

Casino Queen ESOP Settlement

P.O. Box 2004

Chanhassen, MN 55317-2004

COURT-AUTHORIZED NOTICE

NOTICE OF PROPOSED CLASS ACTION SETTLEMENT

in

The Casino Queen ESOP Litigation

Hensiek v. Board of Directors of CQ Holding Co., Inc et al., Case No. 3:20-cv-00377-DWD (S.D. Ill.)

Please read this notice carefully and completely.

If you are a member of the Class, the settlement will affect your legal rights.

A federal court has authorized this notice.

This is not a solicitation from a lawyer.

You have not been sued.

The Parties to this class action lawsuit have reached a proposed settlement and the Court has preliminarily approved the Settlement. The Settlement will provide for a payment to each Class Member that varies based on the number of shares of Casino Queen stock in their Casino Queen Employee Stock Ownership Plan (the "ESOP") account and whether the Class Member cashed out their Casino Queen stock at a price above or below \$20 per share.

This notice summarizes the Settlement and informs you of your rights under the Settlement. The complete Settlement Agreement, and other information about this lawsuit, are available at www.cquesopsettlement.com or by contacting Class Counsel listed below.

The total Settlement Amount is \$7,100,000. If the Settlement becomes Final, this amount will go to payments to Class Members, as well as to pay for the costs of Settlement administration, fees and costs of an independent fiduciary, payment of Class Counsel's attorneys' fees and costs, and payment of any approved Service Awards to the Class Representatives in the case.

Under the proposed Settlement, your estimated payment will be based on whether you had vested shares and/or redeemed your shares of Casino Queen stock at a price higher than \$20 per share, and the number of the shares of Casino Queen stock redeemed at a price of \$20 per share or lower divided by the total number of shares held by all Class Members in the Plan that were redeemed at a price of \$20 per share or lower.

- You may choose to receive your payment either by check or as a rollover into an individual retirement account or other eligible retirement plan by completing an online Election Form.

Questions? Call 833-608-0249, visit www.cquesopsettlement.com, or email cquesopsettlement@noticeadministrator.com

SUMMARY OF YOUR LEGAL RIGHTS & OPTIONS

OPTION #1: DO NOTHING. If You received this Notice and you do nothing, you will receive your Settlement payment via check, less tax withholding (though you can complete a Rollover form and avoid tax withholding, see Option #2 below).

OPTION #2: CLASS MEMBERS MAY ELECT FORM OF PAYMENT. You may make an election to receive your Settlement payment as a rollover to a retirement account by submitting the online Rollover Election Form by **February 4, 2025**. The Election Form is available at www.cqesopsettlement.com. If you do not submit the Rollover Election Form by February 4, 2025, then your Settlement payment will be paid by check, less tax withholding.

OPTION #3: OBJECT. If you are not satisfied with the terms of the proposed Settlement, then you or your attorney may inform the Court by sending a letter or written statement by **February 4, 2025**. If you object, you may still complete an online Rollover Election Form or receive a check.

BASIC INFORMATION

What Is This Case About?

This lawsuit is a class action on behalf of participants and beneficiaries of the Casino Queen ESOP. The operative class action complaint, the Defendants' Third Party Complaints, and the proposed Second Amended Complaint assert claims against the Board of Directors of CQ Holding Company, Inc.; the Administrative Committee of the Casino Queen Employee Stock Ownership Plan; the Co-Trustees of the Casino Queen Employee Stock Ownership Plan; Charles Bidwill, III; Timothy J. Rand; James G. Koman; Jeffrey Watson; Robert Barrows; Mary C. Bidwill; Brian R. Bidwill; Patricia M. Bidwill; Shauna Bidwill Valenzuela; Karen L. Hamilton Irrevocable Trust, its Trustee, and any beneficiaries of said Trust; William J. Koman, Jr. Irrevocable Trust, its Trustee, and any beneficiaries of said Trust; William J. Koman, Sr. Living Trust, its Trustee, and any beneficiaries of said Trust; Elizabeth S. Koman Irrevocable Trust, its Trustee, and any beneficiaries of said Trust; Janis A. Koman Irrevocable Trust, its Trustee, and any beneficiaries of said Trust; James G. Koman Irrevocable Trust, its Trustee, and any beneficiaries of said Trust, the Family Trust, its Trustee, and any beneficiaries of said Trust; the Generation Skipping Marital Trust, its Trustee, and the beneficiaries of said Trust; the Residuary Marital Trust, its Trustee, and the beneficiaries of said Trust; CQ Holding Company, Inc.; Michael Gaughan, Franklin Toti, Philip B. Kenny, James C. Kenny, John E. Kenny, Patrick B. Kenny, Joan Kenny Rose, Mary Ann Kenny Smith (and any beneficiaries of her Estate), Casino Queen, Inc., and GreatBanc Trust Company in the U.S. District Court for the Southern District of Illinois (the "Lawsuit"). These individuals who were defendants, cross claim defendants, or third-party defendants to the lawsuit are the "Releasees."

