

# COPY OF TRANSCRIPT

BEFORE THE INDIANA GAMING COMMISSION

REGULAR BUSINESS MEETING

TRANSCRIPT OF PROCEEDINGS

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DATE: February 6, 2004

PLACE: Indiana Gaming Commission  
115 West Washington Street  
Suite 950  
Indianapolis, Indiana

REPORTED BY:  
Ron Oakes, Notary Public

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APPEARANCES

Glenn R. Lawrence, Esquire

INDIANA GAMING COMMISSION

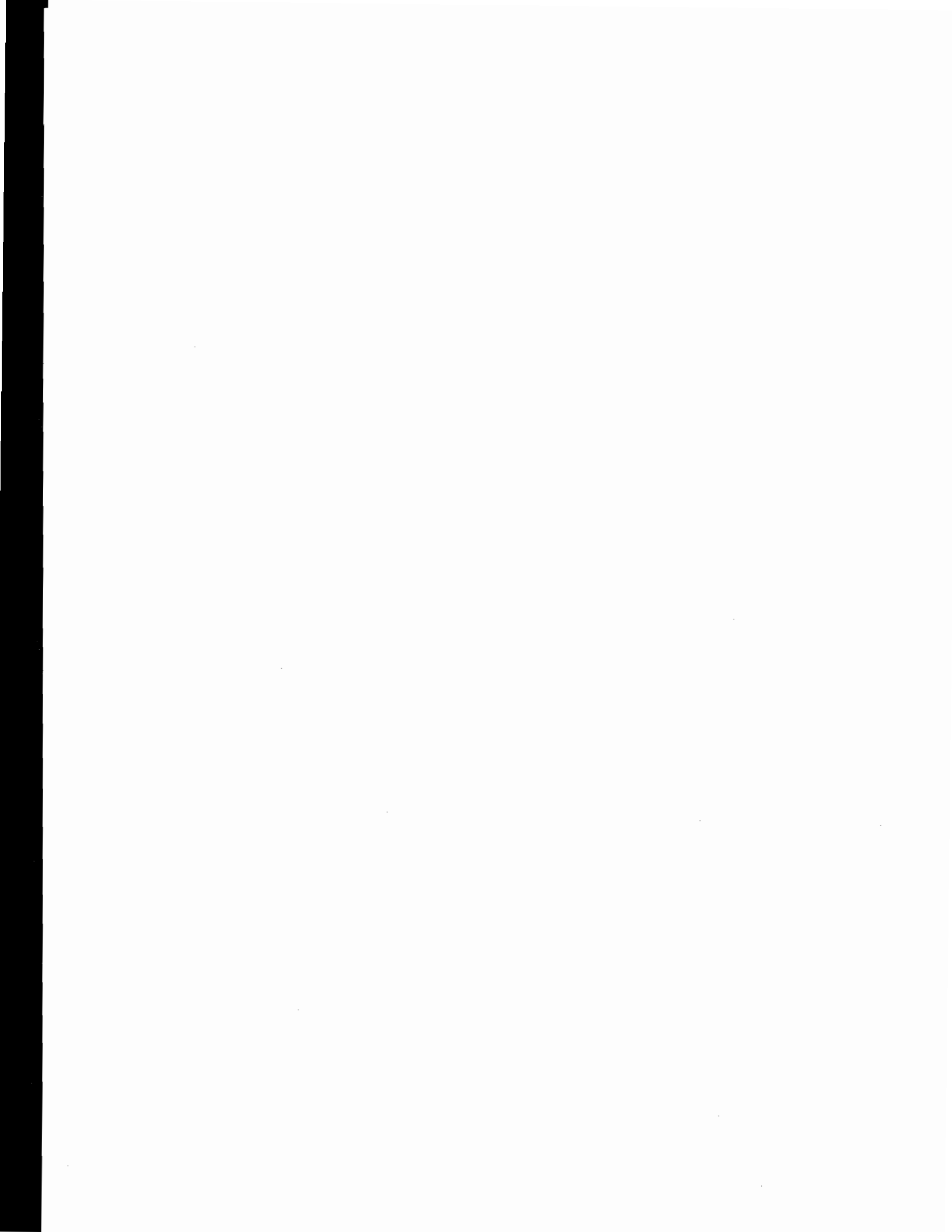
115 South Washington Street

Suite 950

Indianapolis, Indiana 46204

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INDIANA GAMING COMMISSION BUSINESS MEETING

FEBRUARY 6, 2004

MR. VOWELS: Call the meeting to order. It is about nine minutes after the hour. And we'll show that all Commissioners present with the exception of Dr. Ndukwu. And, so, we have a quorum, so we will proceed.

And the first matter on the agenda are the approval of the minutes, and we received those recently. And there's two sets of those; September 12, 2003, when we were at Caesars, and then November 14, 2003, when we were at Aztar. We've all had an opportunity to review those, and I think you weren't at either place; right?

MS. BOCHNOWSKI: Right.

MR. VOWELS: So you want to abstain from the vote like we usually do?

MS. BOCHNOWSKI: Yes.

MR. VOWELS: I think everyone else was there.

Is there a motion in reference to the approval of the minutes of September 12, 2003, and November 14, 2003?



1 MR. MILCAREK: So moved.

2 MR. VOWELS: Is there a second?

3 MR. GETTLEFINGER: Second.

4 MR. VOWELS: All those in favor --  
5 any further discussion?

6 All those in favor of the two sets of  
7 minutes say aye.

8 (Commissioners respond with aye).

9 MR. VOWELS: Show it is approved with  
10 Commissioner Bochnowski's abstaining.

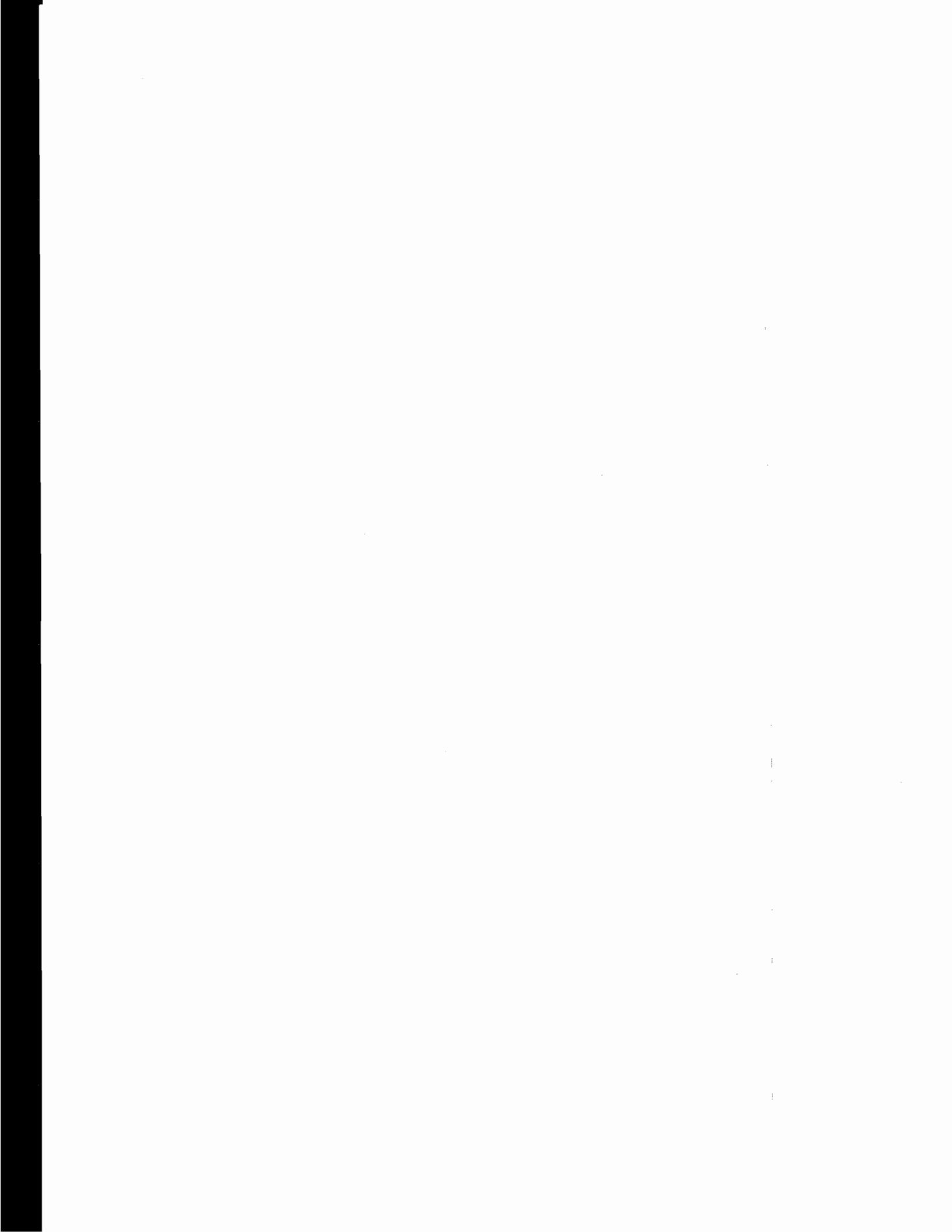
11 Then the next matter on the agenda is  
12 the report of executive director, and Mr.  
13 Lawrence.

14 MR. LAWRENCE: Thank you Mr.  
15 Chairman.

16 I'd like to report back to the  
17 Commission the waivers that the executive  
18 director issued since your last meeting.

19 Aztar, Caesars, Harrahs, Trump and  
20 Horseshoe were granted waivers to adjust the  
21 date of the end of the month electronic  
22 gaming the values of hard and soft drops  
23 during the Christmas holidays.

24 Argosy, Horseshoe, Blue Chip and  
25 Belterra were granted waivers of dice





1 specifications of Mai Gow Poker.

2           Harrahs and Grand Victoria were  
3 granted waivers of the admission ticket  
4 requirement in favor of turnstile  
5 pass-through. What we have required them to  
6 do is once they're doing away with the  
7 ticket, which is authorized by Statute, but I  
8 required them to put in double turnstiles so  
9 that we're sure of the count, and additional  
10 signage for the problem gaming because the  
11 number is on the admission ticket. So what  
12 we've done is they have added signage at the  
13 entrances for additional problem gaming  
14 notification.

15           Azta was granted a waiver of a  
16 30-day period to amend internal control to  
17 adjust their holiday gaming schedule.

18           Argosy was granted a waiver to alter  
19 the composition of their tip count team.

20           Harrahs was granted a waiver of token  
21 acceptors. Harrahs was granted a waiver of  
22 token hoppers without token acceptors.

23           Grand Victoria was granted a  
24 temporary waiver of restricted access for  
25 corporate affiliated employees in training.



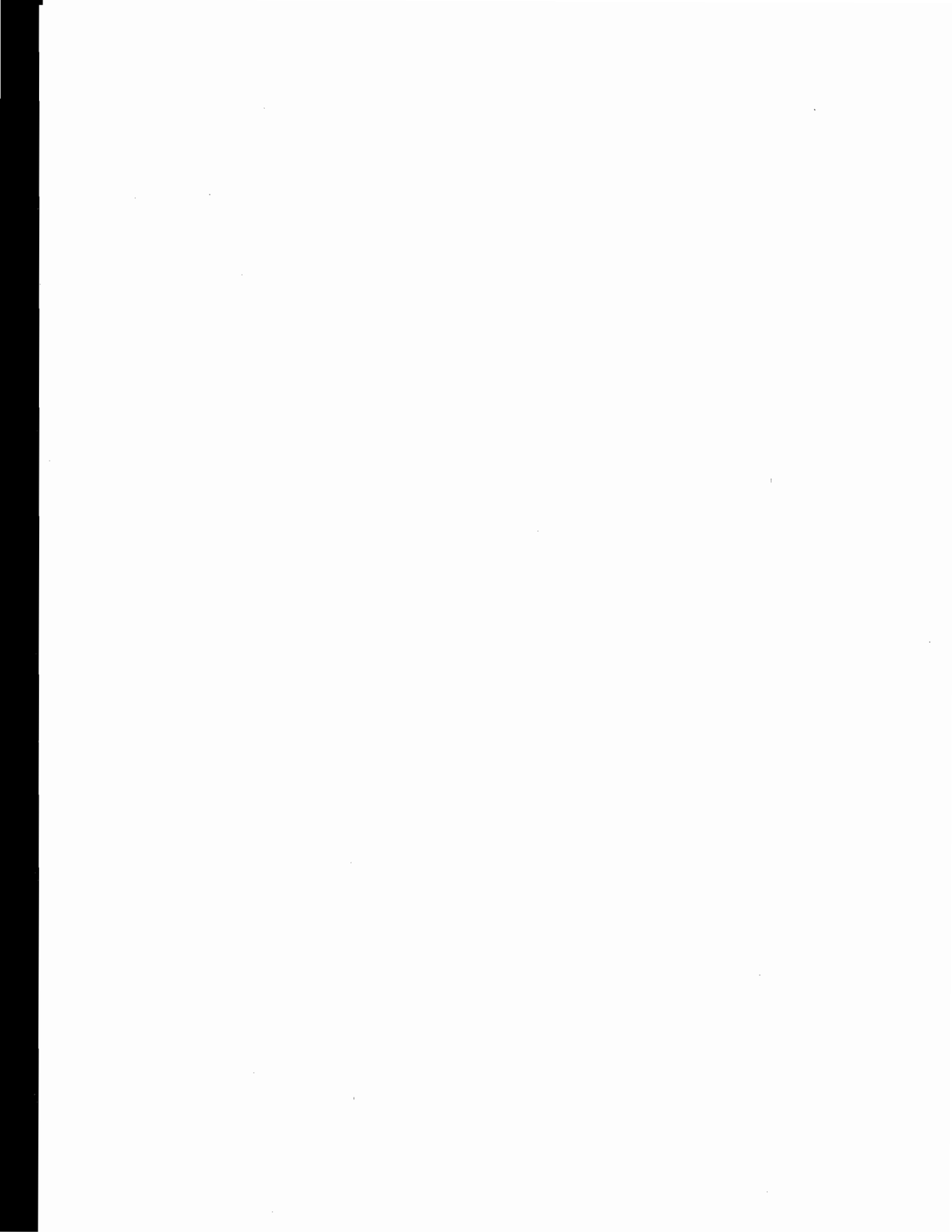
1 Grand Victoria was granted a waiver  
2 to change the electronic gaming device hard  
3 drop frequency requirement from four days to  
4 seven days. A lot of the casinos are going  
5 to ticket in, ticket out, so there's a lot  
6 less tokens and coins that are being dropped.

7 All riverboats were granted a waiver  
8 of the electronic gaming device,  
9 electro-mechanical meter requirement.

10 And all riverboats were granted a  
11 waiver of the 20-minute limit for holding a  
12 seat pending their filing of internal  
13 controls.

14 I also granted a waiver on the game  
15 Pai Gow Mania to authorize an additional pay  
16 table. What you approved previously, on one  
17 hand it was a pay table, it paid 1,000 to 1,  
18 and GLI has analyzed the game with the new  
19 pay table and found it did not change the  
20 underlying game so that they can offer a pay  
21 table of 500 to 1 instead of 1,000 to 1.  
22 This is basically on one hand of five aces.  
23 Doesn't happen that often, but I did grant  
24 that waiver.

25 Finally, on my report staffing

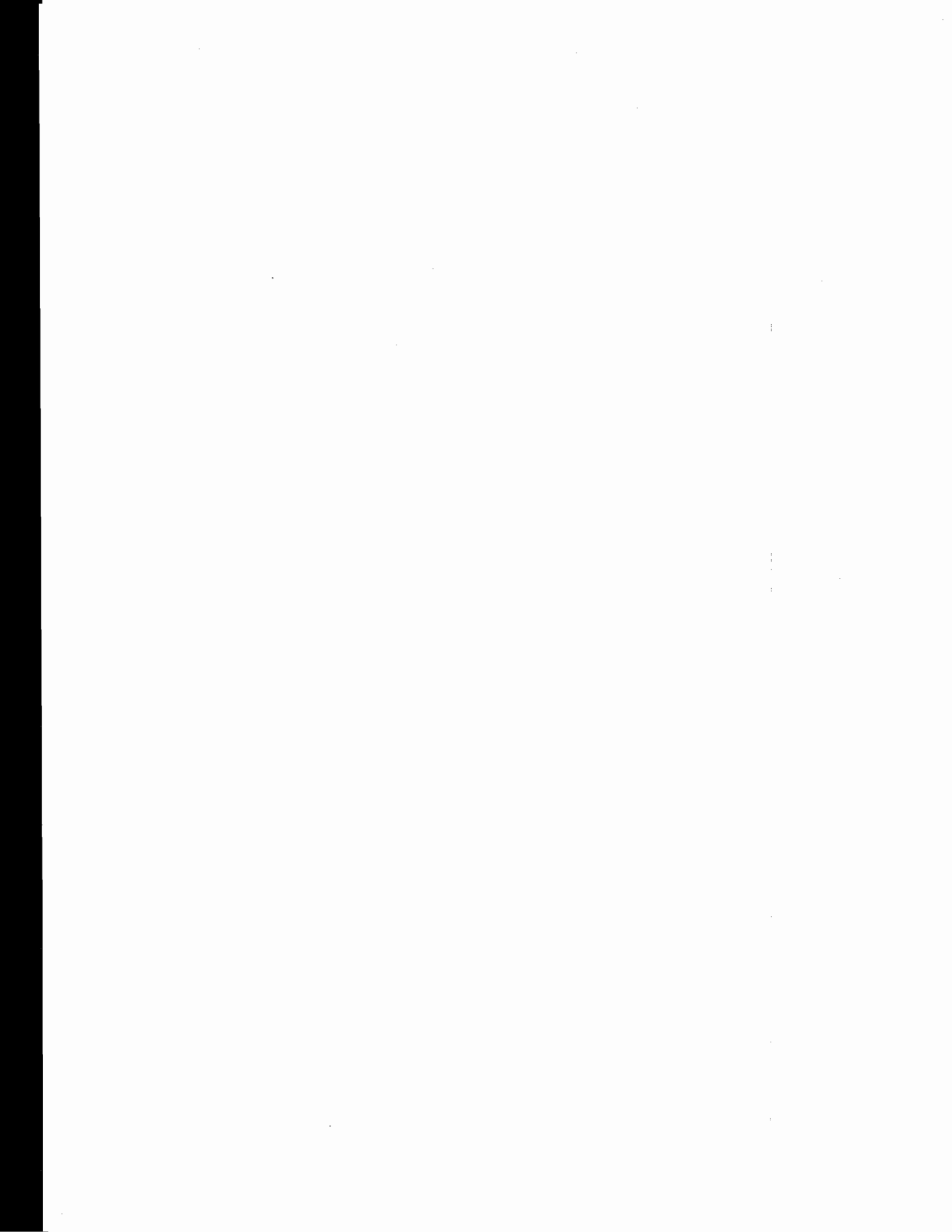


1 changes beginning the first week in January,  
2 I'd like to introduce our new chief counsel,  
3 who is Jim Osborn. Has a variety of  
4 experiences in state government, prosecutor's  
5 office, attorney general's office and  
6 corporate counsel City of Indianapolis. He  
7 signed on board.

8 Jenny Arnold has been elevated to  
9 deputy executive director on the same date.  
10 Susan Brodnan down there is now deputy chief  
11 counsel. And, finally, a new position, Jenny  
12 Chelf takes over as director of compliance.

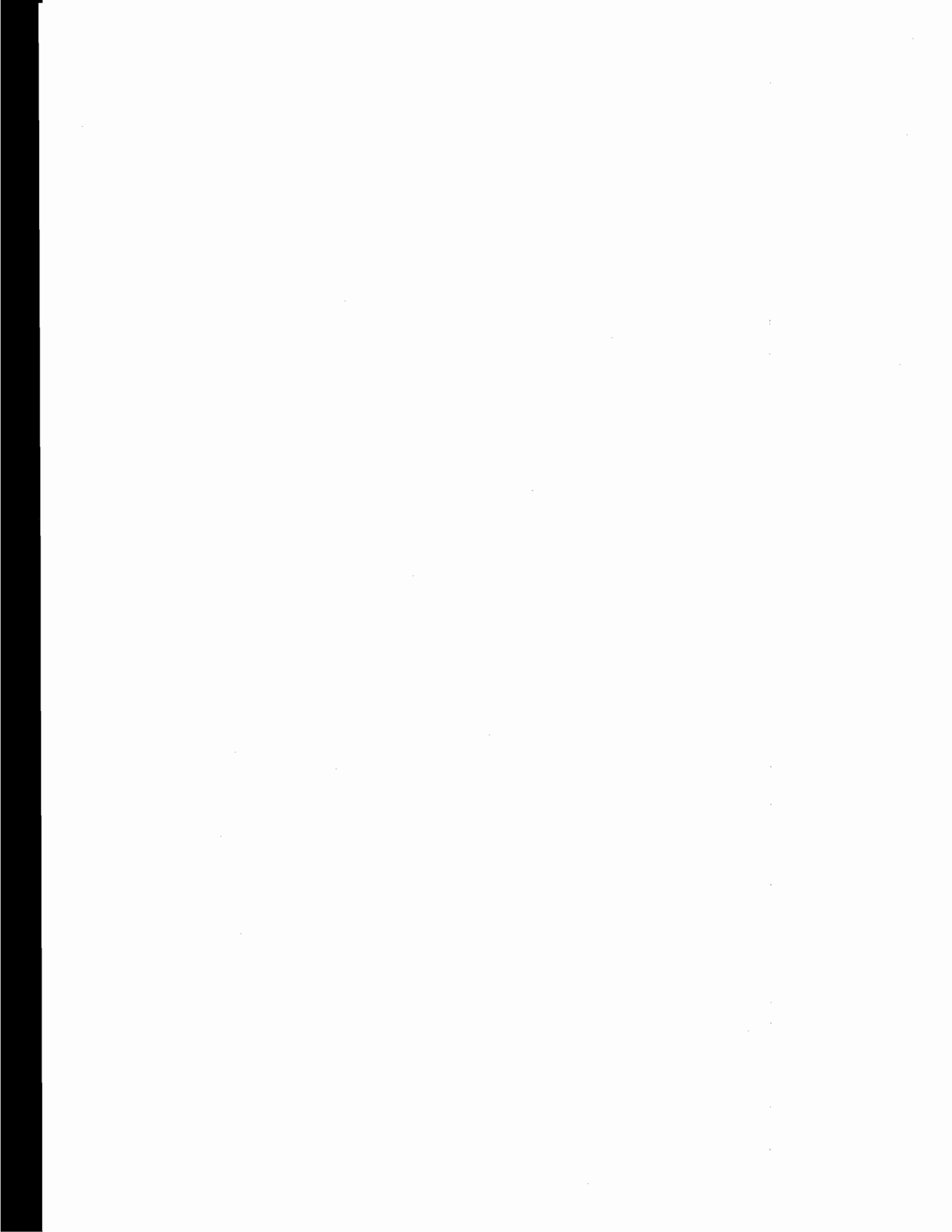
13 Director of compliance, this new  
14 position which we have created and new  
15 process whereby she will oversee an internal  
16 committee which is comprised of audit  
17 representatives of our audit division, our  
18 legal division and our state promotions and  
19 the state police. They meet on a regular  
20 basis to attempt to coordinate the internal  
21 operations of our agency to streamline it and  
22 to make it, I would say, more fair to  
23 everybody so that we have standardized  
24 procedures.

25 The first thing they are doing is, on



1 the priority schedule, is eliminating the  
2 backlog of violations that have been noticed  
3 by either audit or state police over the  
4 past couple of years. Over the next month  
5 or so we will be cleaning out the backlog  
6 and issuing notices of violations to the  
7 casinos. It may surprise some of them that  
8 they will get a number of them here all at  
9 once, but I want to assure them that what we  
10 are doing is they are well aware of what the  
11 circumstances were and we will give some  
12 leeway, of course. Then they will proceed  
13 on to look at our rules and regulations,  
14 standardize those operations and hopefully  
15 eliminate the number of redundancies and  
16 eliminate what we are doing here with my  
17 notification to you that I issued 30 waivers  
18 over the past six weeks.

19 Our industry is changing dramatically  
20 since when we wrote these rules and  
21 regulations, especially with technology.  
22 And, so, in conjunction with discussions with  
23 the casinos, not doing it in a vacuum, but  
24 often we get the request from the casinos.  
25 Jenny's committee then gets together and





1 determines whether it's reasonable or not.  
2 And if it's reasonable, then we talk to them  
3 about their internal controls.

4 As soon as we get through this  
5 process, then we would hope we'll then to  
6 proceed to rewrite our rules and regulations  
7 to conform with changing technology and the  
8 surprising growth of casinos in the State of  
9 Indiana.

10 So that is my report, Mr. Chairman.  
11 Any questions I'm happy to answer.

12 MR. VOWELS: Any questions for Mr.  
13 Lawrence?

14 Thank you. Then, is there anything  
15 under old business, which there never is.

16 Next matter on the agenda, then, is  
17 new business. Representative Crawford, I see  
18 you back there in the corner. We'll go  
19 ahead and plug you in at this point. My  
20 understanding is the staff was made aware  
21 that you wanted to address the Commission  
22 today. Unfortunately, the agenda has already  
23 been put together and passed out, so we'll  
24 just take you now.

25 REPRESENTATIVE CRAWFORD: Thank you,



1 Mr. Chairman, members of the Gaming  
2 Commission. I appreciate the opportunity to  
3 once again have dialog with you about  
4 minority and women business participation.

5 As a member of the Indiana General  
6 Assembly, as chairman of the House Ways and  
7 Means Committee, we sort of worked to  
8 midnight the night before and late last night  
9 and this is the day that I generally commit  
10 to community activities, so don't take my  
11 dress as any disrespect for the omission.

12 Let me suggest to you that one of the  
13 Bills we passed out of the House last night  
14 is House Bill 1346, which I authored, which  
15 does have some impact on the disclosure  
16 provisions as relates to the Gaming  
17 Commission. But I simply want to state by  
18 reading something.

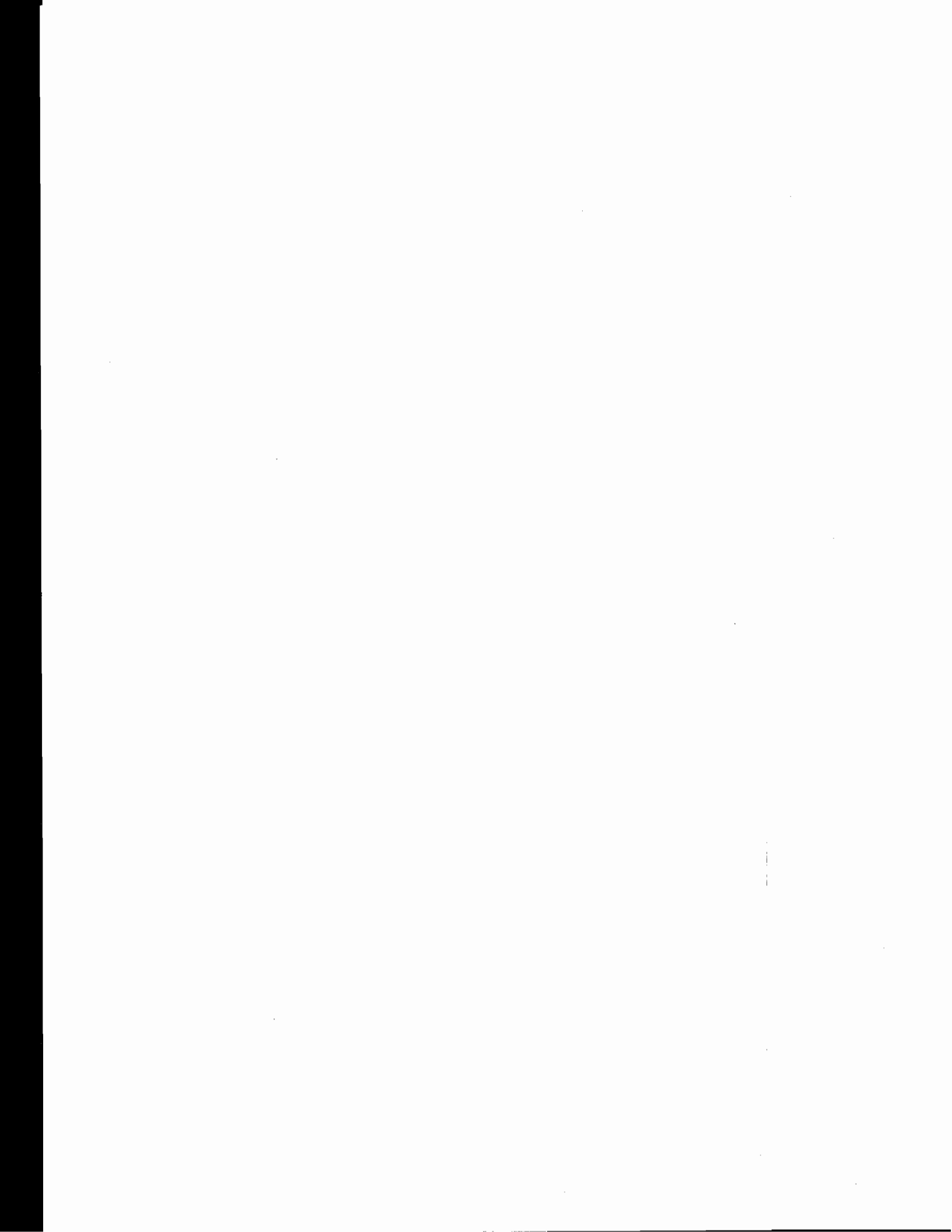
19 The General Assembly in the State of  
20 Indiana has led the nation in taking a  
21 position on expending opportunity for  
22 minority and women business enterprises.  
23 There is no state in the nation that stands  
24 equal to us in terms of statutory law in  
25 authorizing agencies to have rule making



1 authority to carry out the intention of the  
2 Statute.

