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COMMISSION MEMBERS PRESENT:

DONALD VOWELS
Chairman

ANN BOCHNOWSKI
Vice-Chair

THOMAS MILCAREK
Secretary

MARYA MERNITZ ROSE

DALE GETTLEFINGER
(Absent were Commissioners Ross & Carlton)

COMMISSION STAFF PRESENT:

JACK THAR
Executive Director

GLENN LAWRENCE
In-coming Executive Director

COMMISSION COUNSEL/STAFF PRESENT:

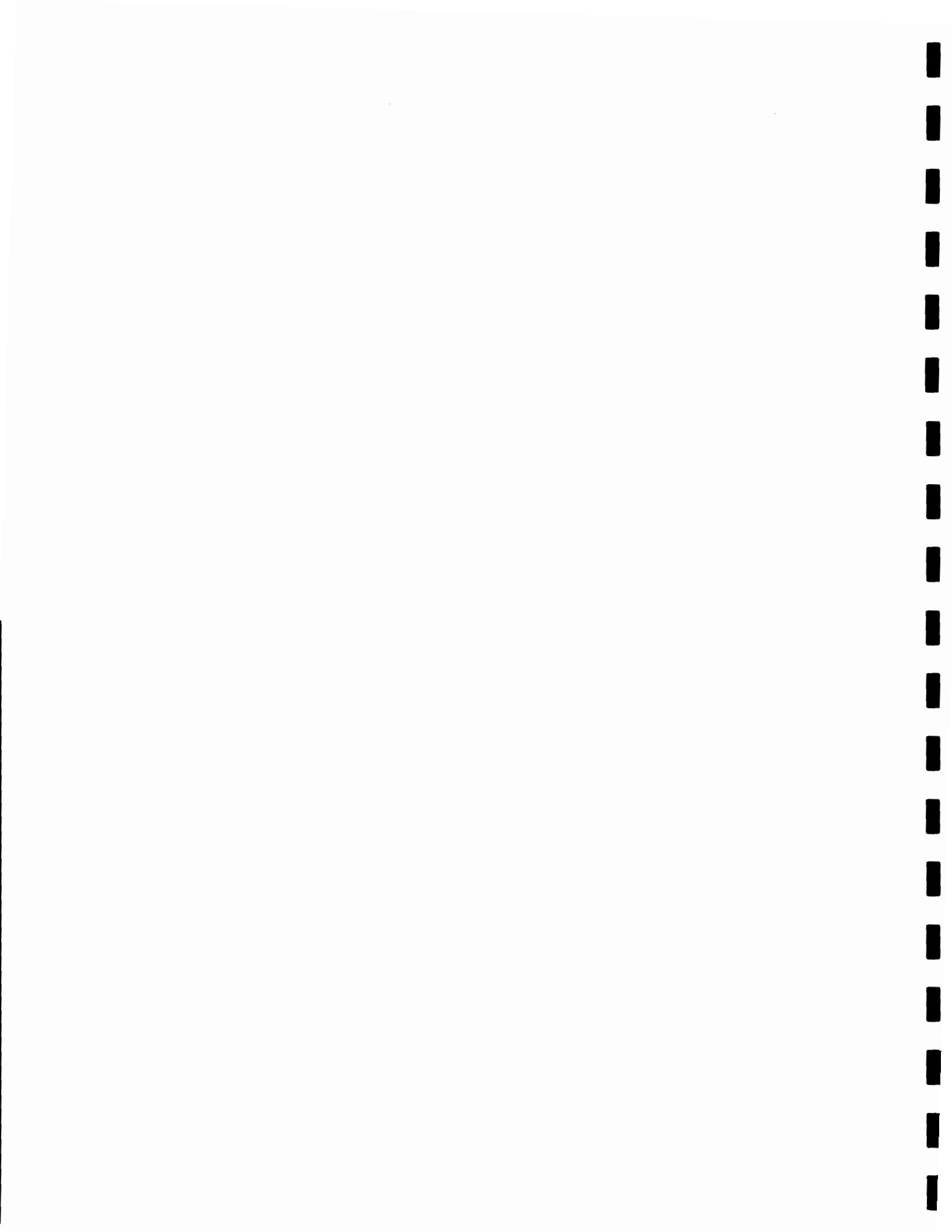
CYNTHIA L. DEAN
Chief Counsel
JENNIFER L. CHELF
Counsel
SUSAN A. BRODNAN
Counsel
BILLY L. HAMILTON
MICHELLE MARSDEN

ALSO PRESENT:
Members of the General Public

JERIMI J. ULLOM
Barnes & Thornburg

GWEN SMITH & KAY FLEMING
Ice Miller
&
ALAIN UBOLDI
Vice President & Gneral Manager Belterra

RANDALL R. FEARNOW & KIPPER V. TEW
Kreig & Devault



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BOYD GAMING:

DONALD D. SNYDER
President

BRIAN A. LARSON
Senior Vice President, Secretary Sect. & General Counsel

KEITH SMITH
Executive Vice President
Chief Operating Officer

RYAN A. SOULTZ
Direct of Government Affairs

ROB STILLWELL, APR
Vice President Corporate Communications

MIKE DRIGGS
Executive Vice President & General Manager

JUDY CAMPBELL
General Manager, Peoria, Illinois

LYNN GOTTSCHALK
Executive Director
Indiana Council On Problem Gambling, Inc.

SHEILA BRILLSON
Michigan City Mayor

GENE SIMMONS
Michigan City Police Chief

DREW KLACIK
Analyst
Center for Urban Policy and The Environment

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1 Friday, September 27, 2002 --

2 (All parties present in the meeting room at or
3 about 10:15. a.m.)

4 MR. VOWELS: It is September 27th, 2002, at
5 approximately 10:15 a.m. All the Commissioners
6 present, except Commissioner Carlton and Commissioner
7 Ross. We do have a quorum. We will call the meeting
8 to order. And before we do the approval of the
9 minutes, is there anything that you would like to
10 address?

11 MR. THAR: Just briefly. This is a repeat of what
12 I had announced at the prior meeting, but now that we
13 have her here, alive and in person, we again would
14 like to introduce our new Commissioner Marya Mernitz
15 Rose. Marya resides in Indianapolis, Indiana, with
16 her husband, and is Vice President, General Counsel
17 and Secretary for Cummins, Inc. Miss Rose served as
18 an Executive Assistant to both Govenors Bayh and
19 O'Bannon prior to taking her present position at
20 Cummins; and she did not have a conflict at this time,
21 and we welcome you as our newest commission member.

22 MS. ROSE: Thank you. I'm delighted to be here.

23 MR. THAR: And we always give the new person five
24 to ten minutes to (general laughter) speak freely on
25 any topics, so. . .



1 MS. ROSE: Appreciate that heads-up, Jack.

2 MR. VOWELS: Actually, nobody has ever taken us up
3 on that offer.

4 (General Laughter.)

5 MR. VOWELS: Anything further, Mr. President?

6 MR. THAR: No. Not at this time. Prior to
7 approval of minutes.

8 MR. VOWELS: The next matter of the business
9 meeting agenda is the approval of the minutes from our
10 July 29th, 2002, meeting in Indianapolis; and I will
11 note for the record that in Report of Executive
12 Director, the second paragraph, where it makes
13 reference to Ms. Rose, the word "treasurer" should be
14 replaced by "secretary" and the word "Engine" should
15 be deleted and the new word "incorporated" should be
16 inserted, and with those corrections in mind, I
17 believe we've all had the opportunity to review these
18 minutes. Is there a motion in reference to the
19 approval of these minutes?

20 MS. BOCHNOWSKI: Move to approve the minutes.

21 MR. VOWELS: Is there a second?

22 MR. MILCAREK: Second.

23 MR. VOWELS: All in favor say "aye".

24 (Ayes in unison.)

25 MR. VOWELS: Show the minutes are approved. And



1 with what Ms. Rose is saying, is that she wasn't here
2 at that time.

3 The next matter on the agenda is the Report of the
4 Executive Director. Mr. Thar, what do you have for
5 us?

6 MR. THAR: I have very little today, thank you.
7 Most important what we have done, since our last
8 meeting, is included in the agenda, and also the
9 public hearing agenda, agendas for both this business
10 meeting and public hearing. However, one thing I
11 would like to do is, it gives me great pleasure to
12 introduce to all people here present Mr. Glenn
13 Lawrence, who is seated at the far end of the table
14 here. Mr. Lawrence will be taking my place. I think
15 that my last day in the office is October 11th, and my
16 last day on the payroll is October 18th. Glenn will
17 take over running the office on October -- the day --
18 the first business day following October 11th, which
19 is a Tuesday after Columbus Day, is that right?

20 MR. LAWRENCE: Right.

21 MR. THAR: Glenn is presently the Commissioner
22 that is the head of the Department of Administration.
23 He has served in numerous capacities under both
24 Governors Bayh and O'Bannon. I believe he's been
25 involved in state government since approximately 1989;



1 is that right, Glenn?

2 MR. LAWRENCE: Correct.

3 MR. THAR: Okay. And also without any notice,
4 you're now afforded six to eight minutes to introduce
5 yourself to the people.

6 MR. LAWRENCE: Never speak more than the
7 Commissioners, so I'll just follow Marya's lead.
8 Thank you very much.

9 MR. THAR: In any event, I think that Glenn will
10 find that this is a wonderful job; that the Commission
11 he works with has the utmost integrity and has the
12 best interests of the State of Indiana and entirety of
13 gaming at heart, and that the Governor's choice, I
14 think, will prove out to be the best choice that could
15 have been made to take over this position. So, I wish
16 you the best of luck.

17 And that concludes my report. I figure, no
18 reason to get windy today.

19 MR. VOWELS: All right, thank you. Is there any
20 old business? Hearing none, we will move forward to
21 the new business, and, Miss Brodnan, you're first up
22 here with a number of game approvals.

23 MS. BRODNAN: Good morning. You have before you
24 for approval Resolution Number 2002-23, regarding
25 approval of the new table game "Monopoly Blackjack,"



1 which was submitted by Shuffle Master Gaming.

2 Caesar's Indiana has indicated that it will offer the
3 game of Monopoly Blackjack if the Commission approves
4 it for play today. Gaming Laboratories International
5 has analyzed the game and has submitted a letter to
6 the Commission stating that it is a variation of the
7 already-approved game of Blackjack. Monopoly
8 Blackjack offers an optional side bet to the
9 traditional game of Blackjack; the side bet allows
10 players to qualify to play a Monopoly bonus round if
11 dealt the Blackjack of a particular type during the
12 underlying game. There are two different side bets
13 that can be made and two pay tables corresponding with
14 each. Players can either bet that they won't receive
15 any Blackjack or that they will receive a blackjack of
16 a particular color. The player gets the bonus round
17 then only if they get the correct one. Once the
18 player's in the bonus round, he or she has two
19 options: One, to either take a fixed payout; or, two,
20 to choose to spin the bonus wheel. If the player
21 chooses the bonus wheel, an animated token moves
22 around the Monopoly a board that is attached to the
23 game. The player will receive the award associated
24 with the square which the token lands on. If the
25 player lands on a "Chance" or "Community Chest"



1 square, the player's randomly given one of five
2 equally weighted awards. If the player lands on
3 "Jail" or "Go To Jail", he does not receive an award,
4 however the other players at the table receive a "Good
5 Samaritan" bonus. The payout percentage of the game
6 varies with the number of players, due to the fact
7 that the "Good Samaritan" bonus is awarded more often
8 when there are more players. With using the bonus
9 board, the payout percentage of the game ranges from
10 80 to 93 percent, when betting on any Blackjack
11 option, or from 87 to 90 percent when betting a
12 specific color. Monopoly Blackjack requires the
13 addition of equipment to the standard Blackjack table,
14 which includes a game control unit, a dealer console
15 and a visual display. This software/equipment were
16 also analyzed by Gaming Laboratories International,
17 who indicated that the device does work as documented
18 by Shuffle Master.

19 Commission staff recommends that you grant
20 conditional approval of Monopoly Blackjack.

21 MR. VOWELS: Any questions, then, for Ms.
22 Brodnan? Thank you. Then, in front us we have
23 Resolution 2002-23, which is "Conditional Approval of
24 the Game of Monopoly Blackjack". Is there a motion in
25 reference to this resolution?



1 MR. GETTLEFINGER: I move to approve.

2 MR. VOWELS: Is there a second?

3 MS. BOCHNOWSKI: I second it.

4 MR. VOWELS: Further discussion? All those in
5 favor say "aye".

6 (Ayes in unison.)

7 MR. VOWELS: Show that it's approved. Miss
8 Brodnan, do you have another one for us?

9 MS. BRODNAN: Yes, I do. You have before you
10 Resolution 2002-24, regarding approval of Crazy 4
11 Poker, which has been submitted by Shuffle Master
12 Gaming. I apologize. The Monopoly Blackjack that I
13 just mentioned was not submitted by Shuffle Master,
14 but was submitted by Mikhon Gaming Corporation. Crazy
15 4 Poker was submitted by Shuffle Master. Caesar's
16 Indiana has also indicated that they would like to
17 offer this game as well and has submitted proposed
18 rules and internal control procedures.

19 Gaming Laboratories International has
20 submitted an analysis letter of this game, also, and
21 indicated that this variation be approved to the game
22 of poker. Crazy 4 Poker features head-to-head play
23 against the dealer, and bonus bets. One bet is
24 mandatory, which is called the super bonus bet; the
25 other is an optional called the bonus bet. The object



1 of game is to make a four-card poker hand that beats
2 the dealer's hand. Prior to dealing the cards,
3 players must place two bets. An ante bet and a
4 required super bonus bet. These bets must be in equal
5 amounts. These facilitate the head-to-head play
6 against the dealer. After these two bets have been
7 placed, players will receive five cards. After they
8 look at their cards and choose one of two options to
9 either fold and lose all their bets that have been
10 placed, or remain in the game, which requires the
11 player to place an additional bet referred to the
12 "play bet". The player then makes his or her best
13 four-card poker hand, which is compared with the
14 dealer's hand. If the player's hand beats the dealer,
15 the ante and play bets pay one-to-one, if the player's
16 hand matches the dealer, both bets are a push. The
17 mandatory super bonus bet wins when the player gets a
18 three of a kind or better. However, failure to get a
19 three of kind or better does not result in automatic
20 loss on the super bonus bet, the bet will push, if the
21 player gets less than that but still beats the
22 dealer's hand.

23 The payout on a super bet varies, however,
24 depending on which of the two pay tables is being
25 utilized; one pay table has a return percentage of



1 approximately 98.88 percent, the other 98.87. In
2 addition to these bets, players have the option of
3 placing an additional side bet at the beginning of the
4 game, called the "Bonus Bet"; this bet does not have
5 to equal the ante bet, and can be any amount within
6 the table limits; it is not influenced at all by the
7 dealer's hand, it depends only on the player's best
8 four-card poker hand. Again, payouts range depending
9 on which pay table the casino is utilizing, but the
10 return percentages range from 93.2 percent to 96.9
11 percent.

12 The Commission Staff recommends that you grant
13 conditional approval of this game.

14 MR. VOWELS: All right. Thank you. Any
15 questions for, Mrs. Brodnan? All right, then, in
16 front of us is Resolution 2002-24, which is
17 "Conditional Approval of The Game of Crazy 4 Poker".
18 Is there a motion in reference to the resolution?

19 MR. GETTLEFINGER: Move to approve.

20 MR. VOWELS: Is there a second?

21 MR. MILCAREK: Second.

22 MR. VOWELS: Any further discussion? All those
23 in favor say "aye".

24 (Ayes in unison.)

25 MR. VOWELS: It is approved. Thank you, Ms.



1 Brodnan. The next matter on the agenda is by Ms.
2 Chelf.

3 MS. CHELF: Good morning, everyone.
4 Commissioners, you have before you have Resolution
5 2002-25, pertaining to the Indiana Administrative
6 Code. In 1996, the Indiana General Assembly enacted a
7 Bill that provides for the expiration of all rules
8 promulgated under Indiana Code 4-22-2.5, these rules
9 will expire on January 1st of the seventh year after
10 they are adopted; therefore, in order to ensure that
11 the rules remain in effect, the Commission must
12 complete a readoption process. The rules affected by
13 this legislation this year are listed on this
14 Resolution 2002-25. This resolution has the effect of
15 approving proposed readoption -- the final readoption
16 of these articles without amendment.

17 Hearing was held on August 6th, 2002, to
18 consider these rules for final readoption; no comments
19 were made at that hearing. However, you may remember
20 Article 4 was formerly a part of this list; the
21 Commissioners received a request to consider it
22 separately so that that Article will undergo a
23 separate readoption process. If the Commission
24 approves this amendment, the list of rules will be
25 published -- will be filed with the Secretary of State



1 and published as final readoption in the Indiana
2 Register.

3 MR. VOWELS: Any questions, then, for Ms. Chelf?
4 Then, we have in front of us "Resolution 2002-25",
5 which is the resolution dealing with the final
6 readoption of the articles that's listed in the
7 Indiana Administrative Code, Title 68. Is there a
8 motion in reference to this resolution?

9 MR. MILCAREK: I move to adopt.

10 MR. VOWELS: Is there a second?

11 MR. GETTLEFINGER: Second.

12 MS. ROSE: Second.

13 MR. VOWELS: Any further discussion? All those
14 favor say "aye".

15 (Ayes in unison.)

16 MR. VOWELS: We will show that it is adopted and
17 approved.

18 So, then, Ms. Brodnan, we will go back to you.

19 MS. BRODNAN: Yes.

20 MR. VOWELS: Thank you, Ms. Chelf.

21 MS. BRODNAN: On or about January 31st, 2001, Mr.
22 Leonard Lock submitted an application for a level 2
23 occupational license to work at Grand Victoria as a
24 cage cashier. The application for a license states
25 the question, "Have you ever been convicted of a



1 felony?" Mr. Lock checked "Yes" in response to this
2 question.

3 Pursuant to Indiana Code, the Commission may not
4 issue an occupational license to an individual who has
5 been convicted of a felony. Despite the fact that Mr.
6 Lock indicated he does have a felony conviction, he
7 was issued a license in error.

8 The Commission later discovered that Mr. Lock was
9 convicted in 1983 of lewd/lascivious acts/behavior in
10 St. Petersburg, Florida, which is a felony conviction.
11 As a result, on or about April 29th, 2002, Mr. Lock's
12 temporary license was revoked and his occupational
13 license -- his application for a permanent license was
14 denied.

15 Mr. Lock submitted a request for a felony
16 waiver on or about May 8th. I served as the Review
17 Officer for the hearing, which was conducted on the
18 property of Grand Victoria on June 26th.

19 Mr. Lock was notified in writing of the date,
20 time and location of the hearing; a letter was sent
21 certified mail on June 4th; return receipt indicates
22 that he received and signed for the letter on June
23 17th.

24 I also attempted to contact Mr. Lock by
25 telephone, leaving a message at his residence on June



1 17th, 18th and 19th; Mr. Lock did not respond to the
2 messages, and he failed to appear for the review
3 hearing on June 26th.

4 Therefore, it is the recommendation this
5 Review Officer that his request for felony waiver be
6 denied.

7 MR. VOWELS: Any questions for Ms. Brodnan?
8 Then, in front of us is the "Indiana Gaming Commission
9 Order Concerning Felony Waiver Request of Leonard
10 Lock". Our purpose is to adopt or reject the
11 recommendation of the Review Officer, denying the
12 request. Is there a motion to adopt or reject her
13 recommendation?

14 MS. BOCHNOWSKI: I move to adopt her
15 recommendation; meaning that we will deny his request.

16 MR. VOWELS: Is there a second?

17 MR. MILCAREK: Second.

18 MR. VOWELS: Any further discussion? All those in
19 favor say "aye".

20 (Ayes in unison.)

21 MR. VOWELS: Your recommendation is adopted, and
22 you have many more for us.

23 MS. BRODNAN: Yes.

24 MR. VOWELS: Go ahead.

25 MS. BRODNAN: The next is Andrea McCart. On or



1 about May 21st, 1996, Miss McCart submitted an
2 application for Level 3 license to work at Trump as a
3 bartender. Ms. McCart listed three alcohol-related
4 traffic arrests on her application, but did not
5 indicate any of the them resulted in a felony
6 conviction; therefore, she was issued a temporary
7 occupational license in May of 1996. A background
8 investigation was conducted regarding her criminal
9 history, and it was uncovered that one of the arrests
10 did result in a felony conviction. In 1988, she was
11 arrested for reckless driving, driving under the
12 influence and habitual traffic offender and entered
13 into a plea agreement on June 27th of 1991, where she
14 pled guilty to operating while intoxicated, a Class D
15 Felony, and the other charges were dismissed.

16 Pursuant to this conviction, her temporary license
17 was revoked and her application for a permanent
18 license denied on June 26th, 2002.

19 Miss McCart submitted a felony waiver on or about
20 June 28th. I served as Review Officer for the
21 hearing, which was held July 31st at the Trump Hotel.
22 Miss McCart did disclose her criminal record on her
23 application; however, she failed to indicate that she
24 did have a felony conviction. She stated at the
25 review hearing that she did not recall that any of the



1 charges resulted in a felony conviction. She agreed
2 that she did sign the plea agreement and that it was
3 her signature, but stated she may not have read the
4 entire document and that she was nervous at the time
5 she signed it. All three of her arrests occurred
6 during her 20's. At the time of the hearing, Miss
7 McCart was 42 years old. She has not been in any
8 criminal trouble since her 1988 arrest. She
9 successfully completed the terms of her plea
10 agreement, and she stated that she no longer drinks
11 alcohol and often acts as a designated driver for
12 others. None of Miss McCart's three DUI arrests
13 resulted in any traffic accident or injury to others;
14 she has worked as a bartender at Trump Casino for
15 approximately six years without incident. Due to this
16 fact, it is the recommendation of this Review Officer
17 that you grant Miss McCart's request for a waiver.

18 MR. VOWELS: Any questions for Ms. Brodnan?
19 All right, then, in front of us is the "Order
20 Concerning the Felony Waiver Request of Andrea
21 McCart". Is there a motion to adopt or reject the
22 recommendation of Ms. Brodnan -- Brodnan to approve
23 the felony waiver?

24 MR. MILCAREK: I move to adopt the resolution and
25 to grant the waiver request.



1 MR. VOWELS: Is there a second?

2 MS. ROSE: Second.

3 MR. VOWELS: Any further discussions? All those
4 in favor say "aye".

5 (Ayes in unison.)

6 MR. VOWELS: Show that it is adopted and the
7 waiver requested is granted. And then, Miss Brodnan,
8 more for us?

9 MS. BRODNAN: Yes, John Frazier submitted an
10 application to work as a security officer at Horseshoe
11 Casino. On or about January 14th, 2002, he was issued
12 a temporary level 2 license. Mr. Frazier failed to
13 disclose several criminal charges on his application.
14 Commission staff notified him of these charges and
15 requested that he submit court documentation showing
16 the outcomes of these charges, as well as an
17 explanation regarding why he failed to disclose them.