The Lawsuit claims that Defendants violated a federal statute, the Employee Retirement Income Security Act of 1974 ("ERISA"), in connection with the Plan's acquisition of CQ Holding Company, Inc. stock in 2012 for approximately \$170 million (the "ESOP Transaction"). Specifically, the Lawsuit alleges that the Defendants violated their duties under ERISA § 404, 29 U.S.C. § 1104, § 405, 29 U.S.C. § 1105, and ERISA § 406, 29 U.S.C. § 1106, when they facilitated the sale of CQ Holding Company, Inc. stock to the ESOP for a purchase price that exceeded fair market value, and Defendants participated in a prohibited transaction in violation of ERISA § 406, 29 U.S.C. § 1106, by selling their CQ Holding, Company Inc. stock to the Plan.

The Defendants deny all of the allegations in the Lawsuit, deny any wrongdoing regarding the ESOP Transaction, and have vigorously defended the Lawsuit.

What is a Class Action?

A class action is a lawsuit in which the claims and rights of many people are decided in a single court case. One or more representatives known as "class representatives" file a lawsuit asserting claims on behalf of the entire class. The class representatives in this case are Tom Hensiek, Jason Gill, and Lillian Wrobel. The Class Representatives are three former participants in the ESOP.

Who is a Member of the Class?

On November 14, 2024, the Court granted Plaintiffs' Motion for Preliminary Approval of Settlement and Certification of Settlement Class and certified a Class for settlement purposes only.

The Class is defined as: "all participants in the Casino Queen ESOP, whether or not such participant had a vested account in the ESOP, and those participants' beneficiaries, excluding: Defendants and their immediate family members; any ESOP Trustee, ESOP Administrative Committee members serving in such capacity on or before December 31, 2019; the officers and directors of CQH or Casino Queen, Inc. ("CQI") serving in such capacity on or before December 31, 2019; or the officers or directors or of any other entity in which a Defendant (other than CQH or CQI) has a controlling interest; and legal representatives, successors, and assigns of any such excluded persons."

You do not have the right to exclude yourself from the Class or the benefits of the Settlement. This Lawsuit was certified as a mandatory ("non-opt-out") class action.

Why Did I Get This Notice?

You received this Notice because the Court ordered that Notice be provided to Class Members and because, based upon the Plan's records, you are believed to be a member of the Class. The purpose of this Notice is to provide you with information about the Settlement and your rights, including your right to object to the Settlement before the Court decides whether to approve the Settlement.

THE PROPOSED SETTLEMENT

To avoid the additional expense, delay, and uncertainty of the outcome of the Lawsuit, Plaintiffs and the Class defined above and Releasees have agreed to a Settlement that provides payments to Class Members.

These and other terms of the Settlement are set forth in the Class Action Settlement Agreement dated November 7, 2024 ("Settlement Agreement") and are summarized below. The complete Settlement Agreement is available at www.cqesopsettlement.com, or from Class Counsel.¹

How Much Is The Settlement Amount?

Defendants, as described in the Settlement Agreement, have agreed to make a total payment of \$7,100,000 (the "Gross Settlement Amount") to resolve all claims against all Defendants that have been asserted in this litigation.

If the Settlement becomes Final, the "Net Proceeds" of the Settlement paid to Class Members shall be the Gross Settlement Amount minus:

1. Administrative Expenses, which include amounts required to pay taxes, administer the Gross Settlement Amount, issue notice of the Settlement and communicate with Class Members, and make payments to the Class Members.
2. The fees and costs of the Independent Fiduciary in an amount not to exceed \$20,000.
3. Class Counsel's attorneys' fees, which shall not exceed \$2,366,666.67.
4. Class Counsel's expenses, which shall not exceed \$225,000.
5. If approved by the Court, a Service Award to each of the Class Representatives in an amount not to exceed \$25,000 each.

What Will Be My Share of the Settlement?