3 The stated public policy of the  
4 General Assembly is that we find and declare  
5 that the essence of the American economic  
6 system of private enterprise is free  
7 competition. Only through full and free  
8 competition and free markets, reasonable and  
9 just prices, free entry into businesses and  
10 opportunities for the expansion and growth of  
11 personal initiative and individual judgment  
12 be assured. The preservation of that is  
13 basic to the economic well-being of Indiana,  
14 and that well-being cannot be realized unless  
15 the actual potential capacity of women and  
16 minority businesses are also realized.

17 We passed a Statute that required  
18 statutorily that we could do statutory goal  
19 settings consistent with the Supreme Court  
20 decision of Goal v. Richmond in 1999. We  
21 have a strong Statute. As of July 1 of last  
22 year our rules went into effect that required  
23 that all state agencies comply with them.  
24 The lottery commission and the horse racing  
25 commission were exempt statutorily.



1           That was a mistake that we are moving  
2 to correct, and you will be incorporated  
3 along with clarification that all stated  
4 institutions requires our state agencies to  
5 fall under the provisions of those rules.

6           I'm here today because I do not  
7 believe that the Gaming Commission has  
8 complied with statutory law or rule making.  
9 My reading of the law -- and if you  
10 disagree, that's why I'm here so that you  
11 can tell me and we can work through this.  
12 My reading of the law is that this  
13 Commission is required to publish annual  
14 goals for minority and women participation.  
15 I do not believe, stand to be corrected,  
16 that you've ever done that; that you do not  
17 establish annual goals.

18           The annual goals are to be derived  
19 from a utilization review that is required  
20 statutorily to be updated every five years.  
21 I do not believe that this Commission has  
22 ever done a utilization review. Other state  
23 agencies are required to do utilization  
24 reviews. We are moving to ensure that  
25 Universities do utilization reviews, and





1 utilization reviews determine the capacity of  
2 women and minority owned businesses in  
3 Indiana to provide a service to riverboats,  
4 the institutions, the agencies and  
5 departments of state government. With the  
6 utilization review, which the Supreme Court  
7 says you must do, you can then have a  
8 stronger requirement that these people meet  
9 these.

10 The riverboat statute, and I was here  
11 in the General Assembly and voted on that,  
12 gave you a stronger ability to require and  
13 apply sanctions when groups did not, and your  
14 history has demonstrated that you have  
15 applied sanctions for noncompliance. You're  
16 the only agency that had that prior to the  
17 time that our rule went into effect July 1  
18 of last year.

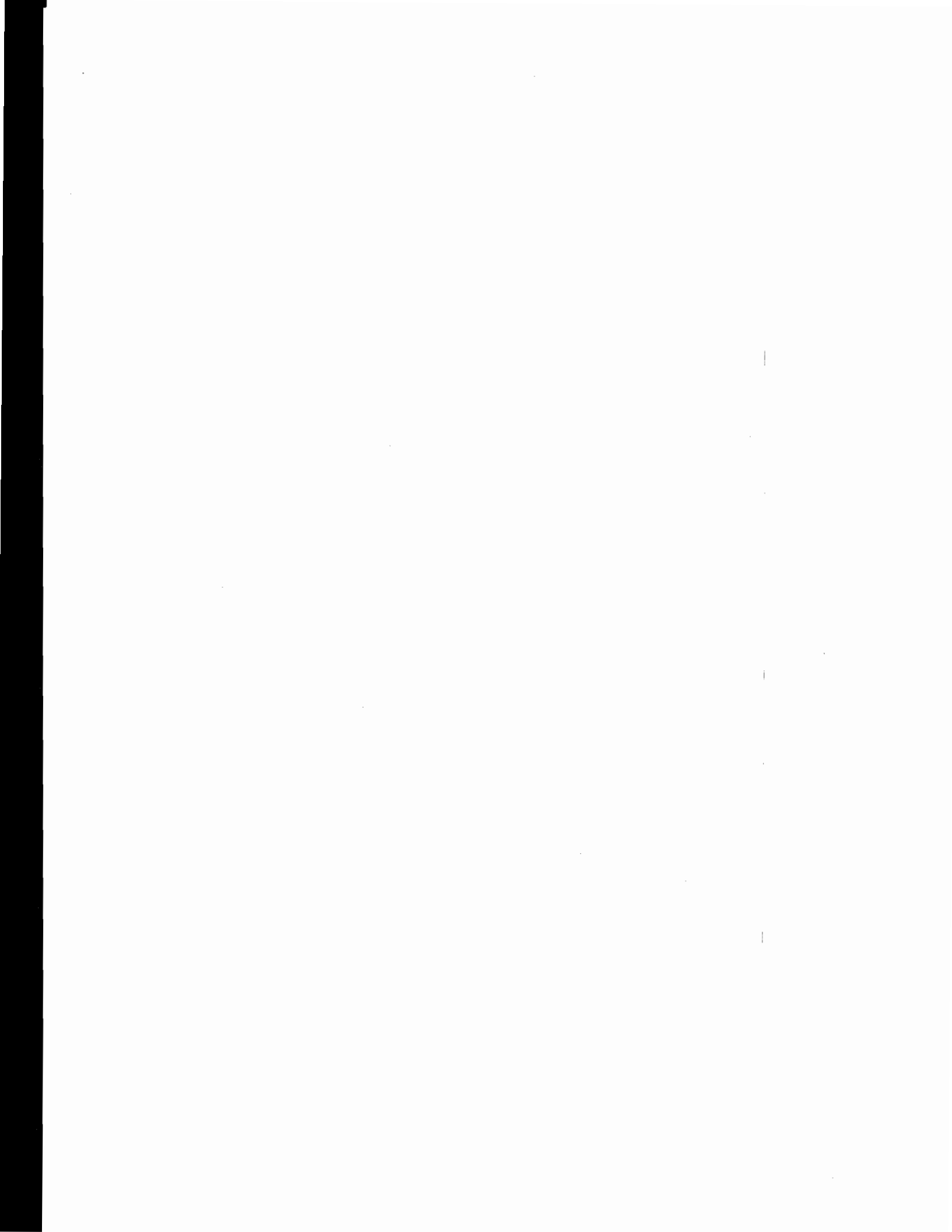
19 What I would like to know, and I'm  
20 asking under the access to public records  
21 law, have you done annual goal setting?  
22 Have you undertaken a utilization review?  
23 And if not, why not, because the law does  
24 require that. And I hope that this  
25 Commission is committed to obeying the law.



1           The other thing that I would like to  
2 see, in your Statute it says that if there  
3 is a deficiency you have 90 days to correct  
4 it. If you have not complied, I would like  
5 to know, again under access to public  
6 information and even more than that as a  
7 legislator who has currently moved the  
8 legislation through, I would like to know the  
9 intent of the Commission in terms of  
10 complying with the law. So that we will be  
11 here for about another month, we can make  
12 whatever appropriate legislative adjustments  
13 are necessary to make sure that this  
14 Commission and all other agencies will comply  
15 with the law.

16           Your counsel came to a meeting at the  
17 committee where the Bill that I'm  
18 representing, House Bill 1436, was addressed  
19 and stood there and told us that they are  
20 obligated to follow the law. And I  
21 appreciated that and would hope that we would  
22 continue that practice going forward.

23           But there will be -- the State of  
24 Indiana has committed to expanding  
25 opportunity for minority and women owned



1 businesses. We have got graduates that come  
2 out of our colleges and Universities --  
3 Indiana, Purdue -- with MBAs, with accounting  
4 degrees, with doctors of jurisprudence and  
5 then turn around and find difficulty working  
6 for the same institutions where they obtained  
7 their degrees based on some question of  
8 qualification.

9 Utilization reviews are based on  
10 capacity. The capacity of those people in a  
11 given community. And you go back to Crossen  
12 v. Richmond, 1989, the Requist Court, not a  
13 liberal court, the Requist Court, in a  
14 unanimous decision, says that if you follow  
15 these things and you make every attempt to  
16 do it, and whether intentional or not you  
17 cannot meet those goals, it is  
18 constitutionally permissible to have a race  
19 conscious remedy.

20 And what is the essence of the race  
21 conscious remedy? Expanding opportunity.  
22 Justice delayed is justice denied.  
23 Opportunity delayed is opportunity denied.

24 We have communities in Indiana where  
25 it does not filter down, and we want it.



1           The one thing that you have chosen  
2 not to give me, and the public access  
3 counselor now agrees with me, is the ability  
4 to find out what those contracts are.  
5 However, their attorneys at the statehouse  
6 say that I'm right. And I asked the public  
7 access counselor, and responded in writing,  
8 have I exhausted all my administrative  
9 appeals of this determination that you will  
10 not give me that information. His response  
11 in writing was yes.

12           So, now, like Judge Wyrick says, I'm  
13 not going to take the law into my own hand,  
14 I'm going to court. And I am going to  
15 pursue, I've got a group of lawyers that are  
16 going to help me pro bono, to pursue that  
17 interpretation because I think you're  
18 required to furnish that information. I  
19 don't know why we had information from the  
20 public.

21           Let me conclude by quoting Abraham  
22 Lincoln: "Let the people know the facts and  
23 the country will be saved." We want the  
24 facts. We want expanded opportunities.

25           You're the agency sitting here

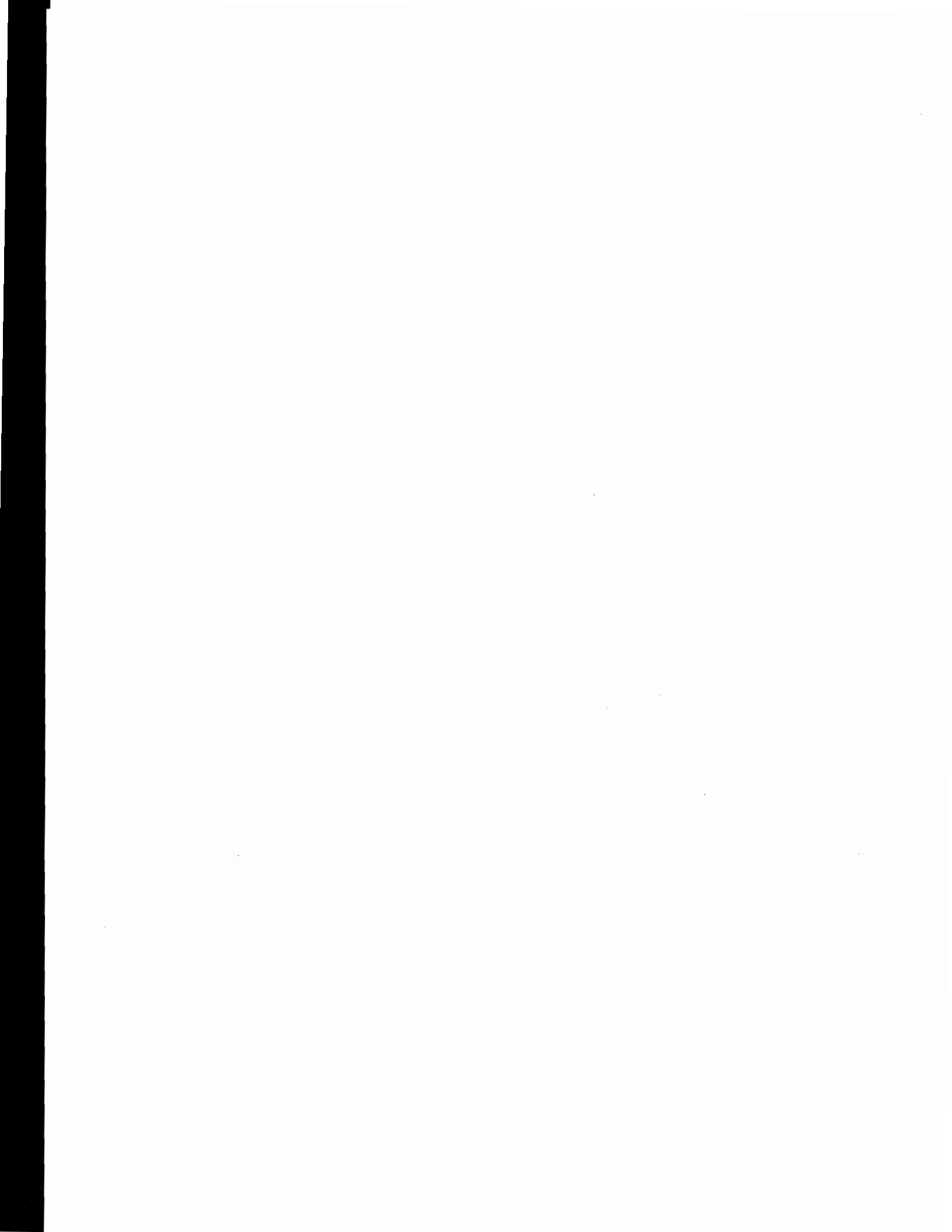




1 required to make sure that these riverboats  
2 comply with minority and women participation.  
3 You're the ones that are required to set  
4 goals and then sanction them when they don't  
5 meet those goals. And I will share with you  
6 that as long as I'm a member of the General  
7 Assembly, if it doesn't happen -- and even  
8 if I'm not there -- there will be colleagues  
9 in my caucus who will carry this to the nth  
10 degree to make sure that riverboats don't  
11 play games, don't create fronts, don't monkey  
12 around, use those people that have the  
13 capacity and the ability to provide a  
14 service. Don't put any road blocks or  
15 impediments in their way.

16 If you do that you will never see me  
17 at a Commission meeting again. If you don't  
18 do that, I'm going to be here on a regular  
19 basis.

20 MR. VOWELS: Thank you,  
21 Representative Crawford.



1 County update and local update.

2 Representative Denbow. Good morning.

3 REPRESENTATIVE DENBOW: Good morning.

4 MR. VOWELS: How are you?

5 REPRESENTATIVE DENBOW: Just fine.

6 How are you doing today?

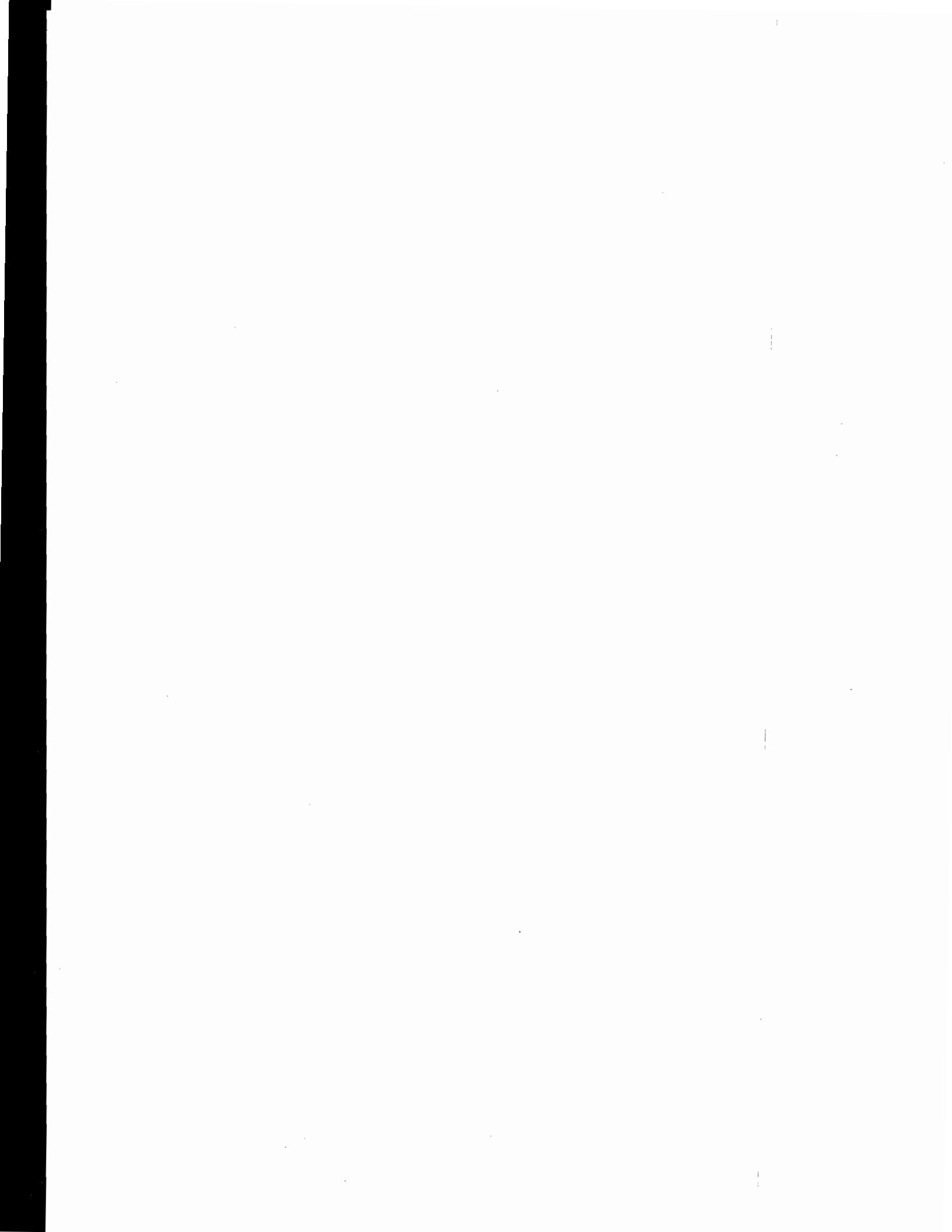
7 MR. VOWELS: Good.

8 Before the meeting began I turned off  
9 my telephone, so if everybody else could do  
10 that, too. It happens.

11 I was once in court standing at the  
12 podium getting everything I wanted from the  
13 Judge when I realized my phone wasn't off,  
14 and it was like praying to God that it  
15 wasn't going to ring because then the Judge  
16 would not give me everything I was asking  
17 for. And I lucked out that day and never  
18 made that mistake again. But anyway.

19 Representative Denbow, why don't you  
20 kind of give us an idea of how things are  
21 going down there.

22 REPRESENTATIVE DENBOW: Be happy to.  
23 First of all, I want to start out by  
24 thanking you to have an opportunity to appear  
25 before you. We thank you for the



1 invitation. Also start out by saying that  
2 we're also very impressed by the way Mr.  
3 Lawrence and Ms. Arnold are very cooperative  
4 and we appreciate your cooperation. Couldn't  
5 have two better people.

6 Sometimes I think it feels like I'm  
7 herding cats down there because we've got a  
8 different -- we're trying something new. In  
9 the past you've seen maybe one town or one  
10 city in charge of everything or County  
11 Commissioners. We've got two towns, a County  
12 and two hotels. So there's actually about  
13 five entities that we're trying to put  
14 together, get all their interests taken care  
15 of. But it's working. It's working real  
16 well. We've got things moving forward we  
17 feel like real well.

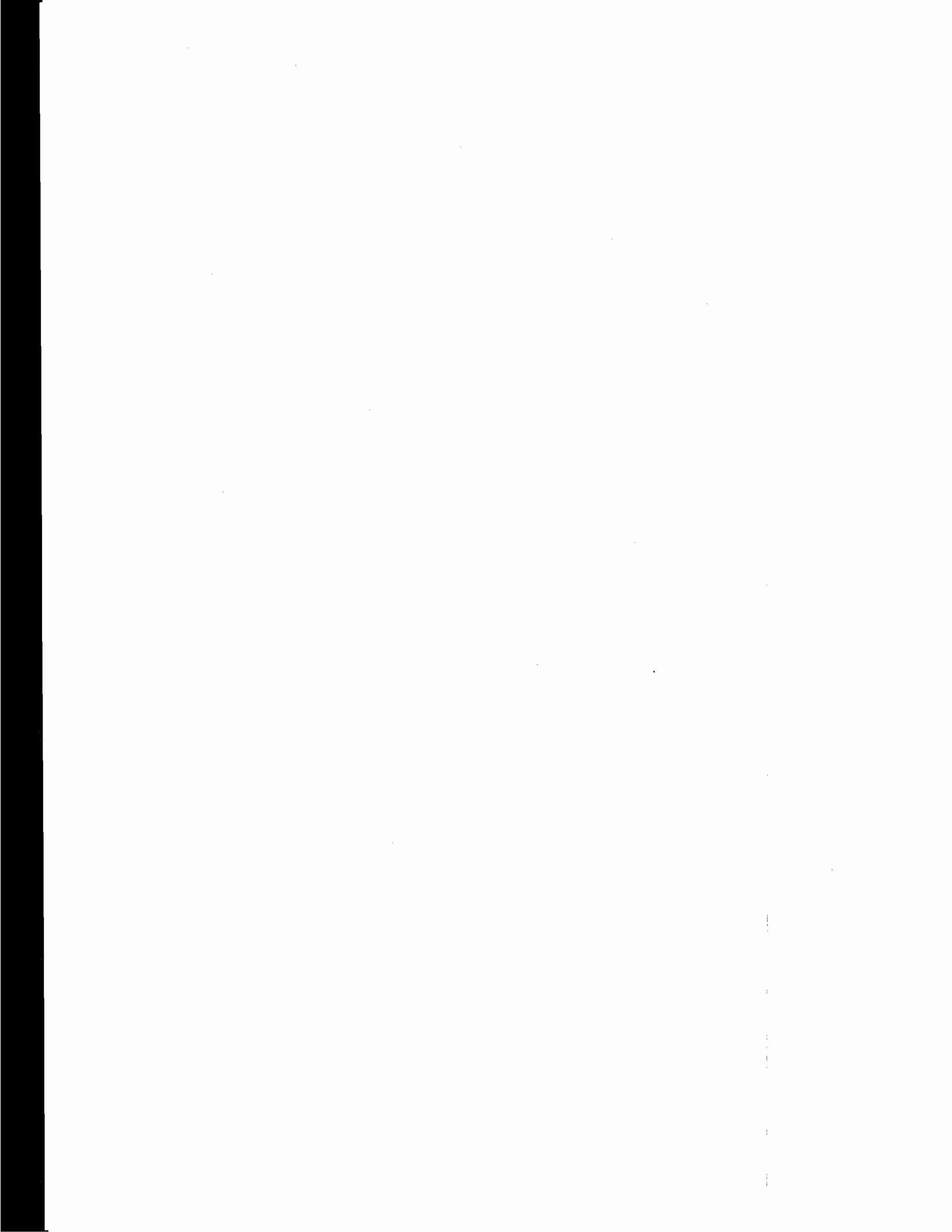
18 Our main priority right now is just,  
19 number one, to make sure we are totally fair  
20 with the applicant. I might say we feel  
21 like we've got four excellent applicants.  
22 We're really thrilled about that and want to  
23 make sure everything is fair, everyone is  
24 getting an equal opportunity.

25 Something I wanted to address the



1 committee -- I don't know if this is what  
2 you're interested in or not, but I feel  
3 compelled to tell you -- is a little bit  
4 about our vision in Orange County. And I  
5 think it's very critical that this Commission  
6 understand that we are a lot different than  
7 the other 10 riverboats. Primarily, because  
8 there's not too many people live in Orange  
9 County or the surrounding areas. And we  
10 don't have the luxury that, say, the Lake  
11 Michigan boats did or eastern boats where  
12 you've got millions of people within just a  
13 short drive. We've got to do something  
14 different to make our riverboat successful.

15 We are not interested in just putting  
16 a riverboat there and that's it. We want to  
17 turn this into something we can really be  
18 proud of, and in order to do that we're  
19 going to have to create a true designation  
20 resort where the riverboat is just a small  
21 part of what we want to do. And we're well  
22 on target for that. We need our 201  
23 year-old hotels restored. 102 years old I  
24 guess now. We feel like that's something --  
25 we have a movie studio coming in. On a

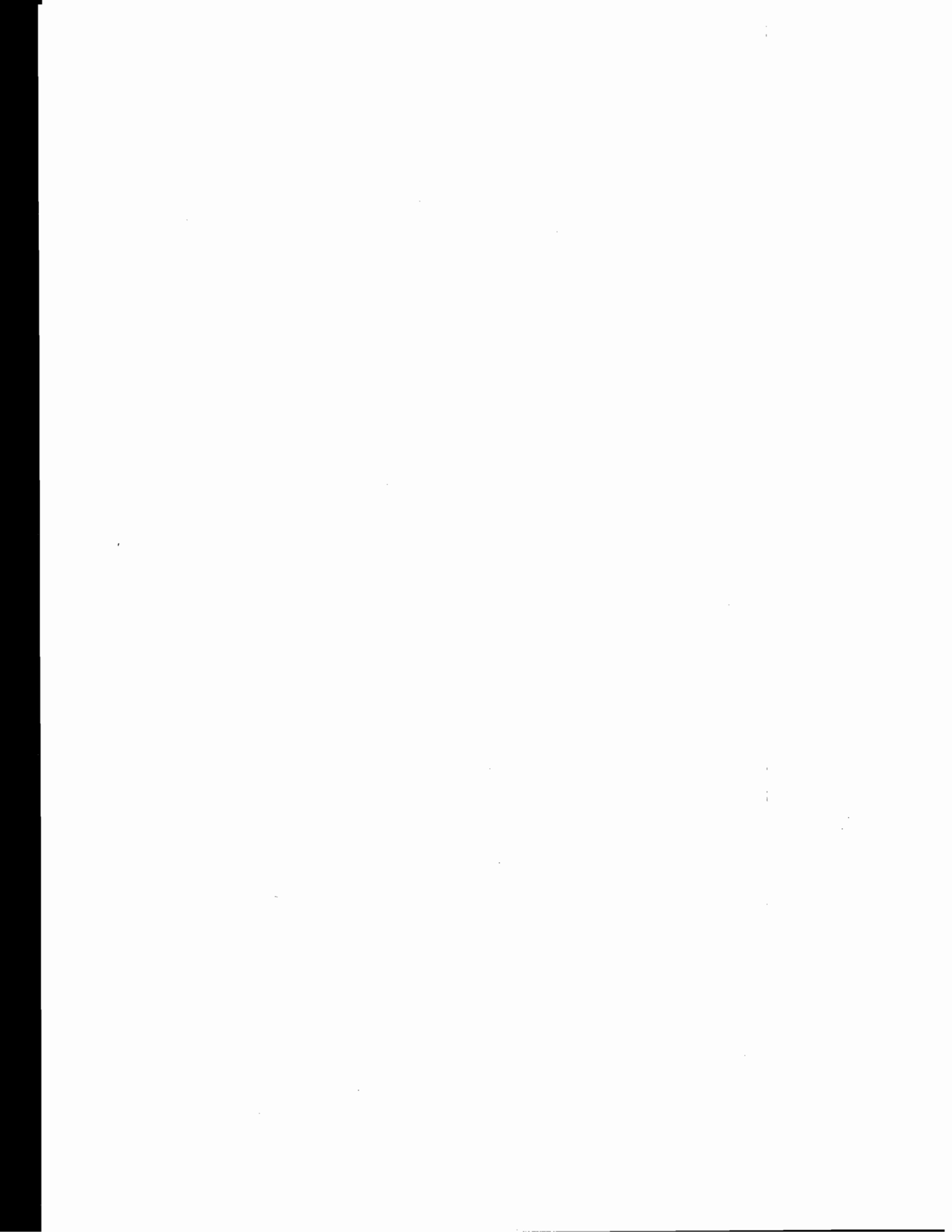




1 weekly basis I hear from people interested in  
2 putting in a restaurant, a comedy club,  
3 things like this. And this is what we're  
4 trying to do is put the casino somewhere  
5 between the two hotels, and between that area  
6 want to make it look like you step back into  
7 the turn of the last century with old  
8 buildings, or old looking buildings. I think  
9 you've heard me talk about you fly into the  
10 French Lick airport, which we have a fabulous  
11 little airport. More than likely you'd be  
12 met there by something like a 1929 Dusenber  
13 limousine to take you downtown to our  
14 district.

