. Okada personally, in his capacity as an officer and director of Aruze USA.

Under the definitions of domestic concern and United States person, the statute applies to a corporation, partnership, unincorporated organization and other enumerated entities that have their principal place of business in the United States or which are organized under the laws of a State of the United States. It also applies to officers and directors of such concerns.⁶

In 1998, the FCPA was amended and added an alternative basis to interstate commerce for jurisdiction. As the United States District Court for the Southern District of New York wrote: “. . . . The amendments expanded FCPA coverage to ‘any person’ -- not just ‘issuers’ or ‘domestic concerns’ [A]ny United States person or entity violating the Act outside of the United States is subject to prosecution, regardless of whether any means of interstate commerce were used. Citing 15 USC 78dd-1, 78dd-2. . . . (Emphasis added.)⁷

Under this definition, Aruze USA is a covered party under the FCPA.

The FCPA provides that “[i]t shall be unlawful for any domestic concern, other than an issuer which is subject to section 78dd-1 of this title, or for any officer, director, employee, or agent of such domestic concern or any stockholder thereof acting on behalf of such domestic concern, to make use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay, or authorization of the payment of any money, or offer, gift, promise to give, or authorization of the giving of anything of value to—

(1) any foreign official for purposes of—

(A)

⁴ 15 U.S.C. 78 dd – 2(a),(h).

⁵ 15 U.S.C. 78 dd – 2(i).

⁶ 15 U.S.C. 78 dd – 2(g).

⁷ *In re Grand Jury Subpoena*, 218 F. Supp. 2d 544, 550 (S.D.N.Y. 2002).

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- (i) influencing any act or decision of such foreign official in his official capacity,
 - (ii) inducing such foreign official to do or omit to do any act in violation of the lawful duty of such official, or
 - (iii) securing any improper advantage; or
- (B) inducing such foreign official to use his influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality, in order to assist such domestic concern in obtaining or retaining business for or with, or directing business to, any person; . . ."⁸

The head of PAGCOR fits within the definition of foreign official as used in the FCPA.

According to PAGCOR's website, it "is a 100 percent government-owned and controlled corporation that runs under the direct supervision of the Office of the President of the Republic of the Philippines."⁹ In addition to prescribing mandates to generate revenue for certain government programs and promote tourism in the Philippines, PAGCOR's charter states that the entity will "...[r]egulate, authorize and license games of chance, games of cards and games of numbers, *particularly casino gaming*, in the Philippines...."¹⁰ (Emphasis added.)

As set forth above, there is still the interstate commerce basis for jurisdiction, but there is also an alternative. The alternative would require the same elements for an offense, but a showing of interstate commerce would not be required. If the interstate commerce basis for jurisdiction were used, the analysis set forth below would be of significance.

With regard to means or instrumentality of interstate commerce, some of the facts referred to in this report pertain to Mr. Okada utilizing the Universal City Ledger Account to confer financial benefits upon Philippine gambling regulators who could affect the business interests of Aruze USA, Inc. in the Philippines. Some of those benefits were conferred at Wynn Macau. The following facts concerning the Universal City Ledger Account, which bear upon use of means or instrumentalities of interstate commerce, were established during the investigation:

- The account is maintained at the corporate offices of Wynn Resorts, Limited in Las Vegas, Nevada where periodic deposits are made from Universal into the Wynn Resorts, Limited operating account at Bank of America in Las Vegas, Nevada to ensure that the amount on deposit remains at or about US 100,000. Bank documents reflect that the deposits are received from a Universal Entertainment account located in Japan.¹¹

⁸ 15 U.S.C. Section 78dd – 2(a).

⁹ <http://www.pagcor.ph/pagcor-fags-profile.php>, viewed January 18, 2012. [See Appendix]

¹⁰ *Ibid.*, viewed January 18, 2012. [See Appendix]

¹¹ See, e.g. wire transfer documents from Sumitomo Mitsumi Bank to Bank of America. [See Appendix]

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- When charges are incurred at Wynn Macau, Wynn Macau tracks all charges for the Universal City Ledger Account on its books, and then the accounting department transfers the charges to accounting at Wynn Resorts, Limited in Las Vegas via a journal entry. Wynn Macau sends a pdf file to a staff accountant at Wynn Resorts, Limited in Las Vegas with all the backup documentation. Invoices issued by Wynn Resorts, Limited are periodically sent to a Universal Entertainment email address.¹²

B. Nevada Gaming Regulations and Wynn Resorts Policies

The question of whether or not a gaming licensee or licensee applicant is deemed “suitable” in Nevada is answered by reviewing the Nevada Revised Statutes (“NRS”) in conjunction with the regulations promulgated by the Nevada Gaming Commission (“NGC”), which is empowered by the NRS.¹³

1. Legislative Authority

The standard for determining suitability is found in Section 463.170 of the NRS. Paragraph (2) of the NRS 463.170, entitled *Qualifications for license, finding of suitability or approval; regulations*, provides that the person seeking a license or a suitability determination is subject to the following considerations: “[a]n application to receive a license or be found suitable must not be granted unless the Commission is satisfied that the applicant is: (a) A person of good character, honesty and integrity; (b) A person whose prior activities, criminal record, if any, reputation, habits and associations do not pose a threat to the public interest of this State or to the effective regulation and control of gaming. . . .” In addition, paragraph (3) provides in pertinent part “[a] license to operate a gaming establishment or an inter-casino linked system must not be granted unless the applicant has satisfied the Commission that: (a) [t]he applicant has adequate business probity, competence and experience, in gaming or generally. . . .”

The Nevada Gaming Commission Regulations (“Nevada Gaming Regulations”) are also relevant to the conditions placed upon suitability. According to Section 3.080 of the Nevada Gaming Regulations, entitled *Unsuitable affiliates*, “[t]he commission may deny, revoke, suspend, limit, condition or restrict any registration or finding of suitability or application therefor upon the same grounds as it may take such action with respect to licenses, licensees and licensing; without exclusion of any other grounds.” Paragraph (1) of Section 3.090, entitled

¹² In a Wynn Resorts Memorandum to File from the Corporate Accounting department, dated January 10, 2012, the “invoice[s] and all support documentation are emailed to kimiko.okamura@hq.universal-777.com, takashi.usami@hq.universal-777.com and iwayama.hidetsugu@hq.universal-777.com on the 5th of each month for the prior month [sic] activity.” [See Appendix]

¹³ For further advice regarding suitability, please consult directly with David Arrajj, Esq. and/or see Memo dated December 9, 2011 from Kate Lowenhar-Fisher, Esq. and Jamie L. Thalgott, Esq. to David Arrajj, Esq. re Associations and the Suitability Analysis. [See Appendix]

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Standards for commission action, provides in pertinent part that “[n]o license, registration, finding of suitability, or approval shall be granted unless and until the applicant has satisfied the commission that the applicant: (a) Is a person of good character, honesty, and integrity; (b) Is a person whose background, reputation and associations will not result in adverse publicity for the State of Nevada and its gaming industry; and (c) Has adequate business competence and experience for the role or position for which application is made.”

2. Underlying Corporate Documents of Wynn Resorts

The Second Amended and Restated Articles of Incorporation of Wynn Resorts, Limited (filed September 16, 2002) also provide for standards that seek to define an “Unsuitable Person.” As set forth on page 8 of the Articles of Incorporation, the phrase Unsuitable Person “shall mean a Person who . . . in the sole discretion of the board of directors of the Corporation, is deemed likely to jeopardize the Corporation’s or any Affiliated Company’s application for, receipt of approval for, right to the use of, or entitlement to, any Gaming License.” (Emphasis added.)

Finally, the Amended and Restated Gaming and Compliance Program of Wynn Resorts, Limited (adopted as of July 29, 2010) defines an *Unsuitable person* as a “[p]erson (i) who has been denied licensing or other related approvals by a Gaming Authority on the grounds of unsuitability or who has been determined to be unsuitable to be associated with a gaming enterprise by a Gaming Authority; or (ii) that the Company determines is unqualified as a business associate of the Company or its Affiliates based on, without limitation, that Person’s antecedents, associations, financial practices, financial condition or business probity.”

In the event of a finding of unsuitability, there are provisions within the aforementioned corporate documents that provide for a resolution post determination. Specifically, on page 6 of the Second Amended and Restated Articles of Incorporation of Wynn Resorts, Limited, the Articles state in pertinent part, “[t]he Securities Owned or Controlled by an Unsuitable Person or an Affiliate of an Unsuitable Person shall be subject to redemption by the Corporation, out of funds legally available therefor, by action of the board of directors, to the extent required by the Gaming Authority making the determination of unsuitability or to the extent deemed necessary or advisable by the board of directors. If a Gaming Authority requires the Corporation, or the board of directors deems it necessary or advisable, to redeem any such Securities, the Corporation shall give a Redemption Notice to the Unsuitable Person or its Affiliate and shall purchase on the Redemption Date the number of shares of the Securities specified in the Redemption Notice for the Price set forth in the Redemption Notice. . . .” The Articles provide further guidance as to the terms of the redemption.

In addition, according to Section 3.6 of the Fourth Amended and Restated Bylaws, effective as of November 13, 2006, the removal of a director is premised upon “. . . the

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affirmative vote of the holders of not less than two-thirds (2/3) of the voting power of the issued and outstanding stock of the Corporation entitled to vote generally in the election of directors (voting as a single class). . . .” Resignation is also listed as an option “upon giving written notice, unless the notice specifies a later time for effectiveness of such resignation, to the chairman of the board, if any, the president or secretary, or in the absence of all of them, any other officer.”

C. Wynn Resorts Code of Business Ethics

Wynn Resorts first adopted a Code of Business Conduct and Ethics on May 4, 2004. The document defines itself as “a statement of policies for the individual and business conduct of the Company’s employees and Directors”¹⁴ There are two sections of the Code that are relevant to this investigation: (i) conflict of interest and (ii) interaction with government officials. The sections are included below for reference purposes.

1. Conflict of Interest:

"A Conflict of interest occurs when your private interests interfere, or even appear to interfere, with the interests of the Company. A conflict situation can arise when you take actions or have interests that make it difficult for you to perform your Company work objectively and effectively. Your obligation to conduct the Company's business in an honest and ethical manner includes the ethical handling of actual, apparent and potential conflicts of interest between personal and business relationships. This includes full disclosure of any actual, apparent or potential conflicts of interest as set forth below.

Special rules apply to executive officers and Directors who engage in conduct that creates an actual, apparent or potential conflict of interest. Before engaging in any such conduct, executive officers and Directors must make full disclosure of all facts and circumstances to the Corporate Secretary, who shall inform and seek the prior approval of the Audit Committee of the Board of Directors."

2. Interacting with Government:

Prohibition on Gifts to Government Officials and Employees

"Different governments have different laws restricting gifts, including meals, entertainment, transportation and lodging, that may be provided to government officials and government employees. You are prohibited from providing gifts, meals or anything of value to government officials or employees or members of their families in connection with Company business without prior written approval from the Compliance Officer."

¹⁴ Wynn Resorts Code of Business Conduct and Ethics dated May 4, 2004, page 7. [See Appendix]

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Bribery of Government Officials

"The Company's Policy Regarding Payments to Foreign Officials, the U.S. Foreign Corrupt Practices Act (the "FCPA"), and the laws of many other countries prohibit the Company and its officers, employees and agents from giving or offering to give money or anything of value to a foreign official, a foreign political party, a party official or a candidate for political office in order to influence official acts or decisions of that person or entity, to obtain or retain business, or to secure any improper advantage. Please refer to the Company's Policy Regarding Payments to Foreign Officials for more details regarding prohibited payments to foreign government officials."

Discipline for Violations:

"The Company intends to use every reasonable effort to prevent the occurrence of conduct not in compliance with its Code and to halt any such conduct that may occur as soon as reasonably possible after its discovery. Subject to applicable laws and agreements, Company personnel who violate this Code and other Company policies and procedures may be subject to disciplinary action, up to and including discharge." (Emphasis added.)

The Code has since been revised twice, once in 2009 and then again on November 1, 2011. Although the above sections have been expanded in these later editions, for the purpose of this investigation and the dates in question the substance has remained basically the same and the FCPA has continued to be a point of emphasis.

V. Report of Investigation

1. Mr. Okada's Attitude Toward Wynn Resorts Compliance Requirements

Mr. Okada's prima facie violations of FCPA, involving both his government regulators in the Philippines and possibly in Korea, do not appear to be accidental or based upon a misunderstanding of anti-bribery laws. Conversely, despite being advised by fellow Wynn Resorts Board members and Wynn Resorts counsel that payments and gifts to foreign government officials are strictly prohibited, Mr. Okada has insisted that there is nothing wrong with this practice in Asian countries. Mr. Okada has stated his personal rejection of Wynn Resorts anti-bribery rules and regulations, as well as legal prohibitions against making such payments to government officials, to fellow Wynn Resorts Board members.