18 Commission staff also attempted to obtain court
19 documentation regarding these charges; during this
20 process, Commission staff learned that there was an
21 active bench warrant for Mr. Frazier's arrest in
22 Muskegon County, Michigan, for failure to appear for
23 court-corded treatment. This warrant was issued on
24 March 8th, 1994. On August 10th, Commission staff
25 notified Mr. Frazier of this warrant, and instructed



1 him to submit evidence within 10 days that he was
2 taking steps to resolve the warrant. Mr. Frazier
3 responded on August 19th. On August 22nd, 2002, staff
4 contacted the Muskegon County Sheriff's Department and
5 was advised that the warrant was still active, and
6 that Mr. Frazier had not contacted that office
7 regarding resolution of the warrant.

8 Pursuant to Indiana Code and gaming regulations,
9 the Commission may revoke a temporary license if the
10 Commission determines an applicant did not disclose or
11 falsely states any information required by the
12 application. On that basis, on August 30th, 2002,
13 Commission staff revoked his temporary license and
14 denied his application for a permanent license. You
15 will need to vote to either uphold or overrule that
16 denial.

17 Commission staff recommends that you deny Mr.
18 Frazier's application for an occupational license. If
19 you do deny the application, he will have the
20 opportunity to appeal to an administrative law judge.

21 MR. VOWELS: All right. Any questions for Ms.
22 Brodnan? In front of us, then, is the "Commission
23 Action on The Revocation of the Temporary Occupational
24 License and Denial of The Application For a Permanent
25 License of John Frazier". Is there a motion to deny



1 or approve the application for the occupational
2 license?

3 MS. BOCHNOWSKI: I move that we deny the
4 application for the occupational license, upholding.

5 MR. VOWELS: Is there a second?

6 MR. MILCAREK: Second.

7 MR. VOWELS: Any further discussion? All those
8 in favor of denying the revocation say "aye".

9 (Ayes in unison.)

10 MR. VOWELS: So, it is denied. Okay, Miss
11 Brodnan.

12 MS. BRODNAN: On or about August 10th, 1999, Mr.
13 John Pantinas submitted a -- submitted an application
14 for a level 2 license to work at Harrah's as a Dual
15 Rate Floor Supervisor. Where he worked until January
16 5th of this year. Harrah's Human Resources personnel
17 submitted paperwork to the Commission indicating that
18 Mr. Pantinas was involuntarily terminated for taking
19 gaming checks and tips from patrons.

20 In August of 2002, Mr. Pantinas submitted an
21 application to work at Blue Chip Casino as a Card Room
22 Dealer. He listed his prior employment with Harrah's
23 on his application and indicated that he resigned from
24 this position in January. Pursuant to Indiana Code,
25 the Commission may refuse to issue a occupational



1 license to an individual who, for just cause, is
2 considered by the Commission to be unfit to hold a
3 license. Based on the information received from
4 Harrah's Human Resources Department, Commission staff
5 determined that Mr. Pantinas followed improper
6 procedures and retained tips from patrons during the
7 performance of his duties as a Floor Supervisor at
8 Harrah's. On that basis, the Commission staff denied
9 his application for a license. Commission staff
10 formally advised Mr. Pantinas of this action on
11 September 5th.

12 You will need to vote to either uphold or
13 overrule the denial. Commission staff recommends that
14 you deny Mr. Pantinas's application for a license. If
15 you do deny the application, he will have the
16 opportunity to appeal to an administrative law judge.

17 MR. VOWELS: Thank you, Miss Brodnan. Any
18 questions for her? Is there a -- In front of us,
19 then, Commission action on the denial of the
20 application for an occupational license of Mr.
21 Pantinas. Is there a motion to deny or approve the
22 application?

23 MR. GETTLEFINGER: Move to deny.

24 MR. VOWELS: Is there a second?

25 MS. ROSE: Second.



1 MR. VOWELS: Any further discussion? All those
2 in favor of denial of the application say "aye".

3 (Ayes in unison.)

4 MR. VOWELS: Show it as denied. And then we're
5 on to Mr. Scudder. That's with Ms. Chelf.

6 MS. CHELF: Mr. Raymond Scudder worked for
7 Belterra Casino between July 13th, 2000, and March
8 28th, 2002, when Commission staff revoked his
9 temporary occupational license due to his 1964
10 conviction for transporting a stolen vehicle in
11 interstate commerce. Mr. Scudder requested a hearing,
12 which was held on July 25th, 2002. I served as the
13 Review Officer in this matter, and you have before you
14 Findings of Fact and Recommendation, where I
15 recommended that the Commission deny his request for a
16 waiver. Should the Commission adopt the recommend --
17 my recommendation, Mr. Scudder will have the
18 opportunity to appeal to an administrative law judge.

19 MR. VOWELS: Any questions for Ms. Chelf? She
20 cited a statute there for us, which doesn't really
21 give us any leeway at all in those federal violations,
22 does it?

23 MS. CHELF: I don't believe so, no.

24 MR. VOWELS: Okay. Any questions for her? Then,
25 in front of us is the order concerning the felony



1 waiver request to Raymond Scudder; is there a motion
2 to adopt or reject the recommendation of the Review
3 Officer, which denies the request for the waiver?

4 MS. BOCHNOWSKI: I move that we accept, or adopt,
5 I should say, the Review Officer's recommendation.

6 MR. VOWELS: Is there a second?

7 MR. GETTLEFINGER: Second.

8 MR. VOWELS: Any further discussion? All those
9 in favor say "aye".

10 (Ayes in unison.)

11 MR. VOWELS: Show it's adopted. And, Ms. Chelf,
12 we're still with you?

13 MS. CHELF: Pursuant to Indiana Code 4-33-8-3, the
14 Commission may not issue an occupational license to an
15 individual unless the individual has met standards
16 adopted by the Commission for holding on occupational
17 license. Pursuant to this statute, the Commission
18 previously promulgated a rule at 68 IAC 2-3-5(c)(4)
19 that provides that an individual must not have been
20 convicted of any offense involving the violation of
21 gaming law in any jurisdiction.

22 Keeping that in mind, Miss Judith Marlatt has
23 worked for Blue Chip Casino since October 18th, 2000.
24 Her -- Prior to that, she worked for Horseshoe,
25 then -- which was then Empress Casino between 1996 and



1 2000. Each time she applied for an occupational
2 license she revealed a 1982 conviction for unlawful
3 gambling. In May, the Commission's staff notified
4 Miss Marlatt that she would have to undergo the waiver
5 process of misdemeanor gambling commission in order to
6 obtain a permanent license. She has been allowed to
7 continue working pending the outcome. It is my
8 recommendation that Commission grant her request for a
9 waiver of the misdemeanor gambling conviction.

10 MR. VOWELS: Okay. Any questions for Ms. Chelf?
11 Okay. Then, in front of us is the "Commission Order
12 Concerning the Request For a Gambling Misdemeanor
13 Waiver of Miss Marlatt". And it is the recommendation
14 of the Review Officer to approve the request for the
15 waiver. Is there a motion to adopt or reject the
16 recommendation of the Review Officer?

17 MR. MILCAREK: I move to adopt the recommendation
18 and to grant the waiver.

19 MS. BOCHNOWSKI: I'll second that.

20 MR. VOWELS: Any further discussion? All those
21 favor say "aye".

22 (Ayes in unison.)

23 MR. VOWELS: Show it is adopted. And then we
24 have one more.

25 MS. CHELF: Yes. The Commission issued Miss So



1 Lai a temporary occupational license to work for
2 Harrah's Casino as a bartender in May of 1998. It was
3 discovered during her background investigation that
4 she had been convicted of gambling in 1993 in Chicago,
5 Illinois. On or about June 17th she executed a
6 settlement agreement with Commission staff that
7 allowed her to retain her occupational license and
8 probationary status for six months. Prior to
9 completing her term of probation, she was terminated
10 from Harrah's for stealing while she was performing
11 her duties as a bartender.

12 On or about November 2nd, 2000, she applied for and
13 received a temporary occupational license to work for
14 Trump Casino as a dealer. She failed again to reveal
15 on her application her 1993 arrest and conviction for
16 gambling.

17 On or about August 30th of 2002, the Commission
18 staff revoked her temporary occupational license.
19 This action was based on the fact that, even after
20 having been placed on probation for failing to
21 disclose her gambling conviction, she again failed to
22 disclose that conviction on a subsequent occupational
23 license to work for Trump. Additionally, the
24 conviction for a gambling violation is a problem, as
25 previously discussed with Miss Marlatt.



1 Also, she -- she committed a criminal offense
2 during the performance of her duty during the time she
3 was licensed to work at Harrah's. For these reasons
4 Commission staff revoked her temporary occupational
5 license. The Commission staff recommendation is that
6 Miss Lai's application for a license be denied.

7 If the Commission denies her application for an
8 occupational license, she will have the opportunity to
9 appeal to an administrative law judge.

10 MR. VOWELS: Any questions for Miss Chelf? One of
11 the lessons to be learned here, is Miss Marlatt was
12 forthcoming in revealing her prior record, right?

13 MS. CHELF: Yes.

14 MR. VOWELS: And I think we've been consistent over
15 the years, the fact that people tend to forget getting
16 arrested and going to jail is always a treat and
17 that's -- I've had that happen with clients, I've
18 gotten five years in prison, and that sort of thing.
19 My attitude has always been, if that's not that big of
20 deal in your life and you're able to forget it, you
21 have a lot larger problems than anything I can
22 imagine. So, anyway, we're back to So Lai. And are
23 there any questions for Miss. Chelf? Then, in front
24 of us is the "Commission Action on The Revocation of
25 The Temporary License and Application For an



1 Occupational License of So Lai". Is there a motion to
2 deny or approve the application for an occupational
3 license?

4 MS. BOCHNOWSKI: I move that we deny her
5 application.

6 MR. VOWELS: Is there a second?

7 MS. ROSE: Second.

8 MR. VOWELS: Any further discussion? All those
9 in favor say "aye".

10 (Ayes in unison.)

11 MR. VOWELS: All right. Thank you, Ms. Chelf.
12 Miss Marsden, you're next. Right here with us.

13 MS. MARSDEN: Thank you. Before you is Resolution
14 2002-26 granting VendingData Corporation a supplier's
15 license. The background investigation has been
16 completed, and VendingData has been found suitable to
17 receive a supplier's license. VendingData's primary
18 business is the development, manufacturing and
19 marketing of the Secure Drop System, Random Ejection
20 Shuffler, Secure Drop Slide Accounting System in a
21 Secure Hopper. They've been in business since 1995,
22 and they are located in Las Vegas, Nevada. So, before
23 you is the resolution to grant VendingData Corporation
24 a supplier's license to do business in Indiana.

25 MR. VOWELS: Are there any questions for Miss



1 Marsden? All right, then, in front of us is
2 "Resolution 2002-26, Granting a Supplier's License to
3 VendingData Corporation"; is there a motion in
4 reference to that resolution?

5 MR. GETTLEFINGER: Move to approve.

6 MR. VOWELS: Is there a second?

7 MS. BOCHNOWSKI: Second.

8 MR. VOWELS: Any further discussion? All those
9 if favor of approving the resolution say "aye".

10 (Ayes in unison.)

11 MR. VOWELS: Show it is approved. And, Miss
12 Marsden, do you have another resolution for us?

13 MS. MARSDEN: The next one is Resolution 2002-27.
14 It's a resolution concerning of the renewal of a
15 suppliers' licenses. On August 23rd of 2001, the
16 Commission renewed the supplier's license held by Spin
17 For Cash Wide Area Progressive Joint Venture and
18 Hornblower Marine Services.

19 The above-named supply licensees have requested
20 the renewal of their license, and renewal fees have
21 been paid in accordance with 68 IAC 2-2-3(c), and 68
22 IAC 2-2-8.

23 The Commission has determined that the above-named
24 supplier licensees remain in compliance with the
25 licensure.



1 MR. VOWELS: Thank you. Is there -- Are there
2 any questions for Miss Marsden? Then, in front of us
3 is resolution 2002-27, which is a resolution
4 concerning the renewal of supplier's licenses, those
5 names as listed in Section 4 of the resolution. Is
6 there a motion in reference to this resolution?

7 MR. MILCAREK: I move to adopt the resolution.

8 MR. VOWELS: Is there a second?

9 MS. BOCHNOWSKI: I'll second it.

10 MR. VOWELS: Any further discussion? All those
11 in favor say "aye".

12 (Ayes in unison.)

13 MR. VOWELS: Show it as adopted. And, Miss
14 Marsden, still with you?

15 MS. MARSDEN: Yes. Okay. Resolution 2002-28 is
16 a resolution concerning the request of Riverboat
17 Services, Inc. to withdraw a supplier's license. the
18 Commission issued a supplier's license to Riverboat
19 Services, Inc., RSI, on August 20th of 1999. RSI has
20 renewed its supplier's license on August 21st of 2000,
21 and August 23rd of 2001, in accordance with 68 IAC
22 2-2-8. The Commission received a request from RSI the
23 ability to withdraw its supplier's license. So,
24 before you is Resolution 2002-28, the Commission will
25 need to grant or deny the request of RSI to withdraw



1 its supplier's license.

2 MR. VOWELS: Thank you, Miss Marsden. Any
3 questions? Then, Resolution 2002-28 concerns request
4 for Riverboat Services, Inc. to withdraw its
5 supplier's license. Is there a motion to grant or
6 deny that request to withdraw?

7 MS. BOCHNOWSKI: I move that we grant their
8 request.

9 MR. VOWELS: Is there a second?

10 MS. ROSE: I'll second.

11 MR. VOWELS: Any further discussion? All those
12 in favor say "aye".

13 (Ayes in unison.)

14 MS. BOCHNOWSKI: Can I just ask a curiosity-type
15 question? Is that because we have dockside now, or
16 that they don't have to. . .

17 MR. THAR: No.

18 MS. BOCHNOWSKI: Okay.

19 MR. THAR: With the type of dockside discussion
20 that we have, they still need to have marine crews.
21 But most of -- a lot of the riverboat companies, when
22 they came here, did not necessarily have the expertise
23 to oversee or manage a marine crew, which they have
24 since acquired. RSI was a group that specialized in
25 coming in to oversee the marine activities with regard



1 to the boat. And as the various companies have
2 developed that expertise, the need for RSI to perform
3 their services has lessened to the point where they're
4 not being utilized in the state.

5 MS. BOCHNOWSKI: Thank you. I was just curious.

6 MR. VOWELS: And it's flexible boarding, not
7 dockside.

8 MS. BOCHNOWSKI: Excuse me.

9 MR. VOWELS: It's gaming, not gambling. Remember
10 all of that.

11 MS. BOCHNOWSKI: It's really hard. Whatever.

12 MR. VOWELS: All right. Thank you, Miss Marsden.
13 Miss Dean, do you have anything?

14 MS. DEAN: Yes, I do. Thank you. Commissioners,
15 you have before you Resolution 2002-29, concerning the
16 Request of International Game Technology to Collapse
17 Anchor Gaming Into International Game Technology via a
18 merger. Mr. Jerimi Ullom is representing the company
19 IGT, and he is present today. IGT is a Indiana
20 supplier, along with Anchor at this time, and I
21 believe they're going to try to solidify their
22 corporate structure and their licensing that they
23 have.

24 MR. ULLOM: Yes, thank you, Ms. Dean, Members of
25 the Commission. International Game Technology



1 acquired Anchor Gaming a little less than a year ago,
2 last December, Anchor Gaming was the, and continues to
3 be, the parent company of Anchor Coin, which is an
4 Indiana licensee. At that time, Anchor Gaming has
5 remained in place merely as a holding company for the
6 various Anchor subsidiaries. It remained in place
7 because it had outstanding debt that was currently
8 being traded. In June of this year, International
9 Gaming Technology and Anchor Gaming tendered an offer
10 for all Anchor Gaming outstanding debt; in July they
11 received commitments to their outstanding debts, and
12 once that is complete, there is no longer any reason
13 for Anchor Gaming to exist, so that International
14 Gaming Technology intends, following all their
15 regulatory approvals, to collapse Anchor Gaming into
16 International Gaming Technology, removing that layer
17 in the corporate structure. This is technically a
18 change in ownership, a change in direct ownership of
19 Anchor Coin, being the Indiana licensee, they're known
20 as key persons, known to all, no change of beneficial
21 ownership. Thus the request for the waiver.

22 MR. VOWELS: Any questions? Before you leave, if
23 you will make sure the reporter has your card so she
24 can get your name --

25 MR. ULLOM: Certainly.



1 MR. VOWELS: -- accurately for the record. All
2 right, thank you.

3 Then, in front of us, Resolution 2002-29, which
4 is in two parts, concerning the request to collapse
5 Anchor Gaming into International Game Technology via
6 merger, in the first part; let's just take it one at a
7 time. If you'll look at that. There needs to be a
8 motion to grant or deny their request from the waiver
9 of the normal transfer of ownership procedures and
10 attendant background investigations. Is there a
11 motion to grant or deny that request for the waiver?

12 MS. BOCHNOWSKI: I move that we grant the request
13 for the waiver, since there are no new people.

14 MR. VOWELS: All right. Is there a second?

15 MR. MILCAREK: Second.

16 MR. VOWELS: Any further discussion? All those
17 in favor of granting the waiver say "aye".

18 (Ayes in unison.)

19 MR. VOWELS: We'll show it's granted. And then
20 we'll move to the next part, which requires a motion
21 to grant or deny their request for the approval of the
22 transfer of the direct ownership; is there a motion to
23 grant or deny that request?

24 MS. BOCHNOWSKI: I'll move that we grant it.

25 MR. VOWELS: Is there a second?



1 MR. MILCAREK: Second.

2 MR. VOWELS: Any further discussion? All those
3 in favor of granting the request say "aye".

4 (Ayes in unison.)

5 MR. VOWELS: Show it is granted. And, Miss Dean,
6 does that conclude you there, I believe?

7 MS. DEAN: Yes, it does. Thank you.

8 MR. VOWELS: And the next matter on the agenda
9 are the riverboat owner's matters. The Blue Chip Bond
10 Reduction. Miss Brodnan, we're back with you.

11 MS. BRODNAN: Blue Chip has submitted a request
12 to the Commission for a reduction of its surety bond.
13 Blue Chip currently has a bond posted with the
14 Fidelity and Deposit Company of Maryland in the amount
15 of 2.1 million dollars. The amount of one hundred
16 thousand dollars was posted to secure the performance
17 by Blue Chip of its obligation to install curbs,
18 gutters and sidewalks on 8th Street in Michigan City,
19 Indiana.

20 The Commission has received written confirmation
21 through the Mayor of Michigan City that Blue Chip has
22 satisfied this obligation. Therefore, Blue Chip
23 requests a reduction of the bond by the amount of one
24 hundred thousand dollars. Based on its satisfaction
25 of the obligation, Commission staff recommend that you



1 approve their request.

2 MR. VOWELS: Any questions for Miss Brodnan?
3 All right. Thank you, Miss Brodnan. Then, in front
4 of us, at the end of that last page there, the
5 "Commission Action on Request to Reduce Surety Bond
6 Posted by Blue Chip Casino, LLC", is there a motion in
7 reference to that request?

8 MR. MILCAREK: I make a motion that we honor
9 their request.

10 MR. VOWELS: Is there a second?

11 MS. ROSE: Second.

12 MR. VOWELS: Any further discussion? All those
13 in favor say "aye".

14 (Ayes in unison.)

15 MR. VOWELS: We'll show the request is granted.
16 And then the next matter on the agenda are the MBE/WBE
17 matters. And . . . my handwritten little notation
18 doesn't tell me who is handling those.

19 MS. DEAN: Susan Murphy, although the boats would
20 be making their own presentations.

21 MR. VOWELS: Okay. First matter, then, is Trump.
22 Is there someone here from Trump? Willing to address
23 the Commission on the MBE/WBE issues?

24 MR. THAR: I think it's a matter of update. With
25 regard to the Trump and Majestic Star, they have come



1 into compliance with regard to MBE/WBE issues, since
2 we required them to address us on a monthly live
3 meeting basis for a year. And as a result, we have
4 allowed them to not present a prepared presentation,
5 because they're submitting written documentation. But
6 they are present to answer any questions that we may
7 have in that regard to the submission that they have
8 put in; where they're at and where they think they may
9 be going with regard to the MBE/WBE issues. I believe
10 Mr. Keith Rogers is here, --

11 MR. ROGERS: Yes.

12 MR. THAR: -- standing in front of us, from
13 Trump.

14 MR. VOWELS: All right. We have had submitted to
15 us the Minority Owned Business Development Action Plan
16 dated today, September 27th, 2002. We've had an
17 opportunity to review this. Are there any questions
18 for Mr. Rogers?

19 MS. BOCHNOWSKI: Well, Mr. Thar brought up the
20 question you're in compliance now. Do you feel that
21 you can maintain -- sustain this, you can improve it,
22 or what track do you feel you're on?

23 MR. ROGERS: Yes, we can -- we will be able to
24 continue the growth that we're having. I think it was
25 great that we did put together the action plan because



1 it gave us, you know, a vehicle to use to, you know,
2 to not only meet, but see our numbers and, yes, we
3 will continue to stay on track.

4 MR. VOWELS: Sounds good to me. Any other
5 questions for Mr. Rogers?

6 MR. THAR: I think the other thing Mr. Rogers is
7 correct, we had some issues with regard to the way the
8 color brochure --

9 MR. ROGERS: Yes.

10 MR. THAR: -- was put together at the last
11 meeting, some language. And from my review of it,
12 they agreed to take out certain aspects. And my
13 review of it is that they did.

14 MR. ROGERS: Yes. Yes, we did, yes.

15 MR. THAR: I think the language falls on, as you
16 open it up, the inside beige page, the third paragraph
17 reads, "Purchasing Department will require minority
18 woman certification or proof that application has been
19 submitted to the Department of Administration
20 Minority/Women Business Enterprise Division to be
21 considered in the MBE/WBE program." In the past, it
22 was that they had to have that submitted to do any
23 work, and we wanted them to be limited to -- they
24 needed to have that certification considered for
25 credit on the MBE/WBE program's list. I think that



1 the language they have here comports exactly with what
2 we were talking about at the last meeting.

3 MR. VOWELS: Anything further, Mr. Rogers?

4 MR. VOWELS: Miss Reporter, are you satisfied
5 with knowing who Mr. Rogers is for your reporting
6 purpose?

7 THE REPORTER: Yes. Thank you very much.

8 MR. VOWELS: Thank you.

9 MR. ROGERS: Thank you. And the next thing is
10 Majestic Star. Is there someone here from Majestic
11 Star?

12 MS. CARRIE ROGERS: Good morning.

13 MR. VOWELS: Would you state your name for the
14 reporter.

15 MS. CARRIE ROGERS: Carrie Rogers.

16 MR. NOVAK: And Bob Novak.

17 MR. VOWELS: We have received from Majestic Star
18 Casino Compliance Update, August, 2002. We've had an
19 opportunity to review this. Are there any questions?

