

**INDIANA GAMING COMMISSION  
REGULAR MEETING**

**11:00 A.M., February 12, 1996**

**Conference Center  
Pine Lake Hotel & Conference Center  
444 Pine Lake Avenue  
LaPorte, Indiana 46350**

**PRESENT:** Commission members Alan Klineman, Chair; Ann M. Bochnowski, Vice-chair; Donald Vowels, Secretary; Thomas F. Milcarek; David E. Ross, Jr., M.D., Robert W. Swan; Staff members Jack Thar, Floyd Hannon, Kay Fleming, Janine Hooley, Pam Ayres and an audience.

**Call to Order and Roll Call**

Chair Alan Klineman called the meeting to order at approximately 11:00 a.m., noting that a quorum was present. Robert W. Sundwick was absent.

**Approval of the Minutes of the January 8, 1996 Meeting**

The Indiana Gaming Commission unanimously approved (6 out of 7 members present) the minutes of the January 8, 1996 meeting held in Indianapolis, Indiana, on motion by Don Vowels, second by Tom Milcarek.

**Introduction of Mayor of Michigan City, Indiana**

Chair Klineman introduced Sheila Bergerson, Michigan City's mayor, who welcomed the Commission to LaPorte County. She shared the area's delight and excitement in at last having the Commission come to Michigan City. They have been waiting patiently for this day. Mayor Bergerson indicated that at her afternoon presentation she and a team of city officials would explain about the local process and their site selection. The city is very proud of the process they used; all of their meetings were open to the public and the press. Their local evaluation committee was made up of 22 community members and was a very broad-based group so that the diversity of Michigan City would be reflected. There were labor union representatives, engineers, accountants, attorneys, all nine council members, the former mayor, city officials and the present mayor. Mayor Bergerson reported that all of the developers they reviewed (at one time there were 22) indicated they would use union labor and local goods and services.

The down side of the Michigan City area is that at least three months of the year it has to contend with the cold north wind blowing off Lake Michigan. Mayor Bergerson reported that

commissioners who had earlier visited the prospective riverboat sites had first-hand knowledge of the lake's bitter cold effects. In the summer, there is always a very full marina, with festivals all season long on the lakefront. The city's selected upstream site on Trail Creek should permit maximum growth potential for the Michigan City project. They have concentrated on this site for the past several years. Michigan City is looking at gaming as a catalyst for ancillary development that comes with a gaming project. Mayor Bergerson reported that the harbor site is not only difficult logistically but throughout Michigan City history, residents have been very protective of any development on the lakefront. In the past, a marina expansion plan raised 6,000 people who stepped forward through a petition process to complain that the lakefront should be preserved for the public.

Mayor Bergerson stated that Michigan City has capital needs, infrastructure needs, and employment needs that are very great. They will identify and address these during their afternoon presentation. The city has waited in line for its chance and now asks the Indiana Gaming Commission's patience and attention. The mayor thanked the Commission for the opportunity.

On behalf of the Commission, Chairman Alan Klineman thanked Mayor Bergerson for the morning tour as well as for her hospitality. He pledged the Commission's undivided attention.

### **Report of the Executive Director**

#### **Corps of Engineers**

##### **Rising Sun**

Executive Director Jack Thar reported that on February 16, 1996, there will be a meeting of representatives from the Army Corps of Engineers, Representative Hamilton and members of his office, along with officials from the City of Rising Sun and the Rising Sun Riverboat Casino and Resort. They will discuss the Rising Sun permitting process. Mr. Thar stated that in late December 1995, the permitting process was suspended by the Army Corps of Engineers due to what they believed was a violation of their rules and regulations. At the time, there was a trench being dug on the proposed riverboat development site. Several trailers and vehicles were parked on a temporary parking lot made out of stone that had been added for the construction workers. The Indiana State Department of Natural Resources, Division of Historic Preservation and Archeology, will advise that it has no impact on the site. Director Thar stated that the trenching was being done by the City of Rising Sun under a preexisting Army Corps of Engineers' permit. However, at this time the permit process is still suspended.

Rising Sun Riverboat Casino and Resort has advised that they have concluded the purchase of the Hilton Flamingo, which was down in New Orleans, and is described as a state-of-the-art riverboat. The Corps of Engineers has presently denied them the ability to temporarily park the boat in Ohio County, pending the development of their docksite. Whether or not that will be re-

reviewed and a different conclusion reached is another topic for discussion at the February 16 meeting.