In a February 24, 2011 Wynn Resorts Board of Directors ("Board") meeting at which Mr. Okada was present, after a lengthy discussion by the Board of the FCPA,¹⁵ including specifically the Universal project in the Philippines and potential Wynn Resorts' involvement, "[t]he

¹⁵ In an email from Kim Sinatra to Michiaki Tanaka, dated February 26, 2011, Ms. Sinatra referenced a meeting with Mr. Okada in which she furnished FCPA policy and training materials and reiterated the importance of strict compliance with the FCPA. [See Appendix]

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independent members of the board unanimously advised management that any involvement [by Wynn Resorts] in the Philippines under the current circumstances was inadvisable.”¹⁶ During this discussion, Mr. Okada challenged the other board members over statements regarding the impermissibility under the FCPA of giving gifts abroad in return for favorable treatment, and made statements about hiring “third party consultants” to give gifts to officials.¹⁷

One board member recalled Mr. Okada stating that, in Asia, one must follow the local culture, and that is why one should hire “consultants” to give the gifts.¹⁸ This board member understood Mr. Okada to mean that such use of consultants would help avoid prosecution under the FCPA. Another board member who was present recalled Mr. Okada stating that conducting business in the Philippines was all a matter of “hiring the right people” to pay other people.¹⁹ Yet another board member recalled Mr. Okada being “adamant” during the FCPA discussion that it is not corrupt to give “gifts.”²⁰ A board member who participated in the meeting by phone recalled Mr. Okada claiming that, in the Philippines, “business is done in a different manner, and sometimes you have an ‘intermediary’ that will do whatever he has to do,” or words to that effect.²¹ A different board member recalled being “shocked” by the contradiction between two of Mr. Okada’s statements during this discussion.²² Early in the discussion, Mr. Okada explained that there were no longer corruption issues in the Philippines with the new administration. However, Mr. Okada subsequently stated, in effect, that while he himself would not pay bribes, he would “hire someone else” to bribe the necessary person.

Pursuant to a chain of emails reviewed by FSS, commencing with an email on August 4, 2011 from Roxane Peper, Director of Intellectual Property and Corporate Records, to each of the board members (or their representatives), and ending with an email from Ms. Peper to Kevin Tourek, Senior Vice President and Corporate Counsel, on October 26, 2011, the following is clear:²³

- All board members were notified of upcoming FCPA training/board meeting set for October 31 – November 1, 2011 and asked to confirm attendance by August 31, 2011.
- Mr. Okada, through two of his representatives, was emailed at least three (3) separate times before Shinobu Noda, his assistant, sent an email on September 15, 2011 confirming that Mr. Okada would attend.

¹⁶ Minutes of Wynn Resorts Board of Directors meeting, February 24, 2011, p.3. [See Appendix]

¹⁷ Interview of Steve Wynn, November 7, 2011.

¹⁸ Interview of Robert J. Miller, December 16, 2011.

¹⁹ Interview of Alvin V. Shoemaker, December 20, 2011.

²⁰ Interview of Marc D. Schorr, December 20, 2011.

²¹ Interview of Allan Zeman, December 21, 2011.

²² Interview of D. Boone Wayson, December 20, 2011.

²³ See emails from Roxane Peper to Kevin Tourek on October 26, 2011. [See Appendix]

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Subsequent to the confirmation, Ms. Peper received an email from Ms. Noda on October 25, 2011. Ms. Noda stated that the email contained a message to Kim Sinatra, Senior Vice President and General Counsel of Wynn Resorts, from Mr. Okada.²⁴ This part of the message was entirely in Japanese and had to be translated. Mr. Okada asked for the FCPA training materials to be provided in Japanese. He also stated that he would be arriving on “Monday [October 31]”, which was the day the FCPA training was to commence. He asked if the training could be held after the board meeting or rescheduled. Kim Sinatra sent a response to Ms. Noda via email on October 25, 2011 thanking Mr. Okada for the note and stating further that the FCPA training materials had been translated and would be provided to him via email and that Wynn Resorts had made further arrangements to have the FCPA live training translated to Japanese via simultaneous translation.²⁵ She also stated that the date of the training could not be rescheduled because it had been planned around his previous confirmation and that outside counsel was coming to Las Vegas to provide the training.

Mr. Okada failed to attend the training on October 31, 2011. He was the only member of the board not in attendance (all others attended in person or via telephone dial-in as evidenced via a sign-in sheet).²⁶

2. Gaming Establishment in the Philippines

Evidence obtained in the course of the investigation establishes that Mr. Okada, his associates and companies, may have arranged and manipulated the ownership and management of legal entities in the Philippines under his control, in a manner that may have enabled the evasion of Philippine constitutional and statutory requirements. It is also noted that Mr. Okada’s two principal Philippine corporations, Eagle I Landholdings, Inc. and Eagle II Holdco, Inc., which may have been purposefully created to circumvent Philippine constitutional restrictions on foreign ownership of land, appear to be closely intertwined with Rodolfo Soriano, Paolo Bombase and Manuel M. Camacho, who have numerous common ties to former PAGCOR Chairman Efraim Genuino. For example, with regard to Eagle II Holdco, Inc., as late as 2010, Platinum Gaming and Entertainment (“Platinum”) had acquired 60% of its shares. According to a dated filing by Platinum on file with the Philippine SEC, Rodolfo Soriano controlled 20% of Platinum at the time of its incorporation. Mr. Soriano, referred to by attorney Camacho as a “bag man” for then-Chairman Genuino, is a former PAGCOR consultant and respondent in PAGCOR corruption referrals (see page 15 *infra*). Similarly, Paolo Bombase, an officer, director and nominal shareholder of Eagle I Landholding, Inc. and Eagle II Holdco, Inc. has a 1.25% share of Ophiuchus Real Properties Corp. This Ophiuchus entity is 15% owned by a Philippine company named SEAA Corp. In turn, SEAA is the family-controlled company of former PAGCOR Chairman Efraim Genuino. At this time, the significance of this interlocking shareholder link

²⁴ See email from Shinobu Noda to Roxane Peper dated October 25, 2011. [See Appendix]

²⁵ See email from Kim Sinatra to Shinobu Noda dated October 25, 2011. [See Appendix]

²⁶ See FCPA Training Sign-In sheet dated October 31, 2011. [See Appendix]

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between Mr. Okada, his former Philippine gaming regulator, and the regulator's associates is not known.

**A. Corporate Links between Mr. Okada's Business Interests and Those of
Philippine Government Officials**

Close associates and consultants of the former Genuino PAGCOR administration eventually attained positions as corporate officers, directors and/or nominal shareholders in legal entities controlled by Mr. Okada, and, in some cases, served as links between the business interests of Mr. Okada and those of former PAGCOR chairman Efraim Genuino and members of Genuino's immediate family.

In order to better understand the interrelationships among corporate entities in the Philippines controlled by Mr. Okada and those controlled by PAGCOR officials and their associates, FSS requested the Philippines law firm of M. M. Lazaro & Associates ("Lazaro") to produce a study of this issue.²⁷ Drawing upon official records obtained from the Philippines Securities and Exchange Commission, Lazaro produced an analysis of the relationships created by the ownership and control structures of these entities.²⁸ The chart below, extracted from that analysis, illustrates these relationships in schematic form.

²⁷ Manuel Lazaro was formerly a government corporate counsel with the rank and privileges of a Philippine presiding justice, court of appeals, who FSS retained to assist in the investigation and to advise on certain aspects of Philippine law. [See Appendix]

²⁸ The complete Lazaro PPT is attached to this report. [See Appendix]

Overview



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Eagle I Landholdings, Inc. (“Eagle I”) was incorporated in the Philippines on May 16, 2008 with 5 partners of the Philippines law firm Sycip Salazar Gatmaitan (“Sycip”) as the shareholders, directors and officers.³³ By certification on September 5, 2008, the original shareholders were all replaced by, among others, Eagle II Holdco, Inc. (“Eagle II”), with approximately 60% ownership. Eagle II maintained this percentage of ownership of Eagle I through the filing of the latest available General Information Statement (“GIS”) for the year 2010.³⁴ Eagle I’s 2009 GIS, filed September 17, 2009, indicates that Paolo Bombase, Manuel N. Camacho and Rodolfo V. Soriano (whose associations with PAGCOR and Mr. Genuino are explained below) all had become officers/directors and nominal stockholders of Eagle I; they retained this status through the filing of the latest GIS for Eagle I.³⁵ Aruze USA, Inc. first appears as the owner of approximately 40% of Eagle I as of the 2010 GIS, owning the share previously owned by Molly Investments Cooperative UA (“Molly”).³⁶

Eagle II’s filings with the Philippines Securities and Exchange Commission indicate a history similar to that of Eagle I. Incorporated on May 19, 2008 by the same 5 Sycip partners,³⁷ Eagle II reflected the acquisition of approximately 60% of its shares by Platinum Gaming & Entertainment Corp. (“Platinum”) on its GIS filed September 17, 2009, with Platinum owning the same percentage as of the 2010 GIS.³⁸ The same filings reflect the appearance--in 2009 and continuing through the 2010 filing--of Messrs. Camacho, Soriano and Bombase as officers/directors and nominal shareholders. In 2010 Aruze USA, Inc. appears with the 40% shareholding that was attributed to Molly in 2009.³⁹

Platinum was incorporated in the Philippines on November 21, 2001, with a Certificate of Filing of Amended Articles of Incorporation (“AOI”) issued by the Philippines Securities and Exchange Commission on June 10, 2002.⁴⁰ Platinum has no GIS on file with the Philippines Securities and Exchange Commission, and the only corporate document filed besides the Articles of Incorporation is the 2004 Financial Statement. The latest information on file lists Mr.

copy of Tiger’s Provisional Licensing Agreement, saying that they were bound by a non-disclosure clause. That refusal was signed by Francis P. Hernando, who is identified below as a PAGCOR employee, who stayed in Wynn Macau in June 2011 and had US 709.72 of expenses paid for by the Aruze City Ledger account. See Letter of Request and Letter of Refusal. [See Appendix]

³³ Articles of Incorporation of Eagle I. [See Appendix]

³⁴ GIS of Eagle I for years 2009 and 2010. [See Appendix] A GIS is required to be filed on an annual basis according to Section 141 of the Corporation Code of the Philippines. [See Appendix]

³⁵ Ibid. [See Appendix]

³⁶ Ibid. [See Appendix]; FSS has determined Molly to be a wholly owned subsidiary of Aruze Corp. See http://www.universal-777.com/en/ir/ir_lib/material/annual_20081119.pdf, page 32.

³⁷ Articles of Incorporation of Eagle II. [See Appendix]

³⁸ GIS of Eagle II, years 2009-2010. [See Appendix]

³⁹ GIS of Eagle II, 2010. [See Appendix]

⁴⁰ Articles of Incorporation of Platinum, as amended June 10, 2002. [See Appendix]

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Soriano, a former PAGCOR consultant, as a director/officer and a 20% shareholder in Platinum.⁴¹

Messrs. Camacho, Bombase and Soriano are all directly associated with former PAGCOR Chairman Genuino in significant ways. Mr. Camacho is an attorney and a principal of the Manila law firm Camacho & Associates. He was for a time in a law partnership with Mr. Genuino's son, Erwin Genuino.⁴² Mr. Camacho traveled to Japan with Mr. Soriano at then PAGCOR Chairman Genuino's behest, to meet with Mr. Okada and other representatives of Aruze. This meeting resulted in Mr. Camacho's firm replacing Sycip in representing Aruze with respect to the development of the project in Entertainment City Manila.⁴³

Sometime subsequent to this meeting, Aruze wired retainer funds to the bank account of Mr. Camacho's firm, an account controlled jointly by Mr. Camacho and Erwin Genuino. Later, Mr. Camacho discovered that all or most of these funds had been withdrawn by Erwin Genuino. When he questioned this withdrawal, he was eventually told by Mr. Soriano and/or then PAGCOR Chairman Genuino that the funds had been withdrawn to be used as a "cash payoff" to the mayor of the municipality in which the Entertainment City Manila project is located, in order to facilitate approval of the use of some plots of land to build roads needed for Mr. Okada's casino project. Mr. Camacho claims to have had a falling out with Erwin Genuino and Mr. Soriano, and to be involved currently in a lawsuit against Erwin Genuino over the dissolution of their law partnership.⁴⁴ Erwin Genuino is named as a respondent, along with former PAGCOR Chairman Genuino, in two sworn corruption referrals ("PAGCOR Referrals") filed with the Republic of the Philippines Department of Justice ("DOJ") in the summer of 2011 by the current PAGCOR Administration.⁴⁵

Mr. Bombase, also an attorney, is an officer/director and shareholder of Ophiuchus Real Properties Corporation ("Ophiuchus"), incorporated in April 2011.⁴⁶ According to its 2011 GIS, Ophiuchus was 15% owned by SEAA Corporation ("SEAA").⁴⁷ SEAA, which was registered with the Philippine SEC on December 3, 1997, is, according to its 2011 GIS, 100% owned by members of former PAGCOR Chairman Genuino's immediate family.⁴⁸ The Articles of

⁴¹ M. M. Lazaro & Associates, "Aruze Corporations in the Philippines and 'Related' Corporations", p. 18. [See Appendix]

⁴² Interview of M. Camacho, December 13, 2011.

⁴³ In his discussion with FSS, Mr. Camacho referred to the firm only as "Aruze," not further defined.

⁴⁴ Although Mr. Camacho, who is in his seventies, failed to recall some details of his dealings with Mr. Genuino and Mr. Soriano, FSS credits the general account given by him during the December 13, 2011 interview.