The Net Proceeds will be distributed to Class Members in accordance with the Plan of Allocation approved by the Court, a copy of which is available on the website established by the Settlement Administrator as indicated below. The Plan of Allocation should be reviewed for a more detailed description of the method that will be used to determine the amount of payment each Class Member will receive. In general, a Class Member who redeemed their shares at the higher redemption prices used prior to October 15, 2019 will receive \$500; a Class Member who never held vested shares in their account will receive \$50, and a Class Member who redeemed their shares at the lower redemption prices used after October 15, 2019

¹ Unless stated otherwise in this notice, capitalized terms have the meanings stated in the Settlement Agreement.

will receive a share of the Net Proceeds based on the proportion of the shares of Casino Queen stock they redeemed at the lower redemption prices divided by the total number of shares held by all Class Members in the Plan that were redeemed at the lower redemption prices.

Class Members will not need to submit a claim to receive their allocated portion of the Net Proceeds from the Settlement. Their allocated portion will be calculated based on the Plan's records. The allocable portion of the Net Proceeds of the Class Members shall be distributed to the Class Members directly by the Settlement Administrator to Class Members either by check or as a deposit into an individual retirement account or other eligible retirement plan if the Class Member timely and correctly submits a Rollover form. Class Members who wish to deposit their settlement allocation to an individual retirement account or other eligible retirement plan will need to fill out the online Rollover Election Form by **February 4, 2025**.² If a Class Member does not complete the Rollover Election Form by that date, then their settlement allocation will be paid by check, less tax withholding.

What Do I Give Up As a Result of the Settlement?

In exchange for payment of the Settlement Amount, and satisfaction of the conditions contained in the Settlement Agreement, Plaintiffs and the Settlement Class will fully release, covenant not to sue, and dismiss with prejudice the following: all claims arising from the facts alleged in the pleadings (including the proposed Second Amended Complaint), or that were or could have been brought in this litigation, including but not limited to any claim that is found to be based on the same or identical factual predicate as the claims alleged in the pleadings (including the proposed Second Amended Complaint), which may include, but not be limited to: the 2012 ESOP Transaction (as defined in the First Amended Complaint); the 2013 Asset Sale (as defined in the Complaint); the value of the ESOP participants' holdings in the years following those transactions; the impact of those transactions on the ESOP, including the amount and terms of debt to fund those transactions and how the terms of those transactions impacted the amount ESOP participants received in the years following those transactions through termination of the ESOP; the information reported to participants about the ESOP; information disclosed in the ESOP's Form 5500s filed with the DOL; and/or the 2020 ESOP termination (the "Released Claims"). The Releases are set forth in full in the Settlement Agreement, which can be viewed online at www.cqesopsettlement.com or requested from Class Counsel.

Can the Settlement be Terminated?

The Settlement may be terminated on several grounds, including if the Court does not approve the terms of the Settlement. If this occurs, the Lawsuit will proceed as if the Settlement had not existed. The Settlement will not be final until after the Court has granted final approval of the settlement and, if there were any objections to the Settlement, after the time for all appeals has expired. The earliest that the Settlement will be final is the day of the Final Approval Hearing, but it may be later than that. Your patience is appreciated.

STATEMENT REGARDING THE POTENTIAL OUTCOME OF THE LAWSUIT

As with any lawsuit, the Plaintiffs and Defendants would face an uncertain outcome if the Lawsuit were not settled. Continued litigation could result in a judgment greater or less than the amount obtained in the Settlement or in no recovery at all. The Plaintiffs and Defendants disagree about whether the Defendants did anything wrong, and they do not agree on the amount, if any, that would be recoverable even if Plaintiffs prevailed at trial. The Defendants have denied, and continue to deny, all claims and contentions of the Plaintiffs in the Lawsuit, have denied, and continue to deny, any wrongdoing or liability whatsoever, and are entering into the Settlement solely to avoid the cost, disruption, and uncertainty of litigation. A settlement avoids the expense, further delay, and uncertainty of a trial and gives money to Class Members more quickly. The Plaintiffs and the attorneys for the Class believe the Settlement is best for all Class Members.

THE SETTLEMENT APPROVAL PROCESS

The Court has granted preliminary approval of the proposed Settlement and has approved this Notice to the Class. The Settlement will not take effect, however, until it receives final approval from the Court after an opportunity for Class Members to object, as described below. Following the deadline for objecting to the Settlement, the Court will hold a Fairness

² The online Election Form is available at www.cqesopsettlement.com.

Hearing at **10:00 a.m. on February 25, 2025**, at the United States District Court for the Southern District of Illinois, in the courtroom of Judge David W. Dugan, located at the East Saint Louis Courthouse, 750 Missouri Avenue, East Saint Louis, IL, 62201. The date and location of the Fairness Hearing is subject to change by order of the Court, which will appear on the Court's docket for this Lawsuit. The Court may decide to conduct the hearing by videoconference.