### **Lawrenceburg**

Executive Director Thar reported that Lawrenceburg public hearings are scheduled for February 22, 1996 in Lawrenceburg, Indiana.

### **State Elections Commission**

The State Elections Commission has advised the Gaming Commission that it has received a petition on behalf of certain residents of Harrison County requesting that the riverboat issue be put back on the ballot at the next general election. The Gaming Commission staff advised that from their perspective the statute does not provide for a second consideration of the issue when a "yes" vote has been passed. It does provide second and subsequent considerations of the issue upon a denial vote. Director Thar indicated the State Elections Commission will advise the Commission staff and the Harrison County residents of its determination.

### **Evansville**

With regard to the only operating casino in Indiana, Aztar in Evansville, there are still certain start-up operating problems. However, there is nothing that would be considered major. Director Thar reported that there has been a discussion about how to handle the accrual of jackpots on progressive slot machine games as to whether they should pay the tax as they accumulate the money or take the deduction for it after it has been won. It has been the staff's position that as the money is accumulated, it is counted as win and tax paid on that win, recognizing that when the jackpot is paid off the boat will have a large deduction for that particular day.

There was some confusion between Aztar and the Coast Guard about how many passengers were on the boat at one time. The boat is certified for 2500 people. It was noticed that there were more than 2500 people on the boat. When it was brought to Aztar's attention, their general manager took immediate action to remove the excess. Complimentary cruises were offered to those who were willing to leave.

In December of 1995, Director Thar reported, Aztar cruised 40% of the time. The January figures are not available. In terms of the amount of money generated for tax purposes during the month of January, Aztar's preliminary figures are close to the December figures, which were approximately \$1.7 million in gaming and admission taxes.

### **Lawsuit - Lawrenceburg**

Aside from the Army Corps of Engineers public hearing on February 22 in Lawrenceburg, Mr.

Thar stated that there has been a lawsuit filed concerning the improper closing of roads. Apparently there were some roads that were dedicated for public use and they have been closed by the city to enable the Indiana Gaming Company to proceed with their development. Some citizens have challenged the process by which those roads were closed. To date, the Indiana Gaming Commission has not been advised of the current status of the suit.

### **Legislation - 1996**

Representative Robert Alderman's bill that was initially to put a one-year halt to the issuance of any further certificates of suitability or licenses has been substantially changed. Director Thar reported that the bill now calls for a study commission made up of legislators to oversee all forms of gaming including riverboat gaming, lottery, bingo, and horse racing. A rider was also added which puts a limitation on political contributions by people who own 1% or more of an interest in any riverboat or supplier licensee. That 1% also applies to suppliers with regard to the lottery and owners and suppliers with regard to horse racing. It is extensive in that area.

Director Jack Thar indicated there is a bill presented by Representative William Cochran that has passed the House of Representatives. It basically provides that if there has been a referendum where the county voted "no" and a second referendum where the county voted "no," that it would then be ten years after the second before another referendum may be held.

Representative Vanetta Becker from Evansville introduced legislation that would remove the felony waiver portion of the gaming statute, thereby making it impossible for a convicted felon to be licensed by the Indiana Gaming Commission to work in the riverboat gaming industry. This bill passed the House very quickly.

Another bill dealing with alcoholic beverage suppliers has also passed the House of Representatives. It would take the beer wholesalers out of being suppliers, subject to the Gaming Commission's jurisdiction. It would leave the spirit wholesalers within the IGC jurisdiction for an initial check. Having passed the House, this bill is now in the Senate.

### **Lake Michigan**

#### **IVY Tech and Trump/Majestic Star Casino**

Director Jack Thar reported that IVY Tech and Trump/Majestic Star have set up gaming schools. Both Trump Gaming and the Majestic Star organization were instrumental in assisting IVY Tech in getting a curriculum started. He believes the developers have provided the gaming equipment and are also providing the expertise. Presently, it is a dealing school consisting of four areas. Trump's school opened February 5 at the Genesis Center in Gary. Majestic Star's dealing school is scheduled to open this week and will take place at IVY Tech's Northwest campus.