⁴⁵ See PAGCOR Referrals. [See Appendix]

⁴⁶ Articles of Incorporation of Ophiuchus. [See Appendix]

⁴⁷ GIS of Ophiuchus, 2011. [See Appendix]

⁴⁸ GIS of SEAA, 2011. [See Appendix]

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Incorporation of Ophiuchus also list Emilio Marcelo as an officer/director and shareholder.⁴⁹ Mr. Marcelo is named as a respondent in the PAGCOR Referrals.⁵⁰

Mr. Soriano is a former PAGCOR consultant, named by Mr. Camacho as a close business associate and “bag man” for Mr. Genuino.⁵¹ Mr. Soriano is also named as a respondent in the PAGCOR Referrals.⁵² As of the latest information filed with the Philippines Securities and Exchange Commission in 2002, Mr. Soriano was a 20% shareholder and an officer/director of Platinum,⁵³ identified above as a 60% shareholder in Eagle II. If Mr. Soriano still held the same stake in Platinum when it acquired its share of Eagle II in 2009, then he became an effective owner of 12% of Eagle II and approximately 7% in Eagle I.

B. Apparent Evasion of Republic of Philippines Legal Requirements

As described in the preceding section, Mr. Okada caused various legal entities to be incorporated in the Philippines, in order to develop his casino resort project there, over time replacing the original incorporating Filipino shareholders with combinations of foreign shareholders affiliated with or controlled by him and associates of then-PAGCOR Chairman Genuino. As discussed below, there are constitutional and statutory requirements in the Republic of the Philippines requiring that purchasers of land be Philippines citizens or Filipino-owned legal entities, and that legal entities conducting business in the Philippines, with certain exceptions, be at least 60% Filipino owned.

In 2008, Eagle I purchased various tracts of land near Manila Bay totaling approximately 30 hectares at a total price of PHP 13,527,637,941.00 (approximately US 314,953,000.00) for the development of the project in Entertainment City Manila.⁵⁴

At FSS’ request, Lazaro prepared an analysis and opinion on the validity of Eagle I’s ownership of these properties, in light of the aforementioned provisions of the Philippines Constitution and applicable statutes.⁵⁵ The analysis included a detailed review of the ownership and capitalization of Eagle I and associated entities described in the preceding section. The following is a summary of pertinent findings of the Lazaro analysis.

⁴⁹ Articles of Incorporation of Ophiuchus. [See Appendix]

⁵⁰ See PAGCOR Referrals. [See Appendix]

⁵¹ Interview of M. Camacho, Dec 13, 2011.

⁵² See PAGCOR Referrals. [See Appendix]

⁵³ Articles of Incorporation of Platinum, as amended June 10, 2002. The 2001 Articles of Incorporation list four (4) additional 20% shareholders, identified as Filipino nationals. Because Platinum has not filed a GIS since 2002, the current ownership and control of Platinum is unknown. [See Appendix]

⁵⁴ Numbered Transfer Certificates of Title (“TCT”) for Eagle I purchase of land tracts in Parañaque City, Philippines, dated August 19, 2008. [See Appendix]

⁵⁵ M. M. Lazaro & Associates. Memo re “Validity of Eagle I’s Ownership of Real Estate Properties” (“Ownership Memo”), Jan 2012. [See Appendix]

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A review of the 2009 Financial Statement of Eagle I disclosed that the funds used to purchase the land tracts appear to have been advanced by Molly.⁵⁶

Platinum, the 59.99% owner of Eagle II, has filed no records with the Philippines Securities and Exchange Commission indicating that its paid-in capital ever increased beyond the original PHP 62,500, despite its amended Articles of Incorporation indicating that its authorized capital stock was increased from the initial PHP 1,000,000.00 to PHP 24,000,000.00.⁵⁷ Nor is it known today what person(s) or entities have controlled Platinum since incorporation in 2001.

The 1987 Constitution of the Philippines requires that only Philippines citizens or corporations with at least 60% of their capital stock owned by Filipinos are qualified to acquire land in the Philippines.⁵⁸ The Philippines Foreign Investment Act further requires that for a corporation to be considered a Philippines national, at least 60% of its capital stock outstanding and entitled to vote must be owned and held by citizens of the Philippines.⁵⁹

Whenever facts or circumstances create doubt as to whether the ownership of 60% of a corporation is truly Filipino, Philippines Securities and Exchange Commission case law has held that a stringent examination of the true ownership of the voting stock of the subject corporation and of the true ownership of the voting stock of all successive layers of corporate ownership should be conducted. The application of this stringent standard is known as the “Grandfather Rule.”⁶⁰

Serious doubts are therefore raised about the actual Filipino equity of Eagle I, because of the appearance that Eagle I and Eagle II were created purposely to “...circumvent the constitutional restriction on foreign ownership of land.”⁶¹ Lazaro bases this assertion on its conclusion that “...Platinum appears to be merely a shell corporation used to satisfy the Filipino equity requirement.”⁶² Application of the Grandfather Rule would therefore be appropriate.

Applying the Grandfather Rule, Lazaro calculates the true percentage of Filipino versus foreign equity in Eagle I as illustrated in the following table:⁶³

⁵⁶ Ibid, p. 2. [See Appendix]

⁵⁷ Ibid, pp. 5-6. [See Appendix]

⁵⁸ Ibid, p. 8. [See Appendix]

⁵⁹ Ibid, pp. 9-10. [See Appendix]

⁶⁰ Ibid, pp. 11-14. [See Appendix]

⁶¹ Ibid, p. 14. [See Appendix]

⁶² Ibid, pp. 14-15. [See Appendix]

⁶³ Ibid, p. 15. [See Appendix]

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Shareholder	Direct	Indirect	Total Filipino investment in Eagle I	Total Foreign investment in Eagle I
Aruze USA	40% of Eagle I	24% (40% of 60% total holdings of Eagle II in Eagle I)		64%
Platinum*		36% (60% of 60% total holdings of Eagle II in Eagle I)	36%	

*As noted above, Platinum has failed to file its annually required GIS with the Philippine SEC since its inception in 2001. The calculations in the above table prepared by Lazaro assume the “best case” scenario (for Platinum), i.e., that it is a truly 100% Filipino-owned corporation. If Platinum’s actual Filipino ownership is less than 100%, then the percentage of Filipino investment in Eagle I would be correspondingly even less than calculated in the table.

Lazaro concludes that “...the foregoing shareholder structure appears to have been formulated by the parties as a legal scheme to justify the qualification of Eagle I to own real estate properties. The scheme employed...gives Aruze USA, Inc....a convenient vehicle to justify its ownership...in circumvention of the constitutional restriction on the foreign ownership of land.”⁶⁴ Lazaro goes on to conclude that the apparent shareholder structuring scheme outlined above may also constitute a violation of Commonwealth Act No. 108, commonly known in the Philippines as the “Anti-Dummy Law.”⁶⁵ If convicted of a violation of this law, stockholders of Platinum and of Aruze USA, Inc. who profited from the scheme would face a sentence of imprisonment of not less than five years nor more than fifteen years.⁶⁶

From the foregoing discussion, there is substantial evidence and credible legal opinion indicating that the ownership structure of Eagle I and Eagle II may subject Mr. Okada, along with his associates and companies, to civil as well as criminal sanctions under Philippine law.

⁶⁴ Ibid, p. 16. [See Appendix]

⁶⁵ Ibid, pp. 16-17. [See Appendix]

⁶⁶ Ibid, p. 17. [See Appendix]

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3. Apparent FCPA Violations Regarding Philippine PAGCOR Officials at Wynn Resort Properties

FSS has reviewed records of the Aruze City Ledger Account, through which Mr. Okada and Universal charge expenses for lodging, entertainment and other incidentals incurred at Wynn Resorts facilities against funds deposited into the account by Universal, and available underlying documentation furnished by Wynn Resorts management. The table below highlights thirty-six (36) separate instances, from May, 2008, through June 2011 (more than a three (3) year period), when Mr. Okada, his associates and companies made payments exceeding US 110,000, which directly benefitted senior PAGCOR officials, including two chairmen and their family members.

Name	Relationship to PAGCOR/Phil. Gov't.	Location(s) and Date(s) of Stay(s)	Total Charged to Aruze City Ledger Account (in US)
Efraim C. Genuino	Former PAGCOR Chairman (February 2001 to June 30, 2010)	WM June 6-9 2010	1,870.64
Cristino L. Naguiat Jr.	PAGCOR Chairman (July 2, 2010 to Present)	WM Sep 22-26 2010	See Suzanne Bangsil ⁶⁷
		WLV Nov 15-20 2010	5,380.86
		WM June 6-10 2011	3,909.80
Dinner (Naguiat Party)	Chairman (PAGCOR)	WM Sep 24 2010 (Hosted by and charged to Kazuo Okada)	1,673.07
Maria Teresa Socorro Naguiat	Wife of PAGCOR Chairman Cristino L. Naguiat Jr.	WM June 6-10 2011	1,039.31
Suzanne Bangsil ⁶⁸	Wife of Rogelio Bangsil, PAGCOR	WM Sep 22-26 2010	50,523.22
Jose Miguel	Husband of former	WLV Nov 12-17	4,642.40

⁶⁷ Chairman Naguiat did not identify himself and Mr. Okada's representatives insisted that his stay there be "Incognito." Accordingly, the bulk of the charges for the trip are reflected on the City Ledger Account as attributable to "Suzanne Bangsil," the wife of Rogelio Bangsil, a senior PAGCOR official and Chairman Naguiat's employee. However, interviews, photo identifications and documentary evidence clearly establish that Chairman Naguiat was the "Incognito" guest and the direct beneficiary of these payments.

⁶⁸ Investigation has in fact determined that Chairman Naguiat was registered as an "Incognito" VIP guest under Suzanne Bangsil's reservation. Therefore, this US 50,523.22 was paid for Chairman Naguiat's benefit.

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"Mike" Arroyo	Philippines President Gloria M. Arroyo (Jan 20 2001 – June 20 2010)	2009	
Imelda Dimaporo	PAGCOR Board Member	WM June 8-10 2010	891.44
Philip Lo	PAGCOR Board Member	WLV April 29 2009 – May 3 2009	1,755.25
Manuel Roxas	PAGCOR Board Member	WLV April 2009 ⁶⁹	253.75
		WLV April 29 2009 – May 3 2009	1,686.95
Susan Vargas	PAGCOR Board Member	WM June 8-10 2010	480.17
Jose Tanjuatco	PAGCOR Board Member (July 19 2010 to Present)	WLV Nov 15-18 2010	2,148.57
Rogelio J. B. Bangsil	Officer in Charge of PAGCOR Gaming Department	WM Sep 24-26 2010	1,149.04
		WM June 6-12 2011	2,955.23
Rodolfo Soriano	PAGCOR Consultant	WM June 3-7 2008	1,186.08
		WLV Nov 12-17 2009	4,228.00
		WM June 7-10 2010	1,104.06
		WM Aug 18 2010	368.06
Olivia Soriano	Relative of Rodolfo Soriano	WLV May 2008	975.55
Anthony F. "Ton" Genuino ⁷⁰	Son of Efraim C. Genuino; Mayor of Los Baños (2010 to Present)	WLV Sep. 2008	2,386.26
		WLV Oct 2008	2,326.49
Rafael Francisco	PAGCOR COO and President	WLV Nov 12-17 2009	4,360.16
		WM June 7-11 2010	935.21

⁶⁹ When the "Dates of Stay" in this table were not readily available, the month and year that the charges were entered in the City Ledger Account are used.

⁷⁰ See PAGCOR Referrals (Anthony Genuino is named as a respondent). [See Appendix]

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Emelio Marcello	PAGCOR Consultant	WLV Nov 12-17 2009	1,181.60
		WM June 7-9 2010	471.51
Carlos Bautista	PAGCOR VP Legal	WM June 6-10 2010	1,049.69
Mario Cornista	PAGCOR Consultant	WM June 7-9 2010	600.02
Rene Figueroa	PAGCOR Executive VP	WM June 7-10 2010	646.76
Ernesto Francisco	PAGCOR Executive Committee and Casino General Manager	WM June 7-10 2010	797.17
Edward King	PAGCOR VP Corporate Communications	WM June 7-10 2010	767.71
Transportation	PAGCOR Delegation	WM Aug 2010	462.42
Jeffrey Opinion	Member of Naguiat Party	WM Sep 24-26 2010	906.61
Ed de Guzman	PAGCOR Executive Committee, AVP Slots	WM Jun 6-12 2011	3,421.79
Gabriel Guzman	Probable relative of Ed de Guzman (had adjoining room)	WM Jun 6-12 2011	1,391.71
(Thadeo) Francis P. Hernando ⁷¹	PAGCOR VP, Licensed Casino Development Dept.	WM Jun 8-10 2011	709.72
TOTAL			110,636.36

The total in the above table represents charges from the Aruze City Ledger Account that are readily identifiable as incurred directly by officials and consultants of PAGCOR,⁷² their family members and close associates, including Jose Miguel Arroyo, the then-First Gentleman of the Republic of the Philippines, husband of Philippine President Gloria Arroyo. Through a review of the Aruze City Ledger Account for statement periods March 2008 through November 2011, FSS has calculated that total charges to the account for that period, attributable to

⁷¹ This is the same PAGCOR official who denied the FSS request for documents in December 2011, including a copy of the Provisional License Agreement. See footnote 31.