20 MS. BOCHNOWSKI: Yeah, I'm looking at this page.
21 In Trump's, they broke it down between Buffington
22 Harbor and their actual Trump facility. Is that -- is
23 this just for the boat, or is it a combined. . . ?

24 MS. CARRIE ROGERS: These are combined numbers.

25 MS. BOCHNOWSKI: So, do you and Trump -- How do



1 you do that? Do you use the same numbers, I mean. . .
2 Do you see what I'm saying?

3 MS. CARRIE ROGERS: Well, Buffington Harbor is
4 split between the two boats, so that's --

5 MS. BOCHNOWSKI: Okay, right. So, it's whatever
6 your percentage of that split is, is what you're
7 claiming.

8 MS. CARRIE ROGERS: Exactly.

9 MS. BOCHNOWSKI: You're not claiming something
10 that they might've already claimed.

11 MS. CARRIE ROGERS: No.

12 MS. BOCHNOWSKI: Okay.

13 MR. VOWELS: All right.

14 MR. THAR: Thank you for qualification that
15 Buffington Harbor is a joint venture between Trump and
16 Majestic Star, and all MBE/WBE purchases made, group
17 used, are split 50/50.

18 MS. CARRIE ROGERS: Correct.

19 MR. THAR: So that each group claims half,
20 because under the joint venture each is obligated for
21 half.

22 MS. BOCHNOWSKI: I just wanted to make sure that
23 we weren't seeing the same numbers in both of their
24 reports.

25 MR. THAR: Right. No.



1 MR. VOWELS: Any other questions or concerns?
2 (Looking at reporter) And are you happy with knowing
3 who they are?

4 THE REPORTER: Yes. Thank you.

5 MR. VOWELS: All right. Thank you. And next on
6 the agenda deals with Belterra's MBE/WBE. And is
7 there somebody here from Belterra?

8 (Mr. Alain Uboldi, Gwen Smith and Kay Fleming
9 approach the podium.)

10 MR. VOWELS: Good morning.

11 MS. SMITH: Good morning.

12 MR. VOWELS: We have received the Belterra Casino
13 Resort Minority Women Business Development Progress
14 Report, which was submitted a week ago today at the
15 Indiana Gaming Commission, and we've had an
16 opportunity to review this. Are there any questions
17 for the ladies and gentlemen standing in front of us?

18 MS. BOCHNOWSKI: Well, I'll ask you the same
19 question. Do you feel that you'll be able to sustain
20 this in upcoming years?

21 MS. SMITH: Yes, we do.

22 MS. BOCHNOWSKI: They will?

23 MR. UBOLDI: Well, we should -- normally, we
24 should improve, at least the past because we going to
25 build 300 more rooms, so we'll use much more minority



1 when we get this done.

2 MR. VOWELS: Much more meaning like one or two?

3 (General laughter.)

4 MS. BOCHNOWSKI: That's true.

5 MR. UBOLDI: As long as I will be in the company,
6 we will use a lot more than that.

7 MR. VOWELS: Okay. Just don't double the number
8 that you had before. Two times zero is zero.

9 (General laughter.)

10 MR. VOWELS: All right.

11 MR. THAR: Is there anything about your
12 achievements that you wanted to point out?

13 MS. SMITH: About our achievements?

14 MR. THAR: Yes.

15 MS. SMITH: How we've maintained the percentages
16 and how we come about getting those percentages?

17 MR. THAR: Yes.

18 MS. SMITH: Actually, it hasn't been really
19 difficult. We've just, I guess, just been getting out
20 and making relationships going to the -- I guess in
21 the past, they didn't have contacts with minority
22 vendors or women-owned vendors to do business with,
23 and with myself being in the position, I've been able
24 to attend trade fairs, and talk with -- excuse me -- a
25 little nervous here -- talk with vendors and things



1 like that and build relationships with them. And it
2 has been really easy, actually, because I feel more
3 comfortable, myself being a minority, that they feel
4 more approachable to me, and then, therefore, we can
5 be sure that they get certified and things like that.
6 And they have given me pages of references, and,
7 actually, it's been really very -- very profitable for
8 us, and them as well, so. . .

9 MR. THAR: Well, congratulations on your efforts.
10 Prior to you coming with the company, that type of
11 effort was not made, and as you've indicated, it's
12 been very easy since you've been making those efforts
13 to meet these numbers. So, congratulations on your
14 successes.

15 MS. SMITH: Thank you.

16 MR. VOWELS: All right. Any other questions? If
17 you will be certain that the reporter has your names.

18 MS. SMITH: Thank you.

19 THE REPORTER: Could she state it before she
20 leaves?

21 MS. SMITH: Gwen Smith.

22 MR. VOWELS: All right. All right, the next
23 matter on the agenda are our disciplinary actions.
24 Miss Brodnan, Blue Chip.

25 MR. BRODNAN: You have before you approval



1 Settlement Agreement Number 02-BC-1, regarding Blue
2 Chip Casino. On or about September 15th, 2002, a
3 scheduled EMT did not arrive for duty for eight a.m.
4 casino opening. Blue Chip personnel became aware of
5 this situation at approximately 8:10 a.m. when
6 security manager was notified that an EMT was not
7 responding to a call. A certified EMT did not arrive
8 on the property until approximately 9:05 a.m. Blue
9 Chip was out of a certified EMT for approximately one
10 hour and five minutes while patrons were present.
11 Pursuant to Indiana Gaming Regulations, a riverboat
12 licensee shall have at least one employee who is
13 certified as an EMT on the riverboat at all times
14 patrons are present.

15 Commission staff and Blue Chip have agreed that a
16 sanction be imposed due to this violation. Staff
17 recommends that Blue Chip will agree to pay a fine in
18 the amount of \$2,500. A Settlement Agreement has been
19 executed between Commission staff and the Blue Chip.

20 We recommend that you approve the terms of the
21 settlement agreement to resolve this matter.

22 MR. VOWELS: All right. Any questions of Miss
23 Brodnan? In front of us is this "Commission Action in
24 Regarding, In Re: The Settlement Agreement of Boyd
25 Gaming Corporation". It's our function here to



1 approve or disapprove the proposed terms of the
2 settlement agreement. Is there a motion to approve or
3 disapprove?

4 MR. GETTLEFINGER: Move to approve.

5 MR. VOWELS: Is there a second? Any further
6 discussion? There was a second? I didn't hear what
7 the second was.

8 MS. BOCHNOWSKI: I'll second it.

9 MR. VOWELS: Okay. All in favor say "aye".

10 (Ayes in unison.)

11 MR. VOWELS: Show that the agreement is approved.

12 And then, Mr. Thar, we'd move to Paul Alanis and
13 the settlement with them.

14 MR. THAR: Is Mr. Fearnow available? Has he
15 arrived? Mr. Randy Fearnow is the attorney for Mr.
16 Paul Alanis. He called just prior to the start of our
17 Executive Session and said he was stuck in some kind
18 of traffic, and I don't know exactly when he would be
19 here, but he was supposed to be here by eleven. And I
20 notice that on my watch, it's like eleven now. So, do
21 you want to give him ten minutes, maybe take a break?

22 MR. VOWELS: Oh, I could use a break, and that
23 may be good for him, too.

24 MR. THAR: Okay.

25 MR. VOWELS: So, we will take, oh, a ten-minute



1 break, which means ten minutes after eleven, quarter
2 after eleven.

3 (Recess taken until 11:30)

4 MR. VOWELS: All right. We'll go ahead and pull
5 it back together now. We have the person we need, so
6 if everyone will assume their positions.

7 MR. THAR: We took a little extra time at the
8 break because we got another call from Mr. Fearnow and
9 he was just a little bit away, and he and Mr. Tew
10 have, in fact, arrived. And I understand will not be
11 donating any money from their income tax refund to the
12 Department of Natural Resources, is that true?

13 MR. VOWELS: They found out that the Conservation
14 Officers have the widest jurisdiction in the State of
15 Indiana. I assume you had your fishing license up to
16 date, too? All right, we have everyone?

17 MR. THAR: We do.

18 MR. VOWELS: All right. We'll go ahead and call
19 the meeting back to order. The next matter on the
20 agenda are the disciplinary actions dealing with Paul
21 Alanis. And Mr. Fearnow is here now.

22 MR. FEARNOW: And Mr. Tew.

23 MR. VOWELS: And Mr. Tew. And if you will be
24 certain that the reporter has your cards when you're
25 finished, too, so. . .



1 MR. THAR: The gentleman in the glasses is Mr.
2 Randy Fearnow, and the gentleman at the table is Mr.
3 Kipper Tew.

4 MR. FEARNOW: Ladies and gentlemen of the
5 Commission, Mr. Chairman, Mr. Thar, Ms. Dean. First
6 of all, I have to apologize for our late arrival here;
7 about everything that could have gone wrong in us
8 getting here today has, including, as was pointed out,
9 the issuance of the ticket by a Conservation Officer
10 in a pickup truck, and then unlawfully detaining us by
11 the roadside for about 30 minutes (general laughter).
12 But we -- We collected ourselves and avoided a worse
13 offense, and did finally manage to make it here. I
14 greatly apologize, and am sorry to hold up the
15 Commission in its duties today.

16 I'm Randy Fearnow with Krieg Devault, and I'm
17 here with my partner Mr. Kip Tew; we are here on
18 behalf of our client Paul Alanis to present to the
19 Commission today an agreement that has been worked out
20 with Mr. Thar and Miss Dean, and which I presume you
21 have as part of your packet today. Let me just say at
22 the outset that I greatly appreciate the efforts of
23 both Mr. Thar and Miss Dean in working with us on
24 this. The agreement that you have before you is the
25 product of literally months of negotiations between



1 us; and those negotiations were at many times, let's
2 say, spirited but at all times highly professional,
3 and I came away from the experience, and I know Kip
4 has too, with great respect for Jack and Cindy and
5 this Commission as well. So, we're pleased to be here
6 finally to present this agreement and hopefully to put
7 entirely to rest the matter down at Belterra.

8 I would be happy to summarize for you very
9 briefly the document. It's very simple and straight
10 forward. In paragraph three there's some language
11 there that probably should be familiar to you because
12 I believe it's essentially the same, if not entirely
13 the same, as the factual statement which came before
14 you in another matter.

15 The bottom line of the agreement is that Mr.
16 Alanis, who was not present at the Belterra Casino, in
17 fact, was in California at the time of the events
18 reported in June of 2001, but who was the Chief
19 Executive Officer at the time of the occurrence.
20 Essentially, he is surrendering his license. He
21 was -- has stepped down back in April, shortly after
22 the Commission first became involved; so, he stepped
23 down early on in the course of the investigation from
24 his position as Chief Executive Officer.

25 Those really are the highlights of the agreement,



1 rather than to go through it line by line. I know
2 you've all had a chance to read it, and I'll be happy
3 to try to answer any questions that any of you may
4 have concerning the agreement or the discussions we've
5 had with the Commission.

6 MR. VOWELS: Any questions, then, for Mr.
7 Fearnow? Or Mr. Tew?

8 MR. THAR: I would think there's one other
9 observation we'd probably want to make for the public
10 here. And that is that the agreement/stipulation is
11 in lieu of the filing of a disciplinary action, no
12 disciplinary action has been commenced. And Mr.
13 Alanis is surrendering his license. But the agreement
14 does not call for any fine or anything else. I
15 believe and agree with Mr. Fearnow's statements that
16 this was negotiated aggressively, but in good faith,
17 and I believe that the negotiations resulted in an
18 agreement and a stipulation which probably accurately
19 reflects the facts of the investigation from both
20 sides. Would you have any disagreement with any of my
21 statements?

22 MR. FEARNOW: I fully agree with what Mr.
23 Thar indicated, that the Commission was well
24 represented, obviously, by Mr. Thar and Miss Dean in
25 these negotiations. It's probably not exactly what



1 either side would have wished for, certainly not from
2 our side, but we're happy with it because we feel we
3 were dealt with very fairly in the process, and
4 professionally and ethically by the Commission staff,
5 so we are very accepting of the agreement, and very,
6 very anxious to put the matter to rest here today.

7 MS. BOCHNOWSKI: Jack, I have a question for you.
8 One thing, and this wasn't -- I think that Mr. Alanis,
9 it was probably more omission than direct admission,
10 but one thing that Commissioner Darko, when he was
11 still part of our commission, was concerned about is
12 that we would be just passing our problems along to
13 another state, possibly. This is a public document,
14 am I correct? And if somebody -- If he were to seek a
15 license somewhere else, this could be, if they asked,
16 could be part of a public record, . . . or?

17 MR. THAR: I believe -- Well, it is a public
18 record, number one. But, number two, I believe that
19 the document itself recognizes that any state has the
20 right to take a look and make their own
21 determinations. They're certainly not bound by any
22 acts that we took.

23 MS. BOCHNOWSKI: Right.

24 MR. THAR: By the same token, they're free under
25 this to consider whatever they choose to consider in



1 licensing Mr. Alanis. Would you agree with that?

2 MR. FEARNOW: That's my understanding, Mr. Thar.

3 MR. THAR: Yes. That's the intent this
4 agreement.

5 MS. BOCHNOWSKI: Thank you.

6 MR. VOWELS: All right. Are there any other
7 questions or thoughts?

8 MR. THAR: Simply, from, as a person who
9 negotiated and signed off on it, I would recommend the
10 Commission to accept it.

11 MR. VOWELS: All right. Is there -- We had a
12 written settlement agreement document for us to
13 approve or disapprove; is there anything -- I didn't
14 see it in our packet. Am I missing something?

15 MS. DEAN: No, we would need to do an order,
16 which, unfortunately, has not been prepared.

17 MR. VOWELS: All right. So, we'll just do it
18 orally.

19 MR. THAR: If you do it orally, we will follow it
20 up with an order, which is very similar to the ones
21 that we've done with regard to the company and Mr.
22 Hubbard, which simply says "The commission approves"
23 or "disapproves", whichever the case may be, the
24 agreement and stipulation presented.

25 MR. VOWELS: All right. Would that be the



1 complaint number, then?

2 MR. THAR: Yes.

3 MR. VOWELS: Anything further? If you would like
4 to stand out there for a while longer since you raced
5 all the way up here.

6 (General laughter.)

7 MR. VOWELS: In fact, I assume you got to bill
8 for that 30 minutes by the side of the road, did ya?
9 Attorney to attorney, I hope so.

10 (General laughter.)

11 MR. VOWELS: All right. Then, in front of us,
12 and it will be documented for signature, the
13 Commission action, In Re: The Settlement Agreement
14 Dealing With Paul R. Alanis, the complaint number
15 2002-OL-BT-2, is there a motion to approve or
16 disapprove the proposed terms of the settlement
17 agreement?

18 MS. BOCHNOWSKI: I move that we approve the
19 settlement agreement

20 MR. VOWELS: Is there a second?

21 MR. MILCAREK: I'll second that.

22 MR. VOWELS: Is there any further discussion?

23 MR. GETTLEFINGER: Yes, I'd like to make a
24 comment, please. I will vote not to approve this
25 agreement and stipulation. And I believe that I must



1 do so to be consistent with my position on Belterra.
2 My complaint against the Belterra operation has been
3 lack of appropriate supervision. And I believe Mr.
4 Alanis was one of the principal reasons there was no
5 supervision; there was no appropriate supervision.
6 So, in my personal opinion, he was part of the
7 problem. That continuing problem was lack of a board
8 and management control, and I don't believe this
9 agreement and stipulation goes to the solution of
10 inattentive boards and inattentive out-of-state
11 management.

12 MR. VOWELS: All right. Is there any further
13 discussion? What this reminds of, and since the
14 Gaming Commission takes up about one percent of my
15 life, and 99 percent of my life is what I do
16 day-to-day in my job, and often going in front of a
17 judge with an agreement, whether it's at a criminal
18 case, a plea agreement, or a lawsuit, we, of course,
19 have to go in front of a judge and ask for the judge
20 to accept that agreement; and, there are times when a
21 judge hesitates and then we have to convince them of
22 why. Generally, the reason is that the compromise
23 is -- there was a middle ground that was reached, and
24 in a criminal case, sometimes the prosecutor may or
25 may not be able to pull the trigger of what they've



1 alleged, and that's why the compromise is reached.
2 And I see this agreement, and I've followed Mr. Thar's
3 progress in this throughout the entire scenario, and I
4 see it as the just compromise that the trigger that
5 would be pulled would be to revoke his license and
6 throw a wrench into any of the proceedings that might
7 take place before another Gaming Commission in another
8 jurisdiction. This throws the red flag up so that
9 they see what's gone on, but yet we have not drawn the
10 line in the sand to where they have to cross that
11 line, or not cross that line, and decide whether what
12 we did was right or wrong. So that this, what it does
13 is, it does everything except cross that line and pull
14 the trigger of revoking his license, or there wouldn't
15 be an agreement today if that's -- was Mr. Thar's
16 position, and so we would have the big war, the big
17 fight. And we, as a commission, and backing the
18 Executive Director, if he wanted this license revoked,
19 I don't know that we would win or lose; I'm sure it
20 would be long and protracted. And this was -- The
21 situation in Belterra was the largest -- or the
22 biggest deal that we've had to deal with as a
23 commission, and that I can remember, and so, I am
24 going to support this agreement. And I hope the
25 others do, too, because I believe it is a just



1 compromise, and you never know what the final result
2 could have been if we moved forward with a more harsh
3 result. And I think this covers everything that we
4 need to cover in this regard. And I really doubt I
5 will see Mr. Alanis in our jurisdiction again. He may
6 not have acted intelligently or wisely under the
7 circumstances that brought this issue before the
8 Commission, but I don't think he's silly enough to
9 come back here and open up that can of worms again.

10 Do any of the other commissioners have any
11 thoughts or reservations?

12 MS. BOCHNOWSKI: No, I think that this is the
13 best -- I think this is the best for the Commission,
14 and for the State of Indiana, for us to move on. He's
15 not going to hold a license here anymore. This is
16 part of the public record, and I feel that that
17 satisfies my requirements.

18 MR. VOWELS: Okay. And one of the reasons -- I
19 mean, there are only five votes here today, and it
20 requires four to go forward, or it's dead in the
21 water. Commissioner Milcarek, do you have any
22 thoughts?

23 MR. MILCAREK: Well, yes, Commissioner Vowels, I
24 feel like Ann does; I think this does the -- serves
25 our purpose we're trying to do, and maybe incompetence



1 should be punishable by something, but I don't think
2 it is. And if he was incompetent, he goes someplace
3 else, certainly that will be proved out, and I don't
4 think we need to punishment him anymore than what
5 we're doing.

6 MR. VOWELS: And, Commissioner Rose, you've kind
7 of come in on the tail end of this, but, do you have
8 any thoughts or reservations or questions or anything?

9 MS. ROSE: No, I don't. I reviewed the materials
10 and I have had discussion with Jack, and I think that,
11 in light of the issue, that it's a compromise --
12 compromised agreement and settlement agreement that's
13 been negotiated by Jack, and I feel comfortable with
14 it.

15 MR. VOWELS: All right. Is there any further
16 discussion?

17 MR. VOWELS: I believe that we did have a motion
18 and a second, did we not? Yes. Okay. All those in
19 favor of the settlement agreement, to approve it, say
20 "aye."

21 (Ayes in unison.)

22 MR. VOWELS: And those opposed.

23 MR. GETTLEFINGER: Nay.

24 MR. VOWELS: Okay. And the record will reflect
25 four of the members present voted to accept it, and



1 Commissioner Gettelfinger finger voted not to accept
2 it.

3 All right, is there any further issue related to
4 that?

5 MR. THAR: Just to bring everyone up to date, if
6 you will remember -- I'm sorry, Randy.

7 MR. FEARNOW: No, that's fine. If we're
8 completed with that matter, I just want to thank the
9 Commission for your time and effort in reviewing this
10 matter, and apologize again for our tardiness, and
11 urge everyone to drive carefully on the way home.
12 Thank you.

13 MR. VOWELS: Thank you.

14 MR. THAR: If you will remember, there was a fine
15 in the amount of 2.26 million dollars that was levied
16 against Pinnacle, Belterra; that fine has been paid.
17 There was a fine in the amount of \$700,040 leveled
18 against Mr. Hubbard, that fine has been paid. There
19 was \$10,000 in investigative expenses leveled against
20 Mr. Hubbard; those expenses have been paid. There was
21 part of the agreement that the Belterra Casino would
22 close from six p.m. Sunday, October 6th, until 12:01
23 p.m., which is one minute after noon, on the following
24 Wednesday; that notification has been sent out and
25 those arrangements have been made. And, as you are



1 aware, they will be paying the employees what they
2 would have made were they working during those days;
3 they will also be paying their taxes they would have
4 paid had they been open that day, based upon a formula
5 that was contained in the agreement.

6 The escrow agreement for the 5 million dollars
7 was to be escrowed pending completion of the 300-room
8 hotel tower down there; is 90 percent completed, and
9 will most likely be finished next week; and that will
10 be reported on at the next meeting.

11 I believe, then, once that escrow agreement is
12 funded, the immediate aspects of the Commission's
13 actions with regard to the golf outing at Belterra
14 will be concluded.

15 MR. VOWELS: I hope so. The situation, when we
16 discussed the settlement with Mr. Hubbard and
17 Pinnacle, I had emphasized that one of my main
18 concerns were the employees and along with the fact
19 that I wanted that to be a running operation, because
20 they would be the people who would get hurt while
21 everybody else flew off in their jets. And there was
22 some discussion that eventually was agreed to about
23 how the employees would be paid during those shutdown
24 days. And I think I made it clear of what my position
25 is, is that they don't come off any worse than if they



1 had worked that day; we talked about tips and all of
2 that. I would assume there's someone here from
3 Pinnacle that could send that message back, that I
4 really don't want that to be an issue. If it comes
5 back up, ah, having dealt with Pinnacle over this
6 period of time, I don't kid myself, that it's very
7 possible that that could be an issue, that our
8 patience wear thin on all of that, and I can't imagine
9 that my patience would be anything but worse if that
10 comes up again. So, just so that's clear. If there's
11 a leaner on which way it should go, lean it in favor
12 of the employees. Is that what perturbed me. So,
13 that's the end of that.

14 Is there anything under "Other Business"?

15 MR. THAR: There is not, Mr. Chairman.

16 MR. VOWELS: The next matter on the agenda is
17 then the next meeting. We have looked at our
18 calendars and, because the statute requires live
19 quarterly meetings, we've picked November 15th, which
20 is a Friday, and that would be in Indianapolis; the
21 times will be released later, and we have no idea of
22 what will be on the agenda at that time, but we have
23 to meet. But there will be something on the agenda.