15 So we have a complete vision that we  
16 have to develop. We feel confident through  
17 all the publicity that the orange shirts got,  
18 all the publicity of fighting the other  
19 riverboats and fighting government trying to  
20 get our Bill passed and the referendum we  
21 got so much publicity people are anxious to  
22 come to Orange County. And we feel like if  
23 we get them once will we get them back  
24 again, we don't know.

25 And we're not interested in, like,



1 the other boats may be interested in getting  
2 people to gamble, maybe spend the night and  
3 go home. We're interested in getting the  
4 conventions there, the conferences, family  
5 vacations where people come and spend three,  
6 four, five days and they've got a lot to do.

7 So we've got a lot different goals  
8 maybe than what the Commission is used to  
9 seeing because we've got a lot of work to do  
10 to develop this. And I think what we need  
11 from the Commission is to make sure we have  
12 the total cooperation in allowing us to do  
13 that.

14 As an elected official I always look  
15 at people appointed as being in the same  
16 category. We are here to serve people. We  
17 are here to serve the public and we just  
18 want your cooperation in giving us the  
19 vehicles to do that and, you know, not  
20 obstruct us in any way. Give us the freedom  
21 to work, you know, within the law and do  
22 things the way we need to, to get started.  
23 We just want to be on an equal footing with  
24 the other 10 riverboats in the process they  
25 went through.



1           And with that I would certainly ask  
2 of you that when we do come to Mr. Lawrence  
3 that he has the authority, you know, to give  
4 us advice and we ask for it, because a lot  
5 of times I would like to have Mr. Lawrence's  
6 advice. And I trust him and we're going to  
7 work thoroughly through this Commission.

8           So that's pretty much in a nutshell  
9 what I have to say. I don't know what you  
10 expected me to say, so maybe you've got  
11 questions for me.

12           MR. VOWELS: Any questions?

13           MS. BOCHNOWSKI: I think you look  
14 back in the past that we've really -- we're  
15 for you. We want you to be successful,  
16 so ...

17           REPRESENTATIVE DENBOW: We wanted to  
18 be on -- we feel like sometimes the other  
19 communities have not had the restrictions  
20 placed on them that we have. And, you know,  
21 we would like to have those restrictions, you  
22 know, where we're -- right now we're  
23 concerned because, you know, I don't know  
24 riverboat or applicants understand what our  
25 vision is, what we want to do. We've not



1 been able to communicate like we would like  
2 to and we would like to do that, you know, a  
3 little bit more. I know you're for us and  
4 everything and, you know, I've got confidence  
5 things will work out.

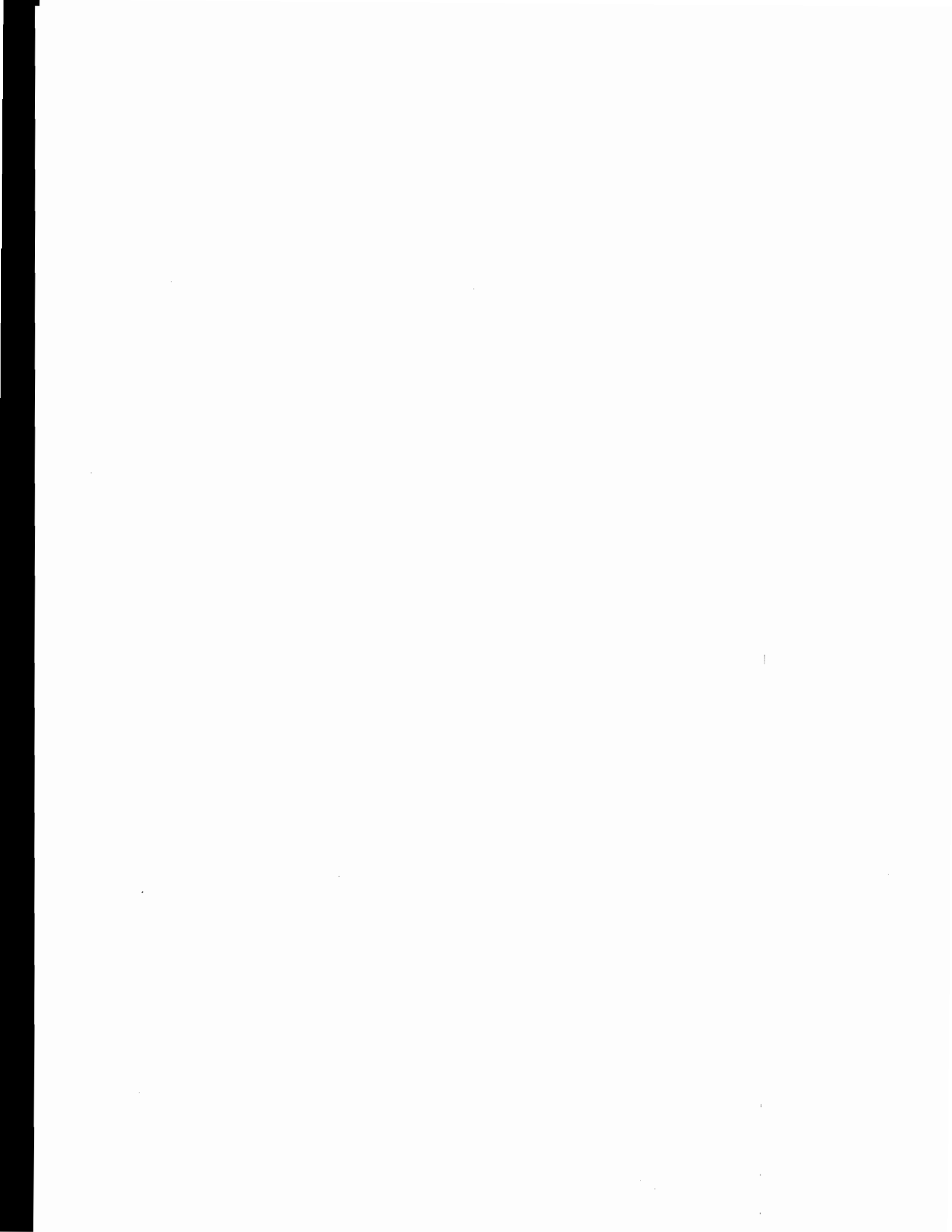
6 MR. MILCAREK: I think with your  
7 location you almost have to have a  
8 designation. It's not very convenient to  
9 drive in and drive out on an hourly basis.

10 REPRESENTATIVE DENBOW: No. That's  
11 the reason I say that we'll get them there  
12 one time, but through the roads and  
13 everything will we get them there again. We  
14 can take advantage of being isolated like  
15 that. I tell people we don't want an  
16 interstate coming through there. We want you  
17 to look out of your hotel room and see a  
18 woods.

19 MS. BOCHNOWSKI: A hoosier forest is  
20 beautiful.

21 REPRESENTATIVE DENBOW: So we've got  
22 to have something to bring them back other  
23 than just a boat.

24 MR. VOWELS: The cite and design of  
25 the casino, that's pretty much been selected,





1 moved along.

2 REPRESENTATIVE DENBOW: We've got a  
3 cite and our design, you know, we are going  
4 to leave that up to the casino applicant.  
5 Just so it looks old and historic. We don't  
6 want something that looks like star wars or  
7 something like on the Lake Michigan boats.  
8 Nothing against them, but the Lake Michigan  
9 -- Blue Chip wouldn't fit what we have in  
10 mind.

11 MS. BOCHNOWSKI: Well, that's good.  
12 So if we understand your vision, then -- and  
13 they will have to present that at the  
14 hearing, then we would kind of be on the  
15 same page.

16 REPRESENTATIVE DENBOW: Yes. And  
17 what I'm wanting to do with the local  
18 commission, I'm just an advisor to them, but  
19 we would love to try to get all four  
20 applicants on the same page as much as  
21 possible.



1 applicant that wants to come in and develop  
2 this whole thing. Maybe purchase both  
3 hotels, do everything. On the other end,  
4 they're more interested in giving us money up  
5 front. We're not so much interested in  
6 up-front money. We want to get some of  
7 that, but buying fire trucks and, you know,  
8 all these things for the community will come  
9 down the road. We want to develop what we  
10 have to do first.

11 So we are interested in getting this  
12 long range plan of what can they do to help  
13 us bring a comedy club in, a country music  
14 theater, dinner theater and all the little  
15 shops and things we need.

16 We'd love to in the end have all four  
17 applicant as close to that as we can. I  
18 think that, you know, as soon as we are  
19 allowed to start talking to them and  
20 everything we will move forward in that.  
21 And I would encourage the Commission that  
22 we're ready. You won't have to wait on us.

23 MS. BOCHNOWSKI: One thing that we've  
24 always required, and that requires the  
25 community and the company to come together,

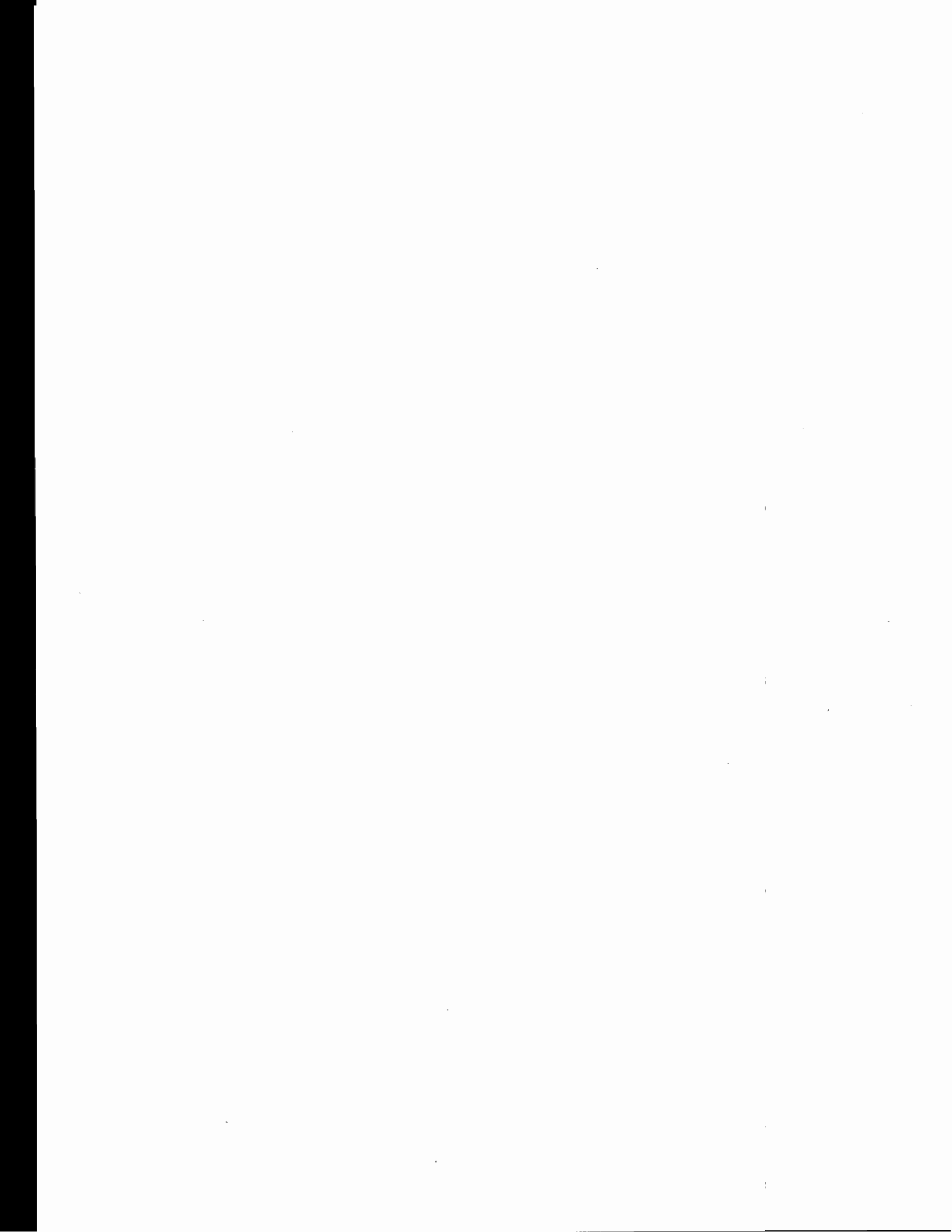


1 is the development agreement that they both  
2 sign off on. It's on the record and it's  
3 for a specific amount of time and they are  
4 committed to that. So we review that. So  
5 that would kind of fall into what you are  
6 talking about.

7 MR. VOWELS: And there's also, I  
8 mean, when we have the public hearing, when  
9 we've taken in all the information and then  
10 meet again within a week or two after that  
11 for the actual vote among the Commission,  
12 there's some fine tuning that goes on at  
13 those hearings. And if one of the  
14 Commissioners -- I remember when we did I  
15 think it was Caesars, somebody thought about  
16 the distance between where Caesars is and a  
17 hospital in Louisville and how do you get  
18 somebody there, and helicopter pad was  
19 suggested and all of them thought, oh, yes.  
20 They all agreed to the helicopter pad. So  
21 those kind of things, as it comes out during  
22 those hearings. And it's always -- any  
23 expansion of those things has always been to  
24 the benefit of the local environment there.

25 So I appreciate everything you're

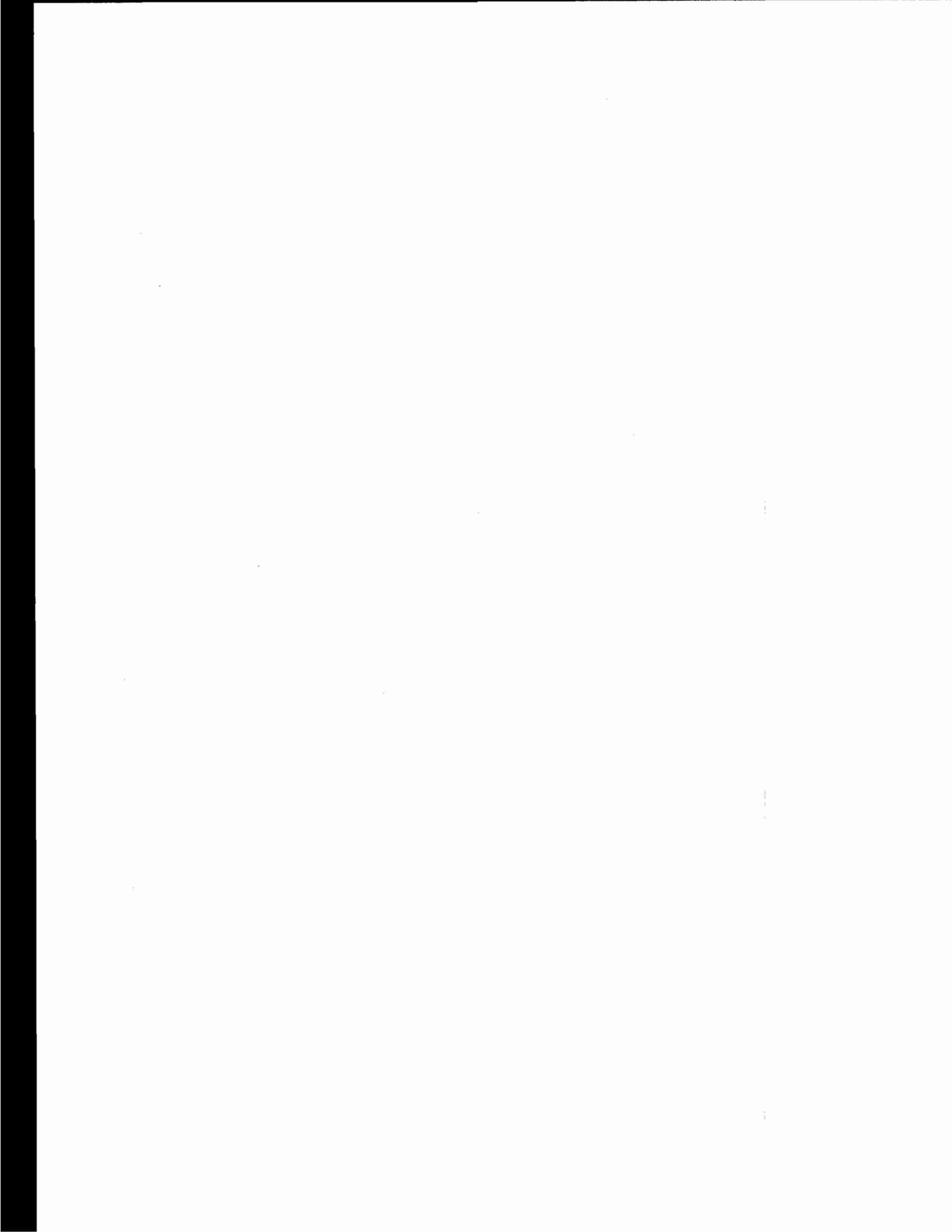




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21 those kind of things, as it comes out during  
22 those hearings. And it's always -- any  
23 expansion of those things has always been to  
24 the benefit of the local environment there.

25 So I appreciate everything you're





1 doing and I know that you are in contact  
2 with deputy director Arnold and director  
3 Lawrence and I understand there is an open  
4 line of communication that you have, your  
5 local people have with them. And so we  
6 appreciate you updated us on what was going  
7 on there.

8 Is there anything else?

9 MR. MILCAREK: Yes. Is the tie  
10 you're wearing today part of the campaign?

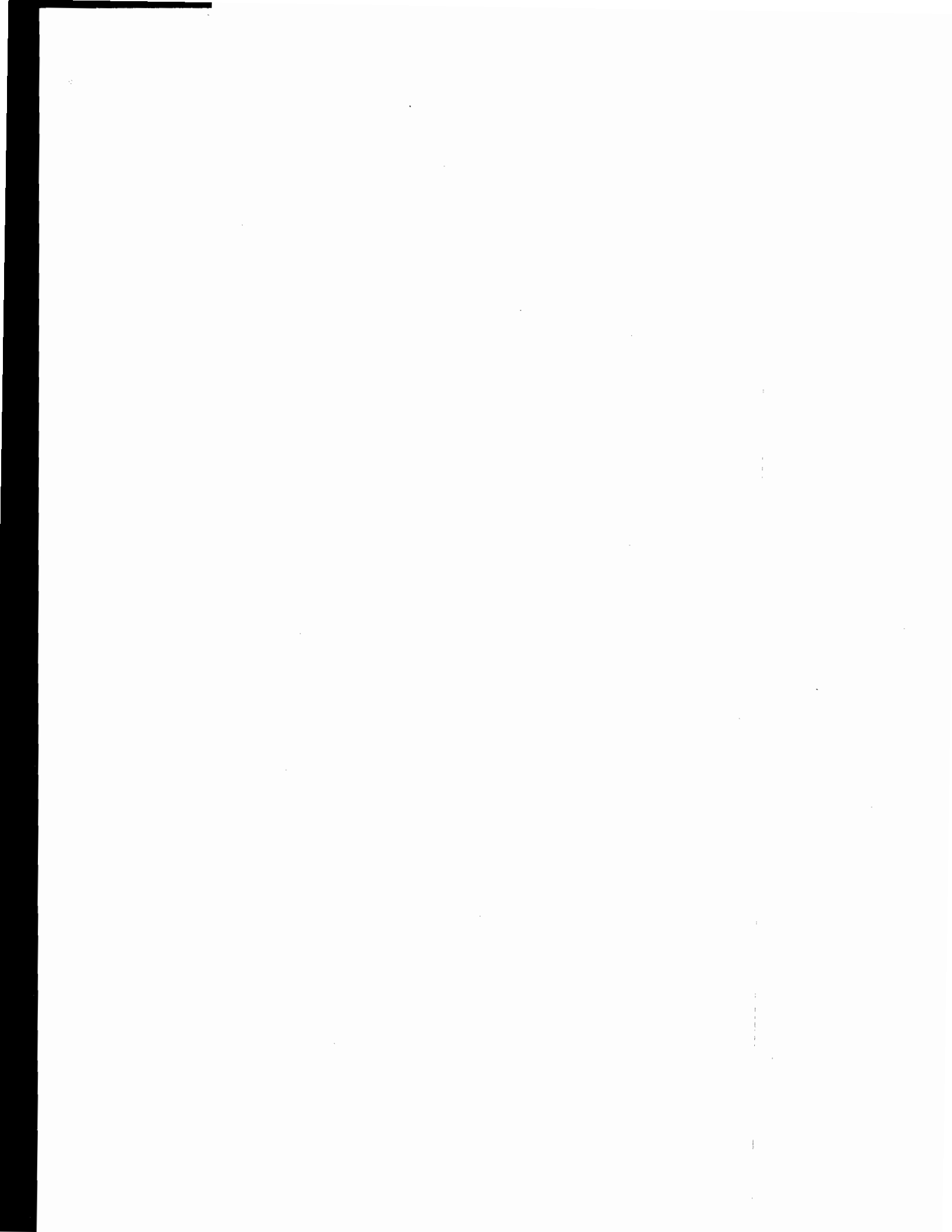
11 MS. BOCHNOWSKI: Yes, I wanted to ask  
12 that, too.

13 REPRESENTATIVE DENBOW: I wore that I  
14 think for 13 years trying to get this Bill  
15 passed, so I think today may be appropriate  
16 to wear it again.

17 MS. BOCHNOWSKI: Looks like it will  
18 happen.

19 REPRESENTATIVE DENBOW: It's going to  
20 happen. I think we'll be very, very  
21 impressed at what you see in French Lick and  
22 West Baden. We want to make you proud of  
23 what we've got going on here.

24 I do appreciate the cooperation we  
25 have. And, again, I want to conclude by



1 complementing Mr. Lawrence and Ms. Arnold for  
2 their cooperation. They're always around.  
3 They always return phone calls. Good to  
4 work with.

5 Only thing I might ask is that you  
6 give Lynn the authority to answer our  
7 questions up-front without having to come  
8 back and get opinions or something. Because  
9 we have got total confidence in him.

10 MR. VOWELS: We appreciate that.  
11 Anything further?

12 REPRESENTATIVE DENBOW: No.

13 MR. VOWELS: Thank you. Then we're  
14 going to turn to deputy director Arnold, who  
15 is going to give us the Gaming Commission  
16 update; is that correct?

17 MS. ARNOLD: Thank you, Mr. Chairman.

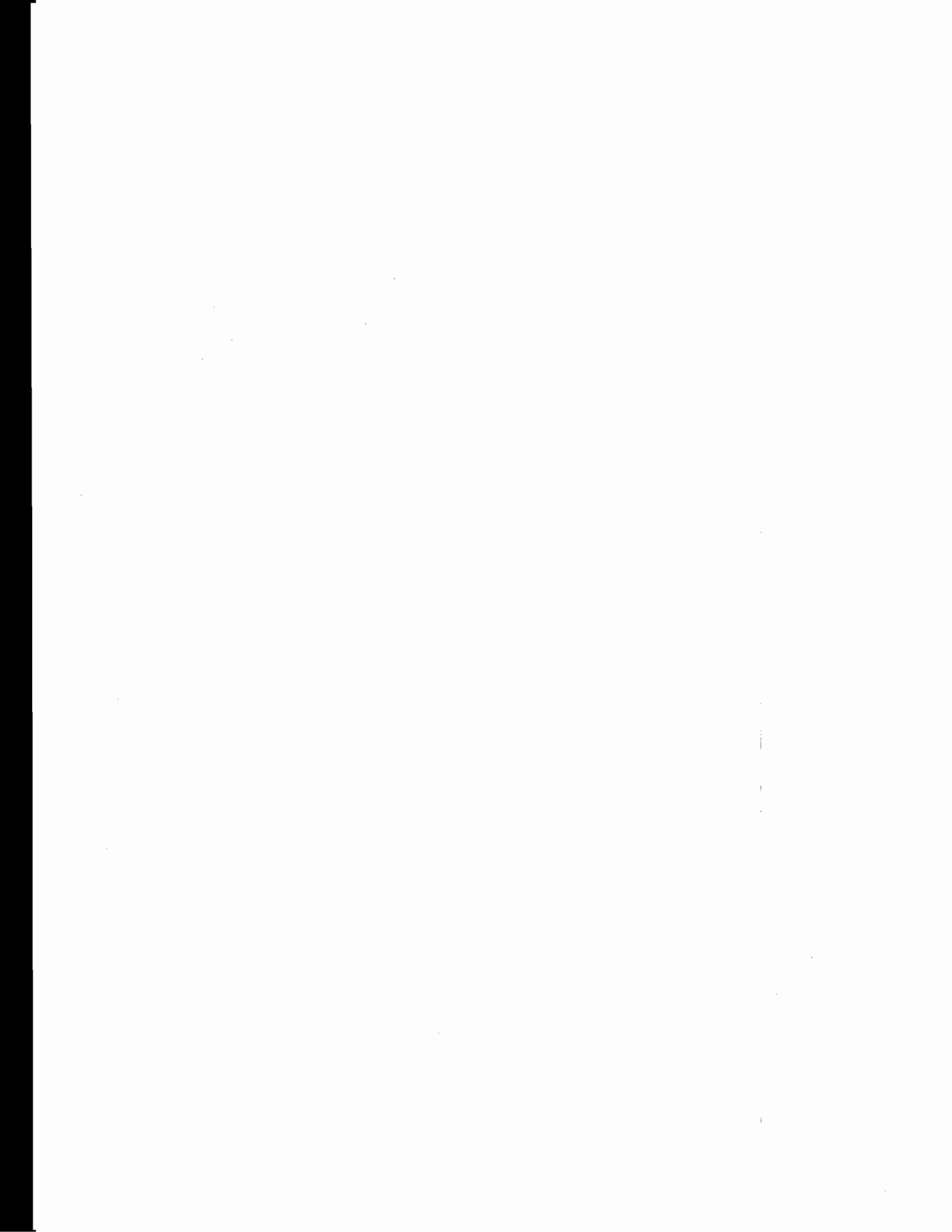
18 Part one and part two of the  
19 operating agents applications have been  
20 received. Troopers are in the early stages  
21 of investigating the applicant; and the next  
22 step now is to draft and review the request



1 about 60 days to respond with their  
2 proposals. From there we are looking into  
3 -- I would like to say Representative  
4 Denbow's points about communication has been  
5 well received by staff, and we're looking  
6 into waiving their expunging rule so their  
7 expected communication will be previously  
8 approved. So that during the interim period  
9 where the proposals have been received but  
10 before the Commission considers the  
11 proposals, the local board would be able to  
12 communicate directly with the applicant so  
13 that they can develop their vision with the  
14 applicants and both parties understand what  
15 they need and want to make the project move  
16 forward.

17 We're looking at probably hearings to  
18 take place sometime in July. And a loose  
19 time line would have a decision also being  
20 made in July, although that could just be  
21 depending on what circumstances arise.