⁷² In order to establish the PAGCOR affiliation of some of the individuals listed in this chart, various sources were consulted, including the PAGCOR website, internet news articles and the PAGCOR Referrals.

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PAGCOR officials, employees, consultants, their associates and family members, exceed USD 110,000.⁷³

FSS investigators interviewed members of the Wynn Macau management team, who furnished the following relevant information regarding a visit to that property in September 2010 by then and current PAGCOR Chairman and CEO Cristino L. Naguiat, Jr., his wife, three children, nanny and other PAGCOR officials, whose four-day stay at Wynn Macau was paid for via the Aruze City Ledger Account:

- September 20, 2010: Yoshiyuki Shoji of Universal, in an e-mail to Angela Lai of Wynn Macau, requests reservations for “Rogelio Bangsil (Guest Representative) & Others.” Mr. Shoji requests Encore Suite or “more gorgeous room, such as Villa,” and “the best butler” for unnamed person in group, who is “VIP for Universal.” Mr. Shoji states that guests other than Bangsil should not be registered, that all charges should be posted to Universal’s City Ledger,⁷⁴ and that “Mr. Okada would like them to experience the best accommodations and services at Wynn Macau.”⁷⁵ The communication makes no reference to PAGCOR or the government affiliation of the guests.
- September 20, 2010: In an e-mail to Wynn Macau President Ian Coughlan and others, Ms. Lai informs Mr. Coughlan of the reservation and that checks of websites indicate that Mr. Bangsil is in charge of PAGCOR’s gaming department.⁷⁶
- September 20, 2010: In an e-mail to Mr. Shoji, Ms. Lai advises that Wynn Macau is checking on availability of the requested upgrade and that Macau law requires that all room occupants be registered, and requests that all guest names be furnished in advance of or at the time of registration.⁷⁷
- September 22, 2010: In an e-mail to Wynn Macau President Ian Coughlan, Wynn Macau Senior Vice-President – Legal Jay M. Schall advises Mr. Coughlan of

⁷³ See City Ledger Account. [See Appendix]

⁷⁴ When Mr. Shoji set up the City Ledger Account for Mr. Okada in 2008, he asked whether the customer name and amount paid would be made public. He was advised that such information would not become public. Email response from Kim Sinatra to Shoji, dated February 8, 2008. [See Appendix]

⁷⁵ E-mail from Y. Shoji to A. Lai, September 20, 2010 [See Appendix]; interview of A. Lai, January 4, 2012.

⁷⁶ E-mail from A. Lai to I. Coughlan, September 20, 2011 [See Appendix]; interview of A. Lai, January 4, 2012; interview of I. Coughlan, December 29, 2011. It should be noted that according to an article in *Manilatimes.net*, published February 2, 2012, Rogelio Bangsil has recently been transferred to the PAGCOR international marketing department after a probe that found the government losing PHP 160 million in government run casinos to a Mr. Liu. [See Appendix]

⁷⁷ E-mail from A. Lai to Y. Shoji, September 20, 2010 [See Appendix]; interview of A. Lai, January 4, 2012.

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PAGCOR's 100% government ownership and of Mr. Bangsil's position there. He writes "Bangsil, the guest of Mr. Okada, is a top five (if not 3) officer."⁷⁸

- September 22, 2010 (14:00): Wynn Macau sends 1 Rolls Royce and 1 Elgrand to the airport, along with Masato Araki, Special Assistant to Mr. Okada; and Kenichiro Watanabe, another Universal associate, to meet arriving party, who arrived on Philippine Airline Flight 352 from Manila. They return with Chairman Cristino L. Naguiat, Rogelio Bangsil and Jeffrey Opinion at 14:45.⁷⁹ Only Mr. Bangsil furnishes his name upon registration. Ms. Lai and Wynn Macau VIP Services Manager Beatrice Yeung thereafter checks PAGCOR website and identifies Chairman Naguiat's name from his picture there.⁸⁰ Ms. Yeung's log and ongoing entries refer to "[I]ncognito (Mr. Naguiat, Cristino L.)."⁸¹
- Chairman Naguiat occupies Villa 81, the most expensive accommodation at Wynn Resorts Macau (about 7,000 square feet in size, which then cost about US 6,000 per day and is mostly reserved for "high rollers").
- September 22, 2010: the Wynn Encore log book reflects "Incognito (Mr. Naguiat) stayed in Villa 81 Master Bedroom 1."⁸²
- September 23, 2010 (10:00): Mr. Araki advises Ms. Yeung that Chairman Naguiat plans to have lunch with Miss Pansy Ho at MGM.⁸³
- September 23, 2010 (14:04): Jay Schall sends an email to Wynn Macau corporate security to check Worldcheck, as a rush job, for Cristino L. Naguiat Jr., Chairman and Chief Executive Officer of PAGCOR.⁸⁴

⁷⁸ E-mail from J. Schall to I. Coughlan, September 22, 2010 [See Appendix]; interview of J. Schall, January 3, 2012; interview of I. Coughlan, December 29, 2011.

⁷⁹ Wynn Macau Manager – Encore Logbook, September 22, 2010. [See Appendix]

⁸⁰ Interviews of Beatrice Yeung, January 4, 2012 and February 1, 2012; interviews of Angela Lai January 4, 2012 and February 2, 2012.

⁸¹ Wynn Macau Manager – Encore Logbook, September 22, 2010. [See Appendix]

⁸² Ibid. [See Appendix] During subsequent visits, Chairman Naguiat was identified as "Naguiat," though he was identified during his initial visit as "incognito." The negative inference to be drawn is an attempt to hide the payment of extremely costly expenses by a corporation connected with a regulated entity. The fact that he had only recently become chairman may have been a factor in his desire to keep his identity secret.

⁸³ Miss Ho is the daughter of Hong-Kong and Macau-based businessman Stanley Ho. Though Nevada gaming regulators found Miss Ho to be a suitable business partner for MGM Mirage, see <http://www.lvri.com/business/45462797.html>, New Jersey regulators recommended that she be found unsuitable as MGM Mirage's joint venture partner in Macau. See <http://www.newjerseynewsroom.com/state/mgm-mirage-chooses-pansy-ho-over-atlantic-city>. [See Appendix]

⁸⁴ Email from Jay Schall to Peter Barnes of Wynn Macau Corporate Security, dated September 23, 2010. [See Appendix]

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- September 23, 2010: In an e-mail to Ms. Lai, with a copy to Mr. Okada, Mr. Shoji requests that a credit of US 5,000 be extended to each person now staying at the Villa for shopping and gaming, up to a total of US 50,000. According to Mr. Shoji's email, the funds are to be advanced by Wynn Macau and charged to the Universal City Ledger account.⁸⁵

- September 24, 2010 (13:45): MOP 80,000⁸⁶ (approximately US 10,000) is advanced from the Wynn Macau main cage to a Wynn Macau VIP Services employee (no longer employed at Wynn Macau), who in turn hands the money to Masato Araki, special assistant to president of Aruze USA, based upon instructions in the above referenced e-mail to Ms. Lai. The handover of funds is witnessed by Wynn Encore manager Alex Kong. The funds are charged to the Universal City Ledger Account.⁸⁷ MOP 15,000 of this sum is used to pay for a Chanel bag that Chairman Naguiat requested be purchased for his wife.⁸⁸

- September 24, 2010 (Approximately 14:00): Mrs. Naguiat, her three children, Mrs. Bangsil and her daughter arrive at Wynn Macau.

- September 24, 2010 (15:45): Wynn Macau employees meet Mr. Okada and his assistant, Jun Yoshie, at the airport, transport them to Wynn Macau and escort Mr. Okada to room 5688.⁸⁹

- September 24, 2010 (late afternoon): Mr. Coughlan receives a phone message from Mr. Yoshie that Mr. Okada would like to speak to him. Mr. Coughlan proceeds to an area near the Wynn Encore reception desk, where he meets Mr. Yoshie and Mr. Okada. They step into the Cristal Bar to talk, whereupon Mr. Okada, with Mr. Yoshie interpreting into English, tells Mr. Coughlan that the guests [referring to

⁸⁵ E-mail from Y. Shoji to A. Lai, September 23, 2010 [See Appendix]; e-mail from B. Yeung to I. Coughlan, September 27, 2010 [See Appendix]; interview of B. Yeung, January 4, 2012; Wynn Macau Manager – Encore Logbook, September 24, 2010.

⁸⁶ MOP 80,000 was worth approximately US 9,816 at that time.

⁸⁷ Wynn Macau Manager – Encore Logbook, September 24, 2010 [See Appendix]; Wynn Macau "Miscellaneous Disbursement" record #013014, dated September 24, 2010 [See Appendix]; e-mail from B. Yeung to I. Coughlan, September 27, 2010 [See Appendix]; interview of B. Yeung, January 4, 2012; interview of Alex Kong, February 1, 2012.

⁸⁸ Wynn Macau Manager – Encore Logbook, September 24, 2010. [See Appendix]. The Chanel bag was purchased by a Wynn Macau employee as per instructions by Mr. Araki, who works for Mr. Okada. The Wynn Macau employee gave the bag, store receipt and change to Mr. Araki to deliver to Mrs. Naguiat. Later, Mr. Araki stated that Mrs. Naguiat did not like the bag so he would give it to his own wife.

⁸⁹ Wynn Macau Manager – Encore Logbook, September 24, 2010 [See Appendix]; interview of B. Yeung, January 4, 2012.

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Chairman Naguiat's party] are very important to Universal, and that Mr. Okada wants Mr. Coughlan to insure that they are well cared for during their stay.⁹⁰

- September 24, 2010 (17:00): Mr. Okada meets Chairman Naguiat (and approximately thirteen (13)) others in his party) for dinner at Okada Restaurant.⁹¹ Mr. Okada hosts the dinner and the bill for \$1,673.07 is charged to his room.
- September 25, 2010 (05:45): Wynn Macau employees meet Mr. Okada outside his room and escort him to a limousine, which transports him to the Macau Ferry Terminal for 07:00 scheduled ferry departure to Hong Kong International Airport.⁹²
- September 25, 2010: Beatrice Yeung describes in her log book "Movements – Incognito (Mr. Naguiat, Cristino L) / Mr. Bangsil, Rogelio / Mr. Opinion, Jeffrey (Mr. Okada's guests, Villa 81)."⁹³
- September 25, 2010: Mr. Araki requests a second advance of MOP 80,000 for guests in Villa 81. Ms. Yeung accompanies Mr. Araki to the Main Cage and obtains the advance for him.⁹⁴ [This makes a total of MOP 160,000 advanced for the use of Chairman Naguiat and his party and charged to the Universal City Ledger Account per Mr. Okada's orders, as relayed in Mr. Shoji's e-mail.]
- September 26, 2010 (11:10): Mr. Araki departs the Wynn Macau Encore main entrance. He hands Ms. Yeung MOP 4100, returning what he says is the remainder of the two cash advances for Chairman Naguiat's party.⁹⁵
- September 26, 2010 (13:15): Chairman Naguiat's party departs via Wynn Macau limousine to pick up Mrs. Naguiat from shopping and proceeds to the airport.⁹⁶

⁹⁰ Interviews of Ian Coughlan, January 5, 2012 and February 2, 2012.

⁹¹ Interview of B. Yeung, January 4, 2012; Wynn Macau Manager – Encore Logbook, September 24, 2010. [See Appendix]

⁹² Interview of B. Yeung, January 4, 2012; Wynn Macau Manager – Encore Logbook, September 25, 2010. [See Appendix]

⁹³ Wynn Macau Manager – Encore Logbook, September 25, 2010. [See Appendix]

⁹⁴ Interview of B. Yeung, January 4, 2012; Wynn Macau Manager – Encore Logbook, September 25, 2010 [See Appendix]; Wynn Macau "Miscellaneous Disbursement" record #013066, dated September 25, 2010. [See Appendix]

⁹⁵ E-mail from B. Yeung to I. Coughlan, September 27, 2010 [See Appendix]; Wynn Macau Manager – Encore Logbook, September 26, 2010 [See Appendix]; handwritten and signed note dated "9/26/10" with notation "MOP 4,100". [See Appendix]. The returned funds were equal to approximately US 503.07 returned out of a total of approximately US 19,632 provided.