## Hammond

The bridgework in Hammond is going well. Mr. Thar reported that the Gaming Commission is still receiving correspondence regarding the birdtrap issue. It revolves around whether there are to be sixteen acres or eight acres for a bird trap. NIPSCO agreed to sell only eight acres to Lake Michigan Charters. Lake Michigan Charters has indicated that the eight acres will remain a birdtrap. The other eight acres are to be donated by NIPSCO to another organization that will put some conditions on it and then donate it to the city. The issue is whether or not the remaining eight acres that go to the city will remain a bird trap or be additional green space. Indiana Gaming Commission staff has advised some people that this is an issue that is, to some extent, outside its jurisdiction.

Chairman Alan Klineman along with Commissioner Ann Bochnowski asked for written clarification for the usage of the eight-acre issue from both the City of Hammond and Lake Michigan Charters' representatives. The Commission would like to know each party's intent for the eight acres in question. They would like to see this issue as a business item on next month's business meeting agenda.

## Old Business

No old business.

## New Business

### Rules and Forms

#### Rules

Indiana Gaming Commission Chief Counsel Kay Fleming reported that the rules the Commission will be acting on are those that were published as proposed rules on November 1, 1995, public comment has been accepted, and a transcript of the hearing has been provided. Changes have been adopted as the Commission staff felt necessary. They will now, upon Commission vote, be adopted to send to the Attorney General's office and the Governor's office for approval, and subsequently to the Secretary of State's office for filing. **Resolution 1996-10, A Resolution Adopting, As Final Rules, 68 IAC 1-1-13.1; 68 IAC 1-1-13.2; 68 IAC 1-1-25.1; 68 IAC 1-1-52.1; 68 IAC 1-1-59.1; 68 IAC 1-1-79.1; Article 3; Article 10; Article 11; Article 14; and Article 17; and Amendments to 68 IAC 1-5-1; 68 IAC 7-1-2; 68 IAC 7-1-5; 68 IAC 7-1-10; 68 IAC 7-1-11; 68 IAC 7-1-14; 68 IAC 8-2-3; 68 IAC 9-1-1; 68 IAC 9-2-1; and 68 IAC 9-3-1,** covers the rules on which the Commission will take action. Some of these are amendments and some are new rules; specifically, the new rules fall under Article 1 and include the definitions of the central computer system, the certificate of suitability, the drop box, the interim compliance period, the main bank, and the riverboat license applicant. Some of these definitions have been contained in other rules that the Commission has adopted. Ms. Fleming

indicated that the Commission is trying to make the rules more concise by locating them in the general provisions and then staff will go through and eliminate duplicate definitions.

Under Article 3-Minority and Women's Business Enterprises, Chief Counsel Fleming stated, the Commission will be adopting the following as general rules: Rule 1-General Provisions, and Rule 2-Certification Process and Procedure; Article 10-Conduct of Gaming, Rule 1-Rules of the Game; General Provisions, Rule 2-Blackjack; Article 11-Internal Control Procedures, Rule 1-General Provisions, Rule 2-Drop Bucket Process and Hard Count; Article 14-Gaming Equipment, Rule 1-General Provisions, Rule 3-Cards and Dice, Rule 4-Chip Specifications, Rule 5-Token Specifications; Article 17-Movement of Gaming Equipment, Rule 1-Electronic Gaming Device Movements.

Ms. Fleming also indicated the Commission will be adopting the following amendments to rules that have been fully promulgated: Article 1-General Provisions, 68 IAC 1-5-1-Obligation to Report Certain Events, 68 IAC 7-1-2-Request for Hearings, 68 IAC 7-1-5-Subpoenas, 68 IAC 7-1-10-Proceedings, 68 IAC 7-1-11-Evidence, 68 IAC 7-1-14-Transmittal of Record and Recommendations to the Commission, 68 IAC 8-2-3-Emergency Response Preparedness, 68 IAC 9-1-1-Ethics and Public Disclosures by Commission Members, 68 IAC 9-2-1-Ethics and Public Disclosures, 68 IAC 9-3-1-Ethics and Public Disclosures by Agents of the Commission.

The Indiana Gaming Commission will be adopting these rules and operating under them pending formal promulgation.

