

**INDIANA GAMING COMMISSION
BUSINESS MEETING**

**9:30 a.m., February 21, 1997
Indiana State Teachers Association Building
150 West Market Street
Second Floor Conference Room
Indianapolis, IN 46204**

PRESENT: Commission member Alan Klineman, Chair; Ann Bochnowski, Vice-Chair; Tom Milcarek, Dr. David Ross, Bob Sundwick, Bob Swan, Don Vowels, Secretary; Staff: Jack Thar, Floyd Hannon, Kay Fleming, Cindy Dean, Deana Garner, Tonya Sallee, Jill Wulf, Tracy Sanders, Kim Tripp, Pat Wright, Jim Seivers, Chris Gray, Charlie Vonderschmitt, Michelle Marsden and members of the public.

Call to Order and Roll Call

Chairman Alan Klineman called the meeting to order at approximately 9:45 a.m.(local time). A quorum was present.

Approval of the Minutes

Upon motion by Bob Swan, second by Ann Bochnowski, the minutes of the January 27, 1997 meeting were unanimously approved as distributed.

Report of the Executive Director

Jack Thar, Executive Director, gave an updated report to the Commission on the activities of the riverboats.

Old Business

The Commission allowed individuals for the applicants of Hilton-Boomtown(Switzerland County) and Casino Magic (Crawford County) to speak to the Commission about the issuance of the Fifth Riverboat License on the Ohio River. Both companies are eager and urge the Commission to go forward with the licensing process. Jack Thar, Executive Director suggested that the applicants fund an independent study commissioned by the Commission so that there will not be an allegation of bias with regards to numbers. Then set the matter as a discussion item in June a possible decision to have update hearings in July or August.

New Business

Resolution 1997-6

A Resolution adopting 68 IAC 1-14; 68 IAC 10-8; 68 IAC 10-9; 68 IAC 11-9; and Amending 68 IAC 1-9-3; 68 IAC 1-9-4; 68 IAC 2-2-1; 68 IAC 2-3-1; 68 IAC 2-3-1.1; 68 IAC 2-3-4; 68 IAC 2-3-9; 68 IAC 2-6-1; 68 IAC 2-6-5; 68 IAC 2-6-6; 68 IAC 8-1-2; 68 IAC 9-1-15.1; 68 IAC 9-4-2; 68 IAC 9-4-6.1; 68 IAC 10-1-6.1; 68 IAC 11-7-4.1; 68 IAC 12-1-4; 68 IAC 12-1-5; 68 IAC 12-1-6; 68 IAC 14-3-4 ; 68 IAC 15-1-1; 68 IAC 15-2-2; 68 IAC 15-6-2; 68 IAC 15-8-1; 68 IAC 15-11-3.1; AND 68 IAC 17-1-1 for publication as proposed rules.

Action: Upon motion by Tom Milcarek, second by Bob Sundwick and unanimous vote of those present, the Commission approved the above mentioned rules for publication as proposed rules.

Resolution 1997-7

A resolution adopting, as Final Rules, 68 IAC 2-2-6.1 and 68 IAC 10-6.

Action: Upon motion by Bob Swan, second by Ann Bochnowski and unanimous vote of those present, the Commission approved 68 IAC 2-2-6.1 and 68 IAC 10-6 as Final Rules.

Settlement Offer on Disciplinary Action

Complaint No. 96-OL-EM-1, James "Bo" Logan

Disciplinary action against James "Bo" Logan was initiated due to the fact that on or about July 15, 1996, Mr. Logan intentionally destroyed a surveillance video tape of a patron transaction and Mr. Logan failed to report the destruction to the Commission or Empress officials. Mr. Logan violated IC 4-33 and 68 IAC 12-1. The commission staff recommends that Mr. James Logan have his temporary occupational license suspended for a minimum period of three (3) months, after that time, the commission will review his application, work record, job performance, and suitability and determine whether or not Mr. Logan's temporary license will be reinstated.

Action: Upon motion by David Ross, second by Tom Milcarek and unanimous vote of those present, the Commission approved the proposed terms of the settlement agreement with James Logan.

Motion for Default Judgement

Timothy Griest

The Commission initiated disciplinary action against Timothy Griest on or about November 7, 1996 for his involvement in the destruction of the surveillance videotape at the Empress Casino Hammond Corp. and for his failure to turn over the videotape as directed by the Commission. On or about November 14, 1996, Mr. Griest contact Kay Fleming, Chief Counsel for the Commission, to discuss possible settlement of the disciplinary action. Ms. Fleming discussed with Mr. Griest several options available to him pursuant to reaching a settlement or proceeding to a hearing on the matter. The Commission has had no oral or written contact with Mr. Griest

since the telephone conversation on November 14, 1996. Mr. Griest was served with the Commission's Motion for Default Judgment via United States mail on February 5, 1997. Mr. Griest had not responded to the Motion for Default Judgment either orally or in writing. On February 19, 1997, Judge Pylitt submitted his Findings of Fact, Conclusions of Law, and Recommendation to the Commission. Judge Pylitt recommended that the Default Judgment be entered on behalf of the Commission and that Mr. Griest's temporary Occupational License be revoked and his application for a permanent Occupational License be denied.

Action: Upon motion by Don Vowels, second by Ann Bochnowski and unanimous vote of those present, the Commission adopts the Findings of Fact, Conclusions of Law and Recommendation filed by Judge Pylitt and denies Mr. Griest's application for an Occupational License.