⁹⁶ Interview of B. Yeung, January 4, 2012; Wynn Macau Manager – Encore Logbook, September 26, 2010. [See Appendix]

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- November 10, 2010: Mr. Shoji advises Mr. Coughlan in an e-mail of receipt of Wynn Macau's invoice for the late September 2010 visit, in which the Villa [for Chairman Naguiat] was charged at the amount of MOP 48,000. Mr. Shoji states that "I understand that Mr. Okada explained to you in Macau that they were our business guests and we made reservations for them and all charges are billed to our company. While some of charges [sic] will be reimbursed by them, room charges were planned to be borne by us as ordinary business expenses. Since the amount charged is too much and beyond the ordinary room charge, our company will be put in a very difficult position to give reasonable explanations if we are inquired by someone. I would appreciate if you would reconsider this matter and charge us the original rate (free upgrade to Villa) since the party directly dealing with [sic] on this matter is our company rather than the each [sic] individual guest." (Emphasis added.)⁹⁷
- On or about December 10, 2010: After e-mails and phone messages following Mr. Shoji's September 20, 2010 e-mail, Mr. Coughlan has a phone conversation with Mr. Shoji, in which he advises Mr. Shoji that, after internal Wynn Macau discussions, the final decision was that Wynn Macau would not provide the requested free upgrade for the Villa occupied during the September 2010 visit.⁹⁸

The foregoing recitation of facts surrounding the September 2010 visit of Chairman Naguiat and his party to Wynn Macau demonstrates several significant elements of that visit:

- Mr. Okada considered these guests to be very important to his company.
- An effort was made from the outset to conceal Chairman Naguiat's identity and official status, to the point of not even wanting to advise Wynn Macau management and staff.
- With Mr. Okada's knowledge, Chairman Naguiat and his family were provided with approximately US 20,000 cash to use for gaming and also shopping
- Mr. Okada's representative sought to have Wynn Resorts fund a portion of the expenses incurred by Chairman Naguiat and his party, i.e., the free upgrade to a Villa.

⁹⁷ E-mail from Y. Shoji to I. Coughlan, November 10, 2010 [See Appendix]; interviews of I. Coughlan, December 29, 2011 and January 5, 2012.

⁹⁸ Interviews of I. Coughlan, December 29, 2011 and January 5, 2012; e-mail string between I. Coughlan and Y. Shoji and others, September 20 to December 9, 2010, subject: "Invoice and Statement for September Stay." [See Appendix]

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- Mr. Okada's representative expressed apprehension about Universal being able to justify the level of expenditures in the event of future inquiries.

There is evidence that Mr. Okada personally directed the payments and gifts provided to Chairman Naguiat and his family during their luxury stay at Wynn Macau's most expensive accommodation in September 2010. On October 5, 2010, Mr. Araki sent an email to Wynn Macau in order to arrange for a "second group of PAGCOR" checking into Wynn Macau on October 8, 2010. Clearly referring back to Chairman Naguiat's stay less than two weeks earlier, Mr. Araki writes: "Our Chairman Okada once again instructed us to take care of the group, but not like last time meaning that we will not take care of their room charges and others." (Emphasis added). Mr. Araki, who worked for Mr. Okada and personally supervised Chairman Naguiat's luxury stay at Wynn Macau, appears to confirm Mr. Okada's personal knowledge and control of the payments for Chairman Naguiat.⁹⁹

It is significant to note that the leadership of PAGCOR, which is appointed by the President of the Republic of the Philippines, changed effective June 30, 2010, when Benigno S. Aquino III assumed office as President of the Republic of the Philippines, succeeding Gloria M. Arroyo. Former PAGCOR Chairman Efraim C. Genuino, an Arroyo appointee, left office effective June 30, 2010, and Cristino L. Naguiat, Jr., President Aquino's appointee, assumed the position of Chairman and CEO of PAGCOR on July 2, 2010.

A review of the Aruze City Ledger Account records reveals that, after June 30, 2010, there are no charges attributed to Mr. Genuino or any of his family members who collectively had three (3) separate stays at Wynn resorts (Macau or Las Vegas) while Mr. Genuino was PAGCOR Chairman.¹⁰⁰ Conversely, the Aruze City Ledger Account reflects charges for Chairman Naguiat, his family, and key PAGCOR staff from Chairman Naguiat's "new" administration only after Naguiat became PAGCOR Chairman. This sequence is evidence that the hosting of these persons at Wynn Resorts, and payments made for them through the Aruze City Ledger Account, are solely related to PAGCOR, the Philippines government agency in charge of licensing and regulating Mr. Okada's business interests.

It is also clear that, having already received approval from PAGCOR in 2008 for a Provisional Licensing Agreement to develop a gaming business in the Philippines, Mr. Okada had a strong and continuing motive through 2010 and beyond to maintain favorable relations with the Chairmen and senior officials of PAGCOR. As previously noted, PAGCOR's primary governmental mission is regulating gaming businesses in the Philippines. Mr. Okada's project in Entertainment City Manila was prominently featured in PAGCOR's annual reports for

⁹⁹ Email from Matt Araki to Beatrice Yeung dated October 5, 2010. [See Appendix]

¹⁰⁰ The sole exception identified, Rodolfo Soriano, Jr., is listed on the Aruze City Ledger Account as having a single room charge on August 18, 2010. [See Appendix]

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2008,¹⁰¹ 2009¹⁰² and 2010.¹⁰³ The 2010 Annual report features photos and messages from Chairman Naguiat, and several other members of the new PAGCOR leadership. The 2010 Annual report makes it clear that two of the proponents, Bloomsbury and the SM Consortium, are constructing their resorts and are expected to complete their first phase within 2014. The other two proponents (one of which is Tiger, the provisional licensee for Mr. Okada's casino project) are in the initial design stages and are expected to break ground in 2012.

The continuing coverage of Mr. Okada's Manila Bay Resorts project in PAGCOR's annual reports indicates that PAGCOR's interest in and oversight of this project did not stop with the granting of the Provisional Licensing Agreement in 2008. Indeed, the very nature of the Provisional Licensing Agreement requires continued oversight by PAGCOR officials. As Lazaro advised, the Provisional Licensing Agreement was issued in relation to the "Bagong Nayong Philipino Manila Bay Tourism City" project, which is also referred to as "PAGCOR City." PAGCOR City is envisioned to be a Las Vegas-style gaming and entertainment complex. The project was designed to attract proponents with established experience in the hotel and gaming business. PAGCOR released the "Terms of Reference," which detailed a list of requirements to which project proponents must conform in order to qualify for a PAGCOR license to operate within PAGCOR City.

The "Terms of Reference" section provides, in pertinent part, a mandatory Minimum Investment of US 1 Billion, consisting of both equity and debt, and the submission of an associated Project Implementation Plan within 120 days from signing of the Provisional License and approval by PAGCOR (Paragraph 4, Section II, Terms of Reference). Furthermore, within 30 days of signing of the Provisional License, proponents are required to submit a Performance Assurance Bond in the amount of PHP 100 Million to guarantee the completion of the project (Paragraph 8, Section II, Terms of Reference). Within 15 days of signing of the Provisional License, proponents are also required to open an Escrow Account (with an initial deposit of at least US 100 Million) through which funds for the project will pass. This Escrow Account must maintain a balance of at least US 50 Million. (Paragraph 9, Section II, Terms of Reference).

Specifically, paragraph 13 of the Terms of Reference states the following in relation to achieving a regular, non-provisional, Casino Gaming license:

¹⁰¹ PAGCOR 2008 Annual Report, pp. 12-18, viewed January 25, 2012 at <http://www.pagcor.ph/annual-reports/annual-2008/pagcor-annual-report-2008.html>. [See Appendix]

¹⁰² PAGCOR 2009 Annual Report, pp. 16-19, viewed January 25, 2012 at <http://www.pagcor.ph/annual-reports/annual-2009/pagcor-annual-report-2009.html>. [See Appendix]

¹⁰³ PAGCOR 2010 Annual Report, pp. 24-26, viewed January 25, 2012 at <http://www.pagcor.ph/annual-reports/annual-2010/pagcor-annual-report-2010.html>. [See Appendix]

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“13. Issuance of License

A Provisional License will be issued to the winning proponent effective for the duration of the project development period and shall not exceed the approved completion date of the whole project.

The Regular Casino Gaming License will be issued upon completion of the Project and upon approval by PAGCOR of the report detailing the actual total cost of the Project to ensure the proponent's compliance with the approved project cost based on the Project Implementation Plan. The term of the License shall not exceed the term of PAGCOR as specified in RA 9487.

No sub-license will be issued nor allowed.” (Emphasis added.)

Thus, a Regular Casino Gaming License will be issued by PAGCOR upon (1) completion of the Project and (2) compliance with the approved project cost as approved by PAGCOR, based on the previously submitted Project Implementation Plan, including all other conditions as may be stipulated in the Provisional License Agreement.¹⁰⁴ Clearly, PAGCOR maintains an active regulatory role over gaming businesses after the issuance of a provisional gaming license. An operator who has already been granted a provisional license, therefore, would have a powerful business incentive to maintain favorable relations with PAGCOR's Chairman and senior leadership.¹⁰⁵

Finally, the PAGCOR officials with whom FSS spoke in December 2011 indicated that, upon “taking over” from the Genuino Administration in 2010, they conducted a review of previously granted gaming licenses to ensure that all issuance decisions had been done properly, indicating that the Naguiat Administration was exercising close review in monitoring of all licensees, including Mr. Okada.

¹⁰⁴ See research of Michelle Lazaro as expressed in her email dated January 30, 2012 to Mike McCall; See also “Terms of Reference” that were attached to the email. [See Appendix]

¹⁰⁵ A recent example of the extent of PAGCOR's continuing oversight of gaming operators can be found in the August 2011 issue of *Inside Asian Gaming* magazine. An article therein reported on claims by gaming operator Thunderbird Resorts, Inc. (“Thunderbird”) that PAGCOR had unlawfully attempted to force Thunderbird, through various allegedly selective enforcement actions, to renegotiate the revenue sharing agreement it had signed with the previous PAGCOR leadership under Mr. Genuino. See “Ball of Confusion,” dated August 10, 2011, *Inside Asian Gaming*, online edition, viewed January 26, 2011 at <http://www.asgam.com/features/item/1238-ball-of-confusion.html>. In the September 2011 issue, PAGCOR responded by making reference to various regulatory or enforcement functions it had been carrying out with regard to Thunderbird's casinos, up through the time that the dispute became heated. Among the functions mentioned were “resident monitoring teams” in Thunderbird casinos to “...guarantee the fair conduct of games...” as well as PAGCOR's serving of a notice of closure to Thunderbird in response to the disputed issues. See “Philippines Gaming Regulation—The Untold Story”, dated 23 September 2011, *Inside Asian Gaming*, online edition, viewed January 26, 2011. [See Appendix]. These statements by PAGCOR clearly indicate that PAGCOR maintains active regulatory monitoring of licensed gaming businesses in the Philippines and claims the authority to close down licensed operators.

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Mr. Okada's hosting and payments on behalf of PAGCOR Chairman Naguiat and his family at Wynn Macau, was most likely related to Mr. Okada's business interests in the Philippines, and would therefore constitute a prima facie violation of the FCPA both by Mr. Okada as well as by Aruze USA, Inc.

4. Possible Pattern of FCPA Violations Regarding Korean Government Officials

As stated previously, in recent years, Mr. Okada has been pursuing development of a resort complex in the Incheon Free Economic Zone in the Republic of Korea. Jong Cheol Lee, the Commissioner of the Incheon Free Economic Zone Authority, and apparently an Incheon government official, announced the signing of a Memorandum of Understanding on approximately October 27, 2011, between the Incheon Free Economic Zone ("IFEZ") and Okada Holdings Korea to develop a casino resort near the Incheon International Airport.¹⁰⁶

A review of the Aruze City Ledger Account disclosed charges paid for Jong Cheol Lee and other guests of his party at Wynn Las Vegas and Wynn Macau for the period November 2010 to June 2011. Registration documents provided by Wynn Resorts disclosed annotations for Mr. Lee and three other guests, indicating: "Share with Incheon Free Economic Zone." According to the Aruze City Ledger Account, the following amounts were paid for government Lee and his party:

Name	Relationship to Incheon Free Economic Zone	Location and Date of Stay	Total Charged to Aruze City Ledger Account
Jong Cheol Lee	Commissioner	WLV Nov 16-18 2010	1,597.16
		WM June 2011	1,134.55
Woo Hyeung Lee	Unknown	WLV Nov 16-18 2010	843.89
		WM June 2011	1,083.22
Min Yong Choi	Unknown	WLV Nov 16-18 2010	507.50
Ki Dong Hur	Unknown	WLV Nov 16-18 2010	779.20
TOTAL PAID			5,945.52

These payments made for and on behalf of possible Korean government officials may be part of a continuing pattern by Mr. Okada and his associates to commit prima facie violations of the

¹⁰⁶http://english.visitkorea.or.kr/enu/bs/tour_investment_support/pds/content/cms_view_1516066.jsp?gotoPage=&item=&keyword=, viewed January 14, 2012 [See Appendix]. <http://blog.daum.net/ikoreatimes/60>, viewed January 14, 2012. [See Appendix]

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FCPA. However, further investigation is required in order to determine (i) the nature of Mr. Okada's relationship with these guests; (ii) whether these guests actually had a government affiliation at the time of their 2010 visits to Wynn Las Vegas and Wynn Macau; and, (iii) the status of Mr. Okada's gaming initiative in Korea.

5. Mr. Okada's Continuing Refusal to Receive Wynn Resorts mandated FCPA Orientation Training and to Acknowledge Wynn Resorts Code of Conduct

Mr. Okada's apparent practice and pattern of committing prima facie violations of the FCPA must also be reviewed in the context of his ongoing and likely future conduct as a majority shareholder and director of Wynn Resorts. Since August, 2011, Mr. Okada has failed to make himself available for requisite Wynn Resorts Board of Directors training regarding the FCPA and compliance. Not only has every other board member accepted and received such training, but attempts to accommodate Mr. Okada (including Japanese translation of the FCPA training materials and telephonic availability for the training) have failed.