**ACTION: Resolution 1996-10, A Resolution Adopting, as Final Rules, 68 IAC 1-1-13.1; 68 IAC 1-1-13.2; 68 IAC 1-1-25.1; 68 IAC 1-1-52.1; 68 IAC 1-1-59.1; 68 IAC 1-1-79-1; Article 3; Article 10; Article 11; Article 14; and Article 17; and Amendments to 68 IAC 1-5-1; 68 IAC 7-1-2; 68 IAC 7-1-5; 68 IAC 7-1-10; 68 Iac 7-1-11; 68 IAC 7-1-14; 68 IAC 8-2-3; 68 IAC 9-1-1; 68 IAC 9-2-1; and 68 IAC 9-3-1, was adopted on motion by Bob Swan, second by Ann Bochnowski.**

Additional draft rules will be available on March 11, 1996. Chief Counsel Fleming indicated that public comment will be due on these by March 18, 1996.

### **Forms**

Kay Fleming introduced **Resolution 1996-11, A Resolution Adopting and Prescribing Various Forms for Use by the Commission**, regarding the following two forms: 1) Daily Excursion Report and 2) Institutional Investor Form. The Daily Excursion Report is a one-page report that will be filled out in triplicate by the master of the riverboat and will cover each excursion for a given date to indicate whether or not the boat sailed and if the excursion was disrupted, the statutory reason for not sailing and the trooper who was notified. The Gaming Commission will then have an explanation for every excursion that is scheduled.

Ms. Fleming also introduced the Institutional Investor Form, indicating that pursuant to the Indiana Gaming Commission rules under 68 IAC 4 and 68 IAC 5, institutional investors can obtain an ownership interest in a riverboat licensee or a supplier licensee. If they own under 5%, there is no investigation; if they own between 5% to 15%, there are certain notification procedures that must be filed with the Commission. The Commission has the ability to investigate the institutional investor for suitability for licensure, but that is not automatic once the 15% level is reached. The requested information is to advise the Commission as to when and if an institutional investor's suitability for licensure needs to be investigated. Upon approval, **Resolution 1996-11** will adopt these two forms (samples of which are attached to the resolution).

**ACTION: Resolution 1996-11, A Resolution Adopting and Prescribing Various Forms for Use by the Commission**, was adopted on motion by Dr. David Ross, second by Ann Bochnowski.

### **Notification of Name Changes**

Executive Director Jack Thar announced that The Majestic Casino has changed its name to The Majestic Star Casino. Harco has also filed a name change. They are now RDI/Caesar's. He will have more up-to-date information at the next meeting regarding Harco's name change.

### **Notification of Waivers**

The Indiana Gaming Commission has granted three waivers since the last meeting. Director Thar explained that under the rules, the staff can grant waivers that are then presented to the Commission for whatever action the Commission desires. The first waiver was granted by letter of January 22, 1996, going to Midwest Game Supply Company, a manufacturer of dice, etc. They have an agreement with a company called Gemaco, who will be their exclusive distributor. It does not pay for Midwest Game Supply Company to become a supplier since they supply a limited amount of gaming equipment. Gemaco agrees to stand behind the product as the manufacturer and to guarantee it in all ways. Consequently, a waiver was granted to Midwest as long as Gemaco maintains a supplier's license with the Commission.

On February 5, 1996, the Commission staff granted a waiver to Casino Aztar. Director Thar explained that Casino Aztar purchased a roulette wheel supplied by Paul-Son Gaming for training purposes. Paul-Son is not the manufacturer of the wheel. Commission staff allowed them to purchase the wheel for that purpose. If they want to use it for anything more than training, they have to come back and ask again.

The third waiver was also granted on February 5, 1996, and was granted to Rising Sun Riverboat Casino and Resort. This waiver involved the tip box, which is a box attached to the table in which the dealers place their tips. Under present Gaming Commission rules, this box is to be transparent on all sides. The boat that the applicant had purchased is equipped with tip boxes that are transparent on only two sides, the top and the front. This leaves the back and the bottom

non-transparent. Commission staffs have reviewed the box and it complies substantially with the rule. Commission staffs have granted the waiver.

The Commission did not direct Commission staff to take different or additional action with respect to the waivers.