24 The next matter before we adjourn, we will
25 adjourn here in a moment and then in a little bit will



1 pick up the public hearing agenda in consideration of
2 the license renewal for Blue Chip Casino, LLC; and
3 we've been through those kinds of things before, and
4 if we denied their license renewal, there will be a
5 lot of discussion in this room; and, if we grant the
6 renewal, everybody flows around and is happy. My
7 point of all that is, I want to address this now
8 instead of later, because you're all paying attention
9 to me now.

10 This is our last meeting with our Executive
11 Director Jack Thar. And I haven't made any notes. I
12 was going to make up everything I say as I go along,
13 so bear with me. Back in September of 1993, Ann
14 Bochnowski and I and others were appointed to the
15 Commission; that was nine years and 26 days ago -- Not
16 that we're counting. But, shortly thereafter,
17 Governor Bayh named Jack Thar as the Executive
18 Director of the Gaming Commission. He had been the
19 Interim U.S. Attorney for, at least, the Southern
20 District of Indiana, where I'm from, Evansville. And
21 I had never come into contact with Jack. I hadn't met
22 him, but friends of mine, who are attorneys in
23 Evansville, who practice against him, one guy in
24 particular, had called me when it was released in the
25 newspaper. And this particular attorney is very good



1 at what he does; and that was the opposite of what, as
2 far as, his job is the opposite of what Jack Thar's
3 job was, to prosecute this guy's clients. And those
4 of us who are in adversarial positions, time and time
5 again, come to appreciate the attorney on the other
6 side who is a straight-shooter and knows what they're
7 talking about, and is very good at what they do. This
8 friend of mine called me and he gave rave reviews of
9 Jack. He said, I've gone up against him and he's as
10 tough as they come, but he's a fair guy. And just
11 about that time the federal judge appointed me to
12 represent a criminal defendant in federal court, and
13 he was involved in a big conspiracy and Jack had
14 prosecuted one of the co-defendants and I had the
15 transcript from that trial, and over the years during
16 our times in these hearings, I hear that -- that very
17 systematic cross examination questions that I read in
18 that transcript from back in 1993 and 1994.

19 As a Commissioner, and the last four years as
20 Chairman, I've always valued the fact that this guy
21 sittin' next to me was here; I can't imagine that
22 Governor Bayh could have made a better appointment. I
23 have come to rely on him and trust him. In this --
24 you know, this whole thing was made up out of whole
25 cloth, and it's directly attributable to Jack Thar;



1 there were other people who had a hand in it, the
2 former Chairman Alan Clineman.

3 When I became Chairman, the deal was I stay out
4 of your way, and I trust you. And it could be very
5 scary in this position, because when we started out,
6 you know, the anti-gambling people would point out the
7 history of the gambling community from way back when,
8 when things were a bit suspect. And so our fear early
9 on, and I'm concerned with keeping this clean, and
10 because of his integrity and the fact that my fellow
11 Commissioners held that standard too, I never had
12 anything to worry about. And he would call me every
13 week or two and update me on what was going on. And
14 during that time, we've been together for so long, we
15 both had wives and mothers when this thing started
16 out, and we don't have that anymore.

17 He -- During -- Some of you may not have noticed
18 over the years, he would get up and walk down to me
19 and very politely tell me to leave that line of
20 questioning alone, and I would do what he said. So, I
21 came to rely on him greatly. During this period of
22 time, he's become a very good friend of mine, and
23 basically my older brother (general laughter). And --
24 And I will miss him greatly. I hope to keep in
25 contact with him, and he swears that he will. So,



1 anyway, brother, I am gonna miss ya, and I wish I
2 could say something more articulate. I thought about
3 writing notes down, but those things just seem to get
4 more stayed if you go from notes like that.

5 But, anyway, Glenn Lawrence will take your seat,
6 and I'm sure that he will be wonderful in that job,
7 but it's just that we've been together so long that
8 it's going to be awfully strange without you. So,
9 thanks.

10 (Applause.)

11 MR. VOWELS: Anything further? A motion to
12 adjourn would be entertained.

13 MR. MILCAREK: So moved.

14 MR. VOWELS: Is there a second?

15 MS. BOCHNOWSKI: Second.

16 MR. VOWELS: But before we do that, I'll turn to
17 you for your advice once more; when do we start back
18 up?

19 MR. THAR: We can start as soon as the Commission
20 would like. The Boyd people have indicated that they
21 are ready to go within 30 seconds of being advised.
22 So, it's all a matter of, do you want to take five
23 minutes to stretch, or are you ready to rock and roll?

24 MR. MILCAREK: Let's roll.

25 MR. VOWELS: Do you want to keep going? Okay.



1 You don't want to take a five-minute break? Let's
2 take a five-minute break.

3 MS. ROSE: As long as it doesn't turn into ten.

4 MR. VOWELS: Well, let's take a 10-minute break.
5 Let's synchronize our watches; five to 12, and five
6 minutes after 12 we'll be sitting back down here
7 starting. I swear. Okay, meeting is adjourned.

8 (Brief recess taken. Public portion of the
9 meeting was opened with Blue Chip representatives
10 seated at the table next to the podium.)

11 MR. VOWELS: All right, we'll go ahead and call
12 the meeting back to order, and I was up here at five
13 after 12.

14 MS. ROSE: Let the record reflect that.

15 MR. VOWELS: Nobody was paying attention to me
16 and my microphone wasn't on. So, we will call the
17 meeting back to order. Before we begin the
18 presentations, Jenny Arnold, who is there in the front
19 row, right there with her hand up, has the forms if
20 you want to address the Commission in regard to the
21 license renewal of Blue Chip. Just get to Jenny there
22 and she'll bring those forms up to me in a little bit,
23 and we'll call you up as we go.

24 All right. Then, we'll call the meeting to
25 order. All Commissioners present again, with the



1 exception of Commissioners Ross and Carlton. And we
2 do have a quorum. And it is almost ten after 12 on
3 September 27, 2002. In front of us, then, are the
4 representatives of Blue Chip Casino. And go ahead,
5 why don't we begin your presentation. Okay, I'm
6 sorry. We won't do it that way. Joseph Champion.
7 Mr. Champion, are you here?

8 MR. CHAMPION: Yes.

9 MR. VOWELS: Okay. You had submitted a request
10 to speak to the Commission, and why don't we do that
11 first.

12 (Mr. Champion approaches podium.)

13 MR. CHAMPION: Thank you, Mr. Chairman, Members
14 of the Commission, Mr. Thar, Miss Dean. I thank the
15 Commission for allowing us the opportunity to be heard
16 today. My name is Joe Champion, from the law firm of
17 Sommer & Barnard (phonetic) in Indianapolis; and we
18 represent the Pokagon Band of Potawatomi Indians, and
19 with me to my left is Mr. John Miller, Tribal Chairman
20 of the Pokagon Band; also, we have distinguished
21 Tribal Council Members seated to my back left.

22 The purpose of speaking with you today is to
23 again voice concern and urge action by you, the
24 Commission, over some business practices employed by
25 Boyd Gaming in relation to Kevin Floyd -- I'm sorry,



1 Kevin Flynn, and Fieldstreet Consulting. The concern
2 raises over a consulting agreement executed between
3 Boyd Gaming, Kevin Flynn and Fieldstreet Consulting in
4 1999. I think it's important to remember the
5 chronology of that agreement. On November 8th, 1999,
6 the IGC approved 100 percent ownership in Blue Chip
7 Casino by Boyd. After that approval, the IGC was made
8 aware through self-reporting that Boyd had executed a
9 consulting agreement with Fieldstreet on June 27th,
10 1999. Thus, a serious omission was committed Boyd by
11 not disclosing the consulting agreement during the
12 application process. Ultimately, Indiana Gaming
13 Commission approved a disciplinary settlement of one
14 million dollars. That was done on September 18th
15 2000.

16 Subsequent to this action, the State of Illinois,
17 and its gaming board reported its findings of an
18 investigation into the practices of Donald and Kevin
19 Flynn, as it related to Emerald Casino's application
20 for renewal of their license, of which the Flynns had
21 an interest.

22 As part of the handouts that I've provided
23 earlier to you, I asked that you give special
24 attention to the minutes of the regular meeting of the
25 Illinois Gaming Board for the January 30th, 2001,



1 meeting. I'd like to quote in part the report given
2 by Mr. Accosta (phonetic) of the Gaming Board, where
3 on page 11 and 12 of the minutes, he stated in part
4 were, "That Emerald filed its application with the
5 Board on September 24th, 1999, and that over the past
6 16 months, staff engaged in a wide-ranging and
7 thorough investigation of the licensee." Mr. Accosta
8 stated the staff investigation had included numerous
9 interviews, including some under oath, and the review
10 and analysis of countless documents. He went on to
11 state that, "Casino gambling operations in this
12 country have long been targeted by organized crime,
13 and that the Board must be vigilant in ensuring that
14 organized crime does not infiltrate or gain a foothold
15 in the Illinois gaming industry." Mr. Accosta stated,
16 "In this case, unfortunately, there is evidence that
17 organized crime has attempted to gain such a
18 foothold." He went on to state that, "The staff has
19 evidence that two of the proposed shareholders of
20 Emerald Casino has close associations with Chicago
21 organized crime figures." He ultimately recommended
22 the Board deny any renewal of Emerald Casino's
23 riverboat gaming license.

24 The remarks of the Illinois Gaming Board are
25 compelling. In fact, it led to a preliminary finding



1 that Donald and Kevin Flynn be denied a renewal of its
2 owner's license. Then it was reported in the Chicago
3 Tribune, the Chicago Sun Times, Grand Rapids Press,
4 and the South Bend Tribune exactly what that
5 consulting agreement consisted of. It consisted of an
6 agreement between Boyd and Fieldstreet whereby
7 \$500,000 per year for five years and a 5 million
8 dollar contingent fee would be paid to Kevin Flynn if
9 a competing interest, a competing casino, did not open
10 in Michigan.

11 Now, should the Indiana Gaming Commission take at
12 face value the Illinois Gaming Board's finding?
13 Absolutely not. Rather, we would respectfully request
14 that this Commission conduct its own investigation;
15 it's own review. We'd ask the Commission to review
16 the questions addressed to you in the May 7th, 2002,
17 correspondence by Mr. Michael Zimmerman, including,
18 but not limited to: Does the IGC consider this to be
19 acceptable conduct of a holder of an Indiana gaming
20 license? Is it appropriate to allow a consulting
21 agreement that pays 7.5 million dollars to a person in
22 another jurisdiction accusing -- accused of having mob
23 ties? Why shouldn't there be a review? Is it because
24 there is another group in another state that is being
25 targeted by folks involved in this consulting



1 agreement?

2 In my view, we don't get there. We don't get to
3 that question because the very words of IC 43-1-2, the
4 clear intent of the Indiana General Assembly when it
5 passed public law 277 in 1993, during the Special
6 Session, gives us guidance as to why a review should
7 take place. In part, the legislative intent of that
8 law reads, "That the public's confidence and trust
9 will be maintained only through comprehensive law
10 enforcement, supervision, and the strict regulation of
11 facilities, persons, associations, and gambling
12 operations under this article."

13 As the moral compass for gaming in the State of
14 Indiana, we would respectfully request that you
15 revisit the ultimate question; that being, Would we,
16 as a Commission, allow during the application process
17 by Boyd a consulting agreement involving the
18 aforementioned parties, given the facts as we now know
19 them? We ask for your comprehensive investigation of
20 this issue and at a minimum void the consulting
21 agreement between Boyd and Kevin Flynn. On behalf of
22 my client, the Pokagon Band of Potawatomi Indians, I
23 thank you for your consideration. Thank you.

24 MR. VOWELS: Thank you, Mr. Champion. Mr.
25 Champion -- Has anybody signed up beyond. . .?



1 MS. ARNOLD: No.

2 MR. VOWELS: There was a note that I had received
3 from the Executive Director of the Indiana Council on
4 Problem Gambling, Ms. Gottschalk wanted to address the
5 Commission?

6 MS. GOTTSCHALK: I will be speaking in a few
7 moments, sir, thank you.

8 MR. VOWELS: Move on with you, then.

9 MR. LARSON: Good morning, Chairman Vowels,
10 Members of the Commission, Executive Director Thar,
11 in-coming Executive Director Lawrence, and Commission
12 Staff, I'm Brian Larson, Senior Vice President, and
13 General Counsel of Boyd Gaming Corporation.

14 As some of you may know, Bill Boyd, our Chairman
15 and Chief Executive Officer, fully intended to be here
16 today, but as we will discuss later, was not able to
17 join us. With me today from our corporate office are
18 Don Snyder, the President of Boyd Gaming Corporation;
19 Keith Smith, Executive Vice President and Chief
20 Operating Officer of Boyd Gaming, next to Don; and,
21 Rob Stillwell, Vice President of Corporate
22 Communications. From Blue Chip, we have Mike Driggs,
23 Executive Vice President and General Manager; and,
24 Bryce Warren, Vice President and Assistant General
25 Manager. Bryce? We also have with us today Judy



1 Campbell, Executive Vice President and General Manager
2 of our Paradise Hotel and Casino in East Peoria,
3 Illinois. And Ryan Soultz, our Director of Government
4 Affairs for the Central Region. And, finally, Kay
5 Fleming, an attorney with Ice Miller in Indianapolis.

6 Our outside speakers today are the Honorable
7 Sheila Brillson, Mayor of the City of Michigan City;
8 Lynn Gottschalk, Executive Director of the Indiana
9 Council on Problem Gambling; Joseph Sookradge owner of
10 Island's Fish and Seafood Company in Michigan City;
11 and Jo Ann Finney, owner of the Framing Station in
12 Michigan City, will each be making presentations
13 regarding their involvement with Blue Chip Casino.

14 Our presentation will consist of a Blue Chip
15 operations review by Mike Driggs, a discussion of our
16 commitment to the communities in which we operate by
17 Don Snyder; Keith Smith will provide an update on the
18 activities and performance of Boyd Gaming Corporation.
19 Then we will show a brief video presentation and have
20 short presentations by each of our speakers. Followed
21 by a question-and-answer period.

22 Now I'd like to ask Mike Driggs, Executive Vice
23 President and General Manager of Blue Chip, to begin
24 our presentation. Due to Mike's recent knee injury,
25 he will be speaking from the table over here. Mike.



1 MR. DRIGGS: Thank you. Chairman Vowels, Members
2 of the Commission, Executive Director Thar, in-coming
3 Director -- Executive Director Lawrence and the
4 Commission staff, as you know, Blue Chip Casino opened
5 in August of 1997, and was acquired by Boyd Gaming
6 after the approval of the Indiana Gaming Commission on
7 November 8th of 1999. It officially became a member
8 of the Boyd family after the successful transition on
9 November the 10th, and has been a very important part
10 of the Boyd family ever since.

11 Included in the purchase agreement of two hundred
12 and seventy -- strike that -- 273.6 million, was a
13 hundred eighty-eight room hotel, which opened in
14 February of 2000. The hotel amenities include an
15 indoor swimming pool, exercise facility, gift shop,
16 suites, has been a great addition to the property.

17 Blue Chip sits on approximately 37 acres. Of
18 which five have been purchased since our acquisition.
19 It will be a very important part of our growth in our
20 strategic planning for the future and for us to remain
21 competitive. Part of Blue Chip's plans have been to
22 reinvest capital into the property. We've had capital
23 expenditures of over 20 million since our acquisition,
24 from many projects; including, increasing our square
25 footage from 37,000 square feet to over 42,000 square



1 feet; increasing the number of gaming positions from
2 1779 to 2047 with their current expansion.

3 We've purchased additional gaming equipment to
4 remain competitive. We've purchased additional
5 surveillance equipment to ensure that we have better
6 and improved surveillance coverage. We've remodeled
7 our gourmet room, our snack bars, and added a second
8 snack bar on the vessel, to make sure that we better
9 serve our customers.

10 And by beginning open boarding on August 1st of
11 this year, we've been able to be more competitive with
12 the casinos in Illinois, and has been very well
13 received by our customers, who very much appreciate
14 the ability to be able to come and go as they wish.

15 We are committed to using Indiana vendors when at
16 all possible, and have purchased nearly 35 million
17 dollars in goods and services since November of 1999.
18 A large part of our success is our diverse and
19 dedicated and friendly staff of now over 1200
20 employees since the completion of our expansion. The
21 employees at Blue Chip have true Midwestern
22 hospitality; they care about our guests; they care
23 about each other; and they care about the community.
24 Over the past two years, Blue Chip employees have
25 pledged nearly a hundred thousand dollars to the



1 United Way to help people that are less fortunate than
2 them.

3 Our operations, as I said, have now grown to
4 42,500 square feet of gaming, with over 1500 slot
5 machines, 68 table games, including our new 12-game
6 poker room. Our 188-room hotel has served nearly
7 290,000 guests since opening in February of 2000, with
8 147,000 room nights. Sixty percent of the people who
9 stay in our hotel are from out of state, which has
10 helped grow the tourism in northwest Indiana, and as
11 of last month we achieved our highest occupancy of
12 over 99 percent.

13 At the end of the year, again, in our commitment
14 to reinvest capital, we also will be remodeling the
15 buffet to, again, make sure that we have a competitive
16 product and are very successful.

17 The completion of the third deck has raised the
18 bar of our property. If you've had an opportunity to
19 see it, the great relaxed atmosphere, the open feeling
20 has been -- has met well with our customers; they've
21 praised the room, enjoy the atmosphere and the
22 employees enjoy it also.

23 As stated above, reinvestment of capital is our
24 part of strategic plan to ensure Blue Chip remains
25 competitive and give an outstanding entertainment



1 experience of our guests.

2 With our diverse workforce of now over 1200
3 employees, we have 64 percent female, 30 percent male
4 and 20 percent minority. Which exceeds the commitment
5 of employing a permanent workforce which is
6 demographically representative of the LaPorte County
7 area, which includes 12.6 percent minority and 48.9
8 percent women.

9 As you will see by the next two slides, one of
10 our large successes has been our accomplishments in
11 exceeding the MBE goals since acquiring the property.
12 Prior to November of -- Prior to our acquisition, the
13 goals for minority and women purchases were not met.
14 In our first full quarter of operation, and that was
15 in 2000, we have met our goals; and every quarter
16 since then we have exceeded our goals. If you look
17 back into '99, from the six or seven weeks that we
18 operated the property, we nearly met the goals for the
19 last quarter.

20 It was done with a very simple plan. After
21 meeting with managers and directors that were told, it
22 was told why these goals were impossible and couldn't
23 be attained; we met with the Purchasing Department and
24 were told how they could be met. That they just
25 needed support from the Executive Office in our



1 company to meet those goals.

2 We brought our directors and managers into the
3 meeting with our Purchasing Department, the goal is
4 simple, you will meet these goals, and we have.

5 It took dedication and hard work from our
6 Purchasing Department and our staff, understanding
7 that there is a little extra cost with that commitment
8 that that is a commitment that was made and a
9 commitment that we have been very proud of meeting.

10 Another big part of our -- And we can go over
11 the -- the statistics again. Another large part of
12 our success is our employee training. One of the
13 things we're very proud of, and we do try to be as
14 compliant as possible. When acquiring the property,
15 we started training programs, not only for guest
16 services, but to have employees understand rules,
17 regulations, internal controls, but not only just what
18 they are, but why they are. We've developed manuals
19 for nearly every area of the property to ensure that
20 employees have the tool to help them comply with the
21 regulations. As we are 1200 employees, employees make
22 mistakes. But we do everything we can to reduce the
23 amount of mistakes to ensure compliance, to train
24 employees, to be and understand that we are a
25 regulated agency and we do respect those regulations



1 and do try to follow them.

2 A big part of that training is our internal audit
3 staff. Through the leadership of our corporate
4 offices, that staff has been trained in internal
5 audits to help train all of our gaming areas to better
6 comply with the regulations and the internal controls
7 that we have set forward. We've also had programs for
8 supervisory training and management training to help
9 employees, supervisors have an opportunity to grow
10 within the company. It has been -- A big success of
11 our company has been the amount of employees that have
12 been promoted from within, and we hope to keep that
13 condition going here at Blue Chip, so we think that's
14 very important for the employees to know they have
15 opportunities. They have opportunities for growth;
16 and they will have a great company to work for in the
17 future.

18 With that, that concludes my part of the
19 presentation. I'd like to introduce the President of
20 the Company, Don Snyder, who will talk to you about
21 our company commitment. Thank you.

22 MR. SNYDER: Thank you, Mike. Mr. Chairman,
23 Members of the Commission, Mr. Thar and staff, it
24 really is a pleasure for us to be here today. it's a
25 pleasure for me particularly to represent Boyd Gaming



1 Corporation, and also Mr. Bill Boyd, as was alluded to
2 earlier, I am standing in for Bill. Bill puts a
3 tremendous amount of emphasis on appearing before the
4 commission in all the states where we do business, and
5 there are very few things that would keep him from
6 being here. But today, this afternoon in just a
7 couple of hours, the new William S. Boyd School of Law
8 is being dedicated in Las Vegas, and that's something
9 that he had played a tremendous role in, both in terms
10 of his time, his leadership, and also his money, to
11 start a law school. And Nevada was one of only two
12 states that didn't have a law school before the
13 William S. Boyd School of Law opened. It actually had
14 his first class four years ago, started his first
15 class four years ago, graduated his first class last
16 year and the dedication today is of the new facility
17 on campus at U.N.L.V. He is very proud of that, and
18 that is about the only thing that I can think of that
19 would keep him from being here today.

20 It's -- Perhaps, those comments are a perfect
21 segue into what I'm going to talk about on behalf of
22 Mr. Boyd. You see in front of you a slide that says,
23 "Boyd Style". There is a basic culture that has
24 evolved over the past 27 years that this company has
25 been in existence and it's a culture as a style of



1 doing business that started with Bill's dad, Sam,
2 continued through Bill, and it is really the very
3 foundation in which the company is built, and which
4 the company operates; how we talk with our people.
5 And if you go to any property throughout the Boyd
6 Gaming network, you will see the Boyd style
7 memorialized not just in writing, but memorialized in
8 terms of style of how we do business. And it says
9 here we operate with only the highest degree of
10 integrity, and I think some of you know, perhaps, my
11 background wasn't forever in the gaming business. I
12 was a banker for 22 years. I set on the other side of
13 the desk from Bill Boyd and the management team as
14 their banker for a number of years, and I will tell
15 you there is nobody that has a higher level of
16 integrity in our industry than Bill Boyd, and that
17 really permeates the company and how we do business.

18 We rely on the confidence and friendliness of
19 each person in the organization. We are committed to
20 the total satisfaction of every Boyd Gaming customer;
21 and we provide fast, friendly service while creating a
22 fun experience in a fresh and clean environment.
23 These are principles that are clearly woven into the
24 fabric of our organization.