Moreover, since August 2011, Mr. Okada has also failed even to acknowledge in writing Wynn Resorts Code of Business Ethics and Wynn Resorts Policy regarding Payments to Government Officials. Mr. Okada's continuing failure to perform this requisite review and agreement to comply with Wynn Resorts Ethics and anti-bribery rules and regulations create risk to Wynn Resorts and its board. Such non-compliance by Mr. Okada also suggests that he intends to continue his apparent practice and pattern of making FCPA prohibited payments on a going-forward basis. Any such future conduct would substantially enhance the risks to Wynn Resorts and compromise Mr. Okada's fiduciary duties to Wynn Resorts.

On August 5, 2011, Cheryl Palmer, the executive assistant to Kevin Tourek, sent out an email memorandum on Mr. Tourek's behalf to all board members stating that per compliance policy requirements, all members must acknowledge in writing on an annual basis having reviewed (and agreeing to comply with) two separate documents: (1) the Company's Code of Business Ethics and (2) Policy Regarding Payments to Government Officials.¹⁰⁷ A copy of the form was attached to the email, as was a copy of both the Code and the Policy. The email asked for the executed form to be returned prior to August 26, 2011. All of the members of the board, except for Mr. Okada, returned a signed copy of the acknowledgement. Mr. Okada was reminded, via emails to his representatives on a number of occasions,¹⁰⁸ as well as via a letter from Kevin Tourek, dated November 2, 2011, to provide an executed copy of the

¹⁰⁷ See email from Cheryl Palmer dated August 5, 2011. [See Appendix]

¹⁰⁸ See emails contained in email from Kevin Tourek to Robert Shapiro, Esq., dated October 24, 2011. [See Appendix]

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acknowledgement form no later than November 15, 2011.¹⁰⁹ Mr. Okada failed to meet this deadline and, as of the date of this report, has yet to provide a signed copy of the form.¹¹⁰

In addition to his failure to return the fully executed Code of Business Conduct and Ethics and the Policy Regarding Payments to Government Officials Acknowledgment Form, which, as previously indicated, was sent out in August of 2011, Mr. Okada has yet to return a secondary acknowledgement form that was attached to the annual Directors' & Officers' Questionnaire ("D&O Questionnaire"). This form was sent out to each member of the board of directors on January 9, 2012, as part of the overall D&O Questionnaire packet.¹¹¹ The packet contained instructions to "sign where indicated by the *sign here tabs*" and asked that the 2012 D&O Questionnaire be returned in its entirety on or before January 27, 2012. The two places that required Mr. Okada's signature were (1) on page 26 of the D/O Questionnaire itself, and (2) on page 50 on the separate Code of Business Conduct and Ethics Acknowledgement Form that was part of the overall D&O Questionnaire packet. Though Mr. Okada returned the signature page (page 26) of the D&O Questionnaire itself on January 27, 2012,¹¹² (which was confirmed to FSS on February 7, 2012), the fact that he has yet to return the separate Code of Business Conduct and Ethics Acknowledgement Form (which he has unequivocally pledged to do by virtue of signing on the signature page of the D&O Questionnaire) is telling and is consistent with his refusal to provide an executed copy of the Code of Business Conduct and Ethics and the Policy Regarding Payments to Government Officials Acknowledgment Form that was sent to him in August of 2011. Though Wynn Resorts did not send to Mr. Okada the Code of Business Conduct and Ethics and the Policy Regarding Payments to Government Officials attached to the D & O Questionnaire in Japanese language versions, which they did previously with respect to the code and policy sent out in August of 2011 after a request by Mr. Okada's attorney, Mr. Okada has never previously requested that the D & O Questionnaire itself be translated into Japanese. Mr. Okada was again reminded of his obligation to return the separate Code of Business Conduct and Ethics Acknowledgment Form (page 50 of the D&O Questionnaire packet) in an email from Roxane Peper to Mr. Okada's assistant, Takashi Matsui, on January 31, 2012.¹¹³ A copy of the form was attached to the email for Mr. Okada's convenience. This form remains outstanding.

¹⁰⁹ See letter from Kevin Tourek to Mr. Okada, dated November 2, 2011. [See Appendix]

¹¹⁰ In a letter dated December 1, 2011 to Robert Shapiro, Esq., outside counsel for Wynn Resorts, Gidon Caine, Esq., counsel for Mr. Okada, explained that the reason Mr. Okada did not sign the acknowledgment form was due to the fact that the materials had not been translated into Japanese. As of the date of submission of this Report, Mr. Okada has not yet submitted a signed copy of the acknowledgment form despite being provided with the requested translations, which were attached to a letter sent via email dated December 27, 2011 from Jeffrey Soza to Gidon Caine. [See Appendix]

¹¹¹ See Memorandum from Kim Sinatra to Board of Directors and Officers of Wynn Resorts, Limited, dated January 9, 2012, and 2012 Director's & Officers Questionnaire attached thereto. [See Appendix]

¹¹² See email from Takashi Matsui to Roxane Peper, dated January 27, 2012. [See Appendix]

¹¹³ See email from Roxane Peper to Takashi Matsui, dated January 31, 2012. [See Appendix]

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On February 1, 2012, Barry Brooks, one of Mr. Okada's attorneys, contacted Kevin Tourek, senior vice president and general counsel with Wynn Resorts, via email regarding "address[ing] the request, forwarded to Mr. Okada under cover of a memorandum from Mr. Wynn, that Mr. Okada execute and return to Wynn Resorts, Ltd. ("Wynn Resorts") a form of acknowledgment ("Acknowledgment") in regard to the Wynn Resorts Code of Business Conduct and Ethics (the "Code"). Most importantly, I wanted to emphasize that Mr. Okada agrees, with a deep sense of commitment, with the principles set out in the Code and agrees that it is in the best interest of Wynn Resorts and its shareholders that he, as a director, be a leader in observing and advocating for those principles. Also, and in any case, Mr. Okada believes that the requirements of the Code, and the spirit of those requirements, are keys to the future success of Wynn Resorts."¹¹⁴ In a follow-up phone call to that email, Mr. Brooks and Mr. Tourek discussed the ramifications of Mr. Okada not signing the policy, the possibility of interpretation issues, and concerns over whether Mr. Okada may have any conflict of interest issues. Mr. Brooks also asked for a copy of the D & O Questionnaire.¹¹⁵

6. Mr. Okada, his associates and companies, Universal have pursued independently a casino gambling development in the Philippines since 2008.

FSS interviewed Mr. Okada on February 15, 2012 and the results of that interview are set forth more fully in Section VI.¹¹⁶ In this interview, Mr. Okada asserted that all his efforts in the Philippines prior to the change of presidential administration in the summer of 2010 were undertaken on behalf of and for the benefit of Steve Wynn and Wynn Resorts, and that he only undertook to develop a gaming business in the Philippines independently subsequent to the change of presidential administrations.

On December 20, 2007, Aruze Corp. issued a press release entitled "Business Realignment and Future Business Development." The press release stated the following:

"The Company looks to acquire the licenses necessary to operate a casino resort in the Asian region, including Macau, and to commence operation of a casino resort on its own over the next business year. . . . For this know-how, which is vital from a management perspective, the Company intends to enlist the full cooperation of Wynn Resorts, Limited's Steve Wynn in its future pursuits regarding this project. For the purpose of successfully operating a casino resort in the Asian Region on an independent basis, the Company has received agreement from Steve Wynn that he will supply all necessary support, including active personal exchange with Wynn Resorts, Limited...."¹¹⁷(Emphasis added.)

¹¹⁴ See email from Barry Brooks to Kevin Tourek, dated February 1, 2012. [See Appendix]

¹¹⁵ See email from Kevin Tourek to Kim Sinatra, dated February 2, 2012. [See Appendix]

¹¹⁶ Statements attributed to Okada during the February 15, 2012 interview are based on FSS' contemporaneous notes.

¹¹⁷ See JASDAQ press release for Aruze Corp., dated December 20, 2007, entitled "Business Realignment and Future Business," available at: http://www.universal-777.com/en/ir/releases/2007/20071220_e.pdf. [See Appendix]

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On April 25, 2008, Aruze Corp. issued another press release entitled “Casino Project in the Philippines.” This press release stated the following:

“As announced in its ‘Business Realignment and Future Business Development’ press release issued December 20, 2007, ARUZE GROUP seeks to commence the operation of a casino resort in the Asian region, which shall be conducted independently by ARUZE CORP. . . . Out of the above mentioned elements, where essential management-based know-how is concerned, the Company intends to proceed with the project under the full guidance of Wynn Resorts, Limited’s Steve Wynn.”¹¹⁸(Emphasis added.)

The press release identifies the location of the planned casino as a plot of land adjacent to “Bagong Nayong Pilipino Manila Bay Tourism City.”

The language in the press releases suggest that Universal’s intentions from the inception of the project were to develop a gaming business independently, and not for the benefit of Steve Wynn or Wynn Resorts.

7. Mr. Okada has stated that Universal paid expenses related to then-PAGCOR Chairman Genuino’s trip to Beijing during the 2008 Olympics.¹¹⁹

Mr. Okada was asked during his interview whether he met then-PAGCOR Chairman Genuino in Beijing during the 2008 Olympics. Mr. Okada stated that Universal’s President Tokuda made the arrangements for Chairman Genuino to travel to the Olympics. Mr. Okada explained that Mr. Tokuda was involved with the setting of the travel itinerary. When Mr. Okada was asked if the travel arrangements were “paid by Universal,” Mr. Okada responded “not 100% perhaps there were people certainly not all but I’m not familiar with the details.” Mr. Okada was then asked “To your knowledge, did Universal pay any of the associated costs of any of the travel of Mr. Genuino?” Mr. Okada answered “I don’t know whether or not the travel expense was paid by them. My understanding is that there was a certain amount of personal monies being spent from the attendees and participants including Chairman Genuino but I do not know details regarding this.” Mr. Okada was then asked “But is it your knowledge that some of those expenses were paid by Universal?” Mr. Okada answered: “Regarding the individual payment of personal monies, whether before or after, it was Universal that put together all of the expenses.”

Mr. Okada then explained that since Mr. Okada was previously invited to “one of the islands in the Philippines so in return well we decided that we would decide to do this in turn so I too would invite them as well. There was a time from where we had that understanding now that I recall. So I may have asked Mr. Tokuda to include this person [Genuino] as well.” The

¹¹⁸ See JASDAQ press release for Aruze Corp., dated April 25, 2008, entitled “Casino Project in the Philippines,” available at: http://www.universal-777.com/en/ir/releases/2008/20080425_e_pr2.pdf. [See Appendix]

¹¹⁹ Attributions from Mr. Okada’s interview are based on FSS contemporaneous notes.

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following question was then asked: “If there was a time that Genuino has invited you to the Philippines and in return for that you may have invited him or had some knowledge that Universal paid some of his expenses when he came to Beijing?” Mr. Okada responded: “I don’t like to be invited more than what is necessary because that would mean that I am vulnerable and I don’t like that. I was told that it was paid for and he insisted so I remember he had to be paid for in this way. So I remember that Mr. Tokuda said he should be included as well. I remember thinking that I had to return this in some way so I may have made that decision based on that memory.” (Emphasis Added).

Later in the interview, Mr. Okada stated that Chairman Genuino appeared to have a “few people” with him at the Olympics and, “I asked my staff why wasn’t he around and then my people said Mr. Genuino had a few people accompany him and he met with them to go shopping and once I heard that I do not recall now but again I don’t have a clear recollection of his whereabouts.”

VI. Summary of Mr. Okada’s February 15, 2012 Interview¹²⁰

Mr. Okada had four lawyers present over the course of the interview, including a Japanese interpreter/associate. Mr. Okada was given a full opportunity to answer all questions. He attended the interview voluntarily and at the end he was asked whether he wanted to explain anything else.

A. Apparent FCPA Violations regarding Philippine PAGCOR officials.

1. Mr. Okada admitted going to Macau on or about September 24 2010 to meet with PAGCOR chairman Naguiat at Wynn Macau. Mr. Araki called Mr. Okada on either September 24 or 23 to advise that Chairman Naguiat was at Wynn Macau.
2. Mr. Okada stated he flew to Macau from Japan for the sole reason of meeting Chairman Naguiat.
3. Mr. Okada stated the purpose of Chairman Naguiat’s visit to Wynn Macau was for business – as a new PAGCOR Chairman, Naguiat wanted to better understand the casino business. Mr. Okada stated that a number of his Universal employees, including Araki, were at Wynn Macau in order to assist Chairman Naguiat in this regard.
4. Mr. Okada stated that when he got to Wynn Macau he asked to see Ian Coughlan, Wynn Macau CEO.
5. Mr. Okada asked to see and met with Ian Coughlan at Wynn Macau but denied telling Coughlan that the guests were Universal VIPs and that they should be treated well.