### **Notification of Denials of Occupational Licenses**

Chief Counsel Kay Fleming explained that a temporary license is issued to an occupational licensee by the Commission after the applicant's fingerprints and picture are taken. The application is then reviewed to determine if a felony conviction or other statutory bar is revealed in the application. If not, the temporary license is granted. Subsequently, the criminal history and other background investigations are conducted by the troopers who are assigned to work with the Commission. If omissions or misrepresentations are revealed that differ from what the individual has included in his application, these are separate grounds for denial. This fact is set out in the Commission rules, explained in the Commission application, and is also a statutory provision. The Commission staff has taken a strong stand that if criminal histories are not revealed in the application, this omission is separate ground for denial or revocation of the license.

At this point in time there is one occupational licensee on whom the Commission needs to take action. That is James A. Migliaccio, who applied to work on Casino Aztar, and failed to reveal information about his criminal history. Mr. Migliaccio has received a letter from staff indicating that his occupational license application has been denied and that it then has to be brought before the Commission in order for them to either approve the denial or to overrule the Commission staff and approve licensure. Ms. Fleming stated that anyone at this level has the appeal process and can appeal to an administrative law judge.

Chief Counsel Fleming indicated there were two others who were already licensed and Commission staff was going to revoke their licenses. Due to outside circumstances, they are now moot and the individuals are no longer eligible to work for Casino Aztar.

**ACTION:** On motion by Commissioner Bob Swan, second by Ann Bochnowski, the Commission voted unanimously to deny the application for James A. Migliaccio for an Occupational License, Level 2. The IGC form, **Commission Action on Application for Occupational License, Level 2, AZ-DEN-1**, will be signed by Commission officers and the word, "denies," will be inserted.

### **Temporary Supplier License**

Deputy Director Floyd Hannon explained that Sigma Game Inc. has applied for a supplier's license. Sigma Game Inc. is a wholly owned subsidiary of Sigma Enterprise, a privately-held Japanese corporation owned by a husband and wife who reside in Japan. The company itself is



located in Las Vegas and has been since 1985. They primarily manufacture and distribute electronic gaming equipment. They are currently operating by license or some other agreement in sixteen separate jurisdictions. Through the background investigation, the commission found that in 1993 the prospective supplier was fined in Mississippi. Such fine was levied because they failed to timely notify Mississippi officials of a change in upper management. This was corrected and the fine was paid.

Mr. Hannon indicated that the Gaming Commission has found that currently they may have a practice of shipping the machines with the EPROMS intact. Commission staff has notified them they cannot ship to Indiana that way; the Indiana Gaming commission will ensure that they comply. They also have met all the other statutory criteria necessary for licensing. Executive Director Jack Thar added that the granting of the temporary supplier's license is conditioned on their not shipping the machines with the EPROMS intact.

**ACTION: Resolution 1996-12, A Resolution Granting Temporary Supplier's License to Sigma Game Inc.,** was unanimously approved on motion by Tom Milcarek, second by Dr. David Ross.

(The Indiana Gaming Commission recessed for a short break.)

**Explanation of Proposed Acquisition of Trump Taj Mahal Associates by Trump Hotels and Casino Resorts, Inc. (commonly referred to as the "Merger") in Relation to Trump Indiana, Inc.**

(The Trump portion of the meeting was transcribed by Marilyn M. Jones & Associates, P.O. Box 1103, Michigan City, IN 46360, telephone number-(219)879-4077. Copies may be obtained from them.)

**Other Business**

No other business.

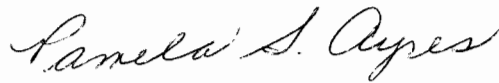
**Next Meeting**

The next meeting of the Indiana Gaming Commission was not announced at this time.

**Adjourn Business Meeting to Commence Public Hearings**

The regular meeting of the Indiana Gaming Commission was adjourned at 12:45 p.m. to be followed by the public hearing's portion of the Michigan City riverboat sites at approximately 1:35 p.m.

Respectfully submitted,



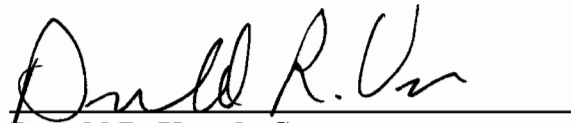
Pamela S. Ayres  
Executive Secretary  
to the Executive Director

**THE INDIANA GAMING COMMISSION:**



**Alan I. Klineman, Chair**

**ATTEST:**



**Donald R. Vowels, Secretary**