25 The reason Bill is not here today says volumes



1 about our approach to our communities and our
2 commitment to those communities in which we do
3 business. We have a video, a little bit later that
4 will touch on some of those, but this slide is meant
5 to summarize, just briefly, a very small part of what
6 we do, and how we do it terms of our commitment to our
7 communities; and it is really something that starts
8 very much at the top, with the attitudes that Bill and
9 his family have -- have applied to our company from
10 the very beginning, it affects all of us from a
11 management point of view and it really permeates
12 throughout our entire employee base where we have
13 people that contribute both their time and their money
14 to making the communities a better place for us to do
15 business.

16 Now, just specifically here in terms of one
17 program that affects Michigan City, the coin -- Coins
18 For Cans effort resulted in over eight tons of food
19 items being donated to the Salvation Army here in
20 Michigan City. It is a small example of what we do
21 and what we take great pride in. Our involvement
22 throughout those communities where we do business with
23 United Way is something that we're very proud of, and
24 over the last two years, nearly a million dollars of
25 employee contributions have been made to United Way,



1 which I think speaks well for how we work with our
2 communities through our employees.

3 We also know that we have a responsibility to
4 ensure that our product remains entertainment for our
5 guests. We know that some people, unfortunately --
6 it's a very small portion of our guests -- don't
7 manage our product as well as they should. And as
8 such, we are proud of the leadership that we have
9 taken and have shown within our industry on the
10 subject of responsible gaming. We are a founding
11 member of the National Center For Responsible Gaming;
12 we continue to be very actively involved in that
13 effort. Bill, Bill Boyd personally is President of
14 that organization, and it is something that we take
15 great pride in and spent a tremendous amount of time
16 with. We assisted in the formation of the Indiana
17 Council on Problem Gambling, and in similar
18 organizations in other states, all over the states
19 where we do business around the country.

20 We have mandatory employee training for all Boyd
21 Gaming employees on recognizing symptoms, signals for
22 people that do have challenges in this area. And we
23 have recently, and we're proud to say it, have been
24 recognized by the American Gaming Association for our
25 leadership and our efforts in responsible gaming.



1 So, thank you very much, on behalf of Bill Boyd
2 and the rest of the Boyd team, we really do appreciate
3 the opportunity to be here with you today. And
4 probably most importantly, we appreciate the
5 opportunity to be a part of the business community
6 here in Indiana and Michigan City and LaPorte County.
7 And with that, I'm pleased to turn over the podium to
8 Keith Smith, who is our Executive Vice President and
9 Chief Operating Officer. Keith.

10 MR. SMITH: Thank you, Don. Good afternoon, Mr.
11 Chairman, Members of the Commission, Executive
12 Director Thar; I'd like to take just a few minutes to
13 provide you with an update on Boyd Gaming and some
14 recent developments here at Blue Chip.

15 Boyd Gaming's a well diversified company. We
16 operate 12 properties in eight distinct markets in
17 five different states. We operate here in Indiana, in
18 Illinois, Mississippi, we have two operations in
19 Louisiana, and seven operations in Nevada.

20 This diversification strategy, which we've worked
21 on over a decade now, has been very successful for us,
22 in that we do not rely on any one property or any one
23 market or any one state for our profitability. Go
24 back -- We have a strong and growing earning stream.
25 For the 12 months ended June 30th, our cash flow was



1 up 26 percent to almost 277 million dollars. Our cash
2 flow is stable and predictable. Over 60 percent of
3 our total revenues, 80 percent of our gaming revenues,
4 come from slot machines. This is the most
5 consistently profitable and stable segment of the
6 gaming business. We also have substantial free cash
7 flow, with over 277 million in total cash flow, once
8 again for the year end of June 30th, after we pay our
9 interest and our taxes, we have a significant amount
10 of money to reinvest in our properties, and to pay
11 down our debt.

12 With respect to deleveraging, we have had, as one
13 of our core strategies, over the last several years to
14 reduce our overall debt loads, and we have. Last, but
15 certainly not least, is our Borgata project in
16 Atlantic City. Probably the most exciting project in
17 our industry today. Construction phase is moving
18 forward, and we're beginning to focus on employing
19 48 -- or, hiring and employing 4800 employees we will
20 need to staff this facility.

21 We're on time and on budget for this project,
22 which has been our mantra from the beginning. And
23 we're looking for a summer of '03 opening.

24 With respect to recent results: We have had a
25 very strong first six months with the company and a



1 very, very strong second quarter. For the quarter
2 ended June 30th of this year, all eight of our
3 operating units exceeded their prior cash flows and
4 the prior year operating margins; something we're very
5 proud of. Our three largest units had either record
6 or near-record cash flows. Our cash flow for the
7 quarter was up 24 percent. And our earnings per share
8 more than doubled for the second quarter.

9 We have refinanced all of our long-term debt;
10 extended our maturities out to 2007 and beyond.

11 And we have reduced our debt level significantly;
12 in the second quarter alone, we have reduced our debt
13 40 million dollars.

14 Turning to Blue Chip, this property here today,
15 about the beginning of this month, around September
16 1st, we opened a 3 million dollar expansion that Mike
17 Driggs talked about; that expansion included
18 completing the third deck, essentially. It was
19 approximately 5500 square feet. We opened a 12-table
20 poker room; added 9 table games and created a
21 high-limit room for our customers. If you haven't had
22 a chance to see it, it's a beautiful room. As Mike
23 said, our players rave about it. We're reviewing
24 additions to our entertainment or entertainment
25 offerings and seeing what else we can do there.



1 Lastly, we're reviewing the Master Plan for the
2 property. We are blessed here with a lot of acreage
3 and determining exactly what to do with that, to
4 expand this property is a challenge, but we're in the
5 middle of that right now.

6 We have a short video to show, which highlights
7 the company and describes some of our community
8 involvement. But before I do that, I'd like to
9 re-introduce Judy Campbell. The reason I want to
10 re-introduce Judy Campbell is, Judy will be our new
11 General Manager here at the Blue Chip effective
12 January 1st. Mike Driggs, some of you may know or may
13 not know, is retiring at the end this year. Mike has
14 been with us for some 20 years in the company. Has
15 been with Blue Chip since the beginning; he's been a
16 very important part of our company, and very important
17 part of our success here. We are going to miss Mike.
18 We wish him well in his retirement.

19 Once again, Judy is currently our General Manager
20 at our Paradise property in East Peoria; comes very
21 well qualified, and we are looking forward to having
22 her here at Blue Chip. So, with that, we'll play a
23 video

24 (Videotape playing.)

25 MR. LARSON: Now I'd like to bring up the



1 Honorable Sheila Brillson, Mayor of the City of
2 Michigan City, who we have worked closely with since
3 we have acquired Blue Chip almost three years ago.
4 Mayor.

5 MAYOR BRILLSON: Good afternoon, Commission.
6 Good afternoon, Chairman, Honorable Commissioners.
7 Before I begin, I must say something about Jack Thar.
8 With all due respect to Boyd Gaming, to Blue Chip and
9 the employees and those of you who have waited, Jack,
10 you have been an absolute example to the rest of us in
11 the State of Indiana in public service. When I came
12 on in 1996 as a rookie Mayor, you answered every call;
13 gave me information, guided this city through the
14 process; and certainly have served your state and
15 those of us who are citizens of the State of Indiana
16 with absolute integrity and ethics, and I know that I
17 will miss you, and I think that the rest of the state
18 would join me in those words. So, I wanted to mention
19 that before I started.

20 MR. THAR: Thank you very much.

21 MAYOR BRILLSON: I come to you today, accompanied
22 by Chief Gene Simmons of the Michigan City Police
23 Department. I will keep my remarks short, but I know
24 that you are often bogged down as a commission in the
25 little details of gaming. I want to tell you about



1 some of the great results of Boyd's presence in our
2 community. Boyd Gaming has been an excellent
3 corporate citizen. And, truthfully, we couldn't have
4 chosen a better partner for our gaming organization in
5 Michigan City. All development agreement items have
6 been completed, to include the donation of the
7 beautiful Smith Brothers property, which has developed
8 into Millennium Plaza on our riverfront. I ask you to
9 stop on your way out of the community to look at some
10 of the improvements that have happened here because of
11 Boyd Gaming's presence. They have accomplished the
12 improvements to the marina and Sprague Marina; the 8th
13 Street improvements along our corridor entering the
14 casino, from lights to curbs and gutters have been
15 completed; and, by end of the winter, we will have the
16 acquisition and demolition of Harborside Homes, which
17 was a HUD project; very complicated. We've worked on
18 that for several years. That demolition has been --
19 that contract has been granted for demolition, and we
20 are hoping to begin 120-day clock shortly, which will
21 be a great improvement to this community.

22 The Michigan City Enrichment Corporation, which
23 received \$750,000 annually, that is set-aside money
24 managed by a citizen board, who gives grants
25 throughout the community, throughout LaPorte County,



1 for youth programs, social service programs and
2 educational initiatives.

3 That money, especially in these economic times,
4 where everyone's tightening their belts and their
5 donations has really helped our county provide the
6 social services that we need and the educational
7 programs for our young people.

8 In addition, money is set aside annually to
9 support economic development in our county, to
10 continue community growth in manufacturing and
11 industrial investment.

12 Some of the solid things our community can attest
13 to, we have tried to invest our gaming windfall, our
14 capital -- our new capital in things that this
15 community could not afford to do. We completed the
16 construction of four new fire stations; three of them
17 were paid for by cash, without any bond debt; we
18 invested 4.5 million dollars into a fire protection
19 plan that will serve this community for the next 30
20 years. We've done numerous park improvements and
21 playground equipment. We have installed 10.1 miles of
22 new water mains and constructed a one million dollar
23 water storage tank.

24 We have built 13.78 miles of sanitary sewer
25 lines, with projects all around the community; the



1 east side, the west side. Storm sewers have been
2 built incorporating the whole project approach, where
3 not only do we replace the storm sewers, but we
4 replace everything else that goes with that
5 infrastructure; new water service; replacing streets,
6 curbs and gutters; making our streets and curbs
7 handicap accessible; improving our pedestrian and
8 parking areas. If you go around this community, if
9 you look at Vail Street, the Coolspring/Wabash
10 corridor and the Harrison Street Project, you can see
11 examples of that. And, currently, the Ohio Street
12 project is almost completed; we're still working in
13 the Garfield and Barker area, but you can see a
14 tremendous esthetic improvement to the community and
15 to the neighborhoods.

16 Previous to the riverboat, we, like all
17 communities around the State of Indiana, would have
18 had to use revenue and general obligation bonds to
19 fund any of these infrastructure projects; the project
20 cost would then be passed on to the rate payer,
21 causing a rise in taxes or user's fees. Needless to
22 say, frankly, since this is very politically
23 unpopular, people in positions of authority don't like
24 to do that very often because to raise taxes are
25 politically unacceptable, so very few projects are



1 ever completed, and in a timely manner.

2 People in this city who have waited since the
3 '40s for sewer and water, basic city services, are now
4 enjoying these services; and we are almost completed
5 with our goal of bringing sewer and water to every
6 Michigan City property.

7 In addition, riverboat dollars have been used to
8 improve our city services with purchase of new police
9 and fire equipment, as well as service equipment for
10 departments, such as the Street Department and the
11 Park Department.

12 No one likes to talk about cemeteries, but we're
13 building a new mausoleum in our Swan Lake Cemetery to
14 meet our community's future needs.

15 We have developed a Central Maintenance and
16 Central Service Department with the objective of
17 reducing our operating costs for the future. Other
18 improvements, which are not inclusive, I might add,
19 but just to give you an idea and flavor for how we've
20 tried to use our money to the benefit of all of the
21 community and LaPorte County, Franklin Street
22 reconstruction, if you came in that way, you will know
23 that we are re-doing our main street, which was built
24 in the '30s and '40s; the first major infrastructure
25 improvement on that corridor, including two million



1 dollars spent for new storm and sanitary sewers, as
2 well as curb and gutter and other aesthetic
3 improvements.

4 Some of the non-capital items that we have used
5 our revenue for from the Casino, are a fire academy
6 training for our new hires; insurance and support for
7 the Safe Harbor Program, which is an
8 in-school/after-school care program, which provides
9 tutoring and social skill building for our young
10 people; we have now a aggressive building demolition
11 program and a Neighborhoods Alive initiative, which
12 supports neighborhood improvement and our neighborhood
13 associations. We've installed a city Web site, which
14 improves our communication and service delivery to our
15 citizens; we've provided some tax relief, both
16 indirect, which I mentioned before, and direct tax
17 relief. And our city, I think, is very aggressive in
18 our technology improvements because of the riverboat
19 dollars.

20 All in all, what I tried to do today is show you
21 some of the solid things that you can see in this
22 community because of Boyd Gaming's presence here.
23 Again, they are a solid employer; their employees are
24 happy to come to work; their employees are also
25 involved in the community, and I know that's part of



1 their corporate culture, but as Mayor of Michigan
2 City -- out-going Mayor of Michigan City -- I am very
3 proud to have Boyd Gaming as our community partner.
4 Thank you.

5 MR. LARSON: Thank you, Mayor. Our next speaker
6 will be Lynn Gottschalk, Executive Director of the
7 Indiana Council on Problem Gambling.

8 MS. GOTTSCHALK: Thank you to the Commission for
9 this opportunity to speak. My name is Lynn
10 Gottschalk. I am the new Executive Director of the
11 new Indiana Council on Problem Gambling, and it is my
12 pleasure to be here today to commend Boyd Gaming and
13 the Blue Chip Casino for their interest and
14 involvement in the advocacy of compulsive gambling
15 awareness and the treatment of problem gambling in the
16 State of Indiana in three areas. Firstly, the Blue
17 Chip Casino goes significantly beyond the requirements
18 for advertising the availability of assistance through
19 Indiana's problem gambling helpline.

20 Boyd's, "Don't Let The Game Get Out of Hand"
21 brochures are available at many locations, at the Blue
22 Chip property, including every cashier cage. In
23 addition, the problem gambling helpline number is
24 posted prominently on all cash and ATM machines.

25 This number also appears on all Blue Chip



1 billboards, and at a large poster at the casino exit.
2 I find the availability of the problem gambling
3 helpline number here at Blue Chip to be commendable

4 Secondly, Boyd Gaming should be complimented for
5 their comprehensive and consistent training of all
6 employees in the subject of problem gambling
7 awareness.

8 Thirdly, I would like to take this opportunity to
9 thank Boyd Gaming and the Blue Chip Casino for their
10 investment and participation in the Indiana Council On
11 Problem Gambling. Boyd Gaming's management has been
12 generous with their financial support and with their
13 time.

14 For example, in 2001, Boyd Gaming made a
15 considerable investment as founding member of the new
16 Indiana Council On Problem Gambling. This year, Boyd
17 has contributed the largest sustaining gift to date
18 towards the council's work for the prevention,
19 awareness, education and treatment of problem gambling
20 in the State of Indiana. Most importantly to me, Tom
21 McPhearson, a Boyd Vice President, who sits on the
22 board of the Indiana Council On Problem Gambling, has
23 been instrumental in our reorganization and program
24 operations. Tom continues to provide regular advice
25 and assistance, as we endeavor to advocate help and



1 hope for people who struggle with problem gambling in
2 our state.

3 Thank you.

4 MR. LARSON: Thank you. Next we'll hear from
5 Joseph Sookradge, owner of Island's Fish and Seafood
6 Company in Michigan City. We have been doing business
7 with Joseph's company for over two years.

8 MR. SOOKRADGE: Hi. My name is Joseph
9 Sookradge. I started the business about three years
10 ago. And when Blue Chip was here, I came out and I
11 asked, What do I need to do to sell to them? And they
12 told me I needed to be minority certified, and I went
13 through that process, and within three years, as he
14 said, that I've been doing servicing them with
15 seafood. They've been a -- very happy with what I've
16 been servicing them, and I've been working with them
17 closely with new items. That's about it. I can think
18 of. This is something that is new to me so. . . my
19 goal is selling seafood, and that -- that's this is
20 not something I. . .

21 (General laughter.)

22 MR. SOOKRADGE: So, bear with me. If you guys
23 have any questions, feel free to ask.

24 MR. VOWELS: Any questions? Very good.

25 MR. LARSON: Thanks very much. Thank you, Joe.



1 Our last speaker will be Jo Ann Finney, owner of the
2 Framing Shop in Michigan City. And, again, we've been
3 doing business with Jo Ann since our acquisition of
4 Blue Chip in 1999.

5 MS. FINNEY: Thank you. I, like Joseph, this is
6 new to me, also, so just kind of bear with me. I am
7 Jo Ann Finney. I am the owner, sole owner, of the
8 Framing Station here in Michigan City, and I've been
9 the owner for 17 years, and I do custom framing, also
10 a gallery. I have worked with the Blue Chip since the
11 very beginning. They approached me and asked me for
12 some help in purchasing art work that you've seen
13 around in their Casino area; the old fashioned
14 photographs and such; so, it started with them then.
15 And since then, uhm, I have done pretty much all the
16 work, except for the hotel; and they've been a --
17 they've been very good to me as far as working with
18 me. Their employees, we've become friends. I do a
19 lot of work personally with different people here at
20 Blue Chip; they have done very well about paying their
21 bills. That's very good for a small business person.
22 I don't ever have to even send them a bill. They use
23 what I give them and they always are very prompt in
24 paying, which is -- again, is very good.

25 What was nice about them when -- in the



1 beginning, they came -- they said to me, You need to
2 be certified. And I said, What is certified? Other
3 than for me as certified picture framer and, Oh, it's
4 not a problem. We'll help you. This was good. You
5 know. A hundred pages after, and going to my attorney
6 and everyone else and my bookkeeper, we got it done;
7 but they definitely helped me with that. So, since
8 then, I'm actually up for a recertification, another
9 hundred pages. So, and I -- I thank them for that.

10 I would have to say and again that they have been
11 good to me. I don't want to say the other riverboats
12 haven't, but I have come to all those trade fairs and
13 done all these things, and I listened to what you
14 asked those questions about the women business, and
15 they have not approached me. I have been there. I
16 have given them all their information that they need.
17 And let them know -- I let them know immediately that
18 I was certified. And I do know many a framer here in
19 northwest Indiana. Actually, am from southern
20 Indiana; have family in southern Indiana, and
21 approached them there and said, Look, coming to
22 southern Indiana is coming home, so I don't have a
23 problem going to you and helping you. But I have not
24 been approached by them. So, I wanted you to know
25 that, ah, I've searched them out, but they have not



1 responded to me, so. . .

2 MR. VOWELS: What part of southern Indiana?

3 MS. FINNEY: I'm from Jeffersonville, which
4 Caesar's is in their back door. And been there. And
5 so, uhm, you know, picture framing is all over. And I
6 understand the hotel part of it. But, you know, like
7 their corridors here and everything, we've done it
8 all. And they call me up and they say, You know, we
9 have certificates, or we have some prints, or do you
10 have access to prints? And they drop 'em off. And
11 we've become a relationship to where, you know, I know
12 what they want, and I give them what they want, and
13 it's -- it's been a very good business with Blue Chip.
14 So, thank you. Thank you. Yes.

15 MR. THAR: Miss Finney, you said you were going
16 back through the recertification process. If you
17 could do one thing to make the whole certification
18 process simpler, what would that be?

19 MS. FINNEY: Well, as I was reading all of those,
20 you have to go all the way back into everything that
21 says, you know, the required birth certificates and
22 all -- all of that is already on file. I haven't
23 changed. Maybe some of the business parts, you know,
24 the notes, it seems like, to me, when you're being
25 recertified, you have already explored all of my



1 business, ah, that I am who I am. To me, it should be
2 a very short, almost a one-page form to just say, yes,
3 nothing has changed. I mean, even I had gone out and
4 got another bank note, that would not have changed,
5 but yet you want for some reason they need me to go to
6 the -- if that had happened, go to the bank and show
7 that I'm the person getting that loan again or
8 however. It just seems like to me it's -- I mean, I
9 have -- I bet there's 15 pages to that that I have to
10 go out and find all of the bookwork again, and, you
11 know, and the employees, what they make, and all of
12 that. Just seems like there should be just a short,
13 one-page to show, and if there is change, then give
14 you that change.

15 MR. THAR: Thank you.

16 MS. FINNEY: Okay. Thank you.

17 MR. GETTLEFINGER: Mr. Thar, if I may comment on
18 that question. Our accounting practices differ in
19 southern Indiana and Kentucky, and one of the
20 complaints we hear, is that businesses become
21 certified in one state, and then they have to complete
22 the entire process again to be certified in another
23 state, and a lot of times folks who get certified in
24 one state just give up and don't -- do not attempt to
25 be certified in another because of the large paperwork



1 required, so, I think there may be some efficiencies
2 that can be achieved. That's Kentucky's fault.

3 MR. THAR: I think that, Glenn, correct me if
4 I'm wrong, but I think Indiana does have a reciprocity
5 basis with the contiguous states around us.

6 MR. LAWRENCE: Most states except Kentucky.
7 Kentucky, I believe, has decertified their program
8 such that they -- we have to deal directly. We are
9 getting back in good association with 'em, especially
10 with the bridges now, so we are working closely with
11 them on a joint certification process.

12 MR. VOWELS: Does the certification process come
13 under the Department of Administration, or what does
14 that come under?

15 MR. LAWRENCE: The Department of Administration,
16 we are now the sole point of the certification for
17 minority women and WBE certification with the
18 Department of Transportation, the City, the Airport
19 the State, through a joint MOU.

20 MR. VOWELS: Okay.

21 MR. LAWRENCE: With no increase in staff.

22 MR. THAR: I was going to say, the real issue,
23 aside from the length of the form that some people
24 find it difficult to fill out, is the severity of
25 under staffing due to a lot of different issues in the



1 Minority Business Development Commission.

2 MR. LARSON: I'd also like to thank Jo Ann. We
3 have appreciated our relationship with her for the
4 last three years. I hope it goes along for many more
5 years to come.

6 Before we get into our question and answer
7 period, I would also like to thank Jack Thar for his
8 contributions to gaming in Indiana. And I echo the
9 comments that have been made before me. Jack has been
10 tough, sometimes painfully tough, but he's always been
11 fair, and we'd like to thank you, Jack, and good luck
12 in your future endeavors.

13 MR. THAR: Thank you.

14 MR. LARSON: With that, we are available for
15 questions.

16 MR. VOWELS: We need to hear from one more
17 person, and then we'll come to you. You've had the
18 people that wished us to consider something in
19 opposition to the way you operate. You who have
20 presented why we should consider how you operate, and
21 we need to hear from our own objective analyst, Mr.
22 Drew Klacik, please.