¹²⁰ Certain sections of the report below are presented in an abbreviated form. See the attached notes of Mr. Okada’s interview for a more expansive description. [See Appendix]

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6. Mr. Okada emphatically denied saying this and related that there is no way he would have said something to that extent regarding special care: "I would have said this is a person with a position with PAGCOR, I would have said be normal and don't do anything out of the ordinary."
7. Mr. Okada stated he attended a dinner for approximately ten (10) people at Wynn Macau and that Chairman Naguiat also attended.
8. Mr. Okada stated that either Araki, Shoji or Universal paid for the dinner
9. Mr. Okada said that he did not know whether any other PAGCOR officials attended the dinner.
10. Mr. Okada stated that he and Naguiat did not discuss any business at the dinner which would have been rude.
11. Mr. Okada stated that he believed Naguiat's wife was present at the dinner but that he was not introduced to her.
12. Mr. Okada stated he left early the next morning.

B. Mr. Okada's Knowledge of and Response to Chairman Naguiat's September 2010 stay

1. Mr. Okada stated that sometime after September 2010 he learned from Universal President Tokuda that the cost of Chairman Naguiat's stay at Wynn Macau exceeded reasonable entertainment expenses.
2. Mr. Okada learned about the excessive September 2010 expenses from Takuda about three or four months after the events when the bills would come up.
3. Mr. Okada stated that he was never told the cost of Chairman Naguiat's Wynn Macau stay nor did he ask anybody that question.
4. Mr. Okada stated that he understood that Chairman Naguiat had stayed in the most expensive accommodation at Wynn Macau. But he said "I heard later on that he was in one of the more expensive rooms. I heard this in the context of it would be a problem regarding our corporate policy...."
5. Mr. Okada stated that Chairman Naguiat's wife was present at Wynn Macau. Mr. Okada did not know if his children were present.
6. Mr. Okada stated that he did not know that any cash had been provided to Chairman Naguiat.
7. Mr. Okada stated that he did not know that Universal employees had tried to hide the identity of Chairman Naguiat as a guest.
8. Mr. Okada stated that he did not know how long Chairman Naguiat had stayed at Wynn Macau.
9. Mr. Okada denied seeing two (2) emails from Shoji to Angela Lai at Wynn Macau, dated September 20th and 23rd 2010 respectively, which requested

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reservations for a Universal VIP guest, “who would not be registered,” and arrangements to provide up to 5,000 US credit for each person staying at Naguiat’s Villa. Mr. Okada explained that although he saw his name in the email cc’s, he would not have seen either email because for the most part he does not use his PC.

10. Mr. Okada stated that internal Universal rules do not permit the payment of cash to government officials. Mr. Okada stated that no stay in the Villa in Wynn Macau could cost US 50,000
11. Mr. Okada stated that internal Universal rules permitted the payment of reasonable entertainment expense for government officials but did not know what amount was permitted.
12. Mr. Okada stated that the cost of Chairman Naguiat’s stay at Wynn Macau caused a “problem” for Universal and that as a result Araki was fired, and Shoji resigned after having been scolded by Mr. Okada.
13. Mr. Okada stated that he did not make any changes at his company or give anyone new instructions as a result of finding out about Naguiat’s stay in September 2010.
14. Mr. Okada said that it was possible that Chairman Naguiat would be billed for the cost of the stay.
15. Mr. Okada said, when he was asked about a reference in a Shoji email to posting all expenses to the Universal City Ledger Account, that he lacked any knowledge of such an account and said “I wonder if the City Ledger is in reference to our internal policy, as long as it is under that ceiling....”

C. Mr. Okada stated that he was aware of only one other guest stay at Wynn Macau that he believed was improperly paid by Universal.

1. Mr. Okada stated only a few weeks ago he learned from President Tokuda that Anthony Genuino, son of former PAGCOR Chairman Genuino, had stayed at Wynn Las Vegas in September of 2008 and that Universal had paid US 2300 for his stay.
2. Mr. Okada stated that Genuino would be sent the bill for this cost
3. Mr. Okada denied any knowledge of other PAGCOR officials staying at Wynn Resorts from 2008 through June 2011 with Universal paying for their expenses.
4. Mr. Okada stated that he had just instructed President Tokuda of Universal to conduct an investigation into Universal’s payment of entertainment expenses.
5. Mr. Okada blamed Shoji as the responsible party for these payments.
6. Mr. Okada stated that he yelled at Shoji for not reporting these matters to him and would have fired Shoji except that Shoji resigned. Mr. Okada stated that Tokuda

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did report these matters and Mr. Okada believed that Shoji was also in a position to know all about what had happened but had failed to report it to him.

7. Mr. Okada stated that Shoji was a trusted employee who had worked closely with him since 2002 and should have reported these matters to him.
8. Mr. Okada stated that they were just starting this investigation and that bills may be sent to certain of these guests for the expenses which Universal paid.
9. Mr. Okada especially blamed Mr. Shoji since he was the head of the company's compliance committee from 2002-2010.
10. Mr. Okada stated that he last met with Chairman Naguiat in the Philippines during January 2012 in order to seek land leasing approval from PAGCOR.
11. Mr. Okada stated that Universal had an expense policy but he didn't know what the amounts were. Mr. Okada stated that he was unfamiliar with the specific details of his compliance policy because he was too high within the company. He left it to others to handle the details of the policies.
12. Mr. Okada was asked a series of questions regarding about a dozen other PAGCOR officials who stayed at Wynn Macau or Wynn Las Vegas during 2010 and 2011 for whom Universal paid their expenses.
13. Mr. Okada denied having authorized any of these payments and said that he would not have authorized such payments if the guests were PAGCOR officials.
14. Mr. Okada stated that on one occasion he met Jose Miguel Arroyo, husband of Former Philippine President Gloria Arroyo, but did not know that Jose Arroyo had stayed at Wynn Las Vegas in November 2009, with Universal paying for his expenses totaling US 4,642.
15. Mr. Okada stated that he met Chairman Naguiat approximately 4 or 5 times since Naguiat's Chairmanship in June 2010 and that these meetings always involved official matters.
16. Mr. Okada stated that he told Tokuda in December of 2011 to investigate these matters.
17. Mr. Okada stated that December was the first time he asked Mr. Tokuda investigate these charges for Universal.
18. Mr. Okada stated further that Shoji was a trusted employee whom he had met with "very frequently." During the time period in September 2010 when Shoji was setting up the Naguiat visit, Shoji told Mr. Okada nothing about Naguiat.

D. Okada statements to the Board of Directors Regarding doing business in Asia

1. Mr. Okada stated that he could not specifically remember attending a Wynn Resorts Board of Directors meeting in February 2011.

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2. Mr. Okada stated that he did not remember attending a Wynn Resorts Board of Directors meeting where bribery was discussed.
3. Mr. Okada denied ever stating to Wynn Resort Directors words to the effect that “it was a matter of hiring the right people and that you must pay other people.” He responded “absolutely not, that’s a lie.”
4. Mr. Okada denied telling fellow board members words to the effect that “you have to follow local customs and that’s why you have consultants.”
5. Mr. Okada also denied ever stating to fellow board members words to the effect “I wouldn’t bribe someone but would have someone else bribe that person.”
6. As to bribing someone in the Philippines, Mr. Okada stated that “there is no need to do that in the Philippines even because we are in the position to invest.”
7. Mr. Okada also denied ever stating words to the effect that “in Asia, it is okay to give gifts to government officials.” His response was “absolutely not.”
8. Mr. Okada stated that he had been a member of the Wynn Resorts Board of Directors since 2005 or 2006. When asked about his duties or responsibilities as a director of Wynn Resorts, Okada stated that he had to “ensure socially just company, there should be no illegal activities, and that I have to help them be successful and grow as a company.”
9. Mr. Okada was asked if he had ever read the Wynn Resorts Code of Conduct to which he responded, “No because it is in English, no I cannot.”
10. Mr. Okada was asked if he had accepted Wynn Resorts Board of Director FCPA training in 2011, to which he replied that he had received some documents but sent them to his lawyers.

E. Doing Business in the Philippines

1. Mr. Okada stated that prior to the new Philippine administration taking over in 2010, his efforts to conduct a gambling business in the Philippines were being done for Wynn Resorts and that he was reporting to Steve Wynn about these activities.
2. Mr. Okada said before the new Philippine administration in 2010 “All of the conversation between myself and Genuino was for the sake of explaining to Mr. Wynn.”
3. Mr. Okada stated that a press release from Aruze Corp. dated April 25, 2008, that announced Aruze would independently operate a casino project in the Philippines, had not been presented to him for approval.
4. Mr. Okada stated that neither Steve Wynn nor Wynn Resorts had invested any money in the Philippine business initiative which he had been conducting since 2008.

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5. Okada stated that Universal had invested between US 300-400 million in 2008 to acquire the land for the Manila Bay project.
6. When asked whether Mr. Wynn or Wynn Resorts invested any money in the US 300-400 million purchase, Mr. Okada stated that “Wynn Resorts had no involvement whatsoever.”
7. Mr. Okada stated that it was only after the new Aquino presidency in June of 2010 that he decided to pursue a Philippine gaming project independently.
8. Mr. Okada stated that this land had been acquired by a company called Eagle I Land Holdings in which Aruze USA had an ownership interest.
9. Mr. Okada stated that at the time of the land acquisition in 2008, Eagle I Land Holdings was 60% owned by Filipino nationals. However, when asked to identify the 60% ownership today, he responded “I know of them I know who they are but I don’t remember their names.”
10. Mr. Okada stated that he was aware of the Philippine legal requirement that land be 60% owned by Filipinos.
11. Mr. Okada stated that neither Tiger or Aruze had a provisional gaming license for the Philippines.
12. Mr. Okada does not know whether a deposit was made by Universal in order to pursue the Filipino gaming initiative.
13. It was his understanding that to get a gaming license in the Philippines you needed to do certain things beforehand and that he asked questions on Wynn’s behalf as to what had to be done.
14. Mr. Okada stated that Platinum Gaming and Entertainment was a Philippine company run by Soriano.
15. Mr. Okada stated that he did not know Paolo Bombase or Manuel Camacho as shareholders of Eagle I and Eagle II.
16. Mr. Okada stated that Masato Araki may have lent his name as a stockholder to Eagle I and Eagle II but that Mr. Okada did not know the details. Mr. Okada stated that he did not know whether Manabu Kawasaki, who was another Universal employee, was a stockholder of Eagle I or Eagle II.

F. Possible Payments by Universal to Korean Government Officials.

Mr. Okada stated that he is interested in the IFEZ for possible investment. Mr. Okada stated that he personally set up arrangements in 2009 or 2010 for a Korean delegation from the IFEZ to visit Las Vegas. According to Mr. Okada, this delegation was led by a Mr. Lee, who was “seconded” to IFEZ by the Korean government. Mr. Okada invited this delegation to see the Venetian.

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Mr. Okada stated that “at the very beginning” he discussed the “issue of expense” and the Korean side said they had to pay for their own expenses as government officials. Mr. Okada stated that the Korean delegation stayed at Wynn Las Vegas and paid for their rooms. When told that Universal in fact paid for the Koreans’ rooms, Mr. Okada stated “It’s possible we paid in advance the first time but then they paid later. I am personally in charge of the Koreans.” When Mr. Okada was then asked if he knew that was done he responded “I am certain it was done.”

Mr. Okada later repeated that the Koreans paid for their own travel. When advised that Universal paid for Commissioner Lee and others to stay at Wynn Macau in 2011, and Wynn Las Vegas in 2010, Mr. Okada stated that “It may have been that we made a temporary payment to be reimbursed later but in any case for Korea all trips must be applied for with the City Hall and they need to get prior approval.”

Mr. Okada later repeated that he did not authorize Universal to pay approximately US 6,000 worth of room charges for Commissioner Lee and other IFEZ officials for stays at Wynn Resorts. When asked if it would be against “Universal’s policy” to pay such travel expenses, Mr. Okada repeated that the Koreans would pay for their own expenses. He added that “Maybe it was the case where Universal made a temporary payment to be reimbursed later and all this would be paid by ‘admin official.’”

G. Mr. Okada Instructs Mr. Tokuda to Conduct an Investigation

Mr. Okada stated that since about 2008-2009, Universal has had both “ordinary” and “extraordinary” rules about paying entertainment expenses regarding government officials. However, he stated that he did not know the “specific details.” Mr. Okada stated that “cash” could not be given but that he did not know the dollar amount limit for providing government officials with meals.

Mr. Okada stated that after learning from Mr. Tokuda about the excessive expenses paid by Universal for Chairman Naguiat’s September 2010 stay at Wynn Macau, Mr. Okada did not take any steps or give instructions to prevent a recurrence. Indeed, Mr. Okada stated his belief that Universal’s corporate policy as it exists today is “plenty on its own.”

Mr. Okada stated that “within the last week or so” he learned from Mr. Tokuda that the son of then-PAGCOR Chairman Genuino stayed at Wynn Las Vegas in 2008 and that Universal had paid US 2,800 for his expenses. Mr. Okada said this was “inexcusable” and that he had given instructions to have him [Genuino] billed directly. Mr. Okada further stated that Mr. Tokuda had found “several more” of these instances but that Mr. Okada did not “know the details.” Mr. Okada stated that in regard to Chairman Naguiat’s stay at Wynn Macau, perhaps an invoice should also be sent to him as the customer.

Mr. Okada stated that “it was just yesterday” that he heard from Tokuda about “these issues being raised.” After being asked what he knew about a list of PAGCOR officials whose

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stays at Wynn Macau and Wynn Las Vegas were paid by Universal from 2008 – 2011, Mr. Okada denied any knowledge of these events. However, Mr. Okada stated that “everything I believe [FSS] mentioned matches with what Mr. Tokuda is investigating right now. And I will have him write a paper that lists all the countermeasures and a progress report and what has been wrapped up and so forth.”