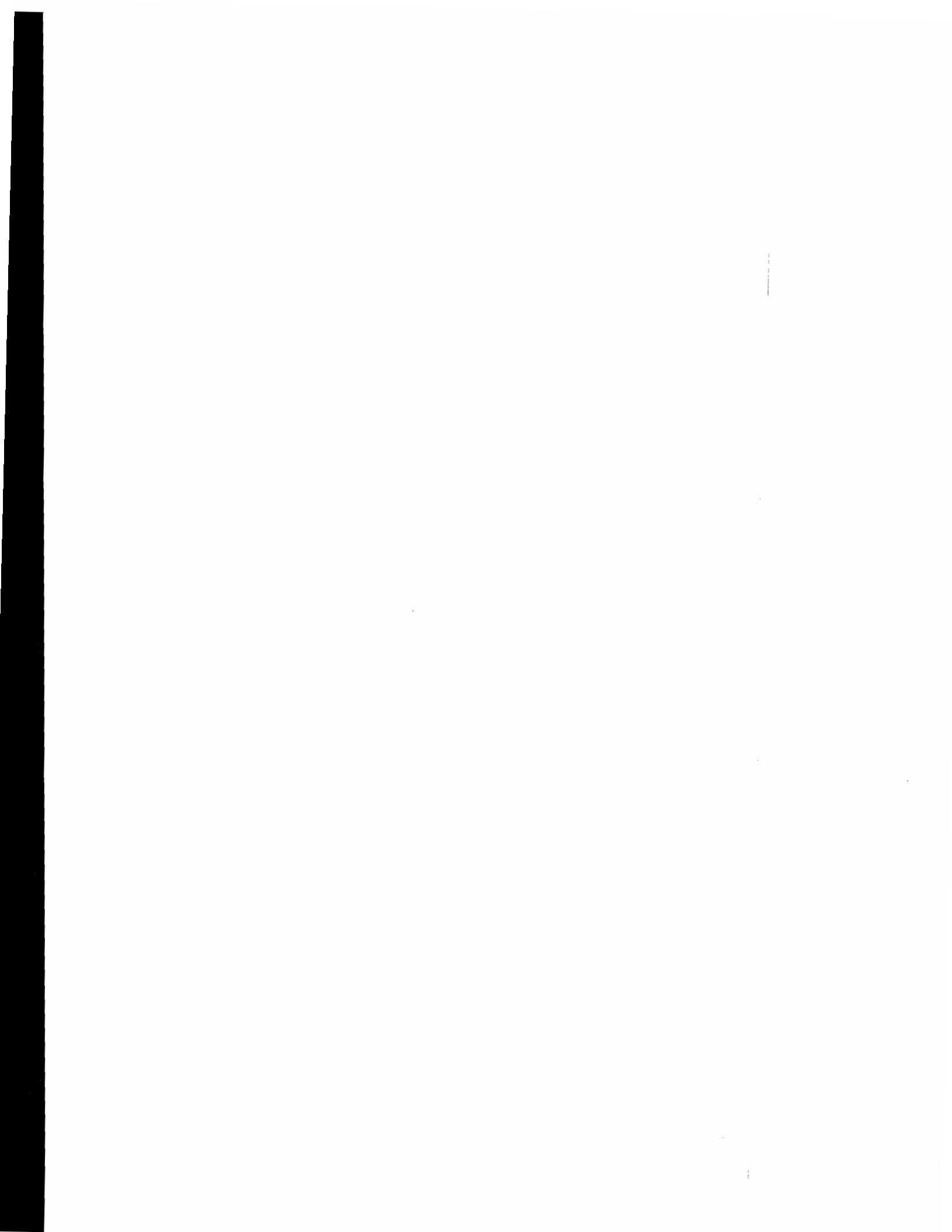
22 What you'll see in the RFP is  
23 basically what you've seen previously in our  
24 application process with the other 10. It  
25 will include they must set forth project



1 development costs, such as the costs for  
2 improving the land and gaming facilities,  
3 parking garages, and then a transportation  
4 facility that will travel between the two  
5 hotels and the casino. They will have to  
6 submit projections from management for  
7 employment; local development plans, which  
8 will include infrastructure upgrades  
9 necessary to support the facility. They will  
10 also be required to submit utilization plans  
11 for minority women, local and Indiana  
12 businesses, marketing plans, a hotel  
13 utilization plan; and then a description of  
14 the union operations, including what is the  
15 table games and slots going to look like  
16 there.

17 We are currently in the process of  
18 contracting with the Center for Urban policy.  
19 And those of you who were here before know  
20 that they originally did evaluations for us.  
21 And what we're looking at from them is the  
22 same work that they did before on the other  
23 applicants.

24 And I would like to say that we are  
25 placing an emphasis on open lines of





1 communication with the local board. I think  
2 our interest -- it's in our best interest to  
3 do what we can to develop their vision, too,  
4 but, at the same time in terms of whatever  
5 facility is open there has the ability to be  
6 successful.

7 And if you have any questions, I  
8 would be glad to try and answer them.

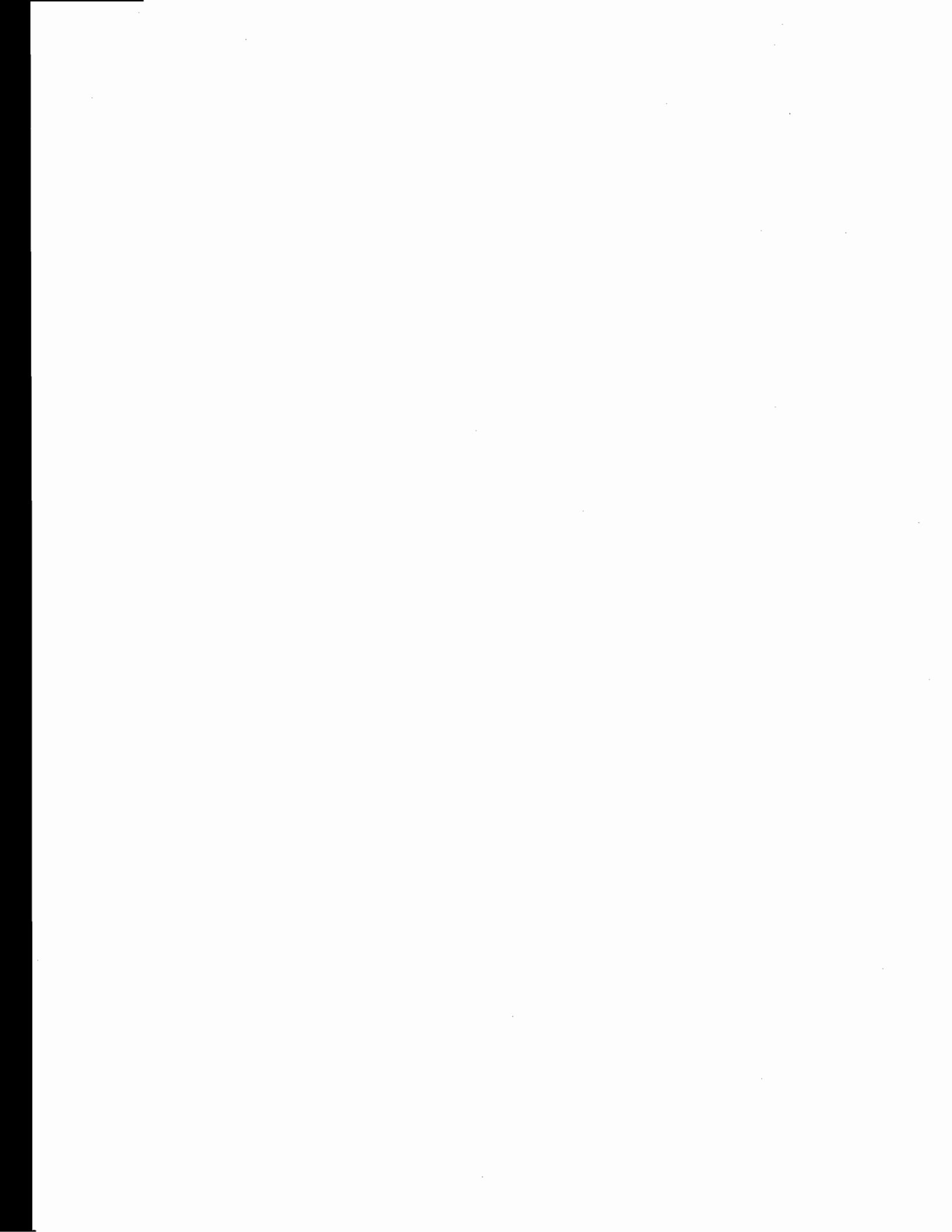
9 MR. VOWELS: Any questions?

10 Looks like you addressed it all.

11 Thank you.

12 Next matter on the agenda, sort of,  
13 is the reimbursement of the referendum. Mr.  
14 Lawrence is addressing that.

15 MR. LAWRENCE: Yes. Back of your  
16 packet, we didn't have it on the agenda, but  
17 if you'll recall previously what you have  
18 done in other circumstances was statute  
19 required that an applicant pay the up-front  
20 costs for the referendum that was held in  
21 Orange County to approve or disapprove the  
22 casino. You passed a resolution requiring  
23 all applicants to reimburse pro rata to  
24 whomever paid that amount their share. We  
25 have received information from Orange County



1 that the cost was \$16,110.

2 And on Resolution 2004-13, you will  
3 either approve or disapprove that resolution  
4 requiring for applicants to reimburse Orange  
5 County, called now Orange County Development,  
6 LLC, the amount of \$3,222 each on or before  
7 February 20, 2004.

8 MR. VOWELS: Any questions for Mr.  
9 Lawrence?

10 Then in front of us is Resolution  
11 2004-13. In paragraph 3 there's that typo  
12 where there should have been a comma after  
13 the 16. There's a period. And this is a  
14 resolution establishing the pro rata cost of  
15 the referendum paid by the other applicants.  
16 And is there a motion in reference to this  
17 resolution?

18 MS. BOCHNOWSKI: I move to approve  
19 the resolution.

20 MR. VOWELS: Is there a second?

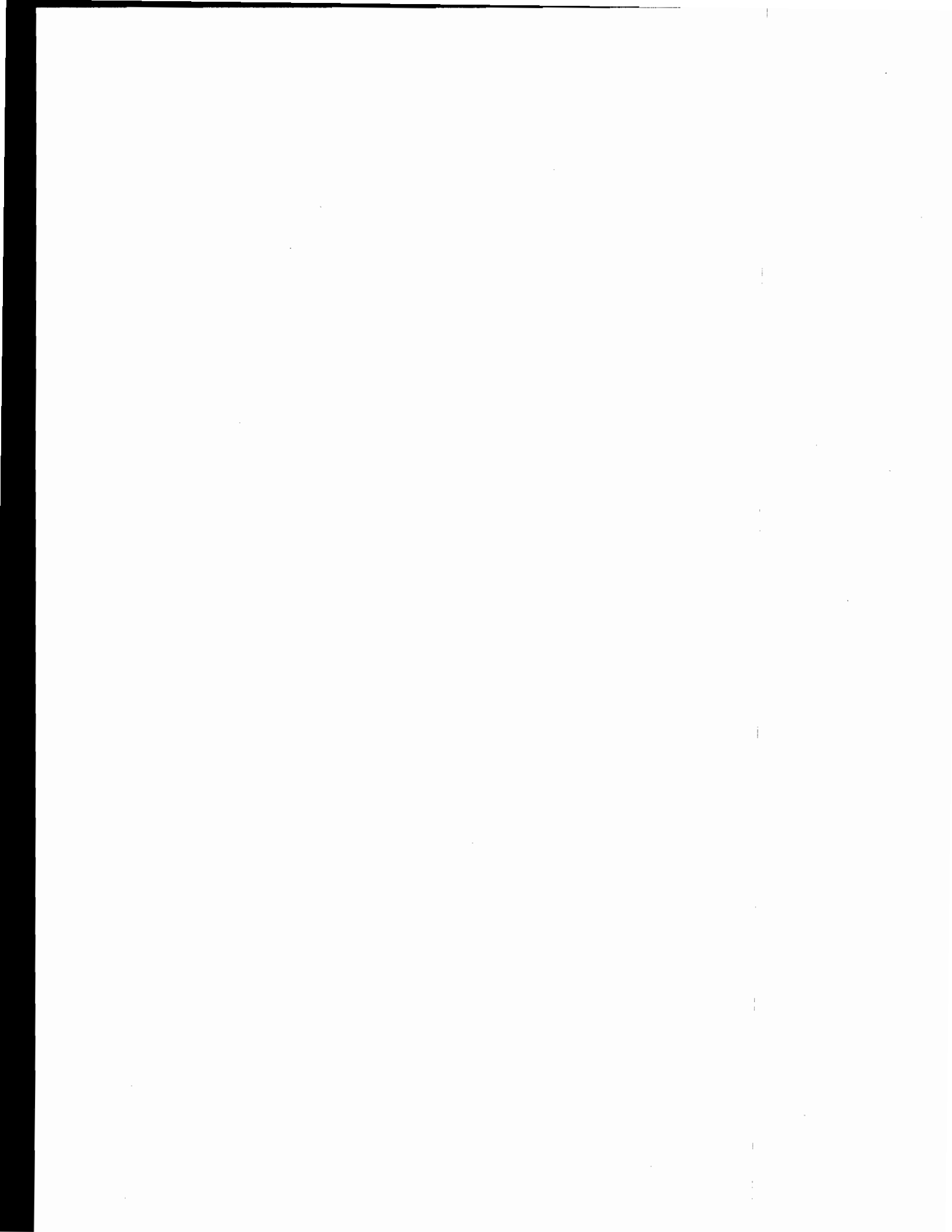
21 MR. MILCAREK: I'll second.

22 MR. VOWELS: Any further discussion?

23 All those in favor say aye.

24 (Commissioners respond with aye.)

25 MR. VOWELS: Show it is approved.



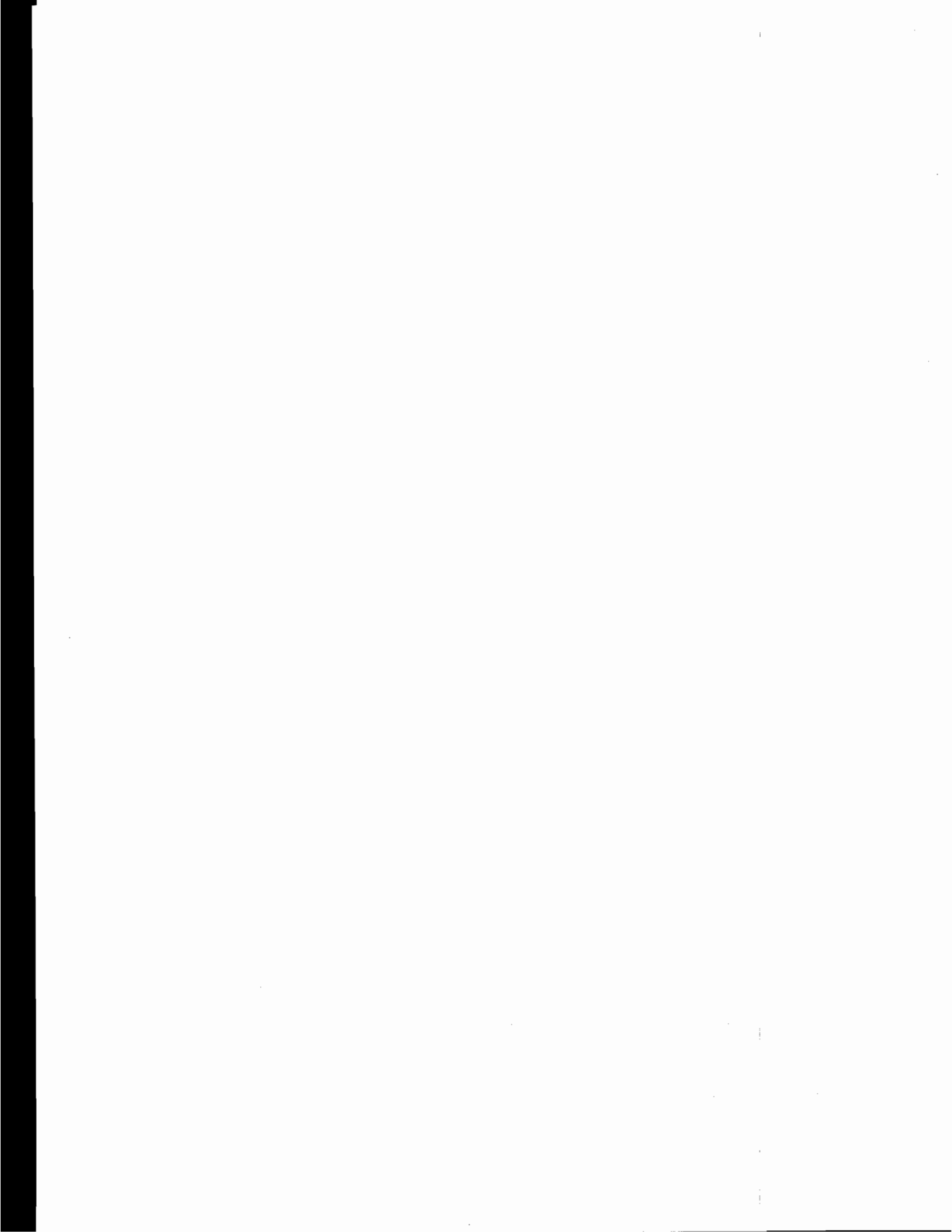
1           And then in reference to local fees.

2           MR. MILCAREK: The Commission may  
3 recall at one point in time a letter went  
4 forth from the representatives of French Lick  
5 requesting the applicants to forward to them  
6 an amount of \$50,000 to be put into the  
7 General Fund and allocated for general fees,  
8 attorney fees that the local community was  
9 experiencing in advance of entering into a  
10 contract or a local development agreement  
11 with the applicant.

12           At that point in time when staff  
13 learned of the letter, we asked that the  
14 local representative hold off on attempting  
15 to collect that and that the applicant not  
16 pay that until staff had an opportunity to  
17 further review.

18           During the period of time we have had  
19 discussions with the local community,  
20 including Bob Swhier and Dave Umpleby, who  
21 are the attorneys for the local communities,  
22 and reached an agreement to the extent as  
23 follows.

24           There is precedent we have found in  
25 other communities for this -- most



1 particularly Harrison County and Rising Sun  
2 area -- for advancing of fees that are then  
3 discussed at a later date when they enter  
4 into their local redevelopment agreements.

5 We have agreed with the local  
6 representatives and Mr. Shwier as follows;  
7 that no other local entity, including West  
8 Baden Springs, French Lick or Orange County,  
9 will make any requests of that kind at this  
10 time; that the amount that has been requested  
11 of \$50,000 is capped at \$50,000 at this  
12 time; that the fees, the amounts that are  
13 paid will be utilized only for attorney fees  
14 and associated costs relating to the Historic  
15 Hotel Preservation Commission and related  
16 topics such as what may come up with other  
17 commissions that may be necessary. Be no  
18 cost paid for travel expenses, for hotels or  
19 meals or anything along those lines.

20 Finally, that we will include in the  
21 RFP a question to the applicant asking  
22 whether they are willing to reimburse if they  
23 win if they win the contract if they would  
24 with willing to reimburse the other applicant  
25 for those advanced fees.





1 that there was some substantive change to  
2 what we had done prior because of the term  
3 reasonable or the reasonable standard applied  
4 to check cashing.

5 MS. CHELF: I had incorporated in it  
6 a comment made by the public into the rules,  
7 and then when reviewing the final version and  
8 putting together a packet to send to the  
9 Attorney General's Office for approval  
10 realized that we really couldn't incorporate  
11 that change because of the way the statute  
12 is worded.

13 MR. VOWELS: Okay. Any questions for  
14 Ms. Chelf?

15 Resolution 2004-1 is a Resolution  
16 adopting 68 IAC 6-3 as a final rule. Is  
17 there a motion in reference to this  
18 Resolution?

19 MR. GETTLEFINGER: I move adoption.

20 MR. VOWELS: Is there a second?

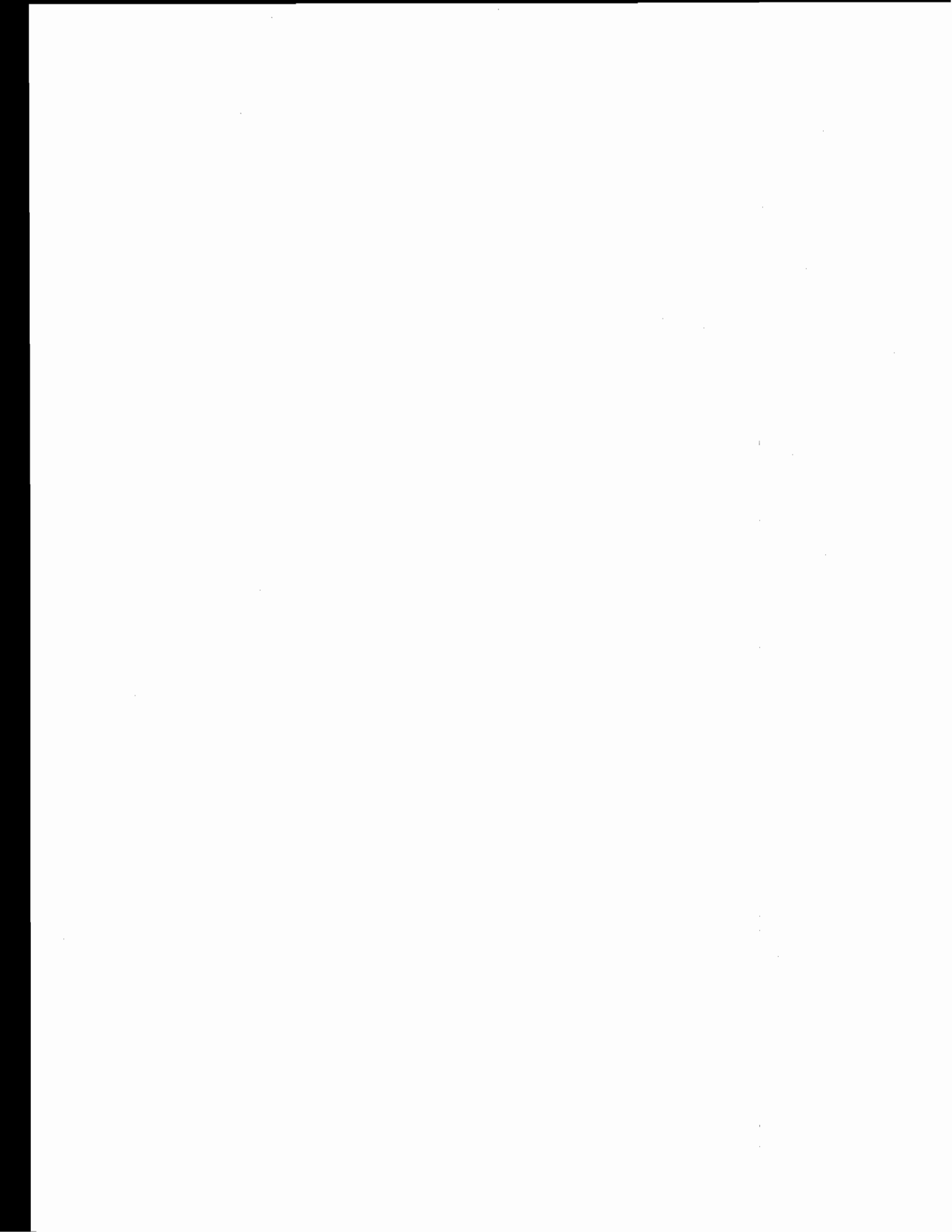
21 MS. BOCHNOWSKI: Second.

22 MR. VOWELS: Further questions?

23 All those in favor say aye.

24 (Commissioners respond with aye.)

25 MR. VOWELS: Show it as approved.



1       approvals.   Ms. Brodnan.

2               MS. BRODNAN:   You have before you for  
3 approval Resolution 2004-2 regarding the  
4 table game Four Card Poker, which has been  
5 submitted for approval by Shuffle Master  
6 Gaming.   The object of the game is for  
7 players to make their best four card poker  
8 hand and compete against the dealer's hand or  
9 a payable.

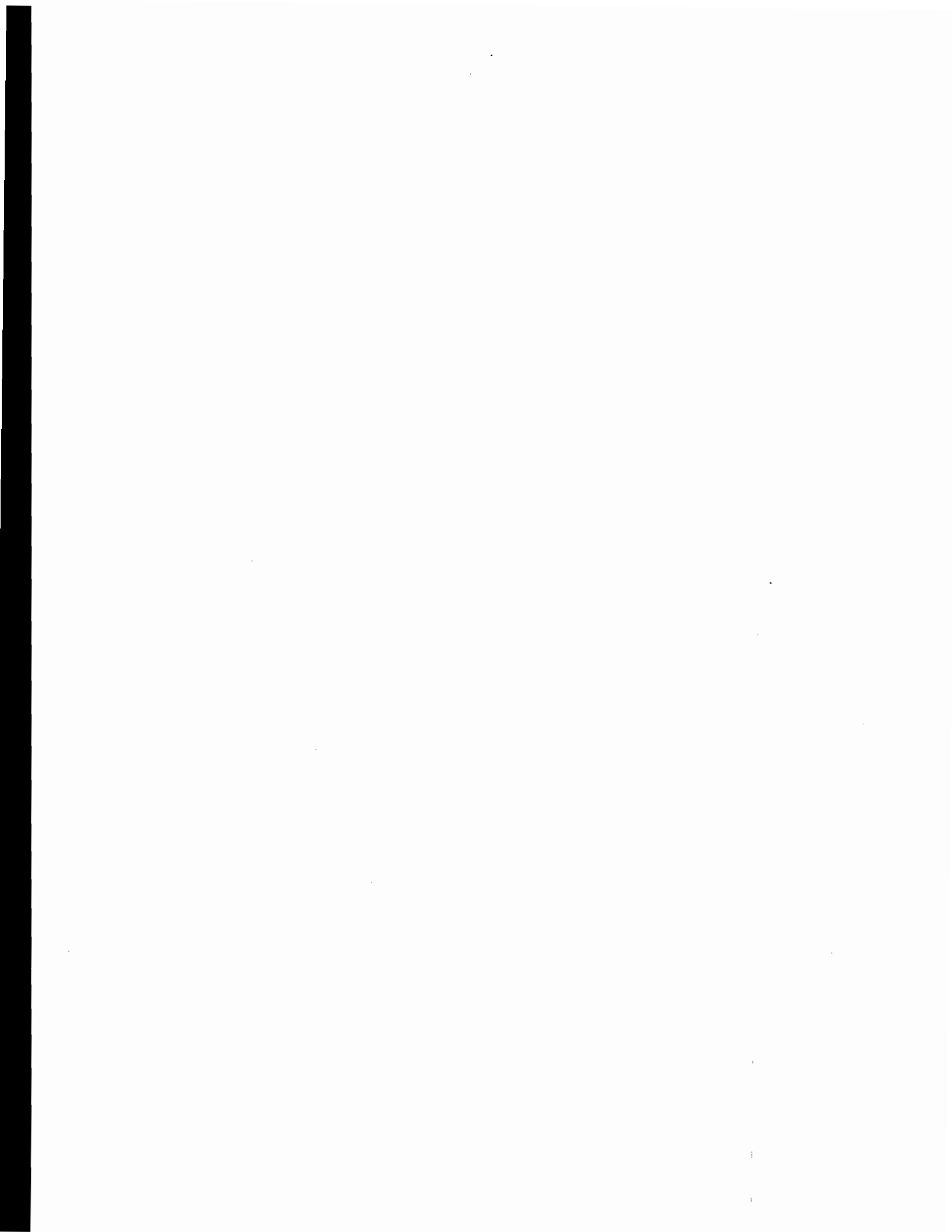
10              Gaming Laboratories International has  
11 reviewed the game and has indicated that it  
12 is a variation of the approved game of  
13 Poker.

14              Blue Chip Casino has indicated that  
15 it wishes to sponsor the game and has  
16 submitted proposed internal control  
17 procedures.

18              Commission staff recommends that you  
19 grant six months conditional approval of the  
20 game.

21              MR. VOWELS:   Any questions for Ms.  
22 Brodnan?

23              Resolution 2004-2, the conditional  
24 approval of the game Four Card Poker.   Is  
25 there motion in reference to this Resolution?



1 MR. GETTLEFINGER: Move to approve.

2 MR. VOWELS: Is there a second?

3 MS. ROSE: Second.

4 MR. VOWELS: Any further discussion?

5 All those in favor say aye.

6 (Commissioners respond with aye.)