THE OPPORTUNITY TO OBJECT TO THE SETTLEMENT

If you are a Class Member, you can object to the Settlement if you do not like any part of it. To object, you must send your objection to the Clerk of Court, U.S. District Court for the Southern District of Illinois, East Saint Louis Courthouse, 750 Missouri Avenue, East Saint Louis, IL 62201 and to the Settlement Administrator:

Settlement Administrator:

Casino Queen ESOP Settlement

P.O. Box 2004

Chanhassen, MN 55317-2004

Email: cquesopsettlement@noticeadministrator.com

Objections must also be filed with the Court and submitted to the Settlement Administrator by U.S. Mail or email by **February 4, 2025**. Objections filed after that date will not be considered. To be valid, the objection must set forth, in clear and concise terms: (a) the case name and number (*Hensiek v. Board of Directors of Casino Queen Holding Co., Inc. et al.*, Case No. 3:20-cv-00377-DWD); (b) the name, address, and telephone number of the objector objecting and, if represented by counsel, the name, address, and telephone number of their counsel; (c) the complete basis for objection; (d) a statement of whether the objector intends to appear at the Fairness Hearing, either with or without counsel; (e) a statement of whether the objection applies only to the objector, to a specific subset of the class, or to the entire class, and (f) copies of all supporting documents, including any document(s) that the objector or the objector's counsel intends to offer at the Fairness Hearing.

Any Class Member who files and serves a written objection in accordance with the above paragraph may appear, in person or by counsel, at the Fairness Hearing, to show cause why the proposed Settlement should not be approved as fair, adequate, and reasonable, but only if the objector states in their objection that they intend to appear at the Fairness Hearing.

Any Class Member who does not make their objection in the manner provided shall be deemed to have waived such objection, shall not be permitted to object to any terms or approval of the Settlement at the Fairness Hearing, and shall forever be foreclosed from making any objection to the fairness, reasonableness, or adequacy of the proposed Settlement as incorporated in the Settlement Agreement, and to the award of attorneys' fees and expenses to Class Counsel and the payment of a Service Award to the Class Representatives for their representation of the Class, unless otherwise ordered by the Court. Responses to objections shall be filed seven (7) days before the Fairness Hearing.

The Court will consider Class Member objections in deciding whether to grant final approval of the Settlement. Class Members who do not comply with these procedures, or who miss the deadline to file an objection, lose the opportunity to have their objection considered by the Court or to appeal from any order or judgment entered by the Court regarding the Settlement.

ATTORNEYS' FEES, EXPENSES AND SERVICE AWARDS FOR NAMED PLAINTIFFS

The attorneys for the Plaintiffs and the Class ("Class Counsel") are:

Michelle C. Yau

Ryan A. Wheeler

Cohen Milstein Sellers & Toll, PLLC

1100 New York Ave. NW

Suite 800

Washington, DC 20005

Class Counsel will seek an award of attorneys' fees of no more than one-third of the Settlement Amount, i.e., \$2,366,666.67, and reimbursement of their litigation expenses up to \$225,000. Class Counsel's litigation expenses include the cost and expense of process servers, e-discovery fees, legal research costs, court fees, and experts retained by Class Counsel. Class Counsel shall also seek Service Awards for the named Plaintiffs from the Settlement Amount of up to \$25,000 each. The

fee application and supporting papers will be filed on or before 45 days before the Fairness Hearing. After that date, you may review the application and supporting papers at www.cqesopsettlement.com. You may file an objection to the request for attorneys' fees and expenses and to the Service Awards under the same procedures for objecting to the Settlement. Any attorneys' fees, expenses and Service Awards approved by the Court, and the expenses incurred by the Settlement Administrator in sending this Notice and otherwise administering the Settlement, will be paid from the Gross Settlement Fund.

GETTING MORE INFORMATION

This is only a summary of the Settlement. You can visit the website at www.cqesopsettlement.com, where you will find the full Settlement Agreement, the Court's order granting Preliminary Approval of the Settlement, this notice, and other relevant pleadings and documents. If you cannot find the information you need on the website, you may call 833-608-0249 or email cqesopsettlement@noticeadministrator.com.

What If My Address or Other Information Has Changed or Changes After I Receive My Notice?

It is your responsibility to inform the Settlement Administrator of your updated address or other information. You may do so by email to the following email address: cqesopsettlement@noticeadministrator.com or by U.S. Mail to the following mailing address: Casino Queen ESOP Settlement, P.O. Box 2004, Chanhassen, MN 55317-2004.

**Please do not contact the Court, the Defendants, or their counsel.
They will not be able to give you additional information.**

Dated: December 27, 2024

By Order of the United States
District Court District Judge David W. Dugan