Michael Nagy

The Commission initiated a disciplinary action against Michael Nagy on or about November 7, 1996, for his involvement in the destruction of the surveillance videotape at the Empress Casino Hammond Corp. and for his failure to report the incident to the Commission or other appropriate authority. A copy of the action was mailed to Mr. Nagy's last known address. To date, Mr. Nagy has had no oral or written contact with the Commission subsequent to service of the Complaint. Mr. Nagy was served with the Commission's Motion for Default Judgment via United States mail. As of yet the Commission has had no oral or written response to this Motion. On or about February 19, 1997, Judge Pylitt submitted his Findings of Fact, Conclusions of Law, and Recommendation to the Commission. Judge Pylitt recommended that the Default Judgement be entered on behalf of the Commission and the Mr. Nagy's temporary Occupational License be revoked and his application for a permanent Occupational License be denied.

Action: Upon motion by Tom Milcarek, second by David Ross and unanimous vote of those present, the Commission accepts the Findings of Fact, Conclusions of Law and Recommendation filed by Judge Pylitt and denies Mr. Nagy's application for an Occupational License.

Resolution 1997-8

A Resolution concerning an Extension of the Certificate of Suitability Issued to Blue Chip Casino, Inc. on April 17, 1996. The Commission heard from representatives of Blue Chip Casino, Inc. on this resolution

Action: Upon motion by Bob Swan, second by Tom Milcarek and unanimous vote of those present, the Commission approved an extension of the Certificate of Suitability issued to Blue Chip Casino, Inc. until August 22, 1997.

Resolution 1997-9

A Resolution concerning the issuance of Senior Secured Notes Due 2004 by Blue Chip Casino, Inc. The Commission heard from representatives of Blue Chip Casino, Inc. regarding this matter.

Action: Upon motion by Bob Swan, second by Bob Sundwick and unanimous vote of those present, the Commission approved the issuance of Senior Secured Notes due 2004 which are to be issued by Blue Chip Casino, Inc., in an amount up to One Hundred Five Million Dollars (\$105,000,000), with interest at prevailing market rates for similar investments.

Resolution 1997-10

A Resolution concerning the Request of HP of Indiana, Inc. To Transfer Shares of Stock affecting Substantial Ownership of Blue Chip Casino, Inc. The Commission heard from representatives of Blue Chip Casino, Inc. regarding this matter.

Action: Upon motion by Bob Sundwick, second by Bob Swan and unanimous vote of those present, the Commission approved the transfer of substantial ownership in stock in the total amount of Fifty-three point Twenty-three percent (53.23%) in HP of Indiana, Inc. to the Kevin F. Flynn Trust, the Brian J. Flynn Trust, Donald F. Flynn, and Robert W. Flynn. The exact percentages are the Kevin F. Flynn Trust, 16.80%; the Brian J. Flynn Trust, 16.80%; Donald F. Flynn, 16.80%; and Robert W. Flynn, 2.83%.

RDI/Caesars

At this time Phil Bayt of Ice, Miller, Donadio & Ryan spoke on behalf of RDI/Caesars to request an extension of their Certificate of Suitability. Mr. Bayt introduced Robert Bowman, President and Chief Operating Officer of ITT Corp., he shared with the Commission ITT's commitment to the Caesars project, to Harrison County and to the State of Indiana.

Break for lunch and return to hear the Opposition to renewal of RDI/Caesars Certificate of Suitability.

Opposition

Doug Brown, Attorney on behalf of Harrison County Gaming Co., spoke on why Caesars should not be permitted to have their Certificate of Suitability renewed. The Commission allowed Don Mottley, Save our Rivers; William Fleace, President of the Town Council of Mauckport; Tim Maloney, Hoosier Environmental Council to Protect our Woods and to Protect our River Environment; and Melvin Porter, landowner; to speak for 5 minutes about their issues pertaining to RDI/Caesars Certificate of Suitability.

Walter Land of INDOT gave the Commission an update on the progress of Caesars. Phil Bayt and RDI/Caesars were allowed to responded to the opposition.

Resolution 1997-11

A Resolution concerning an Extension of the Certificate of Suitability issued to RDI/Caesars Riverboat Casino, L.L.C. on May 20, 1996.

Action: Upon motion by Bob Swan, second by Tom Milcarek and unanimous vote of those present, the Commission extended RD/Caesars Riverboat Casino, L.L.C. Certificate of Suitability until August 22, 1997.

Next Meeting

Chairman Klineman indicated that the next meeting will be announced at a later date.

Adjournment

Upon motion by Don Vowels, second by Bob Sundwick and unanimous vote, the meeting was adjourned at 3:50 p.m.

Minutes

The February 21, 1997 meeting was transcribed by Baynes & Shirey Reporting Services; consequently, the transcript is the complete record of the meeting. These minutes were prepared by Michelle Marsden, Executive Secretary, of the Indiana Gaming Commission. Anyone wishing to see the transcript can review it in the Commission office or obtain a copy of the transcript from Baynes & Shirey, Bank One Center/Circle Center, 111 Monument Circle, Ste. 582, Indianapolis, In 46207, (317) 231-9004.

Respectfully submitted,


Michelle Marsden

INDIANA GAMING COMMISSION:


Alan I. Klineman, Chair


Robert Swan, Commissioner