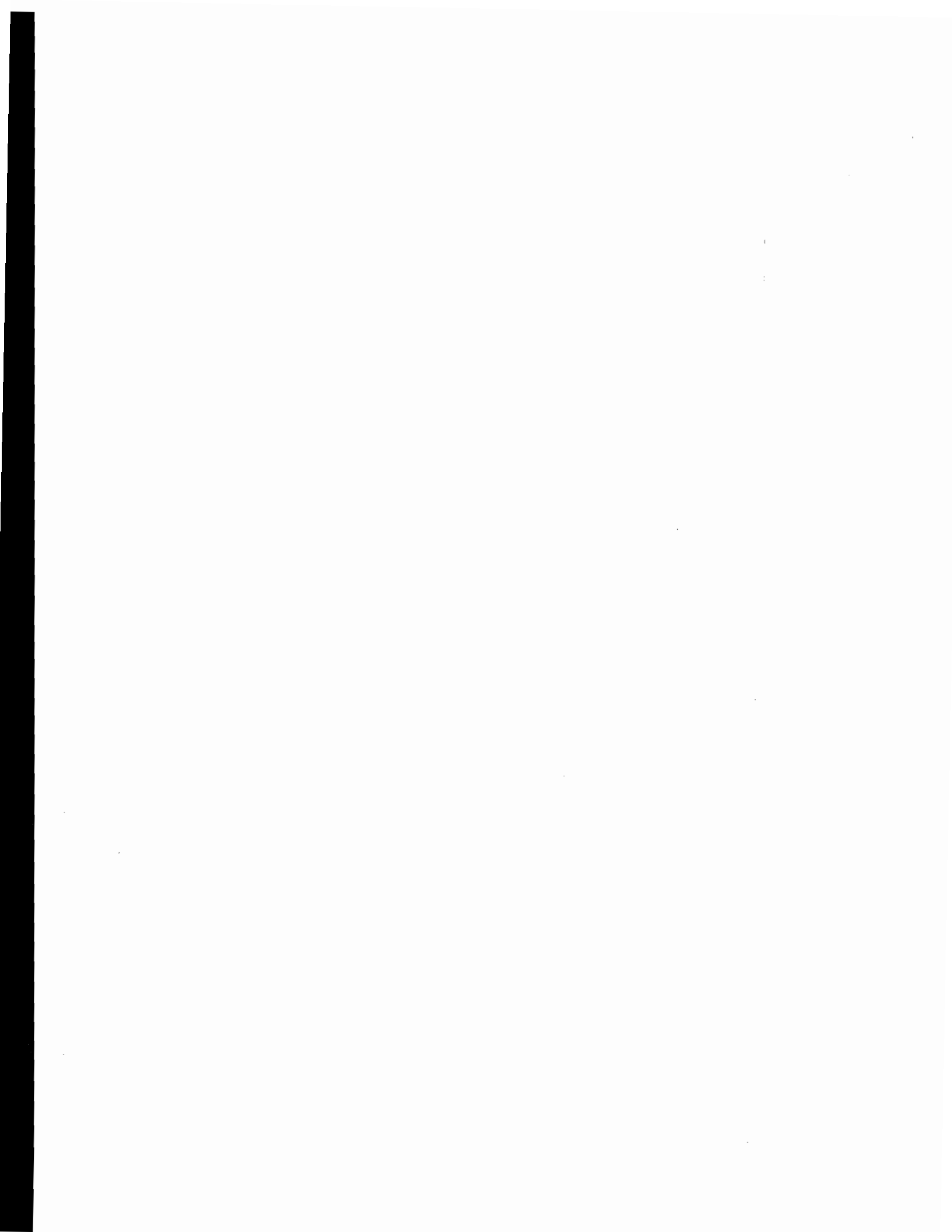
7 You have another for us?

8 MS. BRODNAN: You have before you for  
9 approval Resolution 2004-3 regarding the game  
10 Asian Baccarat, which has been submitted for  
11 approval by Random Gaming. The game is  
12 played in the same manner as the traditional  
13 game of Baccarat, with the optional insurance  
14 wager.

15 Gaming Laboratories International has  
16 reviewed the game and has indicated that it  
17 is a variation of the approved game of  
18 Baccarat.

19 Horseshoe Casino has indicated that  
20 it wishes to sponsor the game and has  
21 submitted proposed internal control  
22 procedures.

23 Commission staff recommends that you  
24 grant six months conditional approval of this  
25 game.



1 MR. VOWELS: Any questions for Ms.  
2 Brodnan?

3 Resolution 2004-3, conditional  
4 approval of the game of Asian Baccarat. Is  
5 there a motion in reference to this?

6 MS. BOCHNOWSKI: Move to approve.

7 MR. VOWELS: Is there a second?

8 MR. MILCAREK: Second.

9 MR. VOWELS: Any further discussion?

10 All those in favor say aye.

11 (Commissioners respond with aye.)

12 MR. VOWELS: Show it's approved.

13 And then you have another one that's  
14 filled with numbers, is that right?

15 MS. BRODNAN: Yes.

16 MR. VOWELS: 2-2-1, which is  
17 Resolution 2004-4?

18 MR. BRODNAN: -4, right.

19 (AT THIS TIME THERE WAS A BRIEF  
20 DISCUSSION HELD OUTSIDE OF THE RECORD, AFTER  
21 WHICH THE FOLLOWING PROCEEDINGS WERE HAD:)

22 MR. VOWELS: Go on. Sorry.

23 MS. BRODNAN: The game 2-2-1 was  
24 submitted for approval by Prime Table Games.  
25 In this game, players formulate three hands





1 and compete against the dealer's three hands.  
2 Gaming Laboratories International has  
3 reviewed the game and has indicated that it  
4 is a variation of the approved game of Pai  
5 Gow Poker. Caesars Indiana has indicated  
6 that it wishes to sponsor the game and has  
7 submitted proposed internal control  
8 procedures. Commission staff recommends that  
9 you grant six months conditional approval of  
10 this game.

11 MR. VOWELS: Any questions?

12 2004-4, the conditional approval of  
13 the game of 2-2-1. Is there a motion in  
14 reference to this Resolution?

15 MS. BOCHNOWSKI: Move to give  
16 conditional approval.

17 MR. VOWELS: Is there a second?

18 MR. GETTLEFINGER: Second.

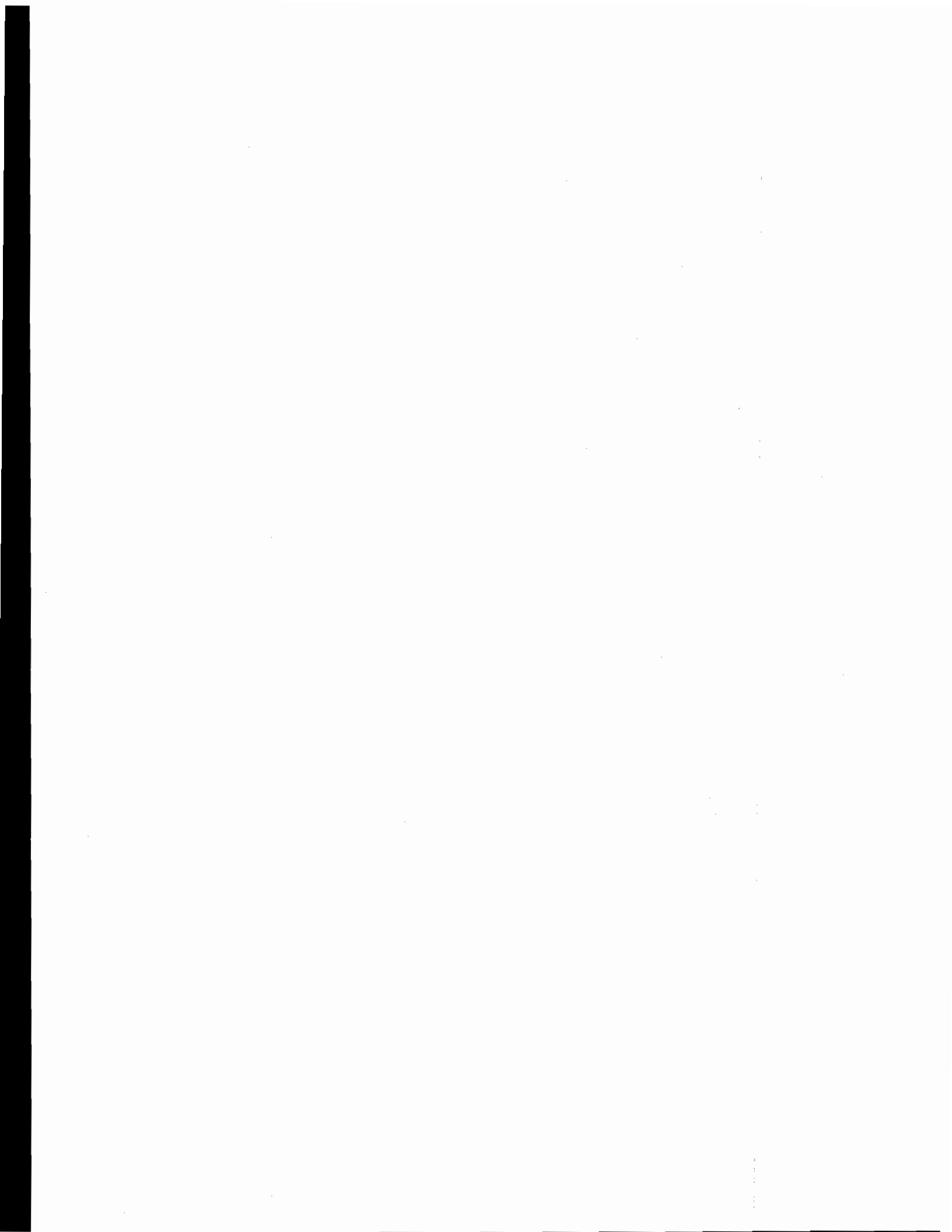
19 MR. VOWELS: Any further discussion?

20 All those in favor say aye.

21 (Commissioners respond with aye.)

22 MR. VOWELS: Show it is approved.

23 And then we move to occupational  
24 license matters and it's still with you, Ms.  
25 Brodnan.



1 MS. BRODNAN: Yes. On or about  
2 December 8, 2000, Mr. Anthony Todd received a  
3 temporary level 3 occupational license to  
4 work as a Bartender at Horseshoe Casino.

5 On November 5th of last year, Mr.  
6 Todd's employment was terminated after it was  
7 discovered that he had entered into the cash  
8 register a lesser price for the drinks he  
9 sold and kept the amount of the price  
10 difference himself. The activity was  
11 conducted during the course of his  
12 employment.

13 Commission staff revoked his temporary  
14 occupational license and denied his  
15 application for a permanent license. You  
16 will need to vote to grant or deny his  
17 application.

18 Commission staff recommends that you  
19 deny the application. If you do so he will  
20 have the opportunity to appeal.

21 MR. VOWELS: Any questions for Ms.  
22 Brodnan?

23 Then, is there a motion in reference  
24 to denying or approving the occupational  
25 license of Anthony Todd?



1 MS. ROSE: Move to deny.

2 MR. VOWELS: Is there a second?

3 MS. BOCHNOWSKI: Second.

4 MR. VOWELS: Any further discussion?

5 All in favor say aye.

6 (Commissioners respond with aye.)

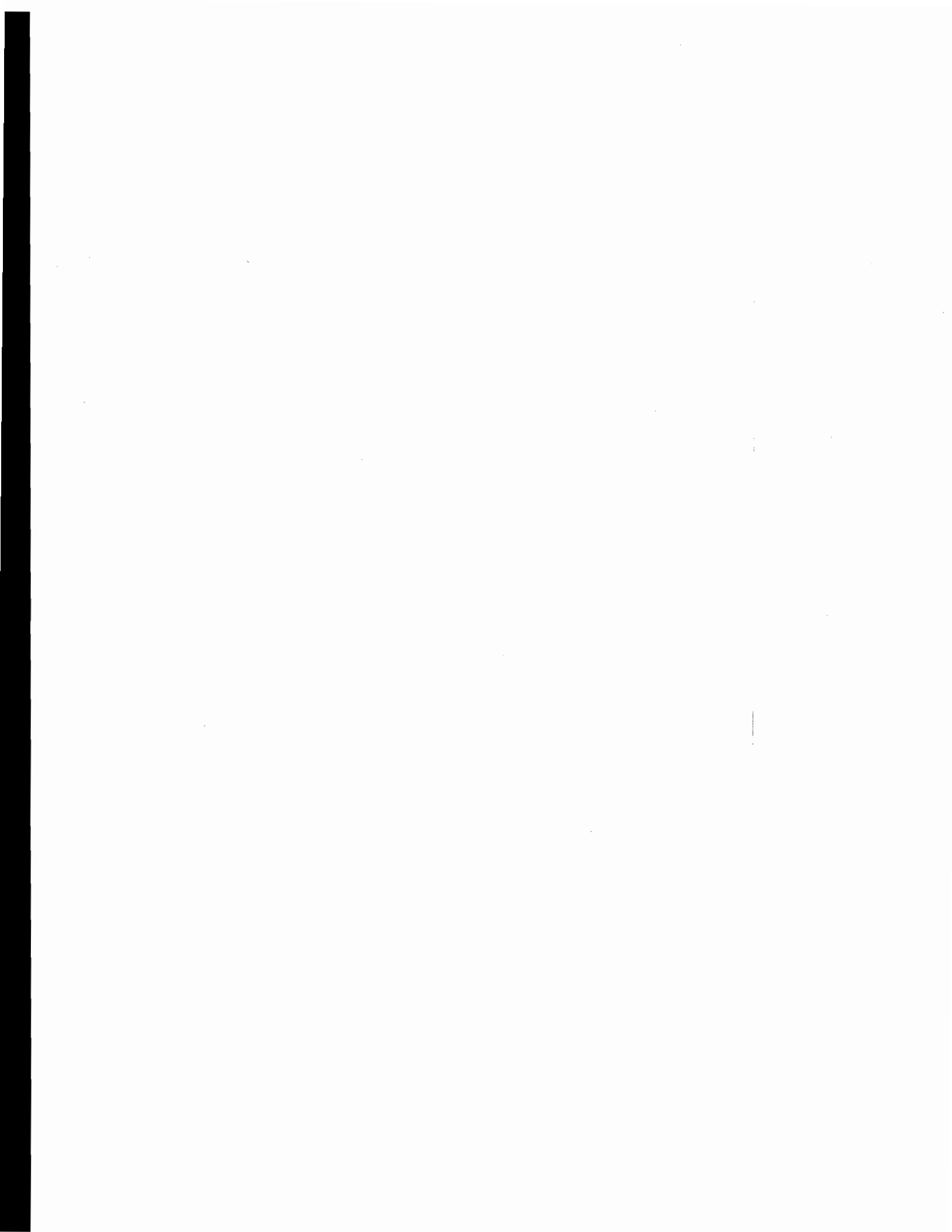
7 MR. VOWELS: Show it denied.

8 Then you have another?

9 MS. BRODNAN: Yes. In May of 1999,  
10 Mr. Rodney Cox received a level 2 temporary  
11 license to work at Harrah's Casino. He  
12 previously held a level 2 license to work at  
13 Trump from May of '96 to April of '98.

14 In December, 2003, Commission staff  
15 revoked his Harrah's license and denied his  
16 application for a permanent license.  
17 Commission staff discovered that his previous  
18 license at Trump was revoked in 1998 due to  
19 his presence at a residence where illegal  
20 gambling was being conducted. He was one of  
21 six individuals whose license was revoked.  
22 Several of the others appealed the denial and  
23 had their badges reinstated; however, Mr. Cox  
24 has not appealed.

25 Commission staff also discovered he



1 failed to completely disclose his criminal  
2 history on his most recent Harrah's  
3 application.

4 Mr. Cox contacted the Commission on  
5 December 16th and advised that he did not  
6 receive notice that his Trump license was  
7 revoked in 1998, and requested the  
8 reinstatement of his Harrah's license.

9 Due to the fact that Mr. Cox may not  
10 have received notice of prior revocation, and  
11 the fact that the others involved in the  
12 incident that led to the revocation had their  
13 badges reinstated, the Commission staff  
14 agreed to restate his temporary license at  
15 Harrah's, pending review of the matter and  
16 pending settlement agreements he would enter  
17 into.

18 Commission staff recommends and Mr.  
19 Cox will agree that he is eligible to  
20 receive a temporary level 2 license; that he  
21 be placed on probationary status for a period  
22 of six months due to his failure to disclose  
23 his complete criminal history. When that  
24 period is complete his application will be  
25 reviewed to determine his eligibility for a





1 permanent badge.

2 He further agrees that if you do not  
3 approve the terms of the agreement, the  
4 revocation will be reinstated and his  
5 application denied. Due to the anticipation  
6 of Mr. Cox's appeal of the denial, that's  
7 why we agreed to enter into this settlement  
8 agreement at this time.

9 You will need to take action on two  
10 matters. First, voting on either approving  
11 or disapproving the denial. We recommend  
12 that you approve the denial. And second,  
13 approving or disapproving the settlement  
14 agreement, and we recommend that you approve  
15 the settlement agreement.

16 MR. VOWELS: Any questions for Ms.  
17 Brodnan?

18 MS. BOCHNOWSKI: Do you remember why  
19 the other people had their license  
20 reinstated?

21 MS. BRODNAN: I don't remember  
22 specifically on each one.

23 MS. BOCHNOWSKI: I remember the  
24 situation, but I don't remember --

25 MS. BRODNAN: There were, I think,



1 four of the others appealed the decision and  
2 the Administrative Law Judge recommended that  
3 they get restated.

4 MS. BOCHNOWSKI: That went beyond us,  
5 then.

6 MR. VOWELS: Do you remember the  
7 facts?

8 MS. BOCHNOWSKI: They were in an  
9 apartment where there may or may not have  
10 been something going on.

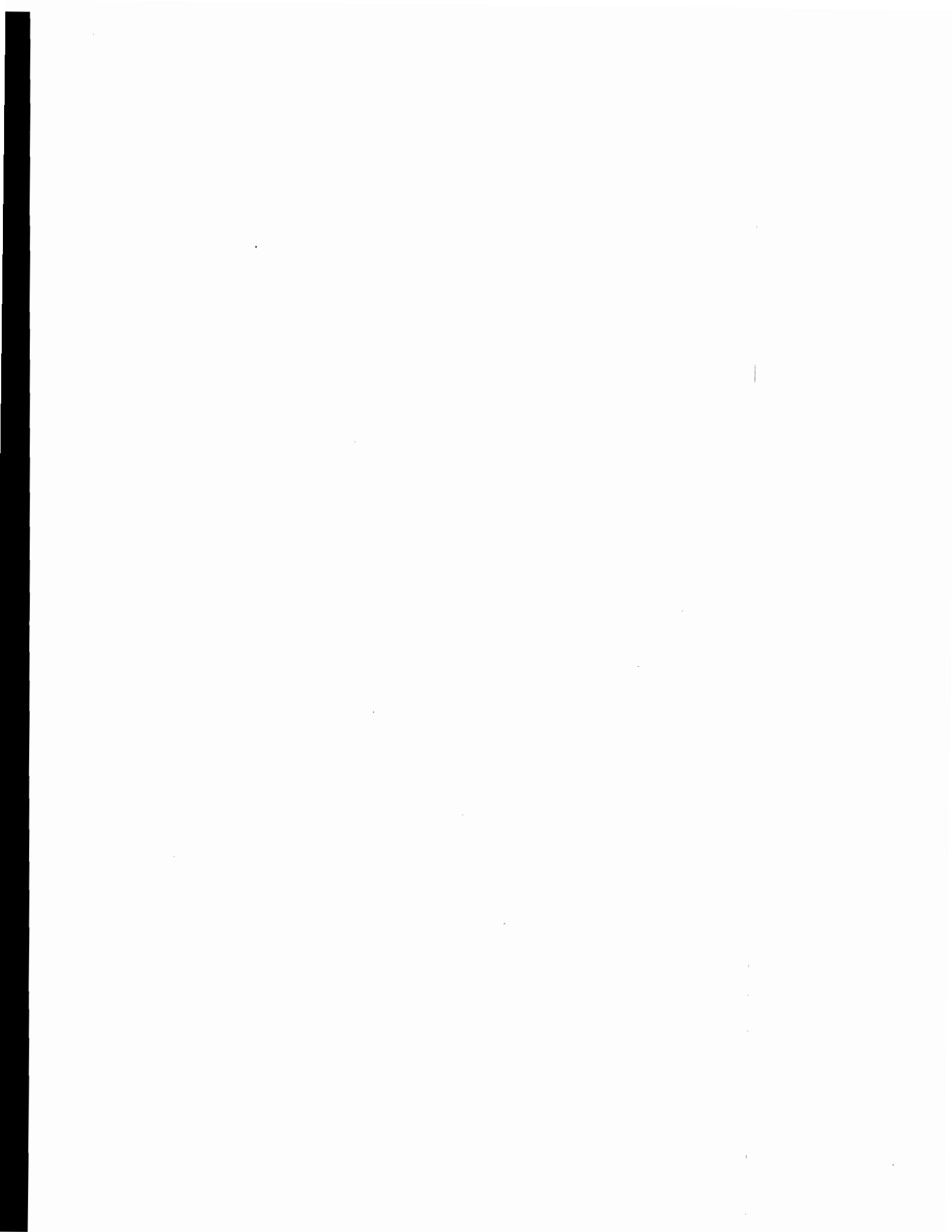
11 MR. LAWRENCE: May or may not have  
12 been involved in what may or may not have  
13 been going on.

14 MS. BOCHNOWSKI: I just didn't know  
15 why the others had gotten their licenses  
16 reinstated.

17 MR. VOWELS: It was -- I remember it.  
18 It was sort of a pretty amateurish situation.

19 MR. MILCAREK: Sounds like a Murphy's  
20 child there.

21 MR. VOWELS: Okay. All right. Then



1 recommendation is to -- follow me on this so  
2 I say it right -- is to deny the  
3 application; is that right?

4 MS. BRODNAN: Yes, the application  
5 for an occupational license.

6 MS. BOCHNOWSKI: Then we move on from  
7 there.

8 MR. VOWELS: Then your recommendation  
9 is that we approve the terms of the  
10 settlement agreement?

11 MS. BRODNAN: Yes.

12 MR. VOWELS: That's part of my  
13 understanding of what you would want...

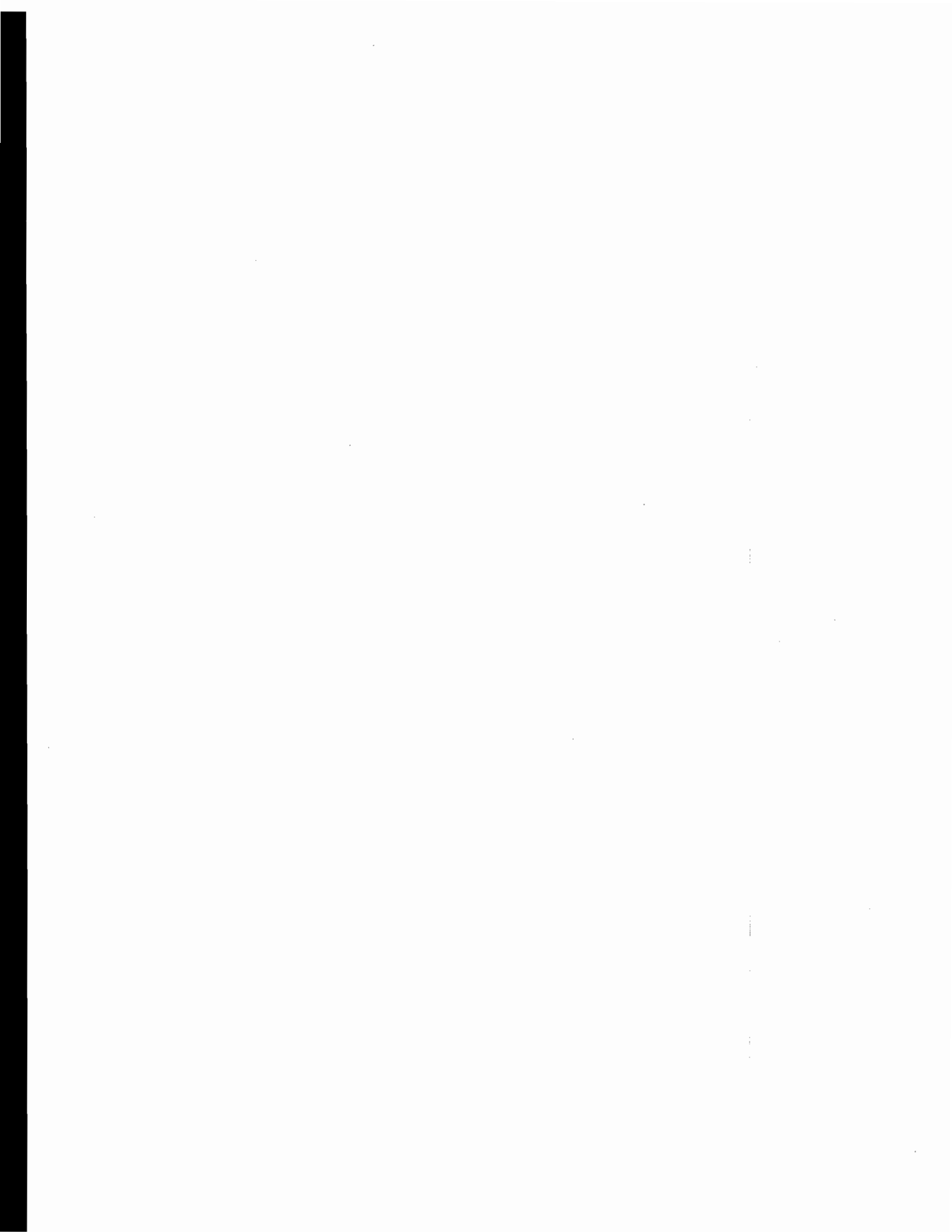
14 All right. So the staff's  
15 recommendation is that we deny, in this first  
16 part, the application for occupational  
17 license. Is there a motion in reference to  
18 denying or approving the application for the  
19 occupational license?

20 MS. BOCHNOWSKI: Move that we deny.

21 MR. VOWELS: All right. Is there a  
22 second?

23 MR. MILCAREK: Second.

24 MR. VOWELS: Is there any further  
25 discussion?



1 All those in favor of denying the  
2 application for the occupational license say  
3 aye.

4 (Commissioners respond with aye.)

5 MR. VOWELS: Show that it is denied.

6 Then we'll move to the second part,  
7 which a request is to approve or disapprove  
8 the proposed terms of the settlement  
9 agreement. Is there a motion in reference  
10 to approving or disapproving the proposed  
11 terms?

12 MS. ROSE: Move to approve.

13 MR. VOWELS: Is there a second?

14 MS. BOCHNOWSKI: Second.

15 MR. VOWELS: Any further discussion?

16 All those in favor say aye.

17 (Commissioners respond with aye.)

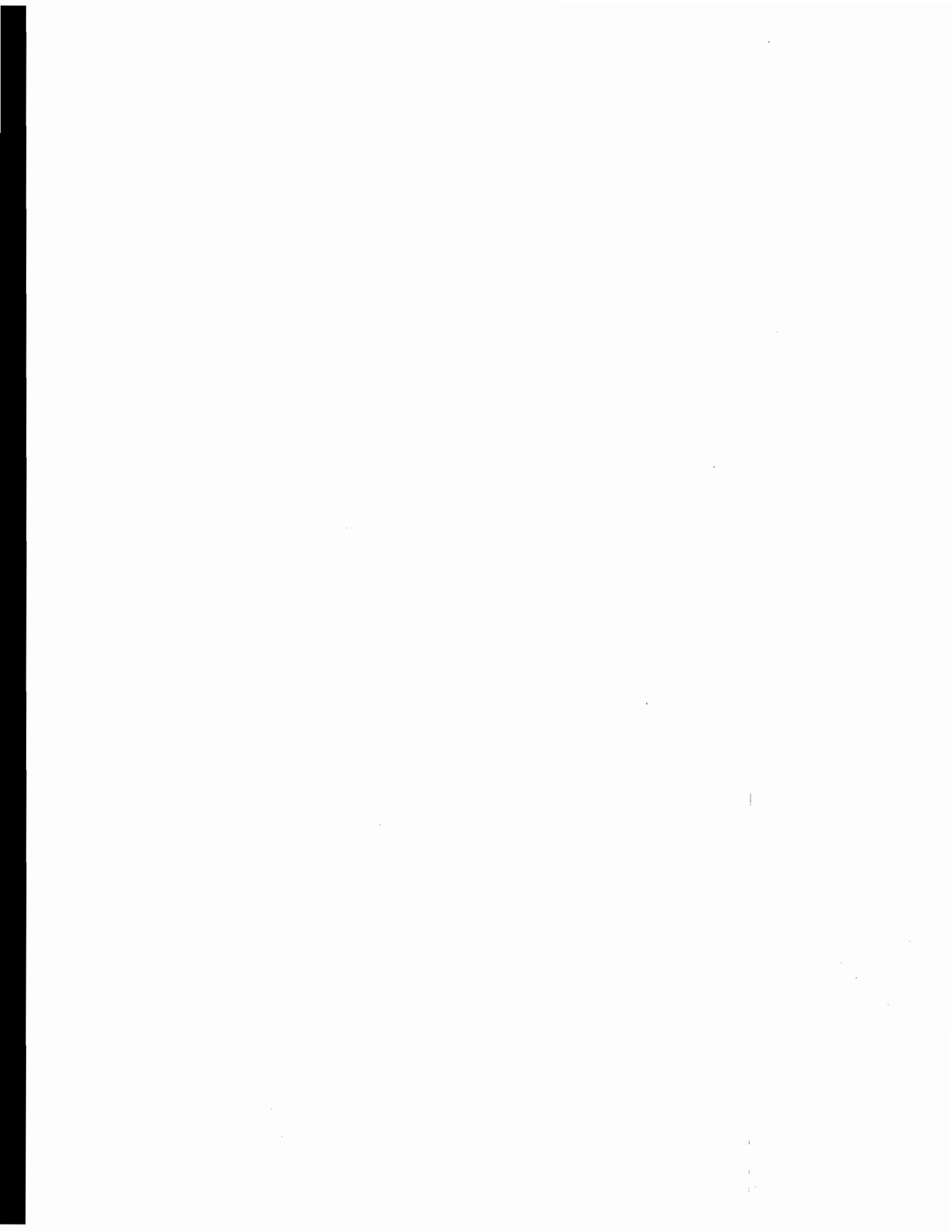
18 MR. VOWELS: Show that it is  
19 approved.