23 MR. KLACIK: Thank you, and good afternoon. Mr.
24 President, Commissioners, Executive Directors, current
25 and future, and Gaming Commission staff, this is not



1 new to me; most of you may realize that. In fact, the
2 Center For Urban Policy and the Environment has been
3 performing an analysis for the Gaming Commission since
4 the Gaming Commission was originally created on these
5 original licensing applications; we've also staffed
6 the Governor's Gambling Impact Study Commission.

7 Having said that, I don't want to imply that I'm
8 going to do any better job than any of the previous
9 speakers. In fact, traditionally, I believe this is
10 the point where the Executive Director Thar asks me to
11 slow down. So, I'm going to try to remember that this
12 time, Jack. And, Glenn, you may want to remember in
13 the future that at this point you say, "Slow down,
14 Drew, the stenographer cannot keep up."

15 Our analysis in this case is a five -- for every
16 boat we perform the five-year license reapplication
17 analysis. In that analysis we look at four things;
18 compliance, which consists of project development,
19 employment and negotiated incentives; workforce
20 development, which principally looks at employment and
21 training issues; the economic impacts, including
22 tourism, and the impact of the spending of the local
23 taxes and negotiated incentives by Michigan City; and
24 the physical impact upon the schools and the civil
25 city.



1 Start with compliance. In terms of project
2 development, Blue Chip has, as of April 30th of the
3 year 2002, spent a hundred fifty-two point eight
4 million, which is 65.8 million more which was required
5 in the original agreement. About 99.2 million of that
6 has been spent within the State of Indiana.

7 In terms of negotiated incentives through
8 December 31st, 2001, the Blue Chip has paid over 15.2
9 million dollars in negotiated incentives. They've met
10 all promises and, in fact, there was an on-going
11 negotiated incentives, which has recently been
12 increased, and will continue to pay incentive payments
13 to the City of Michigan City for -- for -- I would
14 assume for the time you operate. See, I can do this
15 very badly. Uhm, okay.

16 In terms of employment, the five-year employment
17 average for Michigan City -- for the Blue Chip has
18 been 1,153 employees; in April of 2002, there were
19 1,149 employees. Since opening, Blue Chip has paid
20 nearly 150 million dollars in wages, nearly 28 --
21 nearly 38 million of that was paid in 2001. As of
22 April 2002, 61 percent of their employees were LaPorte
23 County residents. This is the one goal we found that
24 they missed. The original goal was 90 percent hiring
25 of LaPorte County residents. We looked at workforce



1 impacts too. To do this, we did a survey of Blue Chip
2 employees. We got 293 responses of out 153 employees,
3 about a 25 percent response rate. What we learned was
4 that 31 percent of the employees who responded were
5 unemployed prior to beginning their jobs at the Blue
6 Chip. Forty-five percent of those who began working
7 at Blue Chip were motivated either by -- and were
8 previously employed, were motivated either by more
9 money or improved work benefits.

10 The average length of employee for the -- the
11 average length of employment for those who responded
12 was two years and ten months.

13 About 80 percent of those who responded have
14 received a raise since beginning work at the Blue
15 Chip. The average annual increase in wages for
16 employees who have reported a raise was around 2000
17 dollars a year.

18 Thirty-three percent -- And I found this really
19 interesting -- 33 percent of all those who responded
20 to this survey reported moving from a rental position
21 to homeownership since they began working at Blue
22 Chip.

23 We also looked at training. We found 71 percent
24 of all employees reported receiving job-related
25 training from the Blue Chip. When we asked for



1 general skill building training that might be
2 transferable to other employment, only 11 percent
3 received -- reported receiving that type of training
4 from Blue Chip. Fifteen percent reported paying for
5 that type of training on their own.

6 We look at economic impacts. Specifically of
7 tourism and the spending of local taxes and negotiated
8 incentives. To investigate tourism, we did a four-day
9 survey, where we talked to 234 patrons at Blue Chip;
10 what we found is that they're clearly successful in
11 attracting new visitors to Michigan City. Nearly 89
12 percent of those who we spoke to said the riverboat
13 was the principal reason for coming to Michigan City.
14 Runner-up was the outlet mall. About 49 percent of
15 those that we interviewed said they were outside --
16 from outside the State of Indiana

17 What we found is, they're less successful, as are
18 most boats, in generating additional business
19 opportunities for the surrounding Michigan City area.
20 Only 18 percent of those visitors said they would
21 spend eight or more hours in Michigan City, and most
22 of them said that if they did anything else, it was
23 likely to visit either the dunes or the outlet mall.

24 We've looked at the economic impacts of local
25 taxes and negotiated incentives, which I think is very



1 important, and oftentimes overlooked. The Mayor
2 reported to you on how Michigan City has spent those
3 dollars generated by the riverboat, collected and
4 remitted Michigan City and the Michigan City
5 Enrichment Corporation. What I'm going to tell you is
6 economic value of the spending by Michigan City and
7 the Michigan City Enrichment Corporation to LaPorte
8 County's economy.

9 Our analysis doesn't include about 6.5 million
10 dollars of on-going donations, or the 2 million
11 dollars of land and boat slip donations, which, in a
12 sense, were just a movement -- a change of property.

13 What we do look at is about 41 million dollars
14 spent by Michigan City and the Foundation and we find
15 that that generated over 67 million dollars in
16 economic activities for LaPorte County, Indiana. If
17 you look outside -- outside of LaPorte County, it's
18 even larger; it created 995 new jobs and 20.5 million
19 dollars in new wages.

20 Finally, the last thing we looked at was fiscal
21 impact, which in a sense is a comparison of the amount
22 of new revenue generated for Michigan City, and the
23 Michigan City School Corporation, in comparison to the
24 amount of additional costs, or service provision
25 costs, imposed by the riverboat upon Michigan City,



1 the civil city, as well as school corporation. We
2 found -- And for LaPorte County. We found that when
3 you include admissions taxes in the fiscal impact
4 analysis, that there was a positive impact for LaPorte
5 County unit of government of between 3.7 and 4 million
6 dollars. If you don't count the admissions tax, which
7 generally isn't directed towards the operations of
8 services, but rather towards infrastructure and other
9 capital investments, we found that there was a
10 negative impact of between of 73,000 and 92,000
11 dollars. I mention the word "negative", but I want
12 you to think about it in a kind of very simple term,
13 which is, that if you had the opportunity to invest
14 92,000 dollars, and somebody told you that by
15 investing those 92,000 dollars you'd get a return of
16 between 3.7 and 4 million dollars, I'm likely to think
17 most of you would go ahead with that. And, in a
18 sense, what the LaPorte County government structure is
19 doing, is having to spend 92,000 dollars, or around
20 there, of public services and time in order to gain
21 the ability to invest between 3.7 and 4 million
22 dollars in infrastructure and other capital.

23 Same holds true for Michigan City with the
24 riverboat taxes; Michigan City experienced a positive
25 fiscal impact of around 12.6 million dollars. Without



1 the riverboat taxes, Michigan City also would have
2 experienced a negative fiscal impact of about 234,000
3 dollars. However, again that's -- that is in a sense
4 the equivalent of spending 234,000 dollars of effort
5 to receive about 12.6 million dollars, which, as the
6 Mayor told you, can be spent on many types of capital
7 and human improvement efforts.

8 The last group we looked is the Michigan City
9 School Corporation, and that's an important one to
10 look at because they were one unit of government that
11 does not receive admissions tax. The only revenue
12 schools -- new revenues the schools receive from the
13 riverboats are the property taxes paid by the
14 riverboat, the hotel, and other improvements. Having
15 said that, we found that because of enrollment impacts
16 are estimated to be relatively negligible, which means
17 not -- the riverboats do not bring a lot of new
18 students to the Michigan County schools, the fiscal
19 impact was actually -- of just the property taxes
20 estimated to be a positive one of 720,000 dollars.

21 That -- Guess at this time I should also thank
22 Jack for the privilege of working with him, and -- and
23 say, as always, if you have any questions, and Jack
24 allows you to ask them, I'd be happy to answer them.

25 MS. BOCHNOWSKI: Yeah, I have a question. Okay,



1 in the report, they're behind on the amount, or the
2 percentage, of employees that come from LaPorte
3 County. Do you know how many -- what percentage
4 actually come from Indiana, though?

5 MR. KLACIK: Not off the top of my head. I guess
6 the point I should make about that is that, we found
7 that to be true for a number of the boats and
8 generally, what we come to believe, given employment
9 rates, is that in most cases when that was a very
10 aggressive promise and that the limit -- the reason
11 for missing that goal is, at least in part,
12 explainable by the limited labor pool, as opposed to
13 any failure of effort on the part of the Blue Chip or
14 the other casinos where we found that happened. And I
15 will promise to get you, if it's not in the report,
16 the number of employees within the state.

17 MS. BOCHNOWSKI: Yeah, I'm just wondering if that
18 would be a pretty sizable percentage.

19 MR. KLACIK: It clearly would be larger than just
20 the LaPorte County number.

21 MS. BOCHNOWSKI: Okay, thank you.

22 MR. VOWELS: Any other questions for Mr. Klacik?
23 Amazingly, you always make this stuff
24 interesting. . . All right. And then we have the
25 question and answer period. I assume they have



1 answers. Do we have any questions?

2 MS. BOCHNOWSKI: Yeah, I have a question. You
3 gave us the number -- or the percentage -- yeah, the
4 percentage of minority employees and women and male
5 and female. How many -- Do you have a breakdown in
6 terms of your management staff?

7 MR. LARSON: I'll direct that to Mike.

8 MR. DRIGGS: No, I don't have that. I mean, I
9 could get that, but I don't off the top of my head.

10 MS. BOCHNOWSKI: I'm just curious because it's
11 one thing to be an employee sweeping the floors, and
12 it's another thing to be a supervisor.

13 MR. DRIGGS: I don't know that number off of the
14 top of my head.

15 MS. BOCHNOWSKI: Okay, thank you.

16 MR. GETTLEFINGER: Mr. Chairman. Earlier we
17 heard from the Pokagon Band. Would you want to make a
18 reply -- a response?

19 MR. LARSON: I guess maybe a brief response.
20 First of all, our consulting agreement with Kevin
21 Flynn was approved by this Commission. Secondly,
22 Kevin Flynn has not gone -- been found unsuitable by
23 Illinois or anybody else; nor, have there been any
24 findings of wrongdoing in connection with his
25 settlement with the State. And we acknowledge that we



1 have an obligation to this Commission to report if
2 there's been any change in circumstances in that. At
3 this time there has not. And we also understand and
4 acknowledge that if anything does change that the
5 Commission will, can, reinvestigate the issue, at that
6 time. But we don't think at this point it's come to
7 that.

8 MR. VOWELS: I'm looking at what was submitted to
9 us, these January 30, 2001, minutes of the regular
10 meeting of the Illinois Gaming Board. And on page 13,
11 one of the members moved for the Board to revoke the
12 owner's license of Emerald Casino and find Donald
13 Flynn and Kevin Flynn as unsuitable key persons. And
14 there was a second to that motion. Motion passed four
15 to one. Am I missing something?

16 MR. THAR: No. What isn't stated is that's not
17 final commission action. That has been appealed, and
18 as a result, the settlement agreement that has been
19 pointed out was reached during the course of the
20 hearing before the administrative law judge. So, the
21 actions of the Illinois Gaming Board, to date, have
22 not been finalized.

23 MR. VOWELS: In the past, when issues like that
24 have arisen, have we not waited until the actions were
25 finalized?



1 MR. THAR: Yes. We took the same position with
2 regard to Horseshoe Casino and the issues that arose
3 in Illinois concerning Jack Binion as a key person and
4 a substantial owner.

5 MR. VOWELS: Okay.

6 MR. THAR: That also resulted in a settlement
7 agreement where there was no finding of unsuitability
8 but concerning Mr. Binion. If you will remember, the
9 Illinois Gaming Board did approve the acquisition of
10 the Empress Casino by Mr. Binion, but then later found
11 Mr. Binion to be unsuitable, and then later withdrew
12 that in favor of a settlement agreement.

13 We are watching this process the same. The
14 question has been raised by the Pokagon Band of
15 Potawatomies that, Will we reinvestigate this? What I
16 would state was, this has never not been under
17 investigation. And from a staff point of view, we
18 have been monitoring what's going on in Illinois on a
19 continuous basis.

20 The other thing is that, as pointed out about Mr.
21 Larson, once the agreement was noted that it was not
22 handed over, the settlement entered into, subsequently
23 a somewhat modified agreement was approved by this
24 Commission.

25 Whether we will take different action depends



1 upon what happens in Illinois. And as we had
2 monitored and watched it, we are in a position right
3 yet where there's no final action to which this
4 Commission should review. But the point is, Boyd
5 Gaming has an obligation concerning anything that
6 should change that we may or may not know about to
7 advise us of. And we have an obligation to continue
8 to monitor, and we have been.

9 MR. LARSON: That's correct. We monitor all the
10 time on this and we understand that we have the
11 obligation to report to you anything that we find.

12 MR. VOWELS: Commissioner Rose, do you, again
13 you're kind of in the tail end of this, do you have
14 any questions about what we are talking about?

15 MS. ROSE: No.

16 MR. VOWELS: Are you aware of anything?

17 MS. ROSE: No, I read the materials and, in fact,
18 was going to ask the same question that my fellow
19 Commissioner had asked before. So I'm glad to hear
20 the response to that.

21 MR. VOWELS: I just wanted to make sure that. . .
22 because if it was me, I would just sit there and not
23 say anything.

24 MR. THAR: May I ask two questions, sir?

25 MR. VOWELS: Yes.



1 MR. THAR: Then I will be quiet. I would like to
2 know where the Blue Chip property sits in the Boyd
3 group of properties in terms of it revenues, overall
4 performance; is it in the upper echelon, bottom
5 echelon? The way I read things, this may be one of
6 the best performing properties you have.

7 MR. SNYDER: It certainly is one of the best
8 performing -- the best performing in terms of cash
9 flow, in terms of margins. It is a very successful
10 operation. And I think it reflects the fact that it
11 is not only well located, but it operates extremely
12 well, and it is managed very well. We're very proud
13 to have Blue Chip as part of our company.

14 MR. THAR: Then we can count on Boyd viewing this
15 as one of the jewels they want to keep shined up in
16 their family of assets.

17 MR. SNYDER: Very much so.

18 MR. THAR: And my last question is, and I've
19 asked this recently. Problem gaming and compulsive
20 gaming, whatever you want to call it, is becoming more
21 and more in the forefront and so much of what is being
22 said at these license renewal hearings is that, "Our
23 staffs have been trained to identify problem gaming,
24 problem with gaming, and we have brochures." So my
25 question to you is a very simple one. How many people



1 have your staff identified as being problem gamers and
2 have been asked to either stop gaming that evening,
3 stop gaming for a week or longer, so that the person
4 can rethink whether or not they're over their heads in
5 terms of their gambling?

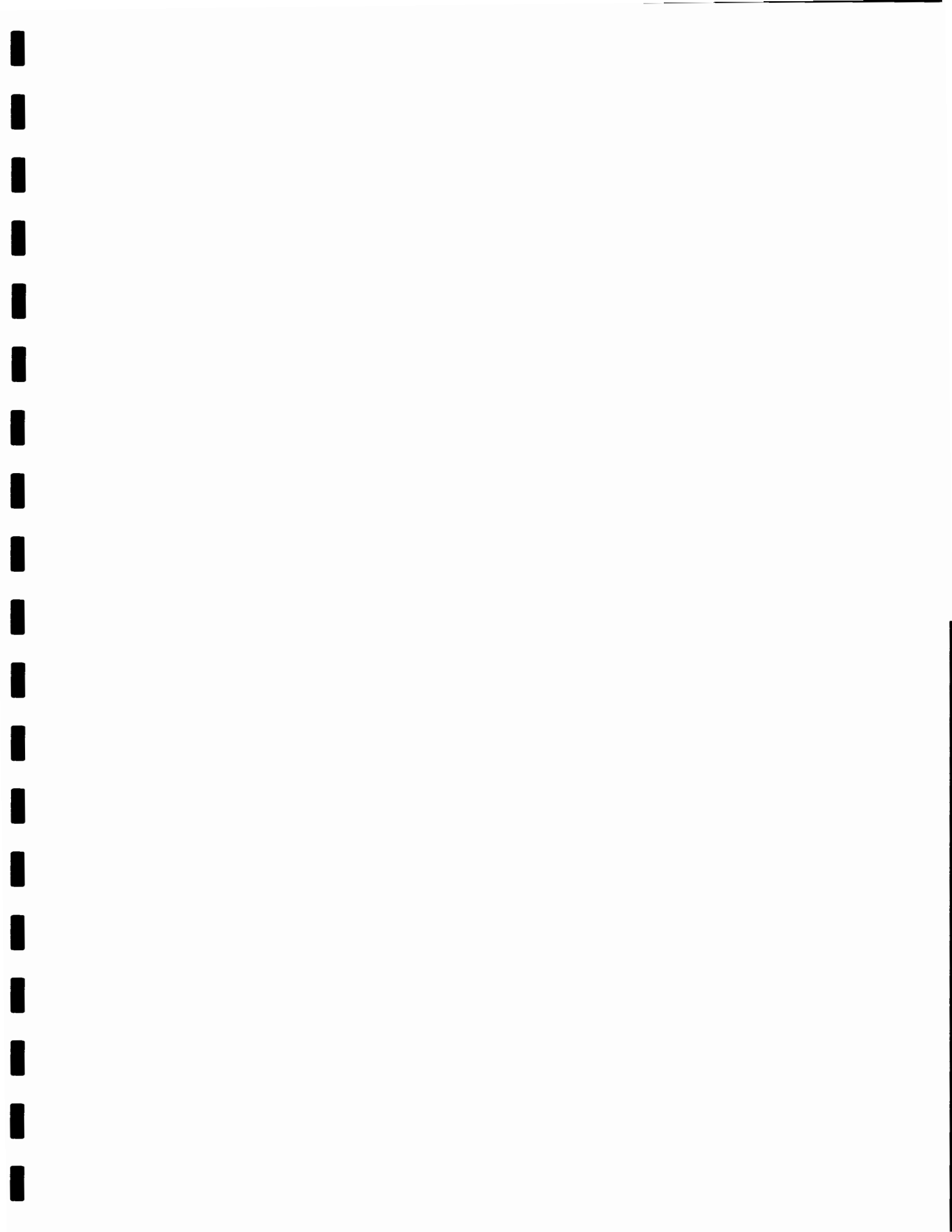
6 MR. SNYDER: I think I'll have Mike Driggs answer
7 that question.

8 MR. DRIGGS: Jack, if I could, I'd actually like
9 to ask Lynn if she could -- the answer to that is
10 none, because what we do, what we've been trained to
11 do, is to point out the -- give the people the
12 information, make sure they have the number. Because
13 if we tell them to do that, that the experts have said
14 that that does not stop the person. The person has to
15 want to quit, and what we have to do is to point out
16 to them their means to get the help to help them take
17 the first step.

18 MR. THAR: Then maybe that's what I'm asking.
19 How many people have your staff gone up to and said,
20 Maybe you need to call this number. Maybe you need to
21 seek some type of advice.

22 MR. DRIGGS: That I don't know. I can tell
23 we've had 89 people that are self-evicted and we've
24 had 23 that have asked to, you know, be reinstated
25 that we have not let come back. That we tell anybody







1 that has asked for information or that is asked to be
2 self-evicted we give them the information that the
3 hotline. We have recently at Lynn's suggestion, have
4 sent out follow-up letters to all the people making
5 sure that they have a pamphlet, making sure that they
6 have the hotline number. But, again, we've been --
7 that's just in our training, is not to kick people out
8 of the casino, because that doesn't help the problem.

9 MR. THAR: Then what does your training focus on?
10 If I'm a Blackjack player or a pit boss and --
11 Blackjack dealer or a pit boss in your casino, you are
12 training me to observe and do what, if I see somebody
13 in on a repeated basis who may be losing too much?

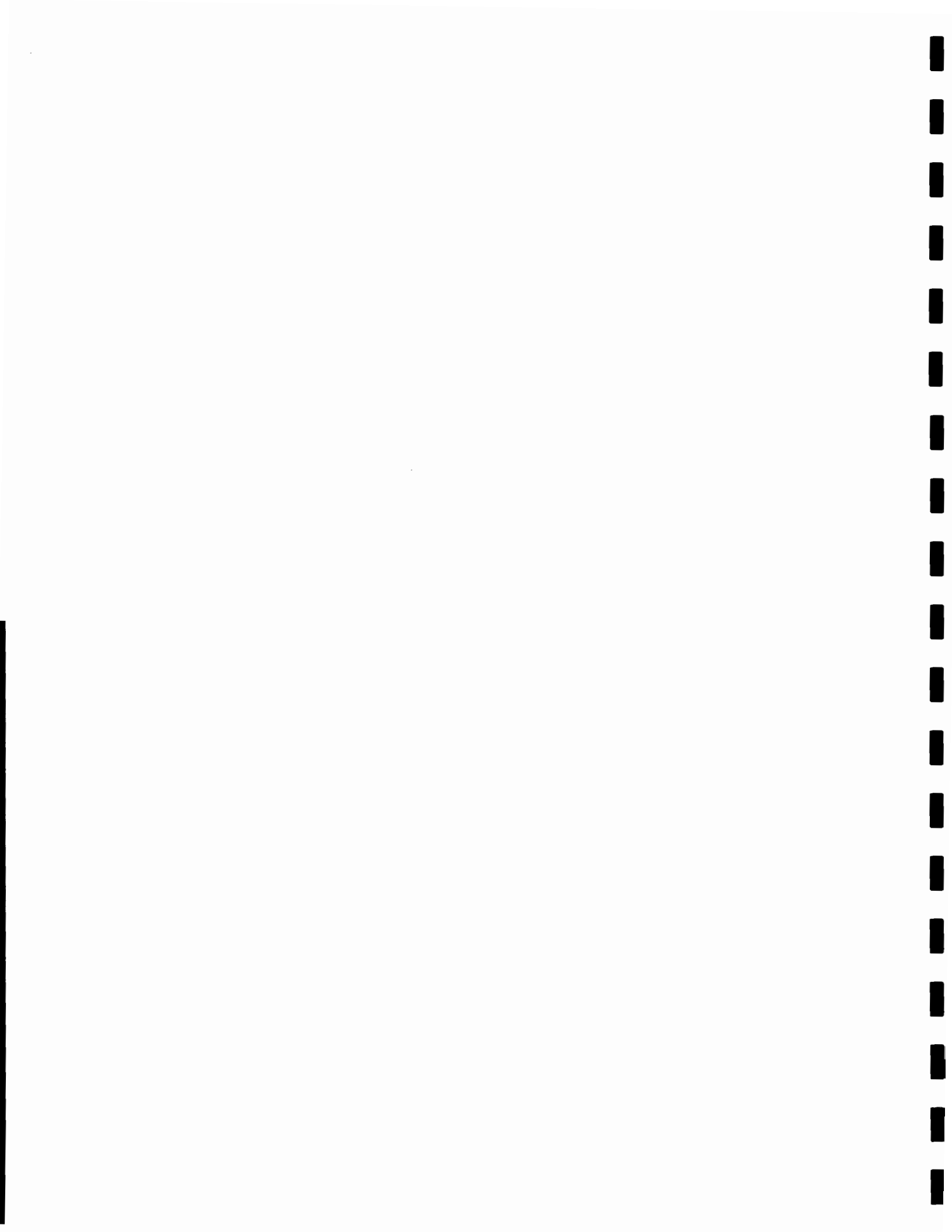
14 MR. DRIGGS: Again, they're treated to -- or
15 trained to tell the people where the number's
16 available. Just ask them and give them the number,
17 but not without, you know, kicking them out. I mean,
18 they are trained to, you know, if they see somebody
19 that appears to have problems, and it's a fine line
20 between what is problem gamer and what is somebody
21 that can afford it, but when they feel that that
22 person has that problem, to make sure that they have
23 the number, to make sure they have the card. But make
24 sure they get the brochure and make sure they are, in
25 fact, given that opportunity. Maybe that's the way



1 it's been presented to us.