Mr. Okada stated that in approximately December 2011, he “clearly instructed” Mr. Tokuda to conduct an investigation about these matters. At the end of the interview, Mr. Okada stated that “I will look into all the expense that you have asked about and if it is someone who has an existing relationship I will for sure bill that person.”

VII. Conclusions

The investigation has produced substantial evidence that directly relates to Mr. Okada’s suitability under Nevada law as both a major shareholder and director of Wynn Resorts.

Nevada Gaming Commission Regulations regarding individual suitability issues encompass, among other things, a person’s “good character, honesty and integrity,” and whether a person’s “background, reputation and associations will not result in adverse publicity for the State of Nevada and its gaming industry” (Section 3.090 of the NRS). The NRS also require that a covered person satisfy the Commission that such person has “adequate business probity” (Section 463.170, paragraph 3).

Both Aruze USA, a Nevada corporation, and Mr. Okada personally, as a Director, President, Secretary and Treasurer of Aruze Inc., are covered parties under the jurisdiction of the FCPA.

As set forth above, the investigation has produced substantial evidence that Mr. Okada, his associates and companies have apparently been engaging in a longstanding practice and pattern of committing prima facie violations of anti-bribery laws, particularly the FCPA.

The testimonial and documentary evidence appear to prove that, since at least 2008, Mr. Okada, his associates and companies have made over US 110,000 in payments to his chief gaming regulators (2) in the Philippines (PAGCOR), their families and associates. Mr. Okada is building a multi-billion dollar gaming business and operation in the Philippines.

The practice and means of making these payments varied slightly but were regularly and repeatedly arranged in the same manner. For example, between June 2008 and August 2010, former PAGCOR Chairman Efraim Genuino (February 2001 – June 30, 2010), his son and other PAGCOR government officials, were hosted by Mr. Okada, his associates and companies at either Wynn Resorts Las Vegas or Wynn Resorts Macau. Mr. Okada, his associates and companies would arrange and pay thousands of dollars to cover the expenses of Chairman

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Genuino, his son and other then-current PAGCOR officials in his party. These payments were made by Mr. Okada, his associates and companies, using the City Ledger Account, which contained an average balance of US 100,000 funded and replenished by Universal. International money transfers and the facilities of interstate commerce were used to make these payments.

There is substantial evidence to show that Chairman Genuino's June 2010 stay at Wynn Macau was due to the fact that he was then Mr. Okada's principal Philippine gaming regulator. This is also demonstrated by the fact that after Chairman Genuino left his PAGCOR office in June 2010, he and his family were no longer the beneficiaries of such payments at Wynn Resorts facilities.

However, as set forth above in greater detail, Mr. Okada's current chief Philippine gaming regulator, Chairman Cristino Naguiat (July 2, 2010 – present) and his family quickly succeeded Chairman Genuino as the beneficiaries of payments by Universal for stays at Wynn Resorts Las Vegas and Wynn Resorts Macau (September 2010 in Macau; November 2010 in Las Vegas; and June 2011 in Macau, just over seven (7) months ago).

These payments were made using Mr. Okada's City Ledger Account, as was done regarding payments on behalf of the former PAGCOR Chairman. The evidence further suggests that Chairman Naguiat's luxury stays at Wynn Resorts facilities were fully known to Mr. Okada, who actively involved himself in some of the arrangements. For example, Chairman Naguiat's September 22-26, 2010 stay at Wynn Resorts Macau luxury Villa 81, the most expensive accommodation at Wynn Resorts Macau (about 7,000 square feet in size, which then cost about US 6,000 per day), was intended by Mr. Okada and his associates to be kept secret and concealed within Wynn Resorts Macau records. Initially, Mr. Okada's associates arranging for Chairman Naguiat's September 2010 stay at Wynn Resorts Macau purposefully withheld Naguiat's name and had him registered as an "Incognito" VIP guest of Universal, utilizing the named reservation of "Rogelio Bangsil" (another then-senior PAGCOR official). Chairman Naguiat then stayed at the Wynn Resorts Macau for four days, together with his wife, three children and a nanny, without ever once introducing himself to the constantly attending Wynn Resorts Macau VIP service managers.

Mr. Okada's associate, who made this reservation for Chairman Naguiat, requested a "more gorgeous room, such as "Villa" and "the best butler," for this unnamed "VIP for Universal," who turned out to be the chief gaming regulator for the Philippines. The evidence also shows that on September 24, 2010, Mr. Okada personally made clear (via an interpreter) to Ian Coughlan, the Wynn Resorts Macau Executive Director and President, that Chairman Naguiat and his party were important guests and that Mr. Coughlan should make sure that his staff took good care of them. The evidence further shows that on the evening of September 24, 2010, Mr. Okada hosted a dinner at Wynn Macau for Chairman Naguiat (and approximately 13 others). The US 1,673.07 cost of this dinner was charged to Mr. Okada's room.

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The testimonial and documentary evidence also shows that despite deliberate attempts to conceal Chairman Naguiat's identity while a guest at Wynn Resorts Macau in September 2010, hotel staff, acting on their own, soon identified Chairman Naguiat by means of a photo from the PAGCOR website. Their interest in doing so was sparked by the fact that the senior PAGCOR guest known to them, Mr. Bangsil, exercised great deference to Chairman Naguiat, who the staff determined must be the 'boss'. Nevertheless, the VIP service providers continued to refer to Chairman Naguiat only as "sir," thereby following the wishes and directions of Chairman Naguiat and Mr. Okada's associates. The evidence also shows that several weeks after Chairman Naguiat's intended "Incognito" stay at Villa 81, Mr. Okada's associates became concerned about the high cost of Chairman Naguiat's luxury stay at Wynn Resorts Macau. Specifically, Mr. Okada's associate advised Wynn Resorts Macau that the amount being charged for Chairman Naguiat's stay was too much over an ordinary business expense. Mr. Okada's associate then asked if Wynn Resorts Macau "could reconsider the matter [Chairman Naguiat's stay] and charge us [Mr. Okada's company] the original rate [and free upgrade to a Villa] since the party directly dealing with on this matter is our company [Mr. Okada's company] rather than each individual guest [Chairman Naguiat]." Mr. Okada's associate further stated that "since the amount charged [for Chairman Naguiat] is too much beyond the ordinary room charge, our company [Mr. Okada's company] will be put in a very difficult position to give reasonable explanations if we are inquired by someone." (Emphasis added).

Despite Mr. Okada's associate's efforts to have Wynn Resorts Macau reduce these payments and assist in covering up the beneficial amounts received by Chairman Naguiat, Wynn Resorts Macau denied this request.

Mr. Araki's later email ("Our Chairman Okada once again instructed us to take care of the group [PAGCOR], but not like the last time....") to Wynn Macau, dated October 5, 2010, also tends to confirm Mr. Okada's personal knowledge and direction of the payments made on behalf of Chairman Naguiat and his family for their luxury stay at Wynn Macau for September 22-26, 2010.

The evidence also shows that on September 24-25, 2010, Mr. Okada's associates obtained a total of US 20,000 cash from Wynn Resorts Macau's main cage as "cash advances" for Chairman Naguiat, his family and party. This same associate of Mr. Okada returned approximately US 503 of this advance on September 26, 2010 as the remainder from Chairman Naguiat's party. Mr. Okada's City Ledger Account was again used to pay for this advance.

The evidence also shows that the PAGCOR-related payments made by Mr. Okada and his associates are not the result of any misunderstanding of the applicable anti-bribery laws, including the FCPA. Conversely, by his own statements and declarations to fellow Wynn Resorts Board members, Mr. Okada apparently believes that there is nothing wrong with making payments and gifts to government officials when doing business in Asia. When advised by fellow directors and Wynn Resorts lawyers that such payments are bribes strictly prohibited by

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the FCPA and other laws, Mr. Okada responded that third party intermediaries or “consultants” can be used to make the payments.

The best evidence of Mr. Okada’s belief that it is permissible to make payments to government officials is his admission that Universal paid expenses for then-PAGCOR Chairman Genuino’s trip to the 2008 Beijing Olympics. Mr. Okada explained that since Mr. Genuino had previously invited Mr. Okada to “one of the islands in the Philippines,” Mr. Okada and Universal’s President Tokuda in turn had Universal pay for expenses related to Genuino’s trip to Beijing, which Mr. Okada stated was arranged by President Tokuda. This admission by Mr. Okada is consistent with his February 24, 2011 statements to board members that there is nothing wrong with making payments and gifts to government officials.

The evidence about the corporate structures utilized by Mr. Okada and his associates to initiate his multibillion dollar gaming business in the Philippines also appears to demonstrate Mr. Okada’s intent to do business as he desires, regardless of the applicable laws and regulations. FSS’s examination of the corporate documents relating to Mr. Okada’s gaming initiative in the Philippines appears to show that he has used a complex web of corporate structures and companies to evade laws which require Philippine nationals to own 60% interest in all real estate. A separate legal analysis by a Philippine attorney confirms this finding and suggests that Mr. Okada’s Philippine gaming initiative has been set up in violation of applicable law.

Additionally, the preliminary evidence also shows that in connection with Mr. Okada’s efforts to develop a gaming business in IFEZ, Mr. Okada and his associates may be engaging in the same pattern of proscribed payments to government officials. The preliminary evidence shows that in October 2011, Mr. Okada’s company signed a Memorandum of Understanding with IFEZ to develop a casino resort near the Incheon International Airport. Preliminary information indicates that IFEZ is overseen by the Incheon Free Economic Zone Authority, apparently part of the City of Incheon government. Mr. Okada’s City Ledger account reflects that from November 2010 through June 2011, four (4) individuals, including IFEZ Commissioner Jong Cheol Lee, had two stays at Wynn Resorts Las Vegas and Wynn Resorts Macau, where payments totaling US 5,945.52 were made on their behalf through Mr. Okada’s City Ledger account. Preliminary internet research identifies Jong Cheol Lee as the current IFEZ Commissioner, a position he has held since July 2010. It is not clear at this preliminary stage i) whether Mr. Okada’s announced gaming investment and operation within IFEZ has received any gaming licensing, and ii) whether the three (3) guests who accompanied Commissioner Lee were then Korean government officials.

The investigation has established that despite requests by Wynn Resorts since August 2011 that Mr. Okada acknowledge in writing that he has reviewed (and agreed to comply with) Wynn Resort’s “Code of Business Ethics” and “Policy Regarding Payments to Government Officials,” Mr. Okada has failed to do so.

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Finally, Mr. Okada was interviewed by FSS on February 15, 2012 by FSS and was given the opportunity to present his version of the facts. Mr. Okada denied knowledge of Chairman Naguiat staying “incognito” at Wynn Macau in September 2010. He also denied knowledge that Mr. Shoji was actively involved in arranging for Chairman Naguiat’s stay. Although Mr. Shoji’s emails asking that Chairman Naguiat’s identity be kept secret, and that Chairman Naguiat be provided with cash in connection with his visit, were copied directly to Mr. Okada, the latter stated that because he rarely uses his personal computer, he would not have seen such emails. Mr. Okada acknowledged flying to Macau on September 24, 2010 in order to visit Chairman Naguiat but denied telling Ian Coughlan that Chairman Naguiat was an important Universal guest who should be treated well. Conversely, Mr. Okada stated that there is “no way” he would have said something like that, but would have said “be normal and don’t do anything out of the ordinary.” The substantial evidence relating to Chairman Naguiat’s September 2010 stay at Wynn Macau, including emails, Coughlan’s statements, and the facts and reasonable inferences regarding this evidence, cast substantial doubt on Mr. Okada’s credibility.

Mr. Okada also vehemently denied making statements to fellow board members to the effect that doing business in Asia requires and permits bribes to be made to government officials. Mr. Okada’s denials are directly contradicted by many of his fellow board members.

Similarly, Mr. Okada insists that all of his efforts to establish a gambling business in the Philippines prior to 2010 were undertaken solely on behalf of Wynn Resorts. His insistence is largely contradicted by the actions which he undertook. First, Mr. Okada and Universal invested US 300-400 million to buy property in the Manila Bay Entertainment Zone, which was to be used for his gaming operation. Mr. Okada admitted that Wynn Resorts had “no money involved in this investment.” Secondly, Mr. Okada and Universal set up an elaborate corporate structure in order to initiate, and operate in the future, a multimillion dollar casino operation. Wynn Resorts had no participation in any of these corporate initiatives or structures, all of which were controlled by Universal and Mr. Okada. Third, the provisional gaming license, which is required in order to establish a gaming business in the Philippines, was procured by Mr. Okada and his companies, without any relation to Wynn Resorts. Finally, when shown an April 25, 2008 Aruze Corp. press release, which states that the Aruze casino operation will be independently developed by Aruze with the mere intent that Wynn Resorts help guide its project, Mr. Okada denied any knowledge of this press release.

In sum, the substantial evidence developed by this investigation and set forth above, based on witness interviews, public information, documentary and electronic data, provide the Compliance Committee and Board of Directors a factual basis to review Mr. Okada’s continued suitability to be a major shareholder and director of Wynn Resorts.