20 And are you finished with that entry  
21 for now?

22 MS. BRODNAN: Yes, temporarily.

23 MR. VOWELS: And Ms. Marsden.  
24 Suppliers' licenses.

25 MS. MARSDEN: Before you is





1 Resolution 2004-5. It is for the renewal of  
2 the following suppliers' licenses:

3 Anchor Coin, Inc., A.C. Coin, Bally  
4 Gaming Systems, Dallman Systems, Inc.,  
5 GameCash, Inc. And WMS Gaming, Inc.

6 On April 7th of 2003, by Resolution  
7 2003-15, the Commission renewed the above  
8 suppliers licenses.

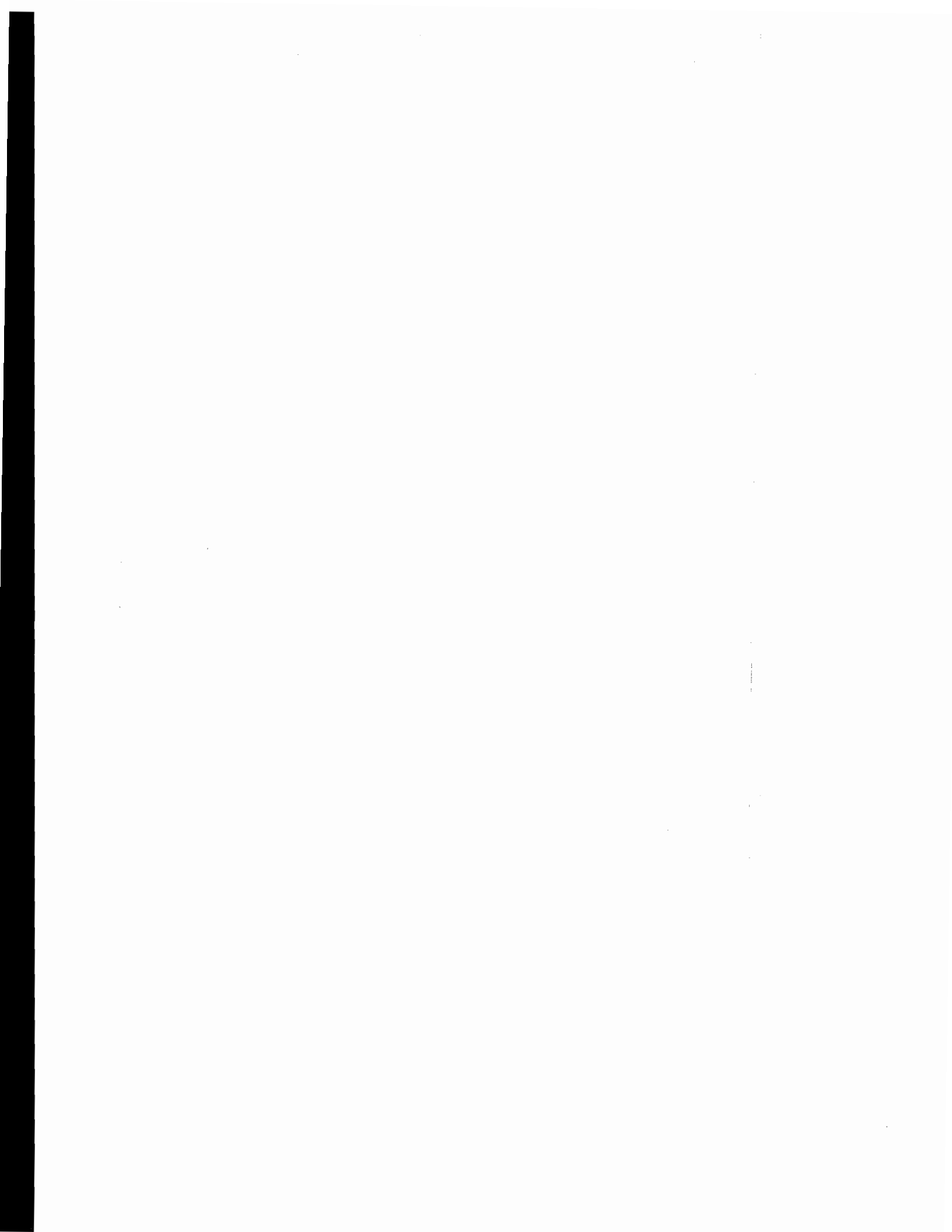
9 Conditions are placed on suppliers'  
10 license that they must be reviewed annually  
11 and request a renewal of the suppliers  
12 license at least 30 days before the  
13 expiration of the license in accordance with  
14 68 IAC 2-2-8.

15 The Commission staff has received the  
16 request for renewal and the annual renewal  
17 fee from all the suppliers. These suppliers  
18 do remain suitable for licensure. So before  
19 you is Resolution 2004-5 for the renewal of  
20 the above supplier licensees.

21 MR. VOWELS: Any questions for Ms.  
22 Marsden?

23 MR. VOWELS: Thank you, Ms. Marsden.

24 Resolution 2004-5 concerns the renewal  
25 of the suppliers licenses listed. Is there



1 a motion in reference to this Resolution?

2 MR. MILCAREK: I move to renew the  
3 licenses.

4 MR. VOWELS: Is there a second?

5 MS. BOCHNOWSKI: Second.

6 MR. VOWELS: Further discussion?

7 All those in favor say aye.

8 (Commissioners respond with aye.)

9 MR. VOWELS: Show they are renewed.

10 And then you have 2004-6, which deals  
11 with withdraws.

12 MS. MARSDEN: Resolution 2004-6  
13 concerns the question of Innovative Gaming,  
14 Inc., and Xertain, Inc., to withdraw its  
15 application for a supplier's license.

16 Pursuant to 68 IAC 2-2-4(d) an  
17 application for a supplier's license may not  
18 be withdrawn without the leave of the  
19 Commission. Background investigations were  
20 not started on these companies and because of  
21 failed mergers neither company wants to  
22 pursue an Indiana Supplier's license.

23 So the Commission will need to grant  
24 or deny the request to withdraw the  
25 application for Innovative Gaming, Inc., and



1 Xertain, Inc.

2 MR. VOWELS: Any questions?

3 Resolution 2004-6 concerns a request  
4 of Innovative Gaming, Inc., and Xertain,  
5 Inc., to withdraw its application for  
6 suppliers license. Is there a motion in  
7 reference to this Resolution?

8 MS. BOCHNOWSKI: Can I ask a  
9 question, or do you want a motion first?

10 MR. VOWELS: Go ahead.

11 MS. BOCHNOWSKI: So they haven't paid  
12 all their fees, but if they don't we'll be  
13 able to collect any fees that they owe?

14 Okay. I move to grant their request.

15 MR. VOWELS: Is there a second?

16 MR. GETTLEFINGER: Second.

17 MR. VOWELS: Any further discussion?

18 All those in favor say aye.

19 (Commissioners respond with aye.)

20 MR. VOWELS: Show the Resolution is  
21 approved.

22 And thank you, Ms. Marsden. And  
23 we're back to Ms. Brodnan on transfer of  
24 ownership.

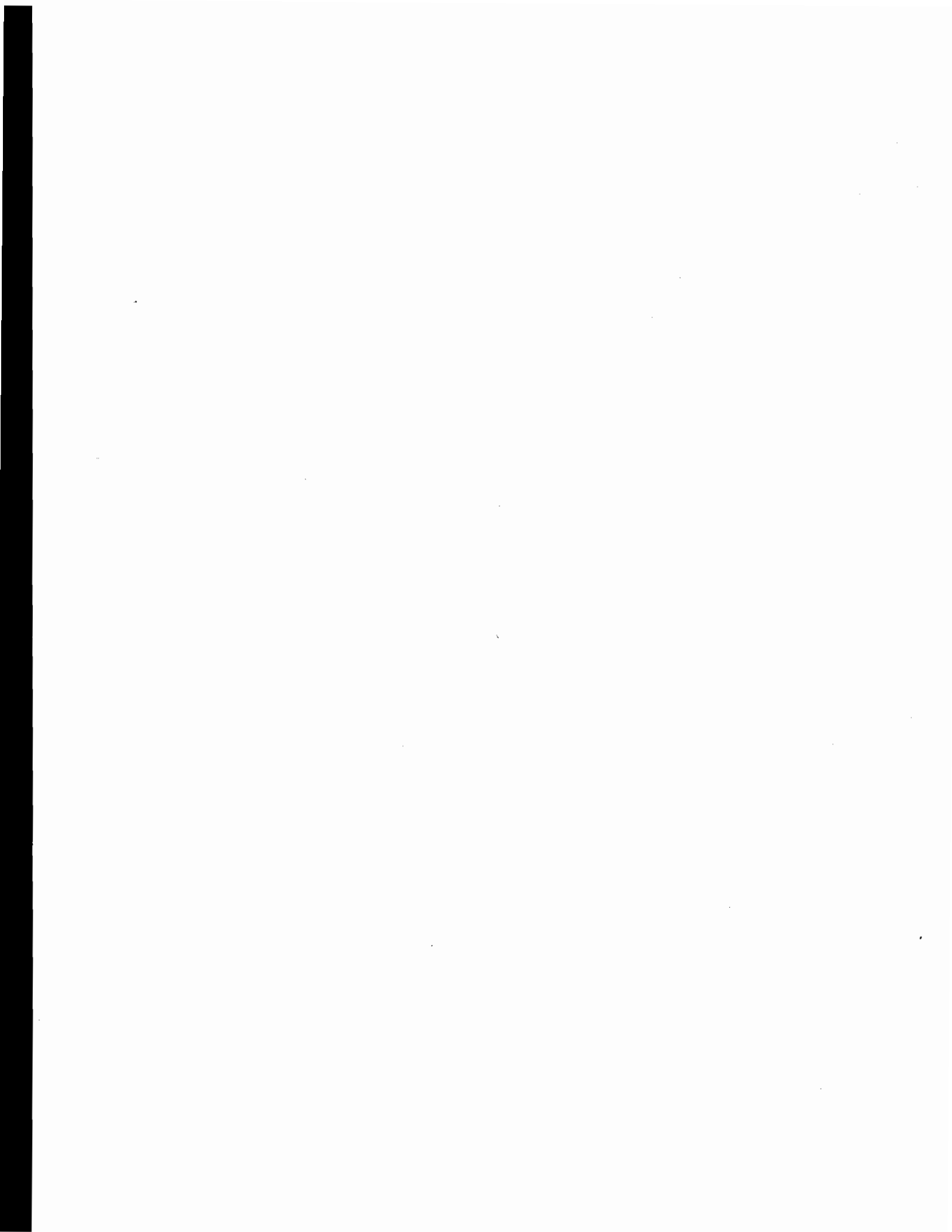
25 MS. BRODNAN: Yes. Alliance Gaming

<

1 Corporation is the parent company of Bally  
2 Gaming, Inc. Bally received a permanent  
3 supplier's license in March, 2000. Sierra  
4 Design Group received a permanent license in  
5 April, 2003. Bally and Sierra Design are  
6 licensees in good standing.

7 Alliance has entered into an  
8 agreement to acquire the stock of Sierra  
9 Design. Alliance requests the approval of  
10 the Commission for the purchase of 100  
11 percent of the outstanding common stock of  
12 Sierra Design, which is anticipated to close  
13 in late February. As a result, Sierra  
14 Design Group will become a wholly owned  
15 direct subsidiary of Bally, the supplier  
16 licensee, and an indirect subsidiary of  
17 Alliance.

18 No new key people or substantial  
19 owners are being introduced. As a result,  
20 Alliance has requested that you waive the  
21 normal transfer of ownership procedures and





1 Design will notify the Commission that the  
2 closing has occurred and will relinquish its  
3 Indiana Supplier's License as it's wholly  
4 owned subsidiary.

5 Commission staff recommends that you  
6 grant Alliance's request for a waiver of the  
7 transfer procedures and background  
8 investigations, that you approve the  
9 transfer, and that you approve Sierra  
10 Design's request to withdraw its license.

11 MR. VOWELS: Any questions of Ms.  
12 Brodnan?

13 Resolution 2004-7 has multiple choice  
14 questions here for us. And as I understand  
15 it, their request is grant, grant and grant;  
16 is that right?

17 MS. BRODNAN: Yes.

18 MR. VOWELS: Okay. With that in  
19 mind, does anyone have a motion in reference  
20 to these three things?

21 MS. BOCHNOWSKI: Can do it all at  
22 once?

23 MR. VOWELS: I think so.

24 MS. BOCHNOWSKI: Okay. So granting  
25 would be -- okay. I move that we grant all



1 three; is that okay?

2 MR. VOWELS: Okay. There's a motion  
3 that we grant all three requests. Is there  
4 a second?

5 MR. GETTLEFINGER: Second.

6 MR. VOWELS: Any further discussion?

7 All those in favor say aye.

8 (Commissioners respond with aye.)

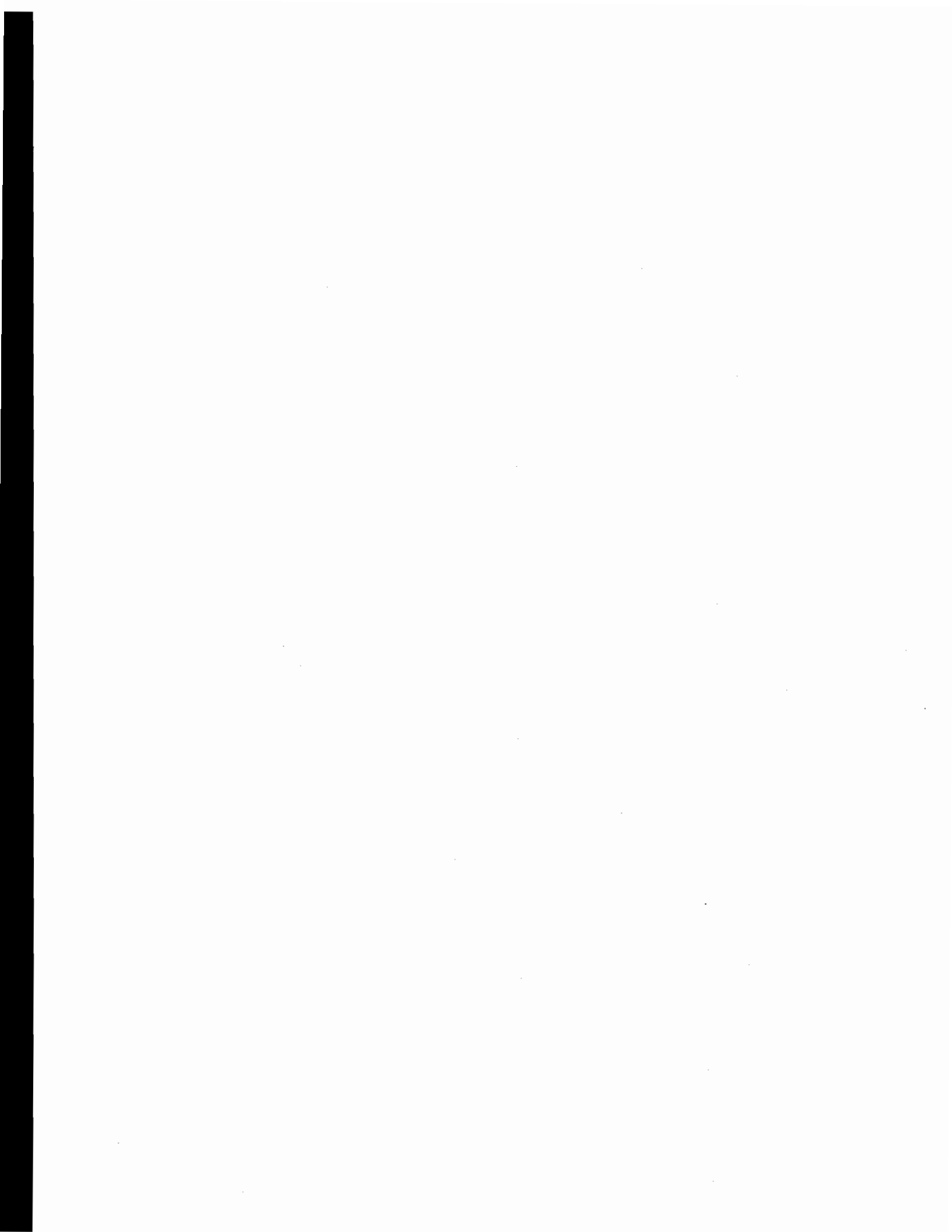
9 MR. VOWELS: The record will reflect  
10 that you got everything that you recommended.

11 And you have a name change.

12 MS. BRODNAN: Yes. George C.

13 Matteson Co., Inc., doing business as GEMACO  
14 Playing Card Company is a wholly-owned  
15 subsidiary of F&F Holdings, Inc. GEMACO  
16 received a permanent Supplier's License in  
17 August of 1997.

18 In November, 2003, the Commission  
19 approved a transfer of ownership in F&F to  
20 Danny Carpenter and D. Kaye Summers. The  
21 transfer resulted in F&F retaining 100  
22 percent ownership of GEMACO. By letter dated  
23 November 26, 2003, GEMACO advised that F&F  
24 and GEMACO would be changing names in  
25 January, 2004. F&F would be changing to



1 GemGroup, Inc., and GEMACO Playing Card  
2 Company would be changing to Gemaco, Inc.,  
3 which would be the holder of the Indiana  
4 Supplier's License. F&F and GEMACO have  
5 provided assurance to the Commission that no  
6 change or transfer of any ownership interest,  
7 corporate structure or officers and directors  
8 has occurred with the renaming of the company  
9 and its subsidiary.

10 Pursuant to the information provided,  
11 Commission staff recommends that you grant  
12 GEMACO's request to change the name of the  
13 licensee.

14 MR. VOWELS: Any questions of Ms.  
15 Brodnan?

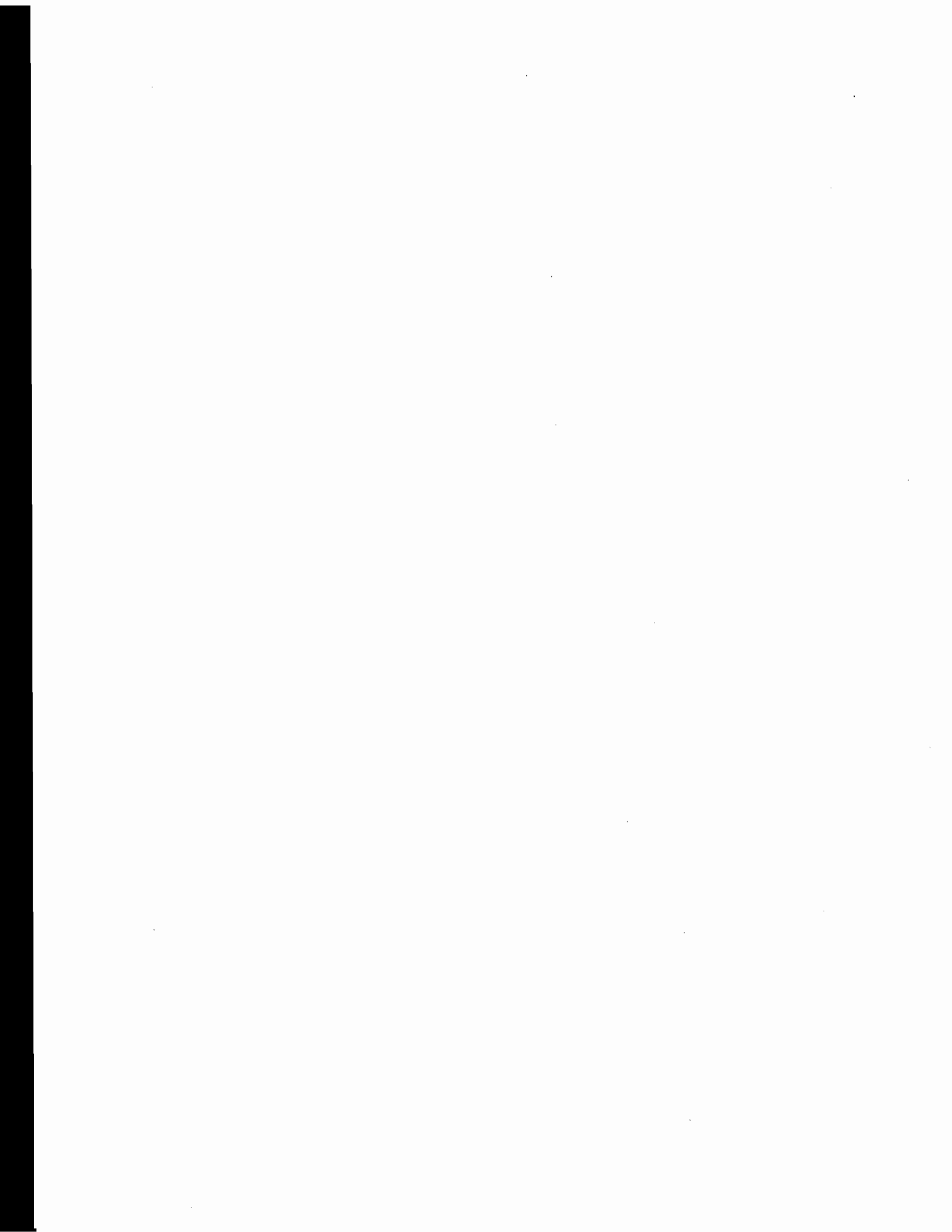
16 So Resolution 2004-8 essentially asks  
17 us to grant or deny the request to change  
18 their name and then they're obligated to  
19 everything they were in the former; is that  
20 right?

21 MS. BRODNAN: Yes.

22 MR. VOWELS: Okay. Is there a motion  
23 to grant or deny?

24 MR. GETTLEFINGER: Move to grant.

25 MR. VOWELS: Is there a second?



1 MR. MILCAREK: Second.

2 MR. VOWELS: All those in favor say  
3 aye.

4 (Commissioners respond with aye.)

5 MR. VOWELS: Show it is granted.  
6 Thank you, Ms. Brodnan.

7 And then we move to riverboat owner's  
8 matters. And under financing, Mr. Osborn.

9 MR. OSBORN: Thank you, Mr. Chairman.

10 First of all, there's a financing  
11 matter under the Resolution 2004-9 with  
12 Argosy Gaming Company. And I don't know if  
13 Ms. Williams is here or not, but -- and Mr.  
14 Butler.

15 MR. VOWELS: Please have a seat.

16 MR. OSBORN: Representative of Argosy  
17 is here to answer whatever questions the  
18 Commission may have.

19 Could you both give your names, sir?

20 MR. BUTLER: Yes. Good morning. For  
21 the record, James Butler, corporate counsel  
22 for Argosy Gaming Company, and with me Erin  
23 Williams, our vice-president and treasure of  
24 Argosy Gaming Company.

25 MR. OSBORN: Thank you. On January





1 5th of 2004 Argosy requested approval of the  
2 Commission to refinance \$350 million senior  
3 subordinated note issue with a coupon rate of  
4 10.75 percent through a tender offer and new  
5 debt issuance at a lower interest rate.

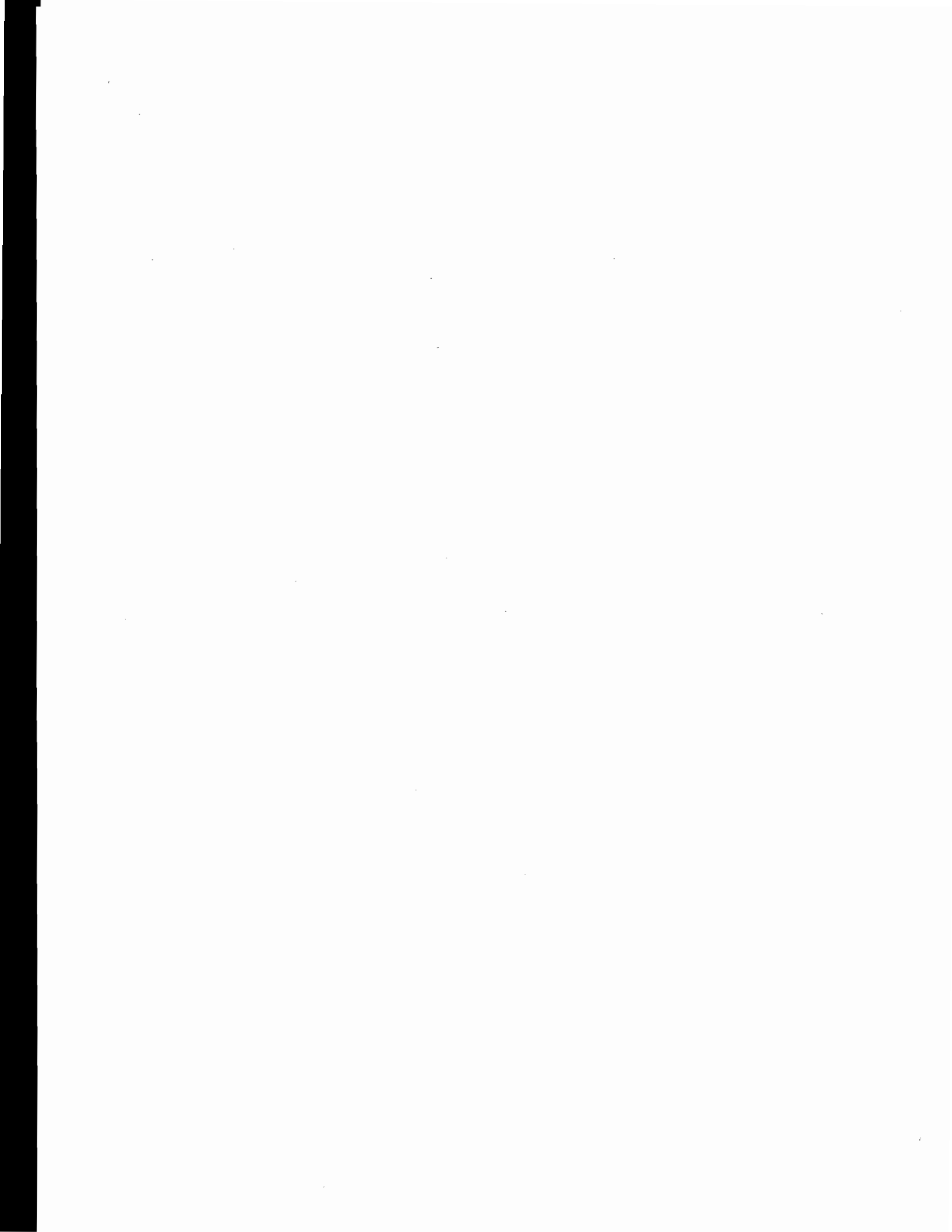
6 The Executive Director with Chair  
7 Vowels and Commission Member Gettlefinger  
8 approved the request for waiver on January  
9 29, 2004, and at this time Argosy requests  
10 the Commission to approve this refinancing,  
11 and also request approval of the waiver of  
12 the two meeting rule.

13 The Commission staff recommends that  
14 you grant the waiver of the two meeting rule  
15 and also that you grant the approval of the  
16 refining at this time.

17 MR. VOWELS: Thank you. Any  
18 questions for Mr. Osborn or Ms. Williams or  
19 Mr. Butler?

20 MS. BOCHNOWSKI: This doesn't  
21 represent any additional out-borrowing,  
22 right?

23 MS. WILLIAMS: There will be an  
24 incremental \$28 million because a premium  
25 associated with the --



1 MS. BOCHNOWSKI: Okay.

2 MS. WILLIAMS: That's the total  
3 amount and that would be borrowed under our  
4 revolving credit facility.

5 MR. VOWELS: The 28 million that you  
6 were just talking about, that's been placed?

7 MS. WILLIAMS: It will be. We  
8 haven't closed the transaction. We're  
9 anticipating closing the transaction on the  
10 12th, and that will be borrowed at that  
11 point under our revolving credit facility.

12 MR. VOWELS: Anything further on  
13 that? Any other information that you --

14 MS. WILLIAMS: The pricing for the  
15 two notes occurred yesterday, and that is  
16 supposed to close on the 12th. Interest  
17 rate associated with that pricing is 7  
18 percent, which would result in \$12 million  
19 annual savings and interest for the company.