2 MR. STILLWELL: Executive Director Thar,
3 Commissioners, my name is Rob Stillwell, and I thought
4 I may be able to help add a little bit of color to
5 this. I'm the company's Vice President of Corporate
6 Communications, and one of my responsibilities is to
7 make sure that our various properties have all the
8 right information; from a regulatory standpoint, to
9 hand out these brochures, "Don't Let The Game Get Out
10 Of Hand," and I can tell you that, over the course of
11 a year, all of our properties -- any of the number
12 that we're required to send them, we usually range
13 from about 150 to 300 new brochures each year that we
14 distribute. So, to give you an idea that our
15 employees are actively passing these pieces of
16 information out. The point which Mike made regarding
17 the fact that it's not our job to ask them to leave;
18 first of all, the way we're trained is that it's not
19 our job to diagnose the problem; we're simply trained
20 to be able to recognize some of the warning signs so
21 that we can hand them the pieces of information and
22 sometimes it's -- it isn't asked for, sometimes the
23 employee is just a matter of saying, Here, I think you
24 might want to look into this.

25 One of the things that our company, right at the



1 core of our company operating philosophy, and Mr. Boyd
2 would -- this is right from his mouth is, we want a
3 fair game. If somebody that we identify in the pit
4 area is, you know, too drunk, something like that,
5 asking for extended credit, that sort of thing, we
6 want a fair game; we're gonna turn 'em down. And to
7 the extent that we regularly go through, whether it's
8 new posters new brochures, "Don't Let The Game Get Out
9 of Hand," it is a regular request on an annual basis;
10 again, it ranges anywhere from a hundred fifty to 300
11 to fulfill the exhaustive supply of brochures that are
12 handed out through the course of a year.

13 MS. BOCHNOWSKI: Mr. Boyd says that you should --
14 you should refuse them extended credit or whatever.

15 MR. STILLWELL: Yeah, we want a fair game.

16 MS. BOCHNOWSKI: You want a fair game. Is
17 that -- He says that is then filtered down? I mean,
18 that actually happens that you turn people down?

19 MR. STILLWELL: You know, it isn't so often that
20 you find somebody not able to, you know -- it's a real
21 fine line between somebody who is in the pit and
22 drinking excessively and somebody who might consider
23 themselves too drunk, but if it's very obvious, yes,
24 that is exactly how we might intervene in a given
25 situation.



1 MR. DRIGGS: I can tell you here, if we have
2 people and they're intoxicated, we ask them to stop
3 gaming. So, that's, -- First of all, it's not fair.
4 You know, does it happen, do people get too
5 intoxicated? Yes. But when we realize that, our
6 employees, our managers, our supervisors are trained
7 to cut individuals off and have them stop.

8 MR. SMITH: And it has happened at each of our
9 properties where we have turned people down for credit
10 issuance or cut them off from gaming because they were
11 too intoxicated. It is a normal policy throughout the
12 company; we can point out a number of examples from
13 each property. Judy Campbell is here from the
14 Paradise today, but she can point out a number of
15 examples that she has personally been involved in
16 where that has occurred so. . .

17 MS. BOCHNOWSKI: Now, I have a another question.
18 If somebody is too intoxicated, do you help them get
19 home?

20 MR. SMITH: Yes. We will not leave them, or let
21 them leave the property. We will try and get them a
22 cab. I mean, at the end of the day, we can't lock
23 them up, we cannot hold them against their own will,
24 but we will attempt to get a cab; we will attempt to
25 call family or somebody else who can accommodate them



1 and get them home. Or, in some cases we will call the
2 police and try and intervene, but we will do
3 everything we can to not allow that patron to leave
4 the premises with their keys.

5 MR. DRIGGS: We try to place them in a hotel
6 room, if at all possible, if we have it available.
7 So, we will get a taxi; we will do some way to get
8 them home. We will not let them leave. If they try
9 to leave, we will intervene; we will call the police.
10 And if we do have to -- if it goes to the standpoint,
11 although luckily we do have the state police on the
12 boat; and properties that I've work at, we've
13 literally effected citizen's arrest to make sure that
14 an intoxicated person does not get on the road because
15 that's just not the right thing.

16 MR. VOWELS: You talked about refusal to extend
17 credit; you've talked about in terms of someone who is
18 intoxicated; is that something that you've refused a
19 person, who was not intoxicated, extension of credit
20 when you thought it was inappropriate, if you did find
21 it inappropriate?

22 MR. DRIGGS: Extension of credit is looked at, I
23 mean all the time. We just don't extend credit
24 lightly. We look at the person's ability to pay.
25 There's no -- It does not do any good to extend



1 credit --

2 MR. VOWELS: To somebody who can't pay you back.
3 But I'm talking somebody who could pay you back, if it
4 looks like they've got a problem as far as their
5 addiction to gaming; is that something you focused on?

6 MR. DRIGGS: We've had that -- I can think of
7 just one case of a customer that we have refused to
8 grant more credit to, of a very top customer. You
9 know, again, we look at every aspect and you can see
10 if a person appears to be, you know, maybe gaming too
11 much, and you do not extend credit.

12 MR. THAR: Are there any other questions?

13 MR. VOWELS: When I was coming up here from
14 Evansville, I got on MapQuest.com and put in "2 Easy
15 Street". You guys aren't in that thing. And I don't
16 know, Easy Street doesn't exist. You may want to
17 check into that.

18 MR. SNYDER: We will, thank you.

19 MR. VOWELS: So, I went to your Web site; you
20 might want to proofread your Web site as far
21 directions; there's some incomplete sentences in
22 there. I'm just saying that because there will be
23 some other people, other than myself, who would go to
24 that Web site, and I don't think it necessarily
25 confuses things, but someone needs to proofread that



1 and check it out on the direction part of your Web
2 site. I did finally get here, after six hours.

3 MR. DRIGGS: We are actually in the process of
4 contracting a new firm to get it all modernized and
5 updated; you're right, it's a very boring site.

6 MR. VOWELS: It wasn't necessarily boring; I was
7 just trying to figure out how to get here; that's what
8 was boring, to get here.

9 All right. Is there anything further? Okay.
10 Well, thank you. We have in our packet an "Order of
11 the Indiana Gaming Commission Dealing With the Renewal
12 for the Riverboat Owner's License of Blue Chip Casino,
13 LLC". It's been pointed out to me that, if you have
14 that in front of you, in paragraph -- it's the third
15 paragraph, and it says number one, where it says Blue
16 Chip has provided commission staff with remote dial-in
17 to, it should be "Blue Chip's" slot and account
18 management system, instead of "Horseshoe's."

19 I suppose, Mr. Thar, I should go through these to
20 see if they will, in fact, agree to these conditions.

21 MR. THAR: Yes.

22 MR. VOWELS: All right. There are seven
23 paragraphs in this proposed renewal, and I will ask
24 you if you are agreeable to these conditions.

25 The first is that Blue Chip is to provide



1 Commission staff with the remote dial-in to Blue
2 Chip's slot and account management system; is that
3 you're agreeable to?

4 MR. SNYDER: Yes. We certainly are.

5 MR. VOWELS: I've got seven more to go here,
6 so. . . Blue Chip is to post a bond in the amount of
7 one million dollars to secure its economic
8 obligations. Are you agreeable?

9 MR. SNYDER: Yes, we are.

10 MR. VOWELS: And Blue Chip is to continue to
11 maintain adequate insurance pursuant 68 IAC 2-1-8; are
12 you agreeable to that?

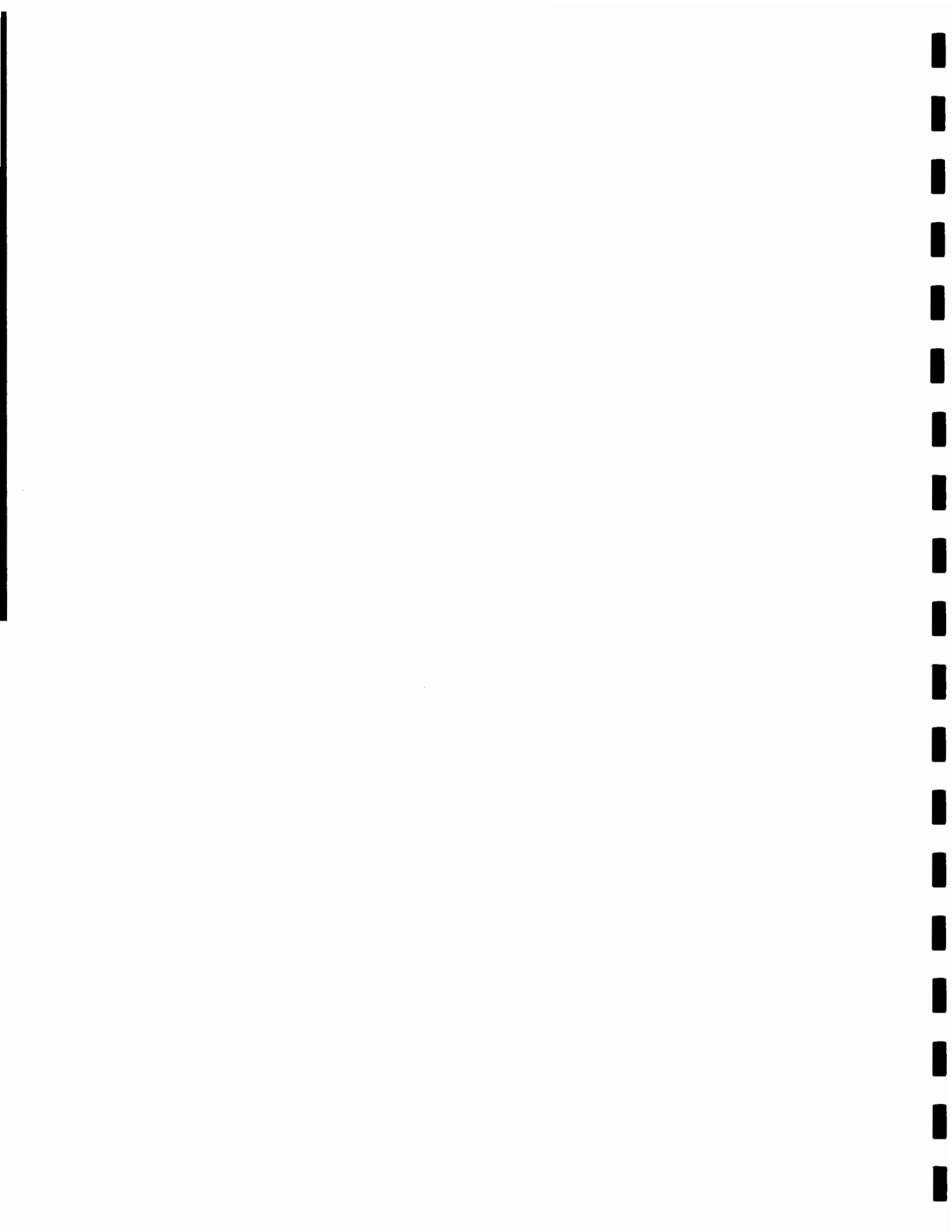
13 MR. SNYDER: Yes, we are.

14 MR. VOWELS: And four, Blue Chip is continue to
15 maintain its commitment to the goals of Minority and
16 Women's Business participation as set forth in the
17 statute Indiana Code 4-33-14, et seq.; are you
18 agreeable with that?

19 MR. SNYDER: Yes, we are.

20 MR. VOWELS: Blue Chip is to maintain statistic
21 information concerning problem gambling, including,
22 but not limited to, the number of people approached by
23 Blue Chip or that approach Blue Chip suspected of
24 having a gambling problem. Are you agreeable to that?

25 MR. SNYDER: Yes, we are.



1 MR. VOWELS: Blue Chip is to comply with all
2 rules and resolutions that are adopted by and under
3 which the Commission operates pending final
4 promulgation of the rules. Are you agreeable to that?

5 MR. SNYDER: Yes, we are.

6 MR. VOWELS: Blue Chip is to keep the riverboat
7 pavilion in compliance with all other state and local
8 rules for the lawful operation of riverboat gaming,
9 including, but not limited to: Army Corps of Engineer
10 permitting, United States Coast Guard certification,
11 and such other federal, state and local licensing,
12 permitting, or certification requirements as are
13 necessary for alcoholic beverage service, food
14 service, construction and the overall public health."
15 Are you agreeable with that?

16 MR. SNYDER: Yes, we are.

17 MR. THAR: One point of clarification, if I may.
18 I believe at the beginning of the day your bond was
19 2.1 million. We reduced it 100,000. Leaving the 2
20 million dollar residual bond that was put on at the
21 time that the license was originally granted and when
22 you acquired it. So, the one million dollars will be
23 that another one million dollar reduction from that 2
24 million; is that the way you understand it?

25 MR. SNYDER: Very good. Thank you.



1 MS. DEAN: Yes.

2 MR. THAR: So, what will happen is, that Blue
3 Chip will end up with a one million dollar bond.

4 MS. BOCHNOWSKI: Oh, I see. So, the one million
5 replaces 2.

6 MR. THAR: The 2 million bond, yes.

7 MS. BOCHNOWSKI: Okay. Thank you.

8 MR. SNYDER: Good. Thank you.

9 MR. VOWELS: All right. Okay, are there any
10 other questions or anything to be brought forward? Is
11 there a motion in reference to this request to renew
12 the riverboat owner's license of Blue Chip Casino,
13 LLC?

14 MR. MILCAREK: Yes, I would like to verify or --
15 or confirm all the things that Blue Chip has done in
16 the city; I notice great changes; all positive, and I
17 think they're an excellent company for Michigan City,
18 and the money has been spent wisely. We have an
19 excellent Mayor, who has gave this a lot of thought
20 and done an awful lot for the City, and under her
21 guidance with Blue Chip, as a -- as the company to
22 support the programs, it's been very, very successful,
23 and, with that being said, I would like to make a
24 motion that we renew the license.

25 MR. VOWELS: Thank you. Is there a second?



1 MS. BOCHNOWSKI: I'll second it.

2 MR. VOWELS: Is there any further discussion?

3 All those in favor say "aye".

4 (Ayes in unison.)

5 MR. VOWELS: Show that it is renewed.

6 MR. SNYDER: Thank you very much.

7 MS. BOCHNOWSKI: Mayor Brillson, am I to believe
8 that you're not going to be Mayor anymore?

9 MAYOR BRILLSON: I have chosen not to seek
10 re-election. The election in Michigan City will be
11 this spring and this fall, but I will not be seeking
12 reelection.

13 MS. BOCHNOWSKI: Well, we have enjoyed working
14 with you.

15 MR. THAR: And the truth of the matter is, once I
16 heard that, there was no point in being Executive
17 Director.

18 (General laughter.)

19 MR. VOWELS: All right. Is there anything
20 further? So, is there a motion to adjourn?

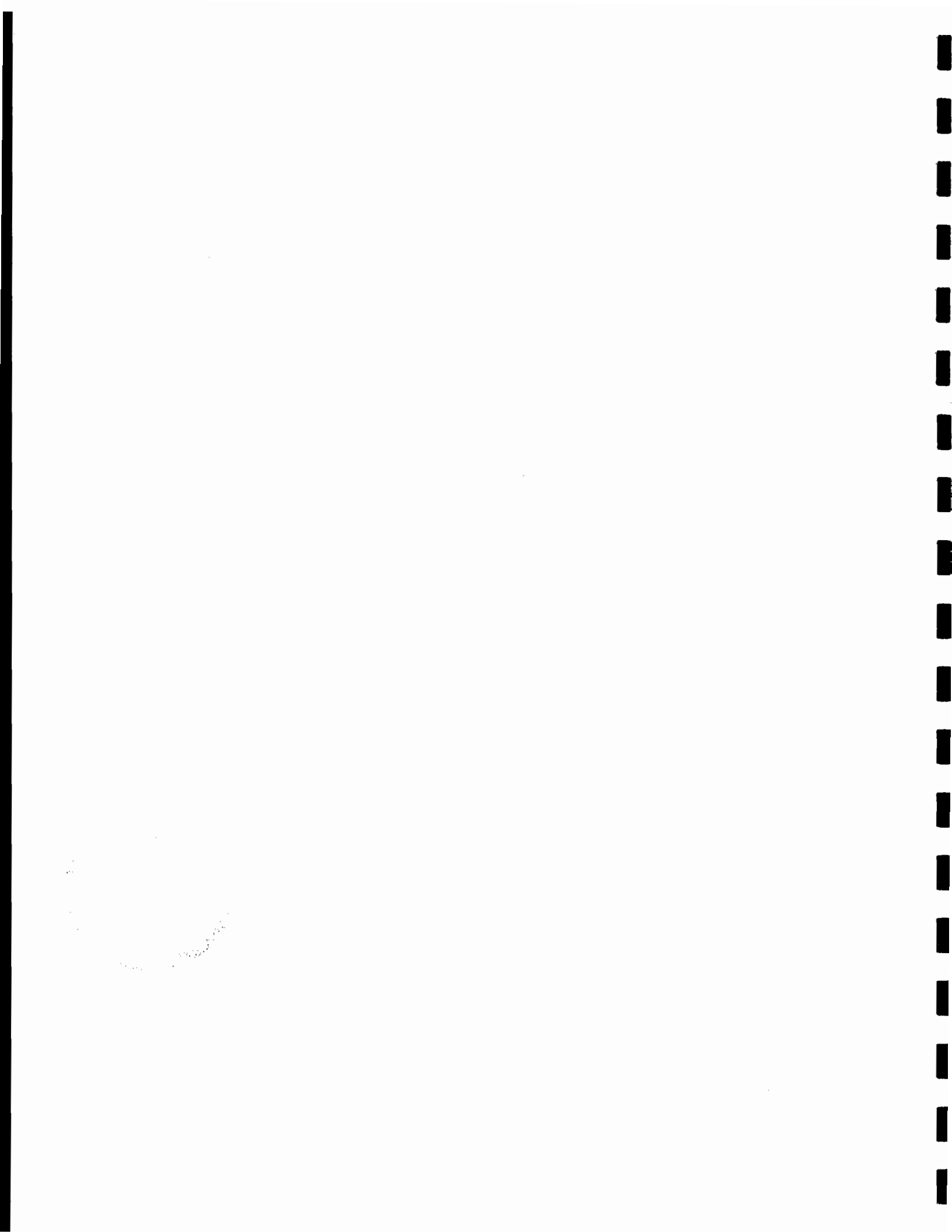
21 MR. GETTLEFINGER: Move to adjourn.

22 MS. ROSE: Second.

23 MR. VOWELS: All those in favor say "aye".
(Ayes in unison.)

24 MR. VOWELS: We are adjourned. Thank you.
(Proceedings concluded at 1:35 p.m.)

25 ---oOo---



1 STATE OF INDIANA)
) ss:
2 COUNTY OF LAPORTE)

3
4 REPORTER'S CERTIFICATE

5 I, Marilyn M. Jones, RPR, CSR, and having been duly sworn
6 a such, do hereby certify that I reported the proceedings held
7 on Friday, September 27, 2002, at the Blue Chip Casino, Michigan
8 City, Indiana;

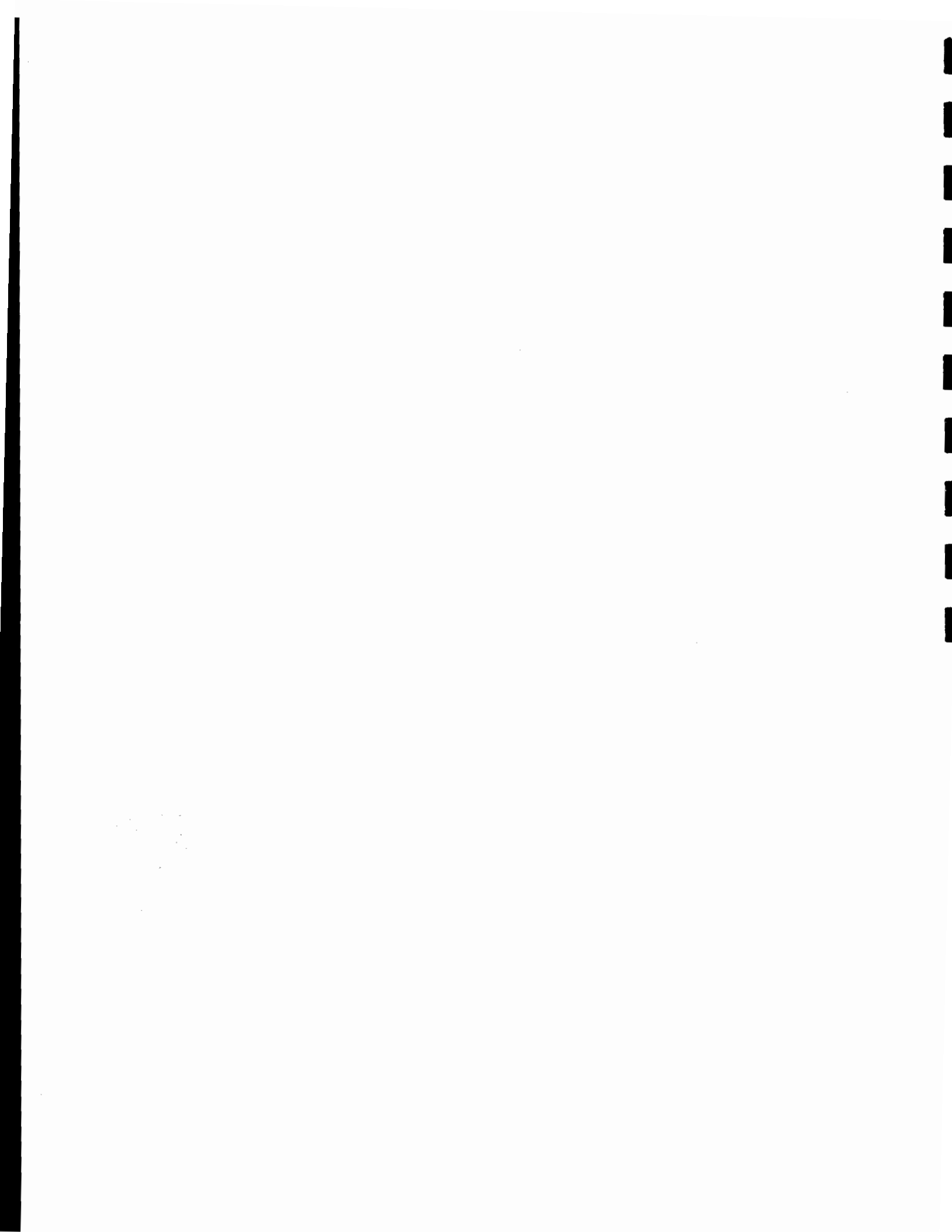
9 I further certify that I have transcribed my original
10 shorthand notes through the use of computer-aided transcription
11 into the typewritten form, and that the foregoing and attached
12 pages or parts of pages numbered, inclusively, one through 125,
13 comprise a true, complete and accurate transcript to the best of
14 my ability of the aforesaid proceedings.