20 MR. VOWELS: What was the interest  
21 rate before?

22 MS. WILLIAMS: 10 and three-quarters  
23 percent.

24 MR. VOWELS: Sounds like a good deal  
25 all the way around.



1 Any questions?

2 MR. GETTLEFINGER: Just have an  
3 observation.

4 I want to compliment your staff on  
5 the documentation they put together to  
6 summarize this. It's one of the best  
7 analysis I've seen, and I would encourage the  
8 same format to our other licensees.

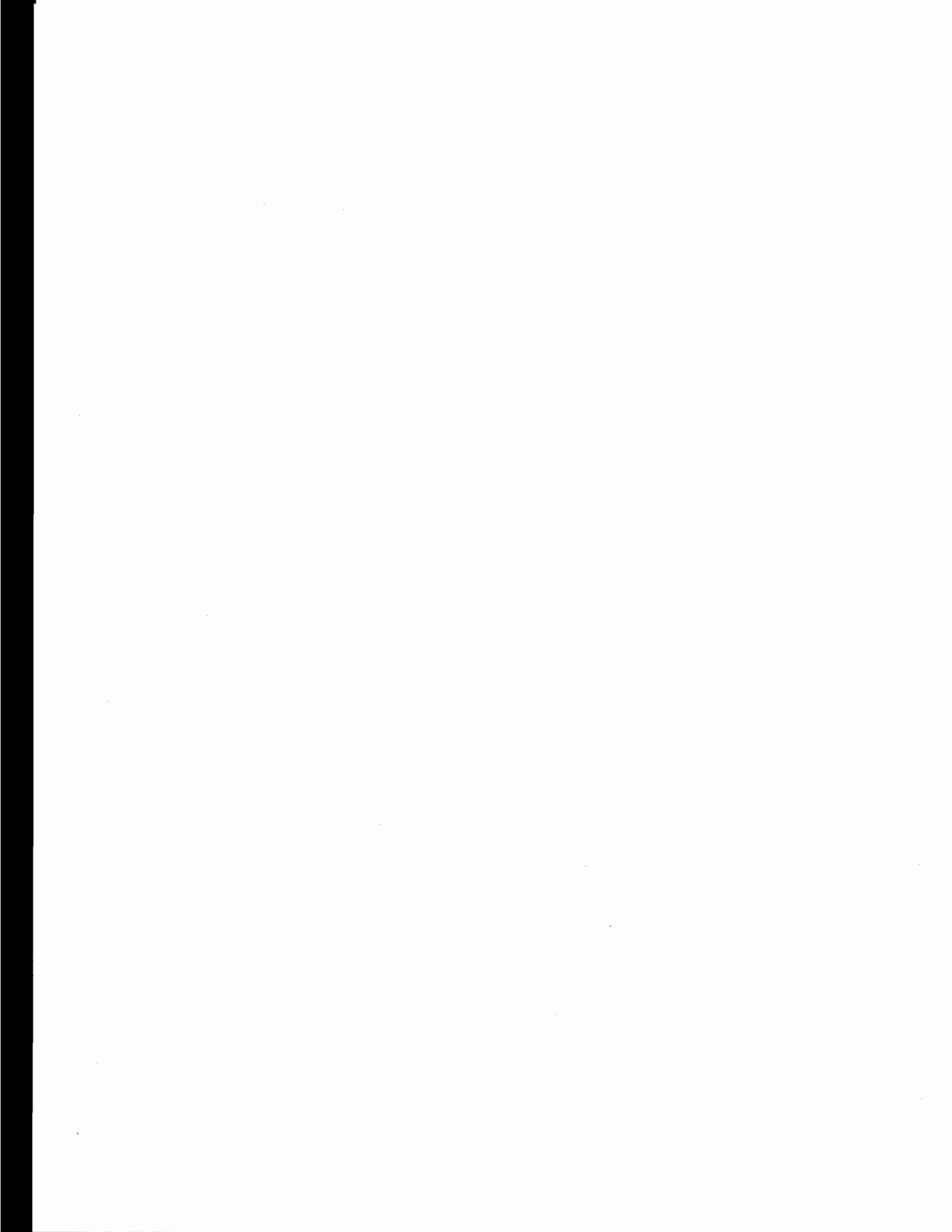
9 MS. WILLIAMS: And we would also like  
10 to thank Ms. Chelf for having helped to  
11 expedite this matter, because the interest  
12 rates today move very quickly and being able  
13 to act, it's worth a lot of money to us.

14 MR. VOWELS: This is the one you got  
15 in touch with me when you were panicked  
16 because you hadn't heard from me?

17 MS. BOCHNOWSKI: So, in other words,  
18 everybody was cooperative but you; is that  
19 what you're saying?

20 MR. VOWELS: I would have been if I  
21 had known about it. He called me, and what  
22 have you, about why haven't you answered the  
23 e-mail. It's technology. Not my fault.

24 Anyway, sounds like it went smoothly  
25 except for me.



1 introduce to you, is new counsel down at  
2 Caesars Indiana, and so not exactly at the  
3 corporate level, but it's my first  
4 opportunity to introduce Scott to all of you.

5 MR. VOWELS: Nice to meet you.

6 MR. ESTES: Nice to meet you all.

7 MR. OSBORN: Concerning this  
8 resolution, Mr. Chairman, this request was  
9 made on December 9th of 2003. Caesars  
10 request a waiver by the Executive Director  
11 for financing approval seeking approval of  
12 the amendment Caesars made to its existing  
13 multi-year and 364-day credit facilities in  
14 August, 2003.

15 The amended credit facilities put in  
16 place of \$493 million 364-day revolving  
17 credit facility, a \$2.318 billion five-year  
18 revolving facility maturing on December 31st  
19 of 2003, and a \$1.741 billion two-year  
20 extension effective after December 31, 2003,  
21 increasing their total aggregate commitment  
22 to the facilities to \$4.125 billion.

23 The Executive Director, Commission  
24 Chairman Vowels and Commission Member  
25 Gettlefinger approved the waiver on December





1 18, 2003.

2 And at this time Caesars requests  
3 waiver of the two meeting rule and also  
4 requests approval of August, 2003 amendment  
5 to its credit facilities.

6 Commission staff has asked the  
7 Commission to approve both.

8 MR. VOWELS: Any questions for Mr.  
9 Osborn or the attorneys?

10 MS. ROSE: I have some. Ron, can you  
11 explain the package?

12 MR. GIFFORD: Do I need my file?

13 MS. ROSE: Yes.

14 MS. BOCHNOWSKI: That was kind of my  
15 question, is some of these that in here have  
16 already expired.

17 MS. ROSE: We've got three  
18 resolutions here. I assume it's a package  
19 of financing that you want us to approve?

20 MR. GIFFORD: There are three  
21 separate facilities, and this is the -- this  
22 is the facility. This is a 364-day revolver  
23 and multi-year, which actually the Commission  
24 has previously approved that package back in  
25 2001, I believe. This is an amendment to



1 that. And at that time when those approvals  
2 were made the company was given authority to  
3 move within the short-term and the multi-year  
4 facility as long as the aggregate didn't  
5 exceed \$4 billion. That also contemplated a  
6 two-year extension of the five-year facility,  
7 and that was all part of the previously  
8 approved package.

9 Then in August of this year what  
10 happened the company did a reinstatement of  
11 that. The vote on the two-year extension  
12 that had previously contemplated would become  
13 effective. The company increased the total  
14 potential commitment from 4 billion to 4.1  
15 billion, and that's broken down in the  
16 various categories that you see and just has  
17 to do with the ability to draw down at  
18 different times under the short-term  
19 reinstatement of what would happen between  
20 August and the end of 2003 as it related to  
21 the short-term. Then when the two-year  
22 kicked in on January 1 of '04, then some of  
23 the specific details laid out in the  
24 resolution in terms of the ability to convert  
25 some of that to a term as opposed to



1 revolver, et cetera.

2 MS. BOCHNOWSKI: So we are just --  
3 basically what we're approving is the  
4 additional time or the two-year extension and  
5 the additional fund?

6 MR. GIFFORD: I think technically  
7 what you need to do is approve -- well, the  
8 transaction effect, I think, became a new  
9 transaction in the sense it expanded the  
10 facility from 4 billion to 4.1. That  
11 clearly is what needs to be approved.

12 MS. BOCHNOWSKI: Because we had  
13 approved the 4 billion and now it's more.

14 MR. GIFFORD: So it's a new facility  
15 to that extent.

16 MR. LAWRENCE: Plus modifications,  
17 the movement of the --

18 MR. GIFFORD: Right, although it's  
19 unclear that changed much from the previous  
20 one.

21 MR. VOWELS: Any other questions or  
22 comments?

23 Let's go ahead and deal with  
24 Resolution 2004-10 concerning the financing  
25 of Caesars. There's a request to waive the



1 two meeting rule and request for the approval  
2 of the accessibility.

3 And is there a motion in reference to  
4 approving or disapproving both of those  
5 requests?

6 MS. ROSE: I'll move to approve both.

7 MS. BOCHNOWSKI: I'll second it.

8 Do you feel good about this?

9 MR. GIFFORD: Nothing changed.

10 MR. VOWELS: \$4 billion 125 million  
11 is really long when you look at it.

12 There any further discussion?

13 All those in favor of approving the  
14 two requests in this resolution say aye.

15 (Commissioners respond with aye.)

16 MR. VOWELS: Show it is approved.

17 Then the next one is also with  
18 Caesars.

19 MR. OSBORN: Resolution 2004-11. On  
20 December 9 of 2003 Caesars requests a waiver  
21 seeking an after-the-fact approval of the  
22 short-term unsecured credit facility Caesars  
23 entered into by letter agreement with Wells  
24 Fargo Bank on May 24, 2000. In addition to  
25 the request for waiver, seeking approval for





1 further increase of that credit facility.  
2 Originally they had asked for an increase of  
3 \$50 million for working capital requirements,  
4 and then now they seek to increase that  
5 credit facility to an amount not to exceed  
6 \$100 million for working capital requirement.

7 The executive Director, Commission  
8 Chair Vowels and Commissioner Gettlefinger  
9 granted a request for both waivers on  
10 December 18, 2003, and at this time Caesars  
11 requests Commission approval of the May 24th  
12 unsecured credit facility in the amount of  
13 \$50,000. It also requests the Commission  
14 increase that short-term facility amount not  
15 to exceed 100 million. And also request  
16 waiver of the two meeting rule.

17 Commission staff recommends approval  
18 of all three.

19 MR. VOWELS: Looking for it on the  
20 agenda, there's a disciplinary matter dealing  
21 with Caesars. It's my understanding it has  
22 to do with this resolution and the one --  
23 and the previous one.

24 MR. OSBORN: That's correct.

25 MR. VOWELS: That's why we've got the



1 old dates. So we've got those old dates in  
2 here, but we'll deal with it here in a  
3 little while as far as the bad side of this.

4 This Resolution 2004-11 is -- are  
5 there any questions to Mr. Osborn or the  
6 attorneys?

7 This thing comes in three parts. The  
8 first part is waiver of the two meeting  
9 rule, to approve or disapprove that. Second  
10 part is the \$50 million, approve or  
11 disapprove that. Then the next part is \$100  
12 million to approve or disapprove that.

13 Which, I guess, it was wise to put the 4  
14 billion because this looks like chump change  
15 now, right? 50 million and 100 million?

16 MR. GIFFORD: 100 million still seems  
17 like a lot to me.

18 MR. VOWELS: Doesn't have nearly the  
19 written down impact that the billion did.

20 Is there a motion in reference to  
21 this resolution, approving or disapproving  
22 all three parts of it?

23 MS. BOCHNOWSKI: Okay. I'll do it.  
24 I would approve all three.

25 MR. VOWELS: All three parts.



1 There's a motion to prove all three parts.

2 Is there a second?

3 MR. GETTLEFINGER: Move to second.

4 MR. VOWELS: Any further discussion?

5 All those in favor say aye.

6 (Commissioners respond with aye.)

7 MR. VOWELS: Show the Resolution

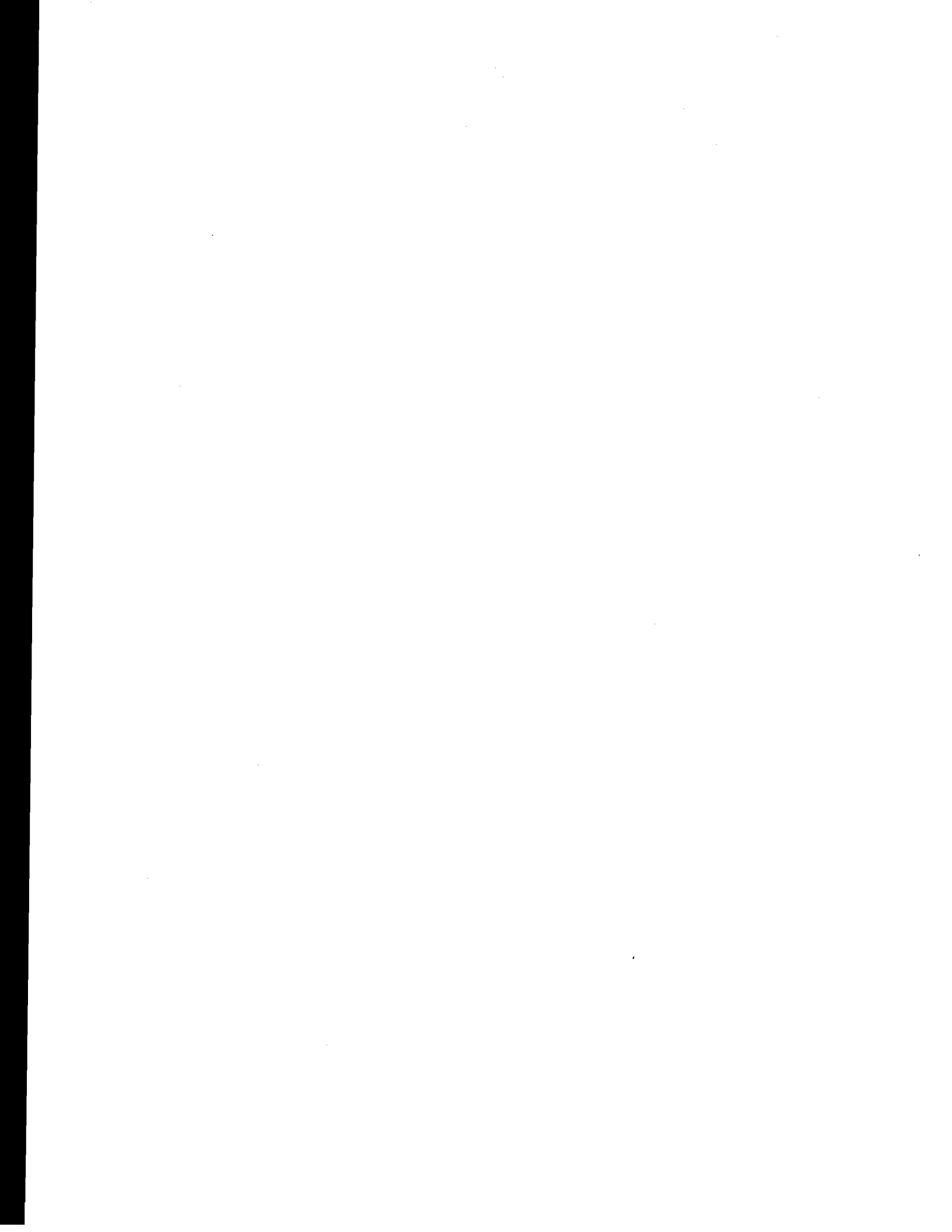
8 2004-11 approved in all parts.

9 And then, Mr. Osborn, go to number  
10 2004-12.

11 MR. OSBORN: Yes, Mr. Chairman. That  
12 resolution concerns a request Caesars made on  
13 December 9, 2003 to establish a \$50 million  
14 364-day senior unsecured credit facility with  
15 U.S. bank. The Executive Director,  
16 Commission Chair Vowels and Commissioner  
17 Gettlefinger approved the request for waiver  
18 on December 15, 2003. At this time Caesars  
19 requests Commission approval of the  
20 establishment of the \$50 million, 364-day  
21 senior unsecured credit facility. Also  
22 request waiver of the two meeting rule.

23 Commission staff recommends approval  
24 of both.

25 MR. VOWELS: Any questions. 2004-12



1 is a request to approve or disapprove the  
2 request for the waiver of two meeting rule,  
3 and then the 50 million credit facility.

4 Is there a motion in reference to  
5 these two parts?

6 MS. BOCHNOWSKI: I move that we  
7 approve.

8 MR. VOWELS: All right. There has  
9 been a motion to approve both parts. Is  
10 there a second?

11 MR. GETTLEFINGER: Second.

12 MR. VOWELS: All those in favor say  
13 aye.

14 (Commissioners respond with aye.)

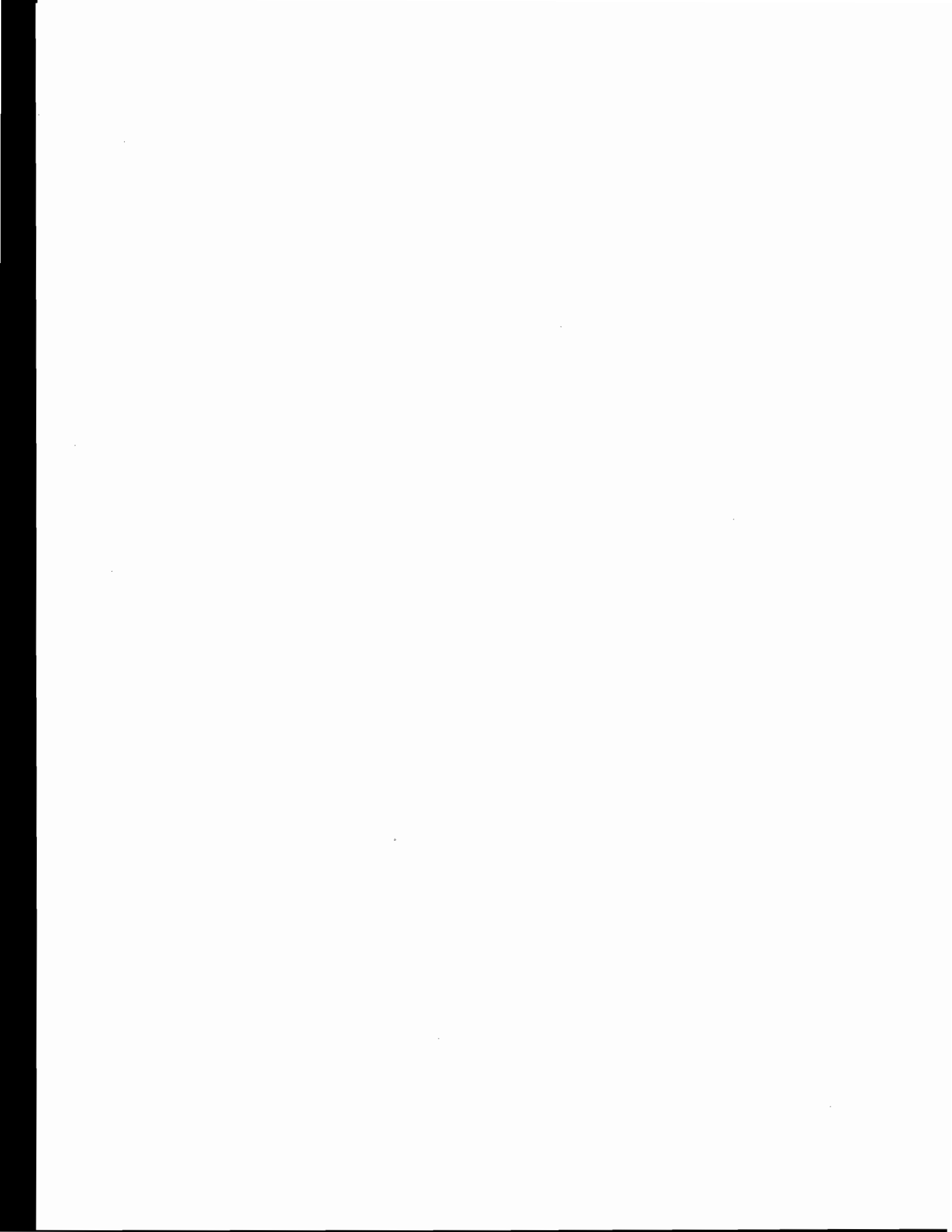
15 MR. VOWELS: Show it is approved.  
16 And Mr. Osborn, I think that completes you  
17 for now; right?

18 MR. OSBORN: Yes.

19 MR. VOWELS: And we'll be coming up  
20 with disciplinary matter in a little bit,  
21 but --

22 (AT THIS TIME THERE WAS A BRIEF  
23 DISCUSSION HELD OUTSIDE OF THE RECORD, AFTER  
24 WHICH THE FOLLOWING PROCEEDINGS WERE HAD:)

25 MR. VOWELS: Ms. Brodnan, the next





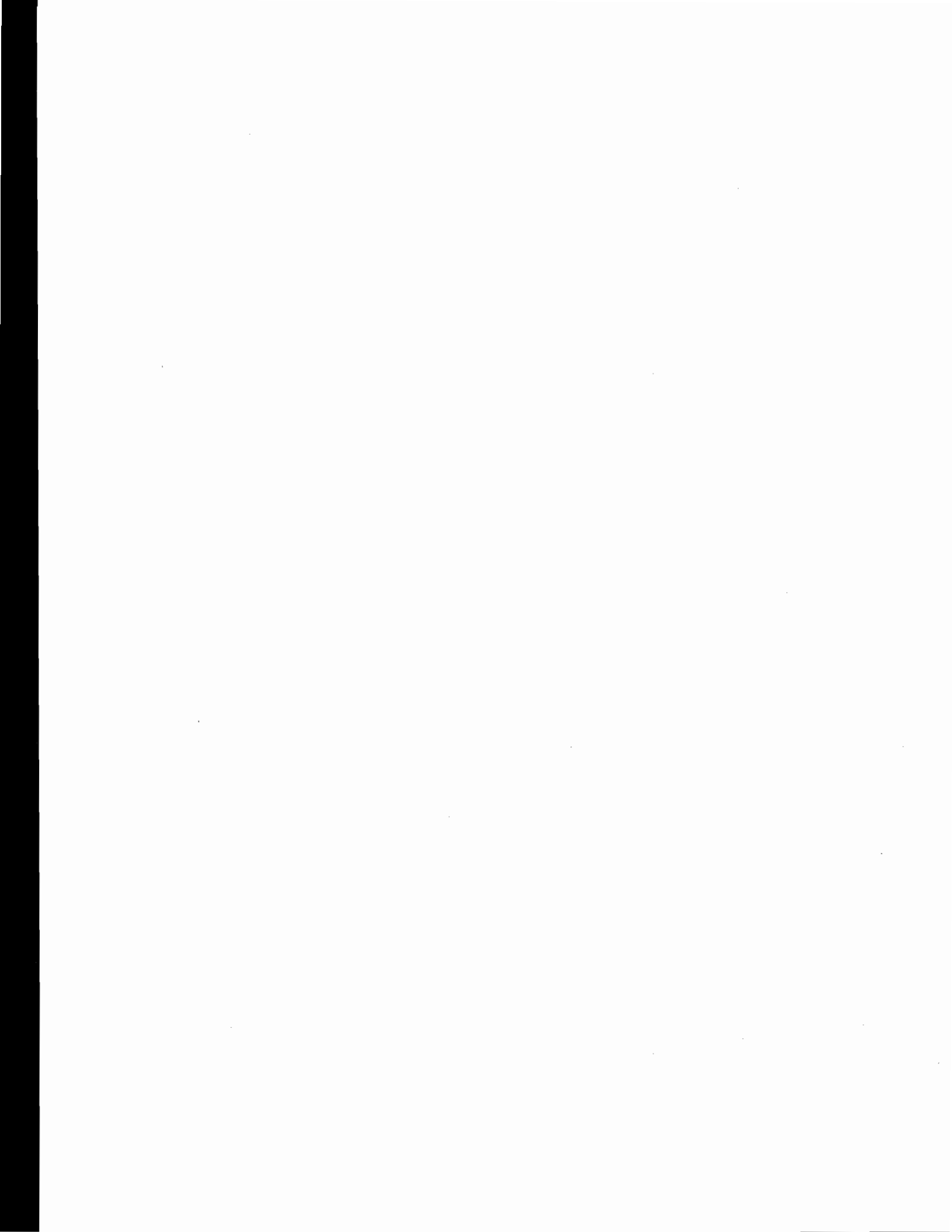
1 matter on the agenda is the MBE/WBE Belterra  
2 update.

3 MS. BRODNAN: I do receive their  
4 monthly submission in their packet. You  
5 should have received a chart showing the 2003  
6 numbers that you just received and the health  
7 care center are included in that. I don't  
8 really have anything else to add other than  
9 that, but if you have any questions I'm  
10 sure --

11 MR. GIFFORD: Actually, a couple  
12 other things I would like to mention.

13 First, I would like to introduce to  
14 you an old friend, Larry Buck, who, as you  
15 know, is from a different context. Began  
16 this week as our new general manager at  
17 Belterra. Began on Monday. And Alain  
18 Ubaldi got promoted within the company and  
19 will be taking over the start up of Lake  
20 Charles property and will be in the  
21 transition period with Larry also for  
22 sometime. So Alain will still be in Indiana  
23 a bit but kind of going back and forth.  
24 Very pleased about that.

25 Charles Felton, our MBE coordinator



1 is here, and Jeff Godfrey, general counsel  
2 for Pinnacle, Belterra's parent, is in town  
3 and here today in case you want to have any  
4 questions.

5 On MBE numbers you have the 2003  
6 numbers. I want to highlight some  
7 information about the shortfall that Belterra  
8 had.

9 On December 31, 2001, the company had  
10 a shortfall in its MBE/WBE purchases of \$16.9  
11 million. That is, it was behind that much.  
12 Over the last two years they've erased that  
13 shortfall. In January of '04, they crossed  
14 the threshold. That is to say, they are  
15 now, as of today, on a project-wide basis  
16 from inception to today, they are now in  
17 compliance totally with their MBE/WBE  
18 purchasing requirements.

19 So, in other words, over the last two  
20 years they have had MBE/WBE expenditures  
21 almost \$17 million over what they would have  
22 been required during that time period. So,  
23 they are now in compliance. And in the  
24 January, 2004 numbers, the first month of  
25 this year, MBE numbers of 27.5 percent, WBE



1 at 12.2.

2 Construction is nearing completion on  
3 the addition for the new hotel tower and  
4 should be completed, actually, I believe, the  
5 convention center part later this month; is  
6 that correct?

7 MS. BOCHNOWSKI: I have a question  
8 for you. I mean, part of the reason you've  
9 been able to make up the deficit is because  
10 you've had construction projects going on.  
11 Once construction stops, have you done  
12 anything -- I mean, we've heard some of what  
13 you've done, but do you feel that you'll  
14 have suppliers that can keep you in  
15 compliance?

16 MR. GIFFORD: Oh, absolutely. In  
17 fact, as they've been going through the  
18 construction process they've been for their  
19 own internal purposes separating out how  
20 they're operating.

21 MS. BOCHNOWSKI: And how does that  
22 look?

23 MR. GIFFORD: I can't tell you the  
24 exact numbers, but once construction is over  
25 the company will easily exceed its goals.



1 They made sure not to have a bleed over in  
2 that way that would create any challenges  
3 once construction was over.

4 MR. VOWELS: Anything further? Any  
5 other questions?

6 MR. GETTLEFINGER: If it's  
7 appropriate, I have a question for Mr.  
8 Godfrey.

9 I understand that Pinnacle has a  
10 public stock offering underway. Could you  
11 update us on some of the corporate  
12 transactions taking place in Pinnacle, the  
13 sources and uses of those funds.

14 MR. GODFREY: Yes, Mr. Gettlefinger.  
15 We've recently completed an equity offer, and  
16 one of the rare equity offerings with a net  
17 totaling approximately \$120 million. We sold  
18 10 million shares of common stock at a price  
19 of \$11.15 a share. And then the  
20 underwriters also exercised their 15 percent  
21 for a total of 11,500,000 shares.

22 We are trying to deliver. We are  
23 trying to replace some of the cash that we  
24 used to repurchase Mr. Hubbard's stock in  
25 December. And right now our balance sheet





1 They made sure not to have a bleed over in  
2 that way that would create any challenges  
3 once construction was over.

4 MR. VOWELS: Anything further? Any  
5 other questions?

6 MR. GETTLEFINGER: If it's  
7 appropriate, I have a question for Mr.  
8 Godfrey.

9 I understand that Pinnacle has a  
10 public stock offering underway. Could you  
11 update us on some of the corporate  
12 transactions taking place in Pinnacle, the  
13 sources and uses of those funds.