15 Dated this 2nd day of October, 2002.

16 *Marilyn M. Jones*

17 _____
Marilyn M. Jones, RPR, CSR

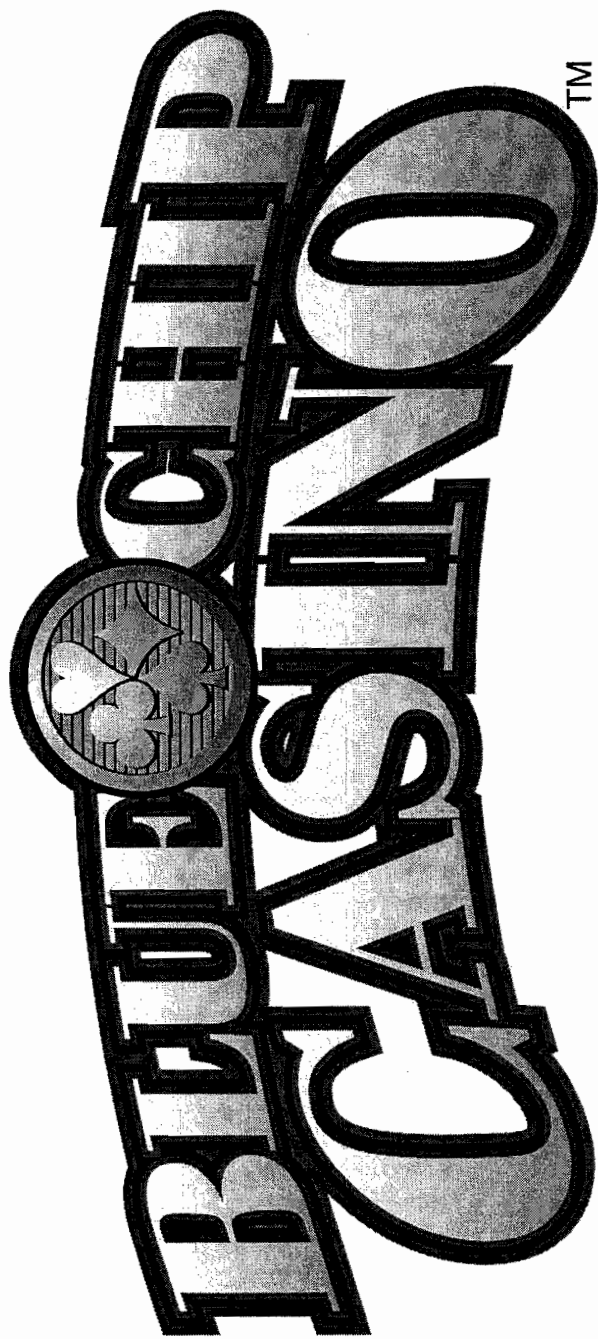




BOYD GAMING™

C O R P O R A T I O N





MICHIGAN CITY, INDIANA



BRIAN LARSON

**SENIOR VICE PRESIDENT AND
GENERAL COUNSEL**

BOYD GAMING

**BOYD
GAMING**
CORPORATION





BLUE CHIP PRESENTATION

- **Operations Review**
 - Mike Driggs, Vice President and General Manager, Blue Chip
- **Community Commitment**
 - Don Snyder, President, Boyd Gaming
- **Company Update**
 - Keith Smith, Chief Operating Officer, Boyd Gaming
- **Blue Chip Video**
- **Guest Speakers**
- **Question and Answer Period**



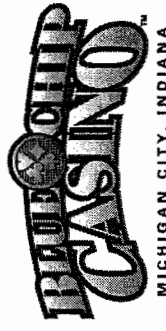
MIKE DRIGGS

EXECUTIVE VICE PRESIDENT

AND GENERAL MANAGER

BLUE CHIP CASINO

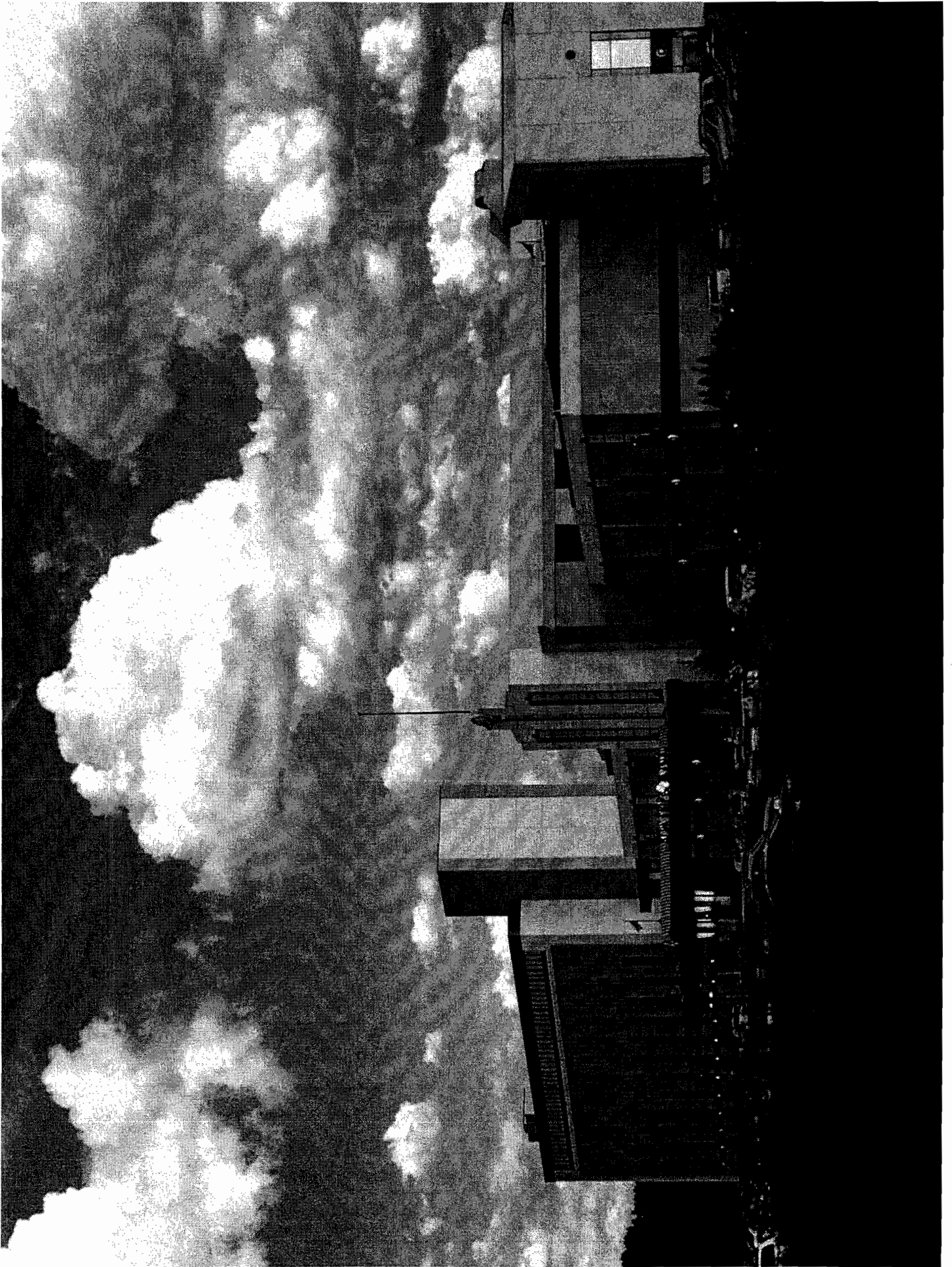
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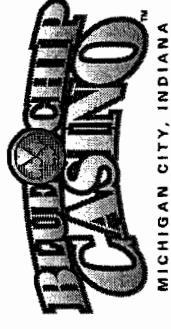


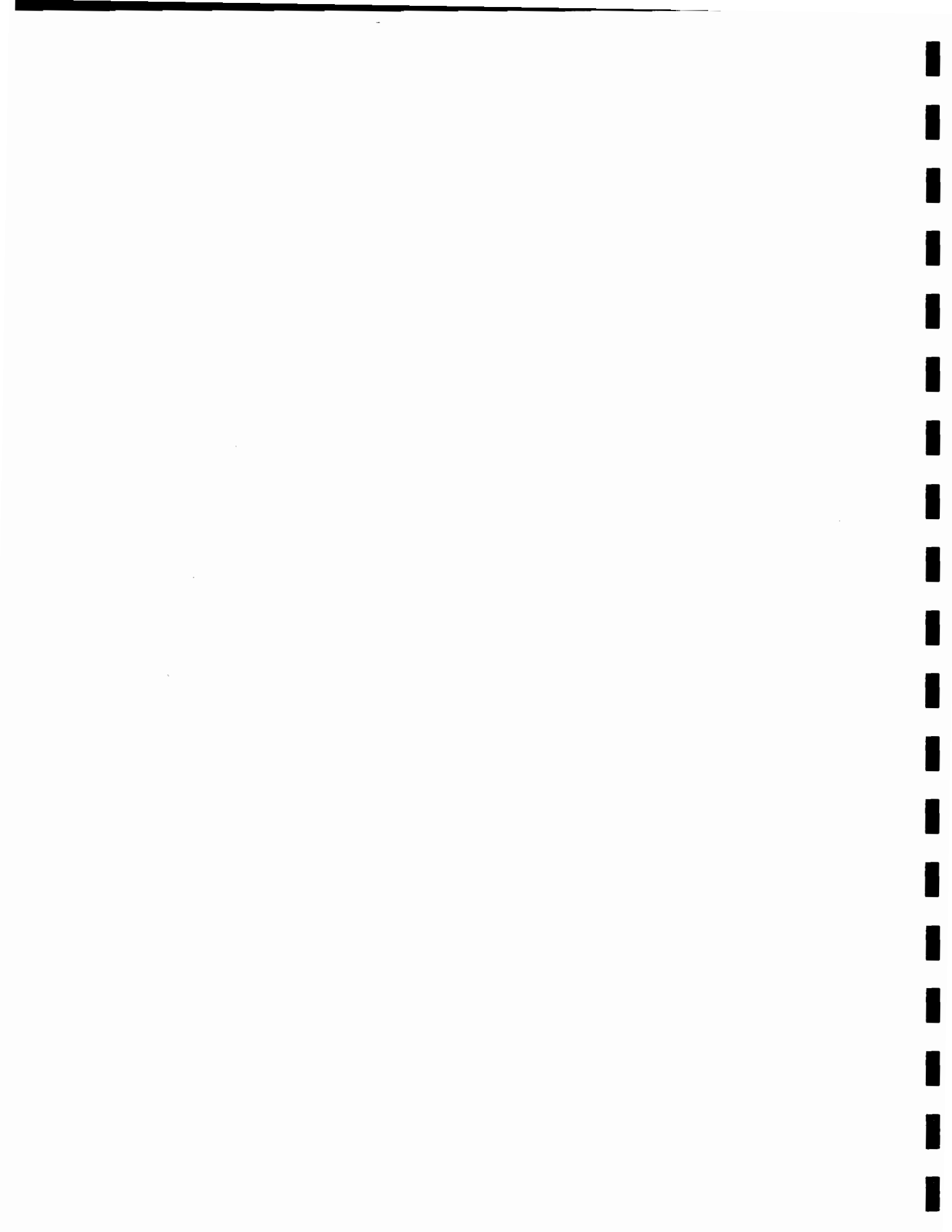


BLUE CHIP OVERVIEW

- **Acquired by Boyd Gaming November 1999 for \$273.6 million**
- **Opened the Blue Chip Hotel in February 2000**
- **Capital Expenditures of over \$20 million since acquisition**
- **Began Open-Boarding August 2002**

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BLUE CHIP OVERVIEW

- **Procurement of goods and services from Indiana vendors in excess of \$35 million since acquisition**
- **Diverse and dedicated work force of approximately 1,200**

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BLUE CHIP CASINO OPERATION

- 42,500 square feet of gaming
 - 1,505 slot machines
 - 68 table games
- 188 hotel rooms
 - Opened February 2000
- Four food outlets
- \$3.1 million casino expansion recently completed
 - Poker room, VIP lounge, table games pit

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BLUE CHIP INVESTMENTS

- Capital Expenditures Since Acquisition

2000	2001	2002
\$8.8 million	\$6.1 million	\$9.0 million <i>(PROJECTED)</i>

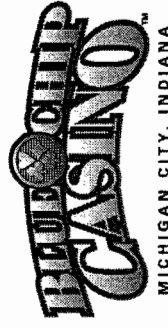


BLUE CHIP EMPLOYEES

- Total Number of Employees
Approximately 1,200
 - 64% Female
 - 36% Male
 - 20% Minority

Statistics as of July 2002.

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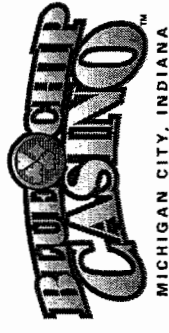
LAPORTE COUNTY DEMOGRAPHICS

- Population 110,000
- Minority Population 13,000
- Minority Population Average 12%
- Minority Blue Chip Workforce 20%

Demographic statistics are estimates and projections and averaged for 1998-2002.

Statistics from www.stats.indiana.edu and Census Bureau.

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MINORITY BUSINESS ENTERPRISE

- Prior to Boyd Gaming Acquisition

<u>1997</u>	<u>1998</u>	<u>1999</u>
2.9%	3.0%	4.4%

- Since Boyd Gaming Acquisition

<u>2000</u>	<u>2001</u>	<u>2002</u>
16.4%	16.7%	15.1%



WOMEN BUSINESS ENTERPRISE

- Prior to Boyd Gaming Acquisition

<u>1997</u>	<u>1998</u>	<u>1999</u>
1.6%	7.0%	3.3%

- Since Boyd Gaming Acquisition

<u>2000</u>	<u>2001</u>	<u>2002</u>
8.6%	11.9%	8.9%



EMPLOYEE TRAINING

- **Successful Leadership Development Training Program**
 - Important Boyd Gaming development tool for supervisors
 - Four new modules rolling out this year regarding diversity, integrity, motivation and supervisory skills

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CORPORATION





DON SNYDER

**PRESIDENT
BOYD GAMING**

**BOYD[™]
GAMING**
CORPORATION

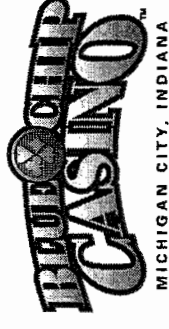




BOYD STYLE

- **We operate with only the highest degree of integrity**
- **We rely on the competence and friendliness of each person in our organization**
- **Total satisfaction of every Boyd Gaming customer**
- **Provide fast, friendly service while creating a fun experience in a fresh and clean environment**

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CORPORATION





COMMUNITY COMMITMENTS

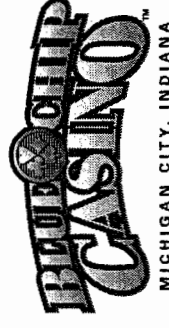
- Our Company and our Employees regularly contribute both time and money to recognized charitable organizations in all states where the Company operates
- *Coins for Cans* effort resulted in over eight tons of food items donated to the Salvation Army in Michigan City
- United Way contributions from Boyd Gaming Employees total nearly \$1 Million over the last two years



RESPONSIBLE GAMING

- **Founding member of the National Center for Responsible Gaming**
- **Assisted in formation of Indiana Council on Problem Gambling**
- **Mandatory employee training for all Boyd Gaming employees**
- **Recently recognized by the American Gaming Association for responsible gaming efforts and commitment**

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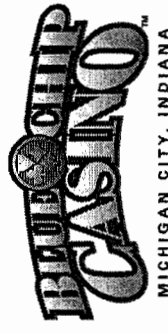




KEITH SMITH

**EXECUTIVE VICE PRESIDENT AND
CHIEF OPERATING OFFICER
BOYD GAMING**

**BOYD[™]
GAMING**
CORPORATION





COMPANY UPDATE

- **Second Quarter 2002**
 - Company continues to improve on 2001 results
- **Debt Refinanced**
 - Maturities extended
- **Deleveraging program continues**
 - Retired \$40 million of debt in Second Quarter

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BLUE CHIP FUTURE PLANS

- **Integrate recently completed \$3 million expansion project**
- **Evaluate additional entertainment options**
- **Develop master plan for entire site**
 - **Clean-up effort of surrounding area by funding acquisition and demolition of Harbor Side Homes**
 - **Acquisition and demolition of 12 houses adjacent to the Blue Chip site**



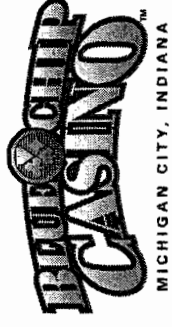
JUDY CAMPBELL

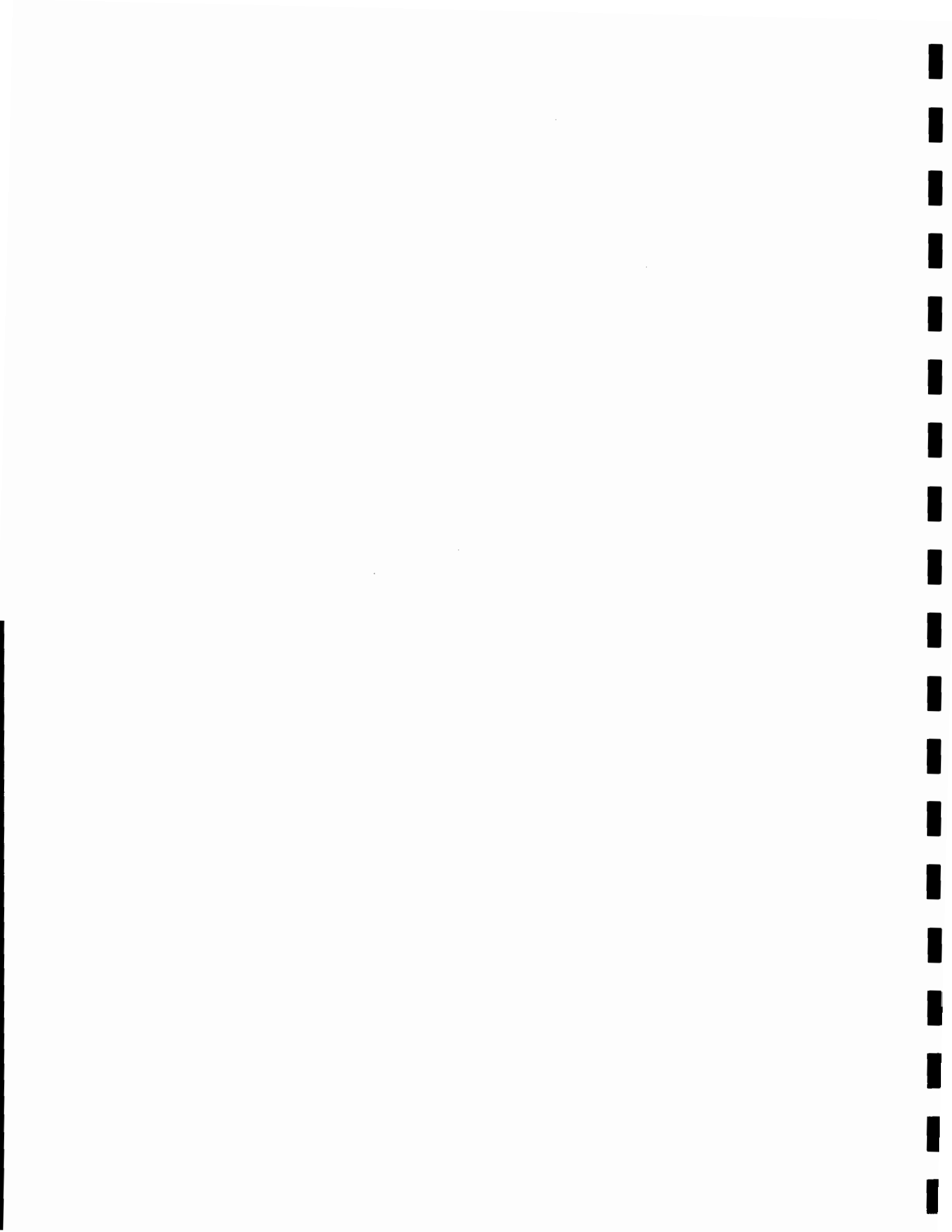
**EXECUTIVE VICE PRESIDENT
AND GENERAL MANAGER**

BLUE CHIP CASINO

Beginning December 2002

**BOYD
GAMING**
CORPORATION





— — — — —

VIDEO PRESENTATION

[PLAY VIDEO]

**BOYD™
GAMING**
CORPORATION





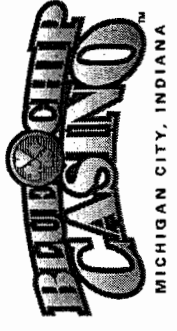
HONORABLE SHEILA

BRILLSON

MAYOR

CITY OF MICHIGAN CITY

BOYD
GAMING
CORPORATION



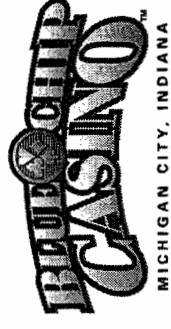


LYNN GOTTSCHALK

EXECUTIVE DIRECTOR

INDIANA COUNCIL ON PROBLEM GAMBLING

BOYD
GAMING
CORPORATION









QUESTIONS AND ANSWERS

BOYD
GAMING
CORPORATION





BOYD GAMING™

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