14 MR. GODFREY: Yes, Mr. Gettlefinger.  
15 We've recently completed an equity offer, and  
16 one of the rare equity offerings with a net  
17 totaling approximately \$120 million. We sold  
18 10 million shares of common stock at a price  
19 of \$11.15 a share. And then the  
20 underwriters also exercised their 15 percent  
21 for a total of 11,500,000 shares.

22 We are trying to deliver. We are  
23 trying to replace some of the cash that we  
24 used to repurchase Mr. Hubbard's stock in  
25 December. And right now our balance sheet



1 to be actually a pretty good deal for us now  
2 that our stock is trading around 12.

3 The only remaining issue, frankly, is  
4 the status of the covered options which we're  
5 working through with Mr. Lawrence and his  
6 staff.

7 MR. VOWELS: Thank you. Any other  
8 questions or thoughts?

9 All right. Appreciate it. Thank  
10 you.

11 And then the next matter on the  
12 agenda is the disciplinary matter with  
13 Caesars.

14 (AT THIS TIME THERE WAS A BRIEF  
15 DISCUSSION HELD OUTSIDE OF THE RECORD, AFTER  
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17 MR. VOWELS: Okay. We really don't  
18 -- what I was going to say is since we've  
19 been sitting here, the other Commissioners, I  
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21 approving, looks like, two settlement  
22 agreements and nobody has it but me. It was  
23 just handed to me and we haven't seen the  
24 settlement agreement, I don't think. Okay.

25 Mr. Osborn, with all that in mind,

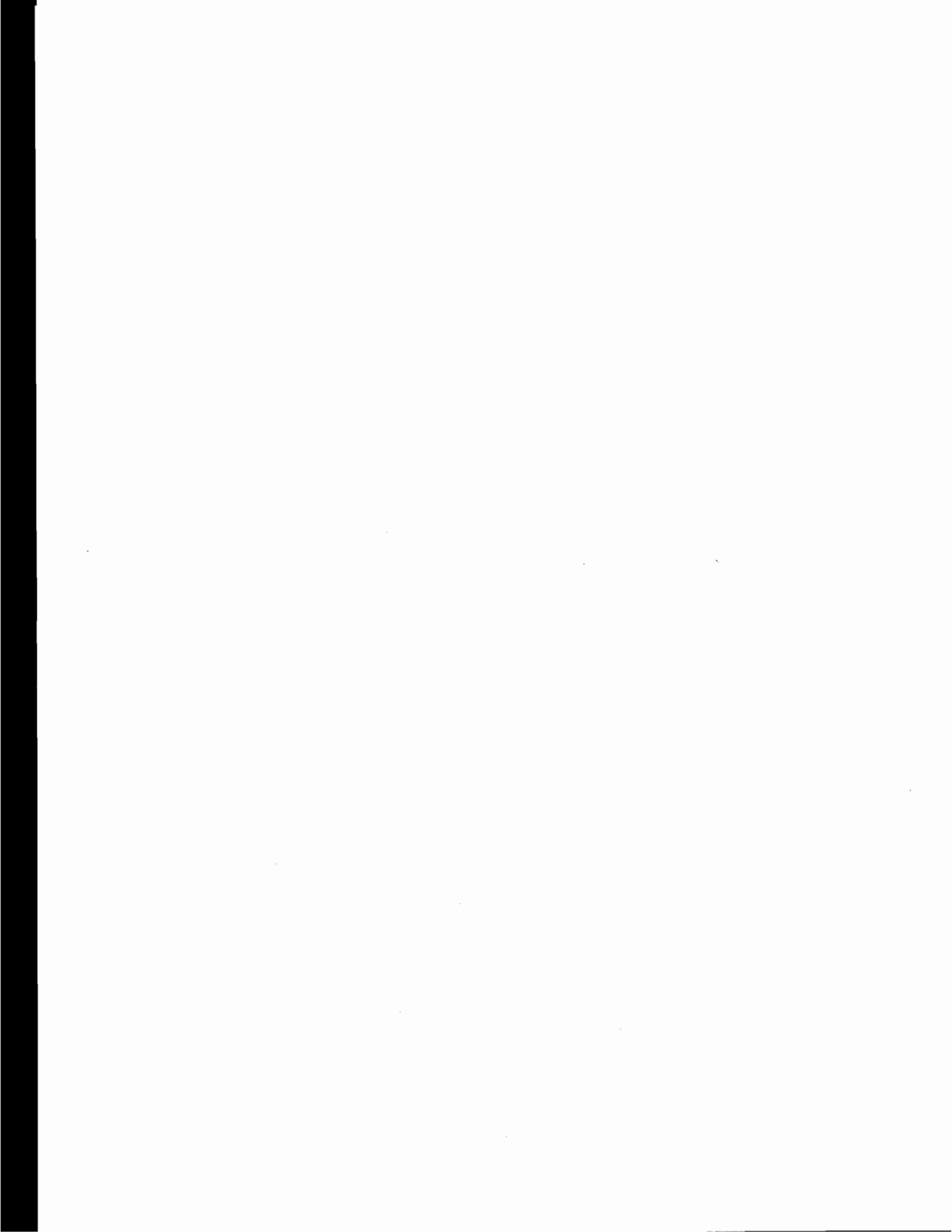


1 is in such a position where we can finish  
2 our Lake Charles project, easily complete  
3 Belterra and also have enough cash and funds  
4 on hand to complete the city portion of the  
5 St. Louis project should that go forward.

6 So, Dan Lee and Steve Kappen have  
7 done a wonderful job cleaning up our balance  
8 sheet and putting us in a position to  
9 continue to grow.

10 MR. GETTLEFINGER: So all of Mr.  
11 Hubbard's shares were acquired? That was  
12 part of this financing arrangement to raise  
13 the funds to acquire his shares?

14 MR. GODFREY: No. Actually, Mr.  
15 Gettlefinger, the equity offering really  
16 didn't have anything to do with the  
17 repurchase of Mr. Hubbard's stock. We  
18 accomplished that in December pursuant to --  
19 we repurchased shares owned by Mr. Hubbard.  
20 We also introduced a separate offer pursuant  
21 to the option that you approved previously.  
22 We also introduced a separate transaction to  
23 repurchase the shares owned by the Hubbard  
24 Foundation, approximately 250,000 shares at  
25 the same price, \$10 per share. Turned out



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4 the status of the covered options which we're  
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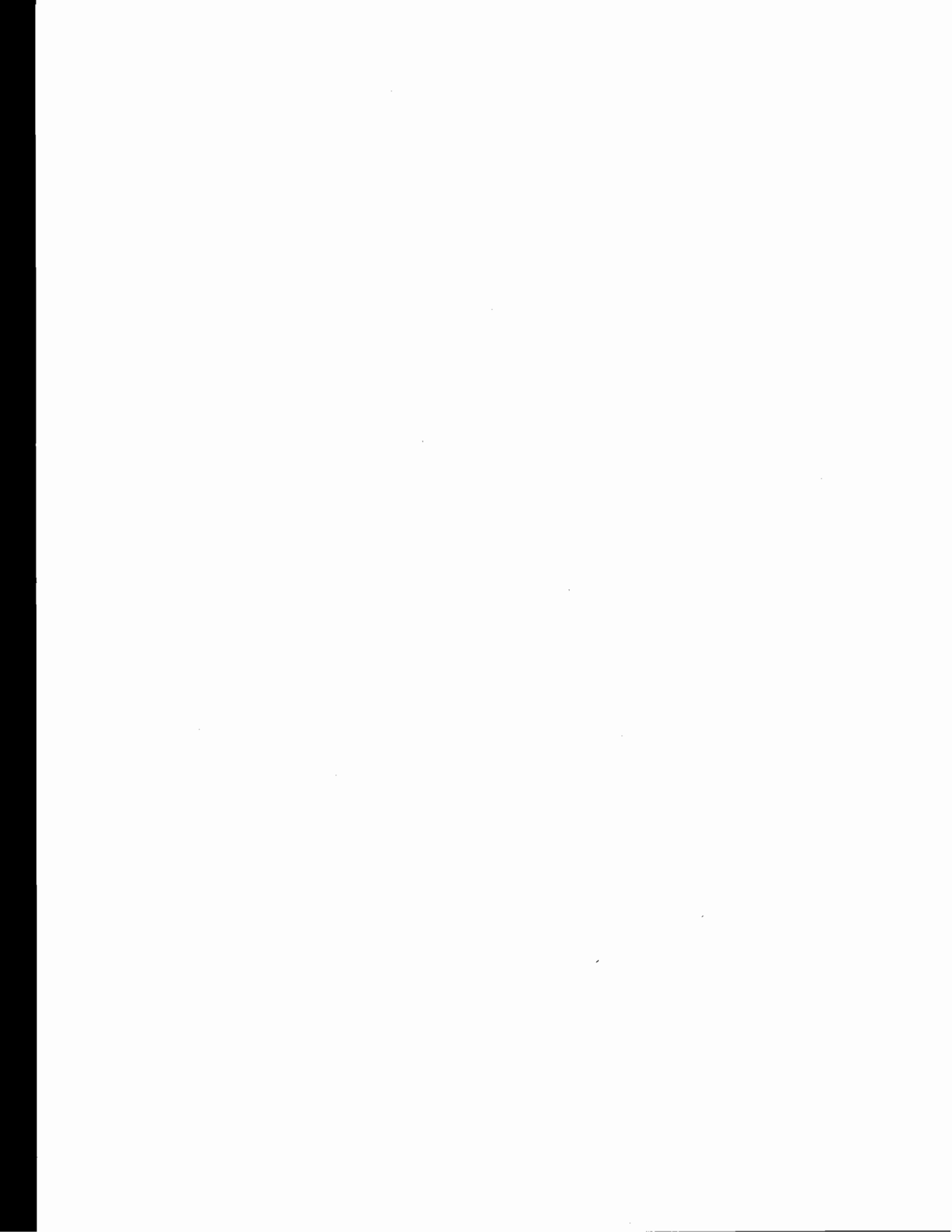


1 tell us what's happening.

2 MR. OSBORN: Thank you, Mr. Chairman.  
3 I apologize to the Commission for not having  
4 been prepared in advance.

5 There are two settlement agreements  
6 with Caesars Entertainment. Both concerning  
7 earlier financing issues that we have  
8 discussed under Resolution 2004-10 and  
9 2004-11. The first action and complaint,  
10 number 04-CS-01 is a settlement agreement  
11 that Caesars and the Commission seek to enter  
12 into concerning the financing of short-term  
13 unsecured credit facility in the amount up to  
14 \$50 million on May 24, 2000. Caesars had  
15 failed to advise or seek approval of the  
16 Commission for this amount for this debt  
17 transaction prior to November 13th of 2003.

18 As the Commission knows, debt  
19 transactions above \$1 million are supposed to  
20 be reported to the Commission and approved by  
21 the Commission. They failed to obtain this  
22 approval, and as part of an agreement that  
23 we have entered into or seek to enter into  
24 with Caesars, Caesars will be fined for their  
25 failure to report in this matter in an



1 amount of \$75,000.

2 Commission staff asks the Commission  
3 to approve the settlement agreement.

4 MR. VOWELS: So you're just  
5 addressing the first settlement agreement in  
6 reference to this May 24, 2000, Wells Fargo  
7 situation?

8 MS. BOCHNOWSKI: How much was that  
9 again?

10 MR. VOWELS: 75,000. Then just to  
11 jump ahead, what's the fine in the next one?

12 MR. OSBORN: It's for \$60,000. And  
13 we determined a reduction just from the  
14 standpoint that they actually discovered that  
15 and reported it to us as quickly as they  
16 learned they hadn't met their requirements.

17 MR. VOWELS: In essence, just talk  
18 about this first one, 04-CS-1 settlement  
19 agreement, \$75,000. And this was from -- it  
20 was the \$50 million short-term unsecured  
21 credit facility; is that right? That's that  
22 one, right?

23 So then by the time it came back  
24 around to us we were 100 million on that,  
25 right?



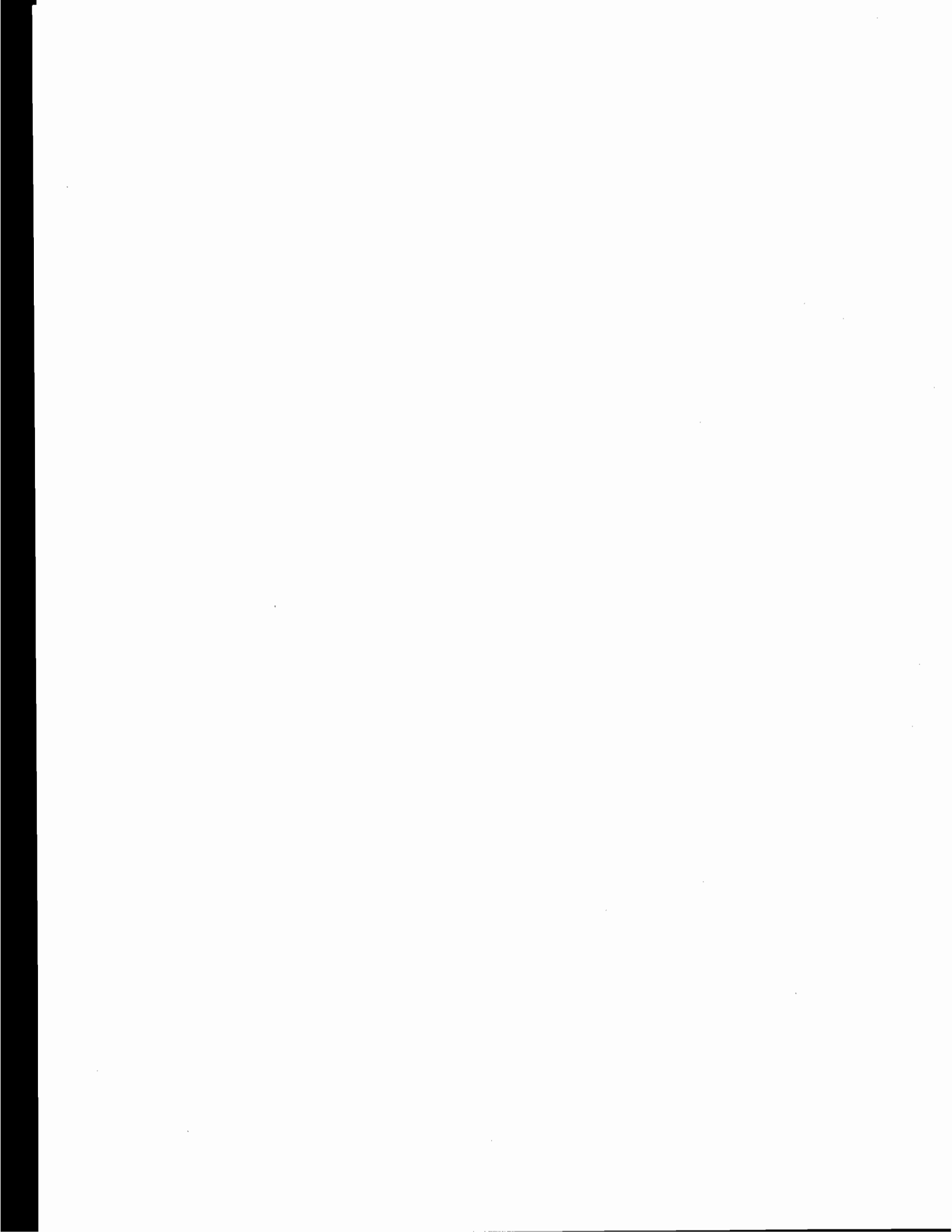
1 MR. OSBORN: That's correct.

2 MR. VOWELS: So the big question is  
3 who advised Caesars that it wasn't necessary  
4 to report it to us.

5 MR. GIFFORD: I don't know. I tell  
6 you how the Wells Fargo came to our  
7 attention, the 50 million. It was in the  
8 context of the second agreement. And maybe  
9 I should explain that, because it helps  
10 explain how the first agreement came to our  
11 attention.

12 After the -- as the company was doing  
13 the reinstatement on the multi-year and  
14 short-term facility, its outside financing  
15 counsel, obviously, erroneously concluded  
16 that it could do that within the context of  
17 whatever existing approvals it already had  
18 and went ahead and they did that facility.  
19 They did that agreement.

20 Subsequent to that, in November prior  
21 to the effective date of the changes but  
22 after they had executed the agreements,  
23 regulatory counsel became aware of the  
24 transaction and pointed out the need to have  
25 gotten approval prior to, in Indiana, the



1 necessity for preapproval of the transaction.  
2 And there are reporting issues in a couple  
3 of the other jurisdictions that the company  
4 is working through in those jurisdictions  
5 also.

6 MR. VOWELS: Was this an oversight,  
7 or was it some advice given that you don't  
8 -- that they didn't have to report this, do  
9 you know?

10 MR. GIFFORD: No. It was an  
11 oversight. No one took, to my knowledge, no  
12 one looked at the transaction and said you  
13 don't have to do this. Financing counsel  
14 looked at the transaction and believed  
15 erroneously, but believed that there were  
16 already appropriate regulatory approvals in  
17 place to do what they were doing. Because  
18 it was in their view an amendment, a  
19 reinstatement, not a new transaction. Not a  
20 new debt offering and the like.

21 And that may well have been where you  
22 all ended up, but for the fact that they  
23 also as part of that restatement raised the  
24 limit which took us above net. If they'd  
25 stayed under 4 billion, then perhaps we might





1 have had a different outcome. But, clearly  
2 that crossed the threshold that required  
3 approval by the Commission. And as soon as  
4 we became aware of that, we notified staff.  
5 We self-reported, obviously.

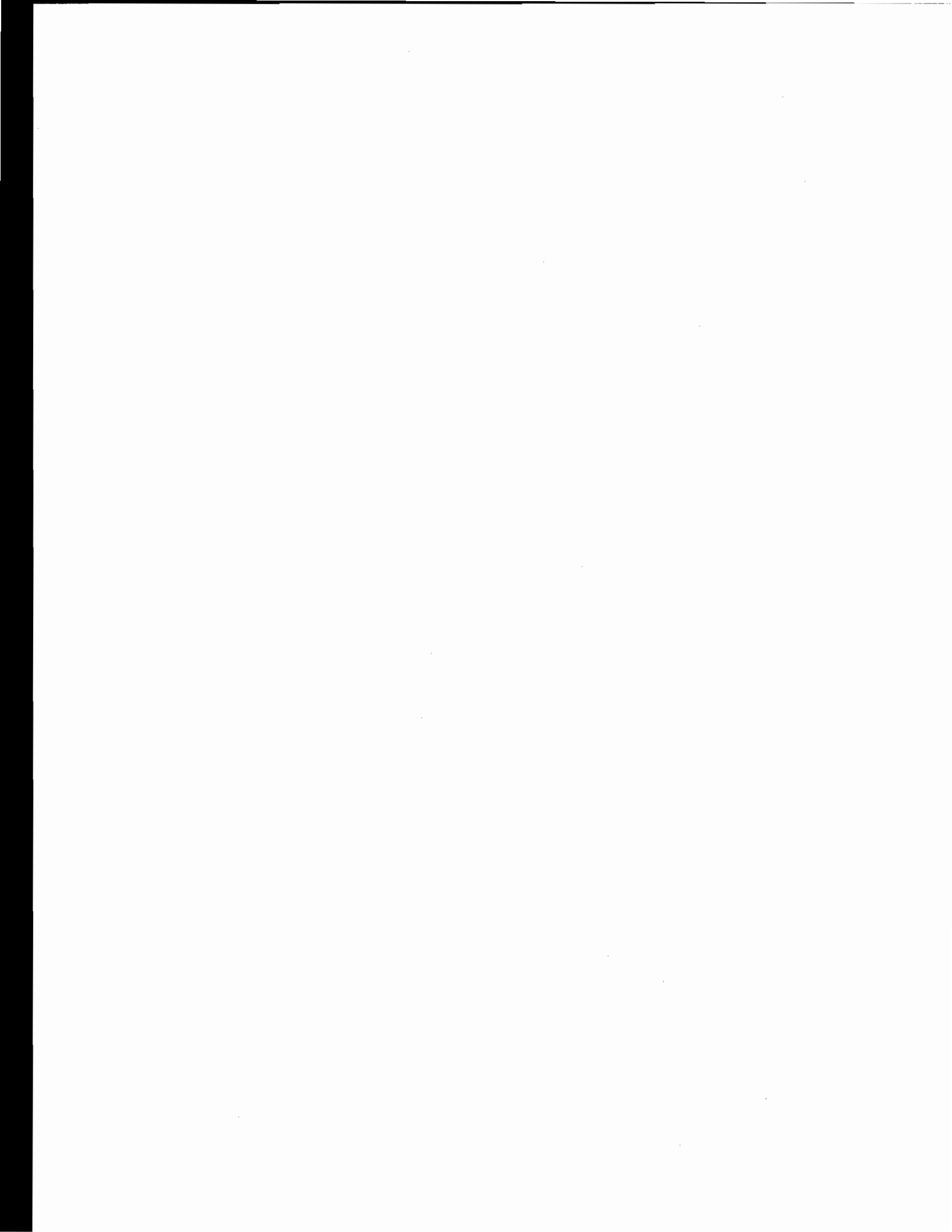
6 MR. VOWELS: You talking about the  
7 second one or the first one?

8 MR. GIFFORD: The first one that came  
9 to our attention was the multi-year  
10 short-term. In the course of basically doing  
11 the due diligence on that credit facility,  
12 and also as looking at the process of how  
13 could this have happened and what do we need  
14 to do to change, they discovered -- well,  
15 the question came up this existing \$50  
16 million facility that they had with Wells  
17 Fargo that they entered into in early 2000,  
18 best we can understand is that folks who  
19 were responsible for that in 2000 within the  
20 company are no longer with the company. So  
21 it's hard to know exactly what they  
22 understood, but that transaction occurred at  
23 about the same time as Commission approval in  
24 Indiana and elsewhere for Caesars, at the  
25 time Park Place, to acquire Caesars World and



1 the Commission approved that transaction and  
2 that acquisition and counsel inside the  
3 company now assumed that that transaction  
4 must have been approved as part of the prior  
5 approvals of the transfer of the license, et  
6 cetera, et cetera.

7 Well, in going back and looking at  
8 the paperwork, we couldn't find that paper  
9 trail. It wasn't a facility that had come  
10 up that was sort of known to us. So, back  
11 at the time that facility was entered into,  
12 people made erroneous assumptions. Again, no  
13 one, to our knowledge, certainly advised them  
14 that approval wasn't required. And as soon  
15 as that became obvious, or as soon as that  
16 facility became apparent, again we self  
17 reported. Informed the staff exactly what  
18 had happened and sought approval --  
19 retroactively, obviously -- approval of that.  
20 At the same time they were looking to amend  
21 that to increase the size of that facility.  
22 So we were able to seek approval of the  
23 increase in advance to do that, and that's  
24 part of the resolution you dealt with  
25 earlier.



1 MR. VOWELS: All right.

2 MR. GIFFORD: One last point. The  
3 company is deeply apologetic about that  
4 oversight. This is the first time that the  
5 company has been before the Commission on a  
6 matter like this. They have strengthened  
7 their internal review process, both on  
8 regulatory and people side. I feel pretty  
9 confident that they won't be back before you  
10 on a matter like this.

11 MR. GETTLEFINGER: How do you feel  
12 about that, Mr. Estes?

13 MR. ESTES: I agree completely. I do  
14 not see this happening again, especially  
15 after this, after we got done signing these  
16 papers. I think that will send a message to  
17 keep it from happening again to be sure.

18 MR. VOWELS: And you say the people  
19 involved are no longer with the company now?

20 MR. GIFFORD: As to the Wells Fargo.

21 MR. VOWELS: So there is somebody  
22 left you can yell at?

23 (AT THIS TIME THERE WAS A BRIEF  
24 DISCUSSION HELD OUTSIDE OF THE RECORD, AFTER  
25 WHICH THE FOLLOWING PROCEEDINGS WERE HAD:)



1 MR. VOWELS: A couple weeks ago my  
2 secretary messed something up that I went to  
3 great lengths to make sure she wouldn't mess  
4 up, and I found out about it just before  
5 lunch and I gave it all to her and asked her  
6 to have it all straightened by the time I  
7 got back from lunch so I wouldn't have to  
8 kill her. She got it all straightened out.  
9 So I was glad because I didn't want to have  
10 to kill her.

11 So I just wanted to make sure that  
12 there was someone who understands they made a  
13 mistake and they're still within your power  
14 to be able to address them.

15 MR. GIFFORD: I'll be sure to convey  
16 the Chairman's specific sentiments.

17 MR. VOWELS: Killing is a little  
18 strong, but you understand the sentiment.

19 In reference to the settlement  
20 agreement, the first one with the \$75,000  
21 fine, is there anything else that we need to  
22 discuss about that? Is there a motion to in  
23 reference to the approval or disapproval to  
24 the first one?

25 MR. GETTLEFINGER: Move to approve





1 the agreement.

2 MR. VOWELS: And second?

3 MR. MILCAREK: Second.

4 MR. VOWELS: Any further discussion?

5 All those in favor say aye.

6 (Commissioners respond with aye.)

7 MR. VOWELS: Show it as approved.

8 Then we go to the next one, which  
9 we've kind of addressed. But Mr. Osborn,  
10 why don't you tell us what's going on.

11 MR. OSBORN: I'll be brief. This is  
12 complaint 4-CS-02 and concerns the other  
13 credit facility that Caesars failed to report  
14 to us before entering into on -- this would  
15 have been August of 2003. Caesars sought or  
16 entered into a credit facility that resulted  
17 in a \$493 million 364-day revolving credit  
18 facility, a \$2.318 billion five-year  
19 revolving facility, and \$1.7 billion two-year  
20 extension. And they did not seek our  
21 approval or request or advise us of it at  
22 all, and the Commission and Caesars has  
23 entered into an agreement that we ask the  
24 Commission to approve where Caesars will pay  
25 \$60,000 in fines for their failure to report.



1 MR. VOWELS: Is there any questions  
2 on this?

3 In front of us, then, the Commission  
4 action to approve or disapprove the proposed  
5 terms of the settlement agreement. Is there  
6 a motion in terms of approving or  
7 disapproving?

8 MR. GETTLEFINGER: Move to approve  
9 the agreement.

10 MR. VOWELS: Is there a second?

11 MS. BOCHNOWSKI: Second.

12 MR. VOWELS: Any further discussion?

13 All those in favor say aye.

14 (Commissioners respond with aye.)

15 MR. VOWELS: Show it is approved.

16 All right. There you go. The next  
17 matter on the agenda, then, is other  
18 business. Is there any other business?

19 The next meeting, the next matter on  
20 the agenda, is scheduled for April 2, 2004,  
21 I assume here. Time and specific place,  
22 probably the same time and same place, but  
23 everyone will be notified on that as we're  
24 supposed to. And if you care, it's the day  
25 before our deputy director, Ms. Arnold's



1 birthday, so we'll all be together on that  
2 time.

3 MR. MILCAREK: My wife's birthday,  
4 too. Which do I have to choose?

5 (AT THIS TIME THERE WAS A BRIEF  
6 DISCUSSION HELD OUTSIDE OF THE RECORD, AFTER  
7 WHICH THE FOLLOWING PROCEEDINGS WERE HAD:)

8 MR. VOWELS: Is there a motion to  
9 adjourn?

10 MR. GETTLEFINGER: Move to adjourn.

11 MS. ROSE: Second.

12 MR. VOWELS: All those in favor say  
13 aye.

14 (Commissioners respond with aye.)

15 MR. VOWELS: We're adjourned.  
16  
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18  
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25



1 STATE OF INDIANA

2 SS:

3 COUNTY OF MARION

4 I, Ron Oakes, a Notary Public in and  
5 for said county and state, do hereby certify  
6 that the foregoing Indiana Gaming Commission  
7 Business Meeting was taken on behalf of the  
8 Indiana Gaming Commission;

9 That said Indiana Gaming Commission  
10 Business Meeting was taken down in stenograph  
11 notes and afterwards reduced to typewriting  
12 under my direction; and that the typewritten  
13 transcript is a true record of the Business  
14 Meeting;

15 I do further certify that I am a  
16 disinterested person in this cause; that I am  
17 not a relative or attorney of any of the  
18 parties.





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IN WITNESS WHEREOF, I have hereunto  
set my hand and affixed my notarial seal  
this 6th day of March, 2004.

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Ron Oakes, Notary Public,  
Residing in Marion County, Indiana  
My Commission Expires:  
February 5, 2007



